



# GLORY 国瑞

GLORY HEALTH INDUSTRY LIMITED  
國瑞健康產業有限公司



中期報告  
Interim Report  
**2023**

(前稱「Glory Land Company Limited (国瑞置业有限公司)」，  
並以「Guorui Properties Limited」的名稱在香港經營業務)  
(於開曼群島註冊成立的有限公司)

(formerly known as "Glory Land Company Limited (国瑞置业有限公司)"  
and carrying on business in Hong Kong as "Guorui Properties Limited")  
(Incorporated in the Cayman Islands with limited liability)

香港聯合交易所股份代號 Stock Code : 2329

# 目錄

## CONTENTS

1	公司資料	62	Corporate Information
2	財務摘要	63	Financial Highlights
3	主席報告	64	Chairman's Statement
5	管理層討論及分析	66	Management Discussion and Analysis
12	權益披露	73	Disclosure of Interests
15	企業管治常規及其他資料	76	Corporate Governance Practices and Other Information
19	簡明綜合損益及其他綜合收益表	80	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
20	簡明綜合財務狀況表	81	Condensed Consolidated Statement of Financial Position
22	簡明綜合權益變動表	83	Condensed Consolidated Statement of Changes in Equity
23	簡明綜合現金流量表	84	Condensed Consolidated Statement of Cash Flows
25	簡明綜合財務報表附註	86	Notes to the Condensed Consolidated Financial Statements



# Corporate Information

## DIRECTORS

### Executive Directors

Mr. Zhang Zhangsun (*Chairman*)  
Ms. Ruan Wenjuan  
Ms. Dong Xueer  
Mr. Hao Zhenhe  
Mr. Sun Xiaodong

### Independent Non-Executive Directors

Mr. Luo Zhenbang (*resigned on June 30, 2023*)  
Mr. Lai Siming (*resigned on August 24, 2023*)  
Mr. Liu Chengjiang (*appointed on May 28, 2023*)

## JOINT COMPANY SECRETARIES

Ms. Zheng Jin (*CPA*)  
(*resigned on June 21, 2023*)  
Ms. Kwong Yin Ping, Yvonne (*HKFCG, FCG*)  
(*resigned on July 1, 2023*)

## AUTHORIZED REPRESENTATIVES

Mr. Zhang Zhangsun  
Mr. Sun Xiaodong

## AUDIT COMMITTEE

Mr. Luo Zhenbang (*Committee Chairman*)  
(*resigned on June 30, 2023*)  
Mr. Lai Siming (*resigned on August 24, 2023*)  
Mr. Liu Chengjiang (*appointed on May 28, 2023*)

## REMUNERATION COMMITTEE

Mr. Lai Siming (*Committee Chairman*)  
(*resigned on August 24, 2023*)  
Ms. Ruan Wenjuan  
Mr. Luo Zhenbang (*resigned on June 30, 2023*)

## NOMINATION COMMITTEE

Mr. Zhang Zhangsun (*Committee Chairman*)  
Mr. Lai Siming (*resigned on August 24, 2023*)  
Mr. Luo Zhenbang (*resigned on June 30, 2023*)

## INTERNAL CONTROL COMMITTEE

Mr. Liu Chengjiang (*Committee Chairman*)  
(*appointed on May 28, 2023*)  
Mr. Luo Zhenbang (*resigned on June 30, 2023*)  
Ms. Ruan Wenjuan

## AUDITOR

Moore Stephens CPA Limited  
*Registered Public Interest Entity Auditor*

## PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited  
Agricultural Bank of China Limited  
Bank of China Limited  
China Construction Bank Corporation  
Bank of Beijing Co., Ltd.

## LEGAL ADVISORS

As to Hong Kong Law  
Long An & Lam LLP  
Rooms 1804-06, 18/F,  
Wing On House,  
71 Des Voeux Road Central  
Central, Hong Kong

## REGISTERED OFFICE

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

## CORPORATE HEAD OFFICE IN HONG KONG

RM2802, 28/F, Harbour Centre  
25 Harbour Road, Wan Chai  
Hong Kong

## CORPORATE HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA

East Block, Hademen Plaza  
8-1# Chongwenmenwai Street  
Dongcheng District, Beijing  
PRC

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## LISTING INFORMATION

### Share Listing

The Company's ordinary shares  
The Stock Exchange of Hong Kong Limited  
(the "**Stock Exchange**")  
Stock Code: 02329

## WEBSITE

<http://www.glorypty.com>

# Financial Highlights

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, 2023, together with comparative figures for the corresponding period in 2022. The Group’s interim results have not been audited and have not been reviewed by the Company’s audit committee.

- Achieved contracted sales for the six months ended June 30, 2023 (the “**Reporting Period**”) was RMB2,087.4 million with corresponding contracted gross floor area (“**GFA**”) of approximately 165,883 sq.m.;
- Revenue for the Reporting Period was RMB1,456.87 million, of which the revenue from property development was RMB1,186.25 million;
- Land reserves reached a total GFA of 7,105,675 sq.m. as at June 30, 2023;
- Contracted average selling price (“**ASP**”) for the Reporting Period was RMB27,875.3 per sq.m.;
- 43% of the Company’s saleable land reserve was distributed in Beijing as at June 30, 2023.

# 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, 2023.

## INTERIM RESULTS AND REVIEW FOR THE FIRST HALF OF 2023

### Interim Results

During the Reporting Period, the revenue of the Group was RMB1,456.87 million. Revenue from property development was RMB1,186.25 million.

### Market Review

In terms of industry policies, the overarching keynote of “housing is for living in, not for speculation” remains unchanged. In light of the steady development of China's real estate industry and efforts to mitigate the industry downturn caused by the excessive execution of previous policies, China's industry policies noted the “city-specific policy” and emphasized “ensuring the delivery of housing projects, securing people's livelihood, stabilizing employment, and facilitating the steady and sound development of the real estate market”, showing a slowdown signal in terms of policies. A number of financial support policies were introduced in the financial segment, with liberalisation of various financial instruments, in an aim to support enterprises to alleviate debt pressures, subject to ensured delivery of the properties. Thanks to these efforts, the financing environment for real estate companies will also usher in marginal improvement. In order to maintain the healthy development of the local real estate market and restore the normal operation of the real estate industry, many cities in China have adjusted the control policies on the real estate market, involving several aspects such as new property sales, second-hand housing transactions, mortgage transfers and regulatory funds. While focusing on “preventing risks and boosting demand”, the deposit reserve ratio and the interest rate and initial payment ratio for individual housing loans were reduced to alleviate financial pressure and corporate debt pressure and promote the sound development of the real estate industry.

### Real Estate Development

In the first half of 2023, in response to market changes, the Group adjusted its investment and sales strategies in a timely manner, proactively promoted sales during the short-term peak season in spring, and thereby achieved stable business development. In the first half of the year, the Group made efforts to further downsize its real estate development, remained committed in debt reduction and accelerated asset disposal to improve liquidity. While speeding up its effort to transform, the Group went to great lengths to ensure the completion and delivery of the properties.

### Investment Properties

During the Reporting Period, the total rental income of the Group was RMB204.28 million. With the effective control of the pandemic and the recovery of consumption, the Group's rental income will grow steadily. The Group owns 9 self-owned investment properties in the core areas of first-and second-tier cities including Beijing and Shenzhen, with a total planned GFA of approximately 769,379 sq.m.

### Land Reserves

As at June 30, 2023, the total planned GFA of the land reserves of the Group was 7.11 million sq.m. The Group has existing primary land development projects. The Group undertook primary land development projects and urban renewal projects in Beijing and Shenzhen. During the Reporting Period, the development area of primary land development projects and urban redevelopment projects without affirmed ownership of the Group was 5.811 million sq.m., 51.6% of which was in Shenzhen. Accelerating urban renewal and improving renovation and upgrade of available housing are new directions for inventory market. The urban renewal projects, which features low investment and high profit margin, are the important source for the Group to replenish the land reserve in the Greater Bay Area. In the next few years, the Group's urban redevelopment projects and urban renewal projects will turn into sales and become its new profit growth drivers.

### Capital Structure

Since the fourth quarter of 2022, with the financial support of the credit, bond financing and equity financing, improvement has been seen in the financing environment. In the first quarter of 2023, the PBOC and the China Banking and Insurance Regulatory Commission emphasized comprehensive measures to improve the cash flow of high-quality real estate developers, and the competent authorities have drafted the Action Plan to Improve the Balance Sheets of Good-quality Real Estate Developers, showcasing a clear direction of macro financial policies. Through comprehensive utilisation of diversified advantages from domestic and overseas financing channels, the Group makes full use of various financial means to continuously optimise fund management, reduce financing costs, and improve its liability structure in a way that effectively controls exchange rate risks. At the same time, it made efforts to further strengthen the risk control function, improve the financial risk monitoring system, and properly give risk warning and carry out risk prevention.

## Chairman's Statement

### Business Transformation

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

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

### OUTLOOK FOR THE SECOND HALF OF 2023

Looking forward to the second half of 2023, the real estate policies will implement marginal adjustments. To adapt to the great changes in the relationship between supply and demand in China's real estate market, China will adjust and improve the policies for the real estate market in a timely manner, make use of the targeted policy tools in different cities to ensure the delivery of housing projects, prevent risks and boost demand, thus supporting real estate companies to resolve financial risks, better meeting residents' demand for basic housing or their need to improve their housing conditions, and facilitating the steady and sound development of the real estate market. Under the guidance of policies, the first-tier cities and second – to third-tier core cities in metropolitan area will improve significantly and usher in a new round of market opportunities.

The Group believes that, the real estate industry will enter a new long-term cycle, and the growth pattern of the industry will also experience changes. It will shift from relying on a model of financial leverage to drive growth in the past to a model of stable, balanced and high-quality growth. In the long run, urbanisation process and the improved per capita living area in China provides room for development to the real estate industry. However, such room for development is no longer universal, but features growth in differentiations, including those in market performance across cities, enterprises and products. Opportunities and risks coexist in the real estate industry in the future, which requires accurate judgments on cities, markets, products and other aspects. In line with the development needs of times, the Group will be committed to exploring the innovation of habitation business forms, continuously upgrading products of Guorui, and achieving product ecology construction. In the future, the Group will uphold the strategy of strengthening presences in regions, proactively adopt flexible sales policy and seize market opportunities, so as to attract more customers with continuous improvement in product structure and outstanding product quality. We will vigorously promote sales while strengthening our efforts on collection of receivables from sales. In addition, we will also continue to optimise the debt structure and endeavor to reduce finance costs in ways that enhance the core competitiveness of the Group, thus ensuring sustainable and steady growth of the future.

Amid the complex market environment, the Group will transform to the health industry, and explore a broad 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 half 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  
August 31, 2023

# Management Discussion and Analysis

## BUSINESS REVIEW

As of June 30, 2023, the Group's revenue was RMB1,456.87 million. Revenue from property development was RMB1,186.25 million. As of June 30, 2023, the Group's gross profit was RMB180.15 million, and the net loss was RMB269.82 million.

