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

(Incorporated in the Cayman Islands with limited liability)

(Stock Codes: 00845)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016 (the "2016 Annual Results"). The 2016 Annual Results have been reviewed by the audit committee of the Company (the "Audit Committee") and approved by the Board on 31 March 2017.

FINANCIAL HIGHLIGHTS

- Revenue amounted to RMB2,572.5 million and the average selling price was RMB8,836 per sq.m.
- Recorded a loss attributable to the owners of the Company of RMB4,021.0 million
- Total borrowings increased to RMB27,776.3 million
- Gearing ratio was 283.4%
- Equity attributable to the owners of the Company decreased by 32.1% to RMB8,502.7 million
- Property sales was RMB6,584.8 million and GFA sold was 210,397 sq.m.

OVERALL RESULTS

For the year ended 31 December 2016, the Group recorded a consolidated revenue of RMB2,572.5 million, representing an increase of 9.9% compared to RMB2,340.2 million in 2015. The Group recorded a loss attributable to the owners of the Company for the year ended 31 December 2016 of RMB4,021.0 million, which was 3.7% higher than that of RMB3,877.9 million for 2015.

Basic loss per share for the loss attributable to the owners of the Company for the year ended 31 December 2016 was RMB0.52 (2015: RMB0.50).

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

BUSINESS REVIEW

I. Revenue

For the year ended 31 December 2016, the Group recorded a consolidated revenue of RMB2,572.5 million, representing an increase of 9.9% from RMB2,340.2 million in 2015. The sold and delivered GFA decreased by 15.4% to 291,129 sq.m. in 2016 from 344,246 sq.m. in 2015. The average selling price recognised increased by 30.0% to RMB8,836 per sq.m. in 2016 from RMB6,798 per sq.m. in 2015.

In 2016, the Group recognised revenue for a total of 18 projects. Five projects located in the first-tier cities (Shanghai and Beijing) accounted for 42.1% of the Group's total revenue while the other 13 projects located in the second- and third-tier cities accounted for 57.9% of the total revenue. In 2016, 41.8% of the revenue was contributed by projects in the Shanghai Region, 50.0% by projects in the Yangtze River Delta (excluding Shanghai), 1.8% by projects in the Pan Bohai Rim and 6.4% by projects in Northeast China.

In 2016, a substantial portion of the Group's completed and delivered properties were located in Shanghai Region and Yangtze River Delta with higher average selling prices, thus causing the Group's overall average recognised selling price to increase from RMB6,798 per sq.m. in 2015 to RMB8,836 per sq.m. in 2016. Projects in Shanghai Region contributed 41.8% and 32.6% to the Group's total recognised revenue and sold and delivered GFA, respectively. Shanghai City Glorious further completed and delivered more than 84,000 sq.m. of social security housing and certain other properties, which contributed RMB971.9 million to the Group's revenue for 2016. On the other hand, the total recognised revenue and sold and delivered GFA of the Yangtze River Delta both increased as compared to 2015, representing 50.0% and 52.5% of the Group's total recognised revenue and sold and delivered GFA. Hefei Bashangjie Project is the major source of revenue for Yangtze River Delta. In early 2016, the first lot of residential properties of Hefei Bashangjie Project were completed and delivered. For the entire year of 2016, it brought in revenue of RMB1,049.8 million to the Group. Projects in the Pan Bohai Rim and Northeast China only have remaining units for sale, thus their combined revenue and sold and delivered GFA only represented 8.2% and 14.9% of the Group's total revenue and sold and delivered GFA for the year.

Projects sold and delivered in 2016 and 2015 included:

Projects sold and delivered	City	2016 Revenue (RMB'000)	2016 GFA sold and delivered (sq.m.)	2016 Average selling price recognised (RMB per sq.m.)	2015 Revenue (RMB'000)	2015 GFA sold and delivered (sq.m.)	2015 Average selling price recognised (RMB per sq.m.)
Sunshine Venice	Shanghai	**15,388**	**4,313**	**3,568**	28,985	8,205	3,533
Shanghai Bay	Shanghai	**38,051**	**818**	**46,517**	125,797	2,233	56,335
Shanghai City Glorious	Shanghai	**971,863**	**84,452**	**11,508**	622,583	21,271	29,269
Royal Lakefront	Shanghai	**49,824**	**5,334**	**9,341**	8,608	670	12,848
Sunshine Bordeaux	Beijing	**9,055**	**1,065**	**8,502**	20,938	3,513	5,960
Glorious Artstyle Townhouse	Beijing	**—**	**—**	**N/A**	44,801	4,186	10,703
Tianjin Royal Bay Seaside	Tianjin	**37,067**	**7,878**	**4,705**	14,198	2,633	5,392
No.1 City Promotion	Wuxi	**103,543**	**15,271**	**6,780**	21,016	4,154	5,059
Nantong Glorious Chateau	Nantong	**1,398**	**310**	**4,510**	—	—	N/A
Nantong Villa Glorious	Nantong	**40,544**	**9,233**	**4,391**	36,542	6,698	5,456
Nantong Royal Bay	Nantong	**48,141**	**5,627**	**8,555**	50,788	6,848	7,416
Hefei Villa Glorious	Hefei	**3,291**	**1,350**	**2,438**	8,732	1,457	5,993
Hefei Bashangjie Project	Hefei	**1,049,785**	**109,660**	**9,573**	—	—	N/A
Hefei Royal Garden	Hefei	**40,248**	**11,477**	**3,507**	286,245	42,885	6,675
Sunny Town	Shenyang	**5,458**	**1,109**	**4,922**	17,809	2,097	8,493
Harbin Villa Glorious	Harbin	**49,684**	**7,339**	**6,770**	62,732	9,173	6,839
Harbin Royal Garden	Harbin	**10,705**	**1,953**	**5,481**	28,150	5,017	5,611
Changchun Villa Glorious (East)	Changchun	**75,645**	**20,512**	**3,688**	941,627	219,372	4,292
Dalian Villa Glorious	Dalian	**22,852**	**3,428**	**6,666**	20,647	3,834	5,385
Total		**2,572,542**	**291,129**	**8,836**	2,340,198	344,246	6,798

II. Property Sales

In 2016, the Group achieved property sales of RMB6,584.8 million, representing a year-on-year ("YOY") decrease of 8.8%. The GFA sold was 210,397 sq.m., representing a YOY decrease of 39.2%.

