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恒盛地產
GLORIOUS PROPERTY

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00845)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

The board of directors (the "Board") of Glorious Property Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2017 (the "2017 Annual Results"). The 2017 Annual Results have been reviewed by the audit committee of the Company (the "Audit Committee") and approved by the Board on 28 March 2018.

FINANCIAL HIGHLIGHTS

- Revenue amounted to RMB3,465.6 million and the average selling price was RMB15,209 per sq.m.
- Recorded a loss attributable to the owners of the Company of RMB2,608.6 million
- Total borrowings decreased to RMB23,419.8 million
- Gearing ratio was 393.4%
- Equity attributable to the owners of the Company decreased by 30.7% to RMB5,894.1 million
- Property sales was RMB8,570.0 million and GFA sold was 280,692 sq.m.

OVERALL RESULTS

For the year ended 31 December 2017, the Group recorded a consolidated revenue of RMB3,465.6 million, representing an increase of 34.7% compared to RMB2,572.5 million in 2016. The Group recorded a loss attributable to the owners of the Company for the year ended 31 December 2017 of RMB2,608.6 million, representing a decrease of 35.1% compared to the loss attributable to the owners of the Company of RMB4,021.0 million for 2016.

Loss per share for the year ended 31 December 2017 was RMB0.33 (2016: RMB0.52).

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2017.

BUSINESS REVIEW

I. Revenue

For the year ended 31 December 2017, the Group recorded a consolidated revenue of RMB3,465.6 million, representing an increase of 34.7% from RMB2,572.5 million in 2016. The sold and delivered GFA decreased by 21.7% to 227,858 sq.m. in 2017 from 291,129 sq.m. in 2016. The average selling price recognised increased by 72.1% to RMB15,209 per sq.m. in 2017 from RMB8,836 per sq.m. in 2016.

In 2017, the Group recognised revenue from a total of 17 projects. Five projects located in the first-tier cities(Shanghai and Beijing) accounted for 83.9% of the Group's total revenue while the other 12 projects located in the second- and third-tier cities accounted for 16.1% of the total revenue. In 2017, 83.7% of the revenue was contributed by projects in the Shanghai Region, 7.2% by projects in the Yangtze River Delta (excluding Shanghai), 0.2% by projects in the Pan Bohai Rim and 8.9% by projects in Northeast China.

In 2017, a substantial portion of the Group's completed and delivered properties were located in Shanghai Region with higher average selling prices, thus causing the Group's overall average recognised selling price to increase from RMB8,836 per sq.m. in 2016 to RMB15,209 per sq.m. in 2017. Projects in Shanghai Region contributed 83.7% and 51.7% to the Group's total recognised revenue and sold and delivered GFA, respectively. Shanghai City Glorious further completed and delivered more than 112,000 sq.m. of commodity properties and certain other properties, which contributed RMB2,792.0 million to the Group's revenue for 2017. Apart from the projects in Shanghai Region, the projects of the other three regions of the Group, including the Yangtze River Delta, the Pan Bohai Rim and Northeast China, only have remaining units for sale, thus their combined revenue and sold and delivered GFA only represented 16.3% and 48.3% of the Group's total revenue and sold and delivered GFA for the year respectively.

Projects sold and delivered in 2017 and 2016 included:

Projects sold and delivered	City	2017 Revenue (RMB'000)	2017 GFA sold and delivered (sq.m.)	2017 Average selling price recognised (RMB per sq.m.)	2016 Revenue (RMB'000)	2016 GFA sold and delivered (sq.m.)	2016 Average selling price recognised (RMB per sq.m.)
Sunshine Venice	Shanghai	**2,010**	**578**	**3,478**	15,388	4,313	3,568
Shanghai Bay	Shanghai	**88,715**	**1,644**	**53,963**	38,051	818	46,517
Shanghai City Glorious	Shanghai	**2,792,042**	**112,021**	**24,924**	971,863	84,452	11,508
Royal Lakefront	Shanghai	**16,281**	**3,506**	**4,644**	49,824	5,334	9,341
Sunshine Bordeaux	Beijing	**6,897**	**1,861**	**3,706**	9,055	1,065	8,502
Tianjin Royal Bay Seaside	Tianjin	**595**	**99**	**6,010**	37,067	7,878	4,705
No.1 City Promotion	Wuxi	**77,063**	**14,045**	**5,487**	103,543	15,271	6,780
Nantong Glorious Chateau	Nantong	**–**	**–**	**N/A**	1,398	310	4,510
Nantong Villa Glorious	Nantong	**55,654**	**10,814**	**5,146**	40,544	9,233	4,391
Nantong Royal Bay	Nantong	**104,029**	**9,430**	**11,032**	48,141	5,627	8,555
Hefei Villa Glorious	Hefei	**320**	**126**	**2,540**	3,291	1,350	2,438
Hefei Bashangjie Project	Hefei	**4,062**	**2,249**	**1,806**	1,049,785	109,660	9,573
Hefei Royal Garden	Hefei	**8,704**	**2,352**	**3,701**	40,248	11,477	3,507
Sunny Town	Shenyang	**4,706**	**2,608**	**1,804**	5,458	1,109	4,922
Harbin Villa Glorious	Harbin	**28,093**	**5,607**	**5,010**	49,684	7,339	6,770
Harbin Royal Garden	Harbin	**21,079**	**5,152**	**4,091**	10,705	1,953	5,481
Changchun Villa Glorious (East)	Changchun	**243,648**	**53,600**	**4,546**	75,645	20,512	3,688
Dalian Villa Glorious	Dalian	**11,652**	**2,166**	**5,380**	22,852	3,428	6,666
Total		**3,465,550**	**227,858**	**15,209**	2,572,542	291,129	8,836

II. Property Sales

In 2017, the Group achieved property sales of RMB8,570.0 million, representing a YOY increase of 30.1%. The GFA sold was 280,692 sq.m., representing a YOY increase of 33.4%.

Shanghai Region was the region that achieved the largest amount of the Group's property sales in 2017. It accounted for 67.4% of the Group's total property sales, amounting to RMB5,775.4 million and representing a YOY increase of 33.1%. Shanghai Bay in Shanghai continued to launch new phase of properties to the market in 2017 and its accumulated property sales amounted to RMB4,410.1 million, which represented the most significant amount of property sales in both Shanghai Region and the Group in 2017. In addition, properties of Holiday Royal in Shanghai Fengxian was newly launched in late 2017 and recorded property sales of RMB1,234.0 million. Property sales of the Yangtze River Delta contributed RMB2,251.9 million to the Group's total property sales for 2017, representing an increase of 14.0% as compared to 2016. Nanjing Royal Bay contributed the most significant portion of property sales to the Yangtze River Delta and amounted to RMB1,957.6 million. Property sales of Northeast China and Pan Bohai Rim amounted to RMB542.7 million in total as there was no launch of new projects in 2017 for these two regions.

Property sales for 2017 from the first-tier cities (Shanghai and Beijing) and second- and third-tier cities amounted to RMB5,781.2 million and RMB2,788.8 million respectively, which accounted for 67.5% and 32.5% of the Group's total property sales for 2017 respectively.

