港龍中國地產
GANGLONG CHINA PROPERTY

Ganglong China Property Group Limited
港龍中國地產集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6968)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2024 amounted to approximately RMB5,367 million, representing a period-on-period decrease of approximately 28% as compared to the six months ended 30 June 2023.

- Net loss for the six months ended 30 June 2024 amounted to approximately RMB154 million, as compared to the net profit of RMB537 million for the six months ended 30 June 2023.

- Selling and marketing expenses and general and administrative expenses for the six months ended 30 June 2024 amounted to approximately RMB160 million in total, representing a period-on-period decrease of approximately 61% as compared to the six months ended 30 June 2023.

- Bank and other borrowings of the Group as at 30 June 2024 amounted to approximately RMB4,647 million, representing a decrease of approximately 4% as compared to 31 December 2023.

- As of 30 June 2024, the Group's liabilities to assets ratio after excluding contract liabilities was approximately 58% (as at 31 December 2023: 50%).

- As of 30 June 2024, the Group's net gearing ratio (calculated as the total borrowings net of restricted cash, pledged time deposits and cash and cash equivalents divided by total equity) was 36% (as at 31 December 2023: 26%).

The board (the "**Board**") of directors (the "**Directors**") of Ganglong China Property Group Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2024 with the comparative figures for the corresponding period in the previous year as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue from contracts with customers	*4*	**5,367,139**	7,438,527
Cost of sales		**(5,076,777)**	(6,088,714)
Gross profit		**290,362**	1,349,813
Other (expenses)/income and other (losses)/gains, net		**(625)**	2,603
Selling and marketing expenses		**(89,085)**	(216,806)
General and administrative expenses		**(70,620)**	(193,695)
Operating profit		**130,032**	941,915
Finance income	*5*	**2,917**	7,660
Finance costs	*5*	**(43,626)**	(81,672)
Finance costs – net	*5*	**(40,709)**	(74,012)
Share of results of joint ventures and associates		**(7,551)**	(10,631)
Profit before income tax		**81,772**	857,272
Income tax expenses	*6*	**(235,714)**	(319,799)
(Loss)/profit and total comprehensive (loss)/income for the period		**(153,942)**	537,473
(Loss)/profit attributable to:			
Owners of the Company		**(76,419)**	190,216
Non-controlling interests		**(77,523)**	347,257
		(153,942)	537,473
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company *(expressed in RMB per share)*			
– Basic and diluted	*7*	**(0.05)**	0.12

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2024** *RMB'000* **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**69,177**	70,991
Investment properties		**153,000**	153,000
Investments accounted for using the equity method		**1,332,682**	1,340,234
Deferred income tax assets		**194,835**	249,301
Total non-current assets		**1,749,694**	1,813,526
Current assets			
Properties under development		**11,950,584**	17,705,994
Completed properties held for sale		**7,118,250**	3,509,779
Trade and other receivables and prepayments	*8*	**2,129,369**	2,308,387
Amounts due from associates		**129,970**	124,229
Amounts due from joint ventures		**162,705**	155,181
Amounts due from non-controlling interests		**4,114,829**	3,317,373
Tax recoverable		**35,685**	837,770
Restricted cash		**661,335**	1,120,284
Pledged time deposits		**139**	145,711
Cash and cash equivalents		**386,419**	570,167
Total current assets		**26,689,285**	29,794,875
Total assets		**28,438,979**	31,608,401

	Note	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	*10*	**14,838**	14,838
Reserves		**4,002,427**	4,078,846
		4,017,265	4,093,684
Non-controlling interests		**6,065,804**	7,254,502
Total equity		**10,083,069**	11,348,186
LIABILITIES			
Non-current liabilities			
Borrowings		**1,365,053**	2,027,230
Deferred income tax liabilities		**251,604**	291,945
Lease liabilities		**43,872**	48,200
Total non-current liabilities		**1,660,529**	2,367,375
Current liabilities			
Trade payables, bills payables and other payables	*9*	**3,849,042**	2,793,683
Lease liabilities		**8,339**	8,018
Contract liabilities		**4,557,722**	8,694,513
Amounts due to associates		**714,796**	736,644
Amounts due to joint ventures		**552,483**	532,942
Amounts due to non-controlling interests		**2,998,033**	1,918,756
Tax payable		**732,992**	411,657
Borrowings		**3,281,974**	2,796,627
Total current liabilities		**16,695,381**	17,892,840
Total liabilities		**18,355,910**	20,260,215
Total equity and liabilities		**28,438,979**	31,608,401

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 8 October 2018 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "**Group**") are principally engaged in the development of real estate projects in the People's Republic of China (the "**PRC**"). The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 July 2020.

