恒盛地產
GLORIOUS PROPERTY

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00845)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018 (the "2018 Annual Results"). The 2018 Annual Results, reviewed by the audit committee of the Company (the "Audit Committee"), have been approved by the Board on 29 March 2019.

FINANCIAL HIGHLIGHTS

- Revenue amounted to RMB10,091.0 million and the average selling price was RMB33,866 per sq.m.
- Recorded a profit attributable to the owners of the Company of RMB525.3 million
- Total borrowings was RMB23,432.1 million
- Gearing ratio was 317.8%
- Property sales was RMB7,456.5 million and GFA sold was 305,785 sq.m.

OVERALL RESULTS

For the year ended 31 December 2018, the Group recorded a consolidated revenue of RMB10,091.0 million, representing an increase of 191.2% compared to RMB3,465.6 million in 2017. The Group recorded a profit attributable to the owners of the Company for the year ended 31 December 2018 of RMB525.3 million, as compared to a loss attributable to the owners of the Company of RMB2,608.6 million for the year ended 31 December 2017.

Earnings per share for the year ended 31 December 2018 was RMB0.07 (2017: loss per share of RMB0.33).

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2018.

BUSINESS REVIEW

I. Revenue

For the year ended 31 December 2018, the Group recorded a consolidated revenue of RMB10,091.0 million, representing an increase of 191.2% from RMB3,465.6 million in 2017. The sold and delivered GFA increased by 30.8% to 297,968 sq.m. in 2018 from 227,858 sq.m. in 2017. The average selling price recognised increased by 122.7% to RMB33,866 per sq.m. in 2018 from RMB15,209 per sq.m. in 2017.

In 2018, the Group recognised revenue from a total of 17 projects. Five projects located in the first-tier cities (Shanghai and Beijing) accounted for 93.6% of the Group's total revenue while the other 12 projects located in the second- and third-tier cities accounted for 6.4% of the total revenue. In 2018, 93.6% of the revenue was contributed by projects in the Shanghai Region, 1.9% by projects in the Yangtze River Delta (excluding Shanghai), 2.1% by projects in the Pan Bohai Rim and 2.4% by projects in Northeast China.

In 2018, the Group's completed and delivered properties were substantially located in Shanghai Region with higher average selling prices, thus causing the Group's overall average recognised selling price to increase from RMB15,209 per sq.m. in 2017 to RMB33,866 per sq.m. in 2018. Projects in Shanghai Region contributed 93.6% and 57.7% to the Group's total recognised revenue and sold and delivered GFA, respectively. In the second half of 2018, Shanghai Bay in Shanghai completed and delivered a new phase of properties, giving rise to recognised revenue of RMB7,204.1 million at average selling price of over RMB99,000 per sq.m. Shanghai City Glorious further completed and delivered 93,000 sq.m. of commodity properties and certain other properties, which contributed RMB2,198.4 million to the Group's revenue for 2018. Apart from the projects in Shanghai Region, the projects of the other three regions of the Group, including the Yangtze River Delta, the Pan Bohai Rim and Northeast China, only have remaining units for sale in 2018, thus their combined revenue and sold and delivered GFA only represented 6.4% and 42.3% of the Group's total revenue and sold and delivered GFA for the year respectively.

Projects sold and delivered in 2018 and 2017 included:

Projects sold and delivered	City	2018 Revenue (RMB'000)	2018 GFA sold and delivered (sq.m.)	2018 Average selling price recognised (RMB per sq.m.)	2017 Revenue (RMB'000)	2017 GFA sold and delivered (sq.m.)	2017 Average selling price recognised (RMB per sq.m.)
Sunshine Venice	Shanghai	**31,138**	**3,264**	**9,540**	2,010	578	3,478
Shanghai Bay	Shanghai	**7,204,110**	**72,678**	**99,124**	88,715	1,644	53,963
Shanghai City Glorious	Shanghai	**2,198,352**	**93,000**	**23,638**	2,792,042	112,021	24,924
Chateau De Paris	Shanghai	**6,785**	**396**	**17,134**	–	–	N/A
Royal Lakefront	Shanghai	**6,613**	**2,592**	**2,551**	16,281	3,506	4,644
Sunshine Bordeaux	Beijing	**–**	**–**	**N/A**	6,897	1,861	3,706
Sunshine Holiday	Tianjin	**214,785**	**20,623**	**10,415**	–	–	N/A
Tianjin Royal Bay Seaside	Tianjin	**–**	**–**	**N/A**	595	99	6,010
No.1 City Promotion	Wuxi	**30,125**	**5,755**	**5,235**	77,063	14,045	5,487
Nantong Villa Glorious	Nantong	**53,911**	**10,447**	**5,160**	55,654	10,814	5,146
Nantong Royal Bay	Nantong	**101,235**	**10,123**	**10,000**	104,029	9,430	11,032
Hefei Villa Glorious	Hefei	**267**	**94**	**2,840**	320	126	2,540
Hefei Bashangjie Project	Hefei	**152**	**100**	**1,520**	4,062	2,249	1,806
Hefei Royal Garden	Hefei	**2,707**	**1,093**	**2,477**	8,704	2,352	3,701
Sunny Town	Shenyang	**38,697**	**5,280**	**7,329**	4,706	2,608	1,804
Harbin Villa Glorious	Harbin	**1,518**	**332**	**4,572**	28,093	5,607	5,010
Harbin Royal Garden	Harbin	**15,934**	**3,117**	**5,112**	21,079	5,152	4,091
Changchun Villa Glorious (East)	Changchun	**183,475**	**68,641**	**2,673**	243,648	53,600	4,546
Dalian Villa Glorious	Dalian	**1,235**	**433**	**2,852**	11,652	2,166	5,380
Total		**10,091,039**	**297,968**	**33,866**	3,465,550	227,858	15,209

II. Property Sales

In 2018, the Group achieved property sales of RMB7,456.5 million, representing a YOY decrease of 13.0%. The GFA sold was 305,785 sq.m., representing a YOY increase of 8.9%.

During the year, the Group's property sales mainly came from projects in Shanghai Region and Yangtze River Delta which contributed property sales of RMB3,868.5 million and RMB3,033.4 million, respectively, representing 51.9% and 40.7% of the Group's total property sales. For Shanghai Region, Shanghai Bay continued to bring in significant amount of property sales to the Group in the current year, contributing property sales of RMB2,229.1 million. Holiday Royal in Shanghai Fengxian launched another phase of properties in the first half of 2018, and recorded property sales of RMB1,317.4 million for the full year. For Yangtze River Delta, Nanjing Royal Bay further contributed property sales of RMB2,215.2 million in 2018. The Group's projects in Northeast China recorded property sales of RMB513.9 million, which represented 6.9% of the Group's total property sales, mainly included property sales from Changchun Villa Glorious of RMB465.0 million. As there was no new launch of properties in Pan Bohai Rim in 2018, property sales in this region only amounted to RMB40.7 million. During the year ended 31 December 2018, the Group's overall average selling price was RMB24,385 per sq.m., which was 20.1% lower than RMB30,532 per sq.m. for 2017, mainly due to smaller proportion of property sales arising from property projects located in Shanghai Region.

Property sales for 2018 from the first-tier cities (Shanghai and Beijing) and second- and third-tier cities amounted to RMB3,868.5 million and RMB3,587.9 million respectively, which accounted for 51.9% and 48.1% of the Group's total property sales for 2018 respectively.

