Glorious Property Holdings Limited
恒盛地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Codes: 00845 and 5907)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015 AND RESUMPTION OF TRADING

The board of directors (the "Board") of Glorious Property Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2015 (the "2015 Annual Results"). The 2015 Annual Results have been reviewed by the audit committee of the Company (the "Audit Committee") and approved by the Board on 15 April 2016.

FINANCIAL HIGHLIGHTS

- Revenue decreased by 45.1% to RMB2,340.2 million and the average selling price was RMB6,798 per sq.m.
- Recorded a loss attributable to the owners of the Company of RMB3,877.9 million
- Current borrowings increased to RMB25,455.2 million
- Gearing ratio was 182.2%
- Property sales was RMB7,222.4 million and GFA sold was 345,852 sq.m.

OVERALL RESULTS

For the year ended 31 December 2015, the Group recorded a consolidated revenue of RMB2,340.2 million, representing a decrease of 45.1% compared to RMB4,263.3 million in 2014. The Group recorded a loss attributable to the owners of the Company for the year ended 31 December 2015 of RMB3,877.9 million, which was 29.4% higher than that of RMB2,996.0 million for 2014.

Loss per share for the year ended 31 December 2015 was RMB0.50 (2014: RMB0.38).

The Board has resolved not to recommend for shareholders' approval at its forthcoming annual general meeting on Tuesday, 31 May 2016 the payment of a final dividend for the year ended 31 December 2015.

BUSINESS REVIEW

I. Revenue

For the year ended 31 December 2015, the Group recorded a consolidated revenue of RMB2,340.2 million, representing a decrease of 45.1% from RMB4,263.3 million in 2014. The sold and delivered GFA decreased by 5.8% to 344,246 sq.m. in 2015 from 365,309 sq.m. in 2014. The average selling price recognised decreased by 41.8% to RMB6,798 per sq.m. in 2015 from RMB11,671 per sq.m. in 2014.

In 2015, the Group recognised revenue for a total of 17 projects. Six projects located in the first-tier cities (Shanghai and Beijing) accounted for 36.4% of the Group's total revenue while the other 11 projects located in the second- and third-tier cities accounted for 63.6% of the total revenue. In 2015, 33.6% of the revenue was contributed by projects in the Shanghai Region, 17.2% by projects in the Yangtze River Delta (excluding Shanghai), 3.4% by projects in the Pan Bohai Rim and 45.8% by projects in Northeast China.

In 2015, a substantial portion of the Group's completed and delivered properties were located in the Northeast China with lower average selling prices, thus causing the Group's overall average recognised selling price to decrease from RMB11,671 per sq.m. in 2014 to RMB6,798 per sq.m. in 2015. Projects in Northeast China accounted for 45.8% and 69.6% to the Group's total recognised revenue and sold and delivered GFA, respectively. Changchun Villa Glorious (East) contributed the largest amount of revenue of RMB941.6 million to the Group, representing 40.2% of the Group's total revenue for 2015. However, its average recognised selling price remains at a low level of RMB4,292 per sq.m.. On the other hand, the recognised average selling price of Shanghai Region, which contributed the second largest amount of the Group's revenue in 2015, increased by 36.6% from RMB17,766 per sq.m. in 2014 to RMB24,274 per sq.m.. A large portion of the current year revenue for the Shanghai Region was contributed by Shanghai City Glorious whose delivered properties in 2015 mainly consisted of higher priced commodity properties while for 2014 it was a mixture of commodity properties and social security housing being delivered and recognised, thus resulting in a higher average selling price for the Shanghai Region for the current year.

Projects sold and delivered in 2015 and 2014 included:

Projects sold and delivered	City	2015 Revenue (RMB'000)	2015 GFA sold and delivered (sq.m.)	2015 Average selling price recognised (RMB per sq.m.)	2014 Revenue (RMB'000)	2014 GFA sold and delivered (sq.m.)	2014 Average selling price recognised (RMB per sq.m.)
Sunshine Venice	Shanghai	**28,985**	**8,205**	**3,533**	4,456	1,277	3,489
Shanghai Bay	Shanghai	**125,797**	**2,233**	**56,335**	557,198	10,110	55,114
Shanghai City Glorious	Shanghai	**622,583**	**21,271**	**29,269**	1,803,298	114,728	15,718
Royal Lakefront	Shanghai	**8,608**	**670**	**12,848**	29,880	8,686	3,440
Sunshine Bordeaux	Beijing	**20,938**	**3,513**	**5,960**	22,382	2,612	8,569
Glorious Artstyle Townhouse	Beijing	**44,801**	**4,186**	**10,703**	62,692	5,991	10,464
Royal Mansion	Beijing	**–**	**–**	**N/A**	5,716	242	23,620
Tianjin Royal Bay Seaside	Tianjin	**14,198**	**2,633**	**5,392**	34,528	6,324	5,460
No.1 City Promotion	Wuxi	**21,016**	**4,154**	**5,059**	10,377	1,676	6,192
Nantong Glorious Chateau	Nantong	**–**	**–**	**N/A**	1,240	225	5,511
Nantong Villa Glorious	Nantong	**36,542**	**6,698**	**5,456**	77,163	10,557	7,309
Nantong Royal Bay	Nantong	**50,788**	**6,848**	**7,416**	652,725	48,410	13,483
Hefei Villa Glorious	Hefei	**8,732**	**1,457**	**5,993**	56,533	9,776	5,783
Hefei Royal Garden	Hefei	**286,245**	**42,885**	**6,675**	503,618	96,160	5,237
Sunny Town	Shenyang	**17,809**	**2,097**	**8,493**	34,626	3,990	8,678
Harbin Villa Glorious	Harbin	**62,732**	**9,173**	**6,839**	214,674	21,715	9,886
Harbin Royal Garden	Harbin	**28,150**	**5,017**	**5,611**	142,267	14,638	9,719
Changchun Villa Glorious (East)	Changchun	**941,627**	**219,372**	**4,292**	6,203	1,282	4,838
Dalian Villa Glorious	Dalian	**20,647**	**3,834**	**5,385**	43,765	6,910	6,334
Total		**2,340,198**	**344,246**	**6,798**	4,263,341	365,309	11,671

II. Property Sales

In 2015, the Group achieved property sales of RMB7,222.4 million, representing a year-on-year ("YOY") increase of 78.7%. The GFA sold was 345,852 sq.m., representing a YOY increase of 28.6%. Shanghai Region was the region that achieved the largest amount of the Group's property sales in 2015. It accounted for 53.2% of the Group's total property sales, amounting to RMB3,841.2 million and representing a YOY increase of 153.7%. Property sales of Shanghai City Glorious for 2015 amounted to RMB3,446.7 million, which represented the most significant amount of property sales to both Shanghai Region and the Group in 2015. Property sales of the Yangtze River Delta contributed RMB2,837.5 million to the Group's total property sales for 2015, representing an increase of 43.8% as compared to 2014. Nanjing Royal Bay contributed the most significant portion of property sales to the Yangtze River Delta and amounted to RMB2,201.6 million. Property sales of Northeast China and Pan Bohai Rim total amounted to RMB543.6 million as there was no launch of new projects in 2015 for these two regions.

Property sales for 2015 from the first-tier cities (Shanghai and Beijing) and second- and third-tier cities amounted to RMB3,926.2 million and RMB3,296.2 million respectively, which accounted for 54.4% and 45.6% to the Group's total property sales for 2015.

