恒盛地產
GLORIOUS PROPERTY

The Ultimacy of Life

築・極致人生

ANNUAL REPORT 2012

GLORIOUS PROPERTY HOLDINGS LIMITED

Stock Code: 00845

Corporate Profile

Glorious Property Holdings Limited ("Glorious Property" or the "Company", together with its subsidiaries, the "Group", HKEx Stock Code: 00845) is a property developer in key economic cities of China, focusing on the development of large-scale and high quality properties in Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China. At present, the Group has 30 projects in 12 cities including Beijing, Tianjin, Shanghai, Wuxi, Suzhou, Nanjing, Nantong, Hefei, Harbin, Changchun, Shenyang and Dalian.

Contents

Corporate Information and Key Dates

Board of Directors

Executive Directors
Mr. Cheng Li Xiong *(Chairman)*
Mr. Ding Xiang Yang *(Vice Chairman)*
Mr. Liu Ning *(Chief Executive 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. Cheng Li Xiong
Mr. Liu Shun Fai

Nomination Committee

Mr. Cheng Li Xiong *(Chairman)*
Mr. Wo Rui Fang
Mr. Han Ping

Corporate Governance Committee

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

Finance Committee

Mr. Cheng Li Xiong
Mr. Ding Xiang Yang
Mr. Liu Ning

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 the 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, 25th Floor
Two Exchange Square
8 Connaught Place
Central, Hong Kong
Telephone: (852) 3101 4888
Facsimile: (852) 3101 4688
Email: ir@gloriousphl.com.cn

Key Dates

Closure of Register of Members
21 May 2013 to 24 May 2013

Annual General Meeting
24 May 2013

Choice of Language or Means of Receipt of Corporate Information

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

(i) wish to receive a printed copy; or

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

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

Website:

http://www.gloriousphl.com.cn

Stock Code:

00845


Prudent
Operation

Chairman's Statement

Cheng Li Xiong
Chairman

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Glorious Property Holdings Limited ("Glorious Property" or the "Company", together with its subsidiaries, collectively the "Group"), I am pleased to present the 2012 Annual Report of the Group.

Performance

In 2012, the Group achieved revenue of RMB8,384.7 million, representing a year-on-year ("YOY") decrease of 12.5%. Profit attributable to shareholders of the Group amounted to RMB1,081.6 million, representing a YOY decrease of 51.2%. Excluding fair value gain of investment properties and the related tax effect and other one-off gains/losses, profit attributable to shareholders amounted to RMB703.4 million, representing a YOY decrease of 59.5%. Basic earnings per share was RMB0.14 (2011: RMB0.28). The Group's shareholders' equity (excluding non-controlling interests) increased to RMB18,151.1 million, representing a YOY increase of 6.5%. Net book value per share amounted to RMB2.33, representing a YOY increase of 6.5%.

Business Review

Under the influence of the European sovereign debt crisis and the economic recession as well as the slackened growth of major economies in 2012, the overall growth of the global economy slowed down remarkably. Being affected by the external economy, the economic growth of China also experienced a substantial YOY decrease. The Central Government of China continued to implement the "Home Purchase Restrictions" which were the key of its austerity measures on the property market while stepping up its support to the rigid demand since the second quarter of the year, in response to the need in securing the economic growth. Hence, there was a gradual rebound in the trading volume of the property market and the decline of the property price was alleviated gradually. Based on the condition of 2012, the overall operation of the property market was stable due to the continual effect exerted by a series of austerity measures. Concurrently, both the investment and speculative demand were curbed effectively and the housing demand for self-use purposes became the mainstream in the market. A mild growth in property price on a YOY basis was recorded in major cities. The trading volume continued to recover and the market sentiment became generally rational.

In 2012, in order to cope with market challenges, the Group adopted active and flexible sales and pricing strategies, accelerated the sales of inventory and lifted up the sales of existing projects, still achieving a satisfactory performance on the whole.

Property Sales

During the year, the Group's property sales amounted to RMB10,930.4 million, representing a YOY decrease of 18.0%. The gross floor area ("GFA") sold amounted to 1.3 million sq.m., representing a YOY decrease of 18.5%. The average selling price was RMB8,576 per sq.m..

During the year, the Group realised property sales in 10 cities, in which a higher proportion was contributed by second- and third-tier cities. They made up 54.9% and 72.1% of the total property sales and GFA sold respectively.

As the volume of newly launched properties was relatively less and the launch of some of the new projects was deferred, both the property sales and GFA sold recorded a YOY decrease during the year.

Land Bank

During the year, the Group consistently adhered to its prudent investment strategy so as to secure a safe cash flow. No new land was acquired.

As at 31 December 2012, the Group had low-cost and high-quality land bank situated in 12 cities in China with a total land bank of 16.2 million sq.m.. The average land cost was RMB1,302 per sq.m. which could meet the development requirement of the Group over the next five years.

Nationwide Strategy

During the year, the Group's property sales from Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China accounted for 41.0%, 21.5%, 6.8% and 30.7% of the total property sales respectively. The Group successfully tapped major markets in regions other than Shanghai in recent years and its regional development achieved a good result. In 2012, the property sales in Northeast China amounted to RMB3,355.9 million and the GFA sold was 529,309 sq.m.. The market position of the Group's projects in Shanghai Region continued to strengthen. The proportion of the sales amount and the GFA sold in cities other than that of Shanghai Region continued to rise steadily to 59.0% and 76.1% respectively. The Group continued to achieve the goal in balancing the development in first- and second-tier cities.

Professional Development

In order to achieve the goal of sustainable and stable development, the Group accelerated the enhancement of its professional development capability. During the year, the Group entirely fostered the standardisation system and achieved new breakthrough and development in areas including product standardisation, cost standardisation, tendering and bidding standardisation and construction management standardisation. The development capability and efficiency of the Group were constantly enhanced.

Exquisite Management

During the year, the Group further enhanced the level of exquisite management and steadily advanced the total budget management. A series of budgets such as the development budget, marketing budget, management budget fully entered the stage of systematisation. The standards of project management, construction management, cash flow management and capital management were steadily reinforced. The corporate operations and the financial risk were controlled effectively. The Group further optimised the organisational structure of the functional centers and streamlined the functional positioning. The operation mechanism and management effectiveness were uplifted and the exquisite management system became mature gradually.

Corporate Finance

During the year, the Group actively controlled the liquidity risks brought by the excessively high level of short-term debts, strengthened the strategic cooperation with domestic banks in China and explored multiple financing channels. A remarkable progress in optimising the debt structure was achieved in return. The level of the Group's short-term debts to total borrowings was reduced from 62.5% at the year end of 2011 to 38.6% at the year end of 2012. The debt structure of the Group gradually became reasonable and the liquidity condition was significantly improved.

As at the end of 2012, the Group had RMB3.3 billion of cash on hand and an unutilised credit facilities of RMB19.1 billion. Despite the steady business development of the Group, it still managed to control the gearing ratio at a relatively reasonable level of 68.8%.

Corporate Governance

The Group endeavored to enforce a high level of corporate governance and believed that was vital to the development of the Group and was able to safeguard the benefit of the shareholders. Being a responsible enterprise, the corporate governance standards of the Group was founded on the principles of independence, accountability, transparency and credibility.

The Group had a Board of Directors with excellent working efficiency and they sought to maximise the benefit for shareholders through its audit committee, remuneration committee, nomination committee, corporate governance committee and finance committee that ensured the reporting system, the sufficiency of the internal monitoring and the enhancement of the accountability system.

Human Resources Management

The Group regarded human resources as an important corporate asset and actively organised various cultural activities to improve staff's physical and mental well-being. Meanwhile, the Group provided various training programs to its staff to ensure their personal ability being constantly uplifted and their ability being brought into full play at work. In addition, the Group provided excellent paths of career enhancement and motivation mechanism for its staff that further fostered team spirit internally. During the year, the Group organised an outstanding staff selection program, and awards in "Stars of Glorious", "Excellent Team" and "Excellent Professionals" were given to commend staff for their hard work and outstanding performance.

Corporate Social Responsibility

In 2012, the Group aligned with its goal in contributing to the harmonious development of the society and consistently fulfilled its social responsibilities as a trustworthy corporate citizen. Being a publicly listed company, the Group endeavored to build quality residential and commercial projects and promoted the concept in caring for the natural surroundings and protecting the environment by implementing green management. The Group made significant contribution to charitable activities in various areas such as environmental protection and education. During the year, the Group sponsored Oxfam Hong Kong for its "Oxfam Rice Sale 2012" and arranged volunteer team to participate in the charity sale. Approximately HK$120,000 was raised and the Group was honored with three awards, namely "Most Supportive Organisation Award – Champion", "The Highest Fund Raising Organisation (Sponsors) – First runner-up" and "Outstanding Bulk Order Fund Raising Award".

Corporate Culture

The Group strove to create a corporate culture in achieving and sharing together through encouraging harmonious and united work atmosphere, constructing all-rounded and multi-level communication system as well as a variety of career development schemes. Glorious culture with strong cohesion was created within the Group. During the year, the Group organised various cultural activities such as an annual gathering event called "Glorious Hearts, Glorious Triumph", with a view to strengthen the communication with its staff and help foster team building and staff relationship establishment. The Group also organised various social activities for staffs to participate in.

Business Outlook

Under the condition of persistent European sovereign debt crisis, the fiscal contraction and the U.S. fiscal cliff unsolved in 2013, the developed economies in the world will still encounter severe challenges in the economic recovery, therefore, facing uncertainties in the prospects of the economic growth. Under the influence of the external economic conditions, emerging economies are going to encounter higher risks in their economic growth as well. In 2013, it is expected that the Chinese economy will grow moderately, but will also encounter both the unfavorable external economic conditions and the new challenges given by the need to change the ways in the economic development in China. In the Central Economic Work Conference of China held at the end of 2012, the importance in fostering a sustainable and a healthy development of the economy was stressed. The expansion in domestic demand, the acceleration in urbanisation, the continual implementation of proactive fiscal policies and the prudent monetary policies will provide favorable external conditions to property developers.

In 2013, it is expected that the austerity measures on the property market imposed by the Central Government of China will continue and the Home Purchase Restrictions are unlikely to be withdrawn in the short run. Local governments will continue to implement the austerity measures. The Central Government of China will target to establish long-term mechanism and system in regulating and controlling the property market at the same time, fostering the healthy development of the property market in the long term.

Hence, it is expected that property market in China will generally experience a stable development in 2013. The external operating environment for property developers will become more stable. Property developers have to consolidate their foundation in business fundamentals and to formulate their own development strategies according to the market needs, so as to achieve sound operating performance and survive amid market competition.

Market Strategy

The Group will continue to adhere to its flexible sales and pricing strategies, speeding up the sales and cash inflows of projects. Newly-launched projects will be priced according to the market condition and effective sales strategies will also be formulated to accelerate the sales absorption rate of projects, fulfilling the rigid demand of the market.

Investment Strategy

The Group will continue to adhere to its prudent investment strategy and will select new land acquisitions prudently upon the availability of sufficient cash flow and safe liquidity condition. The goal in enhancing the land bank composition and achieving sustainable development in existing cities will be emphasized and new projects of low cost and fast turnover rate will be acquired to cater to the rigid demand. The construction and sales of new projects will be ensured to speed up sales and cash inflow.

Operational Strategy

The Group will continue to foster the product standardisation and dedicate to the development of exquisite projects to meet the demand of self-use purposes of the market. The asset turnover will be expedited and the increase in return of shareholders' funds will be targeted. The Group will make efforts to further enhance the decision-making system and control system and improve the execution capability in various operational levels.

Financial Strategy

The Group will emphasize on strengthening the management of operating cash flow and will endeavor to increase cash flow for sales. The Group will stringently implement budget management on capital expenditure. Meanwhile, it will continue to optimise its debt structure, strive to lower the cost of capital and strictly control the net gearing ratio at a reasonable level to ensure the financial prudence of the Group.

Dear shareholders, despite the considerably large uncertainties underlying both the external and internal economic environment of China in 2013, it is expected that the implementation of austerity measures on the property market will be continued. We believe that the Chinese economy will maintain a sound development and the property market in China will experience a stable and positive development. There will be more opportunities than challenges for the property industry. The Group will adhere to devise its development strategies and measures in line with the market trend and maintain a steady progress in fostering the establishment of its standardisation system. It will also insist on enhancing its control system and improving the development and execution capabilities of the Group. The Board has full confidence in the development prospects of the Group.

Cheng Li Xiong
Chairman
Hong Kong, 28 March 2013

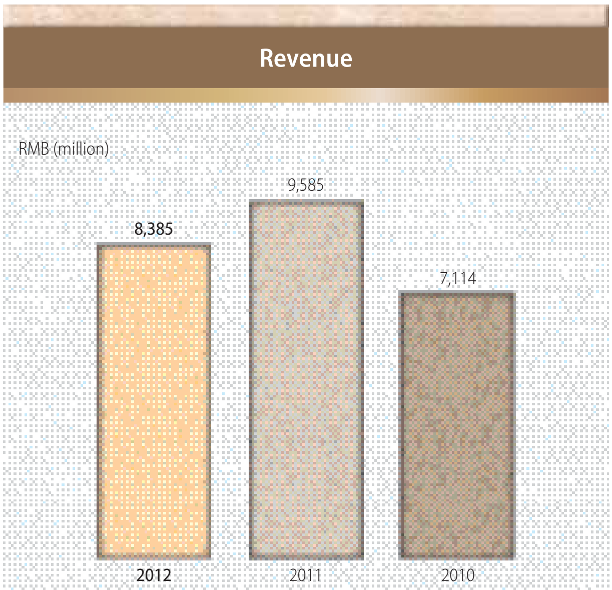

Creation of
Classics

Management Discussion and Analysis

Annual Highlights

Annual Highlights

- In 2012, the Group recorded a revenue of RMB8,384.7 million and the delivered gross floor area ("GFA") amounted to 1.0 million sq.m..
- In 2012, the Group achieved property sales of RMB10,930.4 million and the GFA sold was 1.3 million sq.m..
- As at 31 December 2012, the Group had a total land bank of 16.2 million sq.m., Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China, accounted for 12.4%, 51.3%, 24.7% and 11.6% of the total land bank respectively. The average land cost was RMB1,302 per sq.m..



Management Discussion and Analysis

Market Review

Market Review

In 2012, the Central Government of China continued to implement stringent austerity measures on the property market. On one hand, "Home Purchase Restrictions, Mortgage Restriction and Price Restriction" were enforced to curb the investment and speculative housing demand. On the other hand, further stimulating measures for first-home purchases and moderate loosening of the mortgage loans policy were applied to support the rational housing demand for both self-use and upgrading purposes.

During the year, "Home Purchase Restrictions" remained as an important means of the austerity measures in the property market and it was strictly enforced in major cities in China. Regarding the mortgage restriction, the requirement of 60% down payment for second-home purchases and mortgage suspension for third-home purchases were prevalent in cities with mortgage restriction implemented. In cities where "Price Restrictions" were enforced, only few of them applied price ceiling measures to all housing prices in the same city, while others just restrained the YOY increase of the property prices. The austerity measures on the property market achieved remarkable results. In 2012, the property sales and area sold for the entire property market in China increased by 10.0% and 1.8% respectively, which were significantly slowed down as compared with 12.1% and 4.9% respectively in 2011, and property prices gradually stabilised.

During the year, the external economies recovered slowly and the economic growth of China slackened. The inflation rate leveled off and the "policy in ensuring constant growth" became the key focus in the domestic policies of China. Hence, the Chinese Government commenced the pre-adjustment and fine-adjustment on the austerity measures of the property market since the second quarter of this year. Addressing the mortgage demand of first-time home buyers, preferential mortgage rate and down payment were offered to them to demonstrate the differential mortgage policy in home buying. A number of cities across the country progressively modified the provident fund ordinance since April this year. The overall direction was to lower the threshold of the withdrawal and loan application of the provident fund and to increase the credit line and utility rate of it, moderately widening its scope of use. Austerity measures on the property market was fine tuned through adjusting the standards of ordinary residential property in many places across the country. In addition, The People's Bank of China lowered the required reserve ratio twice, in February and May respectively; and reduced the interest rate twice, in June and July respectively, applying moderate adjustment to the monetary policy. The People's Bank of China conducted reverse repurchase for a number of times during this year, that maximised the liquidity of the money market. The above measures helped relieve the "wait-and-see" sentiment of home buyers to a certain extent, boosted their confidence towards the property market. Besides, the purchasing power of home buyers was increased and the rebound of the property market was encouraged. As a result, the trading volume of the property market got back on track since the second quarter of this year, which was followed by a remarkable rebound in the trading volume of residential housing in major cities in the second half of the year. Most of the property developers achieved decent sales results.

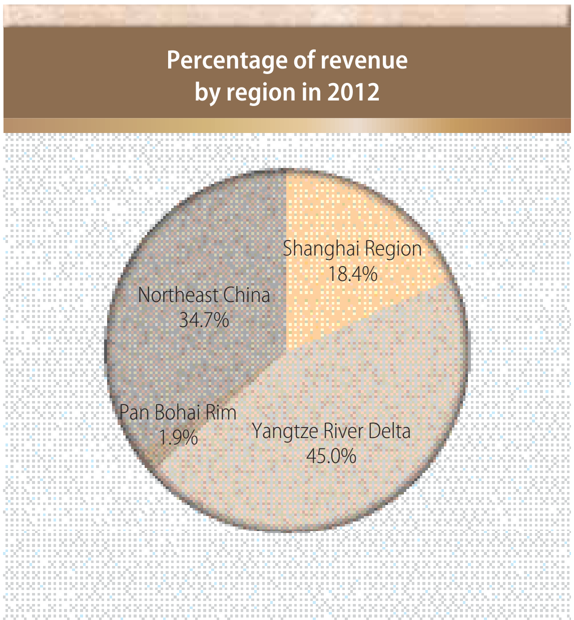
Facing the sustained austerity measures, the Group paid close attention to market changes. Differential sales strategies and pricing strategies were adopted, and the pace of development of existing projects and sales of newly-launched projects were accelerated. Needs of home buyers were fully comprehended and the project positioning and design were further enhanced, producing residential projects which fulfilled the market demand. Moreover, product standardisation will be extensively fostered and costs in development and operation will be controlled. Meanwhile, the development progress of projects was accelerated and the asset turnover was raised, so as to ensure timely return of cash from sales.

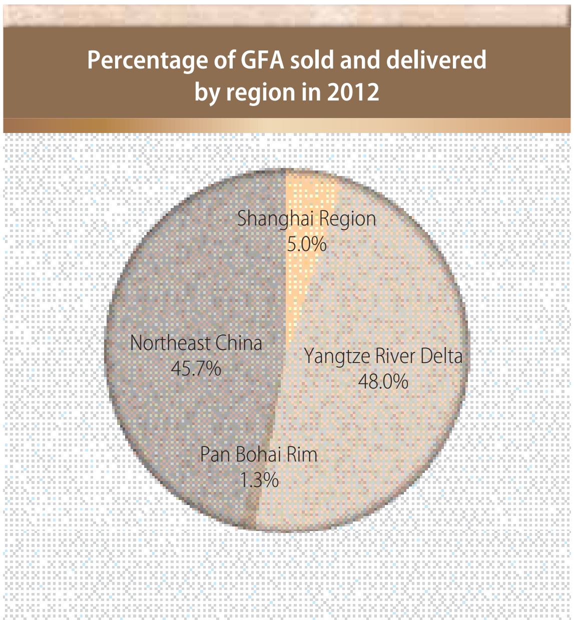
Management Discussion and Analysis
Business Review

Business Review

I. Revenue

For the year ended 31 December 2012, the Group recorded a consolidated revenue of RMB8,384.7 million, representing a decrease of 12.5% from RMB9,585.4 million in 2011. The sold and delivered GFA increased by 3.0% to 1,042,891 sq.m. in 2012 from 1,012,818 sq.m. in 2011. The average selling price recognised decreased by 15.0% to RMB8,040 per sq.m. in 2012 from RMB9,460 per sq.m. in 2011.





In 2012, the Group recognised revenue for 18 projects. Among which, revenue from the sales of seven projects in first-tier cities (Shanghai and Beijing) accounted for 19.9%. Revenue from the sales of 11 projects in second- and third-tier cities (Tianjin, Wuxi, Hefei, Shenyang, Harbin, Changchun and Nantong), accounted for 80.1%. According to the total GFA sold and delivered in 2012, approximately 5.0% was contributed by projects in Shanghai Region, 48.0% by projects in Yangtze River Delta (excluding Shanghai), 1.3% by projects in Pan Bohai Rim and 45.7% by projects in Northeast China.

Business Review (Continued)

I. Revenue (Continued)

Projects sold and delivered in 2012 and 2011 included:

Projects sold and delivered	City	2012 Revenue (RMB'000)	2012 GFA sold and delivered (sq.m.)	2012 Average selling price recognised (RMB/sq.m.)	2011 Revenue (RMB'000)	2011 GFA sold and delivered (sq.m.)	2011 Average selling price recognised (RMB/sq.m.)
Sunshine Venice	Shanghai	17,669	657	26,893	23,893	1,032	23,152
Chateau De Paris	Shanghai	2,217	302	7,341	16,171	2,327	6,949
Shanghai Park Avenue	Shanghai	1,168	212	5,509	2,500	467	5,353
Shanghai Bay	Shanghai	1,057,294	17,284	61,172	1,319,933	19,501	67,685
Royal Lakefront	Shanghai	462,516	33,850	13,664	3,494,509	265,159	13,179
Sunshine Bordeaux	Beijing	63,654	8,034	7,923	526,558	67,262	7,828
Royal Mansion	Beijing	67,007	2,812	23,830	111,188	4,820	23,068
Sunshine Holiday	Tianjin	25,996	2,433	10,686	24,415	1,630	14,979
No.1 City Promotion	Wuxi	6,172	1,028	6,004	28,455	4,324	6,581
Nantong Glorious Chateau	Nantong	33,655	6,326	5,320	938,993	194,910	4,818
Nantong Villa Glorious	Nantong	1,557,654	186,730	8,342	–	–	N/A
Nantong Royal Bay	Nantong	836,077	65,390	12,786	–	–	N/A
Hefei Villa Glorious	Hefei	559,284	87,899	6,363	529,138	98,720	5,360
Hefei Royal Garden	Hefei	781,114	152,977	5,106	–	–	N/A
Sunny Town	Shenyang	510,724	74,737	6,834	713,506	116,816	6,108
Harbin Villa Glorious	Harbin	618,475	84,759	7,297	1,852,476	235,850	7,854
Harbin Royal Garden	Harbin	1,007,834	129,521	7,781	–	–	N/A
Changchun Villa Glorious (East)	Changchun	775,971	187,940	4,129	–	–	N/A
Subtotal		8,384,481	1,042,891	8,040	9,581,735	1,012,818	9,460
Other revenue		259			3,708		
Total		8,384,740			9,585,443		

Business Review (Continued)

II. Property Sales

In 2012, the Group recorded property sales of RMB10,930.4 million, representing a YOY decrease of 18.0%. The GFA sold was 1.3 million sq.m., representing a YOY decrease of 18.5%. Property sales of Shanghai Region accounted for approximately 41.0% of the total property sales of the Group, amounting to RMB4,481.6 million and representing a YOY increase of 21.0%. The GFA sold of Shanghai Region was 305,092 sq.m. with a YOY increase of 89.1%. Property sales of Northeast China amounted to RMB3,355.9 million, and GFA sold amounted to 529,309 sq.m. Regarding the sales of individual projects, Shanghai City Glorious in Shanghai Region realised strong sales, achieving a sales absorption rate of 91%. Hefei Royal Garden in Yangtze River Delta was well-received by home buyers and achieved a sales absorption rate of over 85%. In addition, since Nantong Royal Bay in Yangtze River Delta adopted flexible market pricing and sales strategies in the second half of 2012, the annual sales of the project was significantly improved.

