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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00845)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

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 2018 (the "2018 Interim Results"). The 2018 Interim Results have been reviewed by the audit committee of the Company (the "Audit Committee") and approved by the Board on 29 August 2018.

FINANCIAL HIGHLIGHTS

- Revenue amounted to RMB2,349.9 million and the average selling price was RMB18,980 per sq.m.
- Recorded a loss attributable to the owners of the Company of RMB1,676.9 million
- Total borrowings increased to RMB25,889.3 million
- Gearing ratio was 555.2%
- Equity attributable to the owners of the Company decreased by 30.3% to RMB4,106.3 million
- Property sales was RMB4,225.3 million and GFA sold was 150,983 sq.m.

OVERALL RESULTS

For the six months ended 30 June 2018, the Group recorded a consolidated revenue of RMB2,349.9 million, which increased by 230.4% as compared to the same period in 2017. For the six months ended 30 June 2018, the Group recorded a loss attributable to the owners of the Company of RMB1,676.9 million, which is 14.0% higher than the loss attributable to the owners of the Company of RMB1,470.8 million for the corresponding period in 2017.

Loss per share for the six months ended 30 June 2018 was RMB0.22 (six months ended 30 June 2017: RMB0.19).

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In the first half of 2018, with the policy environment of the real estate market remaining stringent, the coverage of austerity policies continuing to expand or the intensity thereof kept on escalating, the policy-based regulation on real estate market entered a long period. Upholding the premise that no laxity is allowed in overall control, the government steadily propelled the construction of a long-term mechanism, carried out differential regulatory measures to guarantee reasonable property purchase demand, implemented more precise and city-specific regulatory policies, and fine-tuned new issues arising from the regulation process. In some of the key core cities, the government's austerity measures involving mainly price restrictions, sales restrictions, purchase restrictions and mortgage restrictions resulted in a "price gap" between second-hand properties and new properties, which led to a prosperous scene in the property market while the transaction volume of new properties continued to shrink, especially in first-tier cities. As for some second- and third-tier cities, the transaction volume for the first half of the year was relatively high in history due to the impact of the increasing demand for purchase of housing in one's hometown and the increasing efforts in shanty town renovation and urban infrastructure construction, and the central and western regions and northeast regions of China saw an increase in both GFA sold and in sales.

Generally speaking, the differential control policies over the real estate market continued to intensify, and the third- and fourth-tier cities faced less policy risks than those first-tier cities. Leading large-scale real estate companies strengthened their efforts in project launches and collection of sales proceeds, and they kept the land acquisition volume and property transaction volume in third- and fourth-tier cities at a high level, which became a strong support for high performance growth. Under the background of the heightened financial supervision, small and medium-sized real estate companies continued to maintain a slow development trend as restricted by their limited funds and scale. On the other hand, in the context of consumption upgrade and industry upgrade, major real estate companies were all adjusting their business models, constantly upgrading their products and services, and to build a compound industrial structure.

During the first half of the year, the economy remained stable, a new round of institutional reforms was launched and the promotion of innovation continued to advance. The Group paid close attention to the changing situation of the market, adjusted its project development schedules according to the current imbalance in regional urban development and actively promoted the deployment, construction and sales work of each project, so as to ensure synchronisation and coordination in both sales and construction, as well as the healthy management of cash flow. During the first half of the year, the Group focused on improving management effectiveness, streamlining management mechanisms at multiple levels, enhancing the role and function of product design throughout the development process, and ensuring the implementation of key project sales by proactively strengthening the development work and leveraging professional measures in project construction, so as to live up to the goal of reducing total liabilities and optimising the liability structure.

During the first six months of 2018, the increase in the Group's contracted property sales was not substantial, mainly due to the limited launch of property sales, the uneven schedule of launching new projects and project completions, and the delay in issuance of pre-sale certificates due to regulatory policies which made the total volume of saleable properties being controlled. Yet, the Group saw a significant increase in the pace of collection of sales proceeds as compared to the previous year, despite the strained situation of cash flow still existed. The Group will further promote the construction progress, increase the launch of property sales, speed up sales of new property projects and collection of sales proceeds, and strive to improve assets operation and management capabilities and enhance and supplement operating cash flow during the second half of the year.

Business Review

I. Revenue

The Group recorded a consolidated revenue of RMB2,349.9 million in the first half of 2018, representing an increase of 230.4% compared to RMB711.2 million recorded in the first half of 2017. The delivered GFA increased to 123,814 sq.m. in the first half of 2018 from 88,845 sq.m. in the first half of 2017, representing an increase of 39.4%. The average selling price recognised increased by 137.1% to RMB18,980 per sq.m. in the first half of 2018 from RMB8,005 per sq.m. in the corresponding period in 2017.

During the six months ended 30 June 2018, a substantial portion of the Group's completed and delivered properties were located in Shanghai Region, which contributed recognised revenue of RMB2,094.4 million and sold and delivered GFA of 74,288 sq.m., representing 89.1% and 60.0% to the Group's total recognised revenue and sold and delivered GFA, respectively. Shanghai City Glorious further completed and delivered more than 71,000 sq.m. of commodity properties and certain other properties, which contributed RMB2,050.4 million to the Group's revenue for the six months ended 30 June 2018. Apart from the projects in Shanghai Region, the projects of the other three regions of the Group, including the Yangtze River Delta, the Pan Bohai Rim and Northeast China, did not have major property delivery in the current period, thus their combined revenue was only RMB255.5 million and sold and delivered GFA was only 49,526 sq.m., representing 10.9% and 40.0% of the Group's total revenue and sold and delivered GFA for the current period respectively.

In the current period, a substantial portion of the Group's completed and delivered properties were located in Shanghai Region with higher average selling prices, thus causing the Group's overall average recognised selling price to increase by 137.1% from RMB8,005 per sq.m. in the first half of 2017 to RMB18,980 per sq.m. in the corresponding period in 2018.

