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)

UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 year ended 31 December 2021. For the reasons explained in the paragraph headed "Review of Unaudited Annual Results" in this announcement, the auditing process for the annual results of the Group for the year ended 31 December 2021 has not been completed.

FINANCIAL HIGHLIGHTS

- Revenue amounted to RMB3,317.6 million and the average selling price (excluding interior decoration) was RMB9,421 per sq.m.
- Recorded a loss attributable to the owners of the Company of RMB4,086.4 million
- Total borrowings was RMB20,084.0 million
- Property sales was RMB6,838.0 million and GFA sold was 334,612 sq.m.

OVERALL RESULTS

For the year ended 31 December 2021, the Group recorded a consolidated revenue of RMB3,317.6 million, representing an increase of 18.2% compared to RMB2,807.7 million in 2020. The Group recorded a loss attributable to the owners of the Company for the year ended 31 December 2021 of RMB4,086.4 million, as compared to a profit attributable to the owners of the Company of RMB81.0 million for the year ended 31 December 2020.

Loss per share for the year ended 31 December 2021 was RMB0.52 (2020: Earnings per share of RMB0.01).

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2021.

BUSINESS REVIEW

I. Revenue

For the year ended 31 December 2021, the Group recorded a consolidated revenue of RMB3,317.6 million, representing an increase of 18.2% from RMB2,807.7 million in 2020. The sold and delivered gross floor area ("**GFA**") increased by 73.2% to 349,820 sq.m. in 2021 from 202,019 sq.m. in 2020. The average selling price recognised decreased by 29.3% to RMB9,421 per sq.m. in 2021 from RMB13,317 per sq.m. in 2020.

In 2021, the Group recognised revenue (including revenue from property sales and interior decoration) from a total of 17 projects and the recognised revenue was largely attributable to the projects in the Yangtze River Delta (excluding Shanghai) and Northeast China. In 2021, 23.7% of the revenue was contributed by projects in the Shanghai Region, 37.8% by projects in the Yangtze River Delta (excluding Shanghai), 38.5% by projects in the Northeast China, while projects in the Pan Bohai Rim had no revenue contribution in the current year. In 2021, the 10 projects located in the second- and third-tier cities accounted for 76.3% of the Group's total revenue, while the proportion of revenue attributable to the seven projects located in the first-tier cities (Shanghai and Beijing) decreased to 23.7%.

In 2021, the Group only had new phase of properties completed and delivered from two projects namely Hefei Bashangjie Project and Changchun Villa Glorious, for which the average selling prices were much lower than the projects in Shanghai. On the other hand, the Group continued to apply extra effort the current year in selling the stock of carpark units and the remaining residential units in different cities, the average selling price of carpark units were substantially lower than the residential units. Certain of the Group's property projects that had completed and delivered in earlier years only had revenue derived from the sale of carpark units in the current year, thus the their average recognised selling prices were substantially lower than the prices of residential units in the local market. Due to the aforementioned reasons, the Group's overall average recognised selling price to further decrease from RMB13,317 per sq.m. in 2020 to RMB9,421 per sq.m. in 2021. The proportion of recognised revenue from the properties of the projects in Shanghai Region decreased in the current year, which contributed 23.7% of the Group's recognised revenue (including revenue from property sales and interior decoration) and 17.2% of the sold and delivered GFA, respectively. All these recognised revenue were all derived from the sale of remaining units and carpark units. The delivery of properties from Tower 15 and Tower 16 of Shanghai Bay in Shanghai is expected in 2022, thus such revenue was not recognised in current year and it continued to sell the remaining units and carpark units in 2021, giving rise to total recognised revenue (excluding revenue from interior decoration of properties) of RMB467.3 million, in which the average selling price of residential units sold was more than RMB100,000 per sq.m.. In the current year, the last two towers of residential units of Hefei Bashangjie Project were completed and delivered, together with its remaining units, it delivered a total GFA of approximately 81,400 sq.m., which contributed recognised revenue of RMB1,169.6 million for the Yangtze River Delta. On the other hand, Changchun Villa Glorious also completed a new phase of residential properties in the second half of the current year. Together with the sale of remaining units and carpark units, Changchun Villa Glorious delivered properties of approximately 173,500 sq.m. in 2021, which contributed RMB1,266.9 million to the Northeast China Region's recognised revenue for 2021. During 2021, projects in the Pan Bohai Rim only had property pre-sales activities (see details in "II. Property Sales") and had no revenue contribution in the current year.

Projects sold and delivered in 2021 and 2020 included:

		2021			2020		
Property projects	**City**	**Revenue** *(RMB'000)*	**GFA sold and delivered** *(sq.m.)*	**Average selling price recognised** *(RMB per sq.m.)*	**Revenue** *(RMB'000)*	**GFA sold and delivered** *(sq.m.)*	**Average selling price recognised** *(RMB per sq.m.)*
Sunshine Venice	**Shanghai**	**150,809**	**14,726**	**10,241**	1,790	225	7,956
Shanghai Bay	**Shanghai**	**467,263**	**17,832**	**26,204**	1,240,274	24,858	49,894
Shanghai City Glorious	**Shanghai**	**42,321**	**5,148**	**8,221**	22,695	3,376	6,722
Chateau De Paris	**Shanghai**	**10,163**	**740**	**13,734**	6,460	494	13,077
Shanghai Park Avenue	**Shanghai**	**3,282**	**340**	**9,653**	—	—	N/A
Royal Lakefront	**Shanghai**	**54,254**	**13,112**	**4,138**	—	—	N/A
Holiday Royal	**Shanghai**	**36,754**	**8,400**	**4,735**	23,182	663	34,965
Sunshine Bordeaux	**Beijing**	**—**	**—**	**N/A**	31,242	5,625	5,554
Sunshine Holiday	**Tianjin**	**—**	**—**	**N/A**	419	59	7,102
No.1 City Promotion	**Wuxi**	**30,776**	**11,910**	**2,584**	449,362	40,562	11,078
Nantong Villa Glorious	**Nantong**	**10,623**	**3,507**	**3,029**	4,174	1,252	3,334
Nantong Royal Bay	**Nantong**	**21,155**	**3,299**	**6,413**	7,909	887	8,917
Nantong Glorious Chateau	**Nantong**	**229**	**40**	**5,725**	746	318	2,346
Hefei Bashangjie Project	**Hefei**	**1,169,602**	**81,409**	**14,367**	11,184	1,763	6,344
Hefei Royal Garden	**Hefei**	**20,587**	**12,053**	**1,708**	10,558	5,549	1,903
Sunny Town	**Shenyang**	**3,367**	**644**	**5,228**	37,854	6,927	5,465
Harbin Royal Garden	**Harbin**	**7,103**	**2,964**	**2,396**	10,713	3,432	3,122
Changchun Villa Glorious	**Changchun**	**1,266,909**	**173,571**	**7,299**	823,218	104,582	7,872
Dalian Villa Glorious	**Dalian**	**619**	**125**	**4,952**	8,581	1,447	5,930
Sub-total		**3,295,816**	**349,820**	**9,421**	2,690,361	202,019	13,317
Interior decoration for properties sold:							
Shanghai Bay	**Shanghai**	**21,766**			117,313		
Total		**3,317,582**			2,807,674		

II. Property Sales

In 2021, the Group achieved property sales of RMB6,838.0 million, representing a year-over-year increase of 0.4%. The GFA sold was 334,612 sq.m., representing a year-over-year increase of 23.0%.

