GLORIOUS PROPERTY
恒盛地產

築·極致人生
The Ultimacy of Life




中期報告 2011 Interim Report

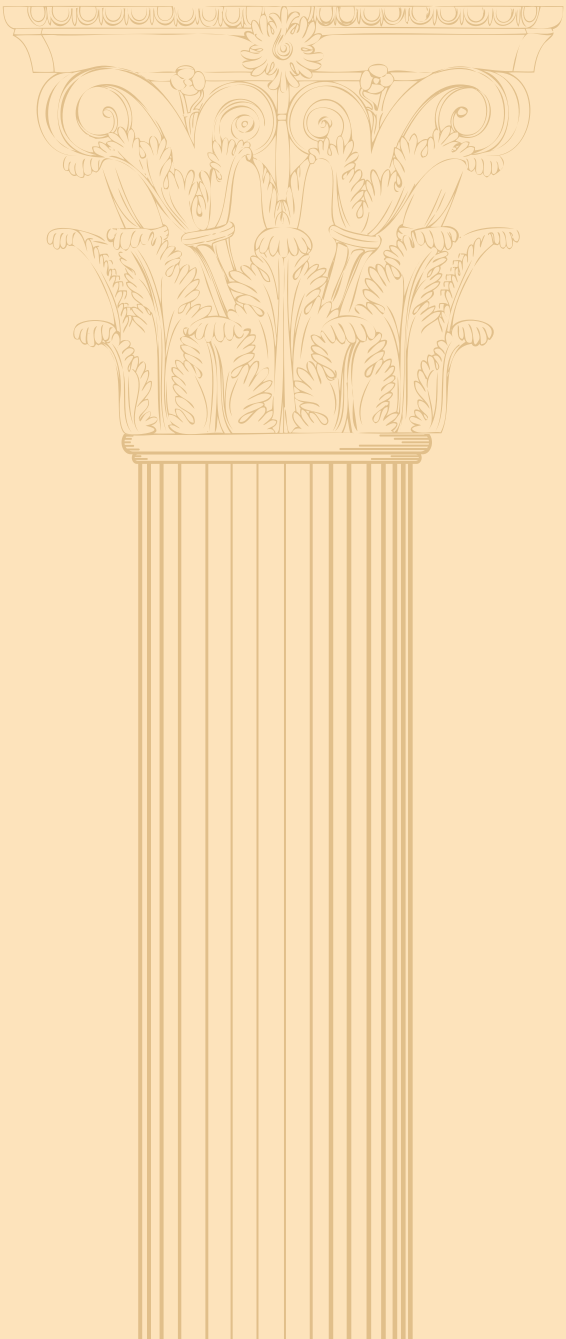
恒盛地產控股有限公司
Glorious Property Holdings Limited

股份代號 Stock Code: 00845

企業簡介
Corporate Profile

恒盛地產控股有限公司(「恒盛地產」或「本公司」，連同附屬公司，統稱「本集團」，香港聯合交易所股份代號：00845)是一家於上海地區、長三角地區、環渤海地區和東北地區主要經濟城市發展大型優質房地產項目的全國性房地產發展商。目前，本集團在北京、天津、上海、無錫、蘇州、南京、南通、合肥、哈爾濱、長春、瀋陽及大連12個城市，共有32個發展項目。

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

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

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Hong Kong

Principal Place of Business in China

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Shenzhen 518026
China

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
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183 Queen's Road East
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Corporate Information

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Website

http://www.gloriousphl.com.cn

Stock Code

00845

Choice of Language or Means of Receipt of Corporate Information

This interim report is now available in printed form and on the website of the Company.

If shareholders who have received or chosen to receive this interim 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.

Chairman's Statement

Business Review

During the first half of 2011, the recovery of the global economy remained slow with the United States economy experiencing sluggish recovery and high unemployment rate and the Europe suffering a sovereign debt crisis showing no sign of obvious improvement. In Mainland China, more stringent austerity measures were implemented by the Central Government of China, aiming at curbing the demand for investment and speculation. Home purchase restriction was implemented across major cities nationwide and the price limitation was also implemented in certain cities. Followed by the disappearance of certain demand from the property market, the wait-and-see sentiment was getting strong. Due to the increasingly high inflation rate with excessive liquidity, a stricter credit policy was implemented by commercial banks. These have led to a sustained weakness of the domestic property market, with significant decline in the sales of properties in major cities.

Under the unfavorable external market conditions, the Group managed to achieve a satisfactory property sales performance by adopting proactive and flexible sales strategies as well as speeding up project sales.

During the period under review, the Group's profit attributable to shareholders amounted to RMB933.2 million, representing a year-on-year (YOY) increase of 154.7%. The basic earning per share amounted to RMB0.12, representing a YOY increase of 140.0%. The turnover was RMB2,378.8 million, representing a YOY decrease of 4.8%.The Group's shareholder's equity increased to RMB15,750.3 million.

The operating gross profit was RMB1,176.9 million, representing a YOY decrease of 12.3%. The gross profit margin for the properties operation was 49.5%, which is above the industry level.

During the period under review, a total of two projects were completed and approximately 124,000 sq.m. was delivered, of which a saleable residential area of 123,000 sq.m. was delivered, with an accumulated property sales of 95% amounting to 117,000 sq.m..

PROPERTY SALES

During the first half of 2011, both the property sales amount and GFA sold of the Group reached a historical new record, with property sales of RMB7,103.0 million, representing a YOY growth of 150.7%. The GFA sold amounted to 770,514 sq.m., representing a YOY growth of 172.5%. The average selling price reached RMB9,218.6 per sq.m..

During the period under review, the Group has a total of 15 projects for sales in nine cities in Mainland China. The property sales distribution for Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China were 40.5%, 27.1%, 7.3% and 25.2% respectively. With the successful growth of the major markets in Northeast China in recent years, the sales in this region recorded a rapid growth. The sales amount and GFA sold in cities outside Shanghai Region continued to increase, reaching 59.5% and 83.5% respectively. The Group continues to achieve the goal of balanced growth in first-, second- and third-tier cities.

LAND BANK

During the period under review, the Group acquired two premium land parcels in Dalian and Nantong, with an area available for development at 719,000 sq.m. and an average land cost of RMB1,385 per sq.m.. Those two projects of large scale, located in prime locations and with relatively low costs will bring a value-enhancement for the Group.

As at 30 June 2011, the Group had a total land bank of 19.64 million sq.m.. The low-cost and high-quality landbank is situated in 12 cities within four major regions in Mainland China, with an average land cost of RMB1,275 per sq.m., which can continue to provide higher gross margins and stable growth for the Group.

PROFESSIONAL DEVELOPMENT

To achieve the goal of a balanced development and growth for first-, second- and third-tier cities, the Group has accelerated the enhancement of professional development and management capabilities to ensure important support for the development and stable growth of the Group's businesses nationwide. During the period under review, the Group speeded up the implementation of standardised construction of branded products, expanded the capabilities and scope of centralised bulk purchases for building materials, strengthened the strategic cooperation and management with brand-name contractors and suppliers of materials in the market, and optimised and uplifted the functionality and management level of the sales and marketing centre of the Group.

FINANCIAL RESOURCES

During the period under review, despite the domestic stringent credit conditions, the Group has, through enhancing its financing capability and using innovative financing products, obtained financing in a diversified manner and on an enlarged scale. During the period, the Group raised new bank loans of over RMB4.0 billion so that the funding needs of the Group's operation has been met.

As at 30 June 2011, the Group had RMB5,755.2 million cash in hand and unutilised credit facilities amounted to RMB13,660.0 million. While the Group's operations had expanded rapidly, the gearing ratio was controlled at a reasonable level of 69.6%.

Business Prospect

For the second half of 2011, on one hand, it is expected that the property market of Mainland China would continue to operate under the stringent home purchase restriction, as well as a price control and tight credit policy. The operating environment for property developers is not likely to improve significantly. Developers will continue to expose to the pressure from the Central Government policies, macroeconomic and market conditions. On the other hand, China's economy will maintain its steady growth, with the overall inflation remaining at a controllable level. It is also expected that inflation rate will decline gradually, and the monetary and credit policies will resume to normal. The stringent austerity measures towards the property market will become stable. Following the gradual increase in supply and the developers implementing flexible pricing strategies, the transaction volume in the market may rebound and the wait-and-see sentiment of the market will tend to improve. All these factors will bring favorable development opportunities for property developers.