Shanghai City Glorious recorded a strong property sales

Hefei Royal Garden was well-received by home buyers

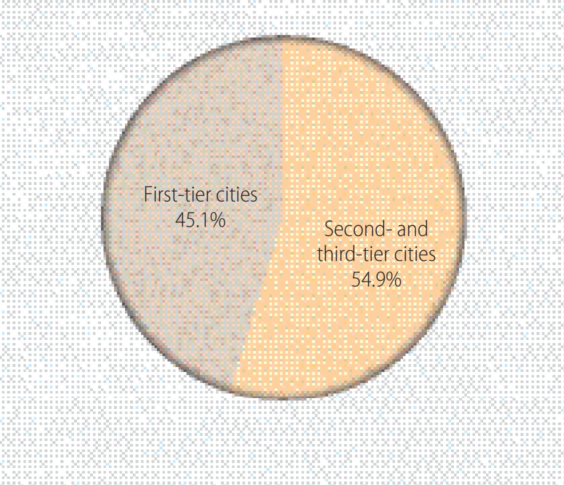
Business Review (Continued)

II. Property Sales (Continued)

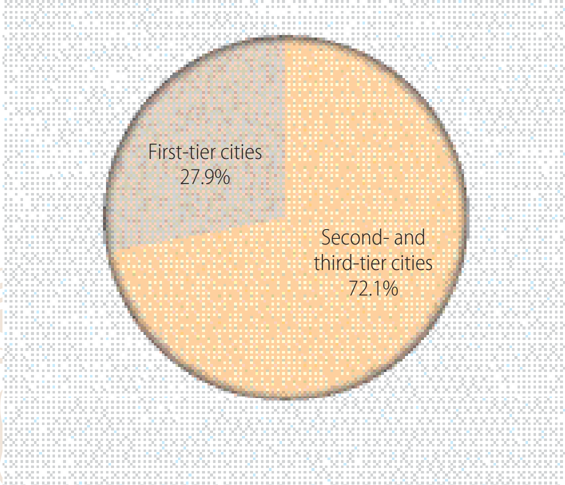
Property sales and GFA sold by region in 2012 and 2011:

Region	Property sales (RMB'000)			GFA sold (sq.m.)		
	2012	2011	Change (%)	**2012**	2011	Change (%)
Shanghai Region	**4,481,590**	3,703,754	21.0%	**305,092**	161,339	89.1%
Yangtze River Delta	**2,355,261**	3,976,077	-40.8%	**335,114**	569,468	-41.2%
Pan Bohai Rim	**737,649**	1,374,484	-46.3%	**105,087**	134,263	-21.7%
Northeast China	**3,355,924**	4,267,681	-21.4%	**529,309**	699,731	-24.4%
Total	**10,930,424**	**13,321,996**	**-18.0%**	**1,274,602**	**1,564,801**	**-18.5%**

Percentage of property sales in first-, second- and third- tier cities in 2012

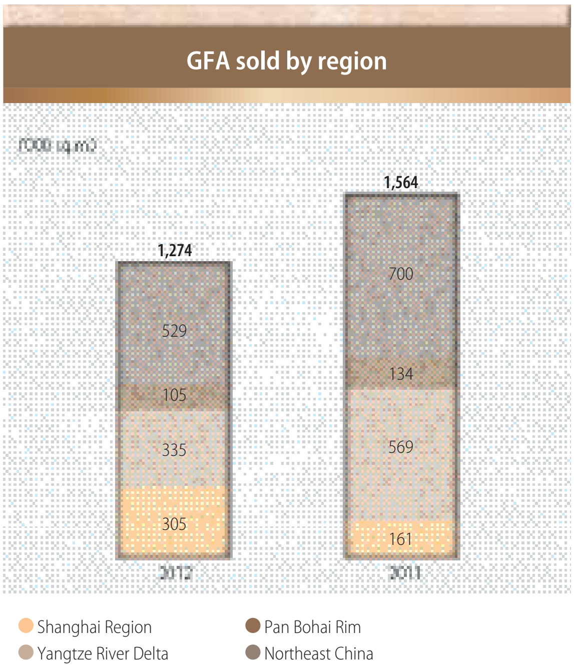


Percentage of GFA sold in first-, second- and third-tier cities in 2012



Business Review (Continued)

II. Property Sales (Continued)



In 2013, the Group expects to launch 23 projects to the market for sale, including Shanghai Bay, Shanghai City Glorious and Royal Lakefront in Shanghai Region; Nanjing Royal Bay, Nantong Glorious Chateau, Nantong Royal Garden, Nantong Villa Glorious, Nantong Royal Bay, Hefei Royal Garden, Hefei Bashangjie Project and No.1 City Promotion in Yangtze River Delta; Glorious Artstyle Townhouse, Royal Mansion, Sunshine Holiday, Tianjin Royal Bay Seaside and Tianjin Royal Bay Lakeside in Pan Bohai Rim; Sunny Town, Dalian Villa Glorious, Dalian Plot No. 200 Project, Changchun Villa Glorious (East), Changchun Villa Glorious (West), Harbin Villa Glorious and Harbin Royal Garden in Northeast China. The Group expects the total saleable area in 2013 will be approximately 2.1 million sq.m..

Business Review (Continued)

II. Property Sales (Continued)

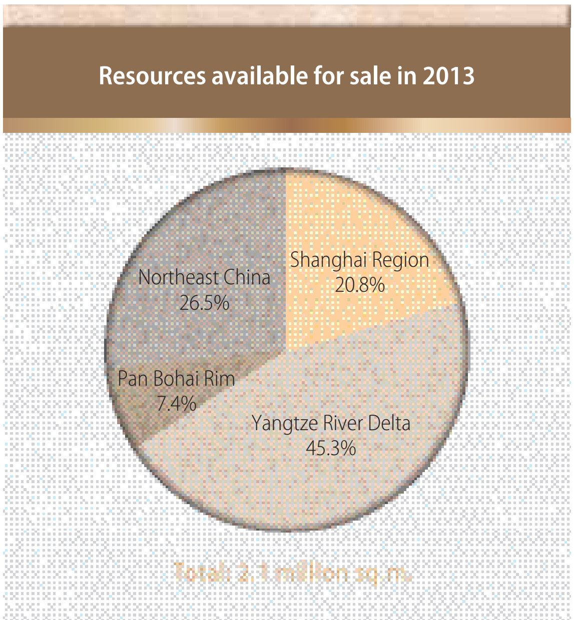
Projects which are expected to be available for sale in 2013:

	City	Project	Saleable GFA *(sq.m.)*	Interests attributable to the Group
Shanghai Region				
1	Shanghai	Shanghai Bay	92,851	100%
2	Shanghai	Shanghai City Glorious	341,212	100%
3	Shanghai	Royal Lakefront	1,401	100%
	Subtotal		435,464	
Yangtze River Delta				
4	Nanjing	Nanjing Royal Bay	204,395	60%
5	Nantong	Nantong Glorious Chateau	97,437	100%
6	Nantong	Nantong Royal Garden	61,000	100%
7	Nantong	Nantong Villa Glorious	79,125	100%
8	Nantong	Nantong Royal Bay	198,035	100%
9	Hefei	Hefei Royal Garden	85,378	100%
10	Hefei	Hefei Bashangjie Project	166,286	100%
11	Wuxi	No.1 City Promotion	54,672	100%
	Subtotal		946,328	
Pan Bohai Rim				
12	Beijing	Glorious Artstyle Townhouse	13,205	100%
13	Beijing	Royal Mansion	13,511	100%
14	Tianjin	Sunshine Holiday	23,100	100%
15	Tianjin	Tianjin Royal Bay Seaside	63,418	100%
16	Tianjin	Tianjin Royal Bay Lakeside	41,000	70%
	Subtotal		154,234	
Northeast China				
17	Shenyang	Sunny Town	39,037	100%
18	Dalian	Dalian Villa Glorious	76,705	100%
19	Dalian	Dalian Plot No. 200	46,018	70%
20	Changchun	Changchun Villa Glorious (East)	102,784	100%
21	Changchun	Changchun Villa Glorious (West)	162,805	100%
22	Harbin	Harbin Villa Glorious	60,567	100%
23	Harbin	Harbin Royal Garden	66,583	100%
	Subtotal		554,499	
Total			**2,090,525**	

Business Review (Continued)

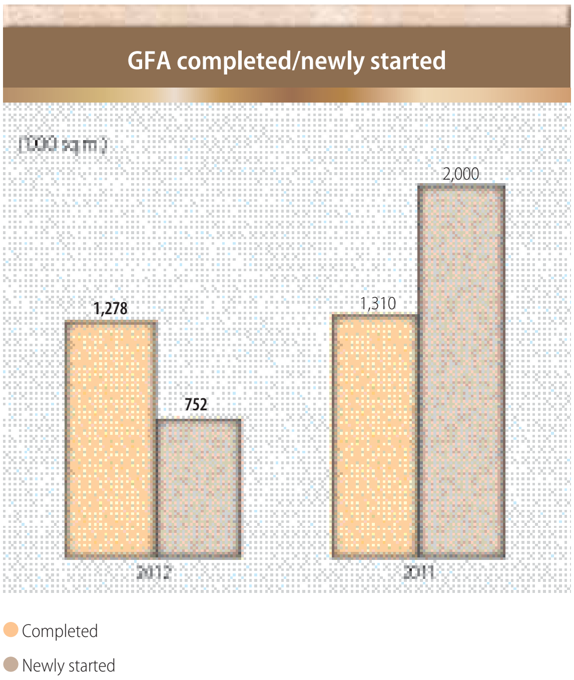
II. Property Sales (Continued)

Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China accounts for 20.8%, 45.3%, 7.4% and 26.5% respectively of the Group's resources which are expected to be available for sale in 2013. Shanghai Region, Yangtze River Delta and Northeast China will be major regions in contributing to the sales of the Group in 2013.



III. Construction and Development

In 2012, the total residential GFA completed by the Group was approximately 1.3 million sq.m.. Projects under construction in all regions progressed as planned, adding another 750,000 sq.m. to the new construction area.



Business Review (Continued)

III. Construction and Development (Continued)

During the year, the Group entirely fostered the establishment of standardisation system and further strengthened its project management, construction management, cash flow management and capital management. The management efficiency and project control were further enhanced. By reinforcing the management capabilities of the cost management center and project management center and establishing a sturdy mechanism in project quality management, the Group endeavored to strike a sustainable balance between project quality enhancement and progress of projects.

IV. Land Bank

The Group maintained a prudent investment strategy in acquiring land and reasonably acquired new land based on the condition of cash flow and financial resources.

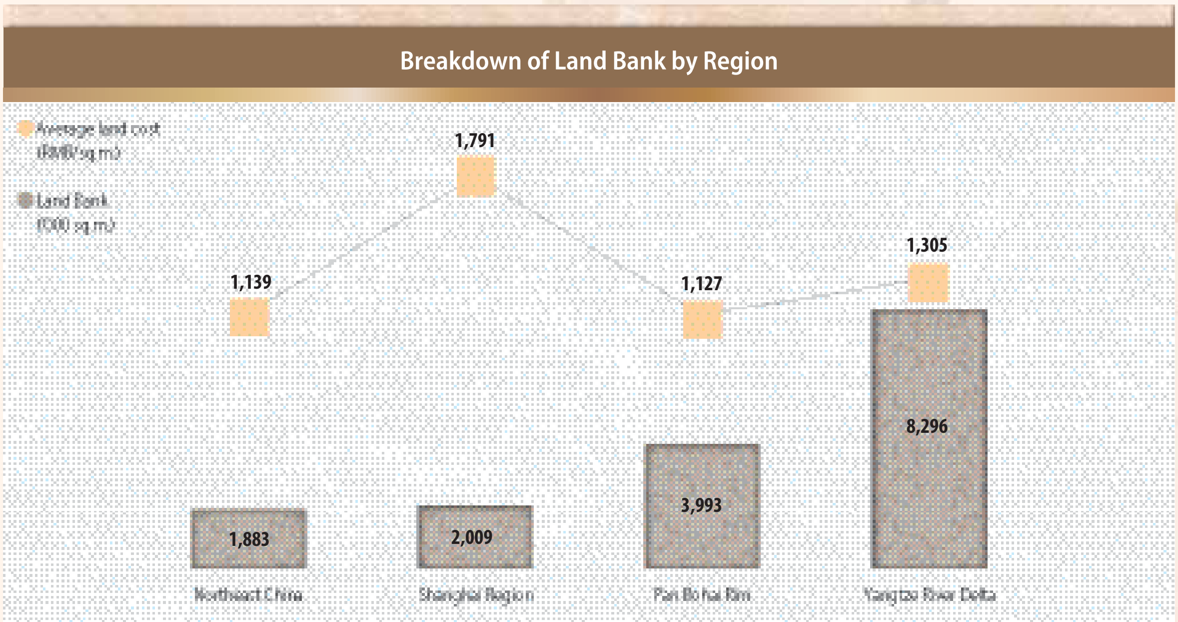
During the year, the Group consistently adhered to its prudent investment strategy to secure a safe cash flow. No new land was acquired in 2012.

Showflat of Nantong Royal Bay in Nantong

Business Review (Continued)

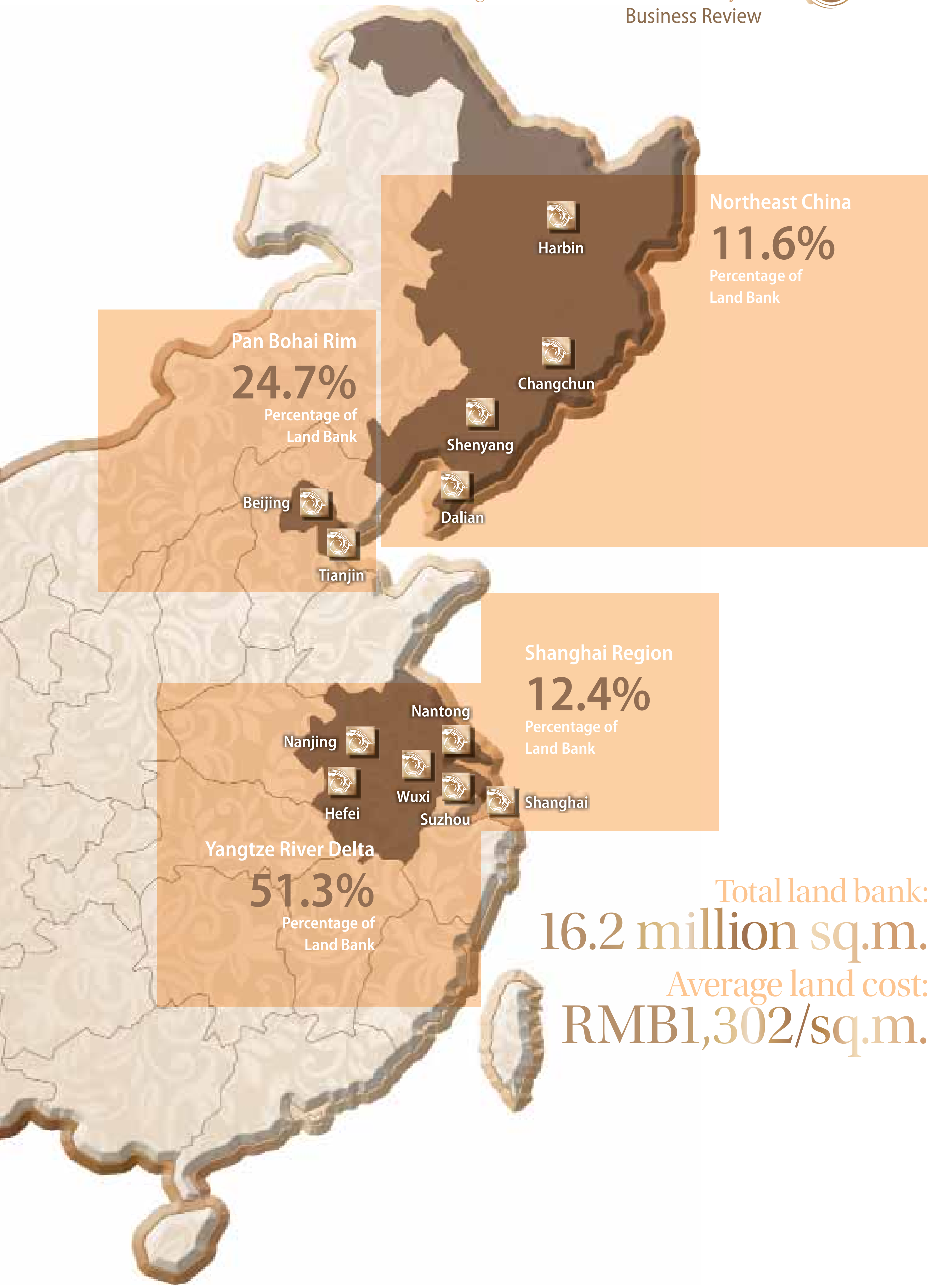
IV. Land Bank (Continued)

Distribution of land bank by region as at 31 December 2012 was as follows:



As at 31 December 2012, the total land bank of the Group was 16.2 million sq.m., which was sufficient to meet its development need over the next five years. The average land cost was RMB1,302 per sq.m.. The relatively low-cost land bank provided the Group with a strong foundation in maintaining its sustainable development and generating higher profit margins in the future.

The Group's land bank was evenly distributed over first-, second- and third-tier cities, of which 21.8% in first-tier cities and 78.2% in second- and third-tier cities.



Total land bank:
16.2 million sq.m.
Average land cost:
RMB1,302/sq.m.

Business Review (Continued)

IV. Land Bank (Continued)

Overview of land bank by project as at 31 December 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, serviced apartment, office and commercial	751,111	611	100%
2	Sunshine Venice	Shanghai	Putuo District	Residential, hotel and commercial	41,757	554	100%
3	Royal Lakefront	Shanghai	Fengxian District	Residential and commercial	137,551	1,870	100%
4	Shanghai City Glorious	Shanghai	Baoshan District	Residential and commercial	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%
	Subtotal				2,008,738	1,791	
Yangtze River Delta							
7	Nantong Glorious Chateau	Nantong	New District, Rugao Port Zone	Residential and commercial	4,164,840	322	100%
8	Nantong Royal Garden	Nantong	Rugao Town	Residential and commercial	388,859	1,234	100%
9	Nantong Glorious Plaza	Nantong	New District	Hotel, office and commercial	297,486	348	100%
10	Nantong Royal Bay	Nantong	Chongchuan District	Residential, office and commercial	633,737	4,719	100%
11	Nantong Villa Glorious	Nantong	Chongchuan District	Residential and commercial	10,964	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	53,915	680	100%
15	Hefei 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	300,007	1,207	100%
17	Nanjing Royal Bay	Nanjing	Xiaguan District	Residential and commercial	663,913	6,013	60%
	Subtotal				8,296,080	1,305	

Business Review (Continued)

IV. Land Bank (Continued)

	Project	City	Location	Use	Land bank *(sq.m.)*	Average land cost *(RMB/sq.m.)*	Interest attributable to the Group
Pan Bohai Rim							
18	Sunshine Holiday	Tianjin	Hedong District East	Residential, hotel and commercial	72,281	799	100%
19	Tianjin Royal Bay Seaside	Tianjin	Dagang District	Residential, hotel and commercial	841,727	1,396	100%
20	Tianjin Royal Bay Lakeside	Tianjin	Tuanbohu District	Residential and commercial	1,567,303	1,225	70%
21	Royal Mansion	Beijing	Haidian District	Residential and commercial	90,406	3,395	100%
22	Sunshine Bordeaux	Beijing	Daxing District	Residential and commercial	1,320,752	493	100%
23	Glorious Artstyle Townhouse	Beijing	Daxing District	Residential and commercial	100,270	3,862	100%
	Subtotal				3,992,739	1,127	
Northeast China							
24	Harbin Villa Glorious	Harbin	Qunli New District	Residential and commercial	43,732	979	100%
25	Harbin Royal Garden	Harbin	Qunli New District	Residential and commercial	5,932	2,451	100%
26	Sunny Town	Shenyang	Yuhong District	Residential and commercial	120,023	1,133	100%
27	Changchun Villa Glorious (East)	Changchun	New and High-tech District	Residential and commercial	358,471	868	100%
28	Changchun Villa Glorious (West)	Changchun	New and High-tech District	Residential and commercial	845,088	1,004	100%
29	Dalian Villa Glorious	Dalian	Jinzhou New District	Residential and commercial	165,375	1,674	100%
30	Dalian Plot No. 200	Dalian	Jinzhou New District	Residential and commercial	344,000	1,497	70%
	Subtotal				1,882,621	1,139	
Total					**16,180,178**	**1,302**	

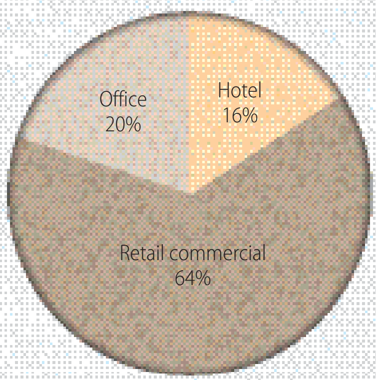
Business Review (Continued)

V. Development of Commercial Properties

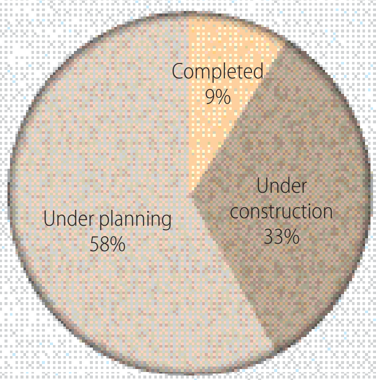
The Group steadily fostered the development of its commercial properties. As at 31 December 2012, approximately 200,000 sq.m. of commercial properties were completed by the Group, and around 800,000 sq.m. of commercial property projects were still under construction.

Retail commercial properties, high-end office buildings and high-end hotels account for 64%, 20% and 16% of the total commercial properties of the Group respectively. The Group plans to possess most of the commercial properties to secure stable rental income.

Types of commercial properties



Stages of commercial properties



Total GFA of 2.4 million sq.m. is planned for commercial properties

No. 1 City Promotion in Wuxi is still under construction

Business Review (Continued)

V. Development of Commercial Properties (Continued)

Major commercial projects under construction are as follows:

City	Project	Project type	GFA *(sq.m.)*
Shanghai	Shanghai Bay	Commercial, serviced apartment, office and hotel	243,025
Shanghai	Shanghai City Glorious	Commercial	4,373
Wuxi	No.1 City Promotion	Commercial	37,445
Nantong	Nantong Glorious Chateau	Commercial	20,467
Nantong	Nantong Villa Glorious	Commercial	10,964
Nantong	Nantong Royal Bay	Commercial	13,000
Nantong	Nantong Glorious Plaza	Commercial, office and hotel	299,183
Hefei	Hefei Royal Garden	Commercial	4,000
Beijing	Sunshine Bordeaux	Commercial	2,277
Shenyang	Shenyang Glorious Plaza	Commercial	94,930
Changchun	Changchun Villa Glorious (East)	Commercial	48,450
Dalian	Dalian Villa Glorious	Commercial	3,596
Harbin	Harbin Villa Glorious	Commercial	16,528
Total			**798,246**

Shenyang Glorious Plaza in Shenyang is still under construction

Management Discussion and Analysis
Highlights of Major Projects under Development

Shanghai Region Shanghai Bay

City	Shanghai
Location	Xuhui District
Use	Residential, hotel, serviced apartment, office and commercial
Land cost (RMB/sq.m.)	611
Interest attributable to the Group	100%
Land bank (sq.m.)	751,111
Project descriptions	"Shanghai Bay" is located at the prime location of Huangpu River in Xuhui District of Shanghai. The peripheral area is one of the major construction sites under the "The Twelfth Five-Year Plan" of Shanghai. The project has an extensive view of amazing coastline and natural scenery of the World Expo. It includes high-quality apartments, kindergartens, five-star hotels, boutique themed hotels, shopping malls, culture themed commercial, 5A office buildings and various superior ancillary services etc. The top-notch planning of the project and the fine quality of its development make it the community paragon of the core area of the Shanghai City upon its completion.