### Contracted Sales

The contracted sales of the Group for the first half of 2023 amounted to approximately RMB2,087.4 million. Contracted sales of the Group in the first half of 2023, by geographical location, were mainly from Beijing, Cooperation projects and Langfang, and the contracted sales amounting to approximately RMB1,016.4 million, RMB486.5 million and RMB266.2 million, respectively, representing 48.7%, 23.3% and 12.8% 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, 2023 and 2022:

City	For the Six Months Ended June 30,		For the Six Months Ended June 30,	
	2023	Percentage of Total Contracted Sales	2022	Percentage of Total Contracted Sales
	Contracted Sales (RMB million)	Contracted Sales (%)	Contracted Sales (RMB million)	Contracted Sales (%)
Beijing	1,016.4	48.7	1,817.4	78.9
Haikou	–	0.0	62.2	2.7
Langfang	266.2	12.8	41.7	1.8
Zhengzhou	0.1	0.0	25.2	1.1
Shenyang	15.0	0.7	60.8	2.6
Foshan	78.3	3.8	123.8	5.4
Shantou	1.7	0.1	10.0	0.4
Suzhou	115.0	5.5	17.2	0.8
Chongming Island	–	0.0	7.8	0.3
Xi'an	99.2	4.8	109.2	4.8
Guizhou	9.0	0.4	4.5	0.2
Cooperation projects	486.5	23.3	23.8	1.0
<b>Total</b>	<b>2,087.4</b>	<b>100.0</b>	<b>2,303.6</b>	<b>100.0</b>

Notes:

- The sales in the first half of 2022 were RMB2,303.6 million. The sales in the first half of 2023 were RMB2,087.4 million, representing a year-on-year decrease of 9.4%.
- Contracted sales shown in the table include sales of car parking spaces.

## Management Discussion and Analysis

### 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, 2023, the Group had completed a total unsold GFA of 1,193,420 sq.m. and had land reserves with a total GFA of 7,105,675 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, 2023, the Group had investment properties in Beijing Fugui Garden, Beijing Glory City, Beijing Bei Wu Lou, Shenyang Glory City, Eudemonia Palace, Beijing Hademen Center, Shenzhen Nanshan, Haikou Glory City and Foshan Glory Shengping Commercial Center.

### Land Reserves

The following table sets out a summary of the Group's land reserves by geographic location as at June 30, 2023:

	Completed	Under Development	Future Development	Total Land Reserves	Of Total Land Reserves
	Saleable/ Rentable GFA Remaining Unsold (sq.m.)	GFA Under Development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)	Total GFA (%)
Beijing	796,060	220,354	–	1,016,414	14.3
Haikou	30,980	140,640	863,977	1,035,597	14.6
Langfang	–	290,054	1,016,680	1,306,734	18.4
Zhengzhou	5,068	30,535	–	35,603	0.5
Shenyang	142,647	173,594	73,342	389,583	5.5
Foshan	179,155	140,914	–	320,069	4.5
Xi'an	–	289,978	–	289,978	4.1
Shantou	6,189	314,224	38,749	359,162	5.1
Shenzhen	–	42,763	271,213	313,976	4.4
Suzhou	13,730	26,933	–	40,663	0.6
Chongming Island	–	14,158	766,685	780,843	11.0
Wuxi	19,591	–	–	19,591	0.3
Tongren	–	270,313	927,149	1,197,462	16.9
<b>Total</b>	<b>1,193,420</b>	<b>1,954,460</b>	<b>3,957,795</b>	<b>7,105,675</b>	<b>100.00</b>
<b>Total Attributable GFA</b>	<b>731,624</b>	<b>1,669,162</b>	<b>3,171,381</b>	<b>5,572,167</b>	

### **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, 2023, the demolition and relocation of the Land No. 4 and the Land No. 5 have been completed and preparation for launch to the market is in the process.

#### **Urban Redevelopment Project in Shenzhen**

In the first half of 2014, Shenzhen Dachaoshan Construction Co., Ltd.\* (深圳市大潮汕建設有限公司), a subsidiary of the Group, entered into an urban renewal cooperation agreement with Shenzhen Longgang Xikeng Co., Ltd.\* (深圳市龍崗區西坑股份合作公司) to carry out the urban renewal project of the Xikeng community. The planned GFA of the project was about 3 million sq.m. The Group has completed the survey for the land ownership, residential population and building information in the Xikeng community, industry research, the urban renewal planning research program and consultation. The Phase I Project with a site area of 530,000 sq.m. and a planned GFA of approximately 1.4 million sq.m. had been approved by the meeting of Longgang 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 Longgang 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, 2023, the Group's revenue was RMB1,456.87 million, representing a decrease of 50.55% from RMB2,946.27 million for the six months ended June 30, 2022.

Revenue from property development for the six months ended June 30, 2023 was RMB1,186.25 million, representing a decrease of 55.23% 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, 2023, the Group's cost of sales and services was RMB1,276.72 million, representing a decrease of 59.11% 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 60.65% from RMB3,108.50 million for the six months ended June 30, 2022 to RMB1,223.13 million for the six months ended June 30, 2023.

#### Gross Profit/(Loss)

For the six months ended June 30, 2023, the Group's gross profit was RMB180.15 million, as compared to the gross loss of RMB176.32 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, 2023, the loss attributable to owners of the Company was RMB266.87 million, representing a decrease of RMB415.61 million from the loss attributable to owners of the Company of RMB682.48 million for the six months ended June 30, 2022.

#### Other Losses

Other losses were RMB27.44 million for the six months ended June 30, 2022, while other losses were RMB61.08 million for the six months ended June 30, 2023, mainly due to the changes in foreign exchange rate of USD bonds.

### Other Income

Other income decreased from RMB70.80 million for the six months ended June 30, 2022 to RMB17.97 million for the six months ended June 30, 2023, which was mainly due to the decrease in the recognised royalty income from associates and joint ventures.

### Selling Expenses

Selling expenses decreased by RMB8.84 million from RMB67.04 million for the six months ended June 30, 2022 to RMB58.20 million for the six months ended June 30, 2023.

### Administrative Expenses

Administrative expenses increased by RMB25 million from RMB166.04 million for the six months ended June 30, 2022 to RMB191.04 million for the six months ended June 30, 2023.

### Finance Costs

Finance costs decreased by RMB188.78 million from RMB331.24 million for the six months ended June 30, 2022 to RMB142.46 million for the six months ended June 30, 2023.

### Income Tax Credit

Income tax credit decreased from RMB76.90 million for the six months ended June 30, 2022 to RMB15.45 million for the six months ended June 30, 2023. The PRC corporate income tax and land appreciation tax of the Group for the six months ended June 30, 2023 were RMB5.42 million and RMB60.69 million, respectively.

### Comprehensive Loss

As a result of the foregoing reasons, the Group's total comprehensive loss decreased from RMB777.82 million for the six months ended June 30, 2022 to the total comprehensive loss of RMB269.82 million for the six months ended June 30, 2023. Floating losses of approximately RMB130 million were incurred during the year as a result of changes in foreign exchange rate.

### LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

#### Cash Position

As at June 30, 2023, the Group's cash, restricted bank deposits and bank balances were approximately RMB306.45 million as compared to RMB377.27 million as at December 31, 2022.

#### Net Operating Cash Flow

The Group recorded net operating cash flow in the amount of RMB462.08 million for the six months ended June 30, 2023, while we had recorded net operating cash flow of RMB1,028.86 million for the six months ended June 30, 2022.

#### Borrowings

As at June 30, 2023, the Group had outstanding borrowings of RMB21,519.83 million, consisting of bank borrowings of RMB15,311.66 million, other borrowings of RMB2,789.13 million and senior notes of RMB3,419.04 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, 2023, the assets pledged to secure certain borrowings granted to the Group amounted to RMB30,365.97 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, 2023, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to RMB4,736.66 million.

Save as disclosed in this report, the Group had no other material contingent liabilities as at June 30, 2023.

#### Capital and Other Commitments

As at June 30, 2023, the Group had certain contracted but not-provided-for commitments in connection with expenditure in respect of properties under development for sale. For details, please refer to note 20 to the condensed consolidated financial statements.

### FOREIGN EXCHANGE RISK

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. As at June 30, 2023, the balance of the Company's senior notes amounted to RMB3,419.04 million. As a result of the issuance of such senior notes, the Group would be subject to foreign currency risk arising from the exchange of RMB against US\$.

In addition, RMB is not freely convertible into foreign currencies and the conversion of RMB into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government. The Group does not have a foreign currency hedging policy. However, the Directors monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting suitable foreign currency hedging policy in the future.

### FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, the Group did not have any future plans for material investments or capital assets as at the date of this report.

### EMPLOYEES AND REMUNERATION POLICIES

For the six months ended June 30, 2023, the Group had approximately 580 employees, and incurred employee costs of approximately RMB75.60 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.

### ISSUANCE OF SENIOR NOTES

On February 23, 2022, the Company completed the exchange offering of US\$315,159,000 of the 2021 senior notes (the "**2021 Senior Notes**") with US\$334,790,000 of new issue of senior notes due on August 23, 2024 (the "**2022 Senior Notes**") which bearing interest at 14.25% per annum. After the completion of the exchange offering, the 2021 Senior Notes with the remaining aggregate principal amount of US\$8,586,000 and the 2022 Senior Notes with an aggregate principal amount of US\$334,790,000 remain outstanding. Further details regarding the issue of the senior notes are disclosed in the announcements of the Company dated February 11, February 17, February 21, and February 28, 2022.

# Disclosure of Interests

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which were required, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") were as follows:

### (a) Interest in Shares of the Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage of interest in the Company
Zhang Zhangsun ("Chairman Zhang") <sup>1</sup>	Interest of a controlled corporation	3,409,431,570	76.71%
Ruan Wenjuan	Interest of spouse	3,409,431,570	76.71%

Note 1: Alltogether Land Company Limited ("**Alltogether**") is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the Shares held by Alltogether. Further, as Ms. Ruan Wenjuan, an executive Director of the Company, is the spouse of Chairman Zhang, Ms. Ruan Wenjuan is also deemed to be interested in the Shares held by Alltogether under the SFO.

**(b) Interest in shares of associated corporation**

Name of Director	Nature of interest	Name of associated corporation	Approximate percentage of shareholding
Chairman Zhang	Beneficial owner	Alltogether	100%

**(c) Interest in debentures of the Company****2022 Senior Notes:**

(see note 18 to the condensed consolidated financial statements for details)

Director	Nature of interest	Amount of debentures of the Company held	Approximate percentage of interest of 2022 Senior Notes as at June 30, 2023
Chairman Zhang <sup>(1)</sup>	Interest of a controlled corporation	US\$125,110,000	37.4% <sup>(2)</sup>
Ruan Wenjuan	Interest of spouse	US\$125,110,000	37.4% <sup>(2)</sup>

*Notes:*

<sup>(1)</sup> Alltogether is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the debentures held by Alltogether.

<sup>(2)</sup> Proportionate interests is calculated based on the principal amount in aggregate of 2022 Senior Notes.

All interests in the Shares of the Company and its associated corporations are long positions.

Save as disclosed above, as at June 30, 2023, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be immediately notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code.

## Disclosure of Interests

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS SHARES

As at June 30, 2023, the following persons had an interest or short position in shares or underlying shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 5% or more of the issued share capital of the Company, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

#### Interest in Shares of the Company

<b>Name of substantial Shareholder</b>	<b>Nature of interest</b>	<b>Number of shares</b>	<b>Approximate percentage of interest in the Company</b>
Chairman Zhang <sup>(1)</sup>	Interest of a controlled corporation	3,409,431,570	76.71%
Alltogether	Beneficial owner	3,409,431,570	76.71%

Note:

- (1) Alltogether is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the shares held by Alltogether. Further, as Ms. Ruan Wenjuan, an executive Director of the Company, is the spouse of Chairman Zhang, Ms. Ruan Wenjuan is also deemed to be interested in the shares held by Alltogether under the SFO.