Projects sold and delivered during the six months ended 30 June 2018 included:

		2018			2017		
Projects sold and delivered	**City**	**Revenue** *(RMB'000)*	**GFA sold and delivered** *(sq.m.)*	**Average selling price recognised** *(RMB/sq.m.)*	Revenue *(RMB'000)*	GFA sold and delivered *(sq.m.)*	Average selling price recognised *(RMB/sq.m.)*
Sunshine Venice	Shanghai	**26,290**	**2,744**	**9,581**	2,010	578	3,478
Shanghai Bay	Shanghai	**17,036**	**250**	**68,144**	41,734	701	59,535
Shanghai City Glorious	Shanghai	**2,050,359**	**71,258**	**28,774**	392,778	33,131	11,855
Chaetau De Paris	Shanghai	**699**	**36**	**19,417**	—	—	N/A
Royal Lakefront	Shanghai	**—**	**—**	**N/A**	4,742	1,868	2,539
Sunshine Bordeaux	Beijing	**—**	**—**	**N/A**	5,402	1,408	3,837
No.1 City Promotion	Wuxi	**18,805**	**3,663**	**5,134**	28,552	5,190	5,501
Nantong Villa Glorious	Nantong	**39,696**	**7,805**	**5,086**	33,108	6,505	5,090
Nantong Royal Bay	Nantong	**70,178**	**6,738**	**10,415**	62,785	5,256	11,945
Hefei Villa Glorious	Hefei	**—**	**—**	**N/A**	321	126	2,548
Hefei Bashangjie Project	Hefei	**152**	**100**	**1,520**	3,506	1,922	1,824
Hefei Royal Garden	Hefei	**2,152**	**742**	**2,900**	2,773	719	3,857
Sunny Town	Shenyang	**933**	**179**	**5,212**	1,153	209	5,517
Harbin Villa Glorious	Harbin	**377**	**81**	**4,654**	12,094	3,068	3,942
Harbin Royal Garden	Harbin	**4,424**	**933**	**4,742**	12,058	2,806	4,297
Changchun Villa Glorious (East)	Changchun	**117,216**	**28,991**	**4,043**	104,132	24,563	4,239
Dalian Villa Glorious	Dalian	**1,613**	**294**	**5,486**	4,089	795	5,143
Total		**2,349,930**	**123,814**	**18,980**	711,237	88,845	8,005

II. *Property Sales*

During the first half of 2018, the Group recorded contracted property sales of RMB4,225.3 million, representing a YOY decrease of 24.7%; while the contracted GFA sold was 150,983 sq.m., representing a YOY decrease of 13.1%.

During the period, the Group's property sales were mainly contributed by projects in Shanghai Region and Yangtze River Delta, amounting to RMB4,080.3 million of property sales, representing an aggregate of 96.6% of the Group's total property sales. Holiday Royal in Shanghai Fengxian launched another phase of properties in the first half of 2018, recorded property sales of RMB1,302.6 million. Shanghai Bay in Shanghai recorded property sales of RMB584.4 million in the current period. Nanjing Royal Bay contributed property sales of RMB2,000.3 million, which was the most significant portion of property sales to the Group during the six months ended 30 June 2018. Property sales of Northeast China and Pan Bohai Rim only amounted to RMB145.1 million in total as there was no launch of new projects during the first half of 2018 for these two regions, representing 3.4% of the Group's total property sales. Average selling price was RMB27,985 per sq.m. for the six months ended 30 June 2018, which was 13.4% lower than RMB32,321 per sq.m. for the same period in 2017, mainly due to smaller proportion of property sales arising from property projects located in Shanghai Region.

Property sales and GFA sold during the six months ended 30 June 2018:

Region	**Property sales *(RMB'000)***			**GFA sold *(sq.m.)***		
	2018	2017	Change (%)	**2018**	2017	Change (%)
Shanghai Region	**2,067,731**	3,203,830	-35.5%	**66,998**	32,043	109.1%
Yangtze River Delta	**2,012,522**	2,051,150	-1.9%	**61,774**	73,807	-16.3%
Pan Bohai Rim	**38,074**	38,480	-1.1%	**4,147**	5,701	-27.3%
Northeast China	**106,992**	320,340	-66.6%	**18,064**	62,140	-70.9%
Total	**4,225,319**	5,613,800	-24.7%	**150,983**	173,691	-13.1%

III. Construction and Development

During the first half of 2018, a total GFA of approximately 126,000 sq.m. was completed. The new construction area of the Group amounted to approximately 377,000 sq.m. during the first half of the year. The Group expects that the new construction area for the year 2018 will exceed 1,093,000 sq.m.. As at 30 June 2018, the Group had projects with a total area under construction of 2.6 million sq.m..

IV. Land Bank

As at 30 June 2018, the total land bank of the Group for which land use right certificates had been obtained or land acquisition agreements had been signed was 7.8 million sq.m., which was sufficient to meet its development needs over the next three to five years. The average land cost was RMB1,778 per sq.m..

The land bank of the Group was evenly distributed over first-, second- and third-tier cities, of which 17.6% was in first-tier cities and 82.4% was in second- and third-tier cities.

Details of land bank by project as at 30 June 2018 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	78,950	923	100%
5	Caohejing Project	Shanghai	Xuhui District	Office, hotel and commercial	121,300	9,703	100%
6	Zhongcao Xincun Project	Shanghai	Xuhui District	Serviced apartment and commercial	91,000	9,703	100%
7	Holiday Royal	Shanghai	Fengxian District	Residential	81,760	15,228	100%
Subtotal					1,262,120	3,242	
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					7,766,863	1,778	

V. *Development of Commercial Properties*

The Group will steadily foster the development of its commercial properties. As at 30 June 2018, approximately 489,000 sq.m. of commercial properties were completed by the Group, and around 970,000 sq.m. of commercial property projects were still under construction.

As at 30 June 2018, 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 2018

China continued to advance its industrialisation and urbanisation, and deepen the supply-side reform. As the recurrent intensification of the Sino-US trade war may become a normalised phenomenon and exports to the United States may continue to weaken, economic development will be under pressure. However, driven by "The Belt and Road Initiative" and other favorable policies, domestic demand promotion, economic development structure adjustment and other measures to promote high-quality economic development will remain as the dominant trend. With regard to the real estate market, control policies will continue to be stringent in the second half of the year, and the development of the real estate market will continue to differentiate. An active and eased fiscal and financial environment is expected to take shape, and the fundamentals of China's economic development are positive.

The Group predicts that, in order to secure the stable and healthy development of the real estate market, the government's control policies would not be eased. City-specific regulatory policies will be implemented in a more precise manner, and new areas with faster growth may be added to the scope of regulation and control at any time. The population introduction and talent attraction systems will be an important impetus for subsequent real estate development. During the second half of the year, property sales in first-tier cities and coastal cities in southeast China will tend to be stable, while part of the central and western regions and northeast regions of China will maintain growth in both GFA sold and sales volume. The Group will continue to pay attention to situation alterations in the market landscape and changes in characteristics, actively formulate market-oriented sales and pricing strategies, conduct forward-looking and predictive response management, and adopt effective measures to urge construction and secure sales, so as to promote property sales and collection of sales proceeds.

The Group will continue to adhere to its principle of steady development, endeavor to improve the development of existing projects, optimise strategic deployment, coordinate commencement of new property construction, accelerate turnover of assets, strengthen assets operation capabilities, and improve management effectiveness of various systems. It will continue to pay attention to policy orientations and policy-based opportunities, enhance strategic vision, and adjust the model and system for project management and control in a timely manner, to meet needs arising from market changes, enhance the Group's profitability and strengthen the Group's competitiveness in the market.