During the year, the Group's property sales amount was largely attributable to the projects in Shanghai Region, while the GFA sold was more evenly distributed among the four regions. During 2021, projects in Shanghai Region continued to contribute the most substantial amount to the Group's property sales, totaled RMB4,718.2 million, of which was mainly derived from Shanghai Bay project. Following the launch of Tower 15 of Shanghai Bay project in the first half of 2020, the Group launched properties from Tower 16 in the first half of 2021 and the sales was also strong. The high-end properties from Shanghai Bay Project contributed property sales (including Tower 16 and the other remaining units and carpark units) of RMB4,364.7 million for 2021, and represented 63.8% of the Group's total property sales for 2021. The property sales amounts for the Group's other three regions were evenly distributed, comprised RMB799.6 million for Yangtze River Delta, RMB523.2 million for Pan Bohai Rim and RMB797.1 million for the Northeast China, respectively, and represented 11.7%, 7.6% and 11.7% of the Group's total property sales. Apart from Tower 16 of Shanghai Bay project in Shanghai, the Group also had new launches of properties from three projects, namely Changchun Villa Glorious in the Northeast China, Nanjing Royal Bay in the Yangtze River Delta and Tianjin Royal Bay Seaside in the Pan Bohai Rim, which achieved property sales of RMB789.3 million, RMB542.6 million and RMB252.7 million for the year, respectively. Apart from the abovementioned four projects that had new launch of properties, the Group also sped up to sell the remaining property units and carpark units of the other projects. During the year ended 31 December 2021, these other projects achieved aggregate property sales of RMB888.7 million.

During the year ended 31 December 2021, the Group's overall average selling price was RMB20,436 per sq.m., which was 18.4% lower than RMB25,032 per sq.m. for 2020, mainly due to larger proportion of property sales arising from properties from projects in the second- and third-tier cities as well as due to the promotion of sales of inventory carpark units also dragged down the Group's overall average selling prices.

Property sales for 2021 from the first-tier cities (Shanghai and Beijing) and second- and third-tier cities amounted to RMB4,988.6 million and RMB1,849.4 million respectively, which accounted for 73.0% and 27.0% of the Group's total property sales for 2021 respectively.

Property sales and GFA sold by region in 2021 and 2020 were as follows:

Region	Property sales (RMB'000)			GFA sold (sq.m.)		
	2021	2020	Change (%)	**2021**	2020	Change (%)
Shanghai Region	**4,718,182**	5,022,082	-6.1%	**101,410**	75,516	34.3%
Yangtze River Delta(note)	**799,558**	631,969	26.5%	**73,777**	71,908	2.6%
Pan Bohai Rim	**523,177**	587,875	-11.0%	**45,224**	58,405	-22.6%
Northeast China	**797,085**	569,741	39.9%	**114,201**	66,287	72.3%
Total	**6,838,002**	6,811,667	0.4%	**334,612**	272,116	23.0%

Note: Includes property sales attributable to a joint venture for all years presented.

In 2022, the Group expects to launch properties from 12 projects to the market for sale with a saleable GFA of approximately 1.3 million sq.m..

Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China account for 14.3%, 50.4%, 5.6% and 29.7% respectively of the Group's saleable GFA which are expected to be available for sale in 2022.

III. Construction and Development

In 2021, the total GFA completed by the Group was approximately 301,000 sq.m. and approximately 149,000 sq.m. was added to the new construction area. As at 31 December 2021, the Group had projects with a total area under construction of 2.3 million sq.m..

IV. Land Bank

The Group maintained a prudent investment strategy in acquiring land and acquired new land based on the condition of cash flow and financial resources. The Group did not acquire any new land parcel during 2021.

As at 31 December 2021, the total land bank of the Group for which land use right certificates had been obtained or land acquisition agreements had been signed was 6.3 million sq.m. and the average land cost was RMB1,571 per sq.m.. The relatively low-cost land bank provided the Group with a strong guarantee in maintaining its sustainable development and generating higher profit margins in the future.

The Group's land bank was evenly distributed over first-, second- and third-tier cities, of which 12.6% was in first-tier cities and 87.4% in second- and third-tier cities.

Details of land bank by project as at 31 December 2021 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	312,885	611	100%
2	Sunshine Venice	Shanghai	Putuo District	Residential, office and commercial	83,421	554	100%
3	Royal Lakefront	Shanghai	Fengxian District	Residential and commercial	112,290	1,870	100%
4	Caohejing Project	Shanghai	Xuhui District	Office, hotel and commercial	99,319	9,703	100%
5	Zhongcao Xincun Project	Shanghai	Xuhui District	Serviced apartment and commercial	91,000	9,703	100%
	Subtotal				698,915	3,282	
Yangtze River Delta							
6	Nantong Glorious Chateau	Nantong	New District, Rugao Port Zone	Residential and commercial	869,029	460	100%
7	Nantong Glorious Plaza	Nantong	New District	Hotel, office and commercial	297,486	348	70%
8	Nantong Royal Bay	Nantong	Chongchuan District	Residential, office and commercial	381,814	4,719	100%
9	Hefei Bashangjie Project	Hefei	Yaohai District	Residential, hotel, office and commercial	849,701	881	100%
10	Hefei Royal Garden	Hefei	Luyang District	Residential, hotel and commercial	20,000	1,207	100%
11	Nanjing Royal Bay	Nanjing	Gulou District	Residential and commercial	88,148	6,013	60%
	Subtotal				2,506,178	1,440	

Project		City	Location	Use	Land bank (sq.m.)	Average land cost (RMB per sq.m.)	Interests attributable to the Group
Pan Bohai Rim							
12	Tianjin Royal Bay Seaside	Tianjin	Dagang District	Residential, hotel and commercial	841,727	1,396	100%
13	Tianjin Royal Bay Lakeside	Tianjin	Tuanbohu District	Residential and commercial	1,567,303	1,225	70%
14	Royal Mansion	Beijing	Haidian District	Residential and commercial	78,102	3,395	100%
15	Sunshine Bordeaux	Beijing	Daxing District	Residential and commercial	14,522	493	100%
	Subtotal				2,501,654	1,346	
Northeast China							
16	Sunny Town	Shenyang	Yuhong District	Residential and commercial	119,391	1,133	100%
17	Changchun Villa Glorious	Changchun	New and High-tech District	Residential and commercial	441,600	1,004	100%
	Subtotal				560,991	1,346	
Total					**6,267,738**	**1,571**	

V. Development of Commercial Properties

The Group will steadily foster the development of its commercial properties. As at 31 December 2021, the Group has total GFA of 2.6 million sq.m. is planned for the development of commercial properties, of which approximately 819,000 sq.m. of commercial properties were completed by the Group, and around 767,000 sq.m. of commercial property projects are still under construction.

As at 31 December 2021, 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 the ownership of most of the commercial properties to secure stable rental income.

FUTURE OUTLOOK

There is big uncertainty about the pace of global economic recovery in 2022. Although countries around the world have accumulated some experiences in coordinating economic growth with pandemic prevention and control, which has effectively prevented the economy from sliding from recession to depression, persistent challenges in the supply chain and inflation have put great pressure on the global economic recovery. The final recovery will depend on the duration of the easing of the pandemic and the effectiveness of macro hedging policies. Currently, China outperforms other global economies in economic recovery. Although there are signs of layoffs and salary cuts and weakened expectations on residents' employment and income in China amid the pandemic, China's advantage of the super-large market still has a significant impact on the global market. A complete industrial manufacturing system enables China's economy to remain invincible. In the future, the central government's proactive fiscal policy and prudent monetary policy will further integrate coordination and linkage to ensure sustained and stable growth of the domestic economy in the process of resisting the impact of the pandemic, stabilising economic development, promoting structural transformation, and boosting development momentum, which will lay a foundation for post-pandemic high-quality development.

