



恒盛地產
GLORIOUS PROPERTY

The Ultimacy of life



Annual Report 2011

Glorious Property Holdings Limited

Stock Code: 00845



Corporate Profile

Glorious Property Holdings Limited (“Glorious Property” or the “Company”, together with its subsidiaries, the “Group”, HKEx Stock Code: 00845) is a national property developer in China, focusing on the development and sales of large-scale and high quality properties in key economic cities of Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China. At present, the Group has 32 projects in 12 cities including Beijing, Tianjin, Shanghai, Wuxi, Suzhou, Nanjing, Nantong, Hefei, Harbin, Changchun, Shenyang and Dalian.

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Corporate Information and Key Dates

Board of Directors

EXECUTIVE DIRECTORS

Mr. Zhang Zhi Rong (*Chairman*)
Mr. Ding Xiang Yang (*Vice Chairman*)
Mr. Cheng Li Xiong (*Chief Executive Officer*)
Mr. Liu Ning (*Chief Operating Officer*)
Mr. Xia Jing Hua
Mr. Yan Zhi Rong
Mr. Yu Xiu Yang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yim Ping Kuen
Mr. Liu Shun Fai
Mr. Wo Rui Fang
Mr. Han Ping

Audit Committee

Mr. Yim Ping Kuen (*Chairman*)
Mr. Liu Shun Fai
Mr. Wo Rui Fang
Mr. Han Ping

Remuneration Committee

Mr. Zhang Zhi Rong (*Chairman*)
Mr. Liu Shun Fai
Mr. Wo Rui Fang

Finance Committee

Mr. Zhang Zhi Rong
Mr. Ding Xiang Yang
Mr. Cheng Li Xiong

Company Secretary

Ms. Tai Wing Kwan, Catherine

Auditor

PricewaterhouseCoopers

Legal Advisers

Paul Hastings
Commerce and Finance Law Offices
Conyers Dill & Pearman

Principal Bankers

China Construction Bank
Bank of China
China Minsheng Banking Corp., Ltd.
Bank of Shanghai

Registered Office

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Headquarters and Principal Place of Business in Hong Kong

Suites 2501–2504, 25th Floor
Two Exchange Square
8 Connaught Place
Central, Hong Kong

Principal Place of Business in PRC

27th Floor, Tower A
Dawning Centre
No. 500 Hongbaoshi Road
Changning District
Shanghai, China, 201103

Principal Share Registrar

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive,
P.O. Box 2681, Grand Cayman,
KY1-1111, Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong

Contact

Investor Relations Department
Glorious Property Holdings Limited
Suites 2501–2504, 25th Floor
Two Exchange Square
8 Connaught Place
Central, Hong Kong
Telephone: (852) 3101 4888
Facsimile: (852) 3101 4688
Email: ir@gloriousphl.com.cn

Key Dates

Closure of Register of Members
28 May 2012 to 29 May 2012

Annual General Meeting
29 May 2012

Choice of Language or Means of Receipt of Corporate Information

This annual report is now available in printed form and on the website of the Company. If shareholders who have received or chosen to receive this annual report by electronic means and

- (i) wish to receive a printed copy; or
- (ii) for any reason have difficulty in receiving or gaining access to this report on the Company's website, they may obtain a printed copy free of charge by sending a request to the Company's Hong Kong Share Registrar by email at gloriousphl.ecom@computershare.com.hk or by post to 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

For shareholders who wish to change their choice of language or means of receipt of the Company's future corporate communications, free of charge, they could at any time notify the Company's Hong Kong Share Registrar by email or by post.

Website:

<http://www.gloriousphl.com.cn>

Stock Code:

00845



Prudent Operation





Chairman's Statement



Zhang Zhi Rong
Chairman

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Glorious Property Holdings Limited ("Glorious Property" or the "Company", together with its subsidiaries, collectively the "Group"), I am pleased to present the 2011 Annual Report of the Group.

Performance

In 2011, the Group recorded a brilliant results and achieved revenue of RMB9,585.4 million, representing a year-on-year ("YOY") increase of 34.7%. Profit attributed to the Group's equity holders amounted to RMB2,215.7 million, representing a YOY decrease of 38.6%. Excluding fair value gain of investment properties and the related tax effect and other one-off gains/losses, profit attributed to the Group's equity holders amounted to RMB1,734.9 million, representing a YOY increase of 33.0%. Basic earnings per share was RMB0.28 (2010: RMB0.46). Shareholders' equity (excluding non-controlling interests) increased to RMB17,050.9 million, representing a YOY increase of 15.2%. Net book value per share amounted to RMB2.35, representing a YOY increase of 19.9%.

Business Review

The global economy of 2011 recovered with a slow pace while the United States economy remained weak, the United States unemployment rate stood high and European sovereign debt crisis kept deteriorating, thereby plunging the international financial market into significant volatility. In China, the Central Government imposed stringent austerity measures on the

property market, aiming at cracking down on investments and speculations so as to stabilise the property price. The “Home Purchase Restriction” was put into effect over 40 cities nationwide and some cities also had price limitation enforced at the same time. With the influence of purchase restriction, loan limitation and price limitation, the real estate market and property price expectations of consumers experienced considerable changes and consumers adopted a strong wait and see approach. Over the second half of 2011, the transaction volume of the property market in major cities marked a drastic drop. The property price began its adjustment and the market conditions deteriorated, bringing many arduous challenges to the property developers.

During the year, the Group braced up for the challenges and formulated market-oriented pricing strategy with flexible and effective promotion policies, hastened the launch of the existing and new projects, resulting in a better sales result compared with that of 2010.

PROPERTY SALES

In 2011, property sales of the Group realised a breakthrough and achieved a record high once again. The property sales amounted to RMB13,322.0 million, representing a YOY increase of 5.1%. The GFA sold amounted to 1.56 million sq.m., representing a YOY increase of 36.4%. During the year, the Group realised property sales in 10 cities, in which a higher proportion of such were attributable to second- and third-tier cities as compared to that of 2010. They made up 63.9% and 83.4% of the total sales and sales area respectively.

LAND BANK

During the year, the Group acquired two premium land parcels in Dalian and Nantong, with a total area available for development at 732,859 sq.m. and an average land cost of RMB1,358 per sq.m.. These two projects are of large scale and located in prime locations with relatively low costs, thus are expected to bring a value-enhancement to the Group.

As at the end of 2011, the Group had a total land bank of 17.9 million sq.m.. The low-cost and high-quality land bank is situated in 12 cities within four major regions in China, with an average land cost of RMB1,338 per sq.m., which can continue to provide higher gross margins and steady growth for the Group.

NATIONWIDE GROWTH STRATEGY

During the year, the Group’s regional strategy kept optimising. The property sales from Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China accounted for 27.9%, 29.8%, 10.3% and 32.0% respectively in 2011. The Group successfully tapped the major markets in Northeast China in recent years and secured a good result. In 2011, the property sales in Northeast China has achieved a fast growth with total sales reaching RMB4,267.7 million, representing a YOY increase of 103.4% and area sold 0.70 million sq.m., representing a YOY increase of 133.2%. For Shanghai Region, total sales and area sold recorded a proportional decrease from 45.1% and 21.1% in 2010 to 27.9% and 10.3% respectively in 2011. The proportion of sales amount and area sold in the cities other than Shanghai Region kept going up to 72.1% and 89.7% respectively. The Group has moved toward its goal of a balanced development and growth among first-, second- and third-tier cities.



PROFESSIONAL DEVELOPMENT

2011 is an important year for the Group to standardise its products. The Group enhanced its product standardisation system in compliance with the principle of creating products satisfying with the market needs and consumer demands, gradually formed standardised products like the Villa Glorious series, European Township series, Landscape Villa and Lakeside series as well as the City Complex series. The standardisation of products further improves the Group's professional development capabilities and thus the product quality and the brand name.

EXQUISITE MANAGEMENT

The Group continued to optimise and upgrade its mode of management and functional structure, so as to further improve its operational efficiency and management capability.

During the year, the newly established economic operating centre and the project management centre further improved the Group's planning management, construction management, cash flow management and capital management so as to accommodate the exquisite and professional management requirements of the Group. The Group's information management achieved significant progress to enhance its efficiency and improve its information technological platform. Advanced information technologies such as collaborative office system, remote video conferencing and real-time remote project monitoring were implemented to a practical stage. All of these helped save not only considerable management cost, but also further enhanced the efficiency of management and project management capability.

CORPORATE FINANCE

During the year, the Group targeted at improving its capital structure by increasing its funding capability and flexibility through the use of offshore and onshore financing and multi-channel financing. Diversifying its funding channels also enabled the Group to expand its scale of financing. In 2011, approximately RMB9.5 billion was raised from both domestic and international markets and approximately RMB8.5 billion of loans was repaid, therefore, the Group's funding demand was met. In addition, the Group consistently adhered to its prudent financial policy and intended to further trim down the level of borrowings. This allows the Group to maintain the gearing ratio at a more reasonable level while sustaining rapid business development.

CORPORATE GOVERNANCE

The Group endeavors to enforce a high level of corporate governance and believes that this is vital to the development of the Group and safeguarding the interest of the shareholders. As a responsible enterprise, the Group's corporate governance standards are built on the principles of independency, accountability, transparency and integrity.

The Group has an efficient Board of Directors and seeks to maximise benefit for the shareholders through audit committee, remuneration committee and nomination committee which ensure reporting system, sufficient internal monitoring and optimised accountability system are implemented.

CORPORATE SOCIAL RESPONSIBILITY

In 2011, aligned with the goal of contributing to the harmonious development of the society, the Group consistently abided by its social responsibilities as a good corporate citizen. As a publicly listed company, the Group successfully achieved its parallel goals of both building quality residential and commercial projects and promoting its commitment to the environmental protection by implementing green management. The Group has made significant contribution to charitable activities in many areas such as environmental protection and education.

CORPORATE CULTURE

The Group strives to forge a cohesive corporate culture of achieving and sharing together by encouraging harmonious and team-spirited atmosphere, constructing all-rounded and all-leveled communication system and multi-professional development plans and thus inducing cohesion within the Group. During the year, the "Teamwork Training Programme" reinforced employees' awareness of cooperation and service, thus the cohesion and sense of belonging within the Group are further enhanced. During the year, the Group designated the senior management team to The Wharton School, University of Pennsylvania, the U.S.A. for a short term global leadership training by which they were equipped with the foremost modern business management knowledge, therefore, the Group's senior management's modernisation and leadership as an international enterprise can be improved. The Group frequently held various company activities, such as the Staff Culture, Sports and Arts Festivals to provide a communication platform outside the workplace for its employees, helping them improve their physical and mental well-being as well as enriching the corporate culture.

Business Outlook

In 2012, the Group forecasts that the growth of global economy remains slow. The European sovereign debt crisis will not see a significant improvement in the short run while the Eurozone economies may fall into recession. The United States economy will continue to recover at a slow pace. The international financial market is still subject to fluctuations which will encumber the recovery and growth of the world economy.



Chairman's Statement (Continued)

In China, the Central Government will continue to enforce stringent measures on the property market. The regulatory policies such as purchase restriction and loan limitation are unlikely to be significantly changed. Although some austerity policies on the property market from certain areas and segments are expected to be eased, the property developers will still have to face significant challenges from the market.

Without loosening the macro-control policy on the property market, property developers will be active to adopt a price reduction strategy so as to meet the demand. Thus the property price will resume to fall to a reasonable level and the transaction volume will gradually return from the lowest ebb. To meet the changes of the market, developers will adopt various strategies in 2012 to ensure the security of cash flow. The Group expects that the property market will undergo a further adjustment and the industry consolidation will be hastened accordingly while the market concentration rate will further rise.

MARKET STRATEGY

The Group will closely follow the market trend and adopt flexible sales and pricing strategies to speed up sales of current projects and cash inflows. The Group will adhere to its strategy of penetrating deeper into the markets in its existing cities and deploying more resources to cities with good sales performance to make its brand name bigger and stronger.

INVESTMENT STRATEGY

The Group continues to adhere to its prudent investment strategy in respect to new land acquisition in line with cash flow from sales and sound financial requirements. While it is important for the Group to maintain a total land bank at a reasonable level, more emphasis is to be attached on the optimisation of the land bank structure in each local city, to achieve a sustainable level in both total land bank for the Group and land resources in every city.

OPERATIONAL STRATEGY

The Group will hold on to its business development of operating prudently and hasten sales and cash inflows for operations. The Group will set up an effective and disciplined capital budgeting system in response to market changes. This year the Group will cut new construction area appropriately and effectively control the capital expenditures and expenses. Meanwhile, the Group will continue to promote the standardisation of product and costing of the Group.

COMMERCIAL PROPERTY STRATEGY

The Group will continue to adhere to the steady development of commercial property in the prime locations of first- and second-tier cities and strengthen the development and operation management of its current commercial projects and gradually raise the proportion of the Group's income from the operative investment property.

FINANCIAL STRATEGY

The Group will insist on its prudent financial strategy by making use of its multi-channeled and diversified financing and the advantages of onshore and offshore financing platforms to guarantee the funding for the rapid development of the Group's business. Simultaneously, the Group will gradually reduce the proportion of its short-term debt and optimise its debt structure and to mitigate its risk of financial capital. The Group will maintain the net gearing ratio at a reasonable level.

Dear shareholders, despite the stringent macroeconomic controls on the property market in China in 2011, the Group has achieved a satisfactory performance in property sales. Looking forward to 2012, we believe that instituting different effective development strategies in line with the market trend, adhering to its prudent investment strategy and customer-oriented market strategy, speeding up sales and cash inflows, improving professional development capabilities and execution, the Group will continue to benefit the shareholders with its better performance. The Board has full confidence in the development prospects of the Group.

Zhang Zhi Rong

Chairman

Hong Kong, 30 March 2012



The background of the entire page is a vibrant, clear blue sky filled with soft, white, fluffy clouds. The clouds are scattered across the frame, with a larger, more prominent cluster on the left side and smaller, wispy clouds elsewhere. The overall atmosphere is bright and airy.

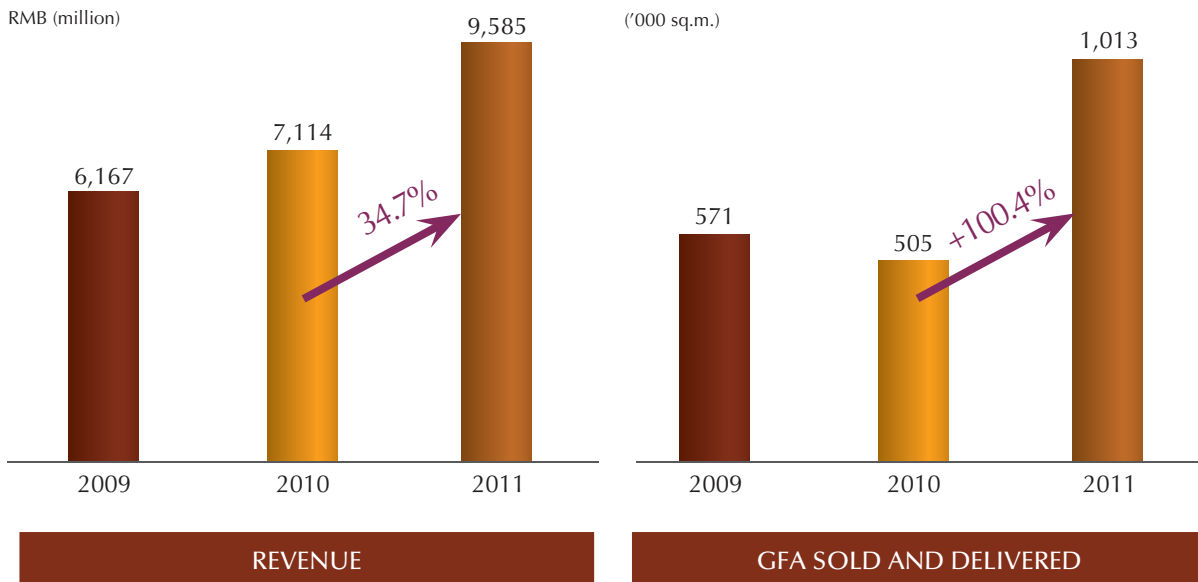
*Creation of
Classics*



Management Discussion and Analysis - Annual Highlights

Annual Highlights

- In 2011, the Group recorded a revenue of RMB9,585.4 million, representing a year-on-year (“YOY”) growth of 34.7%; the sold and delivered gross floor area (“GFA”) amounted to 1.01 million sq.m., representing a YOY growth of 100.4%.
- In 2011, the Group achieved property sales of RMB13,322.0 million, representing a YOY growth of 5.1% and property sold area of 1.56 million sq.m., representing a YOY growth of 36.4%.
- In 2011, Northeast China recorded a rapid growth in property sales. Property sales of this region amounted to RMB4,267.7 million, representing a YOY growth of 103.4% and property sold area was 0.70 million sq.m., representing a YOY growth of 133.2%.
- As at 31 December 2011, the Group had a land bank of 17.9 million sq.m.. The average land cost was RMB1,338 per sq.m..





Management Discussion and Analysis - Market Review

Market Review

In 2011, the Central Government of China maintained stringent austerity measures towards the property sector, aiming to further curb the investment and speculation activities and facilitate the reasonable decline of the housing price. These measures were to ensure steady and healthy development of the property sector. During the year, home purchase restriction was implemented in more than 40 major cities nationwide and the price limitation was also implemented in certain cities. As pilot cities, Shanghai and Chongqing implemented property tax since the beginning of the year. Besides, the Central Government of China successfully prevented investment speculative funds from getting into the property sector via tightening bank lending and implementing differentiated credit policies on the first house and other houses.

Austerity policies had played a positive role in stabilising the property sector. Property investment and the growth rate of residential sales had dropped. At the same time, the austerity policies also lead to the decrease of effective demand from the market by changing the expectations of buyers and the wait-and-see sentiment of buyers was getting strong. Growth of transaction volume for commodity houses nationwide was slowing down in the second half of the year. The overall transaction volume in the property market of first- and second-tier cities fell significantly compared to that of 2010. Under the severe pressure of the Central Government, adjustment emerged in housing price, resulting in deteriorating business environment for property developers who faced with tough market challenges.

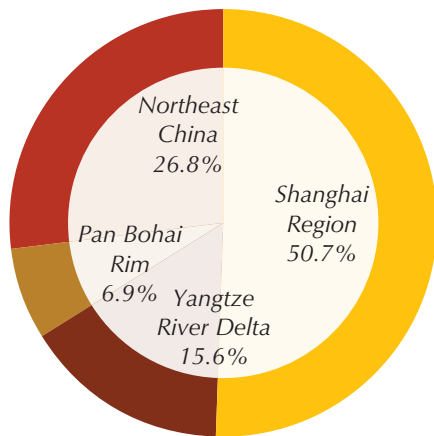
During the year, faced with stringent austerity measures in real estate and changes in the market, the Group responded actively to adopt different sales strategies, moderately price-cutting strategies and flexible and feasible marketing strategies for cities and projects with different characteristics. The Group moderately fastened the development speed, sales pace of existing projects and promotion pace of new projects, in order to ensure a fast recovery of the sales funds. As a result, the Group achieved a better sales performance compared to that of 2010.



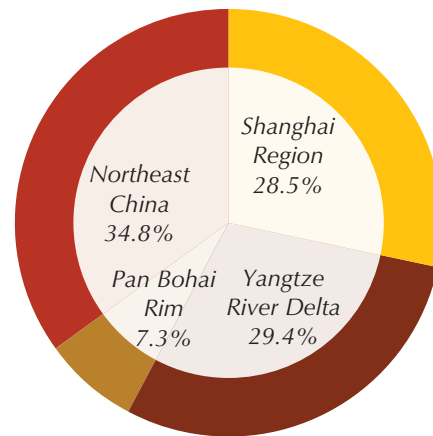
Business Review

I. REVENUE

For the year ended 31 December 2011, the Group recorded a consolidated revenue of RMB9,585.4 million, up 34.7% from RMB7,114.0 million of 2010. The sold and delivered GFA for the year was 1,012,818 sq.m., representing an increase of 100.4% over 505,295 sq.m. for 2010. Meanwhile, the average selling price recognised declined by 32.8% to RMB9,460 per sq.m. from RMB14,071 per sq.m. for last year.



PERCENTAGE OF REVENUE BY REGION IN 2011



PERCENTAGE OF GFA SOLD AND DELIVERED BY REGION IN 2011

In 2011, the Group recognised revenue for 13 projects, up from 11 projects for 2010. Among which, revenue from properties of 7 projects in first-tier cities, including Shanghai and Beijing and revenue from sales of 6 projects in second- and third-tier cities, including Tianjin, Wuxi, Hefei, Shenyang, Harbin and Nantong, accounted for 57.3% and 42.7% of the Group's consolidated revenue respectively. Of the total GFA sold and delivered in 2011, approximately 28.5% was from projects in Shanghai Region, 29.4% from Yangtze River Delta (excluding Shanghai), 7.3% from Pan Bohai Rim and 34.8% from Northeast China.

Business Review (Continued)

I. REVENUE (Continued)

Projects in which properties were sold and delivered for years ended 31 December 2010 and 2011 included:

Properties sold and delivered	City	2011			2010		
		Revenue (RMB'000)	GFA sold and delivered (sq.m.)	Average selling price recognised (RMB per sq.m.)	Revenue (RMB'000)	GFA sold and delivered (sq.m.)	Average selling price recognised (RMB per sq.m.)
Sunshine Venice	Shanghai	23,893	1,032	23,152	28,604	1,559	18,348
Chateau De Paris	Shanghai	16,171	2,327	6,949	15,513	543	28,569
Shanghai Park Avenue	Shanghai	2,500	467	5,353	—	—	—
Shanghai Bay	Shanghai	1,319,933	19,501	67,685	3,210,877	73,437	43,723
Royal Lakefront	Shanghai	3,494,509	265,159	13,179	395,228	29,412	13,438
Sunshine Bordeaux	Beijing	526,558	67,262	7,828	36,389	7,294	4,989
Royal Mansion	Beijing	111,188	4,820	23,068	1,178,069	39,660	29,704
Sunshine Holiday	Tianjin	24,415	1,630	14,979	685,747	76,912	8,916
No.1 City Promotion	Wuxi	28,455	4,324	6,581	235,888	38,020	6,204
Classical Life	Suzhou	—	—	—	13,482	1,836	7,343
Nantong Glorious Chateau	Nantong	938,993	194,910	4,818	—	—	—
Hefei Villa Glorious	Hefei	529,138	98,720	5,360	—	—	—
Sunny Town	Shenyang	713,506	116,816	6,108	575,451	114,480	5,027
Harbin Villa Glorious	Harbin	1,852,476	235,850	7,854	734,712	122,142	6,015
Sub-total		9,581,735	1,012,818	9,460	7,109,960	505,295	14,071
Other revenue		3,708	N/A	N/A	4,065	N/A	N/A
Total		9,585,443			7,114,025		



Business Review (Continued)

II. PROPERTY SALES

In 2011, the property sales of the Group was RMB13,322.0 million, representing a YOY growth of 5.1%, while property sales area totaled 1.56 million sq.m., representing an increase of 36.4% from that of last year. Property sales in Northeast China accounted for approximately one third of the annual total sales of the Group, amounting to RMB4,267.7 million with a YOY growth of 103.4%, while property sales area was 0.70 million sq.m. with a YOY growth of 133.2%. In addition, regarding the property sales of individual project whose annual sales goal has been achieved, Royal Lakefront in Shanghai Region and Changchun Villa Glorious in Northeast China ranked the best of the Group. Royal Lakefront completed the annual sales target in the first half of 2011, recording a total property sales of RMB1,886.2 million for the whole year; Changchun Villa Glorious recorded a sales of approximately RMB550 million on its first launching day, setting a new record for property sales in Changchun and realised property sales of RMB1,036.1 million for the entire year.



Royal Lakefront in Shanghai attracted thousands of purchasers on its first launching day



Changchun Villa Glorious recorded a strong property sales

During the year, the Group had a good performance in property sales, especially in the second- and third-tier cities including Nantong, Hefei, Shenyang, Changchun and Harbin. It was mainly because the Group strengthened its penetration in second- and third-tier cities in the past two years and accelerated the pace of selling and promoting products in such cities. As a result, the sales amount in the second- and third-tier cities increased from RMB5,979.9 million in 2010 to RMB8,515.8 million in 2011, representing an increase of 42.4%.

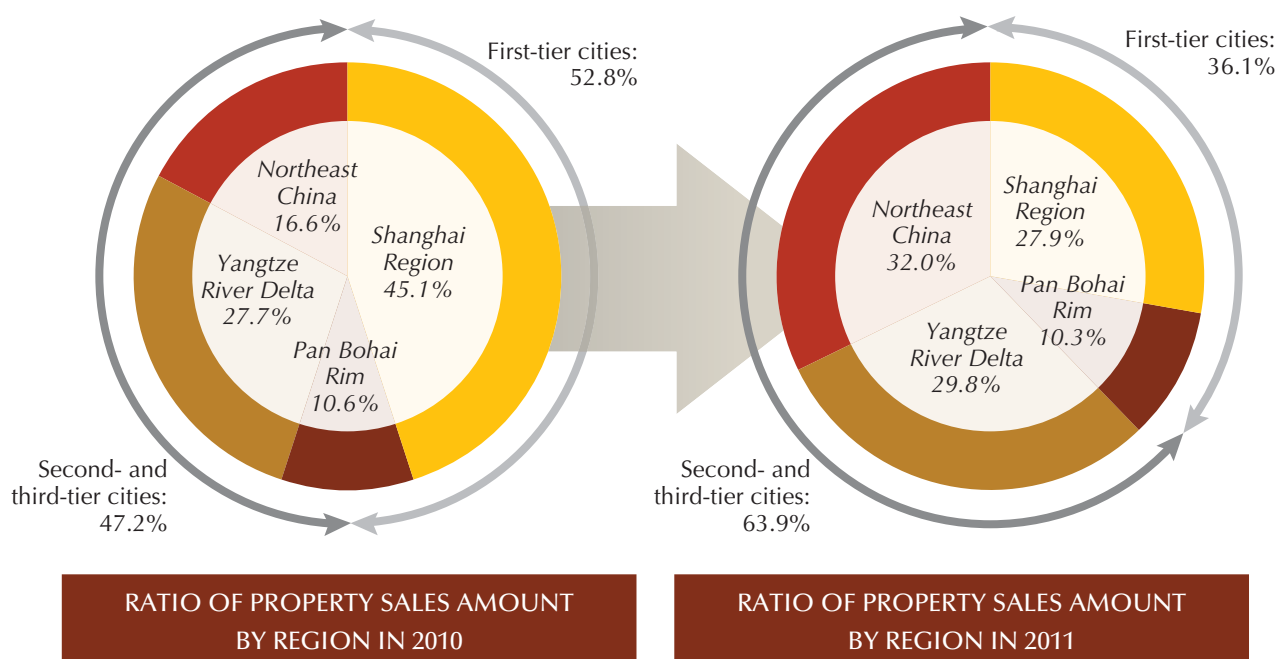
Business Review (Continued)

II. PROPERTY SALES (Continued)

Property sales amount and GFA sold by region in 2010 and 2011 are set out below:

Region	Property sales amount (RMB'000)			GFA Sold (sq.m.)		
	2011	2010	% Change	2011	2010	% Change
Shanghai Region	3,703,754	5,723,574	-35.3%	161,339	242,448	-33.5%
Yangtze River Delta	3,976,077	3,517,931	13.0%	569,468	481,967	18.2%
Pan Bohai Rim	1,374,484	1,340,182	2.6%	134,263	122,414	9.7%
Northeast China	4,267,681	2,098,586	103.4%	699,731	300,022	133.2%
Total	13,321,996	12,680,273	5.1%	1,564,801	1,146,851	36.4%

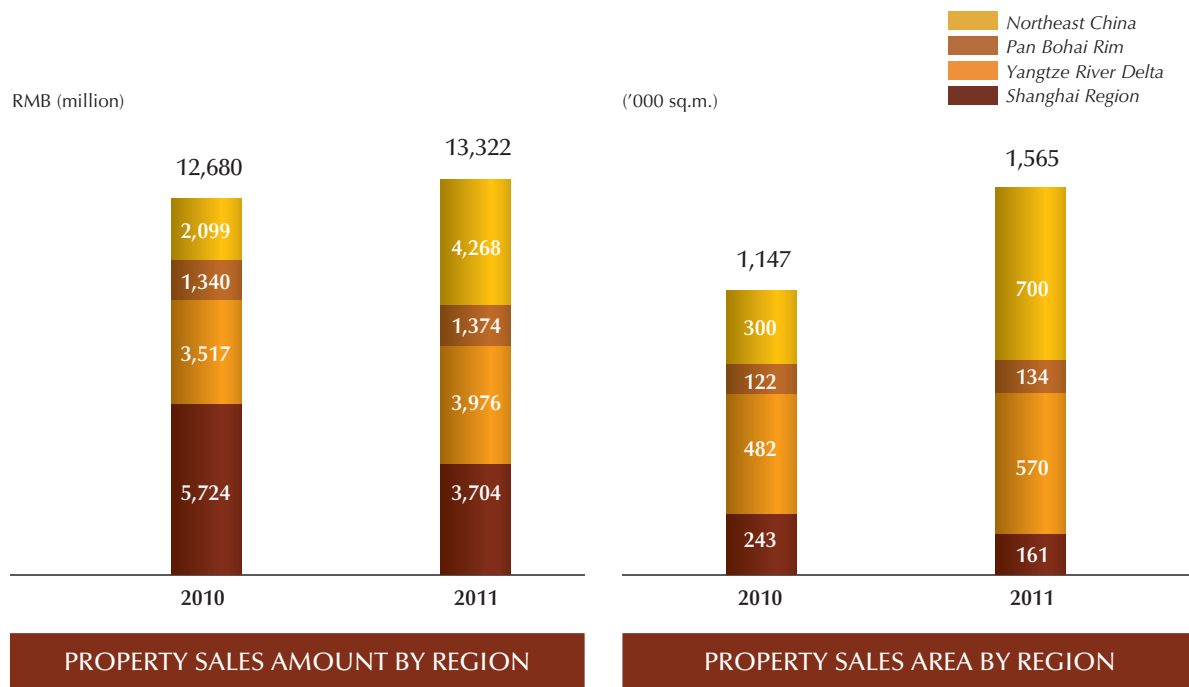
2011 PROPERTY SALES RMB13,322.0 MILLION
YOY INCREASE OF 5.1%





Business Review (Continued)

II. PROPERTY SALES (Continued)



In 2012, the Group plans to launch 19 projects for sales, including Shanghai Villa Glorious, Shanghai Bay and Royal Lakefront in Shanghai Region; Nantong Glorious Chateau, Nantong Guanghuabei Project, Nantong Villa Glorious, Nantong Royal Bay, Hefei Villa Glorious, Hefei Royal Garden, Bashangjie Project and No.1 City Promotion in Yangtze River Delta; Tianjin Royal Bay Seaside, Glorious Artstyle Townhouse and Sunshine Holiday in Pan Bohai Rim; and Sunny Town, Dalian Villa Glorious, Changchun Villa Glorious, Harbin Villa Glorious and Harbin Royal Garden in Northeast China. The Group expects that the total saleable area in 2012 will be approximately 2.2 million sq.m..

Business Review (Continued)

II. PROPERTY SALES (Continued)

Projects available for sale in 2012:

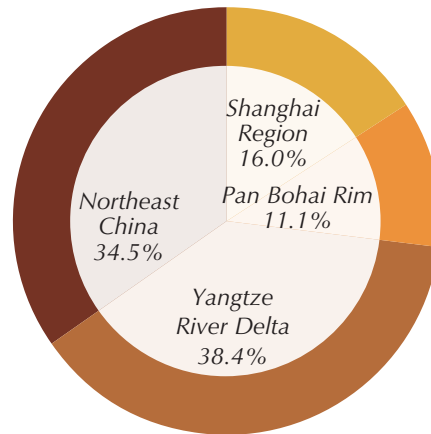
	City	Project	Saleable GFA (sq.m.)	Interests Attributable to the Group
Shanghai Region				
1	Shanghai	Shanghai Villa Glorious	268,161	100%
2	Shanghai	Shanghai Bay	80,123	100%
3	Shanghai	Royal Lakefront	6,868	100%
	Subtotal		355,152	
Yangtze River Delta				
4	Nantong	Nantong Glorious Chateau	56,177	100%
5	Nantong	Nantong Guanghuabei Project	63,555	100%
6	Nantong	Nantong Villa Glorious	71,619	100%
7	Nantong	Nantong Royal Bay	140,986	100%
8	Hefei	Hefei Villa Glorious	42,518	100%
9	Hefei	Hefei Royal Garden	199,135	100%
10	Hefei	Bashangjie Project	104,237	100%
11	Wuxi	No.1 City Promotion	172,953	100%
	Subtotal		851,180	
Pan Bohai Rim				
12	Tianjin	Tianjin Royal Bay Seaside	176,288	100%
13	Beijing	Glorious Artstyle Townhouse	45,458	100%
14	Tianjin	Sunshine Holiday	24,000	100%
	Subtotal		245,746	
Northeast China				
15	Shenyang	Sunny Town	32,215	100%
16	Dalian	Dalian Villa Glorious	142,017	100%
17	Changchun	Changchun Villa Glorious	294,549	100%
18	Harbin	Harbin Villa Glorious	127,124	100%
19	Harbin	Harbin Royal Garden	169,805	100%
	Subtotal		765,710	
Total			2,217,788	



Business Review (Continued)

II. PROPERTY SALES (Continued)

Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China accounts for 16.0%, 38.4%, 11.1% and 34.5% respectively of the total resources available for sale. Northeast China, Yangtze River Delta and Shanghai Region will be the major regions contributing to sales of the Group in 2012.



