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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

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 2019 (the "2019 Interim Results"). The 2019 Interim Results have been reviewed by the audit committee of the Company (the "Audit Committee") and approved by the Board on 27 August 2019.

FINANCIAL HIGHLIGHTS

- Revenue amounted to RMB886.9 million; the average selling price of revenue from property sales (excluding interior decoration) was RMB26,374 per sq.m.
- Recorded a loss attributable to the owners of the Company of RMB1,364.4 million
- Total borrowings was RMB24,761.2 million
- Gearing ratio was 425.0%
- Property sales was RMB1,585.0 million and GFA sold was 119,895 sq.m.

OVERALL RESULTS

For the six months ended 30 June 2019, the Group recorded a consolidated revenue of RMB886.9 million, which decreased by 62.3% as compared to the corresponding period in 2018. For the six months ended 30 June 2019, the Group recorded a loss attributable to the owners of the Company of RMB1,364.4 million, which is 18.6% lower than the loss attributable to the owners of the Company of RMB1,676.9 million for the corresponding period in 2018.

Loss per share for the six months ended 30 June 2019 was RMB0.18 (six months ended 30 June 2018: RMB0.22).

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

The general review on the economic situation for the first half of 2019 can be summarised as overall economic stability with steady progress. Intuitively, the four core indicators remained in the reasonable range despite the fluctuations. The world economy was generally in a downturn, the pace of trade expansion was slowing down and uncertainties continued to increase, in a word, there were structural contradictions mixed with cyclical factors. Despite all that, the economic situation in the first half of the year is basically in line with expectations, and the Chinese economy is still moving forward on the right track with higher-quality development. More importantly, the real estate industry is currently in a stable period without wild fluctuations, so rare a situation that has not been seen for many years. It's mainly due to the generally stable real estate control policies at the central level, as well as the full implementation of the regulatory and guiding principles of "firmly curbing the rapid rise of housing prices" and "housing is for accommodation rather than speculation" by local governments with targeted policies. During the course, bunches of measures were taken to strike a balance between supply and demand, which steadily cool down the heat of the real estate market and guide rational market expectations.

During the first half of 2019, the transaction volume of the real estate market remained stable in spite of some slight drop, the overall housing prices stabilised and the room for price increase narrowed at a low level. Generally speaking, the housing price decline is better than market expectation, and indicators suggest that it will stabilise in the near future. In the first half of the year, the popularity of land auctions in focused cities rose and the transaction volume of residential land in first- and second-tier cities also increased, driving up a structural increase in transacted price of residential land across the country. After more than two years of adjustment, the first-tier and second-tier cities have accumulated more demand and, benefiting from the gradual introduction of high-end projects into the market, recorded quarter-on-quarter growth amid fluctuations, with overall price level remaining relatively stable at a high level. The transaction sizes gradually warmed up, representing a corresponding increase in sales of real estate enterprises. While the third- and fourth-tier cities, affected by factors such as relaxation of settlement requirement and reduction of shanty town renovation projects, experienced regional market differentiation and decline in cumulative growth, and showed a slight and generally controllable downward trend.

Although the economy in the first half of the year was fluctuant, the market remained stable due to the implementation of one city, one policy under the policy principle of stabilising land price, housing price, and expectation. The Group paid close attention to the changing situation of the market in a timely manner, adjusted its schedule for launching new projects according to the current situation of regional urban development and evolution to improve project turnover rate. Besides, the Group actively promoted the construction, sales and funds collection work of each project and focused on the categorised guidance of each project to ensure key sales results, synchronisation and coordination in both sales and construction, as well as healthy management of cash flow. During the first half of the year, the Group focused on improving management efficiency and management ability, strengthening the responsibilities of departments and functions and the awareness of frontline service staff, and enhancing the role of target control throughout the construction process. In addition, the Group ensured all the important timelines and sales bases of projects by proactively strengthening the project work and leveraging its professional function in project construction, so as to make it more energetic for the goal of reducing total liabilities and optimising liability structure.

During the first six months of 2019, the Group's contracted property sales decreased significantly, mainly due to the limited launch of property sales in the first half of the year, carrying out most project completions in the second half of the year, and the delay in issuance of pre-sale certificates for certain projects due to regulatory policies which made the total volume of saleable properties being controlled in the first half of the year. Yet, the Group strengthened the requirements for the pace and amount of collection of sales proceeds to ensure the safe use of cash flow, although the strained situation of cash flow still existed. The Group will further promote the construction progress, increase the launch of property sales, speed up sales of new property projects and collection of sales proceeds, and strive to improve assets operation and management capabilities and enhance and supplement operating cash flow during the second half of the year.

Business Review

I. Revenue

The Group recorded a consolidated revenue of RMB886.9 million in the first half of 2019, representing a decrease of 62.3% compared to RMB2,349.9 million recorded in the first half of 2018. The delivered GFA decreased to 25,535 sq.m. in the first half of 2019 from 123,814 sq.m. in the first half of 2018, representing a decrease of 79.4%. The average selling price recognised increased by 39.0% to RMB26,374 per sq.m. in the first half of 2019 from RMB18,980 per sq.m. in the corresponding period in 2018.

During the six months ended 30 June 2019, the Group did not have new phases of properties being completed. All the recognised revenue for the first half of 2019 were derived from the current period's sale of the remaining units of the properties completed in prior years. During the six months ended 30 June 2019, a substantial portion of the Group's revenue were attributable to the properties located in Shanghai Region, which contributed recognised revenue (including revenue from property sales and interior decoration) of RMB758.2 million and sold and delivered GFA of 9,752 sq.m., representing 85.5% and 38.2% of the Group's total recognised revenue and sold and delivered GFA, respectively. Shanghai Bay in Shanghai was completed and delivered a new phase of properties in the second half of 2018. The Group continued to sell the remaining units of these completed properties, which contributed RMB506.0 million to the Group's revenue from property sales and RMB213.5 million from interior decoration of properties for the six months ended 30 June 2019. 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, also only had remaining units available for sale, thus their combined revenue was only RMB128.7 million and sold and delivered GFA was only 15,783 sq.m., representing 14.5% and 61.8% of the Group's total revenue and sold and delivered GFA for the current period respectively.

In the current period, a substantial portion of the Group's completed and delivered properties were from Shanghai Bay in Shanghai whose average selling prices were substantially higher than all of the Group's other projects, thus causing the Group's overall average recognised selling price (excluding revenue from interior decoration of properties) to increase by 39.0% from RMB18,980 per sq.m. in the first half of 2018 to RMB26,374 per sq.m. in the corresponding period in 2019.

