恒盛地產
GLORIOUS PROPERTY

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Codes: 00845)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020 (the "**2020 Annual Results**"). The 2020 Annual Results have been reviewed by the audit committee of the Company (the "**Audit Committee**") and approved by the Board on 31 March 2021.

FINANCIAL HIGHLIGHTS

- Revenue amounted to RMB2,807.7 million and the average selling price (excluding interior decoration) was RMB13,317 per sq.m.
- Recorded a profit attributable to the owners of the Company of RMB81.0 million
- Total borrowings was RMB20,263.7 million
- Gearing ratio was 347.9%
- Property sales was RMB6,811.7 million and GFA sold was 272,116 sq.m.

OVERALL RESULTS

For the year ended 31 December 2020, the Group recorded a consolidated revenue of RMB2,807.7 million, representing a decrease of 51.6% compared to RMB5,806.7 million in 2019. The Group recorded a profit attributable to the owners of the Company for the year ended 31 December 2020 of RMB81.0 million, as compared to a loss attributable to the owners of the Company of RMB957.1 million for the year ended 31 December 2019.

Earnings per share for the year ended 31 December 2020 was RMB0.01 (2019: Loss per share of RMB0.12).

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2020.

BUSINESS REVIEW

I. Revenue

For the year ended 31 December 2020, the Group recorded a consolidated revenue of RMB2,807.7 million, representing a decrease of 51.6% from RMB5,806.7 million in 2019. The sold and delivered GFA decreased by 5.4% to 202,019 sq.m. in 2020 from 213,445 sq.m. in 2019. The average selling price recognised decreased by 41.4% to RMB13,317 per sq.m. in 2020 from RMB22,707 per sq.m. in 2019.

In 2020, the Group recognised revenue (including revenue from property sales and interior decoration) from a total of 17 projects and the recognised revenue was comparatively more balanced among different regions as compared to the previous years. In 2020, 50.3% of the revenue was contributed by projects in the Shanghai Region, 17.2% by projects in the Yangtze River Delta (excluding Shanghai), 1.1% by projects in the Pan Bohai Rim and 31.4% by projects in Northeast China. Seven projects located in the first-tier cities (Shanghai and Beijing) accounted for 51.4% of the Group's total revenue while the other 10 projects located in the second- and third-tier cities accounted for 48.6% of the total revenue.

In 2020, the Group only had new phase of properties completed and delivered from two projects in Wuxi and Changchun, for which the average selling price was much lower than the projects in Shanghai. On the other hand, the Group applied 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 car park 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 decrease from RMB22,707 per sq.m. in 2019 to RMB13,317 per sq.m. in 2020. Properties from the projects in Shanghai Region contributed 50.3% of the Group's recognised revenue (including revenue from property sales and interior decoration) and 14.7% the sold and delivered GFA, respectively. All these recognised revenue were all derived from the sale of remaining units and carpark units. Shanghai Bay in Shanghai continued to sell the remaining units and car park units in 2020, giving rise to recognised revenue (excluding revenue from interior decoration of properties) of RMB1,039.0 million and RMB201.3 million, respectively, and average selling price of residential units sold was more than RMB100,000 per sq. m.. In the current year, the last phase of residential units of No.1 City Promotion in Wuxi was completed and delivered, together with its remaining units, it delivered a total GFA of approximately 40,600 sq.m., which contributed recognised revenue of RMB449.4 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 105,000 sq.m. in 2020, for which contributed RMB823.2 million to Northeast Region's recognised revenue for 2020. During 2020, projects in Pan Bohai Rim only had recognised revenue of RMB31.7 million from the sale of remaining units, which only represented 1.1% and 2.8% of the Group's total revenue and sold and delivered GFA for the year respectively.

Projects sold and delivered in 2020 and 2019 included:

Property projects	City	2020 Revenue (RMB'000)	2020 GFA sold and delivered (sq.m.)	2020 Average selling price recognised (RMB per sq.m.)	2019 Revenue (RMB'000)	2019 GFA sold and delivered (sq.m.)	2019 Average selling price recognised (RMB per sq.m.)
Sunshine Venice	Shanghai	1,790	225	7,956	2,238	224	9,991
Shanghai Bay	Shanghai	1,240,274	24,858	49,894	1,269,914	20,906	60,744
Shanghai City Glorious	Shanghai	22,695	3,376	6,722	47,667	3,429	13,901
Chateau De Paris	Shanghai	6,460	494	13,077	21,287	978	21,766
Shanghai Park Avenue	Shanghai	–	–	N/A	1,642	297	5,529
Royal Lakefront	Shanghai	–	–	N/A	31,564	5,080	6,213
Holiday Royal	Shanghai	23,182	663	34,965	2,558,654	73,336	34,889
Sunshine Bordeaux	Beijing	31,242	5,625	5,554	3,950	357	11,064
Sunshine Holiday	Tianjin	419	59	7,102	20,360	2,613	7,792
No.1 City Promotion	Wuxi	449,362	40,562	11,078	17,806	2,908	6,123
Nantong Villa Glorious	Nantong	4,174	1,252	3,334	11,116	1,999	5,561
Nantong Royal Bay	Nantong	7,909	887	8,917	90,289	9,432	9,573
Nantong Glorious Chateau	Nantong	746	318	2,346	13,884	1,816	7,645
Hefei Bashangjie Project	Hefei	11,184	1,763	6,344	609,021	61,406	9,918
Hefei Royal Garden	Hefei	10,558	5,549	1,903	6,695	3,637	1,841
Sunny Town	Shenyang	37,854	6,927	5,465	4,228	1,412	2,994
Harbin Villa Glorious	Harbin	–	–	N/A	10,164	1,347	7,546
Harbin Royal Garden	Harbin	10,713	3,432	3,122	2,270	437	5,195
Changchun Villa Glorious	Changchun	823,218	104,582	7,872	123,327	21,718	5,679
Dalian Villa Glorious	Dalian	8,581	1,447	5,930	557	113	4,929
Sub-total		2,690,361	202,019	13,317	4,846,633	213,445	22,707
Interior decoration for properties sold:							
Shanghai Bay	Shanghai	117,313			960,028		
Total		2,807,674			5,806,661		

II. Property Sales

In 2020, the Group achieved property sales of RMB6,811.7 million, representing a YOY increase of 1.2%. The GFA sold was 272,116 sq.m., representing a YOY decrease of 37.3%.