The interim condensed consolidated financial information are presented in Renminbi ("**RMB**"), unless otherwise stated. This interim condensed consolidated financial information have been approved for issue by the Board on 29 August 2024.

This interim condensed consolidated financial information for the six months ended 30 June 2024 has not been audited.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by the Company during the interim reporting period.

3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

HKAS 1	Classification of Liabilities as Current or Non-current (amendments)
HKAS 1	Non-current Liabilities with Covenants (amendments)
HKFRS 16	Lease Liability in a Sale and Leaseback (amendments)
HK Int 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – *Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* (amendments)
HKAS 7 and HKFRS 7	Supplier Finance Arrangements (amendments)

(b) Impact of standards issued but not yet applied by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 21 and HKFRS 1	Lack of Exchangeability (amendments)	1 January 2025
HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments (amendments)	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements (new standard)	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures (new standard)	1 January 2027
HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements – *Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* (amendments)	1 January 2027
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)	To be determined

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretation.

(c) Going concern

At 30 June 2024, the Group had total borrowings of RMB4,647,027,000, of which RMB3,281,974,000 were current borrowings repayable within 12 months, trade payables, bills payables and other payables of RMB3,849,042,000 and contract liabilities of RMB4,557,722,000, while the Group's cash and cash equivalents, pledged time deposit and restricted cash amounted to RMB386,419,000, RMB139,000 and RMB661,335,000, respectively.

Since 2021, the property market in the PRC has continued to decline and there has been no sign of recovery. As a result, the Group's pre-sale performance continued to decline during the period and subsequent to the period end, which had an adverse impact on the Group's cash flows and gave rise to certain pressure on the Group's liquidity.

All of the above events and conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to meet its financial obligation and continue as a going concern. The Group has formulated following plans and measures to mitigate the liquidity pressure and to improve its cash flows:

(a) The Group will continue to implement plans and measures to actively adjust the pre-sales and sales activities to respond to market changes and capture demands;

(b) The Group will closely monitor the progress of construction of its property development projects according to the sales plan and estimated cost to complete to ensure that construction and related payments are fulfilled, in particular, by utilising pre-sale proceeds, and the relevant properties sold under pre-sales arrangements are completed and are able to deliver to the customers on schedule as planned thereby allowing the Group to meet its other financial obligations, including but not limited to, the repayment of its outstanding borrowings, as and when they fall due;

(c) In November 2023, the Group successfully redeemed its senior notes with an aggregate amount of US$145,000,000, together with the accrued interest of US$19,000,000, totalling US$164,000,000 (equivalent to approximately RMB1,165,828,000) due on 6 November 2023 with the issuance of a new senior note on 6 November 2023 of the same amount which is due on 4 November 2024 ("**2024 Senior Notes**"). The Group has been in active discussion with bondholders of the 2024 Senior Notes for extension arrangement;

(d) Certain of the Group's bank and other borrowings are subject to certain covenant requirements and the Group will continue to monitor its compliance with these covenant requirements. Should the Group be unable to comply with any of these covenant requirements, management of the Group will discuss and negotiate with the respective lenders and will seek to obtain a waiver of compliance with the covenant requirements from the lenders or to agree with the respective lenders to revise the terms and covenant requirements, if needed; the Group will seek to repay its borrowings as and when they fall due. Should the Group be unable to meet these payment deadlines, it will also continue to seek to extend or renew these borrowings that are due for repayment, or seek for other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating expenditures; and

(e) The Group will reduce various non-essential operating expenses; continue to strengthen cost control and take further measures to reduce selling and marketing costs and administrative expenses.

The directors of the Company have reviewed the Group's cash flow projections prepared by management. The directors of the Company are of the opinion that, considering the anticipated cash flows generated from the Group's operation and its cost control measures; as well as the above-mentioned plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from the date of the end of the reporting period. Accordingly, the directors of the Company consider that it is appropriate to prepare these condensed consolidated financial statements on a going concern basis.