Projects sold and delivered during the six months ended 30 June 2019 included:

Property projects	City	2019 Revenue (RMB'000)	2019 GFA sold and delivered (sq.m.)	2019 Average selling price recognised (RMB/sq.m.)	2018 Revenue (RMB'000)	2018 GFA sold and delivered (sq.m.)	2018 Average selling price recognised (RMB/sq.m.)
Sale of properties:							
Sunshine Venice	Shanghai	**1,667**	**163**	**10,227**	26,290	2,744	9,581
Shanghai Bay	Shanghai	**505,964**	**4,787**	**105,695**	17,036	250	68,144
Shanghai City Glorious	Shanghai	**7,673**	**1,178**	**6,514**	2,050,359	71,258	28,774
Chaetau De Paris	Shanghai	**—**	**—**	**N/A**	699	36	19,417
Shanghai Park Avenue	Shanghai	**1,642**	**297**	**5,529**	—	—	N/A
Royal Lakefront	Shanghai	**27,813**	**3,327**	**8,360**	—	—	N/A
Sunshine Bordeaux	Beijing	**3,950**	**357**	**11,064**	—	—	N/A
Sunshine Holiday	Tianjin	**19,089**	**2,494**	**7,654**	—	—	N/A
No.1 City Promotion	Wuxi	**13,239**	**1,821**	**7,270**	18,805	3,663	5,134
Nantong Villa Glorious	Nantong	**5,765**	**1,028**	**5,608**	39,696	7,805	5,086
Nantong Royal Bay	Nantong	**70,284**	**6,486**	**10,836**	70,178	6,738	10,415
Hefei Bashangjie Project	Hefei	**105**	**50**	**2,100**	152	100	1,520
Hefei Royal Garden	Hefei	**1,259**	**718**	**1,753**	2,152	742	2,900
Sunny Town	Shenyang	**2,779**	**878**	**3,165**	933	179	5,212
Harbin Villa Glorious	Harbin	**7,873**	**919**	**8,567**	377	81	4,654
Harbin Royal Garden	Harbin	**957**	**187**	**5,118**	4,424	933	4,742
Changchun Villa Glorious	Changchun	**2,839**	**645**	**4,402**	117,216	28,991	4,043
Dalian Villa Glorious	Dalian	**557**	**200**	**2,785**	1,613	294	5,486
Sub-total		**673,455**	**25,535**	**26,374**	2,349,930	123,814	18,980
Interior decoration for properties sold:							
Shanghai Bay	Shanghai	**213,473**			—		
Total		**886,928**			2,349,930		

II. *Property Sales*

During the first half of 2019, the Group recorded contracted property sales of RMB1,585.0 million, representing a YOY decrease of 62.5%; while the contracted GFA sold was 119,895 sq.m., representing a YOY decrease of 20.6%.

During the six months ended 30 June 2019, apart from the launch of the new projects from the project in Changchun, the Group only had property sales from the remaining units of the projects that were completed in prior years, thus resulted in a significant decrease in property sales. During the period, the Group's property sales were mainly contributed by projects in the Northeast China, amounting to RMB753.0 million of property sales, representing 47.5% of the Group's total property sales. Following that was property sales from Shanghai Region and Yangtze River Delta amounting to RMB552.3 million and RMB279.7 million respectively, representing 34.9% and 17.6% of the Group's total property sales respectively.

Changchun Villa Glorious launched another phase of properties in the first half of 2019, recorded property sales of RMB750.4 million. The Group continued to sell the remaining units of these completed properties of Shanghai Bay in Shanghai and recorded property sales of RMB465.4 million in the current period. Properties from Hefei Bashangjie Project also contributed property sales of RMB207.3 million. Projects in the Pan Bohai Rim had no property sales in the first half of 2019. During the six months ended 30 June 2019, the average selling price was RMB13,220 per sq.m. representing 52.8% lower than RMB27,985 per sq.m. for the corresponding period in 2018, which was mainly due to larger proportion of property sales arising from property projects located in Northeast China, whereas the average selling prices are lower.

Details of property sales and GFA sold during the six months ended 30 June 2019:

Region	**Property sales *(RMB'000)***			**GFA *sold (sq.m.)***		
	2019	2018	Change (%)	**2019**	2018	Change (%)
Shanghai Region	**552,329**	2,067,731	-73.3%	**9,247**	66,998	-86.2%
Yangtze River Delta	**279,698**	2,012,522	-86.1%	**24,285**	61,774	-60.7%
Pan Bohai Rim	**—**	38,074	-100.0%	**—**	4,147	-100.0%
Northeast China	**753,009**	106,992	603.8%	**86,363**	18,064	378.1%
Total	**1,585,036**	4,225,319	-62.5%	**119,895**	150,983	-20.6%

III. Construction and Development

During the first half of 2019, a total GFA of approximately 25,000 sq.m. was completed. The new construction area added during the first half of the year was approximately 223,000 sq.m.. The Group expects that the new construction area for the year 2019 will be approximately 705,000 sq.m.. As at 30 June 2019, the Group had projects with a total area under construction of 3.05 million sq.m..

IV. Land Bank

As at 30 June 2019, 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 over the next three to five years. The average land cost was RMB1,825 per sq.m..

The land bank of the Group was evenly distributed over first-, second- and third-tier cities, of which 15.2% was in first-tier cities and 84.8% was in second- and third-tier cities.

Details of land bank by project as at 30 June 2019 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	
Yangtze River Delta							
8	Nantong Glorious Chateau	Nantong	New District, Rugao Port Zone	Residential and commercial	869,029	322	100%
9	Nantong Royal Garden	Nantong	Rugao Town	Residential and commercial	96,758	1,282	100%
10	Nantong Glorious Plaza	Nantong	New District	Hotel, office and commercial	299,504	348	100%
11	Nantong Royal Bay	Nantong	Chongchuan District	Residential, office and commercial	418,082	4,719	100%
12	No.1 City Promotion	Wuxi	Wuxi New District	Residential, hotel and commercial	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	

Project		City	Location	Use	Land bank *(sq.m.)*	Average land cost *(RMB per sq.m.)*	Interests attributable to the Group
Pan Bohai Rim							
16	Tianjin Royal Bay Seaside	Tianjin	Dagang District	Residential, hotel and commercial	841,727	1,396	100%
17	Tianjin Royal Bay Lakeside	Tianjin	Tuanbohu District	Residential and commercial	1,567,303	1,225	70%
18	Royal Mansion	Beijing	Haidian District	Residential and commercial	90,406	3,395	100%
19	Sunshine Bordeaux	Beijing	Daxing District	Residential and commercial	14,522	493	100%
Subtotal					2,513,958	1,356	
Northeast China							
20	Sunny Town	Shenyang	Yuhong District	Residential and commercial	120,023	1,133	100%
21	Changchun Villa Glorious (West)	Changchun	New and High-tech District	Residential and commercial	763,251	1,004	100%
Subtotal					883,274	1,022	
Total					7,458,750	1,825	

V. Development of Commercial Properties

The Group will steadily foster the development of its commercial properties. As at 30 June 2019, approximately 511,000 sq.m. of commercial properties were completed by the Group, and around 1,273,000 sq.m. of commercial property projects were still under construction.

As at 30 June 2019, retail commercial properties, office buildings and 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 most of the commercial properties for the long run to secure stable rental income.

OUTLOOK FOR THE SECOND HALF OF 2019

Against the backdrop of the general slowdown in global economic growth, China's economic development has also been under pressure, bringing challenges and uncertainties to its own development. The recurrent intensification of Sino-US trade continued to weaken exports. The government will speed up the promotion of the supply-side reform, stabilise domestic demand, formulate adequate fiscal policies and monetary policies, and promote the economy from high-speed growth to high-quality development, and boost the confidence in economy. In view of the implementation of current policies as well as their effect and trends, China's economy still remains stable development, and it is expected that the government's projected GDP growth of 6.3% will be achieved.