Shanghai Region Shanghai City Glorious

City	Shanghai
Location	Baoshan District
Use	Residential and commercial
Land cost (RMB/sq.m.)	923
Interest attributable to the Group	100%
Land bank (sq.m.)	866,019
Project descriptions	"Shanghai City Glorious" is a large-scale residential project located at the core of Gaojing section in Baoshan District. Its southern part links with the core of Shanghai. Its geographical location is superior, with convenient transportation. The project is closely adjacent to Zhonghuan Road, Yixian Highway, Railroad Transport Line 1, Line 3 and various public routes. The project enjoys the advantage of commercial ancillary facilities of Baoshan District.

Yangtze River Delta Nantong Royal Bay

City	Nantong
Location	Chongchuan District
Use	Residential, office and commercial
Land cost (RMB/sq.m.)	4,719
Interest attributable to the Group	100%
Land bank (sq.m.)	633,737
Project descriptions	"Nantong Royal Bay" is located in Chongchuan of Nantong. Its western part is next to Gongnong Road, while its southern part is close to Hongqiao Road. The project is being developed into a large-scale residential and commercial project. The first phase of Nantong Royal Bay was launched in December 2010 and received overwhelming responses.

Yangtze River Delta Nanjing Royal Bay

City	Nanjing
Location	Xiaguan District
Use	Residential and commercial
Land cost (RMB/sq.m.)	6,013
Interest attributable to the Group	60%
Land bank (sq.m.)	663,913
Project descriptions	"Nanjing Royal Bay" is located at the Sancha River Zone, Xiaguan District of Nanjing and is adjacent to Yangtze River. It comprises nine blocks of high-rise residential buildings in Art Deco architecture style, a round-shaped commercial building and a commercial complex. It will be a core project within Binjiang District in Nanjing with a large-scale waterfront and a high-end urban complex along Binjiang.

Yangtze River Delta Hefei Bashangjie Project

City	Hefei
Location	Yaohai District
Use	Residential, hotel, office and commercial
Land cost (RMB/sq.m.)	881
Interest attributable to the Group	100%
Land bank (sq.m.)	1,347,100
Project descriptions	"Hefei Bashangjie Project" is located at Mingguang Road in the center of Hefei in close proximity to the ancient Xiaoyaojin and is adjacent to Nanfei River. The project is expected to become a landmark in the area upon completion. The project is being developed into a large-scale residential and commercial complex with a five-star hotel, a Grade A commercial skyscraper, a fine central mansion and a large shopping mall that provide one-stop shopping experience of living.

Pan Bohai Rim Royal Mansion

City	Beijing
Location	Haidian District
Use	Residential and commercial
Land cost (RMB/sq.m.)	3,395
Interest attributable to the Group	100%
Land bank (sq.m.)	90,406
Project descriptions	"Royal Mansion" is next to Yuquan Road in Haidian District of Beijing and north of Changan Street West. It enjoys the convenience of urban transportation. The buildings have high-end stone materials for external walls and feature simple and modern European style. This quality project will stand in pride in the cultural contexts in western Beijing.

Northeast China Changchun Villa Glorious

City	Changchun
Location	New and High-tech District
Use	Residential and commercial
Integrated land cost (RMB/sq.m.)	963
Interest attributable to the Group	100%
Land bank (sq.m.)	1,203,559
Project descriptions	"Changchun Villa Glorious" is divided into two land parcels. The land bank of the eastern parcel and the western parcel are 358,471 sq.m. and 854,088 sq.m. respectively. The project is located at New and High-tech District, which is the fastest growing economic area in Changchun. It is close to the People's Government of Changchun and is the core area under the master urban development plan of the city. Benefiting from the nearby Bayi Reservoir, Fuqiang Reservoir, and Fourth Ring Road South, it enjoys the natural ecological advantages and convenient transportation. The project is a large European style complex with high-rise apartments, villas, commercial, and greenery. The first phase of the eastern parcel of Changchun Villa Glorious was launched in June 2011 and received overwhelming responses.

Northeast China Dalian Villa Glorious

City	Dalian
Location	Jinzhou New District
Use	Residential and commercial
Land cost (RMB/sq.m.)	1,674
Interest attributable to the Group	100%
Land bank (sq.m.)	165,375
Project descriptions	"Dalian Villa Glorious" is located at the core of Jinzhou New District in Dalian of Liaoning Province. It mainly comprises high-rise residential buildings and ancillary commercial facilities. Its design of architecture follows Art Deco style which is reliable and lofty with significant layers. There are unique gardens in French style with amazing scenery. The project is adjacent to Daheishan National Forest Park with attractive scenery.

Northeast China Shenyang Glorious Plaza

City	Shenyang
Location	Yuhong District
Use	Commercial and shopping center
Land cost (RMB/sq.m.)	1,133
Interest attributable to the Group	100%
Land bank (sq.m.)	94,930
Project descriptions	"Shenyang Glorious Plaza" is a one-stop shopping center which integrates shopping, entertainment, food and beverage, leisure and services altogether. The project is located at the conjunction of Nujiang Street North and Qingshan Road of Shenyang. The upper and lower portions are divided into six storeys in total. Currently, "Shenyang Glorious Plaza" is listed as the prime construction project in Shenyang. Its location has been planned as the core commercial area in the north of Shenyang.

Management Discussion and Analysis
Future Outlook

Future Outlook

The Group believes that the global economy will continue to recover slowly in 2013. The recovery of the U.S. economy remains slow as its fiscal cliff is yet to be resolved. The European sovereign debt crisis shows no significant improvement and it will take a longer period in problem-solving and to achieve a revival of the European economy. The economic growth of China will experience a significant retardation under the influence of external environment. In 2013, "Progress while Preserving Stability" will become the key focus of the economic development of China and it will continue to sustain the economic growth and the stability of the overall price level. Meanwhile, it will foster the refinement of the economic structure and will modify the mode of economic development so as to achieve a higher quality of economic growth. The three major economies, namely Europe, the U.S. and China, will experience considerable uncertainties in their economic performance in 2013, and this will continue to influence the prospects of both the global financial market and the global economy.

In 2013, the Central Government of China is expected to continue to implement stringent austerity measures on the property market while the policy orientation in curbing the investment and speculative demand is unlikely to be changed. Home Purchase Restrictions will remain as the major control means that will not be withdrawn in the short run, and the construction of affordable housings will continue to progress. However, if the property prices experience a considerable increase, more stringent policies will possibly be introduced. Under the premise that the austerity measures on the property market is unlikely to be loosened, the Central Government of China will sustain its support to the housing demand for self-use purposes. Besides, urbanisation will become the critical force to drive the future economic development and the expansion of domestic demand. All such issues are beneficial to the steady development of the property market in China.

Under the conditions of steady macroeconomic growth, robust monetary policies, tightened supply of new property projects and elevated trading volume, it is expected the property market will maintain its stable development in 2013, and the property prices will rise steadily. However, if the property prices soar, austerity measures implemented by the Government on the property market will become more probable in 2013. In response to such market conditions, property developers have to reasonably assess risks and opportunities in various markets and optimise the layout in different cities according to their respective market positioning and strategic planning. Meanwhile, it is necessary to pay close attention to market changes, to have insights into future trends and to grasp the policy trends so as to deliver products of reasonable prices that can fulfill the market demand. The Group anticipates that there will be a greater differentiation among property developers and an intensification in the industry consolidation, leading to an elevated market concentration rate in the property market.

Market Strategy

The Group will closely monitor changes of market conditions and proactively respond to market and policy changes. Project development, sales of existing projects and delivery of new projects will be accelerated, so as to speed up cash inflows from sales. Quality projects will be developed to satisfy the self-use demand of the market. In terms of pricing, the Group will determine reasonable prices for projects based on the latest trend in the market. The Group will continue to maintain its leading position in Shanghai region and further expedite its development in regions including Northeast China and Yangtze River Delta. The implementation of the development strategy regarding city penetration will be continued, and emphasis will be put on cities and regions where sound sales performance was achieved.

Investment Strategy

The Group will continue to adhere to its investment strategy of "balancing inflows and outflows." It will appropriately acquire quality land bank according to the conditions of sales and cash inflows, the requirements to maintain a sound financial position and the total amount, distribution and layout of the Group's land bank. In addition, the Group will continue to maintain its leading position in Shanghai region and will also moderately increase investment in first- and second-tier major cities and optimise land portfolio in order to establish a solid foundation for a steady development in the future. In 2013, more emphasis will be attached to projects of lower cost, higher turnover and those which can fulfill the rigid demand.

Future Outlook (Continued)

Operational Strategy

The Group will adopt its operation philosophy of "Progress while Preserving Stability" to speed up the development of existing projects and delivery of new projects so as to provide sufficient resources available for sale. It will also foster product standardisation and endeavor to increase the asset turnover. To enhance the execution capability of the Group, the Group will strive to establish a more professional operations management team to steadily advance the enhancement of its management model, systems and mechanisms as well as the operating efficiency. Meanwhile, the Group will continue to intensify the control over cost and quality in order to constantly uplift the performance-to-price ratio of its products.

Financial Strategy

The Group will continue to adhere to its prudent financial policy, enhance cash flow management, and control its total borrowings at a reasonable level so as to effectively manage and control its financial risks. The Group will further improve its debt structure and capital structure by adopting a more diversified approach to financing through multiple platforms and channels. Meanwhile, capital expenditure budgeting management will be stringently implemented.

Showflat of Hefei Royal Garden in Hefei

Greenery measures of Tianjin Sunshine Holiday in Tianjin

Management Discussion and Analysis

Customer Service

Customer Service

The Group always strove to fulfill customers' demands. Through persistent reformation and innovation, it built ideal homes which were low-carbon and environmental friendly and provided comprehensive community services to its customers. All these were well recognised by the society. In 2012, Nantong Royal Bay received "Green Building Design Rating Label – Grade 2" in February; Hefei Bashangjie Project received "Supreme Design Award for the Integration of Architecture and Photo-thermal System Driven by Solar Energy in Hefei" in October; Sunny Town in Shenyang received "Property Keeper Gold Award" in December regarding its quality property management service. In addition, the Group emphasized the communication with homeowners. "Glorious Club" of the Group strengthened the interaction with homeowners by organising a variety of activities for homeowners every year and publishing a bimonthly magazine, the Glorious Club. In terms of projects, customer services were steadily enhanced due to the positive serving attitudes adopted by the Group's branch offices in different regions. In May 2012, "Summer Family Sports Day in Nantong Royal Bay" was organised by Nantong office of the Group. And "Glorious Cup Pets Sports Day "was organised by Hefei office in July. All these activities deepened the understanding and trust between homeowners and the Group.

Homeowners brought their pets to participate "Glorious Cup Pets Sports Day" organised by Hefei office

"Summer Family Sports Day in Nantong Royal Bay" which was organised by Nantong office received enthusiastic participation and support from homeowners

Management Discussion and Analysis
Financial Review

Financial Review

For the year ended 31 December 2012, the Group recorded a consolidated revenue of RMB8,384.7 million, representing a decrease of 12.5% compared to RMB9,585.4 million in 2011. The Group's profit attributable to shareholders for the year ended 31 December 2012 was RMB1,081.6 million, representing a decrease of 51.2% compared to RMB2,215.7 million for 2011. Profit attributable to the owners of the Company for the year ended 31 December 2012 (excluding the fair value gain of investment properties and the related tax effect and other one-off gain/losses) amounted to RMB703.4 million, representing a decrease of 59.5% from RMB1,734.9 million for 2011.

Results for the year ended 31 December 2012 are as follows:

RMB'000	2012	2011
Revenue	**8,384,740**	9,585,443
Cost of sales	**(6,463,366)**	(5,788,246)
Gross profit	**1,921,374**	3,797,197
Other income	**82,043**	182,695
Other gains, net	**520,077**	724,419
Selling and marketing expenses	**(235,457)**	(240,998)
Administration expenses	**(405,582)**	(435,957)
Finance costs	**(8,326)**	(2,526)
Share of (loss)/profit of an associate	**(1,704)**	338
Share of loss of a jointly controlled entity	**(3,382)**	(4,143)
Profit before income tax	**1,869,043**	4,021,025
Income tax expenses	**(790,855)**	(1,811,944)
Profit for the year	**1,078,188**	2,209,081
Profit attributable to:		
— the owners of the Company	**1,081,631**	2,215,654
— non-controlling interests	**(3,443)**	(6,573)
Profit for the year	**1,078,188**	2,209,081

Revenue

For the year ended 31 December 2012, the Group recorded a consolidated revenue of RMB8,384.7 million, representing a decrease of 12.5% compared to RMB9,585.4 million in 2011. During the year, the Group delivered properties of 1,042,891 sq.m., as compared to 1,012,818 sq.m. for the year ended 31 December 2011. Due to the higher proportion of properties delivered in the second- and third-tier cities in current year, average selling price recognised decreased to RMB8,040 per sq.m. in 2012 from RMB9,460 per sq.m. in 2011.

Nantong Villa Glorious and Harbin Royal Garden started to contribute revenue to the Group's consolidated revenue for the first time in the current year, amounting to RMB1,557.7 million and RMB1,007.8 million respectively, representing 18.6% and 12.0% of the Group's consolidated revenue for the year ended 31 December 2012, ranking first and third of all of the Group's projects in 2012. Shanghai Bay in Shanghai continued to contribute revenue to the Group's revenue in 2012 with RMB1,057.3 million, ranking second in the Group's projects. Other three new projects, including Nantong Royal Bay, Hefei Royal Garden and Changchun Villa Glorious, also started to contribute revenue for the Group in 2012 and the revenue from these new projects accounted for 28.5% of the Group's total revenue in 2012.

Financial Review (Continued)

Cost of Sales

The cost of sales for the year ended 31 December 2012 was RMB6,463.4 million, representing an increase of 11.7% compared to RMB5,788.2 million in 2011. The average costs of sales in 2012 was RMB6,197 per sq.m., as compared to RMB5,711 per sq.m. in 2011.

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

	2012		2011	
	RMB'000	**RMB per sq.m.**	RMB'000	RMB per sq.m.
Construction costs	**3,493,054**	**3,349**	3,194,664	3,154
Land costs	**1,967,716**	**1,887**	1,388,368	1,371
Capitalised interests	**535,208**	**513**	665,578	657
Business taxes and other levies	**467,163**	**448**	535,993	529
Sub-total	**6,463,141**	**6,197**	5,784,603	5,711
Cost of sales of other business	**225**	**N/A**	3,643	N/A
Total	**6,463,366**		5,788,246	

The higher average cost of sales was mainly due to higher land costs associated with the properties from the new projects that were sold and delivered in 2012.

Gross Profit

The Group's consolidated gross profit for 2012 was RMB1,921.4 million, representing a decrease of 49.4% from a gross profit of RMB3,797.2 million in 2011. The Group's gross profit margin was 22.9% for the year ended 31 December 2012, as compared to 39.6% for 2011. The lower consolidated gross profit and gross profit margin for 2012 was mainly due to higher proportion of properties being sold and delivered in the second- and third-tier cities at where the average selling prices and profit margins are generally lower.

Other Income

Other income for the year ended 31 December 2012 was RMB82.0 million (2011: RMB182.7 million), mainly included interest income of RMB41.8 million (2011: RMB145.5 million).

Financial Review (Continued)

Other Gains, Net

Other gains, net for the year ended 31 December 2012 were RMB520.1 million (2011: RMB724.4 million), which were primarily due to a fair value gain on the Group's investment properties of RMB504.3 million (2011: RMB677.1 million).

Selling and Marketing Expenses

Selling and marketing expenses for the year ended 31 December 2012 were RMB235.5 million, representing a decrease of 2.3% as compared to RMB241.0 million in 2011. Although the Group continuously launched selling and marketing activities for its property development projects in 2012, for the purpose of coping with the more difficult market environment, the Group continues to implement cost-saving initiatives, thus selling and marketing expenses decreased slightly as compared to 2011.

Administrative Expenses

Administrative expenses for the year ended 31 December 2012 were RMB405.6 million, representing a decrease of 7.0% compared to RMB436.0 million for 2011.The Group continued to implement cost-saving initiatives in the current year that continued to cause in savings in the Group's administrative expenses during 2012.

Finance Costs

Gross finance costs for the year ended 31 December 2012 were RMB1,853.3 million, representing an increase of 1.2% from RMB1,831.0 million for 2011. For the year ended 31 December 2012, finance costs of RMB1,845.0 million (2011: RMB1,828.5 million) have been capitalised, leaving RMB8.3 million (2011: RMB2.5 million) charged directly to the consolidated statement of comprehensive income.

Profit Before Income Tax

The Group's profit before income tax for the year ended 31 December 2012 was RMB1,869.0 million, representing a decrease of 53.5% compared to RMB4,021.0 million for 2011. The lower profit before income tax for 2012 was primarily due to decrease in revenue and gross profit margin as a result of lower average selling price recognised in the current year.

Income Tax Expenses

Income tax expenses for the year ended 31 December 2012 was RMB790.9 million, representing a decrease of 56.4% as compared to RMB1,811.9 million for 2011. The decrease in income tax expenses was primarily due to the decrease in pre-tax income in current year as a result of the lower gross profit. The effective income tax rate, excluding fair value gain of investment properties and other one-off gain/losses, was 48.7% for the year ended 31 December 2012, which is similar to the effective tax rate for 2011.

Financial Review (Continued)

Profit Attributable to the Owners of the Company

The Group's profit attributable to the owners of the Company for the year ended 31 December 2012 was RMB1,081.6 million, representing a decrease of 51.2% compared to RMB2,215.7 million for 2011. Profit attributable to the owners of the Company, excluding fair value gains from investment properties and the related tax effect and other one-off gains/losses, amounted to RMB703.4 million (2011: RMB1,734.9 million), which represented 8.4% of the Group's revenue for the year ended 31 December 2012 (2011: 18.1%).

Current Assets and Liabilities

As at 31 December 2012, the Group held total current assets of approximately RMB38,596.5 million (2011: RMB39,112.9 million), comprising mainly properties under development, trade and other receivables and prepayments and completed properties held for sale. Properties under development decreased slightly by 2.6% from RMB22,862.1 million as at 31 December 2011 to RMB22,256.4 million as at 31 December 2012. Despite the continuous progress of the Group's property development projects that have resulted in an increase in the carrying value of properties under development in 2012, the increase has been offset by the decrease in the carrying value of properties under development that has been recognised as cost of sales upon completion and delivery of properties during the year. Trade and other receivables and prepayments decreased by 21.8% from RMB9,942.4 million as at 31 December 2011 to RMB7,774.3 million as at 31 December 2012, mainly due to lower balance of prepayment for land premium as at 31 December 2012 upon getting the relevant land use right certificates during the year. Completed properties held for sale increased by 72.2% from RMB2,929.3 million as at 31 December 2011 to RMB5,044.4 million as at 31 December 2012. The higher balance of completed properties held for sale was mainly due to completion of five new projects in 2012 that the completed but unsold properties were reclassified as completed properties held for sale. Total current liabilities as at 31 December 2012 amounted to RMB21,824.1 million, compared with RMB25,282.6 million as at 31 December 2011, for which the decrease was mainly due to a decrease in short-term borrowings as at 31 December 2012. As at 31 December 2012, the current ratio (calculated as the total current assets divided by the total current liabilities) was 1.8 (2011: 1.5). The higher current ratio in 2012 was mainly resulted from the lower level of current borrowings.

Liquidity and Financial Resources

During 2012, the Group funded its property development projects principally from proceeds from pre-sales of properties and bank loans.

As at 31 December 2012, the Group had cash and cash equivalents of RMB992.7 million as compared to RMB1,021.1 million as at 31 December 2011.

Financial Review (Continued)

As at 31 December 2012, the Group's total borrowings amounted to RMB15,784.2 million, representing an increase of 6.0% compared to RMB14,886.0 million as at 31 December 2011. As at 31 December 2012, the Group's borrowings comprised the following:

RMB'000	**2012**	2011
Bank borrowings	**13,455,903**	13,070,266
Senior Notes due 2015[1]	**1,885,650**	1,890,270
Other borrowings	**647,790**	—
Sub-total	**15,989,343**	14,960,536
Adjusted by: unamortised loan arrangement fees and accrued interests	**(205,161)**	(74,500)
Total borrowings	**15,784,182**	14,886,036

Note:

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

The maturities of the Group's borrowings as at 31 December 2012 were as follows:

RMB'000	**2012**	2011
Within 1 year	**6,094,505**	9,302,813
After 1 and within 2 years	**6,365,956**	2,518,952
After 2 and within 5 years	**2,762,047**	2,638,185
After 5 years	**561,674**	426,086
Total	**15,784,182**	14,886,036

As at 31 December 2012, the Group had total banking facilities of RMB30,701 million (2011: RMB36,815 million) consisting of used banking facilities of RMB11,637 million (2011: RMB13,070 million) and unused banking facilities of RMB19,064 million (2011: RMB23,745 million).

Financial Review (Continued)

Gearing Ratio

The Group monitors its capital on the basis of the gearing ratio. Gearing ratio is calculated as net debt divided by total equity attributable to the owners of the Company. Net debt is calculated as total borrowings less cash and bank balances (including cash and cash equivalents and restricted cash). The gearing ratios as at 31 December 2012 and 2011 were as follows:

RMB'000	2012	2011
Total borrowings	**15,784,182**	14,886,036
Less: cash and bank balances	**(3,300,189)**	(3,166,353)
Net debt	**12,483,993**	11,719,683
Total equity attributable to the owners of the Company	**18,151,070**	17,050,918
Gearing ratio	**68.8%**	68.7%

The gearing ratio for 2012 was comparable to that for 2011.

Foreign Exchange Risk

The Group's property development projects are all located in the PRC and substantially all of the related transactions are settled in RMB. The Company and certain of the investment holding companies within the Group operate in Hong Kong have recognised assets and liabilities in currencies other than RMB, including the US$300.0 million Senior Notes due 2015 issued by the Company in October 2010 and the US$295.0 million bank loan due 2014. Apart from the Senior Notes due 2015 and the US$295.0 million bank loan that may cause the Group being exposed to a higher level of foreign currency exchange risk, the directors consider the exposures to foreign currency exchange risk in relation to other assets and liabilities to be insignificant. As at 31 December 2012, the Group had cash and bank balances, borrowings and trade and other payables that were denominated in foreign currencies as shown below:

RMB'000	2012	2011
Cash and bank balances:		
US$	**8,329**	21,018
HK$	**1,871**	6,236
Total	**10,200**	27,254
Borrowings:		
US$	**3,755,246**	3,762,474
Total	**3,755,246**	3,762,474
Trade and other payables:		
US$	**17,921**	1,575
HK$	**10,555**	8,012
Total	**28,476**	9,587

Financial Review (Continued)

Foreign Exchange Risk (Continued)

During the year ended 31 December 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. As at 31 December 2012, if RMB had strengthened/weakened by 5% against other currencies with all other variables held constant, post-tax profit for the year ended 31 December 2012 would have been RMB188.7 million higher/lower (2011: RMB187.2 million higher/lower).

Interest Rate Risk

As the Group has no significant interest-bearing assets except for the cash at bank and certain bank deposits, loan to a jointly controlled entity and certain other receivables, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's receivables that carry at fixed interest rates may expose the Group to fair value interest rate risk. The Group's exposures to changes in interest rates are mainly attributable to its borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates exposed the Group to fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

Pledge of Assets

As at 31 December 2012, the Group had the following categories of properties which had been pledged for the Group's borrowings:

RMB'000	**2012**	2011
Construction in progress	**968,163**	563,384
Investment properties	**5,817,000**	2,918,325
Properties under development	**8,590,531**	5,219,284
Completed properties held for sale	**2,062,635**	1,750,637
Total	**17,438,329**	10,451,630

As at 31 December 2012, equity interests of certain of the Company's subsidiaries and certain bank deposits had been pledged for the Group's borrowings.

As at 31 December 2012, properties under development of RMB426.4 million (2011: RMB421.2 million) were being pledged as collateral for certain loan facilities of principal amount not exceeding RMB240.0 million of a non-controlling shareholder of a subsidiary. The management will procure such non-controlling shareholder to release such pledge at the earliest time. The management has assessed all the circumstances and considered the impact of the continuation of such pledge to the financial statements to be immaterial.