Property sales and GFA sold by region in 2018 and 2017 were as follows:

Region	**Property sales *(RMB'000)***			**GFA sold *(sq.m.)***		
	2018	2017	Change (%)	**2018**	2017	Change (%)
Shanghai Region	**3,868,532**	5,775,410	-33.0%	**100,117**	78,770	27.1%
Yangtze River Delta	**3,033,387**	2,251,850	34.7%	**136,065**	104,620	30.1%
Pan Bohai Rim	**40,671**	82,000	-50.4%	**4,378**	10,737	-59.2%
Northeast China	**513,864**	460,740	11.5%	**65,225**	86,565	-24.7%
Total	**7,456,454**	8,570,000	-13.0%	**305,785**	280,692	8.9%

In 2019, the Group expects to launch properties from 19 projects to the market for sale with a saleable GFA of approximately 1.1 million sq.m..

Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China account for 22.5%, 35.6%, 4.2% and 37.7% respectively of the Group's saleable GFA which are expected to be available for sale in 2019.

III. Construction and Development

In 2018, the total GFA completed by the Group was approximately 410,000 sq.m. and approximately 542,000 sq.m. was added to the new construction area. As at 31 December 2018, the Group had projects with a total area under construction of 2.8 million sq.m..

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 2018.

As at 31 December 2018, the total land bank of the Group for which land use right certificates had been obtained or land acquisition agreements had been signed was 7.5 million sq.m., which was sufficient to meet its development needs for the next three to five years. The average land cost was RMB1,822 per sq.m.. The relatively low-cost land bank provided the Group with a strong guarantee 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 15.1% was in first-tier cities and 84.9% in second- and third-tier cities.

Details of land bank by project as at 31 December 2018 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, serviced apartment, office and commercial	473,971	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	78,950	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	Holiday Royal	Shanghai	Fengxian District	Residential	81,760	15,228	100%
	Subtotal				1,026,289	3,847	

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 and commercial	68,709	679	100%
13	Hefei Bashangjie Project	Hefei	Yaohai District	Residential, hotel, office and commercial	934,662	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	328,485	6,013	60%
	Subtotal				3,035,229	1,763	
Pan Bohai Rim							
16	Sunshine Holiday	Tianjin	Hedong District East	Residential and commercial	23,961	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				2,537,919	1,351	
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%
	Subtotal				883,274	1,022	
Total					**7,482,711**	**1,822**	

V. Development of Commercial Properties

The Group will steadily foster the development of its commercial properties. As at 31 December 2018, approximately 486,000 sq.m. of commercial properties were completed by the Group, and around 924,000 sq.m. of commercial property projects were still under construction.

As at 31 December 2018, retail commercial properties, high-end office buildings and high-end hotels accounted for 62.1%, 24.3% and 13.6% 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

As the impact of the Sino-US trade friction on China is uncertain and China's macro economy is facing the crossfire of structural adjustments and upgrading of the traditional industries, its economic growth is slowing down. In 2019, there is a rising trend of deceleration in the development of the real estate industry. However, as China's urbanisation process will never stop and the supply-side reform is ready to go deeper, the increasing demand for consumption upgrade and the general anticipation of the rebound of the macro economy in the near future have made good reasons for the recovery of the real estate market in the second half of 2019. The Chinese government's regulation of the real estate market in 2019 will gradually settle down, with a minor possibility of significant policy tightening. A positive and comfortable financial environment and monetary policy is gradually taking shape, which will be conducive to getting the real estate enterprises out of their financial dilemma. Housing prices may fluctuate in the short term, but the forces to drive it up in the medium-to-long term are strong and certain too, and moreover, there is an unprecedented consensus about the transformation and upgrading of the domestic real estate developers, therefore, high-quality development of the economy and real estate industry will be the general trend.

The Group predicts that the government will maintain its differentiated regulation and control policies on the real estate market, which will continue to develop in a differentiated pattern, therefore, diversified regulation on the real estate market will become a common scene. The uneven distribution of buying desire in different cities will urge the government to apply different policies in different cities with specific guidance, so as to achieve precise and effective adjustment. The central government will adhere to the basic tone that the house is for living, not for profiteering. Under the combined effect of multiple factors, the differentiation in the third- and fourth-tier cities will accelerate, and the government will try to establish a long-term mechanism for the healthy development of the real estate market by various means such as increasing the housing supply.

The Group will maintain close attention to the movements and changes in the real estate market, adjust its project management model and control system in a timely manner, adopt rational cost control and give full play to its advantages in centralised procurement, while maintaining proper progress in the construction of the existing projects, sensitively coordinating the launch of new projects, and accelerating the construction process, so as to provide solid support for its sales efforts. On the other hand, the Group will make greater efforts in introducing specialised talents under the guideline of "There is no making without breaking", maintain targeted, predictable and accurate operation and management, and adopt more effective incentive policies to accelerate the sales of its promising urban projects, facilitate property sales and collection of sales proceeds, so as to adapt to the changes in the market, enhance the Group's profitability and competitiveness in the market.

The Group will adhere to its prudent financial policy to improve its debt structure, and make restructuring and reduction of liabilities its key targets for the year to effectively circumvent the financial risks. The Group will strive to expand its financing channels and financing approaches to better serve its funding needs, make good use of the asset value and financial means to reduce its scale of borrowing, and properly extend the term of loans to ensure its sustainable development.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

RMB'000	*Note*	**2018**	2017
Revenue	*2*	**10,091,039**	3,465,550
Cost of sales		**(4,761,775)**	(3,933,897)
Gross profit/(loss)		**5,329,264**	(468,347)
Other income	*3*	**47,558**	63,428
Other losses, net	*4*	**(466,120)**	(178,247)
Reversal of provision for loss allowances of trade and other receivables, net	*2*	**314,125**	–
Selling and marketing expenses		**(220,653)**	(146,528)
Administrative expenses	*5*	**(459,379)**	(450,004)
Finance costs, net	*6*	**(406,658)**	(1,434,684)
Share of profit of an associate		**93**	2,999
Share of (loss)/profit of a joint venture		**(150,100)**	598,868
Profit/(loss) before taxation		**3,988,130**	(2,012,515)
Income tax expenses	*7*	**(3,597,755)**	(713,841)
Profit/(loss) for the year		**390,375**	(2,726,356)
Profit/(loss) for the year attributable to:			
– the owners of the Company		**525,290**	(2,608,618)
– non-controlling interests		**(134,915)**	(117,738)
		390,375	(2,726,356)
Other comprehensive income		**–**	–
Total comprehensive income/(loss) for the year		**390,375**	(2,726,356)
Total comprehensive income/(loss) for the year attributable to:			
– the owners of the Company		**525,290**	(2,608,618)
– non-controlling interests		**(134,915)**	(117,738)
		390,375	(2,726,356)
Earnings/(loss) per share for profit/(loss) attributable to the owners of the Company (expressed in RMB per share)			
– Basic	*8*	**0.07**	(0.33)
– Diluted	*8*	**0.07**	(0.33)

CONSOLIDATED BALANCE SHEET
As at 31 December 2018

RMB'000	*Note*	**2018**	2017
Non-current assets			
Property, plant and equipment		**54,432**	58,404
Investment properties		**17,942,046**	17,346,646
Intangible assets		**1,800**	1,800
Investment in an associate		**6,169**	6,076
Interest in a joint venture		**54,792**	610,083
Deferred income tax assets		**324,677**	432,907
		18,383,916	18,455,916
Current assets			
Properties under development		**16,828,906**	21,130,610
Completed properties held for sale		**7,899,805**	5,425,560
Trade and other receivables and prepayments	*10*	**4,510,971**	5,789,394
Financial asset at fair value through profit or loss		**–**	250,000
Prepaid taxes		**480,954**	353,409
Restricted cash		**3,042,065**	31,959
Cash and cash equivalents		**342,555**	201,420
		33,105,256	33,182,352
Total assets		**51,489,172**	51,638,268