Property sales and GFA sold by region in 2015 and 2014 were as follows:

Region	**Property sales *(RMB'000)***			**GFA sold *(sq.m.)***		
	2015	2014	Change (%)	**2015**	2014	Change (%)
Shanghai Region	**3,841,238**	1,514,257	153.7%	**117,386**	50,458	132.6%
Yangtze River Delta	**2,837,541**	1,972,947	43.8%	**158,553**	146,843	8.0%
Pan Bohai Rim	**261,235**	157,885	65.5%	**24,317**	17,220	41.2%
Northeast China	**282,389**	395,858	-28.7%	**45,596**	54,335	-16.1%
Total	**7,222,403**	4,040,947	78.7%	**345,852**	268,856	28.6%

In 2016, the Group expects to launch properties from 18 projects to the market for sale with a saleable GFA of approximately 1.2 million sq.m..

Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China account for 32.1%, 43.1%, 5.6% and 19.2% respectively of the Group's saleable GFA which are expected to be available for sale in 2016. In terms of saleable GFA, Shanghai Region and Yangtze River Delta will be the major regions in contributing to the sales of the Group in 2016.

III. Construction and Development

In 2015, the total residential GFA completed by the Group was approximately 0.62 million sq.m. and approximately 0.11 million sq.m. was added to the new construction area. During the year, the Group entirely fostered the establishment of standardisation system and further strengthened its project management, construction management, cash flow management and capital management. The management efficiency and project control were further enhanced. By reinforcing the management capabilities of the cost management center and project management center and establishing a sturdy mechanism in project quality management, the Group endeavoured to strike a sustainable balance between project quality enhancement and progress of projects.

IV. Land Bank

The Group maintained a prudent investment strategy in acquiring land and acquired new land based on the condition of cash flow and financial resources. The Group did not acquire any new land parcel during 2015.

As at 31 December 2015, the total land bank of the Group for which land use right certificates have been received or land grant contracts have been signed was 8.8 million sq.m., which was sufficient to meet its development needs over the next five years. The average land cost was RMB1,774 per sq.m.. The relatively low-cost land bank provided the Group with a strong foundation in maintaining its sustainable development and generating higher profit margins in the future.

The Group's land bank was evenly distributed over first-, second- and third-tier cities, of which 19.3% was in first-tier cities and 80.7% in second- and third-tier cities.

Details of land bank by project as at 31 December 2015 were as follows:

Project		City	Location	Use	**Land bank** *(sq.m.)*	**Average land cost** *(RMB per sq.m.)*	**Interests attributable to the Group**
Shanghai Region							
1	Shanghai Bay	Shanghai	Xuhui District	Residential, hotel, serviced apartment, office and commercial	709,802	611	100%
2	Sunshine Venice	Shanghai	Putuo District	Residential, hotel and commercial	41,757	554	100%
3	Royal Lakefront	Shanghai	Fengxian District	Residential and commercial	137,551	1,870	100%
4	Shanghai City Glorious	Shanghai	Baoshan District	Residential and commercial	408,741	923	100%
5	Caohejing Project	Shanghai	Xuhui District	Office, hotel and commercial	121,300	9,703	100%
6	Zhongcao Xincun Project	Shanghai	Xuhui District	Serviced apartment and commercial	91,000	9,703	100%
7	Glorious Xinyamingdi	Shanghai	Fengxian District	Residential	81,760	15,228	100%
	Subtotal				1,591,911	2,762	

	Project	City	Location	Use	Land bank *(sq.m.)*	Average land cost *(RMB per sq.m.)*	Interests attributable to the Group
Yangtze River Delta							
8	Nantong Glorious Chateau	Nantong	New District, Rugao Port Zone	Residential and commercial	869,029	322	100%
9	Nantong Royal Garden	Nantong	Rugao Town	Residential and commercial	96,758	1,282	100%
10	Nantong Glorious Plaza	Nantong	New District	Hotel, office and commercial	299,504	348	100%
11	Nantong Royal Bay	Nantong	Chongchuan District	Residential, office and commercial	418,082	4,719	100%
12	No.1 City Promotion	Wuxi	Wuxi New District	Residential, hotel and commercial	102,224	679	100%
13	Hefei Bashangjie Project	Hefei	Yaohai District	Residential, hotel, office and commercial	1,118,489	881	100%
14	Hefei Royal Garden	Hefei	Luyang District	Residential, hotel and commercial	20,000	1,207	100%
15	Nanjing Royal Bay	Nanjing	Gulou District	Residential and commercial	458,966	6,013	60%
	Subtotal				3,383,052	1,868	
Pan Bohai Rim							
16	Sunshine Holiday	Tianjin	Hedong District East	Residential, hotel and commercial	72,281	799	100%
17	Tianjin Royal Bay Seaside	Tianjin	Dagang District	Residential, hotel and commercial	841,727	1,396	100%
18	Tianjin Royal Bay Lakeside	Tianjin	Tuanbohu District	Residential and commercial	1,567,303	1,225	70%
19	Royal Mansion	Beijing	Haidian District	Residential and commercial	90,406	3,395	100%
20	Sunshine Bordeaux	Beijing	Daxing District	Residential and commercial	14,522	493	100%
	Subtotal				2,586,239	1,340	

Project		City	Location	Use	Land bank *(sq.m.)*	Average land cost *(RMB per sq.m.)*	Interests attributable to the Group
Northeast China							
21	Sunny Town	Shenyang	Yuhong District	Residential and commercial	120,023	1,133	100%
22	Changchun Villa Glorious (West)	Changchun	New and High-tech District	Residential and commercial	763,251	1,004	100%
23	Dalian Plot No. 200	Dalian	Jinzhou New District	Residential and commercial	370,067	1,497	70%
	Subtotal				1,253,341	1,162	
Total					8,814,543	1,774	

V. Development of Commercial Properties

The Group will steadily foster the development of its commercial properties. As at 31 December 2015, approximately 422,000 sq.m. of commercial properties were completed by the Group, and around 948,000 sq.m. of commercial property projects were still under construction.

As at 31 December 2015, retail commercial properties, high-end office buildings and high-end hotels accounted for 61.6%, 20.7% and 17.7% of the total commercial properties of the Group by GFA respectively. The Group plans to retain the ownership of most of the commercial properties to secure stable rental income.

FUTURE OUTLOOK

In 2016, uncertainties are prevalent in the global economy. Except for the recovery in the United States, economic performance in Europe and Japan is on a volatile zig-zag path while emerging markets are undergoing slackened economic growth. On macroeconomic front, China is very much affected by the international situation, with softened export sales, consumption and investment. It is expected that the macroeconomic indicators of China will decrease in 2016, and its economy will undergo a defense period of "new norm" stage. Supply-side reforms and transformation will continue.

In the property development sector, amidst policies for destocking, a turning point will appear in the scale of market stocks. Differentiation among cities will become more prominent, with positive prospects for development in first-tier cities and selected second-tier cities. Demand from home upgraders and investors will account for a relatively larger proportion in first-tier cities. The government is taking increasingly clear stance for the property market, expressing dedication to destocking for risk mitigation, and continually fostering healthy investment in the property market for more stable economy. In first- and second-tier cities, the property market still represents a major choice of investment. With the perceived positive prospects of the country's property market in the medium term and long-term, it is believed that opportunities outweigh risks in this market.

