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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 Codes: 00845 and 5907)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014 AND RESUMPTION OF TRADING

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 2014 (the "2014 Annual Results"). The 2014 Annual Results have been reviewed by the audit committee of the Company (the "Audit Committee") and approved by the Board on 15 April 2015.

FINANCIAL HIGHLIGHTS

- Revenue decreased by 48.1% to RMB4,263.3 million and the average selling price was RMB11,671 per sq.m.
- Recorded a loss attributable to the owners of the Company of RMB2,996.0 million
- Current borrowings increased to RMB15,673.9 million
- Gearing ratio was 135.3%
- Equity attributable to the owners of the Company decreased by 16.2% to RMB15,453.9 million
- Property sales was RMB4,040.9 million and GFA sold was 268,856 sq.m.
- The total land bank of the Group was 14.8 million sq.m. and the average land cost was RMB1,335 per sq.m.

OVERALL RESULTS

For the year ended 31 December 2014, the Group recorded a consolidated revenue of RMB4,263.3 million, representing a decrease of 48.1% compared to RMB8,217.2 million in 2013. The Group recorded a loss attributable to the owners of the Company for the year ended 31 December 2014 of RMB2,996.0 million, while there was a profit attributable to the owners of the Company of RMB292.1 million for 2013.

Loss per share for the year ended 31 December 2014 was RMB0.38 (2013: Earnings per share of RMB0.04).

The Board has resolved not to recommend for shareholders' approval at its forthcoming annual general meeting on Friday, 29 May 2015 the payment of a final dividend for the year ended 31 December 2014.

BUSINESS REVIEW

I. Revenue

For the year ended 31 December 2014, the Group recorded a consolidated revenue of RMB4,263.3 million, representing a decrease of 48.1% from RMB8,217.2 million in 2013. The sold and delivered GFA decreased by 61.4% to 365,309 sq.m. in 2014 from 945,952 sq.m. in 2013. The average selling price recognised increased by 34.4% to RMB11,671 per sq.m. in 2014 from RMB8,687 per sq.m. in 2013.

In 2014, the Group recognised revenue for a total of 19 projects. Seven projects located in the first-tier cities (Shanghai and Beijing) accounted for 58.3% of the Group's total revenue while the other 12 projects located in the second – and third-tier cities accounted for 41.7% of the total revenue. In 2014, 56.2% of the revenue was contributed by projects in the Shanghai Region, 30.5% by projects in the Yangtze River Delta (excluding Shanghai), 2.9% by projects in the Pan Bohai Rim and 10.4% by projects in Northeast China.

Projects sold and delivered in 2014 and 2013 included:

Projects sold and delivered	City	**2014** Revenue *(RMB'000)*	GFA sold and delivered *(sq.m.)*	Average selling price recognised *(RMB per sq.m.)*	2013 Revenue *(RMB'000)*	GFA sold and delivered *(sq.m.)*	Average selling price recognised *(RMB per sq.m.)*
Sunshine Venice	Shanghai	**4,456**	**1,277**	**3,489**	74,260	4,541	16,353
Chateau De Paris	Shanghai	**—**	**—**	**N/A**	416	92	4,522
Shanghai Park Avenue	Shanghai	**—**	**—**	**N/A**	790	170	4,647
Shanghai Bay	Shanghai	**557,198**	**10,110**	**55,114**	1,469,745	27,916	52,649
Shanghai City Glorious	Shanghai	**1,803,298**	**114,728**	**15,718**	1,674,838	195,472	8,568
Royal Lakefront	Shanghai	**29,880**	**8,686**	**3,440**	55,058	3,848	14,308
Sunshine Bordeaux	Beijing	**22,382**	**2,612**	**8,569**	21,826	2,532	8,620
Glorious Artstyle Townhouse	Beijing	**62,692**	**5,991**	**10,464**	601,399	70,815	8,493
Royal Mansion	Beijing	**5,716**	**242**	**23,620**	8,641	331	26,106
Tianjin Royal Bay Seaside	Tianjin	**34,528**	**6,324**	**5,460**	342,655	64,821	5,286
No.1 City Promotion	Wuxi	**10,377**	**1,676**	**6,192**	544,241	86,646	6,281
Nantong Glorious Chateau	Nantong	**1,240**	**225**	**5,511**	4,348	933	4,660
Nantong Villa Glorious	Nantong	**77,163**	**10,557**	**7,309**	63,095	10,725	5,883
Nantong Royal Bay	Nantong	**652,725**	**48,410**	**13,483**	789,244	66,814	11,813
Hefei Villa Glorious	Hefei	**56,533**	**9,776**	**5,783**	601,035	94,530	6,358
Hefei Royal Garden	Hefei	**503,618**	**96,160**	**5,237**	404,735	78,613	5,148
Sunny Town	Shenyang	**34,626**	**3,990**	**8,678**	135,357	18,014	7,514
Harbin Villa Glorious	Harbin	**214,674**	**21,715**	**9,886**	334,657	46,113	7,257
Harbin Royal Garden	Harbin	**142,267**	**14,638**	**9,719**	288,873	38,595	7,485
Changchun Villa Glorious (East)	Changchun	**6,203**	**1,282**	**4,838**	36,838	8,957	4,113
Dalian Villa Glorious	Dalian	**43,765**	**6,910**	**6,334**	765,143	125,474	6,098
Total		**4,263,341**	**365,309**	**11,671**	8,217,194	945,952	8,687

II. Property Sales

In 2014, the Group achieved property sales of RMB4,040.9 million, representing a year-on-year ("YOY") decrease of 44.7%. The GFA sold was 268,856 sq.m., representing a YOY decrease of 53.4%.

Yangtze River Delta was the region that achieved the largest amount of the Group's property sales in 2014. It accounted for 48.8% of the Group's total property sales, amounting to RMB1,972.9 million and representing a YOY decrease of 40.1%. Properties of Nanjing Royal Bay contributed a significant portion of the property sales to the Yangtze River Delta in 2014. Property sales of Shanghai Region, although decreased by 41.5% as compared to 2013, contributed RMB1,514.3 million to the Group's total property sales, which represented approximately 37.5% of the Group's total property sales for 2014. Property sales of Northeast China decreased by 61.5% as compared to 2013 as there was no major launch of new projects in 2014. Property sales for 2014 from the first-tier cities (Shanghai and Beijing) and second- and third-tier cities amounted to RMB1,557.4 million and RMB2,483.5 million respectively, which accounted for 38.5% and 61.5% of the Group's total property sales for 2014.