Shanghai Region was the region that achieved the largest amount of the Group's property sales in 2016. It accounted for 65.9% of the Group's total property sales, amounting to RMB4,340.5 million and representing a YOY increase of 13.0%. Shanghai Bay in Shanghai has new phase of properties launched to the market in 2016 that it's accumulated property sales amounted to RMB3,675.1 million, which represented the most significant amount of property sales to both Shanghai Region and the Group in 2016. Property sales of the Yangtze River Delta contributed RMB1,976.1 million to the Group's total property sales for 2016, representing a decrease of 30.4% as compared to 2015. Nanjing Royal Bay contributed the most significant portion of property sales to the Yangtze River Delta and amounted to RMB1,477.1 million. Property sales of Northeast China and Pan Bohai Rim total amounted to RMB268.2 million as there was no launch of new projects in 2016 for these two regions.

Property sales for 2016 from the first-tier cities (Shanghai and Beijing) and second- and third-tier cities amounted to RMB4,351.3 million and RMB2,233.5 million respectively, which accounted for 66.1% and 33.9% of the Group's total property sales for 2016.

Property sales and GFA sold by region in 2016 and 2015 were as follows:

Region	**Property sales *(RMB'000)***			**GFA sold *(sq.m.)***		
	2016	2015	Change (%)	**2016**	2015	Change (%)
Shanghai Region	**4,340,482**	3,841,238	13.0%	**55,070**	117,386	-53.1%
Yangtze River Delta	**1,976,122**	2,837,541	-30.4%	**119,713**	158,553	-24.5%
Pan Bohai Rim	**67,967**	261,235	-74.0%	**9,352**	24,317	-61.5%
Northeast China	**200,224**	282,389	-29.1%	**26,262**	45,596	-42.4%
Total	**6,584,795**	7,222,403	-8.8%	**210,397**	345,852	-39.2%

In 2017, the Group expects to launch properties from 17 projects to the market for sale with a saleable GFA of approximately 0.9 million sq.m..

Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China account for 29.2%, 41.1%, 6.5% and 23.2% respectively of the Group's saleable GFA which are expected to be available for sale in 2017. In terms of saleable GFA, Shanghai Region and Yangtze River Delta will be the major regions in contributing to the sales of the Group in 2017.

III. Construction and Development

In 2016, the total residential GFA completed by the Group was approximately 338,000 sq.m. and approximately 157,000 sq.m. was added to the new construction area. As at 31 December 2016, the Group had projects with a total area under construction of 1.9 million sq.m..

IV. Land Bank

The Group maintained a prudent investment strategy in acquiring land and acquired new land based on the condition of cash flow and financial resources. The Group did not acquire any new land parcel during 2016.

As at 31 December 2016, the total land bank of the Group for which land use right certificates have been obtained or land acquisition agreements have been signed was 8.1 million sq.m., which was sufficient to meet its development needs over the next five years. The average land cost was RMB1,824 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 19.4% was in first-tier cities and 80.6% in second- and third-tier cities.

Details of land bank by project as at 31 December 2016 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	

	Project	City	Location	Use	Land bank *(sq.m.)*	Average land cost *(RMB per sq.m.)*	Interests attributable to the Group
Yangtze River Delta							
8	Nantong Glorious Chateau	Nantong	New District, Rugao Port Zone	Residential and commercial	869,029	322	100%
9	Nantong Royal Garden	Nantong	Rugao Town	Residential and commercial	96,758	1,282	100%
10	Nantong Glorious Plaza	Nantong	New District	Hotel, office and commercial	299,504	348	100%
11	Nantong Royal Bay	Nantong	Chongchuan District	Residential, office and commercial	418,082	4,719	100%
12	No.1 City Promotion	Wuxi	Wuxi New District	Residential, hotel and commercial	68,709	679	100%
13	Hefei Bashangjie Project	Hefei	Yaohai District	Residential, hotel, office and commercial	934,662	881	100%
14	Hefei Royal Garden	Hefei	Luyang District	Residential, hotel and commercial	20,000	1,207	100%
15	Nanjing Royal Bay	Nanjing	Gulou District	Residential and commercial	458,966	6,013	60%
	Subtotal				3,165,710	1,938	
Pan Bohai Rim							
16	Sunshine Holiday	Tianjin	Hedong District East	Residential, hotel and commercial	72,281	799	100%
17	Tianjin Royal Bay Seaside	Tianjin	Dagang District	Residential, hotel and commercial	841,727	1,396	100%
18	Tianjin Royal Bay Lakeside	Tianjin	Tuanbohu District	Residential and commercial	1,567,303	1,225	70%
19	Royal Mansion	Beijing	Haidian District	Residential and commercial	90,406	3,395	100%
20	Sunshine Bordeaux	Beijing	Daxing District	Residential and commercial	14,522	493	100%
	Subtotal				2,586,239	1,340	

Project		City	Location	Use	Land bank *(sq.m.)*	Average land cost *(RMB per sq.m.)*	Interests attributable to the Group
Northeast China							
21	Sunny Town	Shenyang	Yuhong District	Residential and commercial	120,023	1,133	100%
22	Changchun Villa Glorious (West)	Changchun	New and High-tech District	Residential and commercial	763,251	1,004	100%
	Subtotal				883,274	1,022	
Total					8,106,249	1,824	

V. Development of Commercial Properties

The Group will steadily foster the development of its commercial properties. As at 31 December 2016, approximately 474,000 sq.m. of commercial properties were completed by the Group, and around 904,000 sq.m. of commercial property projects were still under construction.

As at 31 December 2016, 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

"Promoting the continuing stable and healthy development of the property market" and "stepping up the study of the establishment of property basic system and long-term mechanism tailored to the country's specific conditions and in line with market-oriented principles", stressed at the Central Economic Working Conference which was just concluded in December 2016, which explicated the main tone of the property market in 2017. For the economic environment, the United States dollar has strengthened, the RMB was under a significant pressure of devaluation, and the uncertainty on international front augmented. At the same time, the domestic macro-economy performed well amidst stability city-specific policies ere implemented on the real estate market. The overall trend is favorable to the steady and healthy development of the market.