Property sales and GFA sold by region in 2017 and 2016 were as follows:

Region	**Property sales *(RMB'000)***			**GFA sold *(sq.m.)***		
	2017	2016	Change (%)	**2017**	2016	Change (%)
Shanghai Region	**5,775,410**	4,340,482	33.1%	**78,770**	55,070	43.0%
Yangtze River Delta	**2,251,850**	1,976,122	14.0%	**104,620**	119,713	-12.6%
Pan Bohai Rim	**82,000**	67,967	20.6%	**10,737**	9,352	14.8%
Northeast China	**460,740**	200,224	130.1%	**86,565**	26,262	229.6%
Total	**8,570,000**	6,584,795	30.1%	**280,692**	210,397	33.4%

In 2018, the Group expects to launch properties from 18 projects to the market for sale with a saleable GFA of approximately 1.1 million sq.m..

Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China account for 27.9%, 40.5%, 5.4% and 26.2% respectively of the Group's saleable GFA which are expected to be available for sale in 2018. In terms of saleable GFA, Shanghai Region and Yangtze River Delta are the major regions in contributing to the sales of the Group in 2018.

III. Construction and Development

Construction and Development

In 2017, the total residential GFA completed by the Group was approximately 213,000 sq.m. and approximately 1,247,000 sq.m. was added to the new construction area. As at 31 December 2017, 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 2017.

As at 31 December 2017, the total land bank of the Group for which land use right certificates had been obtained or land acquisition agreements had been signed was 7.9 million sq.m., which was sufficient to meet its development needs for the next three to five years. The average land cost was RMB1,765 per sq.m.. The relatively low-cost land bank provided the Group with a strong foundation in maintaining its sustainable development and generating higher profit margins in the future.

The Group's land bank was evenly distributed over first-, second- and third-tier cities, of which 18.9% was in first-tier cities and 81.1% in second- and third-tier cities.

Details of land bank by project as at 31 December 2017 were as follows:

	Project	City	Location	Use	Land bank *(sq.m.)*	Average land cost *(RMB per sq.m.)*	Interests attributable to the Group
Shanghai Region							
1	Shanghai Bay	Shanghai	Xuhui District	Residential, hotel, serviced apartment, office and commercial	709,802	611	100%
2	Sunshine Venice	Shanghai	Putuo District	Residential, hotel and commercial	41,757	554	100%
3	Royal Lakefront	Shanghai	Fengxian District	Residential and commercial	137,551	1,870	100%
4	Shanghai City Glorious	Shanghai	Baoshan District	Residential and commercial	205,250	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				1,388,420	3,031	

	Project	City	Location	Use	Land bank *(sq.m.)*	Average land cost *(RMB per sq.m.)*	Interests attributable to the Group
Yangtze River Delta							
8	Nantong Glorious Chateau	Nantong	New District, Rugao Port Zone	Residential and commercial	869,029	322	100%
9	Nantong Royal Garden	Nantong	Rugao Town	Residential and commercial	96,758	1,282	100%
10	Nantong Glorious Plaza	Nantong	New District	Hotel, office and commercial	299,504	348	100%
11	Nantong Royal Bay	Nantong	Chongchuan District	Residential, office and commercial	418,082	4,719	100%
12	No.1 City Promotion	Wuxi	Wuxi New District	Residential, hotel and commercial	68,709	679	100%
13	Hefei Bashangjie Project	Hefei	Yaohai District	Residential, hotel, office and commercial	934,662	881	100%
14	Hefei Royal Garden	Hefei	Luyang District	Residential, hotel and commercial	20,000	1,207	100%
15	Nanjing Royal Bay	Nanjing	Gulou District	Residential and commercial	328,485	6,013	60%
	Subtotal				3,035,229	1,763	
Pan Bohai Rim							
16	Sunshine Holiday	Tianjin	Hedong District East	Residential, hotel and commercial	72,281	799	100%
17	Tianjin Royal Bay Seaside	Tianjin	Dagang District	Residential, hotel and commercial	841,727	1,396	100%
18	Tianjin Royal Bay Lakeside	Tianjin	Tuanbohu District	Residential and commercial	1,567,303	1,225	70%
19	Royal Mansion	Beijing	Haidian District	Residential and commercial	90,406	3,395	100%
20	Sunshine Bordeaux	Beijing	Daxing District	Residential and commercial	14,522	493	100%
	Subtotal				2,586,239	1,340	

	Project	City	Location	Use	Land bank *(sq.m.)*	Average land cost *(RMB per sq.m.)*	Interests attributable to the Group
Northeast China							
21	Sunny Town	Shenyang	Yuhong District	Residential and commercial	120,023	1,133	100%
22	Changchun Villa Glorious (West)	Changchun	New and High-tech District	Residential and commercial	763,251	1,004	100%
	Subtotal				883,274	1,022	
Total					7,893,162	1,765	

V. Development of Commercial Properties

The Group will steadily foster the development of its commercial properties. As at 31 December 2017, approximately 474,000 sq.m. of commercial properties were completed by the Group, and around 923,000 sq.m. of commercial property projects were still under construction.

As at 31 December 2017, retail commercial properties, high-end office buildings and high-end hotels accounted for 61.6%, 20.7% and 17.7% of the total commercial properties of the Group by GFA respectively. The Group plans to retain the ownership of most of the commercial properties to secure stable rental income.

FUTURE OUTLOOK

In 2018, supply-side structural reform will further intensify for China's economy. Efforts for overcapacity reduction, deleveraging and cost reduction are expected to keep bringing positive result. With stable and orderly policies in general, the overall economy shall remain stable despite lower growth rate and continue to demonstrate a development trend of progress and improvement amidst stability. Under the austerity policies adopted pursuant to the 19th national congress of the community party of China, demand will be curbed and subject to adjustments for first- and second-tier key cities. Meanwhile, judging first- and second-tier cities from a wider perspective, prices and volume will enter a stage of adjustment with "wait-and-see" market sentiment, while market opportunities are still available in selected cities. The revitalisation of stocked construction land and properties arising from industry upgrade in cities will be a main theme in future. The market of long-term leasing of apartments will emerge and rise under policy support and become another major trend in future development of the property market and, to a certain extent, change the layout of the property market.

It is estimated by the Group that the price development across regional markets in China will continue to diverge, and different austerity policies will be issued respectively to different cities. As city clusters develop, inland cities in China are on track to prosper. For coastal cities in the southeastern part of China, the overall market becomes stable in terms of sales volume and prices, in order to maintain a healthy and sustainable property market.

The Group will continue to closely monitor changes in market trend and government policies, and make industry structure adjustments more reasonable, in order to avoid and guard itself against cyclical risks, capture better strategies and open up more room for development. At the same time, the Group will make every endeavour to conduct systematic and in-depth market analysis, firmly grasp regional market trend and product positioning. The planning for the scale and pace of sales and deployment for key regional development will be in line with the particularity of the respective projects and functions so that implementation will be practical. Further, the Group will capitalise on the advantage of segmental management and make timely adjustment to the management approach to ensure that sales channels are clear, to foster property sales, expedite asset turnover rate, secure cash inflows and reduce total debts. In addition, the Group will continue to adhere to its principle of steady development, uplift development scale and pace as appropriate, endeavor to improve the development of existing projects and management of project quality, adjust management system in respect of construction cost in a timely manner, enhance management effectiveness, enhance profitability and market competitiveness of the Group.