Amidst the landscape and policy environment of the property development market, the Group will "get on track and follow the trend". The overall operational strategies of the holding company in 2016 have been devised as follows: To step up project development in terms of volume, ensure sales growth, adjust debt structure and secure cash inflow; To require that property projects shall ride on the market conditions in the respective regions and product positioning, actively expand the scale of new projects, extend the resources available for sale, and expedite sales and cash inflow from sales; To expedite construction, delivery and collection of sale proceeds, work strenuously on analysis of costs and outputs of projects, cut down on costs and expenses, and enhance risk management.

In 2016, the Group will address the multiple changes of the property market and facilitate recovery of its results of operations by way of the four strategies as follows:

(I) Strengthening the mechanism for the control over targeted responsibilities with the focus on operational plans

After rounds of "Top-down and bottom-up" coordination and feedback, operational plans with high feasibility have been formulated to address the objective situations. Accordingly, working goals and key milestones have been articulated for branches and subsidiaries as well as centres under the Group, and become the basis upon which we rely for the full control over our work progress and completion of goals during the year.

(II) Enhancing performance appraisal system and fully implementing performance-linked incentive policies

With the signing of letters of targeted responsibilities primarily based on the operational plans, we have fully implemented our performance appraisal system, under which incentive and punitive measures are in place to address working performance, and power and duties are clearly identified. Throughout the group, the mindsets of competition and the pursuit of innovations will be established, to ensure that our operational plans and goals will be implemented and achieved successfully.

(III) Optimising organisational structure and simplifying approval process

The organisational structures among centres of the Group and the respective duties at different hierarchical levels at our branches and subsidiaries will be streamlined. Roles and responsibilities will be clearly defined under a role-based and structure-based system. Meanwhile, we will further optimise our approval system, simplify workflows and processes, and enhance working efficiency.

(IV) Maintaining the guiding principle of excelling in key areas, to work on key issues

Working on key issues in the form of focused groups and conducting appraisals in light of signed letters of targeted responsibilities, we will ensure stable operation and management.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

RMB'000	*Note*	**2015**	2014
Revenue	*2*	**2,340,198**	4,263,341
Cost of sales		**(4,321,044)**	(5,219,106)
Gross loss		**(1,980,846)**	(955,765)
Other income	*3*	**73,677**	70,544
Other losses, net	*4*	**(295,404)**	(164,689)
Selling and marketing expenses	*5*	**(99,603)**	(137,245)
Administrative expenses	*5*	**(529,751)**	(1,297,265)
Finance costs	*6*	**(1,320,638)**	(140,828)
Share of profit of an associate		**123**	1,202
Share of profit/(loss) of a joint venture		**264,429**	(11,523)
Loss before income tax		**(3,888,013)**	(2,635,569)
Income tax expenses	*7*	**(85,326)**	(530,838)
Loss for the year		**(3,973,339)**	(3,166,407)
Loss for the year attributable to:			
– the owners of the Company		**(3,877,922)**	(2,995,989)
– non-controlling interests		**(95,417)**	(170,418)
		(3,973,339)	(3,166,407)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Revaluation of property, plant and equipment upon transfer to investment properties		**1,263,639**	–
Deferred income tax		**(315,909)**	–
Other comprehensive income		**947,730**	–
Total comprehensive loss for the year		**(3,025,609)**	(3,166,407)
Total comprehensive loss for the year attributable to:			
– the owners of the Company		**(2,930,192)**	(2,995,989)
– non-controlling interests		**(95,417)**	(170,418)
		(3,025,609)	(3,166,407)
Loss per share for loss attributable to the owners of the Company (expressed in RMB per share)			
– Basic	*8*	**(0.50)**	(0.38)
– Diluted	*8*	**(0.50)**	(0.38)

CONSOLIDATED BALANCE SHEET

As at 31 December 2015

RMB'000	*Note*	**2015**	2014
Non-current assets			
Property, plant and equipment		**71,298**	1,798,175
Investment properties		**16,757,846**	10,685,010
Intangible assets		**1,800**	1,800
Investment in an associate		**2,931**	2,808
Investment in a joint venture		**12,188**	3,794
Loan to a joint venture		**1,209,741**	1,422,370
Deferred income tax assets		**470,038**	466,670
		18,525,842	14,380,627
Current assets			
Properties under development		**20,965,023**	22,560,732
Completed properties held for sale		**6,203,857**	5,051,105
Trade and other receivables and prepayments	*10*	**8,037,186**	8,014,779
Prepaid taxes		**339,290**	324,939
Restricted cash		**2,905,342**	916,411
Cash and cash equivalents		**385,159**	449,247
		38,835,857	37,317,213
Non-current assets classified as held for sale		**–**	2,227,522
		38,835,857	39,544,735
Total assets		**57,361,699**	53,925,362

RMB'000	*Note*	**2015**	2014
Current liabilities			
Advanced proceeds received from customers		**5,508,670**	3,724,250
Trade and other payables	*11*	**5,366,488**	4,787,417
Income tax payable		**4,277,611**	4,391,753
Borrowings	*12*	**25,455,215**	15,673,876
Obligations under finance lease		**998**	933
		40,608,982	28,578,229
Non-current liabilities			
Borrowings	*12*	**648,892**	6,596,124
Deferred income tax liabilities		**2,549,203**	2,170,854
Obligations under finance lease		**17,966**	17,890
		3,216,061	8,784,868
Total liabilities		**43,825,043**	37,363,097
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**68,745**	68,745
Share premium		**7,822,982**	7,822,982
Reserves		**4,631,973**	7,562,165
		12,523,700	15,453,892
Non-controlling interests		**1,012,956**	1,108,373
Total equity		**13,536,656**	16,562,265
Total liabilities and equity		**57,361,699**	53,925,362

NOTES:

1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared in accordance with the HKFRSs under the historical cost convention, as modified by the revaluation of investment properties.

(i) Going concern basis

For the year ended 31 December 2015, the Group reported a net loss attributable to the owners of the Company of RMB3,877,922,000 (2014: RMB2,995,989,000) and had a net operating cash outflow of RMB371,142,000 (2014: RMB3,534,225,000). Total borrowings increased from RMB22,270,000,000 as at 31 December 2014 to RMB26,104,107,000 as at 31 December 2015, of which RMB25,455,215,000 (2014: RMB15,673,876,000) were classified as current liabilities. Cash and cash equivalents reduced from RMB449,247,000 as at 31 December 2014 to RMB385,159,000 as at 31 December 2015.

As at 31 December 2015, certain borrowings whose principal repayment amounts of RMB3,646,822,000 and interest payable amounts of RMB384,364,000, relating to borrowings with total principal amounts of RMB10,236,817,000, ("Overdue Borrowings") were overdue. Of these RMB10,236,817,000, borrowings of RMB1,500,000,000 with original maturity beyond 31 December 2016, were reclassified to current liabilities as at 31 December 2015 as a result of the overdue payment. The remaining RMB8,736,817,000 are all due for repayment within one year as at 31 December 2015 and therefore no reclassification is necessary. The Overdue Borrowings would be immediately repayable if requested by the lenders.

