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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board of directors (the "Board") of Glorious Property Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (together, the "Group") for the six months ended 30 June 2017 (the "2017 Interim Results"). The 2017 Interim Results have been reviewed by the audit committee of the Company (the "Audit Committee") and approved by the Board on 29 August 2017.

FINANCIAL HIGHLIGHTS

- Revenue amounted to RMB711.2 million and the average selling price was RMB8,005 per sq.m.
- Recorded a loss attributable to the owners of the Company of RMB1,470.8 million
- Total borrowings were RMB28,096.0 million
- Gearing ratio increased to 351.3%
- Equity attributable to the owners of the Company decreased by 17.3% to RMB7,031.9 million
- Property sales was RMB5,613.8 million and GFA sold was 173,691 sq.m.

OVERALL RESULTS

For the six months ended 30 June 2017, the Group recorded a consolidated revenue of RMB711.2 million, which decreased by 64.7% as compared to the same period in 2016. For the six months ended 30 June 2017, the Group recorded a loss attributable to the owners of the Company of RMB1,470.8 million, which is 26.5% lower than the loss attributable to the owners of the Company of RMB1,999.9 million for the corresponding period in 2016.

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In the first half of 2017, the property market showed a generally upward trend with wave-like fluctuations. Performance of property sales varied significantly in different cities along with the successive introduction of the government's restrictive policies and the land supply-demand relationship. In the first quarter, it was expected that the market will see impulse demands extended from the end of 2016, further releasing strong purchasing power in key first- and second-tier cities. The unleashed demands drove the market to a high level in general, leading to a simultaneous and significant increase in both selling price and sold area within a short-term, which is rare in recent years. In the second quarter, the government introduced a series of restrictive policies in light of the highly active market transactions and high level of prices in the market, suppressing the selling prices and purchasing power in first- and second-tier cities and spreading a more "wait-and-see" sentiment. The focus has been gradually shifted from core cities to the surrounding towns around the core cities and even third- and fourth-tier cities further inland. The relatively loose land supply and limited restrictive policies imposed by the government in these surrounding towns generated the second wave of swift surge in property prices in the non-core areas.

In general, given the escalated horizontal and vertical diversification of the property market, cities with booming property markets continued their tightened measures, which resulted in a decreasing growth trend in demand. The markets of third- and fourth-tier cities surrounding Shanghai, Beijing, Guangzhou and Shenzhen took turn to flourish as the destocking efforts began to take effect. Third- and fourth-tier cities in Western and Central China and most cities in Northeastern China were still under the pressure of destocking.

During the first half of the year, the economy was operating within a reasonable range, and major indicators performed better than expected. The Group paid close attention to market changes. In respect of the imbalanced development across regional markets, coupled with the trend of expedited destocking across cities and layout adjustments, the Group sought to lower total debts and optimise its debt structure. In terms of long economic cycle and structural enhancement and upgrade, the Group capitalised on the cyclical factors of the economic development and upheld its well-defined strategy and positioning. Further, for the development and sales of projects in key regions, the Group stepped up its efforts in management comprehensively, improved the system of management structure, ensured robust management of cash flow, revitalised assets, and achieved higher turnover rate for existing projects, seeking to expedite the adjustment of the regional structure, alleviate the pressure arising from uneven development across regional markets, and improve the strained situation of cash flow.

During the first six months of 2017, the Group's contracted property sales increased as compared to the same period of last year. This was mainly attributable to the good timing for launching property sales which was in line with the market trend, as well as an even schedule of launching new projects and project completions, resulting in an increase in the amount of property sales. However, due to a slowdown in collection of sales proceeds, the strained situation of cash flow only eased a bit. The Group focused on improving its asset operation management, further monitored the construction progress closely and speeded up sales of new property projects and collection of sales proceeds for quicker cash inflow.

Business Review

Property Development

1. *Revenue*

   The Group recorded a consolidated revenue of RMB711.2 million in the first half of 2017, representing a decrease of 64.7% compared to RMB2,016.6 million recorded in the first half of 2016. The delivered GFA decreased to 88,845 sq.m. in the first half of 2017 from 203,406 sq.m. in the first half of 2016, representing a decrease of 56.3%.

   The substantial decrease in recognised revenue was mainly due to lack of projects that were newly completed and delivered during the six months ended 30 June 2017. Shanghai City Glorious completed and delivered social security housing of approximately 32,000 sq.m. in the first half of 2017, together with certain other properties, it contributed revenue of RMB392.8 million to the Group. Other than Shanghai City Glorious, the Group did not have other projects that were newly completed and delivered during the six months ended 30 June 2017, thus the remaining recognised revenue during this period was mainly attributable to the sales of remaining units of those projects that were completed in prior years. Because the Group's projects that contributed revenue for the current period were widely spread, while a large proportion of the recognised revenue for the same period in 2016 were attributable to higher priced properties from Hefei Bashangjie Project and Shanghai City Glorious, the booked average selling price decreased by 19.3% from RMB9,914 per sq.m. in the first half of 2016 to RMB8,005 per sq.m. in the first half of 2017.

Projects sold and delivered during the six months ended 30 June 2017 included:

