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 Codes: 00845)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board of directors (the "Board") of Glorious Property Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (together, the "Group") for the six months ended 30 June 2015 (the "2015 Interim Results"). The 2015 Interim Results have been reviewed by the audit committee of the Company (the "Audit Committee") and approved by the Board on 31 August 2015.

FINANCIAL HIGHLIGHTS

- Revenue decreased by 85.4% to RMB342.4 million and the average selling price was RMB7,846 per sq.m.
- Recorded a loss attributable to the owners of the Company of RMB996.6 million
- Gearing ratio was 152.7%
- Property sales was RMB2,130.0 million and GFA sold was 123,088 sq.m.
- The total land bank of the Group was 14.4 million sq.m. and the average land cost was RMB1,346 per sq.m.

OVERALL RESULTS

For the six months ended 30 June 2015, the Group recorded a consolidated revenue of RMB342.4 million, which decreased by 85.4% as compared to the same period in 2014. For the six months ended 30 June 2015, the Group recorded a loss attributable to the owners of the Company of RMB996.6 million, which is 350.3% higher than the loss attributable to the owners of the Company of RMB221.3 million for the corresponding period in 2014.

Loss per share for the six months ended 30 June 2015 was RMB0.13 (six months ended 30 June 2014: RMB0.03).

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

Given the loose financial policies and the fortified macroeconomic stimulation, transaction volume of the property market experienced an upturn in the first half of 2015, and investment in real estate development in China increased by 4.6% year-on-year. GFA sold and the sales amount for commodity properties increased by 3.9% and 10% respectively as compared to the same period of last year. Property prices of the first-tier and second-tier cities rebounded after the previous decline, whilst third-tier and fourth-tier cities encountered soft demand due to the high inventory level, and therefore the subdue property prices in 2014 persisted in those cities. Although the newly commenced GFA decreased by 15.8% year-on-year given the relatively high inventory level in general, development investment still declined as usual, resulting in a drag on the pace of market growth. The adjustment pace of the property market was led by the conversion of the overall supply and demand pattern, while policy support will bring positive impacts on the property market to a certain extent.

During the period, the Group paid close attention to market changes, accelerated the destocking process and the turnover rate for existing projects and lowered total liabilities, optimising its debt structure and improving the strained situation of cash flow. In respect of the imbalanced development in regional markets, regional structure adjustment was expedited. Development and sales of projects in key regions were guaranteed to ensure that cash flow management was robust. Meanwhile, the Group optimised its management system to strengthen its operational execution.

For the first six months of 2015, revenue recognised of the Group decreased as compared to the same period of last year, and property sales amount remained at a low level although it was higher than last year, both of which were not in line with the market trend. This was mainly attributable to the uneven schedule of launching new projects and project completions during the year leading to the structurally excessive and cyclical shortfall in supply, as well as the prolonged construction period experienced by certain property projects. The Group will improve its asset operation management, closely monitor the construction progress and speed up sales for quicker cash inflow.

Business Review

Property Development

1. *Revenue*

The Group recorded a consolidated revenue of RMB342.4 million in the first half of 2015, representing a decrease of 85.4% compared to RMB2,345.9 million recorded in the first half of 2014. The delivered GFA decreased to 43,647 sq.m. in the first half of 2015 from 170,097 sq.m. in the first half of 2014, representing a decrease of 74.3%.

The Group did not have projects that were newly completed and delivered during the six months ended 30 June 2015 such that the revenue recognised during this period was only attributable to the sales of remaining units of those projects that were completed in prior years, thus resulting in a significant decrease of approximately 85.4% in the recognised revenue as compared to the same period in 2014.

Because the Group's projects that contributed revenue for current period were widely spread, while over 80% of the recognised revenue for the same period in 2014 were attributable to those higher priced properties in Shanghai Region, the booked average selling price decreased by 43.1% from RMB13,792 per sq.m. in the first half of 2014 to RMB7,846 per sq.m. in the first half of 2015.

Projects sold and delivered during the six months ended 30 June 2015 included:

		2015			2014		
Projects sold and delivered	**City**	**Revenue** *(RMB'000)*	**GFA sold and delivered** *(sq.m.)*	**Average selling price recognised** *(RMB/sq.m.)*	Revenue *(RMB'000)*	GFA sold and delivered *(sq.m.)*	Average selling price recognised *(RMB/sq.m.)*
Sunshine Venice	Shanghai	**25,515**	**7,255**	**3,517**	1,982	574	3,453
Shanghai Bay	Shanghai	**84,391**	**1,472**	**57,331**	157,863	3,004	52,551
Shanghai City Glorious	Shanghai	**4,199**	**233**	**18,021**	1,791,493	113,758	15,748
Royal Lakefront	Shanghai	**–**	**–**	**N/A**	27,908	7,855	3,553
Sunshine Bordeaux	Beijing	**19,428**	**3,249**	**5,980**	1,084	142	7,634
Glorious Artstyle Townhouse	Beijing	**28,022**	**2,589**	**10,823**	38,162	3,806	10,027
Tianjin Royal Bay Seaside	Tianjin	**9,648**	**1,763**	**5,472**	20,294	3,713	5,466
No.1 City Promotion	Wuxi	**18,575**	**3,496**	**5,313**	5,285	852	6,203
Nantong Glorious Chateau	Nantong	**–**	**–**	**N/A**	1,240	225	5,511
Nantong Villa Glorious	Nantong	**24,726**	**4,398**	**5,622**	33,017	4,604	7,171
Nantong Royal Bay	Nantong	**33,532**	**4,723**	**7,100**	60,325	5,414	11,142
Hefei Villa Glorious	Hefei	**7,723**	**832**	**9,282**	39,248	4,205	9,334
Hefei Royal Garden	Hefei	**899**	**355**	**2,532**	1,097	218	5,032
Sunny Town	Shenyang	**5,981**	**725**	**8,250**	20,495	2,037	10,061
Harbin Villa Glorious	Harbin	**43,413**	**5,597**	**7,756**	58,136	7,793	7,460
Harbin Royal Garden	Harbin	**20,032**	**3,626**	**5,525**	48,021	5,106	9,405
Changchun Villa Glorious (East)	Changchun	**4,277**	**1,048**	**4,081**	7,622	1,679	4,540
Dalian Villa Glorious	Dalian	**12,083**	**2,286**	**5,286**	32,644	5,112	6,386
Total		**342,444**	**43,647**	**7,846**	2,345,916	170,097	13,792