Notwithstanding the above, a material uncertainty exists as to whether the Group is able to achieve its plans and measures, which incorporate assumptions about future events and conditions that are subject to inherent uncertainties. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to execute the following:

(a) Successful implementation of the plans and measures to accelerate the pre-sales and sales activities, and accelerate the collection of the relevant sales proceeds;

(b) Successful completion and delivery of properties to the customers on schedule such that restricted pre-sale proceeds in the designated bank accounts can be released to meet its other financial obligations as planned;

(c) Successful and timely extension and renewal of its banking facilities and its bank and other borrowings, including project loans and the Group's senior notes, upon maturity as well as obtaining new financing from financial institutions; in particular the successful negotiation with the bondholders to secure their agreement to extend the repayment terms of the Group's 2024 Senior Notes maturing in November 2024. The Group's ability to obtain these financing depends on (1) current and ongoing regulatory environments and how the relevant policies and measures might affect the Group and/or the relevant financial institutions; (2) whether the lenders of existing borrowings agree the terms and conditions for such extension or renewal; and (3) the Group's ability to continuously comply with the relevant terms and conditions of its bank and other borrowings including the senior notes;

(d) Continuous compliance of the financial covenant requirements of the related borrowings and, where applicable, successful negotiation with the lenders to obtain wavier of compliance with the covenant requirements or to relax the covenant requirements of these borrowings for the continuous compliance thereof as and when needed;

(e) Successful in obtaining other additional sources of financing other than those mentioned above as and when needed; and

(f) Successful implementation of measures to reduce nonessential operating expenses, and reduce selling and marketing costs and administrative expenses.

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

4. REVENUE AND SEGMENT INFORMATION

The executive directors of the Company (the "**Executive Directors**") have been identified as the chief operating decision-maker. Management determines the operating segments based on the Group's internal reports, which are then submitted to the Executive Directors for performance assessment and resources allocation.

The Executive Directors assess the performance of the operating segment based on a measure of profit before income tax and regard there to be only one operating segment – property development. Accordingly, segment disclosures are not presented. No geographical segment analysis is presented as the majority of the assets and operation of the Group are located in the PRC, which is considered as one geographical location in an economic environment with similar risk and returns.

For the six months ended 30 June 2024 and 2023, there was no transaction with a single external customer that amounted to 10% or more of the Group's revenue.

The revenue from contracts with customers recognised during the six months ended 30 June 2024 and 2023 is sales of properties in the PRC, all of which were recognised at a point in time.

The revenue from external parties is derived from numerous external customers and the revenue reported to the Executive Directors is measured in a manner consistent with that in the interim condensed consolidated financial statements.

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sales of properties	**5,367,139**	7,438,527

5. FINANCE COSTS – NET

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance income		
– Interest income from bank deposits	**(2,917)**	(7,660)
Finance costs		
– Bank and other borrowings	**203,188**	289,797
– Lease liabilities	**2,034**	2,381
– Amounts due to non-controlling interests	**–**	26,888
– Less: capitalised interest	**(161,596)**	(237,394)
	43,626	81,672
Finance costs, net	**40,709**	74,012

6. INCOME TAX EXPENSES

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax:		
– PRC corporate income tax	**188,613**	345,794
– PRC land appreciation tax	**32,890**	46,655
	221,503	392,449
Deferred income tax	**14,211**	(72,650)
	235,714	319,799

PRC corporate income tax

The income tax provision of the Group in respect of operations in PRC has been calculated at the applicable tax rate on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the group entities located in mainland China is 25% according to the Corporate Income Tax Law of the People's Republic of China.

PRC land appreciation tax ("LAT")

Pursuant to the requirements in relation to LAT in the PRC, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate.

PRC withholding tax

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfill the requirements to the tax treaty arrangements between the PRC and Hong Kong.

On 21 December 2020 and 2 June 2023, the immediate holding companies of the PRC subsidiaries obtained the Certificate of Resident Status from the Inland Revenue Department and fulfill the requirements to the tax treaty arrangements between the PRC and Hong Kong. Therefore, a lower 5% withholding tax rate shall be applied to dividend distribution thereafter.

Hong Kong profits tax

The applicable Hong Kong profits tax rate is 16.5% for the six months ended 30 June 2024 (six months ended 30 June 2023: 16.5%). Hong Kong profits tax has not been provided as the Group did not have any assessable profits for the six months ended 30 June 2024 (six months ended 30 June 2023: same).

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the British Virgin Islands (the "**BVI**") was incorporated under the Business Companies Act of the BVI and is exempted from BVI income tax.

7. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company during the periods *(RMB'000)*	**(76,419)**	190,216
Weighted average number of ordinary shares in issue (in thousand)	**1,621,799**	1,621,799
Basic (loss)/earnings per share *(RMB)*	**(0.05)**	0.12

(b) Diluted

The Company did not have any potential dilutive shares outstanding during the six months ended 30 June 2024 and 2023. Accordingly, diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share.

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables from third parties *(Note (a))*	**288,551**	42,011
Other receivables	**915,571**	780,026
Prepayments	**925,247**	1,486,350
Total trade and other receivables and prepayments	**2,129,369**	2,308,387

Notes:

(a) Trade receivables from third parties

Trade receivables mainly arise from sales of properties. Proceeds in respect of sales of properties are generally received in accordance with the terms stipulated in the sale and purchase agreements. There is generally no credit period granted to the property purchasers.

The aging analysis of trade receivables at the interim condensed consolidated statement of financial position dates based on invoice date is as follows:

	30 June 2024 *RMB'000* **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
0-30 days	**288,551**	42,011

For these past due trade receivables, the Group has assessed the expected credit losses by considering historical loss experiences, existing market conditions and forward-looking information. Based on the assessment, expected credit loss rate of trade receivables is close to zero. Therefore, the loss allowance provision for these trade receivables balances was not material.

9. TRADE PAYABLES, BILLS PAYABLES AND OTHER PAYABLES

	30 June 2024 *RMB'000* **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
Trade payables *(Note (a))*	**3,423,546**	2,581,193
Bills payables	**6,921**	5,941
Other payables	**418,575**	206,549
Total trade and other payables	**3,849,042**	2,793,683

(a) The ageing analysis of the trade payables based on invoice dates or contractual terms is as follows:

	30 June 2024 *RMB'000* **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
0–30 days	**2,054,128**	1,996,901
31–60 days	**513,531**	380,853
61–90 days	**342,354**	202,113
Over 90 days	**513,533**	1,326
	3,423,546	2,581,193

10. SHARE CAPITAL

	Number of shares	**Share capital** *HK$*
Authorised:		
At 1 January 2024 and 30 June 2024	10,000,000,000	100,000,000

	Number of shares	**Share capital** *RMB'000*
Issued:		
At 1 January 2024 and 30 June 2024	1,621,799,000	14,838

11. DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL OVERVIEW

Review of the first half 2024

Since the beginning of the year, the real estate industry as a whole still faced severe downward pressure. Under this background, the meeting of the Political Bureau on 30 April set the direction of property market policies, proposing "coordinated research on policies and measures to digest inventory housing and optimize incremental housing". A meeting chaired by the State Council on 17 May released a "package" of new real estate policies for "stabilizing the market and destocking". Following the implementation of a number of policies, the second-hand housing transactions in some core cities have shown initial signs of improvement, but the overall new housing market has not improved significantly, and it still takes time for the policies to take effect.

Faced with severe challenges of the industry, the Group has always adhered to the corporate vision of "becoming a city builder for a better life" and carried forward the corporate culture of "integrity, pragmatism, simplicity and efficiency", setting goals for 2024, uniting in its efforts and making proactive response. Firstly, the Group strengthened marketing efforts and balanced quantity with price. We formulated targeted and different marketing strategies and methods according to market differentiation to proactively respond to market changes, and enhanced inventory clearing and cash collection management, striving to achieve our sales targets. We enhanced the construction of marketing system, innovated online marketing methods, and at the same time carried out external channel cooperation to expand online and offline sources of customers. Through internal training on marketing, we strengthened market prediction and enhanced marketing capability. Secondly, we reduced costs and ensured financial stability by means of cost-saving and cost control. The scope of control has been expanded from construction work to marketing and administration, etc., leveraging the advantages of centralized purchase to reduce procurement costs. We proactively optimized debt structure and financing costs to ensure the safety of cash flow. Thirdly, the Group focused on core business and accelerated cash collection to support cash flow. Fourthly, the Group constructed with craftsmanship and ensured quality delivery. We made continuous improvement in construction control and established a whole process quality control system covering from material quality, site management and construction inspection to delivery evaluation. During the first half of 2024, the Group in total delivered properties amounting to approximately RMB5,367 million, with an area of approximately 531,159 sq.m.