The Group will adhere to prudent financial policy, seeking to improve the Group's debt structure and lower the debt and gearing ratio to a reasonable level so as to effectively avoid financial risks. It will strive to expand its financing channels and the direction of financing, effectively curtail the current scale of borrowings by taking advantage of its assets value and financial means, appropriately extend the term of borrowings, and continue to develop steadily and healthily.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
RMB'000	*Note*	***(unaudited)***	*(unaudited)*
Revenue	*4*	**2,349,930**	711,237
Cost of sales		**(1,755,647)**	(1,319,118)
Gross profit/(loss)		**594,283**	(607,881)
Other income	*5*	**34,075**	28,413
Other losses, net	*6*	**(212,463)**	(143,253)
Selling and marketing expenses		**(81,256)**	(62,008)
Administrative expenses		**(280,532)**	(245,645)
Finance costs	*8*	**(909,908)**	(890,449)
Share of profit/(loss) of an associate		**281**	(2,181)
Share of (loss)/profit of a joint venture		**(290,693)**	547,207
Loss before income tax		**(1,146,213)**	(1,375,797)
Income tax expenses	*9*	**(564,385)**	(146,025)
Loss for the period		**(1,710,598)**	(1,521,822)
Loss attributable to:			
– the owners of the Company		**(1,676,911)**	(1,470,788)
– non-controlling interests		**(33,687)**	(51,034)
		(1,710,598)	(1,521,822)
Other comprehensive income		**—**	—
Total comprehensive loss for the period		**(1,710,598)**	(1,521,822)
Total comprehensive loss for the period attributable to:			
– the owners of the Company		**(1,676,911)**	(1,470,788)
– non-controlling interests		**(33,687)**	(51,034)
		(1,710,598)	(1,521,822)
Loss per share for loss attributable to the owners of the Company (expressed in RMB per share)			
– Basic	*10*	**(0.22)**	(0.19)
– Diluted	*10*	**(0.22)**	(0.19)
Dividend	*11*	**—**	—

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2018

RMB'000	*Note*	**30 June 2018 *(unaudited)***	31 December 2017 *(audited)*
Non-current assets			
Property, plant and equipment		**56,165**	58,404
Investment properties		**17,593,363**	17,346,646
Intangible assets		**1,800**	1,800
Investment in an associate		**6,357**	6,076
Investment in a joint venture		**116,159**	133,676
Loan to a joint venture		**—**	476,407
Deferred income tax assets		**415,777**	432,907
		18,189,621	18,455,916
Current assets			
Properties under development		**20,530,335**	21,130,610
Completed properties held for sale		**5,599,378**	5,425,560
Trade and other receivables and prepayments	*12*	**5,818,362**	5,789,394
Financial asset at fair value through profit or loss		**—**	250,000
Prepaid taxes		**451,745**	353,409
Restricted cash		**2,962,456**	31,959
Cash and cash equivalents		**126,694**	201,420
		35,488,970	33,182,352
Total assets		**53,678,591**	51,638,268

RMB'000	*Note*	**30 June 2018 *(unaudited)***	31 December 2017 *(audited)*
Current liabilities			
Advanced proceeds received from customers		**—**	10,775,290
Contract liabilities		**11,153,993**	—
Trade and other payables	*13*	**4,732,707**	4,621,233
Income tax payable		**4,906,039**	4,342,237
Amount due to a joint venture		**405,187**	—
Borrowings	*14*	**18,452,487**	17,729,287
Obligations under finance lease		**998**	998
		39,651,411	37,469,045
Non-current liabilities			
Borrowings	*14*	**7,436,818**	5,690,537
Deferred income tax liabilities		**2,409,104**	2,476,050
Obligations under finance lease		**18,175**	18,130
		9,864,097	8,184,717
Total liabilities		**49,515,508**	45,653,762
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		**(3,785,392)**	(1,997,656)
		4,106,335	5,894,071
Non-controlling interests		**56,748**	90,435
Total equity		**4,163,083**	5,984,506
Total liabilities and equity		**53,678,591**	51,638,268

NOTES:

1 General information

Glorious Property Holdings Limited (the "Company") and its subsidiaries (together, the "Group") is principally engaged in the development of real estate projects in the People's Republic of China (the "PRC"). The Company is a limited liability company incorporated in the Cayman Islands on 27 July 2007 and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (Stock Code: 00845). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

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 2018.

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.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2018 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 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

(i) Going concern basis

For the six months ended 30 June 2018, the Group reported a net loss attributable to the owners of the Company of RMB1,676,911,000 (six months ended 30 June 2017: RMB1,470,788,000). Total borrowings amounted to RMB25,889,305,000 (31 December 2017: RMB23,419,824,000), of which current borrowings amounted to RMB18,452,487,000 (31 December 2017: RMB17,729,287,000) as at 30 June 2018. Cash and cash equivalents reduced from RMB201,420,000 as at 31 December 2017 to RMB126,694,000 as at 30 June 2018.

As at 30 June 2018, certain borrowings whose principal repayment amounts of RMB3,255,940,000 and related interest payable amounts of RMB2,057,564,000 ("Overdue Borrowings") were overdue. The Overdue Borrowings would be immediately repayable if requested by the lenders.

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 were considered as cross-default, for which borrowings of RMB1,738,697,000 with original contractual repayment dates beyond 30 June 2019 have been reclassified as current liabilities as at 30 June 2018 (note 14).

The Group subsequently entered into a revised repayment agreement to defer the repayment date of certain Overdue Borrowings with a lender relating to principal and interest of RMB447,940,000 and RMB114,701,000 respectively, which were overdue as at 30 June 2018. The Group is in active negotiation with the other lenders for renewal and extension of the remaining principal of RMB2,808,000,000 and interest of RMB1,942,863,000 ("Remaining Overdue Borrowings") that were overdue as at 30 June 2018, as well as interest on the Remaining Overdue Borrowings of further RMB132,165,000 which became overdue subsequent to 30 June 2018, 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 under the cross-default provisions.

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

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

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

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

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

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

(iv) The Group has accelerated the pre-sales and sales of its properties under development and completed properties. For those existing projects, the Group expects to launch three to four major projects in the first- and second-tier cities upon obtaining the pre-sales permits starting from second half of 2018;

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

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

The directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 30 June 2018. 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 2018. 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 2019 for those borrowings that (1) are scheduled for repayment (either based on the original agreements or the existing arrangements) in the year subsequent to 30 June 2018; (2) were overdue as at 30 June 2018 because of the Group's failure to repay either the principal or the interests on or before the scheduled repayment dates; and (3) became or might become overdue in the year subsequent to 30 June 2018;

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

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

(iv) Successfully accelerating the pre-sales and sales of properties under development and completed properties and speeding up the collection of outstanding sales proceeds; and controlling costs and containing capital expenditure so as to generate adequate net cash inflows; and

(v) Successful maintenance of relationship with the Group's existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings in default, including those with cross-default terms.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

3 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 2017 as included in the Company's annual report for the year ended 31 December 2017.