Property sales and GFA sold by region in 2014 and 2013 are as follows:

Region	Property sales *(RMB'000)*			GFA sold *(sq.m.)*		
	2014	2013	Change (%)	**2014**	2013	Change (%)
Shanghai Region	**1,514,257**	2,590,440	-41.5%	**50,458**	94,051	-46.3%
Yangtze River Delta	**1,972,947**	3,293,479	-40.1%	**146,843**	264,878	-44.6%
Pan Bohai Rim	**157,885**	398,826	-60.4%	**17,220**	47,770	-63.9%
Northeast China	**395,858**	1,028,692	-61.5%	**54,335**	170,455	-68.1%
Total	**4,040,947**	7,311,437	-44.7%	**268,856**	577,154	-53.4%

In 2015, the Group expects to launch properties from 21 projects to the market for sale with a saleable GFA of approximately 1.4 million sq.m..

Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China account for 23.4%, 49.1%, 3.5% and 24.0% respectively of the Group's saleable GFA which are expected to be available for sale in 2015. In terms of saleable GFA, Yangtze River Delta and Northeast China will be the major regions in contributing to the sales of the Group in 2015.

Details of the projects which are expected to be available for sale in 2015 are as follows:

	City	Project	Saleable GFA *(sq.m.)*	Interests attributable to the Group
Shanghai Region				
1	Shanghai	Shanghai Bay	81,714	100%
2	Shanghai	Sunshine Venice	21,722	100%
3	Shanghai	Shanghai City Glorious	138,348	100%
4	Shanghai	Glorious Xinyamingdi	80,594	100%
	Subtotal		322,378	
Yangtze River Delta				
5	Nanjing	Nanjing Royal Bay	105,827	60%
6	Nantong	Nantong Villa Glorious	28,644	100%
7	Nantong	Nantong Glorious Chateau	100,000	100%
8	Nantong	Nantong Royal Bay	51,162	100%
9	Hefei	Hefei Villa Glorious	1,610	100%
10	Hefei	Hefei Royal Garden	103,396	100%
11	Hefei	Hefei Bashangjie Project	98,661	100%
12	Wuxi	No.1 City Promotion	185,728	100%
	Subtotal		675,028	
Pan Bohai Rim				
13	Beijing	Royal Mansion	298	100%
14	Beijing	Sunshine Bordeaux	4,406	100%
15	Tianjin	Sunshine Holiday	34,057	100%
16	Tianjin	Tianjin Royal Bay Seaside	8,738	100%
	Subtotal		47,499	
Northeast China				
17	Shenyang	Sunny Town	13,813	100%
18	Dalian	Dalian Villa Glorious	16,911	100%
19	Changchun	Changchun Villa Glorious	235,717	100%
20	Harbin	Harbin Villa Glorious	27,518	100%
21	Harbin	Harbin Royal Garden	36,430	100%
	Subtotal		330,389	
Total			**1,375,294**	

III. Construction and Development

In 2014, the total residential GFA completed by the Group was approximately 0.35 million sq.m. and approximately 0.76 million sq.m. was added to the new construction area. During the year, the Group entirely fostered the establishment of standardisation system and further strengthened its project management, construction management, cash flow management and capital management. The management efficiency and project control were further enhanced. By reinforcing the management capabilities of the cost management center and project management center and establishing a sturdy mechanism in project quality management, the Group endeavoured to strike a sustainable balance between project quality enhancement and progress of projects.

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 2014.

As at 31 December 2014, the total land bank of the Group was 14.8 million sq.m., which was sufficient to meet its development need over the next five years. The average land cost was RMB1,335 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 20.9% in first-tier cities and 79.1% in second- and third-tier cities.

Details of land bank by project as at 31 December 2014 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	494,582	923	100%
5	Caohejing Project	Shanghai	Xuhui District	Office, hotel and commercial	121,300	9,703	100%
6	Zhongcao Xincun Project	Shanghai	Xuhui District	Serviced apartment and commercial	91,000	9,703	100%
7	Glorious Xinyamingdi	Shanghai	Fengxian District	Residential	81,760	15,228	100%
	Subtotal				1,677,752	2,668	
Yangtze River Delta							
8	Nantong Glorious Chateau	Nantong	New District, Rugao Port Zone	Residential and commercial	4,144,373	322	100%
9	Nantong Royal Garden	Nantong	Rugao Town	Residential and commercial	388,859	1,282	100%
10	Nantong Glorious Plaza	Nantong	New District	Hotel, office and commercial	297,486	348	100%
11	Nantong Royal Bay	Nantong	Chongchuan District	Residential, office and commercial	418,082	4,719	100%
12	No.1 City Promotion	Wuxi	Wuxi New District	Residential, hotel and commercial	238,094	679	100%
13	Classical Life	Suzhou	Changshu New District	Residential and commercial	10,052	1,446	100%
14	Hefei Bashangjie Project	Hefei	Yaohai District	Residential, hotel, office and commercial	1,252,177	881	100%
15	Hefei Royal Garden	Hefei	Luyang District	Residential, hotel and commercial	111,793	1,207	100%
16	Nanjing Royal Bay	Nanjing	Gulou District	Residential and commercial	663,913	6,013	60%
	Subtotal				7,524,829	1,238	

Project		City	Location	Use	Land bank *(sq.m.)*	Average land cost *(RMB per sq.m.)*	Interests attributable to the Group
Pan Bohai Rim							
17	Sunshine Holiday	Tianjin	Hedong District East	Residential, hotel and commercial	72,281	799	100%
18	Tianjin Royal Bay Seaside	Tianjin	Dagang District	Residential, hotel and commercial	841,727	1,396	100%
19	Tianjin Royal Bay Lakeside	Tianjin	Tuanbohu District	Residential and commercial	1,567,303	1,225	70%
20	Royal Mansion	Beijing	Haidian District	Residential and commercial	90,406	3,395	100%
21	Sunshine Bordeaux	Beijing	Daxing District	Residential and commercial	1,320,752	493	100%
	Subtotal				3,892,469	1,056	
Northeast China							
22	Harbin Villa Glorious	Harbin	Qunli New District	Residential and commercial	27,453	979	100%
23	Sunny Town	Shenyang	Yuhong District	Residential and commercial	120,023	1,133	100%
24	Changchun Villa Glorious (East)	Changchun	New and High-tech District	Residential and commercial	358,471	868	100%
25	Changchun Villa Glorious (West)	Changchun	New and High-tech District	Residential and commercial	845,088	1,004	100%
26	Dalian Plot No. 200	Dalian	Jinzhou New District	Residential and commercial	344,000	1,497	70%
	Subtotal				1,695,035	1,084	
Total					**14,790,085**	**1,335**	

V. Development of Commercial Properties

The Group will steadily foster the development of its commercial properties. As at 31 December 2014, approximately 288,000 sq.m. of commercial properties were completed by the Group, and around 914,000 sq.m. of commercial property projects were still under construction.

