恒盛地產
GLORIOUS PROPERTY

The Ultimacy of Life
築•極致人生

中期報告 2012 INTERIM REPORT

恒盛地產控股有限公司
GLORIOUS PROPERTY HOLDINGS LIMITED

股份代號 Stock Code: 00845

Corporate Profile

Glorious Property Holdings Limited ("Glorious Property" or the "Company", together with its subsidiaries, the "Group", HKEx Stock Code: 00845) is a national property developer in China, focusing on the development and sales of large-scale and high quality properties in key economic cities of Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China. At present, the Group has 31 projects in 13 cities including Beijing, Tianjin, Shanghai, Wuxi, Suzhou, Nanjing, Nantong, Hefei, Jiaxing, 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 *(Executive Vice Chairman and 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. Wo Rui Fang *(Chairman)*
Mr. Zhang Zhi Rong
Mr. Liu Shun Fai

Nomination Committee

Mr. Zhang Zhi Rong *(Chairman)*
Mr. Wo Rui Fang
Mr. Han Ping

Corporate Governance Committee

Mr. Yu Xiu Yang *(Chairman)*
Mr. Ding Xiang Yang
Mr. Cheng Li Xiong

Finance Committee

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

Company Secretary

Ms. Tai Wing Kwan, Catherine

Auditor

PricewaterhouseCoopers

Legal Advisers

Paul Hastings
Commerce and Finance Law Offices
Conyers Dill & Pearman

Principal Bankers

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

Registered Office

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

Headquarters and Principal Place of Business in Hong Kong

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

Principal Place of Business in PRC

6/F, Tower E
No.31, Lane 168
Daduhe Road, Putuo District
Shanghai 200062, China

Principal Share Registrar

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

Hong Kong Share Registrar

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

Contact

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

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

1. wish to receive a printed copy; or

2. 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 2012, the recovery of the global economy remained slow and the European sovereign debt crisis further worsened, the Euro zone plunged into recession and the U.S. economy suffered from sluggish recovery. Affected by the euro debt crisis, emerging economies showed significant slowdown in the economic growth. In China, the Government continued to impose stringent home purchase restriction and loan limitation on the property market. The doldrums of the property market in the fourth quarter of last year continued to the first quarter of 2012. However, due to the needs in maintaining the economic growth, starting from the second quarter, the Chinese Government pre-adjusted and fine tuned policies to ease and encourage the rigid demand. Therefore, there was a gradual rebound in the trading volume of the property market while the decline of the property price was alleviated gradually since the second quarter. Nevertheless, property measures and the property market still remained in the state of uncertainty and instability in the first half of 2012.

Under the above circumstances, the Group adopted active and flexible sales and pricing strategies, accelerated the sales of inventory and current projects as well as lifted up the sales absorption rate to cope with the changes of policy tightening and market challenges. After all, the Group still achieved a satisfactory sales performance.

Results of the First Half of the Year

During the first half of 2012, the Group achieved a profit attributable to shareholders of RMB166.2 million, representing a year-on-year ("YOY") decrease of 82.2%. Excluding the fair value gain of investment properties and the related tax effect, the Group's profit attributable to shareholders was RMB131.6 million, representing a decrease of 67.2% compared to the same period of 2011. The basic earnings per share amounted to RMB0.02, representing a YOY decrease of 83.3%. The revenue was RMB1,342.2 million, representing a YOY decrease of 43.6%. The Group's shareholders' equity increased 1.0% to RMB17,226.4 million.

The Group achieved a gross profit of RMB553.2 million, representing a YOY decrease of 53.0%. The gross profit margin of property business was 41.2%.

During the period, a total of two projects were completed and a gross floor area ("GFA") of approximately 72,400 sq.m. was delivered.

Property Sales

During the first half of 2012, the Group achieved property sales of RMB5,577.9 million, representing a YOY decrease of 21.5%. The GFA sold amounted to 668,088 sq.m., representing a YOY decrease of 13.3%. The average selling price was RMB8,349.1 per sq.m..

During the period, the Group realised property sales for 19 projects in nine cities in China. The property sales from the Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China accounted for 45.2%, 18.1%, 4.4% and 32.3% of the total property sales respectively. The Group successfully tapped the major markets in Northeast China in recent years and achieved a rapid growth in sales. Cities outside the Shanghai Region contributed 54.8% and 72.4% in sales amount and the GFA sold respectively. The Group continued to achieve the goal in balancing growth in different regions.

Land Bank

During the period, the Group consistently adhered to its prudent and modest investment strategy. Under the condition of having safe cash flow, the Group moderately increased its quality land bank. In the first half of the year, the Group acquired a new residential project in Jiaxing City of Zhejiang Province. The total area available for development was approximately 220,000 sq.m. and the average land cost was RMB1,326 per sq.m..

As at 30 June 2012, the Group had a total land bank of 18.1 million sq.m.. The low-cost and high-quality land bank was allocated in 13 cities within four major regions in China with an average land cost of RMB1,339 per sq.m., and will provide higher gross margins and steady growth for the Group.

Professional Development

The Group accelerated to enhance its professional development capability to provide a solid foundation for implementing the regional development strategy and achieving a sustainable and stable growth of the Group's businesses. During the period, the Group entirely fostered the product standardisation and strictly carried out the centralised procurement and tendering of major building materials. Under the premise of the ensured product quality, the product cost standardisation was implemented. To cope with the challenges arisen from policy tightening and the market uncertainty, the Group further optimised the organisational structure, strengthened the key functionalities, increased the operational efficiency and continued to increase the control level on projects.

Financial Resources

During the period, facing the unfavorable conditions in the domestic credit tightening, the Group actively strengthened the cooperation with banks and explored multi-channels in financing in order to fulfill the funding needs in the business development. During the first half of the year, the Group had a good access to different financing channels and new bank loans amounted to RMB2.7 billion. Most of them were long-term loans.

As at the end of June, the Group had RMB3.4 billion of cash in hand and an unutilised credit facilities of RMB20.3 billion. Despite the rapid business expansion, the Group still managed to control the gearing ratio at a reasonable level of 69.1%.

Business Prospect

In the second half of 2012, it is expected that the global economy will continue to recover slowly while the European sovereign debt crisis is likely to deteriorate. All of these will bring along challenges to the stability of the global financial market and the recovery of the global economy.

Taking consideration of the consecutive rate cuts by the Central Bank recently and the major macroeconomic figures released in the previous seven months of the year, the pace of macroeconomic slowdown will be faster than expected. Therefore, it is expected that the encouraging measures for the rigid demand will remain unchanged in the second half of the year. Moreover, as most of the property developers continue to adopt flexible sales strategy in which price reduction will be used to boost up sales, it is expected that the current rising trend in the property trading volume will be able to sustain in the second half of the year.

Recently, the Central Government of China reasserted its stance of maintaining the austerity measures on the property market in several occasions. Therefore, under the pressure from the Central Government's adherence to the purchase restriction policy, and as most of the property developers will continue to sell their inventories as well as the rigid demand will be eased gradually, it is expected that the decline of the property price will be alleviated. And this will provide property developers with an opportunity to improve their sales and cash flow. If the trading volume continues to increase and the property price becomes stable, it will create the most favorable condition to the development of property developers. Therefore, there is a reason to believe that the speed-up in sales and cash inflow by property developers will be the main focus in the property market in the second half of the year.

Sales Strategy

The Group will insist on implementing flexible sales and pricing strategies, and will adopt concrete and effective response measures to accelerate the launching of new projects, the sales of inventory and the sales absorption rate of products in order to cater the rigid demand of the market. The group plans to release more sales resources in the second half of the year so as to achieve the annual sales target which was set at the beginning of the year.