# Corporate Governance Practices and Other Information

## 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 Zhangsun (“**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 one independent Director. The Company appointed Liu Chengjiang as an independent director of the Company on May 28, 2023. However, with the resignation of Luo Zhenbang as an independent director of the Company with effect from June 30, 2023 and the resignation of Lai Siming as an independent director of the Company with effect from August 24, 2023, 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, 2023. 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, 2023.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended June 30, 2023, save as disclosed in this report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on June 5, 2014 to recognize the contribution of certain of the Company's employees and officers, especially those whom the Company considered to have contributed to the early development and growth of the Group and to provide financial incentives to them to remain with the Group and strive for the future development and expansion of the Company. A summary of the principal terms and conditions of the Share Award Scheme is set out in Appendix VIII to the Prospectus.

Pursuant to the Share Award Scheme, a total of four selected persons namely Mr. Lin Yaoquan (林耀泉), Mr. Wu Yilong (吳義隆), Ms. Zhang Miaoxiang (張妙香) and Ms. Zhang Chanjuan (張嬋娟) were awarded a total of 33,617,700 shares. On June 10, 2014, Alltogether transferred a total of 33,617,700 shares to TMF (Cayman) Ltd., a special purpose vehicle incorporated in the Cayman Islands, for the benefit of the Selected Persons.

No further shares have been awarded under the Share Award Scheme for the six months ended June 30, 2023.

Apart from Ms. Zhang Chanjuan, the other selected persons disclosed above are connected persons of the Group as defined in the Listing Rules.

### PRE-IPO SHARE OPTION SCHEME

The Company adopted the Pre-IPO Share Option Scheme on June 5, 2014 to enable the Company to encourage certain key employees to contribute to the Group for the long-term benefits of the Company and its Shareholders as a whole and provide the Group with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to its key employees.

The total number of shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme to 54 grantees on or before June 16, 2014 is 67,076,800, representing approximately 1.51% of the issued share capital of the Company as at June 30, 2023. Save for the options which have been granted on or before June 16, 2014, no further options has been granted under the Pre-IPO Share Option Scheme on or after the Listing Date (i.e. July 7, 2014) and the terms which govern such further grant of options are accordingly removed. The exercise price for any option granted under the Pre-IPO Share Option Scheme shall be 60% of HK\$2.38. The share options granted had been vested in three equal tranches on the first, second and third anniversary of the Listing Date (i.e. July 7, 2014), respectively. All share options have been expired after 7 years since the grant date. The validity period of the Pre-IPO Share Option Scheme is 10 years from the adoption date of such scheme by the Shareholders on June 5, 2014.

As at June 15, 2021, all options granted under the Pre-IPO Share Option Scheme were automatically lapsed upon expiry. As at the date of this report, there were no other options granted under the Pre-IPO Share Option Scheme which had not been exercised.

Further details of the Pre-IPO Share Option Scheme are set out in note 23 to the condensed consolidated financial statements.

## POST-IPO SHARE OPTION SCHEME

The Company adopted the Post-IPO Share Option Scheme on June 5, 2014 to enable the Company to grant options to any Director (including the independent non-executive Directors), full-time employee and consultant of the Group or any other eligible person who, in the Board's sole discretion, has contributed or will contribute to the Group (the "**Eligible Participants**") and provide the Group with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to the Eligible Participants. The purpose of the Post-IPO Share Option Scheme is to encourage the Eligible Participants to contribute to the Group for the long-term benefits of the Company and its Shareholders as a whole.

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme or any other share option scheme adopted by the Company (including the Pre-IPO Share Option Scheme) shall not, in aggregate, exceed 10% of the total number of Shares in issue when the Post-IPO Share Option Scheme was adopted, unless with the prior approval from the Company's Shareholders. The maximum number of Shares in respect of which options may be granted under the Post-IPO Share Option Scheme to each eligible participant in any 12-month period up to the date of the grant shall not exceed 1% of Shares in issue, unless with the prior approval from the Company's Shareholders. Options granted to a Director, chief executive or substantial Shareholder of the Company or any of their respective associates shall be subject to the prior approval of the independent non-executive Directors. Where any option granted to a substantial Shareholder or an independent non-executive Director of our Company, or any of their respective associates, which would result in the Shares issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12-month period, (i) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the Shares, in excess of HK\$5 million, such grant of options shall be subject to the issue of a circular by the Company and prior approval of the Shareholders in general meeting on a poll at which all connected persons of the Company shall abstain from voting in favor. An offer of the grant of an option under the Post-IPO Share Option Scheme shall remain open for acceptance for 28 days from the date of grant. Upon acceptance of such grant, the grantee shall pay HK\$1.00 (or such other sum in any currency as the Board may determine) to the Company as consideration. Options may be exercised in accordance with the terms of the Post-IPO Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than ten years from the date of grant of option. The subscription price shall be determined by the Board, in its sole discretion, and in any event shall be no less than the higher of (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of the Shares. The validity period of the Post-IPO Share Option Scheme will be 10 years from the adoption date of such scheme by the Shareholders on June 5, 2014.

Pursuant to the Post-IPO Share Option Scheme, the Company offered to certain Eligible Participants options to subscribe for an aggregate of 98,000,000 shares (representing approximately 2.21% of the issued share capital of the Company) in two tranches, all of which have lapsed as at June 30, 2023. As at June 30, 2023, there were no outstanding options granted under the Post-IPO Share Option Scheme by the Company.

The total number of shares available for issue under the Share Option Scheme is 424,661,712, representing 9.55% of the total number of shares in issue of the Company as at the date of this interim report.

## Corporate Governance Practices and Other Information

### PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company satisfied the minimum percentage as prescribed in the waiver granted by the Stock Exchange from strict compliance with Rule 8.08 of the Listing Rules.

### SUBSEQUENT EVENT

Save as disclosed in this report, there is no material post balance sheet event undertaken by the Group after June 30, 2023 up to the date of this report.

### 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. The Audit Committee consists of one independent non-executive Director, being Mr. Liu Chengjiang.

### INTERNAL CONTROL

The Company has set up an internal control committee, which reports to the Board on a quarterly basis, to review and discuss the solutions to regulatory, compliance and internal control related matters on an on-going basis.

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2023

	Notes	Six months ended June 30,	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Revenue</b>			
Contract with customers		1,252,586	2,717,043
Leases		204,281	229,225
<b>Total revenue</b>	<b>3</b>	<b>1,456,867</b>	<b>2,946,268</b>
Cost of sales and services		(1,276,717)	(3,122,585)
Gross profit/(loss)		180,150	(176,317)
Other (losses)	5	(61,077)	(27,441)
Other income	5	17,974	70,801
Impairment losses under expected credit loss model, net		(16,762)	(69,254)
Distribution and selling expenses		(58,198)	(67,043)
Administrative expenses		(191,043)	(166,035)
Other expenses		(2,622)	(86,921)
Share of (loss)/profit of associates		(11,233)	943
Share of loss of joint ventures		–	(2,223)
Finance costs	6	(142,455)	(331,235)
Loss before tax		(285,266)	(854,725)
Income tax credit	7	15,449	76,901
(Loss) and total comprehensive loss for the period	8	(269,817)	(777,824)
Loss and total comprehensive loss for the period attributable to:			
Owners of the Company		(266,874)	(682,484)
Non-controlling interests		(2,943)	(95,340)
		(269,817)	(777,824)
<b>(Loss) per share</b>			
– Basic and diluted (RMB cents)	9	(6.0)	(15.4)

# Condensed Consolidated Statement of Financial Position

As at June 30, 2023

	<b>Notes</b>	<b>As at June 30, 2023 RMB'000 (Unaudited)</b>	<b>As at December 31, 2022 RMB'000 (Audited)</b>
<b>Non-current assets</b>			
Investment properties	<b>11</b>	<b>20,556,505</b>	20,521,500
Property, plant and equipment	<b>12</b>	<b>2,703,494</b>	2,335,551
Right-of-use assets	<b>12</b>	<b>255,357</b>	258,552
Other non-current assets		<b>1,391,355</b>	1,391,944
Interests in joint ventures		<b>150,361</b>	150,361
Interests in associates		<b>158,285</b>	65,650
Equity instruments at fair value through other comprehensive income ("FVTOCI")	<b>13</b>	<b>13,481</b>	13,481
Deferred tax assets		<b>351,416</b>	430,204
Restricted bank deposits		<b>12,852</b>	12,852
Value added tax and tax recoverable		<b>893,722</b>	983,137
		<b>26,486,828</b>	26,163,232
<b>Current assets</b>			
Inventories		<b>29,679</b>	1,371
Deposits paid for land acquisition		<b>102,723</b>	102,723
Properties under development for sale		<b>18,122,615</b>	19,958,643
Properties held for sale		<b>3,727,537</b>	4,266,835
Trade and other receivables, deposits and prepayments	<b>14</b>	<b>2,105,537</b>	1,434,653
Contract assets	<b>15</b>	<b>1,942,674</b>	1,891,091
Contract cost		<b>8,196</b>	51,204
Value added tax and tax recoverable		<b>476,316</b>	426,005
Amounts due from related parties	<b>24(b)</b>	<b>2,672,373</b>	2,726,236
Restricted bank deposits		<b>221,098</b>	234,200
Bank balances and cash		<b>72,495</b>	130,220
		<b>29,481,243</b>	31,223,181
		<b>29,481,243</b>	31,223,181

## Condensed Consolidated Statement of Financial Position

As at June 30, 2023

	<b>Notes</b>	<b>As at June 30, 2023 RMB'000 (Unaudited)</b>	<b>As at December 31, 2022 RMB'000 (Audited)</b>
<b>Current liabilities</b>			
Trade and other payables	<b>16</b>	<b>6,112,729</b>	5,307,817
Contract liabilities		<b>5,130,192</b>	6,897,649
Amounts due to related parties	<b>24(c)</b>	<b>3,493,690</b>	3,800,484
Tax payable		<b>3,156,760</b>	3,157,020
Lease liabilities		<b>1,056</b>	975
Bank and trust borrowings	<b>17</b>	<b>6,024,644</b>	9,049,097
Senior notes	<b>18</b>	<b>3,419,043</b>	3,108,608
		<b>27,338,114</b>	31,321,650
		<b>27,338,114</b>	31,321,650
<b>Net current assets/(liabilities)</b>		<b>2,143,129</b>	(98,469)
<b>Total assets less current liabilities</b>		<b>28,629,957</b>	26,064,763
<b>Non-current liabilities</b>			
Rental deposits received	<b>16</b>	<b>112,727</b>	112,727
Lease liabilities		<b>1,246</b>	1,718
Bank and other borrowings-due after one year	<b>17</b>	<b>12,076,143</b>	9,090,668
Deferred tax liabilities		<b>2,330,750</b>	2,480,742
		<b>14,520,866</b>	11,685,855
<b>Net assets</b>		<b>14,109,091</b>	14,378,908
<b>Capital and reserves</b>			
Share capital		<b>3,520</b>	3,520
Reserves		<b>11,462,697</b>	11,729,571
Equity attributable to owners of the Company		<b>11,466,217</b>	11,733,091
Non-controlling interests		<b>2,642,874</b>	2,645,817
<b>Total equity</b>		<b>14,109,091</b>	14,378,908

# Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Revaluation reserve RMB'000	FVTOCI reserve RMB'000	Other reserve RMB'000 (note (i))	Share-based payment reserve RMB'000	Statutory surplus reserve RMB'000 (note (ii))	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At January 1, 2023 (Audited)	3,520	8,027	133,379	168,181	(10,143)	194,725	-	1,347,626	9,887,776	11,733,091	2,645,817	14,378,908
Loss and total comprehensive expense for the period	-	-	-	-	-	-	-	-	(266,874)	(266,874)	(2,943)	(269,817)
Transfer of revaluation reserve upon disposal of investment properties	-	-	-	-	-	-	-	-	-	-	-	-
At June 30, 2023 (Unaudited)	3,520	8,027	133,379	168,181	(10,143)	194,725	-	1,347,626	9,620,902	11,466,217	2,642,874	14,109,091
At January 1, 2022 (Audited)	3,520	8,027	133,379	194,970	(10,143)	194,725	-	1,342,396	10,839,780	12,706,654	2,728,328	15,434,982
Loss and total comprehensive expense for the period	-	-	-	-	-	-	-	-	(682,484)	(682,484)	(95,340)	(777,824)
Transfer of revaluation reserve upon disposal of investment properties	-	-	-	(18,184)	-	-	-	-	18,184	-	-	-
At June 30, 2022 (Unaudited)	3,520	8,027	133,379	176,786	(10,143)	194,725	-	1,342,396	10,175,480	12,024,170	2,632,988	14,657,158

## Notes:

- (i) Other reserve mainly represents (a) the differences between the amount by which non-controlling interests are adjusted and the fair value of consideration paid or received when the Group (as defined in note 1) in acquiring or disposal of partial interests in existing subsidiaries or capital contribution from non-controlling equity holders of subsidiaries; and (b) deemed contribution from a related party of approximately RMB187,460,000 arising from acquisition of businesses during the year ended December 31, 2018.
- (ii) In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China, those subsidiaries are required to transfer 10% of the profit after taxation to the statutory surplus reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory surplus reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

# Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2023

	<b>Six months ended June 30,</b>	
	<b>2023</b> <b>RMB'000</b> <b>(Unaudited)</b>	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>
<b>Net cash from operating activities</b>	<b>462,083</b>	1,028,860
<b>Cash flows from investing activities</b>		
Placement of restricted bank deposits	<b>(195,085)</b>	(152,503)
Withdrawal of restricted bank deposits	<b>208,187</b>	225,947
Purchase of property, plant and equipment and other non-current assets	<b>(243)</b>	(79,120)
Proceeds from disposal of property, plant and equipment	<b>8,253</b>	673
Interest received	<b>914</b>	1,321
Payments for construction of investment properties	<b>(35,005)</b>	(78,327)
Disposal of investment properties	-	28,641
Net cash outflow on disposal of subsidiaries	-	(36,784)
Advances to related parties	<b>89,201</b>	(1,061,439)
<b>Net cash used in investing activities</b>	<b>76,222</b>	(1,151,591)

## Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2023

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Cash flows from financing activities</b>		
New bank loans raised	26,000	320,000
New trust loans raised	–	–
New borrowings from financial institutions	–	73,054
Repayments of bank loans	(136,720)	(416,541)
Repayments of trust loans	–	–
Repayments of borrowings from financial institutions	(23,060)	(60,600)
Repayment of senior notes	–	–
New senior note raised	–	–
Repayments of leases liabilities	(1,127)	(715)
Interest paid	(154,330)	(405,688)
Advances from related parties	(306,795)	458,483
<b>Net cash used in financing activities</b>	<b>(596,030)</b>	<b>(32,007)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(57,725)</b>	<b>(154,738)</b>
<b>Cash and cash equivalents at January 1</b>	<b>130,220</b>	<b>460,225</b>
<b>Cash and cash equivalents at June 30, represented by bank balances and cash</b>	<b>72,495</b>	<b>305,487</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

## 1. GENERAL INFORMATION

The Company was incorporated under the name of “Glory Land Company Limited (國瑞置業有限公司)” in the Cayman Islands and carrying on business in Hong Kong as “Guorui Properties Limited” 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), a company incorporated in the British Virgin Islands. Mr. Zhang Zhangsun, who holds 100% equity interests of Alltogether Land, is the ultimate beneficial owner of the Company.

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

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

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

The 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 Standard (“**IAS**”) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board (the “**IASB**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**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.

Other than application of amendments to International Financial Reporting Standards (“**IFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2023 are the same as those presented in the Group’s annual financial statements for the year ended December 31, 2022.

### Application of amendments to IFRSs

In the current interim period, the Group has applied the amendments to IFRSs issued by the IASB for the first time, which are mandatory effective for the annual period beginning on or after January 1, 2023 for the preparation of the Group’s condensed consolidated financial statements.

The application of the amendments to IFRSs in the current period 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.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

#### Going concern

Many projects of the Group are currently available to the sale of existing houses, and the expected sales of each project can cover the tail-in construction.

The condensed consolidated financial statements have been prepared on the assumptions that the Group will continue to operate as a going concern. 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 of the Company (the "**Directors**") have adopted several measures together with other measures in progress at the date of authorization of these condensed consolidation financial statements, including but not limited to, the followings:

- (i) For borrowings which will be maturing before June 30, 2024, the Group is renegotiating the borrowings plan with the banks. 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 upon maturity;
- (ii) The Group would sell part of its investment properties in order to improve the Group's financial position, liquidity and cash flows; and
- (iii) The Group applies cost control measures in cost of sales and administrative expenses.

Taking into account the above consideration and measures, 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 condensed consolidated financial statements on a going concern basis.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 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, 2023				
	Property development RMB'000 (Unaudited)	Primary land construction and development services RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Property management and related services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Timing of revenue recognition</b>					
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
Rental income	–	–	204,281	–	204,281
<b>Total revenue</b>	<b>1,186,247</b>	<b>50,246</b>	<b>204,281</b>	<b>16,093</b>	<b>1,456,867</b>

	For the six months ended June 30, 2022				
	Property development RMB'000 (Unaudited)	Primary land construction and development services RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Property management and related services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Timing of revenue recognition</b>					
A point in time	2,649,546	–	–	–	2,649,546
Over time	–	57,856	–	9,641	67,497
Revenue from contracts with customers	2,649,546	57,856	–	9,641	2,717,043
Rental income	–	–	229,225	–	229,225
<b>Total revenue</b>	<b>2,649,546</b>	<b>57,856</b>	<b>229,225</b>	<b>9,641</b>	<b>2,946,268</b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 4. SEGMENT INFORMATION

The Group is organised 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 of the Company) 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.

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 RMB'000 (Unaudited)	Primary land construction and development services RMB'000 (Unaudited)	Property Investment RMB'000 (Unaudited)	Property management and related services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Six months ended June 30, 2023</b>					
Revenue from external customers and segment revenue	1,186,247	50,246	204,281	16,093	1,456,867
Segment (loss)/profit	(155,247)	2,393	153,450	(12,102)	(11,505)
<b>Six months ended June 30, 2022</b>					
Revenue from external customers and segment revenue	2,649,546	57,856	229,225	9,641	2,946,268
Segment (loss)/profit	(578,528)	2,755	197,473	(12,050)	(390,350)

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 4. SEGMENT INFORMATION (Continued)

#### Segment revenue and results (Continued)

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

	<b>Six months ended June 30,</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Segment (loss)	<b>(11,505)</b>	(390,350)
Other (losses)	<b>(61,077)</b>	(27,441)
Other income	<b>17,974</b>	70,801
Unallocated administrative expenses	<b>(74,348)</b>	(88,299)
Other expenses	<b>(2,622)</b>	(86,921)
Share of (losses)/profit of associates	<b>(11,233)</b>	943
Share of losses of joint ventures	–	(2,223)
Finance costs	<b>(142,455)</b>	(331,235)
(Loss) before tax	<b>(285,266)</b>	(854,725)

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

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 4. SEGMENT INFORMATION (Continued)

#### Other segment information

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

	Property Development RMB'000 (Unaudited)	Primary land construction and development services RMB'000 (Unaudited)	Property Investment RMB'000 (Unaudited)	Property management and related services RMB'000 (Unaudited)	Unallocated Amount RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Six months ended June 30, 2023</b>						
Depreciation and amortisation of non-current assets	(28,599)	-	-	(876)	(6,023)	(35,498)
Impairment losses under expected credit loss model, net of reversal	(16,762)	-	-	-	-	(16,762)
<b>Six months ended June 30, 2022</b>						
Depreciation and amortisation of non-current assets	(28,024)	-	-	(858)	(5,902)	(34,784)
Impairment losses under expected credit loss model, net of reversal	(69,254)	-	-	-	-	(69,254)

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 six months ended June 30, 2023 and 2022.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 5. OTHER INCOME AND OTHER (LOSSES)

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Other income</b>		
Interest income	17,646	68,251
Others	328	2,550
	<b>17,974</b>	70,801
<b>Other (losses)</b>		
Net foreign exchange (losses) on operating activities	(40,523)	(25,636)
(Losses)/gains on disposal of property, plant and equipment	(17,465)	2,436
Other (losses)	(3,089)	(4,241)
	<b>(61,077)</b>	(27,441)

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 6. FINANCE COSTS

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest on bank borrowings	170,146	489,489
Interest on trust borrowings	14,573	–
Interest on loans from financial institutions	45,660	104,381
Interest on contract liabilities	21,110	58,062
Interest on senior notes	206,412	185,030
Interest on lease liabilities	–	27
Exchange loss on senior notes and borrowings	92,273	112,389
Total borrowing costs	550,174	949,378
Less: Amounts capitalised in the cost of qualifying assets	(407,719)	(618,143)
	142,455	331,235

Interests capitalised arose from borrowings made specifically for the purpose of construction of the qualifying assets, which bore annual interest at rates from 4.75% to 13.00% (six months ended June 30, 2022: 4.75% to 13.00%) and general borrowings pool calculated by applying a capitalisation rate of 9.22% (six months ended June 30, 2022: 8.74%) per annum on expenditure on the qualifying assets.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 7. INCOME TAX (CREDIT)

	<b>Six months ended June 30,</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Current tax		
PRC enterprise income tax	<b>5,419</b>	27,740
Land appreciation tax ("LAT")	<b>60,688</b>	34,674
	<b>66,107</b>	62,414
Deferred tax	<b>(81,556)</b>	(139,315)
Income tax (credit)	<b>(15,449)</b>	(76,901)

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 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.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 8. (LOSS) FOR THE PERIOD

(Loss) for the period has been arrived at after charging/(crediting):

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Directors' remunerations:		
– Salaries and other benefits	3,552	4,655
– Retirement benefit contributions	61	76
Other staff costs:		
– Salaries and other benefits	65,240	88,840
– Retirement benefit contributions	6,742	7,048
<b>Total staff costs</b>	<b>75,595</b>	100,619
Less: Amounts capitalised to properties under development and investment properties under construction ( <i>note</i> )	<b>(18,748)</b>	(16,619)
	<b>56,847</b>	84,000
Cost of properties sold recognised as expense	<b>1,223,134</b>	3,108,500
Impairment of properties under development of sales and properties held for sale (included in cost of sales and services)	–	204,121
Depreciation of property, plant and equipment	<b>34,910</b>	29,968
Depreciation of right-of-use assets	<b>578</b>	3,942
Amortisation of intangible assets (included in administrative expenses)	<b>588</b>	874
Amortisation of contract costs	<b>43,008</b>	21,339
Expense relating to short-term leases	<b>3,089</b>	4,135
Gross rental income from investment properties	<b>(204,281)</b>	(229,225)
Less: direct operating expenses incurred for investment properties that generated rental income during the period	<b>50,831</b>	31,752
	<b>(153,450)</b>	(197,473)

*Note:* The amount capitalised mainly represents costs of certain staff of the project management department and the design department, who were assigned to construction sites and engaged in specific construction projects directly.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 9. (LOSS) PER SHARE

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

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>(Loss)</b>		
(Loss) for the purposes of basic and diluted (loss) per share		
((loss) for the period attributable to owners of the Company)	<b>(266,874)</b>	(682,484)

	Six months ended June 30,	
	2023 '000 (Unaudited)	2022 '000 (Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic (loss) per share	<b>4,444,418</b>	4,444,418
Weighted average number of ordinary shares for the purpose of diluted (loss) per share	<b>4,444,418</b>	4,444,418

As there were no dilutive potential ordinary shares in existence during the six months ended June 30, 2023 and 2022. Therefore, the amount of diluted (loss) per share is the same as the amount of basic (loss) per share for the six months ended June 30, 2023 and 2022.