Future outlook for the second half 2024

As residents' income expectations and expectations of housing price declines have not improved significantly, it is expected that in the second half of 2024, China's real estate market will continue to face adjustment pressure, and the new housing market may still be in the bottom stage.

For real estate enterprises, how to survive is still their first priority. Under the circumstance in which the supply and demand relationship of real estate has reversed, the key for survival and development of real estate enterprises lies in reinforcing internal strength, improving operational capacity, enhancing product capability, and continuing to create value for customers.

The Group will focus on product building and customer services based on customers' needs, and ensure delivery as well as quality. We will strictly control three expenses, keep expenditure within the limits of revenues and focus on cash collection to ensure cash flow. We will adjust the financing structure to further reduce financing expense and continue to conduct talent review to keep the organization streamlined and flexible. We will also identify excellent talents with potential, strengthen incentives and adhere to performance orientation to ensure operating results. At the same time, we will actively fulfill social responsibility and enhance the comprehensive brand strength.

BUSINESS REVIEW

The Group derives its revenue primarily from sales of properties. For the six months ended 30 June 2024, the Group recorded a total revenue of approximately RMB5,367 million.

Contracted sales

For the six months ended 30 June 2024, including those of joint ventures and associates, the Group recorded unaudited contracted sales of approximately RMB2,708 million, and contracted gross floor area ("**GFA**") sold was approximately 266,198 sq.m.. The average selling price ("**ASP**") of our contracted sales for the six months ended 30 June 2024 was approximately RMB10,173 per sq.m..

As of 30 June 2024, the Group had contract liabilities of approximately RMB4,558 million as compared to approximately RMB8,695 million as of 31 December 2023.

Sales of properties

For the six months ended 30 June 2024, the Group recognised revenue from sales of properties of approximately RMB5,367 million. The Group recognised total GFA of approximately 531,159 sq.m.. The ASP of the properties recognised as property sales was approximately RMB10,105 per sq.m..

The following table sets out the recognised sales and GFA sold by types of properties and cities for the six months ended 30 June 2024:

	Recognised GFA	**Recognised ASP**	**Recognised revenue**
	sq.m.	*RMB/sq.m.*	*RMB'000* (unaudited)
Residential, retail and commercial			
Shaoxing	107,053	13,009	1,392,679
Taizhou	70,038	10,774	752,519
Yancheng	68,299	7,859	536,786
Fuyang	59,914	8,876	531,823
Nanjing	42,284	11,414	482,628
Hefei	39,601	10,630	420,938
Wuhu	55,960	7,194	402,551
Suzhou	11,451	13,507	154,679
Nantong	18,714	12,987	243,043
Others	27,276	9,921	270,601
Car parks and garage/storage	30,569	5,852	178,892
Total	531,159	10,105	5,367,139

Land reserves

As of 30 June 2024, the Group (together with its joint ventures and associates) had 57 projects with land reserves amounting to 4,572,007 sq.m., of which 50 projects were located in the cities in Yangtze River Delta region.

The following table sets out the GFA breakdown of the total land reserve of our Group by provinces or cities as of 30 June 2024:

Provinces/Cities	**Total land reserve[1]** *(sq.m.)*	**Percentage of total land bank** *(%)*
Guangdong	1,640,135	37%
Jiangsu	1,484,616	32%
Anhui	835,927	18%
Guizhou	267,212	6%
Zhejiang	155,094	3%
Henan	145,320	3%
Sichuan	26,488	1%
Shanghai	17,215	0%
Total	4,572,007	100%

Notes:

(1) Total land reserve equals to the sum of (i) the total GFA available for sale and total leasable GFA for completed properties; (ii) total GFA for properties under development; and (iii) total GFA for properties held for future development.

(2) For projects developed by our subsidiaries, joint ventures or associated companies, 100% of total GFA are accounted for the respective projects.

FINANCIAL REVIEW

Overall performance

During the six months ended 30 June 2024, total revenue of the Group was approximately RMB5,367 million. Gross profit was approximately RMB290 million. Net loss of the Group was approximately RMB154 million. The loss attributable to owners of the Company was approximately RMB76 million.

Revenue

For the six months ended 30 June 2024, the Group recorded a total revenue of approximately RMB5,367 million, representing a period-on-period decrease of approximately 28%. The decrease was primarily attributable to lower contracted sales and recognition of properties sold.

Cost of sales

The cost of sales of the Group represents the costs incurred directly for sale of properties, which comprised construction costs, land costs and capitalised interest.