2. *Property Sales*

During the first half of 2015, the Group recorded contracted property sales of RMB2,130.0 million, representing a year-on-year ("YOY") increase of 11.5%; while the contracted GFA sold was 123,088 sq.m., representing a YOY decrease of 1.2%.

During the period, the Group's property sales were mainly contributed by projects in Shanghai Region and Yangtze River Delta, amounting to RMB1,889.8 million of property sales, representing an aggregate of 88.7% of the Group's total property sales. Other projects located in Pan Bohai Rim and Northeast China contributed property sales of RMB240.2 million, representing an aggregate of 11.3% of the Group's total property sales.

Property sales and GFA sold during the six months ended 30 June 2015:

Region	**Property sales *(RMB'000)***			**GFA sold *(sq.m.)***		
	2015	2014	Change (%)	**2015**	2014	Change (%)
Shanghai Region	**978,743**	1,180,575	-17.1%	**33,472**	40,355	-17.1%
Yangtze River Delta	**911,091**	535,055	70.3%	**60,137**	53,426	12.6%
Pan Bohai Rim	**133,400**	46,574	186.4%	**12,966**	5,652	129.4%
Northeast China	**106,766**	148,820	-28.3%	**16,513**	25,109	34.2%
Total	**2,130,000**	1,911,024	11.5%	**123,088**	124,542	-1.2%

3. *Construction and Development Plan*

During the first half of 2015, a total GFA of approximately 352,000 sq.m. was completed. The new construction area of the Group amounted to approximately 245,000 sq.m. during the first half of the year. The Group expects that the new construction area for year 2015 will exceed 890,000 sq.m.. As at 30 June 2015, the Group had projects with a total area under construction of 2.8 million sq.m..

4. *Land Bank*

As at 30 June 2015, the total land bank of the Group was 14.4 million sq.m., which was sufficient to meet its development needs over the next five years. The average land cost was RMB1,346 per sq.m..

The land bank of the Group was evenly distributed over first-, second- and third-tier cities, of which 21.4% was in first-tier cities and 78.6% was in second- and third-tier cities.

Overview of land bank as at 30 June 2015:

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	494,582	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					1,677,752	2,668	
Yangtze River Delta							
8	Nantong Glorious Chateau	Nantong	New District, Rugao Port Zone	Residential and commercial	4,144,373	322	100%
9	Nantong Royal Garden	Nantong	Rugao Town	Residential and commercial	388,859	1,282	100%
10	Nantong Glorious Plaza	Nantong	New District	Hotel, office and commercial	297,486	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	238,094	679	100%
13	Classical Life	Suzhou	Changshu New District	Residential and commercial	10,052	1,446	100%
14	Hefei Bashangjie Project	Hefei	Yaohai District	Residential, hotel, office and commercial	1,252,177	881	100%
15	Hefei Royal Garden	Hefei	Luyang District	Residential, hotel and commercial	111,793	1,207	100%
16	Nanjing Royal Bay	Nanjing	Gulou District	Residential and commercial	663,913	6,013	60%
Subtotal					7,524,829	1,238	

	Project	City	Location	Use	Land bank (sq.m.)	Average land cost (RMB per sq.m.)	Interests attributable to the Group
Pan Bohai Rim							
17	Sunshine Holiday	Tianjin	Hedong District East	Residential, hotel and commercial	72,281	799	100%
18	Tianjin Royal Bay Seaside	Tianjin	Dagang District	Residential, hotel and commercial	841,727	1,396	100%
19	Tianjin Royal Bay Lakeside	Tianjin	Tuanbohu District	Residential and commercial	1,567,303	1,225	70%
20	Royal Mansion	Beijing	Haidian District	Residential and commercial	90,406	3,395	100%
21	Sunshine Bordeaux	Beijing	Daxing District	Residential and commercial	1,320,752	493	100%
Subtotal					3,892,469	1,056	
Northeast China							
22	Harbin Villa Glorious	Harbin	Qunli New District	Residential and commercial	27,453	979	100%
23	Sunny Town	Shenyang	Yuhong District	Residential and commercial	120,023	1,133	100%
24	Changchun Villa Glorious (East)	Changchun	New and High-tech District	Residential and commercial	6,059	868	100%
25	Changchun Villa Glorious (West)	Changchun	New and High-tech District	Residential and commercial	845,088	1,004	100%
26	Dalian Plot No. 200	Dalian	Jinzhou New District	Residential and commercial	344,000	1,497	70%
Subtotal					1,342,623	1,141	
Total					14,437,673	1,346	

5. *Commercial Properties*

The Group will steadily foster the development of its commercial properties. As at 30 June 2015, approximately 288,000 sq.m. of commercial properties were completed by the Group, and around 921,000 sq.m. of commercial property projects were still under construction.