Projects sold and delivered	City	**2017** Revenue (RMB'000)	**2017** GFA sold and delivered (sq.m.)	**2017** Average selling price recognised (RMB/sq.m.)	2016 Revenue (RMB'000)	2016 GFA sold and delivered (sq.m.)	2016 Average selling price recognised (RMB/sq.m.)
Sunshine Venice	Shanghai	**2,010**	**578**	**3,478**	7,050	1,928	3,657
Shanghai Bay	Shanghai	**41,734**	**701**	**59,535**	39,433	671	58,768
Shanghai City Glorious	Shanghai	**392,778**	**33,131**	**11,855**	784,746	77,784	10,089
Royal Lakefront	Shanghai	**4,742**	**1,868**	**2,539**	35,460	1,711	20,725
Sunshine Bordeaux	Beijing	**5,402**	**1,408**	**3,837**	1,008	187	5,390
Glorious Artstyle Townhouse	Beijing	**–**	**–**	**N/A**	3,144	354	8,881
Tianjin Royal Bay Seaside	Tianjin	**–**	**–**	**N/A**	26,198	5,539	4,730
No.1 City Promotion	Wuxi	**28,552**	**5,190**	**5,501**	2,901	701	4,138
Nantong Villa Glorious	Nantong	**33,108**	**6,505**	**5,090**	3,462	1,173	2,951
Nantong Royal Bay	Nantong	**62,785**	**5,256**	**11,945**	6,273	968	6,480
Hefei Villa Glorious	Hefei	**321**	**126**	**2,548**	1,460	527	2,770
Hefei Bashangjie Project	Hefei	**3,506**	**1,922**	**1,824**	988,396	89,485	11,045
Hefei Royal Garden	Hefei	**2,773**	**719**	**3,857**	29,439	7,354	4,003
Sunny Town	Shenyang	**1,153**	**209**	**5,517**	3,467	503	6,893
Harbin Villa Glorious	Harbin	**12,094**	**3,068**	**3,942**	29,649	4,866	6,093
Harbin Royal Garden	Harbin	**12,058**	**2,806**	**4,297**	7,526	1,420	5,300
Changchun Villa Glorious (East)	Changchun	**104,132**	**24,563**	**4,239**	26,918	5,271	5,107
Dalian Villa Glorious	Dalian	**4,089**	**795**	**5,143**	20,047	2,964	6,763
Total		**711,237**	**88,845**	**8,005**	2,016,577	203,406	9,914

2. *Property Sales*

During the first half of 2017, the Group recorded contracted property sales of RMB5,613.8 million, representing a year-over-year ("YOY") increase of 205.4%; while the contracted GFA sold was 173,691 sq.m., representing a YOY increase of 88.1%. During the period, the Group's property sales were mainly contributed by projects in Shanghai Region and Yangtze River Delta, amounting to RMB5,255.0 million of property sales, representing an aggregate of 93.6% of the Group's total property sales. Other projects located in Pan Bohai Rim and Northeast China contributed property sales of RMB358.8 million, representing an aggregate of 6.4% of the Group's total property sales.

Property sales and GFA sold during the six months ended 30 June 2017:

Region	Property sales *(RMB'000)*			GFA sold *(sq.m.)*		
	2017	2016	Change (%)	**2017**	2016	Change (%)
Shanghai Region	**3,203,830**	567,513	464.5%	**32,043**	13,619	135.3%
Yangtze River Delta	**2,051,150**	1,188,274	72.6%	**73,807**	63,654	16.0%
Pan Bohai Rim	**38,480**	16,839	128.5%	**5,701**	3,071	85.6%
Northeast China	**320,340**	65,791	386.9%	**62,140**	12,012	417.3%
Total	**5,613,800**	1,838,417	205.4%	**173,691**	92,356	88.1%

3. *Construction and Development*

During the first half of 2017, a total GFA of approximately 130,000 sq.m. was completed. The new construction area of the Group amounted to approximately 337,000 sq.m. during the first half of the year. The Group expects that the new construction area for the year 2017 will exceed 883,000 sq.m.. As at 30 June 2017, the Group had projects with a total area under construction of 2.1 million sq.m..

4. *Land Bank*

As at 30 June 2017, the total land bank of the Group for which land use right certificates had been obtained or land acquisition agreements had been signed was 8.0 million sq.m., which was sufficient to meet its development needs over the next five years. The average land cost was RMB1,756 per sq.m..

The land bank of the Group was evenly distributed over first-, second- and third-tier cities, of which 19.8% was in first-tier cities and 80.2% was in second- and third-tier cities.

Details of land bank by project as at 30 June 2017 were as follows:

	Project	City	Location	Use	Land bank *(sq.m.)*	Average land cost *(RMB per sq.m.)*	Interests attributable to the Group
Shanghai Region							
1	Shanghai Bay	Shanghai	Xuhui District	Residential, hotel, serviced apartment, office and commercial	709,802	611	100%
2	Sunshine Venice	Shanghai	Putuo District	Residential, hotel and commercial	41,757	554	100%
3	Royal Lakefront	Shanghai	Fengxian District	Residential and commercial	137,551	1,870	100%
4	Shanghai City Glorious	Shanghai	Baoshan District	Residential and commercial	287,856	923	100%
5	Caohejing Project	Shanghai	Xuhui District	Office, hotel and commercial	121,300	9,703	100%
6	Zhongcao Xincun Project	Shanghai	Xuhui District	Serviced apartment and commercial	91,000	9,703	100%
7	Holiday Royal (formerly ("Glorious Xinyamingdi"))	Shanghai	Fengxian District	Residential	81,760	15,228	100%
Subtotal					1,471,026	2,913	
Yangtze River Delta							
8	Nantong Glorious Chateau	Nantong	New District, Rugao Port Zone	Residential and commercial	869,029	322	100%
9	Nantong Royal Garden	Nantong	Rugao Town	Residential and commercial	96,758	1,282	100%
10	Nantong Glorious Plaza	Nantong	New District	Hotel, office and commercial	299,504	348	100%
11	Nantong Royal Bay	Nantong	Chongchuan District	Residential, office and commercial	418,082	4,719	100%
12	No. 1 City Promotion	Wuxi	Wuxi New District	Residential, hotel and commercial	68,709	679	100%
13	Hefei Bashangjie Project	Hefei	Yaohai District	Residential, hotel, office and commercial	934,662	881	100%
14	Hefei Royal Garden	Hefei	Luyang District	Residential, hotel and commercial	20,000	1,207	100%
15	Nanjing Royal Bay	Nanjing	Gulou District	Residential and commercial	328,486	6,013	60%
Subtotal					3,035,230	1,763	

Project		City	Location	Use	Land bank (sq.m.)	Average land cost (RMB per sq.m.)	Interests attributable to the Group
Pan Bohai Rim							
16	Sunshine Holiday	Tianjin	Hedong District East	Residential, hotel and commercial	72,281	799	100%
17	Tianjin Royal Bay Seaside	Tianjin	Dagang District	Residential, hotel and commercial	841,727	1,396	100%
18	Tianjin Royal Bay Lakeside	Tianjin	Tuanbohu District	Residential and commercial	1,567,303	1,225	70%
19	Royal Mansion	Beijing	Haidian District	Residential and commercial	90,406	3,395	100%
20	Sunshine Bordeaux	Beijing	Daxing District	Residential and commercial	14,522	493	100%
Subtotal					2,586,239	1,340	
Northeast China							
21	Sunny Town	Shenyang	Yuhong District	Residential and commercial	120,023	1,133	100%
22	Changchun Villa Glorious (West)	Changchun	New and High-tech District	Residential and commercial	763,251	1,004	100%
Subtotal					883,274	1,022	
Total					7,975,769	1,756	

5. *Commercial Properties*

The Group will steadily foster the development of its commercial properties. As at 30 June 2017, approximately 474,000 sq.m. of commercial properties were completed by the Group, and around 923,000 sq.m. of commercial property projects were still under construction.