As at 31 December 2014, 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 2015, emerging economies may demonstrate further slowdown in economic growth, while the global economic recovery is expected to continue. With its new norms of economic development, China is now in a period of switching pace of economic growth, a period of agony amidst structural adjustments, and a period of digesting previous stimulus policies. While structural slowdown will be inevitable, the pace of China's economic growth will remain in a reasonable range. Annual GDP growth is expected to be around 7.3%.

Under the new norms of economic conditions, the Central Politburo of China pointed to the following: Adhering to the general theme of making progress while preserving stability, adhering to the core idea of enhancing the quality and effectiveness of economic development in proactively adapting to the new norms of economic development, maintaining economic performance at reasonable ranges, attaching greater importance to the change of approaches and adjustment of structures, grasping the gist of reforms, highlighting an innovative-driven approach, strengthening risk control, enhancing protection of people's livelihood, promoting sustainable and healthy economic development an promoting social harmony and stability.

In view of this, "making progress while preserving stability" will probably remain as the general theme of China's economy in 2015. Against this backdrop, it is expected that government policies on the property market will be easing in general; the principle of "bilateral austerity measures based on categories" will continue to apply; the cooling down of property markets in most regions of China will continue, especially for those small and medium-sized cities with greater pressure of inventory stocks; local governments will maintain their strong desire to backup and rescue the market; purchase restrictions are not likely to be fully eliminated in first-tier cities and thus partial relaxation will be possible.

Under the general theme of making progress while preserving stability for the macro-economy, it is expected that the property market will dive to its trough and turn round for its recovery. The market concentration rate in the property market will elevate and the industry consolidation will intensify. Property developers have to assess risks and opportunities in various markets and optimise the layout in different cities according to their respective market positioning and strategic planning. Meanwhile, it is necessary to pay close attention to market changes, to have insights into future trends and to grasp the policy trends so as to deliver products of reasonable prices that can fulfill the market demand.

In 2015, the Group will address the continual downturn of the property market and facilitate recovery of its results of operations by way of the four strategies as follows:

(1) Strengthening general management with the focus on cash flow management

We will ascertain our construction costs in a scientific and reasonable manner, optimise our debt structure, control our borrowing costs, foster the implementation of our cost-saving targets and measures, step up our efforts in sales and collection of trade receivables, and cut down on non-production costs and expenses.

(2) Fostering strategic planning for projects and adjusting the pace of development

We will ascertain our goals of project planning and structural adjustments, speed up the development of key projects, focus on key geographical regions, namely Shanghai, Beijing, Nanjing and Hefei, and strengthen cash inflow by means of faster sales and faster destocking. We will also proceed steadily with the disposal of non-performing assets.

(3) Intensifying the realignment of functional bodies and manpower deployment

We will establish our management systems and structures which cater to the market as well as our development goals. Scientific division of duties and an optimised structure of functional bodies will be in place in advocacy of a streamlined and multi-functional management team.

(4) Implementing simplified management processes and enhancing work efficiency

We will streamline our workflows, optimise our processes, change our practices and enhance our efficiency.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2014

RMB'000	*Note*	**2014**	2013
Revenue	*2*	**4,263,341**	8,217,194
Cost of sales		**(5,219,106)**	(7,166,239)
Gross (loss)/profit		**(955,765)**	1,050,955
Other income	*3*	**70,544**	101,634
Other (losses)/gains, net	*4*	**(164,689)**	298,587
Selling and marketing expenses	*5*	**(137,245)**	(269,759)
Administrative expenses	*5*	**(1,297,265)**	(471,108)
Finance costs	*6*	**(140,828)**	(2,548)
Share of profit/(loss) of an associate		**1,202**	(2,879)
Share of loss of a joint venture		**(11,523)**	(7,068)
(Loss)/profit before income tax		**(2,635,569)**	697,814
Income tax expenses	*7*	**(530,838)**	(409,284)
(Loss)/profit for the year		**(3,166,407)**	288,530
(Loss)/profit for the year attributable to:			
— the owners of the Company		**(2,995,989)**	292,074
— non-controlling interests		**(170,418)**	(3,544)
		(3,166,407)	288,530
Other comprehensive income		**—**	—
Total comprehensive (loss)/income for the year		**(3,166,407)**	288,530
Total comprehensive (loss)/income for the year attributable to:			
— the owners of the Company		**(2,995,989)**	292,074
— non-controlling interests		**(170,418)**	(3,544)
		(3,166,407)	288,530
(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company (expressed in RMB per share)			
— Basic	*8*	**(0.38)**	0.04
— Diluted	*8*	**(0.38)**	0.04

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

RMB'000	*Note*	**2014**	2013
Non-current assets			
Property, plant and equipment		**1,798,175**	1,385,038
Investment properties		**10,685,010**	12,278,106
Intangible assets		**1,800**	1,800
Investment in an associate		**2,808**	1,606
Investment in a joint venture		**3,794**	15,317
Loan to a joint venture		**1,422,370**	1,843,081
Deferred income tax assets		**466,670**	430,833
		14,380,627	15,955,781
Current assets			
Properties under development		**22,560,732**	21,794,177
Completed properties held for sale		**5,051,105**	5,643,228
Inventories		**—**	5,143
Trade and other receivables and prepayments	*10*	**8,014,779**	7,310,623
Prepaid taxes		**324,939**	312,990
Restricted cash		**916,411**	1,405,492
Cash and cash equivalents		**449,247**	1,547,289
		37,317,213	38,018,942
Non-current assets classified as held for sale		**2,227,522**	—
		39,544,735	38,018,942
Total assets		**53,925,362**	53,974,723
Current liabilities			
Advanced proceeds received from customers		**3,724,250**	4,365,089
Trade and other payables	*11*	**4,787,417**	4,599,206
Income tax payable		**4,391,753**	4,423,563
Borrowings	*12*	**15,673,876**	5,316,571
Obligations under finance lease		**933**	868
		28,578,229	18,705,297
Net current assets		**10,966,506**	19,313,645
Total assets less current liabilities		**25,347,133**	35,269,426

RMB'000	*Note*	**2014**	2013
Non-current liabilities			
Borrowings	*12*	**6,596,124**	13,768,808
Deferred income tax liabilities		**2,170,854**	1,745,788
Obligations under finance lease		**17,890**	17,758
		8,784,868	15,532,354
Net assets		**16,562,265**	19,737,072
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		**7,562,165**	10,558,154
		15,453,892	18,449,881
Non-controlling interests		**1,108,373**	1,287,191
Total equity		**16,562,265**	19,737,072

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"). 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.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

(i) Going concern basis

For the year ended 31 December 2014, the Group reported a net loss attributable to the owners of the Company of RMB2,995,989,000 (2013: profit attributable to owners of the Company of RMB292,074,000) and net operating cash outflow of RMB3,534,225,000 (2013: RMB2,589,351,000). Total borrowings increased from RMB19,085,379,000 as at 31 December 2013 to RMB22,270,000,000 as at 31 December 2014. Cash and cash equivalents reduced by RMB1,098,042,000 during the year to RMB449,247,000 as at 31 December 2014.