### 10. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended June 30, 2023 (six months ended June 30, 2022: Nil).

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 11. INVESTMENT PROPERTIES

The Group leased out various offices, shopping mall and retail stores under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 20 years, with unilateral rights to extend the lease beyond initial period held by lessees only. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the functional currency of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	Investment Properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
At January 1, 2022 (Audited)	16,698,500	3,732,000	20,430,500
Additions	–	113,136	113,136
Net (decrease)/increase in fair value recognised in profit or loss	(4,805)	24,864	20,059
Disposal	(42,195)	–	(42,195)
At December 31, 2022 and January 1, 2023 (Audited)	<b>16,651,500</b>	<b>3,870,000</b>	<b>20,521,500</b>
Additions	–	<b>35,005</b>	<b>35,005</b>
Disposal	–	–	–
<b>At June 30, 2023 (Unaudited)</b>	<b>16,651,500</b>	<b>3,905,005</b>	<b>20,556,505</b>

The investment properties are all situated in the PRC. The fair value of the Group's investment properties as at June 30, 2023 have been arrived at on the basis of valuations carried out by the Directors (December 31, 2022: Colliers Appraisal & Advisory Services Co., Ltd., a firm of independent qualified external valuer not connected with the Group), who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The valuations of investment properties are arrived at with adoption of direct comparison approach assuming sale of each of these properties in its existing state by making reference to comparable sales transactions as available in the relevant market and also consider income approach by undertaking an estimation of future cash flows and taking into account the time value of money. The income is projected over the investment cycle and the net income is calculated after the deduction of capital, operating, and other necessary expenses.

Fair values of the investment properties under construction are generally derived using the residual method. This valuation method is essentially a means of valuing the land and building by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed in accordance with the existing development plans as at the date of valuation, which duly reflected the risks associated with the development.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The fair value of the Group's investment properties at June 30, 2023 and December 31, 2022 are grouped into Level 3 of fair value measurement. There were no transfers into or out of Level 3 during the periods presented.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended June 30, 2023, additions to property, plant and equipment amounted to RMB413,474,000 (six months ended June 30, 2022: RMB62,346,000), mainly consisted of construction in progress and electronic equipment and furniture.

### 13. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVTOCI”)

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Unlisted investments:		
– Equity securities ( <i>note</i> )	13,481	13,481

*Note:*

The above unlisted equity securities represent the Group's equity interest in private entities: (1) 0.15% (December 31, 2022: 0.15%) equity interest in Bohai Life Insurance Co., Ltd.\* (渤海人壽保險股份有限公司) (“**Bohai Life**”), a private entity established in the PRC, which is principally engaged in insurance business, with a carrying amount of approximately RMB8,481,000 (December 31, 2022: RMB8,481,000); and (2) 10% (December 31, 2022: 10%) equity interest in Yongqing Jiyin Rural Bank Co., Ltd.\* (永清吉銀村鎮銀行股份有限公司) (“**Yongqing Jiyin Rural Bank**”), a private entity established in the PRC, which is principally engaged in banking operation, with a carrying amount of approximately RMB5,000,000 (December 31, 2022: RMB5,000,000). The equity investments were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature.

\* The English name of the companies which were established in the PRC are for reference only and have not been registered.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 14. 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, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Trade receivables, gross		
– contracts with customers ( <i>note (i)</i> )	<b>244,657</b>	291,140
– lease receivables	<b>254,265</b>	169,210
	<b>498,922</b>	460,350
Less: Allowance for credit losses	<b>(165,873)</b>	(149,595)
Trade receivables, net	<b>333,049</b>	310,755
Other receivables, deposits and prepayments, gross		
Advances to contractors and suppliers ( <i>note (ii)</i> )	<b>462,236</b>	593,978
Performance guarantee deposit paid	<b>14,940</b>	14,940
Other receivables and prepayment ( <i>note (iii)</i> )	<b>1,300,505</b>	523,406
Deposits	<b>54,228</b>	59,295
	<b>1,831,909</b>	1,191,619
Less: Allowance for credit losses	<b>(59,421)</b>	(67,721)
Other receivables, deposits and prepayments, net	<b>1,772,488</b>	1,123,898
Total trade and other receivables, deposits and prepayments, net	<b>2,105,537</b>	1,434,653

Notes:

- (i) As at June 30, 2023 and December 31, 2022, trade receivables from contract with customers mainly comprise trade receivable from property development and property investment.
- (ii) Advances to contractors and suppliers mainly included prepayment to contractors and suppliers for the construction of properties under development for sale. All of the advances to contractors and suppliers are expected to be utilized within the normal operating cycle of the Group.
- (iii) Other receivables mainly included payment on behalf of and receivables from independent third-parties which are mainly the project partners. All other receivables from independent third-parties are of non-trade nature, unsecured, interest-free and repayable on demand as at June 30, 2023 and December 31, 2022, except for the balance of RMB277,650,000 (December 31, 2022: RMB277,650,000), which was bearing interest at 8% (December 31, 2022: 8%) per annum and under legal proceedings. All of the other receivables are expected to be recovered within one year.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

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:

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
0 to 60 days	<b>73,569</b>	59,331
61 to 180 days	<b>41,566</b>	21,091
181 to 365 days	<b>25,046</b>	20,917
1 to 2 years	<b>38,099</b>	42,292
Over 2 years	<b>320,642</b>	316,719
	<b>498,922</b>	460,350

As at June 30, 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB213,828,000 (December 31, 2022: RMB213,828,000) 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.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 15. CONTRACT ASSETS

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Construction and development services	<b>1,968,132</b>	1,916,549
Less: Allowance for credit losses	<b>1,968,132</b> <b>(25,458)</b>	1,916,549 (25,458)
	<b>1,942,674</b>	1,891,091

The contract assets primarily related to the Group's right to consideration for work completed and not billed because the rights are conditional upon the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

All contract assets are expected to be settled within the Group's normal operating cycle, and are classified as current.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 16. TRADE AND OTHER PAYABLES

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Trade payables	2,321,030	2,375,998
Deposits received	271,916	200,973
Rental received in advance	99,761	99,739
Refund liabilities	346,188	285,556
Accrued payroll	32,254	56,210
Value added tax and other tax payables	879,041	822,878
Other payables and accruals	2,139,766	1,443,690
Dividends	135,500	135,500
	<b>6,225,456</b>	5,420,544
Analysed for reporting purposes as:		
Non-current ( <i>note</i> )	112,727	112,727
Current	6,112,729	5,307,817
	<b>6,225,456</b>	5,420,544

*Note:*

Pursuant to the relevant agreements, rental deposits received as at June 30, 2023 and December 31, 2022 are to be settled after twelve months from the end of the reporting period and are therefore classified as non-current liabilities.

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

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

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
0 to 60 days	511,483	522,835
61 to 365 days	477,710	443,472
1 to 2 years	322,456	491,325
Over 2 years	1,009,381	918,366
	<b>2,321,030</b>	2,375,998

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 17. BANK AND OTHER BORROWINGS

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Bank borrowings, secured	<b>15,353,459</b>	15,348,542
Loans from financial institutions, secured	<b>2,647,328</b>	2,687,171
Other borrowing, secured	<b>100,000</b>	104,052
	<b>18,100,787</b>	18,139,765
The borrowings are due to be repayable (note):		
On demand and within one year	<b>6,024,644</b>	7,199,539
More than one year, but not exceeding two years	<b>2,486,830</b>	1,632,183
More than two years, but not exceeding five years	<b>4,894,258</b>	3,714,640
More than five years	<b>4,695,055</b>	5,593,403
	<b>18,100,787</b>	18,139,765
Less: Amount due within one year shown under current liabilities	<b>(6,024,644)</b>	(9,049,097)
Amount due after one year shown under non-current liabilities	<b>12,076,143</b>	9,090,668

Note: The amounts due are based on scheduled repayment dates set out in the loan agreements.

The Group's bank and other borrowings and loans from financial institutions are all denominated in RMB. Details of assets that have been pledged to secure bank and other borrowings are set out in note 19.

Borrowings of approximately RMB6,474,352,000 (December 31, 2022: RMB6,321,443,000), bearing interest at variable rate ranging from 4.75% to 15.00% (December 31, 2022: 4.75% to 15.00%) per annum as at June 30, 2023 exposed the Group to cash flow interest rate risk. The remaining borrowings, bearing interest at fixed rate, ranging from 2.80% to 14.00% (December 31, 2022: 2.80% to 14.00%) per annum as at June 30, 2023, exposed the Group to fair value interest rate risk.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 18. SENIOR NOTES

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
2019 Senior Notes (note (a))	43,724	40,096
2021 Senior Notes (note (b))	72,202	65,514
2021 Private Placement Notes (note (c))	630,016	371,623
2022 Senior Notes (note (d))	2,673,101	2,631,375
	<b>3,419,043</b>	3,108,608
Less: Amount due within one year shown under current liabilities	<b>(3,419,043)</b>	(3,108,608)
Amount due after one year shown under non-current liabilities	–	–

Notes:

#### (a) 2019 Senior Notes

On February 27, 2019, the Company issued senior notes with an aggregate nominal value of United States dollars (“US\$”) 160,000,000 (“**2019 Original Notes**”) at 97.0% of the principal amount of the 2019 Original Notes. The 2019 Original Notes bearing interest at 13.50% per annum, payable semi-annually in arrears from August 28, 2019, will mature on February 28, 2022. The effective interest rate is approximately 15.74% per annum after the adjustment for transaction costs. The 2019 Original Notes are listed on the Stock Exchange.

On March 15, 2019, the Company issued senior notes with an aggregate nominal value of US\$295,000,000 (“**2019 Additional Notes**”) at 97.0% of the principal amount of the 2019 Additional Notes plus accrued interest from February 27, 2019 to March 14, 2019. The 2019 Additional Notes is to be consolidated and form a single series with the 2019 Original Notes (collectively referred to as the “**2019 Senior Notes**”). The principal terms of the 2019 Additional Notes are identical to the terms of the 2019 Original Notes, other than the aggregated principal amount and offer price. The effective interest rate is approximately 15.53% per annum after the adjustment for transaction costs.