The Group will continue to closely monitor market changes and proactively refine its sales and pricing strategies according to the market conditions. It will adopt specific measures to ensure that sales channels are clear, sales tools are improved, and customer experience is strengthened to foster property sales and cash inflows. Meanwhile, it will accelerate the development pace and strive to swiftly destock saleable resources in order to further enhance its competitiveness in the market.

The Group will continue to adhere to its principle of steady development and endeavor to improve the development of existing projects so as to increase the asset turnover rate, enhance management effectiveness and uplift management ability. Meanwhile, the Group strives to adjust the projects' management system in respect of management models, construction management, marketing system and construction cost in a timely manner in order to enhance the profitability of the Group.

The Group will adhere to the adoption of prudent financial policy, seeking to improve the Group's debt structure and to control the debt and gearing ratio at a reasonable level so as to effectively avoid financial risks. It will accelerate the disposal of low-return assets to further revitalise assets and enhance the Group's asset quality. Moreover, it will strive to sustain steady, robust and healthy growth by lowering the level of borrowings with available funds from multi-channel property sales and under the efficient utilisation of assets. The Group will enhance its cash management, its industrial structure and financial structure in order to ensure a prudent and safe financial condition of the Group.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2016

RMB'000	*Note*	**2016**	2015
Revenue	*2*	**2,572,542**	2,340,198
Cost of sales		**(3,891,669)**	(4,321,044)
Gross loss		**(1,319,127)**	(1,980,846)
Other income	*3*	**50,821**	73,677
Other losses, net	*4*	**(1,919,722)**	(295,404)
Selling and marketing expenses	*5*	**(99,434)**	(99,603)
Administrative expenses	*5*	**(451,412)**	(529,751)
Finance costs	*6*	**(1,097,061)**	(1,320,638)
Share of profit of an associate		**146**	123
Share of (loss)/profit of a joint venture		**(13,806)**	264,429
Loss before income tax		**(4,849,595)**	(3,888,013)
Income tax credits/(expenses)	*7*	**120,448**	(85,326)
Loss for the year		**(4,729,147)**	(3,973,339)
Loss for the year attributable to:			
– the owners of the Company		**(4,021,011)**	(3,877,922)
– non-controlling interests		**(708,136)**	(95,417)
		(4,729,147)	(3,973,339)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Revaluation of property, plant and equipment upon transfer to investment properties		**–**	1,263,639
Deferred income tax		**–**	(315,909)
Other comprehensive income		**–**	947,730
Total comprehensive loss for the year		**(4,729,147)**	(3,025,609)
Total comprehensive loss for the year attributable to:			
– the owners of the Company		**(4,021,011)**	(2,930,192)
– non-controlling interests		**(708,136)**	(95,417)
		(4,729,147)	(3,025,609)
Loss per share for loss attributable to the owners of the Company (expressed in RMB per share)			
– Basic	*8*	**(0.52)**	(0.50)
– Diluted	*8*	**(0.52)**	(0.50)

CONSOLIDATED BALANCE SHEET
As at 31 December 2016

RMB'000	*Note*	**2016**	2015
Non-current assets			
Property, plant and equipment		**61,142**	71,298
Investment properties		**17,075,746**	16,757,846
Intangible assets		**1,800**	1,800
Investment in an associate		**3,077**	2,931
Investment in a joint venture		**–**	12,188
Loan to a joint venture		**883,426**	1,209,741
Deferred income tax assets		**482,629**	470,038
		18,507,820	18,525,842
Current assets			
Properties under development		**20,696,217**	20,965,023
Completed properties held for sale		**6,525,783**	6,203,857
Trade and other receivables and prepayments	*10*	**5,360,023**	8,037,186
Prepaid taxes		**334,488**	339,290
Restricted cash		**2,940,959**	2,905,342
Cash and cash equivalents		**738,911**	385,159
		36,596,381	38,835,857
Total assets		**55,104,201**	57,361,699

RMB'000	*Note*	**2016**	2015
Current liabilities			
Advanced proceeds received from customers		**6,935,608**	5,508,670
Trade and other payables	*11*	**5,041,150**	5,366,488
Income tax payable		**4,047,336**	4,277,611
Borrowings	*12*	**18,509,852**	25,455,215
Obligations under finance lease		**998**	998
		34,534,944	40,608,982
Non-current liabilities			
Borrowings	*12*	**9,266,442**	648,892
Deferred income tax liabilities		**2,573,908**	2,549,203
Obligations under finance lease		**18,045**	17,966
		11,858,395	3,216,061
Total liabilities		**46,393,339**	43,825,043
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		**610,962**	4,631,973
		8,502,689	12,523,700
Non-controlling interests		**208,173**	1,012,956
Total equity		**8,710,862**	13,536,656
Total liabilities and equity		**55,104,201**	57,361,699

NOTES:

1 Basis of preparation

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

(i) Going concern basis

For the year ended 31 December 2016, the Group reported a net loss attributable to the owners of the Company of RMB4,021,011,000 (2015: RMB3,877,922,000) and had a net operating cash outflow of RMB349,226,000 (2015: RMB371,142,000). Total borrowings increased from RMB26,104,107,000 as at 31 December 2015 to RMB27,776,294,000 as at 31 December 2016, of which RMB18,509,852,000 (2015: RMB25,455,215,000) were classified as current liabilities, while its cash and cash equivalents amounted to RMB738,911,000 only.

As at 31 December 2016, certain borrowings whose principal repayment amounts of RMB1,572,867,000 and interest payable amounts of RMB691,729,000, relating to borrowings with a total principal amount of RMB4,305,267,000 ("Overdue Borrowings"), were overdue. The entire principal amount of RMB4,305,267,000 are all due for repayment within one year as at 31 December 2016 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 year ended 31 December 2016. As a result, the principal amount of the Senior Notes due 2018 of RMB2,774,800,000 was reclassified to current liabilities as at 31 December 2016 (note 12).

As stipulated in the relevant loan and financing agreements in respect of certain borrowings of the Group other than 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 RMB4,192,126,000 have been reclassified as current liabilities as at 31 December 2016 (note 12).