The Group will adhere to prudent financial policy, seeking to improve the Group's debt structure and lower the debt and gearing ratio to a reasonable level so as to effectively avoid financial risks on the market. It will strive to strike a balance between the consideration and efficiency of debt financing while sustaining steady, robust and healthy growth by lowering the level of borrowings with available funds from multichannel professional property sales and under the efficient utilisation of assets, and achieving capital preservation and appreciation. The Group will enhance its cash management, industrial structure and financial structure in order to generate stable cash flow and ensure a prudent and safe financial condition of the Group.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2017

RMB'000	*Note*	**2017**	2016
Revenue	*2*	**3,465,550**	2,572,542
Cost of sales		**(3,933,897)**	(3,891,669)
Gross loss		**(468,347)**	(1,319,127)
Other income	*3*	**63,428**	50,821
Other losses, net	*4*	**(178,247)**	(1,919,722)
Selling and marketing expenses		**(146,528)**	(99,434)
Administrative expenses	*5*	**(450,004)**	(451,412)
Finance costs	*6*	**(1,434,684)**	(1,097,061)
Share of profit of an associate		**2,999**	146
Share of profit/(loss) of a joint venture		**598,868**	(13,806)
Loss before income tax		**(2,012,515)**	(4,849,595)
Income tax (expenses)/credits	*7*	**(713,841)**	120,448
Loss for the year		**(2,726,356)**	(4,729,147)
Loss for the year attributable to:			
– the owners of the Company		**(2,608,618)**	(4,021,011)
– non-controlling interests		**(117,738)**	(708,136)
		(2,726,356)	(4,729,147)
Other comprehensive income		**–**	–
Total comprehensive loss for the year		**(2,726,356)**	(4,729,147)
Total comprehensive loss for the year attributable to:			
– the owners of the Company		**(2,608,618)**	(4,021,011)
– non-controlling interests		**(117,738)**	(708,136)
		(2,726,356)	(4,729,147)
Loss per share for loss attributable to the owners of the Company (expressed in RMB per share)			
– Basic	*8*	**(0.33)**	(0.52)
– Diluted	*8*	**(0.33)**	(0.52)

CONSOLIDATED BALANCE SHEET

As at 31 December 2017

RMB'000	*Note*	**2017**	2016
Non-current assets			
Property, plant and equipment		**58,404**	61,142
Investment properties		**17,346,646**	17,075,746
Intangible assets		**1,800**	1,800
Investment in an associate		**6,076**	3,077
Investment in a joint venture		**133,676**	—
Loan to a joint venture		**476,407**	883,426
Deferred income tax assets		**432,907**	482,629
		18,455,916	18,507,820
Current assets			
Properties under development		**21,130,610**	20,696,217
Completed properties held for sale		**5,425,560**	6,525,783
Trade and other receivables and prepayments	*10*	**5,789,394**	5,360,023
Financial asset at fair value through profit or loss		**250,000**	–
Prepaid taxes		**353,409**	334,488
Restricted cash		**31,959**	2,940,959
Cash and cash equivalents		**201,420**	738,911
		33,182,352	36,596,381
Total assets		**51,638,268**	55,104,201

RMB'000	*Note*	**2017**	2016
Current liabilities			
Advanced proceeds received from customers		**10,775,290**	6,935,608
Trade and other payables	*11*	**4,621,233**	5,041,150
Income tax payable		**4,342,237**	4,047,336
Borrowings	*12*	**17,729,287**	18,509,852
Obligations under finance lease		**998**	998
		37,469,045	34,534,944
Non-current liabilities			
Borrowings	*12*	**5,690,537**	9,266,442
Deferred income tax liabilities		**2,476,050**	2,573,908
Obligations under finance lease		**18,130**	18,045
		8,184,717	11,858,395
Total liabilities		**45,653,762**	46,393,339
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**68,745**	68,745
Share premium		**7,822,982**	7,822,982
Reserves		**(1,997,656)**	610,962
		5,894,071	8,502,689
Non-controlling interests		**90,435**	208,173
Total equity		**5,984,506**	8,710,862
Total liabilities and equity		**51,638,268**	55,104,201

NOTES:

1 Basis of preparation

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

(i) Going concern basis

For the year ended 31 December 2017, the Group reported a net loss attributable to the owners of the Company of RMB2,608,618,000 (2016: RMB4,021,011,000). Total borrowings amounted to RMB23,419,824,000 (2016: RMB27,776,294,000), of which current borrowings amounted to RMB17,729,287,000 (2016: RMB18,509,852,000) as at 31 December 2017. Cash and cash equivalents reduced from RMB738,911,000 as at 31 December 2016 to RMB201,420,000 as at 31 December 2017.

As at 31 December 2017, certain borrowings whose principal repayment amounts of RMB3,272,940,000 and related interest payable amounts of RMB1,496,572,000 ("Overdue Borrowings") were overdue. The Overdue Borrowings would be immediately repayable if requested by the lenders.

In addition to the above Overdue Borrowings, the Group was in breach of certain terms and conditions of the Senior Notes due 2018 as at 31 December 2017. The Senior Notes due 2018 were due for repayment on 4 March 2018 and the principal amount of the Senior Notes due 2018 was RMB2,613,680,000.

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 RMB4,430,823,000 were considered as cross-default, for which borrowings of RMB1,738,697,000 with original contractual repayment dates beyond 31 December 2018 have been reclassified as current liabilities as at 31 December 2017 (note 12).

The Group subsequently entered into a revised repayment agreement to defer the repayment date of certain Overdue Borrowings with a lender relating to principal and interest of RMB464,940,000 and RMB74,613,000 respectively, which were overdue as at 31 December 2017. The Group is in active negotiation with the other lenders for renewal and extension of the remaining principal of RMB2,808,000,000 and interest of RMB1,421,959,000 ("Remaining Overdue Borrowings") that were overdue as at 31 December 2017, as well as interest on the Remaining Overdue Borrowings of further RMB197,889,000 which became overdue subsequent to 31 December 2017, and the directors are confident that agreements will be reached in due course. Further, the Group fully repaid the principal amount of the Senior Notes due 2018 of US$400,000,000 (equivalent to approximately RMB2,613,680,000) in March 2018 and the related interest of US$26,500,000 (equivalent to approximately RMB173,156,000) was not repaid as at date of this announcement. Such interests should be repaid on or before 4 April 2018 in accordance with terms and conditions of the Senior Notes due 2018.

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.

In addition, the Group's continuing connected transactions with Shanghai Ditong Construction (Group) Co., Ltd. ("Shanghai Ditong"), a company controlled by close family member of the ultimate controlling party, for the years ending 31 December 2018, 2019 and 2020 were not approved by the independent shareholders in the Company's extraordinary general meetings on 28 December 2017 and 21 March 2018. The Group has to revisit the relevant construction plans by revising or cancelling the existing construction services agreements with Shanghai Ditong in order to comply with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by the Stock Exchange of Hong Kong Limited (the "Listing Rules"). Although an agreement has been reached with Shanghai Ditong under which no penalty will result from the revision and cancellation of the existing construction services agreements, such changes in the development plan could result in disruption or delay in these projects which might adversely affect the future net cash inflows of the Group.

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

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

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

(ii) In addition, the Group is also negotiating with various financial institutions and identifying various options for financing the Group's working capital and commitments in the foreseeable future. Subsequent to the year end and up to the date of this announcement, loans with aggregate principal amounts of RMB1,770,000,000 with maturity beyond 12 months have been successfully obtained;

(iii) The Group is actively negotiating with Shanghai Ditong to revise or cancel the existing construction services agreements and seeking other independent third parties to take on the related construction works to ensure timely completion of the existing property development projects and to minimise the disruption or delay of these projects;

(iv) The Group has accelerated the pre-sales and sales of its properties under development and completed properties. For those existing projects, the property sales from Shanghai Bay in Shanghai is expected to give further substantial sales for 2018. Besides, the Group expects to launch four major projects in the first- and second-tier cities upon obtaining the pre-sales permits staring from mid 2018;

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

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

The directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31 December 2017. 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 2017. 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 2018 for those borrowings that (1) are scheduled for repayment (either based on the original agreements or the existing arrangements) in year 2018; (2) were overdue as at 31 December 2017 because of the Group's failure to repay either the principal or the interests on or before the scheduled repayment dates; and (3) became or might become overdue in year 2018;

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

(iii) Successful implementation of its construction plans described above to ensure the construction progress is on schedule, and managing the transitioning of projects previously undertaken by Shanghai Ditong without adversely affecting the future net cash inflows of the Group;

(iv) 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

(v) 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.