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, respectively. The Group plans to possess most of the premium commercial properties in the long run to secure stable rental return.

OUTLOOK FOR THE SECOND HALF OF 2015

The China economy stepped into a stage of new norms and economic growth has continued to slacken. Over a certain period of time, pressure from the economic downturn is expected to intensify. Notwithstanding the 10-year development of commodity properties, there is still room for development in first-tier and key second-tier cities, which boast strong capacity of drawing in population and economic attainment, as well as steady transaction volume with some slight rebound. Commercial properties' activities, on the other hand, are gradually reaching saturation in those cities. The Group expects that the diversification in the trend of cities across different regions in the nation and across different districts in a city will become more distinct in the second half of the year, and the general market will gradually achieve steady growth.

The Group will continue to closely monitor market changes and proactively refine its sales and pricing strategies according to the market conditions. It will adopt specific measures to speed up the sales of inventory and cash inflows. Meanwhile, it will accelerate the development pace and strive to swiftly destock saleable resources in order to enhance its competitiveness in the market.

The Group will continue to adhere to its principle of steady development and endeavor to improve the development of existing projects so as to increase the asset turnover rate. Meanwhile, the Group strives to improve the debt structure, adjust the projects' management system in respect of management models and construction cost in order to enhance the profitability of the Group.

The Group will adhere to the adoption of prudent financial policy to control the debt and gearing ratio at a reasonable level so as to effectively avoid financial risks. It will accelerate the disposal of low-return assets to further enhance the Group's asset quality. Moreover, it will strive to balance the cost and benefit of using debt financing and aim to sustain steady growth by lowering the level of borrowings with available funds from multi-channel property sales. The Group will enhance the cash management, industrial structure and financial structure in order to ensure a prudent and safe financial condition of the Group.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2015

RMB'000	*Note*	**Six months ended 30 June** **2015** ***(unaudited)***	2014 *(unaudited)*
Revenue	*2*	**342,444**	2,345,916
Cost of sales		**(962,763)**	(2,113,311)
Gross (loss)/profit		**(620,319)**	232,605
Other income	*3*	**49,690**	54,922
Other (losses)/gains, net	*4*	**(73,733)**	(28,860)
Selling and marketing expenses	*5*	**(36,076)**	(70,011)
Administrative expenses	*5*	**(235,186)**	(187,853)
Finance costs	*6*	**(158,820)**	(6,631)
Share of profit of an associate		**72**	1,507
Share of loss of a joint venture		**(3,978)**	(5,704)
Loss before income tax		**(1,078,350)**	(10,025)
Income tax credits/(expenses)	*7*	**10,738**	(212,915)
Loss for the period		**(1,067,612)**	(222,940)
Loss attributable to:			
– the owners of the Company		**(996,620)**	(221,339)
– non-controlling interests		**(70,992)**	(1,601)
		(1,067,612)	(222,940)
Other comprehensive income		**—**	—
Total comprehensive loss for the period		**(1,067,612)**	(222,940)
Total comprehensive loss for the period attributable to:			
– the owners of the Company		**(996,620)**	(221,339)
– non-controlling interests		**(70,992)**	(1,601)
		(1,067,612)	(222,940)
Loss per share for loss attributable to the owners of the Company (expressed in RMB per share)			
– Basic	*8*	**(0.13)**	(0.03)
– Diluted	*8*	**(0.13)**	(0.03)
Dividend	*9*	**—**	—

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2015

RMB'000	*Note*	**30 June 2015 *(unaudited)***	31 December 2014 *(audited)*
Non-current assets			
Property, plant and equipment		**1,883,711**	1,798,175
Investment properties		**10,952,556**	10,685,010
Intangible assets		**1,800**	1,800
Investment in an associate		**2,880**	2,808
Investment in a joint venture		**—**	3,794
Loan to a joint venture		**1,310,574**	1,422,370
Deferred income tax assets		**520,228**	466,670
		14,671,749	14,380,627
Current assets			
Properties under development		**23,608,055**	22,560,732
Completed properties held for sale		**4,943,873**	5,051,105
Trade and other receivables and prepayments	*10*	**8,097,463**	8,014,779
Prepaid taxes		**343,271**	324,939
Restricted cash		**826,389**	916,411
Cash and cash equivalents		**204,930**	449,247
		38,023,981	37,317,213
Non-current assets classified as held for sale		**2,202,463**	2,227,522
		40,226,444	39,544,735
Total assets		**54,898,193**	53,925,362
Current liabilities			
Advanced proceeds received from customers		**4,799,034**	3,724,250
Trade and other payables	*11*	**4,975,192**	4,787,417
Income tax payable		**4,320,311**	4,391,753
Borrowings	*12*	**21,820,971**	15,673,876
Obligations under finance lease		**966**	933
		35,916,474	28,578,229
Net current assets		**4,309,970**	10,966,506
Total assets less current liabilities		**18,981,719**	25,347,133

RMB'000	Note	30 June 2015 (unaudited)	31 December 2014 (audited)
Non-current liabilities			
Borrowings	*12*	**1,291,914**	6,596,124
Deferred income tax liabilities		**2,177,225**	2,170,854
Obligations under finance lease		**17,927**	17,890
		3,487,066	8,784,868
Net assets		**15,494,653**	16,562,265
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		**6,565,545**	7,562,165
		14,457,272	15,453,892
Non-controlling interests		**1,037,381**	1,108,373
Total equity		**15,494,653**	16,562,265

NOTES:

1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements of the Company for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

This condensed consolidated interim financial information is presented in thousands of units of Renminbi (RMB'000), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board on 31 August 2015.