For the six months ended 30 June 2024, the cost of sales of the Group was approximately RMB5,077 million, as compared to approximately RMB6,089 million in the corresponding period, including a net provision for impairment recognised for properties under development and completed properties held for sale of approximately RMB121 million (six months ended 30 June 2023: nil).

Gross profit

For the six months ended 30 June 2024, the gross profit of the Group was approximately RMB290 million, as compared to approximately RMB1,350 million in the corresponding period. Gross profit margin was primarily affected by selling prices, construction costs and land costs of our properties delivered. For the six months ended 30 June 2024, the Group recorded a gross profit margin of approximately 5% as compared to approximately 18% in the corresponding period in 2023. The decrease in the gross profit margin was mainly due to the adverse market condition and the increase in impairment recognized for properties under development as compared with the corresponding period of last year.

Other (expenses)/income and other (losses)/gains, net

The Group had other expenses of approximately RMB1 million for the six months ended 30 June 2024, as compared to income of approximately RMB3 million for the six months ended 30 June 2023. During the six months ended 30 June 2024, it primarily consisted of rental, management and consulting service income of approximately RMB8 million netted off by charges for tax payment extensive of approximately RMB4 million (six months ended 30 June 2023: rental, management and consulting service income of approximately RMB13 million netted off by loss on disposal of a subsidiary of approximately RMB13 million). The management and consulting services mainly comprise the assignment of staff and personnel to support the operation of the relevant project companies including but not limited to services with respect to managerial, operational, financial and marketing aspects and are provided exclusively to the Group's joint ventures and associates in relation to the property development projects.

Selling and marketing expenses

The Group's selling and marketing expenses decreased by approximately 59% period-on-period from approximately RMB217 million for the six months ended 30 June 2023 to approximately RMB89 million for the six months ended 30 June 2024. The decrease was primarily attributable to the better control measures in marketing and advertising costs and the reduction in staff costs.

General and administrative expenses

The Group's general and administrative expenses decreased by approximately 63% period-on-period from approximately RMB194 million for the six months ended 30 June 2023 to approximately RMB71 million for the six months ended 30 June 2024. The decrease was primarily due to further organization streamlining to lift efficiency at a lower cost.

Finance costs – net

Net finance costs of the Group decreased by approximately 45% period-on-period from approximately RMB74 million for the six months ended 30 June 2023 to approximately RMB41 million for the six months ended 30 June 2024. The decrease was due to the lower average principal balances of interest-bearing debts.

Share of results of joint ventures and associates

The Group accounts for the results of joint ventures and associates using the equity method, which mainly represent the share of profits related to the projects delivered during the relevant period that have been offset by losses incurred by other joint ventures and associates.

Share of results of joint ventures and associates was approximately a loss of RMB8 million and RMB11 million for the six months ended 30 June 2024 and 2023, respectively. The losses were in line with the decrease in revenue from sales of properties of joint ventures and associates.

Income tax expenses

Income tax expenses was approximately RMB236 million and RMB320 million for the six months ended 30 June 2024 and 2023 respectively.

Loss and total comprehensive loss for the period

The Group's loss and total comprehensive loss was approximately RMB154 million for the six months ended 30 June 2024 (six months ended 30 June 2023: profit and total comprehensive income of RMB537 million). The loss attributable to owners of the Company was approximately RMB76 million for the six month ended 30 June 2024 (six months ended 30 June 2023: profit attributable to owners of the Company of RMB190 million).

The basic and diluted loss per share of the Company was RMB0.05 per share for the six months ended 30 June 2024 (six months ended 30 June 2023: earnings of RMB0.12 per share).

Liquidity and financial resources

The Group has always pursued a prudent treasury management policy and actively managed its liquidity position to cope with daily operation and demands for capital for future development.

During the six months ended 30 June 2024, the Group had mainly financed its working capital, capital expenditure and other capital requirements primarily through cash generated from operations including proceeds from the pre-sale and sales of our properties.

As of 30 June 2024, the Group had a total cash (including restricted cash, pledged time deposits and cash and cash equivalents) of approximately RMB1,048 million as compared to approximately RMB1,836 million as of 31 December 2023.

