GLORY 国瑞

Glory Health Industry Limited

國瑞健康產業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2329)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

FINANCIAL HIGHLIGHTS

- Achieved contracted sales for the year ended December 31, 2024 (the "**Reporting Period**") was RMB3,262.4 million;

- Affected by market conditions, the rental market is under pressure. Revenue for the Reporting Period from property development was RMB2,116.7 million;

- Land reserves reached a total gross floor area ("**GFA**") of 6.3 million sq.m. as at December 31, 2024;

- 53% of the certified saleable land reserve was distributed in Beijing as at December 31, 2024.

ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 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 following audited consolidated results of the Group for the year ended December 31, 2024, together with comparative figures for the corresponding period in 2023. The results were extracted from the audited consolidated financial statements, which were prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance (Cap.622) ("**Companies Ordinance**").*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2024

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
Revenue	*4*		
Contract with customers		**2,418,535**	2,172,949
Rental income		**286,797**	333,336
Total revenue		**2,705,332**	2,506,285
Cost of sales and services		**(2,149,768)**	(2,556,565)
Gross profit		**555,564**	(50,280)
Other gains and losses, net	*6*	**(31,436)**	127,356
Other income	*7*	**116,935**	139,786
Change in fair value of investment properties		**(498,940)**	263,500
Impairment losses under expected credit loss model, net of reversal		**(59,642)**	(59,264)
Distribution and selling expenses		**(88,369)**	(83,516)
Administrative expenses		**(188,983)**	(323,194)
Other expenses	*8*	**(109,807)**	(35,674)
Share of (loss) of joint ventures		**(4,538)**	(67,438)
Share of (loss) of associates		**(65,391)**	(5,123)
Finance costs		**(1,061,701)**	(561,613)
(Loss) before income tax		**(1,436,308)**	(655,460)
Income tax credit	*10*	**20,805**	61,957
(Loss) for the year	*9*	**(1,415,503)**	(593,503)

	Note	**2024**	2023
		RMB'000	*RMB'000*
Other comprehensive (loss)			
Total comprehensive (loss) for the year		**(1,415,503)**	(593,503)
(Loss) for the year attributable to:			
Owners of the Company		**(1,240,429)**	(563,971)
Non-controlling interests		**(175,074)**	(29,532)
		(1,415,503)	(593,503)
Total comprehensive (loss) for the year attributable to:			
Owners of the Company		**(1,240,429)**	(563,971)
Non-controlling interests		**(175,074)**	(29,532)
		(1,415,503)	(593,503)
(Loss) per share attributable to the owners of the Company	*11*		
– Basic (RMB cents)		**(0.28)**	(0.13)
– Diluted (RMB cents)		**(0.28)**	(0.13)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2024

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Investment properties		**19,383,270**	20,577,166
Property, plant and equipment		**2,380,376**	2,928,087
Right-of-use assets		**244,763**	251,679
Other non-current assets		**1,434,388**	1,418,303
Interests in joint ventures		**60,944**	82,963
Interests in associates		**-**	65,391
Equity instruments at FVTOCI		**13,481**	13,481
Deferred tax assets		**581,670**	377,100
Restricted bank deposits		**14,899**	101,187
Value added tax and tax recoverable		**725,260**	818,604
		24,839,051	26,633,961
Current assets			
Inventories		**786**	1,315
Deposits paid for acquisition of land		**107,534**	107,534
Properties under development for sale		**18,306,878**	19,680,877
Properties held for sale		**2,603,046**	2,501,280
Trade and other receivables, deposits and prepayments	*13*	**5,885,422**	2,034,005
Contract assets		**2,292,769**	1,987,632
Contract costs		**33,700**	40,324
Value added tax and tax recoverable		**203,327**	276,958
Amounts due from related parties		**2,745,190**	2,870,952
Restricted bank deposits		**116,524**	143,991
Bank balances and cash		**70,451**	74,697
		32,365,627	29,719,565

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Current liabilities			
Trade and other payables	*14*	**8,501,284**	5,953,828
Contract liabilities		**4,530,157**	5,029,678
Amounts due to related parties		**3,557,084**	3,764,398
Tax payable		**3,159,718**	3,302,892
Lease liabilities		-	1,081
Bank and other borrowings – due within one year		**7,620,237**	8,002,459
Senior notes		**3,942,744**	3,598,057
		31,311,224	29,652,393
Net current assets		**1,054,403**	67,172
Total assets less current liabilities		**25,893,454**	26,701,133
Non-current liabilities			
Rental deposits received	*14*	**114,919**	112,412
Lease liabilities		**681**	673
Bank and other borrowings – due after one year		**11,225,550**	10,573,871
Deferred tax liabilities		**2,182,402**	2, 228,772
		13,523,552	12,915,728
Net assets		**12,369,902**	13,785,405
Capital and reserves			
Share capital		**3,520**	3,520
Reserves		**9,925,171**	11,165,600
Equity attributable to owners of the Company		**9,928,691**	11,169,120
Non-controlling interests		**2,441,211**	2,616,285
Total equity		**12,369,902**	13,785,405