This condensed consolidated interim financial information has not been audited. This condensed consolidated interim financial information has been reviewed by the Company's audit committee.

(i) Going concern basis

For the six months ended 30 June 2015, the Group reported a net loss attributable to the owners of the Company of RMB996,620,000 (six months ended 30 June 2014: RMB221,339,000) and net operating cash outflow of RMB803,594,000 (six months ended 30 June 2014: RMB3,020,211,000). Total borrowings increased from RMB22,270,000,000 as at 31 December 2014 to RMB23,112,885,000 as at 30 June 2015. Cash and cash equivalents reduced from RMB449,247,000 as at 31 December 2014 to RMB204,930,000 as at 30 June 2015.

As at 30 June 2015, certain borrowings whose principal repayment amounts of RMB1,691,992,000 and interest payable amounts of RMB124,163,000 relating to borrowings with total principal amounts of RMB5,403,800,000, were overdue. As a result, principal balance of RMB625,700,000, representing the non-current portion of these principal balances, has been reclassified as current liabilities as at 30 June 2015.

As stipulated in the relevant loans and financing agreements in respect of certain other borrowings of the Group ("Other Borrowings") with outstanding principal amounting to RMB8,663,300,000, comprising amounts with contractual repayment dates within the next twelve months, in one to two years and in two to five years of approximately RMB1,855,700,000, RMB2,460,000,000 and RMB4,347,600,000 respectively, failure to repay any borrowings and/or their relevant interest leading to default on the Group's borrowings 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 the latter balances of these Other Borrowings of RMB2,460,000,000 and RMB4,347,600,000, totalling RMB6,807,600,000, have also been reclassified as current liabilities as at 30 June 2015.

In addition, subsequent to 30 June 2015, the Group did not repay certain principal and interest payments in accordance with the scheduled repayment dates of the respective agreements, which amounted to RMB1,094,600,000 and RMB95,720,000, respectively, relating to borrowings with principal balances totalling RMB5,068,000,000, comprising current and non-current borrowings of RMB5,003,000,000 and RMB65,000,000 respectively as at 30 June 2015.

Except for the repayment of loan principal of RMB80,700,000 and interest of RMB600,000, the Group has yet to subsequently settle the aforementioned overdue principal and interest repayment amounts as at 30 June 2015. Management is in active negotiation with these lenders to revise the repayment schedules for those overdue loan principals and interests, and is therefore confident that the lenders of the borrowings will not enforce their rights of immediate repayment.

The deteriorating performance of the Group in terms of operating loss and cash flow, the decrease in cash and cash equivalents and the significant amount of borrowings due for repayment within one year as at 30 June 2015, together with the aforementioned default in borrowings as a result of either delay in repayment of principal and interests or breaches of covenants giving rise to cross-default terms 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) In March 2015, the Group entered into an agreement with a PRC financial institution which agreed to increase the uncommitted lending limit to the Group from approximately RMB2,000,000,000 to approximately RMB4,000,000,000, under which additional loan can be drawn upon further approval by the financial institution;

(ii) The Group has been actively negotiating with a number of commercial banks for renewal and extension of bank loans and credit facilities;

(iii) 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;

(iv) The Group has started to realise the value of certain of the properties previously classified as investment properties. As a result of such plan, investment properties amounting to RMB2,202,463,000 (31 December 2014: RMB2,227,522,000) have been reclassified as "non-current assets classified as held for sale" as at 30 June 2015 and during the six months ended 30 June 2015, the Group has received sales proceeds of RMB42,573,000 from the sales of some of these investment properties. Management is committed to the sale and targets to sell most if not all of these assets in year 2015 in order to generate cash flows to help meeting the Group's financial obligations;

(v) The Group has accelerated the pre-sales and sales of its properties under development and completed properties. The Group recorded property sales of RMB2,130,000,000 during the six months ended 30 June 2015, which was 11.5% higher than the corresponding period in 2014. Apart from selling the remaining units of those existing projects, the Group expects to launch properties of more than 150,000 sq.m. from certain projects in the first- and second-tier cities upon obtaining the pre-sales permits from September 2015. It is expected that significant amounts of cash flow from property sales will be available to the Group;

(vi) The Group has put in measures to speed up the collection of sales proceeds including both the initial down payments as well as the mortgage payments for the property sales. During the six months ended 30 June 2015, the Group collected sales proceeds of approximately RMB2,157,000,000 from the customers for property sales; and

(vii) The Group will 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 covering a period of not less than twelve months from 30 June 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 30 June 2015. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial information 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 of existing current and other borrowings upon maturity;

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

(iii) Successful implementation of the plan to sell certain of its properties which were previously classified as investment properties to generate cash flows;

(iv) 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 cash flows; and

(v) Successfully maintaining relationship with the Group's existing lenders and to strictly comply with the terms and obligations under the facility agreements so as to ensure that there will be no default in the future and that no action will be taken by those lenders to demand immediate repayment in respect of defaults in the past.

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 value of the Group's assets to the irrecoverable 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 information.

(ii) Accounting Policies

Except as described below, the accounting policies adopted are consistent with those set out in the consolidated financial statements of the Company for the year ended 31 December 2014 as included in the Company's annual report for the year ended 31 December 2014.