In terms of the real estate market situation, the central government and local governments will still stick to the mantra of "houses should be for living in, not for speculation" in 2022, with an aim to stabilise market expectations. As administrative policy regulation will be imposed on real estate financing and deleveraging and debt reduction for property developers, the long-acting management mechanism of real estate finance will be given full play. However, there will be gradually a balance between the need to maintain companies' normal financing and the need to guide the steady development of the local real estate market and promote the benign circle of the real estate industry in the management of property developers and regional cities. As the land market cooled in the second half of 2021, the "two centralisations" for land are expected to continue in 2022. Land supply in key cities will be guaranteed. Rules about tender, auction or listing-for-sale of land are expected to be further optimised and improved, so as to ensure the smoother operation of the land market.

The Group predicts that the sales area and price of commercial housing will become more differentiated among cities in 2022. Due to a continuous decline in new home construction starts and low investment growth, the sales and sales area are very likely to start low and then go up. It is not ruled out that the sales area and price of houses in individual cities and individual regions will increase simultaneously, but new-home prices in most first- and second-tier cities will move up or down slightly. The proportion of transaction volume in advantageous regions in some of the third- and fourth-tier cities in the Yangtze River Delta region may remain unchanged. However, in the other third- and fourth-tier cities without population importing and economic development expectation, transactions may be on a downward trend in 2022 due to low enthusiasm for house purchase and a decline in purchasing power.

The Group, which will always adhere to the principle of steady development, will further optimise its management and decision-making model, continuously pay attention to changes in industry policies and market dynamics, and maintain a rational and objective judgment on the operating environment of real estate. The Group will quickly determine the sales strategy according to product features and market changes. Efforts will be made to make targeted sales plans for projects and strengthen the integration and execution capabilities at various sales stages and in different formats, making it an important source of its cash flow. According to its existing stock and product lines, the Group will further enhance the capability to lease office buildings and commercial products and seek premium on commercial assets, which will be a good supplement to the Group's capital.

The Group will adhere to a prudent financial policy. It will strengthen the guiding role of comprehensive budget and increase the ability to manage funds in a coordinated way. With focus on reducing debt, efforts will be made to strengthen the adjustment of debt structure and rationally expand the financial instruments used for structural adjustment, with a view to effectively avoiding financial risks and supplementing cash flows, ensuring capital security and achieving sustained, healthy and stable development.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

Year ended 31 December 2021

RMB'000	*Note*	**2021** **(*unaudited*)**	2020 (*audited*)
Revenue	*4*	**3,317,582**	2,807,674
Cost of sales	*7*	**(4,291,386)**	(1,658,792)
Gross (loss)/profit		**(973,804)**	1,148,882
Other income	*5*	**35,215**	32,016
Other (loss)/gains, net	*6*	**(204,803)**	2,009,539
Provision for loss allowances of financial assets		**(45,752)**	(452,140)
Selling and marketing expenses	*7*	**(175,019)**	(129,358)
Administrative expenses	*7*	**(426,379)**	(407,712)
Finance costs, net	*8*	**(2,073,909)**	(1,578,403)
Share of profit/(loss) of an associate		**1,072**	(29)
Share of profit/(loss) of a joint venture		**4,943**	(2,465)
(Loss)/profit before taxation		**(3,858,436)**	620,330
Income tax expenses	*9*	**(241,748)**	(553,241)
(Loss)/profit for the year		**(4,100,184)**	67,089
(Loss)/profit for the year attributable to:			
— the owners of the Company		**(4,086,367)**	81,003
— non-controlling interests		**(13,817)**	(13,914)
		(4,100,184)	67,089
Other comprehensive income		**—**	—
Total comprehensive (loss)/income for the year		**(4,100,184)**	67,089
Total comprehensive (loss)/income for the year attributable to:			
— the owners of the Company		**(4,086,367)**	81,003
— non-controlling interests		**(13,817)**	(13,914)
		(4,100,184)	67,089
(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company (expressed in RMB per share)			
— Basic	*10*	**(0.52)**	0.01
— Diluted	*10*	**(0.52)**	0.01
Dividend	*11*	**—**	—

CONSOLIDATED BALANCE SHEET (UNAUDITED)
As at 31 December 2021

RMB'000	*Note*	**2021** **(*unaudited*)**	2020 (*audited*)
Non-current assets			
Property, plant and equipment		**373,160**	34,795
Right-of-use assets		**394**	1,876
Investment properties		**24,309,410**	24,659,760
Intangible assets		**1,800**	1,800
Investment in an associate		**6,227**	4,800
Interest in a joint venture		**876,497**	1,006,813
Deferred income tax assets		**279,313**	305,778
		25,846,801	26,015,622
Current assets			
Properties under development		**14,713,865**	15,183,525
Completed properties held for sale		**5,151,379**	5,180,029
Trade and other receivables, prepayments and other financial assets	*12*	**4,542,685**	4,439,816
Prepaid taxes		**273,793**	253,309
Restricted cash		**406,615**	345,983
Cash and cash equivalents		**191,642**	395,543
		25,279,979	25,798,205
Total assets		**51,126,780**	51,813,827

RMB'000	*Note*	**2021** **(unaudited)**	2020 *(audited)*
Current liabilities			
Contract liabilities		**12,151,831**	9,469,448
Trade and other payables	*13*	**6,316,684**	5,515,980
Income tax payable		**8,495,309**	8,290,653
Amount due to a joint venture		**353,029**	353,029
Borrowings	*14*	**20,084,005**	20,263,735
Lease liabilities		**436**	1,331
		47,401,294	43,894,176
Non-current liabilities			
Borrowings	*14*	**—**	—
Deferred income tax liabilities		**2,237,180**	2,330,726
Lease liabilities		**—**	435
		2,237,180	2,331,161
Total liabilities		**49,638,474**	46,225,337
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		**(6,537,936)**	(2,451,569)
		1,353,791	5,440,158
Non-controlling interests		**134,515**	148,332
Total equity		**1,488,306**	5,588,490
Total liabilities and equity		**51,126,780**	51,813,827

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.

These unaudited consolidated financial information is presented in thousands of units of Renminbi (RMB'000), unless otherwise stated, and has been approved for issue by the Board on 30 March 2022.

2 Basis of preparation

The unaudited consolidated financial information have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared in accordance with the HKFRSs under the historical cost convention, as modified by the revaluation of investment properties, which are carried at fair value.

(i) Going concern basis

For the year 31 December 2021, the Group reported a loss attributable to the owners of the Company of RMB4,086,367,000 (2020: a profit attributable to the owners of the Company of RMB81,003,000) and had a net operating cash outflow (2020: a net operating cash inflow). As at 31 December 2021, the Group had accumulated losses of RMB7,503,406,000 (2020: RMB3,417,039,000) and the Group's current liabilities exceeded its current assets by RMB22,121,315,000 (2020: RMB18,095,971,000). As at the same date, the Group's total borrowings amounted to (including loans from a non-controlling interest) RMB20,084,005,000 (2020: RMB20,263,735,000), of which current borrowings amounted to RMB20,084,005,000 (2020: RMB20,263,735,000), while its cash and cash equivalents amounted to RMB191,642,000 only.