As at 31 December 2014, certain borrowings whose principal repayment amounts of RMB149,578,000 and interest payable amounts of RMB46,413,000 relating to borrowings with total principal amounts of RMB1,489,578,000, were overdue. As these loan principal balances are all due for repayment within one year, such overdue has not resulted in their reclassification.

However, as stipulated in the relevant loans and financing agreements in respect of certain other borrowings of the Group ("Other Borrowings"), under which the carrying amount of whose principal amounted to RMB8,573,300,000, comprising amounts with contractual repayment dates within the next twelve months, in one to two years and in two to five years of approximately RMB1,855,700,000, RMB2,470,000,000 and RMB4,247,600,000 respectively, failure to repay any borrowings and/or their relevant interest leading to default on the Group's borrowings or giving rise to an event of default of the Group's borrowings may result in cross-default of these borrowings. As a result of the above cross-default events, the carrying amount of the latter balances of these Other Borrowings of RMB2,470,000,000 and RMB4,247,600,000, totalling RMB6,717,600,000, have been reclassified as current liabilities as at 31 December 2014.

After taking into account these adjustments, the Group's borrowings due for repayment within one year had increased from RMB5,316,571,000 as at 31 December 2013 to RMB15,673,876,000 as at 31 December 2014.

In addition, subsequent to 31 December 2014, the Group did not repay certain principal and interest payments in accordance with the scheduled repayment dates of the respective agreements, which amounted to RMB500,000,000 and RMB397,302,000, respectively, relating to borrowings with principal balances totalling RMB13,113,200,000, comprising current and non-current borrowings of RMB8,421,700,000 and RMB4,691,500,000 respectively as at 31 December 2014.

The Group has subsequently fully settled all the overdue principal and interest repayment amounts, except for RMB130,255,000, relating to borrowings with principal amounts totalling RMB2,106,578,000 as at 31 December 2014 for which revised repayment schedules have been agreed with the lenders. In March 2015, the Group has also obtained a release letter from one of the lenders of the Other Borrowings waiving its rights to enforce the immediate repayment of the relevant outstanding loan principal amounts totalling RMB4,290,000,000 as at 31 December 2014. Because of the aforementioned actions taken, management considers the possibility of the lenders of the borrowings in respect of which there were delay in principal and interest repayments enforcing their rights of immediate repayment to be remote. Consequently, management also considers the possibility of the relevant lenders exercising their rights of immediate repayment due to cross-default provisions to be remote.

The deteriorating performance of the Group in terms of operating loss and cash flow, the decrease in cash and cash equivalents and the significant amount of borrowings due for repayment within one year as at 31 December 2014, together with the aforementioned default in borrowings as a result of either delay in repayment of principal and interests or breaches of covenants giving rise to cross-default terms indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

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

(i) In March 2015, the Group entered into an agreement with a PRC financial institution which agreed to increase the uncommitted lending limit to the Group from approximately RMB2,000,000,000 to approximately RMB4,000,000,000, under which additional loan can be drawn upon further approval by the financial institution;

(ii) The Group has been actively negotiating with a number of commercial banks for renewal and extension of bank loans and credit facilities. Subsequent to the year end and up to the date of the approval of these consolidated financial statements, loans with aggregate principal amounts of RMB1,194,500,000 have been successfully obtained or renewed. Management estimates that after the measures taken and with its endeavours to ensure that there will be no further delay in repayment of principal and interest, the borrowings repayable between the date of approval of these consolidated financial statements and 31 December 2015 would be reduced from the current borrowings of RMB15,673,876,000 as reflected on the consolidated balance sheet as at 31 December 2014;

(iii) In addition, the Group is also negotiating with various financial institutions and identifying various options for financing the Group's working capital and commitments in the foreseeable future;

(iv) The Group is starting to realise the value of certain of the properties previously classified as investment properties. As a result of such plan, investment properties amounting to RMB2,227,522,000 have been reclassified as "non-current assets classified as held for sale" as at 31 December 2014. Management is committed to the sale and expects that most if not all of these assets can be successfully sold within year 2015 in order to generate cash flows to help meeting the Group's financial obligations;

(v) The Group has accelerated the pre-sales and sales of its properties under development and completed properties. Subsequent to the year end and up to the date of approval of these consolidated financial statements, there were RMB907,308,000, and RMB288,285,000 contracted sales for the properties under development and completed properties respectively;

(vi) The Group has put in measures to speed up the collection of outstanding sales proceeds including both the initial down payments as well as the mortgage payments for the property sales. As at 31 December 2014, the Group has outstanding sales proceeds of RMB1,071,800,000 receivable from the customers for sales contracts executed before year-end; and

(vii) The Group will take active measures to control administrative costs through various channels including human resources optimization 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 2014. 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 2014. 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 of existing current and other borrowings upon maturity;

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

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

(iv) Successful implementation of its operational plans described above to accelerate its pre-sales and sales of its properties under development and completed properties and collection of outstanding sales proceeds; and to control costs and contain capital expenditure so as to generate adequate cash flows; and

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

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue operate as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to 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.

(ii) Effect of adopting new standards, amendments to standards and interpretation

The following new standards, amendments to standards and interpretation are mandatory for the Group's financial year beginning on 1 January 2014:

HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
HK (IFRIC) – Int 21	Levies

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

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

The following amendments to standards and interpretation have been issued but are not effective for the financial year beginning on 1 January 2014 and have not been early adopted by the Group:

HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants
HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions
HKAS 27	Equity Method in Separate Financial Statements
HKFRS 9	Financial Instruments
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 11 (Amendment)	Joint Arrangements
HKFRS 14	Regulatory Deferral Accounts
HKFRS 15	Revenue from Contracts with Customers
HKFRSs Amendment	Annual Improvements 2010–2012 Cycle
HKFRSs Amendment	Annual Improvements 2011–2013 Cycle
HKFRSs Amendment	Annual Improvements 2012–2014 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 stale whether these would have a significant impact on its results of operations and financial position.