During the six months ended 30 June 2024, the aggregate new borrowings from bank and other trust financing arrangement obtained by the Group amounted to approximately RMB73 million and repayment of borrowings from bank and trust financing arrangement was approximately RMB251 million. As of 30 June 2024, the Group's total bank and other borrowings amounted to approximately RMB4,647 million, representing a decrease of approximately 4% compared to approximately RMB4,824 million as of 31 December 2023. Amongst the bank and other borrowings, approximately RMB3,282 million (as at 31 December 2023: approximately RMB2,797 million) will be repayable within one year and approximately RMB1,365 million (as at 31 December 2023: approximately RMB2,027 million) will be repayable after one year.

Senior notes

In November 2022, the completion of the exchange offer had resulted in the issuance of principal amount of US$145 million new notes pursuant to the exchange offer (the "**2023 Senior Notes**"). The 2023 Senior Notes bear interest at a fixed rate of 13.5% per annum, payable semiannually in arrears.

On 6 November 2023, all of the outstanding 2023 Senior Notes was redeemed in full, and the redemption price was paid in kind with new notes issued in an aggregate principal amount of US$164,411,875 which bear interest at a fixed rate of 9.5% per annum, payable annually in arrears (the "**2024 Senior Notes**").

Key financial ratios

As of 30 June 2024, the Group's net gearing ratio (calculated as the total borrowings net of restricted cash, pledged time deposits and cash and cash equivalents divided by total equity) was 36% (as at 31 December 2023: 26%). As of 30 June 2024, the Group's liabilities to assets ratio after excluding contract liabilities was approximately 58% (as at 31 December 2023: 50%). As of 30 June 2024, cash to short term debt ratio (calculated as cash and bank balances divided by short term bank and other borrowings) was 0.3 times (as at 31 December 2023: 0.7 times). The Group will continue to manage its working capital efficiently through working capital management policies and continue to utilise the Group's available financial resources including proceeds from sales and pre-sales of property projects and draw down of banking facilities and other borrowings and optimise the payment schedule to contractors through negotiation based on the latest construction progress.

The Group's current ratio is calculated based on its total current assets divided by its total current liabilities as of the respective dates. The Group's current ratio had decreased from approximately 1.67 times as of 31 December 2023 to approximately 1.60 times as of 30 June 2024. The current ratio was maintained at a stable level throughout the periods.

Foreign exchange risk

The Group mainly operates its business in China. As of 30 June 2024, other than the offshore senior notes which are denominated in USD, the Group did not have any other material direct exposure to foreign exchange fluctuations for the six months ended 30 June 2024. The Directors expect that the fluctuation of RMB's exchange rate will not have any material adverse effect on the operation of the Group.

As of 30 June 2024, the Group had not entered into any hedging transactions. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Group's interest rate risk arises from its borrowings. Except for the offshore senior notes of which the interest rate is fixed, most of the Group's borrowings are denominated in RMB, and their interest rates on the Group's borrowings are primarily affected by the benchmark interest rates set by the People's Bank of China. The Group manages its interest rate risk by closely monitoring the trend of interest rate fluctuation and its impact on the Group's interest rate risk exposure, as well as regulating the debt portfolio of the Group.

Pledge of assets

As of 30 June 2024, certain of the Group's bank and other borrowings were secured by its pledged time deposit, equity interests of group companies, properties under development, completed properties held for sales and investment properties with total carrying values of approximately RMB13,562 million (31 December 2023: RMB9,815 million).

Financial guarantees and contingent liabilities

As of 30 June 2024, the Group's total financial guarantees are as follows:

	30 June 2024	31 December 2023
	(RMB'000)	*(RMB'000)*
	(Unaudited)	(Audited)
Guarantee in respect of mortgage facilities for certain purchasers	**6,489,922**	7,653,612
Guarantee provided for the borrowings of joint ventures	**234,170**	234,170
Total	**6,724,092**	7,887,782

During the six months ended 30 June 2024, the Group had arranged for bank financing for certain purchasers of our properties and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees periods start from the date of grant of mortgage, and terminate upon the earlier of (i) the issuance of the property ownership certificate to the purchaser; or (ii) the satisfaction of mortgage loans by the purchasers of our properties. Pursuant to the terms of these guarantees, upon default of mortgage payments by these purchasers, the bank may demand us to repay the outstanding mortgage principal of the loan together with accrued interest owed by the defaulting purchasers to the banks. Under such circumstances, the Group are entitled to forfeit the relevant purchaser's deposit and resell the property to recover any amounts paid by the Group to the bank. The Directors consider that the likelihood of default of payments by the purchasers is minimal and the Group's credit risk is significantly mitigated.