Sales Strategy

The Group will implement a more flexible strategy in property sales and pricing, and adopt tailored sales strategies based on the specific characteristics of different regions, cities and projects, so as to accelerate the sales and cash inflows for existing projects aiming at accomplishing the Group's property sales target for the year.

Development Strategy

The Group will adopt effective measures to speed up the development progress for existing projects, as well as accelerate the assets turnover rate, so as to ensure the sales lead time, completion and delivery.

Investment Strategy

The Group strikes to adhere to its prudent investment strategy of "balancing outflows and inflows". The Group will selectively and appropriately increase low-cost and high-quality new land bank based on the cash inflows from sales and the prudent financial policy requirement. The Group will enhance the development progress for existing projects, as well as speed up assets turnover rate, so as to ensure a timely completion and delivery of projects.

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 growth of its businesses will be met. Meanwhile, the Group will maintain its prudent cash flow management to effectively control financial risks.

Despites that the domestic property market faced the strict austerity measures during the first half of 2011, the Group managed to deliver a satisfactory result in its property sales. We believe that by adopting various effective growth and market strategies and continuing to enhance various professional development capability and execution capability, the Group's results will continue to improve. The board of directors (the "Board") is confident about the development prospects of the Group. We are able to reward our shareholders with the best performance we could deliver.

Acknowledgement

Lastly, on behalf of the Board, I would like to extend my gratitude to all our shareholders for their support and trust. I would also like to express the deepest gratitude to the Board, the management team and all our staff for their dedication and hardwork.

Zhang Zhi Rong
Chairman

29 August 2011, Hong Kong

Management Discussion and Analysis

Market Review

During the period under review, the Central Government of China has implemented stringent austerity measures towards the property sector and effectively curbed the investment and speculation activities through imposing restriction on home purchases in first- and second-tier cities and further tightening bank lending, which led to a reduction in market demand and created a strong wait-and-see sentiment of home-buyers. Transaction volume in major cities fell significantly while housing prices tended to stabilise. Developers encountered an adverse change in their operating environment and were facing an increasingly challenging market.

To cope with stringent property austerity measures and subsequent market adjustments, the Group closely monitored the market changes and correspondingly adjusted its sales strategies. By adopting differentiating sales tactics, taking consideration of market characteristics in different cities and through better managing of sales resources, the Group launched marketable and popular products at appropriate pace to cater for the needs of home buyers. The Group stepped up sales efforts for its all projects in cities with or without home purchase restrictions, in particular in high-growth regions such as Northeast China. Meanwhile, the Group continues to lift the level of professionalism for its project development and accelerate development pace in order to achieve pre-sale standards in more projects and to provide more saleable resources.

Driven by Mainland China's sustainable and healthy economic development, continuous growth of disposable income per capita and acceleration of urbanisation, the housing demand for self-use and improvement purposes remains robust. By adopting flexible sales strategies, the Group in the first half of this year achieved a tremendous property sales growth over the same period of last year.

Business Review

PROPERTY DEVELOPMENT

1. Revenue

   In the first half of 2011, the Group recorded a consolidated revenue of RMB2,378.8 million, representing a decrease of 4.8% from the same period of last year. The delivered GFA increased 45.7% to 226,117 sq.m in the first half of 2011 from 155,238 sq.m for the same period of 2010. Revenue from the sales of six projects in first-tier cities, including Shanghai and Beijing, and five projects in second- and third-tier cities, accounted for 59.2% and 40.8% respectively. Of the total area delivered in the first half of 2011, approximately 12.1% was from projects in Shanghai Region, 79.6% from the Yangtze River Delta (excluding Shanghai), 3.6% from Pan Bohai Rim, and 4.7% from Northeast China.

The projects sold and delivered during the six months ended 30 June 2011:

		Six months ended 30 June					
		2011			2010		
Properties sold and delivered	City	**Revenue RMB'000**	**GFA sold and delivered sq.m.**	**Average selling price RMB per sq.m.**	Revenue RMB'000	GFA sold and delivered sq.m.	Average selling price RMB per sq.m.
Sunshine Venice	Shanghai	**23,893**	**1,032**	**23,157**	3,719	180	20,630
Chateau De Paris	Shanghai	**3,287**	**152**	**21,670**	15,513	543	28,569
Shanghai Bay	Shanghai	**1,178,525**	**17,083**	**68,983**	1,587,214	42,234	37,581
Royal Lakefront	Shanghai	**97,781**	**9,106**	**10,738**	–	–	N/A
Sunshine Bordeaux	Beijing	**38,718**	**4,810**	**8,050**	17,860	3,463	5,157
Royal Mansion	Beijing	**66,871**	**2,668**	**25,067**	–	–	N/A
Sunshine Holiday	Tianjin	**5,611**	**609**	**9,218**	667,791	75,244	8,875
No. 1 City Promotion	Wuxi	**21,006**	**3,128**	**6,715**	181,446	29,642	6,121
Classical Life	Suzhou	**–**	**–**	**N/A**	13,482	1,837	7,341
Nantong Glorious Chateau	Nantong	**878,651**	**176,829**	**4,969**	–	–	N/A
Sunny Town	Shenyang	**35,060**	**6,144**	**5,706**	9,509	2,095	4,539
Harbin Villa Glorious	Harbin	**28,928**	**4,556**	**6,349**	–	–	N/A
Sub-total		**2,378,331**	**226,117**	**10,518**	2,496,534	155,238	16,082
Other revenue		**466**			1,412		
Total		**2,378,797**			2,497,946		

2. Property Sales

In the first half of 2011, the Group achieved a property sales of RMB7,103.0 million, representing an increase of 150.7% over the same period of last year. Total GFA sold was 770,514 sq.m, representing an increase of 172.5% over the same period of last year.

During the period under review, the Group pursued a more balanced growth in first-, second- and third-tier cities. Royal Lakefront in Shanghai recorded a property sale of RMB1,615.2 million, approximately achieving its annual sales target. The Group recorded a rapid growth in property sales in Northeast China achieving a property sale of RMB1,787.5 million, representing a rise of 219.8% over the same period of last year. The sales of projects in Shenyang, Changchun and Harbin performed well, achieving property sales of RMB588.4 million, RMB645.4 million and RMB553.7 million respectively.

Property sales and GFA sold during the six months ended 30 June 2011:

City	Six months ended 30 June 2011 Sales Amount RMB'000	 2011 GFA sold Sq.m.	 2010 Sales Amount RMB'000	 2010 GFA sold Sq.m.
Shanghai	**2,873,436**	**127,022**	1,142,481	59,156
Beijing	**365,680**	**28,370**	259,457	9,584
Tianjin	**152,728**	**19,995**	348,553	37,146
Nantong	**1,335,087**	**181,073**	14,239	5,235
Hefei	**484,677**	**78,406**	417,400	70,858
Wuxi	**103,897**	**14,399**	93,242	13,256
Shenyang	**588,439**	**92,696**	191,754	35,607
Changchun	**645,424**	**158,984**	–	–
Harbin	**553,672**	**69,569**	368,344	52,094
Total	**7,103,040**	**770,514**	2,835,470	282,936

The Group expects to have 19 projects for sale, and will launch four brand-new projects to the market in the second half of 2011, including Beijing Glorious Artstyle Townhouse, Tianjin Royal Bay Seaside, Dalian Jinzhou Project and Harbin Royal Garden. It is expected that more projects will be launched for sale in the second half of 2011, with a total of saleable area of 2,400,000 sq.m..