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2024

1. GENERAL INFORMATION

Glory Health Industry Limited (formerly known as Glory Land Company Limited (國瑞置業有限公司) and carrying on business in Hong Kong as "Guorui Properties Limited") 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, the chairman of the Board and an executive Director, who holds 100% equity interests in 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 headquarter 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 Group are principally engaged in the business of property development, provision of primary land construction and development services, property investment and provision of property management and related services.

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

2. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

Amendments to IFRSs that are mandatorily effective for the current year

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

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

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

New and amendments to IFRSs in issue but not yet effective

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

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

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

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

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

Basis of preparation of consolidated financial statements

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

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

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

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

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

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

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

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

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

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

Going concern

The Group incurred a loss of approximately RMB1,415,503,000 for the year ended December 31, 2024, and as of that date, the Group has net current assets of approximately RMB1,054,403,000. As at December 31, 2024, the Group's bank and other borrowings with the aggregate carrying amount of approximately RMB7,620,237,000 was due on demand or within one year, while its cash and cash equivalents amounted to only approximately RMB70,451,000 and restricted bank deposits for construction of pre-sale properties and for mortgage loans granted to customers amounted to approximately RMB107,717,000, which can be used for payments for project costs when approval from related government authority is obtained. The current assets of the Group include properties under development for sale and properties held for sale of approximately RMB20,909,924,000 in aggregate of which approximately RMB16,458,756,000 in aggregate are not expected to be realised within 12 months from the end of the Reporting Period.

Due to the impact of market sentiment, as at December 31, 2024, the Group had not repaid senior notes and bank and other borrowings of approximately RMB3,942,744,000 and RMB5,396,323,000 respectively according to their scheduled repayment dates, and as a result, these borrowings might be demanded for early repayment. As at December 31, 2024, the Group's senior notes amounting to RMB1,266,195,000 is held by Alltogether Land, the ultimate holding company.

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

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

The consolidated financial statements have been prepared on the assumptions that the Group will continue to operate as a going concern notwithstanding the conditions prevailing as at December 31, 2024 and subsequently thereto up to the date of authorization of these consolidated financial statements. In order to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the Directors have adopted several measures together with other measures in progress at the date of authorization of these consolidated financial statements, but not limited to, the followings:

(i) For borrowings which will be maturing before December 31, 2025, the Group is actively negotiating with the senior notes holders and banks for the extension of the repayment schedules. The Directors do not expect to experience significant difficulties in renewing most of these bank borrowings upon their maturities and there is no indication that these bank lenders will not renew the existing bank borrowings upon the Group's request. The Directors have evaluated the relevant facts available to them and are of the opinion that the Group would be able to renew such borrowings;

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

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

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

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

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

4. REVENUE

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

For the year ended December 31, 2024

	Property development *RMB'000*	**Primary land construction and development services** *RMB'000*	**Property investment** *RMB'000*	**Property management and related services** *RMB'000*	**Total** *RMB'000*
Timing of revenue recognition					
A point in time	**2,116,743**	**–**	**–**	**–**	**2,116,743**
Over time	**–**	**276,666**	**–**	**25,126**	**301,792**
Revenue from contracts with customers	**2,116,743**	**276,666**	**–**	**25,126**	**2,418,535**
Rental income	**–**	**–**	**286,797**	**–**	**286,797**
Total revenue	**2,116,743**	**276,666**	**286,797**	**25,126**	**2,705,332**
Geographical market					
Mainland China	**2,116,743**	**276,666**	**286,797**	**25,126**	**2,705,332**

For the year ended December 31, 2023

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

5. 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.