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, respectively. The Group plans to hold most of the premium commercial properties in the long run to secure stable rental return.

OUTLOOK FOR THE SECOND HALF OF 2017

Benefited from the weak recovery of the global economy and the growth in import and export brought about by the national "one belt one road" initiative, China's economy is expected to bottom out, yet on a shaky foundation. Stabilising growth and economic deleveraging will be the focuses of the economic trend in the future, and the supply-side structural reform will continue to intensify. Against the backdrop of deleveraging, the economic growth will slow down, sustaining a generally stable economy. With respect to the property market, prices in the peripheral cities which absorbed the overflow of capital in the first half of the year will not increase significantly as it is expected that the digestion of land cost will not be completed shortly due to limited market population and capacity. Despite that there shall be limited land supply in first- and second-tier cities during the second half of this year, such supply will be subject to the government's measures for property developers who participated in land auction. Such measures may include that the payment for land premium must be made out of the developer's self-owned capital and may impose requirements on sales of property completed and self-owned GFA, restrictions on property prices and land premiums, and government's policy on supply of leased properties. It is likely to see more mergers and acquisitions among property developers for the purposes of acquiring land bank and strategic layout during the second half of the year.

It is estimated by the Group that the development across regional markets in China will continue to diverge and the structural imbalance will persist in the second half of the year. The pace of growth of property prices and volume will come down and stabilise. The regulatory measures will be further stepped up and localized to cope with different market conditions of the cities in order to maintain a stable, healthy and sustainable property market. The Group will continue to closely monitor market changes, proactively refine its sales and pricing strategies according to the market conditions. It will make every endeavour to conduct systematic and in-depth market analysis and adopt specific measures to ensure that sales channels are clear, enhance customer experience to foster property sales and cash inflows. Meanwhile, it will accelerate its development pace and strive to swiftly destock saleable resources in order to facilitate management efficiency.

The Group will continue to adhere to its principle of steady development and endeavor to improve the development of existing projects as well as strategic layout so as to increase the asset turnover rate, enhance management effectiveness, focus on policy-driven and opportunities come with such policies, and uplift management ability. Meanwhile, the Group strives to adjust the projects' management system in respect of management models and construction cost in a timely manner in order to enhance the profitability and competitiveness of the Group in the market.

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
RMB'000	*Note*	***(unaudited)***	*(unaudited)*
Revenue	*2*	**711,237**	2,016,577
Cost of sales		**(1,319,118)**	(2,624,919)
Gross loss		**(607,881)**	(608,342)
Other income	*3*	**28,413**	32,016
Other losses, net	*4*	**(143,253)**	(324,215)
Selling and marketing expenses	*5*	**(62,008)**	(57,157)
Administrative expenses	*5*	**(245,645)**	(312,073)
Finance costs	*6*	**(890,449)**	(800,979)
Share of loss of an associate		**(2,181)**	(1,546)
Share of profit/(loss) of a joint venture		**547,207**	(4,191)
Loss before income tax		**(1,375,797)**	(2,076,487)
Income tax (expenses)/credits	*7*	**(146,025)**	25,265
Loss for the period		**(1,521,822)**	(2,051,222)
Loss attributable to:			
– the owners of the Company		**(1,470,788)**	(1,999,932)
– non-controlling interests		**(51,034)**	(51,290)
		(1,521,822)	(2,051,222)
Other comprehensive income		**—**	—
Total comprehensive loss for the period		**(1,521,822)**	(2,051,222)
Total comprehensive loss for the period attributable to:			
– the owners of the Company		**(1,470,788)**	(1,999,932)
– non-controlling interests		**(51,034)**	(51,290)
		(1,521,822)	(2,051,222)
Loss per share for loss attributable to the owners of the Company (expressed in RMB per share)			
– Basic	*8*	**(0.19)**	(0.26)
– Diluted	*8*	**(0.19)**	(0.26)
Dividend	*9*	**—**	—

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2017

RMB'000	*Note*	**30 June 2017 *(unaudited)***	31 December 2016 *(audited)*
Non-current assets			
Property, plant and equipment		**58,602**	61,142
Investment properties		**17,158,194**	17,075,746
Intangible assets		**1,800**	1,800
Investment in an associate		**896**	3,077
Investment in a joint venture		**109,725**	—
Loan to a joint venture		**1,199,536**	883,426
Deferred income tax assets		**401,552**	482,629
		18,930,305	18,507,820
Current assets			
Properties under development		**21,456,272**	20,696,217
Completed properties held for sale		**5,960,928**	6,525,783
Trade and other receivables and prepayments	*10*	**6,097,673**	5,360,023
Prepaid taxes		**341,820**	334,488
Restricted cash		**2,731,548**	2,940,959
Cash and cash equivalents		**658,662**	738,911
		37,246,903	36,596,381
Total assets		**56,177,208**	55,104,201

RMB'000	*Note*	**30 June 2017 (unaudited)**	31 December 2016 (*audited*)
Current liabilities			
Advanced proceeds received from customers		**9,828,256**	6,935,608
Trade and other payables	*11*	**4,629,032**	5,041,150
Income tax payable		**3,763,993**	4,047,336
Borrowings	*12*	**17,545,932**	18,509,852
Obligations under finance lease		**998**	998
		35,768,211	34,534,944
Non-current liabilities			
Borrowings	*12*	**10,550,072**	9,266,442
Deferred income tax liabilities		**2,651,797**	2,573,908
Obligations under finance lease		**18,088**	18,045
		13,219,957	11,858,395
Total liabilities		**48,988,168**	46,393,339
Equity			
Capital and reserves attributable to the owners of the Company			
Share capital		**68,745**	68,745
Share premium		**7,822,982**	7,822,982
Reserves		**(859,826)**	610,962
		7,031,901	8,502,689
Non-controlling interests		**157,139**	208,173
Total equity		**7,189,040**	8,710,862
Total liabilities and equity		**56,177,208**	55,104,201

NOTES:

1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements of the Company for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

This condensed consolidated interim financial information is presented in thousands of units of Renminbi (RMB'000), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board on 29 August 2017.