Projects available for sale in the second half of 2011:

	Project Name	City	Saleable GFA Sq.m.	Interests Attributable to the Group
1	Shanghai Bay	Shanghai	38,866	100%
2	Royal Lakefront	Shanghai	13,847	100%
3	Sunshine Venice	Shanghai	4,888	100%
4	Royal Mansion	Beijing	5,864	100%
5	Sunshine Bordeaux	Beijing	1,490	100%
6.	Glorious Artstyle Townhouse	Beijing	80,266	100%
7	Sunshine Holiday	Tianjin	1,253	100%
8	Tianjin Royal Bay Seaside	Tianjin	345,175	100%
9	Nantong Glorious Chateau	Nantong	354,352	100%
10	Nantong Royal Bay	Nantong	255,312	100%
11	Nantong Villa Glorious	Nantong	47,909	100%
12	Hefei Villa Glorious	Hefei	37,794	100%
13	Hefei Royal Garden	Hefei	303,609	100%
14	No. 1 City Promotion	Wuxi	111,410	100%
15	Sunny Town	Shenyang	87,839	100%
16	Dalian Jinzhou Project	Dalian	70,349	100%
17	Changchun Villa Glorious	Changchun	342,465	100%
18	Harbin Royal Garden	Harbin	171,716	100%
19	Harbin Villa Glorious	Harbin	123,381	100%
Total			**2,397,785**	

3. Construction and Development Plan

During the first half of 2011, two projects were completed and delivered with total GFA of 124,326 sq.m.. The projects under construction in various regions progressed as planned. The Group added 1.6 million sq.m. to new construction area in the first half and expects to add another 2.0 million sq.m. new construction area in the second half of the year. As at 30 June 2011, the Group had a total of 32 projects under development in 12 cities in four regions, those are Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China.

4. Land Bank

During the first half of 2011, the Group acquired two land parcels located in New District in Jinzhou of Dalian and Rugao Economic Development Zone in Nantong respectively. In April 2011, the Group successfully secured a land parcel with a total GFA of 344,000 sq.m. in New District in Jinzhou of Dalian by acquisition of a project at a consideration of RMB515.0 million. In June 2011, the Group successfully acquired another land parcel with a total GFA of 374,554 sq.m., in Rugao Economic Development Zone in Nantong through public auction for RMB480.2 million. The Group plans to build residential housing and commercial amenities on both of the land parcels.

As at 30 June 2011, the total land bank of the Group was 19.64 million sq.m., which is sufficient to meet its development needs in the coming five to seven years. The average land cost is RMB1,275 per sq.m.. The relatively low-cost land bank provides 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 22% is in first-tier cities and 78% 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.

Overview of land bank of the Group as at 30 June 2011:

	Project Name	City	Location	Product Type	Land Bank Sq.m.	Interest Attributable to the Group
Shanghai Region						
1	Shanghai Bay	Shanghai	Xuhui District	Residential, hotel, offices and retail	762,258	100%
2	Sunshine Venice	Shanghai	Putuo District	Residential, hotel and retail	286,926	100%
3	Royal Lakefront	Shanghai	Fengxian District	Residential and retail	587,279	100%
4	Shanghai Park Avenue	Shanghai	Changning District	Residential and retail	26,918	100%
5	Chateau De Paris	Shanghai	Xuhui District	Residential and retail	49,798	100%
6	Shanghai Villa Glorious	Shanghai	Baoshan District	Residential and retail	866,019	100%
7	Sunglow Xinjing	Shanghai	Xuhui District	Residential and retail	2,076	100%
8	Caohejing Project	Shanghai	Xuhui District	Offices, hotel and retail	121,300	100%
9	Zhongcao Xincun Project	Shanghai	Xuhui District	Serviced apartment and retail	91,000	100%
Sub-total					**2,793,574**	

Project Name		City	Location	Product Type	Land Bank Sq.m.	Interest Attributable to the Group
Yangtze River Delta (excluding Shanghai)						
10	Nantong Glorious Chateau	Nantong	Rugao Economic Development Zone	Residential and retail	4,327,529	100%
11	Nantong Guanghuabei Project	Nantong	Rugao County	Residential and retail	374,554	100%
12	Rongsheng Plaza	Nantong	Xincheng District	Hotel, offices and retail	297,486	100%
13	Nantong Royal Bay	Nantong	Chongchuan District	Residential, offices and retail	738,571	100%
14	Nantong Villa Glorious	Nantong	Chongchuan District	Residential and retail	304,190	100%
15	No.1 City Promotion	Wuxi	Wuxi New District	Residential, hotel and retail	420,534	100%
16	Classical Life	Suzhou	Changshu New District	Residential and retail	10,052	100%
17	Hefei Villa Glorious	Hefei	Yaohai District	Residential and retail	331,368	100%
18	Bashangjie Project	Hefei	Yaohai District	Residential, hotel, offices and retail	1,347,100	100%
19	Hefei Royal Garden	Hefei	Luyang District	Residential, hotel, and retail	489,927	100%
20	Nanjing Royal Bay	Nanjing	Xiaguan District	Residential and retail	663,913	60%
Sub-total					**9,305,224**	
Pan Bohai Rim						
21	Sunshine Holiday	Tianjin	Hedong District	Residential, hotel and retail	156,484	100%
22	Tianjin Royal Bay Seaside	Tianjin	Dagang District	Residential, hotel and retail	928,694	100%
23	Tianjin Royal Bay Lakeside	Tianjin	Jinghai District	Residential and retail	1,567,303	70%
24	Royal Mansion	Beijing	Haidian District	Residential and retail	89,564	100%
25	Sunshine Bordeaux	Beijing	Daxing District	Residential and retail	1,404,354	100%
26	Glorious Artstyle Townhouse	Beijing	Daxing District	Residential and retail	99,832	100%
Sub-total					**4,246,231**	

Project Name		City	Location	Product Type	Land Bank Sq.m.	Interest Attributable to the Group
Northeast China						
27	Harbin Villa Glorious	Harbin	Qunli New District	Residential and retail	441,968	100%
28	Harbin Royal Garden	Harbin	Qunli New District	Residential and retail	224,118	100%
29	Sunny Town	Shenyang	Yuhong District	Residential and retail	642,531	100%
30	Changchun Villa Glorious	Changchun	New and High-tech Industrial Development Zone	Residential and retail	1,473,110	100%
31	Dalian Jinzhou Project	Dalian	Jinzhou District	Residential and retail	165,375	100%
32	Dalian 200# Project	Dalian	Jinzhou District	Residential and retail	344,000	70%
Sub-total					**3,291,102**	
Total					**19,636,131**	

5. Commercial Properties

The Group will steadily develop its commercial properties. Currently, 92% of the Group's commercial properties are still under construction and planning. Up to 2016, total completed properties of the Group are expected to reach 2.96 million sq.m.. Retail commercial properties, high-end office buildings and high-end hotels will account for 70%, 16% and 14% of total commercial properties under development respectively. The Group plans to hold most of the commercial properties to secure stable rental income.

OUTLOOK FOR THE SECOND HALF OF 2011

The Board believes that there are uncertainties in the operating business environment for the second half of this year. The sluggish economic recovery and high unemployment rate in the U.S. will drag on the pace of global economic recovery. European sovereign debt crisis showing no sign of improvement will negatively impact on economic growth of the European Union and create further uncertainties for the global economy. Despite the fact that Mainland China's economy grew rapidly in the first half of the year, the inflation pressure was getting higher. The high inflation and anticipated slowdown of economic growth will influence the direction of Mainland China's macroeconomic policies and further affect it's property market.

The Central Government of China is expected to continue to maintain the stringent austerity measures for the property market in the second half of the year. Extending home purchase restrictions in first- and second-tier cities to third-tier cities with faster rise of home prices and the furthering of pricing restriction will result in market adjustments and fluctuations and impose a challenge on property developers to achieve their annual sales target.

Positive factors like the rapid growth of China's economy, acceleration of urbanisation, continuous growth of disposable income and the population bonus etc. will contribute to the rigid demand in a prolonged period of time in the future. In the second half of the year, the overall austerity measures targeting at the property market will become stable. Following the gradual increase in supply and price-reduction sales efforts by property developers, it is expected that the transaction volume in property market in the second half of the year will rebound. Different property developers will have different performance this year due to difference in their sales strategies, quality of projects, target market segments and geographical distribution. The development trend of the whole property market will be beneficial to those property developers with big brand names for expanding their market shares. Concentration ratio in the industry will be lifted relatively quickly.

MARKETING AND SALES STRATEGY

The Group will implement a more flexible strategy in sales and pricing and adopt tailored and refined sales strategies based on the specific characteristics of different regions, cities and projects, so as to speed up the sales and cash inflows for existing projects to accomplish the Group's sales plan and target for the year.

The Group will continue to implement a regional and nationwide growth strategy for its property business. With the aim of achieving a balanced growth in first-, second- and third-tier cities, the Group will continue to consolidate its leadership position in Shanghai, Nantong and Harbin and strive to pursue a leading market share in other second- and third-tier cities. The Group will also explore opportunities to expand into third- and fourth-tier cities adjacent to existing cities to implement the important strategy of regional growth.