Financial Review (Continued)

Financial Guarantee

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

Pursuant to the terms of the guarantees, upon a default in mortgage payments by these purchasers, the Group is responsible for repaying to the banks the outstanding mortgage principal, together with accrued interest and any penalty owed by the defaulting purchasers, and the Group is entitled to take over the legal title and possession of the related properties. The guarantee period starts from the date of the grant of the respective mortgage.

As at 31 December 2012, the amount of outstanding guarantees for mortgages was RMB6,404.4 million (2011: RMB6,148.4 million).

Capital and Operating Lease Commitments

As at 31 December 2012, the Group had capital commitments as follows:

RMB'000	**2012**	2011
Land use rights	**279,068**	1,360,990
Property development expenditures	**6,888,784**	8,916,932
Construction materials	**19,346**	79,193
Total	**7,187,198**	10,357,115

As at 31 December 2012, the future aggregate minimum lease payments of the Group under non-cancellable operating leases in respect of land and buildings were as follows:

RMB'000	**2012**	2011
No later than 1 year	**19,610**	37,175
Later than 1 year and no later than 5 years	**13,291**	24,666
Later than 5 years	**—**	625
Total	**32,901**	62,466

Employee and Remuneration Policy

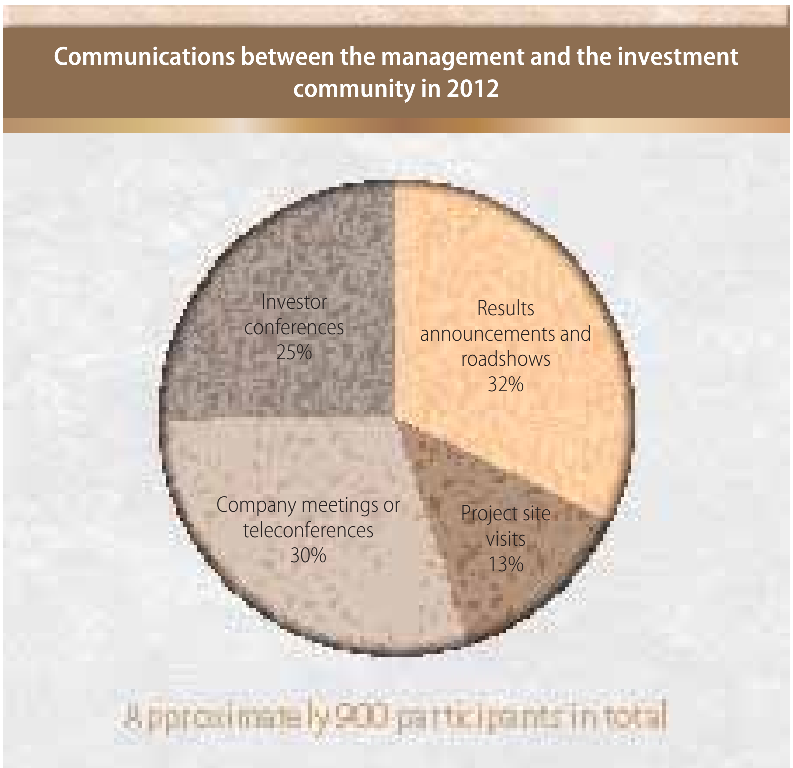
As at 31 December 2012, the Group had a total of 1,305 employees (2011: 1,468 employees). Total remuneration expenses and other employees' benefits costs for the year ended 31 December 2012 amounted to RMB198.0 million (2011: RMB183.0 million). The Group has adopted a system of determining the remuneration of employees based on the performance of employees. Apart from a basic salary, outstanding employees may be granted with annual bonus. In addition, the Group has adopted share option schemes to attract and retain high caliber talents to serve the Group. In terms of employee training, the Group provides different training programmes for employees to develop their expertise and knowledge.

Investor Relations

The Group is committed to promoting effective communications with shareholders and investors, so as to deepen the investment community's understanding of the Group and maintain a high level of corporate transparency, thereby creating value for shareholders on an ongoing basis.

To uphold the standards for the disclosure of information in an accurate, timely and transparent manner, the Group disseminates its latest news to the market timely via various channels such as annual and interim reports, monthly newsletters, press releases and the official website of the Group. Over 200 analysts, shareholders and related parties attended the two results announcements of the Group on which the management reported the results. The Group also organised a one-week investment roadshows in Hong Kong and Singapore, whereby the Group made in-depth communication with global investors and broadened the channel of communication with them.

During the year, the Group participated in 16 major investor conferences and arranged approximately 100 project site visits for the investment community. Besides, over 100 teleconferences, one-on-one and small group meetings were also convened. In addition, the management of the Group and the investor relations team maintained close and frequent communications with analysts and investors via phone calls or emails. These effective communication measures enabled investors to gain a better understanding of the Group's operations and development strategies timely, increasing transparency of the Group's operating information and facilitating the collection of precious feedbacks from the market.



The Group participated in investor conferences to maintain close communications with the investment community

The Group held the 2011 Annual Results Announcement Analyst Meeting

The Group attended the following conferences in 2012:

January

Credit Suisse Asian Real Estate and Consumer Conference, Hong Kong
UBS Greater China Conference, Shanghai
10th Annual Deutsche Bank Access China Conference 2012, Beijing
Macquarie Asia-Pacific Financials & Property Conference, Hong Kong

March

Announcement of the 2011 Annual Results
- Press conference
- Analyst Meeting

Post-results Roadshow, Hong Kong and Singapore

April

Mirae Asset Property & Financial Access Day, Hong Kong

May

Macquarie Greater China Conference, Hong Kong
CLSA 17th China Forum, Hong Kong
Barclays Select: Asia Property Conference, Hong Kong

June

J.P. Morgan's 8th Annual China Conference, Beijing

July

Citi HK/China Conference 2012, Hong Kong

August

Announcement of the 2012 Interim Results
- Press conference
- Analyst Meeting

Post-results Roadshow, Hong Kong and Singapore

October

Mirae Asset Securities Financial Access Day, Hong Kong

November

Citi Greater China Investor Conference 2012, Macau
CLSA China & HK Property Access Day, Hong Kong
CIMB 8th Hong Kong/China Conference, Hong Kong
Haitong Investment Conference, Shenzhen

December

Bank of America Merrill Lynch Greater China Property Corporate Day, Hong Kong


Effective
Teamwork

Corporate Social Responsibility Report

Environmental Protection and Promotion

The Group endeavors to construct premium residential projects and actively integrates environmental considerations into them. The Group also promotes the concept of caring for the nature and environmental conservation, so as to promote green management and create a pleasant environment.

Since the establishment of the Group, it has strictly complied with laws and regulations regarding environmental protection and adopted innovative and effective environmental technologies to ensure each of its projects meets the highest construction standards and ethics in respect of environmental protection. Regarding the project design and construction, the Group has formulated corresponding energy-saving and green building specifications which are applied to procedures in project construction and has conducted regular reviews on these measures. During the stage of planning and design, the Group has actively promoted material saving and the extensive use of environmental friendly construction materials so as to protect the environment and improve air quality within the community. During the construction stage, the Group has emphasized the importance of minimising greenhouse gas emission in order to reduce air and noise pollutions and lessen the impact on the surrounding environment.

To promote environmental consciousness, the Group organised a variety of environmental friendly activities including the "Royal Bay Cup – DIY Craftsmanship Competition for an Eco Home" which was held in Nantong. Waste recycling was the theme of the competition and the message of environmental protection was conveyed to the public in it.

The Group has been awarded honors on promoting environmental protection and green management over the years, such as awards in environmental design, energy saving and environmental protection etc. During the year, Nantong Royal Bay of the Group received the "Green Building Design Rating Label – Grade 2", recognising the achievement of the Group's efforts on environmental protection.

The Group implemented large-scale greening measures in its projects

Nantong Royal Bay received the "Green Building Design Rating Label - Grade 2"

Staff Development and Personal Growth

The Group strongly believes that employees are the most valuable assets of an enterprise and regards human resources as its corporate wealth. The Group actively organises various cultural activities in respect of staff culture, sports and arts, to promote physical and mental well-being of employees. In addition, the Group provides comprehensive and sound training and job promotion opportunities, organises outward bound activities, establishes mutual assistance system to its staff, fostering team spirit and cohesion among them.

As at the end of 2012, the Group had a total of 1,305 contract staff and the number of attendance participated in its training courses was 1,439. Through different training courses, the Group enhanced staff's professional knowledge in corporate operations, occupational skills, team building and quality management. During the year, the Group's Human Resources Management Center and the Tendering and Bidding Center jointly organised training sessions on the "Management Measures in Tendering and Bidding" to enrich staff's knowledge and understanding of the management in tendering and bidding. The Group also organised training sessions on the "Fundamentals of Property Development" to consolidate staff's knowledge and comprehension in property development. In addition, internal training seminars were also held for directors of the Group during the year to further enhance the management capability and executive capability of the senior management team.

The Group also organised various kinds of cultural activities to provide communication opportunities among staff, which was vital to team building and staff relationship establishment. During the year, the Group held the annual gathering event called "Glorious Hearts, Glorious Triumph" and other social activities for staff to participate in, strengthening the cohesion and sense of belonging within the Group.

In recognition of the outstanding performance of staff and teams from different departments, the Group organised a campaign for the election of outstanding staff. Awards in "Stars of Glorious", "Excellent Team" and "Excellent Professionals" were included. This activity commended staff for their hardwork and outstanding performance during the year, and encouraged their continual efforts in the coming year.

The Group held internal training seminar for directors

Staff of the Group had a happy time in "Glorious Hearts, Glorious Triumph" annual gathering

Social Charity and Services

The Group actively fulfills its social responsibility through various means to help the needy in the society and to commit to its corporate citizenship.

During the year, the Group sponsored Oxfam Hong Kong for its "Oxfam Rice Sale 2012" and arranged Glorious volunteers to participate in the charitable sale of Oxfam rice bags. Approximately HK$120,000 was raised for Oxfam Hong Kong which supported the organisation to execute a series of poverty alleviation and development projects in China. The activity received positive responses from the staff and the Group was also awarded the "Most Supportive Organisation Award – Champion", "The Highest Fund Raising Organisation (Sponsors) – First runner-up" and "Outstanding Bulk Order Fund Raising Award".

During the year, the Group organised a number of charitable visits, including "Love and Care for Children", which was a charitable activity organised by Shanghai Office of the Group. They visited Shanghai Guangci Children Welfare House and brought love and donations to the physically challenged children there. In addition, the Group also organised a volunteer team to visit Shanghai Changfeng Elderly Home and brought care and blessings to the elderly.

Glorious volunteers of the Group participated in the charitable rice sale


Certificate of appreciation was awarded to the Group by Oxfam Hong Kong

商界展關懷
caringcompany 2012
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

Social Charity and Services (Continued)

To promote the concept of healthy lifestyle, the Group organised a variety of sports and cultural activities to encourage the community to lead a healthy life. Nantong office organised the "Summer Family Sports Day" in Nantong Royal Bay. This health-promoting activity attracted the participation of many families in the community. Shanghai office organised an art exhibition called "Pursuing Dreams in an Old Courtyard" in Shanghai Bay, that was a cultural and artistic activity to enhance the mental attitude of present and potential homeowners.

During the year, the Group proactively fulfilled its responsibility and spirit as a decent corporate citizen. A "Caring Company 2013/14" logo was awarded by The Hong Kong Council of Social Service to commend and compliment the Group's efforts in promoting and fostering its green management, employee relationships and charitable activities in 2012.

"Caring Company" activity has been organising by The Hong Kong Council of Social Service (HKCSS) since 2002. HKCSS is an authoritative social welfare association which provides over 90% of the social welfare services in Hong Kong. "Caring Company" is one of the major activities of the association and this activity aims to foster business and social service organisations to work together.

Shanghai office of the Group visited Shanghai Guangci Children Welfare House

Glorious volunteer team of the Group visited Shanghai Changfeng Elderly Home

Milestones 2012

2012

January

- "Shenyang Glorious Plaza – Brand Gratitude Seminar and Brand Contract Signing Ceremony 2011" was organised

February

- The "City Conglomerate" Project Framework Agreement was signed with Shidaoli District of Harbin in "Harbin-Hong Kong Trade and Economic Cooperation – Sincerity Seminar and Contract Signing Ceremony"

March

- ❶ "Annual Results 2011" was announced on 30 March, 2012
- Hefei Royal Garden recorded outstanding sales performance in March, and ranked No. 1 in sales volume in Luyang District of Hefei, and No. 3 in sales volume in Hefei

1

May

- Ranked among the "Top 50 in Integrated Capability" under "China Top 100 Listed Property Developers 2012" which was conferred on the "Presentation Ceremony of the Assessment on Listed Property Developers in China 2012" by China Real Estate Research Society, China Real Estate Association and China Real Estate Appraisal Center
- Garnered "Outstanding Investor Relations in Greater China Region 2011" which was conferred by IR Magazine
- ❷ Sponsored "Oxfam Rice Sale 2012" organised by Oxfam Hong Kong and raised an approximation of HK$120,000
- ❸ Organised internal training for directors of the Group

June

- Tianjin Royal Bay Seaside ranked No. 1 in regional sales in three consecutive months

2


3


July

- ④ Awarded the "Outstanding China Property Developers" which was conferred on the "Outstanding China Property Developers Awards Parade 2012" by Hong Kong Economic Digest
- Awarded the following by League of American Communications Professionals (LACP) in "League of American Communications Professionals (LACP) Annual Report Competition 2011":
  - "Gold Award in Vision Awards 2011"
  - "Top 25 Annual Report in China Region"
- Awarded the following by Oxfam Hong Kong on the "Prize Presentation Ceremony of Oxfam Rice Sale 2012":
  - "Most Supportive Organisation Award – Champion"
  - "The Highest Fund Raising Organisation (Sponsors) – First runner-up"
  - "Outstanding Bulk Order Fund Raising Award"


4

August

- Mr. Cheng Li Xiong was appointed as Executive Vice Chairman of the Group
- ⑤ "Interim Results 2012" was announced on 29 August, 2012
- Awarded "International ARC Awards Annual Report Competition-Silver Award (Interior Design – Property Development/Service category)" by MerComm, Inc of the United States

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September

- ⑥ Awarded the following on the "Presentation Ceremony of the Research on Listed Property Developers in China 2012" by Research Institute under the Development Research Center of the State Council, the Institute of Real Estate Studies of Tsinghua University and China Index Academy:
  - "Top 10 China Property Developers Brand Value 2012 (combined category)", with a brand value of RMB5.87 billion
  - "No. 8 in terms of Brand Value of Residential Property Projects in 2012" in respect of Shanghai Bay in Shanghai
  - Mr. Liu Ning, Chief Operating Officer of the Group, was recognised as the "Contributor to Property Brand Development in China 2012"

6


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October

- Awarded the following on the "Presentation Ceremony of the Research on the Brand Value of Property Developers (Eastern China) in China 2012" by Research Institute under the Development Research Center of the State Council, the Institute of Real Estate Studies of Tsinghua University and China Index Academy:
  - "Top 10 in China Property Developers Brand Value 2012 (combined category)"
  - "Top 10 in terms of Brand Value in Residential Property Market of China" in respect of Shanghai Bay in Shanghai
- ⑦ Awarded "Top 10 in terms of Brand Value in Eastern China among Property Developers in China 2012", which was conferred on "Presentation Ceremony of the Assessment on the Brand Value of Property Developers in China 2012" by China Real Estate Research Society, China Real Estate Association and China Real Estate Appraisal Center
- Awarded "Galaxy Awards Annual Report Competition – Gold Award (Residential category)" by MerComm, Inc. of the United States

November

- Mr. Cheng Li Xiong was appointed as the Chairman of the Group and Mr. Liu Ning was appointed as the Chief Executive Officer of the Group

December

- Awarded the following on "CIHAF China Housing Fair" organised by the League of CIHAF China Property Market Mainstream Media:
  - "CIHAF Outstanding Enterprise in the Property Industry of China 2012"
  - Mr. Liu Ning, Chief Executive Officer of the Group, was awarded "CIHAF New Leader in the Property Industry of China 2012"

Awards

Awards	Awarded Units/Projects	Hosted and prize-presented by
"China Top 100 Listed Property Developers 2012 – Top 50 in Integrated Capability"	Glorious Property Holdings Limited	China Real Estate Research Society, China Real Estate Association and China Real Estate Appraisal Center
"Presentation Ceremony of the Research on Listed Property Developers in China 2012": – "Top 10 China Property Developers Brand Value 2012 (combined category)" – "No. 8 in terms of Brand Value of Residential Property Projects in 2012" – "Contributor to Property Brand Development in China 2012"	Glorious Property Holdings Limited Shanghai Bay in Shanghai Mr. Liu Ning, Chief Operating Officer of the Group	Research Institute under the Development Research Center of the State Council, the Institute of Real Estate Studies of Tsinghua University and China Index Academy
"Top 10 in terms of Brand Value in Eastern China among Property Developers in China 2012"	Glorious Property Holdings Limited	China Real Estate Research Society, China Real Estate Association and China Real Estate Appraisal Center
"Presentation Ceremony of the Research on the Brand Value of Property Developers (Eastern China) in China 2012": – "Top 10 in China Property Developers Brand Value 2012 (combined category)" – "Top 10 in terms of Brand Value in Residential Property Market of China"	Glorious Property Holdings Limited Shanghai Bay in Shanghai	Research Institute under the Development Research Center of the State Council, the Institute of Real Estate Studies of Tsinghua University and China Index Academy
"Outstanding China Property Developers"	Glorious Property Holdings Limited	Hong Kong Economic Digest
"International ARC Awards Annual Report Competition-Silver Award (Interior Design – Property Development/Service category)"	Glorious Property Holdings Limited	MerComm, Inc of the United States
"League of American Communications Professionals (LACP) Annual Report Competition 2011" – "Gold Award in the Vision Awards 2011" – "Top 25 Annual Report in China Region"	Glorious Property Holdings Limited	League of American Communications Professionals (LACP)
"Galaxy Awards Annual Report Competition – Gold Award (Residential category)"	Glorious Property Holdings Limited	MerComm, Inc of the United States
"Outstanding Investor Relations in Greater China Region 2011"	Glorious Property Holdings Limited	IR Magazine
"Prize Presentation Ceremony of Oxfam Rice Sale 2012": – "Most Supportive Organisation Award – Champion" – "The Highest Fund Raising Organisation (Sponsors) – First runner-up" – "Outstanding Bulk Order Fund Raising Award"	Glorious Property Holdings Limited	Oxfam Hong Kong
"CIHAF China Housing Fair": – "CIHAF Outstanding Enterprise in the Property Industry of China 2012" – "CIHAF New Leader in the Property Industry of China 2012"	Glorious Property Holdings Limited Mr. Liu Ning, Chief Executive Officer of the Group	League of CIHAF China Property Market Mainstream Media
"CIHAF (Anhui) Property Developers Medal 2012"	Glorious Hengmao (Hefei) Property Development Co., Ltd.	CIHAF Organising Committee, Xin'an Media and New Evening Post
"The Most Popular Riverside Luxury Property 2012"	Shanghai Bay in Shanghai	Tospur Club
"Shanghai Qualified Housing Model 2012"	Shanghai Bay in Shanghai	Sohu Focus
"Green Building Design Rating Label – Grade 2"	Nantong Royal Bay	Jiangsu Housing and Urban-Rural Construction Department
"China Commercial Real Estate Best Sample Award 2012"	Shenyang Glorious Plaza	CNSA, North Union Holding (HK) Group Limited, commercial website of Northeast China and "Commercial Properties of Northern China" Magazine
"Best Model for District Shopping Center 2011-2012"	Shenyang Glorious Plaza	CNSA, China North Chained-development Managers' Club, commercial website of Northeast China and Commercial Properties of Northern China Magazine
"Supreme Design Award for the Integration of Architecture and Photo-thermal System Driven by Solar Energy in Hefei"	Hefei Bashangjie Project	Hefei Construction Industry Association
"Property Keeper Gold Award"	Sunny Town in Shenyang	Liaoshen Evening Post


恒盛地产控股有限公司
2012 INTERNATIONAL
ARC AWARDS
SILVER WINNER
Jefferies
League of American Communications Professionals
2011 VISION AWARDS
Glorious Property Holdings Limited
樂施米義賣大行動
OXFAM RICE SALE 2012
Galaxy 2012 Awards
GOLD WINNER
恒盛尚海湾
CIHAF2012(安徽)
功勋房地产企业

Biographies of Directors and Senior Management

Directors

Executive Directors

Mr. Cheng Li Xiong (程立雄)

Mr. Cheng Li Xiong, aged 43, is the chairman of the Board and an executive director of the Company. Mr. Cheng is also a director of a number of subsidiaries of the Company. He is in charge of the overall strategy and investment of the Company. Mr. Cheng joined the Group on 1 September 2001 as the general manager of the Company's subsidiary, Shanghai Haosen Property Co., Ltd. Mr. Cheng was appointed as the executive vice chairman of the Company on 28 August 2012. On 26 November 2012, he ceased to be the executive vice chairman and chief executive officer of the Board and was appointed as the chairman of the Board of the Company. Between July 1992 and September 2001, Mr. Cheng worked for Shanghai Property and Land Resources Bureau (上海市房屋土地資源管理局). Mr. Cheng has more than 19 years of experience in the planning, development, construction and management of land and property. Mr. Cheng is also a qualified property valuer in the PRC. Mr. Cheng graduated with a bachelor's degree from Shanghai International Studies University in July 1992.

Mr. Ding Xiang Yang (丁向陽)

Mr. Ding Xiang Yang, aged 45, is the vice chairman of the Board and an executive director of the Company. Mr. Ding is also a director of a number of subsidiaries of the Company. With more than 11 years of experience in corporate and strategic management of real estate enterprises in the PRC, Mr. Ding is primarily responsible for the Group's overall strategic planning and development. Mr. Ding joined the Group on 18 March 2001 and played an integral role in formulating the Group's development strategies, operational management and supervising the construction of the Group's projects. Prior to joining the Group, Mr. Ding worked for more than 10 years at the enterprise management department of China Eastern Airlines Corporation Limited (中國東方航空股份有限公司), a company listed on the Hong Kong Stock Exchange. Mr. Ding obtained a bachelor's degree in law from Fudan University in July 1989, and a master's degree in law from Fudan University in July 2002. Mr. Ding is the brother-in-law of the controlling shareholder of the Company, Mr. Zhang Zhi Rong.

Mr. Liu Ning (劉寧)

Mr. Liu Ning, aged 48, is an executive director and the chief executive officer of the Company and is responsible for the daily operation and management of the Company. Mr. Liu is also a director of a number of subsidiaries of the Company. On 26 November 2012, Mr. Liu ceased to be the chief operating officer of the Company and was appointed as the chief executive officer of the Company. Prior to joining the Group as the chairman of Shanghai Xintai Property Development Co., Ltd. on 5 June 2005, Mr. Liu worked as the executive vice president of Shanghai Jin jiang Realty Co., Ltd., a wholly owned subsidiary of Shanghai Jin Jiang International Hotels (Group) Company Limited, a company listed on the Hong Kong Stock Exchange with extensive hotel operations in the PRC, from June 2003 to April 2005. Mr. Liu worked for three years at Shanghai (New Asia) Group Co., Ltd. (上海新亞(集團)股份有限公司), a company listed on the Shanghai Stock Exchange, and was its general manager from June 2000 to June 2003. Mr. Liu is a senior economist and an experienced manager of hotel operations, with more than 11 years of experience in the hotel and property industry. He is currently the vice president of the Shanghai Young Entrepreneur Association. Mr. Liu graduated with a bachelor's degree in bridge construction from Tongji University in July 1986.

Mr. Xia Jing Hua (夏景華)

Mr. Xia Jing Hua, aged 41, is an executive director and a vice president of the Company, responsible for developing the financial strategies, the overall financial and asset management of the Group. Mr. Xia is also a director of a number of subsidiaries of the Company. Mr. Xia joined the Group on 2 May 1999 and had been the manager of the auditing department and supervisor of the finance and treasury department of the Company. Between 1994 and 1999, Mr. Xia worked in the loans department of the Zhoushan City branch of Bank of China (中國銀行舟山分行), a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange. Mr. Xia has more than 13 years of experience in financial management in the property industry. He received a bachelor's degree in economics from the Zhejiang University of Finance and Economics and a master's degree in public economics and investment from the Shanghai University of Finance & Economics in July 1994 and September 2002 respectively. In 2012, Mr. Xia completed the CEIBS Executive MBA Programme and was awarded the degree of Master of Business Administration by China Europe International Business School.