RMB'000	*Note*	**2018**	2017
Current liabilities			
Advanced proceeds received from customers		**–**	10,775,290
Contract liabilities		**5,901,056**	–
Trade and other payables	*11*	**5,333,065**	4,621,233
Income tax payable		**7,796,930**	4,342,237
Amount due to a joint venture		**353,029**	–
Borrowings	*12*	**21,027,214**	17,729,287
Obligations under finance lease		**998**	998
		40,412,292	37,469,045
Non-current liabilities			
Borrowings	*12*	**2,404,921**	5,690,537
Deferred income tax liabilities		**2,389,683**	2,476,050
Obligations under finance lease		**18,220**	18,130
		4,812,824	8,184,717
Total liabilities		**45,225,116**	45,653,762
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		**(1,583,191)**	(1,997,656)
		6,308,536	5,894,071
Non-controlling interests		**(44,480)**	90,435
Total equity		**6,264,056**	5,984,506
Total liabilities and equity		**51,489,172**	51,638,268

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") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared in accordance with the HKFRSs under the historical cost convention, as modified by the revaluation of financial asset at fair value through profit or loss, and investment properties, which are carried at fair value.

(i) Going concern basis

As at 31 December 2018, the Group had accumulated losses of RMB2,540,977,000 (2017: RMB2,955,442,000) and the Group's current liabilities exceeded its current assets by RMB7,307,036,000 (2017: RMB4,286,693,000). As at the same date, the Group's total borrowings amounted to RMB23,432,135,000 (2017: RMB23,419,824,000), of which current borrowings amounted to RMB21,027,214,000 (2017: RMB17,729,287,000), while its cash and cash equivalents amounted to RMB342,555,000 only.

As at 31 December 2018, certain borrowings whose principal amounts of RMB861,000,000 and interest payable amounts of RMB403,983,000, relating to borrowings with a total principal amount of RMB2,211,000,000 ("Overdue Borrowings") were overdue. The entire principal amount of RMB2,211,000,000 were all due for repayment within one year as at 31 December 2018 and would be immediately repayable if requested by the lenders.

As stipulated in the relevant loan and financing agreements in respect of certain borrowings of the Group other than those mentioned above, any default of the Group's borrowings may result in cross-default of these borrowings. As a result of the above default events, the principal amount of borrowings of RMB14,228,346,000 were considered as cross-default ("Cross-default Borrowings"), for which borrowings of RMB4,794,000,000 with original contractual repayment dates beyond 31 December 2019 have been reclassified as current liabilities as at 31 December 2018 (note 12).

In March 2019, the Group did not repay certain interest payments in accordance with the scheduled repayment dates of the respective agreements, including (1) interest of RMB72,150,000 relating to certain of the Overdue Borrowings, (2) interest of RMB99,298,000 relating to certain of the Cross-default Borrowings and (3) interest of RMB25,920,000 relating to certain borrowings not abovementioned with a total principal amount of RMB2,405,000,000.

Since 1 January 2019, the Group has repaid principal and interest of RMB10,000,000 and RMB69,355,000 respectively of the Overdue Borrowings up to the date of the approval of these consolidated financial statements. The Group also entered into a revised repayment agreement to defer the repayment date of one of the Overdue Borrowings with a lender relating to principal and interest of RMB277,000,000 and RMB167,202,000 respectively. In addition, the Group further repaid interests which became overdue in March 2019 of RMB71,876,000 relating to borrowings of the Group with a total principal amount of RMB5,760,649,000. The Group is in active negotiation with all of the above lenders for renewal and extension of the principals totaling RMB574,000,000 and interest totaling RMB292,918,000 that remain overdue as at date of this announcement, and the Directors are confident that agreements will be reached in due course.

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 under the 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;

(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. Subsequent to the year end and up to the date of approval of these consolidated financial statements, loans with aggregate principal amounts of RMB438,772,000 have been successfully obtained;

(iii) The Group has accelerated the pre-sales and sales of its properties under development and completed properties. The properties from Shanghai Bay in Shanghai is expected to give further substantial sales for 2019. Overall, the Group expects to gradually launch three major projects upon obtaining the pre-sales permits starting from the second quarter of 2019;

(iv) The Group has implemented measures to speed up the collection of outstanding sales proceeds; and

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

The directors, including members of the audit committee, 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 2018. 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 2018. 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 2019 for those borrowings that (a) are scheduled for repayment (either based on the original agreements or the existing arrangements) in year 2019; (b) were overdue as at 31 December 2018 because of the Group's failure to repay either the principal or the interests on or before the scheduled repayment dates; and (c) became or might become overdue in year 2019;

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

(iii) Successfully accelerating the pre-sales and sales of properties under development and completed properties and speeding up the collection of outstanding sales proceeds; and controlling costs and containing 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 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, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

(ii) Effect of adopting standards, amendments to standards and interpretations

The following new standards, amendments and interpretations to standards are mandatory for the Group's financial year beginning on 1 January 2018:

HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKAS 40 (Amendment)	Transfers of investment property
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 (Amendment)	Clarifications to HKFRS 15
HK(IFRIS) – Int 22	Foreign currency transactions and advance consideration
HKFRSs Amendment	Annual Improvements 2014–2016 Cycle

The Group had to change its accounting policies following the adoption of HKFRS 9 and HKFRS 15. For details, please refer to notes 1(iv)(a) and 1(iv)(b). The other amendments listed above did not have any significant impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2018 and have not been early adopted by the Group:

HKAS 19 (Amendment)	Plan Amendment Curtailment or Settlement
HKAS 28 (Amendment)	Long-Term Interests in Associates and Joint Ventures
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 16	Leases
HKFRS 17	Insurance Contracts
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
HKFRSs Amendment	Annual Improvements 2015–2017 Cycle
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The Group will adopt the above new standards, amendments to standards and interpretations 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 state whether these would have a significant impact on its results of operations and financial position, except for HKFRS 16. For details, please refer to note 1(v).

(iv) Change in accounting policies for 2018

This note explains the impact of the adoption of HKFRS 9 Financial instruments ("HKFRS 9") and HKFRS 15 Revenue from contracts with customers ("HKFRS 15") on the Group's consolidated financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

(a) Adoption of HKFRS 9

The Group adopted HKFRS 9 from 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated. As a consequence, any adjustments to carrying amounts of financial assets or liabilities are recognised at the beginning of the current reporting period, with the difference recognised in opening accumulated losses. Provisions for impairment have not been restated in the comparative period, as well.

The accounting policies were changed to comply with HKFRS 9. HKFRS 9 replaces the provisions of Hong Kong Accounting Standard 39 "Financial Instruments" ("HKAS 39") that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. HKFRS 9 also significantly amends other standards dealing with financial instruments such as HKFRS 7 "Financial Instruments — Disclosures".