With regard to the real estate market, control policies will remain stable in the second half of the year. "Housing is for accommodation rather than speculation" and "one city, one policy" as well as the financial tightening on the real estate market will be persistently implemented to maintain the balance and continuity of the policies. On the one hand, the real estate investment is still running at a high level currently, and therefore how to get rid of the reliance on support of the real estate is still an issue facing by China's economic development in the long term; on the other hand, the continued easing financing environment and further cut of interest rates may have some effect on demand stimulation. However, due to the government's stringent regulation on market expectations, speculative demand is still being curbed to secure the stable and healthy development of the real estate market.

The Group anticipates that in the second half of the year, the favorable factors in the first-tier and hotspot second-tier cities will continue to be prominent due to the improved supply and planning of key cities. The initiative to stimulate demand maintains and transaction volume in the market will maintain a steady growth trend; however, the weakening support from rebuilding rundown areas in 2019 will significantly reduce the effective demand of third- and fourth-tier cities, causing downward pressure on market adjustment. However, the differentiation of sales volume in different cities will be obvious. Generally, it's possible that, national market size will be further adjusted in the second half of the year, but it won't have sharp increase or decrease due to the policy support, instead, it will move in a controllable range.

The Group will maintain close attention to the movements in the macro policy and the changes in market structure, adjust the pace of marketing in a timely manner, improve product competitiveness, adopt a flexible selling and marketing strategy to accelerate project sale; the Group will adopt effective measures to urge construction and secure sales, so as to promote property sales and collection of sales proceeds.

The Group will continue to adhere to its principle of steady development, endeavor to improve the construction of the existing projects, accelerate turnover of assets, strengthen assets operation capabilities, and improve management effectiveness of various systems. Also, the Group will adjust the model and system for project management and control in a timely manner, to meet needs arising from market competition, enhance the Group's profitability and strengthen the Group's competitiveness in the market.

The Group will adhere to its prudent financial policy to further decrease the debt scale and gearing ratio to a reasonable average level, strive to improve the Group's debt structure, moderately increase the long-term liability, in order to effectively circumvent the financial risks. The Group will actively expand its financing channels and financing targets, make good use of the asset value and financial balancing means to lower the finance costs.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2019

RMB'000	*Note*	**Six months ended 30 June** **2019** ***(unaudited)***	2018 *(unaudited)*
Revenue	*4*	**886,928**	2,349,930
Cost of sales	*7*	**(1,051,230)**	(1,755,647)
Gross (loss)/profit		**(164,302)**	594,283
Other income	*5*	**18,929**	34,075
Other losses, net	*6*	**(284,048)**	(233,272)
(Provision for)/reversal of provision for loss allowances of trade and other receivables, net	*6*	**(1,296)**	20,809
Selling and marketing expenses	*7*	**(57,567)**	(81,256)
Administrative expenses	*7*	**(287,757)**	(280,532)
Finance costs, net	*8*	**(578,623)**	(909,908)
Share of (loss)/profit of an associate		**(654)**	281
Share of loss of a joint venture		**(19,823)**	(290,693)
Loss before taxation		**(1,375,141)**	(1,146,213)
Income tax credits/(expenses)	*9*	**10,837**	(564,385)
Loss for the period		**(1,364,304)**	(1,710,598)
(Loss)/profit attributable to:			
– the owners of the Company		**(1,364,422)**	(1,676,911)
– non-controlling interests		**118**	(33,687)
		(1,364,304)	(1,710,598)
Other comprehensive income		**—**	—
Total comprehensive loss for the period		**(1,364,304)**	(1,710,598)
Total comprehensive (loss)/income for the period attributable to:			
– the owners of the Company		**(1,364,422)**	(1,676,911)
– non-controlling interests		**118**	(33,687)
		(1,364,304)	(1,710,598)
Loss per share for loss attributable to the owners of the Company (expressed in RMB per share)			
– Basic	*10*	**(0.18)**	(0.22)
– Diluted	*10*	**(0.18)**	(0.22)
Dividend	*11*	**—**	—

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2019

RMB'000	*Note*	**30 June 2019 *(unaudited)***	31 December 2018 *(audited)*
Non-current assets			
Property, plant and equipment		**36,782**	54,432
Right-of-use assets		**28,168**	—
Investment properties		**18,144,272**	17,942,046
Intangible assets		**1,800**	1,800
Investment in an associate		**5,515**	6,169
Interest in a joint venture		**34,985**	54,792
Deferred income tax assets		**324,611**	324,677
		18,576,133	18,383,916
Current assets			
Properties under development		**17,588,221**	16,828,906
Completed properties held for sale		**7,267,193**	7,899,805
Trade and other receivables and prepayments	*12*	**4,703,261**	4,510,971
Prepaid taxes		**496,127**	480,954
Restricted cash		**3,343,255**	3,042,065
Cash and cash equivalents		**191,958**	342,555
		33,590,015	33,105,256
Total assets		**52,166,148**	51,489,172

RMB'000	*Note*	**30 June 2019** ***(unaudited)***	31 December 2018 *(audited)*
Current liabilities			
Contract liabilities		**6,894,222**	5,901,056
Trade and other payables	*13*	**5,047,886**	5,333,065
Income tax payable		**7,784,677**	7,796,930
Amount due to a joint venture		**353,029**	353,029
Borrowings	*14*	**22,365,023**	21,027,214
Lease liabilities		**3,741**	–
Obligations under finance lease		**–**	998
		42,448,578	40,412,292
Non-current liabilities			
Borrowings	*14*	**2,396,159**	2,404,921
Deferred income tax liabilities		**2,342,545**	2,389,683
Lease liabilities		**28,370**	–
Obligations under finance lease		**–**	18,220
		4,767,074	4,812,824
Total liabilities		**47,215,652**	45,225,116
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		**(2,896,869)**	(1,583,191)
		4,994,858	6,308,536
Non-controlling interests		**(44,362)**	(44,480)
Total equity		**4,950,496**	6,264,056
Total liabilities and equity		**52,166,148**	51,489,172

NOTES:

1 General information

Glorious Property Holdings Limited (the "Company") and its subsidiaries (together, the "Group") is principally engaged in the development of real estate projects in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in the Cayman Islands on 27 July 2007 and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (Stock Code: 00845). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

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 27 August 2019.

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.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2019 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 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

(i) Going concern basis

For the six months ended 30 June 2019, the Group reported a net loss attributable to the owners of the Company of RMB1,364,422,000 (six months ended 30 June 2018: RMB1,676,911,000) and had a net operating cash outflow of RMB608,560,000 (six months ended 30 June 2018: a net operating cash inflow of RMB1,731,971,000). As at 30 June 2019, the Group had accumulated losses of RMB3,905,399,000 (31 December 2018: RMB2,540,977,000) and the Group's current liabilities exceeded its current assets by RMB8,858,563,000 (31 December 2018: RMB7,307,036,000). As at the same date, the Group's total borrowings amounted to RMB24,761,182,000 (31 December 2018: RMB23,432,135,000), of which current borrowings amounted to RMB22,365,023,000 (31 December 2018: RMB21,027,214,000). Cash and cash equivalents reduced from RMB342,555,000 as at 31 December 2018 to RMB191,958,000 as at 30 June 2019.