Mr. Yan Zhi Rong (嚴志榮)

Mr. Yan Zhi Rong, aged 51, is an executive director of the Company. Mr. Yan is also a director of a number of subsidiaries of the Company. With more than 14 years of experience in managing the construction and budgets of property projects, Mr. Yan is primarily responsible for supervision of the development and construction of projects, and management of project budgets of the Company. Mr. Yan joined the Group on 8 December 1996 as the manager of the project budgeting department. Prior to joining the Group, Mr. Yan served as the deputy general manager of the property development subsidiary company of Shanghai Materials Bureau (上海市物資局) from 1989 to 1996. Mr. Yan received a graduate diploma in Industrial and Civil Architecture from the Suzhou Industrial College in 1981 and is a qualified engineer in the PRC.

Mr. Yu Xiu Yang (于秀陽)

Mr. Yu Xiu Yang, aged 58, is an executive director and a vice president of the Company. Mr. Yu was appointed as an executive director of the Company on 20 May 2011. He is also a director of a number of subsidiaries of the Company. Mr. Yu has more than 11 years of experience in handling legal affairs in the real estate industry in the PRC. Since joining the Group in February 2008, Mr. Yu has been primarily responsible for the legal risk control and management of the Group. Prior to joining the Group, Mr. Yu worked as the head of the Legal Publicity Division of Shanghai Bureau of Justice from 1986 to 1996, the head of the research department of the Shanghai Law Society and the associate editor of Shanghai Journal of Legal Studies from 1997 to 2003, and the head of Sunglow Elite Law Firm, Shanghai from 2003 to 2008. Mr. Yu obtained his legal qualification from the faculty of arts of Shanghai University in June 1988 and has been admitted as a practising solicitor in the PRC since 1993.

Independent Non-executive Directors

Mr. Yim Ping Kuen (嚴炳權)

Mr. Yim Ping Kuen, aged 50, is an independent non-executive director of the Company. Mr. Yim is currently a partner of Lau, Yim, Chiu and Co. (劉嚴焦會計師事務所), a public accounting firm in Hong Kong. Mr. Yim has been a financial controller, company secretary and chief financial officer for various international companies in different industries, including listed companies in Hong Kong and Singapore. He has more than 25 years of experience in accounting and setting up financial operations for companies in Asia. Mr. Yim joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. Mr. Yim graduated from the University of Hong Kong with a bachelor's degree in social sciences in 1986 and also holds a master's degree in corporate finance from the Hong Kong Polytechnic University. He is a fellow member of the Association of Chartered Certified Accountants and a practising member of the Hong Kong Institute of Certified Public Accountants.

Mr. Liu Shun Fai (廖舜輝)

Mr. Liu Shun Fai, aged 42, is an independent non-executive director of the Company. Mr. Liu is currently the chief financial officer of a company listed on the Hong Kong Stock Exchange. Mr. Liu has more than 20 years of experience in auditing and accounting. He joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. He obtained a bachelor's degree and a master's degree in business administration from the Chinese University of Hong Kong in 1992 and 1999, respectively, and is an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. Wo Rui Fang (沃瑞芳)

Mr. Wo Rui Fang, aged 72, is an independent non-executive director of the Company. From 1965 to 1993, Mr. Wo worked at the Design Administration Bureau (設計管理局) of the PRC (now under the Ministry of Housing and Urban-Rural Construction of the PRC), and was head of its information technology division from 1988 to 1993, responsible for the development of new construction design technology and standards. From 1993 to 1997, Mr. Wo served as the vice-mayor of Nantong City, Jiangsu Province, PRC and was in charge of the administration of the overall city planning and railway construction. Mr. Wo then re-joined the Design Administration Bureau as a senior engineer in 1997. From 1998 to 2001, he was the deputy chairman of the Practice Qualification Management Center of the Ministry of Construction (建設部執業資格註冊中心). Mr. Wo has accumulated more than 30 years of experience in supervising the design and construction of various government property development projects and assessing the design techniques and standards of commercial and residential property development in the PRC. Mr. Wo retired from public service in 2001. He joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. He graduated from Jilin University with a bachelor's degree in construction in 1964.

Mr. Han Ping (韓平)

Mr. Han Ping, aged 44, is an independent non-executive director of the Company. From September 1990 to October 1996, Mr. Han worked for the Jiangsu Province Supply and Marketing Co-operative (江蘇省供銷合作社) and was responsible for the management of its construction and capital investment. In November 1996, Mr. Han became the chief economist of Jiangsu Huaxia Construction Project Management Co., Ltd. (江蘇省華廈工程項目管理有限公司), a company engaged in the provision of construction supervision, project management and construction costs auditing services to property developers and government entities. Since June 2001, Mr. Han has served as the deputy general manager of Jiangsu Huaxia Construction Project Management Co., Ltd. Mr. Han had been a project manager and auditor of engineering costs for a large number of project developments involving the construction of various kinds of properties, such as hotels, villas and other residential properties, government buildings, logistic centres and warehouses. In 2002, Mr. Han was selected as an industry expert for the assessment of tenders for property construction and urban infrastructure projects by the Office of the Tendering and Bidding of Construction Projects of Jiangsu Province (江蘇省建設工程招標投標辦公室). Over a period of six years, Mr. Han had participated in the assessment of tenders for over 20 construction projects in Jiangsu Province and Beijing. Mr. Han has accumulated more than 19 years of experience in the management and supervision of property construction projects in the PRC. Mr. Han joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. He graduated with a bachelor's degree in construction engineering and economic management from the Southeast University in 1990. He obtained a master's degree in construction and civil engineering from the Southeast University in 2005. Mr. Han is currently a member of the Hong Kong Institute of Surveyors and is a registered cost engineer, registered supervisory engineer and registered construction professional in the PRC.

Senior Management

Mr. Jiang Yong Jin (姜永進)

Mr. Jiang Yong Jin, aged 47, is a vice president and the Chief Financial Officer of the Company. Mr. Jiang joined the Group in February 2011, responsible for the investment, financing and corporate communications of the Group. Mr. Jiang was appointed as Chief Financial Officer of the Company in May 2011. Prior to joining the Group, Mr. Jiang worked for China Overseas Finance and Investment Co. as deputy general manager and China Overseas Holdings Ltd. as general manager in charge of the investment, financing and corporate communications from November 2005 to January 2011. Mr. Jiang acted as the vice president of PDN Medical International Inc. (a Canadian company) responsible for the business development in Asia from June 2003 to October 2005. From August 1991 to April 2001, Mr. Jiang worked for Sinochem Corporation in various important roles in Beijing and Sinochem Europe Holdings Plc. in London, UK in charge of its European investment, financing and strategic planning. Mr. Jiang has more than 21 years of experience in investment, financing, international business management and strategic planning. Mr. Jiang obtained a bachelor's degree in economics from Shandong University in 1986, a master's degree in international business management from the University of International Business and Economics in 1991 and a master's degree in business administration from the Richard Ivey Business School of the University of Western Ontario, Canada in 2003. Mr. Jiang obtained his accounting qualification from the Certified General Accountants Association of Canada in 1999 and is currently a member of the Canadian Certified General Accountants Association of Hong Kong.

Mr. Zheng Qun Guo (鄭群國)

Mr. Zheng Qun Guo, aged 43, is an assistant to the chief executive officer of the Company as well as a director and general manager of a number of subsidiaries of the Company and the director of sales department. Mr. Zheng joined the Group in May 2001, responsible for assisting the chief executive officer to carry out daily business of the Group, operation and management of the Company's subsidiaries in Shanghai as well as the marketing strategy and development of the Group. Prior to joining the Group, Mr. Zheng worked for Shanghai Pingli Properties Limited (上海平利置業有限公司) as marketing manager responsible for corporate planning and sales from January 1993 to July 1997. Mr. Zheng acted as general manager of Shanghai Fuzhen Investment Consulting Co., Ltd. (上海福禎投資諮詢有限公司) as general manager responsible for business expansion and sales of company from July 1997 to May 2001. Mr. Zheng has more than 21 years of extensive experience in real estate investment, sales management and sales strategic planning. Mr. Zheng obtained a university-level specialist diploma (大學專科學歷) from Shanghai Institute of Technology in 1991, and a professional title of engineer in 1995. Mr. Zheng obtained the master of business administration in real estate from Shanghai Jiao Tong University in October 2008.

Mr. Ding Yan Lin (丁炎林)

Mr. Ding Yan Lin, aged 51, is an assistant to the chief executive officer of the Company as well as a director and general manager of a number of subsidiaries of the Company. Mr. Ding joined the Group in March 2010, responsible for the Nantong Villa Glorious project. He has acted as chairman of Glorious Property Investment (Yancheng) Company Limited, one of the subsidiaries of the Company, since March 2011. He has also acted as an assistant to the chief executive officer of the Company responsible for cost control and project management since July 2011. Prior to joining the Group, Mr. Ding acted as executive deputy director of Rugao Port Development Zone (如皋港開發區常務副主任) from February 1997 to May 2003. Mr. Ding worked as general manager of Nantong Zhuo Sheng Petrochemical Co., Ltd. (南通焯晟石油化工有限公司) from May 2003 to March 2010, during which he was responsible for infrastructure construction and regular production and operation management. Mr. Ding graduated from East China Normal University with a postgraduate degree in law in 1993. He has extensive experience in corporate management.

Corporate Governance Report

The board of directors of the Company (the "Board") is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 December 2012 (the "Review Period").

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

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

Corporate Governance

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") throughout the Review Period, save for the deviation from the code provision E.1.2 which stipulates that the chairman of the board should attend the annual general meeting. Mr. Zhang Zhi Rong, who was the chairman of the Board (the "Chairman") and an executive Director of the Company at the time of the annual general meeting of the Company held on 29 May 2012 (the "AGM"), did not attend the AGM 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 and was available to answer questions.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers, as amended from time to time, (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiries made by the Company, that they have complied with the required standard set out in the Model Code throughout the Review Period.

Board Composition

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

Executive Directors:

Mr. Zhang Zhi Rong *(Resigned as Chairman and Executive Director on 26 November 2012)*
Mr. Cheng Li Xiong *(Appointed as Executive Vice Chairman on 28 August 2012; Ceased to be Executive Vice Chairman and Chief Executive Officer on 26 November 2012 and appointed as Chairman on the same date)*
Mr. Ding Xiang Yang *(Vice Chairman)*
Mr. Liu Ning *(Ceased to be Chief Operating Officer on 26 November 2012 and appointed as Chief Executive Officer on the same date)*
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

Board Composition (Continued)

Biographical details of the Directors are set out on pages 62 to 64 of this annual report. Mr. Ding Xiang Yang is the brother-in-law of Mr. Zhang Zhi Rong, the controlling shareholder of the Company and an executive Director and Chairman prior to his resignation on 26 November 2012. Save as aforesaid, the Board members have no financial, business, family and/or other material relationships with each other.

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

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

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

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

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

Roles and Responsibilities of the Board

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

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

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

Appropriate insurance covers on Directors' and officers' liabilities have been arranged by the Company to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group.

Chairman and Chief Executive Officer

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

Board Meetings

The Company held four Board meetings during the Review Period.

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

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

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

Audit Committee

The 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 INEDs, 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.

Audit Committee (Continued)

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.

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

1. Reviewed the annual results (including the announcement thereof) and the audited financial statements for the year ended 31 December 2011;

2. Reviewed the interim results (including the announcement thereof) and the financial statements for the six months ended 30 June 2012;

3. Reviewed the external auditor's audit findings and other audit issues;

4. Reviewed the effectiveness of the internal control system; and

5. Reviewed the external auditor's remuneration.

On 4 February 2013, the Audit Committee reviewed with the management of the Company the accounting principles and practices adopted by the Group. The Group's unaudited consolidated financial statements for the year ended 31 December 2012 have been reviewed and approved by the Audit Committee, and the Audit Committee is of the opinion that such financial statements comply with the applicable accounting standards, the Listing Rules and all other applicable legal requirements. The Audit Committee therefore recommended the Board's approval of the Group's consolidated financial statements for the year ended 31 December 2012. The audited consolidated financial statements for the year ended 31 December 2012 have also been reviewed and approved by the Board on 28 March 2013.

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 INEDs, namely, Mr. Wo Rui Fang (chairman of the Remuneration Committee) and Mr. Liu Shun Fai and one executive Director, namely Mr. Cheng Li Xiong. 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.

Remuneration Committee (Continued)

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.

A meeting was held and two written resolutions were passed by the Remuneration Committee during the Review Period. The following is a summary of the work of the Remuneration Committee during the Review Period:

1. Reviewed, considered and made recommendation of the remuneration packages proposed for all Directors and senior management of the Company;

2. Reviewed, considered and made recommendation as to the increase of the salary of executive Director; and

3. Reviewed, considered and made recommendation as to the amendment of the terms of executive Director's services contract.

Remuneration of Directors and Senior Management

The particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 30 to the financial statements.

Pursuant to B.1.5 of the Corporate Governance Code, the remuneration of the members of the senior management by band for the year 2012 is set out below:

Remuneration bands (RMB)	Number of persons
1 to 1,000,000	2
1,000,001 to 2,000,000	0
2,000,001 to 3,000,000	0
3,000,001 to 4,000,000	0
4,000,001 to 5,000,000	1

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. Cheng Li Xiong (chairman of the Nomination Committee) and two INEDs, 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 the INEDs;

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.

A meeting was held and one written resolution was passed by the Nomination Committee during the Review Period. The following is a summary of the works of the Nomination Committee during the Review Period:

1. Reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board and senior management of the Company;

2. Considered and made recommendation as to the appointment of new Chairman and Chief Executive Officer.

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. Cheng Li Xiong and Mr. Ding Xiang Yang. 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.

A meeting was held by the CG Committee during the Review Period to review, consider and discuss the following matters regarding the corporate governance of the Company during the Review Period:

1. Reviewed the Company's policies and practices on corporate governance;

2. Reviewed and recommended the training and continuous professional development of Directors and senior management;

3. Reviewed the compliance with the Model Code by the Directors; and

4. Reviewed the Company's compliance with the Corporate Governance Code and the disclosure in the Corporate Governance Report as included in the Annual Report 2011.

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. Cheng Li Xiong (Chairman of the Board), Mr. Ding Xiang Yang (Vice Chairman of the Board) and Mr. Liu Ning (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 annual report).

Attendance Record at Meetings

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

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

Note 1: Mr. Zhang Zhi Rong resigned as the Chairman and executive Director of the Company on 26 November 2012, therefore he was not required to attend the Board meeting held on 13 December 2012.

Appointment, Re-election and Removal of Directors

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

All Directors are appointed based on their merits and experiences relevant to the business of the Group.

Each of the executive Directors has entered into a service contract with the Company with no specific term (except Mr. Yu Xiu Yang who has entered into a service contract with the Company for a term of three years commencing on 20 May 2011). Each of the INEDs has entered into an appointment letter with the Company for a term of one year commencing on 2 October 2011, which was renewed for one year from 2 October 2012. In accordance with the provisions of the Corporate Governance Code and the articles of association of the Company, all Directors are subject to retirement by rotation at least once every three years. A Director may be re-elected at the general meeting upon his retirement by rotation.

The Board reviews its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The Company has established a Nomination Committee on 1 April 2012. One of the responsibilities of the Nomination Committee is to review the structure, size and composition of the Board regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. It is also responsible for recommending the appointment of Directors for the Board's approval.

New Directors are sought mainly through referrals or internal promotion. In evaluating whether a candidate is suitable to act as a Director of the Company, the Board will review the independence, experience and skills of the candidate as well as personal ethics, integrity and time commitment of the candidate.

Directors' Induction and Continuous Professional Development

Pursuant to the revised Corporate Governance Code which took effect on 1 April 2012, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

On appointment to the Board, each newly appointed Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

All Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and senior executives to enrol in a wide range of professional development courses and seminars relating to the Listing Rules, Companies Ordinance/act and corporate governance practices organised by professional and regulatory bodies in Hong Kong and overseas so that they can continuously update and further enhance their relevant knowledge and skills.

From time to time, all Directors are also provided with written materials to develop and refresh their professional skills. During the Review Period, the company secretary organised and arranged various seminars on the latest development of applicable laws, rules and regulations for the Directors to assist them in discharging their duties. The company secretary also organised for the Directors an in-house workshop on the Listing Rules.

Directors' Induction and Continuous Professional Development (Continued)

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a Director of a listed company and other updates on relevant laws in compliance with the new requirement of the Corporate Governance Code on continuous professional development during the Review Period:

	Corporate Governance/ Updates on laws, rules and regulations	
	Read materials	Attend seminars/ In-house workshop
Executive Directors		
Mr. Zhang Zhi Rong (Note 1)	✓	✗
Mr. Cheng Li Xiong	✓	✓
Mr. Ding Xiang Yang	✓	✓
Mr. Liu Ning	✓	✓
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	✓	✓

Note 1: Resigned on 26 November 2012

Company Secretary

The company secretary is responsible to the Board for ensuring that board procedures are followed and that the Board is fully briefed on all legislative, regulatory and corporate governance developments and that it has regard to them when making decisions. The company secretary is also directly responsible for the compliance of the Group with the continuing obligations of the Listing Rules, Securities and Futures Ordinance, Companies Ordinance, the Code on Takeovers and Mergers and other applicable laws, rules and regulations.

The company secretary of the Company is Ms. Tai Wing Kwan Catherine, who is an employee of the Company and has day-to-day knowledge of the Company. Ms. Tai is a solicitor in Hong Kong and she is familiar with the Listing Rules and other applicable laws, rules and regulations.

Ms. Tai is also well aware of the requirement under Rule 3.29 of the Listing Rules and has complied with such requirement during the Review Period.

Ms. Tai reports to the Chairman regularly.

Shareholders' Rights

How Shareholders Can Convene an Extraordinary General Meeting

Pursuant to Article 58 of the articles of association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

The Procedures by Which Enquires May Be Put to the Board and Sufficient Contact Details to Enable These Enquires to Be Properly Directed

Shareholders and other stakeholders may at any time send their enquiries and concerns in writing through our Investor Relations Department whose contact details are as follows:

Address:	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

If necessary, the Investor Relations Department will forward the enquires or concerns to the company secretary or other senior management as appropriate within their area of responsibilities for handling.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

Procedures for Shareholders to Propose a Person for Election As Director

As regards to the procedures for proposing a person for election as Director (other than the retiring Director of the Company or a person recommended by the Board), please refer to the procedures made available under the Corporate Governance section of the Company's website at http://ir.gloriousphl.com.cn/html/ir_gov.php.

The Procedures and Sufficient Contact Details for Putting Forward Proposals at Shareholders' Meetings

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at shareholders' meeting. Proposal shall be sent to the Board or the company secretary by written requisition. Pursuant to the articles of association of the Company, shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures as set out in the section headed "How Shareholders Can Convene an Extraordinary General Meeting" above.

Internal Controls

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

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

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

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

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

External Auditor

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

The aggregate remuneration in respect of services provided by PwC for the year ended 31 December 2012 was RMB10.8 million, of which RMB10.5 million represents annual audit fees and RMB0.3 million represents fees for certain audit-related services.

The responsibilities of the independent auditor with respect of the consolidated financial statements for the year ended 31 December 2012 are set out in the section "Independent Auditor's Report" on pages 89 and 90.

Directors' Responsibilities for Financial Statements

All Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2012 and of ensuring that the preparation of the consolidated financial statements of the Group is in accordance with the applicable standards and requirements.

Shareholders' Meetings

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

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

During the Review Period, the Company held the annual general meeting on 29 May 2012 to enable the shareholders to consider (i) to receive and consider the audited financial statements and the reports of the Directors and the auditor for the year ended 31 December 2011, (ii) to re-elect the retiring Directors, (iii) to authorise the Board to fix the remuneration of all Directors, (iv) to re-appoint PricewaterhouseCoopers as the auditor of the Company and to authorise the Board to fix its remuneration and (v) to consider and pass other special businesses in the meeting.

During the Review Period, the Company did not hold the extraordinary general meeting.

Communication with Shareholders and Investors

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

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

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

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

Report of the Directors

The Directors are pleased to submit their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2012.

Principal Activities

The Company acts as an investment holding company. The Group is engaged in the development and sale of high quality properties in key economic cites in the PRC. As at 31 December 2012, the Group had property development projects in prime cities in Shanghai, Yangtze River Delta region, Pan Bohai Rim and Northeast China region.

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

Subsidiaries of the Company

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

Results and Dividends

The results of the Group for the year ended 31 December 2012 are set out in the accompanying consolidated statement of comprehensive income on page 94 of this annual report.

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2012.

Financial Summary

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on pages 161 and 162 of this annual report.

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

During the year ended 31 December 2012, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the listed securities of the Company.

Major Suppliers and Customers

For the year ended 31 December 2012, the aggregate purchases attributable to the Group's five largest suppliers represented approximately 36.1% of the Group's total purchases, while the purchases from the Group's largest supplier accounted for approximately 19.9% of the Group's total purchases.

For the year ended 31 December 2012, the aggregate sales attributable to the Group's five largest customers accounted for 1.5% of the Group's total sales, while the sales attributable to the largest customer accounted for 0.3% of the Group's total sales.

During the year ended 31 December 2012, apart from the interest of the father of Mr. Zhang Zhi Rong in Shanghai Ditong Construction (Group) Co., Ltd. ("Shanghai Ditong"), as described in the section headed "Continuing Connected Transactions" below, none of the Directors or any of their associates or any shareholders which, to the best knowledge of the Directors, who owns more than 5% of the Company's issued share capital, had any interest in any of the Group's five largest suppliers and customers.

Donations

Charitable donations made by the Group during the year amounted to RMB3.2 million (2011: RMB7.5 million).

Property, Plant and Equipment

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

Borrowings

Particulars of the borrowings of the Group as at 31 December 2012 are set out in note 20 to the consolidated financial statements.

Capitalised Borrowing Costs

Borrowing costs capitalised by the Group during the year amounted to approximately RMB1,845.0 million (2011: RMB1,828.5 million).

Major Properties

Major properties of the Group as at 31 December 2012 are set out on pages 163 to 172 of this annual report.

Share Premium and Reserves

Details of movements in the share premium and reserves of the Company during the year ended 31 December 2012 are set out in notes 18 and 19 to the consolidated financial statements.

Distributable Reserves

As at 31 December 2012, the reserves of the Company available for distribution to the shareholders amounted to approximately RMB5,381.9 million (2011: RMB5,652.2 million).

Share Capital

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

Directors

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

Executive Directors:

Mr. Zhang Zhi Rong *(Resigned as Chairman and Executive Director on 26 November 2012)*
Mr. Cheng Li Xiong *(Appointed as Executive Vice Chairman on 28 August 2012; Ceased to be Executive Vice Chairman and Chief Executive Officer on 26 November 2012 and appointed as Chairman on the same date)*
Mr. Ding Xiang Yang *(Vice Chairman)*
Mr. Liu Ning *(Ceased to be Chief Operating Officer on 26 November 2012 and appointed as Chief Executive Officer on the same date)*
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

In accordance with Article 84(1) of the articles of association of the Company, Messrs. Cheng Li Xiong, Xia Jing Hua, Yu Xiu Yang and Wo Rui Fang are due to retire from the Board by rotation at the 2013 annual general meeting of the Company. All the retiring Directors, being eligible, offer themselves for re-election.

Directors' Interests in Contracts of Significance

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

Directors' Interests in Competing Business and Deed of Non-Compete Undertaking

As at 31 December 2012, none of the Directors nor their associates had interests in businesses which competed or were likely to compete, either directly or indirectly, with the Group's businesses.

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

The Company has received a confirmation from Best Era International Limited and Mr. Zhang Zhi Rong in respect of their compliance with the terms of the Deed of Non-compete Undertaking during the year ended 31 December 2012.