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

- HKFRS 9 "Financial Instruments" ("HKFRS 9") , and
- HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15") .

The impacts of the adoption of these standards and the new accounting policies are disclosed in notes 3(a) and 3(b) below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

The preparation of this condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017, with the exception of changes in estimates that are required in determining the provision for income taxes and the adoption of the new and amended standards as set out below.

Taxes on income in the six months ended 30 June 2018 are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) Adoption of HKFRS 9

The Group adopted HKFRS 9 from 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated. As a consequence, any adjustments to carrying amounts of financial assets or liabilities are recognised at the beginning of the current reporting period, with the difference recognised in opening accumulated losses. Provisions for impairment have not been restated in the comparative period, as well.

The accounting policies were changed to comply with HKFRS 9. HKFRS 9 replaces the provisions of Hong Kong Accounting Standard 39 "Financial Instruments" ("HKAS 39") that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. HKFRS 9 also significantly amends other standards dealing with financial instruments such as HKFRS 7 "Financial Instruments — Disclosures".

The total impact on the Group's accumulated losses due to classification and measurement of financial instruments as at 1 January 2018 is as follows:

	Note	***RMB'000***
Opening accumulated losses — HKAS 39		**(2,955,442)**
Increase in provision for trade and other receivables (excluding prepayments and loans to related and third parties), net of tax	*3(a)(ii)(b)*	**(110,825)**
Adjustment to accumulated losses from adoption of HKFRS 9		**(110,825)**
Opening accumulated losses — HKFRS 9		**(3,066,267)**

(i) *Classification and measurement of financial instruments*

Management has assessed the business models and the contractual terms of the cash flows apply to the financial assets held by the Group at the date of initial application of HKFRS 9 (1 January 2018) and has classified its financial instruments into the appropriate HKFRS 9 categories, which are those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and those to be measured at amortised cost. This reclassification has no major impact to the Group.

(ii) *Impairment of financial assets*

The Group has two types of financial assets at amortised cost subject to HKFRS 9's new expected credit loss model:

- loans to related and third parties

- trade and other receivables (excluding prepayments and loans to related and third parties)

The Group revised its impairment methodology under HKFRS 9 for each of these classes of assets. Except for trade and other receivables (excluding prepayments and loans to related and third parties), the impact of the change in impairment methodology on the Group's accumulated losses and equity is insignificant.

While cash and cash equivalents and restricted cash are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

(a) Loans to related and third parties

For loans to related and third parties already in place at 1 January 2018, the Group has determined that reliably assessing the probability of default at the initial recognition of each loan to related and third parties would result in undue cost and effort. As permitted by HKFRS 9, the credit provision will be determined based on whether credit risk is low only at each reporting date, until the loan is derecognised. The Group has assessed the expected credit loss model applied to the loans to related and third parties as at 1 January 2018 and the change in impairment methodologies has no significant impact of the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

(b) Trade and other receivables (excluding prepayments and loans to related and third parties)

For trade and other receivables (excluding prepayments and loans to related and third parties), the Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision for all trade and other receivables (excluding prepayments and loans to related and third parties). To measure the expected credit losses, trade and other receivables (excluding prepayments and loans to related and third parties) have been grouped based on shared credit risk characteristics and the days past due. The Group applied different expected loss rates to different classes of trade and other receivables (excluding prepayments and loans to related and third parties), according to their respective risk characteristics and the days past due.

Trade and other receivables (excluding prepayments and loans to related and third parties) are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. RMB110,825,000 was recognised in accumulated losses as at 1 January 2018 for those trade and other receivables (excluding prepayments and loans to related and third parties).

(b) Adoption of HKFRS 15

The Group adopted HKFRS 15 as issued by the HKICPA for its 2018 financial year. The Group believes the new accounting policies provide more relevant information for users to assess the nature, amounts, timing and uncertainty of revenue and cash flows arising from contracts with customers. The adoption of HKFRS 15 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. The Group elected to use a modified retrospective approach for transition which allows the Group to recognise the cumulative effects of initially applying HKFRS 15 as an adjustment to the opening balance of accumulated losses in the 2018 financial year.

The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 January 2018, thus the comparative figures have not been restated.

HKFRS 15 replaces the provisions of HKAS 18 “Revenue” and HKAS 11 “Construction contracts” that relate to the recognition, classification and measurement of revenue and costs. The effects of the adoption of HKFRS 15 are as follows:

Presentation of contract assets and liabilities

Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15:

- Contract liabilities for progress billing recognised in relation to property development activities were previously presented as advanced proceeds received from customers.

- Contract assets recognised in relation to construction activities were previously presented as trade and other receivables — amounts due from customers for contract work.

Accounting for property development activities

In prior reporting periods, the Group accounted for property development activities when significant risk and rewards of ownership has been transferred to the customers on delivery in its entirety at a single time upon vacant possession and not continuously as construction progresses.

Under HKFRS 15, when the properties that have no alternative use to the Group due to contractual reasons and the Group has an enforceable right to payment from the customer for performance completed to date, the Group recognises revenue as the performance obligations are satisfied over time in accordance with the input method for measuring progress.

The excess of cumulative revenue recognised in profit or loss over the cumulative billings to purchasers of properties is recognised as contract assets. The excess of cumulative billings to purchasers of properties over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

Accounting for costs incurred to obtain a contract

Following the adoption of HKFRS 15, costs such as stamp duty and sales commissions incurred directly attributable to obtaining a contract, if recoverable, are capitalised and recorded in contract assets.

Accounting for significant financing component

For contracts where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price is adjusted for the effects of a financing component, if significant.

The impact on the Group's financial position by the application of HKFRS 15 is as follows:

	As at 1 January 2018		
RMB'000	**As previously stated** *(Unaudited)*	**Reclassification under HKFRS 15** *(Unaudited)*	**Restated** *(Unaudited)*
Consolidated balance sheet (extract)			
Contract liabilities	**—**	**10,775,290**	**10,775,290**
Advance proceeds received from customers	**10,775,290**	**(10,775,290)**	**—**