As at 30 June 2019, certain borrowings whose principal amounts of RMB574,000,000 and interest payable amounts of RMB461,864,000, relating to borrowings with a total principal amount of RMB6,644,697,000 ("Overdue Borrowings") were overdue. And interests of certain borrowings not abovementioned with a total principal amount of RMB3,347,108,000 were overdue in March 2019 but were subsequently settled before 30 June 2019. The entire principal amount of RMB9,991,805,000 would be immediately repayable if requested by the lenders, for which a borrowing of RMB3,089,000,000 with original contractual repayment date beyond 30 June 2020 has been reclassified as current liabilities as at 30 June 2019 (note 14).

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 RMB6,800,000,000 were considered as cross-default ("Cross-default Borrowings"), for which borrowings of RMB2,400,000,000 with original contractual repayment dates beyond 30 June 2020 have been reclassified as current liabilities as at 30 June 2019 (note 14).

Subsequent to 30 June 2019 and up to the date of this announcement, the Group did not repay certain principal and interest payments in accordance with the scheduled repayment date of the respective agreement, including (1) principal of RMB2,834,000,000 and interest of RMB134,796,000 relating to the Overdue Borrowings mentioned above; (2) interest of RMB7,744,000 relating to certain of the Cross-default Borrowings with a total principal amount of RMB800,000,000; and (3) principal of RMB40,000,000 and interest of RMB164,210,000 relating to a borrowing with a total principal amount of RMB197,000,000 not abovementioned. The Group is in active negotiation with all of the abovementioned lenders for renewal and extension, 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 period end and up to the date of approval of these consolidated financial information, loans with aggregate principal amounts of RMB500,000,000 have been successfully obtained;

(iii) The Group has accelerated the pre-sales and sales of its properties under development and completed properties, including remaining units of property projects and saleable carparks. Overall, the Group expects to gradually launch three major projects upon obtaining the pre-sales permits in the second half 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 30 June 2019. 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 2019. 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 beyond 30 June 2020 for those borrowings that (a) are scheduled for repayment (either based on the original agreements or the existing arrangements) in the year subsequent to 30 June 2019; (b) were overdue as at 30 June 2019 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 the year subsequent to 30 June 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 information.

3 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 2018 as included in the Company's annual report for the year ended 31 December 2018.

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

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 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
HKFRSs Amendment	Annual Improvements 2015–2017 Cycle

The Group had to change its accounting policies following the adoption of HKFRS 16. For details, please refer to notes 3(a). 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.

The preparation of this condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018, with the exception of changes in estimates that are required in determining the provision for income taxes and the adoption of the new and amended standards as set out below.

Taxes on income in the six months ended 30 June 2019 are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) Adoption of HKFRS 16

This note explains the impact of the adoption of HKFRS 16 "Leases" on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 in note 3(a)(ii) below.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

(i) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 10.7%.

For leases previously classified as finance leases the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

	RMB'000
Operating lease commitments disclosed as at 31 December 2018	**22,634**
Discounted using the lessee's incremental borrowing rate of at the date of initial application	**19,236**
Add: finance lease liabilities recognised as at 31 December 2018	**19,218**
Less: short-term leases recognised on a straight-line basis as expense	**(5,268)**
Lease liability recognised as at 1 January 2019	**33,186**
Of which are:	
Current lease liabilities	**3,455**
Non-current lease liabilities	**29,731**
	33,186

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

RMB'000	**At 30 June 2019**	At 1 January 2019
Properties	**28,168**	30,215
Total right-of-use assets	**28,168**	30,215

The change in accounting policy affected the following items in the balance sheet on 1 January 2019 summarised as follows:

RMB'000	At 31 December 2018	Adjustments under HKFRS 16	**At 1 January 2019**
Obligation under finance lease – current	998	(998)	**—**
Obligation under finance lease – non-current	18,220	(18,220)	**—**
Lease liabilities – current	—	3,455	**3,455**
Lease liabilities – non-current	—	29,731	**29,731**
Property, plant and equipment	54,432	(16,247)	**38,185**
Right-of-use assets	—	30,215	**30,215**

There was no impact to the Group's accumulated losses on 1 January 2019 for the adoption of HKFRS 16.

Practical expedients applied

In applying HKFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases, and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) 4 "Determining whether an Arrangement contains a Lease".

(ii) The Group's leasing activities and how these are accounted for

The Group leases various offices. Rental contracts are typically made for fixed periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

4 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 condensed consolidated interim financial information.

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 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 2019 (unaudited)						
Revenue						
At a point in time	**544,759**	**90,652**	**23,039**	**15,005**	**—**	**673,455**
Overtime	**213,473**	**—**	**—**	**—**	**—**	**213,473**
Inter-segment revenue	**—**	**—**	**—**	**—**	**—**	**—**
Revenue (from external customers)	**758,232**	**90,652**	**23,039**	**15,005**	**—**	**886,928**
Segment results	**259,227**	**(97,644)**	**(51,231)**	**(81,065)**	**(18,143)**	**11,144**
Depreciation	**(3,145)**	**(58)**	**(151)**	**(14)**	**(5)**	**(3,373)**
Fair value changes of investment properties	**(22,954)**	**(92,195)**	**(35,096)**	**(129,086)**	**—**	**(279,331)**
(Provision for)/reversal of provision for loss allowances of trade and other receivables	**(394)**	**(167)**	**13**	**(748)**	**—**	**(1,296)**
Provision for impairment of properties under development and completed properties held for sale	**(2,874)**	**(114,715)**	**(283,039)**	**(72,290)**	**—**	**(472,918)**
Share-based compensation expenses	**—**	**—**	**—**	**—**	**(50,744)**	**(50,744)**
Interest income	**748**	**169**	**35**	**122**	**5**	**1,079**
Finance costs	**(445,500)**	**(67,265)**	**(18,845)**	**(13,597)**	**(34,495)**	**(579,702)**
Income tax (expenses)/credits	**(45,628)**	**18,193**	**(13,750)**	**52,022**	**—**	**10,837**

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Total
Six months ended 30 June 2018 (unaudited)						
Revenue						
At a point in time	2,094,384	130,983	—	124,563	—	2,349,930
Overtime	—	—	—	—	—	—
Inter-segment revenue	—	—	—	—	—	—
Revenue (from external customers)	2,094,384	130,983	—	124,563	—	2,349,930
Segment results	645,812	(24,197)	(43,821)	(99,449)	(38,412)	439,933
Depreciation	(2,214)	(176)	(160)	(13)	(3)	(2,566)
Fair value changes of investment properties	(140,934)	(57,767)	—	(51,822)	—	(250,523)
Reversal of provision for/(provision for) impairment of trade and other receivables	23,309	(89)	(393)	(2,018)	—	20,809
Provision for impairment of properties under development and completed properties held for sale	(448)	(253,978)	(178,956)	(24,510)	—	(457,892)
Interest income	13,695	60	59	52	68	13,934
Finance costs	(995,951)	(22,602)	157,777	38,936	(88,068)	(909,908)
Income tax (expenses)/credits	(585,126)	10,218	(7,446)	17,969	—	(564,385)