Development Strategy

The Group will continue to foster both the products and the costing standardisation and enhance the product quality. Meanwhile, the Group will effectively control the cost in development and operation, shorten the development cycle and speed up the assets turnover.

Investment strategy

The Group will continue to adhere to its prudent investment strategy and will appropriately increase new projects with low cost and fast turnover according to the needs in cash flow for sales and liquidity security. Meanwhile, the construction and the sales of new projects will be accelerated in order to speed up the sales and cash inflow.

Financial Strategy

With the premise of maintaining the debt at a reasonable scale, the Group will emphasize on enhancing the debt structure and endeavor to reduce the ratio of short-term debt. The Group will strive to achieve considerable improvement on the debt structure by the end of the year. In addition, the Group will maintain the net gearing ratio at a reasonable level to ensure its financial stability and safety.

Despite the stringent austerity measures on the property market in China in 2012, opportunities come along with challenges. We believe that as long as development targets and response measures are formulated according to the changes in market, the standardisation of the Group's products is carried forward steadfastly, the Group's management system is optimised and the Group's internal management is constantly strengthened, the Group will gain constant enhancement in many of its professional development capability and execution capability. The Board has full confidence in the development prospects of the Group.

Acknowledgement

Finally, 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 my deepest gratitude to the Board, the management team and all our staff for their dedication and hard work.

Zhang Zhi Rong
Chairman

Hong Kong, 28 August 2012

Management Discussion and Analysis

Market Review

During the period, the Chinese Government continued to impose stringent austerity measures on the property market, including restrictions on home purchase and mortgage financing in order to constantly curb the speculation and investment demand. In the first half of the year, major indicators for property development and economic growth recorded a significant slowdown. Nationwide property sales amounted to RMB2,331.4 billion, representing a YOY decrease of 5.2%. The GFA of newly commenced construction decreased by 7.1% YOY. The growth of gross domestic product (GDP) continued to fall from 8.1% in the first quarter to 7.6% in the second quarter while the GDP growth in the first half of the year was 7.8%. In response to the change of economic conditions, the Chinese Government placed the "steady growth" as a more important concern. Since the second quarter, the Chinese Government commenced the pre-adjustment and fine-adjustment on the austerity measures of the property market to ease and encourage the rigid demand. Accordingly, the trading volume of the property market got back on track while the decline of the property price was alleviated gradually since the second quarter. However, in view of the overall market condition in the first half of the year, the property measures and market still remained uncertain and unstable.

Facing the prolonged austerity measures on the property and challenges in the market, the Group closely monitored changes of the market trend, adopted active and flexible sales and pricing strategies, accelerated the sales of inventory and current projects as well as lifted up the sales absorption rate. In addition, the product positioning and the design of home unit were enhanced in time to better meet the rigid demand of the market. Moreover, standardisation in both products and costing were actively fostered and the cost in development and operation was effectively controlled. Meanwhile, the development progress of projects was accelerated and the development cycle was shortened in order to provide the Group with more sales resources.

During the period, despite the stringent austerity measures on the property market in China, the Group still achieved a satisfactory sales performance as the Chinese economy continued to grow steadily, the disposable income per capita increased constantly, the pace of urbanisation accelerated, the rigid demand of residential properties for self-use and improvement purposes remained robust and the Group's sales strategies responded timely to market changes.

Business Review

Property Development

1. Revenue

The Group recorded a consolidated revenue of RMB1,342.2 million in the first half of 2012, representing a decrease of 43.6% compared to RMB2,378.8 million recorded at the same period of 2011. The delivered GFA decreased to 85,688 sq.m. in the in the first half of 2012 from 226,117 sq.m. in the first half of 2011, representing a decrease of 62.1%. The booked average selling price increased 48.9% from RMB10,518 per sq.m. in the first half of 2011 to RMB15,663 per sq.m. in the first half of 2012. Seven projects in first-tier cities such as Shanghai and Beijing accounted for 76.7% of the total revenue. Six projects in second- and third-tier cities accounted for 23.3% of the total revenue. In the first half of the year, 40.0% of the delivered GFA was contributed by projects in the Shanghai Region, 17.9% by projects in the Yangtze River Delta outside Shanghai, 9.6% by projects in the Pan Bohai Rim and 32.5% by projects in Northeast China.

Projects sold and delivered during the six months ended 30 June 2012 included:

		Six months ended 30 June					
		2012			2011		
Projects 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	**16,395**	**645**	**25,419**	23,893	1,032	23,157
Shanghai Park Avenue	Shanghai	**918**	**170**	**5,400**	—	—	N/A
Chateau De Paris	Shanghai	**510**	**92**	**5,543**	3,287	152	21,670
Shanghai Bay	Shanghai	**581,881**	**8,605**	**67,621**	1,178,525	17,083	68,983
Royal Lakefront	Shanghai	**360,030**	**24,741**	**14,552**	97,781	9,106	10,738
Sunshine Bordeaux	Beijing	**35,650**	**4,572**	**7,797**	38,718	4,810	8,050
Royal Mansion	Beijing	**34,412**	**1,328**	**25,913**	66,871	2,668	25,067
Sunshine Holiday	Tianjin	**25,961**	**2,337**	**11,109**	5,611	609	9,218
No.1 City Promotion	Wuxi	**6,172**	**1,027**	**6,010**	21,006	3,128	6,715
Nantong Glorious Chateau	Nantong	**17,494**	**3,192**	**5,481**	878,651	176,829	4,969
Sunny Town	Shenyang	**26,811**	**4,040**	**6,636**	35,060	6,144	5,706
Harbin Villa Glorious	Harbin	**162,631**	**23,795**	**6,835**	28,928	4,556	6,349
Hefei Villa Glorious	Hefei	**73,298**	**11,144**	**6,577**	—	—	N/A
Sub-total		**1,342,163**	**85,688**	**15,663**	2,378,331	226,117	10,518
Other revenue		**4**			466		
Total		**1,342,167**			2,378,797		

2. Property Sales

During the first half of 2012, the Group recorded property sales of RMB5,577.9 million, representing a YOY decrease of 21.5%; while the GFA sold was 668,000 sq.m., representing a YOY decrease of 13.3%.

During the period, the Group recorded a steady growth in property sales in Northeast China, the property sales amounted to RMB1,802.3 million, representing a YOY growth of 0.8%.

Property sales and GFA sold during the six months ended 30 June 2012:

	Sales (RMB'000)			GFA Sold (sq.m.)		
Region	**2012**	2011	**Change(%)**	**2012**	2011	**Change(%)**
Shanghai Region	**2,519,396**	2,873,436	-12.3%	**184,695**	127,022	45.4%
Yangtze River Delta	**1,011,444**	1,923,661	-47.4%	**175,769**	273,878	-35.8%
Pan Bohai Rim	**244,810**	518,408	-52.8%	**35,193**	48,365	-27.2%
Northeast China	**1,802,267**	1,787,535	0.8%	**272,431**	321,249	-15.2%
Total	**5,577,917**	7,103,040	-21.5%	**668,088**	770,514	-13.3%

In the second half of 2012, the Group expects to have 20 projects for sale and have three new projects to be launched, including Shanghai Villa Glorious in the Shanghai Region, Bashangjie Project and Nantong Royal Garden in the Yangtze River Delta etc. The Group expects that the total saleable area of the Group will exceed 1.5 million sq.m. in the second half of 2012.