DEVELOPMENT AND INVESTMENT STRATEGY

The Group strikes to adhere to its prudent investment strategy of "balancing outflows and inflows." The Group will selectively, prudently and appropriately increase certain low-cost, high-quality land bank based on the cash inflows from sales and prudent financial policy requirement. The Group will enhance the development progress for existing projects, as well as speed up the assets turnover rate, so as to ensure a timely completion and delivery of projects.

The Group will continue to invest in those cities where existing projects are located to pursue sustainable development of the business, and conditionally and selectively expand into potential second- and third-tier cities.

COMMERCIAL PROPERTIES DEVELOPMENT STRATEGY

The Group will continue to adhere to its strategy of steady development of commercial properties, and will focus on developing the following two types of commercial properties in medium to long-term period: (i) urban complex projects including high-end retail properties, high-end office building and high-end hotels and (ii) retail commercial properties and community commercial projects possessing characteristics of Glorious Property, in prime areas in first- and second-tier cities.

Of the total land bank of the Group, over 2.90 million sq.m. are being used for developing commercial properties, in which retail properties accounted for approximately 70%. Most projects are located in prime areas of cities where they are situated with a huge potential of value appreciation. Those projects, as gradually completed and let out, will lift the proportion of rental income in the profit of the Group.

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 maintain its refined cash flow management to effectively control financial risks. The Group will continue to strengthen its capital structure through optimising its debt structure by increasing the proportion of long-term debts.

Financial Review

Property development segment remains the main contributor of the Group's revenue in the first half of 2011. Compared to the same period in 2010, revenue slightly decreased by 4.8% to RMB2,378.8 million, which was substantially generated from sales of residential properties. Profit attributable to the equity holders of the Company for the six months ended 30 June 2011 amounted to RMB933.2 million, representing an increase of 154.7% from the corresponding period in 2010. Profit attributable to the equity holders of the Company for the six months ended 30 June 2011, excluding fair value gain of investment properties and the related tax effect, amounted to RMB400.9 million, representing a growth of 9.4% from the corresponding period in 2010.

Results for the six months ended 30 June 2011 are as follows:

RMB'000	Six months ended 30 June **2011 (unaudited)**	2010 (unaudited)
Revenue	**2,378,797**	2,497,946
Cost of sales	**(1,201,852)**	(1,156,588)
Gross profit	**1,176,945**	1,341,358
Other income	**73,190**	33,649
Other gains/(losses), net	**741,672**	(36,850)
Selling and marketing expenses	**(74,080)**	(71,097)
Administrative expenses	**(212,938)**	(216,752)
Finance costs	**(1,107)**	(7,640)
Share of profit of an associate	**183**	–
Share of loss of a jointly controlled entity	**(2,303)**	–
Profit before income tax	**1,701,562**	1,042,668
Income tax expenses	**(767,627)**	(676,571)
Profit for the period	**933,935**	366,097
Attributable to:		
– the equity holders of the Company	**933,217**	366,420
– non-controlling interests	**718**	(323)
	933,935	366,097

Revenue

For the six months ended 30 June 2011, the Group recorded a consolidated revenue of RMB2,378.8 million, representing a decrease of 4.8% compared to RMB2,497.9 million for the first half of 2010. The GFA of properties delivered by the Group increased by 45.7% from 155,238 sq.m. in the first half of 2010 to 226,117 sq.m. in the current period. The average selling price dropped from RMB16,082 per sq.m. in the first half of 2010 to RMB10,518 per sq.m. during the current period. Shanghai Bay (Phase I) was completed in December 2009 and continued to contribute revenue to the Group during the six months ended 30 June 2011 with an average selling price of RMB68,983 per sq.m., and contributed 49.5% of the Group's total revenue for the six months ended 30 June 2011. Nantong Glorious Chateau also started to contribute revenue for the Group in the current period with a total area delivered of 176,829 sq.m. at an average selling price of RMB4,969 per sq.m., contributing RMB878.7 million to the Group's revenue for the six months ended 30 June 2011.

Cost of Sales

The cost of sales for the six months ended 30 June 2011 was RMB1,201.9 million, representing an increase of 3.9% compared to RMB1,156.6 million from the corresponding period in 2010. The increase in cost of sales was to a lesser extend as compared to the increase in GFA delivered because in the current period there was a higher proportion of properties delivered in the second-tier cities as compared to the corresponding period in 2010.

The lower average cost of sales of RMB5,315 per sq.m. in the current period compared to RMB7,450 per sq.m. in the first half of 2010 was mainly due to an increase in the proportion of residential properties sold and delivered in the second- and third-tier cities in the current period.

Gross Profit

The Group's consolidated gross profit for the first half of 2011 was RMB1,176.9 million, representing a decrease of 12.3% from a gross profit of RMB1,341.4 million for the corresponding period in 2010. The decrease in consolidated gross profit was mainly due to the decrease in revenue and lower profit margin for the period under review. The Group's gross profit margin for the current period was 49.5%, compared to 53.7% during the corresponding period in 2010. This was primarily due to the lower average selling price attributable for the properties sold and delivered in the first half of 2011, of which a higher proportion was derived from the sale of residential properties in the second- and third-tier cities.

Other Income

Other income for the six months ended 30 June 2011 was RMB73.2 million, representing an increase of 117.9% from RMB33.6 million for the corresponding period in 2010. The increase in other income was mainly attributable to the higher interest income recorded during the period under review.

Other Gains/(Losses), net

Other gains, net for the six months ended 30 June 2011 amounted to RMB741.7 million, which primarily represented a fair value gain on the Group's investment properties of RMB709.8 million (2010: nil) and the exchange gain attributable to the Senior Notes due 2015 of RMB31.9 million as a result of continuous appreciation of Renminbi against United States Dollars. Other losses, net for the corresponding period in 2010 mainly represented a loss of RMB33.8 million arising from the redemption of the Promissory Notes.

Selling and Marketing Expenses

Selling and marketing expenses for the six months ended 30 June 2011 were RMB74.1 million, which was slightly higher than RMB71.1 million during the corresponding period in 2010 by 4.2%. Despite that the Group has a larger number of property development projects in the current period that would need more selling and marketing activities, for the purpose of coping with the more difficult market environment in the current period, the Group has put in place certain cost-saving initiatives, thus selling and marketing expenses increased only slightly by 4.2%.

Administrative Expenses

Administrative expenses for the six months ended 30 June 2011 were RMB212.9 million, representing a slight decrease of 1.8% compared to RMB216.8 million for the corresponding period in 2010. Despite of the increased level of business activities as a result of increased number of property development projects that have resulted in higher level of administrative expenses in the current period, the cost-saving initiatives taken place in the current period has been effective and thus resulted in some savings in the Group's administrative expenses during the period under review.

Finance Costs

Gross finance costs for the six months ended 30 June 2011 were RMB948.8 million, representing an increase of 77.8% from RMB533.7 million for the same period in 2010. The higher level of gross finance costs for the current period was the combined effect of higher level of the Group's borrowings and the higher cost of borrowing in the current period. For the six months ended 30 June 2011, finance costs of RMB947.7 million (2010: RMB526.1 million) have been capitalised, leaving RMB1.1 million (2010: RMB7.6 million) were charged directly to the condensed consolidated statement of comprehensive income.

Profit Before Income Tax

The Group's profit before income tax for the six months ended 30 June 2011 was RMB1,701.6 million, representing an increase of 63.2% compared to RMB1,042.7 million for the corresponding period in 2010. The higher profit before income tax for the period under review was primarily due to the recognition of fair value gain on the Group's investment properties of RMB709.8 million in the first half of 2011.

Income Tax Expenses

Income tax expenses for the six months ended 30 June 2011 were RMB767.6 million, representing an increase of 13.4% as compared to RMB676.6 million for the corresponding period in 2010 as a result of the recognition of deferred tax of RMB177.4 million associated with the fair value gain of the Group's investment properties in the current period. Excluding the effect of fair value gain of the investment properties, income tax expenses for the six months ended 30 June 2011 were RMB590.2 million, which was 12.8% lower than the corresponding period in 2010. The decrease was primarily due to lower level of revenue recognised and the lower gross profit margin of the properties sold and delivered during the six months ended 30 June 2011. Excluding the tax effect of fair value gain of the investment properties, the effective income tax rate was 59.5% for the six months ended 30 June 2011, as compared to 64.9% for the corresponding period in 2010.