(iv) New Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

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 2014						
Total revenue	**2,398,196**	**1,301,656**	**125,317**	**441,536**	**—**	**4,266,705**
Inter-segment revenue	**(3,364)**	**—**	**—**	**—**	**—**	**(3,364)**
Revenue (from external customers)	**2,394,832**	**1,301,656**	**125,317**	**441,536**	**—**	**4,263,341**
Segment results	**346,085**	**(416,963)**	**(100,533)**	**(85,629)**	**(74,969)**	**(332,009)**
Depreciation	**(8,871)**	**(2,839)**	**(3,167)**	**(2,523)**	**(1,963)**	**(19,363)**
Fair value changes of investment properties	**(46,708)**	**(53,711)**	**38,306**	**(81,131)**	**—**	**(143,244)**
Provision for impairment of properties under development and completed properties held for sale	**(17,233)**	**(322,446)**	**(434,862)**	**(364,278)**	**—**	**(1,138,819)**
Provision for impairment of other receivables and prepayments	**(721,240)**	**(173,083)**	**—**	**—**	**—**	**(894,323)**
Interest income	**23,719**	**4,799**	**3,894**	**471**	**134**	**33,017**
Finance costs	**(69,122)**	**(6,978)**	**(3,617)**	**(7,494)**	**(53,617)**	**(140,828)**
Income tax expenses	**(524,034)**	**49,741**	**(13,838)**	**(42,252)**	**(455)**	**(530,838)**
Year ended 31 December 2013						
Total revenue	3,281,836	2,406,698	974,521	1,560,868	—	8,223,923
Inter-segment revenue	(6,729)	—	—	—	—	(6,729)
Revenue (from external customers)	3,275,107	2,406,698	974,521	1,560,868	—	8,217,194
Segment results	1,152,228	(61,316)	(292,091)	(22,024)	17,748	794,545
Depreciation and amortisation	(9,654)	(3,657)	(3,108)	(2,433)	(1,962)	(20,814)
Fair value changes of investment properties	42,432	255,449	80,538	(190,916)	—	187,503
Provision for impairment of properties under development and completed properties held for sale	(14,471)	(161,971)	(109,111)	—	—	(285,553)
Provision for impairment of other receivables and prepayments	—	—	(30,000)	—	(15,000)	(45,000)
Interest income	39,967	27,014	830	780	1,090	69,681
Finance costs	(2,501)	(3)	—	(44)	—	(2,548)
Income tax expenses	(442,237)	(64,673)	62,584	35,042	—	(409,284)

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Elimination	Total
At 31 December 2014							
Total segment assets	**36,786,974**	**25,299,724**	**6,552,595**	**6,390,017**	**8,135,383**	**(35,270,602)**	**47,894,091**
Total segment assets include:							
Investment in an associate	**2,808**	**—**	**—**	**—**	**—**	**—**	**2,808**
Investment in a joint venture	**3,794**	**—**	**—**	**—**	**—**	**—**	**3,794**
Non-current assets classified as held for sale	**1,613,632**	**—**	**174,990**	**438,900**	**—**	**—**	**2,227,522**
Deferred income tax assets							**466,670**
Other unallocated corporate assets							**5,564,601**
Total assets							**53,925,362**
Additions to:							
Property, plant and equipment	**434,321**	**150**	**37**	**1,066**	**—**	**—**	**435,574**
Investment properties	**346,344**	**213,711**	**92,484**	**125,131**	**—**	**—**	**777,670**
At 31 December 2013							
Total segment assets	33,377,638	26,085,406	6,037,854	6,626,588	8,305,395	(31,517,270)	48,915,611
Total segment assets include:							
Investment in an associate	1,606	—	—	—	—	—	1,606
Investment in a joint venture	15,317	—	—	—	—	—	15,317
Deferred income tax assets							430,833
Other unallocated corporate assets							4,628,279
Total assets							53,974,723
Additions to:							
Property, plant and equipment	314,891	1,512	78	51	30	—	316,562
Investment properties	362,528	697,551	159,662	262,916	—	—	1,482,657

RMB'000	**2014**	2013
Segment results	**(332,009)**	794,545
Fair value changes of investment properties	**(143,244)**	187,503
Depreciation and amortisation	**(19,363)**	(20,814)
Provision for impairment of properties under development and completed properties held for sale	**(1,138,819)**	(285,553)
Provision for impairment of other receivables and prepayments	**(894,323)**	(45,000)
Operating (loss)/profit	**(2,527,758)**	630,681
Interest income	**33,017**	69,681
Finance costs	**(140,828)**	(2,548)
(Loss)/profit before income tax	**(2,635,569)**	697,814

Analysis of revenue by category

RMB'000	2014	2013
Sales of properties	**4,263,341**	8,217,194
Total	**4,263,341**	8,217,194

The Group has a large number of customers. No revenue from a customer exceeds 10% or more of the Group's revenue.

3 Other income

RMB'000	2014	2013
Interest income	**33,017**	69,681
Rental income	**31,426**	29,818
Others	**6,101**	2,135
	70,544	101,634

4 Other (losses)/gains, net

RMB'000	2014	2013
Fair value changes of investment properties	**(143,244)**	187,503
Exchange (loss)/gain, net	**(21,445)**	111,084
	(164,689)	298,587

5 Expenses by nature

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

RMB'000	2014	2013
Auditors' remuneration	**10,472**	10,504
Advertising costs	**46,428**	108,220
Business taxes and other levies	**236,035**	464,911
Costs of properties sold	**3,844,252**	6,415,775
Provision for impairment of properties under development and completed properties held for sale	**1,138,819**	285,553
Provision for impairment of other receivables and prepayments	**894,323**	45,000
Depreciation	**19,363**	20,309
Amortisation of intangible asset	**—**	505
Staff costs — excluding directors' emoluments	**134,721**	146,533
Donations	**—**	1,722
Rental expenses	**41,016**	58,001

6 Finance costs

RMB'000	**2014**	2013
Interest expenses for borrowings wholly repayable within 5 years:		
— Bank borrowings	**2,038,877**	1,839,334
— Senior Notes due 2015	**278,072**	250,847
— Senior Notes due 2018	**304,486**	271,034
— others	**25,787**	133,467
Interest expenses for borrowings wholly repayable after 5 years:		
— Bank borrowings	**5,810**	6,787
Total interest expenses	**2,653,032**	2,501,469
Less: interest capitalised on qualifying assets	**(2,512,204)**	(2,498,921)
	140,828	2,548