(ii) Effect of adopting amendments to standards

The following amendments to standards are mandatory for the Group's financial year beginning on 1 January 2017:

HKAS 7 (Amendment)	Statement of Cash Flows
HKAS 12 (Amendment)	Income Taxes
HKFRSs Amendment	Annual Improvements 2014–2016 Cycle

The adoption of the above amendments to standards has no significant impact to the Group's results and financial position for all periods presented in this report. The amendments to HKAS 7 require disclosure of changes in liabilities arising from financing activities.

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

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2017 and have not been early adopted by the Group:

HKAS 40 (Amendment)	Transfer of Investment Property
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendment)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 (Amendment)	Clarifications to HKFRS 15
HKFRS 16	Leases
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
HKFRSs Amendment	Annual Improvements 2014–2016 Cycle

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

(a) HKFRS 9, "Financial instruments"

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

The Group does not have any debt or equity instruments that are currently classified as available-for-sale ("AFS"). Accordingly, the Group does not expect the new guidance to affect the classification and measurement of the financial asset.

The other financial asset held by the Group includes unlisted investment of trust fund, which is currently measured at fair value through profit or loss, and will continue to be measured on the same basis under HKFRS9.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Group does not expect material change to the loss allowance for trade debtors.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

This new standard must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

(b) *HKFRS 15, "Revenue from contracts with customers"*

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a new standard for the recognition for revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management has assessed the effects of applying the new standard on the Group's financial statements and has identified the following areas that will be affected:

- Revenue from pre-sales of properties under development is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the properties under development may transfer over time or at a point in time.

- The timing of revenue recognition for sale of completed properties, which is currently based on whether significant risk and reward of ownership of properties transfer, will be recognised at a later point in time when the underlying property is legally or physically transferred to the customer under the control transfer model.

- The Group currently offers different payment schemes to customers, the transaction price and the amount of revenue for the sale of property will be adjusted when significant financing component exists in that contract.

- Certain costs incurred for obtaining a pre-sale property contract (e.g. sale commission), which is currently expensed off in profit or loss directly, will be eligible for capitalisation under HKFRS 15 and match with revenue recognition pattern of related contract in the future.

This new standard is mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

(c) HKFRS 16, "Leases"

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

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB15,486,000.

The Group has not yet assessed the adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's consolidated statement of comprehensive income and classification of cash flows going forward.

This new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

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

2 Segment information

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

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

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

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

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

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Total
Year ended 31 December 2017						
Total revenue	**2,899,049**	**249,832**	**7,492**	**309,177**	**–**	**3,465,550**
Inter-segment revenue	**–**	**–**	**–**	**–**	**–**	**–**
Revenue (from external customers)	**2,899,049**	**249,832**	**7,492**	**309,177**	**–**	**3,465,550**
Segment results	**1,402,961**	**6,305**	**(20,505)**	**(157,387)**	**(75,459)**	**1,155,915**
Depreciation and amortisation	**(3,396)**	**(415)**	**(315)**	**(65)**	**(6)**	**(4,197)**
Fair value changes of investment properties	**(333,147)**	**(68,904)**	**51,139**	**(150,803)**	**–**	**(501,715)**
Reversal of provision for impairment loss of other receivables	**98,000**	**–**	**–**	**–**	**–**	**98,000**
Provision for provision for impairment of properties under development and completed properties held for sale	**(831)**	**(589,522)**	**(669,165)**	**(78,091)**	**–**	**(1,337,609)**
Interest income	**10,377**	**161**	**1,132**	**104**	**1**	**11,775**
Finance costs	**(1,023,586)**	**(115,459)**	**(56,101)**	**(47,647)**	**(191,891)**	**(1,434,684)**
Income tax (expenses)/credits	**(701,928)**	**14,252**	**(30,944)**	**4,779**	**–**	**(713,841)**
Year ended 31 December 2016						
Total revenue	1,075,127	1,286,950	46,122	164,343	–	2,572,542
Inter-segment revenue	–	–	–	–	–	–
Revenue (from external customers)	1,075,127	1,286,950	46,122	164,343	–	2,572,542
Segment results	(369,432)	(374,609)	(75,659)	(127,749)	(321,120)	(1,268,569)
Depreciation and amortisation	(4,515)	(555)	(1,609)	(901)	(511)	(8,091)
Fair value changes of investment properties	(155,187)	(175,878)	19,041	(131,649)	–	(443,673)
Provision for impairment of ceased projects and loss on disposal of a subsidiary	–	(1,124,279)	–	(147,900)	–	(1,272,179)
(Provision for)/reversal of provision for impairment of properties under development and completed properties held for sale	(28,884)	(203,360)	(551,951)	10,892	–	(773,303)
Interest income	12,195	320	684	72	10	13,281
Finance costs	(776,229)	(48,072)	(10,432)	(41,981)	(220,347)	(1,097,061)
Income tax credits/(expenses)	68,252	24,103	(17,718)	45,811	–	120,448

RMB'000	**Shanghai Region**	**Yangtze River Delta (excluding Shanghai)**	**Pan Bohai Rim**	**Northeast China**	**Others**	**Elimination**	**Total**
At 31 December 2017							
Total segment assets	**45,845,937**	**21,801,793**	**5,316,635**	**4,884,398**	**5,169,382**	**(39,581,832)**	**43,436,313**
Total segment assets include:							
Investment in an associate	**6,076**	**–**	**–**	**–**	**–**	**–**	**6,076**
Investment in a joint venture	**133,676**	**–**	**–**	**–**	**–**	**–**	**133,676**
Deferred income tax assets							**432,907**
Other unallocated corporate assets							**7,769,048**
Total assets							**51,638,268**
Additions to:							
Property, plant and equipment	**1,808**	**533**	**17**	**46**	**–**	**–**	**2,404**
Investment properties	**462,141**	**131,904**	**7,802**	**191,504**	**–**	**–**	**793,351**
At 31 December 2016							
Total segment assets	43,197,720	23,694,467	5,962,162	5,107,550	8,124,881	(38,471,750)	47,615,030
Total segment assets include:							
Investment in an associate	3,077	–	–	–	–	–	3,077
Investment in a joint venture	–	–	–	–	–	–	–
Deferred income tax assets							482,629
Other unallocated corporate assets							7,006,542
Total assets							55,104,201
Additions to:							
Property, plant and equipment	383	35	17	1,706	–	–	2,141
Investment properties	478,799	140,975	839	162,949	–	–	783,562

RMB'000	**2017**	2016
Segment results	**1,155,915**	(1,268,569)
Depreciation and amortisation	**(4,197)**	(8,091)
Fair value changes of investment properties	**(501,715)**	(443,673)
Reversal of provision for impairment loss of other receivables	**98,000**	–
Provision for impairment of ceased projects and loss on disposal of a subsidiary	**–**	(1,272,179)
Provision for impairment of properties under development and completed properties held for sale	**(1,337,609)**	(773,303)
	(589,606)	(3,765,815)
Interest income	**11,775**	13,281
Finance costs	**(1,434,684)**	(1,097,061)
Loss before income tax	**(2,012,515)**	(4,849,595)

Analysis of revenue by category

RMB'000	**2017**	2016
Sales of properties	**3,465,550**	2,572,542
Total	**3,465,550**	2,572,542

The Group has a large number of customers. During the year ended 31 December 2017, one customer (2016: Nil) contributed revenue of RMB372,325,000 (2016: N/A), which represented more than 10% of the Group's total revenue.