As stipulated in the relevant loan and financing agreements in respect of certain other borrowings of the Group, with total principal amounts of RMB4,462,666,000 which have original maturity beyond 31 December 2016, failure to repay any borrowings and/or their relevant interest leading to default or giving rise to an event of default of the Group's borrowings may result in cross-default of these borrowings. As a result of the above cross-default events, the carrying amount of these borrowings of RMB4,462,666,000 ("Cross-default Borrowings") have been reclassified as current liabilities as at 31 December 2015. As at the date of approval of these consolidated financial statements, the Group has not obtained waivers from the relevant lenders in respect of these cross default terms (note 12), and the Cross-default Borrowings would be immediately repayable if requested by the lenders.

After taking into account these adjustments, the Group's current liabilities exceed its current assets by RMB1,773,125,000 as at 31 December 2015.

The Group subsequently repaid overdue principal and interest of RMB345,060,000 and RMB152,266,000 respectively, and entered into revised repayment agreements with lenders relating to overdue principal and interest of RMB1,260,000,000 and RMB30,082,000 respectively. In addition, a refinancing arrangement has been agreed with a new lender to obtain a 3-year term loan of RMB1,600,000,000 to fully repay overdue principal and interest of RMB1,340,000,000 and RMB60,779,000, respectively. Such new loan has yet to be drawn down up to the date of the approval of these consolidated financial statements. The Group is in active negotiation with the lenders for renewal and extension of the remaining principal and interest of RMB701,762,000 and RMB141,237,000 respectively that were overdue as at 31 December 2015, and the Directors are confident that agreements will be reached in due course (note 12).

Subsequent to 31 December 2015, the Group did not repay certain principal and interest payments in accordance with the scheduled repayment dates of the respective agreements, including principal of RMB840,000,000 and interest of RMB68,345,000 relating to the abovementioned Overdue Borrowings, and borrowing with principal of RMB100,000,000 and interest of RMB154,986,000 relating to total principal amount of RMB4,978,500,000 ("Subsequent Overdue Borrowings"). The Subsequent Overdue Borrowings are all due within one year as at 31 December 2015 based on the original agreements, and would be immediately repayable if requested by the lenders. The Group is in active negotiation with the lenders of these Subsequent Overdue Borrowings and the Directors are confident that agreements will be reached in due course (note 12).

Because of the aforementioned actions taken, management is confident that the lenders of the borrowings in respect of which there were delay in principal and interest repayments will not enforce their rights of requesting for immediate repayment. Management is also confident that lenders of the Cross-default Borrowings will not exercise their rights of requesting for immediate repayment due to cross-default provisions.

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

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but are not limited to, the following:

(i) The Group has been actively negotiating with a number of commercial banks for renewal and extension of bank loans and credit facilities. Subsequent to the year end and up to the date of approval of these consolidated financial statements, in addition to the refinancing as mentioned above, loans with aggregate principal amounts of RMB405,360,000 have been successfully obtained;

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

(iii) The Group has accelerated the pre-sales and sales of its properties under development and completed properties. Subsequent to the year end and up to the date of approval of these consolidated financial statements, there were pre-sales of RMB1,536,397,000 for the Group's properties. Apart from selling the remaining units of those existing projects, the Group expects to launch four major projects in first- and second-tier cities upon obtaining the pre-sales permits from May 2016. It is expected that significant amounts of operating cash inflow from property sales will be available to the Group in 2016;

(iv) The Group has put in measures to speed up the collection of outstanding sales proceeds including both the initial down payments as well as the mortgage payments for the property sales. As at 31 December 2015, the Group has outstanding sales proceeds of RMB2,186,240,000 receivable from the customers for sales contracts executed before year-end. Subsequent to year-end and up to approval of these consolidated financial statements, the Group collected sales proceeds of more than RMB2,125,232,000 from the customers for property sales (including customers with pre-sale contracts signed subsequent to 31 December 2015); and

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

The directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31 December 2015. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2015. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

(i) Successful negotiations with the lenders for the renewal of or extension for repayments beyond year 2016 for those borrowings that (i) are scheduled for repayment (either based on the original agreements or the existing arrangements) in year 2016; (ii) were overdue as at 31 December 2015 because of the Group's failure to repay either the principal or interests on or before the scheduled repayment dates; and (iii) became or might become overdue in year 2016;

(ii) Successful obtaining of additional new sources of financing as and when needed;

(iii) Successful implementation of its operational plans described above to accelerate its pre-sales and sales of its properties under development and completed properties and collection of outstanding sales proceeds; and to control costs and contain capital expenditure so as to generate adequate net cash inflows; and

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

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

(ii) Effect of adopting new standards, amendments to standards and interpretation

The following new standards, amendments to standards and interpretation are mandatory for the Group's financial year beginning on 1 January 2015:

HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions
HKFRSs Amendment	Annual Improvements 2010–2012 Cycle
HKFRSs Amendment	Annual Improvements 2011–2013 Cycle

The adoption of the improvements made in the 2010-2012 Cycle has required additional disclosures in the segment note. Other than that, the remaining amendments are not material to the Group.

New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

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

The following amendments to standards and interpretation have been issued but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted by the Group:

HKAS 1 (Amendment)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants
HKAS 27	Equity Method in Separate Financial Statements
HKFRS 9	Financial Instruments
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
HKFRS 15	Revenue from Contracts with Customers
HKFRSs Amendment	Annual Improvements 2012–2014 Cycle

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

2 Segment information

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

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

The executive directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments. Other information provided, except as noted below, to the executive directors is measured in a manner consistent with that in the consolidated financial statements.

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

Sales between segments are carried out in terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Total
Year ended 31 December 2015						
Total revenue	**785,974**	**403,322**	**79,938**	**1,070,964**	**–**	**2,340,198**
Inter-segment revenue	**–**	**–**	**–**	**–**	**–**	**–**
Revenue (from external customers)	**785,974**	**403,322**	**79,938**	**1,070,964**	**–**	**2,340,198**
Segment results	**249,409**	**(161,315)**	**(212,761)**	**(233,905)**	**(306,371)**	**(664,943)**
Depreciation	**(6,351)**	**(1,719)**	**(2,655)**	**(2,059)**	**(1,221)**	**(14,005)**
Fair value changes of investment properties	**97,152**	**(45,874)**	**19,758**	**(130,129)**	**–**	**(59,093)**
Provision for impairment of properties under development and completed properties held for sale	**(3,601)**	**(1,309,737)**	**(322,583)**	**(77,939)**	**–**	**(1,713,860)**
Provision for impairment of other receivables and prepayments	**–**	**(26,000)**	**–**	**–**	**–**	**(26,000)**
Write-off of prepayments	**–**	**(125,000)**	**–**	**–**	**–**	**(125,000)**
Interest income	**33,657**	**1,107**	**595**	**150**	**17**	**35,526**
Finance costs	**(773,770)**	**(182,600)**	**(91,228)**	**(20,294)**	**(252,746)**	**(1,320,638)**
Income tax expenses	**(147,985)**	**16,096**	**51,212**	**(4,649)**	**–**	**(85,326)**
Year ended 31 December 2014						
Total revenue	2,398,196	1,301,656	125,317	441,536	–	4,266,705
Inter-segment revenue	(3,364)	–	–	–	–	(3,364)
Revenue (from external customers)	2,394,832	1,301,656	125,317	441,536	–	4,263,341
Segment results	346,085	(416,963)	(100,533)	(85,629)	(74,969)	(332,009)
Depreciation and amortisation	(8,871)	(2,839)	(3,167)	(2,523)	(1,963)	(19,363)
Fair value changes of investment properties	(46,708)	(53,711)	38,306	(81,131)	–	(143,244)
Provision for impairment of properties under development and completed properties held for sale	(17,233)	(322,446)	(434,862)	(364,278)	–	(1,138,819)
Provision for impairment of other receivables and prepayments	(721,240)	(173,083)	–	–	–	(894,323)
Interest income	23,719	4,799	3,894	471	134	33,017
Finance costs	(69,122)	(6,978)	(3,617)	(7,494)	(53,617)	(140,828)
Income tax expenses	(524,034)	49,741	(13,838)	(42,252)	(455)	(530,838)