7 Income tax expenses

RMB'000	**2014**	2013
Current income tax		
— PRC corporate income tax	**11,904**	300,194
— PRC land appreciation tax	**129,705**	286,623
Overprovision in prior year		
— PRC land appreciation tax and the effect on the PRC corporate income tax, net	**—**	(150,903)
	141,609	435,914
Deferred income tax		
— Origination and reversal of temporary differences	**389,229**	(26,630)
	389,229	(26,630)
	530,838	409,284

8 (Loss)/earnings per share

(a) Basic

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

	2014	2013
(Loss)/profit attributable to the owners of the Company (RMB'000)	**(2,995,989)**	292,074
Weighted average number of ordinary shares in issue (thousands)	**7,792,646**	7,792,646

(b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For each of the years ended 31 December 2013 and 2014, 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 for shareholders' approval at its forthcoming annual general meeting on 29 May 2015 the payment of a final dividend for the year ended 31 December 2014 (2013: Nil).

10 Trade and other receivables and prepayments

RMB'000	**2014**	2013
Trade receivables due from third parties (a)	**384,896**	411,243
Other receivables due from third parties (b)	**879,388**	1,332,110
Prepayments for construction costs:	**1,879,532**	1,990,114
Related parties	**1,183,271**	1,069,946
Third parties	**696,261**	920,168
Prepayments for land premium	**4,699,971**	3,360,586
Prepaid business tax and other taxes	**170,992**	216,570
	8,014,779	7,310,623

(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	**2014**	2013
Within 6 months	**15,485**	374,547
Between 7 and 12 months	**4,179**	13,280
Between 13 months and 3 years	**365,232**	23,416
	384,896	411,243

As at 31 December 2014, trade receivables of RMB384,896,000 (2013: RMB411,243,000) were overdue but not impaired, including an amount of trade receivables of RMB341,548,000 (2013: 341,548,000) due from a local government authority 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 receivable.

(b)

RMB'000	**2014**	2013
Other receivables due from third parties	**1,788,711**	1,347,110
Less: provision for impairment of other receivables	**(909,323)**	(15,000)
Other receivables due from third parties, net	**879,388**	1,332,110

11 Trade and other payables

RMB'000	**2014**	2013
Trade payables (a):	**3,378,620**	3,247,555
Related parties	**19,820**	12,063
Third parties	**3,358,800**	3,235,492
Other payables due to third parties:	**1,232,399**	1,190,784
Acquisition consideration payable	**310,000**	310,000
Other payables and accrued expenses	**922,399**	880,784
Other taxes payable	**176,398**	160,867
	4,787,417	4,599,206

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

RMB'000	**2014**	2013
Within 6 months	**2,599,516**	2,842,594
Between 7 and 12 months	**107,486**	27,499
Between 13 months and 5 years	**671,618**	377,462
	3,378,620	3,247,555

12 Borrowings

RMB'000	**2014**	2013
Borrowings included in non-current liabilities:		
Bank borrowings — secured	**6,596,124**	9,398,595
Senior Notes due 2015 — secured	**—**	1,838,899
Senior Notes due 2018 — secured *(a)*	**—**	2,514,314
Other borrowings — unsecured	**—**	17,000
	6,596,124	13,768,808
Borrowings included in current liabilities:		
Bank borrowings — secured *(a)*	**11,074,398**	5,108,371
Senior Notes due 2015 — secured	**1,869,404**	—
Senior Notes due 2018 — secured *(a)*	**2,516,874**	—
Other borrowings — unsecured	**125,800**	47,800
Other borrowings — secured	**87,400**	160,400
	15,673,876	5,316,571
Total borrowings	**22,270,000**	19,085,379

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

RMB'000	**2014**	2013
Amounts of borrowing that are repayable:		
Within 1 year	**15,673,876**	5,316,571
After 1 and within 2 years	**6,536,124**	6,423,597
After 2 and within 5 years	**30,000**	7,305,211
After 5 years	**30,000**	40,000
	22,270,000	19,085,379

(a) As a result of the matters described in note 1(i), borrowings with principal amounts of RMB6,717,600,000 have been reclassified as current liabilities as at 31 December 2014.

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 2015.

FINANCIAL REVIEW

For the year ended 31 December 2014, the Group recorded a consolidated revenue of RMB4,263.3 million, representing a decrease of 48.1% compared to RMB8,217.2 million in 2013. The Group recorded a loss attributable to the owners of the Company for the year ended 31 December 2014 of RMB2,996.0 million, while it was a profit attributable to the owners of the Company of RMB292.1 million for 2013. The loss attributable to the owners of the Company for 2014 was mainly due to the significant decrease in revenue and gross profit margin of the properties sold and delivered in the current year and the provision for impairment of the Group's properties increased significantly as compared to 2013, as well as the fair value loss of the investment properties recorded by the Group for the first time in current year and the provision for impairment of certain of the Group's other receivables.

During the year, the Group delivered properties of 365,309 sq.m., as compared to 945,952 sq.m. for the year ended 31 December 2013. Due to the higher proportion of properties delivered in the first-tier cities in current year, average selling price recognised increased by 34.4% from RMB8,687 per sq.m. in 2013 to RMB11,671 per sq.m. in 2014. Revenue for 2014 was all contributed by old projects. Shanghai City Glorious was the largest contributor to the Group's revenue for year ended 31 December 2014. It delivered a total GFA of 114,728 sq.m., contributing revenue of RMB1,803.3 million, representing 31.4% and 42.3% of the Group's delivered GFA and revenue respectively. On the other hand, each of the three projects, namely Nantong Royal Bay, Shanghai Bay in Shanghai and Hefei Royal Garden, contributed over 10.0% of the Group's revenue for 2014, adding a total of RMB1,713.5 million to the Group's 2014 consolidated revenue. In 2014, the recognised average selling prices for all regions of the Group increased as compared to 2013, thus causing the Group's overall average recognised selling price to increase from RMB8,687 per sq.m. in 2013 to RMB11,671 per sq.m. in 2014. In particular, the recognised average selling price of Shanghai Region, which contributed the largest proportion of the Group's revenue in 2014, increased from RMB14,114 per sq.m. in 2013 to RMB17,766 per sq.m.. A large portion of the current year revenue for the Shanghai Region was contributed by Shanghai City Glorious whose delivered properties in 2014 was a mixture of commodity properties and social security housing while for 2013 it was solely social security housing being delivered and recognised, thus resulted in a higher average selling price for Shanghai Region for the current year.