Projects available for sale in the second half of 2012:

Project		City	Saleable GFA (sq.m.)	Interests Attributable to the Group
1	Shanghai Bay	Shanghai	55,173	100%
2	Royal Lakefront	Shanghai	18,989	100%
3	Sunshine Venice	Shanghai	1,120	100%
4	Shanghai Villa Glorious	Shanghai	190,894	100%
5	Glorious Artstyle Townhouse	Beijing	40,495	100%
6	Tianjin Royal Bay Seaside	Tianjin	65,077	100%
7	Sunshine Holiday	Tianjin	23,100	100%
8	Nantong Glorious Chateau	Nantong	92,537	100%
9	Nantong Royal Bay	Nantong	72,735	100%
10	Nantong Villa Glorious	Nantong	67,415	100%
11	Nantong Royal Garden	Nantong	61,000	100%
12	Hefei Villa Glorious	Hefei	24,899	100%
13	Hefei Royal Garden	Hefei	98,495	100%
14	Bashangjie Project	Hefei	95,607	100%
15	No.1 City Promotion	Wuxi	50,566	100%
16	Sunny Town	Shenyang	17,718	100%
17	Sunny Mei Lu	Dalian	68,404	100%
18	Changchun Villa Glorious	Changchun	259,470	100%
19	Harbin Royal Garden	Harbin	103,925	100%
20	Harbin Villa Glorious	Harbin	95,898	100%
Total			**1,503,517**	

3. **Construction and Development Plan**

During the first half of 2012, two projects with a total GFA of 72,400 sq.m. were completed and delivered. The projects under construction of the Group progressed as planned and the new construction area amounted to approximately 561,000 sq.m.. The Group expects that the new construction area will exceed 1.0 million sq.m.. As at 30 June 2012, the Group has projects with a total residential area under construction of 4.12 million sq.m. in 13 cities in four major regions in China including the Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China.

4. Land Bank

During the first half of 2012, the Group acquired a new project with a total GFA of approximately 220,000 sq.m. and a land cost of RMB290 million. The project was located at Jiaxing City of Zhejiang Province. The Group plans to develop into a mixed residential and commercial project.

As at 30 June 2012, the total land bank of the Group was 18.1 million sq.m. and the average land cost was RMB1,339 per sq.m., which is sufficient to meet the development needs in the coming five to seven years.

The land bank of the Group is reasonably distributed among first-, second- and third-tier cities, of which 19.6% is in first-tier cities and 80.4% in second- and third-tier cities. The high quality, low-cost and reasonably distributed land bank of the Group will help ensure a sustainable development of the Group in the long term.

Overview of land bank as at 30 June 2012:

	Project	City	Location	Use	Land Bank (sq.m.)	Average Land Cost (RMB/sq.m.)	Interest Attributable to the Group
Shanghai Region							
1	Shanghai Bay	Shanghai	Xuhui District	Residential, hotel, office and commercial	751,111	611	100%
2	Sunshine Venice	Shanghai	Putuo District	Residential, hotel and commercial	59,335	554	100%
3	Royal Lakefront	Shanghai	Fengxian District	Residential and commercial	137,551	1,870	100%
4	Shanghai Villa Glorious	Shanghai	Baoshan District	Residential and commercial	866,019	923	100%
5	Caohejing Project	Shanghai	Xuhui District	Office, hotel and commercial	121,300	9,703	100%
6	Zhongcao Xincun Project	Shanghai	Xuhui District	Serviced apartment and commercial	91,000	9,703	100%
Sub-total					**2,026,316**	**1,782**	
Yangtze River Delta							
7	Nantong Glorious Chateau	Nantong	Rugao Economic Development Zone	Residential and commercial	4,263,655	322	100%
8	Nantong Royal Garden	Nantong	Rugao Town	Residential and commercial	388,859	1,282	100%
9	Nantong Glorious Plaza	Nantong	Xincheng District	Hotel, office and commercial	297,486	348	100%
10	Nantong Royal Bay	Nantong	Chongchuan District	Residential, office and commercial	738,374	4,719	100%
11	Nantong Villa Glorious	Nantong	Chongchuan District	Residential and commercial	304,190	2,707	100%
12	No.1 City Promotion	Wuxi	Wuxi New District	Residential, hotel and commercial	425,207	679	100%
13	Classical Life	Suzhou	Changshu New District	Residential and commercial	10,052	1,446	100%
14	Hefei Villa Glorious	Hefei	Yaohai District	Residential and commercial	211,846	680	100%

Project		City	Location	Use	Land Bank (sq.m.)	Average Land Cost (RMB/sq.m.)	Interest Attributable to the Group
15	Bashangjie Project	Hefei	Yaohai District	Residential, hotel, office and commercial	1,347,100	881	100%
16	Hefei Royal Garden	Hefei	Luyang District	Residential, hotel, and commercial	498,378	1,207	100%
17	Nanjing Royal Bay	Nanjing	Xiaguan District	Residential and commercial	663,913	6,013	60%
18	Jia Xing Villa Glorious	Jiaxing	Economic Development Zone	Residential and commercial	219,570	1,326	100%
Sub-total					**9,368,630**	**1,367**	
Pan Bohai Rim							
19	Sunshine Holiday	Tianjin	Hedong District East	Residential, hotel and commercial	72,281	799	100%
20	Tianjin Royal Bay Seaside	Tianjin	Dagang District	Residential, hotel and commercial	934,014	1,396	100%
21	Tianjin Royal Bay Lakeside	Tianjin	Tuanbohu District	Residential and commercial	1,567,303	1,225	70%
22	Royal Mansion	Beijing	Haidian District	Residential and commercial	90,406	3,395	100%
23	Sunshine Bordeaux	Beijing	Daxing District	Residential and commercial	1,320,752	493	100%
24	Glorious Artstyle Townhouse	Beijing	Daxing District	Residential and commercial	100,270	3,862	100%
Sub-total					**4,085,026**	**1,133**	
Northeast China							
25	Harbin Villa Glorious	Harbin	Qunli New District	Residential and commercial	172,477	979	100%
26	Harbin Royal Garden	Harbin	Qunli New District	Residential and commercial	222,697	2,451	100%
27	Sunny Town	Shenyang	Yuhong District	Residential and commercial	237,552	1,133	100%
28	Changchun Villa Glorious (East)	Changchun	Gaoxin District	Residential and commercial	611,217	868	100%
29	Changchun Villa Glorious (West)	Changchun	Gaoxin District	Residential and commercial	845,088	1,004	100%
30	Dalian Villa Glorious	Dalian	Jinzhou New District	Residential and commercial	165,375	1,674	100%
31	Dalian 200# Land Parcel	Dalian	Jinzhou New District	Residential and commercial	344,000	1,497	70%
Sub-total					**2,598,406**	**1,214**	
Total					**18,078,378**	**1,339**	

5. **Commercial Properties**

 The Group will steadily develop its commercial properties. As at the end of the first half of 2012, the land bank used for commercial properties development amounted to 2.9 million sq.m., of which a major proportion of them are still under construction and planning. Retail commercial properties, high-end office buildings and high-end hotels will constitute the majority of these commercial properties. The Group will possess most of the properties as long-term investment for stable rental income.

Outlook for the Second Half of 2012

The Group believes that there are uncertainties in the external operating environment in the second half of the year. In view of the performance of the top three economies in the world, that is, the sluggish recovery of the U.S. economy, the deterioration of the European sovereign debt crisis and the slowdown on the economic growth rate in China, significant impact and challenges to the prospect of the global economy and the stability of the global financial market can be expected.

In China, in the first half of 2012, the inflation rate declined continuously in the first half of the year, the gross domestic product (GDP) in the second quarter recorded a YOY growth of 7.6% which was a record low in the past three years and the Central Banks lowered the deposit-reserve ratio successively and cut interest rates in order to stabilise the economic growth. It is expected that the Chinese Government will adopt a more active easing policy to promote the economic growth in the second half of the year. In view of the situation of the property market, supportive policies implemented by the Chinese Government in promoting the rigid demand will remain unchanged. The property developers will continue to adopt strategies in flexible pricing and sales acceleration. It is expected that the current rising trend in the trading volume will be able to sustain in the second half of the year.