This condensed consolidated interim financial information has not been audited. This condensed consolidated interim financial information has been reviewed by the Company's audit committee.

(i) Going concern basis

For the six months ended 30 June 2017, the Group reported a net loss attributable to the owners of the Company of RMB1,470,788,000 (six months ended 30 June 2016: RMB1,999,932,000). Total borrowings increased from RMB27,776,294,000 as at 31 December 2016 to RMB28,096,004,000 as at 30 June 2017, of which RMB17,545,932,000 (31 December 2016: RMB18,509,852,000) were classified as current liabilities, while its cash and cash equivalents amounted to RMB658,662,000 only.

As at 30 June 2017, certain borrowings whose principal repayment amounts of RMB1,634,198,000 and interest payable amounts of RMB1,062,010,000, relating to borrowings with a total principal amount of RMB3,324,198,000 ("Overdue Borrowings"), were overdue. The entire principal amount of RMB3,324,198,000 are all due for repayment within one year as at 30 June 2017 and would be immediately repayable if requested by the lenders.

In addition to the above Overdue Borrowings, the Group breached certain terms and conditions of the Senior Notes due 2018 during the six months ended 30 June 2017. The principal amount of the Senior Notes due 2018 of RMB2,709,760,000 was included in current liabilities as at 30 June 2017 (note 12).

As stipulated in the relevant loan and financing agreements in respect of certain borrowings of the Group other than those mentioned above, any default of the Group's borrowings may result in cross-default of these borrowings. As a result of the above default events, the principal amount of borrowings of RMB4,420,823,000 have been reclassified as current liabilities as at 30 June 2017 (note 12).

As at the date of approval of this condensed consolidated interim financial information, the Group has not obtained waivers from the relevant lenders/trustees in respect of these default and cross-default borrowings.

The Group subsequently repaid overdue principal and interest of RMB36,258,000 and RMB2,970,000 respectively up to the date of the approval of this condensed consolidated interim financial information. The Group is in active negotiation with the lenders for renewal and extension of the remaining principal and interest that were overdue as at 30 June 2017, as well as interest on the Overdue Borrowings of further RMB76,846,000 which became overdue subsequent to 30 June 2017, and the Directors are confident that agreements will be reached in due course.

Because of the aforementioned actions taken, management is confident that the lenders of the borrowings in respect of which there were delay in principal and interest repayments will not enforce their rights of requesting for immediate repayment. Management is also confident that lenders of the cross-default borrowings will not exercise their rights of requesting for immediate repayment due to cross-default provisions.

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

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

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

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

(iii) The Group has accelerated the pre-sales and sales of its properties under development and completed properties. During the six months ended 30 June 2017, the Group achieved property sales of RMB5,613.8 million, which was selling at a faster pace than earlier years. The Group plans to continue to accelerate the sales of its properties in the second half of 2017 so as to bring in further amounts of operating cash inflow in the second half of 2017;

(iv) The Group has implemented 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; and

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

The directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 30 June 2017. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2017. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

(i) Successful negotiations with the lenders for the renewal of or extension for repayments beyond 30 June 2018 for those borrowings that (i) are scheduled for repayment (either based on the original agreements or the existing arrangements) in the year subsequent to 30 June 2017; (ii) were overdue as at 30 June 2017 because of the Group's failure to repay either the principal or the interests on or before the scheduled repayment dates; and (iii) became or might become overdue in the year subsequent to 30 June 2017;

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

(iii) 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 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 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.

(ii) Accounting policies

Except as described below, the accounting policies adopted are consistent with those set out in the consolidated financial statements of the Company for the year ended 31 December 2016 as included in the Company's annual report for the year ended 31 December 2016.

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

HKAS 7 (Amendment)	Disclosure Initiative
HKAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses
HKFRSs Amendment	Annual Improvements 2014–2016 Cycle

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

Taxes on income in the six months ended 30 June 2017 are accrued using the tax rate that would be applicable to expected total annual earnings.

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 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 the effects of non-recurring expenditure from the operating segments. Other information provided, other than those stated below, to the Executive Directors is measured in a manner consistent with that in the condensed consolidated interim financial information.

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

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

RMB'000	**Shanghai Region**	**Yangtze River Delta (excluding Shanghai)**	**Pan Bohai Rim**	**Northeast China**	**Others**	**Total**
Six months ended 30 June 2017 (unaudited)						
Total revenue	**441,264**	**131,045**	**5,402**	**133,526**	**—**	**711,237**
Inter-segment revenue	**—**	**—**	**—**	**—**	**—**	**—**
Revenue (from external customers)	**441,264**	**131,045**	**5,402**	**133,526**	**—**	**711,237**
Segment results	**319,293**	**(151,942)**	**(58,246)**	**(62,150)**	**45,524**	**92,479**
Depreciation	**(2,367)**	**(158)**	**(156)**	**(55)**	**(2)**	**(2,738)**
Fair value changes of investment properties	**(146,443)**	**(10,859)**	**—**	**(79,131)**	**—**	**(236,433)**
(Provision for)/reversal of provision for impairment of properties under development and completed properties held for sale	**7,434**	**(68,833)**	**(239,069)**	**(44,243)**	**—**	**(344,711)**
Interest income	**4,948**	**112**	**952**	**43**	**—**	**6,055**
Finance costs	**(643,465)**	**(59,809)**	**(12,676)**	**(40,470)**	**(134,029)**	**(890,449)**
Income tax (expenses)/credits	**(177,861)**	**10,786**	**(988)**	**22,038**	**—**	**(146,025)**