RMB'000	**Shanghai Region**	**Yangtze River Delta (excluding Shanghai)**	**Pan Bohai Rim**	**Northeast China**	**Others**	**Elimination**	**Total**
At 31 December 2015							
Total segment assets	**41,033,908**	**26,639,875**	**6,480,271**	**5,517,390**	**8,437,749**	**(37,543,035)**	**50,566,158**
Total segment assets include:							
Investment in an associate	**2,931**	–	–	–	–	–	**2,931**
Investment in a joint venture	**12,188**	–	–	–	–	–	**12,188**
Deferred income tax assets							**470,038**
Other unallocated corporate assets							**6,325,503**
Total assets							**57,361,699**
Additions to:							
Property, plant and equipment	**217,707**	**14**	**2,845**	**22**	**–**	**–**	**220,588**
Investment properties	**383,305**	**139,874**	**2,414**	**169,129**	**–**	**–**	**694,722**
At 31 December 2014							
Total segment assets	36,786,974	25,299,724	6,552,595	6,390,017	8,135,383	(35,270,602)	47,894,091
Total segment assets include:							
Investment in an associate	2,808	–	–	–	–	–	2,808
Investment in a joint venture	3,794	–	–	–	–	–	3,794
Non-current assets classified as held for sale	1,613,632	–	174,990	438,900	–	–	2,227,522
Deferred income tax assets							466,670
Other unallocated corporate assets							5,564,601
Total assets							53,925,362
Additions to:							
Property, plant and equipment	434,321	150	37	1,066	–	–	435,574
Investment properties	346,344	213,711	92,484	125,131	–	–	777,670

RMB'000	**2015**	2014
Segment results	**(664,943)**	(332,009)
Fair value changes of investment properties	**(59,093)**	(143,244)
Depreciation and amortisation	**(14,005)**	(19,363)
Provision for impairment of properties under development and completed properties held for sale	**(1,713,860)**	(1,138,819)
Provision for impairment of other receivables and prepayments	**(26,000)**	(894,323)
Write-off of prepayments	**(125,000)**	–
Operating loss	**(2,602,901)**	(2,527,758)
Interest income	**35,526**	33,017
Finance costs	**(1,320,638)**	(140,828)
Loss before income tax	**(3,888,013)**	(2,635,569)

Analysis of revenue by category

RMB'000	**2015**	2014
Sales of properties	**2,340,198**	4,263,341
Total	**2,340,198**	4,263,341

The Group has a large number of customers. No revenue from a customer exceeds 10% or more of the Group's revenue.

3 Other income

RMB'000	**2015**	2014
Interest income	**35,526**	33,017
Rental income	**35,009**	31,426
Others	**3,142**	6,101
	73,677	70,544

4 Other losses, net

RMB'000	**2015**	2014
Fair value changes of investment properties	**(59,093)**	(143,244)
Gain from disposal of non-current assets classified as held for sale	**22,228**	–
Exchange loss, net	**(258,539)**	(21,445)
	(295,404)	(164,689)

5 Expenses by nature

Loss before income tax is stated after charging the following:

RMB'000	**2015**	2014
Auditors' remuneration		
– Audit services	**11,205**	10,472
– Non-audit services	**147**	153
Advertising costs	**27,816**	46,428
Business taxes and other levies	**133,418**	236,035
Costs of properties sold	**2,473,766**	3,844,252
Provision for impairment of properties under development and completed properties held for sale (a)	**1,713,860**	1,138,819
Provision for impairment of other receivables and prepayments	**26,000**	894,323
Write-off of prepayments (b)	**125,000**	–
Depreciation	**14,005**	19,363
Staff costs – excluding directors' emoluments	**136,994**	134,721
Rental expenses	**33,901**	41,016

(a) For the year ended 31 December 2015, included in this amount were late payment penalty surcharges amounting to RMB719,120,000 payable to a local government authority relating to a land use right acquisition. The Group paid RMB759,589,000, which was included in "prepayments for land premium", in respect of the land acquisition with a remaining balance of RMB502,872,000 which was due but not yet settled. Since the local government had modified the related land usage plan, the Group did not settle that remaining consideration in previous years, and legal action was taken against that local government authority. In December 2015, the Group decided to withdraw its legal action and accrued a late payment surcharges provision in accordance with the penalty clauses in the original sales and purchase agreement.

(b) The write-off of prepayments represents the forfeiture of a guarantee deposit of land acquisition as the full consideration was not paid within the agreed timeframe.

6 Finance costs

RMB'000	**2015**	2014
Interest expenses		
– Bank borrowings	**2,845,114**	2,044,687
– Senior Notes due 2015	**206,756**	278,072
– Senior Notes due 2018	**338,208**	304,486
– others	**62,546**	25,787
Total interest expenses	**3,452,624**	2,653,032
Less: interest capitalised on qualifying assets	**(2,131,986)**	(2,512,204)
	1,320,638	140,828

7 Income tax expenses

RMB'000	**2015**	2014
Current income tax		
– PRC corporate income tax	**33,028**	11,904
– PRC land appreciation tax	**(6,774)**	129,705
	26,254	141,609
Deferred income tax		
– Origination and reversal of temporary differences	**59,072**	389,229
	59,072	389,229
	85,326	530,838

8 Loss per share

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2015	2014
Loss attributable to the owners of the Company *(RMB'000)*	**(3,877,922)**	(2,995,989)
Weighted average number of ordinary shares in issue *(thousands)*	**7,792,646**	7,792,646

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For each of the years ended 31 December 2014 and 2015, the Company's share options had no dilutive effect, as the relevant exercise price was higher than the average market price of the Company's shares for the period when the options are outstanding.

9 Dividend

The Board has resolved not to recommend for shareholders' approval at its forthcoming annual general meeting on 31 May 2016 the payment of a final dividend for the year ended 31 December 2015 (2014: Nil).

10 Trade and other receivables and prepayments

RMB'000	**2015**	2014
Trade receivables due from third parties *(a)*	**433,620**	384,896
Other receivables due from third parties *(b)*	**955,702**	879,388
Prepayments for construction costs:	**1,827,189**	1,879,532
Related parties	**957,980**	1,183,271
Third parties	**869,209**	696,261
Prepayments for land premium	**4,548,971**	4,699,971
Prepaid business tax and other taxes	**271,704**	170,992
	8,037,186	8,014,779

(a) Trade receivables mainly arise from sales of properties. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements and customers are generally required to settle the receivables within 30 days after the date of signing the sales and purchase agreements. The ageing analysis of trade receivables at the balance sheet dates based on revenue recognition date is as follows:

RMB'000	**2015**	2014
Within 6 months	**62,826**	15,485
Between 7 and 12 months	**3,799**	4,179
Between 13 months and 3 years	**366,995**	365,232
	433,620	384,896

As at 31 December 2015, trade receivables of RMB433,620,000 (2014: RMB384,896,000) were overdue but not impaired, including an amount of trade receivables of RMB341,548,000 (2014: RMB341,548,000) due from a local government authority upon recognising the revenue relating to certain relocation and resettlement housing. The remaining trade receivables that are past due but not impaired relate to certain customers that have a good track record with the Group. Based on past experience, management believes that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully receivable.