RMB'000	**Shanghai Region**	**Yangtze River Delta (excluding Shanghai)**	**Pan Bohai Rim**	**Northeast China**	**Others**	**Elimination**	**Total**
As at 30 June 2019 (unaudited)							
Total segment assets	**46,224,412**	**23,738,713**	**4,870,914**	**5,137,047**	**7,443,263**	**(44,562,392)**	**42,851,957**
Total segment assets include:							
Investment in an associate	**5,515**	**—**	**—**	**—**	**—**	**—**	**5,515**
Investment in a joint venture	**158,240**	**—**	**—**	**—**	**—**	**—**	**158,240**
Deferred income tax assets							**324,611**
Other unallocated corporate assets							**8,989,580**
Total assets							**52,166,148**

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Elimination	Total
As at 31 December 2018 (audited)							
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

RMB'000	**Six months ended 30 June 2019** *(unaudited)*	2018 *(unaudited)*
Segment results	**11,144**	439,933
Depreciation	**(3,373)**	(2,566)
Fair value changes of investment properties	**(279,331)**	(250,523)
Provision for loss allowances of trade and other receivables	**(1,296)**	—
Reversal of provision for impairment of trade and other receivables	**—**	20,809
Provision for impairment of properties under development and completed properties held for sale	**(472,918)**	(457,892)
Share-based compensation expenses	**(50,744)**	—
Operating loss	**(796,518)**	(250,239)
Interest income	**1,079**	13,934
Finance costs	**(579,702)**	(909,908)
Loss before taxation	**(1,375,141)**	(1,146,213)
Additions to:		
Property, plant and equipment	**251**	179
Investment properties	**519,123**	503,932
	519,374	504,111

5 Other income

RMB'000	Six months ended 30 June **2019** ***(unaudited)***	 2018 *(unaudited)*
Rental income	**16,570**	19,686
Others	**2,359**	14,389
	18,929	34,075

6 Other losses, net and (provision for)/reversal of provision for loss allowances of trade and other receivables, net

RMB'000	Six months ended 30 June **2019** ***(unaudited)***	 2018 *(unaudited)*
Other loss, net	**(284,048)**	(233,272)
Fair value changes of investment properties	**(279,331)**	(250,523)
Exchange losses, net	**(4,717)**	(510)
Gain on disposal of investment properties	**—**	17,761
(Provision for)/reversal of provision for loss allowance of trade and other receivables, net	**(1,296)**	20,809
Provision for loss allowance of trade receivables	**(1,374)**	—
Reversal of provision for loss allowance of trade receivables	**516**	969
Provision for loss allowance of other receivables	**(5,284)**	(4,660)
Reversal of provision for loss allowance of other receivables	**4,846**	24,500
	(285,344)	(212,463)

7 Expenses by nature

Loss before taxation is stated after charging the following:

RMB'000	Six months ended 30 June **2019** ***(unaudited)***	 2018 *(unaudited)*
Advertising costs	**8,705**	15,827
Taxes and other levies	**12,815**	96,102
Costs of properties sold	**565,497**	1,201,653
Provision for impairment of properties under development and completed properties held for sale	**472,918**	457,892
Depreciation		
Property, plant and equipment	**1,325**	2,566
Right-of-use assets	**2,048**	—
Staff costs — excluding directors' emoluments	**65,551**	54,943
Share-based compensation expenses	**50,744**	—
Rental expenses	**5,827**	11,634

8 Finance costs, net

RMB'000	Six months ended 30 June 2019 (unaudited)	2018 (unaudited)
Finance income		
— Interest income	**1,079**	—
Finance costs		
— Interest expenses		
Bank borrowings	**(1,295,996)**	(1,620,078)
Senior Notes due 2018	**—**	(57,701)
Others	**(19,741)**	(16,249)
Total interest expenses	**(1,315,737)**	(1,694,028)
Less: interest capitalised on qualifying assets	**736,035**	784,120
Finance cost expensed	**(579,702)**	(909,908)
Finance cost, net	**(578,623)**	(909,908)

9 Income tax credits/(expenses)

RMB'000	Six months ended 30 June 2019 (unaudited)	2018 (unaudited)
Current income tax credits/(expenses):		
PRC corporate income tax	**97,170**	(208,185)
PRC land appreciation tax	**(133,405)**	(406,016)
	(36,235)	(614,201)
Deferred income tax credits:		
Origination and reversal of temporary differences	**47,072**	49,816
	47,072	49,816
	10,837	(564,385)

10 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	
	2019	2018
	(unaudited)	*(unaudited)*
Loss attributable to the owners of the Company (RMB'000)	**(1,364,422)**	(1,676,911)
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 2018 and 2019, 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.

11 Dividend

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

12 Trade and other receivables and prepayments

RMB'000	**30 June 2019** ***(unaudited)***	31 December 2018 *(audited)*
Trade receivables due from third parties, net (a)	**473,998**	496,688
Trade receivables due from third parties	**477,584**	499,416
Less: provision for loss allowance of trade receivables	**(3,586)**	(2,728)
Other receivables due from third parties, net (b)	**1,108,022**	1,139,412
Consideration receivables	**174,025**	380,777
Others	**1,249,535**	1,073,735
Less: provision for loss allowance of other receivables	**(315,538)**	(315,100)
Prepayments for construction costs:	**1,319,116**	1,106,938
Related parties	**9,161**	19,932
Third parties	**1,309,955**	1,087,006
Prepayments for land premium (c)	**1,522,225**	1,522,225
Prepaid other taxes	**279,900**	245,708
	4,703,261	4,510,971

(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 2019** ***(unaudited)***	31 December 2018 *(audited)*
Within 6 months	**35,105**	59,917
Between 7 and 12 months	**411**	427
Over 12 months	**442,068**	439,072
	477,584	499,416

As at 30 June 2019, trade receivables of RMB477,584,000 (31 December 2018: RMB499,416,000) includes an amount due from a local government authority of RMB422,215,000 (31 December 2018: 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 having 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 and the six months period ended 30 June 2019, the management assessment has remained unchanged.

(b)

RMB'000	**30 June 2019** ***(unaudited)***	31 December 2018 *(audited)*
Other receivables due from third parties	**1,423,560**	1,454,512
Less: provision for loss allowance of other receivables	**(315,538)**	(315,100)
Other receivables due from third parties, net	**1,108,022**	1,139,412

As at 30 June 2019 and 31 December 2018, 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	**30 June 2019 *(unaudited)***	31 December 2018 *(audited)*
At beginning of the period/year (previously stated)	**315,100**	811,323
Adjustment on adoption of HKFRS 9	**—**	108,250
At beginning of the period/year (restated)	**315,100**	919,573
Provision for loss allowance of other receivables	**5,284**	—
Reversal of provision for loss allowance of other receivables	**(4,846)**	(314,278)
Write-off of provision for loss allowance of other receivables	**—**	(290,195)
At end of the period/year	**315,538**	315,100

(c) As at 30 June 2019, included in prepayments for land premium were prepayment of RMB640,636,000 (31 December 2018: 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.