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Total
Six months ended 30 June 2016 (unaudited)						
Total revenue	866,689	1,031,931	30,349	87,608	—	2,016,577
Inter-segment revenue	—	—	—	—	—	—
Revenue (from external customers)	866,689	1,031,931	30,349	87,608	—	2,016,577
Segment results	(10,993)	(58,046)	(53,788)	(65,796)	(94,677)	(283,300)
Depreciation	(2,988)	(381)	(912)	(708)	(2,025)	(7,014)
Fair value changes of investment properties	(159,341)	(12,450)	—	(86,109)	—	(257,900)
Provision for impairment of properties under development and completed properties held for sale	(16,411)	(418,551)	(298,716)	(5,480)	—	(739,158)
Interest income	8,024	3,473	334	31	2	11,864
Finance costs	(497,683)	(56,838)	(137,896)	(9,131)	(99,431)	(800,979)
Income tax (expenses)/credits	9,933	(7,946)	184	23,094	—	25,265

RMB'000	**Shanghai Region**	**Yangtze River Delta (excluding Shanghai)**	**Pan Bohai Rim**	**Northeast China**	**Others**	**Elimination**	**Total**
As at 30 June 2017 (unaudited)							
Total segment assets	**44,599,671**	**23,124,459**	**5,929,392**	**4,916,147**	**8,319,484**	**(38,436,061)**	**48,453,092**
Total segment assets include:							
Investment in an associate	**896**	**—**	**—**	**—**	**—**	**—**	**896**
Investment in a joint venture	**109,725**	**—**	**—**	**—**	**—**	**—**	**109,725**
Deferred income tax assets							**401,552**
Other unallocated corporate assets							**7,322,564**
Total assets							**56,177,208**

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Elimination	Total
As at 31 December 2016 (audited)							
Total segment assets	43,197,720	23,694,467	5,962,162	5,107,550	8,124,881	(38,471,750)	47,615,030
Total segment assets include:							
Investment in an associate	3,077	—	—	—	—	—	3,077
Investment in a joint venture	—	—	—	—	—	—	—
Deferred income tax assets							482,629
Other unallocated corporate assets							7,006,542
Total assets							55,104,201

RMB'000	**Six months ended 30 June 2017** ***(unaudited)***	2016 *(unaudited)*
Segment results	**92,479**	(283,300)
Fair value changes of investment properties	**(236,433)**	(257,900)
Provision for impairment of properties under development and completed properties held for sale	**(344,711)**	(739,158)
Depreciation	**(2,738)**	(7,014)
Operating loss	**(491,403)**	(1,287,372)
Interest income	**6,055**	11,864
Finance costs	**(890,449)**	(800,979)
Loss before income tax	**(1,375,797)**	(2,076,487)
Additions to:		
Property, plant and equipment	**541**	311
Investment properties	**324,675**	376,073
	325,216	376,384

3 Other income

RMB'000	**Six months ended 30 June 2017** ***(unaudited)***	2016 *(unaudited)*
Interest income	**6,055**	11,864
Rental income	**22,155**	19,557
Others	**203**	595
	28,413	32,016

4 Other losses, net

	Six months ended 30 June	
	2017	2016
RMB'000	***(unaudited)***	*(unaudited)*
Fair value changes of investment properties	**(236,433)**	(257,900)
Exchange gain/(losses), net	**84,529**	(67,431)
Gain on disposals of investment properties	**8,651**	1,116
	(143,253)	(324,215)

5 Expenses by nature

Loss before income tax is stated after charging the following:

	Six months ended 30 June	
	2017	2016
RMB'000	***(unaudited)***	*(unaudited)*
Advertising costs	**22,134**	7,646
Business taxes and other levies	**3,802**	113,040
Costs of properties sold	**970,605**	1,772,721
Provision for impairment of properties under development and completed properties held for sale	**344,711**	739,158
Depreciation	**2,738**	7,014
Staff costs — excluding directors' emoluments	**65,304**	79,181
Rental expenses	**4,881**	20,369

6 Finance costs

	Six months ended 30 June	
	2017	2016
RMB'000	***(unaudited)***	*(unaudited)*
Interest expenses:		
Bank borrowings	**1,472,010**	1,442,078
Senior Notes due 2018	**189,641**	177,483
Others	**24,445**	73,996
Total interest expenses	**1,686,096**	1,693,557
Less: interest capitalised on qualifying assets	**(795,647)**	(892,578)
	890,449	800,979

7 Income tax expenses/(credits)

RMB'000	**Six months ended 30 June** **2017** ***(unaudited)***	2016 *(unaudited)*
Current income tax credits:		
PRC corporate income tax	**(2,049)**	(25,944)
PRC land appreciation tax	**(10,892)**	(11,887)
	(12,941)	(37,831)
Deferred income tax expenses:		
Origination and reversal of temporary differences	**158,966**	12,566
	158,966	12,566
	146,025	(25,265)

8 Loss per share

(a) Basic

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

	Six months ended 30 June **2017** ***(unaudited)***	2016 *(unaudited)*
Loss attributable to the owners of the Company (RMB'000)	**(1,470,788)**	(1,999,932)
Weighted average number of ordinary shares in issue (thousands)	**7,792,646**	7,792,646

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For each of the six months ended 30 June 2016 and 2017, 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 declare the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

10 Trade and other receivables and prepayments

RMB'000	**30 June 2017 *(unaudited)***	31 December 2016 *(audited)*
Trade receivables due from third parties (a)	**457,985**	382,425
Other receivables due from third parties (b)	**2,004,489**	1,397,225
Consideration receivables	**380,777**	418,196
Others	**1,623,712**	979,029
Prepayments for construction costs:	**1,853,767**	1,883,631
Related parties	**1,030,444**	1,080,764
Third parties	**823,323**	802,867
Prepayments for land premium	**1,522,225**	1,522,225
Prepaid business taxes and other taxes	**259,207**	174,517
	6,097,673	5,360,023

(a) Trade receivables mainly arose from sales of properties. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements and customers are generally required to settle the receivables within 30 days after the date of signing the sales and purchase agreements.