On January 12, 2021, the Company commenced the exchange offer for the minimum acceptance amount of the outstanding 2019 Senior Notes and the consent solicitation from eligible holders to the amendments to the indenture governing the 2019 Senior Notes (“**Exchange Offer**”). The Exchange Offer and consent solicitation are being made upon the terms and subject to the conditions set forth in the Exchange Offer and Consent Solicitation Memorandum. On January 20, 2021, holders of US\$300,600,000 of the 2019 Senior Notes, representing approximately 66.80% of the total aggregate principal amount of the outstanding 2019 Senior Notes, have been validly tendered for exchange (and deemed to have given Consents to the proposed amendments) and accepted pursuant to the Exchange Offer and consent solicitation.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 18. SENIOR NOTES (Continued)

Notes: (Continued)

#### a) 2019 Senior Notes (Continued)

On January 25, 2021, the Company completed the exchange offering of US\$300,600,000 of the 2019 Senior Notes (“**Exchange Notes**”) with US\$323,745,000 of new issue of senior notes due January 25, 2024 (the “**2021 Senior Notes**”) which bearing interest at 14.25% per annum (detailed in note (b)). After the completion of the exchange offering, the remaining aggregate principal amount of US\$154,400,000 of the 2019 Senior Notes and an aggregate principal amount of US\$323,745,000 of the 2021 Senior Notes remain outstanding.

The Directors consider that the terms of the 2021 Senior Notes are not substantially different as the discounted present value of the cash flows under the new terms discounted using the original effective interest rate is different from the discounted present value of the remaining cash flows of the original financial liability by less than 10 per cent. Accordingly, such modification of terms is not accounted for as an extinguishment of the original financial liability. Therefore, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities’ original effective interest rate. An adjustment to the carrying amount of the financial liability of RMB41,661,000 is recognised in finance costs at the date of modification during the year ended December 31, 2021.

As at March 1, 2021, certain holders, whom have not accepted the Exchange Offer, of the 2019 Senior Notes exercised their redemption options. Therefore, the Company redeemed part of the 2019 Senior Notes, at a price of US\$159,591,000 equal to the aggregate principal amount of US\$149,500,000 plus accrued interest to the date of redemption.

Upon the completion of the redemption and as at December 31, 2021, the remaining outstanding principal amount of the 2019 Senior Notes were US\$4,900,000 (“**2019 Outstanding Notes**”) with the maturity date on February 28, 2022. On June 30, 2023 and up to the date of authorization of these condensed consolidated financial statements, the 2019 Outstanding Notes are not yet settled and might be demanded for immediate repayment.

The fair value of 2019 Senior Notes as at December 31, 2021 is approximately RMB41,069,000 based on quoted market price and classified as level 1 of fair value hierarchy. As at June 30, 2023, the Directors consider that the carrying amounts of 2019 Senior Notes approximate their fair values.

#### b) 2021 Senior Notes

Pursuant to note (a) above, the Company issued 2021 Senior Notes to settle part of the 2019 Senior Notes of US\$300,600,000 on January 25, 2021. The 2021 Senior Notes bearing interest at 14.25% per annum, payable semi-annually in arrears from July 25, 2021, will mature on January 25, 2024. The effective interest rate is approximately 15.74% per annum after the adjustment for transaction costs. The 2021 Senior Notes are listed on the Stock Exchange and Singapore Exchange Securities Trading Limited.

### 18. SENIOR NOTES (Continued)

Notes: (Continued)

#### (b) 2021 Senior Notes (Continued)

The 2021 Senior Notes may be redeemed in the following circumstances:

- (1) At any time prior to January 25, 2024, the Company may at its option redeem the 2021 Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the redeemed 2021 Senior Notes plus the applicable premium as of, and accrued but unpaid interest, if any, to (but not including) the redemption date.
- (2) At any time prior to January 25, 2024, the Company may redeem up to 35% of the aggregate principal amount of the 2021 Senior Notes with the net cash proceeds from sales of certain kinds of capital stock of the Company in an equity offering at a redemption price of 114.25% of the principal amount of the 2021 Senior Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date.
- (3) The holders of 2021 Senior Notes have the right, at their option, to require the Company to repurchase for cash all of their 2021 Senior Notes, or any portion of the principal thereof that is equal to US\$200,000 or an integral multiple of US\$1,000 in excess thereof, on April 25, 2022 at the repurchase price equal to 100% of the principal amount of 2021 Senior Notes to be repurchased, plus accrued and unpaid interest to, but excluding, April 25, 2022.

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption to the 2021 Senior Notes holders and the trustee. No holders had exercised their redemption options on April 25, 2022.

The Directors consider that the fair value of the above early redemption options was insignificant on initial recognition and as at June 30, 2023 and December 31, 2022.

On February 23, 2022, the Company completed the exchange offering of US\$315,159,000 of the 2021 Senior Notes with US\$334,790,000 of new issue of senior notes due August 23, 2024 (the "2022 Senior Notes") which bearing interest at 14.25% per annum (detailed in note (d)). After the completion of the exchange offering, the remaining aggregate principal amount of US\$8,586,000 of the 2021 Senior Notes and an aggregate principal amount of US\$334,790,000 of the 2022 Senior Notes remain outstanding.

The Directors consider that the terms of the 2022 Senior Notes are not substantially different as the discounted present value of the cash flows under the new terms discounted using the original effective interest rate is different from the discounted present value of the remaining cash flows of the original financial liability by less than 10 per cent. Accordingly, such modification of terms is not accounted for as an extinguishment of the original financial liability. Therefore, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. An adjustment to the carrying amount of the financial liability of RMB11,749,000 is recognised in finance costs at the date of modification during the year ended December 31, 2022.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 18. SENIOR NOTES (Continued)

Notes: (Continued)

#### (b) 2021 Senior Notes (Continued)

The fair value of 2021 Senior Notes as at June 30, 2023 is approximately RMB21,270,000 (December 31, 2022: RMB21,270,000) based on quoted market price and classified as level 1 of fair value hierarchy.

During the period ended June 30, 2023, interest for the outstanding 2021 Senior Notes are not repaid in accordance with their scheduled repayment dates and the outstanding 2021 Senior Notes might be demanded for immediate repayment. On June 30, 2023 and up to the date of authorization of these condensed consolidated financial statements, the outstanding 2021 Senior Notes are not yet settled and the Group is actively negotiating with the note holders so as to extend the repayment date of the principal and interest. The Directors do not consider that it is probable that the holders of the 2021 Senior Notes will exercise their discretion to demand immediate repayment.

#### (c) 2021 Private Placement Notes

On March 26, 2021, the Company issued the notes with an aggregate nominal value of US\$50,000,000 ("**2021 Private Placement Notes**"). 2021 Private Placement Notes bearing interest at 16.0% per annum, is payable quarterly in advance on March 26, June 26, September 26 and December 26 in each year, commencing on June 26, 2021.

2021 Private Placement Notes may be redeemed in the following circumstances:

- (1) Scheduled redemption: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on March 26, 2023.
- (2) Redemption at the option of holder of 2021 Private Placement Notes: The issuer shall, at the option of the holders of any 2021 Private Placement Notes redeem all but not some of such holder's 2021 Private Placement Notes on March 26, 2022 at 100% of the principal amount of such 2021 Private Placement Notes.

No holders had exercised their redemption options on March 26, 2022. Up to the date of authorization of these condensed consolidated financial statements, the 2021 Private Placement Notes are not repaid according to their scheduled repayment dates and might be demanded for immediate repayment. The Group is actively negotiating with the note holders so as to extend the repayment date of the principal and interest.

#### (d) 2022 Senior Notes

Pursuant to note (b) above, the Company issued 2022 Senior Notes to settle part of the 2021 Senior Notes of US\$315,159,000 on February 23, 2022. The 2022 Senior Notes bearing interest at 14.25% per annum, payable semi-annually in arrears from August 23, 2022, will mature on August 23, 2024. The effective interest rate is approximately 15.74% per annum after the adjustment for transaction costs. The 2022 Senior Notes are listed on Singapore Exchange Securities Trading Limited.

The 2022 Senior Notes may be redeemed in the following circumstances:

- (1) At any time prior to May 25, 2024, the Company may at its option redeem the 2022 Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the redeemed 2022 Senior Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.
- (2) At any time on or after May 25, 2024, the Company may at its option redeem the 2022 Senior Notes, in whole but not in part, at a redemption price equal to 106.63% of the principal amount of the redeemed 2022 Senior Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.

### 18. SENIOR NOTES (Continued)

Notes: (Continued)

#### (d) 2022 Senior Notes (Continued)

- (3) Under the mandatory redemption clause, the Company shall redeem the 2022 Senior Notes in aggregate principal amount equal to at least (i) US\$9,600,000 by April 25, 2022; (ii) an additional 7.5% of the principal amount of the 2022 Senior Notes by November 30, 2022; (iii) an additional 10% of the principal amount of the 2022 Senior Notes by August 31, 2023; (iv) an additional 15% of the principal amount of the principal amount of the 2022 Senior Notes by November 30, 2023 and (v) an additional 15% of the principal amount of the 2022 Senior Notes by May 31, 2024, in each case, at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the redemption date.

The Company will give not less than 15 days' nor more than 30 days' notice of any redemption to the 2022 Senior Notes holders and the trustee.

The Directors consider that the fair value of the above early redemption options was insignificant on initial recognition and as at June 30, 2023.

On April 25, 2022, the Company and the holders of the 2022 Senior Notes entered into the Supplemental Indenture to extend the deadline for the first instalment of US\$9,600,000 for three months to July 25, 2022.

The fair value of 2022 Senior Notes as at June 30, 2023 is approximately RMB162,052,000 (December 31, 2022: 162,052,000) based on quoted market price and classified as level 1 of fair value hierarchy.

During the period ended June 30, 2023, principal amount and interest for 2022 Senior Notes are not repaid according to their scheduled repayment dates and might be demanded for immediate repayment. Up to the date of authorization of these condensed consolidated financial statements, the Company and the holders of the 2022 Senior Notes are still negotiating the extension of the repayment schedules of the 2022 Senior Notes. The Directors do not consider that it is probable that the holders of the 2022 Senior Notes will exercise their discretion to demand immediate repayment.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 19. PLEDGE OF ASSETS

The following assets were pledged to secure certain bank and other borrowings facilities granted to the Group at the end of each reporting period:

	<b>As at June 30, 2023 RMB'000 (Unaudited)</b>	<b>As at December 31, 2022 RMB'000 (Audited)</b>
Investment properties	<b>18,095,506</b>	18,797,367
Property, plant and equipment	<b>957,890</b>	1,006,236
Other non-current assets	<b>50,000</b>	50,000
Properties under development for sale	<b>10,759,086</b>	10,432,058
Properties held for sale	<b>503,289</b>	691,287
Restricted bank deposits	<b>200</b>	200
	<b>30,365,971</b>	30,977,148

As at June 30, 2023, bank deposits of approximately RMB105,413,000 (December 31, 2022: RMB105,413,000) were pledged as security for mortgage loans of the Group's customers.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 19. PLEDGE OF ASSETS (Continued)

The equity interest of the following subsidiaries were pledged to secure certain bank and other loans facilities granted to the Group and the senior notes of the Group:

	As at June 30, 2023 % (Unaudited)	As at December 31, 2022 % (Audited)
Foshan Glory Southern Real Estate Development Co., Ltd.* (佛山市國瑞南方地產開發有限公司)	99.8	99.8
Glory Xingye (Beijing) Investment Co., Ltd.* (國瑞興業(北京)投資有限公司)	100	100
Beijing Wenhushengda Real Estate Development Co., Ltd.* (北京文華盛達房地產開發有限公司)	80	80
Shantou Guorui Hospital Co., Ltd.* (汕頭市國瑞醫院有限公司)	100	100
Suzhou Glory Real Estate Co., Ltd.* (蘇州國瑞地產有限公司)	80	80
Beijing Guorui Deheng Real Estate Development Co., Ltd.* (北京國瑞德恒房地產開發有限公司)	80	80
Hainan Junhe	99.8	99.8
Glory Xingye (Beijing) Industrial Co., Ltd.* (國瑞興業(北京)實業股份有限公司)	91	91
Original Beijing Glory	80	80
Langfang Guoxing Real Estate Development Co., Ltd.* (廊坊國興房地產開發有限公司)	100	100
Qidong Glory Properties Limited* (啟東市國瑞置業有限公司)	100	100
Shaanxi Huawei Shida Industrial Co., Ltd.* (陝西華威世達實業有限公司)	80	80
Shenzhen Guorui Technology Investment Co., Ltd.* (深圳國瑞科技投資有限公司)	80	80
Shenyang Great Eastern Real Estate Co., Ltd.* (瀋陽大東方置業有限公司)	80	80

As at June 30, 2023 and December 31, 2022, 35% equity interest in Beijing Ruida Properties Co., Ltd.\* (北京銳達置業有限公司) ("**Ruida Zhiye**"), an associate of the Group, was also pledged to secure bank borrowing of Ruida Zhiye.