The total impact on the Group's accumulated losses due to classification and measurement of financial instruments as at 1 January 2018 is as follows:

	RMB'000
Opening accumulated losses — HKAS 39	(2,955,442)
Increase in provision for loss allowances of trade and other receivables (excluding prepayments and loans to related and third parties), net of tax	(110,825)
Adjustment to accumulated losses from adoption of HKFRS 9	(110,825)
Opening accumulated losses — HKFRS 9	(3,066,267)

(i) Classification and measurement of financial instruments

Management has assessed the business models and the contractual terms of the cash flows apply to the financial assets held by the Group at the date of initial application of HKFRS 9 (1 January 2018) and has classified its financial instruments into the appropriate HKFRS 9 categories, which are those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and those to be measured at amortised cost. This new classification requirements has no major impact to the Group.

(ii) Impairment of financial assets

The Group has two types of financial assets at amortised cost subject to HKFRS 9's new expected credit loss model:

- loans to related and third parties
- trade and other receivables (excluding prepayments and loans to related and third parties)

The Group revised its impairment methodology under HKFRS 9 for each of these classes of assets. For trade and other receivables (excluding prepayments and loans to related and third parties), the impact of the change in impairment methodology on the Group's accumulated losses and equity as at 1 January 2018 has been shown in the table above.

(a) Loans to related and third parties

For loans to related and third parties already in place at 1 January 2018, the Group has determined that reliably assessing the probability of default at the initial recognition of each loan to related and third parties would result in undue cost and effort. As permitted by HKFRS 9, the credit provision will be determined based on whether credit risk is low only at each reporting date, until the loan is derecognised. The Group has assessed the expected credit loss model applied to the loans to related and third parties as at 1 January 2018 and the change in impairment methodologies has no significant impact of the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

(b) Trade and other receivables (excluding prepayments and loans to related and third parties)

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For other receivables, the Group applies general approach to assess the expected credit losses by 12 months expected losses method and lifetime expected losses method. To measure the expected credit losses, trade and other receivables (excluding prepayments and loans to related and third parties) have been grouped based on shared credit risk characteristics and the days past due. The Group applied different expected loss rates to different classes of trade and other receivables (excluding prepayments and loans to related and third parties), according to their respective risk characteristics and the days past due.

Trade and other receivables (excluding prepayments and loans to related and third parties) are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. Additional loss allowance of RMB110,825,000 was recognised in accumulated losses as at 1 January 2018 for those trade and other receivables (excluding prepayments and loans to related and third parties).

While cash and cash equivalents and restricted cash are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

(b) *Adoption of HKFRS 15*

The Group adopted HKFRS 15 as issued by the HKICPA for its 2018 financial year. The Group believes the new accounting policies provide more relevant information for users to assess the nature, amounts, timing and uncertainty of revenue and cash flows arising from contracts with customers. The adoption of HKFRS 15 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. The Group elected to use a modified retrospective approach for transition which allows the Group to recognise the cumulative effects of initially applying HKFRS 15 as an adjustment to the opening balance of accumulated losses in the 2018 financial year.

The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 January 2018, thus the comparative figures have not been restated.

HKFRS 15 replaces the provisions of HKAS 18 "Revenue" and HKAS 11 "Construction contracts" that relate to the recognition, classification and measurement of revenue and costs. The effects of the adoption of HKFRS 15 are as follows:

Presentation of contract assets and liabilities

Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15:

- Contract liabilities for progress billing recognised in relation to property development activities were previously presented as advanced proceeds received from customers.

- Contract assets recognised in relation to construction activities were previously presented as trade and other receivables — amounts due from customers for contract work.

Accounting for property development activities

In prior reporting periods, the Group accounted for property development activities when significant risk and rewards of ownership has been transferred to the customers on delivery in its entirety at a single time upon vacant possession and not continuously as construction progresses.

Under HKFRS 15, when the properties that have no alternative use to the Group due to contractual reasons and the Group has an enforceable right to payment from the customer for performance completed to date, the Group recognises revenue as the performance obligations are satisfied over time in accordance with the input method for measuring progress.

The excess of cumulative revenue recognised in profit or loss over the cumulative billings to purchasers of properties is recognised as contract assets. The excess of cumulative billings to purchasers of properties over the cumulative revenue recognised in profit or loss is recognised as contract liabilities. The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties.

Accounting for costs incurred to obtain a contract

Following the adoption of HKFRS 15, costs such as stamp duty and sales commissions incurred directly attributable to obtaining a contract, if recoverable, are capitalised and recorded in contract assets.

Accounting for significant financing component

For contracts where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price is adjusted for the effects of a financing component, if significant.

The impact on the Group's financial position by the application of HKFRS 15 is as follows:

	As at 1 January 2018		
RMB'000	**As previously stated**	**Reclassification under HKFRS 15**	**Restated**
Consolidated balance sheet (extract)			
Contract liabilities	—	10,775,290	10,775,290
Advance proceeds received from customers	10,775,290	(10,775,290)	—

(v) Proposed changes in accounting policies

HKFRS 16, "Leases"

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the consolidated balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modification, amongst others. Under HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as operating and financing cash flows respectively.

Impact

As at 31 December 2018, the Group had non-cancellable operating lease commitments of RMB22,634,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and the Group will recognise a right-of-use asset and corresponding liability in respect of all these leases unless they quality for low value or short-term lease upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. The Group has assessed the impact on the Group's results by adoption of HKFRS 16 as compared with the current accounting policy and it is expected that right-of-use asset and lease liabilities of these lease commitments will be required to be recognised in the consolidated balance sheet.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards and interpretations that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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 2018						
Total revenue at a point in time	9,446,998	188,396	214,785	240,860	—	10,091,039
Inter-segment revenue	—	—	—	—	—	—
Revenue (from external customers) at a point in time	9,446,998	188,396	214,785	240,860	—	10,091,039
Segment results	6,099,589	(215,358)	(67,448)	(177,175)	(117,316)	5,522,292
Depreciation and amortisation	(3,026)	(240)	(309)	(25)	(7)	(3,607)
Fair value changes of investment properties	206,084	(198,827)	(222,360)	(159,458)	—	(374,561)
Reversal of provision for/ (provision for) loss allowance of trade and other receivables	329,017	2,020	3,465	(20,377)	—	314,125
Provision for impairment of properties under development and completed properties held for sale	—	(330,456)	(648,680)	(84,325)	—	(1,063,461)
Interest income	79,098	125	127	110	71	79,531
Finance costs	(328,530)	(42,022)	(33,539)	(33,886)	(48,212)	(486,189)
Income tax (expenses)/credits	(3,645,565)	(57,931)	45,191	60,550	—	(3,597,755)

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Total
Year ended 31 December 2017						
Total revenue at a point in time	2,899,049	249,832	7,492	309,177	—	3,465,550
Inter-segment revenue	—	—	—	—	—	—
Revenue (from external customers) at a point in time	2,899,049	249,832	7,492	309,177	—	3,465,550
Segment results	1,402,961	6,305	(20,505)	(157,387)	(75,459)	1,155,915
Depreciation and amortisation	(3,396)	(415)	(315)	(65)	(6)	(4,197)
Fair value changes of investment properties	(333,147)	(68,904)	51,139	(150,803)	—	(501,715)
Reversal of provision for impairment loss of other receivables	98,000	—	—	—	—	98,000
Provision for impairment of properties under development and completed properties held for sale	(831)	(589,522)	(669,165)	(78,091)	—	(1,337,609)
Interest income	10,377	161	1,132	104	1	11,775
Finance costs	(1,023,586)	(115,459)	(56,101)	(47,647)	(191,891)	(1,434,684)
Income tax (expenses)/credits	(701,928)	14,252	(30,944)	4,779	—	(713,841)