13 Trade and other payables

RMB'000	**30 June 2019 *(unaudited)***	31 December 2018 *(audited)*
Trade payables (a):	**3,523,067**	3,798,211
Related parties	**15,409**	15,409
Third parties	**3,507,658**	3,782,802
Other payables due to third parties and accrued expenses (b)	**1,028,325**	1,093,050
Other taxes payable	**496,494**	441,804
	5,047,886	5,333,065

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

RMB'000	**30 June 2019 *(unaudited)***	31 December 2018 *(audited)*
Within 6 months	**1,792,886**	1,762,095
Between 7 and 12 months	**308,963**	792,774
Over 12 months	**1,421,218**	1,243,342
	3,523,067	3,798,211

(b) All other payables due to third parties are unsecured, interest free and repayment on demand.

14 Borrowings

RMB'000	30 June 2019 (unaudited)	31 December 2018 (audited)
Borrowings included in non-current liabilities:		
Bank borrowings — secured	**2,396,159**	2,404,921
	2,396,159	2,404,921
Borrowings included in current liabilities:		
Bank borrowings — secured (a)	**21,374,480**	20,055,904
Other borrowings — unsecured (b)	**868,695**	822,761
Other borrowings — secured	**121,848**	148,549
	22,365,023	21,027,214
Total borrowings	**24,761,182**	23,432,135

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

RMB'000	30 June 2019 (unaudited)	31 December 2018 (audited)
Amounts of borrowings that are repayable:		
On demand or within 1 year (a)	**22,365,023**	21,027,214
After 1 and within 2 years	**22,909**	22,542
After 2 and within 5 years	**2,370,950**	2,378,829
After 5 years	**2,300**	3,550
	24,761,182	23,432,135

(a) The current bank borrowings included borrowings with principal amounts of RMB5,489,000,000 with original maturity beyond 30 June 2020 which have been reclassified as current liabilities as at 30 June 2019 as a result of the matters described in note 2(i).

Management estimates that after taking the measures as set out in note 2(i) above 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 30 June 2020.

(b) As at 30 June 2019, short-term borrowings from third parties of RMB868,695,000 (31 December 2018: RMB822,761,000) are unsecured, interest-bearing and are repayable within one year from the date of drawdown.

FINANCIAL REVIEW

For the six months ended 30 June 2019, the Group recorded a consolidated revenue of RMB886.9 million, which decreased by 62.3% as compared to the corresponding period in 2018. For the six months ended 30 June 2019, the Group recorded a loss attributable to the owners of the Company of RMB1,364.4 million, which is 18.6% lower than the loss attributable to the owners of the Company of RMB1,676.9 million for the corresponding period in 2018. The Group continued to operate in a significant loss as its revenue recognised remained at a low level during the first half of 2019, as well as the significant amount of provision for impairment further made for the Group's properties in the current period, a significant amount of fair value loss recorded for its investment properties and a large amount of finance costs not being capitalised but were recorded as current period expenses.

For the six months ended 30 June 2019, the Group recorded a consolidated revenue of RMB886.9 million, representing a decrease of 62.3% compared to RMB2,349.9 million in the first half of 2018. The GFA of properties delivered by the Group decreased from 123,814 sq.m. in the first half of 2018 to 25,535 sq.m. in the current period. During the six months ended 30 June 2019, the Group did not have new phases of properties being completed. All the recognised revenue for the first half of 2019 were derived from the current period's sale of the remaining units of the properties completed in prior years. During the six months ended 30 June 2019, a substantial portion of the Group's revenue were attributable to the properties located in Shanghai Region, which contributed recognised revenue (including revenue from property sales and interior decoration) of RMB758.2 million and sold and delivered GFA of 9,752 sq.m., representing 85.5% and 38.2% of the Group's total recognised revenue and sold and delivered GFA, respectively. Shanghai Bay in Shanghai was completed and delivered a new phase of properties in the second half of 2018. The Group continued to sell the remaining units of these completed properties, which contributed RMB506.0 million to the Group's revenue from property sales and RMB213.5 million from interior decoration of properties for the six months ended 30 June 2019. 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, also only had remaining units available for sale, thus their combined revenue was only RMB128.7 million and sold and delivered GFA was only 15,783 sq.m., representing 14.5% and 61.8% of the Group's total revenue and sold and delivered GFA for the current period respectively. In the current period, a substantial portion of the Group's completed and delivered properties were from Shanghai Bay in Shanghai whose average selling prices were substantially higher than all of the Group's other projects, thus causing the Group's overall average recognised selling price (excluding revenue from interior decoration of properties) to increase by 39.0% from RMB18,980 per sq.m. in the first half of 2018 to RMB26,374 per sq.m. in the corresponding period in 2019.

The cost of sales for the six months ended 30 June 2019 was RMB1,051.2 million, representing a decrease of 40.1% as compared to RMB1,755.6 million from the corresponding period in 2018. The cost of sales for the current period included a provision for impairment of certain property development projects which amounted to RMB472.9 million (six months ended 30 June 2018: RMB457.9 million). The provision for impairment was made to certain projects of the Group 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 and the cost of interior decoration of properties sold of RMB175.4 million, the Group's average cost of sales for the first half of 2019 was RMB15,778 per sq.m., which was 50.5% higher than that of RMB10,481 per sq.m. for the corresponding period in 2018. The increase in the average cost of sales for the first half of 2019 is consistent to the higher average selling price recognised in the current period.

The Group recorded a consolidated gross loss of RMB164.3 million for the six months ended 30 June 2019, as compared to a gross profit of RMB594.3 million for the corresponding period in 2018. The Group's gross margin for the current period was negative 18.5%, as compared to positive 25.3% for the corresponding period in 2018. The consolidated gross loss for the current period was mainly due to further provision for impairment for the Group's properties of RMB472.9 million in the current period (six months ended 30 June 2018: RMB457.9 million). Because this provision for impairment of properties accounted for a considerable proportion to the consolidated cost of sales in the current period, as well as the gross margin of the properties which recognised revenue during the current period, other than Shanghai Bay, were generally lower or even negative, the Group recorded a consolidated gross loss and negative gross margin in the current period.

Other income for the six months ended 30 June 2019 was RMB18.9 million, representing a decrease of 44.4% from RMB34.1 million for the corresponding period in 2018. Other income mainly includes rental income.

Other losses, net for the six months ended 30 June 2019 was RMB284.0 million, which was 21.8% higher than RMB233.3 million for the corresponding period in 2018. The net other losses for the current period primarily comprised the fair value loss of the Group's investment properties of RMB279.3 million (six months ended 30 June 2018: fair value loss of RMB250.5 million) and a net exchange loss of RMB4.7 million (six months ended 30 June 2018: net exchange loss of RMB0.5 million). The net exchange loss was mainly resulted from the conversion of US$ denominated borrowings into RMB.