The cost of sales for the year ended 31 December 2014 was RMB5,219.1 million, representing a decrease of 27.2% compared to RMB7,166.2 million in 2013. The cost of sales for the year ended 31 December 2014 included a provision for impairment of certain property development projects which amounted to RMB1,138.8 million (2013: RMB285.6 million). Excluding the provision for impairment, the Group's average cost of sales in 2014 was RMB11,169 per sq.m., which was 53.5% higher than that of RMB7,274 per sq.m. in 2013. The higher average cost of sales was mainly due to the higher proportion of properties sold and delivered in Shanghai Region in 2014 and the continuous rise of all cost components of the Group's projects.

The Group recorded a consolidated gross loss of RMB955.8 million for 2014, while it was a gross profit of RMB1,051.0 million for 2013. The Group's gross profit margin was negative 22.4% for the year ended 31 December 2014, as compared to 12.8% for 2013. The Group recorded a consolidated gross loss and negative gross profit margin mainly because the increase in the average selling price was smaller than the increase in the average cost of sales for the properties sold and delivered in the current year, while at the same time the provision for impairment of the Group's properties increased significantly from RMB285.6 million for 2013 to RMB1,138.8 million for 2014. Excluding the effect of the provision for impairment, the Group recorded gross profit of RMB183.1 million and a gross profit margin of 4.3% for 2014, which decreased significantly as compared to 2013's gross profit of RMB1,336.5 million and gross profit margin of 16.3%, mainly due to the lower revenue and higher unit costs in 2014.

Other income for the year ended 31 December 2014 was RMB70.5 million (2013: RMB101.6 million), mainly included interest income of RMB33.0 million (2013: RMB69.7 million).

Other (losses)/gains, net for the year ended 31 December 2014 was a net loss of RMB164.7 million (2013: net gain of RMB298.6 million), which primarily included a fair value loss on the Group's investment properties of RMB143.2 million (2013: fair value gain of RMB187.5 million) and an exchange loss of RMB21.4 million (2013: exchange gain of RMB111.1 million).

Administrative expenses for the year ended 31 December 2014 were RMB1,297.3 million, representing an increase of 175.4% compared to RMB471.1 million for 2013. The significant increase in administrative expenses was mainly due to the inclusion of provision for impairment to certain of the Group's other receivables of RMB894.3 million (2013: provision for impairment of other receivables and prepayments of RMB45.0 million). Excluding the effect of these provisions for impairment, the Group's administrative expenses for 2014 was 5.4% lower that of 2013 as a result of lower business level of the Group in the current year and at the same time it continued to implement cost-saving initiatives.

Gross finance costs for the year ended 31 December 2014 were RMB2,653.0 million, representing an increase of 6.1% from RMB2,501.4 million for 2013. For the year ended 31 December 2014, finance costs of RMB2,512.2 million (2013: RMB2,498.9 million) had been capitalised, leaving RMB140.8 million (2013: RMB2.5 million) charged directly to the consolidated statement of comprehensive income.

The Group recorded a loss before income tax of RMB2,635.6 million for the year ended 31 December 2014, as compared to a profit before income tax of RMB697.8 million for 2013. The Group recorded a loss before income tax for 2014 mainly due to the significantly decreased revenue and gross profit margin, as well as the significantly higher provision for impairment made to the Group's properties and other receivables, and the fair value loss for investment properties for the current year.

The Group recorded a loss attributable to the owners of the Company of RMB2,996.0 million for the year ended 31 December 2014, as compared to a profit attributable to the owners of the Company of RMB292.1 million for 2013. The Group recorded a loss attributable to the owners of the Company for 2014 mainly due to the significantly decreased revenue and gross profit margin, as well as the significantly higher provision for impairment made to the Group's properties and other receivables, and the fair value loss for investment properties for the current year.

Current Assets and Liabilities

As at 31 December 2014, the Group held total current assets of approximately RMB39,544.7 million (2013: RMB38,018.9 million), comprising mainly properties under development, trade and other receivables and prepayments and completed properties held for sale. Properties under development increased slightly by 3.5% from RMB21,794.2 million as at 31 December 2013 to RMB22,560.7 million as at 31 December 2014. Despite the continuous progress of the Group's property development projects that had resulted in an increase in the carrying value of properties under development in 2014, 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. Trade and other receivables and prepayments increased by 9.6% from RMB7,310.6 million as at 31 December 2013 to RMB8,014.8 million as at 31 December 2014. The increase was the net effect of (1) the Group had fully paid the land premium for the newly acquired land parcel in Shanghai Fengxian District of RMB1,200.0 million, and (2) the provision for impairment for certain of the Group's other receivables of RMB894.3 million during the year ended 31 December 2014. Trade and other receivables and prepayments comprised prepayments for land premium for which the relevant land use right certificates were yet to be obtained and prepayment for construction costs. Completed properties held for sale decreased by 10.5% from RMB5,643.2 million as at 31 December 2013 to RMB5,051.1 million as at 31 December 2014. 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 2014.

Total current liabilities as at 31 December 2014 amounted to RMB28,578.2 million, compared with RMB18,705.3 million as at 31 December 2013. The increase in current liabilities was mainly due to (1) the reclassification of certain non-current borrowings with net carrying value of approximately RMB6,463.0 million to become current liabilities as at 31 December 2014 as a result of the Group breaching certain clauses of the related facility agreements; and (2) the increase in current borrowings as the Group has more borrowings which are due for repayment within one year according to the relevant loan agreements. Please refer to note 2(a) of the consolidated financial statements for the details about the aforementioned reclassification of the borrowings.

As at 31 December 2014, the current ratio (calculated as the total current assets divided by the total current liabilities) was 1.4 (2013: 2.0). The lower current ratio in 2014 mainly resulted from the significantly increased current borrowings as mentioned in the preceding paragraph.

Liquidity and Financial Resources

During the year ended 31 December 2014, the Group funded its property development projects principally from proceeds from pre-sales of properties and bank loans.

As at 31 December 2014, the Group had cash and cash equivalents of RMB449.2 million as compared to RMB1,547.3 million as at 31 December 2013.

As at 31 December 2014, the Group's total borrowings amounted to RMB22,270.0 million, representing an increase of 16.7% compared to RMB19,085.4 million as at 31 December 2013.

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 2014 and 2013 were as follows:

RMB'000	**2014**	2013
Total borrowings	**22,270,000**	19,085,379
Less: cash and bank balances	**(1,365,658)**	(2,952,781)
Net debt	**20,904,342**	16,132,598
Total equity attributable to the owners of the Company	**15,453,892**	18,449,881
Gearing ratio	**135.3%**	87.4%

The gearing ratio for 2014 was higher than that for 2013 as a result of the increase in the Group's net debt and the decrease in the Group's equity attributable to the owners of the Company as a result of the loss recorded for the current year.