As at 31 December 2021, certain borrowings whose principal amounts of RMB2,162,549,000 and interest payable amounts of RMB1,199,727,000, relating to borrowings with a total principal amount of RMB3,512,549,000 ("Overdue Borrowings") were overdue. In addition, part of the principal and interests of certain borrowings not abovementioned with a total principal amount of RMB6,318,890,000 were overdue in the loan period ("Other Overdue Borrowings"); although these overdue amounts were subsequently settled before 31 December 2021, these borrowings remain to be in default as at 31 December 2021. Furthermore, the Group breached certain terms and conditions of borrowings with a total principal amount of RMB2,389,163,000 during the loan period and as at 31 December 2021. The aggregate principal amount of the aforementioned borrowings of RMB12,220,602,000 would be immediately repayable if requested by the lenders. This amount included borrowings of RMB7,687,336,000 with original contractual repayment dates beyond 31 December 2022 which have been reclassified as current liabilities as at 31 December 2021 (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 RMB4,584,100,000 were considered as cross-default ("Cross-default Borrowings"), of which RMB3,762,100,000 with original contractual repayment dates beyond 31 December 2022 have been reclassified as current liabilities as at 31 December 2021 (note 14).

The Group is in active negotiations with all the lenders in respect of the Overdue Borrowings, Other Overdue Borrowings and Cross-default Borrowings for renewal and extension of the relevant borrowings 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 delays 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.

The spread of COVID-19 pandemic had brought challenges and uncertainties to the global economy. The recent resurgence of COVID-19 pandemic in China that severe prevention and control policies have been put in place and may have adverse effect to the Group's financial performance for the year ending 31 December 2022.

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; and to remediate certain delayed repayments to financial institutions which include, but are not limited to, the following:

(i) The Group has been actively negotiating with a number of commercial banks for renewal, extension and replacement 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;

(iii) The Group will seek to accelerate the pre-sales and sales of its properties under development and completed properties, including remaining units of property projects and saleable car parks. Overall, the Group expects to gradually launch sales of properties from new phases of three to four major projects upon obtaining the pre-sales permits staring from March 2022;

(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 have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31 December 2021. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2021. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

(i) Successful negotiations with the lenders for the renewal of or extension for repayments beyond year 2022 for those borrowings that (a) are scheduled for repayment (either based on the original agreements or the existing arrangements) in year 2022; (b) were overdue as at 31 December 2021 because of the Group's failure to repay either the principal or the interests on or before the scheduled repayment dates; and (c) became or might become overdue in year 2022;

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

(iii) Successfully accelerating the pre-sales and sales of properties under development and completed properties and speeding up the collection of outstanding sales proceeds; and controlling costs and containing capital expenditure so as to generate adequate net cash inflows; and

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

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

3 Accounting policies

(i) Effect of adopting amendments to standards

The following amendments to standards are mandatory for the Group's financial year beginning on 1 January 2021:

HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2
HKFRS 16 (Amendments)	COVID-19-related Rent Concessions

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting the above new or amended standards.

(ii) New standards and amendments to standards that have been issued but are not effective

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 January 2021 and have not been early adopted by the Group:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendments)	Definition of Accounting Estimates
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds Before Intended Use
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 16 (Amendments)	COVID-19-Related Rent Concessions beyond 2021
HKFRS 17	Insurance Contracts
Hong Kong Interpretation 5 (2020) Presentation of Financial Statements	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKFRSs Amendments	Annual improvements 2018-2020 Cycle

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

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 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 depreciation, fair value changes of investment properties, provision for loss allowance of financial assets, changes in provision for impairment of properties under development and completed properties held for sale, interest income and finance costs from the operating segments. Other information provided, except as noted below, to the Executive Directors is measured in a manner consistent with that in the consolidated financial statements.

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

The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

RMB'000	**Shanghai Region**	**Yangtze River Delta (excluding Shanghai)**	**Pan Bohai Rim**	**Northeast China**	**Others**	**Total**
Year ended 31 December 2021 (unaudited)						
Revenue						
At a point in time	**764,848**	**1,252,971**	**—**	**1,277,997**	**—**	**3,295,816**
Over time	**21,766**	**—**	**—**	**—**	**—**	**21,766**
Inter-segment revenue	**—**	**—**	**—**	**—**	**—**	**—**
Revenue (from external customers)	**786,614**	**1,252,971**	**—**	**1,277,997**	**—**	**3,317,582**
Segment results	**(780,851)**	**114,321**	**(53,250)**	**184,870**	**3,118**	**(531,792)**
Depreciation	**(13,318)**	**(762)**	**(1,469)**	**(100)**	**(60)**	**(15,709)**
Fair value changes of investment properties	**66,389**	**(174,713)**	**(548)**	**(104,956)**	**—**	**(213,828)**
Provision for loss allowances of financial assets	**(4,267)**	**(29,534)**	**(1,761)**	**(10,190)**	**—**	**(45,752)**
Changes in provision for impairment of properties under development and completed properties held for sale	**28,593**	**(246,543)**	**(679,927)**	**(79,569)**	**—**	**(977,446)**
Interest income	**28,837**	**8,024**	**872**	**425**	**—**	**38,158**
Finance costs	**(1,316,284)**	**(730,007)**	**(31,470)**	**(19,601)**	**(14,705)**	**(2,112,067)**
Income tax (expenses)/credits	**(87,741)**	**(78,086)**	**1,977**	**(77,898)**	**—**	**(241,748)**
Year ended 31 December 2020 (audited)						
Revenue						
At a point in time	1,294,401	483,933	31,661	880,366	—	2,690,361
Over time	117,313	—	—	—	—	117,313
Inter-segment revenue	—	—	—	—	—	—
Revenue (from external customers)	1,411,714	483,933	31,661	880,366	—	2,807,674
Segment results	785,354	(113,759)	(48,789)	86,218	89,696	798,720
Depreciation	(2,984)	(1,834)	(2,308)	(23)	(428)	(7,577)
Fair value changes of investment properties	1,846,789	227,203	(3,737)	(168,256)	—	1,901,999
Provision for loss allowances of financial assets	(203,791)	(183,531)	(597)	(64,221)	—	(452,140)
Changes in provision for impairment of properties under development and completed properties held for sale	2,218	232,796	(171,164)	(106,119)	—	(42,269)
Interest income	1,091	657	340	701	—	2,789
Finance costs	(1,078,454)	(214,167)	(151,518)	(8,907)	(128,146)	(1,581,192)
Income tax (expenses)/credits	(580,371)	(116,086)	157,430	(14,214)	—	(553,241)

RMB'000	**Shanghai Region**	**Yangtze River Delta (excluding Shanghai)**	**Pan Bohai Rim**	**Northeast China**	**Others**	**Elimination**	**Total**
At 31 December 2021 (unaudited)							
Total segment assets	**50,894,544**	**22,903,541**	**4,734,000**	**5,031,497**	**3,400,185**	**(45,308,131)**	**41,655,636**
Total segment assets include:							
Investment in an associate	**6,227**	**—**	**—**	**—**	**—**	**—**	**6,227**
Investment in a joint venture	**772,562**	**—**	**—**	**—**	**—**	**—**	**772,562**
Deferred income tax assets							**279,313**
Other unallocated corporate assets							**9,191,831**
Total assets							**51,126,780**
Additions to:							
Property, plant and equipment	**71**	**436**	**26**	**409**	**17**	**—**	**959**
Investment properties	**478,716**	**120,524**	**—**	**164,056**	**—**	**—**	**763,296**
At 31 December 2020 (audited)							
Total segment assets	49,463,964	22,401,399	5,106,169	5,899,067	4,470,822	(44,993,032)	42,348,389
Total segment assets include:							
Investment in an associate	4,800	—	—	—	—	—	4,800
Investment in a joint venture	771,502	—	—	—	—	—	771,502
Deferred income tax assets							305,778
Other unallocated corporate assets							9,159,660
Total assets							51,813,827
Additions to:							
Property, plant and equipment	953	732	172	—	238	—	2,095
Investment properties	422,329	758,265	16,045	352,762	—	—	1,549,401