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

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31 December 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 (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code:

Company

Name of Director	Number of ordinary shares			Approximate % of shareholding[2]
	Personal interests[1]	Corporate interests	Total	
Mr. Cheng Li Xiong	15,500,000[3]	–	15,500,000	0.20
Mr. Ding Xiang Yang	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

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 of the Company to subscribe for shares in the Company.

(2) The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 31 December 2012 (i.e. 7,792,645,623 ordinary shares).

(3) Ms. Wu Yi Wen is the beneficial owner of 500,000 ordinary shares of the Company and is the spouse of Mr. Cheng Li Xiong, the Chairman and the executive Director of the Company. By virtue of SFO, Mr. Cheng is deemed to be interested in the said shares. Mr. Cheng is also interested in options to subscribe 15,000,000 shares of the Company.

All of the interests disclosed above represent long positions in the shares of the Company.

Saved as aforesaid, as at 31 December 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 31 December 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" below.

Apart from the aforesaid, at no time during the year ended 31 December 2012 was the Company or its holding company or subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

As at 31 December 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	Capacity in which ordinary shares were held	Number of ordinary shares	Long position/ Short position/ Lending pool	Approximate % of shareholding[(4)]
Mr. Zhang Zhi Rong	Interests in controlled corporations/ Beneficial owner[(3)]	5,329,216,436	Long position	68.39
Best Era International Limited[(1)]	Beneficial owner	4,978,923,436	Long position	63.89
China Life Insurance (Group) Company[(2)]	Interests in controlled corporations	552,336,000	Long position	7.08
China Life Insurance (Overseas) Co. Ltd.[(2)]	Beneficial owner	552,336,000	Long position	7.08

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

(3) As at 31 December 2012, 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 respectively, representing in aggregate 5,314,216,436 shares or approximately 68.20% of the total issued share capital of the Company. Mr. Zhang Zhi Rong is also interested in options to subscribe for 15,000,000 shares (representing 0.19% of the total issued share capital of the Company)

(4) The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 31 December 2012 (i.e. 7,792,645,623 ordinary shares).

Apart from the aforesaid, as at 31 December 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 31 December 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 year ended 31 December 2012, no share options had been granted under the Share Option Scheme.

Particulars of the Company's Pre-IPO Share Option Scheme and Share Option Scheme are set out in note 39 to the consolidated financial statements. The following table discloses details of the Company's outstanding share options held by the Directors and certain employees of the Company under the Pre-IPO Share Option Scheme and its movement during the year ended 31 December 2012:

		Number of underlying shares comprised in share options								
	Date of grant	Balance as at 01/01/2012	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Re-classified	Balance as at 31/12/2012	Exercise price per share HK$	Exercise period
Category 1: Directors										
Mr. ZHANG Zhi Rong (Note 2)	09/09/2009	15,000,000	–	–	–	–	(15,000,000)	–	1.76	Note 1
Mr. CHENG Li Xiong	09/09/2009	15,000,000	–	–	–	–	–	15,000,000	1.76	Note 1
Mr. DING Xiang Yang	09/09/2009	15,000,000	–	–	–	–	–	15,000,000	1.76	Note 1
Mr. LIU Ning	09/09/2009	5,000,000	–	–	–	–	–	5,000,000	1.76	Note 1
Mr. XIA Jing Hua	09/09/2009	5,000,000	–	–	–	–	–	5,000,000	1.76	Note 1
Mr. YAN Zhi Rong	09/09/2009	5,000,000	–	–	–	–	–	5,000,000	1.76	Note 1
		60,000,000	–	–	–	–	(15,000,000)	45,000,000		
Category 2: Senior Management and other employees (in aggregate)	09/09/2009	18,000,000	–	–	–	–	15,000,000	33,000,000	1.76	Note 1
Total:		78,000,000	–	–	–	–	–	78,000,000		

Share Option Schemes (Continued)

Note 1:

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

(i) up to 20% of the shares that are subject to the options granted to the relevant grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on 2 October 2009 (the "Listing Date") and ending on the first anniversary of the Listing Date;

(ii) up to 40% of the shares that are subject to the options granted to the relevant grantee less the number of shares in respect of which the options have been exercised by the grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on the expiry of the first anniversary of the Listing Date and ending on the second anniversary of the Listing Date;

(iii) up to 60% of the shares that are subject to the options granted to the relevant grantee less the number of shares in respect of which the options have been exercised by the grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on the expiry of the second anniversary of the Listing Date and ending on the third anniversary of the Listing Date;

(iv) up to 80% of the shares that are subject to the options granted to the relevant grantee less the number of shares in respect of which the options have been exercised by the grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on the expiry of the third anniversary of the Listing Date and ending on the fourth anniversary of the Listing Date;

(v) such number of shares subject to the options granted to the relevant grantee less the number of shares in respect of which the options have been exercised by the grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on the expiry of the fourth anniversary of the Listing Date and ending on 8 September 2019.

Note 2:

Mr. Zhang Zhi Rong resigned as the Chairman and an executive Director of the Company on 26 November 2012.

Pre-emptive Rights

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

Continuing Connected Transactions

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

Continuing Connected Transactions

Shanghai Ditong has renewed the framework construction services agreement (the "New Construction Services Agreement") with the Company on 19 October 2011, pursuant to which Shanghai Ditong has agreed to provide construction and related services to the Group according to the tender documents and the construction contracts signed between Shanghai Ditong and the Group from time to time. The New Construction Services Agreement is effective from 1 January 2012 to 31 December 2014.

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

For the year ended 31 December 2012, the annual cap for the continuing connected transactions between the Group and Shanghai Ditong under the New Construction Services Agreement is approximately RMB1,300.0 million and the actual transacted amount was approximately RMB1,226.3 million.

Continuing Corporate Governance Measures

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

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

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

The INEDs of the Company have reviewed on all the transactions conducted between the Group and Shanghai Ditong under the New Construction Services Agreement during the year ended 31 December 2012. The INEDs have also reviewed the terms of the New Construction Services Agreement pursuant to a meeting of the INEDs held on 4 February 2013. They have confirmed that the continuing connected transactions of the Group for the financial year ended 31 December 2012 have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreements governing them and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.38 of the Listing Rules, the Company has engaged the auditor of the Company to conduct certain procedures in respect of the continuing connected transactions of the Group in accordance with the Hong Kong Standard on Assurance Engagement 3000 "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported to the Board that for the year ended 31 December 2012, the continuing connected transactions, which were governed by the New Construction Services Agreement, (i) have received the approval of the Board; (ii) have been entered into in accordance with the relevant agreement governing such transactions; and (iii) have not exceeded the relevant cap amount for the financial year ended 31 December 2012 as set out in the announcement published by the Company on the website of the Hong Kong Stock Exchange on 19 October 2011.

Related Party Transactions

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

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

(I) Appointment of Executive Vice Chairman, Resignation of Executive Director, Change of Chairman of the Board, Change of Chief Executive Officer, Cessation of Executive Vice Chairman, Cessation of Chief Operating Office and Changes in Composition of the Remuneration Committee, Nomination Committee and Finance Committee.

A. On 28 August 2012, Mr. Cheng Li Xiong ("Mr. Cheng"), currently the Chairman of the Company, was appointed as the Executive Vice Chairman of the Board of the Company.

B. On 26 November 2012:

1. Mr. Zhang Zhi Rong ("Mr. Zhang") resigned as the Chairman of the Board and an executive Director of the Company, the chairman of the Nomination Committee of the Board and a member of the Remuneration and Finance Committees of the Board;

2. Mr. Cheng ceased to be the Executive Vice Chairman of the Board and the Chief Executive Officer of the Company;

3. Mr. Liu Ning ("Mr. Liu"), an executive Director, ceased to be the Chief Operating Officer of the Company;

4. Mr. Cheng was appointed as the Chairman of the Board in place of Mr. Zhang;

5. Mr. Liu was appointed as the Chief Executive Officer of the Company in place of Mr. Cheng;

6. Mr. Cheng was appointed as the chairman of the Nomination Committee of the Board and a member of the Remuneration Committee of the Board in place of Mr. Zhang; and

7. Mr. Liu was appointed as a member of the Finance Committee of the Board in place of Mr. Zhang.

For details of the aforesaid changes, please refer to the announcements of the Company dated 28 August 2012 and 26 November 2012.

(II) Directors' Emoluments

The annual salary of Mr. Cheng Li Xiong was increased from RMB5,000,000 to RMB7,000,000 per annum with effect from 1 October 2012 in view of his increased duties and responsibilities subsequent to his appointment as the Executive Vice Chairman of the Board on 28 August 2012.

Save as disclosed above, there is no other change in the directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2012 interim report of the Company.

Management Contracts

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

Directors' Service Contracts

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

Director's Remuneration

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

Details of the remuneration of the Directors and the five highest paid individuals of the Company for the year ended 31 December 2012 are set out in note 30 to the consolidated financial statements. There was no arrangement under which a Director waived or agreed to waive any remuneration during the year.

Pension Schemes

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

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, during the year ended 31 December 2012 and up to the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

Subsequent Event

Details of the subsequent event of the Company after the Review Period are set out in note 40 to the consolidated financial statements.

Corporate Governance

The Company's corporate governance principles and practices are set out in the corporate governance report on pages 66 to 78 of this annual report.

Auditor

The financial statements for the financial year ended 31 December 2012 have been audited by PricewaterhouseCoopers, who will retire at the conclusion of the 2013 annual general meeting of the Company. A resolution for the re-appointment of PricewaterhouseCoopers as the auditor of the Company will be proposed at that meeting.

On behalf of the Board

Cheng Li Xiong
Chairman

Hong Kong, 28 March 2013

Independent Auditor's Report

羅兵咸永道

Independent Auditor's Report
To the shareholders of Glorious Property Holdings Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Glorious Property Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 91 to 160, which comprise the consolidated and company balance sheets as at 31 December 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

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

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2013

Consolidated Balance Sheet

As at 31 December 2012

RMB'000	Note	2012	2011
ASSETS			
Non-current assets			
Property, plant and equipment	6	**1,102,115**	722,872
Investment properties	7	**10,607,946**	8,557,663
Intangible assets	8	**2,305**	2,833
Investment in an associate	9	**4,485**	6,189
Investment in a jointly controlled entity	10	**22,385**	25,767
Loan to a jointly controlled entity	10	**1,978,997**	1,967,905
Deferred income tax assets	21	**312,487**	308,027
		14,030,720	11,591,256
Current assets			
Properties under development	12	**22,256,445**	22,862,050
Completed properties held for sale	13	**5,044,360**	2,929,268
Inventories	14	**7,275**	6,849
Trade and other receivables and prepayments	15	**7,774,301**	9,942,396
Prepaid taxes		**213,886**	205,995
Restricted cash	16	**2,307,440**	2,145,255
Cash and cash equivalents	17	**992,749**	1,021,098
		38,596,456	39,112,911
Total assets		**52,627,176**	50,704,167
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	18	**68,745**	68,745
Share premium	18	**7,822,982**	7,822,982
Reserves		**10,259,343**	9,159,191
		18,151,070	17,050,918
Non-controlling interests		**1,290,735**	1,293,778
Total equity		**19,441,805**	18,344,696

The notes on pages 97 to 160 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2012

RMB'000	Note	**2012**	2011
LIABILITIES			
Non-current liabilities			
Borrowings	20	**9,689,677**	5,583,223
Deferred income tax liabilities	21	**1,654,072**	1,476,239
Obligations under finance lease	22	**17,571**	17,396
		11,361,320	7,076,858
Current liabilities			
Advanced proceeds received from customers		**5,668,013**	6,915,588
Trade and other payables	23	**5,606,416**	4,751,758
Income tax payable		**4,454,249**	4,311,586
Borrowings	20	**6,094,505**	9,302,813
Obligations under finance lease	22	**868**	868
		21,824,051	25,282,613
Total liabilities		**33,185,371**	32,359,471
Total equity and liabilities		**52,627,176**	50,704,167
Net current assets		**16,772,405**	13,830,298
Total assets less current liabilities		**30,803,125**	25,421,554

Approved by the Board on 28 March 2013 and signed on its behalf by

Cheng Li Xiong
Director

Xia Jing Hua
Director

The notes on pages 97 to 160 are an integral part of these consolidated financial statements.

Balance Sheet

As at 31 December 2012

RMB'000	Note	2012	2011
ASSETS			
Non-current assets			
Interests in subsidiaries	11	**7,456,784**	7,400,320
Property and equipment	6	**50**	73
		7,456,834	7,400,393
Current assets			
Prepayments	15	**743**	544
Restricted cash	16	**—**	200,000
Cash and cash equivalents	17	**3,096**	74,093
		3,839	274,637
Total assets		**7,460,673**	7,675,030
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	18	**68,745**	68,745
Share premium	18	**7,822,982**	7,822,982
Reserves	19	**(2,441,115)**	(2,170,748)
Total equity		**5,450,612**	5,720,979
LIABILITIES			
Non-current liabilities			
Borrowings	20	**1,901,024**	1,897,100
Current liabilities			
Trade and other payables	23	**11,048**	6,214
Amounts due to subsidiaries	24	**97,989**	50,737
		109,037	56,951
Total liabilities		**2,010,061**	1,954,051
Total equity and liabilities		**7,460,673**	7,675,030
Net current (liabilities)/assets		**(105,198)**	217,686
Total assets less current liabilities		**7,351,636**	7,618,079

Approved by the Board on 28 March 2013 and signed on its behalf by

Cheng Li Xiong
Director

Xia Jing Hua
Director

The notes on pages 97 to 160 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2012

RMB'000	Note	**2012**	2011
Revenue	5	**8,384,740**	9,585,443
Cost of sales	27	**(6,463,366)**	(5,788,246)
Gross profit		**1,921,374**	3,797,197
Other income	25	**82,043**	182,695
Other gains, net	26	**520,077**	724,419
Selling and marketing expenses	27	**(235,457)**	(240,998)
Administrative expenses	27	**(405,582)**	(435,957)
Finance costs	28	**(8,326)**	(2,526)
Share of (loss)/profit of an associate	9	**(1,704)**	338
Share of loss of a jointly controlled entity	10	**(3,382)**	(4,143)
Profit before income tax		**1,869,043**	4,021,025
Income tax expenses	31	**(790,855)**	(1,811,944)
Profit for the year		**1,078,188**	2,209,081
Profit for the year attributable to:			
— the owners of the Company		**1,081,631**	2,215,654
— non-controlling interests		**(3,443)**	(6,573)
		1,078,188	2,209,081
Other comprehensive income		**—**	—
Total comprehensive income for the year		**1,078,188**	2,209,081
Total comprehensive income for the year attributable to:			
— the owners of the Company		**1,081,631**	2,215,654
— non-controlling interests		**(3,443)**	(6,573)
		1,078,188	2,209,081
Earnings per share for profit attributable to the owners of the Company (expressed in RMB per share)			
— Basic	32	**0.14**	0.28
— Diluted	32	**0.14**	0.28
Dividend	33	**—**	—
Dividend per share (expressed in RMB per share)	33	**—**	—

The notes on pages 97 to 160 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2012

	Year ended 31 December 2012 Attributable to the owners of the Company									
RMB'000	Share capital (note 18)	Share premium (note 18)	Merger reserve (note 19(b))	Statutory reserve (note 19(c))	Other reserve (note 19(d))	Employee share-based compen-sation reserve	Retained earnings	Total	Non-controlling interests	Total equity
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 year	—	—	—	—	—	—	1,081,631	1,081,631	(3,443)	1,078,188
Employee share-based compensation (note 39)	—	—	—	—	—	18,521	—	18,521	—	18,521
Transfer to statutory reserve	—	—	—	40,835	—	—	(40,835)	—	—	—
Capital injection from non-controlling shareholder of a subsidiary	—	—	—	—	—	—	—	—	400	400
Balance at 31 December 2012	**68,745**	**7,822,982**	**(770,477)**	**304,829**	**264,317**	**195,058**	**10,265,616**	**18,151,070**	**1,290,735**	**19,441,805**

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

The notes on pages 97 to 160 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2012

RMB'000	Note	**2012**	2011
Cash flows from operating activities			
Cash generated from operations	34	**1,764,709**	796,364
Income tax paid		**(482,710)**	(453,677)
Interest paid		**(1,438,112)**	(1,786,517)
Net cash used in operating activities		**(156,113)**	(1,443,830)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(409,411)**	(170,567)
Payments for the construction of investment properties		**(404,288)**	(657,319)
Proceeds from disposals of property, plant and equipment		**1,498**	1,050
Interest received		**111,717**	51,271
Receipts from/(advances to) a third party		**58,793**	(190,965)
Net cash used in investing activities		**(641,691)**	(966,530)
Cash flows from financing activities			
Capital injection from non-controlling shareholder of a subsidiary		**400**	8,000
Proceeds from borrowings		**9,180,718**	9,544,110
Repayment of borrowings		**(8,947,928)**	(8,490,850)
Advances received from third parties		**567,680**	119,850
Changes in restricted cash		**(31,466)**	(1,900,000)
Net cash generated from/(used in) financing activities		**769,404**	(718,890)
Net decrease in cash and cash equivalents		**(28,400)**	(3,129,250)
Cash and cash equivalents at beginning of the year		**1,021,098**	4,151,420
Exchange gains/(losses) on cash and bank balances		**51**	(1,072)
Cash and cash equivalents at end of the year	17	**992,749**	1,021,098

The notes on pages 97 to 160 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

31 December 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") (Stock Code: 00845). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

These financial statements are presented in thousands of units of Renminbi (RMB'000), unless otherwise stated. These financial statements have been approved for issue by the Board on 28 March 2013.

2 Summary of significant accounting policies

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

(a) Basis of preparation

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

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

As at 31 December 2012, the Company's current liabilities exceeded its current assets by RMB105,198,000. The directors of the Company have prepared cash flow projections for the year ending 31 December 2013 and the key assumptions are set out in note 3(a)(v). The directors consider that the Company will continue operation for the foreseeable future and will able to meet its liabilities as and when they fall due. Accordingly, the financial statements have been prepared on a going concern basis.

(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 this amendment.

There are no other amended standards or interpretations that are effective for the first time for the accounting period beginning on or after 1 January 2012 that would be expected to have a material impact on the Group.

2 Summary of significant accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(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:

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

- 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.

- HKFRS 11 "Joint arrangements" is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. HKFRS 11 will be effective for accounting period beginning on or after 1 January 2013.

- HKFRS 12 "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. HKFRS 12 will be effective for 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.

2 Summary of significant accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

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

The Group has already commenced an assessment of the impact of the above new standards or amendments but is not yet in a position to state whether these new standards or amendments would have a significant impact on its results of operations and financial position.

(b) Consolidation

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

(i) Subsidiaries

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

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

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

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend receivable.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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

2 Summary of significant accounting policies *(Continued)*

(b) Consolidation *(Continued)*

(ii) Associates

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

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

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

(iii) Jointly controlled entities

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

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

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

2 Summary of significant accounting policies *(Continued)*

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Group companies

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

— Assets and liabilities for each balance sheet of the companies comprising the Group are translated at the closing rate at the date of that balance sheet;

— Income and expenses for each statement of comprehensive income of the companies comprising the Group are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction date; in which case income and expenses are translated at the rate on the dates of the transactions); and

— All resulting exchange differences are recognised in other comprehensive income.

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

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

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

2 Summary of significant accounting policies *(Continued)*

(d) Property, plant and equipment

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

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

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

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

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

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

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

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

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

2 Summary of significant accounting policies *(Continued)*

(e) Investment properties

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

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

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

(f) Intangible assets

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

(g) Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

2 Summary of significant accounting policies *(Continued)*

(h) Financial assets

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

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

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

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

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

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

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

2 Summary of significant accounting policies *(Continued)*

(i) Properties under development

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

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

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

(j) Completed properties held for sale

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

(k) Inventories

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

(l) Trade and other receivables

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

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

(m) Cash and cash equivalents

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

2 Summary of significant accounting policies *(Continued)*

(n) Share capital

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

(o) Trade and other payables

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

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

(p) Offsetting financial instruments

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

(q) Borrowings

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

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

(r) Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(s) Current and deferred income tax

The tax expenses for the period comprise current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

2 Summary of significant accounting policies *(Continued)*

(s) Current and deferred income tax *(Continued)*

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

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

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

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

(t) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Retirement benefits

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

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

2 Summary of significant accounting policies *(Continued)*

(t) Employee benefits *(Continued)*

(ii) Retirement benefits *(Continued)*

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and HK$1,250. The assets of this pension scheme are held separately from those of the Group in independently administrated funds.

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

(u) Share-based payments

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

- including any market performance conditions (for example, an entity's share price);

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

- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

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

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

(v) Revenue recognition

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

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

2 Summary of significant accounting policies *(Continued)*

(v) Revenue recognition *(Continued)*

(i) Sales of properties

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

(ii) Rental income from operating leases

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

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

(iii) Interest income

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

(w) Operating leases

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

(x) Finance leases

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

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

(y) Dividend distribution

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

2 Summary of significant accounting policies *(Continued)*

(z) Financial guarantee

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

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

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

(aa) Provisions and contingent liabilities

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

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

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

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

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

(ab) Segment reporting

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

3 Financial risk management

(a) Financial risk factors

The Group's major financial instruments include cash and bank deposits, trade and other receivables, trade and other payables and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group has not used any kind of derivative financial instruments to hedge its risk exposures.

(i) Foreign currency exchange risk

The Group's property development projects are all located in the PRC and substantially all of the related transactions are settled in RMB. The Company and certain of the investment holding companies within the Group operate in Hong Kong which have recognised assets and liabilities in currencies other than RMB, including the Senior Notes due 2015 and the US$295,000,000 bank loan due 2014. Apart from the Senior Notes due 2015 and the US$295,000,000 bank loan that may cause the Group being exposed to a higher level of foreign currency exchange risk, the directors consider the exposures to foreign currency exchange risk in relation to other assets and liabilities to be insignificant. As at 31 December 2012, the Group has cash and bank balances, borrowings and trade and other payables that are denominated in foreign currencies as follows:

RMB'000	**2012**	2011
Cash and bank balances:		
US$	**8,329**	21,018
HK$	**1,871**	6,236
	10,200	27,254

RMB'000	**2012**	2011
Borrowings:		
US$	**3,755,246**	3,762,474
	3,755,246	3,762,474

RMB'000	**2012**	2011
Trade and other payables:		
US$	**17,921**	1,575
HK$	**10,555**	8,012
	28,476	9,587

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

As at 31 December 2012, if RMB had strengthened/weakened by 5% against other currencies, with all other variables held constant, post-tax profit for the year ended 31 December 2012 would have been approximately RMB188.7 million higher/lower (2011: RMB187.2 million higher/lower).

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(ii) Interest rate risk

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

The Group's exposures to changes in interest rates are mainly attributable to its borrowings (note 20). Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates exposed the Group to fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis and will consider the interest rate exposure when entering into any refinancing, renewal of existing positions and alternative financing transactions. As any reasonable changes in interest rate would not result in a significant change in the Group's results, no sensitivity analysis is presented for interest rate risk.

As at 31 December 2012, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been RMB12,520,000 (2011: RMB16,575,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(iii) Price risk

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

(iv) Credit risk

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

For banks and financial institutions, deposits are only placed with reputable banks. For credit exposures to customers, generally, the Group requires full payment from customers before delivery of properties. Credit terms are only granted to customers for very rare cases upon obtaining approval from the Company's senior management after assessing the credit history of those customers. The Group has set out policies to ensure follow-up action is taken to recover overdue debts and the Group reviews regularly the recoverable amount of each individual trade and other receivable to ensure that adequate impairment losses are made for irrecoverable amounts. As set out in note 15(b), other receivables due from third parties, included receivables in relation to the acquisition of a property located in Beijing and a company which has obtained a piece of land in Shanghai. The Group specifically analyses the recoverability of such receivables, including the debtors' financial conditions and any other known information, and considered that no provision for impairment should be made as at 31 December 2012.

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

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

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(v) Liquidity risk

Management aims to maintain sufficient cash to meet funding requirement for operations and monitors rolling forecasts of the Group's cash on the basis of expected cash flow. The directors of the Company have prepared cash flow projections for the year ending 31 December 2013. Key assumptions used in the preparation of the cash flow projections for the year ending 31 December 2013 include: (1) proceeds from pre-sales in 2013 is expected to be comparable to that of 2012; (2) construction payments match receipt of the relevant proceeds from pre-sales; (3) available project loan facility is expected to be no less than that of 2012 and (4) no breach of debt covenants is anticipated in 2013.