4 Segment information

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

The Executive Directors consider the 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**
Six months ended 30 June 2018 (unaudited)						
Total revenue	**2,094,384**	**130,983**	**—**	**124,563**	**—**	**2,349,930**
Inter-segment revenue	**—**	**—**	**—**	**—**	**—**	**—**
Revenue (from external customers)	**2,094,384**	**130,983**	**—**	**124,563**	**—**	**2,349,930**
Segment results	**645,812**	**(24,197)**	**(43,821)**	**(99,449)**	**(38,412)**	**439,933**
Depreciation	**(2,214)**	**(176)**	**(160)**	**(13)**	**(3)**	**(2,566)**
Fair value changes of investment properties	**(140,934)**	**(57,767)**	**—**	**(51,822)**	**—**	**(250,523)**
Reversal of provision for/(provision for) impairment of trade and other receivables	**23,309**	**(89)**	**(393)**	**(2,018)**	**—**	**20,809**
Provision for impairment of properties under development and completed properties held for sale	**(448)**	**(253,978)**	**(178,956)**	**(24,510)**	**—**	**(457,892)**
Interest income	**13,695**	**60**	**59**	**52**	**68**	**13,934**
Finance costs	**(995,951)**	**(22,602)**	**157,777**	**38,936**	**(88,068)**	**(909,908)**
Income tax (expenses)/credits	**(585,126)**	**10,218**	**(7,446)**	**17,969**	**—**	**(564,385)**

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**	**Elimination**	**Total**
As at 30 June 2018 (unaudited)							
Total segment assets	**48,531,161**	**23,419,492**	**5,258,426**	**4,768,902**	**6,667,631**	**(43,318,831)**	**45,326,781**
Total segment assets include:							
Investment in an associate	**6,357**	**—**	**—**	**—**	**—**	**—**	**6,357**
Investment in a joint venture	**116,159**	**—**	**—**	**—**	**—**	**—**	**116,159**
Deferred income tax assets							**415,777**
Other unallocated corporate assets							**7,936,033**
Total assets							**53,678,591**

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Elimination	Total
As at 31 December 2017 (audited)							
Total segment assets	45,845,937	21,801,793	5,316,635	4,884,398	5,169,382	(39,581,832)	43,436,313
Total segment assets include:							
Investment in an associate	6,076	—	—	—	—	—	6,076
Investment in a joint venture	133,676	—	—	—	—	—	133,676
Deferred income tax assets							432,907
Other unallocated corporate assets							7,769,048
Total assets							51,638,268

	Six months ended 30 June	
	2018	2017
RMB'000	***(unaudited)***	*(unaudited)*
Segment results	**439,933**	92,479
Depreciation	**(2,566)**	(2,738)
Fair value changes of investment properties	**(250,523)**	(236,433)
Reversal of provision for impairment of trade and other receivables	**20,809**	—
Provision for impairment of properties under development and completed properties held for sale	**(457,892)**	(344,711)
Operating loss	**(250,239)**	(491,403)
Interest income	**13,934**	6,055
Finance costs	**(909,908)**	(890,449)
Loss before income tax	**(1,146,213)**	(1,375,797)
Additions to:		
Property, plant and equipment	**179**	541
Investment properties	**503,932**	324,675
	504,111	325,216

5 Other income

	Six months ended 30 June	
	2018	2017
RMB'000	***(unaudited)***	*(unaudited)*
Interest income	**13,934**	6,055
Rental income	**19,686**	22,155
Others	**455**	203
	34,075	28,413

6 Other losses, net

	Six months ended 30 June	
	2018	2017
RMB'000	***(unaudited)***	*(unaudited)*
Fair value changes of investment properties	**(250,523)**	(236,433)
Exchange (losses)/gains, net	**(510)**	84,529
Gain on disposal of investment properties	**17,761**	8,651
Reversal of provision for impairment of trade and other receivables	**20,809**	—
Reversal of provision for impairment of trade receivables	**969**	—
Provision for impairment of deposits and other receivables	**(4,660)**	—
Reversal of provision for impairment of deposits and other receivables	**24,500**	—
	(212,463)	(143,253)

7 Expenses by nature

Loss before income tax is stated after charging the following:

RMB'000	**Six months ended 30 June** **2018** ***(unaudited)***	2017 *(unaudited)*
Advertising costs	**15,827**	22,134
Taxes and other levies	**96,102**	3,802
Costs of properties sold	**1,201,653**	970,605
Provision for impairment of properties under development and completed properties held for sale	**457,892**	344,711
Depreciation	**2,566**	2,738
Staff costs — excluding directors' emoluments	**54,943**	65,304
Rental expenses	**11,634**	4,881

8 Finance costs

RMB'000	**Six months ended 30 June** **2018** ***(unaudited)***	2017 *(unaudited)*
Interest expenses:		
Bank borrowings	**1,620,078**	1,472,010
Senior Notes due 2018	**57,701**	189,641
Others	**16,249**	24,445
Total interest expenses	**1,694,028**	1,686,096
Less: interest capitalised on qualifying assets	**(784,120)**	(795,647)
	909,908	890,449

9 Income tax expenses

RMB'000	**Six months ended 30 June** **2018** ***(unaudited)***	2017 *(unaudited)*
Current income tax expenses/(credits):		
PRC corporate income tax	**208,185**	(2,049)
PRC land appreciation tax	**406,016**	(10,892)
	614,201	(12,941)
Deferred income tax (credits)/expenses:		
Origination and reversal of temporary differences	**(49,816)**	158,966
	(49,816)	158,966
	564,385	146,025

10 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	
	2018	2017
	(unaudited)	*(unaudited)*
Loss attributable to the owners of the Company (RMB'000)	**(1,676,911)**	(1,470,788)
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 2017 and 2018, 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.

11 Dividend

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

12 Trade and other receivables and prepayments

	30 June	31 December
	2018	2017
RMB'000	***(unaudited)***	*(audited)*
Trade receivables due from third parties, net (a)	**446,650**	453,368
Trade receivables due from third parties	**448,256**	453,368
Less: provision for impairment of trade receivables	**(1,606)**	—
Deposits and other receivables due from third parties, net (b)	**1,942,969**	1,524,760
Consideration receivables	**380,777**	380,777
Restricted deposits	**450,000**	—
Others	**1,112,192**	1,143,983
Prepayments for construction costs:	**1,373,210**	1,879,118
Related parties	**325,979**	1,034,633
Third parties	**1,047,231**	844,485
Prepayments for land premium (c)	**1,522,225**	1,522,225
Prepaid other taxes	**533,308**	409,923
	5,818,362	5,789,394

(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 2018 *(unaudited)***	31 December 2017 *(audited)*
Within 6 months	**2,963**	9,113
Between 7 and 12 months	**23,076**	83,518
Over 12 months	**422,217**	360,737
	448,256	453,368

As at 30 June 2018, trade receivables of RMB448,256,000 (31 December 2017: RMB453,368,000) were overdue but not impaired, including an amount due from a local government authority of RMB422,215,000 (31 December 2017: RMB422,215,000) 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. The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2018, a provision of RMB1,606,000 (1 January 2018 — calculated under HKFRS 9: RMB2,575,000) was made against the gross amounts of trade receivables due from third parties (note 3(a)). Other than the aforementioned, based on past experience, management believes that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

During 2017, the Group was 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 in July 2017 and no provision has been made by the Group against the above receivable balance as at 30 June 2018.