In addition, the Group pledged 100% equity interest in Hainan Glory Investment & Development Co., Ltd.\* (海南國瑞投資開發有限公司) to Hainan Haidao Linkong Industry Group Co., Ltd.\* (海南海島臨空產業集團有限公司) in order to secure the performance obligation as at June 30, 2023 and December 31, 2022. The pledge shall be released within 10 days after the completion of the construction contract.

\* The English name of the companies which were established in the PRC are for reference only and have not been registered.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 20. COMMITMENTS

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Contracted but not provided for in the condensed consolidated financial statements:		
– Expenditure in respect of investment properties under construction	220,919	129,572
– Construction of properties for own use	513,187	880,210
	<b>734,106</b>	1,009,782

In addition to the above capital commitments, the Group had contracted expenditure in respect of properties under development for sale of approximately RMB3,270,490,000 (December 31, 2022: RMB2,862,943,000) as at June 30, 2023, which have not been provided for in the condensed consolidated financial statements.

### 21. CONTINGENT LIABILITIES

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Guarantees provided by the Group in respect of loan facilities utilized by		
– individual property buyers ( <i>note</i> )	4,726,803	4,648,675
– corporate property buyers ( <i>note</i> )	9,857	10,488
	<b>4,736,660</b>	4,659,163

*Note:*

The Group has pledged certain 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 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 is not significant and the Directors consider the default rate is low and a large portion of consideration from property pre-sales contract has been received and recognized as contract liabilities. Accordingly, no loss allowance has been recognized as at June 30, 2023 and December 31, 2022.

As at June 30, 2023, Garden Group has provided guarantee to a bank for a banking facility granted to related parties, Jiangmen Yinghuiwan 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 RMB347,199,000 (December 31, 2022: RMB356,379,000) in aggregate, with the maturity date in June 2024 and January 2024, respectively.

\* The English name of the companies which were established in the PRC are for reference only and have not been registered.

### 21. CONTINGENT LIABILITIES (Continued)

As at June 30, 2023 and December 31, 2022, the Group was the defendant of certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business. The likely outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained at present, but the Directors believe that any possible legal liability which may be incurred from these cases will not have any material impact on the financial performance and financial position of the Group.

### 22. LIQUIDITY RISK MANAGEMENT

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings and its available credit facilities. The Directors closely monitor the liquidity position and ensure it has adequate sources of funding to finance the Group's projects and operations.

As at June 30, 2023, the Group's bank and other borrowings with aggregate carrying amount of approximately RMB6,024,644,000 was due within one year, while its cash and cash equivalents amounted to only approximately RMB72,495,000 and restricted bank deposits for construction of pre-sale properties and for mortgage loans granted to customers amounted to approximately RMB221,098,000, which can be used for payments for project costs when approval from related government authority is obtained. The Group monitored its compliance with covenants and repayment schedules of bank and other borrowings and senior notes, and took measures to improve the Group's financial position.

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. As there is no assurance that proceeds received from future pre-sales of the Group's current real estate projects will be sufficient to meet the Group's needs, the Group's operating plan requires it to raise additional funds to finance the development and construction of its current real estate projects. If the Group is unable to raise additional equity or debt financing, the Group's operations might need to be curtailed.

The management of the Group performed cash flow forecasts for the Group's operations and monitors the forecasts of the Group's liquidity requirements from time to time to ensure the Group has sufficient cash to meet its operational needs and settle liabilities when they fall due. The management of the Group takes into account the following considerations in projecting their cash flow forecasts: (a) successful negotiation with the senior notes holders and the banks for the extension of the repayment schedules; (b) successful disposal of certain investment properties and timely collection of the relevant sales proceeds; (c) successful implementation of the plans and measures to the pre-sales and sales of properties under development for sale and properties held for sale and timely collection of the relevant sales proceeds; and (d) control the administrative costs and capital expenditures. The Directors consider that the Group will be able to maintain sufficient financial resources to meet its operational needs. However, the current economic conditions continue to create uncertainty particularly over the level of demand for the Group's properties for sale and the availability of banking facility for the foreseeable future. Any delay or unavailability of any of the above measure or sources of finance would impact the Group's liquidity position. The management of the Group will closely monitor the liquidity position and set out alternative measures which include adjusting the construction progress as appropriate, reducing the Group's spending on land investments, accelerating sales with more flexible pricing and obtaining other external financing through security market.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 23. SHARE-BASED PAYMENTS

#### Share Option Scheme

Pursuant to the pre-IPO share option scheme adopted by the Company on June 5, 2014 (the “**Pre-IPO Share Option Scheme**”), the Company granted to 54 grantees options to subscribe for an aggregate of 67,076,800 shares of the Company on June 16, 2014 (the “**Pre-IPO Share Option**”).

All options under the Pre-IPO Share Option Scheme were granted on June 16, 2014. No additional performance target or condition applies to the outstanding options granted under the Pre-Option Scheme. The exercise price for any option granted under the Pre-IPO Share Option Scheme shall be 60% of the offer price. All share options would be expired after 7 years since the grant date.

The vesting period of the Pre-IPO Share Option is as follows:

33.33%: from the date of grant to July 7, 2015

33.33%: from the date of grant to July 7, 2016

33.34%: from the date of grant to July 7, 2017

The following table discloses movements of the Company's share options held by employees and Directors during the year ended December 31, 2021:

	Outstanding as at January 1, 2021	Lapsed during the year (note)	Outstanding as at December 31, 2021
Pre-IPO Share Option			
– Directors	11,190,000	(11,190,000)	–
– Other employees	37,516,137	(37,516,137)	–
	48,706,137	(48,706,137)	–
Exercisable at the end of the reporting period			–
Weighted average exercise price (Hong Kong dollars)	1.428	1.428	–

Note: As at December 31, 2021, all outstanding share options granted under Pre-IPO Share Option Scheme were lapsed after 7 years since the grant date (i.e. June 16, 2021). There was no outstanding Pre-IPO Share Option as at December 31, 2021, January 1, 2022, December 31, 2022 and June 30, 2023.

## 24. RELATED PARTY BALANCES AND TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group has the following related party balances and transactions.

**a) The following parties are identified as related parties to the Group and the respective relationships are set out below:**

Name of related parties	Relationship
Mr. Zhang Zhangsun	Executive Director and controlling shareholder of the Group
Ms. Ruan Wenjuan	Executive Director and spouse of Mr. Zhang Zhangsun
Ms. Zhang Jin	Daughter of Mr. Zhang Zhangsun
Ms. Lin Yaoquan	Brother-in-law of Mr. Zhang Zhangsun
Mr. Zhang Zhangqiao	Younger brother of Mr. Zhang Zhangsun
Beijing Glory Commercial Management Co., Ltd.* (北京國瑞興業商業管理有限公司) ("Glory Commercial Management")	Controlled by Ms. Zhang Jin
Jinming Wujin Material Co., Ltd.* (汕頭市金明五金材料有限公司) ("Jinming Wujin")	Controlled by Mr. Zhang Zhangsun
Foshan Yinhe Ruixing Commercial Management Co., Ltd.* (佛山市銀和瑞興商業管理有限公司) ("Foshan Yinhe")	Controlled by Ms. Zhang Jin
Shenyang Glory Xingda Management Co., Ltd.* (瀋陽國瑞興達企業管理有限公司) ("Shenyang Xingda")	Controlled by Ms. Zhang Jin
Longhu Huamu Market Co., Ltd.* (汕頭市龍湖花木市場有限公司) ("Longhu Huamu")	Controlled by Ms. Zhang Youxi, sister of Mr. Zhang Zhangsun
Shantou Garden Hotel Management Co., Ltd.* (汕頭市花園賓館管理有限公司) ("Shantou Garden Hotel")	Controlled by Mr. Zhang Zhangsun

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 24. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

**a) The following parties are identified as related parties to the Group and the respective relationships are set out below: (Continued)**

Name of related parties	Relationship
Beijing Glory Property Services Co., Ltd.* (note (i)) (北京國瑞物業服務有限公司) ("Glory Services")	Controlled by Mr. Zhang Zhangsun
Alltogether Land	Parent and ultimate holding company controlled by Mr. Zhang Zhangsun
Shenzhen Glory Industrial Development Co., Ltd.* (深圳國瑞興業發展有限公司) ("Shenzhen Glory Industrial")	Controlled by Mr. Zhang Zhangsun
Beijing Maorui Properties Co., Ltd.* (北京茂瑞置業有限公司) ("Maorui Zhiye")	Joint venture
Zhongyu Properties (HK) Limited (中裕置業(香港)有限公司) ("Zhongyu")	Controlled by daughter and spouse of Mr. Zhang Zhangqiao
Well Ample Holding Ltd. (note (ii)) (國益控股有限公司)	Controlled by daughter and spouse of Mr. Zhang Zhangqiao
Well Ample Holding (HK) Ltd. (note (ii)) (國益控股(香港)有限公司)	Controlled by daughter and spouse of Mr. Zhang Zhangqiao
Shantou Guorui Zhiye Co., Ltd.* (note (ii)) (汕頭國瑞置業有限公司)	Controlled by daughter and spouse of Mr. Zhang Zhangqiao
Shantou Huirui Hotel Management Co., Ltd.* (note (ii)) (汕頭市薈瑞酒店管理有限公司)	Controlled by daughter and spouse of Mr. Zhang Zhangqiao
Ruida Zhiye	Associate

Notes:

- i. The related party "Glory Services" was disposed by Mr. Zhang Zhangsun, its then controlling party and ceased to be related with the Group in August, 2021.
- ii. The related parties were then subsidiaries of the Company and were acquired by Zhongyu during the year ended December 31, 2022.