(b)

RMB'000	**2015**	2014
Other receivables due from third parties	**1,865,025**	1,788,711
Less: provision for impairment of other receivables	**(909,323)**	(909,323)
Other receivables due from third parties, net	**955,702**	879,388

11 Trade and other payables

RMB'000	**2015**	2014
Trade payables *(a)*:	**3,825,291**	3,378,620
Related parties	**11,500**	19,820
Third parties	**3,813,791**	3,358,800
Other payables due to third parties:	**1,278,289**	1,232,399
Acquisition consideration payable	**310,000**	310,000
Other payables and accrued expenses	**968,289**	922,399
Other taxes payable	**262,908**	176,398
	5,366,488	4,787,417

(a) The ageing analysis of trade payables at the balance sheet date is as follows:

RMB'000	**2015**	2014
Within 6 months	**1,008,379**	2,599,516
Between 7 and 12 months	**467,246**	107,486
Between 13 months and 5 years	**2,349,666**	671,618
	3,825,291	3,378,620

12 Borrowings

RMB'000	**2015**	2014
Borrowings included in non-current liabilities:		
Bank borrowings – secured	**648,892**	6,596,124
	648,892	6,596,124
Borrowings included in current liabilities:		
Bank borrowings – secured *(a)*	**22,401,487**	11,074,398
Senior Notes due 2015 – secured	**–**	1,869,404
Senior Notes due 2018 – secured *(a)*	**2,680,550**	2,516,874
Other borrowings – unsecured	**288,936**	125,800
Other borrowings – secured	**84,242**	87,400
	25,455,215	15,673,876
Total borrowings	**26,104,107**	22,270,000

The maturities of the Group's total borrowings at the balance sheet date are as follows:

RMB'000	**2015**	2014
Amounts of borrowing that are repayable:		
Within 1 year	**25,455,215**	15,673,876
After 1 and within 2 years	**630,342**	6,536,124
After 2 and within 5 years	**7,500**	30,000
After 5 years	**11,050**	30,000
	26,104,107	22,270,000

(a) As a result of the matters described in note 1(i), borrowings with principal amounts of RMB5,962,666,000 with original maturity beyond 31 December 2016 have been reclassified as current liabilities as at 31 December 2015.

Management estimates that after taking the measures as set out in note 1(i) and with its endeavours to ensure that there will be no further delay in repayment of principal and interest, the repayment dates of these reclassified borrowings could be reverted to their respective original repayment dates which are all beyond 31 December 2016.

FINANCIAL REVIEW

For the year ended 31 December 2015, the Group recorded a consolidated revenue of RMB2,340.2 million, representing a decrease of 45.1% compared to RMB4,263.3 million in 2014. The Group recorded a loss attributable to the owners of the Company for the year ended 31 December 2015 of RMB3,877.9 million, representing an increase of 29.4% compared to the loss attributable to the owners of the Company of RMB2,996.0 million for 2014. The loss attributable to the owners of the Company for 2015 was mainly due to the significant decrease in revenue and gross profit margin of the properties sold and delivered in the current year, as well as the higher provision for impairment of the Group's properties as compared to 2014, and significant amount of finance costs were not capitalised and were recorded as current year expenses in 2015.

During the year, the Group delivered properties of 344,246 sq.m., as compared to 365,309 sq.m. for the year ended 31 December 2014. Due to the higher proportion of properties delivered in the second- to third-tier cities in current year, average selling price recognised decreased by 41.8% from RMB11,671 per sq.m. in 2014 to RMB6,798 per sq.m. in 2015. Three projects contributed approximately 80% of the Group's revenue for 2015. Changchun Villa Glorious (East) contributed the largest amount of revenue of RMB941.6 million to the Group, representing 40.2% of the Group's total revenue for 2015. Its sold and delivered area was 219,372 sq.m., which accounted for 63.7% of the Group's delivered area for the current year. However, its average recognised selling price remains at a low level of RMB4,292 per sq.m.. During the year ended 31 December 2015, Shanghai City Glorious delivered a total GFA of 21,271 sq.m., contributing revenue of RMB622.6 million, representing 6.2% and 26.6% of the Group's delivered GFA and revenue respectively. On the other hand, Hefei Royal Garden recorded revenue of RMB286.2 million from the delivered area of 42,885 sq.m., representing 12.2% and 12.5% of the Group's revenue and delivered GFA respectively. In 2015, a substantial portion of the Group's completed and delivered properties were located in the Northeast China with lower average selling prices, thus causing the Group's overall average recognised selling price to decrease from RMB11,671 per sq.m. in 2014 to RMB6,798 per sq.m. in 2015. Projects in Northeast China accounted for 45.8% and 69.6% to the Group's total recognised revenue and sold and delivered GFA, respectively. On the other hand, the recognised average selling price of Shanghai Region, which contributed the second largest amount of the Group's revenue in 2015, increased by 36.6% from RMB17,766 per sq.m. in 2014 to RMB24,274 per sq.m.. A large portion of the current year revenue for the Shanghai Region was contributed by Shanghai City Glorious whose delivered properties in 2015 mainly consisted of higher priced commodity properties while for 2014 it was a mixture of commodity properties and social security housing being delivered and recognised, thus resulting in a higher average selling price for the Shanghai Region for the current year.

The cost of sales for the year ended 31 December 2015 was RMB4,321.0 million, representing a decrease of 17.2% compared to RMB5,219.1 million in 2014. The cost of sales for the year ended 31 December 2015 included a provision for impairment of certain property development projects which amounted to RMB1,713.9 million (2014: RMB1,138.8 million). Excluding the provision for impairment, the Group's cost of sales was RMB2,607.2 million, representing a decrease of 36.1% as compared to RMB4,080.3 million in 2014. The lower amount of cost of sales for the current year was mainly due to the decrease in the amount of revenue recognised in the current year. The Group's average cost of sales in 2015 was RMB7,573 per sq.m., which was 32.2% lower than that of RMB11,169 per sq.m. in 2014. The lower cost of sales per sq.m. was mainly due to the higher proportion of the Group's properties sold and delivered in the second- to third-tier cities in 2015 for which the unit costs are generally lower.

The Group recorded a consolidated gross loss of RMB1,980.8 million for 2015, which was 107.3% higher as compared to RMB955.8 million for 2014. The Group's gross profit margin was negative 84.6% for the year ended 31 December 2015, as compared to negative 22.4% for 2014. The Group recorded a higher consolidated gross loss and higher negative gross profit margin mainly due to the significantly decreased average selling price for the properties sold and delivered in the current year, as well as due to the inclusion of the significant provision for impairment of the Group's properties of RMB1,713.9 million for 2015 (2014: RMB1,138.8 million). Excluding the effect of the provision for impairment, the Group still recorded a gross loss of RMB266.9 million and a gross profit margin of negative 11.4% for 2015, as compared to a gross profit of RMB183.0 million and gross profit margin of 4.3% for 2014. The negative profit margin for 2015 was partly due to the higher proportion of the properties sold and delivered in the second- to third-tier cities whose profit margins for property development projects were very low, and at the same time, there were certain other projects that were completed and delivered in prior years had further construction costs charged directly to cost of sales in the current year, thus causing the Group to record an overall negative profit margin for the year ended 31 December 2015.