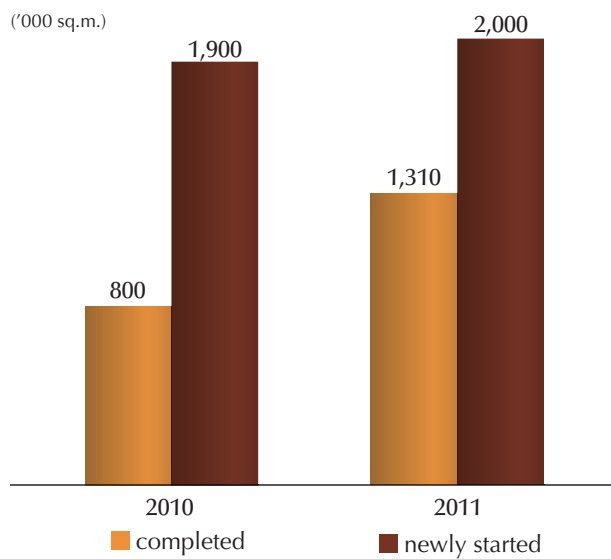
TOTAL: 2.2 MILLION SQ.M.

RESOURCES AVAILABLE FOR SALE BY REGION IN 2012

III. CONSTRUCTION AND DEVELOPMENT

In 2011, the total GFA completed and delivered of the Group was approximately 1.31 million sq.m.. The projects under construction in various regions progressed as planned, adding another 2.0 million sq.m. to new construction area. The Group had a total of 32 projects in 12 cities with a total area under construction of 4.9 million sq.m..

The Group plans to commence 1.0 million sq.m. of construction area in 2012. It is expected that, by the end of 2012, the total area under construction will be 4.6 million sq.m..



GFA COMPLETED/NEWLY STARTED

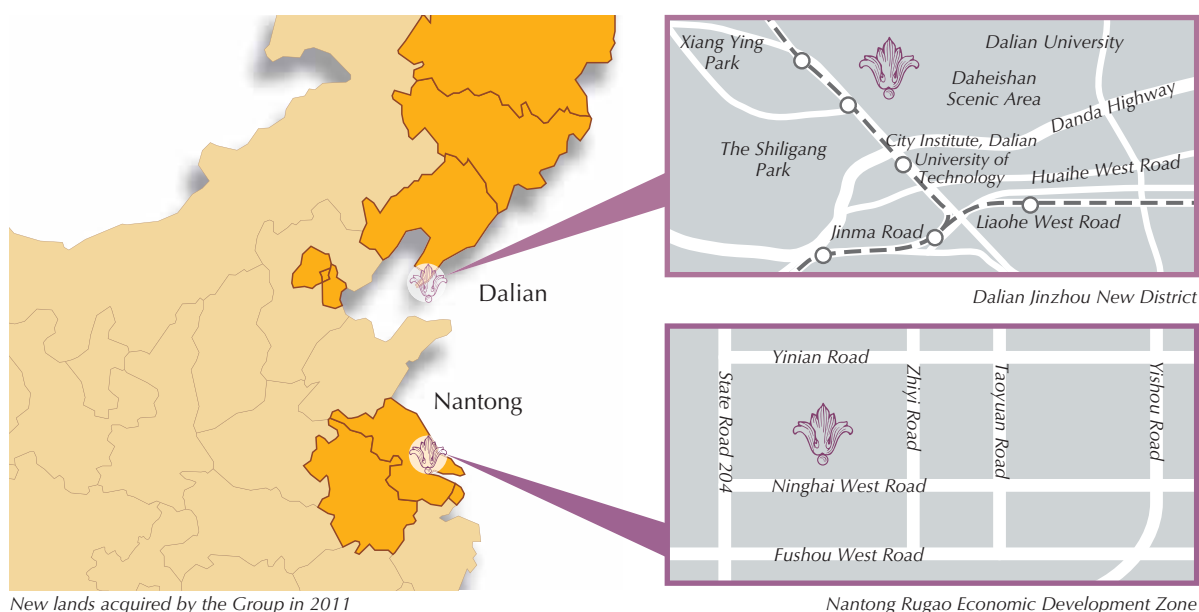
Business Review (Continued)

III. CONSTRUCTION AND DEVELOPMENT (Continued)

During the year, the Group set up the economic operations centre and project management centre, to further strengthen the programme management, project management, cash flow management and capital management in order to enhance the refined and specialized management of the Group. Administrative operations management of the Group is maturing, and the information technology platform is also being improved, which save not only the management cost but also further enhance the management efficiency and control ability for projects. The Group also specially set up a cost management committee and by enhancing the management capability of the project management centre, a long-term mechanism in project quality management can be sturdily established, with a view to strike a sustainable balance between project quality and progress.

IV. LAND BANK

In 2011, the Group maintained a prudent investment strategy in acquiring land, selectively adding low-cost and high quality land in the core urban areas and emerging economic zones of existing cities with potential of rapid development. During the year, the Group acquired two land parcels located in New District in Jinzhou of Dalian and Rugao Economic Development Zone in Nantong respectively. Total cost of the land acquired by the Group during 2011 was RMB995 million with a total GFA of 732,859 sq.m. and an average floor price of approximately RMB1,358 per sq.m..



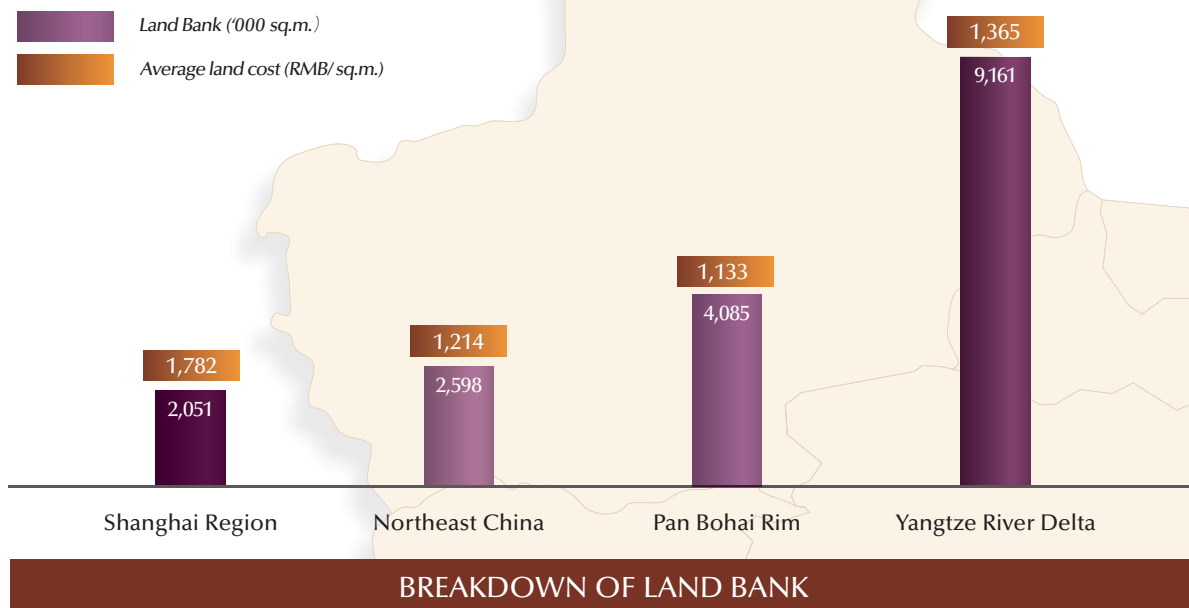
City	Project Name	Land Location	Date Acquired	Total Site Area (sq.m.)	Planned GFA (sq.m.)	Consideration (RMB million)	Average Land Cost per sq.m. (RMB)
Dalian	Dalian 200# Project	Jinzhou New District, Dalian	April 2011	120,576	344,000	515	1,497
Nantong	Nantong Guanghuabei Project	Rugao New Economic Zone, Nantong	June 2011	127,579	388,859	480	1,234
Total				248,155	732,859	995	1,358



Business Review (Continued)

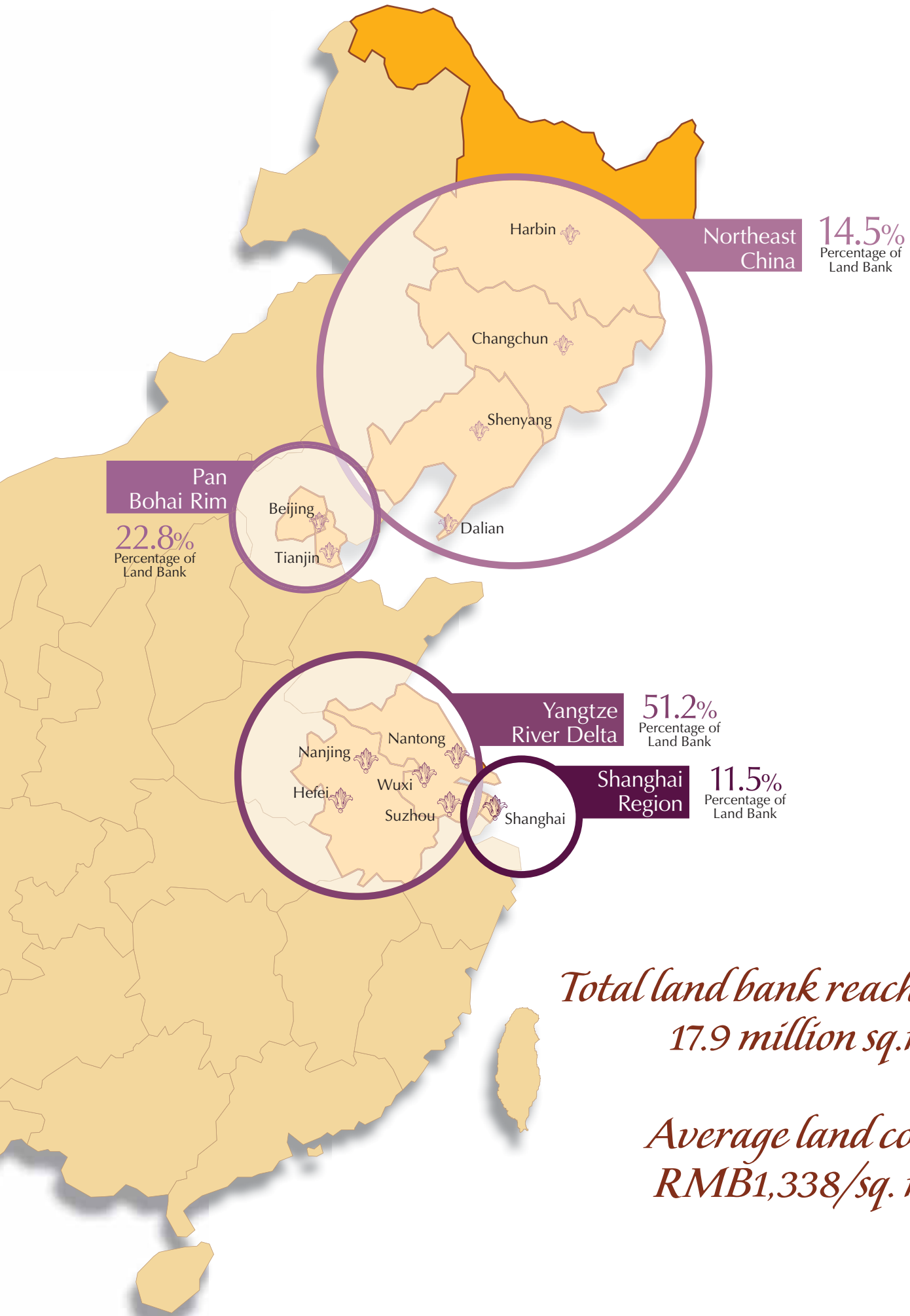
IV. LAND BANK (Continued)

Overview of land bank of the Group by region as at 31 December 2011:



As at 31 December 2011, the total land bank of the Group was 17.9 million sq.m., which was sufficient to meet its development need in the coming five to seven years. The average land cost was RMB1,338 per sq.m.. The relatively low-cost land bank provided the Group with a strong foundation for sustaining higher profit margins in the years to come.

The Group's land bank is evenly distributed over first-, second- and third-tier cities, of which 20% is in first-tier cities and 80% in second- and third-tier cities. The high quality, low cost and reasonably distributed land bank of the Group will facilitate its long-term sustainable development.



*Total land bank reaches
17.9 million sq.m.*

*Average land cost:
RMB1,338/sq. m.*



Management Discussion and Analysis - Business Review *(Continued)*

Business Review (Continued)

IV. LAND BANK (Continued)

Overview of land bank of the Group by project as at 31 December 2011:

	Project Name	City	Location	Use	Land Bank (sq.m.)	Average Land Cost (RMB/sq.m.)	Interest Attributable to the Group
Shanghai Region							
1	Shanghai Bay	Shanghai	Xuhui District	Residential, hotel, office and commercial	751,111	611	100%
2	Sunshine Venice	Shanghai	Putuo District	Residential, hotel and commercial	59,335	554	100%
3	Royal Lakefront	Shanghai	Fengxian District	Residential and commercial	162,477	1,870	100%
4	Shanghai Villa Glorious	Shanghai	Baoshan District	Residential and commercial	866,019	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%
Sub-total					2,051,242	1,782	
Yangtze River Delta							
7	Nantong Glorious Chateau	Nantong	Rugao Economic Development Zone	Residential and commercial	4,263,655	322	100%
8	Nantong Guanghuabei Project	Nantong	Rugao Town	Residential and commercial	388,859	1,234	100%
9	Rongsheng Plaza	Nantong	Xincheng District	Hotel, office and commercial	297,486	348	100%
10	Nantong Royal Bay	Nantong	Chongchuan District	Residential, office and commercial	738,374	4,719	100%
11	Nantong Villa Glorious	Nantong	Chongchuan District	Residential and commercial	304,190	2,707	100%
12	No.1 City Promotion	Wuxi	Wuxi New District	Residential, hotel and commercial	425,207	679	100%
13	Classical Life	Suzhou	Changshu New District	Residential and commercial	10,052	1,446	100%
14	Hefei Villa Glorious	Hefei	Yaohai District	Residential and commercial	223,586	680	100%
15	Bashangjie Project	Hefei	Yaohai District	Residential, hotel, office and commercial	1,347,100	881	100%
16	Hefei Royal Garden	Hefei	Luyang District	Residential, hotel and commercial	498,378	1,207	100%
17	Nanjing Royal Bay	Nanjing	Xiaguan District	Residential and commercial	663,913	6,013	60%
Sub-total					9,160,800	1,365	

	Project Name	City	Location	Use	Land Bank (sq.m.)	Average Land Cost (RMB/sq.m.)	Interest Attributable to the Group
Pan Bohai Rim							
18	Sunshine Holiday	Tianjin	Hedong District East	Residential, hotel and commercial	72,281	799	100%
19	Tianjin Royal Bay Seaside	Tianjin	Dagang District	Residential, hotel and commercial	934,014	1,396	100%
20	Tianjin Royal Bay Lakeside	Tianjin	Tuanbohu District	Residential and commercial	1,567,303	1,225	70%
21	Royal Mansion	Beijing	Haidian District	Residential and commercial	90,406	3,395	100%
22	Sunshine Bordeaux	Beijing	Daxing District	Residential and commercial	1,320,752	493	100%
23	Glorious Artstyle Townhouse	Beijing	Daxing District	Residential and commercial	100,270	3,862	100%
Sub-total					4,085,026	1,133	
Northeast China							
24	Harbin Villa Glorious	Harbin	Qunli New District	Residential and commercial	172,478	979	100%
25	Harbin Royal Garden	Harbin	Qunli New District	Residential and commercial	222,697	2,451	100%
26	Sunny Town	Shenyang	Yuhong District	Residential and commercial	237,552	1,133	100%
27	Changchun Villa Glorious (East)	Changchun	Gaoxin District	Residential and commercial	611,217	868	100%
28	Changchun Villa Glorious (West)	Changchun	Gaoxin District	Residential and commercial	845,088	1,004	100%
29	Dalian Villa Glorious	Dalian	Jinzhou New District	Residential and commercial	165,375	1,674	100%
30	Dalian 200# Land Parcel	Dalian	Jinzhou New District	Residential and commercial	344,000	1,497	70%
Sub-total					2,598,407	1,214	
Total					17,895,475	1,338	



Business Review (Continued)

V. DEVELOPMENT OF COMMERCIAL PROPERTIES

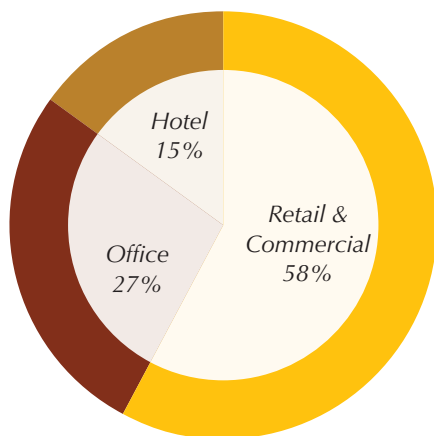
The Group will steadily develop its commercial properties. As at 31 December 2011, approximately 200,000 sq.m. of commercial properties of the Group were completed, of which Sunshine Venice was completed with a available leasing area of 90,000 sq.m..

During the year, about 764,000 sq.m. of major commercial property projects were still under construction. Shenyang Glorious Plaza is expected to be completed by the end of 2012 and the pre-completion leasing rate is satisfactory. In the next five years, the total floor area of completed commercial properties of the Group is expected to reach 2.66 million sq.m.. Retail commercial properties, high-end office buildings and high-end hotels will account for 58%, 27% and 15% of total commercial properties respectively. The Group plans to hold most of the commercial properties to secure stable rental income.

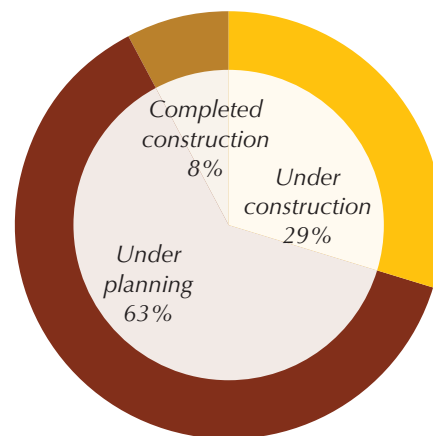
Major Commercial Properties under Construction:

City	Project Name	Property Type	Planned GFA ('000 sq.m.)	Expected Completion Date
Shanghai	Shanghai Bay	Commercial, office and hotel	248	December 2017
Wuxi	No.1 City Promotion	Commercial	37	December 2012
Nantong	Nantong Glorious Chateau	Commercial	21	December 2012
Nantong	Nantong Villa Glorious	Commercial	11	December 2012
Nantong	Nantong Royal Bay	Commercial	13	December 2013
Nantong	Rongsheng Plaza	Commercial, office and hotel	274	December 2016
Shenyang	Shenyang Glorious Plaza	Commercial	95	December 2012
Changchun	Changchun Villa Glorious (East)	Commercial	48	June 2013
Harbin	Harbin Villa Glorious	Commercial	17	December 2012
Total			764	

Types of Commercial Properties:



Stages of Commercial Properties:



Total floor area of 2.66 million sq.m. is planned for commercial property.



Management Discussion and Analysis - Project Highlights

Residential Property - Highlights of Major Projects under Development

Shanghai
Region

Shanghai Bay (Residential)



City	Shanghai
Location	Xuhui District
Use	Residential
Land Cost (RMB/sq.m.)	611
Interest Attributable to the Group	100%
Land Bank for Residential Portion (sq.m.)	366,770
Project Descriptions	“Shanghai Bay” is located at the prime location of Huangpu River in Shanghai, peripheral area is one of the major construction areas under the “The Twelfth Five-Year Plan” of Shanghai. The project has an extensive view of the amazing coastline and natural scenery of the World Expo, and it also provides various superior ancillary services. The project includes high-quality community clubs, kindergartens and shops with associated services etc.. Upon completion, the project will be the community paragon of the core area of the Shanghai City.



*Shanghai
Region*

Shanghai Villa Glorious



City	Shanghai
Location	Baoshan District
Use	Residential and commercial
Land Cost (RMB/sq.m.)	923
Interest Attributable to the Group	100%
Land Bank for Residential Portion (sq.m.)	839,491
Project Descriptions	<p>"Shanghai Villa Glorious" is a large-scale residential project located at the core part of Gaojing in Baoshan District. Its southern part links with the core area of the Shanghai City, and is not more than 3 km from city centres such as Dabaishu and Wujiaochang. Its geographical location is superior. With convenient transportation, the project is closely adjacent to Zhonghuan Road, Yixian Highway, as well as Railroad Transport Line 1, Line 3 and various public routes. The project enjoys the advantage of commercial ancillary facilities of Baoshan, with strong popularity.</p>

*Yangtze
River Delta*

Nantong Royal Bay



<i>City</i>	Nantong
<i>Location</i>	Chongchuan District
<i>Use</i>	Residential, office and commercial
<i>Land Cost (RMB/sq.m.)</i>	4,719
<i>Interest Attributable to the Group</i>	100%
<i>Land Bank for Residential Portion (sq.m.)</i>	532,374
<i>Project Descriptions</i>	“Nantong Royal Bay” is located at the core part of the Nantong City downtown in Chongchuan District of Nantong. Its western part is Gongnong Road, while its southern part is Hongqiao Road. The project will be developed into a large scale residential and commercial project. The first phase of Nantong Royal Bay was launched in December 2010 which received overwhelming responses.



*Yangtze
River Delta*

Hefei Royal Garden

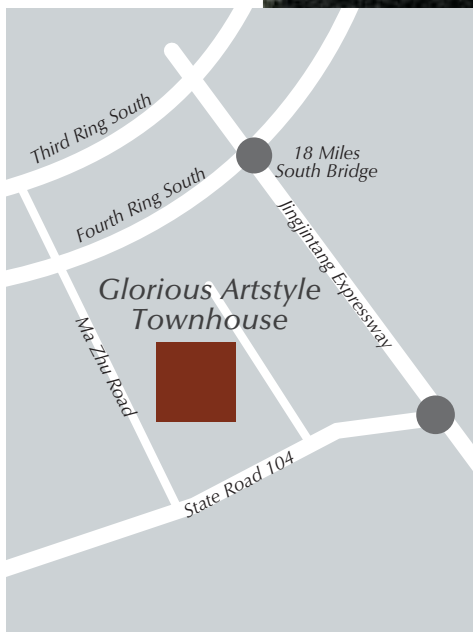


City	Hefei
Location	Luyang District
Use	Residential, hotel and commercial
Land Cost (RMB/sq.m.)	1,207
Interest Attributable to the Group	100%
Land Bank for Residential Portion (sq.m.)	445,378

Project Descriptions
 "Hefei Royal Garden" is located at the Luyang District in Hefei. The western part of the project is close to Mengcheng Road North, while its northern part links with Lianshui Road. Its eastern part meets Shuangdun Road, while its southern part faces Huaiyuan Road. The road is in good condition. Adjacent to scenic spots such as Dongpu Reservoir and Linghu Park, the project features a gardening architecture in French style, perfectly merged with the natural ecological environment. Ancillary facilities include quality education resources, high-end shops and hotels with an aim to build an international composite community in Mengcheng Road North.

*Pan Bohai
Rim*

Glorious Artstyle Townhouse



<i>City</i>	Beijing
<i>Location</i>	Economic and Technology Development Zone of Caiyu Town, Daxing District
<i>Use</i>	Residential and commercial
<i>Land Cost (RMB/sq.m.)</i>	3,862
<i>Interest Attributable to the Group</i>	100%
<i>Land Bank for Residential Portion (sq.m.)</i>	69,840
<i>Project Descriptions</i>	<p>"Glorious Artstyle Townhouse" is located at the Economic and Technology Development Zone of Caiyu Town with "thousands acres of vineyard" in Daxing District in Beijing. Following the conditions of similar natural weather of Bordeaux in France with the same latitude, the project sets western-style house, western residential buildings with elevator as the main selling point, and plans to establish a European-style town with low-density block style about the five key elements of wine, golf, painting, music and commerce. Its development concept aims to construct the environment and foster culture and home ownership. Quality places at the top priority. It is positioned as a 5-star property integrated of humanity, science, greenery, commerce and tourism.</p>



*Northeast
China*

Harbin Royal Garden



<i>City</i>	Harbin
<i>Location</i>	Qunli New District
<i>Use</i>	Residential and commercial
<i>Land Cost (RMB/sq.m.)</i>	2,451
<i>Interest Attributable to the Group</i>	100%
<i>Land Bank for Residential Portion (sq.m.)</i>	217,933

Project Descriptions

"Harbin Royal Garden" is located at the centre of Qunli New District, which integrated high rise apartments with wide-view, serviced apartments, commercial streets with amorous feeling. It is positioned as the best buy of the high-end customers in Harbin. Harbin Royal Garden is surrounded by five large parks, and closely adjacent to Quanli Cultural Square. It is adjacent to ancillary facilities, including primary school, supermarket, filming studio, book shop etc..

Northeast
China

Changchun Villa Glorious



<i>City</i>	Changchun
<i>Location</i>	New and High-tech Industrial Development Zone
<i>Use</i>	Residential and commercial
<i>Land Cost (RMB/sq.m.)</i>	947
<i>Interest Attributable to the Group</i>	100%
<i>Land Bank for Residential Portion (sq.m.)</i>	1,285,576
<i>Project Descriptions</i>	<p>“Changchun Villa Glorious” is located at the New and High-tech Development Zone, one of the fast growing economic regions in Changchun. It is close to the People’s Government of Changchun City and is the core area in the master urban development plan of the city. Benefiting from the nearby Bayi Reservoir, Fuqiang Reservoir, and Fourth Ring Road South, it enjoys the natural ecological advantages and convenient transportation. The project is a large European style complex with high rise apartments, villas, commercial, and greenery. The first phrase of Changchun Villa Glorious was launched in June 2011 and received overwhelming responses.</p>



Management Discussion and Analysis - Project Highlights (Continued)

Northeast
China

Dalian Villa Glorious



City	Dalian
Location	Jinzhou New District
Use	Residential and commercial
Land Cost (RMB/sq.m.)	1,674
Interest Attributable to the Group	100%
Land Bank for Residential Portion (sq.m.)	152,775

Project Descriptions

"Dalian Villa Glorious" is located at the core part of Jinzhou New District in Dalian, mainly comprising of high rise residential buildings and ancillary commercial facilities. The design of architecture follows ART DECO style which is reliable and lofty with significant layers. There are unique gardens in French style with amazing scenery. The project is adjacent to Daheishan National Forest Park with fresh air and attractive scenery.

Commercial Property - Highlights of Major Projects under Development

Shanghai Region

Shanghai Bay (Commercial)



City	Shanghai
Location	Xuhui District
Use	Serviced apartment, hotel, office and commercial
Land Cost (RMB/sq.m.)	611
Interest Attributable to the Group	100%
Land Bank for Commercial Portion (sq.m.)	384,000
Project Descriptions	“Shanghai Bay” is located at the core part of Xuhui in Shanghai with convenient transportation. The project is comprised by two blocks of towers as a large-scale city complex. It features 5-star hotels, quality theme hotels, commercial in cultural theme and 5A office etc. The project has a high standard plan and high-quality development, and is expected to become the most sparkling new landmark of Huangpu River.



Yangtze River Delta

No.1 City Promotion



<i>City</i>	Wuxi
<i>Location</i>	Wuxi New District
<i>Use</i>	Commercial
<i>Land Cost (RMB/sq.m.)</i>	679
<i>Interest Attributable to the Group</i>	100%
<i>Land Bank for Commercial Portion (sq.m.)</i>	64,164

Project Descriptions "No.1 City Promotion" is a commercial district with Baroque style located at the central business district (CBD) of Wuxi New District. It is committed to create a leisure bazaar for residents. Its business provides retail, community support, food and beverage, leisure and entertainment. In terms of business planning, themes will be created to attract the target consumer group by identifying the market demand.

*Yangtze
River Delta*

Bashangjie Project



<i>City</i>	Hefei
<i>Location</i>	Yaohai District
<i>Use</i>	Residential, hotel, office and commercial
<i>Land Cost (RMB/sq.m.)</i>	881
<i>Interest Attributable to the Group</i>	100%
<i>Land Bank for Commercial Portion (sq.m.)</i>	530,000
<i>Project Descriptions</i>	“Bashangjie Project” is located at Mingguang Road in Hefei, which is the downtown area of Hefei City. This project will be a landmark building of the area upon completion. The project will develop into a large scale commercial complex with a high quality hotel, serviced apartment, retail and commercial, as well as office buildings.



*Northeast
China*

Shenyang Glorious Plaza



<i>City</i>	Shenyang
<i>Location</i>	Yuhong District
<i>Use</i>	Commercial and shopping centre
<i>Land Cost (RMB/sq.m.)</i>	1,133
<i>Interest Attributable to the Group</i>	100%
<i>Land Bank for Commercial Portion (sq.m.)</i>	94,930
<i>Project Descriptions</i>	<p>"Shenyang Glorious Plaza" will be an "one-stop" shopping centre integrated with shopping, entertainment, food and beverage, leisure, services. The project is located at the conjunction of Nuijiang Street North and Qingshan Road in Shenyang. The upper and lower parts are divided into 6 storeys in total. The period of the planned construction is 2 years. Currently, Shenyang Glorious Plaza was listed as the priority construction project in Shenyang. Its location has been planned as the core commercial area in the north of Shenyang.</p>



Management Discussion and Analysis - Future Outlook

Future Outlook

In 2012, the global economy is expected to recover in a slow pace. European sovereign debt crisis showing no sign of improvement will impact on the Eurozone economies which may fall into recession and ultimately will drag on the pace of global economic recovery. Despite the fact that China's economy grew rapidly, the growth rate may be slow down by external influence. "Preserving the Growth, Adjusting the Structure and Curbing the Inflation" will become the basic tones of the economic development of China in 2012. Given the considerable uncertainties loom over the major economies, such as Europe and the United States in 2012, it may bring influence to the international financial markets and the world economic prospect.

The Central Government of China is expected to continue to maintain the stringent austerity measures for the property market. The austerity measures are unlikely to be changed if there is no sign of significant decline on housing prices or the prices do not meet the Central Government's expectation. Under the backdrop of the persistent macroeconomic control on the property market, the austerity measures are expected to be refined in 2012 with an aim to satisfy the home purchasers' reasonable need and curb the demand for investment and speculation. Nevertheless, local fine-tuning will not be able to change the severe situation of the overall property market and property developers will still face tremendous challenges.

Due to the unlikely relaxation of the property market control, the falling trend of home prices may persist, particularly in the first half of 2012. In response to this market condition, property developers may need to further increase revenue source and cut costs. On one hand, strategies such as price reduction and active promotion may be used to accelerate inventory digestion and increase capital turnover. On the other hand, cost control methods, including prudent land purchase and cut down on operation, will be implemented in order to secure operational cash flow. The Group anticipates that a hastened adjustment towards the property market, differentiation of property enterprises become more obvious and industry consolidation will be sped up, which may result in market concentration.

SALES AND PRICING STRATEGY

In 2012, the Group will continue to keep abreast of the market and implement active and flexible strategies in sales and pricing to speed up sales and cash inflows for existing projects. The Group will adopt a strategy of deep penetration into the current markets in existing cities. Focus will be put on existing cities at where its projects with sound results are located so as to fully capitalise the local resources, build up its brand name and achieve sustainable development.





Future Outlook (Continued)

INVESTMENT STRATEGY

The Group strikes to adhere to its prudent investment strategy of “balancing outflows and inflows.” The Group will reasonably and prudently increase certain high-quality land bank based on the cash inflows from sales and prudent financial policy requirement. The focus of the Group is to explore opportunities in existing cities and regions with strong solid demand. While maintaining the land bank at a reasonable level, the Group is seeking to further optimise its land portfolio in regional and city levels so as to lay a solid foundation for the mid and long-term development.