Segment revenue and results

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

	Property development	Primary land construction and development services	Property investment	Property management and related services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2024					
Revenue from external customers and segment revenue	**2,116,743**	**276,666**	**286,797**	**25,126**	**2,705,332**
Segment (loss)/profit	**135,782**	**13,174**	**152,091**	**(49,237)**	**251,810**
Year ended December 31, 2023					
Revenue from external customers and segment revenue	2,040,432	93,988	333,336	38,528	2,506,285
Segment (loss)/profit	(637,751)	4,476	210,047	(31,423)	(454,651)

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

	2024	2023
	RMB'000	*RMB'000*
Segment profit/ (loss)	**251,810**	(454,651)
Other gains and losses, net	**(31,436)**	127,356
Other income	**116,935**	139,786
Change in fair value of investment properties	**(498,940)**	263,500
Unallocated administrative expenses	**(33,240)**	(61,603)
Other expenses	**(109,807)**	(35,674)
Share of (loss) of joint ventures	**(4,538)**	(67,438)
Share of (loss)of associates	**(65,391)**	(5,123)
Finance costs	**(1,061,701)**	(561,613)
Consolidated (loss) before income tax	**(1,436,308)**	(655,460)

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 (loss)/profit of associates, finance costs and unallocated administrative expenses, including auditor's remuneration and Directors' emoluments. This is the measure reported to the Group's chief operating decision makers for the purpose of resources allocation and performance assessment.

Other segment information

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

	Property development	**Primary land construction and development services**	**Property investment**	**Property management and related services**	**Unallocated amount**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2024						
Depreciation and amortization of non-current assets	**63,863**	**–**	**8,913**	**679**	**7,965**	**81,420**
Impairment losses under ECL model, net of reversal	**59,642**	**–**	**–**	**–**	**–**	**59,642**
Year ended December 31, 2023						
Depreciation and amortization of non-current assets	68,806	–	5,120	1,003	9,472	84,401
Impairment losses under ECL model, net of reversal	58,509	–	755	–	–	59,264

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

Geographical information

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

Revenue from major customers

No revenue from a single external customer amounted to 10% or more of the Group's revenue during the years ended December 31, 2023 and 2024.

6. OTHER GAINS AND LOSSES, NET

	2024	2023
	RMB'000	*RMB'000*
Net foreign exchange (loss)	**(13,721)**	(18,762)
Gains/ (loss) on disposal of property, plant and equipment	**(8,775)**	214
Gains/ (loss) on disposal of subsidiaries	**(8,940)**	145,904
	(31,436)	127,356

7. OTHER INCOME

	2024	2023
	RMB'000	*RMB'000*
Interest income from amounts due from related parties	**64,881**	72,436
Interest income from bank deposits	**703**	1,122
Total interest income	**65,584**	73,558
Compensation received	**695**	572
Royalty fee income	**48,906**	60,782
Others	**1,750**	4,874
	116,935	139,786

8. OTHER EXPENSES

	2024	2023
	RMB'000	*RMB'000*
Donations	**55**	268
Surcharge for overdue tax payment and fines *(note)*	**91,257**	25,969
Others	**18,495**	9,437
	109,807	35,674

During the year, the amount mainly represents fines and penalties as a result of court orders of approximately RMB88,522,726 (2023: RMB19,535,050) and the surcharge of RMB2,734,153 (2023: RMB6,434,266) upon the receipt of final surcharge notice issued by the PRC tax authority in respect of the late payment of enterprise income tax, LAT and value-added taxes during the year. In the opinion of the Directors, all the fines, penalties and surcharge was settled during the year and the Group had no other contingent liabilities required to be recognized or disclosed in the consolidated financial statements as at December 31, 2024 in respect of these surcharge (2023: Nil).

9. (LOSS) DURING THE YEAR

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

	2024 *RMB'000*	2023 *RMB'000*
Directors' remuneration	**6,978**	6,316
Other staff costs:		
– Salary and other benefits	**126,614**	142,319
– Retirement benefit contributions	**15,482**	15,170
Total staff cost	**149,074**	163,805
Less: Capitalized amount under properties under development and investment properties under construction *(note)*	**(41,200)**	(45,381)
	107,874	118,424
Cost of properties sold recognized as expense	**1,812,779**	2,428,023
Impairment of properties under development for sale and properties held for sale (included in cost of sales and services)	**23,687**	15,925
Auditor's remuneration	**2,000**	2,000
Depreciation of property, plant and equipment	**73,926**	76,575
Depreciation of right-of-use assets	**6,941**	6,918
Amortization of intangible assets	**553**	908
Amortization of contract costs	**8,231**	10,880
Expense relating to short-term leases	**4,801**	19,225
Rental income from investment properties	**(286,797)**	(333,336)
Less: Direct operating expenses incurred for investment properties that generated rental income during the year	**134,706**	123,289
	(152,091)	(210,047)