As at the date of approval of these consolidated financial statements, 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 RMB414,500,000 and RMB45,497,000 respectively up to the date of the approval of these consolidated financial statements. The Group is in active negotiation with the lenders for renewal and extension of the remaining principal and interest that were overdue as at 31 December 2016, as well as interest on the Overdue Borrowings of further RMB105,386,000 which became overdue subsequent to 31 December 2016, 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. Subsequent to the year end and up to the date of approval of these consolidated financial statements, loans with an aggregate principal amount of RMB2,238,697,000 with maturity beyond 12 months have been successfully obtained;

(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. For those existing projects, the property sales from Shanghai Bay in Shanghai is expected to be substantial for 2017. Besides, the Group expects to launch four major projects in the first- and second-tier cities upon obtaining the pre-sales permits from April 2017;

(iv) The Group has put in measures to speed up the collection of outstanding sales proceeds; and

(v) The Group will continue to take active measures to control administrative costs through various channels including human resources optimisation and management remuneration 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 2016. 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 2016. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

(i) Successful negotiations with the lenders for the renewal of or extension for repayments beyond year 2017 for those borrowings that (i) are scheduled for repayment (either based on the original agreements or the existing arrangements) in year 2017; (ii) were overdue as at 31 December 2016 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 year 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 to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

(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 2016:

HKAS 1 (Amendment)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants
HKAS 27	Equity Method in Separate Financial Statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
HKFRSs Amendment	Annual Improvements 2012–2014 Cycle

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 2016 and have not been early adopted by the Group:

HKAS 7 (Amendment)	Statement of Cash Flows
HKAS 12 (Amendment)	Income Taxes
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions
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 15	Revenue from Contracts with Customers
HKFRS 16	Leases

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.

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 2016						
Total revenue	**1,075,127**	**1,286,950**	**46,122**	**164,343**	**–**	**2,572,542**
Inter-segment revenue	**–**	**–**	**–**	**–**	**–**	**–**
Revenue (from external customers)	**1,075,127**	**1,286,950**	**46,122**	**164,343**	**–**	**2,572,542**
Segment results	**(369,432)**	**(374,609)**	**(75,659)**	**(127,749)**	**(321,120)**	**(1,268,569)**
Depreciation and amortisation	**(4,515)**	**(555)**	**(1,609)**	**(901)**	**(511)**	**(8,091)**
Fair value changes of investment properties	**(155,187)**	**(175,878)**	**19,041**	**(131,649)**	**–**	**(443,673)**
Provision for impairment for ceased projects and loss on disposal of a subsidiary	**–**	**(1,124,279)**	**–**	**(147,900)**	**–**	**(1,272,179)**
(Provision for)/reversal of provision for impairment of properties under development and completed properties held for sale	**(28,884)**	**(203,360)**	**(551,951)**	**10,892**	**–**	**(773,303)**
Interest income	**12,195**	**320**	**684**	**72**	**10**	**13,281**
Finance costs	**(776,229)**	**(48,072)**	**(10,432)**	**(41,981)**	**(220,347)**	**(1,097,061)**
Income tax credits/(expenses)	**68,252**	**24,103**	**(17,718)**	**45,811**	**–**	**120,448**
Year ended 31 December 2015						
Total revenue	785,974	403,322	79,938	1,070,964	–	2,340,198
Inter-segment revenue	–	–	–	–	–	–
Revenue (from external customers)	785,974	403,322	79,938	1,070,964	–	2,340,198
Segment results	249,409	(161,315)	(212,761)	(233,905)	(306,371)	(664,943)
Depreciation	(6,351)	(1,719)	(2,655)	(2,059)	(1,221)	(14,005)
Fair value changes of investment properties	97,152	(45,874)	19,758	(130,129)	–	(59,093)
Provision for impairment of properties under development and completed properties held for sale	(3,601)	(1,309,737)	(322,583)	(77,939)	–	(1,713,860)
Provision for impairment of other receivables and prepayments	–	(26,000)	–	–	–	(26,000)
Write-off of prepayments	–	(125,000)	–	–	–	(125,000)
Interest income	33,657	1,107	595	150	17	35,526
Finance costs	(773,770)	(182,600)	(91,228)	(20,294)	(252,746)	(1,320,638)
Income tax (expenses)/credits	(147,985)	16,096	51,212	(4,649)	–	(85,326)

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Elimination	Total
At 31 December 2016							
Total segment assets	**43,197,720**	**23,694,467**	**5,962,162**	**5,107,550**	**8,124,881**	**(38,471,750)**	**47,615,030**
Total segment assets include:							
Investment in an associate	**3,077**	–	–	–	–	–	**3,077**
Investment in a joint venture	**–**	–	–	–	–	–	**–**
Deferred income tax assets							**482,629**
Other unallocated corporate assets							**7,006,542**
Total assets							**55,104,201**
Additions to:							
Property, plant and equipment	**383**	**35**	**17**	**1,706**	**–**	**–**	**2,141**
Investment properties	**478,799**	**140,975**	**839**	**162,949**	**–**	**–**	**783,562**
At 31 December 2015							
Total segment assets	41,033,908	26,639,875	6,480,271	5,517,390	8,437,749	(37,543,035)	50,566,158
Total segment assets include:							
Investment in an associate	2,931	–	–	–	–	–	2,931
Investment in a joint venture	12,188	–	–	–	–	–	12,188
Deferred income tax assets							470,038
Other unallocated corporate assets							6,325,503
Total assets							57,361,699
Additions to:							
Property, plant and equipment	217,707	14	2,845	22	–	–	220,588
Investment properties	383,305	139,874	2,414	169,129	–	–	694,722

RMB'000	**2016**	2015
Segment results	**(1,268,569)**	(664,943)
Depreciation and amortisation	**(8,091)**	(14,005)
Fair value changes of investment properties	**(443,673)**	(59,093)
Provision for impairment for ceased projects and loss on disposal of a subsidiary	**(1,272,179)**	–
Provision for impairment of properties under development and completed properties held for sale	**(773,303)**	(1,713,860)
Provision for impairment of other receivables and prepayments	**–**	(26,000)
Write-off of prepayments	**–**	(125,000)
Operating loss	**(3,765,815)**	(2,602,901)
Interest income	**13,281**	35,526
Finance costs	**(1,097,061)**	(1,320,638)
Loss before income tax	**(4,849,595)**	(3,888,013)