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 2020, projects in Shanghai Region continued the most substantial amount to the Group's property sales, totaled RMB5,022.1 million. The major source of property sales was from Shanghai Bay project, for which the sales from the newly launched properties from Tower 15 in the first half of 2020 was strong. The high-end properties from Shanghai Bay project contributed property sales (including Tower 15 and the other remaining units and carpark units) of RMB4,885.8 million for 2020, with an average selling price close to RMB98,000 per sq.m., and represented 71.7% of the Group's total property sales for 2020. The property sales amounts for the Group's other three regions were comparable to each other, comprised RMB632.0 million for Yangtze River Delta, RMB587.9 million for Pan Bohai Rim and RMB569.7 million for the Northeast China, respectively, and represented 9.3%, 8.6% and 8.4% of the Group's total property sales. Apart from Tower 15 of Shanghai Bay project in Shanghai, the Group also had new launches of properties from two projects, namely Changchun Villa Glorious and Tianjin Royal Bay Seaside, which achieved property sales of RMB587.9 million and RMB302.1 million for the year, respectively. Apart from the abovementioned three projects that had new launch of properties, the Group also sped up to sell the remaining property units and car park units of the other projects. During the year ended 31 December 2020, these other projects achieved aggregate property sales of RMB1,079.6 million.

During the year ended 31 December 2020, the Group's overall average selling price was RMB25,032 per sq.m., which was 61.4% higher than RMB15,512 per sq.m. for 2019, mainly due to larger proportion of property sales arising from properties from Shanghai Bay in Shanghai, whereas the average selling prices are higher.

Property sales for 2020 from the first-tier cities (Shanghai and Beijing) and second – and third-tier cities amounted to RMB5,307.9 million and RMB1,503.8 million respectively, which accounted for 77.9% and 22.1% of the Group's total property sales for 2020 respectively.

Property sales and GFA sold by region in 2020 and 2019 were as follows:

Region	Property sales *(RMB'000)*			GFA sold *(sq.m.)*		
	2020	2019	Change (%)	**2020**	2019	Change (%)
Shanghai Region	**5,022,082**	1,284,680	290.2%	**75,516**	35,654	111.8%
Yangtze River Delta[1]	**631,969**	1,588,380	–60.2%	**71,908**	175,959	–59.1%
Pan Bohai Rim	**587,875**	2,285,582	–74.3%	**58,405**	28,201	107.1%
Northeast China	**569,741**	1,574,249	–63.8%	**66,287**	194,218	–65.9%
Total	**6,811,667**	6,732,891	1.2%	**272,116**	434,032	–37.3%

Note:

(1) Includes property sales attributable to a joint venture for all years presented.

In 2021, the Group expects to launch properties from 11 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 16.8%, 45.1%, 8.8% and 29.3% respectively of the Group's saleable GFA which are expected to be available for sale in 2021.

III. Construction and Development

In 2020, the total GFA completed by the Group was approximately 369,000 sq.m. and approximately 287,000 sq.m. was added to the new construction area. As at 31 December 2020, the Group had projects with a total area under construction of 2.5 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 2020.

As at 31 December 2020, the total land bank of the Group for which land use right certificates had been obtained or land acquisition agreements had been signed was 6.6 million sq.m. and the average land cost was RMB1,543 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 12.1% was in first-tier cities and 87.9% in second- and third-tier cities.

Details of land bank by project as at 31 December 2020 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	938,326	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				2,594,803	1,420	

Project		City	Location	Use	Land bank	Average land cost	Interests attributable to the Group
					(sq.m.)	*(RMB per sq.m.)*	
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	653,852	1,004	100%
	Subtotal				773,243	1,024	
Total					**6,568,615**	**1,543**	

V. Development of Commercial Properties

The Group will steadily foster the development of its commercial properties. As at 31 December 2020, the Group has total GFA of 2.6 million sq.m. is planned for the development of commercial properties, of which approximately 814,000 sq.m. of commercial properties were completed by the Group, and around 810,000 sq.m. of commercial property projects are still under construction.

As at 31 December 2020, 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

With successful development and mass vaccinations of COVID-19 vaccines, the pandemic will see a turning point outside China in 2021. The negative growth and downward pressure of the global economy will gradually ease. The global economy is expected to see a recovery. Because of the formation of the new U.S. administration, China-U.S. relations have entered a new stage and will face new opportunities and challenges. As the only major economy in the world to achieve positive economic growth in 2020, China will attach more importance to the continuity, stability and sustainability of economic development, and will continue playing an important role in future global economic growth. China will maintain the necessary support for economic recovery through a proactive fiscal policy and a prudent monetary policy. Coordinating the overall domestic and international situations, China will promote the international and domestic cycles, and give full play to the advantages of its ultra-large-scale market and the potential of domestic demand to cultivate endogenous economic growth. It aims to ensure a good start for the 14th Five-Year Plan and achieve sustained and sound economic and social development.

The regions in China affected by the pandemic will not increase in 2021. As far as the real estate market concerned, the central government will adhere to the guiding ideology of strengthening the regulation on the real estate industry and curbing the overheating of short-term real estate investment. The government will continue the guiding principle of stabilising land and home prices and stabilising market expectations and keep the basic positioning of "houses should be for living in, not for speculation", in a bid to ensure the steady operation of the real estate market. It does not rule out the possibility that the central government will tighten regulation via the 'three red lines' for property companies and the 'two red lines' for banks. Local governments will also respond to the central government's request to introduce local policies to prevent the market from entering a new round of speculation.

The Group predicts that, on the basis of the central government's clear positioning of the real estate industry, the home prices will remain rational, and the overall market size is expected to remain stable within a reasonable range. As the differentiation of the property markets in different cities will become more obvious, the city-specific approach will effectively prevent the real estate market from heating up. There are still structural opportunities in the high-quality land market. The land price per floor area is expected to run smoothly at a high level. In addition, the demand for housing improvement in the first- and second-tier cities will remain the main driver of transactions. The flexible adjustment of talent settlement policies will increase house transactions to some extent. In the future, residential and commercial products that are in line with the mainstream market, policy orientation and demographic changes will be more diversified, and products with obvious advantages will be more favoured by the market. Small property companies without core competitiveness will be swallowed up even more rapidly.

The Group will always adhere to the principle of steady development, continuously pay attention to changes in industry policies and market dynamics, maintain a rational and objective judgment on the operating environment of real estate, adjust strategies at any time in accordance with market changes, and make every effort to reduce the impact caused by the pandemic and the uncertainty of economic development.

It will continuously strive to create high-quality products, insist on operational control, and strictly control product quality, so as to constantly enhance brand recognition and improve customer living experience and satisfaction. On the one hand, the Group will focus on its sales target to collect payments, strengthen service coordination and organizational support, and improve the quality and efficiency. On the other hand, it will step up the construction for pre-sale and accelerate the property sales through more flexible sales methods and marketing strategies to promote the effective collection of cash payments. Moreover, efforts are being made to improve the commercial value and strengthen the leasing and sales of commercial products, with a view to further easing the Group's cash crunch, enhancing its profitability and improving its market competitiveness.