As the home purchase restriction effectively curbed the investment and speculation demand, and the Chinese Government will adopt measures to increase the supply of ordinary commercial residential housing and the property market is still in the state of selling inventory in the short term, price reduction which was used to boost up sales will continue to be the emphasis in the industry. As the rigid demand is gradually eased and the housing demand for upgrading purpose starts to appear, it is expected that the decline in the property price will be alleviated in the second half of year, which will provide opportunities to property developers with shortage in cash flow to improve their sales and cash flow. The rebound of the trading volume and the gradual stabilisation of the property price provide the most beneficial condition to the property developers. If the property price rebounds significantly, it is conceivable that the Chinese Government will continue to launch new measures to further strengthen the control on the property market. Under such circumstances, the property market may encounter an unfavourable condition which both trading volume and price will plunge. Therefore, there is a reason to believe that the speed-up in sales and cash inflow by property developers will be the main focus in the property market in the second half of the year.

Marketing and Sales Strategy

The Group will continue to implement flexible sales and pricing strategies and adopt concrete and effective response measures to accelerate the launching of new projects and sales of inventory based on specific characteristics of different regions, cities and projects, as well as improving the sales absorption rate to secure the cash inflow. Based on the distribution of sales resources, the Group plans to allocate more sales resources to achieve the sales plan and target for the year.

Development Strategy

The Group will further enhance its professional development capability in order to provide a solid foundation for the Group to achieve its regional balance and sustainable growth of business. The Group will continue to promote the product and costing standardisation. Under the premise of the ensured product quality, the Group will effectively control the development and operating cost, shorten the development cycle, improve the asset turnover and enhance the operating efficiency.

Investment Strategy

The Group will continue to adhere to its principle of "prudent investment with balancing outflows and inflows." The Group will appropriately increase land bank with low cost and fast turnover in cities and regions where stronger rigid demand exists according to the needs of cash flow for sales and liquidity security, in order to achieve a sustainable development for the business. Meanwhile, the Group will accelerate the pace of project development, ensure timely completion and delivery of projects, speed up the sales and cash inflows and increase the asset turnover.

Financial Strategy

The Group will continue to adhere to its prudent financial policy in maintaining the total debt at a reasonable scale and ensure the funding requirement for the rapid development of the businesses. In addition, the net gearing ratio will be strictly controlled at a reasonable level to secure the financial stability and safety of the Group. Meanwhile, the Group will emphasize on enhancing its debt structure and gradually reduce the proportion of its short-term debt in order to control the financial risk effectively. The Group will strive for a significant improvement on the debt structure before the end of this year.

Financial Review

The Group recorded a consolidated revenue of RMB1,342.2 million in the first half of 2012, which decreased by 43.6% as compared to the same period in 2011. Profit attributable to the owners of the Company for the six months ended 30 June 2012 amounted to RMB166.2 million, representing a decrease of 82.2% from the corresponding period in 2011. Profit attributable to the owners of the Company for the six months ended 30 June 2012, excluding fair value gain of investment properties and the related tax effect, amounted to RMB131.6 million, representing a decrease of 67.2% from the corresponding period in 2011.

Results for the six months ended 30 June 2012 are as follows:

	Six months ended 30 June	
RMB'000	**2012 (unaudited)**	2011 (unaudited)
Revenue	**1,342,167**	2,378,797
Cost of sales	**(788,929)**	(1,201,852)
Gross profit	**553,238**	1,176,945
Other income	**43,285**	73,190
Other gains/(losses), net	**37,908**	741,672
Selling and marketing expenses	**(78,583)**	(74,080)
Administrative expenses	**(190,319)**	(212,938)
Finance costs	**(4,739)**	(1,107)
Share of (loss)/profit of an associate	**(1,272)**	183
Share of loss of a jointly controlled entity	**(1,331)**	(2,303)
Profit before income tax	**358,187**	1,701,562
Income tax expenses	**(193,614)**	(767,627)
Profit for the period	**164,573**	933,935
Attributable to:		
– the owners of the Company	**166,243**	933,217
– non-controlling interests	**(1,670)**	718
	164,573	933,935

Revenue

For the six months ended 30 June 2012, the Group recorded a consolidated revenue of RMB1,342.2 million, representing a decrease of 43.6% compared to RMB2,378.8 million for the first half of 2011. The GFA of properties delivered by the Group decreased by 62.1% from 226,117 sq.m. in the first half of 2011 to 85,688 sq.m. in the current period. As a result of the higher proportion of GFA delivered in Shanghai, of which the average selling price is higher, the Group's average selling price increased from RMB10,518 per sq.m. in the first half of 2011 to RMB15,663 per sq.m. during the current period.

Cost of Sales

The cost of sales for the six months ended 30 June 2012 was RMB788.9 million, representing a decrease of 34.4% compared to RMB1,201.9 million from the corresponding period in 2011. The decrease in cost of sales was mainly due to the decrease in GFA delivered in the current period as compared to the corresponding period in 2011.

The higher average cost of sales of RMB9,207 per sq.m. in the current period compared to RMB5,315 per sq.m. in the first half of 2011 was mainly due to the higher proportion of residential properties sold and delivered in Shanghai in the current period.

Gross Profit

The Group's consolidated gross profit for the first half of 2012 was RMB553.2 million, representing a decrease of 53.0% from a gross profit of RMB1,176.9 million for the corresponding period in 2011. 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 41.2%, compared to 49.5% during the corresponding period in 2011. Despite the higher average selling price achieved for the properties sold and delivered in the first half of 2012, the Group's gross profit margin was lower in the current period due to the higher proportion of residential properties sold and delivered in Shanghai for which units costs are higher.

Other Income

Other income for the six months ended 30 June 2012 was RMB43.3 million, representing a decrease of 40.9% from RMB73.2 million for the corresponding period in 2011. The decrease in other income was mainly attributable to the lower interest income recorded during the period under review.

Other Gains/(Losses), net

Other gains, net for the six months ended 30 June 2012 amounted to RMB37.9 million, which primarily represented a fair value gain on the Group's investment properties of RMB46.2 million (2011: Fair value gain amounted to RMB709.8 million).

Selling and Marketing Expenses

Selling and marketing expenses for the six months ended 30 June 2012 were RMB78.6 million, which was slightly higher than RMB74.1 million during the corresponding period in 2011 by 6.1%. Although the Group continuously launched selling and marketing activities for its property development projects in the current period, for the purpose of coping with the more difficult market environment, the Group continues to implement the cost-saving initiatives, thus selling and marketing expenses only increased slightly.

Administrative Expenses

Administrative expenses for the six months ended 30 June 2012 were RMB190.3 million, representing a decrease of 10.6% compared to RMB212.9 million for the corresponding period in 2011. The Group continued to implement cost-saving initiatives in the current period that continued to cause in savings in the Group's administrative expenses during the period under review.

Finance Costs

Gross finance costs for the six months ended 30 June 2012 were RMB840.0 million, representing a decrease of 11.5% from RMB948.8 million for the same period in 2011. Despite the higher level of the Group's borrowings in the current period, the lower cost of borrowing in the current period has caused the finance costs for the six months ended 30 June 2012 to be lower than that to the corresponding period in 2011. For the six months ended 30 June 2012, finance costs of RMB835.3 million (2011: RMB947.7 million) have been capitalised, leaving RMB4.7 million (2011: RMB1.1 million) 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 2012 was RMB358.2 million, representing a decrease of 78.9% compared to RMB1,701.6 million for the corresponding period in 2011, which was due to the lower level of revenue recognised, the lower gross profit margin, as well as the lower amount of the fair value gain on the Group's investment properties in the first half of 2012 as compared to that for the corresponding period in 2011.