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

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

GROUP

RMB'000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2012					
Borrowings, including interest payable	**7,427,278**	**7,011,828**	**2,912,268**	**784,887**	**18,136,261**
Obligation under finance lease	**920**	**920**	**3,105**	**43,661**	**48,606**
Trade and other payables	**5,449,367**	**—**	**—**	**—**	**5,449,367**
Total	**12,877,565**	**7,012,748**	**2,915,373**	**828,548**	**23,634,234**
At 31 December 2011					
Borrowings, including interest payable	10,615,876	2,991,458	3,271,924	546,767	17,426,025
Obligation under finance lease	920	920	2,967	44,720	49,527
Trade and other payables	4,609,233	—	—	—	4,609,233
Total	15,226,029	2,992,378	3,274,891	591,487	22,084,785

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(v) Liquidity risk *(Continued)*

COMPANY

RMB'000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2012					
Borrowings, including interest payable	**40,430**	**40,632**	**1,919,142**	**—**	**2,000,204**
Trade and other payables	**11,048**	**—**	**—**	**—**	**11,048**
Total	**51,478**	**40,632**	**1,919,142**	**—**	**2,011,252**
At 31 December 2011					
Borrowings, including interest payable	245,735	245,735	2,336,821	—	2,828,291
Trade and other payables	6,214	—	—	—	6,214
Total	251,949	245,735	2,336,821	—	2,834,505

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

(b) Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. Gearing ratio is calculated as net debt divided by total equity attributable to the 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 at 31 December 2012 and 2011 were as follows:

RMB'000	**2012**	2011
Total borrowings (note 20)	**15,784,182**	14,886,036
Less: cash and bank balances	**(3,300,189)**	(3,166,353)
Net debt	**12,483,993**	11,719,683
Total equity attributable to the owners of the Company	**18,151,070**	17,050,918
Gearing ratio	**68.8%**	68.7%

The gearing ratio for 2012 was comparable to that for 2011.

3 Financial risk management *(Continued)*

(c) Fair value estimation

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

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

4 Critical accounting estimates and judgements

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

(a) Sales recognition on properties sold

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

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

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

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

(b) Income tax and deferred income tax

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

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

4 Critical accounting estimates and judgements *(Continued)*

(c) Land appreciation tax

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

(d) Estimated valuation of investment properties

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

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

(e) Impairment assessment of trade and other receivables

Generally, the Group requires full payment from customers before delivery of properties. Credit terms are only granted to customers in very rare cases upon obtaining approval from the Company's senior management after assessing the credit history of those customers. The Group has set out policies to ensure follow-up action is taken to recover overdue debts and the Group reviews regularly the recoverable amount of each individual trade receivables. The policy for provision for impairment on other receivables of the Group is based on the evaluation of collectability of receivable and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness.

5 Segment information

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

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

The Executive Directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments. Other information provided, except as noted below, to the Executive Directors is measured in a manner consistent with that in the consolidated financial statements.

Total segment assets excluded deferred income tax assets and other unallocated corporate assets. Other unallocated corporate assets represent interest expenses incurred at corporate which have been capitalised on qualifying assets of the subsidiaries.

5 Segment information *(Continued)*

Sales between segments are carried out in terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Total
Year ended 31 December 2012						
Total revenue	**1,545,099**	**3,773,956**	**156,657**	**2,913,004**	**—**	**8,388,716**
Inter-segment revenue	**(3,976)**	**—**	**—**	**—**	**—**	**(3,976)**
Revenue (from external customers)	**1,541,123**	**3,773,956**	**156,657**	**2,913,004**	**—**	**8,384,740**
Segment results	**402,519**	**652,552**	**(96,223)**	**475,931**	**(77,850)**	**1,356,929**
Depreciation and amortisation	**(12,757)**	**(3,764)**	**(4,404)**	**(2,743)**	**(1,951)**	**(25,619)**
Fair value changes of investment properties	**222,975**	**287,151**	**1,574**	**(7,420)**	**—**	**504,280**
Interest income	**2,702**	**36,573**	**1,075**	**651**	**778**	**41,779**
Finance costs	**(2,838)**	**(1,347)**	**(60)**	**(4,081)**	**—**	**(8,326)**
Income tax expenses	**(229,999)**	**(358,519)**	**8,896**	**(211,233)**	**—**	**(790,855)**
Year ended 31 December 2011						
Total revenue	4,872,900	1,496,586	662,161	2,565,982	—	9,597,629
Inter-segment revenue	(12,186)	—	—	—	—	(12,186)
Revenue (from external customers)	4,860,714	1,496,586	662,161	2,565,982	—	9,585,443
Segment results	2,347,184	68,757	118,799	766,093	(52,447)	3,248,386
Depreciation and amortisation	(9,915)	(3,613)	(3,325)	(2,069)	(1,375)	(20,297)
Fair value changes of investment properties	477,620	—	42,335	157,181	—	677,136
Interest income	49,308	79,085	1,043	1,573	14,457	145,466
Finance costs	(427)	(1,352)	(193)	(519)	(35)	(2,526)
Income tax expenses	(1,298,483)	(55,664)	(50,109)	(407,688)	—	(1,811,944)

5 Segment information *(Continued)*

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Elimination	Total
At 31 December 2012							
Total segment assets	**30,552,726**	**26,397,719**	**7,952,848**	**7,373,071**	**8,218,177**	**(32,197,311)**	**48,297,230**
Total segment assets include:							
Investment in an associate	**4,485**	**—**	**—**	**—**	**—**	**—**	**4,485**
Investment in a jointly controlled entity	**22,385**	**—**	**—**	**—**	**—**	**—**	**22,385**
Deferred income tax assets							**312,487**
Other unallocated corporate assets							**4,017,459**
Total assets							**52,627,176**
Additions to:							
Property, plant and equipment	**407,364**	**406**	**51**	**1,324**	**266**	**—**	**409,411**
Investment properties	**611,219**	**718,849**	**18,426**	**197,509**	**—**	**—**	**1,546,003**
At 31 December 2011							
Total segment assets	29,870,673	28,497,850	6,453,050	9,318,674	16,280,377	(43,481,468)	46,939,156
Total segment assets include:							
Investment in an associate	6,189	—	—	—	—	—	6,189
Investment in a jointly controlled entity	25,767	—	—	—	—	—	25,767
Deferred income tax assets							308,027
Other unallocated corporate assets							3,456,984
Total assets							50,704,167
Additions to:							
Property, plant and equipment	138,645	4,786	7,236	9,802	6,870	—	167,339
Investment properties	118,924	—	106,665	431,730	—	—	657,319

5 Segment information *(Continued)*

RMB'000	**2012**	2011
Segment results	**1,356,929**	3,248,386
Fair value changes of investment properties	**504,280**	677,136
Depreciation and amortisation	**(25,619)**	(20,297)
Loss on redemption of a financial liability	**—**	(27,140)
Operating profit	**1,835,590**	3,878,085
Interest income	**41,779**	145,466
Finance costs	**(8,326)**	(2,526)
Profit before income tax	**1,869,043**	4,021,025

Analysis of revenue by category

RMB'000	**2012**	2011
Sales of properties	**8,384,481**	9,581,735
Others	**259**	3,708
Total	**8,384,740**	9,585,443

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

6 Property, plant and equipment

Group

RMB'000	Building	Computer and office equipment	Motor vehicles	Furniture, fitting and equipment	Leasehold improvements	Plant and machinery	Construction in progress	Total
At 1 January 2011								
Cost	30,024	19,599	62,925	5,377	14,859	6,350	476,469	615,603
Accumulated depreciation	(3,373)	(7,169)	(25,621)	(1,843)	(3,005)	(839)	—	(41,850)
Net book amount	26,651	12,430	37,304	3,534	11,854	5,511	476,469	573,753
Year ended 31 December 2011								
Opening net book amount	26,651	12,430	37,304	3,534	11,854	5,511	476,469	573,753
Acquisition of subsidiaries (note 38)	—	309	5,193	—	—	—	—	5,502
Additions	43,797	6,032	25,714	1,559	3,311	11	86,915	167,339
Disposals	—	(77)	(841)	(141)	(313)	—	—	(1,372)
Depreciation	(1,801)	(4,266)	(12,419)	(934)	(2,292)	(638)	—	(22,350)
Closing net book amount	68,647	14,428	54,951	4,018	12,560	4,884	563,384	722,872
At 31 December 2011								
Cost	73,821	25,759	91,873	6,740	17,769	6,361	563,384	785,707
Accumulated depreciation	(5,174)	(11,331)	(36,922)	(2,722)	(5,209)	(1,477)	—	(62,835)
Net book amount	68,647	14,428	54,951	4,018	12,560	4,884	563,384	722,872
Year ended 31 December 2012								
Opening net book amount	**68,647**	**14,428**	**54,951**	**4,018**	**12,560**	**4,884**	**563,384**	**722,872**
Additions	**52**	**1,144**	**2,999**	**280**	**157**	**—**	**404,779**	**409,411**
Disposals	**—**	**(76)**	**(2,127)**	**(54)**	**—**	**—**	**—**	**(2,257)**
Depreciation	**(3,083)**	**(6,169)**	**(14,181)**	**(1,110)**	**(2,730)**	**(638)**	**—**	**(27,911)**
Closing net book amount	**65,616**	**9,327**	**41,642**	**3,134**	**9,987**	**4,246**	**968,163**	**1,102,115**
At 31 December 2012								
Cost	**73,873**	**26,738**	**88,884**	**6,943**	**17,926**	**6,361**	**968,163**	**1,188,888**
Accumulated depreciation	**(8,257)**	**(17,411)**	**(47,242)**	**(3,809)**	**(7,939)**	**(2,115)**	**—**	**(86,773)**
Net book amount	**65,616**	**9,327**	**41,642**	**3,134**	**9,987**	**4,246**	**968,163**	**1,102,115**

6 Property, plant and equipment *(Continued)*

Company

RMB'000	Computer and office equipment	Furniture, fitting and equipment	Leasehold improvements	Total
At 1 January 2011				
Cost	116	123	320	559
Accumulated depreciation	(19)	(21)	(42)	(82)
Net book amount	97	102	278	477
Year ended 31 December 2011				
Opening net book amount	97	102	278	477
Disposals	—	(96)	(262)	(358)
Depreciation	(24)	(6)	(16)	(46)
Closing net book amount	73	—	—	73
At 31 December 2011				
Cost	116	—	—	116
Accumulated depreciation	(43)	—	—	(43)
Net book amount	73	—	—	73
Year ended 31 December 2012				
Opening net book amount	**73**	**—**	**—**	**73**
Depreciation	**(23)**	**—**	**—**	**(23)**
Closing net book amount	**50**	**—**	**—**	**50**
At 31 December 2012				
Cost	**116**	**—**	**—**	**116**
Accumulated depreciation	**(66)**	**—**	**—**	**(66)**
Net book amount	**50**	**—**	**—**	**50**

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

As at 31 December 2011 and 2012, all construction in progress were pledged as collateral for the Group's borrowings (note 20).

6 Property, plant and equipment *(Continued)*

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

RMB'000	**2012**	2011
Properties under development	**1,323**	628
Cost of sales	**1,497**	1,952
Selling and marketing expenses	**1,696**	1,548
Administrative expenses	**23,395**	18,222
	27,911	22,350

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

RMB'000	**2012**	2011
Cost — capitalised finance leases	**24,524**	24,524
Accumulated depreciation	**(4,599)**	(3,986)
	19,925	20,538

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

7 Investment properties

RMB'000	**2012**	2011
At beginning of the year	**8,557,663**	7,223,208
Additions	**1,546,003**	657,319
Fair value gain (included in "other gains, net")	**504,280**	677,136
At end of the year	**10,607,946**	8,557,663

The investment properties were valued on 31 December 2011 and 2012 at fair value by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent and professionally qualified valuer.

As at 31 December 2012, investment properties of carrying value of RMB5,817,000,000 (2011: RMB2,918,325,000) were pledged as collateral for the Group's borrowings (note 20).

7 Investment properties *(Continued)*

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

RMB'000	**2012**	2011
In the PRC, held on:		
Leases of 10-50 years	**8,451,946**	6,710,645
Leases of over 50 years	**2,156,000**	1,847,018
	10,607,946	8,557,663

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

RMB'000	**2012**	2011
Rental income	**35,246**	30,777
Direct operating expenses attributable to investment properties that generate rental income	**(4,816)**	(4,005)
Net rental income (note 25)	**30,430**	26,772

8 Intangible assets

RMB'000	**2012**	2011
At beginning of the year	**2,833**	3,360
Amortisation charge	**(528)**	(527)
At end of the year	**2,305**	2,833
At end of the year		
Cost	**4,300**	4,300
Accumulated amortisation	**(1,995)**	(1,467)
Net book amount	**2,305**	2,833

Amortisation charge of RMB528,000 (2011: RMB527,000) was included in the "administrative expenses" in the consolidated statement of comprehensive income. There was no impairment of the Group's intangible assets during the year (2011: Nil).

9 Investment in an associate

RMB'000	2012	2011
Investment in an associate	**4,485**	6,189

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

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

RMB'000	2012	2011
Assets		
Non-current assets	**569**	914
Current assets	**7,622**	7,993
	8,191	8,907
Liabilities		
Current liabilities	**3,706**	2,718
Net assets	**4,485**	6,189
Income	**8,968**	18,158
Expenses, including income tax	**(10,672)**	(17,820)
(Loss)/profit for the year	**(1,704)**	338

10 Investment in a jointly controlled entity and loan to a jointly controlled entity

RMB'000	2012	2011
Investment in a jointly controlled entity	**22,385**	25,767
Loan to a jointly controlled entity (a)	**1,978,997**	1,967,905

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

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

RMB'000	2012	2011
Assets:		
Non-current assets	**4,270**	3,571
Current assets	**2,469,892**	2,171,254
	2,474,162	2,174,825
Liabilities:		
Non-current liabilities	**1,490,883**	1,279,997
Current liabilities	**960,894**	869,061
	2,451,777	2,149,058
Net assets	**22,385**	25,767
Income	**—**	—
Expenses, including income tax	**(3,382)**	(4,143)
Loss for the year	**(3,382)**	(4,143)

(a) The loan to a jointly controlled entity is unsecured, has no fixed terms of repayment and bears interest that is agreed with Nanjing Jiangxu and its joint venture partner by making references to the latest benchmark lending rate published by the People's Bank of China. As at 31 December 2012, the annual interest rate is 10% (2011: 10%). The carrying value of the loan to a jointly controlled entity approximates its fair value.

11 Interests in subsidiaries — Company

RMB'000	**2012**	2011
Unlisted shares, at cost	**—**	—
Advances to subsidiaries (a)	**7,456,784**	7,400,320
	7,456,784	7,400,320

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

Particulars of the subsidiaries of the Company as at 31 December 2012 are set out below:

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest 2011	2012	Principal activities
Directly held:						
Incorporated in the British Virgin Islands (the "BVI"):						
Bright New Investments Limited (明新投資有限公司)	2 May 2007	Limited company	US$50,000	100%	100%	Investment holding
Indirectly held:						
Incorporated in the BVI:						
Achieve Triumph Limited (達凱有限公司)	6 April 2011	Limited company	US$1	100%	100%	Investment holding
Allied Honest Holdings Limited	30 March 2006	Limited company	US$1,000	100%	100%	Investment holding
Better Score Limited	25 February 2009	Limited company	US$1	100%	100%	Investment holding
East Harbour Development Limited	9 March 2006	Limited company	US$1,000	100%	100%	Investment holding
East Plus Enterprises Limited (東和企業有限公司)	25 November 2010	Limited company	US$1	100%	100%	Investment holding
Grand Target Group Limited (君達集團有限公司)	23 January 2006	Limited company	US$1,000	100%	100%	Investment holding
Highest Reach Limited	9 March 2007	Limited company	US$50,000	100%	100%	Investment holding
Jolly Rich Limited (怡富有限公司)	25 March 2011	Limited company	US$1	100%	100%	Investment holding
May Gain Limited (美盈有限公司)	6 April 2011	Limited company	US$1	100%	100%	Investment holding
Regal World Development Limited	21 February 2006	Limited company	US$1,000	100%	100%	Investment holding
Vieward Group Limited (景向集團有限公司)	15 February 2006	Limited company	US$1,000	100%	100%	Investment holding

11 Interests in subsidiaries — Company *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest 2011	2012	Principal activities
Incorporated in Hong Kong:						
Cheston Holdings Limited (卓怡集團有限公司)	14 June 2006	Limited company	HK$1	100%	100%	Investment holding
Extreme (Asia) Limited (永和(亞洲)有限公司)	15 May 2006	Limited company	HK$1	100%	100%	Investment holding
Fast Right Limited	15 December 2006	Limited company	HK$10,000	100%	100%	Investment holding
Glorious Corporate Services Limited	12 July 2010	Limited company	HK$1	100%	100%	Provision of corporate services
Gold Radiant Investments Limited (富谷投資有限公司)	11 April 2011	Limited company	HK$1	100%	100%	Investment holding
Greater Base Limited (基鉅有限公司)	3 March 2009	Limited company	HK$1	100%	100%	Investment holding
Rich Tech International Enterprise Limited (富達國際企業有限公司)	2 June 2006	Limited company	HK$1	100%	100%	Investment holding
Triumph One Investments Limited (美堡投資有限公司)	11 April 2011	Limited company	HK$1	100%	100%	Investment holding
Venture Hong Kong Group Limited (富昇香港集團有限公司)	26 June 2006	Limited company	HK$1	100%	100%	Investment holding
Worldex Investment Development Limited (恒滙投資發展有限公司)	14 June 2006	Limited company	HK$1	100%	100%	Investment holding
Incorporated in Singapore:						
Wachovian II Co Pte. Ltd.	14 August 2007	Limited company	SGD10	100%	100%	Investment holding
Incorporated in the PRC:						
Fuda Real Estate Development (Nantong) Co., Ltd. (富達房地產開發(南通)有限公司)	1 August 2006	Limited company	US$111,880,000	100%	100%	Property development and investment holding
Fusheng Real Estate Development (Nantong) Co., Ltd. (富昇房地產開發(南通)有限公司)	27 June 2005	Limited company	US$99,960,000	100%	100%	Property development and investment holding
Henghui Real Estate Development (Nantong) Co., Ltd. (恒滙房地產開發(南通)有限公司)	22 July 2005	Limited company	US$112,990,000	100%	100%	Property development and investment holding
Nantong Huangshi Hui Real Estate Development Co., Ltd. (南通皇室會房地產開發有限公司)	25 July 2005	Limited company	US$128,990,000	100%	100%	Property development and investment holding

11 Interests in subsidiaries — Company *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest 2011	2012	Principal activities
Incorporated in the PRC (continued):						
Nantong Jiangle Real Estate Development Co., Ltd. (南通江樂房地產開發有限公司)	27 June 2006	Limited company	US$99,800,000	100%	100%	Property development and investment holding
Nantong Jigui Real Estate Development Co., Ltd. (南通杰滙置業發展有限公司)	14 April 2006	Limited company	US$113,990,000	100%	100%	Property development and investment holding
Nantong Jiju Foundation Facilities Construction Co., Ltd. (南通基鉅基礎設施建設有限公司)	27 April 2009	Limited company	US$3,000,000	100%	100%	Investment holding
Nantong Lehua Real Estate Development Co., Ltd. (南通樂華房地產開發有限公司)	29 June 2006	Limited company	US$114,800,000	100%	100%	Property development and investment holding
Yonghe Real Estate Development (Nantong) Co., Ltd. (永和房地產開發(南通)有限公司)	10 April 2006	Limited company	US$102,750,000	100%	100%	Property development and investment holding
Zhuo Yi Real Estate Development (Nantong) Co., Ltd. (卓怡房地產開發(南通)有限公司)	2 August 2006	Limited company	US$99,800,000	100%	100%	Property development and investment holding
Dalian Hengcheng Investment Management Co., Ltd. (大連恒成投資管理有限公司)	8 November 2012	Limited company	RMB1,000,000	—	60%	Asset management and project investment advisory
Dalian Runjing Property Development Co., Ltd. (大連潤景房地產開發有限公司)	19 January 2010	Limited company	RMB100,000,000	100%	100%	Property development
Glorious Baofeng (Nantong) Property Development Co., Ltd. (恒盛寶豐(南通)置業發展有限公司)	12 January 2010	Limited company	RMB802,000,000	100%	100%	Property development
Glorious Fuhai (Harbin) Property Development Co., Ltd. (恒盛福海(哈爾濱)置業有限公司)	5 November 2010	Limited company	RMB100,000,000	100%	100%	Property development
Glorious Fusheng Property Investment (Beijing) Co., Ltd. (恒盛富升地產投資(北京)有限公司)	23 July 2010	Limited company	RMB100,000,000	100%	100%	Investment holding
Glorious Hengmao (Hefei) Property Development Co., Ltd. (恒盛恒茂(合肥)房地產開發有限公司)	24 October 2007	Limited company	RMB509,830,227	100%	100%	Property development

11 Interests in subsidiaries — Company *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest 2011	2012	Principal activities
Incorporated in the PRC (continued):						
Glorious Hetian Hexin (Beijing) Property Development Co., Ltd. (恒盛合天和信(北京)房地產開發有限公司)	25 December 2001	Limited company	RMB130,000,000	100%	100%	Property development
Glorious Hongsheng (Suzhou) Property Development Co., Ltd. (恒盛弘晟(蘇州)置業有限公司)	17 March 2005	Limited company	RMB170,000,000	100%	100%	Property development
Glorious Hongyun (Tianjin) Investment Co., Ltd. (恒盛弘耘(天津)投資有限公司)	13 September 2004	Limited company	RMB88,000,000	100%	100%	Property development
Glorious Huixin (Changchun) Property Development Co., Ltd. (恒盛滙鑫(長春)置業有限公司)	7 May 2010	Limited company	RMB250,000,000	100%	100%	Property development
Glorious Plaza (Nantong) Property Development Co., Ltd. (恒盛廣場(南通)房地產開發有限公司) (formerly known as "Glorious Rongsheng (Nantong) Building Real Estate Development Co., Ltd. 恒盛熔盛大廈(南通)房地產開發有限公司")	12 December 2007	Limited company	RMB460,000,000	100%	100%	Property development
Glorious Property Investment (Changchun) Co., Ltd. (恒盛地產投資(長春)有限公司)	25 August 2011	Limited company	RMB50,000,000	100%	100%	Investment holding
Glorious Property Investment (Harbin) Co., Ltd. (恒盛地產投資(哈爾濱)有限公司)	3 August 2010	Limited company	RMB100,000,000	100%	100%	Investment holding
Glorious Property Investment (Hefei) Co., Ltd. (恒盛地產投資(合肥)有限公司)	23 July 2010	Limited company	RMB250,000,000	100%	100%	Investment holding
Glorious Property Investment (Nantong) Co., Ltd. (恒盛地產投資(南通)有限公司)	28 May 2010	Limited company	RMB420,000,000	100%	100%	Investment holding
Glorious Property Investment (Shanghai) Co., Ltd. (恒盛地產投資(上海)有限公司)	21 June 2010	Limited company	RMB100,000,000	100%	100%	Investment holding
Glorious Property Investment (Tianjin) Co., Ltd. (恒盛地產投資(天津)有限公司)	2 December 2010	Limited company	RMB40,000,000	100%	100%	Investment holding
Glorious Property Investment (Yancheng) Co., Ltd. (恒盛地產投資(鹽城)有限公司)	28 February 2011	Limited company	RMB150,000,000	100%	100%	Investment holding
Glorious Qingshi Property Development (Beijing) Co., Ltd. (恒盛青石地產置業(北京)有限公司)	16 May 2011	Limited company	RMB20,000,000	60%	60%	Property development
Glorious Qiwei (Shanghai) Industry Co., Ltd. (恒盛祺偉(上海)實業有限公司)	24 September 2008	Limited company	RMB100,000,000	100%	100%	Wholesale of construction materials