Selling and marketing expenses for the six months ended 30 June 2019 was RMB57.6 million, representing a decrease of 29.2% from RMB81.3 million for the corresponding period in 2018. The decrease in selling and marketing expenses was primarily due to less marketing activities being conducted which was in turn the results of less new project launches in the current period.

Administrative expenses for the six months ended 30 June 2019 were RMB287.8 million, which was slightly higher than RMB280.5 million for the corresponding period in 2018 by 2.6%.

Gross finance costs for the six months ended 30 June 2019 were RMB1,315.7 million, representing a decrease of 22.3% from RMB1,694.0 million for the corresponding period in 2018. In the current period, finance costs of RMB736.0 million (six months ended 30 June 2018: RMB784.1 million) had been capitalised, and the remaining RMB579.7 million (six months ended 30 June 2018: RMB909.9 million) was charged directly to the consolidated statement of comprehensive income. After netting off the finance income of RMB1.1 million (six months ended 30 June 2018: Nil), the amount of finance costs, net was RMB578.6 million for the six months ended 30 June 2019 (six months ended 30 June 2018: RMB909.9 million). The Group incurred lower amount of gross finance costs for the first half of 2019 as compared to the corresponding period in 2018 mainly because the Group's average level of total net borrowings was maintained at a lower level in the current period as compared to the corresponding period in 2018, and at the same time the Group's average cost of borrowing decreased. As the amount of gross finance costs incurred in the current period 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 period expenses.

The Group recorded a loss before taxation of RMB1,375.1 million for the six months ended 30 June 2019, which was 20.0% higher than that of RMB1,146.2 million for the corresponding period in 2018. The Group recorded an increase in the loss before taxation for the current period as compared to the corresponding period in 2018 mainly due to the significant decrease of revenue recognised and the negative gross margin recorded by the Group in the current period.

The Group recorded income tax credits of RMB10.8 million for the six months ended 30 June 2019, as compared to income tax expenses of RMB564.4 million for the corresponding period in 2018. The income tax credits recorded in the current period was mainly due to the utilisation of the tax losses brought forward from prior years, as well as the decrease in the land appreciation tax recognised by the Group as a result of the lower amount of revenue recognised in the current period.

Despite the Group's loss before taxation for six months ended 30 June 2019 was 20.0% higher than the corresponding period in 2018, the Group's loss attributable to the owners of the Company of RMB1,364.4 million for the six months ended 30 June 2019 was 18.6% lower than RMB1,676.9 million for the corresponding period in 2018. The decrease in the loss attributable to the owners of the Company for the current period as compared to the corresponding period in 2018 was mainly due to the gross loss recorded that gave rise to income tax credits in the current period, as compared to the higher profit margin recorded by the Group for the corresponding period in 2018 that resulted in a significant amount of income tax expenses.

Current Assets and Liabilities

As at 30 June 2019, the Group held total current assets of approximately RMB33,590.0 million, which was 1.5% higher than RMB33,105.3 million as at 31 December 2018. As at 30 June 2019, 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 30 June 2019, balance of properties under development was RMB17,588.2 million, which was 4.5% higher than RMB16,828.9 million as at 31 December 2018. Despite the decrease in the carrying value of properties under development that has been recognised as cost of sales, as well as the provision for impairment made to the Group's properties also further reduced the carrying value of properties under development, the continuous progress of the Group's property development projects had resulted in an increase in the carrying value of properties under development in the first half of 2019. Completed properties held for sale decreased by 8.0% from RMB7,899.8 million as at 31 December 2018 to RMB7,267.2 million as at 30 June 2019. 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. Trade and other receivables and prepayments increased by 4.3% from RMB4,511.0 million as at 31 December 2018 to RMB4,703.3 million as at 30 June 2019. 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 increase in trade and other receivables in the first half of 2019 was mainly due to additional prepayment made for construction costs to certain contractors of the Group's projects as a result of construction needs in the current period.

Total current liabilities as at 30 June 2019 amounted to RMB42,448.6 million, which was 5.0% higher than that of RMB40,412.3 million as at 31 December 2018. The increase in total current liabilities as at 30 June 2019 was mainly due to the increase in current borrowings.

As at 30 June 2019, the current ratio (calculated as the total current assets divided by the total current liabilities) was 0.79 (31 December 2018: 0.82). The lower current ratio was mainly resulted from the increase in total current liabilities.

Liquidity and Financial Resources

During the first half of 2019, the Group funded its property development projects principally with proceeds from the pre-sales of properties and bank loans. As at 30 June 2019, the Group had cash and cash equivalents of RMB192.0 million (31 December 2018: RMB342.6 million).

During the first half of 2019, the new bank loans obtained by the Group amounted to RMB1,073.5 million and repayment of loans was RMB267.8 million. As at 30 June 2019, the Group's total borrowings amounted to RMB24,761.2 million, representing an increase of 5.7% compared to RMB23,432.1 million as at 31 December 2018.

As at 30 June 2019, the Group had total banking facilities of RMB24,220 million (31 December 2018: RMB24,220 million) consisting of used banking facilities of RMB23,707 million (31 December 2018: RMB23,033 million) and unused banking facilities of RMB513 million (31 December 2018: RMB1,187 million).

Gearing Ratio

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 2019 and 31 December 2018 were as follows:

RMB'000	**30 June 2019** ***(unaudited)***	31 December 2018 *(audited)*
Total borrowings	**24,761,182**	23,432,135
Less: cash and bank balances	**(3,535,213)**	(3,384,620)
Net debt	**21,225,969**	20,047,515
Total equity attributable to the owners of the Company	**4,994,858**	6,308,536
Gearing ratio	**425.0%**	317.8%

The gearing ratio as at 30 June 2019 was higher than that as at 31 December 2018 as a result of the significant decrease in the Group's equity attributable to the owners of the Company due to the substantial loss recorded for the current period.

Going Concern and Mitigation Measures

For the six months ended 30 June 2019, the Group reported a net loss attributable to the owners of the Company of RMB1,364.4 million and had a net operating cash outflow of RMB608.6 million. As at 30 June 2019, the Group had accumulated losses of RMB3,905.4 million and the Group's current liabilities exceeded its current assets by RMB8,858.6 million. As at the same date, the Group's total borrowings amounted to RMB24,761.2 million, of which current borrowings amounted to RMB22,365.0 million. Cash and cash equivalents was only amounted to RMB192.0 million as at 30 June 2019. In addition, as at 30 June 2019, certain borrowings whose principal amounts of RMB574.0 million and interest payable amounts of RMB461.9 million, relating to borrowings with a total principal amount of RMB6,644.7 million were overdue. These constituted events of defaults which resulted in cross-default of certain borrowings other than those mentioned above amounting to principal amount of RMB6,800.0 million as at 30 June 2019. These conditions, together with other matters described in note 2(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 include:

(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 period end and up to the date of approval of these consolidated financial information, loans with aggregate principal amounts of RMB500.0 million have been successfully obtained;

(iii) The Group has accelerated the pre-sales and sales of its properties under development and completed properties, including remaining units of property projects and saleable carparks. Overall, the Group expects to gradually launch three major projects upon obtaining the pre-sales permits in the second half 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.