(b)

RMB'000	**30 June 2018 *(unaudited)***	31 December 2017 *(audited)*
Deposits and other receivables due from third parties	**2,842,702**	2,336,083
Less: provision for impairment of deposits and other receivables	**(899,733)**	(811,323)
Deposits and other receivables due from third parties, net	**1,942,969**	1,524,760

As at 30 June 2018 and 31 December 2017, 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.

Movement in the Group's provision for impairment of deposits and other receivables is as follows:

RMB'000	**30 June 2018** ***(unaudited)***	31 December 2017 *(audited)*
At beginning of the period/year (previously stated)	**811,323**	909,323
Adjustment on adoption of HKFRS 9	**108,250**	—
At beginning of the period/year (restated)	**919,573**	909,323
Provision for impairment of deposits and other receivables (note 6)	**4,660**	—
Reversal of provision for impairment of deposits and other receivables (note 6)	**(24,500)**	(98,000)
At end of the period/year	**899,733**	811,323

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2018, a provision of RMB899,733,000 (1 January 2018 — calculated under HKFRS 9: RMB919,573,000) was made against the gross amounts of deposits and other receivables due from third parties (note 3(a)).

(c) As at 30 June 2018, included in prepayments for land premium were prepayment of RMB640,636,000 (31 December 2017: RMB640,636,000) as an initial development prepayment made to the government agency in respect of several land use rights located in the PRC. Based on the agreements signed between the Group and the government agency, the above prepayment will be offset with the land acquisition cost if the Group acquires the land use right through winning in public tender, auction and listing-for-sale process in the future. The prepayment is refundable in case of failure in the auction.

13 Trade and other payables

RMB'000	**30 June 2018** ***(unaudited)***	31 December 2017 *(audited)*
Trade payables (a):	**3,435,766**	3,402,666
Related parties	**15,024**	15,024
Third parties	**3,420,742**	3,387,642
Other payables due to third parties and accrued expenses (b)	**999,934**	989,936
Other taxes payable	**297,007**	228,631
	4,732,707	4,621,233

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

RMB'000	**30 June 2018** ***(unaudited)***	31 December 2017 *(audited)*
Within 6 months	**1,313,593**	1,265,409
Between 7 and 12 months	**851,435**	877,375
Over 12 months	**1,270,738**	1,259,882
	3,435,766	3,402,666

(b) All other payables due to third parties are unsecured, interest free and repayment on demand.

14 Borrowings

RMB'000	**30 June 2018 *(unaudited)***	31 December 2017 *(audited)*
Borrowings included in non-current liabilities:		
Bank borrowings — secured	**7,436,818**	5,690,537
	7,436,818	5,690,537
Borrowings included in current liabilities:		
Bank borrowings — secured (c)	**17,633,500**	14,189,006
Senior Notes due 2018 — secured (a)	**—**	2,728,442
Other borrowings — unsecured (b)	**749,607**	710,341
Other borrowings — secured	**69,380**	101,498
	18,452,487	17,729,287
Total borrowings	**25,889,305**	23,419,824

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

RMB'000	**30 June 2018 *(unaudited)***	31 December 2017 *(audited)*
Amounts of borrowings that are repayable:		
Within 1 year (c)	**18,452,487**	17,729,287
After 1 and within 2 years	**7,424,518**	5,676,987
After 2 and within 5 years	**7,500**	7,500
After 5 years	**4,800**	6,050
	25,889,305	23,419,824

(a) On 4 March 2013, the Company issued 13.25% senior notes due 2018 with an aggregate nominal value of US$250,000,000 at par value. On 20 March 2013, the Company further issued 13.25% senior notes due 2018 with an aggregate nominal value of US$150,000,000 at par value. These senior notes further issued are consolidated and form a single series with the senior notes issued on 4 March 2013 (collectively the "Senior Notes due 2018"). The interest is payable semi-annually in arrears. In the current period, the Senior Notes due 2018 were fully redeemed in accordance with the relevant terms and conditions.

(b) As at 30 June 2018, short-term borrowings from third parties of RMB749,607,000 (31 December 2017: RMB710,341,000) are unsecured, interest-bearing and are repayable within one year from the date of drawdown.

(c) The current bank borrowings included borrowings with principal amounts of RMB1,738,697,000 with original maturity beyond 30 June 2019 which have been reclassified as current liabilities as at 30 June 2018 as a result of the matters described in note 2(i).

Management estimates that after taking the measures as set out in note 2(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 2019.

FINANCIAL REVIEW

For the six months ended 30 June 2018, the Group recorded a consolidated revenue of RMB2,349.9 million, which increased by 230.4% as compared to the same period in 2017. For the six months ended 30 June 2018, the Group recorded a loss attributable to the owners of the Company of RMB1,676.9 million, which is 14.0% higher than the loss attributable to the owners of the Company of RMB1,470.8 million for the corresponding period in 2017. The Group continued to operate in a significant loss as its revenue recognised remained at a low level during the first half of 2018, as well as the significant amount of provision for impairment made to the Group's properties in the current period, a 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 period expenses.

For the six months ended 30 June 2018, the Group recorded a consolidated revenue of RMB2,349.9 million, representing an increase of 230.4% compared to RMB711.2 million in the first half of 2017. The GFA of properties delivered by the Group increased from 88,845 sq.m. in the first half of 2017 to 123,814 sq.m. in the current period. During the six months ended 30 June 2018, a substantial portion of the Group's completed and delivered properties were located in Shanghai Region, which contributed recognised revenue of RMB2,094.4 million and sold and delivery GFA of 74,288 sq.m., representing 89.1% and 60.0% to the Group's total recognised revenue and sold and delivered GFA, respectively. Shanghai City Glorious further completed and delivered more than 71,000 sq.m. of commodity properties and certain other properties, which contributed RMB2,050.4 million to the Group's revenue for the six months ended 30 June 2018. Apart from the projects in Shanghai Region, the projects of the other three regions of the Group, including the Yangtze River Delta, the Pan Bohai Rim and Northeast China, did not have major property delivery in the current period, thus their combined revenue was only RMB255.5 million and sold and delivered GFA was only 49,526 sq.m., representing 10.9% and 40.0% of the Group's total revenue and sold and delivered GFA for the current period respectively. During the six months ended 30 June 2017, the lack of newly completed and delivered projects had resulted to the lower revenue recognised.

The cost of sales for the six months ended 30 June 2018 was RMB1,755.6 million, representing an increase of 33.1% as compared to RMB1,319.1 million from the corresponding period in 2017. The cost of sales for the current period included a provision for impairment of certain property development projects which amounted to RMB457.9 million (six months ended 30 June 2017: RMB344.7 million). The provision for impairment was made to certain property projects of the Group 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 2018 was RMB10,481 per sq.m., which was 4.4% lower than that of RMB10,967 per sq.m. for the corresponding period in 2017. Despite the substantially higher average selling price recognised during the six months ended 30 June 2018, the average cost of sales for the current period decreased slightly as compared to the corresponding period in 2017. This is because during the first half of 2017, 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, due to the lower amount of recognised consolidated revenue and cost of sales for that period, such additional construction costs had resulted in a substantial increase in the average cost of sales.