OPERATIONAL STRATEGY

The Group will hold on to its development philosophy of operating prudently to hasten sales and cash inflow for new operations. It will trim down construction area appropriately depending on the market changes so as to effectively control the expenditures and to ensure the security of operation and stable development. Furthermore, the Group will optimise management in the aspects of refinement, standardisation and informatisation to strengthen the efforts on costs and quality control. The Group will also stick to the steady development of commercial property in core urban areas of the first- and second-tier cities and concentrate on enhancing the development and operation management of its current commercial projects and gradually improve the proportion of the Group’s income from the operative investment property.

FINANCIAL STRATEGY

The Group will continue to adhere to its prudent financial policy and adopt a more diversified financing structure through multiple platforms and channels to ensure that the funding required for the rapid development of its businesses will be met while total borrowings will be controlled at a reasonable level. Meanwhile, the Group will continue to strengthen its capital structure by reducing the proportion of short-term loan. The Group will maintain its refined cash flow management to effectively control financial risks.



Management Discussion and Analysis - Customer Service

Customer Service

The Group always places customers' demand at top priority and strives to build ideal homes and provide quality services to suit their needs. The homeowner Royal Club (now renamed as Glorious Club) was formed in 2007. By organizing a variety of activities for the homeowners each year and publishing a bimonthly magazine, the Glorious Club serves not only as a communication bridge for the Group and the homeowners but also an important link between homeowners themselves as well. Besides having strong support from the Group, project companies of the Group throughout the regions also help further expand the scope and scale of customer services. Those activities, including the "Glorious Property Running Race", which was the first session of health promotion in Harbin, organised by Harbin office and the "1st Hand-woven Competition" of Dagang District wholly sponsored by Tianjin office in September 2011, have enhanced the homeowners' recognition of our brand name of "Glorious". To facilitate customers' understanding of our updated news, the Group's website has been revamped at the beginning of 2011 and came into service, which enable information access in a more convenient and timely manner.

Tianjin office sponsored the "1st Hand-woven Competition" of Dagang District in Tianjin



Harbin office organised the "Glorious Property Running Race", which was the first session of health promotion in Harbin



Management Discussion and Analysis - Financial Review

Financial Review

The Group achieved significant growth in revenue from property development in 2011. In 2011, revenue increased by 34.7% to RMB9,585.4 million, which was substantially generated from sales of residential properties. Net profit attributable to the Company's equity holders for the year ended 31 December 2011 amounted to RMB2,215.7 million, representing a decrease of 38.6% from the previous year primarily due to decrease in gross profit margin and fair value gain of investment properties. Net profit attributable to the Company's equity holders for the year ended 31 December 2011, excluding fair value gain of investment properties and the related tax effect and other one-off gains/losses, amounted to RMB1,734.9 million, representing an increase of 33.0% as compared to last year.

Results for the year ended 31 December 2011 are as follows:

RMB'000	2011	2010
Revenue	9,585,443	7,114,025
Cost of sales	(5,788,246)	(3,694,934)
Gross profit	3,797,197	3,419,091
Other income	182,695	803,239
Other gains, net	724,419	2,410,578
Selling and marketing expenses	(240,998)	(197,133)
Administration expenses	(435,957)	(421,057)
Finance costs	(2,526)	(3,750)
Share of profit of an associate	338	1,351
Share of loss of a jointly controlled entity	(4,143)	(50,090)
Profit before income tax	4,021,025	5,962,229
Income tax expenses	(1,811,944)	(2,353,451)
Profit for the year	2,209,081	3,608,778
Profit attributable to:		
— the Company's equity holders	2,215,654	3,608,552
— non-controlling interests	(6,573)	226
Profit for the year	2,209,081	3,608,778

REVENUE

For the year ended 31 December 2011, the Group recorded consolidated revenue of RMB9,585.4 million, representing a growth of 34.7% compared to RMB7,114.0 million in 2010. The higher revenue in 2011 was mainly due to more properties delivered in 2011 than 2010. During the current year, the Group delivered properties of 1,012,818 sq.m., as compared to 505,295 sq.m. for the year ended 31 December 2010. Due to the higher proportion of properties delivered in the second- and third-tier cities in current year, recognised average selling price decreased to RMB9,460 per sq.m. in 2011 from RMB14,071 per sq.m. in 2010.

Royal Lakefront in Shanghai, Harbin Villa Glorious and Shanghai Bay in Shanghai were the three projects that contributed highest revenue for current year, amounting RMB3,494.5 million, RMB1,852.5 million and RMB1,319.9 million respectively, representing 36.5%, 19.3% and 13.8% of the Group's consolidated revenue for the year ended 31 December 2011. Other new projects, including Nantong Glorious Chateau and Hefei Villa Glorious, started to contribute revenue for the Group in 2011 and the revenue from these new projects accounted for 15.3% of the Group's total revenue in 2011.

Financial Review (Continued)

COST OF SALES

The cost of sales for the year ended 31 December 2011 was RMB5,788.2 million, representing an increase of 56.7% compared to RMB3,694.9 million in 2010. The average costs of sales in 2011 was RMB5,711 per sq.m., as compared to RMB7,305 per sq.m. in 2010.

Components of the consolidated cost of sales for the year are as follows:

	2011		2010	
	RMB'000	RMB per sq.m.	RMB'000	RMB per sq.m.
Construction costs	3,194,664	3,154	2,062,674	4,082
Land costs	1,388,368	1,371	859,446	1,701
Capitalised interests	665,578	657	371,697	736
Business taxes and other levies	535,993	529	397,139	786
Sub-total	5,784,603	5,711	3,690,956	7,305
Cost of sales of other business	3,643	N/A	3,978	N/A
Total	5,788,246		3,694,934	

The lower average cost of sales was mainly driven by the higher proportion of properties from the projects in the second- and third-tier cities that were sold and delivered in 2011.

GROSS PROFIT

The Group's consolidated gross profit for 2011 was RMB3,797.2 million, representing an increase of 11.1% from a gross profit of RMB3,419.1 million in 2010. The increase in consolidated gross profit was mainly due to the increase in revenue in 2011. The Group's gross profit margin was 39.6% for the year ended 31 December 2011, as compared to 48.1% for the year ended 31 December 2010. The lower gross profit margin for 2011 was mainly due to higher proportion of properties being sold and delivered in the second- and third-tier cities, where the average selling prices and profit margins are generally lower.

OTHER INCOME

Other income for the year ended 31 December 2011 was RMB182.7 million, mainly included interest income of RMB145.5 million (2010: RMB99.6 million). Other income for the year ended 31 December 2010 was RMB803.2 million, which mainly included a grant income from the local government authorities of RMB665.2 million as an appreciation of the Group's contribution.



Financial Review (Continued)

OTHER GAINS, NET

Other gains, net for the year ended 31 December 2011 were RMB724.4 million (2010: RMB2,410.6 million), which were primarily due to a fair value gain on the Group's investment properties of RMB677.1 million (2010: RMB2,452.4 million).

SELLING AND MARKETING EXPENSES

Selling and marketing expenses for the year ended 31 December 2011 were RMB241.0 million, representing a growth of 22.3% as compared to RMB197.1 million in 2010. The higher selling and marketing expenses in 2011 was due to more marketing activities conducted for the promotion of the Group's business and an increased number of projects entering into pre-sales stages which requires more project launching activities.

ADMINISTRATIVE EXPENSES

Administrative expenses for the year ended 31 December 2011 were RMB436.0 million, representing an increase of 3.5% compared to RMB421.1 million for 2010. Despite the increased level of business activities as a result of increased number of property development projects and expanded management team size in the current year, the cost-saving initiatives taken place in the current year has been effective and thus the Group's administrative expenses increased to a lesser extent as compared to the growth in the Group's business activities.

FINANCE COSTS

Gross finance costs for the year ended 31 December 2011 were RMB1,831.0 million, representing an increase of 55.6% from RMB1,176.4 million for 2010 as a result of higher level of the Group's total borrowings in 2011 as well as the higher costs of borrowing in 2011. For the year ended 31 December 2011, finance costs of RMB1,828.5 million (2010: RMB1,172.6 million) have been capitalised, leaving RMB2.5 million (2010: RMB3.8 million) charged directly to the consolidated statement of comprehensive income.

PROFIT BEFORE INCOME TAX

The Group's profit before income tax for the year ended 31 December 2011 was RMB4,021.0 million, representing a decrease of 32.6% compared to RMB5,962.2 million for 2010. The lower profit before income tax for 2011 was primarily due to decrease in fair value gain from investment properties and other income in 2011.

INCOME TAX EXPENSES

Income tax expenses for the year ended 31 December 2011 was RMB1,811.9 million, representing a decrease of 23.0% as compared to RMB2,353.5 million for 2010. The decrease in income tax expenses was primarily due to the decrease in pre-tax income in current year as a result of the lower gross profit margin and the lower fair value gain on the Group's investment properties. The effective income tax rate, excluding fair value gain of investment properties and the related tax effect, was 49.1% for the year ended 31 December 2011, which is comparable to 49.6% for 2010.

Financial Review (Continued)

PROFIT ATTRIBUTABLE TO THE COMPANY'S EQUITY HOLDERS

The Group's profit attributable to the Company's equity holders for the year ended 31 December 2011 was RMB2,215.7 million, representing a decrease of 38.6% compared to RMB3,608.6 million for 2010. Profit attributable to the equity holders, excluding fair value gain from investment properties and the related tax effect, and other one-off gains/losses, amounted to RMB1,734.9 million (2010: RMB1,304.1 million), representing 18.1% of the Group's revenue for the year ended 31 December 2011 (2010: 18.3%).

CURRENT ASSETS AND LIABILITIES

As at 31 December 2011, the Group held total current assets of approximately RMB39,112.9 million (2010: RMB34,288.9 million), comprising mainly properties under development, trade and other receivables and prepayments and cash and bank balances. Properties under development increased by 36.1% from RMB16,791.8 million as at 31 December 2010 to RMB22,862.1 million as at 31 December 2011, mainly attributable to the continuous progress of the Group's property development projects in 2011 and an increase in the number of projects under construction. Trade and other receivables and prepayments increased by 29.6% from RMB7,672.9 million as at 31 December 2010 to RMB9,942.4 million as at 31 December 2011, mainly due to higher balance of prepayment for land premium as at 31 December 2011 whereby the relevant land use right certificates had yet to be obtained as at 31 December 2011. Total cash and bank balances decreased from RMB5,835.3 million as at 31 December 2010 to RMB3,166.4 million as at 31 December 2011. Total current liabilities as at 31 December 2011 amounted to RMB25,282.6 million, compared with RMB18,023.9 million as at 31 December 2010, which was mainly due to an increase in short-term borrowings that are due for repayment in 2012. As at 31 December 2011, the current ratio (calculated as the total current assets divided by the total current liabilities) was 1.5 (2010: 1.9). The decrease in the current ratio in 2011 was mainly due to higher level of current borrowings.

LIQUIDITY AND FINANCIAL RESOURCES

During 2011, the Group funded its property development projects principally from proceeds from pre-sales of properties and bank loans.

As at 31 December 2011, the Group had cash and cash equivalents of RMB1,021.1 million, as compared to RMB4,151.4 million as at 31 December 2010.



Financial Review (Continued)

As at 31 December 2011, the Group's total borrowings amounted to RMB14,886.0 million, representing an increase of 8.0% compared to RMB13,786.4 million as at 31 December 2010. As at 31 December 2011, the Group's borrowings comprised the following:

RMB'000	2011	2010
Bank borrowings	13,070,266	10,033,199
Shanghai Bay Arrangement ⁽¹⁾	—	2,000,000
Senior Notes due 2015 ⁽¹⁾	1,890,270	1,974,000
Sub-total	14,960,536	14,007,199
Adjusted by: unamortised loan arrangement fees and accrued interests	(74,500)	(220,804)
Total borrowings	14,886,036	13,786,395

Note:

(1) Please refer to note 20 to the consolidated financial statements for the definition of Shanghai Bay Arrangement and Senior Notes due 2015.

The maturities of the Group's borrowings as at 31 December 2011 were as follows:

RMB'000	2011	2010
Within 1 year	9,302,813	6,005,443
After 1 and within 2 years	2,518,952	3,465,631
After 2 and within 5 years	2,638,185	3,754,548
After 5 years	426,086	560,773
Total	14,886,036	13,786,395

As at 31 December 2011, the Group had total banking facilities of RMB36,815 million (2010: RMB24,638 million) consisting of used banking facilities of RMB13,070 million (2010: RMB10,033 million) and unused banking facilities of RMB23,745 million (2010: RMB14,605 million).

Financial Review (Continued)

GEARING RATIO

The Group monitors its capital on the basis of the gearing ratio. Gearing ratio is calculated as net debt divided by total equity attributable to the Company's equity holders. 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 2011 and 2010 were as follows:

RMB'000	2011	2010
Total borrowings	14,886,036	13,786,395
Less: cash and bank balances	(3,166,353)	(5,835,300)
Net debt	11,719,683	7,951,095
Total equity attributable to the Company's equity holders	17,050,918	14,798,918
Gearing ratio	68.7%	53.7%

The increase in gearing ratio for 2011 was resulted from the increase in the Group's borrowings in the current year to finance the payment of land premium and construction expenditures.

FOREIGN EXCHANGE RISK

The Group's property development projects are all located in the PRC and substantially all of the related transactions are settled in RMB. The Company and certain of the investment holding companies within the Group operate in Hong Kong have recognised assets and liabilities in currencies other than RMB, including the US\$300.0 million Senior Notes due 2015 issued by the Company in October 2010 and the US\$295.0 million bank loan obtained in November 2011. Apart from the Senior Notes due 2015 and the US\$295.0 million bank loan that may cause the Group to be exposed to a higher level of foreign currency exchange risk, the Board considers the exposures to foreign currency exchange risk in relation to other assets and liabilities to be insignificant. As at 31 December 2011, the Group had cash and bank balances, borrowings and trade and other payables that were denominated in foreign currencies as shown below:

RMB'000	2011	2010
Cash and bank balances:		
US\$	21,018	46,681
HK\$	6,236	4,483
Total	27,254	51,164
Borrowings:		
US\$	3,762,474	1,969,617
Total	3,762,474	1,969,617
Trade and other payables:		
US\$	1,575	1,987
HK\$	8,012	8,652
Total	9,587	10,639



Financial Review (Continued)

FOREIGN EXCHANGE RISK (Continued)

During the year ended 31 December 2011, the Group had not entered into any foreign currency hedging arrangements. Management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. As at 31 December 2011, if RMB had strengthened/weakened by 5% against other currencies with all other variables held constant, pre-tax profit for the year ended 31 December 2011 would have been RMB187.2 million higher/lower (2010: RMB96.5 million higher/lower).

INTEREST RATE RISK

The Group is exposed to interest rate risks resulting from fluctuations in interest rates on its borrowings. Certain of the Group's bank loans bear interest rates that are subject to adjustment by the lenders in accordance with changes made by the People's Bank of China ("PBOC"). If the PBOC raises interest rates, the Group's interest cost with respect to variable rate borrowings will increase. In addition, to the extent that the Group may need to raise debt financing in the future, upward fluctuations in interest rates will increase the cost of new debt. An increase in interest rates may also adversely affect the Group's prospective purchasers' ability to obtain financing and depress overall housing demand in China. The Group currently does not use any derivative instruments to modify the nature of the Group's debts to manage the Group's interest rate risks.

PLEDGE OF ASSETS

As at 31 December 2011, the Group had the following categories of properties which had been pledged for the Group's borrowings:

RMB'000	2011	2010
Construction in progress	563,384	476,469
Investment properties	2,918,325	2,463,980
Properties under development	5,219,284	3,624,025
Completed properties held for sale	1,750,637	942,530
Total	10,451,630	7,507,004

As at 31 December 2011, equity interests of certain of the Company's subsidiaries and a jointly controlled entity and certain bank deposits had been pledged for the Group's borrowings.

As at 31 December 2011, properties under development of the Group with a carrying value of RMB421.2 million were being pledged as collateral for certain borrowings of a non-controlling shareholder of a subsidiary (2010: Nil).

Financial Review (Continued)

FINANCIAL GUARANTEE

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure the repayment obligation of such purchasers. Such guarantees 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 31 December 2011, the amount of outstanding guarantees for mortgages was RMB6,148.4 million (2010: RMB4,389.5 million).

CAPITAL AND OPERATING LEASE COMMITMENTS

As at 31 December 2011, the Group had capital commitments as follows:

RMB'000	2011	2010
Land use rights	1,360,990	2,901,524
Property development expenditures	8,916,932	8,602,617
Construction materials	79,193	44,655
Total	10,357,115	11,548,796

As at 31 December 2011, the future aggregate minimum lease payments of the Group under non-cancellable operating leases in respect of land and buildings were as follows:

RMB'000	2011	2010
No later than 1 year	37,175	34,861
Later than 1 year and no later than 5 years	24,666	40,242
Later than 5 years	625	309
Total	62,466	75,412

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2011, the Group had a total of 1,468 employees (2010: 1,192 employees). Total remuneration expenses and other employees' benefits costs for the year ended 31 December 2011 amounted to RMB183.0 million (2010: RMB203.7 million). The Group has adopted a system of determining the remuneration of employees based on the performance of employees. Apart from a basic salary, outstanding employees may be granted with annual bonus. In addition, the Group has adopted share option schemes to attract and retain high caliber talents to serve the Group. In terms of employee training, the Group provides different training programmes for employees to develop their expertise and knowledge.



Deepen Investors' Understanding of the Group

The investor relations team is devoted to promoting communications among the Group, shareholders, investors and media, in order to facilitate a better understanding of the Group and to enhance the transparency of the business operations of the Group.

Strengthen Linkage with the Investment Community

The Group firmly believes that a high level of corporate transparency can improve shareholders' value. The Group accurately discloses its latest news in a timely manner through various means, including annual and interim results reports, monthly newsletters, press releases and the website of the Group. Upon announcing the 2010 annual results and 2011 interim results, the Group hosted press conferences and investor presentations forthwith, at which the management reported the results to the investment community. Furthermore, the Group also participated in corporate roadshows in Hong Kong, Singapore, Germany, Netherlands, France, Britain and the U.S., making direct exchanges with more than 100 international institutional investors. In 2011, the Group attended over 15 investment conferences and also arranged nearly 100 project site visits, more than 200 teleconferences and one-on-one or small group meetings. All these activities allow investors have a better understanding of the Group's business condition and development strategies. Besides, the Group's investor relations team would also keep in touch with institutional investors and analysts via telephone or e-mail. At present, there are 18 analyst coverages on the Group, substantially raising the awareness and increasing the degree of interest of the Group in the capital market.



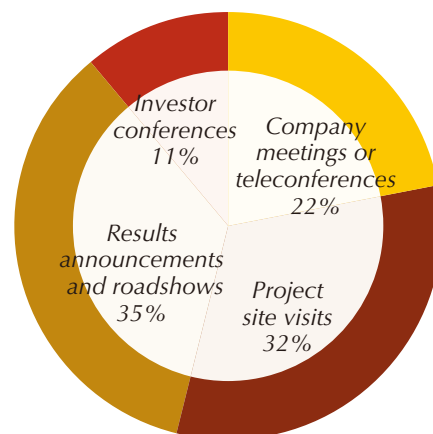
Glorious Property Holdings Limited held the 2010 Annual Results Announcement Analysts' Meeting

Consolidate the Investor Base

To consolidate communications with the investment community and the media, the Group also issues monthly newsletters and press releases on a timely basis and regularly updates the investor relations section of the Group's website. During the year, the Group further optimized the internal investor relations management system, with a view to promote direct communication with shareholders and investors more effectively so as to further strengthen the relationship with them.

Interactive Communication to Attain Mutual Benefits

These positive and interactive communication could enhance the transparency and corporate image of the Group. At the same time, the Group could get to know the market concerns about the Group and collect the feedback from investors, in order to help the Group improve continuously, enhance shareholders' value, and ultimately achieve a win-win situation between shareholders and the Group.



Communications with the investment community in 2011 financial year

(approximately 1,000 participants)

The Group attended the following conferences in 2011:

January

CCBI Conventional Roadshow, Australia
Deutsche Bank Access China Conference 2011, Beijing

July

RBS Hong Kong-China Access Conference, Hong Kong
Citi Hong Kong/China Mini Conference 2011 (Theme: Property), Hong Kong

March

Announcement of the 2010 annual results
– Press conference
– Investor presentation
Post-results Roadshow, Hong Kong and Singapore

August

Announcement of the 2011 interim results
– press conference
– investor presentation
Post-results Roadshow, Hong Kong and Singapore

April

Post-results Roadshow, Britain, Germany, Netherlands, France and the U.S.
BNP Paribas China Property Corporate Day, Hong Kong
CLSA 16th China Forum, Beijing

September

Roadshows, Hong Kong
CLSA Investors' Forum 2011, Hong Kong
UBS Sixth Annual Hong Kong and China Property Conference, Hong Kong

May

Morgan Stanley Hong Kong Investor Summit, Hong Kong
Mirae Asset Hong Kong/China Property Access Day, Hong Kong

November

CLSA China/HK Property Access Day, Hong Kong

June

J.P. Morgan China Conference 2011, Beijing
CLSA Regional Property Access Conference, Hong Kong
Samsung Securities Finance and Real Estate Conference, Hong Kong

December

RBS Hong Kong/China Access — Seeking Alpha, Hong Kong



Effective Teamwork





Corporate Social Responsibility Report

Environmental Protection and Promotion

The Group endeavors to construct premium residential projects and actively advocates for the concept of caring the nature and conservation of the environment so as to promote green management and create a pleasant environment.

Since our establishment, the Group has strictly complied with laws and regulations regarding environmental protection to ensure every project meets the highest construction standard and was conducted in the aspect of environmental protection. Regarding the design and construction of projects, the Group has applied corresponding specifications of energy-saving and green architecture to the construction procedures for each project. During the stage of planning and design, energy-saving construction materials are widely used in integrating buildings with the nature, and emphasis are put on environmental protection, air quality improvement of the community and reduction of construction materials. At the construction stage, the Group emphasizes the importance of emission reduction in order to lessen air and noise pollutions as well as the impact on the surrounding environment.



The Group integrates greening measures into planning and design of its projects, in order to create a comfortable environment for residents



Projects provide spacious area for the residents

To promote the awareness towards environmental protection, the Group has organized different kinds of environmental friendly events including the large-scale event “Environmental Protection, a Shared Responsibility” held in Shenzhen. In this event, staff of the Group joined force to clean up litter in the Lotus Hill Park to show support to the protection of natural environment.

The Group has been awarded several honors on promoting environmental protection and green management over the years, such as the “Environmental Design Award” and the “Energy Saving and Environmental Protection Award”, etc. During the year, the 5# plot of Nantong Royal Bay of the Group has been given the “Certificate of Green Building Design Label – Grade 2”, demonstrating the success of the Group’s efforts on environmental protection.

Staff Development and Personal Growth

The Group firmly believes the philosophy that “Employee is the Key Productivity of the Company” and regards talent as a crucial factor for sustaining the corporate wealth. In line with these, the Group actively holds various cultural activities, such as the Staff Culture, Sports and Arts Festival, to help employees improve physical and mental well-being. In addition, the Group also provides comprehensive training and ample advancement opportunities to its staff. The recently-implemented “Mutual-Assistance Programme” also helps foster team spirit and cohesion among employees.

As at the end of 2011, the Group had a total of 1,468 contract staff and 466 of them participated in the training programmes. Through different training courses, the Group has enhanced the staff expertise in aspects of corporate operation, working skills, team building as well as quality management. During the year, the Group’s Human Resources Management Center and Product Design Center jointly organised the “2011 Design Management Training Programme” with an aim to provide relevant skills in project design management. The Group also organised the “2011 Team Spirit Building” activity to enhance the team spirit and cohesion among staff. In addition, the Group arranged a 2-week training programme in global leadership in the prestigious The Wharton School, University of Pennsylvania, the U.S.A. for the senior management team to further enhance their leadership and management skills.

The Group has also organised various activities to provide exchange opportunities among staff, which is vital for the team building and staff relationship. During the year, the Group held the “Glorious Spring Dinner” and other social functions for the staff, in order to strengthen the cohesion and sense of belonging within the Group.

The Group held the Glorious Property 2011 Design Management Training Programme



The senior management team of the Group went to the world-top The Wharton School, University of Pennsylvania, the U.S.A. for a short term training of two weeks



Social Charities and Services

The Group actively serves the community through different ways to help the needy in the society and to commit our corporate citizenship.

Mr. Zhang Zhi Rong, the Chairman of the Group, has sponsored the “Love of Changhe — Charity Show of Wuzhong Charity Fund”, to support the charity industry and raise the support of people towards it.

During the year, the Group has organised several education aid programmes including the “Giving Hope through Love and Care” activity organized by the Group’s Shanghai office to raise fund for the Fangbian Hope Primary School in Dabie mountain area in order to help the students in need. The activity received generous donation from the staff of the Shanghai office. In addition, Tianjin office also initiated the “Love Makes Dream Come True, Donation for Education” event by helping poor students. Donation was made from staff to aid poor students to complete the university education.

To promote the concept of healthy living, the Group has organised different sports and cultural activities in the community to encourage dwellers to lead a healthy life. Harbin office has organized the “Glorious Property Running Race” in Harbin Villa Glorious, the first session of health promotion in Harbin, which has attracted many entries in this event. Changchun office has organized an intelligence competition for scholarship in Changchun Villa Glorious in order to provide a platform for teenagers to demonstrate their self-development effort which serves as a cultural event to encourage the artistic development of teenagers.



Harbin citizens participated in the “Glorious Property Running Race” organized by Harbin office

Mr. Zhang Zhi Rong, the Chairman of the Group, sponsored and attended the "Love of Changhe – Charity Show of Wuzhong Charity Fund"



Changchun office organized an intelligence competition for scholarship

Tianjin office participated in the "Love Makes Dream Come True, Donation for Education" event





Milestones 2011



- March**
- 2010 Annual Results Announcement (1)
 - Awarded “Top 100 Chinese Property Developers of 2011”
 - Top 10 in Financing Capacity
 - Top 10 in Operating Efficiency
 - Top 10 in Corporate Social Responsibility



- April**
- “Giving Hope through Love and Care” raised fund for the Fangbian Hope Primary School in Dabie mountain area (2)
 - Acquired a land parcel in Dalian with RMB515 million
 - Human Resources Management Center and Product Design Center jointly organised the “2011 Design Management Training Programme”



- May**
- Awarded “China Real Estate Top 100 Listed Companies of 2011” (3)
 - Ranked 18th in Comprehensive Strength
 - Ranked 9th in Top 10 Overall Profitability
 - Ranked 4th in Top 10 Growth of Consolidated Results





June

- Changchun Villa Glorious officially opened for sale on 19 June with an opening sales of approximately RMB550 million, setting a new record for sales in Changchun (4)
- Acquired a land parcel in Nantong with RMB480 million

August

- 2011 Interim Results Announcement



September

- Mr. Zhang Zhi Rong, the Chairman of the Group, sponsored and participated in the "Love of Changhe — Charity Show of Wuzhong Charity Fund" (5)
- Granted RMB10 billion strategic credit by the China Development Bank
- Hefei Royal Garden ranked Top 3 in residential sales in Hefei for 4 consecutive months



November

- Opening Ceremony of Joybells Expo organised by Glorious Property (6)



December

- Awarded Hong Kong Outstanding Enterprise during the "8th Hong Kong Outstanding Enterprise Parade" (7)
- Ranked 23rd in "2011 China Real Estate Annual Top 30 Enterprises Overall Ranking List" (8)





Awards	Awardees
“Top 100 Chinese Property Developers of 2011” • Top 10 in Financing Capacity • Top 10 in Operating Efficiency • Top 10 in Annual Corporate Social Responsibility	Glorious Property Holdings Limited (1)
“China Real Estate Top 100 Listed Companies of 2011” • Ranked 18 th in Comprehensive Strength • Ranked 9 th in Top 10 Overall Profitability • Ranked 4 th in Top 10 Growth of Consolidated Results	Glorious Property Holdings Limited (2)
Ranked 23 rd in “2011 China Real Estate Annual Top 30 Enterprises Overall Ranking List”	Glorious Property Holdings Limited (3)
Awarded Hong Kong Outstanding Enterprise at the “8 th Hong Kong Outstanding Enterprise Parade”	Glorious Property Holdings Limited (4)
Awarded “Grade 1 Qualification of National Real Estate Development” certificate issued by the Ministry of Housing and Urban-Rural Development	Glorious Wangjiarui (Wuxi) Co., Ltd. (5)
Awarded “Promising Shanghai Real Estate Developers” issued by the Shanghai Real Estate Association	Shanghai Yijing Property Development Co., Ltd. (6)
Awarded “Outstanding Enterprise in Real Estate Development” issued by Housing and Construction Committee, and Real Estate Developers Association of Beijing Daxing District	Glorious Hetian Hexin Property Development Co., Ltd. (7)
Awarded “Fortune 100 Enterprise of Fengxian District”	Shanghai Hongye Property Development Co., Ltd. (8)
Awarded “2010 Emerging Real Estate Enterprise of Longjiang”	Glorious Yangguang Binhai (Harbin) Property Development Co., Ltd. (9)
Harbin Villa Glorious was awarded “2010 Renowned Real Estate Project of Longjiang”	Glorious Yangguang Binhai (Harbin) Property Development Co., Ltd. (10)
Awarded “China Branded Real Estate” issued by deputy mayor of Tianjin at the 18 th Tianjin Investment and Trade Fair & the 7 th PECC International Trade and Investment Expo	Glorious Property Investment (Tianjin) Co., Ltd. (11)
Awarded “Renowned Project Prize (CIHAF2011) of Anhui”	Glorious Hengmao (Hefei) Property Development Co., Ltd.
Mr. Zhao Da Yue, Chairman of Glorious Hengmao (Hefei) Property Development Co., Ltd. was awarded “Person of the Year (CIHAF2011) of Anhui”	Glorious Hengmao (Hefei) Property Development Co., Ltd. (12)





Biographies of Directors and Senior Management

Directors

EXECUTIVE DIRECTORS

Mr. Zhang Zhi Rong (張志榕)

Mr. Zhang Zhi Rong, aged 43, is the Chairman of the Board, an executive director, the founder and controlling shareholder of the Company. He is also the chairman of the board and non-executive director of China Rongsheng Heavy Industries Group Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 01101). Mr. Zhang is also a director of a number of subsidiaries of the Company and the Company's associate, Shanghai Chuangmeng International Architectural Design Co., Ltd. Mr. Zhang is primarily responsible for the formulation of the Group's overall strategies. Mr. Zhang has more than 16 years of experience in corporate management and real estate development and investment. Prior to his involvement in real estate development and investment, Mr. Zhang engaged in the business of construction materials trading and construction sub-contracting in the early 1990s. In 1994, as the real estate industry in the PRC began to develop, Mr. Zhang entered the property development industry with his first residential property development project, Sunshine Greenland in Shanghai, which commenced development in January 1996. He received a master's degree in business administration from Asia Macau International Open University in 2002.

Mr. Ding Xiang Yang (丁向陽)

Mr. Ding Xiang Yang, aged 44, is the Vice Chairman of the Board and an executive director of the Company. Mr. Ding is also a director of a number of subsidiaries of the Company. With more than 10 years of experience in corporate and strategic management of real estate enterprises in the PRC, Mr. Ding is primarily responsible for the Company's overall strategic planning and development. Mr. Ding joined the Group on 18 March 2001 and played an integral role in formulating the Group's development strategies, operational management and supervising the construction of the Group's projects. Prior to joining the Group, Mr. Ding worked for more than 10 years at the enterprise management department of China Eastern Airlines Corporation Limited (中國東方航空股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 00670). Mr. Ding is currently a member of the Chinese People's Political Consultative Conference for Fengxian District, Shanghai. Mr. Ding obtained a bachelor's degree in law from Fudan University in July 1989, and a master's degree in law from Fudan University in July 2002. Mr. Ding is the brother-in-law of the Chairman of the Board, Mr. Zhang Zhi Rong.

Mr. Cheng Li Xiong (程立雄)

Mr. Cheng Li Xiong, aged 42, is the Chief Executive Officer and an executive director of the Company. Mr. Cheng is also a director of a number of subsidiaries of the Company. He is in charge of the overall business operations and management of the Company. Mr. Cheng joined the Group on 1 September 2001 as the general manager of the Company's subsidiary, Shanghai Haosen Property Co., Ltd. Between July 1992 and September 2001, Mr. Cheng worked for Shanghai Property and Land Resources Bureau (上海市房屋土地資源管理局). Mr. Cheng has more than 18 years of experience in the planning, development, construction and management of land and property. Mr. Cheng is also a qualified property valuer in the PRC. Mr. Cheng graduated with a bachelor's degree from Shanghai International Studies University in July 1992.