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

•	Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
•	Annual Improvements 2010-2012	Amendments to a number of HKFRSs Cycle
•	Annual Improvements 2011-2013	Amendments to a number of HKFRSs Cycle

The adoption of the above new standards and amendments has no significant impact to the Group's financial position for all periods presented in this report.

Taxes on income in the six months ended 30 June 2015 are accrued using the tax rate that would be applicable to expected total annual earnings.

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 Group's business from a geographical perspective and assesses 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, other than those stated below, to the Executive Directors is measured in a manner consistent with that in the condensed consolidated interim financial information.

Total segment assets excluded deferred income tax assets and other unallocated corporate assets. Other unallocated corporate assets represent interest expenses incurred at corporate level 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 condensed consolidated statement of comprehensive income.

RMB'000	**Shanghai Region**	**Yangtze River Delta (excluding Shanghai)**	**Pan Bohai Rim**	**Northeast China**	**Others**	**Total**
Six months ended 30 June 2015 (unaudited)						
Total revenue	**114,104**	**85,456**	**57,099**	**85,785**	**—**	**342,444**
Inter-segment revenue	**—**	**—**	**—**	**—**	**—**	**—**
Revenue	**114,104**	**85,456**	**57,099**	**85,785**	**—**	**342,444**
Segment results	**(40,847)**	**(36,647)**	**(42,202)**	**(89,708)**	**(24,553)**	**(233,957)**
Depreciation	**(3,571)**	**(1,049)**	**(1,533)**	**(1,169)**	**(462)**	**(7,784)**
Fair value changes of investment properties	**14,465**	**(43,150)**	**1,870**	**(61,106)**	**—**	**(87,921)**
Provision for impairment of properties under development and completed properties held for sale	**(1,031)**	**(294,717)**	**(326,267)**	**(2,105)**	**—**	**(624,120)**
Interest income	**33,216**	**867**	**55**	**113**	**1**	**34,252**
Finance costs	**(96,605)**	**(10,212)**	**(656)**	**(2,894)**	**(48,453)**	**(158,820)**
Income tax (expenses)/credits	**(2,987)**	**9,421**	**5,874**	**(1,570)**	**—**	**10,738**

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Total
Six months ended 30 June 2014 (unaudited)						
Total revenue	1,979,246	140,212	59,539	166,919	—	2,345,916
Inter-segment revenue	—	—	—	—	—	—
Revenue (from external customers)	1,979,246	140,212	59,539	166,919	—	2,345,916
Segment results	501,366	(79,275)	(33,178)	(49,517)	(68,675)	270,721
Depreciation and amortisation	(4,625)	(1,450)	(1,607)	(1,247)	(982)	(9,911)
Fair value changes of investment properties	55,910	(14,144)	3,144	(32,570)	—	12,340
Provision for impairment of properties under development and completed properties held for sale	(919)	(121,056)	(131,899)	(63,185)	—	(317,059)
Interest income	20,862	15,377	3,853	306	117	40,515
Finance costs	(2,926)	(545)	(3,160)	—	—	(6,631)
Income tax (expenses)/credits	(245,103)	9,426	7,014	16,203	(455)	(212,915)

RMB'000	**Shanghai Region**	**Yangtze River Delta (excluding Shanghai)**	**Pan Bohai Rim**	**Northeast China**	**Others**	**Elimination**	**Total**
As at 30 June 2015 (unaudited)							
Total segment assets	**37,648,513**	**25,182,149**	**6,543,545**	**6,345,352**	**8,134,457**	**(35,673,228)**	**48,180,788**
Total segment assets include:							
Investment in an associate	**2,880**	**—**	**—**	**—**	**—**	**—**	**2,880**
Investment in a joint venture	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Non-current assets classified as held for sale	**1,606,385**	**—**	**156,817**	**439,261**	**—**	**—**	**2,202,463**
Deferred income tax assets							**520,228**
Other unallocated corporate assets							**6,197,177**
Total assets							**54,898,193**

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Elimination	Total
As at 31 December 2014 (audited)							
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

RMB'000	Six months ended 30 June **2015** ***(unaudited)***	 2014 *(unaudited)*
Segment results	**(233,957)**	270,721
Fair value changes of investment properties	**(87,921)**	12,340
Provision for impairment of properties under development and completed properties held for sale	**(624,120)**	(317,059)
Depreciation and amortisation	**(7,784)**	(9,911)
Operating loss	**(953,782)**	(43,909)
Interest income	**34,252**	40,515
Finance costs	**(158,820)**	(6,631)
Loss before income tax	**(1,078,350)**	(10,025)
Additions to:		
Property, plant and equipment	**94,324**	251,231
Investment properties	**355,467**	315,022
	449,791	566,253

3 Other income

RMB'000	Six months ended 30 June **2015** ***(unaudited)***	 2014 *(unaudited)*
Interest income	**34,252**	40,515
Rental income	**14,684**	13,501
Others	**754**	906
	49,690	54,922

4 Other (losses)/gains, net

RMB'000	Six months ended 30 June **2015** ***(unaudited)***	 2014 *(unaudited)*
Fair value changes of investment properties	**(87,921)**	12,340
Exchange losses, net	**(68)**	(41,200)
Gain on disposals of non-current assets classified as held for sale	**14,256**	—
	(73,733)	(28,860)

5 Expenses by nature

Loss before income tax is stated after charging the following:

RMB'000	**Six months ended 30 June** **2015** ***(unaudited)***	 2014 *(unaudited)*
Auditors' remuneration	**5,748**	5,895
Advertising costs	**6,508**	20,662
Business taxes and other levies	**16,694**	130,378
Costs of properties sold	**321,949**	1,665,874
Provision for impairment of properties under development and completed properties held for sale	**624,120**	317,059
Depreciation	**7,784**	9,911
Staff costs — excluding directors' emoluments	**75,130**	74,989
Rental expenses	**17,350**	23,322

6 Finance costs

RMB'000	**Six months ended 30 June** **2015** ***(unaudited)***	 2014 *(unaudited)*
Interest expenses:		
Bank borrowings	**1,183,164**	931,692
Senior Notes due 2015	**124,023**	123,424
Senior Notes due 2018	**165,382**	164,745
Others	**29,967**	10,821
Total interest expenses	**1,502,536**	1,230,682
Less: interest capitalised on qualifying assets	**(1,343,716)**	(1,224,051)
	158,820	6,631

7 Income tax (credits)/expenses

RMB'000	**Six months ended 30 June** **2015** ***(unaudited)***	 2014 *(unaudited)*
Current income tax:		
PRC corporate income tax	**(5,420)**	146,470
PRC land appreciation tax	**41,869**	101,240
	36,449	247,710
Deferred income tax:		
Origination and reversal of temporary differences	**(47,187)**	(34,795)
	(47,187)	(34,795)
	(10,738)	212,915

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 period.

	Six months ended 30 June	
	2015	2014
	(unaudited)	*(unaudited)*
Loss attributable to the owners of the Company (RMB'000)	**(996,620)**	(221,339)
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 six months ended 30 June 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 declare the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

10 Trade and other receivables and prepayments

	30 June	31 December
	2015	2014
RMB'000	***(unaudited)***	*(audited)*
Trade receivables due from third parties (a)	**378,834**	384,896
Other receivables due from third parties (b)	**801,111**	879,388
Prepayments for construction costs:	**1,965,649**	1,879,532
Related parties	**1,218,996**	1,183,271
Third parties	**746,653**	696,261
Prepayments for land premium	**4,699,971**	4,699,971
Prepaid business taxes and other taxes	**251,898**	170,992
	8,097,463	8,014,779

(a) Trade receivables mainly arose 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	**30 June 2015 *(unaudited)***	31 December 2014 *(audited)*
Within 6 months	**2,872**	15,485
Between 7 and 12 months	**1,572**	4,179
Between 13 months and 3 years	**374,390**	365,232
	378,834	384,896

As at 30 June 2015, trade receivables of RMB378,834,000 (31 December 2014: RMB384,896,000) were overdue but not impaired, including an amount due from a local government authority of RMB341,548,000 (31 December 2014: RMB341,548,000) 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. 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.

(b)

RMB'000	**30 June 2015 *(unaudited)***	31 December 2014 *(audited)*
Other receivables due from third parties	**1,710,434**	1,788,711
Less: provision for impairment of other receivables	**(909,323)**	(909,323)
Other receivables due from third parties, net	**801,111**	879,388

11 Trade and other payables

RMB'000	**30 June 2015 *(unaudited)***	31 December 2014 *(audited)*
Trade payables (a):	**3,303,473**	3,378,620
Related parties	**13,884**	19,820
Third parties	**3,289,589**	3,358,800
Other payables due to third parties:	**1,501,981**	1,232,399
Acquisition consideration payable	**310,000**	310,000
Other payables and accrued expenses	**1,191,981**	922,399
Other taxes payable	**169,738**	176,398
	4,975,192	4,787,417

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

RMB'000	**30 June 2015 *(unaudited)***	31 December 2014 *(audited)*
Within 6 months	**2,264,117**	2,599,516
Between 7 and 12 months	**56,727**	107,486
Between 13 months and 5 years	**982,629**	671,618
	3,303,473	3,378,620

12 Borrowings

RMB'000	**30 June 2015 *(unaudited)***	31 December 2014 *(audited)*
Borrowings included in non-current liabilities:		
Bank borrowings — secured	**1,281,522**	6,596,124
Other borrowings — unsecured	**10,392**	—
	1,291,914	6,596,124
Borrowings included in current liabilities:		
Bank borrowings — secured (a)	**16,922,678**	11,074,398
Senior Notes due 2015 — secured (a)	**1,872,232**	1,869,404
Senior Notes due 2018 — secured (a)	**2,517,593**	2,516,874
Other borrowings — unsecured	**233,388**	125,800
Other borrowings — secured	**275,080**	87,400
	21,820,971	15,673,876
Total borrowings	**23,112,885**	22,270,000

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

RMB'000	**30 June 2015 *(unaudited)***	31 December 2014 *(audited)*
Amounts of borrowings that are repayable:		
Within 1 year (a)	**21,820,971**	15,673,876
After 1 and within 2 years	**1,212,114**	6,536,124
After 2 and within 5 years	**37,500**	30,000
After 5 years	**42,300**	30,000
	23,112,885	22,270,000

(a) As a result of the matters described in note 1(i), borrowings with principal amounts of RMB7,433,300,000 have been reclassified as current borrowings as at 30 June 2015.