The ageing analysis of trade receivables at the balance sheet dates based on revenue recognition date is as follows:

RMB'000	**30 June 2017 *(unaudited)***	31 December 2016 *(audited)*
Within 6 months	**97,024**	5,196
Between 7 and 12 months	**1,605**	8,180
Over 12 months	**359,356**	369,049
	457,985	382,425

As at 30 June 2017, trade receivables of RMB457,985,000 (31 December 2016: RMB382,425,000) were overdue but not impaired, including an amount due from a local government authority of RMB422,215,000 (31 December 2016: RMB341,548,000) upon recognising the revenue relating to certain relocation and resettlement housing. The remaining trade receivables that are past due but not impaired relate to certain customers that have a good track record with the Group. Based on past experience, management believes that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

In the current period, the Group has been involved in a litigation raised by the aforementioned local government authority for claiming an amount of approximately RMB179 million associated with a property development project in Shanghai. Based on management assessment, apart from no payment obligation arising from the claimed amount, the Group has sufficient basis to support the full recoverability of the amount due from the local government authority of RMB422,215,000. Accordingly, a counter claim has been filed on 31 July 2017 and no provision has been made by the Group against the above receivable balance as at 30 June 2017.

(b)

RMB'000	**30 June 2017 (unaudited)**	31 December 2016 (audited)
Other receivables due from third parties	**2,913,812**	2,306,548
Less: provision for impairment of other receivables	**(909,323)**	(909,323)
Other receivables due from third parties, net	**2,004,489**	1,397,225

As at 30 June 2017 and 31 December 2016, the fair values of the Group's trade and other receivables approximate their carrying amounts. The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

11 Trade and other payables

RMB'000	**30 June 2017 (unaudited)**	31 December 2016 (audited)
Trade payables (a):	**3,503,584**	3,717,483
Related parties	**11,384**	10,956
Third parties	**3,492,200**	3,706,527
Other payables due to third parties and accrued expenses	**915,756**	1,119,275
Other taxes payable	**209,692**	204,392
	4,629,032	5,041,150

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

RMB'000	**30 June 2017 (unaudited)**	31 December 2016 (audited)
Within 6 months	**1,619,098**	1,244,917
Between 7 and 12 months	**405,028**	586,515
Over 12 months	**1,479,458**	1,886,051
	3,503,584	3,717,483

12 Borrowings

RMB'000	**30 June 2017 *(unaudited)***	31 December 2016 *(audited)*
Borrowings included in non-current liabilities:		
Bank borrowings — secured	**10,550,072**	9,266,442
	10,550,072	9,266,442
Borrowings included in current liabilities:		
Bank borrowings — secured (a)	**13,919,354**	15,124,321
Senior Notes due 2018 — secured	**2,818,037**	2,878,521
Other borrowings — unsecured	**707,554**	407,083
Other borrowings — secured	**100,987**	99,927
	17,545,932	18,509,852
Total borrowings	**28,096,004**	27,776,294

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

RMB'000	**30 June 2017 *(unaudited)***	31 December 2016 *(audited)*
Amounts of borrowings that are repayable:		
Within 1 year (a)	**17,545,932**	18,509,852
After 1 and within 2 years	**7,626,558**	6,590,840
After 2 and within 5 years	**2,916,214**	2,667,052
After 5 years	**7,300**	8,550
	28,096,004	27,776,294

(a) The current bank borrowings included borrowings with principal amounts of RMB4,420,823,000 with original maturity beyond 30 June 2018 which have been reclassified as current liabilities as at 30 June 2017 as a result of the matters described in note 1(i).

Management estimates that after taking the measures as set out in note 1(i) and with its endeavours to ensure that there will be no further delay in repayment of principal and interest, the repayment dates of these reclassified borrowings could be reverted to their respective original repayment dates which are all beyond 30 June 2018.

FINANCIAL REVIEW

For the six months ended 30 June 2017, the Group recorded a consolidated revenue of RMB711.2 million, representing a decrease of 64.7% compared to RMB2,016.6 million in the first half of 2016. The GFA of properties delivered by the Group decreased from 203,406 sq.m. in the first half of 2016 to 88,845 sq.m. in the current period. The substantial decrease in recognised revenue was mainly due to lack of projects that were newly completed and delivered during the six months ended 30 June 2017. Shanghai City Glorious completed and delivered social security housing of approximately 32,000 sq.m. in the first half of 2017, together with certain other properties, it contributed revenue of RMB392.8 million to the Group. Other than Shanghai City Glorious, the Group did not have other projects that were newly completed and delivered during the six months ended 30 June 2017, thus the remaining recognised revenue during this period was mainly attributable to the sales of remaining units of those projects that were completed in prior years. Because the Group's projects that contributed revenue for the current period were widely spread, while a large proportion of the recognised revenue for the same period in 2016 were attributable to higher priced properties from Hefei Bashangjie Project and Shanghai City Glorious, the booked average selling price decreased by 19.3% from RMB9,914 per sq.m. in the first half of 2016 to RMB8,005 per sq.m. in the first half of 2017.

The cost of sales for the six months ended 30 June 2017 was RMB1,319.1 million, representing a decrease of 49.7% as compared to RMB2,624.9 million from the corresponding period in 2016. The cost of sales for the current period included a provision for impairment of certain property development projects which amounted to RMB344.7 million (six months ended 30 June 2016: RMB739.2 million). The provision for impairment was made to certain of the Group's property projects that had experienced prolonged construction period, during which the Group continued to incur construction costs and finance costs, causing the total project costs to exceed the realisable value of those projects. Excluding the provision for impairment, the Group's average cost of sales for the first half of 2017 was RMB10,967 per sq.m., which was 18.3% higher than that of RMB9,271 per sq.m. for the corresponding period in 2016. The average cost of sales for the first half of 2017 was higher than the corresponding period in 2016 because the Group incurred certain additional construction costs for its projects that were completed and delivered in the past years and these costs had been directly recognised as cost of sales in the current period. Due to the lower amount of recognised consolidated revenue and cost of sales for the current period, such additional construction costs has resulted in a substantial increase in the average cost of sales.