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Elimination	Total
At 31 December 2018							
Total segment assets	**46,428,267**	**23,418,501**	**4,662,229**	**4,925,422**	**6,671,210**	**(43,418,470)**	**42,687,159**
Total segment assets include:							
Investment in an associate	**6,169**	**—**	**—**	**—**	**—**	**—**	**6,169**
Investment in a joint venture	**178,324**	**—**	**—**	**—**	**—**	**—**	**178,324**
Deferred income tax assets							**324,677**
Other unallocated corporate assets							**8,600,868**
Total assets							**51,612,704**
Additions to:							
Property, plant and equipment	**236**	**110**	**33**	**219**	**—**	**—**	**598**
Investment properties	**530,228**	**283,826**	**43,777**	**208,460**	**—**	**—**	**1,066,291**
At 31 December 2017							
Total segment assets	45,845,937	21,801,793	5,316,635	4,884,398	5,169,382	(39,581,832)	43,436,313
Total segment assets include:							
Investment in an associate	6,076	—	—	—	—	—	6,076
Investment in a joint venture	133,676	—	—	—	—	—	133,676
Deferred income tax assets							432,907
Other unallocated corporate assets							7,769,048
Total assets							51,638,268
Additions to:							
Property, plant and equipment	1,808	533	17	46	—	—	2,404
Investment properties	462,141	131,904	7,802	191,504	—	—	793,351

RMB'000	**2018**	2017
Segment results	**5,522,292**	1,155,915
Depreciation and amortisation	**(3,607)**	(4,197)
Fair value changes of investment properties	**(374,561)**	(501,715)
Reversal of provision for loss allowance of trade and other receivables, net	**314,125**	–
Reversal of provision for impairment loss of other receivables	**–**	98,000
Provision for impairment of properties under development and completed properties held for sale	**(1,063,461)**	(1,337,609)
	4,394,788	(589,606)
Interest income	**79,531**	11,775
Finance costs	**(486,189)**	(1,434,684)
Profit/(loss) before income tax	**3,988,130**	(2,012,515)

Analysis of revenue by category

RMB'000	**2018**	2017
Sales of properties	**10,091,039**	3,465,550

The Group has a large number of customers. During the year ended 31 December 2018, no customer (2017: One) contributed revenue (2017: RMB372,325,000), which represented more than 10% of the Group's total revenue.

3 Other income

RMB'000	**2018**	2017
Rental income	**38,845**	51,017
Others	**8,713**	12,411
	47,558	63,428

4 Other losses, net

RMB'000	**2018**	2017
Fair value changes of investment properties	**(374,561)**	(501,715)
Gain on disposal of investment properties	**–**	8,280
Exchange (loss)/gain, net	**(91,559)**	217,188
Reversal of provision for impairment loss of other receivables	**–**	98,000
	(466,120)	(178,247)

5 Expenses by nature

RMB'000	**2018**	2017
Auditors' remuneration		
– Audit services	**8,635**	8,238
– Non-audit services	**127**	121
Advertising costs	**39,983**	62,406
Business taxes and other levies	**160,837**	130,572
Costs of properties sold	**3,537,477**	2,465,716
Provision for impairment of properties under development and completed properties held for sale	**1,063,461**	1,337,609
Depreciation	**3,607**	4,197
Staff costs – excluding directors' emoluments	**187,720**	172,600
Rental expenses	**22,859**	22,151

6 Finance costs, net

RMB'000	**2018**	2017
Finance income		
– Interest income	**79,531**	–
Finance costs		
Interest expenses		
– Bank borrowings	**(2,183,002)**	(3,056,231)
– Senior Notes due 2018	**(57,702)**	(376,923)
– Others	**(86,111)**	(61,346)
Total interest expenses	**(2,326,815)**	(3,494,500)
Less: interest capitalised on qualifying assets	**1,840,626**	2,059,816
Finance costs expensed	**(486,189)**	(1,434,684)
Finance costs, net	**(406,658)**	(1,434,684)

7 Income tax expenses

RMB'000	**2018**	2017
Current income tax		
– PRC corporate income tax	**614,747**	249,738
	614,747	249,738
– PRC land appreciation tax	**2,961,145**	512,239
	3,575,892	761,977
Deferred income tax		
– Origination and reversal of temporary differences	**21,863**	(48,136)
	21,863	(48,136)
	3,597,755	713,841

8 Earnings/(loss) per share

(a) Basic

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

	2018	2017
Profit/(loss) attributable to the owners of the Company *(RMB'000)*	**525,290**	(2,608,618)
Weighted average number of ordinary shares in issue *(thousands)*	**7,792,646**	7,792,646

(b) Diluted

Diluted earnings/(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 2018 and 2017, 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 the payment of a final dividend for the year ended 31 December 2018 (2017: Nil).

10 Trade and other receivables and prepayments

RMB'000	**2018**	2017
Trade receivables due from third parties, net (a)	**496,688**	453,368
Trade receivables due from third parties	**499,416**	453,368
Less: provision for loss allowance of trade receivables	**(2,728)**	–
Other receivables due from third parties (b)	**1,139,412**	1,524,760
Consideration receivables	**380,777**	380,777
Others	**1,073,735**	1,955,306
less: provision for loss allowance of other receivables	**(315,100)**	(811,323)
Prepayments for construction costs:	**1,106,938**	1,879,118
Related parties	**19,932**	1,034,633
Third parties	**1,087,006**	844,485
Prepayments for land premium (c)	**1,522,225**	1,522,225
Prepaid other taxes	**245,708**	409,923
	4,510,971	5,789,394

(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	**2018**	2017
Within 6 months	**59,917**	9,113
Between 7 and 12 months	**427**	83,518
Between 13 months and 3 years	**439,072**	360,737
	499,416	453,368

The Group applied the HKFRS 9 simplified approach to measure expected credit losses which used a lifetime expected loss allowance for all trade receivables.

As at 31 December 2018, trade receivables of RMB499,416,000 (2017: RMB453,368,000) includes an amount due from a local government authority of RMB422,215,000 (2017: RMB422,215,000) upon recognising the revenue relating to certain relocation and resettlement housing. The remaining trade receivables 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 recoverable.

During the year ended 31 December 2017, the Group was involved in a litigation with the aforementioned local government authority over an amount of approximately RMB601 million, associated with a property development project in Shanghai. Instead of owing the Group RMB422,215,000, the local government authority claims that the Group has to pay an amount of RMB179 million. Based on management assessment, apart from no payment obligation arising from the claimed amount, the Group has sufficient basis to support the full recoverability of the amount due from the local government authority of RMB422,215,000. Accordingly, a counter claim has been filed on 31 July 2017 and no provision has been made by the Group against the above receivable balance as at 31 December 2017. During the year ended 31 December 2018, the management assessment has remained unchanged.