FINANCIAL REVIEW

For the six months ended 30 June 2015, the Group recorded a consolidated revenue of RMB342.4 million, representing a decrease of 85.4% compared to RMB2,345.9 million for the first half of 2014. The GFA of properties delivered by the Group decreased from 170,097 sq.m. in the first half of 2014 to 43,647 sq.m. in the current period. As the Group did not have projects that were newly completed and delivered during the six months ended 30 June 2015 such that the revenue recognised during this period was only attributable to the sales of remaining units of those projects that were completed in prior years, thus resulting in a significant decrease in the recognised revenue as compared to the same period in 2014. In addition, because the Group's projects that contributed revenue for the current period were widely spread, while over 80% of the recognised revenue for the same period in 2014 were attributable to those higher priced properties in Shanghai Region, the booked average selling price decreased by 43.1% from RMB13,792 per sq.m. in the first half of 2014 to RMB7,846 per sq.m. in the first half of 2015.

The cost of sales for the six months ended 30 June 2015 was RMB962.8 million, representing a decrease of 54.4% as compared to RMB2,113.3 million from the corresponding period in 2014. The cost of sales for the current period included a provision for impairment of certain property development projects which amounted to RMB624.1 million (six months ended 30 June 2014: RMB317.1 million). The provision for impairment was made to certain of the Group's property projects that had experienced prolonged construction period, during which the Group continued to incur construction costs and finance costs, causing the total project costs to exceed the realisable value of those projects. Excluding the provision for impairment, the Group's average cost of sales for the first half of 2015 was RMB7,758 per sq.m., which was 26.5% lower than that of RMB10,559 per sq.m. for the corresponding period in 2014. The average cost of sales for the first half of 2015 was lower than the corresponding period in 2014 because the properties sold and delivered in the first half of 2015 spread over different cities and locations as compared to a highly skewed distribution of property sold and delivered in Shanghai Region for the first half of 2014.

The Group recorded a consolidated gross loss of RMB620.3 million for the six months ended 30 June 2015, while it was a gross profit of RMB232.6 million for the corresponding period in 2014. The Group's gross margin for the current period was negative 181.1%, as compared to 9.9% for the corresponding period in 2014. The consolidated gross loss and negative gross margin for the current period was largely attributable to the significantly lower revenue recognised and the lower profit margin for the properties sold and delivered, as well as due to the provision for impairment of the Group's properties of RMB624.1 million for the first half of 2015, which was 96.8% higher than RMB317.1 million for the same period in 2014. Excluding the effect of the provision for impairment, the Group recorded consolidated gross profit of RMB3.8 million and a gross profit margin of 1.1% for the first half of 2015, which decreased significantly as compared to the first half of 2014's gross profit of RMB549.7 million and gross profit margin of 23.4%, mainly due to the significantly lower revenue and the generally lower profit margin of the property sold and delivered in the first half of 2015.

Other income for the six months ended 30 June 2015 was RMB49.7 million, representing a decrease of 9.5% from RMB54.9 million for the corresponding period in 2014. Other income mainly includes interest income and rental income.

Other (losses)/gains, net for the six months ended 30 June 2015 was a net other loss of RMB73.7 million, which was 155.5% higher than RMB28.9 million for the corresponding period in 2014. The net other loss for the current period primarily comprised the fair value loss of the Group's investment properties of RMB87.9 million (six months ended 30 June 2014: fair value gain of RMB12.3 million) and net exchange loss of RMB0.7 million (six months ended 30 June 2014: net exchange loss of RMB41.2 million) mainly arising from the retranslation of the Company's US dollar senior notes due 2015 and 2018 respectively.

Selling and marketing expenses for the six months ended 30 June 2015 was RMB36.1 million, representing a decrease of 48.5% as compared to RMB70.0 million during the corresponding period in 2014. The decrease in selling and marketing expenses was primarily due to less number of new project launches and less general marketing activities during the period under review.

Administrative expenses for the six months ended 30 June 2015 were RMB235.2 million, which was 25.2% higher than RMB187.9 million for the corresponding period in 2014.

Gross finance costs for the six months ended 30 June 2015 were RMB1,502.5 million, which was 22.1% higher than RMB1,230.7 million for the corresponding period in 2014. The higher gross finance costs for the first half of 2015 was due to the increase in both of the Group's total borrowings and cost of borrowings as compared to the first half of 2014. For the six months ended 30 June 2015, finance costs of RMB1,343.7 million (six months ended 30 June 2014: RMB1,224.1 million) have been capitalised, leaving RMB158.8 million (six months ended 30 June 2014: RMB6.6 million) charged directly to the condensed consolidated statement of comprehensive income.

The Group recorded a loss before income tax of RMB1,078.4 million for the six months ended 30 June 2015, as compared to a loss before income tax of RMB10.0 million for the corresponding period in 2014. The Group's recorded a substantial increase in the loss before income tax for the current period as compared to the same period in 2014 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 the fair value loss for investment properties for the current period.

The Group recorded tax credits of RMB10.7 million for the six months ended 30 June 2015, as compared to tax expenses of RMB212.9 million for the corresponding period in 2014.

The Group recorded a loss attributable to the owners of the Company of RMB996.6 million for the six months ended 30 June 2015, as compared to RMB222.9 million for the corresponding period in 2014. The Group's recorded a substantial increase in the loss attributable to the owners of the Company for the first half of 2015 as compared to the same period in 2014 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 the fair value loss for investment properties for the current period.

Current Assets and Liabilities

As at 30 June 2015, the Group held total current assets of approximately RMB40,226.4 million (31 December 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 increased slightly by 4.6% from RMB22,560.7 million as at 31 December 2014 to RMB23,608.1 million as at 30 June 2015. Trade and other receivables and prepayments increased slightly by 1.0% from RMB8,014.8 million as at 31 December 2014 to RMB8,097.5 million as at 30 June 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 decreased slightly by 2.1% from RMB5,051.1 million as at 31 December 2014 to RMB4,943.9 million as at 30 June 2015. The lower balance of completed properties held for sale was mainly due to the Group's continuous effort to sell the remaining units of existing projects in the current period.