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

10. INCOME TAX (CREDIT)

	2024 *RMB'000*	2023 *RMB'000*
Current tax		
– The PRC enterprise income tax	**61,148**	27,545
– LAT	**168,987**	81,201
	230,135	108,746
Deferred tax	**(250,940)**	(170,703)
Income tax (credit)	**(20,805)**	(61,957)

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

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

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

11. (LOSS) PER SHARE

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

	2024 *RMB'000*	2023 *RMB'000*
(Loss)		
(Loss) for the year attributable to the owners of the Company for the purposes of basic and diluted (loss) per share	**(1,240,429)**	(563,971)

	2024 *'000*	2023 *'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**4,444,418**	4,444,418

The computation of diluted (loss) per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the year ended December 31, 2023. There were no dilutive potential ordinary shares in existence during the year ended December 31, 2024. Therefore, the amount of diluted (loss) per share is the same as the amount of basic (loss) per share for the years ended December 31, 2024 and 2023.

12. DIVIDENDS

No dividend was proposed by the Board in respect of the years ended December 31, 2024 and 2023.

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

	2024	2023
	RMB'000	*RMB'000*
Trade receivables, gross		
– contracts with customers *(note (i))*	**318,609**	223,140
– lease receivables	**161,040**	158,894
	479,649	382,034
Less: Allowance for credit losses	**(184,429)**	(155,984)
Trade receivables, net	**295,220**	226,050
Other receivables, deposits and prepayments, gross		
Advances to contractors and suppliers	**935,205**	447,781
Performance guarantee deposit paid	**14,940**	14,940
Other receivables and prepayments	**4,701,985**	1,388,712
Deposits	**87,647**	77,518
	5,739,777	1,928,951
Less: Allowance for credit losses	**(149,575)**	(120,996)
Other receivables, deposits and prepayments, net	**5,590,202**	1,807,955
Total trade and other receivables, deposits and prepayments, net	**5,885,422**	2,034,005

Note:

(i) As at December 31, 2024 and 2023, trade receivables from contract with customers mainly comprise trade receivables from property development.

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

	2024	2023
	RMB'000	*RMB'000*
0 to 60 days	**114,811**	45,988
61 to 180 days	**20,095**	13,735
181 to 365 days	**12,109**	20,891
1 to 2 years	**31,840**	19,603
Over 2 years	**300,794**	281,817
Less: Allowance for credit losses	**(184,429)**	(155,984)
	295,220	226,050

14. TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**1,892,360**	2,594,993
Deposits received	**211,893**	361,583
Rental received in advance	**147,847**	126,615
Refund liabilities	**366,095**	404,105
Accrued payroll	**56,132**	46,761
Value added tax and other tax payables	**592,381**	869,056
Other payables and accruals	**5,213,995**	1,527,627
Dividend payables	**135,500**	135,500
	8,616,203	6,066,240
Analysis for reporting purposes as:		
Non-current *(note)*	**114,919**	112,412
Current	**8,501,284**	5,953,828
	8,616,203	6,066,240

Note: Pursuant to the relevant agreements, rental deposits received as at December 31, 2024 and 2023 are to be settled after twelve months from the end of the reporting period and are therefore classified as non-current liabilities.

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

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

	2024	2023
	RMB'000	*RMB'000*
0 to 60 days	**15,380**	253,488
61 to 365 days	**301,920**	697,245
1 to 2 years	**383,803**	534,342
Over 2 years	**1,191,257**	1,109,918
	1,892,360	2,594,993

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I present to you the annual performance of the Group as of December 31, 2024.

ANNUAL RESULTS AND REVIEW FOR 2024

Annual Results

During the Reporting Period, the revenue of the Group was RMB2,705.3 million. Revenue from property development was RMB2,116.7 million.

Market Review

In terms of industry policies, the real estate policy mainly focuses on stimulating the industry's recovery and promoting the stabilization and recovery of the real estate market. In the financial policy aspect, the People's Bank of China, the China Banking and Insurance Regulatory Commission and other departments have continuously introduced a number of financial measures, such as lowering the loan prime rate basis points, reducing the minimum down payment ratio, eliminating the lower limit of commercial loan interest rates, and lowering the provident fund loan interest rates, aiming to lower the purchase threshold and alleviate the mortgage burden of residents. In the purchase restrictions policy aspect, the purchase restrictions policies in various provinces and cities have been continuously relaxed. Various incentive policies such as demand-side housing credit, tax subsidies, and trade-in for new properties have been frequently introduced, and the support scale has continued to expand. The intention of macro policies to boost the real estate market is very clear.