RMB'000	**2021** ***(unaudited)***	2020 *(audited)*
Segment results	**(531,792)**	798,720
Depreciation	**(15,709)**	(7,577)
Fair value changes of investment properties	**(213,828)**	1,901,999
Provision for loss allowances of financial assets, net	**(45,752)**	(452,140)
Changes in provision for impairment of properties under development and completed properties held for sale	**(977,446)**	(42,269)
	(1,784,527)	2,198,733
Interest income	**38,158**	2,789
Finance costs	**(2,112,067)**	(1,581,192)
(Loss)/profit before taxation	**(3,858,436)**	620,330

Analysis of revenue by category

RMB'000	**2021** **(unaudited)**	2020 (audited)
Sales of properties	**3,295,816**	2,690,361
Interior decoration for properties sold	**21,766**	117,313
	3,317,582	2,807,674

The Group has a large number of customers. During each of the years ended 31 December 2021 and 2020, no single customer contributed revenue which represented more than 10% of the Group's total revenue.

5 Other income

RMB'000	**2021** **(unaudited)**	2020 (audited)
Rental income	**29,371**	29,644
Others	**5,844**	2,372
	35,215	32,016

6 Other (loss)/gains, net

RMB'000	**2021** **(unaudited)**	2020 (audited)
Fair value changes of investment properties	**(213,828)**	1,901,999
Exchange gain, net	**9,025**	107,540
	(204,803)	2,009,539

7 Expenses by nature

(Loss)/profit before taxation is stated after charging the following:

RMB'000	**2021** **(unaudited)**	2020 (audited)
Auditors' remuneration		
— Audit services	**6,868**	7,491
— Non-audit services	**82**	84
Advertising costs	**30,783**	25,354
Other taxes and levies	**36,978**	28,865
Costs of properties sold (including changes in provision for impairment of properties under development and completed properties held for sale)	**4,254,408**	1,629,927
Depreciation	**15,709**	7,577
Staff costs — excluding directors' emoluments	**181,052**	167,975
Rental expenses	**11,595**	11,879

8 Finance costs, net

RMB'000	**2021** *(unaudited)*	2020 *(audited)*
Finance income		
— Interest income	**38,158**	2,789
Finance costs		
— Bank borrowings	**(2,576,247)**	(2,443,958)
— Bond	**(9,652)**	(10,764)
— Others	**(134,049)**	(175,417)
Total interest expenses	**(2,719,948)**	(2,630,139)
Less: interest capitalised on qualifying assets	**607,881**	1,048,947
Finance costs expensed	**(2,112,067)**	(1,581,192)
Finance costs, net	**(2,073,909)**	(1,578,403)

9 Income tax expenses

RMB'000	**2021** *(unaudited)*	2020 *(audited)*
Current income tax charge		
— PRC corporate income tax	**(86,646)**	(1,541)
— PRC land appreciation tax	**(222,183)**	(562,131)
	(308,829)	(563,672)
Deferred income tax credit		
— Origination and reversal of temporary differences	**67,081**	10,431
	67,081	10,431
	(241,748)	(553,241)

10 (Loss)/earnings per share

(a) Basic

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

	2021 *(unaudited)*	2020 *(audited)*
(Loss)/profit attributable to the owners of the Company (RMB'000)	**(4,086,367)**	81,003
Weighted average number of ordinary shares in issue (thousands)	**7,792,646**	7,792,646

(b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For each of the years ended 31 December 2021 and 2020, the Company's share options are anti-dilutive, 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 recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

12 Trade and other receivables, prepayments and other financial assets

RMB'000	**2021** *(unaudited)*	2020 *(audited)*
Trade receivables due from third parties, net (a)	**469,822**	480,041
Other receivables due from third parties	**1,332,165**	1,552,396
Prepayments and deposits for land premium	**788,636**	2,051,097
Prepayments and deposits for construction costs:	**2,533,403**	923,981
Related parties	**32,500**	32,624
Third parties	**2,500,903**	891,357
Prepaid other taxes	**257,179**	224,645
Less: Provision for loss allowance	**(838,520)**	(792,344)
	4,542,685	4,439,816

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

RMB'000	**2021** ***(unaudited)***	2020 *(audited)*
Within 6 months	**4,412**	3,894
Between 7 and 12 months	**6,880**	4,842
Over 12 months	**464,343**	477,542
	475,635	486,278

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

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

RMB'000	**2021** ***(unaudited)***	2020 *(audited)*
At beginning of the year	**6,237**	4,511
(Reversal of provision)/Provision for loss allowance of trade receivables	**(424)**	1,726
At end of the year	**5,813**	6,237

13 Trade and other payables

RMB'000	**2021** **(*unaudited*)**	2020 (*audited*)
Trade payables and construction cost accrual (a):	**3,925,857**	3,577,779
Related parties	**9,621**	9,533
Third parties	**3,916,236**	3,568,246
Other payables due to third parties and accrued expenses (b)	**1,644,121**	1,238,270
Other taxes payable	**746,706**	699,931
	6,316,684	5,515,980

(a) The ageing analysis based on transaction dates of trade payables and construction cost accrual at the balance sheet date is as follows:

RMB'000	**2021** **(*unaudited*)**	2020 (*audited*)
Within 6 months	**1,616,148**	1,597,120
Between 7 and 12 months	**895,710**	842,300
Over 12 months	**1,413,999**	1,138,359
	3,925,857	3,577,779

(b) All other payables are unsecured, interest-free and repayable on demand.

14 Borrowings

RMB'000	**2021** **(*unaudited*)**	2020 (*audited*)
Borrowings included in non-current liabilities:		
Bank borrowings — secured (a)	**—**	—
	—	—
Borrowings included in current liabilities:		
Bank borrowings — secured (a)	**16,916,340**	17,684,928
Bond — secured	**57,324**	84,551
Loan from a non-controlling interest (a), (b)	**675,597**	595,574
Other borrowings — unsecured (c)	**502,643**	823,643
Other borrowings — secured (c)	**1,932,101**	1,075,039
	20,084,005	20,263,735
Total borrowings	**20,084,005**	20,263,735

An analysis of the Group's borrowings into principal amounts is as follows:

RMB'000	**2021** **(*unaudited*)**	2020 (*audited*)
Bank borrowings	**15,153,306**	15,964,947
Bond – unlisted	**55,597**	84,164
Loans from a non-controlling interest	**532,857**	532,857
Other borrowings	**2,198,953**	1,683,773
	17,940,713	18,265,741
Adjusted by: unamortised loan arrangement fees and accrued interests	**2,143,292**	1,997,994
Total borrowings	**20,084,005**	20,263,735

The Group's total borrowings at the balance sheet date were repayable as follows:

RMB'000	**2021** **(*unaudited*)**	2020 (*audited*)
Amounts of borrowing that are repayable:		
Repayable on demand or within 1 year	**20,084,005**	20,263,735
After 1 and within 2 years	**—**	—
After 2 and within 5 years	**—**	—
After 5 years	**—**	—
	20,084,005	20,263,735

(a) The current bank borrowings included borrowings with principal amounts of RMB11,449,436,000 (2020: RMB1,677,157,000) with original maturity beyond 31 December 2022 which have been reclassified as current liabilities as at 31 December 2021 as a result of the matters described in note 2(i).