The Group will adhere to a prudent financial policy to further reduce its debts, actively expand its financing channels and directions according to policies and development direction of the financial and real estate industries, make reasonable use of asset value and adopt various financial methods to improve its debt structure, and appropriately increase its long-term liabilities, so as to avoid financial risks and relieve operating pressure. Furthermore, it will strengthen and deeply adopt the budget management system, and give play to the guiding role of budget management. With a strict and accurate comprehensive budget management system, its marketing strategies will be carried out, and project-financing package planning, investment and financing plans, and operational investment plans will be executed, so as to ensure the scientific coordination of the Group's capital operation.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

RMB'000	*Note*	**2020**	2019
Revenue	*4*	**2,807,674**	5,806,661
Cost of sales	*7*	**(1,658,792)**	(5,684,774)
Gross profit		**1,148,882**	121,887
Other income	*5*	**32,016**	38,672
Other gains, net	*6*	**2,009,539**	870,915
Provision for loss allowances of financial assets		**(452,140)**	(2,613)
Selling and marketing expenses	*7*	**(129,358)**	(133,834)
Administrative expenses	*7*	**(407,712)**	(552,165)
Finance costs, net	*8*	**(1,578,403)**	(1,874,351)
Share of loss of an associate		**(29)**	(1,340)
Share of (loss)/profit of a joint venture		**(2,465)**	959,921
Profit/(loss) before taxation		**620,330**	(572,908)
Income tax expenses	*9*	**(553,241)**	(419,375)
Profit/(loss) for the year		**67,089**	(992,283)
Profit/(loss) for the year attributable to:			
— the owners of the Company		**81,003**	(957,065)
— non-controlling interests		**(13,914)**	(35,218)
		67,089	(992,283)
Other comprehensive income		**—**	—
Total comprehensive income/(loss) for the year		**67,089**	(992,283)
Total comprehensive income/(loss) for the year attributable to:			
— the owners of the Company		**81,003**	(957,065)
— non-controlling interests		**(13,914)**	(35,218)
		67,089	(992,283)
Earnings/(loss) per share for profit/(loss) attributable to the owners of the Company (expressed in RMB per share)			
— Basic	*10*	**0.01**	(0.12)
— Diluted	*10*	**0.01**	(0.12)
Dividend	*11*	**–**	–

CONSOLIDATED BALANCE SHEET
As at 31 December 2020

RMB'000	*Note*	**2020**	2019
Non-current assets			
Property, plant and equipment		**34,795**	36,522
Right-of-use assets		**1,876**	5,155
Investment properties		**24,659,760**	21,133,946
Intangible assets		**1,800**	1,800
Investment in an associate		**4,800**	4,829
Interest in a joint venture		**1,006,813**	1,034,866
Deferred income tax assets		**305,778**	185,037
		26,015,622	22,402,155
Current assets			
Properties under development		**15,183,525**	15,267,875
Completed properties held for sale		**5,180,029**	5,659,710
Trade and other receivables, prepayments and other financial assets	*12*	**4,439,816**	4,927,511
Prepaid taxes		**253,309**	356,633
Restricted cash		**345,983**	3,489,939
Cash and cash equivalents		**395,543**	334,169
		25,798,205	30,035,837
Total assets		**51,813,827**	52,437,992

RMB'000	*Note*	**2020**	2019
Current liabilities			
Contract liabilities		**9,469,448**	4,812,372
Trade and other payables	*13*	**5,515,980**	5,971,157
Income tax payable		**8,290,653**	8,003,937
Amount due to a joint venture		**353,029**	353,029
Borrowings	*14*	**20,263,735**	25,235,997
Lease liabilities		**1,331**	3,897
		43,894,176	44,380,389
Non-current liabilities			
Borrowings	*14*	**—**	314,529
Deferred income tax liabilities		**2,330,726**	2,220,416
Lease liabilities		**435**	1,257
		2,331,161	2,536,202
Total liabilities		**46,225,337**	46,916,591
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**68,745**	68,745
Share premium		**7,822,982**	7,822,982
Reserves		**(2,451,569)**	(2,532,572)
		5,440,158	5,359,155
Non-controlling interests		**148,332**	162,246
Total equity		**5,588,490**	5,521,401
Total liabilities and equity		**51,813,827**	52,437,992

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 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 31 March 2021.

2 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 investment properties, which are carried at fair value.

(i) Going concern basis

As at 31 December 2020, the Group had accumulated losses of RMB3,417,039,000 (2019: RMB3,498,042,000) and the Group's current liabilities exceeded its current assets by RMB18,095,971,000 (2019: RMB14,344,552,000). As at the same date, the Group's total borrowings (including loans from a non-controlling interest) amounted to RMB20,263,735,000 (2019: RMB25,550,526,000), of which current borrowings amounted to RMB20,263,735,000 (2019: RMB25,235,997,000), while its cash and cash equivalents amounted to RMB395,543,000 only.

As at 31 December 2020, certain borrowings whose principal amounts of RMB3,735,631,000 and interest payable amounts of RMB1,462,138,000, relating to borrowings with a total principal amount of RMB5,433,731,000 ("Overdue Borrowings") were overdue. In addition, part of the principals and interests of certain borrowings not abovementioned with a total principal amount of RMB7,430,092,000 were overdue in the loan period ("Other Overdue Borrowings"); although these overdue balances and interests were subsequently settled before 31 December 2020, these borrowings remain to be in default as at 31 December 2020. Furthermore, the Group breached certain terms and conditions of borrowings with a total principal amount of RMB1,202,157,000 during the year and as at 31 December 2020. The aggregate principal amount of the aforementioned borrowings of RMB14,065,980,000 would be immediately repayable if requested by the lenders. This amount included borrowings of RMB1,202,157,000 with original contractual repayment dates beyond 31 December 2021 which have been reclassified as current liabilities as at 31 December 2020 (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 RMB2,999,937,000 were considered as cross-default ("Cross-default Borrowings"), of which RMB475,000,000 with original contractual repayment dates beyond 31 December 2021 have been reclassified as current liabilities as at 31 December 2020 (note 14).

Subsequent to the balance sheet date, the Group did not repay certain principal and interest payments in accordance with the scheduled repayment dates of certain loan agreements, including (1) principal of RMB105,000,000 and interest of RMB178,927,000 relating to all of the Overdue Borrowings with a total principal amount of RMB5,433,731,000, (2) principal of RMB549,900,000 relating to certain of the Other Overdue Borrowings with a total principal amount of RMB1,500,000,000 and (3) principal of RMB250,000,000 relating to certain of the Cross-default Borrowings with a total principal amount of RMB740,000,000.