Income Tax Expenses

Income tax expenses for the six months ended 30 June 2012 were RMB193.6 million, representing a decrease of 74.8% as compared to RMB767.6 million for the corresponding period in 2011. The decrease in income tax expenses for the current period was primarily due to lower level of revenue recognised, the lower gross profit margin as well as the lower amount of the fair value gain on the investment properties during the six months ended 30 June 2012. The effective income tax rate was 54.1% for the six months ended 30 June 2012, as compared to 45.1% for the corresponding period in 2011.

Profit Attributable to the Owners of the Company

The Group's profit attributable to the owners of the Company for the six months ended 30 June 2012 was RMB166.2 million, representing a decrease of 82.2% compared to RMB933.2 million for the first half of 2011. Profit attributable to the owners of the Company for the six months ended 30 June 2012, excluding fair value gain of investment properties and the related tax effect, amounted to RMB131.6 million, representing a decrease of 67.2% from RMB400.9 million during the corresponding period in 2011, which was mainly due to the lower level of revenue recognised and the lower gross profit margin for the period under review.

Current Assets and Liabilities

As at 30 June 2012, the Group held total current assets of approximately RMB41,344.3 million (31 December 2011: RMB39,112.9 million), comprising mainly properties under development, trade and other receivables and prepayments and cash and bank balances. Properties under development increased by 8.8% from RMB22,862.1 million as at 31 December 2011 to RMB24,863.5 million as at 30 June 2012, mainly due to the continuous progress of the Group's property development projects in 2012 and the increase in the number of projects under construction. Trade and other receivables and prepayments amounted to RMB9,943.1 million as at 30 June 2012, which was comparable to that of RMB9,942.4 million as at 31 December 2011 and mainly comprises prepayments for land premium as at 30 June 2012 whereby the relevant land use right certificates had yet to be obtained as at 30 June 2012. Total cash and bank balances (including cash and cash equivalents and restricted cash) increased slightly from RMB3,166.4 million as at 31 December 2011 to RMB3,435.6 million as at 30 June 2012.

Total current liabilities as at 30 June 2012 amounted to RMB28,170.5 million, compared with RMB25,282.6 million as at 31 December 2011, which was mainly due to the higher balances of advanced proceeds received from customers and short-term borrowings as at 30 June 2012.

The current ratio (calculated as the total current assets divided by the total current liabilities) decreased slightly from 1.55 as at 31 December 2011 to 1.47 as at 30 June 2012.

Liquidity and Financial Resources

During the first half of 2012, the Group funded its property development projects principally from proceeds from the pre-sales of properties and bank loans. As at 30 June 2012, the Group had cash and bank balances of RMB3,435.6 million (31 December 2011: RMB3,166.4 million).

As at 30 June 2012, the Group's total borrowings amounted to RMB15,331.6 million, representing an increase of 3.0% compared to RMB14,886.0 million as at 31 December 2011. As at 30 June 2012, the Group's borrowings comprised the following:

RMB'000	**30 June 2012 (unaudited)**	31 December 2011 (audited)
Bank borrowings	**13,346,915**	13,070,266
Senior Notes due 2015 [1]	**1,897,470**	1,890,270
Sub-total	**15,244,385**	14,960,536
Adjusted by : unamortised loan arrangement fees and accrued interests	**87,189**	(74,500)
Total borrowings	**15,331,574**	14,886,036

Note:

(1) Please refer to note 8 to the condensed consolidated financial information for the definitions of Senior Notes due 2015.

The maturities of the Group's borrowings as at 30 June 2012 were as follows:

RMB'000	**30 June 2012 (unaudited)**	31 December 2011 (audited)
Within 1 year	**9,965,010**	9,302,813
After 1 and within 2 years	**2,607,238**	2,518,952
After 2 and within 5 years	**2,387,752**	2,638,185
After 5 years	**371,574**	426,086
Total borrowings	**15,331,574**	14,886,036

As at 30 June 2012, the Group had total banking facilities of RMB34,327 million, consisting of used banking facilities of RMB14,058 million and unused banking facilities of RMB20,269 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 owners of the Company. Net debt is calculated as total borrowings less cash and bank balances (including cash and cash equivalents and restricted cash). The gearing ratios as at 30 June 2012 and 31 December 2011 were as follows:

RMB'000	**30 June 2012 (unaudited)**	31 December 2011 (audited)
Total borrowings	**15,331,574**	14,886,036
Less: cash and bank balances	**(3,435,628)**	(3,166,353)
Net debt	**11,895,946**	11,719,683
Total equity attributable to the owners of the Company	**17,226,421**	17,050,918
Gearing ratio	**69.1%**	68.7%

The gearing ratio as at 30 June 2012 was comparable to that as at 31 December 2011.

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 2012, 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 2012, 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 2012, the amount of outstanding guarantees for mortgages was RMB6,484.0 million (31 December 2011: RMB6,148.4 million).

Capital Commitments

As at 30 June 2012, the Group had capital commitment as follows:

RMB'000	**30 June 2012 (unaudited)**	31 December 2011 (audited)
Land use right	**1,059,056**	1,360,990
Property development expenditures	**10,554,415**	8,916,932
Construction materials	**22,476**	79,193
	11,635,947	10,357,115

Employees and Remuneration Policy

As at 30 June 2012, the Group had a total of 1,368 employees. Total remuneration expenses and other employees' benefits costs for the six months ended 30 June 2012 amounted to RMB99.4 million. The Group has adopted a system of determining the remuneration of employees based on the performance of employees. Apart from a basic salary, outstanding employees may be granted with annual 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.

Compliance with Code on Corporate Governance Practices and Corporate Governance Code

The Company had complied with the principles and the code provisions of the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") during the six months ended 30 June 2012, save for the deviation from the code provision E.1.2 which stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the board of directors (the "Board") did not attend the annual general meeting of the Company (the "AGM") held on 29 May 2012 due to other business engagements. Mr. Ding Xiang Yang, the vice chairman and executive director of the Company, chaired the AGM on behalf of the Chairman of the Board and was available to answer questions.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. All directors have confirmed, following specific enquiries being made by the Company, that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2012.

Appointment of Executive Vice Chairman

With effect from 28 August 2012, Mr. Cheng Li Xiong, currently an executive director and chief executive officer of the Company, has been appointed as the executive vice chairman of the Company.

Audit Committee

The Audit Committee of the Company (the "Audit Committee") was established on 9 September 2009 with written terms of reference. Currently, the Audit Committee 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 main duties of the Audit Committee are, among others, as follows:

1. to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of external auditors, and to approve remuneration and terms of engagement of external auditors, and any questions of resignation or dismissal of external auditors;

2. to consider the plan for each year's audit submitted by the external auditors and discuss the same at a meeting if necessary;

3. to monitor the integrity of the Company's financial statements and annual reports and accounts, half-yearly reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them;

4. to review the Company's financial controls, internal control and risk management systems;

5. to consider major investigation findings on internal control matters as delegated by the Board or on the Committee's own initiative, as well as management's response to these findings; and

6. to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness.

The terms of reference of the Audit Committee are available on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn.

The Audit Committee has reviewed with the management the unaudited consolidated results of the Group for the six months ended 30 June 2012 and took the view that the Company was in full compliance with all applicable accounting standards and regulations and has made adequate disclosure.