Other income for the year ended 31 December 2015 was RMB73.7 million (2014: RMB70.5 million), which mainly included interest income of RMB35.5 million (2014: RMB33.0 million) and rental income of RMB35.0 million (2014: RMB31.4 million).

Other losses, net for the year ended 31 December 2015 was a net loss of RMB295.4 million (2014: net loss of RMB164.7 million), which primarily included a fair value loss on the Group's investment properties of RMB59.1 million (2014: fair value loss of RMB143.2 million) and an exchange loss of RMB258.5 million (2014: exchange loss of RMB21.4 million). The Group recorded significant amount of exchange loss in 2015 as a result of depreciation of RMB against USD in 2015 that the Group recorded a realised exchange loss upon redemption of the Seniors Notes due 2015 in October 2015, and upon translation of USD into RMB for its Seniors Notes due 2018 at year-end.

Selling and marketing expenses for the year ended 31 December 2015 were RMB99.6 million, representing a decrease of 27.4% as compared to RMB137.2 million in 2014. In 2015, the Group only had a few number of new project launches and it continued to implement cost-saving initiatives such that less general marketing activities were conducted. As a result, selling and marketing expenses decreased as compared to 2014.

Administrative expenses for the year ended 31 December 2015 was RMB529.8 million, representing a decrease of 59.2% compared to RMB1,297.3 million for 2014. The decrease in administrative expenses was mainly due to the lower amount of provision for impairment to certain of the Group's prepayments or other receivables of RMB26.0 million (2014: RMB894.3 million) and write-off of prepayments of RMB125.0 million (2014: RMB Nil). Excluding the effect of these provisions for impairment and write-off, the Group's administrative expenses for 2015 was 6.0% lower that of 2014 as a result of lower business level of the Group in the current year and at the same time it continued to implement cost-saving initiatives.

Gross finance costs for the year ended 31 December 2015 were RMB3,452.6 million, representing an increase of 30.1% from RMB2,653.0 million for 2014. For the year ended 31 December 2015, finance costs of RMB2,132.0 million (2014: RMB2,512.2 million) had been capitalised, leaving RMB1,320.6 million (2014: RMB140.8 million) charged directly to the consolidated statement of comprehensive income. The Group incurred higher amount of gross finance costs for 2015 mainly because the Group maintained a higher balance of total borrowings during the year as compared to 2014. Due to higher amount of gross finance costs incurred in the current year, and the continuous process to capitalise finance costs to the property development projects in the prior years, a significant portion of the finance costs were not capitalised and were recorded as current year expenses.

The Group recorded a loss before income tax of RMB3,888.0 million for the year ended 31 December 2015, which is 47.5% higher than that of RMB2,635.6 million for 2014. The Group recorded a substantial loss before income tax for 2015 mainly due to the significantly decreased revenue and gross profit margin, as well as the significantly higher provision for impairment made to the Group's properties and significant amount of finance costs were not capitalised and were recorded as current year expenses.

Income tax expenses for the year ended 31 December 2015 was RMB85.3 million, representing a decrease of 83.9% as compared to RMB530.8 million for 2014. Even though the Group recorded a loss before income tax, the Group was still required to make provision for income tax expenses for the current year because a significant amount of expenses of certain loss-making subsidiaries and certain corporate level expenses were not allowed to off-set taxable profits of those profit-making subsidiaries within the Group.

The Group recorded a loss attributable to the owners of the Company of RMB3,877.9 million for the year ended 31 December 2015, which was 29.4% higher than that of RMB2,996.0 million for 2014. The increase in loss attributable to the owners of the Company for 2015 as compared to 2014 was mainly due to the significantly decreased revenue and gross profit margin, as well as the significantly higher provision for impairment made to the Group's properties and significant amount of finance costs were not capitalised and were recorded as current year expenses.

Current Assets and Liabilities

As at 31 December 2015, the Group held total current assets of approximately RMB38,835.9 million (2014: RMB39,544.7 million), comprising mainly properties under development, trade and other receivables and prepayments and completed properties held for sale. Properties under development decreased by 7.1% from RMB22,560.7 million as at 31 December 2014 to RMB20,965.0 million as at 31 December 2015. The continuous progress of the Group's property development projects that had resulted in an increase in the carrying value of properties under development in 2015, but the increase has been offset by the decrease in the carrying value of properties under development that has been recognised as cost of sales or transferred to completed properties held for sale upon completion and delivery of properties during the year, as well as the provision for impairment made in current year also further reduce the carrying value of properties under development. Trade and other receivables and prepayments increased slightly by 0.3% from RMB8,014.8 million as at 31 December 2014 to RMB8,037.2 million as at 31 December 2015. Trade and other receivables and prepayments comprised prepayments for land premium for which the relevant land use right certificates were yet to be obtained and prepayment for construction costs. Completed properties held for sale increased by 22.8% from RMB5,051.1 million as at 31 December 2014 to RMB6,203.9 million as at 31 December 2015. The higher balance of completed properties held for sale was mainly due to the transfer of completed properties held for sale from properties under development upon completion of construction.

Total current liabilities as at 31 December 2015 amounted to RMB40,609.0 million, compared with RMB28,578.2 million as at 31 December 2014. The increase in current liabilities was mainly due to (1) the reclassification of certain non-current borrowings with net carrying value of approximately RMB5,962.7 million to become current liabilities as at 31 December 2015 as a result of the Group breaching certain clauses of the related facility agreements; and (2) the increase in current borrowings as the Group had more borrowings which are due for repayment within one year according to the loan agreements. Please refer to note 1(i) to the financial information as included in this 2015 Results announcement for the details about the aforementioned reclassification of the borrowings.

As at 31 December 2015, the current ratio (calculated as the total current assets divided by the total current liabilities) was 1.0 (2014: 1.4). The lower current ratio in 2015 mainly resulted from the significantly increased current borrowings as mentioned in the preceding paragraph.

Liquidity and Financial Resources

During the year ended 31 December 2015, the Group funded its property development projects principally from proceeds from pre-sales of properties and bank loans.

As at 31 December 2015, the Group had cash and cash equivalents of RMB385.2 million as compared to RMB449.2 million as at 31 December 2014.

As at 31 December 2015, the Group's total borrowings amounted to RMB26,104.1 million, representing an increase of 17.2% compared to RMB22,270.0 million as at 31 December 2014.

The Group monitors its capital on the basis of the gearing ratio and short-term debt ratio. Gearing ratio is calculated as net debt divided by total equity attributable to the owners of the Company. Net debt is calculated as total borrowings less cash and bank balances (including cash and cash equivalents and restricted cash). The gearing ratios as at 31 December 2015 and 2014 were as follows:

RMB'000	**2015**	2014
Total borrowings	**26,104,107**	22,270,000
Less: cash and bank balances	**(3,290,501)**	(1,365,658)
Net debt	**22,813,606**	20,904,342
Total equity attributable to the owners of the Company	**12,523,700**	15,453,892
Gearing ratio	**182.2%**	135.3%

The gearing ratio for 2015 was higher than that for 2014 as a result of the increase in the Group's net debt and the decrease in the Group's equity attributable to the owners of the Company as a result of the loss recorded for the current year.