(b)

RMB'000	**2018**	2017
Other receivables due from third parties	**1,454,512**	2,336,083
Less: provision for loss allowance of other receivables	**(315,100)**	(811,323)
Other receivables due from third parties, net	**1,139,412**	1,524,760

As at 31 December 2018 and 2017, the fair values of the Group's trade and other receivables approximate their carrying amounts. The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

Movement in the Group's provision for loss allowance of other receivables is as follows:

RMB'000	**2018**	2017
At beginning of the year (previously stated)	**811,323**	909,323
Adjustments on adoption of HKFRS 9	**108,250**	–
At beginning of the year (restated)	**919,573**	909,323
Reversal of provision for loss allowance of other receivables	**(314,278)**	–
Reversal of provision for impairment loss of other receivables	**–**	98,000
Write-off of provision for loss allowance of other receivables	**(290,195)**	–
At end of the year	**315,100**	811,323

(c) As at 31 December 2018, included in prepayments for land premium were prepayment of RMB640,636,000 (2017: RMB640,636,000) as an initial development prepayment made to the government agency in respect of several land use rights located in the PRC. Based on the agreements signed between the Group and the government agency, the above prepayment will be offset with the land acquisition cost if the Group acquires the land use right through winning in public tender, auction and listing-for-sale process in the future. The prepayment is refundable in case of failure in the auction.

11 Trade and other payables

RMB'000	**2018**	2017
Trade payables (a):	**3,798,211**	3,402,666
Related parties	**15,409**	15,024
Third parties	**3,782,802**	3,387,642
Other payables and accrued expenses:	**1,093,050**	989,936
Other taxes payable	**441,804**	228,631
	5,333,065	4,621,233

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

RMB'000	**2018**	2017
Within 6 months	**1,762,095**	1,265,409
Between 7 and 12 months	**792,774**	877,375
Between 13 months and 5 years	**1,243,342**	1,259,882
	3,798,211	3,402,666

12 Borrowings

RMB'000	**2018**	2017
Borrowings included in non-current liabilities:		
Bank borrowings – secured	**2,404,921**	5,690,537
	2,404,921	5,690,537
Borrowings included in current liabilities:		
Bank borrowings – secured (a)	**20,055,904**	14,189,006
Senior Notes due 2018 – secured	**–**	2,728,442
Other borrowings – unsecured	**822,761**	710,341
Other borrowings – secured	**148,549**	101,498
	21,027,214	17,729,287
Total borrowings	**23,432,135**	23,419,824

The Group's total borrowings at the balance sheet date are repayable based on contractual maturity as follows:

RMB'000	**2018**	2017
Amounts of borrowing that are repayable:		
Within 1 year	**21,027,214**	17,729,287
After 1 and within 2 years	**22,542**	5,676,987
After 2 and within 5 years	**2,378,829**	7,500
After 5 years	**3,550**	6,050
	23,432,135	23,419,824

(a) The current bank borrowings included borrowings with principal amounts of RMB4,794,000,000 (2017: RMB1,738,697,000) with original maturity beyond 31 December 2019 which have been reclassified as current liabilities as at 31 December 2018 as a result of the matters described in note 1(i).

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 2019.

FINANCIAL REVIEW

For the year ended 31 December 2018, the Group recorded a consolidated revenue of RMB10,091.0 million, representing an increase of 191.2% compared to RMB3,465.6 million in 2017. The Group recorded a profit attributable to the owners of the Company for the year ended 31 December 2018 of RMB525.3 million, as compared to a loss attributable to the owners of the Company of RMB2,608.6 million for the year ended 31 December 2017. The Group recorded a profit attributable to the owners of the Company in 2018 was primarily attributable to the increase in total area of the properties completed and delivered by the Group during the year and the significant increase in the average recognised selling price, which resulted in a significant increase in revenue recognised and gross profit for the year ended 31 December 2018.

For the year ended 31 December 2018, the Group recorded a consolidated revenue of RMB10,091.0 million, representing a significant increase of 191.2% from RMB3,465.6 million in 2017. The sold and delivered GFA increased by 30.8% to 297,968 sq.m. in 2018 from 227,858 sq.m. in 2017. The average recognised selling price increased by 122.7% to RMB33,866 per sq.m. in 2018 from RMB15,209 per sq.m. in 2017. In 2018, the Group's completed and delivered properties were substantially located in Shanghai Region with higher average selling prices, thus causing the Group's overall average recognised selling price to increase from RMB15,209 per sq.m. in 2017 to RMB33,866 per sq.m. in 2018. Projects in Shanghai Region contributed 93.6% and 57.7% to the Group's total recognised revenue and sold and delivered GFA, respectively. In the second half of 2018, Shanghai Bay in Shanghai completed and delivered a new phase of properties, giving rise to recognised revenue of RMB7,204.1 million at average selling price of over RMB99,000 per sq.m. Shanghai City Glorious further completed and delivered 93,000 sq.m. of commodity properties and certain other properties, which contributed RMB2,198.4 million to the Group's revenue for 2018. Apart from the projects in Shanghai Region, the projects of the other three regions of the Group, including the Yangtze River Delta, the Pan Bohai Rim and Northeast China, only have remaining units for sale in 2018, thus their combined revenue and sold and delivered GFA only represented 6.4% and 42.3% of the Group's total revenue and sold and delivered GFA for the year respectively.

The cost of sales for the year ended 31 December 2018 was RMB4,761.8 million, representing an increase of 21.0% as compared to RMB3,933.9 million in 2017. The cost of sales for the year ended 31 December 2018 included a provision for impairment of the Group's property development projects which amounted to RMB1,063.5 million (2017: RMB1,337.6 million). The substantial amount of provision for impairment of properties in the current year was mainly due to further costs added to the Group's property development projects, including substantial amount of finance costs capitalised as project costs as well as further construction costs incurred. Excluding the provision for impairment, the Group's cost of sales was RMB3,698.3 million in 2018, representing an increase of 42.5% as compared to RMB2,596.3 million in 2017. The increase in the amount of cost of sales for 2018 was mainly due to the higher GFA sold and delivered as compared to 2017. The Group's average cost of sales in 2018 was RMB12,412 per sq.m., which was 8.9% higher than that of RMB11,394 per sq.m. in 2017. The higher cost of sales per sq.m. was mainly due to the higher unit costs of the Group's properties sold and delivered in Shanghai Region in 2018 in response to the substantially higher average selling prices for those premium properties.

The Group recorded a consolidated gross profit of RMB5,329.3 million for 2018, as compared to a consolidated gross loss of RMB468.3 million for 2017. The Group's gross profit margin was 52.8% for the year ended 31 December 2018, as compared to a gross margin of negative 13.5% for 2017. The Group recorded a substantial amount of consolidated gross profit and high gross profit margin mainly due to the substantially higher average selling price recognised in current year as compared to 2017, mainly due to the completion and delivery of high-margin properties of Shanghai Bay in Shanghai in 2018. Excluding the effect of the provision for impairment of the Group's properties of RMB1,063.5 million in 2018 (2017: RMB1,337.6 million), the Group recorded a gross profit of RMB6,392.7 million and a gross profit margin of 63.4% for 2018, which were substantially higher than the gross profit of RMB869.3 million and gross profit margin of 25.1% for 2017.

Other income for the year ended 31 December 2018 was RMB47.6 million (2017: RMB63.4 million), which mainly included rental income of RMB38.8 million (2017: RMB51.0 million).

Other losses, net for the year ended 31 December 2018 was a net loss of RMB466.1 million, which was 161.6% higher than the net loss of RMB178.2 million for 2017. During the year ended 31 December 2018, the Group's investment properties gave rise a fair value loss of RMB374.6 million (2017: fair value loss of RMB501.7 million) because the increase in their fair value is insufficient to offset the additional costs and finance costs incurred in the current year. Besides, due to the depreciation of RMB against US$ in 2018, the Group recorded an exchange loss of RMB91.6 million (2017: exchange gain of RMB217.2 million), which was mainly resulted from the conversion of the Company's US$ borrowings into RMB.