Real Estate Development

In 2024, the Group responded to market changes by promptly adjusting its investment and sales strategies, actively promoting sales, and seizing market share within the limited market capacity. In the year, the Group further contracted the scale of real estate development, adhered to debt reduction and accelerated asset disposal to improve liquidity. The Group has been fully committed to ensuring the completion of projects and the delivery of houses, while also accelerating its transformation process.

Investment Properties

During the Reporting Period, the total rental income of the Group was RMB286.8 million. Due to the impact of e-commerce and the downturn of the real economy, the Group's rental income decreased. The Group has 9 investment properties held for self-occupancy in core locations of first-and second-tier cities such as Beijing and Shenzhen, with a total planned construction area of approximately 745,289 square meters ("**sq.m.**"). Although the current rental market as a whole exhibits a downward trend, the Group's self-occupied properties are located in advantageous locations. If the macro economy stabilizes and recovers in the future, the rental income will increase accordingly.

Land Reserves

As of December 31, 2024, the total planned GFA of the land reserves of the Group was 6.3 million sq.m.. The Group has existing primary land development projects. The Group undertook primary land development projects and urban renewal projects in Beijing and Shenzhen. During the Reporting Period, the development area of primary land development projects and urban redevelopment projects without affirmed ownership of the Group was 5.81 million sq.m., 51.6% of which was in Shenzhen. Strengthening urban renewal and upgrading of existing housing is a new trend in the existing market. Urban renewal projects require relatively less investment but offer high profit margins. They are an important source for the Group to replenish land reserves within the Greater Bay Area. Starting from 2025, the Group's old renovation and urban renewal projects will successively generate cash inflows, becoming new profit growth points.

Capital Structure

The Group has fully leveraged the diversified advantages of its financing channels both domestically and overseas, effectively utilized various financial means, continuously optimized its capital management, reduced financing costs, optimized the liability structure, and effectively controlled exchange rate risks. Meanwhile, it has further strengthened its risk management functions, improved the financial risk monitoring system, and did a good job in risk early warning and prevention.

Business Transformation

The Group is gradually reducing its real estate business and steadily promoting the transformation of its business towards the health industry.

The Group is optimistic about the future development and potential of the health industry. It will adapt to the needs of the times and strive to explore the innovation of human settlement business models, develop health living communities, health living online services and regenerative medical incubation industries. On one hand, it will continuously upgrade the quality of residential products and launch health living products to achieve a comprehensive reshaping of the product form and service model of the Group. On the other hand, the Group will be committed to providing online services for a healthy life. By building Guorui Hospital and various online medical services, online health care services, and regenerative medical businesses, it will comprehensively enhance the Group's comprehensive operation and service levels and achieve a comprehensive transformation of the Group into the health industry.

OUTLOOK FOR 2025

Looking ahead to 2025, the policy support for the real estate sector will continue to increase. From the central government to local authorities, all levels of government will actively introduce policies aimed at "stabilizing the decline and promoting recovery of the real estate market", sending out a strong signal of "saving the market and stabilizing it". Although the policies keep intensifying, due to the influence of the macroeconomic environment, the real estate market is still in the bottom-level adjustment stage. The investment confidence has bottomed out, sales are operating at a low level, housing prices are accelerating their decline, and the capital pressure still exists. These characteristics remain prominent. The sales situation will continue to face pressure.

The improvement of the financing environment for real estate enterprises is of vital importance for the recovery of the industry and the market. Although the “white list” policy provides financial support for individual projects, its coverage is limited and it is difficult to bring about effective improvements to the cash flow situation of real estate enterprises. The industry urgently needs financial policies to restore the normal capital circulation of the industry.

The Group believes that the real estate industry is still in a trough stage, urgently needing market and policy stimulation and support. The operation mode of the industry will also change. Currently, the industry is in a difficult period of reducing leverage, and it is unlikely to see significant improvement in the short term. In the long run, with the process of urbanization in China and the improvement of per capita housing area, the real estate industry still has certain development space, but this development space is no longer universal but develops in a differentiated manner, including urban differentiation, enterprise differentiation, product differentiation and other aspects. In the future, the real estate industry will enter a strong competitive pattern of survival of the fittest. The enterprises that have survived the trough stage of the industry in the short term will still face the competition within the industry in the future. All enterprises need to continuously improve in multiple aspects such as corporate image, product quality, comprehensive services, and management and operation capabilities to cope with the harsh competitive environment. The Group will continue to operate in the current trough stage of the industry while adapting to industry changes, integrating internal and external aspects, and continuously enhancing the competitiveness of the enterprise and products from multiple perspectives, in order to stand out in the fierce industry competition. In the future, the Group will adhere to the regional deepening strategy, establish a good corporate image, continuously improve service levels and management and operation capabilities. Seize market opportunities, with continuously improved product structure, excellent product quality, and thoughtful project services, attract more customers and promote project sales and collection. In addition, we will focus on adjusting the debt structure, striving to reduce financing costs, and enhance the core competitiveness of the Group to ensure sustainable and stable development in the future.