Remuneration Committee

The Remuneration Committee of the Company (the "Remuneration Committee") was established on 9 September 2009 with written terms of reference. Currently, the Remuneration Committee comprises two independent non-executive directors, namely, Mr. Wo Rui Fang (chairman of the Remuneration Committee) and Mr. Liu Shun Fai and one executive director, namely Mr. Zhang Zhi Rong. The main duties of the Remuneration Committee, are among others, as follows:

1. to assess, review and make recommendations once a year or as and when required, to the Board in respect of the remuneration packages and overall benefits for the directors of the Company;

2. to make recommendations to the Board in relation to all consultancy agreements and service contracts or any variations, renewals or modifications thereof, entered into between the Company and the directors of the Company or any associate company of any of them;

3. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

4. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; and

5. to conform any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by the Listing Rules or any applicable law.

The terms of reference of the Remuneration Committee are available on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn.

Nomination Committee

The Nomination Committee of the Company (the "Nomination Committee") was established on 1 April 2012 with written terms of reference. Currently, the Nomination Committee comprises one executive director, namely Mr. Zhang Zhi Rong (chairman of the Nomination Committee) and two independent non-executive directors, namely, Mr. Wo Rui Fang and Mr. Han Ping. The main duties of the Nomination Committee are, among others, as follows:

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

2. to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of, individuals nominated for directorships;

3. to assess the independence of independent non-executive directors;

4. to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive; and

5. to determine the policy, procedures and criteria for the nomination of directors.

The terms of reference of the Nomination Committee are available on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn.

Corporate Governance Committee

The Corporate Governance Committee of the Company (the "CG Committee") was established on 1 April 2012 with written terms of reference. Currently, the CG Committee comprises three executive directors, namely, Mr. Yu Xiu Yang (chairman of the CG Committee), Mr. Ding Xiang Yang and Mr. Cheng Li Xiong. The main duties of the CG Committee are, among others, as follows:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

2. to review and monitor the training and continuous professional development of directors and senior management;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

5. to review the Company's compliance with the Corporate Governance Code and the disclosure in the Corporate Governance Report.

The terms of reference of the CG Committee are available on the website of the Company at www.gloriousphl.com.cn.

Finance Committee

The Board established a finance committee (the "Finance Committee") in April 2010 with delegated authority to review and approve 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 (executive vice chairman and chief executive officer), and its primary duties include the determination and approval of the investment of surplus funds, approval of any investment acquisition and disposal of the Group each of an amount not exceeding HK$1 billion, arrangement of banking facilities and approval of guarantees and indemnities each of an amount not exceeding HK$1 billion, opening and operation of bank accounts, handling or execution of share repurchase exercises of the Company, and allotment and issuance of the ordinary shares of the Company pursuant to the Pre – IPO Share Option Scheme and the Share Option Scheme (details of which are described in the section headed "Share Option Schemes" of this interim report).

Disclosure of Interests

Directors' Interests in Shares, Underlying Shares and Debentures

As at 30 June 2012, 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	5,314,216,436[2]	5,329,216,436	68.39
Mr. DING Xiang Yang	15,000,000	—	15,000,000	0.19
Mr. CHENG Li Xiong	15,000,000	—	15,000,000	0.19
Mr. LIU Ning	5,000,000	—	5,000,000	0.06
Mr. XIA Jing Hua	5,000,000	—	5,000,000	0.06
Mr. YAN Zhi Rong	5,000,000	—	5,000,000	0.06

(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, Novel Ventures Limited, Island Century Limited and Well Advantage Limited, all of which are wholly-owned directly or indirectly by Mr. Zhang Zhi Rong, held 4,978,923,436 shares, 81,936,000 shares, 106,288,000 shares, 119,313,000 shares and 27,756,000 shares respectively as at 30 June 2012, representing in aggregate 5,314,216,436 shares or approximately 68.20% of the issued share capital of the Company.

(3) The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 30 June 2012 (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 2012 (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 2012, 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 2012, 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 2012 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.

Substantial Shareholders' Interests in the Share Capital of the Company

As at 30 June 2012, 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[3]
Best Era International Limited[1]	Beneficial owner	4,978,923,436	Long position	63.89
China Life Insurance (Overseas) Co. Ltd. [2]	Beneficial owner	389,904,000	Long position	5.00
China Life Insurance (Group) Company [2]	Interest of a controlled corporation	389,904,000	Long position	5.00

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) China Life Insurance (Overseas) Co. Ltd. is owned as to 100% by China Life Insurance (Group) Company.

(3) The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 30 June 2012 (i.e.7,792,645,623 ordinary shares).

Apart from the aforesaid, as at 30 June 2012, the Company had not been notified of any interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

Share Option Schemes

Pursuant to the resolutions in writing passed by all the shareholders of the Company on 9 September 2009, the Company conditionally approved and adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and 84,000,000 share options had been granted to its directors and employees which are exercisable for a ten-year period from the grant date. No further options will be offered or granted by the Company pursuant to the Pre-IPO Share Option Scheme. The purpose of the Pre-IPO Share Option Scheme is to give the participants an opportunity to acquire a personal stake in the Company and help motivate such participants and retain the participants whose contributions are important to the long term growth and profitability of the Group. As at 30 June 2012, 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 2012, 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 2012:

		Number of underlying shares comprised in share options							
	Date of grant	Balance as at 01/01/2012	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Balance as at 30/06/2012	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
Mr. DING Xiang Yang	09/09/2009	15,000,000	—	—	—	—	15,000,000	1.76	Note
Mr. CHENG Li Xiong	09/09/2009	15,000,000	—	—	—	—	15,000,000	1.76	Note
Mr. LIU Ning	09/09/2009	5,000,000	—	—	—	—	5,000,000	1.76	Note
Mr. XIA Jing Hua	09/09/2009	5,000,000	—	—	—	—	5,000,000	1.76	Note
Mr. YAN Zhi Rong	09/09/2009	5,000,000	—	—	—	—	5,000,000	1.76	Note
		60,000,000	—	—	—	—	60,000,000		
Category 2:									
Senior Management and other Employees (in aggregate)	09/09/2009	18,000,000	—	—	—	—	18,000,000	1.76	Note
Total:		78,000,000	—	—	—	—	78,000,000		

Note:

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.

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 2012.

Interim Dividend

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2012 (Six months ended 30 June 2011: Nil).

Condensed Consolidated Balance Sheet

As at 30 June 2012

RMB'000	Note	30 June 2012 (unaudited)	31 December 2011 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**1,020,848**	722,872
Investment properties	5	**8,907,795**	8,557,663
Intangible assets		**2,571**	2,833
Investment in an associate		**4,917**	6,189
Investment in a jointly controlled entity		**24,436**	25,767
Loan to a jointly controlled entity	16	**1,974,445**	1,967,905
Deferred income tax assets		**320,778**	308,027
		12,255,790	11,591,256
Current assets			
Properties under development		**24,863,475**	22,862,050
Completed properties held for sale		**2,849,295**	2,929,268
Inventories		**8,483**	6,849
Trade and other receivables and prepayments	6	**9,943,055**	9,942,396
Prepaid taxes		**244,337**	205,995
Restricted cash		**2,429,248**	2,145,255
Cash and cash equivalents		**1,006,380**	1,021,098
		41,344,273	39,112,911
Total assets		**53,600,063**	50,704,167

The notes on pages 81 to 96 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Balance Sheet