Analysis of revenue by category

RMB'000	**2016**	2015
Sales of properties	**2,572,542**	2,340,198
Total	**2,572,542**	2,340,198

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	**2016**	2015
Interest income	**13,281**	35,526
Rental income	**31,358**	35,009
Others	**6,182**	3,142
	50,821	73,677

4 Other losses, net

RMB'000	**2016**	2015
Fair value changes of investment properties	**(443,673)**	(59,093)
Provision for impairment for ceased projects (a)	**(1,124,279)**	–
Loss on disposal of a subsidiary	**(147,900)**	–
Gain from disposal of non-current assets classified as held for sale	**–**	22,228
Gain on disposal of investment properties	**12,401**	–
Exchange loss, net	**(216,271)**	(258,539)
	(1,919,722)	(295,404)

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

5 Expenses by nature

RMB'000	**2016**	2015
Loss before income tax is stated after charging the following:		
Auditors' remuneration		
– Audit services	**7,526**	11,205
– Non-audit services	**167**	147
Advertising costs	**21,428**	27,816
Business taxes and other levies	**124,446**	133,418
Costs of properties sold	**2,993,920**	2,473,766
Provision for impairment of properties under development and completed properties held for sale	**773,303**	1,713,860
Provision for impairment of other receivables and prepayments	**–**	26,000
Write-off of prepayments	**–**	125,000
Depreciation	**8,091**	14,005
Staff costs – excluding directors' emoluments	**167,434**	136,994
Rental expenses	**33,520**	33,901

6 Finance costs

RMB'000	**2016**	2015
Interest expenses		
– Bank borrowings	**2,468,716**	2,845,114
– Senior Notes due 2015	**–**	206,756
– Senior Notes due 2018	**364,935**	338,208
– Others	**114,847**	62,546
Total interest expenses	**2,948,498**	3,452,624
Less: interest capitalised on qualifying assets	**(1,851,437)**	(2,131,986)
	1,097,061	1,320,638

7 Income tax (credits)/expenses

RMB'000	**2016**	2015
Current income tax		
– PRC corporate income tax		
Current year	**21,582**	33,028
Over-provision in prior years	**(144,134)**	–
	(122,552)	33,028
– PRC land appreciation tax	**(10,010)**	(6,774)
	(132,562)	26,254
Deferred income tax		
– Origination and reversal of temporary differences	**12,114**	59,072
	12,114	59,072
	(120,448)	85,326

8 Loss per share

(a) Basic

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

	2016	2015
Loss attributable to the owners of the Company *(RMB'000)*	**(4,021,011)**	(3,877,922)
Weighted average number of ordinary shares in issue *(thousands)*	**7,792,646**	7,792,646

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For each of the years ended 31 December 2015 and 2016, the Company's share options had no dilutive effect, as the relevant exercise price was higher than the average market price of the Company's shares for the period when the options are outstanding.

9 Dividend

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2016 (2015: Nil).

10 Trade and other receivables and prepayments

RMB'000	**2016**	2015
Trade receivables due from third parties *(a)*	**382,425**	433,620
Other receivables due from third parties *(b)*	**1,397,225**	955,702
Consideration receivables	**418,196**	–
Others	**979,029**	995,702
Prepayments for construction costs:	**1,883,631**	1,827,189
Related parties	**1,080,764**	957,980
Third parties	**802,867**	869,209
Prepayments for land premium	**1,522,225**	4,548,971
Prepaid business tax and other taxes	**174,517**	271,704
	5,360,023	8,037,186

(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	**2016**	2015
Within 6 months	**5,196**	62,826
Between 7 and 12 months	**8,180**	3,799
Between 13 months and 3 years	**369,049**	366,995
	382,425	433,620

As at 31 December 2016, trade receivables of RMB382,425,000 (2015: RMB433,620,000) were overdue but not impaired, including an amount of trade receivables of RMB341,548,000 (2015: RMB341,548,000) 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	**2016**	2015
Other receivables due from third parties	**2,306,548**	1,865,025
Less: provision for impairment of other receivables	**(909,323)**	(909,323)
Other receivables due from third parties, net	**1,397,225**	955,702

11 Trade and other payables

RMB'000	**2016**	2015
Trade payables *(a)*:	**3,717,483**	3,825,291
Related parties	**10,956**	11,500
Third parties	**3,706,527**	3,813,791
Other payables due to third parties:	**1,119,275**	1,278,289
Acquisition consideration payable	**–**	310,000
Other payables and accrued expenses	**1,119,275**	968,289
Other taxes payable	**204,392**	262,908
	5,041,150	5,366,488

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

RMB'000	**2016**	2015
Within 6 months	**1,244,917**	1,008,379
Between 7 and 12 months	**586,515**	467,246
Between 13 months and 5 years	**1,886,051**	2,349,666
	3,717,483	3,825,291

12 Borrowings

RMB'000	**2016**	2015
Borrowings included in non-current liabilities:		
Bank borrowings – secured	**9,266,442**	648,892
	9,266,442	648,892
Borrowings included in current liabilities:		
Bank borrowings – secured *(b)*	**15,124,321**	22,401,487
Senior Notes due 2018 – secured *(a)*	**2,878,521**	2,680,550
Other borrowings – unsecured	**407,083**	288,936
Other borrowings – secured	**99,927**	84,242
	18,509,852	25,455,215
Total borrowings	**27,776,294**	26,104,107

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

RMB'000	**2016**	2015
Amounts of borrowing that are repayable:		
Within 1 year	**18,509,852**	25,455,215
After 1 and within 2 years	**6,590,840**	630,342
After 2 and within 5 years	**2,667,052**	7,500
After 5 years	**8,550**	11,050
	27,776,294	26,104,107

(a) The Group breached certain terms and condition as set out in the Trust Deed of the Senior Notes due 2018 during the year ended 31 December 2016. As a result, the principal amount of the Senior Notes due 2018 of RMB2,774,800,000 was reclassified to current liabilities as at 31 December 2016.