## 24. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

## a) The following parties are identified as related parties to the Group and the respective relationships are set out below: (Continued)

Name of related parties	Relationship
Beijing Ruimao Zhiye Co., Ltd.* (北京瑞茂房地產開發有限公司) ("Ruimao Real Estate")	Joint venture
Guangdong Guosha Investment Holding Group Co., Ltd.* (廣東國廈投資控股集團有限公司) ("Guangdong Guosha Investment")	Controlled by Mr. Zhang Zhangqiao
Hainan Glory Commercial Management Co., Ltd.* (海南國瑞興業商業管理有限公司) ("Hainan Glory Commercial Management")	Controlled by Ms. Zhang Jin
Xi'an Ruihe Xingda Commercial Management Co., Ltd.* (西安瑞和興達商業管理有限公司) ("Xi'an Ruihe")	Controlled by Ms. Zhang Jin
Wuxi Glory Real Estate Development Co., Ltd.* (無錫國瑞房地產開發有限公司) ("Wuxi Glory")	Associate
Shantou Garden Property Services Co., Ltd.* (汕頭市花園物業管理有限公司) ("Shantou Garden Services")	Controlled by Ms. Zhang Jin
Beijing Guoyin Investment Fund Management Co., Ltd.* (北京國銀投資基金管理有限公司) ("Guoyin Fund Investment Management")	Controlled by Ms. Zhang Jin
Tung Wo International Investment Limited ("Tung Wo International")	Controlled by Mr. Zhang Zhangsun
Beijing Yinhe Guorui Commercial Investment Co., Ltd.* (北京銀和國瑞商業投資有限公司) ("Beijing Yinhe")	Controlled by Ms. Zhang Jin
Beijing Dayuan Tongrui Investment Center (limited partnership)* (北京達源通瑞投資中心(有限合伙)) ("Beijing Dayuan Tongrui")	Controlled by Ms. Zhang Jin

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 24. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

**a) The following parties are identified as related parties to the Group and the respective relationships are set out below: (Continued)**

Name of related parties	Relationship
Beijing Huirui Capital Investment Co., Ltd.* (北京匯瑞資本投資有限公司) ("Beijing Huirui")	Controlled by Ms. Zhang Youxi
Shijiazhuang Guolong Properties Development Co., Ltd.* (石家莊國龍房地產開發有限公司) ("Shijiazhuang Guolong")	Controlled by Mr. Zhang Zhangqiao
Shantou Chenghai Garden Hotel Co., Ltd.* (汕頭市澄海花園酒店有限公司) ("Shantou Chenghai")	Controlled by Mr. Zhang Zhangsun
Guangdong Guosha Real Estate Co., Ltd.* (廣東國廈地產有限公司) ("Guangdong Guosha Real Estate")	Controlled by Mr. Zhang Zhangqiao
Shenzhen Guokesheng Robot Technology Co., Ltd.* (深圳國科盛機器人科技有限公司)	Controlled by Ms. Zhang Jin
Jiangmen Yinghuiwan Real Estate Co., Ltd.* (江門映暉灣房地產有限公司)	Controlled by Mr. Zhang Zhangqiao
Shenzhen Deep Sea Entertainment Management Co., Ltd.* (深圳深海謎底娛樂管理有限公司) ("Shenzhen Deep Sea")	Controlled by Mr. Zhang Zhangsun
Shantou Chenghai Glory Howard Johnson Guorui Hotel Co., Ltd.* (汕頭市澄海國瑞豪生大酒店有限公司) ("Shantou Chenghai Glory")	Controlled by Ms. Zhang Youxi
Shenzhen Glory Medical Industry Development Co., Ltd.* (深圳國瑞醫療產業發展有限公司) ("Shenzhen Glory Medical")	Controlled by Ms. Zhang Jin
Shenzhen Aiguoyi Children's Paradise Management Co., Ltd.* (深圳愛國懿兒童樂園管理有限公司) ("Shenzhen Aiguoyi")	Controlled by Mr. Zhang Zhangsun
Shenzhen Guoyu Network Technology Co., Ltd.* (深圳國裕網絡科技有限公司) ("Shenzhen Guoyu")	Controlled by Ms. Zhang Jin

## 24. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

## a) The following parties are identified as related parties to the Group and the respective relationships are set out below: (Continued)

Name of related parties	Relationship
Guorui Better Life Health Technology (Shenzhen) Co., Ltd (國瑞美好生活健康科技(深圳)有限公司) ("Guorui Better Life")	Controlled by Ms. Zhang Jin
Shenzhen Diyun Real Estate Consulting Co., Ltd.* (深圳地雲地產諮詢有限公司) ("Shenzhen Diyun")	Controlled by Mr. Zhang Zhangsun
Shenzhen Diyun Network Technology Co., Ltd. (深圳地雲網科技有限公司) ("Shenzhen Diyun Network")	Controlled by Ms. Zhang Jin
Shenzhen Kesong Investment Co., Ltd.* (深圳科松投資有限公司) ("Shenzhen Kesong")	Controlled by Ms. Zhang Jin
Shenzhen Ruibutler Electronic Commerce Co., Ltd.* (深圳瑞管家電子商務有限公司) ("Shenzhen Ruibutler")	Controlled by Mr. Zhang Zhangsun
Guangzhou Yipiantian Tourism Development Co., Ltd.* (廣州一片天旅遊開發有限公司) ("Guangzhou Yipiantian")	Controlled by Ms. Zhang Jin
Beijing Fangyun Online Network Technology Co., Ltd.* (北京房雲在線網絡科技有限公司) ("Beijing Fangyun")	Controlled by Ms. Zhang Jin
Beijing Guorui Commercial Operation Management Co., Ltd.* (北京國瑞商業運營管理有限公司) ("Beijing Guorui Commercial Operation")	Controlled by Ms. Zhang Jin
Shenzhen Guorui Commercial Management Co., Ltd.* (深圳國瑞商業管理有限公司) ("Shenzhen Guorui Commercial")	Controlled by Ms. Zhang Jin
Shenzhen Xiangrui Investment Co., Ltd.* (深圳祥瑞投資有限公司) ("Shenzhen Xiangrui")	Non-controlling shareholders of a subsidiary

\* The English name of the companies which were established in the PRC are for reference only and have not been registered.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 24. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

- b) At the end of the reporting period, the Group has deposit paid to or amounts receivable from the following related parties and the details are set out below:

Name of related parties	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Trade nature (note (i)):		
Foshan Yinhe	30,113	30,113
Non-trade nature (note (ii)):		
Ruida Zhiye	1,467,461	1,441,583
Maorui Zhiye	1,042,923	1,081,629
Wuxi Glory	56,295	61,049
Shenzhen Xiangrui	28,000	28,000
Shenzhen Diyun	4,851	26,424
Shenzhen Diyun Network	16,850	16,850
Shenzhen Glory Industrial	10,127	8,327
Beijing Huirui	270	7,204
Shenzhen Guoyu	7,081	7,081
Jinming Wujin	2,200	8,031
Shenzhen Glory Medical	5,526	5,526
Xi'an Ruihe	–	4,486
Shenyang Xingda	2,817	2,817
Shantou Garden Services	–	1,420
Hainan Glory Commercial Management	2,267	2,267
Shantou Chenghai Glory	1,492	1,492
Beijing Guorui Commercial Operation	1,447	1,282
Guorui Better Life	851	800
Shantou Chenghai	1,500	448
Guangzhou Yipiantian	85	70
Amounts due from related parties, gross	2,682,157	2,736,899
Allowance for credit losses	(9,784)	(10,663)
Amounts due from related parties, net	2,672,373	2,726,236

Notes:

- i. Balances of trade nature are unsecured, interest-free and aged within one year.
- ii. Balances of non-trade nature are unsecured and repayable on demand. Included in the balances were approximately RMB2,523,212,000 (December 31, 2022: RMB2,523,212,000) bearing interest ranging from 4.75% to 9.30% (December 31, 2022: 4.75% to 9.30%).

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 24. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

c) At the end of the reporting period, the Group has amounts due to the following related parties and the details are set out below:

Name of related parties	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Trade nature: <i>(note (i))</i>		
Glory Commercial Management	33,329	33,864
Foshan Yinhe	20,738	20,738
Non-trade nature: <i>(note (ii))</i>		
Longhu Huamu	575,382	863,693
Guangdong Guosha Investment	1,426,080	1,443,523
Alltogether Land <i>(note (iii))</i>	917,564	917,564
Ruimao Real Estate	242,024	242,024
Shijiazhuang Guolong	193,925	193,925
Guangdong Guosha Real Estate	76,000	76,000
Shenzhen Xiangrui	721	721
Mr. Zhang Zhangsun	–	500
Beijing Yinhe	148	148
Guoyin Fund Investment Management	–	5
Mr. Lin Yaoquan	5,779	5,779
Ms. Zhang Jin	2,000	2,000
Amounts due to related parties	<b>3,493,690</b>	3,800,484

Notes:

- i. Balances of trade nature are unsecured, interest-free and aged within one year.
- ii. Balances of non-trade nature are unsecured, interest-free and repayable on demand.
- iii. The amount represented dividend payable and advance from shareholder of the Company recorded under amounts due to related parties.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 24. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

**d) During the reporting period, the Group entered into the following transactions with its related parties:**

Name of related parties	Nature of transaction	Six months ended June 30,	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Glory Commercial Management	Commercial management services fee	9,049	13,759
Shenyang Xingda	Commercial management services fee	188	175
Foshan Yinhe	Commercial management services fee	239	4,039
Hainan Glory Commercial Management	Commercial management services fee	578	–
Xi'an Ruihe	Commercial management services fee	168	517

**e) Financial guarantees**

Mr. Zhang Zhangsun and Ms. Ruan Wenjuan have provided guarantees for certain bank and other borrowings granted to certain subsidiaries of the Group for nil consideration. As at June 30, 2023, the Group has bank and other borrowings guaranteed by Mr. Zhang Zhangsun and Ms. Ruan Wenjuan amounting to approximately RMB15,272,890,000 (December 31, 2022: RMB15,272,890,000).

As at June 30 2023, Garden Group has provided guarantee to a bank for a banking facility granted to related parties, Jiangmen Yinghuiwan Real Estate Co., Ltd.\* and Shantou Huirui Hotel Management Co., Ltd.\*, of which the bank borrowing guaranteed by the Group was amounting to RMB347,199,000 (December 31, 2022: RMB356,379,000) in aggregate, with the maturity date in June 2024 and January 2024, respectively.

**f) Key management personnel emoluments**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including Directors and other key management of the Group.

	Six months ended June 30,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Short-term employee benefits	3,552	8,151
Retirement benefit contributions	61	178
	<b>3,613</b>	<b>8,329</b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 25. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

For financial reporting purposes, fair value measurements are categorized into Levels 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:

- i. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- ii. 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
- iii. Level 3 inputs are unobservable inputs for the asset or liability.

The Group's investment in unlisted investments were measured at fair value, and grouped into Level 3.

	Fair value as at		Fair value hierarchy
	June 30, 2023 RMB'000 (Unaudited)	December 31, 2022 RMB'000 (Audited)	
<b>Financial assets</b>			
Equity instruments at FVTOCI (see note 13)			
– 0.15% equity investment in Bohai Life	8,481	8,481	Level 3
– 10% equity investment in Yongqing Jiyin Rural Bank	5,000	5,000	Level 3
	<b>13,481</b>	13,481	

The fair value of the unlisted equity instruments at FVTOCI, was determined by the Directors, based on market approach using the net book value of the investee multiply to the market price-to-book ratio, and adjusted for the lack of marketability. The change in unobservable inputs would not have significant impact to the fair value measurement.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2023

### 25. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

The movements during the periods in the balance of Level 3 fair value measurement is as follows:

	0.15% equity investment in Bohai Life RMB'000	10% equity investment in Yongqing Jiyin Rural Bank RMB'000	Total RMB'000
At January 1, 2022 (Audited)	26,300	5,000	31,300
Total losses – included in other comprehensive income	(17,819)	–	(17,819)
At December 31, 2022, January 1, 2023 (Audited) and June 30, 2023 (Unaudited)	<b>8,481</b>	<b>5,000</b>	<b>13,481</b>

During the six months ended June 30, 2023, there was no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (six months ended June 30, 2022: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Except as disclosed in note 18 the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the condensed consolidated statement of financial position approximate their fair values.



**GLORY 国瑞**

GLORY HEALTH INDUSTRY LIMITED  
國瑞健康產業有限公司