As at 30 June 2012

RMB'000	Note	30 June 2012 (unaudited)	31 December 2011 (audited)
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	7	**68,745**	68,745
Share premium	7	**7,822,982**	7,822,982
Reserves		**9,334,694**	9,159,191
		17,226,421	17,050,918
Non-controlling interests		**1,292,108**	1,293,778
Total equity		**18,518,529**	18,344,696
LIABILITIES			
Non-current liabilities			
Borrowings	8	**5,366,564**	5,583,223
Deferred income tax liabilities		**1,526,962**	1,476,239
Obligation under finance lease		**17,484**	17,396
		6,911,010	7,076,858
Current liabilities			
Advanced proceeds received from customers		**8,666,344**	6,915,588
Trade and other payables	9	**5,273,891**	4,751,758
Income tax payable		**4,264,411**	4,311,586
Borrowings	8	**9,965,010**	9,302,813
Obligation under finance lease		**868**	868
		28,170,524	25,282,613
Total liabilities		**35,081,534**	32,359,471
Total equity and liabilities		**53,600,063**	50,704,167
Net current assets		**13,173,749**	13,830,298
Total assets less current liabilities		**25,429,539**	25,421,554

The notes on pages 81 to 96 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

RMB'000	Note	Six months ended 30 June 2012 (unaudited)	2011 (unaudited)
Revenue	4	**1,342,167**	2,378,797
Cost of sales		**(788,929)**	(1,201,852)
Gross profit		**553,238**	1,176,945
Other income	10	**43,285**	73,190
Other gains/(losses), net	11	**37,908**	741,672
Selling and marketing expenses		**(78,583)**	(74,080)
Administrative expenses		**(190,319)**	(212,938)
Finance costs	12	**(4,739)**	(1,107)
Share of (loss)/profit of an associate		**(1,272)**	183
Share of loss of a jointly controlled entity		**(1,331)**	(2,303)
Profit before income tax		**358,187**	1,701,562
Income tax expenses	13	**(193,614)**	(767,627)
Profit for the period		**164,573**	933,935
Attributable to:			
– the owners of the Company		**166,243**	933,217
– non-controlling interests		**(1,670)**	718
		164,573	933,935
Other comprehensive income:			
Gain/loss recognised directly in equity		**—**	—
Total comprehensive income for the period		**164,573**	933,935
Total comprehensive income for the period attributable to:			
– the owners of the Company		**166,243**	933,217
– non-controlling interests		**(1,670)**	718
		164,573	933,935
Earnings per share for profit attributable to the owners of the Company (expressed in RMB per share)			
– Basic	14	**0.02**	0.12
– Diluted	14	**0.02**	0.12

The notes on pages 81 to 96 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012

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 2012 Attributable to the owners of the Company (unaudited)									
Balance at 1 January 2012	**68,745**	**7,822,982**	**(770,477)**	**263,994**	**264,317**	**176,537**	**9,224,820**	**17,050,918**	**1,293,778**	**18,344,696**
Total comprehensive income for the period	—	—	—	—	—	—	166,243	166,243	(1,670)	164,573
Employee share-based compensation	—	—	—	—	—	9,260	—	9,260	—	9,260
Balance at 30 June 2012	**68,745**	**7,822,982**	**(770,477)**	**263,994**	**264,317**	**185,797**	**9,391,063**	**17,226,421**	**1,292,108**	**18,518,529**

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 owners 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

The notes on pages 81 to 96 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2012

	Six months ended 30 June	
RMB'000	**2012 (unaudited)**	2011 (unaudited)
Net cash used in operating activities	**(412,673)**	(4,727,601)
Net cash used in investing activities	**(483,338)**	(93,751)
Net cash generated from financing activities	**881,280**	2,906,707
Net decrease in cash and cash equivalents	**(14,731)**	(1,914,645)
Cash and cash equivalents, at 1 January	**1,021,098**	4,151,420
Exchange gains/(losses) on cash and bank balances	**13**	(4,467)
Cash and cash equivalents, at 30 June	**1,006,380**	2,232,308

The notes on pages 81 to 96 form an integral part of this condensed consolidated financial information.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2012

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 28 August 2012.

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 2012 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 2011, 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 2011, with the exception of changes in estimates that are required in determining the provision for income taxes.

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 2011 as included in the Company's annual report for the year ended 31 December 2011.

(i) Change in accounting policy

In December 2010, the HKICPA amended HKAS 12 "Income taxes" to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

The Board considers the Group's business model is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Accordingly, the presumption is rebutted and related deferred tax is not remeasured upon the adoption of HKAS 12.

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on this Group.

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

The following new standards and amendments to standards have been published but are not effective for the financial year beginning 1 January 2012 and the Group has not early adopted:

- HKFRS 9 "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. HKFRS 9 will be effective for accounting period beginning on or after 1 January 2015.

- HKFRS 10 "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. HKFRS 10 will be effective for the accounting period beginning on or after 1 January 2013.

3 Accounting policies (Continued)

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

- HKFRS 12 "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. HKFRS 12 will be effective for the accounting period beginning on or after 1 January 2013.

- HKFRS 13 "Fair value measurement" aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. HKFRS 13 will be effective for the accounting period beginning on or after 1 January 2013.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

Taxes on income in the six months ended 30 June 2012 are accrued using the tax rate 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	Others	Total
Six months ended 30 June 2012 (unaudited)						
Total revenue	963,209	96,963	96,024	189,442	—	1,345,638
Inter-segment revenue	(3,471)	—	—	—	—	(3,471)
Revenue (from external customers)	959,738	96,963	96,024	189,442	—	1,342,167
Segment results	342,320	(9,882)	(7,292)	31,879	(52,603)	304,422
Depreciation and amortisation	(5,934)	(1,891)	(2,113)	(1,361)	(974)	(12,273)
Fair value gain/(loss) of investment properties	80,664	—	(6,615)	(27,891)	—	46,158
Interest income	3,313	19,962	335	370	639	24,619
Finance costs	(500)	(306)	—	(3,933)	—	(4,739)
Income tax expenses	(170,440)	(11,086)	102	(12,190)	—	(193,614)

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	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)

4 Segment information (Continued)

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Elimination	Total
As at 30 June 2012 (unaudited)							
Total segment assets	30,504,229	27,624,180	7,172,916	8,039,513	8,341,107	(32,358,743)	49,323,202
Total segment assets include:							
Investment in an associate	4,917	—	—	—	—	—	4,917
Investment in a jointly controlled entity	24,436	—	—	—	—	—	24,436
Deferred income tax assets							320,778
Other unallocated corporate assets							3,956,083
Total assets							53,600,063

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

4 Segment information (Continued)

RMB'000	Six months ended 30 June **2012 (unaudited)**	 2011 (unaudited)
Segment results	**304,422**	951,156
Fair value gain of investment properties	**46,158**	709,755
Depreciation and amortisation	**(12,273)**	(8,686)
Operating profit	**338,307**	1,652,225
Interest income	**24,619**	50,444
Finance costs	**(4,739)**	(1,107)
Profit before income tax	**358,187**	1,701,562
Additions to:		
– Property, plant and equipment	**311,696**	57,988
– Investment properties	**303,974**	151,166
	615,670	209,154

5 Investment properties

RMB'000	Six months ended 30 June **2012 (unaudited)**	 2011 (unaudited)
At beginning of the period	**8,557,663**	7,223,208
Additions	**303,974**	151,166
Fair value gain (included in "other gains/(losses), net") (note 11)	**46,158**	709,755
At end of the period	**8,907,795**	8,084,129

6 Trade and other receivables and prepayments

RMB'000	**30 June 2012 (unaudited)**	31 December 2011 (audited)
Trade receivables from third parties (a)	**129,319**	79,055
Other receivables from third parties	**934,991**	1,290,427
Prepayments for construction costs and other prepayments:	**3,171,716**	2,885,719
– Related parties (note 16(b))	**1,592,444**	1,608,420
– Third parties	**1,579,272**	1,277,299
Prepayments for land premium	**5,275,848**	5,381,917
Prepaid business taxes and other taxes	**431,181**	305,278
	9,943,055	9,942,396

(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 2012 (unaudited)**	31 December 2011 (audited)
Within 6 months	**79,054**	34,012
Between 7 – 12 months	**16,507**	34,705
Over 12 months	**33,758**	10,338
	129,319	79,055

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 2011, 30 June 2011, 1 January 2012 and 30 June 2012	38,000,000,000	380,000			
Issued and fully paid:					
Ordinary shares of HK$0.01 each at 1 January 2011, 30 June 2011, 1 January 2012 and 30 June 2012	7,792,645,623	77,926	68,745	7,822,982	7,891,727

8 Borrowings

RMB'000	**30 June 2012 (unaudited)**	31 December 2011 (audited)
Borrowings included in non-current liabilities:		
– Bank borrowings – secured	**3,458,765**	3,686,123
– Senior Notes due 2015 – secured (a)	**1,907,799**	1,897,100
	5,366,564	5,583,223
Borrowings included in current liabilities:		
– Bank borrowings – secured	**9,965,010**	9,302,813
	9,965,010	9,302,813
Total borrowings	**15,331,574**	14,886,036

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.