Short-term debt ratio is calculated as current borrowings divided by total borrowings. As at 31 December 2014, the Group's short-term debt ratio was 70.4% (2013: 27.9%). The higher short-term debt ratio was mainly due to the significantly increased current borrowings as a result of the reasons as set out in the section "Current Assets and Liabilities" above.

Foreign Exchange Risk

The Group's property development projects are all located in the PRC and all of the related transactions are substantially settled in RMB. The Company and certain of the investment holding companies within the Group operate in Hong Kong have recognised assets and liabilities in currencies other than RMB, mainly including the US$300.0 million Senior Notes due 2015 and the US$400.0 million Senior Notes due 2018. As at 31 December 2014, the Group had cash and bank balances, borrowings and trade and other payables that were denominated in foreign currencies as shown below:

RMB'000	**2014**	2013
Cash and bank balances:		
US$	**979**	2,527
HK$	**2,217**	4,789
Total	**3,196**	7,316
Borrowings:		
US$	**4,548,431**	4,353,213
Total	**4,548,431**	4,353,213
Trade and other payables:		
US$	**3,060**	9,145
HK$	**37,949**	10,208
Total	**41,009**	19,353

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 2014, if RMB had strengthened/weakened by 5% against other currencies, with all other variables held constant, post-tax loss for the year ended 31 December 2014 would have been approximately RMB229.3 million lower/higher (2013: post-tax profit RMB218.3 million higher/lower).

Interest Rate Risk

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

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

As at 31 December 2014, the Group's total borrowings amounted to RMB22,270.0 million (2013: RMB19,085.4 million), of which RMB19,788.3 million (2013: RMB12,845.4 million) bears fixed interest rate.

As at 31 December 2014, 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 RMB5.4 million higher/lower (2013: post-tax profit RMB7.7 million lower/higher), mainly as a result of higher/lower interest expense on floating rate borrowings.

Pledge of Assets

As at 31 December 2014, the Group had construction in progress, investment properties, properties under development, completed properties held for sale and non-current assets classified as held for sale of an aggregate carrying value of RMB21,028.5 million (2013: RMB15,517.8 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 2014, the amount of outstanding guarantees for mortgages was RMB7,194.3 million (2013: RMB6,866.0 million).

EMPLOYEES

As at 31 December 2014, the Group had a total of 1,033 employees (2013: 1,170). 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 2014, 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 2014, there was no share option granted under the Share Option Scheme.

CORPORATE GOVERNANCE

Compliance with Corporate Governance Code

The Company had complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year ended 31 December 2014, save for the deviation from the code provision E.1.2 which stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board of the Company did not attend the annual general meeting of the Company held on 30 May 2014 (the "AGM") due to other business engagements. Mr. Ding Xiang Yang, the vice chairman and the executive director of the Company (who was appointed as the chief executive officer of the Company effective from the conclusion of the AGM), chaired the AGM on behalf of the Chairman of the Board and was available to answer questions.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. All directors have confirmed, following specific enquiries being made by the Company, that they had complied with the required standard set out in the Model Code during the year ended 31 December 2014.

AUDIT COMMITTEE

The Audit Committee was established on 9 September 2009 with written terms of reference, which comprises three independent non-executive directors, namely, Mr. Liu Shun Fai (chairman of the Audit Committee), Mr. Wo Rui Fang and Mr. Han Ping.

The Audit Committee has reviewed with management the 2014 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 2014 as set out in the preliminary announcement of the Group's results for the year ended 31 December 2014 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 2014:

Basis for Disclaimer of Opinion

Multiple uncertainties relating to going concern

As described in note 2 to the consolidated financial statements, the Group reported a net loss attributable to the owners of the Company of RMB2,995,989,000 and had a net operating cash outflow of approximately RMB3,534,225,000 during the year ended 31 December 2014. In addition, as at 31 December 2014 and up to the date of this report, loan principal repayments and interest payments of RMB1,093,293,000 (relating to certain current and non-current borrowings of the Group amounting to RMB8,571,278,000 and RMB4,691,500,000) were not repaid in accordance with the scheduled payment dates. These constituted events of defaults which resulted in cross-default of certain borrowings amounted to RMB8,573,300,000 as at 31 December 2014, of which RMB6,717,600,000 had original contractual repayment dates beyond 31 December 2015. Partly as a result of the above cross-default, the Group's current borrowings increased to RMB15,573,876,000 as at 31 December 2014, while its cash and cash equivalents amounted to RMB449,247,000 only as at the same date. These conditions, together with others matters described in note 2 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 delayed repayments to financial institutions, which are set out in note 2 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 of repayment of existing current and other borrowings upon maturity; (ii) whether the Group is able to obtain additional new sources of financing as and when needed; (iii) the successful implementation of the plan to dispose of certain properties of the Group; (iv) the successful implementation of its operation plan to accelerate the Group's pre-sales and sales of its properties under development and completed properties and the collection of the outstanding sales proceeds, and to control costs and contain capital expenditures; and (v) successfully maintaining relationship with the Group's existing lenders and to strictly comply with the terms and obligations under the facility agreements so as to ensure that there will be no default in the future and that no action will be taken by those lenders to demand immediate repayment in respect of defaults in the past.

Should the Group fail to achieve the above mentioned plans and measures, it might not be able to continue 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 the consolidated financial statements.

Disclaimer of Opinion

Because of the potential interaction of the uncertainties and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion paragraphs, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

ANNUAL GENERAL MEETING AND DATES OF CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company for 2015 will be held at Forum Room I (Basement 2), Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Friday, 29 May 2015 at 2:30 p.m.

The register of members of the Company will be closed from Tuesday, 26 May 2015 to Friday, 29 May 2015, both days inclusive, during which period no transfer of shares in the Company will be effected. In order to qualify for the right to attend and vote at the annual general meeting, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 22 May 2015.

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 2014.

PUBLICATION OF ANNUAL REPORT

The 2014 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 Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn in due course.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares (stock code: 00845) and the debt securities (stock code: 5907) of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2015 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the shares and the debt securities of the Company with effect from 9:00 a.m. on 16 April 2015.

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

Hong Kong, 15 April 2015

As at the date of this announcement, the executive directors are Messrs. Cheng Li Xiong, Ding Xiang Yang, Xia Jing Hua and Yan Zhi Rong; the independent non-executive directors are Messrs. Liu Shun Fai, Wo Rui Fang and Han Ping.