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

Management estimates that after taking the measures as set out in note 1(i) and with its endeavours to ensure that there will be no further delay in repayment of principal and interest, the repayment dates of these reclassified borrowings could be reverted to their respective original repayment dates which are all beyond 31 December 2017.

FINANCIAL REVIEW

For the year ended 31 December 2016, the Group recorded a consolidated revenue of RMB2,572.5 million, representing an increase of 9.9% compared to RMB2,340.2 million in 2015. The Group recorded a loss attributable to the owners of the Company for the year ended 31 December 2016 of RMB4,021.0 million, representing an increase of 3.7% compared to the loss attributable to the owners of the Company of RMB3,877.9 million for 2015. The Group continued to operate in a significant loss as its revenue recognised remained at a very low level in the current year and the significant gross loss recorded for the properties sold and delivered, as well as the significant amount of provision for impairment made to the Group's properties in current year, the significant amount of fair loss recorded for its investment properties and a large amount of finance costs not being capitalised but were recorded as current year expenses.

For the year ended 31 December 2016, the Group recorded a consolidated revenue of RMB2,572.5 million, representing an increase of 9.9% compared to RMB2,340.2 million in 2015. During the year, the Group delivered properties of 291,129 sq.m., which was 15.4% lower than 344,246 sq.m. for the year ended 31 December 2015, and the average selling price recognised increased by 30.0% from RMB6,798 per sq.m. in 2015 to RMB8,836 per sq.m. in 2016. In 2016, a substantial portion of the Group's completed and delivered properties were located in Shanghai Region and Yangtze River Delta with higher average selling prices, thus causing the Group's overall average recognised selling price to increase from RMB6,798 per sq.m. in 2015 to RMB8,836 per sq.m. in 2016. Projects in Shanghai Region contributed 41.8% and 32.6% to the Group's total recognised revenue and sold and delivered GFA, respectively. Shanghai City Glorious further completed and delivered more than 84,000 sq.m. of social security housing and certain other properties, which contributed RMB971.9 million to the Group's revenue for 2016. On the other hand, the total recognised revenue and sold and delivered GFA of the Yangtze River Delta both increased as compared to 2015, representing 50.0% and 52.5% of the Group's total revenue and sold and delivered GFA. Hefei Bashangjie Project is the major source of recognised revenue for Yangtze River Delta. In early 2016, the first lot of residential properties of Hefei Bashangjie Project were completed and delivered. For the entire year of 2016, it brought in revenue of RMB1,049.8 million to the Group. Projects in the Pan Bohai Rim and Northeast China only have remaining units for sale, thus their combined revenue and sold and delivered GFA only represented 8.2% and 14.9% of the Group's total revenue and sold and delivered GFA for the year.

The cost of sales for the year ended 31 December 2016 was RMB3,891.7 million, representing a decrease of 9.9% as compared to RMB4,321.0 million in 2015. The cost of sales for the year ended 31 December 2016 included a provision for impairment of certain property development projects which amounted to RMB773.3 million (2015: RMB1,713.9 million). Excluding the provision for impairment, the Group's cost of sales was RMB3,118.4 million in 2016, representing an increase of 19.6% as compared to RMB2,607.2 million in 2015. The higher amount of cost of sales for the current year was mainly because a large proportion of the revenue recognised in the current year were located in Shanghai Region and Yangtze River Delta at where the unit costs of the properties are usually higher. The Group's average cost of sales in 2016 was RMB10,711 per sq.m., which was 41.4% higher than that of RMB7,573 per sq.m. in 2015. The higher cost of sales per sq.m. was mainly due to the higher proportion of the Group's properties sold and delivered in Shanghai Region and Yangtze River Delta in 2016 for which the unit costs are generally higher.

The Group recorded a consolidated gross loss of RMB1,319.1 million for 2016, which was 33.4% lower as compared to RMB1,980.8 million for 2015. The Group's gross profit margin was negative 51.3% for the year ended 31 December 2016, as compared to negative 84.6% for 2015. The Group recorded a lower consolidated gross loss and negative gross profit margin mainly due to the lower amount of provision for impairment of the Group's properties of RMB773.3 million in 2016 as compared to RMB1,713.9 million for 2015. Excluding the effect of the provision for impairment, the Group recorded a gross loss of RMB545.8 million and a gross profit margin of negative 21.2% for 2016, as compared to a gross loss of RMB266.9 million and gross profit margin of negative 11.4% for 2015. The higher gross loss and negative gross margin in 2016 was mainly because there were more other projects that were completed and delivered in prior years had final construction cost adjustments charged directly to cost of sales in the current year, thus causing the Group's overall negative gross profit margin for the year ended 31 December 2016 to become even higher.

Other income for the year ended 31 December 2016 was RMB50.8 million (2015: RMB73.7 million),which mainly included interest income of RMB13.3 million (2015: RMB35.5 million) and rental income of RMB31.4 million (2015: RMB35.0 million).

Other losses, net for the year ended 31 December 2016 was a net loss of RMB1,919.7 million, which was significantly higher than the net loss of RMB295.4 million for 2015. During the year ended 31 December 2016, the Group ceased or cancelled two property projects and made provisions for impairment for these ceased projects totaling RMB1,124.3 million (2015: Nil). In addition, the Group disposed of its equity in a subsidiary in the current year and recorded a loss of RMB147.9 million (2015: Nil). On the other hand, the Group's investment properties gave rise a significant fair value loss of RMB443.7 million (2015: fair value loss of RMB59.1 million) because the latest fair value cannot reflect the additional costs and borrowing costs incurred in the current year. Lastly, due to the further depreciation of RMB against USD in 2016, the Group further recorded exchange loss of RMB216.3 million in 2016 (2015: exchange loss of RMB258.5 million) as a result of converting the Company's US$400 million senior notes due 2018 into RMB.

Selling and marketing expenses for the year ended 31 December 2016 were RMB99.4 million, which was similar to RMB99.6 million in 2015. The Group only had a few number of new project launches in 2016 and it continued to implement cost-saving initiatives such that less general marketing activities were conducted. As a result, the Group was able to keep the selling and marketing expenses at a lower level.