In the complex and intricate market environment, the Group will shift its development towards the health industry and explore the vast market of the health industry.

ACKNOWLEDGEMENT

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

Zhang Zhangsun
Chairman

Beijing, the PRC, March 31, 2025

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended December 31, 2024, the Group's revenue was RMB2,705.3 million. Revenue from property development was RMB2,116.7 million. As of December 31, 2024, the gross profit of the Group was RMB555.6 million.

Contracted Sales

The contracted sales of the Group for 2024 amounted to approximately RMB3,262.4 million. Contracted sales of the Group in 2024, by geographical location, were mainly from Beijing, Xi'an and Qidong, with signed sales of approximately RMB1,538.6 million, RMB884.9 million and RMB285.6 million respectively. It accounted for 47.2%, 27.1%, and 8.8% of the Group's total contracted sales.

The following table sets out the Group's contracted sales by region for 2024 and 2023:

	2024		2023	
City	**Contracted Sales** ***(RMB million)***	**Percentage of Total Contracted Sales** ***(%)***	Contracted Sales *(RMB million)*	Percentage of Total Contracted Sales *(%)*
Beijing	**1,538.6**	**47.2**	1,838.5	52.2
Xi'an	**884.9**	**27.1**	177.8	5.0
Qidong	**285.6**	**8.8**	-	-
Shenyang	**177.8**	**5.4**	41.0	1.2
Haikou	**154.7**	**4.7**	408.7	11.6
Cooperation projects	**109.4**	**3.4**	368.8	10.5
Langfang	**44.7**	**1.4**	286.1	8.1
Guizhou	**32.1**	**1.0**	25.0	0.7
Suzhou	**22.0**	**0.7**	275.5	7.8
Foshan	**10.6**	**0.3**	96.9	2.7
Shantou	**1.7**	**0.1**	2.1	0.1
Zhengzhou	**0.2**	**0.0**	2.2	0.1
Total	**3,262.4**	**100.0**	3,522.6	100.0

Property Projects

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

As at December 31, 2024, the Group had land reserves with a total GFA of 6,344,963 sq.m..

The Group selectively retained the ownership of a substantial amount of self-developed commercial properties with strategic value to generate stable and sustainable income. As at December 31, 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 December 31, 2024:

	Completed	Under Development	Future Development	Total Land Reserves	Of Total Land Reserves
	Saleable/ Rentable GFA *(sq.m.)*	GFA Under Development *(sq.m.)*	Planned GFA *(sq.m.)*	Total GFA *(sq.m.)*	*(%)*
Haikou	148,833	140,639	862,405	1,151,876	18.2
Tongren	44,411	108,360	966,830	1,119,601	17.6
Langfang	-	101,019	986,574	1,087,593	17.1
Chongming Island	-	9,307	761,358	770,665	12.1
Beijing	468,711	107,784	-	576,494	9.1
Shenyang	208,675	9,288	276,470	494,432	7.8
Shantou	2,746	360,154	-	362,899	5.7
Shenzhen	-	42,763	274,213	316,976	5.0
Foshan	154,018	149,973	-	303,991	4.8
Xi'an	-	150,127	-	150,127	2.4
Zhengzhou	-	9,562	-	9,562	0.2
Suzhou	-	694	-	694	0.0
Wuxi	52	-	-	52	0.0
Total	**1,027,445**	**1,189,670**	**4,127,849**	**6,344,963**	**100. 0**
Total attributable GFA	**860,459**	**1,126,395**	**3,689,841**	**5,676,695**	

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

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

Urban Redevelopment Project in Beijing

Since September 2007, the Group has undertaken a primary land development project in Beijing, namely the West Qinian Street Project, which is located in the west side of Qinian Street and less than one kilometer from Tian'anmen Square with a planned GFA of approximately 474,304 sq.m., comprising five land parcels. As at December 31, 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 year ended December 31, 2024, the Group's revenue was RMB2,705.3 million, representing an increase of approximately 7.9% from RMB2,506.3 million for the year ended December 31, 2023.

The property development revenue for the year ended December 31, 2024 was RMB2,116.7 million, representing an increase of approximately 3.7% compared with the same corresponding period last year.