Profit Attributable to the Equity Holders of the Company

The Group's profit attributable to the equity holders of the Company for the six months ended 30 June 2011 was RMB933.2 million, representing an increase of 154.7% compared to RMB366.4 million for the first half of 2010. Profit attributable to the equity holders of the Company for the six months ended 30 June 2011, excluding fair value gain of investment properties and the related tax effect, amounted to RMB400.9 million, representing a growth of 9.4% from the corresponding period in 2010. Despite there was lower level of revenue recognised and the lower gross profit margin for the period under review, profit attributable to the equity holders of the Company, excluding fair value gain of investment properties and the related tax effect, for the six months ended 30 June 2011 was higher than that in the first half of 2010 due to the higher other income and other gains and the lower income tax expenses in the current period. Profit attributable to the equity holders as a percentage of revenue was 39.2% for the six months ended 30 June 2011, compared to 14.7% for the corresponding period in 2010.

Acquisitions

During the period under review, the Group completed the acquisition of the shares of certain companies. For details, please refer to note 17 to the condensed consolidated financial information.

Current Assets and Liabilities

As at 30 June 2011, the Group held total current assets of approximately RMB41,232.0 million (31 December 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 32.7% from RMB16,791.8 million as at 31 December 2010 to RMB22,288.4 million as at 30 June 2011, mainly due 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 39.2% from RMB7,672.9 million as at 31 December 2010 to RMB10,678.3 million as at 30 June 2011, mainly due to higher balance of prepayments for land premium as at 30 June 2011 whereby the relevant land use right certificates had yet to be obtained as at 30 June 2011. Total cash and bank balances (including cash and cash equivalents and restricted cash) decreased slightly from RMB5,835.3 million as at 31 December 2010 to RMB5,755.2 million as at 30 June 2011.

Total current liabilities as at 30 June 2011 amounted to RMB26,203.1 million, compared with RMB18,023.9 million as at 31 December 2010, which was mainly due to higher balances of advanced proceeds received from customers and short-term borrowings as at 30 June 2011.

The current ratio (calculated as the total current assets divided by the total current liabilities) decreased from 1.9 as at 31 December 2010 to 1.6 as at 30 June 2011 as a result of higher balances of advanced proceeds received from customers and short-term borrowings as at 30 June 2011.

Liquidity and Financial Resources

During the first half of 2011, the Group funded its property development projects principally from proceeds from pre-sales of properties, bank loans and debt financing. As at 30 June 2011, the Group had cash and bank balances of RMB5,755.2 million (31 December 2010: RMB5,835.3 million).

As at 30 June 2011, the Group's total borrowings amounted to RMB16,719.2 million, representing an increase of 21.3% compared to RMB13,786.4 million as at 31 December 2010. As at 30 June 2011, the Group's borrowings comprised the following:

RMB'000	30 June 2011 (unaudited)	31 December 2010 (audited)
Bank borrowings	**13,063,540**	10,033,199
Senior Notes due 2015 [1]	**1,974,000**	1,974,000
Shanghai Bay Arrangement [1]	**2,000,000**	2,000,000
Sub-total	**17,037,540**	14,007,199
Adjusted by : unamortised loan arrangement fees and accrued interests	**(318,307)**	(220,804)
Total borrowings	**16,719,233**	13,786,395

Note:

[1] Please refer to note 8 to the condensed consolidated financial information for the definitions of Senior Notes due 2015 and Shanghai Bay Arrangement.

The maturities of the Group's borrowings as at 30 June 2011 were as follows:

RMB'000	30 June 2011 (unaudited)	31 December 2010 (audited)
Within 1 year	**9,263,767**	6,005,443
After 1 and within 2 years	**4,560,906**	3,465,631
After 2 and within 5 years	**2,464,345**	3,754,548
After 5 years	**430,215**	560,773
Total borrowings	**16,719,233**	13,786,395

As at 30 June 2011, the Group had total banking facilities of RMB27,615.0 million, consisting of used banking facilities of RMB13,955.0 million and unused banking facilities of RMB13,660.0 million.

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 equity holders of the Company. Net debt is calculated as total borrowings less cash and bank balances (including cash and cash equivalents and restricted cash). The gearing ratios as at 30 June 2011 and 31 December 2010 were as follows:

RMB'000	**30 June 2011 (unaudited)**	31 December 2010 (audited)
Total borrowings	**16,719,233**	13,786,395
Less: cash and bank balances	**(5,755,187)**	(5,835,300)
Net debt	**10,964,046**	7,951,095
Total equity attributable to the equity holders of the Company	**15,750,309**	14,798,918
Gearing ratio	**69.6%**	53.7%

The increase in gearing ratio as at 30 June 2011 was mainly resulted from the increase in bank borrowings in the current period to finance the payment of land premium and capital expenditures.

Foreign Exchange Risk

The Group's property development projects are all located in the PRC and all the related transactions are settled in RMB. The Company and certain of the investment holding companies within the Group 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. Apart from the Senior Notes due 2015 that may cause the Group to be exposed to a higher level of foreign exchange risk, the Board considers the exposures to foreign currency exchange risk in relation to other assets and liabilities to be insignificant.

During the six months ended 30 June 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.

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 are denominated in RMB and 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 30 June 2011, the Group had pledged certain of its subsidiaries' shares, construction in progress, investment properties, properties under development and completed properties held for sale to secure its borrowings.

Financial Guarantee

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

Pursuant to the terms of the guarantees, upon a default in mortgage payments by these purchasers, the Group is responsible for repaying to the banks the outstanding mortgage principal, together with accrued interest and any penalty owed by the defaulting purchasers, and the Group is entitled to take over the legal title and possession of the related properties. The guarantee period starts from the date of the grant of the respective mortgage. As at 30 June 2011, the amount of outstanding guarantees for mortgages was RMB5,585.2 million (31 December 2010: RMB4,389.5 million).

Capital Commitments

As at 30 June 2011, the Group had capital commitment as follows:

RMB'000	**30 June 2011 (unaudited)**	31 December 2010 (audited)
Land use right	**1,594,026**	2,901,524
Property development expenditures	**10,631,412**	8,602,617
Construction materials	**203,603**	44,655
	12,429,041	11,548,796

Employee and Remuneration Policy

As at 30 June 2011, the Group had a total of 1,353 employees. Total remuneration expenses and other employees' benefits costs for the six months ended 30 June 2011 amounted to RMB99.9 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 annual bonuses. In addition, the Group has adopted share option schemes (details of which are described in the section headed "Share Option Schemes" of this interim report) 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.

Corporate Governance

Corporate Governance Practices

During the six months ended 30 June 2011, 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 "Hong Kong Stock Exchange"), save for the deviation under 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.

Changes of Directors' Information pursuant to Rule 13.51B(1) of the Listing Rules – Directors' Emoluments

During the interim period, the changes of remuneration and directors' fees per annum of the following directors of the Company are as follows:

With effect from 1 February 2011, the remuneration per annum of (i) Mr. Ding Xiang Yang and Mr. Cheng Li Xiong increased to HK$10,000,000 each; and (ii) Mr. Liu Ning, Mr. Xia Jing Hua, Mr. Yan Zhi Rong and Mr. Li Xiao Bin (Note) increased to HK$5,000,000 each.

With effect from 1 April 2011, the director's fee per annum of Mr. Yim Ping Kuen, Mr. Liu Shun Fai, Mr. Wo Rui Fang and Mr. Han Ping increased to HK$480,000 each.

With effect from 1 May 2011, the remuneration per annum of (i) Mr. Ding Xiang Yang and Mr. Cheng Li Xiong decreased from HK$10,000,000 each to RMB5,000,000 each; and (ii) Mr. Liu Ning, Mr. Xia Jing Hua, Mr. Yan Zhi Rong and Mr. Li Xiao Bin (Note) decreased from HK$5,000,000 each to RMB3,000,000 each.

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

Save as disclosed above, there is no other change in the directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2010 annual report of the Company.