Selling and marketing expenses for the year ended 31 December 2018 were RMB220.7 million, which was 50.6% higher than RMB146.5 million in 2017. The Group had more new project launches in 2018 and thus incurred more selling and marketing expenses.

Administrative expenses for the year ended 31 December 2018 was RMB459.4 million, representing a slight increase of 2.1% compared to RMB450.0 million for 2017.

Gross finance costs for the year ended 31 December 2018 were RMB2,326.8 million, representing a decrease of 33.4% from RMB3,494.5 million for 2017. For the year ended 31 December 2018, finance costs of RMB1,840.6 million (2017: RMB2,059.8 million) had been capitalised, leaving RMB486.2 million (2017: RMB1,434.7 million) which was charged directly to the consolidated statement of comprehensive income. After netting off the finance income of RMB79.5 million (2017: Nil), the amount of finance costs, net was RMB406.7 million for 2018 (2017: RMB1,434.7 million).The Group incurred lower amount of gross finance costs for 2018 as compared to 2017 mainly because the Group's average level of total net borrowings was maintained a lower level in the current year as compared to 2017, and at the same time the Group's average cost of borrowing slightly decreased. As the amount of gross finance costs incurred in the current year continued to exceed the amount that can be capitalised based on the Group's qualifying assets, a portion of the finance costs were not capitalised and were recorded as current year expenses.

The Group recorded a profit before income tax of RMB3,988.1 million for the year ended 31 December 2018, as compared to a loss before income tax of RMB2,012.5 million for 2017. The Group recorded a significant amount of profit before income tax for 2018 mainly because the Group recognised a substantial increase in revenue and gross profit as a result of the completion and delivery of certain high-margin properties by the projects in Shanghai Region.

Income tax expenses was RMB3,597.8 million for the year ended 31 December 2018, representing an increase of 404.0% as compared to RMB713.8 million for 2017, comprising mainly provision for PRC land appreciation tax of RMB2,961.1 million (2017: RMB512.2 million) and PRC corporate income tax of RMB614.7 million (2017: RMB249.7 million). The substantial amount of provisions of PRC land appreciation tax and PRC corporate tax in the current year was mainly attributable to profit recorded from the premium properties from Shanghai Bay in Shanghai Region.

The Group recorded a profit attributable to the owners of the Company of RMB525.3 million for the year ended 31 December 2018, as compared to a loss attributable to the owners of the Company of RMB2,608.6 million for 2017. The Group recorded profit attributable to the owners of the Company for 2018 mainly because the Group recognised a substantial increase in revenue and gross profit as a result of the completion and delivery of certain high-margin properties by the projects in Shanghai Region.

Current Assets and Liabilities

As at 31 December 2018, the Group held total current assets of approximately RMB33,105.3 million, which was 0.2% lower than RMB33,182.4 million as at 31 December 2017.

As at 31 December 2018, the Group's current assets mainly comprised properties under development, and completed properties held for sale and trade and other receivables and prepayments. As at 31 December 2018, balance of properties under development was RMB16,828.9 million, which was 20.4% lower than RMB21,130.6 million as at 31 December 2017. The continuous progress of the Group's property development projects had resulted in an increase in the carrying value of properties under development in 2018, 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 reduced the carrying value of properties under development. Completed properties held for sale increased by 45.6% from RMB5,425.6 million as at 31 December 2017 to RMB7,899.8 million as at 31 December 2018. The higher balance of completed properties held for sale was mainly due to the completion of new phases of properties from two major projects in 2018 that the completed but unsold properties were reclassified as completed properties held for sale. Trade and other receivables and prepayments decreased by 22.1% from RMB5,789.4 million as at 31 December 2017 to RMB4,511.0 million as at 31 December 2018. Trade and other receivables and prepayments comprised prepayments for construction costs, prepayments for land premium for which the relevant land use right certificates were yet to be obtained and certain other receivables arising from the Group's business. The decrease in trade and other receivables in 2018 was mainly due to the refund of prepayments for construction costs of RMB889.8 million from Shanghai Ditong in 2018 after revising the construction plans for the projects undertaken by Shanghai Ditong.

Total current liabilities as at 31 December 2018 amounted to RMB40,412.3 million, which was 7.9% higher than that of RMB37,469.0 million as at 31 December 2017. The slight increase in current liabilities as at 31 December 2018 was the net effect of: (i) the reduction in the balance of contract liabilities/advance proceeds from customers for being recognised as revenue upon completion and delivery of properties in 2018, (ii) the increase in balance of income tax payable as a result of provision for PRC land appreciation tax and corporate income tax, and (iii) current borrowings increased as a result of certain borrowings becoming due for repayment within one year.

As at 31 December 2018, the current ratio (calculated as the total current assets divided by the total current liabilities) was 0.82 (2017: 0.89). The lower current ratio in 2018 was mainly resulted from the increase in total current liabilities.

Liquidity and Financial Resources

During the year ended 31 December 2018, the Group funded its property development projects principally from proceeds from pre-sales of properties and bank loans.

As at 31 December 2018, the Group had cash and cash equivalents of RMB342.6 million as compared to RMB201.4 million as at 31 December 2017.

During the year, the aggregate new bank loans obtained by the Group amounted to RMB15,421.0 million and repayment of loans was RMB14,817.1 million. As at 31 December 2018, the Group's total borrowings amounted to RMB23,432.1 million, which was comparable to RMB23,419.8 million as at 31 December 2017.

As at 31 December 2018, the Group had total banking facilities of RMB24,220 million (2017: RMB29,490 million) consisting of used banking facilities of RMB23,033 million (2017: RMB18,510 million) and unused banking facilities of RMB1,187 million (2017: RMB10,980 million).

During the year ended 31 December 2018, the Group's liquidity position showed improvement as compared to the earlier years. In particular, the Group successfully redeemed the Senior Notes due 2018 in April 2018 and completed a series of loan refinancing arrangements in the fourth quarter of 2018. As at 31 December 2018, despite the Group's total borrowings maintained at a similar level to that as at 31 December 2017, the Group's net debt (calculated as total borrowings less cash and bank balances) decreased by 13.5% from RMB23,186.4 million as at 31 December 2017 to RMB20,047.5 million as at 31 December 2018, which indicated a decrease in the Group's borrowing levels. Although the Group continued to have overdue borrowings with principal amounts of RMB861.0 million as at 31 December 2018, this amount was substantially reduced as compared to RMB3,272.9 million as at 31 December 2017. On the other hand, the Group's net operating cash inflow was RMB3,010.3 million for 2018, which was 10.7% higher than that of 2017.

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 2018 and 2017 were as follows:

RMB'000	**2018**	2017
Total borrowings	**23,432,135**	23,419,824
Less: cash and bank balances	**(3,384,620)**	(233,379)
Net debt	**20,047,515**	23,186,445
Total equity attributable to the owners of the Company	**6,308,536**	5,894,071
Gearing ratio	**317.8%**	393.4%

The gearing ratio for 2018 was lower than that for 2017 as a result of the decrease in the net debt for the current year.