Management estimates that if the Group can successfully implement the measures as set out in note 2(i) above and with its endeavors to ensure that there will be no further delay in repayment of principal and interest, the repayment dates of these reclassified borrowings could be reverted to their respective original repayment dates which are all beyond 31 December 2022.

(b) As of 31 December 2021, loans from a non-controlling interest of RMB675,597,000 (2020: RMB595,574,000) are secured, interest-bearing and are repayable within 18-36 months from the date of drawdown.

(c) As at 31 December 2021, short-term borrowings from third parties of RMB502,643,000 (2020: RMB823,643,000) are unsecured, interest-bearing and are repayable within one year from the date of drawdown. Short term borrowings from third parties of RMB1,932,101,000 (2020: RMB1,075,039,000) are secured, interest-bearing and are repayable within one year from the date of drawdown.

FINANCIAL REVIEW

For the year ended 31 December 2021, the Group recorded a consolidated revenue of RMB3,317.6 million, representing an increase of 18.2% compared to RMB2,807.7 million in 2020. The Group recorded a loss attributable to the owners of the Company for the year ended 31 December 2021 of RMB4,086.4 million, as compared to a profit attributable to the owners of the Company of RMB81.0 million for the year ended 31 December 2020. During 2021, the Group's revenue recognised continued to remain at a low level and recorded a gross loss and negative gross margin due to larger proportion arising from the sale of low margin residential and carpark units, and the significant amount of provision for impairment of properties also enlarged the gross loss amount and the negative gross margin. In addition, the Group recorded a significant loss for the year ended 31 December 2021 due to the substantial amount of finance costs not being capitalised but were recorded directly as current period expenses, as well as the inclusion of fair value loss attributable to the Group's investment properties during 2021.

For the year ended 31 December 2021, the Group recorded a consolidated revenue of RMB3,317.6 million, representing an increase of 18.2% from RMB2,807.7 million in 2020. The sold and delivered GFA increased by 73.2% to 349,820 sq.m. in 2021 from 202,019 sq.m. in 2020. The average selling price recognised decreased by 29.3% to RMB9,421 per sq.m. in 2021 from RMB13,317 per sq.m. in 2020.

In 2021, the Group only had new phase of properties completed and delivered from two projects namely Hefei Bashangjie Project and Changchun Villa Glorious, for which the average selling prices were much lower than the projects in Shanghai. On the other hand, the Group continued to apply extra effort the current year in selling the stock of carpark units and the remaining residential units in different cities, the average selling price of carpark units were substantially lower than the residential units. Certain of the Group's property projects that had completed and delivered in earlier years only had revenue derived from the sale of carpark units in the current year, thus the their average recognised selling prices were substantially lower than the prices of residential units in the local market. Due to the aforementioned reasons, the Group's overall average recognised selling price to further decrease from RMB13,317 per sq.m. in 2020 to RMB9,421 per sq.m. in 2021. The proportion of recognised revenue from the properties of the projects in Shanghai Region decreased in the current year, which contributed 23.7% of the Group's recognised revenue (including revenue from property sales and interior decoration) and 17.2% of the sold and delivered GFA, respectively. All these recognised revenue were all derived from the sale of remaining units and carpark units. The delivery of properties from Tower 15 and Tower 16 of Shanghai Bay in Shanghai is expected in 2022, thus such revenue was not recognised in current year and it continued to sell the remaining units and carpark units in 2021, giving rise to total recognised revenue (excluding revenue from interior decoration of properties) of RMB467.3 million, in which the average selling price of residential units sold was more than RMB100,000 per sq.m.. In the current year, the last two towers of residential units of Hefei Bashangjie Project were completed and delivered, together with its remaining units, it delivered a total GFA of approximately 81,400 sq.m., which contributed recognised revenue of RMB1,169.6 million for the Yangtze River Delta. On the other hand, Changchun Villa Glorious also completed a new phase of residential properties in the second half of the current year. Together with the sale of remaining units and carpark units, Changchun Villa Glorious delivered properties of approximately 173,500 sq.m. in 2021, which contributed RMB1,266.9 million to the Northeast China Region's recognised revenue for 2021. During 2021, projects in the Pan Bohai Rim had no revenue contribution in the current year.

The cost of sales for the year ended 31 December 2021 was RMB4,291.4 million, representing an increase of 158.7% as compared to RMB1,658.8 million in 2020. The cost of sales for the year ended 31 December 2021 included changes in provision for impairment of the Group's property development projects which amounted to RMB977.4 million (2020: RMB42.3 million). The substantial increase in provision for impairment of properties in the current year was mainly due to the inclusion of impairment provision made to the carrying value of the original land parcel of one of the Group's project that was swapped to another land parcel as a result of certain government land planning adjustment, as well as further provisions for impairment made for the Group's certain other projects in the current year. Excluding the provision for impairment and the cost of interior decoration of properties sold of RMB4.9 million (2020: RMB107.5 million), the Group's cost of sales was RMB3,309.0 million, which increased by 119.3% as compared to RMB1,509.0 million for 2020. The increase in cost of sale for 2021 was mainly due to increase in both of the GFA and the average cost of sales for the properties sold and delivered in 2021. The Group's average cost of sales in 2021 was RMB9,459 per sq.m., which was 26.6% higher than that of RMB7,470 per sq.m. in 2020.

The Group recorded a consolidated gross loss of RMB973.8 million for 2021, as compared to a consolidated gross profit of RMB1,148.9 million for 2020. The Group recorded a negative gross margin of 29.4% for the year ended 31 December 2021, as compared to a positive gross margin of 40.9% for 2020. The Group recorded a substantial amount of gross loss as a result of the significant increase in the amount of provision for impairment of the Group's properties. Excluding the effect of the provision for impairment of the Group's properties of RMB977.4 million in 2021 (2020: RMB42.3 million), as compared to a gross profit of RMB1,191.2 million for 2020, the Group recorded a gross profit of RMB3.6 million as result of lower average recognised selling price and the higher average cost of sales for the current year. In terms of gross margin, excluding the effect of provision for impairment of properties, the gross profit margin for 2021 was 0.1%, which was 42.3 percentage points lower than the gross profit margin of 42.4% for 2020, mainly due to the lower average selling price and the higher average cost of sales in the current year.

Other income for the year ended 31 December 2021 was RMB35.2 million (2020: RMB32.0 million), which mainly included rental income of RMB29.4 million (2020: RMB29.6 million).

Other (losses)/gains, net for the year ended 31 December 2021 was a net loss of RMB204.8 million, as compared to the net gain of RMB2,009.5 million for 2020. During the year ended 31 December 2021, the fair values of the Group's investment properties did not have material variation and only gave rise to a smaller amount of fair value loss of RMB213.8 million (2020: fair value gain of RMB1,902.0 million). Besides, due to the further appreciation of RMB against US$ in 2021, the Group recorded an exchange gain of RMB9.0 million (2020: exchange gain of RMB107.5 million), which was mainly resulted from the conversion of the Company's US$ borrowings into RMB.