Cost of Sales and Services

For the year ended December 31, 2024, the Group's cost of sales and services was RMB2,149.8 million, representing a decrease of approximately 15.9% as compared to the corresponding period of last year. The reduction in costs during the Reporting Period was mainly attributed to the transfer in this year of a portion of the property's gross profit which was relatively high.

Gross Profit

For the year ended December 31, 2024, the Group's gross profit was RMB555.6 million, representing an increase of RMB605.8 million as compared to corresponding period of last year, the main reason is that a portion of the property with relatively high gross profit was carried forward for this year.

Changes in Fair Value Gains on Investment Properties

The fair value gain on investment properties at the group level decreased from a fair value change gain of RMB 263.5 million for the year ended December 31, 2023, to a fair value change loss of RMB 498.9 million for the year ended December 31, 2024. This was primarily due to the impact of market sentiment, which constrained the appreciation potential of investment properties.

Other Gains and Losses, Net

Other gains, net were RMB127.4 million for the year ended December 31, 2023, while other losses, net were RMB31.4 million for the year ended December 31, 2024. It was mainly due to the recognition of the gains on the sale of partial equity from the sale of Langfang Guosheng Real Estate Development Co., Ltd (廊坊國盛房地產開發有限公司) in 2023.

Other Income

Other income decreased from RMB139.8 million for the year ended December 31, 2023 to RMB116.9 million for the year ended December 31, 2024, which was mainly due to the revenue from patent rights of associated companies and joint ventures has decreased.

Distribution and Selling Expenses

Distribution and selling expenses increased by approximately 5.8% from RMB83.5 million for the year ended December 31, 2023 to RMB88.4 million for the year ended December 31, 2024.

Administrative Expenses

Administrative expenses decreased by approximately 41.5% from RMB323.2 million for the year ended December 31, 2023 to RMB189.0 million for the year ended December 31, 2024. The reduction is mainly due to the fact that during the Reporting Period, the Group improved its operational quality through organizational restructuring and optimization, thereby reducing administrative expenses.

Finance Costs

Finance costs increased by approximately 89.0% from RMB561.6 million for the year ended December 31, 2023 to RMB1,061.7 million for the year ended December 31, 2024, which was primarily due to the capitalization of financing expenses decreased during the Reporting Period of the Group.

Income Tax Credit

Income tax credit for the year ended December 31, 2023 was RMB62.0 million, while the amount of income tax credit for the year ended December 31, 2024 was RMB20.8 million.

Total Comprehensive (Loss)

As a result of the foregoing reasons, the Group's total comprehensive loss was RMB593.5 million for the year ended December 31, 2023. While the total comprehensive loss was RMB1,415.5 million for the year ended December 31, 2024.

Liquidity, Financial and Capital Resources

Cash Position

As at December 31, 2024, the Group's cash, restricted bank deposits and bank balances were approximately RMB201.9 million, while as at December 31, 2023, the Group's cash, restricted bank deposit and bank balances were approximately RMB319.9 million.

Net Operating Cash Flow

The Group recorded net operating cash flow in the amount of RMB679.5 million for the year ended December 31, 2024, while we had recorded net operating cash flow of RMB512.9 million for the year ended December 31, 2023.

Borrowings

As at December 31, 2024, the Group had outstanding borrowings of RMB22,788.5 million, consisting of bank and other borrowings of RMB18,845.8 million and senior notes of RMB3,942.7 million.

As at December 31, 2024, other outstanding borrowings of the Group accounted for 12.8% of the total outstanding borrowings of the Group.

Charge over Assets

Some of the Group's borrowings are secured by properties under development for sale, properties held for sale, investment properties and prepaid lease payments as well as property, plant and equipment and restricted bank deposits, or combinations of the above. As at December 31, 2024, the assets pledged to secure certain borrowings granted to the Group amounted to RMB25,553.1 million.

Financial Guarantees and Contingent Liabilities

In line with market practice, the Group has entered into agreements and arrangements with multiple banks to provide mortgage financing to customers. The Group will not conduct independent credit reviews on customers, but will rely on credit reviews conducted by the underwriting bank. Like other Chinese property developers, banks generally require the Group to provide guarantees for customers to repay their property mortgage loans. The guarantee period generally lasts until the bank receives the customer's separate ownership certificate as collateral for the granted mortgage loan. On December 31, 2024, the Group provided an outstanding guarantee of RMB2,032.4 million for customer mortgages. Except as disclosed in this announcement, the Group had no other significant contingent liabilities as of December 31, 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 year ended December 31, 2024, the Group had approximately 448 employees, and incurred employee costs of approximately RMB149.1 million. Remuneration for the employees generally includes salaries and performance bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medication, maternity, occupational injury and unemployment benefit plans.