Change of Director of the Company

Mr. Li Xiao Bin retired as an executive director of the Company by rotation at the AGM held on 20 May 2011 pursuant to the articles of association of the Company and did not offer himself for re-election in view of other work commitments assigned by the Company. On the same date, Mr. Yu Xiu Yang has been appointed as an executive director of the Company with effect from the conclusion of the AGM. For details of the aforesaid change of director, please refer to the announcement of the Company dated 20 May 2011.

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 during the six months ended 30 June 2011.

Audit Committee

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

The Audit Committee has reviewed with management the unaudited consolidated results of the Group for the six months ended 30 June 2011 and took the view that the Company was in full compliance with all applicable accounting standards and regulations and has made adequate disclosure.

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, 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 "Share Option Schemes" of this interim report).

Disclosure of Interests

Directors' Interests in Shares, Underlying Shares and Debentures

As at 30 June 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 by the Company 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) The Company

	Number of ordinary shares			
Name of Director	**Personal interests**[(1)]	**Corporate interests**	**Total**	**Approximate % of shareholding**[(3)]
Mr. ZHANG Zhi Rong	15,000,000	5,122,413,436[(2)]	5,137,413,436	65.93
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

(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 interim report.

(2) Best Era International Limited, Market Victor Limited and Novel Ventures Limited, all of which are wholly-owned directly or indirectly by Mr. Zhang Zhi Rong, held 4,978,923,436 shares, 37,202,000 shares and 106,288,000 shares respectively as at 30 June 2011, representing in aggregate 5,122,413,436 shares or approximately 65.73% 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 30 June 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 30 June 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 30 June 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 30 June 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 interim report.

Apart from the aforesaid, at no time during the six months ended 30 June 2011 was the Company, its holding company or any subsidiary of the Company or its holding company, 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.

Disclosure of Interests

Substantial Shareholders' Interests in the Share Capital of the Company

As at 30 June 2011, the interests of substantial shareholders (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 of shareholder	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 owned as to 100% 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 30 June 2011 (i.e. 7,792,645,623 ordinary shares).

Apart from the aforesaid, as at 30 June 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. As at 30 June 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 six months ended 30 June 2011, no share options had been granted under the Share Option Scheme.

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 six months ended 30 June 2011:

		Number of underlying shares comprised in share options								
	Date of grant	Balance as at 01/01/2011	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Re-classified	Balance as at 30/06/2011	Exercise price per share HK$	Exercise period
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; and

(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.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2011.

Condensed Consolidated Balance Sheet

As at 30 June 2011

RMB'000	Note	30 June 2011 (unaudited)	31 December 2010 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**626,224**	573,753
Investment properties	5	**8,084,129**	7,223,208
Intangible assets		**3,098**	3,360
Investment in an associate		**6,034**	5,851
Investment in a jointly controlled entity		**27,607**	29,910
Loan to a jointly controlled entity	16	**1,966,259**	—
Deferred income tax assets		**233,301**	201,167
		10,946,652	8,037,249
Current assets			
Properties under development		**22,288,404**	16,791,838
Completed properties held for sale		**2,281,769**	1,989,004
Inventories		**6,354**	6,636
Trade and other receivables and prepayments	6	**10,678,339**	7,672,916
Amount due from a jointly controlled entity	16	**—**	1,903,472
Prepaid taxes		**221,907**	89,706
Restricted cash		**3,522,879**	1,683,880
Cash and cash equivalents		**2,232,308**	4,151,420
		41,231,960	34,288,872
Total assets		**52,178,612**	42,326,121

The notes on pages 84 to 100 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Balance Sheet

As at 30 June 2011

RMB'000	Note	30 June 2011 (unaudited)	31 December 2010 (audited)
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	7	**68,745**	68,745
Share premium	7	**7,822,982**	7,822,982
Reserves		**7,858,582**	6,907,191
		15,750,309	14,798,918
Non-controlling interests		**1,301,069**	493,051
Total equity		**17,051,378**	15,291,969
LIABILITIES			
Non-current liabilities			
Borrowings	8	**7,455,466**	7,780,952
Deferred income tax liabilities		**1,451,359**	1,212,088
Obligation under finance lease		**17,313**	17,232
		8,924,138	9,010,272
Current liabilities			
Advanced proceeds received from customers		**10,200,902**	6,565,180
Trade and other payables	9	**3,338,635**	2,458,068
Income tax payable		**3,398,924**	2,994,321
Borrowings	8	**9,263,767**	6,005,443
Obligation under finance lease		**868**	868
		26,203,096	18,023,880
Total liabilities		**35,127,234**	27,034,152
Total equity and liabilities		**52,178,612**	42,326,121
Net current assets		**15,028,864**	16,264,992
Total assets less current liabilities		**25,975,516**	24,302,241

The notes on pages 84 to 100 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

		Six months ended 30 June	
RMB'000	Note	**2011 (unaudited)**	2010 (unaudited)
Revenue	4	**2,378,797**	2,497,946
Cost of sales		**(1,201,852)**	(1,156,588)
Gross profit		**1,176,945**	1,341,358
Other income	10	**73,190**	33,649
Other gains/(losses), net	11	**741,672**	(36,850)
Selling and marketing expenses		**(74,080)**	(71,097)
Administrative expenses		**(212,938)**	(216,752)
Finance costs	12	**(1,107)**	(7,640)
Share of profit of an associate		**183**	—
Share of loss of a jointly controlled entity		**(2,303)**	—
Profit before income tax		**1,701,562**	1,042,668
Income tax expenses	13	**(767,627)**	(676,571)
Profit for the period		**933,935**	366,097
Attributable to:			
– the equity holders of the Company		**933,217**	366,420
– non-controlling interests		**718**	(323)
		933,935	366,097
Other comprehensive income:			
Gain/loss recognised directly in equity		**—**	—
Total comprehensive income for the period		**933,935**	366,097
Total comprehensive income for the period attributable to:			
– the equity holders of the Company		**933,217**	366,420
– non-controlling interests		**718**	(323)
		933,935	366,097
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB per share)			
– Basic	14	**0.12**	0.05
– Diluted	14	**0.12**	0.05

The notes on pages 84 to 100 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

RMB'000	Share capital	Share premium	Merger reserve	Statutory reserves	Other reserve	Employee share-based compensation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Six months ended 30 June 2011 Attributable to the equity holders of the Company (unaudited)									
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 period	–	–	–	–	–	–	933,217	933,217	718	933,935
Acquisition of subsidiaries (note 17)	–	–	–	–	–	–	–	–	799,300	799,300
Capital injection from non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	8,000	8,000
Employee share-based compensation	–	–	–	–	–	18,174	–	18,174	–	18,174
Balance at 30 June 2011	68,745	7,822,982	(770,477)	132,734	264,317	158,365	8,073,643	15,750,309	1,301,069	17,051,378

RMB'000	Share capital	Share premium	Merger reserve	Statutory reserves	Other reserve	Employee share-based compensation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Six months ended 30 June 2010 Attributable to the equity holders of the Company (unaudited)									
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 period	–	–	–	–	–	–	366,420	366,420	(323)	366,097
Employee share-based compensation	–	–	–	–	–	38,689	–	38,689	–	38,689
2009 final dividend	–	–	–	–	–	–	(233,779)	(233,779)	–	(233,779)
Balance at 30 June 2010	68,745	7,822,982	(770,477)	116,867	264,317	108,587	3,914,161	11,525,182	492,502	12,017,684

The notes on pages 84 to 100 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2011

	Six months ended 30 June	
RMB'000	**2011 (unaudited)**	2010 (unaudited)
Net cash used in operating activities	**(4,727,601)**	(5,026,205)
Net cash used in investing activities	**(93,751)**	(46,422)
Net cash generated from financing activities	**2,906,707**	3,616,828
Net decrease in cash and cash equivalents	**(1,914,645)**	(1,455,799)
Cash and cash equivalents, at 1 January	**4,151,420**	5,013,296
Exchange losses on cash and bank balances	**(4,467)**	(1,746)
Cash and cash equivalents, at 30 June	**2,232,308**	3,555,751

The notes on pages 84 to 100 form an integral part of this condensed consolidated financial information.

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"). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

This condensed consolidated financial information is presented in thousands of units of Renminbi (RMB'000), unless otherwise stated. This condensed consolidated financial information has been approved for issue by the Board on 29 August 2011.