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, extension and replacement 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 also brought challenges and uncertainties to the global economy. The COVID-19 pandemic has been brought under control in China after taking effective measures by the government. The management believes that the effect of COVID-19 pandemic is temporary and manageable.

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. Since 1 January 2021, the Group has repaid principal of RMB79,479,000 and interest of RMB119,396,000 of the Overdue Borrowings up to the date of the approval of these consolidated financial statements. In addition, the Group successfully extended or repaid certain Cross-default Borrowings with principal of RMB593,000,000 in the first quarter of 2021 upon their scheduled repayment dates;

(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 major projects upon obtaining the pre-sales permits staring from March 2021;

(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 2020. 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 2020. 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 2021 for those borrowings that (a) are scheduled for repayment (either based on the original agreements or the existing arrangements) in year 2021; (b) were overdue as at 31 December 2020 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 2021;

(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 2020 and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments)	Interest Rate Benchmark Reform
HKFRS 3 (Amendments)	Definition of a Business
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(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 2020 and have not been early adopted by the Group:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds Before Intended Use
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract
HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2
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
HKFRS 17	Insurance Contracts
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 trade and other receivables, changes in provision for impairment of properties under development and completed properties held for sale, share-based compensation expenses, 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 2020						
Revenue						
At a point in time	**1,294,401**	**483,933**	**31,661**	**880,366**	**—**	**2,690,361**
Overtime	**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)**
Year ended 31 December 2019						
Revenue						
At a point in time	3,932,966	748,811	24,310	140,546	—	4,846,633
Overtime	960,028	—	—	—	—	960,028
Inter-segment revenue	—	—	—	—	—	—
Revenue (from external customers)	4,892,994	748,811	24,310	140,546	—	5,806,661
Segment results	2,513,983	(322,005)	(22,036)	(289,055)	(63,650)	1,817,237
Depreciation	(3,511)	(1,194)	(2,182)	(28)	(277)	(7,192)
Fair value changes of investment properties	1,914,410	(503,051)	(185,884)	(311,368)	—	914,107
Provision for loss allowances of financial assets	(2,307)	(153)	(81)	(72)	—	(2,613)
Changes in provision for impairment of properties under development and completed properties held for sale	(329,039)	(36,218)	(903,568)	(98,785)	—	(1,367,610)
Share-based compensation expenses	—	—	—	—	(52,486)	(52,486)
Interest income	10,969	6,081	188	517	5	17,760
Finance costs	(1,274,790)	(245,711)	(221,771)	(53,652)	(96,187)	(1,892,111)
Income tax (expenses)/credits	(424,813)	(48,355)	68,564	(14,771)	—	(419,375)

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Elimination	Total
At 31 December 2020							
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**
At 31 December 2019							
Total segment assets	47,904,087	23,414,684	4,926,162	5,653,011	5,910,457	(44,618,412)	43,189,989
Total segment assets include:							
Investment in an associate	4,829	—	—	—	—	—	4,829
Investment in a joint venture	781,571	—	—	—	—	—	781,571
Deferred income tax assets							185,037
Other unallocated corporate assets							9,062,966
Total assets							52,437,992
Additions to:							
Property, plant and equipment	1,108	66	617	14	—	—	1,805
Investment properties	262,661	422,050	30,388	324,370	—	—	1,039,469

RMB'000	**2020**	2019
Segment results	**798,720**	1,817,237
Depreciation	**(7,577)**	(7,192)
Fair value changes of investment properties	**1,901,999**	914,107
Provision for loss allowances of financial assets, net	**(452,140)**	(2,613)
Changes in provision for impairment of properties under development and completed properties held for sale	**(42,269)**	(1,367,610)
Share-based compensation expenses	**—**	(52,486)
	2,198,733	1,301,443
Interest income	**2,789**	17,760
Finance costs	**(1,581,192)**	(1,892,111)
Profit/(loss) before taxation	**620,330**	(572,908)

Analysis of revenue by category

RMB'000	**2020**	2019
Sales of properties	**2,690,361**	4,846,633
Interior decoration for properties sold	**117,313**	960,028
	2,807,674	5,806,661

The Group has a large number of customers. During each of the years ended 31 December 2020 and 2019, no single customer contributed revenue which represented more than 10% of the Group's total revenue.

5 Other income

RMB'000	**2020**	2019
Rental income	**29,644**	33,648
Others	**2,372**	5,024
	32,016	38,672

6 Other gains, net

RMB'000	**2020**	2019
Fair value changes of investment properties	**1,901,999**	914,107
Exchange gain/(loss), net	**107,540**	(43,192)
	2,009,539	870,915

7 Expenses by nature

Profit/(loss) before taxation is stated after charging the following:

RMB'000	**2020**	2019
Auditors' remuneration		
— Audit services	**7,491**	9,764
— Non-audit services	**84**	90
Advertising costs	**25,354**	31,740
Other taxes and levies	**28,865**	58,993
Costs of properties sold (including changes in provision for impairment of properties under development and completed properties held for sale)	**1,629,927**	5,625,781
Depreciation	**7,577**	7,192
Staff costs — excluding directors' emoluments	**167,975**	192,659
Share-based compensation expenses (non-employee related)	**—**	40,901
Rental expenses	**11,879**	11,926

8 Finance costs, net

RMB'000	**2020**	2019
Finance income		
— Interest income	**2,789**	17,760
Finance costs		
— Bank borrowings	**(2,443,958)**	(3,234,438)
— Bond	**(10,764)**	(412)
— Others	**(175,417)**	(120,525)
Total interest expenses	**(2,630,139)**	(3,355,375)
Less: interest capitalised on qualifying assets	**1,048,947**	1,463,264
Finance costs expensed	**(1,581,192)**	(1,892,111)
Finance costs, net	**(1,578,403)**	(1,874,351)

9 Income tax expenses

RMB'000	**2020**	2019
Current income tax charge		
— PRC corporate income tax	**(1,541)**	(249,360)
— PRC land appreciation tax	**(562,131)**	(199,642)
	(563,672)	(449,002)
Deferred income tax credit		
— Origination and reversal of temporary differences	**10,431**	29,627
	10,431	29,627
	(553,241)	(419,375)

10 Earnings/(loss) per share

(a) Basic

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

	2020	2019
Profit/(loss) attributable to the owners of the Company (RMB'000)	**81,003**	(957,065)
Weighted average number of ordinary shares in issue (thousands)	**7,792,646**	7,792,646

(b) Diluted

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For each of the years ended 31 December 2020 and 2019, 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 2020 (2019: Nil).