The Group recorded a consolidated gross profit of RMB594.3 million for the six months ended 30 June 2018, as compared to a gross loss of RMB607.9 million for the corresponding period in 2017. The Group's gross margin for the current period was 25.3%, as compared to negative 85.5% for the corresponding period in 2017. The consolidated gross profit and gross margin for the current period was largely attributable to the significantly higher revenue recognised and higher gross profit margin in the current period for the properties in Shanghai region.

Other income for the six months ended 30 June 2018 was RMB34.1 million, representing an increase of 19.9% from RMB28.4 million for the corresponding period in 2017. Other income mainly includes interest income and rental income.

Other losses, net for the six months ended 30 June 2018 was RMB212.5 million, which was 48.3% higher than RMB143.3 million for the corresponding period in 2017. The net other losses for the current period primarily comprised the fair value loss of the Group's investment properties of RMB250.5 million (six months ended 30 June 2017: fair value loss of RMB236.4 million), as offset by a reversal of provision for impairment of trade and other receivables of RMB20.8 million (six months ended 30 June 2017: Nil). During the current period, the Group recorded net exchange loss of RMB0.5 million (six months ended 30 June 2017: net exchange gain of RMB84.5 million) mainly arising from the conversion of US$ denominated borrowings into RMB.

Selling and marketing expenses for the six months ended 30 June 2018 was RMB81.3 million, representing an increase of 31.0% from RMB62.0 million for the corresponding period in 2017. 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 2018 were RMB280.5 million, which was 14.2% higher than RMB245.6 million for the corresponding period in 2017.

Gross finance costs for the six months ended 30 June 2018 were RMB1,694.0 million, which was 0.5% higher than RMB1,686.1 million for the corresponding period in 2017. For the six months ended 30 June 2018, finance costs of RMB784.1 million (six months ended 30 June 2017: RMB795.7 million) had been capitalised, leaving RMB909.9 million (six months ended 30 June 2017: RMB890.4 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 capitalised and were recorded as current period expenses.

The Group recorded a share of loss of a joint venture of RMB290.7 million for the six months ended 30 June 2018, as compared to a share of profit of RMB547.2 million for same period in 2017. The Group's 60% owned joint venture, Glorious Jiangxu (Nanjing) Property Development Co., Ltd. ("Nanjing Jiangxu"), completed and delivered a new phase of properties during the six months ended 30 June 2017 such that the Group's share of its profit amounted to RMB547.2 million. Nanjing Jiangxu did not have major property delivery during the six months ended 30 June 2018.

The Group recorded a loss before income tax of RMB1,146.2 million for the six months ended 30 June 2018, which is 16.7% lower than that of RMB1,375.8 million for the corresponding period in 2017. The Group recorded a decrease in the loss before income tax for the current period as compared to the same period in 2017 mainly due to the significant amount of revenue recognised and the gross margin recorded in the current period.

Income tax expenses for the six months ended 30 June 2018 were RMB564.4 million, which was 286.5% higher than RMB146.0 million for the corresponding period in 2017. The higher amount of income tax expenses for the current period was mainly due to the large amount of provision for enterprise income tax and land appreciation tax recognised by the Group arising from higher profit margin properties from Shanghai City Glorious which completed and delivered over 71,000 sq.m. in the current period.

The Group recorded a loss attributable to the owners of the Company of RMB1,676.9 million for the six months ended 30 June 2018, which was 14.0% higher than RMB1,470.8 million for the corresponding period in 2017. The increase in the loss attributable to the owners of the Company for the current period as compared to the same period in 2017 was mainly due to the larger amount of income tax expenses recorded in the current period arising from higher profit margin properties completed and delivered by the Group in the current period.

Current Assets and Liabilities

As at 30 June 2018, the Group held total current assets of RMB35,489.0 million (31 December 2017: RMB33,182.4 million), comprising mainly properties under development, completed properties held for sale and trade and other receivables and prepayments. As at 30 June 2018, balance of properties under development was RMB20,530.3 million, which was 2.8% lower than RMB21,130.6 million as at 31 December 2017. The continuous progress of the Group's property development projects had resulted in an increase in the carrying value of properties under development in the first six months of 2018, 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 period, 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 3.2% from RMB5,425.6 million as at 31 December 2017 to RMB5,599.4 million as at 30 June 2018. The higher balance of completed properties held for sale was mainly due to the inclusion of completed properties not yet sold. Trade and other receivables and prepayments increased by 0.5% from RMB5,789.4 million as at 31 December 2017 to RMB5,818.4 million as at 30 June 2018. Trade and other receivables and prepayments comprised prepayments for construction costs, prepayments for land premium for which the relevant land use right certificates were yet to be obtained and certain other receivables arising from the Group's business.

Total current liabilities as at 30 June 2018 amounted to RMB39,651.4 million, which was 5.8% higher than that of RMB37,469.0 million as at 31 December 2017. The increase in total current liabilities was mainly resulted from the higher balance of current borrowings as at 30 June 2018.

As at 30 June 2018, the current ratio (calculated as the total current assets divided by the total current liabilities) was 0.9 (31 December 2017: 0.9).

Liquidity and Financial Resources

During the first half of 2018, the Group funded its property development projects principally from proceeds from the pre-sales of properties and bank loans. As at 30 June 2018, the Group had cash and cash equivalents of RMB126.7 million (31 December 2017: RMB201.4 million).

During the first half of 2018, the aggregate new bank loans obtained by the Group amounted to RMB4,489.2 million and repayment of loans was RMB2,713.4 million. As at 30 June 2018, the Group's total borrowings amounted to RMB25,889.3 million, representing an increase of 10.5% compared to RMB23,419.8 million as at 31 December 2017.

As at 30 June 2018, the Group had total banking facilities of RMB25,936 million, consisting of used banking facilities of RMB23,026 million and unused banking facilities of RMB2,910 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 2018 and 31 December 2017 were as follows:

RMB'000	**30 June 2018** **(*unaudited*)**	31 December 2017 (*audited*)
Total borrowings	**25,889,305**	23,419,824
Less: cash and bank balances	**(3,089,150)**	(233,379)
Net debt	**22,800,155**	23,186,445
Total equity attributable to the owners of the Company	**4,106,335**	5,894,071
Gearing ratio	**555.2%**	393.4%

The gearing ratio as at 30 June 2018 was higher than that as at 31 December 2017 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.