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

2 Basis of preparation

This condensed consolidated financial information for the six months ended 30 June 2011 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This condensed consolidated financial information should be read in conjunction with the consolidated financial statements of the Company for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2010, with the exception of changes in estimates that are required in determining the provision for income taxes.

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.

3 *Accounting policies*

Except as described below, the accounting policies adopted are consistent with those set out in the consolidated financial statements of the Company for the year ended 31 December 2010 as included in the Company's annual report for the year ended 31 December 2010.

(i) CHANGE IN ACCOUNTING POLICY

For the preparation of the condensed consolidated financial information for the six months ended 30 June 2010, the Group adopted the proportionate consolidation method as set out in HKAS 31 "Interests in Joint Ventures" for the recognition of interest in a jointly controlled entity.

The Group has changed its accounting policy to equity method when it prepared the consolidated financial statements for the year ended 31 December 2010 and continues to apply the equity method of accounting in respect of its investment in a jointly controlled entity for the current period. HKAS 8 requires retrospective application. Should the accounting policy of equity method been retrospectively applied, for the six months ended 30 June 2010, the amounts of "Other income", "Administrative expenses" and "share of loss of a jointly controlled entity" would have been RMB0.1 million lower, RMB1.0 million lower and RMB0.9 million higher. As there is no net impact to the Group's profit before income tax and profit for the period, the Board decided not to restate the condensed consolidated statement of comprehensive income for the six months ended 30 June 2010. The change in accounting policy has no impact on the retained earnings as at 1 January 2010 and 31 December 2010.

(ii) 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
HKAS 34 (Amendment)	Interim Financial Reporting
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.

Taxes on income in the six months ended 30 June 2011 are accrued using the tax rates that would be applicable to expected total annual earnings.

4 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 Group's business from a geographical perspective and assesses the performance of property development in four reportable operating segments, namely Shanghai Region, Yangtze River Delta (excluding Shanghai), Pan Bohai Rim and Northeast China.

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 condensed consolidated financial information.

Total segment assets excluded deferred income tax assets and other unallocated corporate assets.

4 Segment Information *(Continued)*

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	All other segments	Total
Six months ended 30 June 2011 (unaudited)						
Total revenue	**1,311,779**	**899,657**	**111,200**	**63,988**	**—**	**2,386,624**
Inter-segment revenue	**(7,827)**	**—**	**—**	**—**	**—**	**(7,827)**
Revenue (from external customers)	**1,303,952**	**899,657**	**111,200**	**63,988**	**—**	**2,378,797**
Segment results	**906,908**	**99,870**	**13,924**	**(33,691)**	**(35,855)**	**951,156**
Depreciation and amortisation	**(4,382)**	**(1,517)**	**(1,585)**	**(646)**	**(556)**	**(8,686)**
Fair value gain of investment properties	**482,569**	**—**	**—**	**227,186**	**—**	**709,755**
Interest income	**26,040**	**13,006**	**399**	**803**	**10,196**	**50,444**
Finance costs	**(341)**	**(405)**	**(93)**	**(246)**	**(22)**	**(1,107)**
Income tax expenses	**(670,567)**	**(39,066)**	**(8,021)**	**(49,973)**	**—**	**(767,627)**

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	All other segments	Total
Six months ended 30 June 2010 (unaudited)						
Total revenue	1,613,551	194,928	685,651	9,509	—	2,503,639
Inter-segment revenue	(5,693)	—	—	—	—	(5,693)
Revenue (from external customers)	1,607,858	194,928	685,651	9,509	—	2,497,946
Segment results	1,034,603	(60,971)	189,563	(12,926)	(81,845)	1,068,424
Depreciation and amortisation	(2,938)	(514)	(1,298)	(317)	(199)	(5,266)
Interest income	13,861	1,843	1,770	986	2,458	20,918
Finance costs	(6,708)	(151)	(694)	(69)	(18)	(7,640)
Income tax expenses	(600,112)	(12,212)	(66,889)	2,642	—	(676,571)

4 Segment Information *(Continued)*

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	All other segments	Elimination	Total
As at 30 June 2011 (unaudited)							
Total segment assets	**31,685,889**	**29,435,102**	**6,202,696**	**9,290,000**	**16,423,590**	**(44,461,761)**	**48,575,516**
Total segment assets include:							
Investment in an associate	**6,034**	**—**	**—**	**—**	**—**	**—**	**6,034**
Investment in a jointly controlled entity	**27,607**	**—**	**—**	**—**	**—**	**—**	**27,607**
Deferred income tax assets							**233,301**
Other unallocated corporate assets							**3,369,795**
Total assets							**52,178,612**

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	All other segments	Elimination	Total
As at 31 December 2010 (audited)							
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

4 Segment Information *(Continued)*

RMB'000	Six months ended 30 June 2011 (unaudited)	 2010 (unaudited)
Segment results	**951,156**	1,068,424
Fair value gain of investment properties	**709,755**	—
Depreciation and amortisation	**(8,686)**	(5,266)
Loss on redemption of the Promissory Notes	**—**	(33,768)
Operating profit	**1,652,225**	1,029,390
Interest income	**50,444**	20,918
Finance costs	**(1,107)**	(7,640)
Profit before income tax	**1,701,562**	1,042,668
Additions to:		
– Property, plant and equipment	**57,988**	31,481
– Investment properties	**151,166**	33,630
– Intangible assets	**—**	1,800
	209,154	66,911

5 Investment properties

RMB'000	Six months ended 30 June 2011 (unaudited)	 2010 (unaudited)
At beginning of the period	**7,223,208**	2,485,200
Additions	**151,166**	33,630
Fair value gain (included in "other gains, net") (note 11)	**709,755**	—
At end of the period	**8,084,129**	2,518,830

6 Trade and other receivables and prepayments

RMB'000	30 June 2011 (unaudited)	31 December 2010 (audited)
Trade receivables from third parties (a)	**215,180**	549,951
Other receivables from third parties	**845,475**	220,056
Prepayments:	**9,617,684**	6,902,909
Related parties (note 16(b))	**1,862,759**	1,317,199
Third parties	**7,754,925**	5,585,710
	10,678,339	7,672,916

(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.

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 receivable.

The ageing analysis of trade receivables at the balance sheet dates by due date is as follows:

RMB'000	30 June 2011 (unaudited)	31 December 2010 (audited)
Within 6 months	**208,507**	533,699
Between 7 – 12 months	**1,546**	2,520
Over 12 months	**5,127**	13,732
	215,180	549,951

Subsequent to 30 June 2011 and up to the date of this report, trade receivables of RMB153.0 million have been settled.

7 *Share capital and share premium*

	Number of ordinary shares	Nominal value of ordinary shares HK$'000	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, 30 June 2010, 1 January 2011 and 30 June 2011	38,000,000,000	380,000			
Issued and fully paid:					
Ordinary shares of HK$0.01 each at 1 January 2010, 30 June 2010, 1 January 2011 and 30 June 2011	7,792,645,623	77,926	68,745	7,822,982	7,891,727

8 *Borrowings*

RMB'000	**30 June 2011 (unaudited)**	31 December 2010 (audited)
Borrowings included in non-current liabilities:		
Bank borrowings – secured	**5,516,649**	5,811,335
Senior Notes due 2015 – secured (a)	**1,938,817**	1,969,617
	7,455,466	7,780,952
Borrowings included in current liabilities		
Bank borrowings – secured	**7,342,213**	3,918,435
Shanghai Bay Arrangement – secured (b)	**1,921,554**	2,087,008
	9,263,767	6,005,443
Total borrowings	**16,719,233**	13,786,395

8 Borrowings *(Continued)*

(a) On 25 October 2010, the Company issued 13.0% senior notes due 2015 with an aggregate 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. The Senior Notes due 2015 are listed on the Singapore Exchange Securities Trading Limited.

(b) 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 RMB2,000.0 million (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 Property Development Co., Ltd., 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 RMB2,000.0 million received is regarded as a financial liability and measured at amortised cost using the effective interest method. For more details of the Shanghai Bay Arrangement, please refer to note 20(a) of the Company's consolidated financial statements as included in its 2010 annual report.

The Group and S.I. Properties has entered into a supplemental agreement on 29 July 2011 in respect of the repayment mechanism of the Shanghai Bay Arrangement. Please refer to note 20 for details.