Provision for loss allowances of financial assets for the year ended 31 December 2021 was RMB45.8 million (2020: RMB452.1 million), mainly comprised of provision for loss allowances made for certain aged other receivables and other financial assets whose internal credit ratings were assessed by the Group to be underperforming or non-performing during 2020.

Selling and marketing expenses for the year ended 31 December 2021 were RMB175.0 million, which was 35.3% higher than RMB129.4 million in 2020. The Group had four projects that had new phase of properties for sale in 2021 and thus incurred more selling and marketing expenses.

Administrative expenses for the year ended 31 December 2021 was RMB426.4 million, representing an increase of 4.6% compared to RMB407.7 million for 2020.

Gross finance costs for the year ended 31 December 2021 were RMB2,719.9 million, representing an increase of 3.4% from RMB2,630.1 million for 2020. For the year ended 31 December 2021, finance costs of RMB607.9 million (2020: RMB1,048.9 million) had been capitalised, leaving RMB2,112.1 million (2020: RMB1,581.2 million) which was charged directly to the consolidated statement of comprehensive income. After netting off the finance income of RMB38.2 million (2020: RMB2.8 million), the amount of finance costs, net was RMB2,073.9 million for 2021 (2020: RMB1,578.4 million). The Group's gross finance costs for 2021 was close to that of 2020. As the amount of gross finance costs incurred in the current year continued to exceed the amount that can be capitalised based on the Group's qualifying assets, a large portion of the finance costs were not capitalised and were recorded as current year expenses.

The Group recorded a share of profit of a joint venture of RMB4.9 million for the year ended 31 December 2021, as compared to a share of loss of a joint venture of RMB2.5 million for 2020. This represented the Group's 60% share of profit/(loss) of Glorious Jiangxu (Nanjing) Property Development Co., Ltd. ("Nanjing Jiangxu"), which owns and manages the project namely Nanjing Royal Bay in Nanjing. During the years ended 31 December 2021 and 2020, there was no major delivery of new property phase for Nanjing Jiangxu, thus the Group recorded a share of profit/(loss) of joint venture for both years, for which mainly represented Nanjing Jiangxu's revenue from sale of remaining units and daily operating expenses.

The Group recorded a loss before taxation of RMB3,858.4 million for the year ended 31 December 2021, as compared to a profit before taxation of RMB620.3 million for 2020. The Group recorded a significant amount of loss before taxation for 2021 mainly because the Group recorded significant amount of gross loss for the current year, as well as due to the substantial amount of finance costs not being capitalised but were recorded directly as current period expenses and the inclusion of fair value loss attributable to the Group's investment properties during 2021.

Income tax expenses was RMB241.7 million for the year ended 31 December 2021, representing a decrease of 56.3% as compared to RMB553.2 million for 2020, comprising mainly provision for PRC land appreciation tax of RMB222.2 million (2020: RMB562.1 million). The decrease in amount of income tax expenses for the current year was because the properties completed and delivered were lower-value low-margin such that the provision for land appreciation tax were substantially smaller in the current year.

The Group recorded a loss attributable to the owners of the Company of RMB4,086.4 million for the year ended 31 December 2021, as compared to a profit attributable to the owners of the Company of RMB81.0 million for 2020. The Group recorded a loss attributable to the owners of the Company for 2021 mainly because the Group recorded significant amount of gross loss for the current year, as well as due to the substantial amount of finance costs not being capitalised but were recorded directly as current period expenses and the inclusion of fair value loss attributable to the Group's investment properties during 2021.

Current Assets and Liabilities

As at 31 December 2021, the Group held total current assets of approximately RMB25,280.0 million, which was 2.0% lower than RMB25,798.2 million as at 31 December 2020.

As at 31 December 2021, the Group's current assets mainly comprised properties under development, and completed properties held for sale and trade and other receivables and prepayments. As at 31 December 2021, balance of properties under development was RMB14,713.9 million, which was 3.1% lower than RMB15,183.5 million as at 31 December 2020. In 2021, the Group has quite a number of property development projects that were either close to the final stage of the project development cycle or yet to start construction, for which the pace of constructions was slowdown. However, the Group's other projects' continuous progress had resulted in an increase in the carrying value of properties under development, but the increase has been offset by the decrease in the carrying value of properties under development that has been recognised as cost of sales or transferred to completed properties held for sale upon completion and delivery of properties as well as due to the provision for impairment of properties made during the year. Completed properties held for sale decreased by 0.6% from RMB5,180.0 million as at 31 December 2020 to RMB5,151.4 million as at 31 December 2021. 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 year. Trade and other receivables and prepayments increased by 2.3% from RMB4,439.8 million as at 31 December 2020 to RMB4,542.7 million as at 31 December 2021. 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.

Total current liabilities as at 31 December 2021 amounted to RMB47,401.3 million, which was 8.0% higher than that of RMB43,894.2 million as at 31 December 2020. Due to the satisfactory sales performance in 2021 that the sales proceeds received were added to the balance of contract liabilities and caused it to increase by 28.3% from RMB9,469.4 million as at 31 December 2020 to RMB12,151.8 million as at 31 December 2021. The Group utilised a portion of such sales proceeds to repaid certain borrowings such that the Group's current borrowings decreased by 0.9% from RMB20,263.7 million as at 31 December 2020 to RMB20,084.0 million as at 31 December 2021. As a result of the aforementioned factors, the Group's total current liabilities as at 31 December 2021 increased by 8.0%.

As at 31 December 2021, the current ratio (calculated as the total current assets divided by the total current liabilities) was 0.53 (2020: 0.59). The lower current ratio in 2021 mainly resulted from the increase in total current liabilities.

Liquidity and Financial Resources

During the year ended 31 December 2021, the Group funded its property development projects principally from proceeds from pre-sales of properties and bank loans. As at 31 December 2021, the Group had cash and cash equivalents of RMB191.6 million as compared to RMB395.5 million as at 31 December 2020.

As at 31 December 2021, the Group's total borrowings amounted to RMB20,084.0 million, which was 0.9% lower than RMB20,263.7 million as at 31 December 2020.

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 (excluding loan from a non-controlling interest) less cash and bank balances (including cash and cash equivalents and restricted cash). The gearing ratios as at 31 December 2021 and 2020 were as follows:

RMB'000	**2021**	2020
	(unaudited)	*(audited)*
Total borrowings (excluding loan from a non-controlling interest)	**19,408,408**	19,668,161
Less: cash and bank balances	**(598,257)**	(741,526)
Net debt	**18,810,151**	18,926,635
Total equity attributable to the owners of the Company	**1,353,791**	5,440,158
Gearing ratio	**1,389.4%**	347.9%

The gearing ratio for 2021 was higher than that for 2020 as a result of the decrease in the Group's total equity attributable to the owners of the Company due to the significant loss recorded for the current year.