12 Trade and other receivables, prepayments and other financial assets

RMB'000	**2020**	2019
Trade receivables due from third parties, net (a)	**480,041**	481,276
Other receivables due from third parties	**1,552,396**	1,862,498
Prepayments and deposits for land premium	**2,051,097**	1,548,225
Prepayments and deposits for construction costs:	**923,981**	1,180,277
Related parties	**32,624**	85,758
Third parties	**891,357**	1,094,519
Prepaid other taxes	**224,645**	197,165
Less: Provision for loss allowance	**(792,344)**	(341,930)
	4,439,816	4,927,511

(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	**2020**	2019
Within 6 months	**3,894**	23,829
Between 7 and 12 months	**4,842**	2,930
Over 12 months	**477,542**	459,028
	486,278	485,787

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	**2020**	2019
At beginning of the year	**4,511**	2,728
Provision for loss allowance of trade receivables	**1,726**	1,783
At end of the year	**6,237**	4,511

As at 31 December 2020, trade receivables of RMB486,278,000 (2019: RMB485,787,000) includes an amount due from a local government authority of RMB422,215,000 (2019: RMB422,215,000) upon recognising the revenue relating to certain relocation and resettlement housing.

During the year ended 31 December 2017, the Group was involved in a litigation with the aforementioned local government authority over an amount of approximately RMB601 million, associated with a property development project in Shanghai. Instead of owing the Group RMB422 million, the local government authority claims that the Group has to pay an amount of RMB179 million. Based on management assessment, apart from no payment obligation arising from the claimed amount, the Group has sufficient basis to support the full recoverability of the amount due from the local government authority of RMB422 million. Accordingly, a counter claim has been filed on 31 July 2017 to Shanghai No.2 Intermediate People's Court and no provision has been made by the Group against the above receivable balance as at year end date. During the years ended 31 December 2019 and 2020, the management assessment has remained unchanged.

13 Trade and other payables

RMB'000	**2020**	2019
Trade payables and construction cost accrual (a):	**3,577,779**	3,897,982
Related parties	**9,533**	15,409
Third parties	**3,568,246**	3,882,573
Other payables due to third parties and accrued expenses (b)	**1,238,270**	1,348,762
Other taxes payable	**699,931**	724,413
	5,515,980	5,971,157

(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	**2020**	2019
Within 6 months	**1,597,120**	1,924,348
Between 7 and 12 months	**842,300**	858,624
Over 12 months	**1,138,359**	1,115,010
	3,577,779	3,897,982

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

14 Borrowings

RMB'000	**2020**	2019
Borrowings included in non-current liabilities:		
Bank borrowings — secured	**—**	11,050
Loan from a non-controlling interest (b)	**—**	303,479
	—	314,529
Borrowings included in current liabilities:		
Bank borrowings — secured (a)	**17,684,928**	23,854,019
Bond — secured	**84,551**	89,990
Loan from a non-controlling interest (b)	**595,574**	—
Other borrowings — unsecured (c)	**823,643**	793,636
Other borrowings — secured (c)	**1,075,039**	498,352
	20,263,735	25,235,997
Total borrowings	**20,263,735**	25,550,526

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

RMB'000	**2020**	2019
Bank borrowings	**15,964,947**	22,770,513
Bond – unlisted	**84,164**	89,578
Loans from a non-controlling interest	**532,857**	302,857
Other borrowings	**1,683,773**	1,151,761
	18,265,741	24,314,709
Adjusted by: unamortised loan arrangement fees and accrued interests	**1,997,994**	1,235,817
Total borrowings	**20,263,735**	25,550,526

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

RMB'000	**2020**	2019
Amounts of borrowing that are repayable:		
Repayable on demand or within 1 year	**20,263,735**	25,235,997
After 1 and within 2 years	**—**	2,500
After 2 and within 5 years	**—**	310,979
After 5 years	**—**	1,050
	20,263,735	25,550,526

(a) The current bank borrowings included borrowings with principal amounts of RMB1,677,157,000 (2019: RMB10,168,192,000) with original maturity beyond 31 December 2021 which have been reclassified as current liabilities as at 31 December 2020 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 2021.

(b) As of 31 December 2020, loans from a non-controlling interest of RMB595,574,000 (2019: RMB303,479,000) are secured, interest-bearing and are repayable within 18-36 months from the date of drawdown.

(c) As at 31 December 2020, short-term borrowings from third parties of RMB823,643,000 (2019: RMB793,636,000) are unsecured, interest-bearing and are repayable within one year from the date of drawdown. Short term borrowings from third parties of RMB1,075,039,000 (2019: RMB498,352,000) are secured, interest-bearing and are repayable within one year from the date of drawdown.

FINANCIAL REVIEW

For the year ended 31 December 2020, the Group recorded a consolidated revenue of RMB2,807.7 million, representing a decrease of 51.6% compared to RMB5,806.7 million in 2019. The Group recorded a profit attributable to the owners of the Company for the year ended 31 December 2020 of RMB81.0 million, as compared to a loss attributable to the owners of the Company of RMB957.1 million for the year ended 31 December 2019. During 2020, the Group's revenue recognised continued to remain at a low level. Despite the increase in gross profit margin achieved for the properties sold and delivered in the current year, as well as the significant amount of fair value gain recorded for its investment properties, the Group only managed to operate in a break even position for the year ended 31 December 2020 due to the substantial amount of finance costs not being capitalised but were recorded directly as current period expenses, as well as the higher amount of provision made for income tax expenses due to the higher gross profit recorded in the current year.

For the year ended 31 December 2020, the Group recorded a consolidated revenue of RMB2,807.7 million, representing a decrease of 51.6% from RMB5,806.7 million in 2019. The sold and delivered GFA decreased by 5.4% to 202,019 sq.m. in 2020 from 213,445 sq.m. in 2019. The average selling price recognised decreased by 41.4% to RMB13,317 per sq.m. in 2020 from RMB22,707 per sq.m. in 2019.