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

The Group has been actively implementing the aforementioned measures in the past few years. As a result of the efforts over such period, a number of financial data has improved, including steady growth in property sales, turnaround of operating net cash outflow to an operating net cash inflow, as well as a slight decrease in total borrowings. As the Group's business plan for 2019 slants towards the second half of the year that major property sales and property completion are scheduled in the second half of 2019, the Group's property sales for the six months ended 30 June 2019 decreased significantly, which resulted in an operating net cash outflow position again, and the Group's total borrowings as at 30 June 2019 to increase by 5.7% as compared to that as at 31 December 2018. On the other hand, as there was no new phase of completion of property projects in the current period, the Group's recognised revenue decreased significantly and thus the Group continued to operate in a loss position in the current period. The Group will actively implement the business plan in the second half of 2019, on one hand to adhere to the business plan to construct and launch sale of the property projects so as to increase the cash inflow, on the other hand to actively negotiate with financial institutions to renew and extend the bank loans, and to identifying opportunities to obtain new borrowings so as to improve the Group's debt structure.

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. As at 30 June 2019, the Group had cash and bank balances, borrowings and trade and other payables that were denominated in foreign currencies as shown below:

RMB'000	**30 June 2019** ***(unaudited)***	31 December 2018 *(audited)*
Cash and bank balances:		
US$	**288**	331
HK$	**695**	937
Total	**983**	1,268
Borrowings:		
US$	**2,506,080**	2,450,940
HK$	**204,587**	193,653
Total	**2,710,667**	2,644,593
Trade and other payables:		
US$	**6,875**	6,863
HK$	**32,646**	33,324
Total	**39,521**	40,187

Apart from the above listed balances that were denominated in foreign currencies, all of the Group's borrowings and cash balances were denominated in RMB.

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 interest 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 conducted for the 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 interest rates expose the Group to cash flow interest rate risk. Borrowings at fixed interest 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 30 June 2019, the Group's total borrowings amounted to RMB24,761.2 million (31 December 2018: RMB23,432.1 million), of which RMB24,026.6 million (31 December 2018: RMB20,686.5 million) bore fixed interest rate.

Pledge of Assets

As at 30 June 2019, the Group had pledged certain of its subsidiaries' and a joint venture's shares, construction in progress, investment properties, properties under development and completed properties held for sale to secure its borrowings.

Financial Guarantees

The Group has arranged bank financing for certain purchasers of its property units and provided guarantees to secure the repayment obligations of such purchasers. Such guarantees will be determined 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, in the case of 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 relevant properties. The guarantee period starts from the date of the grant of the respective mortgage. As at 30 June 2019, the amount of outstanding guarantees for the related mortgages was RMB4,461.0 million (31 December 2018: RMB4,655.7 million).

Capital Commitments

As at 30 June 2019, the Group had capital commitments as follows:

RMB'000	**30 June 2019** ***(unaudited)***	31 December 2018 *(audited)*
Land use rights	**545,736**	545,736
Property development expenditures	**3,362,742**	3,670,311
– Shanghai Ditong (a)	**3,083,843**	3,086,125
– Third parties	**278,899**	584,186
Construction materials	**454,745**	124,902
	4,363,223	4,340,949

(a) The proposed annual caps for the continuing connected transactions with Shanghai Ditong Construction (Group) Co., Ltd. ("Shanghai Ditong"), a company controlled by close family member of the ultimate controlling party of the Company, for the three years ending 31 December 2018, 2019 and 2020 were not approved by the independent shareholders in the extraordinary general meetings on 28 December 2017, 21 March 2018 and 12 November 2018 respectively. The Group is in the process of revisiting its construction plan and will cancel or significantly scale down the contracts with Shanghai Ditong so as to reduce the amounts of transactions with Shanghai Ditong to a level that complies with the Listing Rules. The amount disclosed above represents the contracted amount before any revision or cancellation, as the detailed arrangement is yet to be finished. Shanghai Ditong has agreed that it would not seek compensation from the Group for breaching these contracts.

Contingent Liabilities

During 2017, the Group was involved in a litigation raised by the local government authority for claiming an amount of approximately RMB179 million associated with a property development project in Shanghai. Based on management assessment, apart from having 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 RMB422.2 million. Accordingly, a counter claim was filed in July 2017 and no provision has been made by the Group against the above receivable as at 31 December 2018 and 30 June 2019.

EMPLOYEES

As at 30 June 2019, the Group had a total of 732 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 insurance as well as share option scheme.

In order to attract, retain and motivate senior executives and key employees serving any members of the Group or other persons who have made contributions 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 2019, 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 were not accepted by the Grantees within the required acceptance period under the Share Option Scheme. As at 30 June 2019, the accepted 629,995,000 share options are 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.

On 23 July 2019, the Company resolved to grant 26,397,000 share options to another batch of eligible participants to subscribe for a total of 26,397,000 ordinary shares of HK$0.01 each in the share capital of the Company under the Share Option Scheme. Among the share options granted, 22,367,000 share options were granted to the directors of the Company. The accepted 26,397,000 share options are exercisable at any time during the option period from 23 July 2019 to 22 July 2024 (both dates inclusive) at an exercise price of HK$0.45 per share.

In respect of the share options granted on 4 February 2019 and 23 July 2019, 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 the aforesaid eligible participants, they shall not dispose of, nor enter into any agreement to dispose of, the shares subscribed pursuant to the exercise of the share options.

In terms of employee training, the Group provides different training programmes for employees to develop their expertise and knowledge.

CORPORATE GOVERNANCE

Compliance with Corporate Governance Code

The Company had complied with the code provisions of the Corporate Governance Code (the "CG 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 six months ended 30 June 2019, save for the deviation from the code provision A.2.1 of the CG Code 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 change of the chairman of the Board (the "Chairman") of the Company on 5 June 2018, Mr. Ding Xiang Yang ("Mr. Ding"), currently the Chairman of the Company, has been acting as both the Chairman and chief executive officer of the Company. The Board understands that the assumption of two roles by one person has deviated from the code provision A.2.1 of the CG Code.

Mr. Ding has been an executive Director of the Company since 2001 and played an integral role in formulating the development strategies, operational management of the Company and its subsidiaries (collectively "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 is therefore of opinion that vesting both roles in Mr. Ding has provided the Group with in-depth knowledge and consistent leadership and, at the same time, has enabled 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 positions are occupied by different persons, the business operation and the performance of the Group may be affected. As such, the existing structure of the Board is beneficial to the Group and the shareholders as a whole.

The Company reviews the structure from time to time and will make adjustments when suitable circumstances arise.

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 2019.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") was established on 9 September 2009 with written terms of reference, and 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 unaudited consolidated results of the Company and its subsidiaries for the six months ended 30 June 2019 and took the view that the Company was in full compliance with all applicable accounting standards and regulations and has made adequate disclosure.

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 2019.

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 Hong Kong Stock Exchange at www.hkexnews.hk. The interim report of the Company for the six months ended 30 June 2019 containing all the applicable information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the aforesaid websites in due course.

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

Hong Kong, 27 August 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.