Going Concern and Mitigation Measures

For the year ended 31 December 2021, the Group reported a loss attributable to the owners of the Company of RMB4,086.4 million and had a net operating cash outflow. As at 31 December 2021, the Group had accumulated losses of RMB7,503.4 million and the Group's current liabilities exceeded its current assets by RMB22,121.3 million. As at the same date, the Group's total borrowings amounted to RMB20,084.0 million, of which current borrowings amounted to RMB20,084.0 million, while its cash and cash equivalents amounted to RMB191.6 million only. In addition, as at 31 December 2021, certain borrowings whose principal amounts of RMB2,162.5 million and interest payable amounts of RMB1,199.7 million, relating to borrowings with a total principal amount of RMB3,512.5 million were overdue. In addition, part of the principal and interests of certain borrowings not abovementioned with a total principal amount of RMB6,318.9 million were overdue in the loan period; although these overdue amounts were subsequently settled before 31 December 2021, these borrowings remain to be in default as at 31 December 2021. Furthermore, the Group breached certain terms and conditions of borrowings with a total principal amount of RMB2,389.2 million during the loan period and as at 31 December 2021. These constituted events of defaults which resulted in cross-default of certain borrowings other than those mentioned above, amounting to principal amount of RMB4,584.1 million as at 31 December 2021. These conditions, together with other matters described in note 2(i) on page 13 of this announcement, 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, extension and replacement 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;

(iii) The Group will seek to accelerate the pre-sales and sales of its properties under development and completed properties, including remaining units of property projects and saleable car parks. Overall, the Group expects to gradually launch sales of properties from new phases of three to four major projects upon obtaining the pre-sales permits staring from March 2022;

(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 statements 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 gradually shown improvements, including steady growth in property sales and maintained at a reasonable level, trend of decreasing balance of total borrowings, as well as continuous improvements in the operating cash flows, although occasionally there was operating net cash outflow. In 2021, the Group recorded a significant loss. This was mainly because only a small proportion of property value that were scheduled to be completed and delivered in the Group's 2021 business plan could meet the delivery target and contributed to the Group's recognised revenue, attributable to two projects namely Hefei Bashangjie Project and Changchun Villa Glorious whose properties are lower value and low margin, and also from the sale of remaining units or stock carpark units. The delivery of properties from Tower 15 and Tower 16 of Shanghai Bay in Shanghai has been deferred to 2022 and thus the relevant revenue was not recognised in current year. As a result, the amount of Group's recognised revenue for 2021 continued to maintain at a low level and recorded an overall gross loss and negative gross margin. In addition, the significant amount of provision for impairment of properties also enlarged the gross loss amount and the negative gross margin. Besides, the loss was also due to the substantial amount of finance costs not being capitalised but were recorded directly as current period expenses, as well as the inclusion of fair value loss attributable to the Group's investment properties during 2021. The Group has been actively implementing the business plan and adhered to the construction plan and sales plan, on one hand the Group completed and delivered the new project phases of Hefei Bashangjie Project and Changchun Villa Glorious in 2021, on the other hand the Group maintained property sales at a reasonable stable level. During 2021, the Group recorded contracted property sales of RMB6,838.0 million, representing an increase of 0.4% as compared to 2020. The pre-sales of Tower 16 of Shanghai Bay in Shanghai commenced in the first half of 2021 and received satisfactory sales results, which brought in substantial amount of sales proceeds. The Group utilised such sales process for repayment of the borrowings such that the Group's total borrowings decrease by 0.9% from RMB20,263.7 million at the end of 2020 to RMB20,084.0 million as at 31 December 2021; on the other hand the Group utilised these sales proceeds for the payment of construction costs so as to speed up the pace of construction of the Group's property projects, thus led to an operating net cash outflow for the year ended 31 December 2021. As at 31 December 2021, the Group has overdue borrowings of RMB2,162.5 million, which was 42.1% lower than that of RMB3,735.6 million as at 31 December 2020, which indicated the Group's hard work on debt restructuring or debt replacement of the overdue borrowings has reached a big success in the first half of 2021. Further, as at 31 December 2021, the Group's overall effective interest rate for the borrowings was 9.2%, which was lower than 12.7% as at 31 December 2020 by 3.5 percentage points, indicating a noticeable achievement of the Group's objective to reduce the borrowing costs. The Group will actively implement the business plan in 2022, on one hand continue 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 identify 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 the related transactions are substantially settled in RMB. The Company and certain of the investment holding companies within the Group operating in Hong Kong have recognised assets and liabilities in currencies other than RMB.

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

As at 31 December 2021, if RMB had strengthened/weakened by 5% against other currencies, with all other variables held constant, post-tax loss for the year ended 31 December 2021 would have been approximately RMB7.5 million lower/higher (2020: post-tax profit RMB24.9 million higher/lower).

Interest Rate Risk

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

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

As at 31 December 2021, the Group's total borrowings amounted to RMB20,084.0 million (2020: RMB20,263.7 million), of which RMB16,810.7 million (2020: RMB19,771.3 million) borne fixed interest rate.

As at 31 December 2021, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax loss for the year would have been RMB15.8 million higher/lower (2020: post tax-profit RMB1.8 million lower/higher), mainly as a result of higher/lower interest expense on floating rate borrowings.

Price Risk

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

Pledge of Assets

As at 31 December 2021, the Group had investment properties, properties under development and completed properties held for sale which had been pledged for the Group's borrowings. Besides, equity interests of certain of the Company's subsidiaries and a joint venture had also been pledged for the Group's borrowings.

Financial Guarantee

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure the repayment obligations of such purchasers.

EMPLOYEES

As at 31 December 2021, the Group had a total of 628 employees (2020: 672). Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. Other employee benefits include provident fund, insurance, medical cover as well as share options.

SHARE OPTION 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.

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. 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.

As at 31 December 2021, there were totally 171,011,000 share options that were granted to the directors and employees of the Company under the IPO Share Option Scheme and remained outstanding.

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

CORPORATE GOVERNANCE

Deviation from the Corporate Governance Code of the Listing Rules

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 "**Hong Kong Stock Exchange**") during the year ended 31 December 2021, save for the deviation from the code provision C.2.1 which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

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

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

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. All Directors of the Company have confirmed, following specific enquiries being made by the Company, that they had complied with the required standard set out in the Model Code during the year ended 31 December 2021.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

AUDIT COMMITTEE

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

REVIEW OF UNAUDITED ANNUAL RESULTS

Due to the recent resurgence of COVID-19 pandemic in China that prevention and control measures have been put in place, the Group's financial reporting and audit process have been adversely affected, including (i) certain of the Group's management and employees have been placed under household quarantine and unable to fully and timely support the audit procedures to the auditors; and (ii) there has been a delay in obtaining certain external confirmations from third parties and conduct certain interviews for the audit of the Group. As a result, due to the COVID-19 outbreak in China, the auditing process for the annual results for the year ended 31 December 2021 has not been completed as at the date of this announcement. The unaudited annual results contained herein have not been agreed with the Company's auditors as required under Rule 13.49(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The unaudited annual results contained herein have been reviewed by the Audit Committee.

INDEPENDENT AUDITOR'S REPORT

Potential Disclaimer of Opinion

The Group's auditor, PricewaterhouseCoopers, is in the process of the audit of the Group's consolidated financial statements for the year ended 31 December 2021 and the audit process is yet to be completed. The Group's financial conditions, together with the other matters as described in note 2(i) on page 13 of this announcement, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. Because of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements, management expects that it is not possible for the Group's auditor to form an opinion on the consolidated financial statements for the year ended 31 December 2021.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2021 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process. The Company expects the auditing process will be completed no later than 30 April 2022.

ANNUAL GENERAL MEETING AND DATES OF CLOSURE OF REGISTER OF MEMBERS

The time, date and venue of the annual general meeting of the Company for the year 2022 and dates of closure of register of members of the Company will be announced in due course.

PUBLICATION OF ANNUAL REPORT

The 2021 annual report of the Company containing all the applicable information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn in due course.

The Group's financial information for the year ended 31 December 2021 contained in this announcement have not been audited and have not been agreed with the auditors, and are subject to possible adjustments. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 30 March 2022

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, Dr. Hu Jinxing and Mr. Han Ping.