In 2020, the Group only had new phase of properties completed and delivered from two projects in Wuxi and Changchun, for which the average selling price was much lower than the projects in Shanghai. On the other hand, the Group applied 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 car park units in the current year, thus the their average recognised selling prices were substantially lower that the prices of residential units in the local market. Due to the aforementioned reasons, the Group's overall average recognised selling price to decrease from RMB22,707 per sq.m. in 2019 to RMB13,317 per sq.m. in 2020. Properties from the projects in Shanghai Region contributed 50.3% of the Group's recognised revenue (including revenue from property sales and interior decoration) and 14.7% the sold and delivered GFA, respectively. All these recognised revenue were all derived from the sale of remaining units and carpark units. Shanghai Bay in Shanghai continued to sell the remaining units and car park units in 2020, giving rise to recognised revenue (excluding revenue from interior decoration of properties) of RMB1,039.0 million and RMB201.3 million, respectively, and average selling price of residential units sold was more than RMB100,000 per sq. m.. In the current year, the last phase of residential units of No.1 City Promotion in Wuxi was completed and delivered, together with its remaining units, it delivered a total GFA of approximately 40,600 sq.m., which contributed recognised revenue of RMB449.4 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 105,000 sq.m. in 2020, for which contributed RMB823.2 million to Northeast Region's recognised revenue for 2020. During 2020, projects in Pan Bohai Rim only had recognised revenue of RMB31.7 million from the sale of remaining units, which only represented 1.1% and 2.8% of the Group's total revenue and sold and delivered GFA for the year respectively.

The cost of sales for the year ended 31 December 2020 was RMB1,658.8 million, representing a decrease of 70.8% as compared to RMB5,684.8 million in 2019. The cost of sales for the year ended 31 December 2020 included changes in provision for impairment of the Group's property development projects which amounted to RMB42.3 million (2019: RMB1,367.6 million). The substantial decrease in provision for impairment of properties in the current year was mainly due to the slow-down of incurring costs for the Group's property development projects that are either currently close to the final stage of the project development cycle or yet to start construction, which also resulted in lesser amount of finance costs capitalised as project costs. These two factors resulted in only a small amount of costs being added to the projects' accumulated costs in the current year such that no further provision for impairment is needed. Excluding the provision for impairment and the cost of interior decoration of properties sold of RMB42.3 million (2019: RMB1,507.8 million), the Group's cost of sales was RMB1,509.0 million, which decreased by 46.3% as compared to RMB2,809.4 million for 2019. The decrease in cost of sale for 2020 was mainly due to decrease in the average cost of sales for the properties sold and delivered in 2020. The Group's average cost of sales in 2020 was RMB7,470 per sq.m., which was 46.3% lower than that of RMB13,161 per sq.m. in 2019. The properties sold and delivered for 2020 mainly included three projects namely Shanghai Bay in Shanghai, No. 1 City Promotion in Wuxi and Changchun Villa Glorious, whose land parcels were acquired in early years such that the unit land price was lower. This caused the Group's overall average land cost to decrease by RMB4,619 per sq.m., which accounted for 35.5% out of the Group's overall decrease in the average cost of sales of 46.3% in the current year. On the other hand, due to the lower land cost for the properties sold and delivered in the current year, the corresponding capitalised interests per sq.m. was also lower.

The Group recorded a consolidated gross profit of RMB1,148.9 million for 2020, which was approximately 9.4 times to the consolidated gross profit of RMB121.9 million for 2019. The Group's gross profit margin was 40.9% for the year ended 31 December 2020, as compared to a gross margin of 2.1% for 2019. The Group recorded a substantial increase in gross profit mainly attributable to the substantial decrease in the provision for impairment of the Group's properties and the average cost of sales. Excluding the effect of the provision for impairment of the Group's properties of RMB42.3 million in 2020 (2019: RMB1,367.6 million), the Group recorded a gross profit of RMB1,191.2 million, which were 20.0% lower than the gross profit of RMB1,489.5 million for 2019 as result of lower amount of consolidated recognised revenue for the current year. In terms of gross profit margin, excluding the effect of provision for impairment of properties, the gross profit margin for 2020 was 42.4%, which was higher than the gross profit margin of 25.7% for 2019 by 16.7 percentage points, mainly due to the lower average cost of sales in the current year.

Other income for the year ended 31 December 2020 was RMB32.0 million (2019: RMB38.7 million), which mainly included rental income of RMB29.6 million (2019: RMB33.6 million).

Other gains, net for the year ended 31 December 2020 was a net gain of RMB2,009.5 million, which was 130.7% higher than that of the net gain of RMB870.9 million for 2019. During the year ended 31 December 2020, the Group has certain properties completed and reclassified to investment properties that are carried at fair value and gave rise to fair value gain, the existing investment properties also gave rise to a fair value increase that was higher than the additional costs and finance costs incurred in the current year, thus giving rise to the Group an aggregate fair value gain of RMB1,902.0 million (2019: fair value gain of RMB914.1 million). Besides, due to the significant appreciation of RMB against US$ in the second half of 2020, the Group recorded an exchange gain of RMB107.5 million (2019: exchange loss of RMB43.2 million), which was mainly resulted from the conversion of the Company's US$ borrowings into RMB.

Gross finance costs for the year ended 31 December 2020 were RMB2,630.1 million, representing a decrease of 21.6% from RMB3,355.4 million for 2019. For the year ended 31 December 2020, finance costs of RMB1,048.9 million (2019: RMB1,463.3 million) had been capitalised, leaving RMB1,581.2 million (2019: RMB1,892.1 million) which was charged directly to the consolidated statement of comprehensive income. After netting off the finance income of RMB2.8 million (2019: RMB17.8 million), the amount of finance costs, net was RMB1,578.4 million for 2020 (2019: RMB1,874.4 million). The Group's gross finance costs for 2020 was lower than that of 2019 mainly because the Group's average level of total borrowings decreased in the current year as compared to 2019. As the amount of gross finance costs incurred in the current year continued to exceed the amount that can be capitalised based on the Group's qualifying assets, a portion of the finance costs were not capitalised and were recorded as current year expenses.

The Group recorded a share of loss of a joint venture of RMB2.5 million for the year ended 31 December 2020, as compared to a share of profit of a joint venture of RMB959.9 million for 2019. 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 year ended 31 December 2019, Nanjing Jiangxu completed and delivered another new phase of properties such that it recognised the revenue and also a significant amount of profit, for which the Group's recorded a corresponding share of profit of a joint venture of RMB959.9 million. There was no major delivery of new property phase in 2020 for Nanjing Jiangxu, thus the Group recorded a share of loss of joint venture for 2020, for which mainly represented Nanjing Jiangxu's daily operating expenses.

The Group recorded a profit before taxation of RMB620.3 million for the year ended 31 December 2020, as compared to a loss before taxation of RMB572.9 million for 2019. The Group recorded a significant amount of profit before taxation for 2020 mainly because the Group's gross profit substantially increased as compared to 2019, as well as the significant amount of fair value gain recorded for the investment properties in the current year.

Income tax expenses was RMB553.2 million for the year ended 31 December 2020, representing an increase of 31.9% as compared to RMB419.4 million for 2019, comprising mainly provision for PRC land appreciation tax of RMB562.1 million (2019: RMB199.6 million). The increase in amount of income tax expenses for the current year was mainly due to the completion and delivery of high gross profit properties that resulted in more significant provision for land appreciation tax in the current year.