3 Other income

RMB'000	**2017**	2016
Interest income	**11,775**	13,281
Rental income	**51,017**	31,358
Others	**636**	6,182
	63,428	50,821

4 Other losses, net

RMB'000	**2017**	2016
Fair value changes of investment properties	**(501,715)**	(443,673)
Provision for impairment of ceased projects (a)	**–**	(1,124,279)
Loss on disposal of a subsidiary	**–**	(147,900)
Gain on disposal of investment properties	**8,280**	12,401
Exchange gain/(loss), net	**217,188**	(216,271)
Reversal of provision for impairment loss of other receivables	**98,000**	–
	(178,247)	(1,919,722)

(a) As a result of the cancellation of a project located in the Jiangsu province, the Group recorded a loss of RMB1,013,811,000 during the year ended 31 December 2016. In addition, the Group reached an agreement with the relevant government authority to cancel a land acquisition transaction for a land parcel located in Nantong Rugao. Since the recovered amount was lower than the carrying value, the Group recorded a further loss of RMB110,468,000 in 2016.

5 Expenses by nature

Loss before income tax is stated after charging the following:

RMB'000	**2017**	2016
Auditors' remuneration		
– Audit services	**8,238**	7,526
– Non-audit services	**121**	167
Advertising costs	**62,406**	21,428
Business taxes and other levies	**130,572**	124,446
Costs of properties sold	**2,465,716**	2,993,920
Provision for impairment of properties under development and completed properties held for sale	**1,337,609**	773,303
Depreciation	**4,197**	8,091
Staff costs – excluding directors' emoluments	**172,600**	167,434
Rental expenses	**22,151**	33,520

6 Finance costs

RMB'000	**2017**	2016
Interest expenses		
– Bank borrowings	**3,056,231**	2,468,716
– Senior Notes due 2018	**376,923**	364,935
– Others	**61,346**	114,847
Total interest expenses	**3,494,500**	2,948,498
Less: interest capitalised on qualifying assets	**(2,059,816)**	(1,851,437)
	1,434,684	1,097,061

7 Income tax expenses/(credits)

RMB'000	**2017**	2016
Current income tax		
– PRC corporate income tax		
Current year	**249,738**	21,582
Over-provision in prior years	**–**	(144,134)
	249,738	(122,552)
– PRC land appreciation tax	**512,239**	(10,010)
	761,977	(132,562)
Deferred income tax		
– Origination and reversal of temporary differences	**(48,136)**	12,114
	(48,136)	12,114
	713,841	(120,448)

8 Loss per share

(a) Basic

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

	2017	2016
Loss attributable to the owners of the Company *(RMB'000)*	**(2,608,618)**	(4,021,011)
Weighted average number of ordinary shares in issue *(thousands)*	**7,792,646**	7,792,646

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For each of the years ended 31 December 2017 and 2016, the Company's share options had no dilutive effect, as the relevant exercise price was higher than the average market price of the Company's shares for the period when the options are outstanding.

9 Dividend

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

10 Trade and other receivables and prepayments

RMB'000	**2017**	2016
Trade receivables due from third parties (a)	**453,368**	382,425
Deposits and other receivables due from third parties (b)	**1,524,760**	1,397,225
Consideration receivables	**380,777**	418,196
Others	**1,143,983**	979,029
Prepayments for construction costs:	**1,879,118**	1,883,631
Related parties (c)	**1,034,633**	1,080,764
Third parties	**844,485**	802,867
Prepayments for land premium	**1,522,225**	1,522,225
Prepaid other taxes	**409,923**	174,517
	5,789,394	5,360,023

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

RMB'000	**2017**	2016
Within 6 months	**9,113**	5,196
Between 7 and 12 months	**83,518**	8,180
Between 13 months and 3 years	**360,737**	369,049
	453,368	382,425

As at 31 December 2017, trade receivables of RMB453,368,000 (2016: RMB382,425,000) were overdue but not impaired, including an amount due from a local government authority of RMB422,215,000 (2016: RMB341,548,000) upon recognising the revenue relating to certain relocation and resettlement housing. The remaining trade receivables that are past due but not impaired relate to certain customers 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 has been involved in a litigation raised by the aforementioned 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 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.

(b)

RMB'000	**2017**	2016
Other receivables due from third parties	**2,336,083**	2,306,548
Less: provision for impairment of other receivables	**(811,323)**	(909,323)
Other receivables due from third parties, net	**1,524,760**	1,397,225

(c) As at 31 December 2017, an amount of RMB1,031,858,000 was paid to Shanghai Ditong for future construction works in accordance with construction services agreements. Subsequent to the year end, the Group expected that the construction services amount with Shanghai Ditong in the coming three years will decrease to RMB1,400,000,000 as they failed to obtain the approval of independent shareholders on 28 December 2017. The revised construction amount was submitted for re-approval and RMB600,000,000 was refunded from Shanghai Ditong in early March 2018 based on the revised expected construction amount.

The revised proposed continuing connected transactions with Shanghai Ditong for the years ending 31 December 2018, 2019 and 2020 were not approved by the independent shareholders in the extraordinary general meeting on 21 March 2018. The Group has to revisit the construction plans by revising or cancelling the existing construction services agreements to reduce the amounts of transactions with Shanghai Ditong to a level that complies with the Listing Rules.

11 Trade and other payables

RMB'000	**2017**	2016
Trade payables (a):	**3,402,666**	3,717,483
Related parties	**15,024**	10,956
Third parties	**3,387,642**	3,706,527
Other payable and accrued expenses	**989,936**	1,119,275
Other taxes payable	**228,631**	204,392
	4,621,233	5,041,150

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

RMB'000	**2017**	2016
Within 6 months	**1,265,409**	1,244,917
Between 7 and 12 months	**877,375**	586,515
Between 13 months and 5 years	**1,259,882**	1,886,051
	3,402,666	3,717,483

12 Borrowings

RMB'000	**2017**	2016
Borrowings included in non-current liabilities:		
Bank borrowings – secured	**5,690,537**	9,266,442
	5,690,537	9,266,442
Borrowings included in current liabilities:		
Bank borrowings – secured (a)	**14,189,006**	15,124,321
Senior Notes due 2018 – secured (note 13)	**2,728,442**	2,878,521
Other borrowings – unsecured	**710,341**	407,083
Other borrowings – secured	**101,498**	99,927
	17,729,287	18,509,852
Total borrowings	**23,419,824**	27,776,294

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

RMB'000	**2017**	2016
Amounts of borrowing that are repayable:		
Within 1 year	**17,729,287**	18,509,852
After 1 and within 2 years	**5,676,987**	6,590,840
After 2 and within 5 years	**7,500**	2,667,052
After 5 years	**6,050**	8,550
	23,419,824	27,776,294

(a) The current bank borrowings included borrowings with principal amounts of RMB1,738,697,000 (2016: RMB4,192,126,000) with original maturity beyond 31 December 2018 which have been reclassified as current liabilities as at 31 December 2017 as a result of the matters described in note 1(i).