Mr. Liu Ning (劉寧)

Mr. Liu Ning, aged 47, is an executive director, a vice president and the Chief Operating Officer of the Company, and the head of operations for projects of all PRC regions. Mr. Liu is also a director of a number of subsidiaries of the Company. Prior to joining the Group as the chairman of Shanghai Xintai Property Development Co., Ltd. on 5 June 2005, Mr. Liu worked as the executive vice president of Shanghai Jinjiang Realty Co., Ltd., a wholly owned subsidiary of Shanghai Jin Jiang International Hotels (Group) Company Limited, a company listed on the Hong Kong Stock Exchange (stock code: 02006) with extensive hotel operations in the PRC, from June 2003 to April 2005. Mr. Liu worked for three years at Shanghai (New Asia) Group Co., Ltd. (上海新亞(集團)股份有限公司), a company listed on the Shanghai Stock Exchange, and was its general manager from June 2000 to June 2003. Mr. Liu is a senior economist and an experienced manager of hotel operations, with more than 10 years of experience in the hotel and property industry. He is currently the vice president of the Shanghai Young Entrepreneur Association. Mr. Liu graduated with a bachelor's degree in bridge construction from Tongji University in July 1986.

Mr. Xia Jing Hua (夏景華)

Mr. Xia Jing Hua, aged 40, is an executive director and a vice president of the Company, responsible for developing the financial strategies, the overall financial and asset management of the Group. Mr. Xia is also a director of a number of subsidiaries of the Company. Mr. Xia joined the Group on 2 May 1999 and had been the manager of the auditing department and supervisor of the finance and treasury department of the Company. Between 1994 and 1999, Mr. Xia worked in the loans department of the Zhoushan City branch of Bank of China (中國銀行舟山分行), a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange. Mr. Xia has more than 12 years of experience in financial management in the property industry. He received a bachelor's degree in economics from the Zhejiang University of Finance and Economics and a master's degree in public economics and investment from the Shanghai University of Finance & Economics in July 1994 and September 2002 respectively.

Mr. Yan Zhi Rong (嚴志榮)

Mr. Yan Zhi Rong, aged 50, is an executive director, a vice president and head of project budgeting of the Company. Mr. Yan is also a director of a number of subsidiaries of the Company. With more than 13 years of experience in managing the construction and budgets of property projects, Mr. Yan is primarily responsible for supervision of the development and construction of projects, and management of project budgets of the Company. Mr. Yan joined the Group on 8 December 1996 as the manager of the project budgeting department. Prior to joining the Group, Mr. Yan served as the deputy general manager of the property development subsidiary company of Shanghai Materials Bureau (上海市物資局) from 1989 to 1996. Mr. Yan received a graduate diploma in Industrial and Civil Architecture from the Suzhou Industrial College in 1981 and is a qualified engineer in the PRC.

Mr. Yu Xiu Yang (于秀陽)

Mr. Yu Xiu Yang, aged 57, was appointed as an executive director of the Company on 20 May 2011. He is also a director of a number of subsidiaries of the Company. Mr. Yu has more than 10 years of experience in handling legal affairs in the real estate industry in the PRC. Since joining the Group in February 2008, Mr. Yu has been primarily responsible for the legal risk control and management of the Group. Prior to joining the Group, Mr. Yu worked as the head of the Legal Publicity Division of Shanghai Bureau of Justice from 1986 to 1996, the head of the research department of the Shanghai Law Society and the associate editor of Shanghai Journal of Legal Studies from 1997 to 2003, and the head of Sunglow Elite Law Firm, Shanghai from 2003 to 2008. Mr. Yu obtained his legal qualification from the faculty of arts of Shanghai University in June 1988 and has been admitted as a practising solicitor in the PRC since 1993.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yim Ping Kuen (嚴炳權)

Mr. Yim Ping Kuen, aged 49, is an independent non-executive director of the Company. Mr. Yim is currently a partner of Lau, Yim, Chiu and Co. (劉嚴焦會計師事務所), a public accounting firm in Hong Kong. Mr. Yim has been a financial controller, company secretary and chief financial officer for various international companies in different industries, including listed companies in Hong Kong and Singapore. He has more than 24 years of experience in accounting and setting up financial operations for companies in Asia. Mr. Yim joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. Mr. Yim graduated from the University of Hong Kong with a bachelor's degree in social sciences in 1986 and also holds a master's degree in corporate finance from the Hong Kong Polytechnic University. He is a fellow member of the Association of Chartered Certified Accountants and a practising member of the Hong Kong Institute of Certified Public Accountants.



Biographies of Directors and Senior Management (Continued)

Mr. Liu Shun Fai (廖舜輝)

Mr. Liu Shun Fai, aged 41, is an independent non-executive director of the Company. Mr. Liu is currently the chief financial officer of a company listed on the Hong Kong Stock Exchange. Mr. Liu has been the financial controller and qualified accountant of two listed companies in Hong Kong for 9 years. Mr. Liu had also worked for a major accounting firm for 7 years from 1992 to 1999, during which he gained extensive experience in the auditing of real estate enterprises. Mr. Liu has more than 19 years of experience in auditing and accounting. He joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. He obtained a bachelor's degree and a master's degree in business administration from the Chinese University of Hong Kong in 1992 and 1999, respectively, and is an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. Wo Rui Fang (沃瑞芳)

Mr. Wo Rui Fang, aged 71, is an independent non-executive director of the Company. From 1965 to 1993, Mr. Wo worked at the Design Administration Bureau (設計管理局) of the PRC (now under the Ministry of Housing and Urban-Rural Construction of the PRC), and was head of its information technology division from 1988 to 1993, responsible for the development of new construction design technology and standards. From 1993 to 1997, Mr. Wo served as the vice-mayor of Nantong City, Jiangsu Province, PRC and was in charge of the administration of the overall city planning and railway construction. Mr. Wo then re-joined the Design Administration Bureau as a senior engineer in 1997. From 1998 to 2001, he was the deputy chairman of the Practice Qualification Management Center of the Ministry of Construction (建設部執業資格註冊中心). Mr. Wo has accumulated more than 30 years of experience in supervising the design and construction of various government property development projects and assessing the design techniques and standards of commercial and residential property development in the PRC. Mr. Wo retired from public service in 2001. He joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. He graduated from Jilin University with a bachelor's degree in construction in 1964.

Mr. Han Ping (韓平)

Mr. Han Ping, aged 43, is an independent non-executive director of the Company. From September 1990 to October 1996, Mr. Han worked for the Jiangsu Province Supply and Marketing Co-operative (江蘇省供銷合作社) and was responsible for the management of its construction and capital investment. In November 1996, Mr. Han became the chief economist of Jiangsu Huaxia Construction Project Management Co., Ltd. (江蘇省華廈工程項目管理有限公司), a company engaged in the provision of construction supervision, project management and construction costs auditing services to property developers and government entities. Since June 2001, Mr. Han has served as the deputy general manager of Jiangsu Huaxia Construction Project Management Co., Ltd. Mr. Han had been a project manager and auditor of engineering costs for a large number of project developments involving the construction of various kinds of properties, such as hotels, villas and other residential properties, government buildings, logistic centres and warehouses. In 2002, Mr. Han was selected as an industry expert for the assessment of tenders for property construction and urban infrastructure projects by the Office of the Tendering and Bidding of Construction Projects of Jiangsu Province (江蘇省建設工程招標投標辦公室). Over a period of six years, Mr. Han had participated in the assessment of tenders for over 20 construction projects in Jiangsu Province and Beijing. Mr. Han has accumulated more than 19 years of experience in the management and supervision of property construction projects in the PRC. Mr. Han joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. He graduated with a bachelor's degree in construction engineering and economic management from the Southeast University in 1990. He obtained a master's degree in construction and civil engineering from the Southeast University in 2005. Mr. Han is currently a member of the Hong Kong Institute of Surveyors and is a registered cost engineer, registered supervisory engineer and registered construction professional in the PRC.

Senior Management

Mr. Jiang Yong Jin (姜永進)

Mr. Jiang Yong Jin, aged 46, is a vice president and the Chief Financial Officer of the Group. Mr. Jiang joined the Company in February 2011, responsible for the investment, financing and corporate communications of the Group. Mr. Jiang was appointed as Chief Financial Officer of the Group in May 2011. Prior to joining the Group, Mr. Jiang worked for China Overseas Finance and Investment Co. as deputy general manager and China Overseas Holdings Ltd. as general manager in charge of the investment, financing and corporate communications from November 2005 to January 2011. Mr. Jiang acted as the vice president of PDN Medical International Inc. (a Canadian company) responsible for the business development in Asia from June 2003 to October 2005. From August 1991 to April 2001, Mr. Jiang worked for Sinochem Corporation in various important roles in Beijing and Sinochem Europe Holdings Plc. in London, UK in charge of its European investment, financing and strategic planning. Mr. Jiang has more than 20 years of experience in investment, financing, international business management and strategic planning. Mr. Jiang obtained a bachelor's degree in economics from Shandong University in 1986, a master's degree in international business management from the University of International Business and Economics in 1991 and a master's degree in business administration from the Richard Ivey Business School of the University of Western Ontario, Canada in 2003. Mr. Jiang obtained his accounting qualification from the Certified General Accountants Association of Canada in 1999 and is currently a member of the Canadian Certified General Accountants Association of Hong Kong.

Mr. Zheng Qun Guo (鄭群國)

Mr. Zheng Qun Guo, aged 42, is an assistant to the Chief Executive Officer of the Group as well as a director and general manager of a number of subsidiaries of the Company and the director of sales department. Mr. Zheng joined the Group in May 2001, responsible for assisting

the Chief Executive Officer to carry out daily business of the Group, operation and management of the Group's subsidiaries in Shanghai as well as the marketing strategy and development of the Group. Prior to joining the Group, Mr. Zheng worked for Shanghai Pingli Properties Limited (上海平利置業有限公司) as marketing manager responsible for corporate planning and sales from January 1993 to July 1997. Mr. Zheng acted as general manager of Shanghai Fuzhen Investment Consulting Co., Ltd. (上海福禎投資諮詢有限公司) as general manager responsible for business expansion and sales of company from July 1997 to May 2001. Mr. Zheng has more than 20 years of extensive experience in real estate investment, sales management and sales strategic planning. Mr. Zheng obtained a university-level specialist diploma (大學專科學歷) from Shanghai Institute of Technology in 1991, and a professional title of engineer in 1995. Mr. Zheng obtained the master of business administration in real estate from Shanghai Jiao Tong University in October 2008.

Mr. Ding Yan Lin (丁炎林)

Mr. Ding Yan Lin, aged 50, is an assistant to the Chief Executive Officer of the Group as well as a director and general manager of a number of subsidiaries of the Company. Mr. Ding joined the Group in March 2010, responsible for the Nantong Villa Glorious project. He has acted as chairman of Glorious Property Investment (Yancheng) Company Limited, one of the subsidiaries of the Company, since March 2011. He has also acted as an assistant to the Chief Executive Officer of the company responsible for cost control and project management since July 2011. Prior to joining the Group, Mr. Ding acted as executive deputy director of Rugao Port Development Zone (如皋港開發區常務副主任) from February 1997 to May 2003. Mr. Ding worked as general manager of Nantong Zhuo Sheng Petrochemical Co., Ltd. (南通焯晟石油化工有限公司) from May 2003 to March 2010, during which he was responsible for infrastructure construction and regular production and operation management. Mr. Ding graduated from East China Normal University with a postgraduate degree in law in 1993. He has extensive experience in corporate management.



Corporate Governance Report

The Board and the management of the Company are committed to achieving and maintaining high standards of corporate governance which they believe are crucial to the development of the Company and the benefits of its shareholders.

As a responsible business enterprise, the corporate governance standards of the Company are built on the principles of independence, accountability, transparency and honesty.

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31 December 2011 (the "Review Period"), 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 20 May 2011 due to other business engagements. Mr. Cheng Li Xiong, the Chief Executive Officer and executive director of the Company, chaired the AGM on behalf of the Chairman of the Board and was available to answer questions.

Board Composition

During the Review Period and up to the date of this report, the Board consists of the following directors (the "Directors"):

EXECUTIVE DIRECTORS:

Mr. Zhang Zhi Rong (*Chairman*)
Mr. Ding Xiang Yang (*Vice Chairman*)
Mr. Cheng Li Xiong (*Chief Executive Officer*)
Mr. Liu Ning (*Chief Operating Officer*)
Mr. Xia Jing Hua
Mr. Yan Zhi Rong
Mr. Yu Xiu Yang (appointed at the AGM held on 20 May 2011)
Mr. Li Xiao Bin (retired at the AGM held on 20 May 2011)

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Yim Ping Kuen
Mr. Liu Shun Fai
Mr. Wo Rui Fang
Mr. Han Ping

Biographical details of the Directors are set out on pages 64 to 66 of this annual report. Mr. Ding Xiang Yang is the brother-in-law of Mr. Zhang Zhi Rong. Save as aforesaid, the Board members have no financial, business, family and/or other material relationships with each other. The Company has arranged appropriate insurance cover for the Directors.

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision-making.

All Directors of the Company bring a wide spectrum of valuable business experience, knowledge and professionalism to the Board to ensure its efficient and effective functioning.

The Company has four independent non-executive Directors ("INEDs"), at least one of whom has appropriate financial management expertise in compliance with the Listing Rules. The Company has received annual independence confirmations from all the INEDs and concluded that all of them are independent pursuant to Rule 3.13 of the Listing Rules.

Board Composition (Continued)

The INEDs serve on the audit committee and the remuneration committee of the Company. Their active participation in the Board and committee meetings brings independent judgment on issues relating to the Company's strategy, performance and management process, taking into account the interests of all shareholders.

Details of emoluments of the Directors are set out in note 30 to the consolidated financial statements.

Roles and Responsibilities of the Board

The Board is accountable to the shareholders for leading the Company in a responsible and effective manner. It is responsible for formulating strategies and management policies of the Company, approving the strategic objectives of the Company and ensuring the availability of necessary financial and other resources to meet such objectives. The Board also constantly supervises and reviews the Company's regulations and rules. The Directors perform their duties in a faithful and diligent manner and act in the best interests of the Company and its shareholders as a whole.

Moreover, the Board is also responsible for presenting a clear and balanced assessment of the Company's performance and prospects, preparing accounts that give a true and fair view of the Company's financial position on a going concern basis and disclosing other price-sensitive information.

The management is responsible for implementing the policies and strategies as determined by the Board, and is delegated with the daily operations and administration of the Company.

Chairman and Chief Executive Officer

The Chairman, Mr. Zhang Zhi Rong, has executive responsibilities and provides leadership to the Board in terms of establishing policies and business directions. He ensures that the Board works effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner. He also ensures that all Directors are properly briefed on issues to be discussed at Board meetings. Mr. Cheng Li Xiong, being the Chief Executive Officer, is responsible for overseeing the day-to-day management of the Group's business.

Meetings

The Company held four Board meetings during the Review Period.

At the Board meetings, the Directors discussed and formulated overall strategies for the Company, discussed and approved the financial budgets, annual results, dividends and other significant transactions of the Group. Issues relating to the daily operations of the Group have been delegated to the management of the Group.

Notices of Board meetings were given to all Directors at least 14 days prior to the meetings and all Directors are entitled to include items which they think fit for discussion in the agenda of the meetings.

Draft and final versions of the minutes of the Board and the committees' meetings were sent to the Directors and the committees' members for their comment and records respectively in a timely manner.



Audit Committee

The Board established an audit committee ("Audit Committee") on 9 September 2009 with written terms of reference. The Audit Committee comprises four members, namely Mr. Yim Ping Kuen, Mr. Liu Shun Fai, Mr. Wo Rui Fang and Mr. Han Ping, all of whom are INEDs. Mr. Yim Ping Kuen has been appointed as chairman of the Audit Committee.

The main duties of the Audit Committee include the following:

1. making recommendations to the Board on the appointment, reappointment and removal of external auditors, and approving the remuneration and terms of engagement of external auditors;
2. reviewing and monitoring the external auditors' independence, objectivity and effectiveness of the audit process in accordance with applicable standards;
3. monitoring the integrity of the Company's annual and interim reports and accounts and reviewing significant financial reporting judgements contained in such reports and accounts; and
4. overseeing the Company's financial reporting system and internal control procedures.

Two meetings were held by the Audit Committee during the Review Period. The following is a summary of the work of the Audit Committee during 2011:

1. Review of the annual results (including the announcement thereof) and the audited financial statements for the year ended 31 December 2010;
2. Review of the interim results (including the announcement thereof) and the financial statements for the six months ended 30 June 2011;
3. Review of the external auditor's audit findings and other audit issues;
4. Review of the effectiveness of the internal control system; and
5. Review of the external auditor's remuneration.

On 30 March 2012, the Audit Committee reviewed with the management of the Company the accounting principles and practices adopted by the Group. The Group's consolidated financial statements for the year ended 31 December 2011 have been reviewed and approved by the Audit Committee, and the Audit Committee is of the opinion that such financial statements comply with the applicable accounting standards, the Listing Rules and all other applicable legal requirements. The Audit Committee therefore recommended the Board's approval of the Group's consolidated financial statements for the year ended 31 December 2011.



Remuneration Committee

The Board established a remuneration committee (“Remuneration Committee”) on 9 September 2009 with written terms of reference. The Remuneration Committee comprises three members, namely Mr. Zhang Zhi Rong (Chairman of the Board), Mr. Liu Shun Fai (INED) and Mr. Wo Rui Fang (INED), with Mr. Zhang Zhi Rong as the chairman.

The main duties of the Remuneration Committee include:

1. making recommendations to the Board on the policy and structure for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
2. determining the specific remuneration packages of all Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board regarding the remuneration of INEDs; and
3. reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

A meeting was held by the Remuneration Committee during the Review Period. The meeting held on 23 March 2011 was to review, consider and endorse the remuneration packages proposed for all Directors and senior management of the Company.

Finance Committee

The Board established a finance committee (“Finance Committee”) in April 2010 with delegated authority for reviewing and approving certain financial matters of the Group. Currently, the Finance Committee comprises Mr. Zhang Zhi Rong (chairman of the Board), Mr. Ding Xiang Yang (vice chairman of the Board) and Mr. Cheng Li Xiong (Chief Executive Officer), and its primary duties include the determination and approval of the investment of surplus funds, approval of any investment acquisition and disposal of the Group each of an amount not exceeding HK\$1 billion, arrangement of banking facilities and approval of guarantees and indemnities each of an amount not exceeding HK\$1 billion, opening and operation of bank accounts, handling or execution of share repurchase exercises of the Company, and allotment and issuance of the ordinary shares of the Company pursuant to the Pre-IPO Share Option Scheme and the Share Option Scheme (details of which are described in the section headed “Report of the Directors — Share Option Schemes” of this annual report).



Attendance Record at Meetings

The attendance record of each Director at Board meetings, Audit Committee meetings and Remuneration Committee meeting during the Review Period are set out in the following table:

Directors	Number of meetings attended/ Number of meetings held		
	Board	Audit Committee	Remuneration Committee
Executive Directors			
Mr. Zhang Zhi Rong	3/4	—	1/1
Mr. Ding Xiang Yang	4/4	—	—
Mr. Cheng Li Xiong	4/4	—	—
Mr. Liu Ning	4/4	—	—
Mr. Xia Jing Hua	4/4	—	—
Mr. Yan Zhi Rong	4/4	—	—
Mr. Yu Xiu Yang (Note 1)	3/3	—	—
Mr. Li Xiao Bin (Note 2)	0/1	—	—
Independent Non-executive Directors			
Mr. Yim Ping Kuen	4/4	2/2	—
Mr. Liu Shun Fai	4/4	2/2	1/1
Mr. Wo Rui Fang	4/4	2/2	1/1
Mr. Han Ping	4/4	2/2	—

Note 1 Mr. Yu Xiu Yang was appointed as an executive Director on 20 May 2011, therefore he did not attend the Board meeting held on 23 March 2011.

Note 2 Mr. Li Xiao Bin retired as an executive Director at the AGM held on 20 May 2011 and did not offer himself for re-election, therefore he was not required to attend the board meetings subsequently held on 9 June 2011, 29 August 2011 and 14 December 2011.

Appointment, Re-election and Removal of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Company's articles of association. The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and assessing the independence of the INEDs.

All Directors are appointed based on their merits and experiences relevant to the business of the Group and are subject to re-election by the shareholders at regular intervals. In accordance with the provisions of the Corporate Governance Code, all Directors are subject to retirement by rotation at least once every three years. A Director may be re-elected at the general meeting after the expiration of his term.

The Board reviews its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing on 2 October 2009. Each of the INEDs has entered into an appointment letter with the Company for a term of one year commencing on 2 October 2010, which was renewed for one year from 2 October 2011.

The Company has not established a nomination committee. New Directors are sought mainly through referrals or internal promotion. In evaluating whether a candidate is suitable to act as a Director of the Company, the Board will review the independence, experience and skills of the candidate as well as personal ethics, integrity and time commitment of the candidate.

Internal Controls

The Board is responsible for overseeing the Company's system of internal control and is committed to managing business risks and maintaining a sound and effective internal control system to safeguard the shareholders' investment and the Company's assets. The management is responsible for designing and implementing the internal control system to achieve the aforesaid objectives.

Under its terms of reference, the Audit Committee performs review of the Company's financial controls, internal control and risk management systems and is responsible for discussing with the management the Company's internal control system.

During the Review Period, the Directors, through the Audit Committee as well as by themselves, conducted periodic reviews of the effectiveness of the Company's internal control system, including financial, operational and compliance controls and risk management functions, and the adequacy of resources, qualifications and experience of the staff of the Company's accounting and financial reporting functions. The Directors generally satisfied with the effectiveness of the Company's internal control system.

The internal audit department of the Company performs regular audit reviews and report of the key controls of the Company to the Board and the Audit Committee. The responsible heads of departments will be notified of the control deficiencies noted for rectification.

To maintain an effective internal control system, all departments of the Company have formulated operational management guidelines, which clearly define the functions and responsibilities of each department and scope of power of each position.

External Auditor

The Company has engaged PricewaterhouseCoopers ("PwC") as its external auditor. In order to maintain PwC's independence and objectivity and the effectiveness of the audit process in accordance with the applicable standards, the Audit Committee, under its terms of reference, pre-approves all audit services to be provided by PwC and discusses with PwC the nature and scope of their audit and reporting obligations before the audit commences.

The aggregate remuneration in respect of services provided by PwC for the year ended 31 December 2011 was RMB10.2 million, of which RMB7.3 million represents annual audit fees and RMB2.9 million represents fees for certain audit related services.

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. All Directors have confirmed, following specific enquiries being made by the Company, that they have complied with the required standard set out in the Model Code throughout the Review Period.



Directors' Responsibilities for Financial Statements

All Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2011 and of ensuring that the preparation of the consolidated financial statements of the Group is in accordance with the applicable standards and requirements.

The report of the auditor of the Company concerning its responsibilities on the consolidated financial statements of the Company is set out on pages 85 and 86 of this annual report.

Shareholders' Meetings

All shareholders of the Company have the right to be informed and participate in material matters of the Company as prescribed by laws and the articles of association of the Company.

The Company regards the annual general meeting as an important event as it provides an invaluable opportunity for the Board to communicate with the shareholders.

During the Review Period, the Company held an extraordinary general meeting on 23 November 2011 to consider and approve (i) the entering into of the construction services agreement dated 19 October 2011 (the "Construction Services Agreement") between the Company and 上海地通建設(集團)有限公司(Shanghai Ditong Construction (Group) Co., Ltd.*) in relation to the provision of construction and related services to the Group from time to time for a term of three years from 1 January 2012 to 31 December 2014, (ii) the proposed annual caps for the transactions contemplated under the Construction Services Agreement and (iii) the execution of the Construction Services Agreement by any one director of the Company.

Communication with Shareholders and Investors

The Company believes that effective communication with its shareholders is essential for enhancing investor relations and investors' understanding of the Company's business performance and strategies. The Company also recognises the importance of transparent and timely disclosure of corporate information, which enables shareholders and investors to make the most informed investment decisions.

The goal of the Company's communication activities is to provide a true and fair view of the Company to the public. To further enhance the Company's relationship with its shareholders and investors and to ensure that all investors have a better understanding of the Company, the Company has established an Investor Relations Department to handle regular contact with investors.

Important events regarding financial results, business development and operations are also announced on a timely basis to investors through the Company's website www.gloriousphl.com.cn.

To maintain and improve the visibility of the Company in the financial community, the Company has participated in various investors' conferences during the Review Period. Going forward, the Company will continue to leverage on various channels and platforms including press conferences, analyst briefings and industry conferences to ensure the timely release of important messages to the public.

* For identification purpose only



Report of the Directors

The Directors are pleased to submit their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2011.

Principal Activities

The Company acts as an investment holding company. The Group is principally engaged in the development and sale of high quality properties in key economic cities in the PRC. As at 31 December 2011, the Group had property development projects in prime locations of key economic cities in Shanghai, Yangtze River Delta, Pan Bohai Rim and Northeast China.

An analysis of the Group's revenue and total assets during the year, by reportable operating segment, is set out in note 5 to the consolidated financial statements.

Subsidiaries of the Company

A list of the subsidiaries of the Company, together with their places of operation and incorporation, issued capital and registered capital, is set out in note 11 to the consolidated financial statements.

Results and Dividends

The results of the Group for the year ended 31 December 2011 are set out in the accompanying consolidated statement of comprehensive income on page 90 of this annual report.

The Board has resolved not to recommend for the payment of a final dividend for the year ended 31 December 2011.

Financial Summary

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 151 of this annual report.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 December 2011, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the listed securities of the Company.

Major Suppliers and Customers

For the year ended 31 December 2011, the aggregate purchases attributable to the Group's five largest suppliers represented approximately 30.1% of the Group's total purchases, while the purchases from the Group's largest supplier accounted for approximately 15.2% of the Group's total purchases.

For the year ended 31 December 2011, the aggregate sales attributable to the Group's five largest customers accounted for 7.4% of the Group's total sales.

During the year ended 31 December 2011, apart from the interest of the father of Mr. Zhang Zhi Rong in Shanghai Ditong Construction (Group) Co., Ltd. ("Shanghai Ditong"), as described in the section headed "Connected Transactions" below, none of the Directors or any of their associates or any shareholders which, to the best knowledge of the Directors, who owns more than 5% of the Company's issued share capital, had any interest in any of the Group's five largest suppliers and customers.



Report of the Directors *(Continued)*

Donations

Charitable donations made by the Group during the year amounted to RMB7.5 million (2010: RMB0.6 million).

Property, Plant and Equipment

Details of movements in property, plant and equipment, investment properties, properties under development and completed properties held for sale of the Group during the year are set out in notes 6, 7, 12 and 13 to the consolidated financial statements.

Borrowings

Particulars of the borrowings of the Group as at 31 December 2011 are set out in note 20 to the consolidated financial statements.

Capitalised Borrowing Costs

Borrowing costs capitalised by the Group during the year amounted to approximately RMB1,828.5 million (2010: RMB1,172.6 million).

Major Properties

Major properties of the Group as at 31 December 2011 are set out on pages 152 to 160 of this annual report.

Share Premium and Reserves

Details of movements in the share premium and reserves of the Company during the year ended 31 December 2011 are set out in notes 18 and 19 to the consolidated financial statements.

Distributable Reserves

As at 31 December 2011, the reserves of the Company available for distribution to the shareholders amounted to approximately RMB5,652.2 million (2010: 5,850.9 million).

Share Capital

Details of movements in the share capital of the Company during the year are set out in note 18 to the consolidated financial statements.

Directors

The Directors of the Company who held office during the year and as at the date of this annual report are:

EXECUTIVE DIRECTORS:

Mr. Zhang Zhi Rong (*Chairman*)
Mr. Ding Xiang Yang (*Vice-chairman*)
Mr. Cheng Li Xiong (*Chief Executive Officer*)
Mr. Liu Ning (*Chief Operating Officer*)
Mr. Xia Jing Hua
Mr. Yan Zhi Rong
Mr. Yu Xiu Yang (appointed at the AGM held on 20 May 2011)
Mr. Li Xiao Bin (retired at the AGM held on 20 May 2011)

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Yim Ping Kuen
Mr. Liu Shun Fai
Mr. Wo Rui Fang
Mr. Han Ping

In accordance with Article 84(1) of the articles of association of the Company, Messrs. Ding Xiang Yang, Yim Ping Kuen, Liu Shun Fai and Han Ping are due to retire by rotation at the 2012 annual general meeting of the Company. All of the retiring Directors, being eligible, offer themselves for re-election.

Directors' Interests in Contracts of Significance

Save for the contracts disclosed in the section headed "Connected Transactions" below, no contract of significance (as defined in Appendix 16 to the Listing Rules) in relation to the Group's business to which the Company or its holding company or subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at any time during or at the end of the year.

Directors' Interests in Competing Business

As at 31 December 2011, none of the Directors nor their associates had interests in businesses which competed or were likely to compete, either directly or indirectly, with the Group's businesses.

In order to protect the Group's interests and its current business activities, the controlling shareholders of the Company, namely, Best Era International Limited and Mr. Zhang Zhi Rong, had entered into a deed of non-compete undertaking on 9 September 2009 ("Deed of Non-compete Undertaking") in favour of the Company, under which each of Best Era International Limited and Mr. Zhang Zhi Rong has undertaken and covenanted with the Company that pursuant to the terms and conditions of the Deed of Non-compete Undertaking, they shall not and shall procure their respective associates not to directly or indirectly engage or otherwise be interested in the business of the development, sales, leasing and investment of properties in the PRC (other than through the Group) or business which is the same or similar to that carried on by the Group from time to time.

The Company has received a confirmation from Best Era International Limited and Mr. Zhang Zhi Rong in respect of their compliance with the terms of the Deed of Non-compete Undertaking during the year ended 31 December 2011.

The INEDs have also reviewed and confirmed the compliance with, and the enforcement of, the Deed of Non-compete Undertaking by Best Era International Limited and Mr. Zhang Zhi Rong during the year.

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31 December 2011, the Directors and their respective associates (as defined in the Listing Rules) had the following interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (the "Associated Corporations") (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code:

(A) COMPANY

Name of Director	Number of ordinary shares			Approximate % of shareholding ⁽³⁾
	Personal interests ⁽¹⁾	Corporate interests	Total	
Mr. Zhang Zhi Rong	15,000,000	5,314,216,436 ⁽²⁾	5,329,216,436	68.39
Mr. Ding Xiang Yang	15,000,000	—	15,000,000	0.19
Mr. Cheng Li Xiong	15,000,000	—	15,000,000	0.19
Mr. Liu Ning	5,000,000	—	5,000,000	0.06
Mr. Xia Jing Hua	5,000,000	—	5,000,000	0.06
Mr. Yan Zhi Rong	5,000,000	—	5,000,000	0.06



Directors' Interests in Shares, Underlying Shares and Debentures (Continued)

(B) ASSOCIATED CORPORATIONS

Name of Director	Name of Associated Corporation	Number of ordinary shares	Approximate % of shareholding
Mr. Zhang Zhi Rong	Best Era International Limited	150,000	100 ⁽⁵⁾
Mr. Zhang Zhi Rong ⁽⁴⁾	Shanghai Chuangmeng International Architectural Design Co., Ltd.	—	3

Notes:

- (1) This represents interests held by the relevant Director as beneficial owner in share options granted to the Directors under the Pre-IPO Share Option Scheme to subscribe for shares in the Company, details of which are set out in the section headed "Share Option Schemes" of this annual report.
- (2) Best Era International Limited, Market Victor Limited, Novel Ventures Limited, Island Century Limited and Well Advantage Limited, all of which are wholly-owned directly or indirectly by Mr. Zhang Zhi Rong, held 4,978,923,436 shares, 81,936,000 shares, 106,288,000 shares, 119,313,000 shares and 27,756,000 shares respectively as at 31 December 2011, representing in aggregate 5,314,216,436 shares or approximately 68.20% of the issued share capital of the Company.
- (3) The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 31 December 2011 (i.e. 7,792,645,623 ordinary shares).
- (4) Ms. Gao Wei Ping holds a 3% equity interest in Shanghai Chuangmeng International Architectural Design Co., Ltd. ("Shanghai Chuangmeng"). Since Mr. Zhang Zhi Rong is the husband of Ms. Gao Wei Ping, he is deemed to be interested in the 3% equity interest in Shanghai Chuangmeng held by Ms. Gao Wei Ping.
- (5) The percentage has been compiled based on the total number of ordinary shares of Best Era International Limited in issue as at 31 December 2011 (i.e. 150,000 ordinary shares).

All of the interests disclosed in sections (a) and (b) above represent long positions in the shares of the Company or the Associated Corporations.

Save as aforesaid, as at 31 December 2011, none of the Directors or their associates had any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

As at 31 December 2011, the number of outstanding options granted by the Company to the Directors to subscribe for shares of the Company, as recorded in the register required to be kept under Section 352 of the SFO or which were otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, is set out in the section headed "Share Option Schemes" of this annual report.