Administrative expenses for the year ended 31 December 2016 was RMB451.4 million, representing a decrease of 14.8% compared to RMB529.8 million for 2015. The decrease in administrative expenses was mainly because there was no provision for impairment to the Group's prepayments or other receivables in 2016 but it was a provision for impairment of RMB151.0 million for 2015. Excluding the effect of these provisions for impairment, the Group's administrative expenses for 2016 was 19.2% higher that of 2015.

Gross finance costs for the year ended 31 December 2016 were RMB2,948.5 million, representing a decrease of 14.6% from RMB3,452.6 million for 2015. For the year ended 31 December 2016, finance costs of RMB1,851.4 million (2015: RMB2,132.0 million) had been capitalised, leaving RMB1,097.1 million (2015: RMB1,320.6 million) charged directly to the consolidated statement of comprehensive income. The Group incurred lower amount of gross finance costs for 2016 mainly because the Group's average cost of borrowing was lower in 2016 as compared to 2015. Nevertheless, the amount of gross finance costs incurred in the current year continued to exceed the amount that can be capitalised based on the Group's qualifying assets, thus a significant portion of the finance costs were not capitalised and were recorded as current year expenses.

The Group recorded a loss attributable to the owners of the Company of RMB4,021.0 million for the year ended 31 December 2016, which was 3.7% higher than that of RMB3,877.9 million for 2015. The Group continued to recorded a substantial loss attributable to the owners of the Company for 2016 because its revenue recognised remained at a very low level in the current year and the significant gross loss recorded for the properties sold and delivered, as well as the significant amount of provision for impairment made to the Group's existing properties or ceased projects in current year, the significant amount of fair value loss recorded for its investment properties and a large amount of finance costs not being capitalised but were recorded as current year expenses.

Current Assets and Liabilities

As at 31 December 2016, the Group held total current assets of approximately RMB36,596.4 million (2015: RMB38,835.9 million), comprising mainly properties under development, completed properties held for sale and trade and other receivables and prepayments. As at 31 December 2016, balance of properties under development was RMB20,696.2 million, which was slightly lower than RMB20,965.0 million as at 31 December 2015. The continuous progress of the Group's property development projects had resulted in an increase in the carrying value of properties under development in 2016, but the increase has been offset by the decrease in the carrying value of properties under development that has been recognised as cost of sales or transferred to completed properties held for sale upon completion and delivery of properties during the year, as well as the provision for impairment made in current year also further reduced the carrying value of properties under development. Completed properties held for sale increased by 5.2% from RMB6,203.9 million as at 31 December 2015 to RMB6,525.8 million as at 31 December 2016. The higher balance of completed properties held for sale was mainly due to the reclassification of the Group's unsold properties that were completed in the current year and thus were reclassified from properties under development to completed properties held for sale. Trade and other receivables and prepayments decreased by 33.3% from RMB8,037.2 million as at 31 December 2015 to RMB5,360.0 million as at 31 December 2016. 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. During 2016, two projects were ceased or cancelled, thus the prepayment balances related to these two projects and the carrying amounts of other book values were cleared, thus led to a significant decrease in the Group's trade and other receivables and prepayments as at year end.

Total current liabilities as at 31 December 2016 amounted to RMB34,534.9 million, which was 15.0% lower than that of RMB40,609.0 million as at 31 December 2015. Total current liabilities was lower because the Group has entered into a series of loan refinancing arrangements in 2016 such that a significant amount of current or overdue borrowings have been replaced with non-current borrowings, thus leading to a significant decrease in current borrowings.

As at 31 December 2016, the current ratio (calculated as the total current assets divided by the total current liabilities) was 1.1 (2015: 1.0). The higher current ratio in 2016 mainly resulted from the significantly decreased current borrowings as mentioned in the preceding paragraph.

Liquidity and Financial Resources

During the year ended 31 December 2016, the Group funded its property development projects principally from proceeds from pre-sales of properties and bank loans.

As at 31 December 2016, the Group had cash and cash equivalents of RMB738.9 million as compared to RMB385.2 million as at 31 December 2015.

During the year, the aggregate new bank loans obtained by the Group amounted to RMB14,104.7 million and repayment of loans was RMB12,560.0 million. As at 31 December 2016, the Group's total borrowings amounted to RMB27,776.3 million, representing an increase of 6.4% compared to RMB26,104.1 million as at 31 December 2015.

As at 31 December 2016, the Group had total banking facilities of RMB34,505 million (2015: RMB40,358 million) consisting of used banking facilities of RMB23,705 million (2015: RMB22,358 million) and unused banking facilities of RMB10,800 million (2015: RMB18,000 million).

In the second half of 2016, the Group has 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 maturity profile of the Group's borrowings as at 31 December 2016 has shown obvious improvements as compared to end of 2015. Nevertheless, as at 31 December 2016, there were still certain borrowings in respect of which the principal repayment and interest payments were delayed, thus breaching certain facilities agreements and resulted in certain non-current borrowings being reclassified from non-current borrowings to current borrowings. Due to the refinancing obtained in 2016, the Group's current borrowings decreased by 27.3% from RMB25,455.2 million as at 31 December 2015 to RMB18,509.9 million as at 31 December 2016. Accordingly, the Group's short-term debt ratio (calculated as current borrowings divided by total borrowings) decreased from 97.5% at the end of 2015 to 66.6% at the end of 2016.

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 2016 and 2015 were as follows:

RMB'000	**2016**	2015
Total borrowings	**27,776,294**	26,104,107
Less: cash and bank balances	**(3,679,870)**	(3,290,501)
Net debt	**24,096,424**	22,813,606
Total equity attributable to the owners of the Company	**8,502,689**	12,523,700
Gearing ratio	**283.4%**	182.2%

The gearing ratio for 2016 was higher than that for 2015 as a result of the increase in the Group's net debt and the significant decrease in the equity attributable to the owners of the Company as a result of the loss recorded for the current year.