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

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

RMB'000	**30 June 2012 (unaudited)**	31 December 2011 (audited)
Within 1 year	**9,965,010**	9,302,813
After 1 and within 2 years	**2,607,238**	2,518,952
After 2 and within 5 years	**2,387,752**	2,638,185
After 5 years	**371,574**	426,086
	15,331,574	14,886,036

9 Trade and other payables

RMB'000	30 June 2012 (unaudited)	31 December 2011 (audited)
Trade payables (a):	**3,242,999**	2,997,697
– Related parties (note 16(b))	**4,861**	3,524
– Third parties	**3,238,138**	2,994,173
Other payables to third parties (b):	**1,879,909**	1,604,276
– Acquisition consideration payable	**310,000**	497,746
– Advances from third parties	**239,480**	119,850
– Other payables and accrued expenses	**1,330,429**	986,680
Other taxes payable	**150,983**	149,785
	5,273,891	4,751,758

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

RMB'000	30 June 2012 (unaudited)	31 December 2011 (audited)
Within 6 months	**2,410,314**	2,143,779
Between 7 – 12 months	**300,947**	605,866
Over 12 months	**531,738**	248,052
	3,242,999	2,997,697

(b) As at 30 June 2012, advances from third parties of RMB239,480,000 are unsecured, bear annual weighted average interest of 18.3% and are repayable within one year from the date of drawdown. Other than this, all remaining other payables due to third parties are unsecured, interest free and repayment on demand.

10 Other income

	Six months ended 30 June	
RMB'000	2012 (unaudited)	2011 (unaudited)
Interest income	**24,619**	50,444
Rental income	**16,876**	13,313
Others	**1,790**	9,433
	43,285	73,190

11 Other gains/(losses), net

RMB'000	Six months ended 30 June 2012 (unaudited)	2011 (unaudited)
Fair value gain of investment properties	**46,158**	709,755
Exchange (losses)/gains, net	**(8,250)**	31,917
	37,908	741,672

12 Finance costs

RMB'000	Six months ended 30 June 2012 (unaudited)	2011 (unaudited)
Interest expenses:		
– Bank borrowings	**708,955**	624,433
– Senior Notes due 2015 (note 8(a))	**126,308**	129,611
– Shanghai Bay Arrangement (note 8(b))	**—**	194,546
– Others	**4,740**	181
Total interest expenses	**840,003**	948,771
Less: interest capitalised in properties under development	**(835,264)**	(947,664)
	4,739	1,107

13 Income tax expenses

RMB'000	Six months ended 30 June 2012 (unaudited)	2011 (unaudited)
Current income tax:		
– PRC corporate income tax	**72,344**	126,480
– PRC land appreciation tax	**84,357**	442,492
	156,701	568,972
Deferred income tax:		
– Origination and reversal of temporary differences	**36,913**	198,655
	36,913	198,655
	193,614	767,627

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.

	Six months ended 30 June	
RMB'000	**2012 (unaudited)**	2011 (unaudited)
Profit attributable to the owners of the Company	**166,243**	933,217
Weighted average number of ordinary shares in issue (thousands)	**7,792,646**	7,792,646

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June 2011, the Company only has share options that are dilutive potential ordinary shares. For the six months ended 30 June 2012, the computation of the diluted earnings per share does not assume the exercise of the Company's share options, of which the relevant exercise price was higher than the average market price of the Company's shares for the period when the options are outstanding.

	Six months ended 30 June	
	2012 (unaudited)	2011 (unaudited)
Earnings (RMB'000)		
Profit attributable to the owners of the Company	**166,243**	933,217
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
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**7,792,646**	7,810,755

15 Dividend

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2012 (Six months ended 30 June 2011: Nil).

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	**2012 (unaudited)**	2011 (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	**580,807**	475,535
Purchase of property design services from an associated company	**8,621**	15,507

(b) Balances with related parties

As at 30 June 2012 and 31 December 2011, the Group had the following significant balances with related parties:

RMB'000	**30 June 2012 (unaudited)**	31 December 2011 (audited)
Balances included in current assets:		
Prepayments to related companies for construction costs or purchase of services included in "Prepayments"		
– Shanghai Ditong	**1,590,153**	1,606,429
– Other related companies	**2,291**	1,991
	1,592,444	1,608,420
Balance included in non-current assets:		
Loan to a jointly controlled entity	**1,974,445**	1,967,905
Balances included in current liabilities:		
Trading balances included in "Trade payables"	**4,861**	3,524

16 Related party transactions (Continued)

(b) Balances with related parties (Continued)

The loan to 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 2012, the annual interest rate is 10%.

Except for the aforementioned terms for the loan to a jointly controlled entity, as at 30 June 2012 and 31 December 2011, all other balances with related parties were unsecured, interest free and repayable on demand.

(c) Key management compensation

	Six months ended 30 June	
RMB'000	**2012 (unaudited)**	2011 (unaudited)
Salaries and other short-term employee benefits	**15,124**	22,172
Share-based compensation	**7,123**	16,282
	22,247	38,454

17 Accounting of acquisitions

There was no acquisition for the six months ended 30 June 2012.

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
Glorious Yangguang Xindi (Dalian) Property Co., Ltd. (恒盛陽光鑫地(大連)置業有限公司) (formerly known as Zhongchengjian (Dalian) Property Development Co., Ltd. 中城建(大連)房地產開發有限公司) (referred as to "Glorious Yangguang Dalian")	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 net 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	**Glorious Yangguang Dalian**	**Jiangsu Cultural Property Group**	**Combined**
Property, plant and equipment	1,601	3,901	5,502
Properties under development and prepayments	792,112	1,478,736	2,270,848
Cash and cash equivalents	89	26,413	26,502
Trade and other payables	(3,467)	(691)	(4,158)
Borrowings	—	(286,159)	(286,159)
Non-controlling interests	(237,100)	(562,200)	(799,300)
Total acquisition consideration	553,235	660,000	1,213,235
Less: Acquisition consideration payable as at 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 2012, the amount of outstanding guarantees for mortgages were approximately RMB6,484,006,000 (31 December 2011: RMB6,148,378,000). 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 2012 (unaudited)**	31 December 2011 (audited)
Contracted but not provided for:		
– Land use right	**1,059,056**	1,360,990
– Property development expenditures	**10,554,415**	8,916,932
– Construction materials	**22,476**	79,193
	11,635,947	10,357,115

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恒盛地產控股有限公司
GLORIOUS PROPERTY HOLDINGS LIMITED

香港中環康樂廣場8號交易廣場2座 25樓 2501至2504室
Suites 2501-2504, 25th Floor, Two Exchange Square,
8 Connaught Place, Central, Hong Kong.

電話 Telephone : (852) 3101 4888
傳真 Facsimile : (852) 3101 4688

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