Apart from the aforesaid, at no time during the year ended 31 December 2011 was the Company or its holding company or subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholder's Interests in the Share Capital of the Company

As at 31 December 2011, the interests of substantial shareholder (other than the Directors) in the shares or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity in which ordinary shares were held	Number of ordinary shares	Long position/ Short position/ Lending pool	Approximate % of shareholding ⁽²⁾
Best Era International Limited ⁽¹⁾	Beneficial owner	4,978,923,436	Long position	63.89

Notes:

(1) Best Era International Limited is wholly-owned by Mr. Zhang Zhi Rong, who is also the sole director of Best Era International Limited.

(2) The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 31 December 2011 (i.e. 7,792,645,623 ordinary shares).

Apart from the aforesaid, as at 31 December 2011, the Company had not been notified of any interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

Share Option Schemes

Pursuant to the resolutions in writing passed by all the shareholders of the Company on 9 September 2009, the Company conditionally approved and adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and 84,000,000 share options had been granted to its Directors and employees which are exercisable for a ten-year period from the grant date. No further options will be offered or granted by the Company pursuant to the Pre-IPO Share Option Scheme. The purpose of the Pre-IPO Share Option Scheme is to give the participants an opportunity to acquire a personal stake in the Company and help motivate such participants and retain the participants whose contributions are important to the long term growth and profitability of the Group. As at 31 December 2011, the total number of shares in respect of the outstanding options granted under the Pre-IPO Share Option Scheme was 78,000,000 shares, which is equivalent to approximately 1% of the total issued share capital of the Company.

Pursuant to the resolutions in writing passed by all the shareholders of the Company on 9 September 2009, the Company also approved and adopted a share option scheme for the purpose of enabling the Group to grant options to selected participants as incentives or rewards for their contribution to the Group (the "Share Option Scheme"). During the year ended 31 December 2011, no share options had been granted under the Share Option Scheme.



Share Option Schemes (Continued)

Particulars of the Company's Pre-IPO Share Option Scheme and Share Option Scheme are set out in note 39 to the consolidated financial statements. The following table discloses details of the Company's outstanding share options held by the Directors and certain employees of the Company under the Pre-IPO Share Option Scheme and its movement during the year ended 31 December 2011:

	Date of grant	Number of underlying shares comprised in share options						Balance as at 31/12/2011	Exercise price per share HK\$	Exercise period
		Balance as at 01/01/2011	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Re-classified			
Category 1:										
Directors										
Mr. ZHANG Zhi Rong	09/09/2009	15,000,000	—	—	—	—	—	15,000,000	1.76	Note 1
Mr. DING Xiang Yang	09/09/2009	15,000,000	—	—	—	—	—	15,000,000	1.76	Note 1
Mr. CHENG Li Xiong	09/09/2009	15,000,000	—	—	—	—	—	15,000,000	1.76	Note 1
Mr. LIU Ning	09/09/2009	5,000,000	—	—	—	—	—	5,000,000	1.76	Note 1
Mr. XIA Jing Hua	09/09/2009	5,000,000	—	—	—	—	—	5,000,000	1.76	Note 1
Mr. LI Xiao Bin (Note 2)	09/09/2009	5,000,000	—	—	—	(5,000,000)	—	—	1.76	Note 1
Mr. YAN Zhi Rong	09/09/2009	5,000,000	—	—	—	—	—	5,000,000	1.76	Note 1
		65,000,000	—	—	—	—	(5,000,000)	60,000,000		
Category 2:										
Senior Management and other										
Employees (in aggregate)	09/09/2009	13,000,000	—	—	—	—	5,000,000	18,000,000	1.76	Note 1
Total:		78,000,000	—	—	—	—	—	78,000,000		

Note 1:

Each of the grantees to whom the options have been granted under the Pre-IPO Share Option Scheme is entitled to exercise:

- (i) up to 20% of the shares that are subject to the options granted to the relevant grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on 2 October 2009 (the "Listing Date") and ending on the first anniversary of the Listing Date;
- (ii) up to 40% of the shares that are subject to the options granted to the relevant grantee less the number of shares in respect of which the options have been exercised by the grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on the expiry of the first anniversary of the Listing Date and ending on the second anniversary of the Listing Date;
- (iii) up to 60% of the shares that are subject to the options granted to the relevant grantee less the number of shares in respect of which the options have been exercised by the grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on the expiry of the second anniversary of the Listing Date and ending on the third anniversary of the Listing Date;
- (iv) up to 80% of the shares that are subject to the options granted to the relevant grantee less the number of shares in respect of which the options have been exercised by the grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on the expiry of the third anniversary of the Listing Date and ending on the fourth anniversary of the Listing Date;
- (v) such number of shares subject to the options granted to the relevant grantee less the number of shares in respect of which the options have been exercised by the grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on the expiry of the fourth anniversary of the Listing Date and ending on 8 September 2019.

Note 2:

Mr. Li Xiao Bin retired as an executive director of the Company by rotation at the AGM held on 20 May 2011 and did not offer himself for re-election.

Pre-emptive Rights

There is no provision for pre-emptive rights under the articles of association of the Company or the relevant laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Connected Transactions

Pursuant to Chapter 14A of the Listing Rules, the following transactions are “connected transactions” and “continuing connected transactions” as defined in the Listing Rules and which are subject to the disclosure requirements under Chapter 14A of the Listing Rules. Certain of these connected transactions which also constitute related party transactions are set out in note 36 to the consolidated financial statements. Details of such transactions are as follows:

(A) CONNECTED TRANSACTIONS

Provision of Financial Assistance

On 13 April 2011, 恒盛卓怡地產投資(大連)有限公司 (Glorious Zhuoyi Property Investment (Dalian) Co., Ltd.*) (“Zhuoyi Dalian”), an indirect wholly-owned subsidiary of the Company, acquired from 大連和升控股集團有限公司 (Dalian Hesheng Holdings Group Co., Ltd.*) (“Dalian Hesheng”) a 70% equity interest in 恒盛陽光鑫地(大連)置業有限公司 (Glorious Yangguang Xindi (Dalian) Property Development Co., Ltd.*) (formerly known as 中城建(大連)房地產開發有限公司 (Zhong Cheng Jian (Dalian) Real Estate Development Co., Ltd.*) (“Glorious Yangguang Dalian”) and the relevant shareholder’s loan at a total consideration of RMB514,647,100 (the “Acquisition”). In connection with the Acquisition and as a condition to release the original equity pledge over the entire equity interest in Glorious Yangguang Dalian as a security to the repayment obligation under a loan (“the Entrusted Loan”) in the amount of RMB500,000,000 provided by 華融國際信託有限公司 (Huarong International Trust Co., Ltd.*) (“Huarong Trust”) as lender to Dalian Hesheng as borrower, the following security documents were entered into on 26 April 2011 in favour of Huarong Trust: (i) a land pledge agreement by 大連潤景房地產開發有限公司 (Dalian Runjing Property Development Co., Ltd.*) (“Dalian Runjing”) over a land slot with a gross site area of 50,148 sq.m. in Dalian; (ii) an equity pledge agreement by Zhuoyi Dalian over the 70% equity interest in Glorious Yangguang Dalian; (iii) an equity pledge agreement by Zhuoyi Dalian over the 100% equity interest in Dalian Runjing; and (iv) an irrevocable guarantee by 恒盛陽光鑫地(遼寧)置業有限公司 (Glorious Yangguang Xindi (Liaoning) Property Development Co., Ltd.*) (“Glorious Yangguang Xindi”), an indirect wholly-owned subsidiary of the Company (the agreements in (i) to (iv) shall be collectively referred to as the “New Security Documents”). Further, Glorious Yangguang Dalian also agreed to the continuation of the land pledge agreement dated 11 August 2010 (“No. 200 Land Pledge”) entered into by Glorious Yangguang Dalian over a land slot with a gross site area of 120,576 sq.m. in Dalian in favour of Huarong Trust. Upon completion of the Acquisition on 27 April 2011, Glorious Yangguang Dalian became a subsidiary of the Company, indirectly owned as to 70% by the Company and as to 30% by Dalian Hesheng. Dalian Hesheng, as a substantial shareholder of a subsidiary of the Company, became a connected person of the Company. Therefore, the New Security Documents and the No. 200 Land Pledge constituted connected transactions of the Company in the form of provision of financial assistance to a connected person.

In order to facilitate the obtain of certain loan facilities by Dalian Hesheng from Dalian Branch of Shengjing Bank (盛京銀行股份有限公司) (“Shengjing Bank”) in the principal amount of not exceeding RMB240,000,000 (the “Shengjing Bank Loan”) to fund its repayment obligation under the Entrusted Loan, on 15 December 2011, Huarong Trust released the No. 200 Land Pledge and Glorious Yangguang Dalian entered into a new land pledge over the same land slot in favour of Dalian Branch of Shengjing Bank (the “New No. 200 Land Pledge”) to secure the repayment obligations of Dalian Hesheng under the Shengjing Bank Loan. In addition, Glorious Yangguang Dalian also entered into a joint and several liability guarantee in favour of Dalian Branch of Shengjing Bank (the “New Guarantee”). As Dalian Hesheng is a connected person of the Company, the New No. 200 Land Pledge and the New Guarantee constitute connected transactions of the Company in the form of provision of financial assistance to a connected person.

* For identification purpose only



Connected Transactions (Continued)

(B) CONTINUING CONNECTED TRANSACTIONS

Shanghai Ditong entered into a framework construction services agreement (the “Construction Services Agreement”) on 9 September 2009 with the Company, pursuant to which Shanghai Ditong has agreed to provide construction and related services to the Group according to the tender documents and the construction contracts signed between Shanghai Ditong and the Group from time to time. The Construction Services Agreement is effective from the Listing Date up to 31 December 2011.

Mr. Zhang De Huang (the father of Mr. Zhang Zhi Rong, the Chairman and the indirect ultimate controlling shareholder of the Company) holds a controlling stake in Shanghai Ditong. Therefore, Shanghai Ditong is a connected person of the Group pursuant to Chapter 14A of the Listing Rules and the construction services provided to the Group by Shanghai Ditong constitute continuing connected transactions of the Group.

For the year ended 31 December 2011, the annual cap for the continuing connected transactions between the Group and Shanghai Ditong under the Construction Services Agreement is approximately RMB1,342.1 million and the actual transacted amount was approximately RMB1,194.9 million.

In relation to the anticipated project developments of the Group where the construction company has not been selected on the Listing Date (the “New Projects”), the Company has undertaken that the annual construction fees payable to Shanghai Ditong will not exceed 40%, 30% and 20%, respectively, of the estimated total amounts payable for the New Projects of the Group for each of the three years ending 31 December 2011 (the “Shanghai Ditong Undertaking”). During the year ended 31 December 2011, the Group had entered into a number of new construction contracts with Shanghai Ditong in respect of the New Projects, and the total amount payable to Shanghai Ditong in respect of these new contracts for the year ended 31 December 2011 was approximately RMB904.8 million. As the total construction fees payable to Shanghai Ditong for the year ended 31 December 2011 in respect of the New Projects is less than 20% of the total construction fees payable by the Group in respect of the New Projects, the Group had complied with the Shanghai Ditong Undertaking for the year ended 31 December 2011.

Shanghai Ditong has renewed the Construction Services Agreement by entering into a new framework construction services agreement (the “New Construction Services Agreement”) on 19 October 2011 with the Company, pursuant to which Shanghai Ditong has agreed to provide construction and related services to the Group according to the construction contracts signed or to be signed between Shanghai Ditong and the Group from time to time. The New Construction Services Agreement is effective for a period of three years from 1 January 2012 to 31 December 2014. The proposed annual caps for the continuing connected transactions contemplated by the New Construction Services Agreement for the three years ending 31 December 2014 are set out as follows:

Year	RMB million
2012	1,300.0
2013	1,116.1
2014	681.2

Continuing Corporate Governance Measures

The Group has adopted the Guidelines on Tendering Procedures for Construction Services (工程類招投標工作指引) (the “Guidelines”) on 15 April 2010, for the selection of potential bidders for the property projects carried out by the Group and review of construction services provided by Shanghai Ditong.

The Guidelines contain (a) an independent mechanism to govern and monitor the selection process of potential bidders for construction company; and (b) independent review procedures for the monitoring of the quality of construction work completed by Shanghai Ditong (applicable where Shanghai Ditong is selected to provide construction services to the Group after going through the selection process).

The Board has confirmed that the Group has complied with the independent mechanism contained in the Guidelines, as a result of which Shanghai Ditong has been selected as the construction company for a number of projects mentioned in the previous paragraph. The Board has also confirmed that the Group has carried out the independent review procedures set out in the Guidelines to monitor the quality of the construction work completed by Shanghai Ditong.

The INEDs of the Company have reviewed the letter from the auditor of the Company to the Board on all the transactions conducted between the Group and Shanghai Ditong under the Construction Services Agreement during the year ended 31 December 2011, which was prepared in compliance with the requirements under Rule 14A.38 of the Listing Rules. The INEDs have also reviewed the terms of the Construction Services Agreement pursuant to a meeting of the INEDs held on 30 March 2012. They have confirmed that the continuing connected transactions of the Group for the financial year ended 31 December 2011 have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreements governing them and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.38 of the Listing Rules, the Company has engaged the auditor of the Company to conduct certain procedures in respect of the continuing connected transactions of the Group in accordance with the Hong Kong Standard on Assurance Engagement 3000 “Assurance Engagement Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has confirmed to the Board in writing that for the year ended 31 December 2011, the continuing connected transactions, which were governed by the Construction Services Agreement, (i) have received the approval of the Board; (ii) have been entered into in accordance with the relevant agreement governing such transactions; and (iii) have not exceeded the relevant cap amount for the financial year ended 31 December 2011 as set out in the prospectus of the Company issued in connection with the listing of the Company on the Hong Kong Stock Exchange.

Related Party Transactions

Details of the material related party transactions undertaken by the Group in the normal course of business are set out in note 36 to the consolidated financial statements. Those related party transactions which constituted connected transactions/continuing connected transactions under the Listing Rules, which are set out in the section headed “Connected Transactions” above, have complied with Chapter 14A of the Listing Rules.



Report of the Directors (Continued)

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

Directors' Service Contracts

None of the Directors has entered into a service contract with the Company or its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

Director's Remuneration

Directors' remuneration is determined by reference to the Director's duties and responsibilities, their individual performance, the financial results of the Group and the prevailing market benchmark.

Details of the remuneration of the Directors and the five highest paid individuals of the Company for the year ended 31 December 2011 are set out in note 30 to the consolidated financial statements. There was no arrangement under which a Director waived or agreed to waive any remuneration during the year.

Pension Schemes

Details of the Group's pension schemes are set out in note 2(t) to the consolidated financial statements.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, during the year and up to the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

Corporate Governance

The Company's corporate governance principles and practices are set out in the corporate governance report on pages 68 to 74 of this annual report.

Auditor

The financial statements for the financial year ended 31 December 2011 have been audited by PricewaterhouseCoopers, who will retire at the conclusion of the 2012 annual general meeting of the Company. A resolution for the re-appointment of PricewaterhouseCoopers as the auditor of the Company will be proposed at that meeting.

On behalf of the Board

Zhang Zhi Rong

Chairman

Hong Kong, 30 March 2012



Independent Auditor's Report

To the shareholders of Glorious Property Holdings Limited

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Glorious Property Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 87 to 150, which comprise the consolidated and the Company balance sheets as at 31 December 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2012

Consolidated Balance Sheet

As at 31 December 2011

RMB'000	Note	2011	2010
ASSETS			
Non-current assets			
Property, plant and equipment	6	722,872	573,753
Investment properties	7	8,557,663	7,223,208
Intangible assets	8	2,833	3,360
Investment in an associate	9	6,189	5,851
Investment in a jointly controlled entity	10	25,767	29,910
Loan to a jointly controlled entity	10	1,967,905	—
Deferred income tax assets	21	308,027	201,167
		11,591,256	8,037,249
Current assets			
Properties under development	12	22,862,050	16,791,838
Completed properties held for sale	13	2,929,268	1,989,004
Inventories	14	6,849	6,636
Trade and other receivables and prepayments	15	9,942,396	7,672,916
Amount due from a jointly controlled entity	10	—	1,903,472
Prepaid taxes		205,995	89,706
Restricted cash	16	2,145,255	1,683,880
Cash and cash equivalents	17	1,021,098	4,151,420
		39,112,911	34,288,872
Total assets		50,704,167	42,326,121
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	18	68,745	68,745
Share premium	18	7,822,982	7,822,982
Reserves		9,159,191	6,907,191
		17,050,918	14,798,918
Non-controlling interests		1,293,778	493,051
Total equity		18,344,696	15,291,969

The notes on pages 93 to 150 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet (Continued)

As at 31 December 2011

RMB'000	Note	2011	2010
LIABILITIES			
Non-current liabilities			
Borrowings	20	5,583,223	7,780,952
Deferred income tax liabilities	21	1,476,239	1,212,088
Obligations under finance lease	22	17,396	17,232
		7,076,858	9,010,272
Current liabilities			
Advanced proceeds received from customers		6,915,588	6,565,180
Trade and other payables	23	4,751,758	2,458,068
Income tax payable		4,311,586	2,994,321
Borrowings	20	9,302,813	6,005,443
Obligations under finance lease	22	868	868
		25,282,613	18,023,880
Total liabilities		32,359,471	27,034,152
Total equity and liabilities		50,704,167	42,326,121
Net current assets		13,830,298	16,264,992
Total assets less current liabilities		25,421,554	24,302,241

Approved by the Board on 30 March 2012 and signed on its behalf by

Zhang Zhi Rong
Director

Cheng Li Xiong
Director

The notes on pages 93 to 150 are an integral part of these consolidated financial statements.

Balance Sheet

As at 31 December 2011

RMB'000	Note	2011	2010
ASSETS			
Non-current assets			
Interests in subsidiaries	11	7,400,320	6,674,469
Property and equipment	6	73	477
		7,400,393	6,674,946
Current assets			
Prepayments	15	544	415
Restricted cash	16	200,000	—
Cash and cash equivalents	17	74,093	1,951,500
		274,637	1,951,915
Total assets		7,675,030	8,626,861
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	18	68,745	68,745
Share premium	18	7,822,982	7,822,982
Reserves	19	(2,170,748)	(1,972,055)
Total equity		5,720,979	5,919,672
LIABILITIES			
Non-current liabilities			
Borrowings	20	1,897,100	1,969,617
Current liabilities			
Trade and other payables	23	6,214	7,133
Amounts due to subsidiaries	24	50,737	730,439
		56,951	737,572
Total liabilities		1,954,051	2,707,189
Total equity and liability		7,675,030	8,626,861
Net current assets		217,686	1,214,343
Total assets less current liabilities		7,618,079	7,889,289

Approved by the Board on 30 March 2012 and signed on its behalf by

Zhang Zhi Rong
Director

Cheng Li Xiong
Director

The notes on pages 93 to 150 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2011

RMB'000	Note	2011	2010
Revenue	5	9,585,443	7,114,025
Cost of sales	27	(5,788,246)	(3,694,934)
Gross profit		3,797,197	3,419,091
Other income	25	182,695	803,239
Other gains, net	26	724,419	2,410,578
Selling and marketing expenses	27	(240,998)	(197,133)
Administrative expenses	27	(435,957)	(421,057)
Finance costs	28	(2,526)	(3,750)
Share of profit of an associate	9	338	1,351
Share of loss of a jointly controlled entity	10	(4,143)	(50,090)
Profit before income tax		4,021,025	5,962,229
Income tax expenses	31	(1,811,944)	(2,353,451)
Profit for the year		2,209,081	3,608,778
Profit for the year attributable to:			
— the Company's equity holders		2,215,654	3,608,552
— non-controlling interests		(6,573)	226
		2,209,081	3,608,778
Other comprehensive income:			
Gain/loss recognised directly in equity		—	—
Total comprehensive income for the year		2,209,081	3,608,778
Total comprehensive income for the year attributable to:			
— the Company's equity holders		2,215,654	3,608,552
— non-controlling interests		(6,573)	226
		2,209,081	3,608,778
Earnings per share for profit attributable to the Company's equity holders (expressed in RMB per share)			
— Basic	32	0.28	0.46
— Diluted	32	0.28	0.46
Dividend	33	—	—
Dividend per share (expressed in RMB per share)	33	—	—

The notes on pages 93 to 150 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2011

RMB'000	Year ended 31 December 2011									
	Attributable to the Company's equity holders									
	Share capital (note 18)	Share premium (note 18)	Merger reserve (note 19(b))	Statutory reserve (note 19(c))	Other reserve (note 19(d))	Employee share-based compensation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2011	68,745	7,822,982	(770,477)	132,734	264,317	140,191	7,140,426	14,798,918	493,051	15,291,969
Total comprehensive income for the year	—	—	—	—	—	—	2,215,654	2,215,654	(6,573)	2,209,081
Employee share-based compensation (note 39)	—	—	—	—	—	36,346	—	36,346	—	36,346
Transfer to statutory reserve	—	—	—	131,260	—	—	(131,260)	—	—	—
Acquisition of subsidiaries (note 38)	—	—	—	—	—	—	—	—	799,300	799,300
Capital injection from non-controlling shareholder of a subsidiary	—	—	—	—	—	—	—	—	8,000	8,000
Balance at 31 December 2011	68,745	7,822,982	(770,477)	263,994	264,317	176,537	9,224,820	17,050,918	1,293,778	18,344,696

RMB'000	Year ended 31 December 2010									
	Attributable to the Company's equity holders									
	Share capital (note 18)	Share premium (note 18)	Merger reserve (note 19(b))	Statutory reserve (note 19(c))	Other reserve (note 19(d))	Employee share-based compensation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2010	68,745	7,822,982	(770,477)	116,867	264,317	69,898	3,781,520	11,353,852	492,825	11,846,677
Total comprehensive income for the year	—	—	—	—	—	—	3,608,552	3,608,552	226	3,608,778
Employee share-based compensation (note 39)	—	—	—	—	—	70,293	—	70,293	—	70,293
Transfer to statutory reserve	—	—	—	15,867	—	—	(15,867)	—	—	—
2009 final dividend	—	—	—	—	—	—	(233,779)	(233,779)	—	(233,779)
Balance at 31 December 2010	68,745	7,822,982	(770,477)	132,734	264,317	140,191	7,140,426	14,798,918	493,051	15,291,969

The notes on pages 93 to 150 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2011

RMB'000	Note	2011	2010
Cash flows from operating activities			
Cash generated from/(used in) operations	34	796,364	(5,712,938)
Income tax paid		(453,677)	(332,917)
Interest paid		(1,786,517)	(1,291,359)
Net cash used in operating activities		(1,443,830)	(7,337,214)
Cash flows from investing activities			
Purchases of property, plant and equipment		(170,567)	(93,651)
Purchase of intangible asset		—	(1,800)
Payments for the construction of investment properties		(657,319)	(169,068)
Proceeds from disposals of property, plant and equipment		1,050	3,520
Interest received		51,271	18,526
Advances to a third party		(190,965)	—
Net cash used in investing activities		(966,530)	(242,473)
Cash flows from financing activities			
Capital injection from non-controlling shareholder of a subsidiary		8,000	—
Proceeds from borrowings		9,544,110	10,156,260
Repayment of borrowings		(8,490,850)	(3,137,238)
Dividend paid		—	(233,779)
Advances received from third parties		119,850	—
Changes in restricted cash		(1,900,000)	—
Net cash (used in)/generated from financing activities		(718,890)	6,785,243
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		4,151,420	5,013,296
Exchange losses on cash and bank balances		(1,072)	(67,432)
Cash and cash equivalents at end of the year	17	1,021,098	4,151,420

The notes on pages 93 to 150 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

31 December 2011

1 General Information

Glorious Property Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) is principally engaged in the development of real estate projects in the People’s Republic of China (the “PRC”).

The Company is a limited liability company incorporated in the Cayman Islands on 27 July 2007 and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) (Stock Code: 00845). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

These financial statements are presented in thousands of units of Renminbi (RMB’000), unless otherwise stated. These financial statements have been approved for issue by the Board on 30 March 2012.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) BASIS OF PRESENTATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated financial statements have been prepared in accordance with the HKFRSs under the historical cost convention, as modified by the revaluation of investment properties.

The preparation of consolidated financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4 below.

(i) New and amended standards adopted by the Group

The Group has adopted the following new standards, amendments and interpretations on 1 January 2011:

HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Financial Instruments: Presentation in Classification of Right Issue
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
Improvements to HKFRS 2010	

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

(ii) Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations have been published and are mandatory for the accounting periods beginning on or after 1 January 2011 or later periods, and the Group has not early adopted:

- HKAS 1 (Amendment) “Presentation of financial statements” requires entities to group items presented in “other comprehensive income” on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). HKAS 1 (Amendment) will be effective for accounting period beginning on or after 1 July 2012.

2 Summary of Significant Accounting Policies (Continued)

(a) BASIS OF PRESENTATION (Continued)

(ii) Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group (Continued)

- HKAS 12 “Income taxes” currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in HKAS 40, ‘Investment property’. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, HK(SIC) 21 “Income taxes – recovery of revalued non-depreciable assets”, will no longer apply to investment properties carried at fair value. The amendments also incorporate into HKAS 12 the remaining guidance previously contained in HK(SIC) 21, which is withdrawn. HKAS 12 (Amendment) will be effective for accounting period beginning on or after 1 January 2012.
- HKFRS 9 “Financial instruments” addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. HKFRS 9 will be effective for accounting period beginning on or after 1 January 2015.
- HKFRS 10 “Consolidated financial statements” builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. HKFRS 10 will be effective for accounting period beginning on or after 1 January 2013.
- HKFRS 11 “Joint arrangements” is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. HKFRS 11 will be effective for accounting period beginning on or after 1 January 2013.
- HKFRS 12 “Disclosures of interests in other entities” includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. HKFRS 12 will be effective for accounting period beginning on or after 1 January 2013.
- HKFRS 13 “Fair value measurement” aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. HKFRS 13 will be effective for accounting period beginning on or after 1 January 2013.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group. The Group has already commenced an assessment of the impact of the above new standards or amendments but is not yet in a position to state whether these new standards or amendments would have a significant impact on its results of operations and financial position.

2 Summary of Significant Accounting Policies *(Continued)*

(b) CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and all its subsidiaries.

(i) Subsidiaries

Subsidiaries are all entities (including special purpose vehicles) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that the control ceases.

The Group uses the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend receivable.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between companies comprising the Group are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 Summary of Significant Accounting Policies *(Continued)*

(b) CONSOLIDATION *(Continued)*

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates post-acquisition profits or losses is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Jointly controlled entities

Jointly controlled entities are joint ventures whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity. Investments in jointly controlled entities are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investments in jointly controlled entities include goodwill (net of any accumulated impairment) identified on acquisition.

The Group's share of its jointly controlled entities' post-acquisition profits or losses is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 Summary of Significant Accounting Policies *(Continued)*

(c) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the financial statements of each of the companies comprising the Group are measured using the currency of the primary economic environment in which the company operates (the “functional currency”). The consolidated financial statements is presented in Renminbi (“RMB”), which is the Company’s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

(iii) Group companies

The results and financial positions of all the companies comprising the Group (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet of the companies comprising the Group are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each statement of comprehensive income of the companies comprising the Group are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction date; in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in equity.

On the disposal of a foreign operation (that is, a disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the Company’s equity holders are reclassified to the consolidated statement of comprehensive income.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated statement of comprehensive income. For all other partial disposals (that is, reductions in the Group’s ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to the consolidated statement of comprehensive income.

2 Summary of Significant Accounting Policies (Continued)

(d) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Repairs and maintenance are expensed in the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Building	The shorter of remaining lease term or useful lives
Computer and office equipment	5 years
Motor vehicles	5 years
Furniture, fitting and equipment	5 years
Plant and machinery	10 years
Leasehold improvements	Over the lease terms of 1 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "administrative expenses" in the consolidated statement of comprehensive income.

Construction in progress are stated at historical cost less impairment losses. Historical cost includes expenditure that is directly attributable to the development of the properties which comprises land use rights, construction costs, borrowing costs and professional fees incurred during the development period. On completion, the properties are transferred to building within property, plant and equipment.

No depreciation is provided for construction in progress. The carrying amount of properties under construction is written down immediately to its recoverable amount if the assets carrying amount are greater than their estimated recoverable amount (note 2(g)).

2 Summary of Significant Accounting Policies (Continued)

(e) INVESTMENT PROPERTIES

Property that is held for long-term rental yields or for capital appreciation or both and is not occupied by the Group is classified as investment property. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. In such case, the operating leases are accounted for as if they were finance leases. Investment property is carried at fair value, representing open market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by an independent and professionally qualified valuer, changes in fair values are recorded in the consolidated statement of comprehensive income as part of "other gains/losses, net".

Property that is currently being constructed or developed for future use as investment property is classified as investment properties and stated at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date of construction is completed or the date at which fair value becomes reliably measurable.

If an item of completed properties held for sale becomes an investment property as a result of change in its use, any difference between the carrying amount and the fair value of this property at the date of transfer is recognised in the consolidated statement of comprehensive income as part of "other gains/losses, net".

(f) INTANGIBLE ASSETS

Intangible assets mainly represent the licence which was recorded at cost of acquisition on initial recognition. The licence has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licence over its estimated useful life of 5 years.

(g) IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 Summary of Significant Accounting Policies *(Continued)*

(h) FINANCIAL ASSETS

The Group classifies its financial assets in the loans and receivables category. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

2 Summary of Significant Accounting Policies (Continued)

(i) PROPERTIES UNDER DEVELOPMENT

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion based on prevailing marketing conditions.

Development cost of property primarily comprises land use rights, construction costs, borrowing costs and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

(j) COMPLETED PROPERTIES HELD FOR SALE

Completed properties remaining unsold at the end of reporting period are stated at the lower of cost and net realisable value. Cost comprises development costs attributable to the unsold properties. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

(k) INVENTORIES

Inventories consist of construction materials and are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(l) TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(m) CASH AND CASH EQUIVALENTS

Cash and cash equivalent includes cash in hand and at banks and deposits held at call with banks with original maturities of three months or less. Bank deposits which are restricted to use are not included in the cash and cash equivalents.

2 Summary of Significant Accounting Policies (Continued)

(n) SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) TRADE AND OTHER PAYABLES

Trade payable are obligation to pay the goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer), If not, they are presented as non-current liabilities.

Payables are recognised initially at fair value and subsequently measured at amortised costs using the effective method.

(p) OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(q) BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(r) BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are charged to the consolidated statement of comprehensive income in the period in which they are incurred.

(s) CURRENT AND DEFERRED INCOME TAX

The tax expenses for the period comprise current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates position taken in tax return with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2 Summary of Significant Accounting Policies (Continued)

(s) CURRENT AND DEFERRED INCOME TAX (Continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(t) EMPLOYEE BENEFITS

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefits

In accordance with the rules and regulations in the PRC, the PRC-based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC governments.

2 Summary of Significant Accounting Policies *(Continued)*

(t) EMPLOYEE BENEFITS *(Continued)*

(ii) Retirement benefits *(Continued)*

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance (“MPF Scheme”) for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees’ relevant aggregate income and HK\$1,000. The assets of this pension scheme are held separately from those of the Group in independently administrated funds.

The Group’s contributions to the defined contribution retirement schemes are expensed as incurred.

(u) SHARE-BASED PAYMENTS

The Group operates two equity-settled, share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

The cash subscribed for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs.

(v) REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group’s activities.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that the economic benefits will flow to the Group and that when specific criteria have been met for each of the Group’s activities as described below.

2 Summary of Significant Accounting Policies *(Continued)*

(v) REVENUE RECOGNITION *(Continued)*

(i) Sales of properties

Revenue and profits from sale of properties is recognised when the risk and rewards of the properties are transferred to the purchasers, which occurs when legally binding unconditional sales contracts were entered, the construction of the relevant properties has been completed, the properties have been delivered to the purchasers pursuant to the sale contracts and collectability of related receivables is reasonably assured. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet as advance proceeds received from customers under current liabilities.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in the consolidated statement of comprehensive income in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the consolidated statement of comprehensive income as an integral part of the aggregate net lease payments receivable.

Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Interest income

Interest income from bank deposits is accrued on a time-apportioned basis using the effective interest method.

(w) OPERATING LEASES

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

(x) FINANCE LEASES

The Group leases certain properties. Leases of properties where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The properties acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

(y) DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, as appropriate.

2 Summary of Significant Accounting Policies (Continued)

(z) FINANCIAL GUARANTEE

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Group for property purchasers.

Financial guarantee liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such contracts are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

Financial guarantee liabilities are derecognised from the balance sheet when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

(aa) PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

(ab) GOVERNMENT GRANTS

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants related to income and not related to assets are recognised in the consolidated statement of comprehensive income.

(ac) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for making strategic decisions, allocating resources and assessing performance of the operating segments.

3 Financial Risk Management

(a) FINANCIAL RISK FACTORS

The Group's major financial instruments include cash and bank deposits, trade and other receivables, trade and other payables and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group has not used any kind of derivative financial instruments to hedge its risk exposures as the Group's exposure to market risks (including currency risk, interest rate risk and price risk) is regarded to be insignificant.