Management estimates that after taking the measures as set out in note 1(i) and with its endeavours to ensure that there will be no further delay in repayment of principal and interest, the repayment dates of these reclassified borrowings could be reverted to their respective original repayment dates which are all beyond 31 December 2018.

13 Event after the balance sheet date

Subsequent to year-end, the Group fully repaid the principal of the Senior Notes due 2018. However, the relevant interest payable at the date of redemption amounting to US$26,500,000 remained unpaid up to the date of this announcement. Such interests should be repaid on or before 4 April 2018 in accordance with the terms and conditions of the Senior Notes due 2018.

FINANCIAL REVIEW

For the year ended 31 December 2017, the Group recorded a consolidated revenue of RMB3,465.6 million, representing an increase of 34.7% compared to RMB2,572.5 million in 2016. The Group recorded a loss attributable to the owners of the Company for the year ended 31 December 2017 of RMB2,608.6 million, representing a decrease of 35.1% compared to the loss attributable to the owners of the Company of RMB4,021.0 million for 2016. The Group continued to operate in a significant loss as its revenue recognised remained at a very low level in the current year, as well as the significant amount of provision for impairment made to the Group's properties in current year, the 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 year expenses.

For the year ended 31 December 2017, the Group recorded a consolidated revenue of RMB3,465.6 million, representing an increase of 34.7% from RMB2,572.5 million in 2016. The sold and delivered GFA decreased by 21.7% to 227,858 sq.m. in 2017 from 291,129 sq.m. in 2016. The average selling price recognised increased by 72.1% to RMB15,209 per sq.m. in 2017 from RMB8,836 per sq.m. in 2016. In 2017, a substantial portion of the Group's completed and delivered properties were located in Shanghai Region with higher average selling prices, thus causing the Group's overall average recognised selling price to increase from RMB8,836 per sq.m. in 2016 to RMB15,209 per sq.m. in 2017. Projects in Shanghai Region contributed 83.7% and 51.7% to the Group's total recognised revenue and sold and delivered GFA, respectively. Shanghai City Glorious further completed and delivered more than 112,000 sq.m. of commodity properties and certain other properties, which contributed RMB2,792.0 million to the Group's revenue for 2017. Apart from the projects in Shanghai Region, the projects of the other three regions of the Group, including the Yangtze River Delta, the Pan Bohai Rim and Northeast China, only have remaining units for sale, thus their combined revenue and sold and delivered GFA only represented 16.3% and 48.3% of the Group's total revenue and sold and delivered GFA for the year.

The cost of sales for the year ended 31 December 2017 was RMB3,933.9 million, representing an increase of 1.1% as compared to RMB3,891.7 million in 2016. The cost of sales for the year ended 31 December 2017 included a provision for impairment of the Group's property development projects which amounted to RMB1,337.6 million (2016: RMB773.3 million). The substantial amount of provision for impairment of properties in the current year was mainly due to further costs added to the Group's property development projects, including substantial amount of finance costs capitalised as project costs as well as further construction costs incurred. Excluding the provision for impairment, the Group's cost of sales was RMB2,596.3 million in 2017, representing a decrease of 16.7% as compared to RMB3,118.4 million in 2016. Despite a large proportion of the revenue recognised in the current year were attributable to those projects located in Shanghai Region at where the unit costs of the properties are usually higher, the amount of cost of sales for the current year was lower than 2016 due to the lower GFA sold and delivered during the current year. The Group's average cost of sales in 2017 was RMB11,394 per sq.m., which was 6.4% higher than that of RMB10,711 per sq.m. in 2016. The higher cost of sales per sq.m. was mainly due to the higher proportion of the Group's properties sold and delivered in Shanghai Region in 2017 for which the average land costs are higher.

The Group recorded a consolidated gross loss of RMB468.3 million for 2017, which was 64.5% lower as compared to RMB1,319.1 million for 2016. The Group's gross profit margin was negative 13.5% for the year ended 31 December 2017, as compared to negative 51.3% for 2016. The Group recorded a lower consolidated gross loss and negative gross profit margin mainly due to the higher average selling price recognised in current year as compared to 2016. Excluding the effect of the provision for impairment of the Group's properties of RMB1,337.6 million in 2017 (2016: RMB773.3 million), the Group recorded a gross profit of RMB869.3 million and a gross profit margin of 25.1% for 2017, as compared to a gross loss of RMB545.8 million and gross profit margin of negative 21.2% for 2016. The gross profit and positive gross margin in 2017 was mainly because the higher average selling price recognised in current year as compared to 2016.

Other income for the year ended 31 December 2017 was RMB63.4 million (2016: RMB50.8 million), which mainly included interest income of RMB11.8 million (2016: RMB13.3 million) and rental income of RMB51.0 million (2016: RMB31.4 million).

Other losses, net for the year ended 31 December 2017 was a net loss of RMB178.2 million, which was 90.7% lower than the net loss of RMB1,919.7 million for 2016. During the year ended 31 December 2016, the Group ceased or cancelled two property projects and made provisions for impairment of these ceased projects totaling RMB1,124.3 million; and the Group also disposed of its equity in a subsidiary and recorded a loss of RMB147.9 million. There was no similar provision for impairment or loss for 2017. Besides, due to the appreciation of RMB against US$ in 2017, the Group recorded an exchange gain of RMB217.2 million in 2017 (2016: exchange loss of RMB216.3 million), which was mainly resulted from the conversion of the Company's US$400 million senior notes due 2018 into RMB. On the other hand, the Group's investment properties gave rise a significant fair value loss of RMB501.7 million (2016: fair value loss of RMB443.7 million) because the latest fair value cannot reflect the additional costs and finance costs incurred in the current year.

Selling and marketing expenses for the year ended 31 December 2017 were RMB146.5 million, which was 47.4% higher than RMB99.4 million in 2016. The Group had more new project launches in 2017 and thus incurred more selling and marketing expenses.

Administrative expenses for the year ended 31 December 2017 was RMB450.0 million, representing a decrease of 0.3% compared to RMB451.4 million for 2016.

Gross finance costs for the year ended 31 December 2017 were RMB3,494.5 million, representing an increase of 18.5% from RMB2,948.5 million for 2016. For the year ended 31 December 2017, finance costs of RMB2,059.8 million (2016: RMB1,851.4 million) had been capitalised, leaving RMB1,434.7 million (2016: RMB1,097.1 million) charged directly to the consolidated statement of comprehensive income. The Group incurred higher amount of gross finance costs for 2017 as compared to 2016 mainly because the Group's total borrowings maintained at a higher level for most of the time in the current year, while the Group's average cost of borrowing increased. 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 significant portion of the finance costs were not capitalised and were recorded as current year expenses.

The Group recorded a loss before income tax of RMB2,012.5 million for the year ended 31 December 2017, which is 58.5% lower than that of RMB4,849.6 million for 2016. The Group continued to recorded a substantial loss before income tax for 2017 because its revenue recognised remained at a very low level in the current year, as well as the significant amount of provision for impairment made to the Group's properties in current year, the 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 year expenses.

The Group recorded a loss attributable to the owners of the Company of RMB2,608.6 million for the year ended 31 December 2017, which was 35.1% lower than that of RMB4,021.0 million for 2016. The Group continued to recorded a substantial loss attributable to the owners of the Company for 2017 because its revenue recognised remained at a very low level in the current year, as well as the significant amount of provision for impairment made to the Group's properties in the current year, the 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 year expenses.