In the second half of 2016, the Group had entered into a series of loan refinancing arrangements such that a significant amount of current or overdue borrowings had been replaced with non-current borrowings. Accordingly, the maturity profile of the Group's borrowings as at 31 December 2016 had shown obvious improvements as compared to previous years. During 2017 and the current period, certain non-current borrowings are becoming due for repayment within one year and therefore were classified as current borrowings. At the same time, certain borrowings in respect of which the principal repayment and interest payments were past due and were therefore reclassified from non-current borrowings to current borrowings, the Group's current borrowings decreased by 4.2% from RMB18,509.9 million as at 31 December 2016 to RMB17,729.3 million as at 31 December 2017, but rebounded to RMB18,452.5 million as at 30 June 2018. The Group's total borrowings decreased by 15.7% from RMB27,776.3 million as at 31 December 2016 to RMB23,419.8 million as at 31 December 2017. As at 30 June 2018, the Group's total borrowings rebounded to RMB25,889.3 million as a result of obtaining the refinancing loans for repaying the Senior Notes due 2018 in the current period by pledging cash deposits as security. As at 30 June 2018, the Group's net debt was RMB22,800.2 million, which was 1.7% lower than RMB23,186.4 million as at 31 December 2017.

Going Concern and Mitigation Measures

During the six months ended 30 June 2018, the Group reported a net loss attributable to the owners of the Company of RMB1,676.9 million. As at 30 June 2018, the Group's total borrowings amounted to RMB25,889.3 million, of which current borrowings amounted to RMB18,452.5 million, while its cash and cash equivalents amounted to RMB126.7 million only. In addition, as at 30 June 2018, loan principal repayments and related interest payments of aggregate amount of RMB5,313.5 million were not repaid in accordance with the repayment schedules pursuant to the borrowing agreements. In addition, these aforementioned matters constituted events of defaults under the terms of certain loan and financing agreements, which resulted in cross-default of certain borrowings amounting RMB4,420.8 million as at 30 June 2018.

These conditions, together with other matters described in note 2(i) to the consolidated financial information, including the change of construction plans in respect of projects previously undertaken by Shanghai Ditong Construction (Group) Co., Ltd. ("Shanghai Ditong"), indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. However, the directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remediate certain delayed repayments to financial institutions, which include:

(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 will continue to negotiate with Shanghai Ditong to revise or cancel the existing construction services agreements and to seek other independent third parties to take on the related construction works to ensure timely completion of the existing property development projects and to minimise the disruption or delay of these projects;

(iv) The Group has accelerated the pre-sales and sales of its properties under development and completed properties. For those existing projects, the Group expects to launch three to four major projects in the first- and second-tier cities upon obtaining the pre-sales permits in the second half of 2018;

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

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

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

The Group has been actively implementing the aforementioned measures (other than (iii)) in the past few years. As a result of the efforts over such period, the Group has managed the followings:

(a) The Group's annual property sales increased from RMB4,040.9 million in 2014 to RMB8,570.0 million in 2017. For the first half of 2018, the Group also recorded property sales of RMB4,225.3 million;

(b) Partly as a result of (a) above, the Group's net operating cash outflow for 2014 of RMB3,534.2 million turnaround to an operating net cash inflow of RMB2,719.8 million for 2017. Operating cash inflow for the six months ended 30 June 2018 was a net inflow of RMB1,732.0 million as compared to only RMB319.3 million for the corresponding period in 2017; and

(c) The Group's total borrowings as at 31 December 2015 of RMB26,104.1 million decreased to RMB23,419.8 million as at 31 December 2017, but rebounded to RMB25,889.3 million as at 30 June 2018 as a result of refinancing of the Senior Notes due 2018 in the current period. Considering the cash deposits being pledged for the refinancing, as at 30 June 2018, the Group's net debt was RMB22,800.2 million, which was 1.7% lower than RMB23,186.4 million as at 31 December 2017.

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 principal amounts of bank and other borrowings of US$335.6 million. As at 30 June 2018, the Group had cash and bank balances, borrowings and trade and other payables that were denominated in foreign currencies as shown below:

RMB'000	**30 June 2018** ***(unaudited)***	31 December 2017 *(audited)*
Cash and bank balances:		
US$	**317**	405
HK$	**443**	475
Total	**760**	880
Borrowings:		
US$	**2,309,812**	3,705,530
HK$	**176,547**	174,553
Total	**2,486,359**	3,880,083
Trade and other payables:		
US$	**10,761**	9,732
HK$	**123,338**	36,853
Total	**134,099**	46,585

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. 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 the 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 30 June 2018, the Group's total borrowings amounted to RMB25,889.3 million (31 December 2017: RMB23,419.8 million), of which RMB23,261.8 million (31 December 2017: RMB22,460.5 million) bears fixed interest rate.

Pledge of Assets

As at 30 June 2018, the Group had pledged certain of its subsidiaries' and a joint venture's 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 2018, the amount of outstanding guarantees for mortgages was RMB4,896.2 million (31 December 2017: RMB4,916.2 million).

Capital Commitments

As at 30 June 2018, the Group had capital commitments as follows:

RMB'000	**30 June 2018 *(unaudited)***	31 December 2017 *(audited)*
Land use rights	**545,736**	545,736
Property development expenditures	**3,384,283**	3,458,460
Construction materials	**22,439**	23,088
	3,952,458	4,027,284

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

Contingent Liabilities

During 2017, the Group was involved in a litigation raised by the local government authority for claiming an amount of approximately RMB179 million associated with a property development project in Shanghai. Based on management assessment, apart from no payment obligation arising from the claimed amount, the Group has sufficient basis to support the full recoverability of the amount due from the local government authority of RMB422.2 million. Accordingly, a counter claim was filed in July 2017 and no provision has been made by the Group against the above receivable balance as at 30 June 2018.

EMPLOYEES

As at 30 June 2018, the Group had a total of 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 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 30 June 2018, 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 2018, there was no share option granted under the Share Option Scheme.

In terms of employee training, the Group provides different training programmes for employees to develop their expertise and knowledge.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company had complied with the code provisions of the Corporate Governance Code (the "CG 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 six months ended 30 June 2018, save for the deviation from the code provision A.2.1 of the CG Code which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Upon the change of the chairman of the Board (the "Chairman") of the Company on 5 June 2018, Mr. Ding Xiang Yang ("Mr. Ding"), currently the Chairman of the Company, has been acting as both the Chairman and chief executive officer of the Company. The Board understands that the assumption of two roles by one person has deviated from the code provision A.2.1 of the CG Code.

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

The Company reviews the structure from time to time and will adjust the situation when suitable circumstances arise.

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 2018.

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 2018 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 2018.

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 2018 interim report of the Company for the six months ended 30 June 2018 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
Ding Xiang Yang
Chairman

Hong Kong, 29 August 2018

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