(i) Foreign currency exchange risk

The Group's property development projects are all located in the PRC and substantially all of the related transactions are settled in RMB. The Company and certain of the investment holding companies within the Group operate in Hong Kong which have recognised assets and liabilities in currencies other than RMB, including the Senior Notes due 2015 and the US\$295,000,000 bank loan obtained in November 2011. Apart from the Senior Notes due 2015 and the US\$295,000,000 bank loan that may cause the Group being exposed to a higher level of foreign currency exchange risk, the directors consider the exposures to foreign currency exchange risk in relation to other assets and liabilities to be insignificant. As at 31 December 2011, the Group has cash and bank balances, borrowings and trade and other payables that are denominated in foreign currencies as follows:

RMB'000	2011	2010
Cash and bank balances:		
US\$	21,018	46,681
HK\$	6,236	4,483
	27,254	51,164

RMB'000	2011	2010
Borrowings:		
US\$	3,762,474	1,969,617
	3,762,474	1,969,617

RMB'000	2011	2010
Trade and other payables:		
US\$	1,575	1,987
HK\$	8,012	8,652
	9,587	10,639

The Group does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As at 31 December 2011, if RMB had strengthened/weakened by 5% against other currencies, with all other variables held constant, pre-tax profit for the year ended 31 December 2011 would have been approximately RMB187.2 million higher/lower (2010: RMB96.5 million higher/lower).

3 Financial Risk Management *(Continued)*

(a) FINANCIAL RISK FACTORS *(Continued)*

(ii) Interest rate risk

As the Group has no significant interest-bearing assets except for the cash at bank and certain bank deposits, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's receivables that carry at fixed interest rates may expose the Group to fair value interest rate risk.

The Group's exposures to changes in interest rates are mainly attributable to its borrowings (note 20). Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates exposed 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 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.

(iii) Price risk

The Group is not exposed to material equity securities price risk and commodity price risk as the Group has no investments in securities that are exposed to price risk.

(iv) Credit risk

Credit risk is managed on a group basis. The Group's credit risk arises from cash deposits, trade and other receivables and loan to a jointly controlled entity. Management has policies in place to monitor the exposures to these credit risks on an on-going basis.

For banks and financial institutions, deposits are only placed with reputable banks. For credit exposures to customers, generally, the Group requires full payment from customers before delivery of properties. Credit terms are only granted to customers for very rare cases upon obtaining approval from the Company's senior management after assessing the credit history of those customers. The Group has set out policies to ensure follow-up action is taken to recover overdue debts and the Group reviews regularly the recoverable amount of each individual trade and other receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

Loan to a jointly controlled entity is generally supported by the underlying assets and the Group monitors the credibility of jointly controlled entity continuously.

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 37.

3 Financial Risk Management (Continued)

(a) FINANCIAL RISK FACTORS (Continued)

(v) Liquidity risk

Management aims to maintain sufficient cash to meet funding requirement for operations and monitors rolling forecasts of the Group's cash on the basis of expected cash flow. The directors of the Company have prepared cash flow projections for the year ending 31 December 2012. Key assumptions used in the preparation of the cash flow projections for the year ending 31 December 2012 include: (1) proceeds from pre-sales in 2012 is expected to be comparable to that of 2011; (2) construction payments match receipt of the relevant proceeds from pre-sales; (3) available project loan facility is expected to be no less than that of 2011 and (4) no breach of debt covenants is anticipated in 2012.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment which might have unexpected material impact on the Group's anticipated cash flow position. These include accelerating sales of the Group's properties with more flexible pricing, adjusting and further slowing down the construction progress as appropriate, ensuring available resources for the development of properties for sale, implementing cost control measures, introducing strategic partners to the Group's property development projects and seeking other funding alternatives. The Group, will base on its assessment of the relevant future costs and benefits, pursue such options as are appropriate. The directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. As the amounts disclosed in the table are the contractual undiscounted cash flows, these amounts will not reconcile to the amounts disclosed on the consolidated balance sheets for borrowings.

GROUP

RMB'000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2011					
Borrowings, including interest payable	10,615,876	2,991,458	3,271,924	546,767	17,426,025
Obligation under finance lease	920	920	2,967	44,720	49,527
Trade and other payables	4,759,018	—	—	—	4,759,018
Total	15,375,814	2,992,378	3,274,891	591,487	22,234,570
At 31 December 2010					
Borrowings, including interest payable	7,263,912	4,281,004	4,683,968	719,963	16,948,847
Obligation under finance lease	920	920	2,829	45,778	50,447
Trade and other payables	2,458,068	—	—	—	2,458,068
Total	9,722,900	4,281,924	4,686,797	765,741	19,457,362

3 Financial Risk Management (Continued)

(a) FINANCIAL RISK FACTORS (Continued)

(v) Liquidity risk (Continued)

COMPANY

RMB'000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2011					
Borrowings, including interest payable	245,735	245,735	2,336,821	—	2,828,291
Trade and other payables	6,214	—	—	—	6,214
Total	251,949	245,735	2,336,821	—	2,834,505
At 31 December 2010					
Borrowings, including interest payable	256,051	256,051	2,695,347	—	3,207,449
Trade and other payables	7,133	—	—	—	7,133
Total	263,184	256,051	2,695,347	—	3,214,582

The table above excludes the amount of guarantees given to banks for mortgage facilities granted to certain purchasers of the Group's properties (note 37) as the directors consider the likelihood of default in payments by the purchasers is minimal.

(b) CAPITAL RISK MANAGEMENT

The Group regards its shareholders' equity as capital. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. Gearing ratio is calculated as net debt divided by total equity attributable to the Company's equity holders. Net debt is calculated as total borrowings less cash and bank balances (including cash and cash equivalents and restricted cash). The gearing ratios at 31 December 2011 and 2010 were as follows:

RMB'000	2011	2010
Total borrowings (note 20)	14,886,036	13,786,395
Less: cash and bank balances	(3,166,353)	(5,835,300)
Net debt	11,719,683	7,951,095
Total equity attributable to the Company's equity holders	17,050,918	14,798,918
Gearing ratio	68.7%	53.7%

The increase in gearing ratio as at 31 December 2011 was mainly resulted from the increase in the Group's borrowings and reduction in cash and bank balances in the current year for the payment of land premium and construction expenditures.

3 Financial Risk Management *(Continued)*

(c) FAIR VALUE ESTIMATION

The Group does not have any financial instruments that are measured in the balance sheet at fair value.

The carrying amounts of the Group's financial assets and liabilities (including cash and cash equivalents, trade and other receivables, trade and other payables) approximate their fair values due to their short maturities.

4 Critical Accounting Estimates and Judgements

Estimates and judgements used in preparing the consolidated financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) SALES RECOGNITION ON PROPERTIES SOLD

When the inflow of economic benefits associated with the property sales transaction is assessed to be probable and significant risks and rewards of ownership of properties are transferred to purchasers, the Group recognised revenue in respect of the properties sold.

Management made judgement on whether the economic benefits associated with the property sales transaction will flow to the Group. Likelihood of inflow of economic benefits to the Group is demonstrated by the purchaser's commitment to pay, which in turn is supported by substantial investment that gives the purchaser a stake in the property sufficient that the risk of loss through default motivates the purchaser to honour the obligation to the Group. Inflow of economic benefits associated with the property sales transaction is also assessed by considering location of the property and the prevailing market price of similar properties.

Management has also made judgement on when significant risks and rewards of ownership of properties are transferred to purchasers. Risk and rewards of ownership of properties are transferred to purchasers upon which the construction of relevant properties has been completed and upon which the beneficial interest in the properties has been passed to the purchasers.

The judgement on the likelihood of inflow of economic benefits associated with the property sales transaction and the transfer of risks and rewards of ownership of properties would affect the Group's profits for the year and the carrying value of completed properties held for sale.

(b) INCOME TAX AND DEFERRED INCOME TAX

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

4 Critical Accounting Estimates and Judgements (Continued)

(c) LAND APPRECIATION TAX

The Group is subject to land appreciation tax in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its land appreciation taxes calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related taxes. The Group recognised these land appreciation taxes based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and deferred income tax provisions in the periods in which such taxes have been finalised with local tax authorities.

(d) ESTIMATED VALUATION OF INVESTMENT PROPERTIES

Investment properties are stated at fair value based on the valuation performed by an independent and professionally qualified valuer.

In determining the fair value, the valuer has based on property valuation techniques which involve, inter alia, certain estimates including comparable sales in the relevant market, current market rents for similar properties in the same location and condition, appropriate discount rates and expected future market rents. In relying on the valuation report, management has exercised their judgement and is satisfied that the method of valuation is reflective of the current market condition.

(e) IMPAIRMENT ASSESSMENT OF TRADE AND OTHER RECEIVABLES

Generally, the Group requires full payment from customers before delivery of properties. Credit terms are only granted to customers in very rare cases upon obtaining approval from the Company's senior management after assessing the credit history of those customers. The Group has set out policies to ensure follow-up action is taken to recover overdue debts and the Group reviews regularly the recoverable amount of each individual trade and other receivables.

5 Segment Information

The Board has 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 Board for performance assessment and resources allocation.

The Board considers the business from geographical perspective and assesses the performance of property development in four reportable operating segments, namely Shanghai Region, Yangtze River Delta (excluding Shanghai), Pan Bohai Rim and Northeast China. "Others" segment represents corporate support functions.

The Board assesses 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 Board 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.

5 Segment Information (Continued)

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 Board is measured in a manner consistent with that in the consolidated statement of comprehensive income.

RMB'000	Yangtze River Delta					Total
	Shanghai Region	(excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	
Year ended 31 December 2011						
Total revenue	4,872,900	1,496,586	662,161	2,565,982	—	9,597,629
Inter-segment revenue	(12,186)	—	—	—	—	(12,186)
Revenue (from external customers)	4,860,714	1,496,586	662,161	2,565,982	—	9,585,443
Segment results	2,347,184	68,757	118,799	766,093	(52,447)	3,248,386
Depreciation and amortisation	(9,915)	(3,613)	(3,325)	(2,069)	(1,375)	(20,297)
Fair value changes						
of investment properties	477,620	—	42,335	157,181	—	677,136
Interest income	49,308	79,085	1,043	1,573	14,457	145,466
Finance costs	(427)	(1,352)	(193)	(519)	(35)	(2,526)
Income tax expenses	(1,298,483)	(55,664)	(50,109)	(407,688)	—	(1,811,944)
Year ended 31 December 2010						
Total revenue	3,867,240	249,370	1,900,206	1,310,163	—	7,326,979
Inter-segment revenue	(212,954)	—	—	—	—	(212,954)
Revenue (from external customers)	3,654,286	249,370	1,900,206	1,310,163	—	7,114,025
Segment results	2,257,301	(5,263)	684,981	245,278	(387,449)	2,794,848
Depreciation and amortisation	(6,625)	(1,704)	(2,663)	(749)	(480)	(12,221)
Fair value changes						
of investment properties	2,452,402	—	—	—	—	2,452,402
Grant income	—	—	—	—	665,160	665,160
Interest income	85,409	3,497	3,154	1,921	5,577	99,558
Finance costs	(2,430)	(672)	(447)	(171)	(30)	(3,750)
Income tax expenses	(1,858,220)	294	(253,368)	(75,867)	(166,290)	(2,353,451)

5 Segment Information (Continued)

RMB'000	Yangtze River Delta						Elimination	Total
	Shanghai Region	(excluding Shanghai)	Pan Bohai Rim	Northeast China	Others			
As at 31 December 2011								
Total segment assets	29,870,673	28,497,850	6,453,050	9,318,674	16,280,377	(43,481,468)	46,939,156	
Total segment assets include:								
Investment in an associate	6,189	—	—	—	—	—	6,189	
Investment in a jointly controlled entity	25,767	—	—	—	—	—	25,767	
Deferred income tax assets							308,027	
Other unallocated corporate assets							3,456,984	
Total assets							50,704,167	

As at 31 December 2010								
Total segment assets	24,253,724	19,408,164	6,272,495	4,288,017	9,296,739	(24,218,153)	39,300,986	
Total segment assets include:								
Investment in an associate	5,851	—	—	—	—	—	5,851	
Investment in a jointly controlled entity	29,910	—	—	—	—	—	29,910	
Deferred income tax assets							201,167	
Other unallocated corporate assets							2,823,968	
Total assets							42,326,121	

RMB'000	2011	2010
Segment results	3,248,386	2,794,848
Fair value changes of investment properties	677,136	2,452,402
Grant income	—	665,160
Depreciation and amortisation	(20,297)	(12,221)
Loss on redemption of a financial liability	(27,140)	(33,768)
Operating profit	3,878,085	5,866,421
Interest income	145,466	99,558
Finance costs	(2,526)	(3,750)
Profit before income tax	4,021,025	5,962,229
Additions to:		
— Property, plant and equipment	167,339	93,618
— Investment properties	598,613	169,068
— Intangible assets	—	1,800

Analysis of revenue by category

RMB'000	2011	2010
Sales of properties	9,581,735	7,109,960
Others	3,708	4,065
Total	9,585,443	7,114,025

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

6 Property, Plant and Equipment

GROUP

RMB'000	Building	Computer and office equipment	Motor vehicles	Furniture, fitting and equipment	Leasehold improvements	Plant and machinery	Construction in progress	Total
At 1 January 2010								
Cost	24,524	13,595	38,780	2,801	4,554	6,350	436,077	526,681
Accumulated depreciation	(2,758)	(4,791)	(18,146)	(1,432)	(1,699)	(202)	—	(29,028)
Net book amount	21,766	8,804	20,634	1,369	2,855	6,148	436,077	497,653
Year ended 31 December 2010								
Opening net book amount	21,766	8,804	20,634	1,369	2,855	6,148	436,077	497,653
Acquisition of subsidiaries (note 38)	—	33	—	—	—	—	—	33
Additions	5,500	6,558	28,211	2,652	10,305	—	40,392	93,618
Disposals	—	(82)	(3,564)	(4)	—	—	—	(3,650)
Depreciation	(615)	(2,883)	(7,977)	(483)	(1,306)	(637)	—	(13,901)
Closing net book amount	26,651	12,430	37,304	3,534	11,854	5,511	476,469	573,753
At 31 December 2010								
Cost	30,024	19,599	62,925	5,377	14,859	6,350	476,469	615,603
Accumulated depreciation	(3,373)	(7,169)	(25,621)	(1,843)	(3,005)	(839)	—	(41,850)
Net book amount	26,651	12,430	37,304	3,534	11,854	5,511	476,469	573,753
Year ended 31 December 2011								
Opening net book amount	26,651	12,430	37,304	3,534	11,854	5,511	476,469	573,753
Acquisition of subsidiaries (note 38)	—	309	5,193	—	—	—	—	5,502
Additions	43,797	6,032	25,714	1,559	3,311	11	86,915	167,339
Disposals	—	(77)	(841)	(141)	(313)	—	—	(1,372)
Depreciation	(1,801)	(4,266)	(12,419)	(934)	(2,292)	(638)	—	(22,350)
Closing net book amount	68,647	14,428	54,951	4,018	12,560	4,884	563,384	722,872
At 31 December 2011								
Cost	73,821	25,759	91,873	6,740	17,769	6,361	563,384	785,707
Accumulated depreciation	(5,174)	(11,331)	(36,922)	(2,722)	(5,209)	(1,477)	—	(62,835)
Net book amount	68,647	14,428	54,951	4,018	12,560	4,884	563,384	722,872

6 Property, Plant and Equipment (Continued)

COMPANY

RMB'000	Computer and office equipment	Furniture, fitting and equipment	Leasehold improvements	Total
Year ended 31 December 2010				
Opening net book amount	—	—	—	—
Additions	116	123	320	559
Depreciation	(19)	(21)	(42)	(82)
Closing net book amount	97	102	278	477
At 31 December 2010				
Cost	116	123	320	559
Accumulated depreciation	(19)	(21)	(42)	(82)
Net book amount	97	102	278	477
Year ended 31 December 2011				
Opening net book amount	97	102	278	477
Disposal	—	(96)	(262)	(358)
Depreciation	(24)	(6)	(16)	(46)
Closing net book amount	73	—	—	73
At 31 December 2011				
Cost	116	—	—	116
Accumulated depreciation	(43)	—	—	(43)
Net book amount	73	—	—	73

Construction in progress comprises the land costs, construction costs, borrowing costs and professional fees incurred during the development period.

As at 31 December 2011 and 2010, all construction in progress were pledged as collateral for the Group's borrowings (note 20).

Depreciation charge was capitalised or expensed in the following categories in the consolidated balance sheet and the consolidated statement of comprehensive income:

RMB'000	2011	2010
Properties under development	628	974
Cost of sales	1,952	1,233
Selling and marketing expenses	1,548	719
Administrative expenses	18,222	10,975
	22,350	13,901

6 Property, Plant and Equipment (Continued)

Building includes the following amounts where the Group is a lessee under a finance lease:

RMB'000	2011	2010
Cost — capitalised finance leases	24,524	24,524
Accumulated depreciation	(3,986)	(3,373)
	20,538	21,151

The Group leases building under non-cancellable finance lease agreement. The lease term is 40 years.

7 Investment Properties

RMB'000	2011	2010
At beginning of the year	7,223,208	2,485,200
Additions	657,319	2,179,053
Transfer from completed properties held for sale	—	106,553
Fair value gain (included in "other gains, net")	677,136	2,452,402
At end of the year	8,557,663	7,223,208

The investment properties were valued on 31 December 2010 and 2011 at fair value by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent and professionally qualified valuer.

As at 31 December 2011, investment properties of carrying value of RMB2,918,325,000 (2010: RMB2,463,980,000) were pledged as collateral for the Group's borrowings (note 20).

The Group's interests in investment properties at their carrying amounts are analysed as follows:

RMB'000	2011	2010
In the PRC, held on:		
Leases of 10-50 years	6,710,645	5,441,976
Leases of over 50 years	1,847,018	1,781,232
	8,557,663	7,223,208

The following amounts have been recognised in the consolidated statement of comprehensive income:

RMB'000	2011	2010
Rental income	30,777	34,426
Direct operating expenses attributable to investment properties that generate rental income	(4,005)	(3,465)
Net rental income (note 25)	26,772	30,961

8 Intangible Assets

RMB'000	2011	2010
At beginning of the year	3,360	2,087
Addition	—	1,800
Amortisation charge	(527)	(527)
At end of the year	2,833	3,360
At end of the year		
Cost	4,300	4,300
Accumulated amortisation	(1,467)	(940)
Net book amount	2,833	3,360

Amortisation charge of RMB527,000 (2010: RMB527,000) was included in the “administrative expenses” in the consolidated statement of comprehensive income. There was no impairment of the Group’s intangible assets during the year (2010: Nil).

9 Investment in an Associate

RMB'000	2011	2010
Investment in an associate	6,189	5,851

The Group’s investment in an associate represents the 45% equity interest in Shanghai Chuangmeng International Architectural Design Co., Ltd. (上海創盟國際建築設計有限公司) (“Shanghai Chuangmeng”). Shanghai Chuangmeng is an entity established in the PRC.

The following amounts represent the Group’s share of the assets and liabilities, and income and results of the associate and are included in the Group’s consolidated balance sheet and consolidated statement of comprehensive income:

RMB'000	2011	2010
Assets		
Non-current assets	914	982
Current assets	7,993	6,866
	8,907	7,848
Liabilities		
Current liabilities	2,718	1,997
Net assets	6,189	5,851
Income	18,158	20,555
Expenses, including income tax	(17,820)	(19,204)
Profit for the year	338	1,351

10 Investment in a Jointly Controlled Entity

RMB'000	2011	2010
Investment in a jointly controlled entity	25,767	29,910
Loan to/amount due from a jointly controlled entity (a)	1,967,905	1,903,472

The Group's investment in a jointly controlled entity represents the 60% equity interest in Glorious Jiangxu (Nanjing) Property Development Co., Ltd. (恒盛江旭(南京)房地產開發有限公司) ("Nanjing Jiangxu"). Nanjing Jiangxu is an entity established in the PRC.

The following amounts represent the Group's share of the assets and liabilities, and income and results of the jointly control entity. They are included in the Group's consolidated balance sheet and consolidated statement of comprehensive income:

RMB'000	2011	2010
Assets:		
Non-current assets	3,571	2,156
Current assets	2,171,254	1,947,149
	2,174,825	1,949,305
Liabilities:		
Non-current liabilities	1,279,997	—
Current liabilities	869,061	1,919,395
	2,149,058	1,919,395
Net assets	25,767	29,910
Income	—	—
Expenses, including income tax	(4,143)	(50,090)
Loss for the year	(4,143)	(50,090)

- (a) The loan to/amount due from a jointly controlled entity is unsecured, has no fixed terms of repayment and bears interest that is agreed with Nanjing Jiangxu and its joint venture partner by making references to the interest rates of loans prevailing in the market of similar nature. As at 31 December 2011, the annual interest rate is 10% (2010: 5.4%). In the year of 2011, Shanghai Xintai Property Development Co., Ltd., an indirectly wholly-owned subsidiary of the Company and holds the 60% equity interest in Nanjing Jiangxu, committed to Nanjing Jiangxu in written that a twelve-month prior notice will be given should it requires repayment of such loan by Nanjing Jiangxu, thus the balance has been reclassified from current assets to non-current assets. The carrying value of the loan to/amount due from a jointly controlled entity approximates its fair value.

11 Interests in Subsidiaries — Company

RMB'000	2011	2010
Unlisted shares, at cost	—	—
Advances to subsidiaries (a)	7,400,320	6,674,469
	7,400,320	6,674,469

(a) The advances to subsidiaries are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the Company's directors, these advances are considered as quasi-equity loans to the subsidiaries.

Particulars of the subsidiaries of the Company as at 31 December 2011 are set out below:

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest		Principal activities
				2010	2011	
Directly held:						
<i>Incorporated in the British Virgin Islands (the "BVI"):</i>						
Bright New Investments Limited (明新投資有限公司)	2 May 2007	Limited company	US\$50,000	100%	100%	Investment holding
Indirectly held:						
<i>Incorporated in the BVI:</i>						
Achieve Triumph Limited (達凱有限公司)	6 April 2011	Limited company	US\$1	—	100%	Investment holding
Allied Honest Holdings Limited	30 March 2006	Limited company	US\$1,000	100%	100%	Investment holding
Better Score Limited	25 February 2009	Limited company	US\$1	—	100%	Investment holding
East Harbour Development Limited	9 March 2006	Limited company	US\$1,000	100%	100%	Investment holding
East Plus Enterprises Limited (東和企業有限公司)	25 November 2010	Limited company	US\$1	100%	100%	Investment holding
Grand Target Group Limited (君達集團有限公司)	23 January 2006	Limited company	US\$1,000	100%	100%	Investment holding
Highest Reach Limited	9 March 2007	Limited company	US\$50,000	100%	100%	Investment holding
Jolly Rich Limited (怡富有限公司)	25 March 2011	Limited company	US\$1	—	100%	Investment holding
May Gain Limited (美盈有限公司)	6 April 2011	Limited company	US\$1	—	100%	Investment holding
Regal World Development Limited	21 February 2006	Limited company	US\$1,000	100%	100%	Investment holding
Vieward Group Limited (景向集團有限公司)	15 February 2006	Limited company	US\$1,000	100%	100%	Investment holding
<i>Incorporated in Hong Kong:</i>						
Cheston Holdings Limited (卓怡集團有限公司)	14 June 2006	Limited company	HK\$1	100%	100%	Investment holding
Extreme (Asia) Limited (永和(亞洲)有限公司)	15 May 2006	Limited company	HK\$1	100%	100%	Investment holding
Fast Right Limited	15 December 2006	Limited company	HK\$10,000	100%	100%	Investment holding
Glorious Corporate Services Limited	12 July 2010	Limited company	HK\$1	100%	100%	Provision of corporate services

11 Interests in Subsidiaries — Company (Continued)

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest		Principal activities
				2010	2011	
<i>Incorporated in Hong Kong: (continued)</i>						
Gold Radiant Investments Limited (富谷投資有限公司)	11 April 2011	Limited company	HK\$1	—	100%	Investment holding
Greater Base Limited (基鉅有限公司)	3 March 2009	Limited company	HK\$1	—	100%	Investment holding
Rich Tech International Enterprise Limited (富達國際企業有限公司)	2 June 2006	Limited company	HK\$1	100%	100%	Investment holding
Triumph One Investments Limited (美堡投資有限公司)	11 April 2011	Limited company	HK\$1	—	100%	Investment holding
Venture Hong Kong Group Limited (富昇香港集團有限公司)	26 June 2006	Limited company	HK\$1	100%	100%	Investment holding
Worldex Investment Development Limited (恒滙投資發展有限公司)	14 June 2006	Limited company	HK\$1	100%	100%	Investment holding
<i>Incorporated in Singapore:</i>						
Wachovian II Co Pte. Ltd.	14 August 2007	Limited company	SGD10	—	100%	Investment holding
<i>Incorporated in the PRC:</i>						
Fuda Real Estate Development (Nantong) Co., Ltd. (富達房地產開發(南通)有限公司)	1 August 2006	Limited company	US\$111,880,000	100%	100%	Property development and investment holding
Fusheng Real Estate Development (Nantong) Co., Ltd. (富昇房地產開發(南通)有限公司)	27 June 2005	Limited company	US\$99,960,000	100%	100%	Property development and investment holding
Henghui Real Estate Development (Nantong) Co., Ltd. (恒滙房地產開發(南通)有限公司)	22 July 2005	Limited company	US\$112,990,000	100%	100%	Property development and investment holding
Nantong Huangshi Hui Real Estate Development Co., Ltd. (南通皇室會房地產開發有限公司)	25 July 2005	Limited company	US\$128,990,000	100%	100%	Property development and investment holding
Nantong Jiangle Real Estate Development Co., Ltd. (南通江樂房地產開發有限公司)	27 June 2006	Limited company	US\$99,800,000	100%	100%	Property development and investment holding
Nantong Jigui Real Estate Development Co., Ltd. (南通杰滙置業發展有限公司)	14 April 2006	Limited company	US\$113,990,000	100%	100%	Property development and investment holding
Nantong Jiju Foundation Facilities Construction Co., Ltd. (南通基鉅基礎設施建設有限公司)	27 April 2009	Limited company	US\$3,000,000	—	100%	Investment holding
Nantong Lehua Real Estate Development Co., Ltd. (南通樂華房地產開發有限公司)	29 June 2006	Limited company	US\$114,800,000	100%	100%	Property development and investment holding
Yonghe Real Estate Development (Nantong) Co., Ltd. (永和房地產開發(南通)有限公司)	10 April 2006	Limited company	US\$102,750,000	100%	100%	Property development and investment holding

11 Interests in Subsidiaries — Company (Continued)

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest		Principal activities
				2010	2011	
<i>Incorporated in the PRC (continued):</i>						
Zhuo Yi Real Estate Development (Nantong) Co., Ltd. (卓怡房地產開發(南通)有限公司)	2 August 2006	Limited company	US\$99,800,000	100%	100%	Property development and investment holding
Dalian Runjing Property Development Co., Ltd. (大連潤景房地產開發有限公司)	19 January 2010	Limited company	RMB100,000,000	100%	100%	Property development
Glorious Baofeng (Nantong) Property Development Co., Ltd. (恒盛寶豐(南通)置業發展有限公司)	12 January 2010	Limited company	RMB802,000,000	100%	100%	Property development
Glorious Fuhai (Harbin) Property Development Co., Ltd. (恒盛福海(哈爾濱)置業有限公司)	5 November 2010	Limited company	RMB100,000,000	100%	100%	Property development
Glorious Fusheng Property Investment (Beijing) Co., Ltd. (恒盛富升地產投資(北京)有限公司)	23 July 2010	Limited company	RMB100,000,000	100%	100%	Investment holding
Glorious Hengfeng (Yancheng) Property Development Co., Ltd. (恒盛恒豐(鹽城)置業發展有限公司)	15 June 2011	Limited company	RMB100,000,000	—	100%	Property development
Glorious Hengmao (Hefei) Property Development Co., Ltd. (恒盛恒茂(合肥)房地產開發有限公司)	24 October 2007	Limited company	RMB509,830,227	100%	100%	Property development
Glorious Hetian Hexin (Beijing) Property Development Co., Ltd. (恒盛合天和信(北京)房地產開發有限公司)	25 December 2001	Limited company	RMB130,000,000	100%	100%	Property development
Glorious Huixin (Changchun) Property Development Co., Ltd. (恒盛滙鑫(長春)置業有限公司)	7 May 2010	Limited company	RMB250,000,000	100%	100%	Property development
Glorious Hongsheng (Suzhou) Property Development Co., Ltd. (恒盛弘晟(蘇州)置業有限公司)	17 March 2005	Limited company	RMB170,000,000	100%	100%	Property development
Glorious Hongyun (Tianjin) Investment Co., Ltd. (恒盛弘耘(天津)投資有限公司)	13 September 2004	Limited company	RMB88,000,000	100%	100%	Property development
Glorious Property Investment (Changchun) Co., Ltd. (恒盛地產投資(長春)有限公司)	25 August 2011	Limited company	RMB50,000,000	—	100%	Investment holding
Glorious Property Investment (Harbin) Co., Ltd. (恒盛地產投資(哈爾濱)有限公司)	3 August 2010	Limited company	RMB100,000,000	100%	100%	Investment holding
Glorious Property Investment (Hefei) Co., Ltd. (恒盛地產投資(合肥)有限公司)	23 July 2010	Limited company	RMB250,000,000	100%	100%	Investment holding
Glorious Property Investment (Nantong) Co., Ltd. (恒盛地產投資(南通)有限公司)	28 May 2010	Limited company	RMB420,000,000	100%	100%	Investment holding
Glorious Property Investment (Shanghai) Co., Ltd. (恒盛地產投資(上海)有限公司)	21 June 2010	Limited company	RMB100,000,000	100%	100%	Investment holding

11 Interests in Subsidiaries — Company (Continued)

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest		Principal activities
				2010	2011	
<i>Incorporated in the PRC (continued):</i>						
Glorious Property Investment (Tianjin) Co., Ltd. (恒盛地產投資(天津)有限公司)	2 December 2010	Limited company	RMB40,000,000	100%	100%	Investment holding
Glorious Property Investment (Yancheng) Co., Ltd. (恒盛地產投資(鹽城)有限公司)	28 February 2011	Limited company	RMB150,000,000	—	100%	Investment holding
Glorious Qingshi Property Development (Beijing) Co., Ltd. (恒盛青石地產置業(北京)有限公司)	16 May 2011	Limited company	RMB20,000,000	—	60%	Property development
Glorious Qiwei (Shanghai) Industry Co., Ltd. (恒盛祺偉(上海)實業有限公司)	24 September 2008	Limited company	RMB100,000,000	100%	100%	Wholesale of construction materials
Glorious Rongsheng (Nantong) Building Real Estate Development Co., Ltd. (恒盛榕盛大廈(南通)房地產開發有限公司)	12 December 2007	Limited company	RMB460,000,000	100%	100%	Property development
Glorious (Shanghai) Cultural Property Development Co., Ltd. (恒盛(上海)文化產業發展有限公司)	25 May 2011	Limited company	RMB10,000,000	—	100%	Culture, advertising planning, investment holding and advisory
Glorious Shuntianlong (Shanghai) Concrete Co., Ltd. (恒盛順添隆(上海)混凝土有限公司)	14 November 2008	Limited company	RMB30,000,000	100%	100%	Trading of concrete
Glorious Tianxingjian (Tianjin) Real Estate Investment Co., Ltd. (恒盛天行建(天津)房地產投資有限公司)	20 March 2006	Limited company	RMB53,480,000	100%	100%	Property development
Glorious Weida (Nantong) Property Development Co., Ltd. (恒盛偉達(南通)房地產開發有限公司)(a)	12 January 2010	Limited company	RMB3,370,000,000	100%	100%	Property development
Glorious Wangjiarui (Wuxi) Co., Ltd. (恒盛旺佳瑞(無錫)有限公司)	7 September 2004	Limited company	RMB1,197,911,767	100%	100%	Property development and investment holding
Glorious Yangguang Binhai (Harbin) Property Co., Ltd. (恒盛陽光濱海(哈爾濱)置業有限公司)	19 December 2007	Limited company	RMB660,000,000	100%	100%	Property development
Glorious Yangguang Xindi (Beijing) Property Development Co., Ltd. (恒盛陽光鑫地(北京)置業有限公司)	25 February 2003	Limited company	RMB129,000,000	100%	100%	Property development
Glorious Yangguang Xindi (Dalian) Property Co., Ltd. (恒盛陽光鑫地(大連)置業有限公司) (formerly known as Zhongchengjian (Dalian) Property Development Co., Ltd., 中城建(大連)房地產開發有限公司)	3 November 2009	Limited company	RMB300,000,000	—	70%	Property development