Going Concern and Mitigation Measures

As at 31 December 2018, the Group had accumulated losses of RMB2,541.0 million and the Group's current liabilities exceeded its current assets by RMB7,307.0 million. As at the same date, the Group's total borrowings amounted to RMB23,432.1 million, of which current borrowings amounted to RMB21,027.2 million, while its cash and cash equivalents amounted to RMB342.6 million only. In addition, as at 31 December 2018, loan principal repayments and interest payments of RMB1,265.0 million relating to certain borrowings of the Group of principal amount of RMB2,211.0 million 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 borrowings other than those mentioned above amounting to principal amount of RMB14,228.3 million as at 31 December 2018. Subsequent to 31 December 2018, interest payments of RMB197.4 million relating to certain borrowings of the Group of principal amount of RMB9,423.3 million, of which RMB1,924.0 million and RMB5,094.3 million were already in default or cross-default as at 31 December 2018, were not repaid in accordance with the repayment schedules pursuant to the borrowing agreements. These conditions, together with other matters described in note 1(i) to the consolidated financial information, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. However, 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 1(i) to the consolidated financial information.

Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Foreign Exchange Risk

The Group's property development projects are all located in the PRC and 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. As at 31 December 2018, the Group had cash and bank balances, borrowings and trade and other payables that were denominated in foreign currencies as shown below:

RMB'000	**2018**	2017
Cash and bank balances:		
US$	**331**	405
HK$	**937**	475
Total	**1,268**	880
Borrowings:		
US$	**2,450,940**	3,705,530
HK$	**193,653**	174,553
Total	**2,644,593**	3,880,083
Trade and other payables:		
US$	**6,863**	9,732
HK$	**33,324**	36,853
Total	**40,187**	46,585

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 arise.

As at 31 December 2018, if RMB had strengthened/weakened by 5% against other currencies, with all other variables held constant, post-tax profit for the year would have been approximately RMB134.2 million higher/lower (2017: post-tax loss RMB196.3 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 2018, the Group's total borrowings amounted to RMB23,432.1 million (2017: RMB23,419.8 million), of which RMB20,686.5 million (2017: RMB22,460.5 million) bears fixed interest rate.

As at 31 December 2018, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been RMB6.2 million lower/higher (2017: post tax-loss RMB2.2 million higher/lower), mainly as a result of higher/lower interest expense on floating rate borrowings.

Price Risk

The Group is exposed to equity securities price risk arising from the unlisted investments held by the Group. Gains or losses arising from changes in the fair value of financial asset at fair value through profit or loss are dealt with in equity and the consolidated statement of comprehensive income respectively. The performance of the Group's unlisted investments are monitored regularly, together with an assessment of their relevance to the Group's strategic plans.

As at 31 December 2018, the Group did not hold any investment in financial assets at fair value through profit or loss. As at 31 December 2017, if the price of unlisted investments in financial assets at fair value through profit or loss had been 10% higher/lower with all other variables held constant, the Group's loss before taxation would have been RMB25.0 million lower/higher.

Pledge of Assets

As at 31 December 2018, the Group had investment properties, properties under development and completed properties held for sale of an aggregate carrying value of RMB23,376.9 million (2017: RMB24,045.9 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 2018, the amount of outstanding guarantees for mortgages was RMB4,655.7 million (2017: RMB4,916.2 million).

Capital and Operating Lease Commitments

As at 31 December 2018, the Group had capital and operating lease commitments of RMB4,340.9 million (2017: RMB4,027.3 million) and RMB22.6 million (2017: RMB15.5 million) respectively.

EMPLOYEES

As at 31 December 2018, the Group had a total of 721 employees (2017: 677). 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 options.

SHARE OPTION SCHEMES

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 2018, 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.

On 4 February 2019, the Company resolved to grant 632,388,000 share options to eligible participants (the "Grantees") to subscribe for a total of 632,388,000 ordinary shares of HK$0.01 each in the share capital of the Company under the Share Option Scheme. A total of 2,393,000 share options granted was not accepted by the Grantees within the required acceptance period under the Share Option Scheme. The accepted 629,995,000 share options may be exercisable at any time during the option period from 4 February 2019 to 3 February 2024 (both dates inclusive) at an exercise price of HK$0.45 per share. Unless with the prior written consent of the Board, at any time during a period of six months from the date of the allotment and issue of the shares pursuant to exercise of the share options by a Grantee, the Grantee shall not dispose of, nor enter into any agreement to dispose of, the shares subscribed pursuant to the exercise of the share options.

CORPORATE GOVERNANCE

Deviation from the Corporate Governance Code of the Listing Rules

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 2018, save for the deviation from the code provision A.2.1 which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Upon the appointment of Mr. Ding Xiang Yang ("Mr. Ding") as the chairman of the Board on 5 June 2018, Mr. Ding acted as both the chairman of the Board and chief executive officer of the Company. The Board understood that the assumption of two roles by one person deviated from the code provision A.2.1 of the Corporate Governance Code.

Mr. Ding has been an executive Director since 2001 and played an integral role in formulating the development strategies, operational management of the Group and supervising the construction of the Group's projects. He has the appropriate standing, management skills and business acumen which are the essential prerequisites for assuming the two roles. The Board therefore believes that vesting both roles in Mr. Ding provides the Group with in-depth knowledge and consistent leadership and, at the same time, enables more effective and efficient overall strategic planning for the Group; and does not impair the balance of power and authority of the Board. If the position was occupied by other person, the business operation and the performance of the Group would be affected. As such, the Board structure is beneficial to the Group and the shareholders as a whole.

The Company will review the Board structure from time to time and shall adjust the situation when suitable circumstance arises.

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 2018.

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 2018.

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 2018 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 2018 as set out in the preliminary announcement of the Group's results for the year ended 31 December 2018 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 2018:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. 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 section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance

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 had accumulated losses of RMB2,540,977,000 and the Group's current liabilities exceeded its current assets by RMB7,307,036,000 as at 31 December 2018. As at the same date, the Group's total borrowings amounted to RMB23,432,135,000, of which current borrowings amounted to RMB21,027,214,000, while its cash and cash equivalents amounted to RMB342,555,000 only. In addition, as at 31 December 2018, loan principal repayments and interest payments of RMB1,264,983,000 relating to certain borrowings of the Group of principal amount of RMB2,211,000,000 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 borrowings other than those mentioned above, amounting to principal amount of RMB14,228,346,000 as at 31 December 2018. Subsequent to 31 December 2018, interest payments of RMB197,368,000 relating to certain borrowings of the Group of principal amount of RMB9,423,346,000, of which RMB1,924,000,000 and RMB5,094,346,000 were already in default or cross-default as at 31 December 2018, were not repaid in accordance with the repayment schedules pursuant to the borrowing agreements. 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, including the repayment of principal and interest of RMB10,000,000 and RMB141,231,000 respectively and extension of principal and interest of RMB277,000,000 and RMB167,202,000 respectively, relating to certain overdue borrowings with a total principal amount of RMB6,047,649,000 before the date of this report. 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) successfully accelerating the pre-sales and sales of properties under development and completed properties and speeding up the collection of outstanding sales proceeds; and controlling costs and containing capital expenditure so as to generate adequate net cash inflows; 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.

ANNUAL GENERAL MEETING AND DATES OF CLOSURE OF REGISTER OF MEMBERS

The time, date and venue of the annual general meeting of the Company for the year 2019 and dates of closure of register of members of the Company will be announced in due course.

PUBLICATION OF ANNUAL REPORT

The 2018 annual report of the Company containing all the applicable information required by the Listing Rules will be dispatched 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.

By Order of the Board
Glorious Property Holdings Limited
Ding Xiang Yang
Chairman

Hong Kong, 29 March 2019

As at the date of this announcement, the executive directors of the Company are Messrs. 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.