The Group recorded a consolidated gross loss of RMB607.9 million for the six months ended 30 June 2017, as compared to RMB608.3 million for the corresponding period in 2016. The Group's gross margin for the current period was negative 85.5%, as compared to negative 30.2% for the corresponding period in 2016. The consolidated gross loss and negative gross margin for the current period was largely attributable to the significantly lower revenue recognised in the current period and the lower gross margin of the properties sold and delivered, as well as due to the further provision for impairment of RMB344.7 million (six months ended 30 June 2016: RMB739.2 million) made to the Group's properties.

Other income for the six months ended 30 June 2017 was RMB28.4 million, representing a decrease of 11.3% from RMB32.0 million for the corresponding period in 2016. Other income mainly includes interest income and rental income.

Other losses, net for the six months ended 30 June 2017 was a net loss of RMB143.3 million, which was 55.8% lower than RMB324.2 million for the corresponding period in 2016. The net other loss for the current period primarily comprised the fair value loss of the Group's investment properties of RMB236.4 million (six months ended 30 June 2016: fair value loss of RMB257.9 million) and net unrealised exchange gain of RMB84.5 million (six months ended 30 June 2016: net exchange loss of RMB67.4 million) mainly arising from the translation of USD into RMB for the Company's US dollar senior notes due 2018.

Selling and marketing expenses for the six months ended 30 June 2017 was RMB62.0 million, representing an increase of 8.5% from RMB57.2 million for the corresponding period in 2016. The increase in selling and marketing expenses was primarily due to more marketing activities being conducted for preparing new project launches in the current period.

Administrative expenses for the six months ended 30 June 2017 were RMB245.6 million, which was 21.3% lower than RMB312.1 million for the corresponding period in 2016.

Gross finance costs for the six months ended 30 June 2017 were RMB1,686.1 million, which was 0.4% lower than RMB1,693.6 million for the corresponding period in 2016. For the six months ended 30 June 2017, finance costs of RMB795.7 million (six months ended 30 June 2016: RMB892.6 million) had been capitalised, leaving RMB890.4 million (six months ended 30 June 2016: RMB801.0 million) charged directly to the condensed consolidated statement of comprehensive income. The amount of gross finance costs incurred in the current period exceed the amount that can be capitalised based on the Group's qualifying assets, thus a significant portion of the finance costs were not capitalized and were recorded as current period expenses.

The Group recorded a share of profit of a joint venture of RMB547.2 million for the six months ended 30 June 2017, as compared to a share of loss of RMB4.2 million for same period in 2016. The Group's 60% owned joint venture namely Glorious Jiangxu (Nanjing) Property Development Co., Ltd. ("Nanjing Jiangxu") completed and delivered a new phase of properties in the current period such that the Group's share of its profit amounted to RMB547.2 million. Nanjing Jiangxu did not have major property delivery for the corresponding period in 2016.

The Group recorded a loss before income tax of RMB1,375.8 million for the six months ended 30 June 2017, which is 33.7% lower than that of RMB2,076.5 million for the corresponding period in 2016. The Group recorded a decrease in the loss before income tax for the current period as compared to the same period in 2016 mainly due to the significant amount of share of profit of a joint venture namely Nanjing Jiangxu recorded by the Group in the current period.

The Group recorded a loss attributable to the owners of the Company of RMB1,470.8 million for the six months ended 30 June 2017, which was 26.5% lower than RMB1,999.9 million for the corresponding period in 2016. The decrease in the loss attributable to the owners of the Company for the current period as compared to the same period in 2016 was mainly due to the significant amount of share of profit of a joint venture, namely Nanjing Jiangxu, recorded by the Group in the current period.

Current Assets and Liabilities

As at 30 June 2017, the Group held total current assets of approximately RMB37,246.9 million (31 December 2016: RMB36,596.4 million), comprising mainly properties under development, completed properties held for sale and trade and other receivables and prepayments. As at 30 June 2017, balance of properties under development was RMB21,456.3 million, which was 3.7% higher than RMB20,696.2 million as at 31 December 2016. The increase in the carrying value of property under development was mainly due to the continuous progress of the Group's property development projects in the first half of 2017. Completed properties held for sale decreased by 8.7% from RMB6,525.8 million as at 31 December 2016 to RMB5,960.9 million as at 30 June 2017. The lower balance of completed properties held for sale was mainly due to the Group's continuous effort to sell the remaining units of existing projects in the current period. Trade and other receivables and prepayments increased by 13.8% from RMB5,360.0 million as at 31 December 2016 to RMB6,097.7 million as at 30 June 2017. Trade and other receivables and prepayments comprised trade receivables, prepayments for construction costs, prepayment for land premium for which the relevant land use right certificates were yet to be obtained and certain other receivables.

Total current liabilities as at 30 June 2017 amounted to RMB35,768.2 million, which was 3.6% higher than that of RMB34,534.9 million as at 31 December 2016. The increase in total current liabilities was mainly resulted from the higher balance of advanced proceeds received from customers arising from the substantial property sales achieved by the Group in the first half of 2017.

As at 30 June 2017, the current ratio (calculated as the total current assets divided by the total current liabilities) was 1.04 (31 December 2016: 1.06).

Liquidity and Financial Resources

During the first half of 2017, the Group funded its property development projects principally from proceeds from the pre-sales of properties and bank loans. As at 30 June 2017, the Group had cash and cash equivalents of RMB658.7 million (31 December 2016: RMB738.9 million).

During the first half of 2017, the aggregate new bank loans obtained by the Group amounted to RMB2,476 million and repayment of loans was RMB2,997 million. As at 30 June 2017, the Group's total borrowings amounted to RMB28,096.0 million, representing an increase of 1.2% compared to RMB27,776.3 million as at 31 December 2016.

As at 30 June 2017, the Group had total banking facilities of RMB32,023 million, consisting of used banking facilities of RMB23,443 million and unused banking facilities of RMB8,580 million.