8 Borrowings *(Continued)*

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

RMB'000	30 June 2011 (unaudited)	31 December 2010 (audited)
Within 1 year	**9,263,767**	6,005,443
After 1 and within 2 years	**4,560,906**	3,465,631
After 2 and within 5 years	**2,464,345**	3,754,548
After 5 years	**430,215**	560,773
	16,719,233	13,786,395

9 Trade and other payables

RMB'000	30 June 2011 (unaudited)	31 December 2010 (audited)
Trade payables (a):	**1,829,176**	1,458,718
Related parties (note 16(b))	**3,364**	5,510
Third parties	**1,825,812**	1,453,208
Other payables to third parties (b)	**1,388,702**	906,214
Other taxes payable	**120,757**	93,136
	3,338,635	2,458,068

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

RMB'000	30 June 2011 (unaudited)	31 December 2010 (audited)
Within 6 months	**1,448,402**	1,215,891
Between 7 – 12 months	**314,534**	97,651
Over 12 months	**66,240**	145,176
	1,829,176	1,458,718

(b) The balance of "other payables to third parties" as at 30 June 2011 included the unpaid acquisition costs of RMB726.2 million associated with the acquisition of the two companies as further disclosed in note 17. Pursuant to the relevant agreements, the final payment date will be in the first half of 2012.

10 Other income

RMB'000	Six months ended 30 June **2011 (unaudited)**	2010 (unaudited)
Interest income	**50,444**	20,908
Rental income	**13,313**	12,660
Others	**9,433**	81
	73,190	33,649

11 Other gains/(losses), net

RMB'000	Six months ended 30 June **2011 (unaudited)**	2010 (unaudited)
Fair value gain of investment properties	**709,755**	—
Exchange gains/(losses), net	**31,917**	(3,082)
Loss on redemption of the Promissory Notes	**—**	(33,768)
	741,672	(36,850)

12 Finance costs

RMB'000	Six months ended 30 June **2011 (unaudited)**	2010 (unaudited)
Interest expenses:		
– Bank borrowings	**624,433**	291,233
– Senior Notes due 2015 (note 8(a))	**129,611**	—
– Promissory Notes	**—**	24,335
– Shanghai Bay Arrangement (note 8(b))	**194,546**	192,910
– Others	**181**	25,242
Total interest expenses	**948,771**	533,720
Less: interest capitalised in properties under development	**(947,664)**	(526,080)
	1,107	7,640

13 Income tax expenses

RMB'000	Six months ended 30 June 2011 (unaudited)	2010 (unaudited)
Current income tax:		
– PRC corporate income tax	**126,480**	193,323
– PRC land appreciation tax	**442,492**	475,308
	568,972	668,631
Deferred income tax:		
– Origination and reversal of temporary differences	**198,655**	7,940
	198,655	7,940
	767,627	676,571

14 Earnings per share

(a) BASIC

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

RMB'000	Six months ended 30 June 2011 (unaudited)	2010 (unaudited)
Profit attributable to the equity holders of the Company	**933,217**	366,420
Weighted average number of ordinary shares in issue (thousands)	**7,792,646**	7,792,646

14 Earnings per share *(Continued)*

(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 the six months ended 30 June 2010 and 2011, the Company only has share options that are dilutive potential ordinary shares.

	Six months ended 30 June	
	2011 (unaudited)	2010 (unaudited)
Earnings (RMB'000)		
Profit attributable to the equity holders of the Company	**933,217**	366,420
Number of shares		
Weighted average number of ordinary shares in issue (thousands)	**7,792,646**	7,792,646
Adjustments for share options (thousands)	**18,109**	30,461
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**7,810,755**	7,823,107

15 Dividend

	Six months ended 30 June	
RMB'000	**2011 (unaudited)**	2010 (unaudited)
Interim dividend declared	**—**	—

16 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 Board 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

	Six months ended 30 June	
RMB'000	**2011 (unaudited)**	2010 (unaudited)
Purchase of construction services:		
– Shanghai Ditong Construction (Group) Co., Ltd. ("Shanghai Ditong"), a company controlled by a close family member of a director of the Company	**475,535**	352,320
Purchase of property design services from an associated company	**15,507**	10,762
Purchase of consultancy services from a related company	**—**	1,667

(b) BALANCES WITH RELATED PARTIES

As at 30 June 2011 and 31 December 2010, the Group had the following significant balances with related parties:

RMB'000	**30 June 2011 (unaudited)**	31 December 2010 (audited)
Balances included in current assets:		
Prepayments of construction costs or purchase of services to related companies	**1,862,759**	1,317,199
– Shanghai Ditong	**1,861,793**	1,316,600
– Other related companies	**966**	599
Amount due from a jointly controlled entity	**—**	1,903,472
	1,862,759	3,220,671
Balances included in current liabilities:		
Trading balances included in "Trade payables"	**3,364**	5,510
Balance included in non-current assets:		
Loan to a jointly controlled entity	**1,966,259**	—

16 Related party transactions *(Continued)*

(b) BALANCES WITH RELATED PARTIES *(Continued)*

As at 30 June 2011 and 31 December 2010, all balances with related parties are unsecured, interest-free and repayable on demand except for the balances with a jointly controlled entity.

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 Glorious Jiangxu (Nanjing) Property Development Co., Ltd. and its joint venture partner by making references to the latest benchmark lending rate published by the People's Bank of China. As at 30 June 2011, the annual interest rate is 6.4%. As at 30 June 2011, the directors expect the amount to be recovered after more than 12 months and thus the balance has been reclassified from current assets to non-current assets.

(c) KEY MANAGEMENT COMPENSATION

	Six months ended 30 June	
RMB'000	**2011 (unaudited)**	2010 (unaudited)
Salaries and other short-term employee benefits	**22,172**	14,891
Share-based compensation	**16,282**	35,750
	38,454	50,641

17 Accounting of acquisitions

During the six months ended 30 June 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
Zhongchengjian (Dalian) Property Development Co., Ltd. (中城建(大連)房地產開發有限公司) (referred as to "Dalian Zhongchengjian")	70%	3 November 2009	the PRC	RMB300,000,000	Property development
Wachovian II Co. Pte. Ltd.	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)	100%	16 January 2007	the PRC	RMB88,670,000	Investment holding
Jiangsu Arts and Cultural Property Holdings Ltd. (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

17 Accounting of acquisitions *(Continued)*

Before the acquisition by the Group, the above 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 cash outflows associated with the above acquisitions are presented within the operating activities in the consolidated statement of cash flows.

The allocation of acquisition consideration are as follows:

	At date of acquisition		
RMB'000	**Dalian Zhongchengjian**	**Jiangsu Cultural Property Group**	**Combined**
Property, plant and equipment	1,601	3,901	5,502
Properties under development	698,651	31,476	870,394
Other receivables and prepayments	93,461	1,447,260	1,540,721
Cash and cash equivalents	89	26,413	26,502
Trade and other payables	(3,467)	(691)	(144,425)
Borrowings	—	(286,159)	(286,159)
Fair value of net assets	790,335	1,222,200	2,012,535
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 30 June 2011	(416,235)	(310,000)	(726,235)
Consideration paid by cash	137,000	350,000	487,000
Less: cash and cash equivalents acquired	(89)	(26,413)	(26,502)
Cash outflow on acquisition	136,911	323,587	460,498

18 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.

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 30 June 2011, the amount of outstanding guarantees for mortgages were approximately RMB5,585.2 million (31 December 2010: RMB4,389.5 million). The maximum credit risk exposure at the balance sheet date is the amount of outstanding guarantees.

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

19 Capital commitments

RMB'000	**30 June 2011 (unaudited)**	31 December 2010 (audited)
Contracted but not provided for		
Land use right	**1,594,026**	2,901,524
Property development expenditures	**10,631,412**	8,602,617
Construction materials	**203,603**	44,655
	12,429,041	11,548,796

20 Subsequent events

On 29 July 2011, the Group entered into a supplemental agreement with S.I. Properties, pursuant to which Bright New Investments Limited 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 RMB2,000.0 million. This supplemental agreement provides the Group an alternative mechanism to unwind the arrangement outside the PRC. At the date of this report, the Group is in close negotiation with a number of financial institutions regarding the refinancing of the Shanghai Bay Arrangement outside the PRC.

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