Short-term debt ratio is calculated as current borrowings divided by total borrowings. As at 31 December 2015, the Group's short-term debt ratio was 97.5% (2014: 70.4%). The higher short-term debt ratio was mainly due to the significantly increased current borrowings as a result of the reasons as set out in the section "Current Assets and Liabilities" above.

Foreign Exchange Risk

The Group's property development projects are all located in the PRC and all of the related transactions are substantially settled in RMB. The Company and certain of the investment holding companies within the Group operating in Hong Kong have recognised assets and liabilities in currencies other than RMB, mainly including the US$400.0 million Senior Notes due 2018. As at 31 December 2015, the Group had cash and bank balances, borrowings and trade and other payables that were denominated in foreign currencies as shown below:

RMB'000	**2015**	2014
Cash and bank balances:		
US$	**312**	979
HK$	**539**	2,217
Total	**851**	3,196
Borrowings:		
US$	**3,025,327**	4,548,431
HK$	**12,977**	–
Total	**3,038,304**	4,548,431
Trade and other payables:		
US$	**50,650**	3,060
HK$	**24,584**	37,949
Total	**75,234**	41,009

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

As at 31 December 2015, if RMB had strengthened/weakened by 5% against other currencies, with all other variables held constant, post-tax loss for the year ended 31 December 2015 would have been approximately RMB155.6 million lower/higher (2014: post-tax loss RMB229.3 million lower/higher).

Interest Rate Risk

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

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

As at 31 December 2015, the Group's total borrowings amounted to RMB26,104.1 million (2014: RMB22,270.0 million), of which RMB22,677.9 million (2014: RMB19,788.3 million) bears fixed interest rate.

As at 31 December 2015, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax loss for the year would have been RMB9.7 million higher/lower (2014: post tax loss RMB5.4 million higher/lower), mainly as a result of higher/lower interest expense on floating rate borrowings.

Pledge of Assets

As at 31 December 2015, the Group had construction in progress, investment properties, properties under development, completed properties held for sale and non-current assets classified as held for sale of an aggregate carrying value of RMB21,264.7 million (2014: RMB21,028.5 million) which had been pledged for the Group's borrowings. Besides, the Group had also pledged the equity interest of certain of its subsidiaries and certain bank deposits for its borrowings.

Financial Guarantee

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure the repayment obligations of such purchasers. As at 31 December 2015, the amount of outstanding guarantees for mortgages was RMB7,270.5 million (2014: RMB7,194.3 million).

EMPLOYEES

As at 31 December 2015, the Group had a total of 885 employees (2014: 1,033). Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. Other employee benefits include provident fund, insurance, medical cover as well as share option scheme.

In order to attract, retain and motivate executives and key employees serving any members of the Group or other persons contributing to the Group, the Company had adopted a share option scheme (the "Share Option Scheme") on 9 September 2009 in addition to a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") which was adopted by the Company on the same day. As at 31 December 2015, there were 69,000,000 share options that were granted to the directors and employees of the Company under the Pre-IPO Share Option Scheme and remained outstanding. For the year ended 31 December 2015, there was no share option granted under the Share Option Scheme.

CORPORATE GOVERNANCE

Compliance with Corporate Governance Code

The Company had complied with the principles and the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") during the year ended 31 December 2015, save for the deviation from the code provision E.1.2 which stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board did not attend the annual general meeting of the Company (the "**AGM**") held on 29 May 2015 due to other business engagements. Mr. Ding Xiang Yang, the vice chairman and the chief executive officer of the Company, chaired the AGM on behalf of the Chairman of the Board and was available to answer questions.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. All directors of the Company have confirmed, following specific enquiries being made by the Company, that they had complied with the required standard set out in the Model Code during the year ended 31 December 2015.

AUDIT COMMITTEE

The Audit Committee was established on 9 September 2009 with written terms of reference, which comprises three independent non-executive directors, namely, Prof. Liu Tao (chairman of the Audit Committee), Mr. Wo Rui Fang and Mr. Han Ping.

The Audit Committee has reviewed with management the 2015 Annual Results and took the view that the Company was in full compliance with all applicable accounting standards and regulations and has made adequate disclosure.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the preliminary announcement of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement of the Group's results for the year ended 31 December 2015 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The below sections set out an extract of the report by PricewaterhouseCoopers, the auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31 December 2015:

Basis for Disclaimer of Opinion

Multiple Uncertainties Relating to Going Concern

As described in Note 2(a)(i) to the consolidated financial statements, the Group reported a net loss attributable to the owners of the Company of RMB3,877,922,000 and had a net operating cash outflow of approximately RMB371,142,000 during the year ended 31 December 2015. As at the same date, the Group's total borrowing amounted to RMB26,140,107,000, of which RMB25,455,215,000 were classified as current liabilities, while its cash and cash equivalents amounted to RMB385,159,000 only. In addition, as at 31 December 2015 and up to the date of this report, loan principal repayments and interest payments of RMB5,194,517,000 (relating to certain borrowings of the Group of RMB13,715,317,000 and RMB1,500,000,000, that have original contractual repayment dates in 2016 and beyond, respectively) were not repaid in accordance with the repayment schedules pursuant to the borrowing agreements. These constituted events of defaults which resulted in cross-default of certain other borrowings amounting to RMB4,462,666,000 as at 31 December 2015, which had original contractual repayment dates beyond 31 December 2016. These conditions, together with other matters described in Note 2(a)(i) to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remediate certain delayed repayments to financial institutions, which are set out in Note 2(a)(i) to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) the successful negotiations with the lenders for the renewal of or extension for repayment of outstanding borrowings, including those with overdue principals and interests; (ii) the successful obtaining of additional new sources of financing as and when needed; (iii) the successful implementation of its operation plan to accelerate the Group's pre-sales and sales of its properties under development and completed properties and the collection of the outstanding sales proceeds, and to control costs and contain capital expenditures; and (iv) the successful maintenance of relationship with the Group's existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings in default, including those with cross-default terms. Should the Group fail to achieve the above mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

Disclaimer of Opinion

Because of the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion paragraphs, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

ANNUAL GENERAL MEETING AND DATES OF CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company for 2016 will be held at Imperial Room II – IV, Mezzanine Floor, Towers Wing, The Royal Pacific Hotel & Towers, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Tuesday, 31 May 2016 at 2:30 p.m.

The register of members of the Company will be closed from Thursday, 26 May 2016 to Tuesday, 31 May 2016, both days inclusive, during which period no transfer of shares in the Company will be effected. In order to qualify for the right to attend and vote at the annual general meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 25 May 2016.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

PUBLICATION OF ANNUAL REPORT

The 2015 annual report of the Company containing all the applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn in due course.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares (stock code: 00845) and the debt securities (stock code: 5907) of the Company on the Hong Kong Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2016 pending the release of this announcement. Application has been made to the Hong Kong Stock Exchange for the resumption of trading in the shares and the debt securities of the Company with effect from 9:00 a.m. on 18 April 2016.

By Order of the Board
Glorious Property Holdings Limited
Cheng Li Xiong
Chairman

Hong Kong, 15 April 2016

As at the date of this announcement, the executive directors of the Company are Messrs. Cheng Li Xiong, Ding Xiang Yang, Xia Jing Hua and Yan Zhi Rong; the independent non-executive directors of the Company are Prof. Liu Tao, Messrs. Wo Rui Fang and Han Ping.