The Group recorded a profit attributable to the owners of the Company of RMB81.0 million for the year ended 31 December 2020, as compared to a loss attributable to the owners of the Company of RMB957.1 million for 2019. The Group recorded a profit attributable to the owners of the Company for 2020 mainly because the Group's gross profit amount substantially increased as compared to 2019, as well as the significant amount of fair value gain recorded for the investment properties in the current year.

Current Assets and Liabilities

As at 31 December 2020, the Group held total current assets of approximately RMB25,798.2 million, which was 14.1% lower than RMB30,035.8 million as at 31 December 2019. The decrease in total assets was mainly due to the decrease in the balance of restricted cash from RMB3,489.9 million as at 31 December 2019 by 90.1% to RMB346.0 million as at 31 December 2020 as a result of the repayment of the Group's offshore borrowings by utilising guarantee bank deposits in 2020.

As at 31 December 2020, 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 2020, balance of properties under development was RMB15,183.5 million, which was 0.6% lower than RMB15,267.9 million as at 31 December 2019. In 2020, 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 slow-down. 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 during the year. Completed properties held for sale decreased by 8.5% from RMB5,659.7 million as at 31 December 2019 to RMB5,180.0 million as at 31 December 2020. 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 decreased by 9.9% from RMB4,927.5 million as at 31 December 2019 to RMB4,439.8 million as at 31 December 2020. 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 2020 amounted to RMB43,894.2 million, which was 1.1% lower than that of RMB44,380.4 million as at 31 December 2019. Due to the satisfactory sales performance in 2020 that the sales proceeds received were added to the balance of contract liabilities and caused it to increase by 96.8% from RMB4,812.4 million as at 31 December 2019 to RMB9,469.4 million as at 31 December 2020. The Group utilised a portion of such sales proceeds to repaid certain borrowings such that the Group's current borrowings decreased by 19.7% from RMB25,236.0 million as at 31 December 2019 to RMB20,263.7 million as at 31 December 2020. As a result of the aforementioned factors, the Group's total current liabilities as at 31 December 2020 decreased slightly by 1.1%.

As at 31 December 2020, the current ratio (calculated as the total current assets divided by the total current liabilities) was 0.59 (2019: 0.68). The lower current ratio in 2020 mainly resulted from the decrease in total current assets.

Liquidity and Financial Resources

During the year ended 31 December 2020, the Group funded its property development projects principally from proceeds from pre-sales of properties and bank loans. As at 31 December 2020, the Group had cash and cash equivalents of RMB395.5 million as compared to RMB334.2 million as at 31 December 2019.

During the year, the aggregate new borrowings obtained by the Group amounted to RMB1,624.8 million and repayment of borrowings was RMB7,292.5 million. As at 31 December 2020, the Group's total borrowings amounted to RMB20,263.7 million, which was 20.7% lower than RMB25,550.5 million as at 31 December 2019.

As at 31 December 2020, the Group had total banking facilities of RMB16,280 million (2019: RMB25,580 million) consisting of used banking facilities of RMB15,965 million (2019: RMB25,254 million) and unused banking facilities of RMB315 million (2019: RMB326 million).

Gearing Ratio

The Group monitors its capital on the basis of the gearing ratio and short-term debt ratio. Gearing ratio is calculated as net debt divided by total equity attributable to the owners of the Company. Net debt is calculated as total borrowings (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 2020 and 2019 were as follows:

RMB'000	**2020**	2019
Total borrowings (excluding loan from a non-controlling interest)	**19,668,161**	25,247,047
Less: cash and bank balances	**(741,526)**	(3,824,108)
Net debt	**18,926,635**	21,422,939
Total equity attributable to the owners of the Company	**5,440,158**	5,359,155
Gearing ratio	**347.9%**	399.7%

The gearing ratio for 2020 was lower than that for 2019 as a result of the decrease in the net debt for the current year.

Going Concern and Mitigation Measures

As at 31 December 2020, the Group had accumulated losses of RMB3,417.0 million and the Group's current liabilities exceeded its current assets by RMB18,096.0 million. As at the same date, the Group's total and current borrowings amounted to RMB20,263.7 million, while its cash and cash equivalents amounted to RMB395.5 million only. In addition, as at 31 December 2020, the Group was in default in respect of principal amount of borrowings totaling RMB14,066.0 million due to the following events of default: (a) late or overdue payment of loan principal and interest during the loan period or as at 31 December 2020, and (b) breach of certain terms and conditions of borrowings not abovementioned during the year ended 31 December 2020. These events of default also resulted in cross-default of certain borrowings other than those mentioned above amounting to principal amount of RMB2,999.9 million as at 31 December 2020. Subsequent to 31 December 2020, principal of RMB904.9 million and interest payable of RMB178.9 million were not repaid in accordance with the repayment schedules pursuant to the borrowing agreements. These subsequent overdue balances related to certain borrowings of the Group of total loan principal amount of RMB7,594.3 million, of which RMB6,854.3 million and RMB740.0 million were already in default and cross-default as at 31 December 2020 respectively due to the event of default abovementioned. These conditions, together with other matters described in note 2(a)(i) to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. 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. Since 1 January 2021, the Group has repaid principal of RMB79.5 million and interest of RMB119.4 million of the Overdue Borrowings up to the date of the approval of these consolidated financial statements. In addition, the Group successfully extended or repaid certain Cross-default Borrowings with principal of RMB593.0 million in the first quarter of 2021 upon their scheduled repayment dates;

(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 major projects upon obtaining the pre-sales permits staring from March 2021;