11 Interests in Subsidiaries — Company (Continued)

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest		Principal activities
				2010	2011	
<i>Incorporated in the PRC (continued):</i>						
Glorious Yangguang Xindi (Liaoning) Property Co., Ltd. (恒盛陽光鑫地(遼寧)置業有限公司)	6 June 2005	Limited company	RMB1,333,502,300	100%	100%	Property development and investment holding
Glorious Yangguang Xindi (Tianjin) Investment Co., Ltd. (恒盛陽光鑫地(天津)投資有限公司)	19 May 2003	Limited company	RMB806,039,565	100%	100%	Property development and investment holding
Glorious Yifeng (Hefei) Property Development Co., Ltd. (恒盛頤豐(合肥)房地產開發有限公司)	14 October 2010	Limited company	RMB250,000,000	100%	100%	Property development
Glorious Yudong (Quanjiao) Property Development Co., Ltd. (恒盛裕東(全椒)房地產開發有限公司)	4 March 2011	Limited company	RMB100,000,000	—	100%	Property development
Glorious Zhuoda (Nantong) Property Development Co., Ltd. (恒盛焯達(南通)房地產開發有限公司)	21 June 2011	Limited company	RMB168,000,000	—	100%	Property development
Glorious Zhuowei (Nantong) Trade Development Co., Ltd. (恒盛焯焯(南通)貿易發展有限公司)	5 June 2003	Limited company	RMB155,000,000	100%	100%	Wholesale of mechanical equipments and building materials
Glorious Zhuoyi Property Investment (Dalian) Co., Ltd. (恒盛卓怡地產投資(大連)有限公司)	3 December 2010	Limited company	RMB100,000,000	100%	100%	Investment holding
Hefei Haobang Trading Co., Ltd. (合肥皓邦貿易有限公司)	29 November 2011	Limited company	RMB50,000,000	—	100%	Wholesale of construction materials
Jiangsu Arts and Cultural Property Holdings Ltd. (江蘇演藝文化產業股份有限公司)	8 May 2004	Limited company	RMB50,000,000	—	54%	Cultural and property development
Jiangsu Chuangyi Cultural Property Foundation Investment and Construction Co., Ltd. (江蘇創意文化產業基地投資建設有限公司)	16 January 2007	Limited company	RMB88,670,000	—	100%	Investment holding
Jiangsu Glorious Dadi Culture Co., Ltd. (江蘇恒盛大地文化有限責任公司)	28 June 2011	Limited company	RMB10,000,000	—	100%	Property development
Shanghai Anshun Property Development Co., Ltd. (上海安順房地產發展有限公司)	18 January 1996	Limited company	RMB30,000,000	100%	100%	Property development
Shanghai Haosen Property Co., Ltd. (上海豪森房地產有限公司)	6 October 1998	Limited company	RMB80,000,000	100%	100%	Property development
Shanghai Hongye Property Development Co., Ltd. (上海弘擘房地產發展有限公司)	7 April 2008	Limited company	RMB900,000,000	100%	100%	Property development

11 Interests in Subsidiaries — Company (Continued)

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest		Principal activities
				2010	2011	
<i>Incorporated in the PRC (continued):</i>						
Shanghai Jinhao Property Development Co., Ltd. (上海錦豪房地產開發有限公司)	25 December 2009	Limited company	RMB10,000,000	100%	100%	Property development
Shanghai Mingbao Construction Co., Ltd. (上海明寶建設工程有限公司)	17 January 2004	Limited company	RMB100,000,000	100%	100%	Interior and exterior decoration and renovation
Shanghai Penghui Property Development Co., Ltd. (上海鵬暉置業有限公司)	26 May 2008	Limited company	RMB20,000,000	—	100%	Property development
Shanghai Shengtong Property Development Co., Ltd. (上海勝通房地產發展有限公司)	19 June 2001	Limited company	RMB601,000,000	100%	100%	Property development
Shanghai Rongxiang Property Development Co., Ltd. (上海榕祥房地產開發有限公司)	29 December 2009	Limited company	RMB10,000,000	100%	100%	Property development
Shanghai Xintai Property Development Co., Ltd. (上海鑫泰房地產發展有限公司)	22 April 1999	Limited company	RMB1,400,000,000	100%	100%	Property development and investment holding
Shanghai Yijing Property Development Co., Ltd. (上海意景房地產開發有限公司)	22 January 2001	Limited company	RMB563,587,214	100%	100%	Property development and investment holding
Shenyang Glorious Guangchang Commercial Management Co., Ltd. (瀋陽恒盛廣場商業管理有限公司)	7 September 2010	Limited company	RMB5,000,000	100%	100%	Business management and property management
Tianjin Dong'an Construction Co. Ltd. (天津東岸建設有限公司)	11 March 2005	Limited company	RMB510,000,000	70%	70%	Property development
Tianjin Gangtian Real Estate Investment Co. Ltd. (天津港天房地產投資有限公司)	21 March 2006	Limited company	RMB136,265,000	100%	100%	Property development

Notes:

- (a) Pursuant to the trust scheme with Jiangsu International Trust Corporation Limited ("Jiangsu Trust"), the Group's equity interest in Glorious Weida (Nantong) Property Development Co., Ltd. ("Glorious Weida") was reduced from 100% to 50.45%. In view of the substance of the arrangement, the directors are of their opinion that it is a loan arrangement and the Group continues to consolidate 100% of the Glorious Weida and the contribution from Jiangsu Trust is treated as a financial liability and measured at amortised cost using the effective interest method (note 20(b)).
- (b) As at 31 December 2011, equity interests of certain of the Company's subsidiaries have been pledged for securing the Group's borrowings.

12 Properties under Development

RMB'000	2011	2010
Within normal operating cycle included under current assets	22,862,050	16,791,838
Amount comprised:		
Land use rights	12,017,488	9,399,020
Construction costs and capitalised expenditures	6,697,715	4,174,757
Interest capitalised	4,146,847	3,218,061
	22,862,050	16,791,838

The properties under development are all located in the PRC.

As at 31 December 2011, properties under development of carrying value of RMB5,219,284,000 (2010: RMB3,624,025,000) were pledged as collateral for the Group's borrowings (note 20). As at 31 December 2011, properties under development of RMB421,169,000 (2010: Nil) were being pledged as collateral for certain loan facilities of principal amount not exceeding RMB240,000,000 of a non-controlling shareholder of a subsidiary.

RMB'000	2011	2010
Properties under development:		
Expected to be completed and available for sale after more than 12 months	15,723,624	13,237,163
Expected to be completed and available for sale within 12 months	7,138,426	3,554,675
	22,862,050	16,791,838

13 Completed Properties Held for Sale

RMB'000	2011	2010
Completed properties held for sale comprised:		
Land use rights	655,976	494,987
Construction costs and capitalised expenditures	2,170,525	1,388,522
Interest capitalised	102,767	105,495
	2,929,268	1,989,004

The completed properties held for sale are all located in the PRC.

As at 31 December 2011, completed properties held for sale of carrying value of RMB1,750,637,000 (2010: RMB942,530,000) were pledged as collateral for the Group's borrowings (note 20).

14 Inventories

RMB'000	2011	2010
Construction materials, at cost	6,849	6,636

The cost of inventories recognised as expense in "cost of sales" amounted to RMB3,643,000 (2010: RMB3,978,000).

15 Trade and Other Receivables and Prepayments

GROUP

RMB'000	2011	2010
Trade receivables due from third parties (a)	79,055	549,951
Other receivables due from third parties (b)	1,290,427	220,056
Prepayments for construction costs:	2,885,719	2,342,464
Related parties (note 36(b))	1,608,420	1,317,199
Third parties	1,277,299	1,025,265
Prepayments for land premium	5,381,917	4,428,245
Prepaid business tax and other taxes	305,278	132,200
	9,942,396	7,672,916

COMPANY

RMB'000	2011	2010
Prepayments to third parties	544	415

- (a) Trade receivables are mainly arisen 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 by due date is as follows:

RMB'000	2011	2010
Within 6 months	34,012	533,699
Between 7 and 12 months	34,705	2,520
Between 13 months and 3 years	10,338	13,732
	79,055	549,951

As at 31 December 2011, trade receivables of RMB79,055,000 (2010: RMB549,951,000) were overdue but not impaired. 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. All trade receivables were denominated in RMB.

- (b) As at 31 December 2011, included in other receivables was an amount due from a third party of RMB190,965,000 (2010: Nil) which is unsecured and bears interest at 26% per annum and to be received within one year from the date of drawdown. Other than this, all other receivables due from third parties are unsecured, interest-free and repayable on demand. None of these receivables from third parties is either past due or impaired.

As at 31 December 2010 and 2011, 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.

16 Restricted Cash

Restricted cash comprises (i) funds borrowed under specific borrowings that are subject to restriction of use until certain prescribed stages of construction works are achieved, (ii) guaranteed deposits for the mortgage loan facilities granted by banks to purchasers of the Group's properties, (iii) guarantee deposits for bank loans, (iv) bank deposits of Shanghai Penghui Property Development Co., Ltd. ("Shanghai Penghui") for which the usage of funds is subject to approval requirements under the Shanghai Bay Arrangement (as defined in note 20(a)) and (v) other bank deposits that are restricted in use for daily operational needs. The components of restricted cash as at 31 December 2011 are as follows:

GROUP

RMB'000	2011	2010
Restricted funds under specific borrowings and guarantee deposits for mortgage facilities	218,843	683,204
Guarantee deposits for bank loans	1,900,000	—
Restricted funds under Shanghai Bay Arrangement	—	945,600
Other restricted funds	26,412	55,076
Total	2,145,255	1,683,880

The Company's restricted cash amounted to RMB200,000,000 as at 31 December 2011 represented the restricted funds that were placed as guarantee deposit for certain bank borrowings of the Company's subsidiaries. The Company has no funds that are restricted as at 31 December 2010.

17 Cash and Cash Equivalents

GROUP

RMB'000	2011	2010
Cash at bank and in hand:		
Denominated in RMB	3,139,099	5,784,136
Denominated in US\$	21,018	46,681
Denominated in HK\$	6,236	4,483
	3,166,353	5,835,300
Less: Restricted cash	(2,145,255)	(1,683,880)
	1,021,098	4,151,420
Maximum exposure to credit risk	3,106,832	5,833,051

As at 31 December 2011, the Group's five highest bank balances amounted to RMB2,202,245,000 (2010: RMB4,947,422,000), representing 69.6% (2010: 84.8%) of the Group's total cash and bank balances at the balance sheet date.

17 Cash and Cash Equivalents (Continued)

COMPANY

RMB'000	2011	2010
Cash at bank and in hand:		
Denominated in RMB	254,598	1,907,989
Denominated in US\$	16,112	40,123
Denominated in HK\$	3,383	3,388
	274,093	1,951,500
Less: Restricted cash	(200,000)	—
	74,093	1,951,500

The conversion of Renminbi denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.0% to 3.1%.

18 Share Capital and Share Premium

	Number of ordinary shares	Nominal value of ordinary shares HK\$	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised:					
Ordinary shares of HK\$0.01 each at 1 January 2010, 31 December 2010 and 31 December 2011	38,000,000,000	380,000,000			
Issued:					
Ordinary shares of HK\$0.01 each at 1 January 2010, 31 December 2010 and 31 December 2011	7,792,645,623	77,926,456	68,745	7,822,982	7,891,727

19 Reserves

(a) COMPANY RESERVES

RMB'000	Other reserve (note (d))	Employee share-based compensation reserve	Accumulated losses	Total
Balance at 1 January 2010	264,317	69,898	(1,923,459)	(1,589,244)
Total comprehensive loss for the year	—	—	(219,325)	(219,325)
Employee share-based compensation (note 39)	—	70,293	—	70,293
2009 final dividend	—	—	(233,779)	(233,779)
Balance at 31 December 2010	264,317	140,191	(2,376,563)	(1,972,055)
Total comprehensive loss for the year	—	—	(235,039)	(235,039)
Employee share-based compensation (note 39)	—	36,346	—	36,346
Balance at 31 December 2011	264,317	176,537	(2,611,602)	(2,170,748)

(b) MERGER RESERVE

Merger reserve arises from merger accounting for reorganisation of the Group completed in 2007.

(c) STATUTORY RESERVE

In accordance with the relevant regulations and their articles of association, the Company's subsidiaries incorporated in the PRC are required to allocate at least 10% of their after-tax profit according to PRC accounting standards and regulations to the general statutory reserve until such reserve has reached 50% of registered capital. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the respective board of directors of the subsidiaries. These reserves can only be used for specific purposes and are not distributable or transferable in the form of loans, advances, or cash dividends. During the year ended 31 December 2011, appropriation to the general statutory reserve amounted to RMB131,260,000 (2010: RMB15,867,000).

(d) OTHER RESERVE

It represents the 0.7% and 0.5% equity interests in the Company contributed by Best Era International Limited, the immediate holding company of the Company and is wholly-owned by Mr. Zhang Zhi Rong, in connection with the Group's financing activities in 2007 and 2009 respectively.

20 Borrowings

GROUP

RMB'000	2011	2010
Borrowings included in non-current liabilities:		
Bank borrowings — secured (b)	3,686,123	5,811,335
Senior Notes due 2015 — secured (c)	1,897,100	1,969,617
	5,583,223	7,780,952
Borrowings included in current liabilities:		
Bank borrowings — secured (b)	9,302,813	3,918,435
Shanghai Bay Arrangement — secured (a)	—	2,087,008
	9,302,813	6,005,443
Total borrowings	14,886,036	13,786,395
The carrying values of the borrowings are denominated in the following currencies:		
RMB	11,123,562	11,816,778
US\$	3,762,474	1,969,617
Total borrowings	14,886,036	13,786,395

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

RMB'000	2011	2010
Bank borrowings (b)	13,070,266	10,033,199
Shanghai Bay Arrangement (a)	—	2,000,000
Senior Notes due 2015 (c)	1,890,270	1,974,000
	14,960,536	14,007,199
Adjusted by: unamortised loan arrangement fees and accrued interests	(74,500)	(220,804)
Total borrowings	14,886,036	13,786,395

COMPANY

RMB'000	2011	2010
Borrowings included in non-current liabilities and denominated in US\$:		
Senior Notes due 2015 — secured (c)	1,897,100	1,969,617
Total borrowings	1,897,100	1,969,617

20 Borrowings *(Continued)*

- (a) The Group entered into a sale and purchase agreement and a set of supplemental agreements (collectively, the “Agreements”) with S.I. Properties Holdings Limited (“S.I. Properties”), a wholly-owned subsidiary of Shanghai Industrial Holdings Limited which is listed on the Hong Kong Stock Exchange, on 11 June 2009 and 16 December 2009 respectively, regarding the transfer of the entire equity interest in its wholly-owned subsidiary, Better Score Limited (“Better Score”), to S.I. Properties at a total consideration of RMB2,000,000,000 (the “Shanghai Bay Arrangement”). The Shanghai Bay Arrangement had been completed in 2009 upon fulfillment of certain conditions as set out in the Agreements, mainly associated with the transfer to Blocks Nos. 2 and 8 of Shanghai Bay to Shanghai Penghui, the indirect wholly-owned subsidiary of Better Score and the pledge of 30% equity interest in Shanghai Xintai Property Development Co., Ltd., an indirectly wholly-owned subsidiary of the Company, in favour of S.I. Properties. Considering all the terms of the Agreements, the Shanghai Bay Arrangement, in substance, is a loan arrangement in accordance with the HKFRSs and therefore the consideration of RMB2,000,000,000 received is regarded as a financial liability and measured at amortised cost using the effective interest method.

On 29 July 2011, the Group entered into a supplemental agreement with S.I. Properties, pursuant to which Bright New Investments Limited, the directly wholly-owned subsidiary of the Company, has agreed to acquire from S.I. Properties the entire issued share capital of Better Score and the shareholder’s loans owed by Better Score to S.I. Properties at a total consideration of RMB2,000,000,000. This supplemental agreement provided the Group an alternative mechanism to unwind the Shanghai Bay Arrangement outside the PRC. On 1 December 2011, the Group has completed the acquisition of the entire issued share capital of Better Score.

- (b) Bank borrowings include loans from commercial banks and other financial institutions. These borrowings are secured by the construction in progress, investment properties, properties under development, completed projects held for sale, restricted cash and equity interests of certain subsidiaries of the Group. As at 31 December 2011, the carrying value of the borrowing related to the loan arrangement with Jiangsu Trust as set out in note 11(a) was RMB1,324,329,000 (2010: RMB1,165,316,000).
- (c) On 25 October 2010, the Company issued 13.0% senior notes due 2015 with an aggregated nominal value of US\$300,000,000 (equivalent to RMB1,974,000,000) at par value (the “Senior Notes due 2015”). The interest is payable semi-annually in arrears. The net proceeds, after deducting the direct issuance costs, amounted to approximately US\$292,805,673 (equivalent to RMB1,926,661,328). The Senior Notes due 2015 will mature on 25 October 2015. The Company, at its option, can redeem the Senior Notes due 2015 (i) in whole, or in part, on or after 25 October 2013 at the redemption price equal to 106.50% before 25 October 2014 and 103.25% thereafter of the principal amount plus accrued and unpaid interest and (ii) in whole but not in part, prior to 25 October 2013 at redemption price equal to 100% of the principal amount plus a premium and accrued and unpaid interest. The Senior Notes due 2015 are secured by the shares of the Group’s subsidiaries which are incorporated outside the PRC and are listed on the Singapore Exchange Securities Trading Limited.

20 Borrowings (Continued)

(d) The maturities of the Group's and the Company's total borrowings at the balance sheet date are as follows:

GROUP

RMB'000	2011	2010
Amounts of borrowing that are repayable:		
— Within 1 year	9,302,813	6,005,443
— After 1 and within 2 years	2,518,952	3,465,631
— After 2 and within 5 years	2,638,185	3,754,548
— After 5 years	426,086	560,773
	14,886,036	13,786,395
Comprising amounts of borrowings that are:		
— wholly repayable within 5 years	14,273,092	12,958,071
— wholly repayable after 5 years	612,944	828,324
	14,886,036	13,786,395

COMPANY

RMB'000	2011	2010
After 2 and within 5 years	1,897,100	1,969,617

(e) The fair value of the Senior Notes due 2015 as at 31 December 2011 was approximately RMB1,323,189,000 (2010: RMB2,040,721,000). It was determined directly by references to the price quotations published by the Singapore Exchange Securities Trading Limited on 30 December 2011, the last dealing date of 2011. The fair values of the Group's other current and non-current borrowings approximate their carrying amounts at each balance sheet date.

(f) As at 31 December 2011, the Group's and the Company's effective interest rates are 10.9% and 13.2% respectively (2010: 11.9% and 13.2% respectively).

(g) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates (or maturity date whichever is earlier) are as follows:

GROUP

RMB'000	2011	2010
Within 6 months	9,950,846	7,404,214
Between 7 and 12 months	2,687,077	2,902,247
Between 13 months and 5 years	2,248,113	3,479,934
	14,886,036	13,786,395

COMPANY

RMB'000	2011	2010
Between 13 months and 5 years	1,897,100	1,969,617

21 Deferred Income Tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when the deferred income taxes relate to the same tax authority.

RMB'000	2011	2010
Deferred income tax assets		
— to be realised after more than 12 months	237,514	44,573
— to be realised within 12 months	70,513	156,594
	308,027	201,167
Deferred income tax liabilities		
— to be realised after more than 12 months	1,476,239	1,212,088
— to be realised within 12 months	—	—
	1,476,239	1,212,088
Deferred income tax liabilities, net	(1,168,212)	(1,010,921)

The movements of the net deferred income tax liabilities are as follows:

RMB'000	2011	2010
Beginning of the year	(1,010,921)	(283,067)
Recognised in the consolidated statement of comprehensive income (note 31)	(157,291)	(727,854)
End of the year	(1,168,212)	(1,010,921)

Movement in deferred income tax assets/(liabilities) during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

DEFERRED INCOME TAX ASSETS/(LIABILITIES)

RMB'000	Tax losses	Unrealised profits	Other timing differences arising from capitalised interest	Other expenses	Fair value gains	Total
At 1 January 2010	17,110	156,574	—	11,516	(468,267)	(283,067)
Credited/(charged) to the consolidated statement comprehensive income (note 31)	40,868	(42,673)	(112,948)	—	(613,101)	(727,854)
At 31 December 2010	57,978	113,901	(112,948)	11,516	(1,081,368)	(1,010,921)
Credited/(charged) to statement of comprehensive income (note 31)	68,373	(11,813)	(83,586)	39,019	(169,284)	(157,291)
At 31 December 2011	126,351	102,088	(196,534)	50,535	(1,250,652)	(1,168,212)

21 Deferred Income Tax (Continued)

DEFERRED INCOME TAX ASSETS/(LIABILITIES) (Continued)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through the future taxable profits is probable. As at 31 December 2011, there were unrecognised tax losses of approximately RMB67,486,000 (2010: RMB22,855,000) as there are uncertainties as to whether assessable profits will be available in the foreseeable future to utilise such tax losses. These tax losses will expire in the following years:

RMB'000	2011	2010
2011	—	3,024
2012	2,358	2,358
2013	2,795	4,487
2014	3,536	5,099
2015	7,887	7,887
2016	50,910	—
	67,486	22,855

Pursuant to the relevant PRC corporate income tax rules and regulations, withholding tax is imposed on dividends declared in respect of profits earned by the Group's PRC subsidiaries from 1 January 2008. Deferred income tax liabilities of RMB553,426,000 (2010: RMB364,719,000) have not been provided for in these consolidated financial statements in respect of temporary differences attributable to accumulated profits of the Group's PRC subsidiaries as the Group controls the dividend policy of these PRC subsidiaries it is probable that these temporary differences will not be reversed in the foreseeable future.

22 Obligations under Finance Lease

GROUP

RMB'000	2011	2010
Gross finance lease liabilities — minimum lease payments:		
No later than 1 year	920	920
Later than 1 year and no later than 5 years	3,887	3,749
Later than 5 years	44,720	45,778
	49,527	50,447
Future finance charges on finance leases	(31,263)	(32,347)
Present value of finance lease liabilities	18,264	18,100
The present value of finance lease liabilities is as follows:		
No later than 1 year	868	868
Later than 1 year and no later than 5 years	3,166	3,059
Later than 5 years	14,230	14,173
	18,264	18,100

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

23 Trade and Other Payables

GROUP

RMB'000	2011	2010
Trade payables (a):	2,997,697	1,458,718
Related parties (note 36(b))	3,524	5,510
Third parties	2,994,173	1,453,208
Other payables due to third parties (b):	1,604,276	906,214
Acquisition consideration payable (note 38)	497,746	99,500
Advances from third parties	119,850	—
Other payables and accrued expenses	986,680	806,714
Other taxes payable	149,785	93,136
	4,751,758	2,458,068

COMPANY

RMB'000	2011	2010
Other payables due to third parties	6,214	7,133

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

GROUP

RMB'000	2011	2010
Within 6 months	2,143,779	1,215,891
Between 7 and 12 months	605,866	97,651
Between 13 months and 5 years	248,052	145,176
	2,997,697	1,458,718

- (b) As at 31 December 2011, advances from third parties of RMB119,850,000 (2010: Nil) are unsecured, bear annual weighted average interest of 22.6% and are repayable within one year from the date of drawdown. Other than this, all remaining other payables due to third parties are unsecured, interest-free and repayable on demand.

23 Trade and Other Payables (Continued)

- (c) The carrying amounts of the Group's and the Company's trade and other payables are denominated in the following currencies:

GROUP

RMB'000	2011	2010
HK\$	8,012	8,652
RMB	4,742,171	2,447,429
US\$	1,575	1,987
	4,751,758	2,458,068

COMPANY

RMB'000	2011	2010
HK\$	4,639	5,146
US\$	1,575	1,987
	6,214	7,133

- (d) As at 31 December 2010 and 2011, the carrying values of the trade and other payable balances approximate their fair values.

24 Amounts Due to Subsidiaries – Company

The amounts are unsecured, interest-free and repayable on demand. As at 31 December 2010 and 2011, the carrying values approximate their fair values.

25 Other Income

RMB'000	2011	2010
Interest income	145,466	99,558
Grant income (a)	—	665,160
Rental income (note 7)	26,772	30,961
Others	10,457	7,560
	182,695	803,239

- (a) The amount represented the grant income from the local government authorities as an appreciation of the Group's contribution.

26 Other Gains, Net

RMB'000	2011	2010
Fair value changes of investment properties	677,136	2,452,402
Loss on redemption of a financial liability	(27,140)	(33,768)
Exchange gains/(losses), net	74,423	(8,056)
	724,419	2,410,578

27 Expenses by Nature

Profit before income tax is stated after charging the following:

RMB'000	2011	2010
Auditors' remuneration	7,275	7,307
Advertising costs	132,692	122,717
Business taxes and other levies	535,993	397,139
Costs of properties sold	5,252,253	3,297,795
Depreciation (note 6)	19,770	11,694
Amortisation of intangible asset (note 8)	527	527
Staff costs — excluding directors' emoluments (note 29)	123,302	121,531
Donations	7,477	597
Rental expenses	41,586	47,209
Losses on disposals of property, plant and equipment	322	130

28 Finance Costs

RMB'000	2011	2010
Interest expenses for borrowings wholly repayable within 5 years:		
— Bank borrowings	1,165,217	676,512
— Promissory Notes	—	24,335
— Shanghai Bay Arrangement	348,267	376,073
— Senior Notes due 2015	258,725	47,841
— others	14,021	4,089
Interest expenses for borrowings wholly repayable after 5 years:		
— Bank borrowings	44,783	47,502
Total interest expenses	1,831,013	1,176,352
Less: interest capitalised on qualifying assets	(1,828,487)	(1,172,602)
	2,526	3,750

Borrowing costs of the loans used to finance the property development projects of the Group have been capitalised at a capitalisation rate of 11.8% during the year (2010: 10.7%).

29 Staff Costs — Excluding Directors' Emoluments

RMB'000	2011	2010
Wages and salaries	86,490	85,111
Retirement scheme contribution	10,508	9,059
Staff welfare	10,145	6,999
Other allowances and benefits	8,667	7,906
Share-based compensation expenses	7,492	12,456
	123,302	121,531

30 Emoluments for Directors and Five Highest Paid Individuals

(a) DIRECTORS' EMOLUMENTS

The remuneration of each director of the Company for the year ended 31 December 2011 is set out below:

RMB'000	Fee	Salaries, allowance and benefits in kind	Bonus	Employer's contribution to retirement scheme	Other benefits	Subtotal	Share-based compensation expenses (iii)	Total
Executive director:								
Mr. Zhang Zhi Rong	—	5,995	—	10	—	6,005	6,990	12,995
Mr. Ding Xiang Yang	—	5,809	—	40	24	5,873	6,990	12,863
Mr. Cheng Li Xiong	—	5,851	—	30	11	5,892	6,990	12,882
Mr. Xia Jing Hua	—	3,192	—	40	24	3,256	2,330	5,586
Mr. Liu Ning	—	3,192	—	40	24	3,256	2,330	5,586
Mr. Li Xiao Bin (i)	—	1,349	—	48	22	1,419	894	2,313
Mr. Yan Zhi Rong	—	3,192	—	40	24	3,256	2,330	5,586
Mr. Yu Xiu Yang (ii)	—	1,863	—	—	—	1,863	—	1,863
Independent non- executive director:								
Mr. Yim Ping Kuen	348	—	—	—	—	348	—	348
Mr. Liu Shun Fai	348	—	—	—	—	348	—	348
Mr. Wo Rui Fang	348	—	—	—	—	348	—	348
Mr. Han Ping	348	—	—	—	—	348	—	348

The remuneration of each director of the Company for the year ended 31 December 2010 is set out below:

RMB'000	Fee	Salaries, allowance and benefits in kind	Bonus	Employer's contribution to retirement scheme	Other benefits	Subtotal	Share-based compensation expenses (iii)	Total
Executive director:								
Mr. Zhang Zhi Rong	—	6,002	—	10	—	6,012	13,347	19,359
Mr. Ding Xiang Yang	—	5,000	—	36	20	5,056	13,347	18,403
Mr. Cheng Li Xiong	—	5,002	—	10	—	5,012	13,347	18,359
Mr. Xia Jing Hua	—	2,000	—	36	20	2,056	4,449	6,505
Mr. Liu Ning	—	2,000	—	36	20	2,056	4,449	6,505
Mr. Li Xiao Bin	—	2,000	—	45	18	2,063	4,449	6,512
Mr. Yan Zhi Rong	—	2,000	—	36	20	2,056	4,449	6,505
Independent non- executive director:								
Mr. Yim Ping Kuen	209	—	—	—	—	209	—	209
Mr. Liu Shun Fai	209	—	—	—	—	209	—	209
Mr. Wo Rui Fang	209	—	—	—	—	209	—	209
Mr. Han Ping	209	—	—	—	—	209	—	209

(i) Mr. Li Xiao Bin ceased to be the Company's executive director from 20 May 2011.

(ii) Mr. Yu Xiu Yang was appointed as the Company's executive director on 20 May 2011.

(iii) Amounts represent amortisation of the fair value of share options measured at the grant date charged to the consolidated statement of comprehensive income, regardless of whether or not the share options have been vested or exercised.

30 Emoluments for Directors and Five Highest Paid Individuals (Continued)

(a) DIRECTORS' EMOLUMENTS (Continued)

During each of the years ended 31 December 2011 and 2010, no director received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office, no director waived or has agreed to waive any emoluments.

(b) FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2011 include 4 directors (2010: 4 directors). Their emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 1 Individual (2010: 1 individual) for the year ended 31 December 2011, are as follows:

RMB'000	2011	2010
Salaries and other short-term benefits	5,923	1,847
Retirement scheme contribution	10	10
Bonuses	—	305
Share-based compensation expenses	2,330	4,449
	8,263	6,611

The emoluments fell within the following bands:

RMB'000	2011	2010
RMB6,500,001 to RMB7,000,000	—	1
RMB8,000,001 to RMB8,500,000	1	—
	1	1

31 Income Tax Expenses

RMB'000	2011	2010
Current income tax		
— PRC corporate income tax	767,853	598,699
— PRC land appreciation tax	886,800	1,026,898
	1,654,653	1,625,597
Deferred income tax (note 21)		
— Origination and reversal of temporary differences	157,291	727,854
	157,291	727,854
	1,811,944	2,353,451

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies comprising the Group as follows:

RMB'000	2011	2010
Profit before income tax	4,021,025	5,962,229
Calculated at PRC corporate income tax rate of 25%	1,005,256	1,490,557
Expenses not deductible for tax purposes	172,050	123,737
Income not taxable for tax purposes	(24,146)	(26,335)
Tax losses not recognised as deferred income tax assets	12,727	1,972
Recognition of previously unrecognised tax losses	(17,741)	(11,592)
Provision for land appreciation tax	886,800	1,026,898
Tax effect on land appreciation tax	(223,446)	(231,100)
Effect of different tax rates applicable to different companies within the Group	(1,551)	(20,733)
Others	1,995	47
Income tax expenses	1,811,944	2,353,451

PRC corporate income tax is provided at the rate of 25% for each of the years ended 31 December 2010 and 2011 of the profits for the PRC statutory financial reporting purpose, adjusted for those items, which are not assessable or deductible for the PRC corporate income tax purpose.

No Hong Kong profits tax has been provided for the years ended 31 December 2010 and 2011 as there is no assessable profit for these years.

31 Income Tax Expenses (Continued)

PRC land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, which is included in the consolidated statement of comprehensive income as income tax. The Group has estimated the tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

32 Earnings Per Share

(a) BASIC

Basic earnings per share is calculated by dividing the profit attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the year.

RMB'000	2011	2010
Profit attributable to the Company's equity holders	2,215,654	3,608,552
Weighted average number of ordinary shares in issue (thousands)	7,792,646	7,792,646

(b) DILUTED

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For each of the years ended 31 December 2010 and 2011, the Company only has share options that are dilutive potential ordinary shares.

	2011	2010
Earnings (RMB'000)		
Profit attributable to the Company's equity holders	2,215,654	3,608,552
Number of Shares		
Weighted average number of ordinary shares in issue (thousands)	7,792,646	7,792,646
Adjustment for share options (thousands)	5,019	27,237
Weighted average number of ordinary shares for diluted earnings per share (thousands)	7,797,665	7,819,883

33 Dividend

The Board has resolved not to recommend for shareholders' approval at its forthcoming annual general meeting on 29 May 2012 the payment of a final dividend for the year ended 31 December 2011 (2010: Nil).