The Group also provided guarantees for borrowings of the Group's joint ventures and associates from time to time in proportion to its equity interests. The relevant borrowings were primarily from banks to finance property development projects of these joint ventures and associates, whereby the land use rights of the joint ventures and associates were pledged to the banks and its guarantees were provided in addition to the pledges. The Directors consider that the likelihood of default in payments by the joint ventures and associates is minimal and therefore the financial guarantee measured at fair value is immaterial and no liabilities was recognised.

As of 30 June 2024, the Group had no other material contingent liabilities.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

During the six months ended 30 June 2024, the Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures.

Future plans for material investments

The Group will continue to invest in its property development projects and acquire suitable land parcels, if it thinks fit. These investments would be funded by internal resources and external borrowings. Save as disclosed above, the Group did not have any future plans for material investments as of the date of this announcement.

Human resources

As of 30 June 2024, the Group had a total of 313 employees (31 December 2023: 402 employees). Total expenditure on salary and welfare of the Group's employees for the six months ended 30 June 2024 amounted to approximately RMB63 million (six months ended 30 June 2023: RMB115 million). The Group has adopted a system of determining the remuneration of employees based on the performance of employees. In general, the Group provides competitive remuneration packages to employees, which include basic salaries, performance-based rewards and year-end bonus. The Group also pays social security insurance for the Group's employees, including medical insurance, work-related injury insurance, endowment insurance, maternity insurance, unemployment insurance and housing funds. In terms of employee training, the Group provides consistent and systematic training to employees based on their positions and expertise, in order to enhance their expertise in real estate and other related fields.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's Shares or other listed securities during the period.

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Company has adopted the code provisions set out in the Corporate Governance Code of the Appendix C1 to the Listing Rules (the "**CG Code**"), as its own code to govern its corporate governance practices. Save for the deviation in relation to the chairman of the Board and chief executive officer being the same individual, the Board considers that, the Company has complied with, to the extent applicable and permissible, the CG Code during the six months ended 30 June 2024.

Pursuant to paragraph C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Lui Ming is currently the Chairman of the Board and the chief executive officer of the Group, responsible for strategic planning and managing of the Group's overall business and operations. Mr. Lui Ming has been responsible for the overall management of the Group since the establishment of the Group. The Board believes that the current structure enables the Group to make and implement business decision swiftly and effectively which promotes the Group's development in line with other strategies and business direction. The Board considers that the balance of power and authority, accountability and independent decision making under the present arrangement will not be impaired because of the diverse background and experience of the non-executive Directors and independent non-executive Directors. Further, the audit committee of the Company, which consists of a majority of independent non-executive Directors, has free and direct access to the Company's external auditors and independent professional advisers when it considers necessary. Therefore, the Directors consider that the deviation from paragraph C.2.1 of the CG Code is appropriate in such circumstance.

The Board will continue to review and monitor the practices of the Company with an aim of maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities.

The Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiry, all Directors have confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2024.

SIGNIFICANT SUBSEQUENT EVENT

Save as disclosed elsewhere in this announcement, there were no other material subsequent events took place after 30 June 2024 and up to the date of this announcement.

REVIEW OF UNAUDITED INTERIM FINANCIAL INFORMATION

Audit Committee

The audit committee of the Company, comprising Mr. Chan Pak Hung, Mr. Lui Wing Nam, Ms. Tang Lo Nar and Mr. Wong Tung Yuen, has discussed with the management and the Board, reviewed the unaudited interim financial information of the Group for the six months ended 30 June 2024 and this interim results announcement, and confirmed that all applicable accounting principles, standards and requirements have been complied with.

PUBLICATION OF UNAUDITED INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.glchina.group). The interim report of the Company for the six months ended 30 June 2024 will be despatched to the shareholders (if requested) and published on the aforesaid websites in due course.

By Order of the Board
Ganglong China Property Group Limited
Lui Ming
Chairman and executive director

Hong Kong, 29 August 2024

As of the date of this announcement, the executive directors of the Company are Mr. Lui Ming (Chairman), Mr. Lui Jin Ling, and Mr. Lui Chi Chung Jimmy. The non-executive directors of the Company are Mr. Lui Wing Mau and Mr. Lui Wing Nam. The independent non-executive directors of the Company are Mr. Chan Pak Hung, Ms. Tang Lo Nar and Mr. Wong Tung Yuen.