FINAL DIVIDEND

The Board did not recommend any payment of final dividend for the year ended December 31, 2024.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

The Company appointed WM CPA Limited as the new auditor of the Company with effect from January 9, 2025 to fill the vacancy following the resignation of Solar CPA Limited and to hold office until the conclusion of the next annual general meeting of the Company.

Save as disclosed in this announcement, there is no material post balance sheet event undertaken by the Group after December 31, 2024 and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

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

The Company has been in compliance with the code provisions as set out in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules during the year ended December 31, 2024 except for the following deviations:

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Under the current organization structure of the Company, Mr. Zhang Zhangsun ("**Chairman Zhang**") is the chairman of the Board and the president of the Company. Chairman Zhang has been overseeing the Group's strategic planning, operation and management since the Group was founded. The Company believes that the vesting 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 with sufficient number thereof being independent non-executive Directors.

Under code provision C.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its directors. As the Board considers that insurance cover for Directors and officers with reasonable premiums and sufficient compensation has not been identified in the market, the Company has not procured such arrangement.

Save as disclosed herein, the Company has complied with the code provisions as set out in the CG Code for the year ended December 31, 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 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 Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code for the year ended December 31, 2024.

Purchase, Sale or Redemption of Listed Securities of the Company

For the year ended December 31, 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 (including the sale of treasury shares).

Audit Committee

The Company established the audit committee of the Company (the "**Audit Committee**") with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code, which is currently made available on the Stock Exchange's website and the Company's website. The Audit Committee has reviewed the audited financial statements of the Group for the year ended December 31, 2024 and is of the opinion that such financial statements complied with the applicable accounting standards, the Listing Rules and other applicable legal requirements and that adequate disclosures have been made.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The below sections set out an extract of the report by WM CPA Limited, the auditor of the Company, regarding the consolidated financial statements of the Group for the year ended December 31, 2024:

Disclaimer of opinion

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

BASIS FOR DISCLAIMER OF OPINION

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

As set out in note 3 to the consolidated financial statements, the Group incurred a loss of approximately RMB1,415,503,000 for the year ended December 31, 2024, and as of that date, the Group has net current assets of approximately RMB1,054,403,000. As at December 31, 2024, the Group's bank and other borrowings with the aggregate carrying amount of approximately RMB7,620,237,000 was due on demand or within one year, while its cash and cash equivalents amounted to only approximately RMB70,451,000 and restricted bank deposits for construction of pre-sale properties and for mortgage loans granted to customers amounted to approximately RMB107,717,000 , which can be used for payments for project costs when approval from related government authority is obtained. As at December 31, 2024, the Group had not repaid senior notes and bank and other borrowings of approximately RMB3,942,744,000 and RMB5,396,323,000 respectively according to their scheduled repayment dates, and as a result, these borrowings might be demanded for early repayment.

The above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern, and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

As detailed in note 3 to the consolidated financial statements, in view of the above circumstances, the Directors have prepared a cash flow forecast of the Group which takes into account certain plans and measures. The validity of the going concern assumption is dependent on the successful and favourable outcomes of these plans and measures being undertaken by the management of the Company, which are subject to uncertainties including (i) successful negotiation with the senior notes holders and the banks for the extension of the repayment schedules; (ii) successful disposal of certain investment properties and timely collection of the relevant sales proceeds; (iii) successful implementation of the plans and measures to the pre-sales and sales of properties under development for sale and properties held for sales and timely collection of the relevant sales proceeds; and (iv) control the administrative costs and capital expenditures. The Directors are of the opinion that the Group will have sufficient working capital to meet its operating and financing needs as and when they fall due within the twelve months from December 31, 2024 and would be able to continue as a going concern. Therefore, the consolidated financial statements have been prepared on a going concern basis.

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

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

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

Publication of the Annual Results and Annual Report for the Year ended December 31, 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 annual report for the year ended December 31, 2024 containing all the information about the Company set out in this results announcement for the year ended December 31, 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, March 31, 2025

As at the date of this announcement, the Board comprises Mr. Zhang Zhangsun, Ms. Ruan Wenjuan, Mr. Yang Huabin, Mr. Feng Yang, and Mr. Zhao Yuhong as executive Directors; and Ms. Chen Jinrong, Mr. Deng Zhidong and Mr.Yuan Hao as independent non-executive Directors.

**For identification purpose only*