Current Assets and Liabilities

As at 31 December 2017, the Group held total current assets of approximately RMB33,182.4 million, which was 9.3% lower than RMB36,596.4 million as at 31 December 2016, and the decrease was mainly due to the decrease in the balance of restricted cash as a result of the repayment of the related bank borrowings in the current year.

As at 31 December 2017, the Group's current assets mainly comprised properties under development, trade and other receivables and prepayments and completed properties held for sale. As at 31 December 2017, balance of properties under development was RMB21,130.6 million, which was 2.1% lower than RMB20,696.2 million as at 31 December 2016. The continuous progress of the Group's property development projects had resulted in an increase in the carrying value of properties under development in 2017, but the increase has been offset by the decrease in the carrying value of properties under development that has been recognised as cost of sales or transferred to completed properties held for sale upon completion and delivery of properties during the year, as well as the provision for impairment made in current year also further reduced the carrying value of properties under development. Trade and other receivables and prepayments increased by 8.0% from RMB5,360.0 million as at 31 December 2016 to RMB5,789.4 million as at 31 December 2017. 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. Completed properties held for sale decreased by 16.9% from RMB6,525.8 million as at 31 December 2016 to RMB5,425.6 million as at 31 December 2017. 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 2017, and the provision for impairment recorded in current year further reduced the carrying value of completed properties held for sale.

Total current liabilities as at 31 December 2017 amounted to RMB37,469.0 million, which was 8.5% higher than that of RMB34,534.9 million as at 31 December 2016. Total current liabilities was higher mainly because the Group achieved substantial amount of property sales during 2017 such that the sales proceeds received has resulted in a much higher balance of advanced proceeds received from customers as compared to 2016.

As at 31 December 2017, the current ratio (calculated as the total current assets divided by the total current liabilities) was 0.9 (2016: 1.1). The lower current ratio in 2017 mainly resulted from the combined effect of (1) lower total current assets due to reduced balance of restricted cash; and (2) higher total current liabilities due to higher balance of advanced proceeds received from customers.

Liquidity and Financial Resources

During the year ended 31 December 2017, the Group funded its property development projects principally from proceeds from pre-sales of properties and bank loans.

As at 31 December 2017, the Group had cash and cash equivalents of RMB201.4 million as compared to RMB738.9 million as at 31 December 2016.

During the year, the aggregate new bank loans obtained by the Group amounted to RMB4,132.0 million and repayment of loans was RMB9,456.9 million. As at 31 December 2017, the Group's total borrowings amounted to RMB23,419.8 million, representing a decrease of 15.7% compared to RMB27,776.3 million as at 31 December 2016.

As at 31 December 2017, the Group had total banking facilities of RMB29,490 million (2016: RMB34,505 million) consisting of used banking facilities of RMB18,510 million (2016: RMB23,705 million) and unused banking facilities of RMB10,980 million (2016: RMB10,800 million).

In the second half of 2016, the Group had entered into a series of loan refinancing arrangements such that a significant amount of current or overdue borrowings had been replaced with non-current borrowings. Accordingly, the maturity profile of the Group's borrowings as at 31 December 2016 had shown obvious improvements as compared to previous years. During 2017, certain non-current borrowings, including the Senior Notes due 2018 and certain borrowings from financial institutions, became due for repayment within one year and were classified as current borrowings. At the same time, as at 31 December 2017, there were still certain borrowings in respect of which the principal repayment and interest payments were delayed, thus breaching certain facilities agreements and resulted in certain non-current borrowings being reclassified from non-current borrowings to current borrowings. Although the Group's current borrowings decreased by 4.2% from RMB18,509.9 million as at 31 December 2016 to RMB17,729.3 million as at 31 December 2017, the Group's short-term debt ratio (calculated as current borrowings divided by total borrowings) still increased from 66.6% at the end of 2016 to 75.7% at the end of 2017 as a result of high proportion of current borrowings despite the decrease of the Group's total borrowings.

The Group monitors its capital on the basis of the gearing ratio and short-term debt ratio. Gearing ratio is calculated as net debt divided by total equity attributable to the owners of the Company. Net debt is calculated as total borrowings less cash and bank balances (including cash and cash equivalents and restricted cash). The gearing ratios as at 31 December 2017 and 2016 were as follows:

RMB'000	**2017**	2016
Total borrowings	**23,419,824**	27,776,294
Less: cash and bank balances	**(233,379)**	(3,679,870)
Net debt	**23,186,445**	24,096,424
Total equity attributable to the owners of the Company	**5,894,071**	8,502,689
Gearing ratio	**393.4%**	283.4%

The gearing ratio for 2017 was higher than that for 2016 as a result of the significant decrease in the equity attributable to the owners of the Company as a result of the loss recorded for the current year.

During the past few years, the aforementioned liquidity indicators of the Group had shown a deteriorating trend. As such, the Group had endeavored to implement a number of measures to alleviate its liquidity pressure and improve its financial position, including accelerating the sales of properties and focusing on development and sales of properties with higher values, and actively negotiating with various banks in order to extend or refinance the maturing borrowings. In the second half of 2016, the Group entered into a series of loan refinancing arrangements such that a significant amount of current or overdue borrowings have been replaced with non-current borrowings. The Group's net operating cash outflow for 2016 was lowered to RMB349.2 million, and it was an operating net cash inflow of RMB2,719.8 million for 2017. It was a significant turnaround from the net operating cash outflows for the past few years, which further reflected the effectiveness of cash flow control of the Group in recent years. During 2017, the Group achieved contracted property sales of RMB8,570.0 million, which represented an obvious improvement as compared to past years. According to the Group's project development schedule, during 2018, there will be more high-value projects that can meet the pre-sale requirements and could be launched to the market. It is expected that large amount of sales proceeds will be generated for reducing the Group's total borrowings and for speeding up the pace of development of other projects.

Going Concern and Mitigation Measures

During the year ended 31 December 2017, the Group reported a net loss attributable to the owners of the Company of RMB2,608.6 million. As at 31 December 2017, the Group's total borrowings amounted to RMB23,419.8 million, of which current borrowings amounted to RMB17,729.3 million, while its cash and cash equivalents amounted to RMB201.4 million only. In addition, as at 31 December 2017, loan principal repayments and related interest payments of RMB4,769.5 million were not repaid in accordance with the repayment schedules pursuant to the borrowing agreements. In addition, the Group was in breach of certain terms and conditions of the Senior Notes due 2018 with a principal amount of RMB2,613.7 million. These constituted events of defaults which resulted in cross-default of certain borrowings other than those mentioned above amounting to RMB4,430.8 million as at 31 December 2017. These conditions, together with other matters described in note 1(i) to the consolidated financial information, including the change of construction plans in respect of projects previously undertaken by Shanghai Ditong Construction (Group) Co., Ltd. ("Shanghai Ditong"), indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. However, the directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remediate certain delayed repayments to financial institutions, which are set out in note 1(i) to the consolidated financial information.