Total current liabilities as at 30 June 2015 amounted to RMB35,916.5 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 aggregate principal amount of approximately RMB7,433.3 million to become current liabilities as at 30 June 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) of the consolidated financial information for the details about the aforementioned reclassification of the borrowings.

As at 30 June 2015, the current ratio (calculated as the total current assets divided by the total current liabilities) was 1.1 (31 December 2014: 1.4). The lower current ratio as at 30 June 2015 mainly resulted from the significantly increased current borrowings as mentioned in the preceding paragraph.

Liquidity and Financial Resources

During the first half of 2015, the Group funded its property development projects principally from proceeds from the pre-sales of properties and bank loans. As at 30 June 2015, the Group had cash and bank balances of RMB1,031.3 million (31 December 2014: RMB1,365.7 million).

As at 30 June 2015, the Group's total borrowings amounted to RMB23,112.9 million, representing an increase of 3.8% 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 30 June 2015 and 31 December 2014 were as follows:

RMB'000	**30 June 2015** ***(unaudited)***	31 December 2014 *(audited)*
Total borrowings	**23,112,885**	22,270,000
Less: cash and bank balances	**(1,031,319)**	(1,365,658)
Net debt	**22,081,566**	20,904,342
Total equity attributable to the owners of the Company	**14,457,272**	15,453,892
Gearing ratio	**152.7%**	135.3%

The gearing ratio as at 30 June 2015 was higher than that for 31 December 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 period. The increase in the Group's borrowings was to finance its operating activities, mainly including the payments for construction costs and other operating expenses. In addition, as there was limited new launch of the Group's property projects in the current period, cash inflows generated from property sales were not significant.

Short-term debt ratio is calculated as current borrowings divided by total borrowings. As at 30 June 2015, the Group's short-term debt ratio was 94.4% (31 December 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 the related transactions are 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$300.0 million Senior Notes due 2015 and the US$400.0 million Senior Notes due 2018. Apart from the aforementioned liabilities that may cause the Group to be exposed to a higher level of foreign exchange risk, there are no other assets and liabilities that will expose the Group to significant foreign exchange risk.

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.

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.

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.

Pledge of Assets

As at 30 June 2015, the Group had pledged certain of its subsidiaries' shares, construction in progress, investment properties, properties under development, completed properties held for sale and non-current assets classified as held for sale to secure its borrowings.

Financial Guarantees

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. Such guarantees will terminate upon the earlier of: (i) the issuance of the real estate ownership certificate which is generally available within an average period of one to two years upon the completion of the registration of the guarantee; or (ii) the full repayment of the mortgage loan by the purchasers of the Group's properties.

Pursuant to the terms of the guarantees, upon a default in mortgage payments by these purchasers, the Group is responsible for repaying to the banks the outstanding mortgage principal, together with accrued interest and any penalty owed by the defaulting purchasers, and the Group is entitled to take over the legal title and possession of the related properties. The guarantee period starts from the date of the grant of the respective mortgage. As at 30 June 2015, the amount of outstanding guarantees for mortgages was RMB7,255.0 million (31 December 2014: RMB7,194.3 million).

Capital Commitments

As at 30 June 2015, the Group had capital commitments as follows:

RMB'000	**30 June 2015 *(unaudited)***	31 December 2014 *(audited)*
Land use rights	**483,719**	870,884
Property development expenditures	**4,907,876**	5,264,409
Construction materials	**31,454**	31,818
	5,423,049	6,167,311

EMPLOYEE

As at 30 June 2015, the Group had 907 employees. 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 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 30 June 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 six months ended 30 June 2015, there was no share option being granted under the Share Option Scheme.

CORPORATE GOVERNANCE

Compliance with Corporate Governance Code

The Company had complied with 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 "Stock Exchange") during the six months ended 30 June 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 of the Company did not attend the annual general meeting of the Company held on 29 May 2015 (the "AGM") 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 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 six months ended 30 June 2015.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") was established on 9 September 2009 with written terms of reference, and currently comprises two independent non-executive directors ("INED(s)"), namely, Mr. Wo Rui Fang and Mr. Han Ping.

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

NON-COMPLIANCE WITH RULES 3.10, 3.10A, 3.21 AND 3.25 OF THE LISTING RULES

Reference is made to the announcement of the Company dated 7 May 2015 in respect of the resignation of Mr. Liu Shun Fai as an INED, the chairman of the Audit Committee and a member of the remuneration committee of the Company with effect from 30 May 2015 due to his other business commitment.

From 30 May 2015 onwards and as at the date of this announcement, the Company only has two INEDs and two Audit Committee members, which falls below the minimum number requirement and that at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise to meet the requirements under Rules 3.10, 3.10A and 3.21 of the Listing Rules. Moreover, the composition of the remuneration committee does not meet the requirement under Rule 3.25 of the Listing Rules.

The Company is endeavoring to identify suitable candidate(s) to fill the above vacancies as soon as practicable. Further announcement(s) will be made by the Company when the relevant appointments are made in accordance with the Listing Rules.

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 six months ended 30 June 2015.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Company at www.gloriousphl.com.cn and the Stock Exchange at www.hkexnews.hk. The 2015 interim report of the Company for the six months ended 30 June 2015 containing all the applicable information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the same websites in due course.

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

Hong Kong, 31 August 2015

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 Messrs. Wo Rui Fang and Han Ping.