34 Notes to Consolidated Statement of Cash Flows

RECONCILIATION OF PROFIT FOR THE YEAR TO CASH USED IN OPERATIONS

RMB'000	Note	2011	2010
Profit for the year		2,209,081	3,608,778
Adjustments for:			
Share of profit of an associate		(338)	(1,351)
Share of loss of a jointly controlled entity		4,143	50,090
Income tax expenses	31	1,811,944	2,353,451
Interest income	25	(145,466)	(99,558)
Interest expenses	28	2,526	3,750
Fair value changes of investment properties	26	(677,136)	(2,452,402)
Depreciation	6	22,350	13,901
Amortisation of intangible asset	8	527	527
Losses on disposals of property, plant and equipment	27	322	130
Exchange (gains)/losses, net	26	(74,423)	8,056
Loss on redemption of a financial liability	26	27,140	33,768
Share-based compensation expenses		36,346	70,293
Changes in working capital:			
Properties under development and completed properties held for sale		(4,840,354)	(5,135,067)
Inventories		(213)	(471)
Restricted cash		1,438,625	(644,822)
Trade and other receivables and prepayments		(1,311,004)	(5,144,710)
Investment in and loan to/amount due from a jointly controlled entity		(41,712)	(1,897,440)
Trade and other payables		1,983,598	582,562
Advanced proceeds received from customers		350,408	2,937,577
Cash generated from/(used in) operations		796,364	(5,712,938)

Apart from those disclosed in note 38, there is no other major non-cash transaction during each of the years ended 31 December 2011 and 2010.

35 Commitments

(a) COMMITMENTS FOR CAPITAL AND PROPERTY DEVELOPMENT EXPENDITURES

RMB'000	2011	2010
Contracted but not provided for		
Land use rights	1,360,990	2,901,524
Property development expenditures	8,916,932	8,602,617
Construction materials	79,193	44,655
	10,357,115	11,548,796
Authorised but not contracted for	—	15,807

As at 31 December 2011, the Group's share of commitment of the jointly controlled entity (note 10) is RMB22,495,000 (2010: RMB5,162,000).

35 Commitments (Continued)

(b) OPERATING LEASE COMMITMENTS

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

RMB'000	2011	2010
No later than 1 year	37,175	34,861
Later than 1 year and no later than 5 years	24,666	40,242
Later than 5 year	625	309
	62,466	75,412

36 Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.

The following transactions were carried out with related parties:

(a) PURCHASE OF SERVICES:

RMB'000	2011	2010
Purchase of construction services from:		
— Shanghai Ditong Construction (Group) Co., Ltd. (“Shanghai Ditong”) a company controlled by close family member of the Chairman of the Company	1,194,894	1,077,148
Purchase of property design services from an associate	39,549	38,897
Purchase of consultancy services from related companies	—	1,667

36 Related Party Transactions (Continued)

(b) BALANCES WITH RELATED PARTIES

As at 31 December 2010 and 2011, the Group had the following significant balances with related parties:

RMB'000	2011	2010
Balances included in current assets:		
Prepayments to related companies for construction costs or purchase of services — included in "Prepayments"		
— Shanghai Ditong	1,606,429	1,316,600
— Other related companies	1,991	599
	1,608,420	1,317,199
Loan to/amount due from a jointly controlled entity	1,967,905	1,903,472
Balances included in current liabilities:		
Trading balances — included in "Trade payables"		
— Other related companies	3,524	5,510

Except for the loan to/amount due from a jointly controlled entity, the terms of which is disclosed in note 10(a), as at 31 December 2010 and 2011, all other balances with related parties were unsecured, interest free and repayable on demand.

(c) KEY MANAGEMENT COMPENSATION

RMB'000	2011	2010
Salaries and other short-term employee benefits	39,526	30,079
Share-based compensation expenses	30,446	64,955
	69,972	95,034

(d) OTHER RELATED PARTY TRANSACTIONS

On 20 November 2009, the Group entered into a share purchase agreement with Jiangsu Rongsheng Shipbuilding Co., Ltd. ("Jiangsu Rongsheng"), a company in which Mr. Zhang Zhi Rong, the Company's director and ultimate majority shareholder, holds a controlling stake, to acquire 100% of the equity interests in two subsidiaries of Jiangsu Rongsheng, namely Shanghai Rongxiang Property Development Co., Ltd. ("Shanghai Rongxiang") and Shanghai Jinhao Property Development Co., Ltd. ("Shanghai Jinhao"), that acquired the land use rights for two parcels of land located in Xuhui District, Shanghai, for a total consideration of RMB2.0 billion. The transaction was completed during the year ended 31 December 2010.

37 Financial Guarantees

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

37 Financial Guarantees (Continued)

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. As at 31 December 2011, the amount of outstanding guarantees for mortgages were approximately RMB6,148,378,000 (2010: RMB4,389,538,000). The maximum credit risk exposure at balance sheet date is the amount of outstanding guarantees.

The directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantees measured at fair value is immaterial.

38 Accounting of Acquisition

During the year ended 31 December 2011, the Group completed the acquisition of the shares of the following companies:

	% of equity acquired	Date of incorporation	Place of incorporation	Issued/paid-in/registered capital	Principal activities
Glorious Yangguang Xindi (Dalian) Property Co., Ltd. (a) (恒盛陽光鑫地(大連)置業有限公司) (formerly known as Zhongchengjian (Dalian) Property Development Co., Ltd. 中城建(大連)房地產開發有限公司) (referred as to "Glorious Yangguang Dalian")	70%	3 November 2009	the PRC	RMB300,000,000	Property development
Wachovian II Co. Pte. Ltd. (a)	100%	14 August 2007	Singapore	SGD10	Investment holding
Jiangsu Chuangyi Cultural Property Foundation Investment and Construction Co., Ltd. (江蘇創意文化產業基地投資建設有限公司) (a)	100%	16 January 2007	the PRC	RMB88,670,000	Investment holding
Jiangsu Arts and Cultural Property Holdings Ltd. (a) (江蘇演藝文化產業股份有限公司) (collectively referred as to "Jiangsu Cultural Property Group")	54%	8 May 2004	the PRC	RMB50,000,000	Culture and property development
Better Score Limited (b)	100%	25 February 2009	the BVI	US\$1	Investment holding
Greater Base Limited (b) (基鉅有限公司)	100%	3 March 2009	Hong Kong	HK\$1	Investment holding
Nantong Jiju Foundation Facilities Construction Co., Ltd. (b) (南通基鉅基礎設施建設有限公司)	100%	27 April 2009	the PRC	US\$3,000,000	Investment holding

38 Accounting of Acquisition (Continued)

- (a) Before the acquisition by the Group, these companies had no business activities except for the holding of land use rights or in the process to obtain land use rights. Accordingly, the activities of these companies do not constitute a business and the Group's intention of such acquisition is to acquire the land use rights or the potential land use rights of these companies for future property developments. Accordingly, such acquisitions were accounted for as if they were acquisitions of the underlying land use rights and the net cash outflows associated with the above acquisitions of companies are presented within the operating activities in the consolidated statement of cash flows.

The allocation of acquisition considerations for the acquisition completed in 2011 are as follows:

RMB'000	At date of acquisition		
	Glorious Yangguang Dalian	Jiangsu Cultural Property Group	Combined
Property, plant and equipment (note 6)	1,601	3,901	5,502
Properties under development and prepayments	792,112	1,478,736	2,270,848
Cash and cash equivalents	89	26,413	26,502
Trade and other payables	(3,467)	(691)	(4,158)
Borrowings	—	(286,159)	(286,159)
Non-controlling interests	(237,100)	(562,200)	(799,300)
Total acquisition consideration	553,235	660,000	1,213,235
Less: Acquisition consideration payable as at 31 December 2011	(187,746)	(310,000)	(497,746)
Consideration paid by cash	365,489	350,000	715,489
Less : cash and cash equivalents acquired	(89)	(26,413)	(26,502)
Cash outflow on acquisition	365,400	323,587	688,987

- (b) As set out in note 20(a), the Group acquired the entire issued share capital of Better Score (effectively also the entire issued share capital of Greater Base Limited and Nantong Jiju Foundation Facilities Construction Co., Ltd.) from S.I. Properties and the shareholder's loans owed by Better Score to S.I. Properties at a total consideration of RMB2,000,000,000. This arrangement in substance is a repayment of the loan granted by S.I. Properties and therefore it is not considered as a business combination.

38 Accounting of Acquisition (Continued)

- (c) During the year ended 31 December 2010, the Group completed the acquisitions of 100% equity interest of Dalian Runjing Investment Development Limited (“Dalian Runjing”), Shanghai Rongxiang and Shanghai Jinhao.

The allocation of acquisition considerations for the acquisition completed in 2010 were as follows:

RMB'000	At date of acquisition		
	Dalian Runjing	Shanghai Rongxiang and Shanghai Jinhao	Combined
Property, plant and equipment (note 6)	33	—	33
Properties under development and prepayments	299,457	2,009,985	2,309,442
Cash and cash equivalents	10	1,085	1,095
Accruals and other payables	—	(11,070)	(11,070)
Total acquisition consideration	299,500	2,000,000	2,299,500
Less: Acquisition consideration payable as at 31 December 2010	(99,500)	—	(99,500)
Consideration paid by cash	200,000	2,000,000	2,200,000
Less : cash and cash equivalents acquired	(10)	(1,085)	(1,095)
Cash outflow on acquisition	199,990	1,998,915	2,198,905

39 Share Option Schemes

(a) PRE-IPO SHARE OPTION SCHEME

Pursuant to a resolution in writing passed by all the shareholders of the Company on 9 September 2009, the Company conditionally approved and adopted a pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”). By the same resolution, the Company granted 84,000,000 share options to its directors and employees which are exercisable for a ten-year period from the grant date, under the following terms:

- (i) the exercise price per share shall be equal to 60% discount to the initial public offering price;
- (ii) 20% of the total number of shares will become exercisable on 2 October 2009 (the “Listing Date”). The remaining 80% of share options will become exercisable in four equal instalments, 20% of the total number of shares will become exercisable on the first anniversary of the Listing Date with a further 20% to become exercisable on each subsequent anniversary.

The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense, with a corresponding adjustment to employee share-based compensation reserve, over the vesting period. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity. For the year ended 31 December 2011, the amount of share-based compensation expenses amounted to RMB36.3 million (2010: RMB70.3 million).

39 Share Option Schemes (Continued)

(a) PRE-IPO SHARE OPTION SCHEME (Continued)

Each share option gives the holder the right to subscribe for one ordinary share of the Company.

Movement of Pre-IPO Share Option Scheme during the year ended 31 December 2010 and 2011 is as follows:

	Exercise Price (HK\$)	Number of options
At 1 January 2010	1.76	82,000,000
Lapsed	1.76	(4,000,000)
At 31 December 2010 and 2011	1.76	78,000,000

Out of the 78,000,000 outstanding options, 46,400,000 options were exercisable. All of the outstanding share options will expire by 8 September 2019.

The weighted average fair value granted during the year determined using the Binomial option pricing model was HK\$3.05 per option. The significant inputs to the model were as follows:

Assumptions

Volatility	73.85%
Dividend yield	1.70%
Annual risk-free rate	2.356%
Expected option life	10 years

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the past three years of similar listed companies.

(b) SHARE OPTION SCHEME

Pursuant to the aforementioned resolution in writing passed by all the shareholders of the Company on 9 September 2009, the Company adopted a share option scheme on 9 September 2009 ("Share Option Scheme"). The purpose of the share option scheme is to provide incentives to the Group's employees including the executive directors and non-executive directors (each a "participant"). The Board may, at any time within 10 years after the date of adoption of the Share Option Scheme, make an offer to any participant. The subscription price for shares granted pursuant to the Share Option Scheme is the highest of:

- the closing price of the shares of the Company on the Hong Kong Stock Exchange on the business day on which an offer is made to a participant;
- the average of the closing prices of the shares on the Hong Kong Stock Exchange for the five business days immediately preceding the date on which such offer is made; and
- the nominal value of the shares of the Company.

39 Share Option Schemes *(Continued)*

(b) SHARE OPTION SCHEME *(Continued)*

The total number of shares which may be issued upon exercise of all options granted under the Share Option Scheme must not, in aggregate, exceed 10% of the issued share capital of the Company at the date of approval of the share option scheme. The 10% limit may be refreshed with the approval by ordinary resolution of the Company's shareholders. The maximum number of shares which may be issued upon exercise of all outstanding options granted, and yet to be exercised, under the Share Option Scheme must not exceed 30% of the Company's issued share capital.

The total number of shares issued and to be issued upon exercise of all options granted under the Share Option Scheme to each participant (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of issued shares of the Company. If shares issued and to be issued upon exercise of all options granted under the Share Option Scheme (including options exercised, cancelled and outstanding) to a participant who is a substantial shareholder or an independent non-executive director of the Company in any 12-month period, (i) represent in aggregate more than 0.1% of the total number of shares in issue and (ii) have an aggregate value, based on the closing price of the shares of the Company at the date of each grant, in excess of HK\$5,000,000, the proposed grant of option must be approved by the Company's shareholders by poll in a general meeting.

The exercise period of any option granted under the Share Option Scheme shall not be longer than 10 years from the date of grant of the relevant option. The Board has the authority to determine the minimum period for which an option must be held before it can vest.

As at 31 December 2011, no share options have been granted under the Share Option Scheme (2010: Nil).

Five-Year Financial Summary

Consolidated Results

RMB'000	2007	2008	2009	2010	2011
Revenue	1,791,942	3,948,959	6,171,127	7,114,025	9,585,443
Cost of sales	(1,164,818)	(2,293,339)	(3,201,760)	(3,694,934)	(5,788,246)
Gross profit	627,124	1,655,620	2,969,367	3,419,091	3,797,197
Other income	17,194	21,405	27,366	803,239	182,695
Other (losses)/gains, net	(34,513)	825,563	1,218,817	2,410,578	724,419
Selling and marketing expenses	(77,426)	(150,494)	(151,333)	(197,133)	(240,998)
Administrative expenses	(105,666)	(214,818)	(351,397)	(421,057)	(435,957)
Finance costs	(97,225)	(54,479)	(27,068)	(3,750)	(2,526)
Share of profit of an associate	—	—	—	1,351	338
Share of loss of a jointly controlled entity	—	—	—	(50,090)	(4,143)
Profit before income tax	329,488	2,082,797	3,685,752	5,962,229	4,021,025
Income tax expenses	(221,394)	(827,806)	(1,319,608)	(2,353,451)	(1,811,944)
Profit for the year	108,094	1,254,991	2,366,144	3,608,778	2,209,081
Profit for the year attributable to:					
— the Company's equity holders	108,094	1,254,991	2,366,144	3,608,552	2,215,654
— non-controlling interests	—	—	—	226	(6,573)
	108,094	1,254,991	2,366,144	3,608,778	2,209,081
Earnings per share for profit attributable to the Company's equity holders (expressed in RMB per share)					
— Basic	N/A	0.22	0.38	0.46	0.28
— Diluted	N/A	0.22	0.38	0.46	0.28
Dividend	—	—	233,779	—	—
Dividend per share (expressed in RMB per share)	—	—	0.03	—	—

Assets and Liabilities

RMB'000	2007	2008	2009	2010	2011
Total non-current assets	75,360	1,527,133	3,192,410	8,037,249	11,591,256
Total current assets	12,652,945	11,631,089	23,175,275	34,288,872	39,112,911
Total assets	12,728,305	13,158,222	26,367,685	42,326,121	50,704,167
Total non-current liabilities	2,317,730	709,937	5,544,195	9,010,272	7,076,858
Total current liabilities	10,746,548	11,529,267	8,976,813	18,023,880	25,282,613
Total liabilities	13,064,278	12,239,204	14,521,008	27,034,152	32,359,471
Net (liabilities)/assets	(335,973)	919,018	11,846,677	15,291,969	18,344,696

Particulars of Properties Held

Name of property	Location	Type	Interest attributable to the Group			
			Percentage	Approximate GFA (sq.m.)	Approximate number of carparks	Lease term
A. Property held for investment						
1. Chateau De Paris (Phase II)	No.2093 Xietu Road, Xu Hui District, Shanghai	Commercial	100%	15,559	342	Long term
2. Sunshine Venice (Phases I, II & IIIA, B)	South of Taopu Road, west of Qilianshan Road, Shanghai	Commercial	100%	34,042	1,240	Long term
3. Sunshine Venice (Phase IIIC)	South of Taopu Road, west of Qilianshan Road, Shanghai	Commercial	100%	58,718	–	Long term
4. Shanghai Bay (Phase III) – Binjiang Centre (North block)	No. 1441 Wanping South Road, Shanghai	Commercial/Office	100%	110,832	362	Long term
5. Sunglow Xinjing	No. 259 Tiandeng Road, Shanghai	Commercial	100%	2,076	81	Long term
6. Caohejing Project	No. 292 Caohejing Road, Shanghai	Commercial/Office/Hotel	100%	115,031	450	Long term
7. Zhongcaoxincun Project	No. 143 Xujiahui Road, Shanghai	Commercial/Office	100%	88,615	340	Long term
8. Sunny Town (Shenyang Glorious Plaza)	No. 181, Nujiang North Street, Yuhong District, Shenyang, Liaoning Province	Commercial	100%	119,391	178	Long term
9. Sunshine Holiday (Phase IV)	Intersection of Taixing South Road and Chenglin Road, Hedong District, Tianjin	Commercial	100%	73,305	406	Long term
10. Changchun Villa Glorious (West) (Phase I)	East to Chaoran Street, South to Guihua Road, West to Chaoqun Street, North to Yisi Road, Changchun	Residential/Commercial	100%	119,000	650	Long term
Sub-total				736,569	4,049	

Particulars of Properties Held (Continued)

Name of property	Location	Type	Interest attributable to the Group			
			Percentage	Approximate GFA (sq.m.)	Approximate number of carparks	Lease term
B. Hotel property						
1. Shanghai Bay (Phase III) - Binjiang Centre (South block)	No. 1441 Wanping South Road, Shanghai	Hotel	100%	123,388	307	N/A
Sub-total				123,388	307	

Name of property	Location	Type	Percentage	Interest attributable to the Group				Anticipated completion date
				Approximate GFA (sq.m.)	Approximate site area (sq.m.)	Approximate number of carparks	Stage of completion	
C. Projects under development / Property held for sale								
1. Shanghai Bay (Phase IIA)	No. 1441 Wanping South Road, Shanghai	Residential/ Commercial	100%	82,348	178,734 ⁽¹⁾	216	The main structure and internal decoration completed	March to December 2012 in stages
Shanghai Bay (Phase IIB)	No. 1441 Wanping South Road, Shanghai	Residential/ Commercial/ Hotel	100%	567,643	178,734 ⁽¹⁾	1,458	Main construction under development	December 2013 to October 2015 in stages
2. Royal Lakefront (Phase IA)	Jinhai Road, Zefeng Road and Wangyuan Road, Fengxian District, Shanghai	Residential/ Commercial	100%	29,145	118,307 ⁽²⁾	-	Residential delivered Commercial under development	June 2011
Royal Lakefront (Phase IB)	Jinhai Road, Zefeng Road and Wangyuan Road, Fengxian District, Shanghai	Residential/ Commercial	100%	198,162	118,307 ⁽²⁾	1,118	Residential delivered Commercial under development	December 2011 to December 2013 in stages
Royal Lakefront (Phase II)	Jinhai Road, Zefeng Road and Wangyuan Road, Fengxian District, Shanghai	Residential/ Commercial	100%	370,795	161,388	1,574	Residential delivered Commercial under development	December 2011 to December 2013 in stages

Note:

(1) The site area includes all of the site areas of Shanghai Bay Phases II.

(2) The site area includes all of the site areas of Royal Lakefront Phases 1A and 1B.

Particulars of Properties Held (Continued)

Name of property	Location	Type	Percentage	Interest attributable to the Group			Stage of completion	Anticipated completion date
				Approximate GFA (sq.m.)	Approximate site area (sq.m.)	Approximate number of car parks		
3. Sunshine Venice (Phase IV)	The southern side of Taopu Road and the western side of Qilianshan Road, Shanghai	Residential	100%	68,225	429,929 ⁽³⁾	322	Under planning	October 2014
4. Shanghai Villa Glorious (Phase I)	The western side of Gaojing Road, the eastern side of Jiangyang South Road, the southern side of the planning extension section of 128 Memorial Road and the northern side of Yingao Road, Baoshan District, Shanghai	Residential/ Commercial	100%	474,447	315,588 ⁽⁴⁾	1,551	Ground Work Foundation completed partially	May 2012 to May 2014 in stages
Shanghai Villa Glorious (Phase II)	The western side of Gaojing Road, the eastern side of Jiangyang South Road, the southern side of the planning extension section of 128 Memorial Road and the northern side of Yingao Road, Baoshan District, Shanghai	Residential/ Commercial	100%	445,665	315,588 ⁽⁴⁾	1,863	Under planning	August 2014 to March 2015 in stages
5. Hefei Villa Glorious (Phase I)	Intersection of Datong Road and Tongling Road, Yaohai District, Hefei, Anhui Province	Residential/ Commercial	100%	107,577	72,478 ⁽⁵⁾	–	Residential delivered	November 2011
Hefei Villa Glorious (Phase II)	Intersection of Datong Road and Tongling Road, Yaohai District, Hefei, Anhui Province	Residential/ Commercial	100%	128,237	72,478 ⁽⁵⁾	1,087	Overall amenities under development	June 2012

Note:

(3) The site area includes all of the site areas of Sunshine Venice Phases I to IV.

(4) The site area includes all of the site areas of Shanghai Villa Glorious Phases I to III.

(5) The site area includes all of the site areas of Hefei Villa Glorious Phases I to IV.

Particulars of Properties Held (Continued)

Name of property	Location	Type	Percentage	Interest attributable to the Group			Stage of completion	Anticipated completion date
				Approximate GFA (sq.m.)	Approximate site area (sq.m.)	Approximate number of car parks		
Hefei Villa Glorious (Phase III)	Intersection of Datong Road and Tongling Road, Yaohai District, Hefei, Anhui Province	Residential	100%	119,963	72,478 ⁽⁵⁾	477	Main construction under development	December 2012
Hefei Villa Glorious (Relocation-oriented house)	Intersection of Datong Road and Tongling Road, Yaohai District, Hefei, Anhui Province	Relocation-oriented house	100%	197,296	72,478 ⁽⁵⁾	477	The main structure and overall amenities under development	June to December 2012 in stages
6. Hefei Royal Garden (Phase I)	Southeast intersection of Mengcheng Road and Lianshui Road, Hefei	Residential/Commercial	100%	197,500	150,001 ⁽⁶⁾	–	The main structure under development	September 2012
Hefei Royal Garden (Phase II)	Southeast intersection of Mengcheng Road and Lianshui Road, Hefei	Residential/Commercial/Hotel	100%	174,969	150,001 ⁽⁶⁾	1,724	Main construction under development	December 2012
7. Bashangjie Project (Phase I)	Southwest intersection of Mingguang Road and Changjiang East Road, Hefei, Anhui Province	Residential/Commercial	100%	259,212	118,929 ⁽⁷⁾	3,009	Under planning	December 2014
8. No.1 City Promotion (Phase III)	The northern side of Wangzhuang East Road, the southern side of Xinguang Road, the eastern side of Xixing Road and the western side of Chunhua Road, Wuxi New District, Wuxi, Jiangsu Province	Residential/Commercial	100%	229,128	52,287	1,769	Completed top sealing of the main structure	December 2012

Note:

(5) The site area includes all of the site areas of Hefei Villa Glorious Phases I to IV.

(6) The site area includes all of the site areas of Hefei Royal Garden Phases I to III.

(7) The site area includes all of the site areas of Bashangjie Project Phases I to II.

Particulars of Properties Held (Continued)

Name of property	Location	Type	Percentage	Interest attributable to the Group			Stage of completion	Anticipated completion date
				Approximate GFA (sq.m.)	Approximate site area (sq.m.)	Approximate number of car parks		
9. Rongsheng Plaza	The southern side of Shiji Avenue and the eastern side of Gongnong Road, Nantong, Jiangsu Province	Commercial/Office/Hotel	100%	297,486	45,090	1,196	Under planning	December 2015
10. Nantong Glorious Chateau (Phases IA & IB)	The southern side of Weiliu Road and the western side of Jingliu Road, Xincheng District, Rugao Economic Development Zone, Jiangsu Province	Residential/Commercial	100%	238,489	318,093	394	Completed construction of Zone A Completed steel structure of Zone B	December 2011 to October 2012
11. Nantong Royal Bay (Phase I)	The western side of Gongnong Road and the southern side of Hongqiao Road, Nantong, Jiangsu Province	Residential/Commercial/Office	100%	282,376	244,524 ⁽⁸⁾	1,564	Master and main structure under development	December 2013
12. Nantong Villa Glorious	The southern side of Dongsheng Garden, the western side of Shiji Road and the northern side of Tongjia -River, Nantong, Jiangsu Province	Residential/Commercial	100%	304,190	115,069	1,204	Overall amenities under development	December 2012
13. Nanjing Royal Bay (Phase I)	The southern side of Xiaguan District, Nanjing	Residential/Commercial	60%	230,210	109,244	3,370	Under planning	May 2014 to December 2015 in stages
14. Royal Mansion (Phase II)	The fourth zone, Yuhaiyuan Small District, Yuquan Road, Haidian District, Beijing	Residential/Commercial	100%	62,592	34,850 ⁽⁹⁾	180	Under planning	November 2014

Note:

(8) The site area includes all of the site areas of Nantong Villa Glorious Phases I and II.

(9) The site area includes all of the site areas of Royal Mansion Phase II.

Particulars of Properties Held (Continued)

Name of property	Location	Type	Percentage	Interest attributable to the Group			Stage of completion	Anticipated completion date
				Approximate GFA (sq.m.)	Approximate site area (sq.m.)	Approximate number of car parks		
15. Sunshine Bordeaux (Phase IB)	No. 88, Jingjintang Science and Technology Park, Caiyu Town, Daxing District, Beijing	Residential/ Commercial	100%	104,830	77,522	307	Delivered	December 2011
16. Glorious Artstyle Townhouse (Phase II)	East to Caiyuan Road, South to Yujin Street, West to Caifu Road, North to Yuzhen Street, Caiyu Town, Daxing District, Beijing	Residential/ Commercial	100%	100,270	59,645	330	Completed construction of the main structure	October 2012
17. Tianjin Royal Bay Seaside (North Phase I)	Guangang Forest Park, Dagang District, Tianjin	Residential	100%	61,029	312,704 ⁽¹⁰⁾	–	The main structure under development	June 2013
Tianjin Royal Bay Seaside (West Phase I)	Guangang Forest Park, Dagang District, Tianjin	Residential	100%	92,054	216,721 ⁽¹¹⁾	–	Overall amenities under development	August 2012
Tianjin Royal Bay Seaside (East Phase I)	Guangang Forest Park, Dagang District, Tianjin	Residential	100%	97,664	366,667 ⁽¹²⁾	–	The main structure under development	June 2013
18. Tianjin Royal Bay Lakeside (Phases I-IV)	The eastern part of Tuanpohu, Jinghai County, Tianjin	Residential/ Commercial	70%	1,567,303	1,196,000	7,087	Under planning	June 2014 to July 2017 in stages
19. Sunny Town (West Phase IV)	No. 181, Nujiang North Street, Yuhong District, Shenyang, Liaoning Province	Residential/ Commercial	100%	125,646	242,178 ⁽¹³⁾	500	Delivered	December 2011
Sunny Town (East Phase IV)	No. 181, Nujiang North Street, Yuhong District, Shenyang, Liaoning Province	Residential/ Commercial	100%	117,529	242,178 ⁽¹³⁾	1,390	The main structure under development	October 2012

Note:

- (10) The site area includes all of the site areas of Tianjin Royal Bay Seaside North Phases I and II.
 (11) The site area includes all of the site areas of Tianjin Royal Bay Seaside West Phases I and II.
 (12) The site area includes all of the site areas of Tianjin Royal Bay Seaside East Phases I and II.
 (13) The site area includes all of the site areas of Sunny Town Phases IV and V.

Particulars of Properties Held (Continued)

Name of property	Location	Type	Percentage	Interest attributable to the Group			Stage of completion	Anticipated completion date
				Approximate GFA (sq.m.)	Approximate site area (sq.m.)	Approximate number of car parks		
20. Harbin Villa Glorious (Phase II)	The enclosure section of Anyang Road, Longkui Road, Qunei Guihua Road and Wuwei West Road, Daoli District, Harbin, Heilongjiang Province	Residential/ Commercial	100%	283,422	204,960 ⁽¹⁴⁾	574	Delivered	December 2011
Harbin Villa Glorious (Phase III)	The enclosure section of Anyang Road, Longkui Road, Qunei Guihua Road and Wuwei West Road, Daoli District, Harbin, Heilongjiang Province	Residential	100%	128,745	204,960 ⁽¹⁴⁾	741	Completed top sealing of the main structure	December 2012
21. Dalian Villa Glorious	Bali Village, Xianjin Street, Jinzhou New District, Dalian	Residential	100%	165,375	50,250	832	The main structure under development	June 2013
22. Harbin Royal Garden	North to 4th Road, East to Shangjiang Street, South to 5th Road and West to Lingjiang Road, Qunli New District, Harbin	Residential	100%	216,529	77,879	1,101	The main structure under development	December 2012 to August 2013 in stages
23. Changchun Villa Glorious (East) (Phases I & II)	East to Chaofan Street, South to New and High-tech Reserve Centre, West to Chaoran Street and North to Yisi Road, Gaoxin District, Changchun	Residential/ Commercial	100%	554,627	516,768 ⁽¹⁵⁾	2,400	The main structure under development	December 2012 to October 2013 in stages

Note:

(14) The site area includes all of the site areas of Harbin Villa Glorious Phases I to III.

(15) The site area includes all of the site areas of Changchun Villa Glorious East and West.

Particulars of Properties Held (Continued)

Name of property	Location	Type	Percentage	Interest attributable to the Group		
				Approximate GFA (sq.m.)	Approximate number of carparks	Lease term
24. Shanghai Park Avenue	No. 389 Anshun Road, Changning District, Shanghai	Residential/ Commercial	100%	26,451	335	Long term
25. Chateau De Paris (Phase I)	No. 2143 Xietu Road, Xu Hui District, Shanghai	Residential/ Commercial	100%	4,809	89	Long term
Chateau De Paris (Phase II)	No.2093 Xietu Road, Xu Hui District, Shanghai	Residential	100%	27,275	338	Long term
26. Sunshine Venice (Phases I, II & IIIA)	South of Taopu Road, west of Qilianshan Road, Shanghai	Residential	100%	93,749	1,240	Long term
Sunshine Venice (Phase III B)	South of Taopu Road, west of Qilianshan Road, Shanghai	Residential	100%	24,635	211	Long term
27. Shanghai Bay (Phase I & II)	No. 1441 Wanping South Road, Shanghai	Residential/ Commercial	100%	45,000	586	Long term
28. No.1 City Promotion (Phase I)	The northern side of Wangzhuang East Road, the southern side of Xinguang Road, the eastern side of Xixing Road and the western side of Chunhua Road, Wuxi New District, Jiangsu Province	Residential/ Commercial	100%	31,762	710	Long term
No. 1 City Promotion (Phase II)	The northern side of Wangzhuang East Road, the southern side of Xinguang Road, the eastern side of Xixing Road and the western side of Chunhua Road, Wuxi New District, Jiangsu Province	Residential/ Commercial	100%	42,743	780	Long term

Particulars of Properties Held (Continued)

Name of property	Location	Type	Percentage	Interest attributable to the Group		
				Approximate GFA (sq.m.)	Approximate number of carparks	Lease term
29. Classical Life (Phase I)	No. 88 Qinfeng Road, Changshu City, Jiangsu Province	Commercial	100%	1,900	-	Long term
Classical Life (Phase II)	No. 88 Qinfeng Road, Changshu City, Jiangsu Province	Residential	100%	8,152	136	Long term
30. Sunny Town (Phase I)	No. 181 Nujiang North Street, Yuhong District, Shenyang, Liaoning Province	Residential/ Commercial	100%	178	14	Long term
Sunny Town (Phase II)	No. 181 Nujiang North Street, Yuhong District, Shenyang, Liaoning Province	Residential/ Commercial	100%	4,091	140	Long term
Sunny Town (Phase III)	No. 181, Nujiang North Street, Yuhong District, Shenyang, Liaoning Province	Residential/ Commercial	100%	7,853	344	Long term
Sunny Town (Phase IV B)	No. 181, Nujiang North Street, Yuhong District, Shenyang, Liaoning Province	Residential/ Commercial	100%	3,705	151	Long term
31. Nantong Glorious Chateau	Rugao Economic Development Zone, Xincheng District, Jiangsu Province	Residential/ Commercial	100%	37,488	322	Long term
32. Harbin Villa Glorious (Phase I)	The enclosure section of Anyang Road, Longkui Road, Qunei Guihua Road and Wuwei West Road, Daoli District, Harbin	Residential/ Commercial	100%	10,281	128	Long term
Harbin Villa Glorious (Phase II)	The enclosure section of Anyang Road, Longkui Road, Qunei Guihua Road and Wuwei West Road, Daoli District, Harbin	Residential/ Commercial	100%	11,007	90	Long term
Sub-total				9,061,757	45,433	

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