(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 showed improvements, including steady growth in property sales and maintained at a reasonable level, turnaround of operating net cash outflow to an operating net cash inflow, as well as trend of decreasing balance of total borrowings. In 2020, the Group recorded a net profit as compared to a loss for last year. The Group has ensured the construction progress of the properties of No.1 City Promotion in Wuxi and Changchun Villa Glorious, which have completed and delivered the properties as scheduled, as well as to speed up the sales of the remaining units and car park units of the Group's projects. Although the Group's recognised sales revenue for 2020 was slightly lower, the Group recorded significant amount of gross margin due to the higher average gross margin of properties recognised for revenue during the year. Coupled with the continued construction and development of the Group's investment properties during the year and the increase in its property value, the Group recorded a significant amount of property fair value gain. In the past few years, the Group's property sales stabilised. The Group achieved property sales of RMB6,811.7 million in 2020, part of the sales proceeds was used to repay the Group's borrowings, which resulted in the decrease of the Group's total borrowings from RMB25,550.5 million by 20.7% to RMB20,263.7 million in 2020, while the gearing ratio also dropped to a lower level from its peak in 2019. In 2020, the Group achieved significant amount of net operating cash inflow, which was significantly improved as compared to a net operating cash outflow for 2019. The Group had overdue borrowings with principal amounts of RMB3,735.6 million as at 31 December 2020, for which the Group has been actively negotiating with financial institutions to follow up on the renewal or extension plan for these overdue borrowings. In March 2021, the Group has come into agreement or was close to reaching conclusion with the financial institutions on the debt restructuring or debt replacement plan in respect of a few significant overdue borrowings. In addition, in the first quarter of 2021, certain other overdue borrowings were also fully or partially repaid. On the other hand, Tower 16 of Shanghai Bay project in Shanghai obtained the property pre-sale permit in March 2021 and would be ready for market launch shortly. It is expected to provide further financial resources for repayment of overdue borrowings and to further reduce the Group's total borrowings. The Group will actively implement the business plan in 2021, on one hand to adhere to the business plan to construct and launch sale of the property projects so as to increase the cash inflow, on the other hand to actively negotiate with financial institutions to renew and extend the bank loans, and to identifying opportunities to obtain new borrowings so as to improve the Group's debt structure.

Foreign Exchange Risk

The Group's property development projects are all located in the PRC and the related transactions are substantially settled in RMB. The Company and certain of the investment holding companies within the Group operating in Hong Kong have recognised assets and liabilities in currencies other than RMB. As at 31 December 2020, the Group had cash and bank balances, borrowings and trade and other payables that were denominated in foreign currencies as shown below:

RMB'000	**2020**	2019
Cash and bank balances:		
US$	**274**	287
HK$	**278**	161
	552	448

RMB'000	**2020**	2019
Borrowings:		
US$	**355,717**	2,563,109
HK$	**131,875**	217,446
	487,592	2,780,555

RMB'000	**2020**	2019
Trade and other payables:		
US$	**5,220**	7,030
HK$	**6,119**	36,045
	11,339	43,075

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

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

As at 31 December 2020, if RMB had strengthened/weakened by 5% against other currencies, with all other variables held constant, post-tax profit for the year ended 31 December 2020 would have been approximately RMB24.9 million higher/lower (2019: post-tax loss RMB141.2 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 2020, the Group's total borrowings amounted to RMB20,263.7 million (2019: RMB25,550.5 million), of which RMB19,771.3 million (2019: RMB25,071.9 million) borne fixed interest rate.

As at 31 December 2020, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been RMB1.8 million lower/higher (2019: 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.

Pledge of Assets

As at 31 December 2020, the Group had investment properties, properties under development and completed properties held for sale of an aggregate carrying value of RMB28,580.2 million (2019: RMB29,023.4 million) 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. As at 31 December 2020, the amount of outstanding guarantees for mortgages was RMB3,924.0 million (2019: RMB3,248.1 million).

Capital Commitment

As at 31 December 2020, the Group had capital commitment of RMB4,177.4 million (2019: RMB4,820.9 million).

Contingent Liabilities

During 2017, the Group was involved in a litigation raised by the local government authority for claiming an amount of approximately RMB179 million associated with a property development project in Shanghai. Based on management assessment, apart from having no payment obligation arising from the claimed amount, the Group has sufficient basis to support the full recoverability of the amount due from the local government authority of RMB422.2 million. Accordingly, a counter claim was filed in July 2017 and no provision has been made by the Group against the above receivable as at 31 December 2019 and 2020.

EMPLOYEES

As at 31 December 2020, the Group had a total of 672 employees (2019: 722). 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 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. Since the exercise period of any share options granted under the Pre-IPO Share Option Scheme was not longer than ten years from the date of grant of the relevant share options, all the outstanding share options granted under the Pre-IPO Share Option Scheme lapsed on 9 September 2019.

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 2020, there were totally 182,065,000 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 2020, save for the deviation from the code provision A.2.1 which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

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

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

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. All Directors of the Company have confirmed, following specific enquiries being made by the Company, that they had complied with the required standard set out in the Model Code during the year ended 31 December 2020.

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. The Audit Committee has reviewed with management the 2020 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 2020 as set out in the preliminary announcement of the Group's results for the year ended 31 December 2020 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 2020:

DISCLAIMER OF OPINION

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

BASIS FOR DISCLAIMER OF OPINION

Multiple Uncertainties Relating to Going Concern

As described in note 2(a)(i) to the consolidated financial statements, the Group had accumulated losses of RMB3,417,039,000 and the Group's current liabilities exceeded its current assets by RMB18,095,971,000 as at 31 December 2020. As at the same date, the Group's total and current borrowings amounted to RMB20,263,735,000, while its cash and cash equivalents amounted to RMB395,543,000 only. In addition, as at 31 December 2020, the Group was in default in respect of principal amount of borrowings totaling RMB14,065,980,000 due to the following events of default: (a) late or overdue payment of loan principal and interest during the loan period or as at 31 December 2020, and (b) breach of certain terms and conditions of borrowings not abovementioned during the year ended 31 December 2020. These events of default also resulted in cross-default of certain borrowings other than those mentioned above amounting to principal amount of RMB2,999,937,000 as at 31 December 2020. Subsequent to 31 December 2020, principal of RMB904,900,000 and interest payable of RMB178,927,000 were not repaid in accordance with the repayment schedules pursuant to the borrowing agreements. These subsequent overdue balances related to certain borrowings of the Group of total loan principal amount of RMB7,594,252,000, of which RMB6,854,252,000 and RMB740,000,000 were already in default and cross-default as at 31 December 2020 respectively due to the event of default abovementioned. These conditions, together with other matters described in note 2(a)(i) to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remediate certain delayed repayments to financial institutions, which are set out in note 2(a)(i) to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) the successful negotiations with the lenders for the renewal of or extension for repayment of outstanding borrowings, including those with overdue principals and interests; (ii) the successful obtaining of additional new sources of financing as and when needed; (iii) successfully accelerating the pre-sales and sales of properties under development and completed properties and speeding up the collection of outstanding sales proceeds; and controlling costs and containing capital expenditure so as to generate adequate net cash inflows; and (iv) the successful maintenance of relationship with the Group's existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings in default, including those with cross-default terms. As a result of these multiple uncertainties, the potential interaction of these uncertainties, and, the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate. 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 2021 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 2020.

PUBLICATION OF ANNUAL REPORT

The 2020 annual report of the Company containing all the applicable information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn in due course.

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

Hong Kong, 31 March 2021

As at the date of this announcement, the executive Directors of the Company are Messrs. Ding Xiang Yang (Mr. Cheng Ka Hang, Francis as his alternate), 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.