During the past few years, the aforementioned liquidity indicators of the Group had shown a deteriorating trend. As such, the Group had endeavored to implement a number of measures to alleviate its liquidity pressure and improve its financial position, including accelerating the sales of properties and focusing on development and sales of properties with higher values, and actively negotiating with various banks in order to extend or refinance the maturing borrowings. In the second half of 2016, the Group entered into a series of loan refinancing arrangements such that a significant amount of current or overdue borrowings have been replaced with non-current borrowings. 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. The Group's net operating cash outflow for 2015 and 2016 were RMB371.1 million and RMB349.2 million, respectively. The Group's overall operating cash outflow amount has been controlled at a lower 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 2017, there will be more high-value projects that can meet the pre-sale requirements and could be launched to the market. It is expected that large amount of sales proceeds will be generated for reducing the Group's total borrowings and for speeding up the pace of development of other projects.

Going Concern and Mitigation Measures

During the year ended 31 December 2016, the Group reported a net loss attributable to the owners of the Company of RMB4,021.0 million and had a net operating cash outflow of approximately RMB349.2 million during the year ended 31 December 2016. As at the same date, the Group's total borrowing amounted to RMB27,776.3 million, of which RMB18,509.9 million were classified as current liabilities, while its cash and cash equivalents amounted to RMB738.9 million only. In addition, as at 31 December 2016 and up to the date of this announcement, loan principal repayments and interest payments of RMB2,370.0 million relating to certain borrowings of the Group of RMB4,305.3 million were not repaid in accordance with the repayment schedules pursuant to the borrowing agreements. In addition, the Group breached certain terms and conditions of the Senior Notes due 2018 with a principal amount of RMB2,774.8 million during the year ended 31 December 2016. These constituted events of defaults which resulted in cross-default of certain borrowings other than those mentioned above amounting to RMB4,192.1 million as at 31 December 2016. These conditions, together with other matters described in note 1(i) to the consolidated financial information, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. However, the directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remediate certain delayed repayments to financial institutions, which are set out in note 1(i) to the consolidated financial information.

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

Foreign Exchange Risk

The Group's property development projects are all located in the PRC and the related transactions are substantially settled in RMB. The Company and certain of the investment holding companies within the Group operating in Hong Kong have recognised assets and liabilities in currencies other than RMB, mainly including the US$400.0 million Senior Notes due 2018. As at 31 December 2016, the Group had cash and bank balances, borrowings and trade and other payables that were denominated in foreign currencies as shown below:

RMB'000	**2016**	2015
Cash and bank balances:		
US$	**317**	312
HK$	**197**	539
Total	**514**	851
Borrowings:		
US$	**3,252,306**	3,025,327
HK$	**167,740**	12,977
Total	**3,420,046**	3,038,304
Trade and other payables:		
US$	**14,084**	50,650
HK$	**37,249**	24,584
Total	**51,333**	75,234

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 2016, 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 2016 would have been approximately RMB173.5 million lower/higher (2015: post-tax loss RMB155.6 million lower/higher).

Interest Rate Risk

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

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

As at 31 December 2016, the Group's total borrowings amounted to RMB27,776.3 million (2015: RMB26,104.1 million), of which RMB27,161.8 million (2015: RMB22,677.9 million) bears fixed interest rate.

As at 31 December 2016, 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 RMB1.7 million higher/lower (2015: post tax loss RMB9.7 million higher/lower), mainly as a result of higher/lower interest expense on floating rate borrowings.

Pledge of Assets

As at 31 December 2016, the Group had investment properties, properties under development and completed properties held for sale of an aggregate carrying value of RMB24,851.1 million (2015: RMB21,264.7 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 2016, the amount of outstanding guarantees for mortgages was RMB4,867.5 million (2015: RMB7,270.5 million).

EMPLOYEES

As at 31 December 2016, the Group had a total of 706 employees (2015: 885). 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 2016, 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 2016, there was no share option granted under the Share Option Scheme.

CORPORATE GOVERNANCE

Compliance with Corporate Governance Code

The Company had complied with the principles and the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") during the year ended 31 December 2016, save for the deviation from the code provision E.1.2 which stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board did not attend the annual general meeting of the Company (the "AGM") held on 31 May 2016 due to other business engagements. Mr. Ding Xiang Yang, the vice chairman and the chief executive officer of the Company, chaired the AGM on behalf of the Chairman of the Board and was available to answer questions.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. All directors of the Company have confirmed, following specific enquiries being made by the Company, that they had complied with the required standard set out in the Model Code during the year ended 31 December 2016.

AUDIT COMMITTEE

The Audit Committee was established on 9 September 2009 with written terms of reference, which comprises three independent non-executive directors, namely, Prof. Liu Tao (chairman of the Audit Committee), Mr. Wo Rui Fang and Mr. Han Ping. The Audit Committee has reviewed with management the 2016 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 2016 as set out in the preliminary announcement of the Group's results for the year ended 31 December 2016 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 2016:

Disclaimer of Opinion

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

Basis for Disclaimer of Opinion

Multiple Uncertainties Relating to Going Concern

As described in note 2(a)(i) to the consolidated financial statements, the Group reported a net loss attributable to the owners of the Company of RMB4,021,011,000 and had a net operating cash outflow of approximately RMB349,226,000 during the year ended 31 December 2016. As at the same date, the Group's total borrowing amounted to RMB27,776,294,000, of which RMB18,509,852,000 were classified as current liabilities, while its cash and cash equivalents amounted to RMB738,911,000 only. In addition, as at 31 December 2016 and up to the date of this report, loan principal repayments and interest payments of RMB2,369,982,000 relating to certain borrowings of the Group of RMB4,305,267,000 were not repaid in accordance with the repayment schedules pursuant to the borrowing agreements. In addition, the Group breached certain terms and conditions of the Senior Notes due 2018 with a principal amount of RMB2,774,800,000 during the year ended 31 December 2016. These constituted events of defaults which resulted in cross-default of certain borrowings other than those mentioned above amounting to RMB4,192,126,000 as at 31 December 2016. These conditions, together with other matters described in note 2(a)(i) to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

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

ANNUAL GENERAL MEETING AND DATES OF CLOSURE OF REGISTER OF MEMBERS

The time, date and venue of the annual general meeting of the Company for the year 2017 and dates of closure of register of members of the Company will be announced in due course.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2016.

PUBLICATION OF ANNUAL REPORT

The 2016 annual report of the Company containing all the applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn in due course.

Glorious Property Holdings Limited
Cheng Li Xiong
Chairman

Hong Kong, 31 March 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.