The Group monitors its capital on the basis of the gearing ratio and short-term debt ratio. Gearing ratio is calculated as net debt divided by total equity attributable to the owners of the Company. Net debt is calculated as total borrowings less cash and bank balances (including cash and cash equivalents and restricted cash). The gearing ratios as at 30 June 2017 and 31 December 2016 were as follows:

RMB'000	**30 June 2017** ***(unaudited)***	31 December 2016 *(audited)*
Total borrowings	**28,096,004**	27,776,294
Less: cash and bank balances	**(3,390,210)**	(3,679,870)
Net debt	**24,705,794**	24,096,424
Total equity attributable to the owners of the Company	**7,031,901**	8,502,689
Gearing ratio	**351.3%**	283.4%

The gearing ratio as at 30 June 2017 was higher than that as at 31 December 2016 as a result of the significant decrease in the Group's equity attributable to the owners of the Company due to the substantial loss recorded for the current period.

During the past few years, the aforementioned liquidity indicators of the Group had shown a deteriorating trend. As such, the Group had endeavored to implement a number of measures to alleviate its liquidity pressure and improve its financial position, including accelerating the sales of properties and focusing on development and sales of properties with higher values, and actively negotiating with various banks in order to extend or refinance the maturing borrowings. In the second half of 2016 and first half of 2017, the Group entered into a series of loan refinancing arrangements such that a significant amount of current or overdue borrowings have been replaced with non-current borrowings. Accordingly, the Group's short-term debt ratio decreased from 97.5% at the end of 2015 to 66.6% at the end of 2016 and 62.4% as at 30 June 2017. The Group's net operating cash outflow for 2015 and 2016 were RMB371.1 million and RMB349.2 million, respectively, and the Group further recorded a net operating cash inflow of RMB319.3 million for the six months ended 30 June 2017. The Group's overall operating cash flow condition has been controlled at a reasonable level as compared to earlier years, indicating the effectiveness of cash flow control of the Group in recent years. According to the Group's project development schedule, during the second half of 2017 and year 2018, there will be more high-value projects that can meet the pre-sale requirements and could be launched to the market. It is expected that large amount of sales proceeds will be generated for reducing the Group's total borrowings and for speeding up the pace of development of other projects.

Foreign Exchange Risk

The Group's property development projects are all located in the PRC and all the related transactions are settled in RMB. The Company and certain of the investment holding companies within the Group operating in Hong Kong have recognised assets and liabilities in currencies other than RMB, mainly including the US$400.0 million Senior Notes due 2018. As at 30 June 2017, the Group had cash and bank balances and borrowings that were denominated in foreign currencies as shown below:

RMB'000	**30 June 2017** ***(unaudited)***	31 December 2016 *(audited)*
Cash and bank balances:		
US$	**411**	317
HK$	**442**	197
Total	**853**	514
Borrowings:		
US$	**3,386,946**	3,252,306
HK$	**172,861**	167,740
Total	**3,559,807**	3,420,046

Apart from the above listed balances that were denominated in foreign currencies, all of the Group's borrowings and cash balances were denominated in RMB. The Group currently does not have a foreign currency hedging policy. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should the need arises.

Interest Rate Risk

The Group holds interest bearing assets including cash at bank and certain bank deposits, loan to a joint venture and certain other receivables. Majority of these balances are at fixed rates and expose the Group to fair value interest rate risk.

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.

Pledge of Assets

As at 30 June 2017, the Group had pledged certain of its subsidiaries' shares, construction in progress, investment properties, properties under development and completed properties held for sale to secure its borrowings.

Financial Guarantees

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure the repayment obligations of such purchasers. Such guarantees will terminate upon the earlier of: (i) the issuance of the real estate ownership certificate which is generally available within an average period of one to two years upon the completion of the registration of the guarantee; or (ii) the full repayment of the mortgage loan by the purchasers of the Group's properties.

Pursuant to the terms of the guarantees, upon a default in mortgage payments by these purchasers, the Group is responsible for repaying to the banks the outstanding mortgage principal, together with accrued interest and any penalty owed by the defaulting purchasers, and the Group is entitled to take over the legal title and possession of the related properties. The guarantee period starts from the date of the grant of the respective mortgage. As at 30 June 2017, the amount of outstanding guarantees for mortgages was RMB5,337.6 million (31 December 2016: RMB4,867.5million).

Capital Commitments

As at 30 June 2017, the Group had capital commitments as follows:

RMB'000	**30 June 2017** ***(unaudited)***	31 December 2016 *(audited)*
Land use rights	**545,736**	545,736
Property development expenditures	**3,573,685**	3,527,315
Construction materials	**23,447**	23,965
	4,142,868	4,097,016

Contingent Liabilities

In the current period, the Group has been 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 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 has been filed on 31 July 2017 and no provision has been made by the Group against the above receivable balance as at 30 June 2017.

EMPLOYEE

As at 30 June 2017, the Group had 692 employees. Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. Other employee benefits include provident fund, insurance, medical 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 adopted a share option scheme (the "Share Option Scheme") on 9 September 2009 in addition to a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") which was adopted by the Company on the same day. As at 30 June 2017, there were 69,000,000 share options that were granted to the directors and employees of the Company under the Pre-IPO Share Option Scheme and remained outstanding. For the six months ended 30 June 2017, there was no share option being 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 six months ended 30 June 2017, save for the deviation from the code provision E.1.2 which stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board of the Company did not attend the annual general meeting of the Company held on 7 June 2017 (the "AGM") due to other business engagements. Mr. Ding Xiang Yang, the vice chairman and the executive director of the Company, chaired the AGM on behalf of the Chairman of the Board and was available to answer questions.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. All directors have confirmed, following specific enquiries being made by the Company, that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2017.

AUDIT COMMITTEE

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

The Audit Committee has reviewed with management the unaudited consolidated results of the Company and its subsidiaries for the six months ended 30 June 2017 and took the view that the Company was in full compliance with all applicable accounting standards and regulations and has made adequate disclosure.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Company at www.gloriousphl.com.cn and the Stock Exchange at www.hkexnews.hk. The 2017 interim report of the Company for the six months ended 30 June 2017 containing all the applicable information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the same websites in due course.

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

Hong Kong, 29 August 2017

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