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

Foreign Exchange Risk

The Group's property development projects are all located in the PRC and the related transactions are substantially settled in RMB. The Company and certain of the investment holding companies within the Group operating in Hong Kong have recognised assets and liabilities in currencies other than RMB, mainly including the US$400.0 million Senior Notes due 2018. As at 31 December 2017, the Group had cash and bank balances, borrowings and trade and other payables that were denominated in foreign currencies as shown below:

RMB'000	**2017**	2016
Cash and bank balances:		
US$	**405**	317
HK$	**475**	197
Total	**880**	514
Borrowings:		
US$	**3,705,530**	3,252,306
HK$	**174,553**	167,740
Total	**3,880,083**	3,420,046
Trade and other payables:		
US$	**9,732**	14,084
HK$	**36,853**	37,249
Total	**46,585**	51,333

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

As at 31 December 2017, if RMB had strengthened/weakened by 5% against other currencies, with all other variables held constant, post-tax loss for the year would have been approximately RMB196.3 million lower/higher (2016: post-tax loss RMB173.5 million lower/higher).

Interest Rate Risk

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

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

As at 31 December 2017, the Group's total borrowings amounted to RMB23,419.8 million (2016: RMB27,776.3 million), of which RMB22,460.5 million (2016: RMB27,161.8 million) bears fixed interest rate.

As at 31 December 2017, 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 RMB2.2 million higher/lower (2016: post tax loss RMB1.7 million higher/lower), mainly as a result of higher/lower interest expense on floating rate borrowings.

Price risk

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

As at 31 December 2017, if the price of unlisted investments in financial assets at fair value through profit or loss had been 10% higher/lower with all other variables held constant, the Group's loss before taxation would have been RMB25.0 million (2016: nil) lower/higher.

Pledge of Assets

As at 31 December 2017, the Group had investment properties, properties under development and completed properties held for sale of an aggregate carrying value of RMB24,045.9 million (2016: RMB24,851.1 million) which had been pledged for the Group's borrowings. Besides, the Group had also pledged the equity interest of certain of its subsidiaries and certain bank deposits for its borrowings.

Financial Guarantee

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure the repayment obligations of such purchasers. As at 31 December 2017, the amount of outstanding guarantees for mortgages was RMB4,916.2 million (2016: RMB4,867.5 million).

Capital and Operating Lease Commitments

As at 31 December 2017, the Group had capital and operating lease commitments of RMB4,027.3 million (2016: RMB4,097.0 million) and RMB15.5 million (2016: RMB9.2 million) respectively.

The proposed continuing connected transactions with Shanghai Ditong for the years ending 31 December 2018, 2019 and 2020 were not approved by the independent shareholders in the extraordinary general meetings on 28 December 2017 and 21 March 2018. The Group has to revisit the construction plans by revising or cancelling the existing construction services agreements to reduce the amounts of transactions with Shanghai Ditong to a level that complies with the Listing Rules.

EMPLOYEES

As at 31 December 2017, the Group had a total of 677 employees (2016: 706). Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. Other employee benefits include provident fund, insurance, medical cover as well as share option scheme.

In order to attract, retain and motivate executives and key employees serving any members of the Group or other persons contributing to the Group, the Company had adopted a share option scheme (the "Share Option Scheme") on 9 September 2009 in addition to a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") which was adopted by the Company on the same day. As at 31 December 2017, there were 69,000,000 share options that were granted to the directors and employees of the Company under the Pre-IPO Share Option Scheme and remained outstanding. For the year ended 31 December 2017, there was no share option granted under the Share Option Scheme.

CORPORATE GOVERNANCE

Compliance with Corporate Governance Code

The Company had complied with the principles and the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") during the year ended 31 December 2017, save for the deviation from the code provision E.1.2 which stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board did not attend the annual general meeting of the Company (the "AGM") held on 7 June 2017 due to other business engagements. Mr. Ding Xiang Yang, the vice chairman and the chief executive officer of the Company, chaired the AGM on behalf of the Chairman of the Board and was available to answer questions.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. All directors of the Company have confirmed, following specific enquiries being made by the Company, that they had complied with the required standard set out in the Model Code during the year ended 31 December 2017.

AUDIT COMMITTEE

The Audit Committee was established on 9 September 2009 with written terms of reference, which comprises three independent non-executive directors, namely, Prof. Liu Tao (chairman of the Audit Committee), Mr. Wo Rui Fang and Mr. Han Ping. The Audit Committee has reviewed with management the 2017 Annual Results and took the view that the Company was in full compliance with all applicable accounting standards and regulations and has made adequate disclosure.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the preliminary announcement of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement of the Group's results for the year ended 31 December 2017 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The below sections set out an extract of the report by PricewaterhouseCoopers, the auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31 December 2017:

Disclaimer of Opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Multiple Uncertainties Relating to Going Concern

As described in note 2(a)(i) to the consolidated financial statements, the Group reported a net loss attributable to the owners of the Company of RMB2,608,618,000 during the year ended 31 December 2017. As at the same date, the Group's total borrowings amounted to RMB23,419,824,000, of which current borrowings amounted to RMB17,729,287,000, while its cash and cash equivalents amounted to RMB201,420,000 only. In addition, as at 31 December 2017, loan principal repayments and related interest payments of RMB4,769,512,000 were not repaid in accordance with the repayment schedules pursuant to the borrowing agreements. In addition, the Group was in breach of certain terms and conditions of the Senior Notes due 2018 with a principal amount of RMB2,613,680,000. These constituted events of defaults which resulted in cross-default of certain borrowings other than those mentioned above amounting to RMB4,430,823,000 as at 31 December 2017. These conditions, together with other matters described in note 2(a)(i) to the consolidated financial statements, including the change of construction plans in respect of projects previously undertaken by Shanghai Ditong Construction (Group) Co., Ltd. ("Shanghai Ditong"), indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

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

ANNUAL GENERAL MEETING AND DATES OF CLOSURE OF REGISTER OF MEMBERS

The time, date and venue of the annual general meeting of the Company for the year 2018 and dates of closure of register of members of the Company will be announced in due course.

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 2017.

PUBLICATION OF ANNUAL REPORT

The 2017 annual report of the Company containing all the applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn in due course.

UPDATE ON CONTINUING CONNECTED TRANSACTIONS – REVISION OF PROPOSED ANNUAL CAPS UNDER NEW CONSTRUCTION SERVICES AGREEMENT

Reference is made to the announcement of the Company dated 14 February 2018 and the circular of the Company dated 28 February 2018 in relation to the Revised Annual Caps under the framework construction services agreement dated 21 November 2017 (the "New Construction Services Agreement") entered into between the Company and Shanghai Ditong. As disclosed in the poll results announcement of the Company dated 21 March 2018, the resolution on the approval of the New Construction Services Agreement and the Revised Annual Caps as set out in the announcement dated 14 February 2018 and the circular dated 28 February 2018 was proposed but not passed at the extraordinary general meeting of the Company held on 21 March 2018. In light of the business needs of the Group, the Group will continue certain existing transactions with Shanghai Ditong but will closely monitor the aggregate transaction amount of the transactions under the New Construction Services Agreement to ensure that the amount of such transactions would not exceed RMB128,000,000 for each of the three years ending 31 December 2020.

In the course of conducting the existing transactions with Shanghai Ditong, the Group will revisit the construction plans by revising or cancelling the existing construction services agreements in order to comply with the Listing Rules. Although an agreement has been reached with Shanghai Ditong which no penalty will result from the revision and cancellation of agreements, such changes in the development plan might result in disruption or delay in these projects which would adversely affect the future net cash inflows of the Group. Besides, the Group will be responsible for the procurement of construction raw materials in order to minimise the amount of transactions with Shanghai Ditong in the future.

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

Hong Kong, 28 March 2018

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 non-executive director of the Company is Mr. Cheng Li Xiong; the independent non-executive directors of the Company are Prof. Liu Tao, Messrs. Wo Rui Fang and Han Ping.