11 Interests in subsidiaries — Company *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest 2011	2012	Principal activities
Incorporated in the PRC (continued):						
Glorious (Shanghai) Commercial Operation and Management Co., Ltd. (恒盛(上海)商業經營管理有限公司) (formerly known as "Glorious (Shanghai) Cultural Property Development Co., Ltd. 恒盛(上海)文化產業發展有限公司")	25 May 2011	Limited company	RMB10,000,000	100%	100%	Culture, advertising planning, investment holding and advisory
Glorious Shuntianlong (Shanghai) Concrete Co., Ltd. (恒盛順添隆(上海)混凝土有限公司)	14 November 2008	Limited company	RMB30,000,000	100%	100%	Trading of concrete
Glorious Tianxingjian (Tianjin) Real Estate Investment Co., Ltd. (恒盛天行建(天津)房地產投資有限公司)	20 March 2006	Limited company	RMB53,480,000	100%	100%	Property development
Glorious Weida (Nantong) Property Development Co., Ltd. (恒盛煒達(南通)房地產開發有限公司)	12 January 2010	Limited company	RMB3,370,000,000	100%	100%	Property development
Glorious Wangjiarui (Wuxi) Co., Ltd. (恒盛旺佳瑞(無錫)有限公司)	7 September 2004	Limited company	RMB1,197,911,767	100%	100%	Property development and investment holding
Glorious Yangguang Binhai (Harbin) Property Co., Ltd. (恒盛陽光濱海(哈爾濱)置業有限公司)	19 December 2007	Limited company	RMB660,000,000	100%	100%	Property development
Glorious Yangguang Xindi (Beijing) Property Co., Ltd. (恒盛陽光鑫地(北京)置業有限公司)	25 February 2003	Limited company	RMB129,000,000	100%	100%	Property development
Glorious Yangguang Xindi (Dalian) Property Co., Ltd. (恒盛陽光鑫地(大連)置業有限公司)	3 November 2009	Limited company	RMB300,000,000	70%	70%	Property development
Glorious Yangguang Xindi (Liaoning) Property Co., Ltd. (恒盛陽光鑫地(遼寧)置業有限公司)	6 June 2005	Limited company	RMB1,333,502,300	100%	100%	Property development and investment holding
Glorious Yangguang Xindi (Tianjin) Investment Co., Ltd. (恒盛陽光鑫地(天津)投資有限公司)	19 May 2003	Limited company	RMB806,039,565	100%	100%	Property development and investment holding

11 Interests in subsidiaries — Company *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest 2011	2012	Principal activities
Incorporated in the PRC (continued):						
Glorious Yifeng (Hefei) Property Development Co., Ltd. (恒盛頤豐(合肥)房地產開發有限公司)	14 October 2010	Limited company	RMB250,000,000	100%	100%	Property development
Glorious Zhuoda (Nantong) Property Development Co., Ltd. (恒盛焯達(南通)房地產開發有限公司)	21 June 2011	Limited company	RMB168,000,000	100%	100%	Property development
Glorious Zhuoyi Property Investment (Dalian) Co., Ltd. (恒盛卓怡地產投資(大連)有限公司)	3 December 2010	Limited company	RMB100,000,000	100%	100%	Investment holding
Hefei Haobang Trading Co., Ltd. (合肥皓邦貿易有限公司)	29 November 2011	Limited company	RMB50,000,000	100%	100%	Wholesale of construction materials
Jiangsu Arts and Cultural Property Holdings Ltd. (江蘇演藝文化產業股份有限公司)	8 May 2004	Limited company	RMB50,000,000	54%	54%	Cultural and property development
Jiangsu Chuangyi Cultural Property Foundation Investment and Construction Co., Ltd. (江蘇創意文化產業基地投資建設有限公司)	16 January 2007	Limited company	RMB88,670,000	100%	100%	Investment holding
Jiangsu Glorious Dadi Culture Co., Ltd. (江蘇恒盛大地文化有限責任公司)	28 June 2011	Limited company	RMB10,000,000	100%	100%	Property development
Jiaxing Glorious Ruijing Property Development Co., Ltd. (嘉興恒盛瑞景房地產開發有限公司)	25 July 2012	Limited company	RMB100,000,000	—	100%	Property development
Ma'anshan Glorious Yudong Property Development Co., Ltd. (馬鞍山恒盛裕東房地產開發有限公司) (formerly known as "Glorious Yudong (Quanjiao) Property Development Co., Ltd. 恒盛裕東(全椒)房地產開發有限公司")	4 March 2011	Limited company	RMB100,000,000	100%	100%	Property development
Nantong Zhuowei Trade Development Co., Ltd. (南通焯煒貿易發展有限公司)	5 June 2003	Limited company	RMB155,000,000	100%	100%	Wholesale of mechanical equipments and building materials
Shanghai Anshun Property Development Co., Ltd. (上海安順房地產發展有限公司)	18 January 1996	Limited company	RMB30,000,000	100%	100%	Property development
Shanghai Glorious Shengtong Investment Partnership Enterprise (Limited Partnership) (上海恒盛勝通投資合夥企業) (有限合夥)	13 June 2012	Limited partnership	—	—	100%	Investment management
Shanghai Haosen Property Co., Ltd. (上海豪森房地產有限公司)	6 October 1998	Limited company	RMB80,000,000	100%	100%	Property development

11 Interests in subsidiaries — Company *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest 2011	2012	Principal activities
Incorporated in the PRC (continued):						
Shanghai Hongye Property Development Co., Ltd. (上海弘曄房地產發展有限公司)	7 April 2008	Limited company	RMB900,000,000	100%	100%	Property development
Shanghai Jinhao Property Development Co., Ltd. (上海錦豪房地產開發有限公司)	25 December 2009	Limited company	RMB10,000,000	100%	100%	Property development
Shanghai Mingbao Construction Co., Ltd. (上海明寶建設工程有限公司)	17 January 2004	Limited company	RMB100,000,000	100%	100%	Interior and exterior decoration and renovation
Shanghai Penghui Property Development Co., Ltd. (上海鵬暉置業有限公司)	26 May 2008	Limited company	RMB20,000,000	100%	100%	Property development
Shanghai Shengtong Property Development Co., Ltd. 上海勝通房地產開發有限公司)	19 June 2001	Limited company	RMB601,000,000	100%	100%	Property development
Shanghai Rongxiang Property Development Co., Ltd. (上海熔祥房地產開發有限公司)	29 December 2009	Limited company	RMB10,000,000	100%	100%	Property development
Shanghai Xintai Property Development Co., Ltd. (上海鑫泰房地產發展有限公司)	22 April 1999	Limited company	RMB1,400,000,000	100%	100%	Property development and investment holding
Shanghai Yijing Property Development Co., Ltd. (上海意景房地產開發有限公司)	22 January 2001	Limited company	RMB563,587,214	100%	100%	Property development and investment holding
Shenyang Glorious Plaza Commercial Management Co., Ltd. (瀋陽恒盛廣場商業管理有限公司)	7 September 2010	Limited company	RMB5,000,000	100%	100%	Business management and property management
Tianjin Dong'an Construction Co. Ltd. (天津東岸建設有限公司)	11 March 2005	Limited company	RMB510,000,000	70%	70%	Property development
Tianjin Gangtian Real Estate Investment Co. Ltd. (天津港天房地產投資有限公司)	21 March 2006	Limited company	RMB136,265,000	100%	100%	Property development

Note:

(a) As at 31 December 2012, equity interests of certain of the Company's subsidiaries have been pledged for securing the Group's borrowings (note 20).

12 Properties under development

RMB'000	**2012**	2011
Within normal operating cycle included under current assets	**22,256,445**	22,862,050
Amount comprised:		
Land use rights	**11,260,194**	12,017,488
Construction costs and capitalised expenditures	**6,241,827**	6,697,715
Interest capitalised	**4,754,424**	4,146,847
	22,256,445	22,862,050

The properties under development are all located in the PRC.

As at 31 December 2012, properties under development of carrying value of RMB8,590,531,000 (2011: RMB5,219,284,000) were pledged as collateral for the Group's borrowings (note 20). As at 31 December 2012, properties under development of RMB426,464,000 (2011: RMB421,169,000) were being pledged as collateral for certain loan facilities of principal amount not exceeding RMB240,000,000 of a non-controlling shareholder of a subsidiary.

RMB'000	**2012**	2011
Properties under development:		
Expected to be completed and available for sale after more than 12 months	**12,699,853**	15,723,624
Expected to be completed and available for sale within 12 months	**9,556,592**	7,138,426
	22,256,445	22,862,050

13 Completed properties held for sale

RMB'000	**2012**	2011
Completed properties held for sale comprised:		
Land use rights	**1,360,140**	655,976
Construction costs and capitalised expenditures	**3,038,720**	2,170,525
Interest capitalised	**645,500**	102,767
	5,044,360	2,929,268

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

As at 31 December 2012, completed properties held for sale of carrying value of RMB2,062,635,000 (2011: RMB1,750,637,000) were pledged as collateral for the Group's borrowings (note 20).

14 Inventories

RMB'000	**2012**	2011
Construction materials, at cost	**7,275**	6,849

The cost of inventories recognised as expense in "cost of sales" amounted to RMB225,000 (2011: RMB3,643,000).

15 Trade and other receivables and prepayments

Group

RMB'000	**2012**	2011
Trade receivables due from third parties (a)	**52,781**	79,055
Other receivables due from third parties (b)	**1,280,982**	1,290,427
Prepayments for construction costs:	**2,084,762**	2,885,719
Related parties (note 36(b))	**1,013,083**	1,608,420
Third parties	**1,071,679**	1,277,299
Prepayments for land premium	**4,095,324**	5,381,917
Prepaid business tax and other taxes	**260,452**	305,278
	7,774,301	9,942,396

15 Trade and other receivables and prepayments *(Continued)*

Company

RMB'000	2012	2011
Prepayments to third parties	**743**	544

(a) Trade receivables are mainly arisen from sales of properties. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements and customers are generally required to settle the receivables within 30 days after the date of signing the sales and purchase agreements. The ageing analysis of trade receivables at the balance sheet dates by due date is as follows:

RMB'000	2012	2011
Within 6 months	**16,912**	34,012
Between 7 and 12 months	**11,898**	34,705
Between 13 months and 3 years	**23,971**	10,338
	52,781	79,055

As at 31 December 2012, trade receivables of RMB52,781,000 (2011: RMB79,055,000) were overdue but not impaired. Trade receivables that are past due but not impaired relate to certain customers that have a good track record with the Group. Based on past experience, management believes that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully receivable. All trade receivables were denominated in RMB.

(b) During 2011, the Group made a deposit of RMB168,000,000 pursuant to a memorandum of intent to acquire a property located in Beijing. During 2012, management decided not to proceed with the transaction. According to the cancellation agreement, such deposit should be fully refunded by the seller on or before 31 May 2013. On 29 January 2013, the Group has received repayment of RMB40,505,000 in accordance with the repayment plan as included in the cancellation agreement. Management assessed the recoverability of such deposit and considered that no provision for impairment should be made as at 31 December 2012.

As at 31 December 2012, deposit of RMB240,000,000 was paid pursuant to a memorandum of intent to acquire a company which has obtained a piece of land in Shanghai in 2011. According to the provisions of the memorandum of intent, if the acquisition does not complete, the Group will provide project management services to the target company in respect of its property development business by signing a separate management service agreement. The deposit for acquisition will then become a loan to the target company and bears interest at 10% per annum. Such loan and the related interest shall be fully repayable to the Group on or before 31 December 2013.

As at 31 December 2012, other receivables due from a third party of RMB127,959,000 (2011: RMB190,965,000) is unsecured and bears interest at 18% (2011: 26%) per annum and is repayable on demand.

Other than the aforementioned, all other receivables due from third parties are unsecured, interest-free and repayable on demand. None of these receivables from third parties is either past due or impaired.

As at 31 December 2011 and 2012, the fair values of the Group's trade and other receivables approximate their carrying amounts. The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

16 Restricted cash

Restricted cash comprises (i) funds borrowed under specific borrowings that are subject to restriction of use until certain prescribed stages of construction works are achieved, (ii) guaranteed deposits for the mortgage loan facilities granted by banks to purchasers of the Group's properties, (iii) guarantee deposits for bank loans, and (iv) other bank deposits that are restricted in use for daily operational needs. The components of restricted cash as at 31 December 2012 are as follows:

Group

RMB'000	**2012**	2011
Restricted funds under specific borrowings and guarantee deposits for mortgage facilities	**375,066**	218,843
Guarantee deposits for bank loans	**1,931,466**	1,900,000
Other restricted funds	**908**	26,412
Total	**2,307,440**	2,145,255

Company

The Company's restricted cash amounted to RMB200,000,000 as at 31 December 2011 represented the restricted funds that were placed as guarantee deposit for certain bank borrowings of the Company's subsidiaries. The Company has no funds that are restricted as at 31 December 2012.

17 Cash and cash equivalents

Group

RMB'000	**2012**	2011
Cash at bank and on hand:		
Denominated in RMB	**3,289,989**	3,139,099
Denominated in US$	**8,329**	21,018
Denominated in HK$	**1,871**	6,236
	3,300,189	3,166,353
Less: Restricted cash	**(2,307,440)**	(2,145,255)
	992,749	1,021,098
Maximum exposure to credit risk	**3,251,294**	3,106,832

As at 31 December 2012, the Group's five highest bank balances amounted to RMB2,278,084,000 (2011: RMB2,202,245,000), representing 69.0% (2011: 69.6%) of the Group's total cash and bank balances at the balance sheet date.

17 Cash and cash equivalents *(Continued)*

Company

RMB'000	2012	2011
Cash at bank and on hand:		
Denominated in RMB	**2,485**	254,598
Denominated in US$	**61**	16,112
Denominated in HK$	**550**	3,383
	3,096	274,093
Less: Restricted cash	**—**	(200,000)
	3,096	74,093

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

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.0% to 2.6%.

18 Share capital and share premium

	Number of ordinary shares	Nominal value of ordinary shares HK$	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised:					
Ordinary shares of HK$0.01 each at 1 January 2011, 31 December 2011 and 31 December 2012	38,000,000,000	380,000,000			
Issued:					
Ordinary shares of HK$0.01 each at 1 January 2011, 31 December 2011 and 31 December 2012	7,792,645,623	77,926,456	68,745	7,822,982	7,891,727

19 Reserves

(a) Company reserves

RMB'000	Other reserve (note (d))	Employee share-based compensation reserve	Accumulated losses	Total
Balance at 1 January 2011	264,317	140,191	(2,376,563)	(1,972,055)
Total comprehensive loss for the year	—	—	(235,039)	(235,039)
Employee share-based compensation (note 39)	—	36,346	—	36,346
Balance at 31 December 2011	**264,317**	**176,537**	**(2,611,602)**	**(2,170,748)**
Total comprehensive loss for the year	**—**	**—**	**(288,888)**	**(288,888)**
Employee share-based compensation (note 39)	**—**	**18,521**	**—**	**18,521**
Balance at 31 December 2012	**264,317**	**195,058**	**(2,900,490)**	**(2,441,115)**

The loss attributable to the owners of the Company is dealt with in the financial statements of the Company to the extent of RMB288,888,000 (2011: RMB235,039,000).

(b) Merger reserve

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

(c) Statutory reserve

In accordance with the relevant regulations and their articles of association, the Company's subsidiaries incorporated in the PRC are required to allocate at least 10% of their after-tax profit according to PRC accounting standards and regulations to the general statutory reserve until such reserve has reached 50% of registered capital. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the respective board of directors of the subsidiaries. These reserves can only be used for specific purposes and are not distributable or transferable in the form of loans, advances, or cash dividends. During the year ended 31 December 2012, appropriation to the general statutory reserve amounted to RMB40,835,000 (2011: RMB131,260,000).

(d) Other reserve

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

20 Borrowings

Group

RMB'000	**2012**	2011
Borrowings included in non-current liabilities:		
Bank borrowings — secured	**7,788,653**	3,686,123
Senior Notes due 2015 — secured (a)	**1,901,024**	1,897,100
	9,689,677	5,583,223
Borrowings included in current liabilities:		
Bank borrowings — secured	**5,446,715**	9,302,813
Other borrowings — unsecured (c)	**567,680**	—
Other borrowings — secured	**80,110**	—
	6,094,505	9,302,813
Total borrowings	**15,784,182**	14,886,036
The carrying values of the borrowings are denominated in the following currencies:		
RMB	**12,028,936**	11,123,562
US$	**3,755,246**	3,762,474
Total borrowings	**15,784,182**	14,886,036

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

RMB'000	**2012**	2011
Bank borrowings	**13,455,903**	13,070,266
Senior Notes due 2015 (a)	**1,885,650**	1,890,270
Other borrowings	**647,790**	—
	15,989,343	14,960,536
Adjusted by: unamortised loan arrangement fees and accrued interests	**(205,161)**	(74,500)
Total borrowings	**15,784,182**	14,886,036

Company

RMB'000	**2012**	2011
Borrowings included in non-current liabilities and denominated in US$:		
Senior Notes due 2015 — secured (a)	**1,901,024**	1,897,100
Total borrowings	**1,901,024**	1,897,100

20 Borrowings *(Continued)*

The Group's borrowings comprises loans from commercial banks, other financial institutions and certain individuals, and financing obtained from the capital market in the way of notes. Apart from certain other borrowings as further mentioned in (c) below, all of the Group's borrowings are secured by the construction in progress, investment properties, properties under development, completed projects held for sale, restricted cash and equity interests of certain subsidiaries of the Group.

(a) On 25 October 2010, the Company issued 13.0% senior notes due 2015 with an aggregated nominal value of US$300,000,000 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. 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 certain subsidiaries of the Company 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 RMB2,000,000,000 (the "Shanghai Bay Arrangement"). The Shanghai Bay Arrangement had been completed in 2009 upon fulfillment of certain conditions as set out in the Agreements, mainly associated with the transfer to Blocks Nos. 2 and 8 of Shanghai Bay to Shanghai Penghui, the indirect wholly-owned subsidiary of Better Score and the pledge of 30% equity interest in Shanghai Xintai Property Development Co., Ltd., an indirectly wholly-owned subsidiary of the Company, in favour of S.I. Properties. Considering all the terms of the Agreements, the Shanghai Bay Arrangement, in substance, is a loan arrangement in accordance with the HKFRSs and therefore the consideration of RMB2,000,000,000 received is regarded as a financial liability and measured at amortised cost using the effective interest method.

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

(c) As at 31 December 2012, borrowings from third parties of RMB547,750,000 are unsecured, interest-bearing and are repayable within one year from the date of drawdown. The remaining balances of RMB19,930,000 are interest-free. As at 31 December 2011, certain borrowings from third parties totalling RMB119,850,000 are included in "Other payables due to third parties – Advances from third parties".

20 Borrowings *(Continued)*

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

Group

RMB'000	**2012**	2011
Amounts of borrowing that are repayable:		
— Within 1 year	**6,094,505**	9,302,813
— After 1 and within 2 years	**6,365,956**	2,518,952
— After 2 and within 5 years	**2,762,047**	2,638,185
— After 5 years	**561,674**	426,086
	15,784,182	14,886,036
Comprising amounts of borrowings that are:		
— wholly repayable within 5 years	**15,127,508**	14,273,092
— wholly repayable after 5 years	**656,674**	612,944
	15,784,182	14,886,036

Company

RMB'000	**2012**	2011
After 2 and within 5 years	**1,901,024**	1,897,100

(e) The fair value of the Senior Notes due 2015 as at 31 December 2012 was approximately RMB1,924,117,000 (2011: RMB1,323,189,000). It was determined directly by references to the price quotations published by the Singapore Exchange Securities Trading Limited on 31 December 2012. The fair values of the Group's other current and non-current borrowings approximate their carrying amounts at each balance sheet date.

(f) As at 31 December 2012, the Group's and the Company's effective interest rates are 12.3% and 13.2% respectively (2011: 10.9% and 13.2% respectively).

20 Borrowings *(Continued)*

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

Group

RMB'000	2012	2011
Within 6 months	**8,615,871**	9,950,846
Between 7 and 12 months	**2,247,457**	2,687,077
Between 13 months and 5 years	**4,920,854**	2,248,113
	15,784,182	14,886,036

Company

RMB'000	2012	2011
Between 13 months and 5 years	**1,901,024**	1,897,100

21 Deferred income tax

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

RMB'000	2012	2011
Deferred income tax assets		
— to be realised after more than 12 months	**171,225**	237,514
— to be realised within 12 months	**141,262**	70,513
	312,487	308,027
Deferred income tax liabilities		
— to be realised after more than 12 months	**1,654,072**	1,476,239
— to be realised within 12 months	**—**	—
	1,654,072	1,476,239
Deferred income tax liabilities, net	**(1,341,585)**	(1,168,212)

21 Deferred income tax *(Continued)*

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

RMB'000	**2012**	2011
Beginning of the year	**(1,168,212)**	(1,010,921)
Recognised in the consolidated statement of comprehensive income (note 31)	**(173,373)**	(157,291)
End of the year	**(1,341,585)**	(1,168,212)

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

Deferred income tax assets/(liabilities)

RMB'000	Tax losses	Unrealised profits	Other timing differences arising from capitalised interest	Other expenses	Fair value gains	Total
At 1 January 2011	57,978	113,901	(112,948)	11,516	(1,081,368)	(1,010,921)
Credited/(charged) to statement of comprehensive income (note 31)	68,373	(11,813)	(83,586)	39,019	(169,284)	(157,291)
At 31 December 2011	126,351	102,088	(196,534)	50,535	(1,250,652)	(1,168,212)
Credited/(charged) to the consolidated statement comprehensive income (note 31)	**13,837**	**(25,232)**	**(80,816)**	**44,908**	**(126,070)**	**(173,373)**
At 31 December 2012	**140,188**	**76,856**	**(277,350)**	**95,443**	**(1,376,722)**	**(1,341,585)**

21 Deferred income tax *(Continued)*

Deferred income tax assets/(liabilities) *(Continued)*

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through the future taxable profits is probable. As at 31 December 2012, the Group did not recognise deferred tax assets of RMB27,202,000 (2011: RMB16,872,000) in respect of tax losses of approximately RMB108,809,000 (2011: RMB67,486,000) as there are uncertainties as to whether assessable profits will be available in the foreseeable future to utilise such tax losses. These tax losses will expire in the following years:

RMB'000	2012	2011
2012	—	2,358
2013	2,795	2,795
2014	3,536	3,536
2015	7,887	7,887
2016	50,910	50,910
2017	43,681	—
	108,809	67,486

Pursuant to the relevant PRC corporate income tax rules and regulations, withholding tax is imposed on dividends declared in respect of profits earned by the Group's PRC subsidiaries from 1 January 2008. Deferred income tax liabilities of RMB645,675,000 (2011: RMB553,426,000) have not been provided for in these consolidated financial statements in respect of temporary differences attributable to accumulated profits of the Group's PRC subsidiaries as the Group controls the dividend policy of these PRC subsidiaries it is probable that these temporary differences will not be reversed in the foreseeable future.

22 Obligations under finance lease

Group

RMB'000	2012	2011
Gross finance lease liabilities — minimum lease payments:		
No later than 1 year	920	920
Later than 1 year and no later than 5 years	4,025	3,887
Later than 5 years	43,661	44,720
	48,606	49,527
Future finance charges on finance leases	(30,167)	(31,263)
Present value of finance lease liabilities	18,439	18,264
The present value of finance lease liabilities is as follows:		
No later than 1 year	868	868
Later than 1 year and no later than 5 years	3,279	3,166
Later than 5 years	14,292	14,230
	18,439	18,264

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

23 Trade and other payables

Group

RMB'000	2012	2011
Trade payables (a):	**3,827,317**	2,997,697
Related parties (note 36(b))	**3,965**	3,524
Third parties	**3,823,352**	2,994,173
Other payables due to third parties (b):	**1,622,050**	1,604,276
Acquisition consideration payable (note 38)	**310,000**	497,746
Advances from third parties	**—**	119,850
Other payables and accrued expenses	**1,312,050**	986,680
Other taxes payable	**157,049**	149,785
	5,606,416	4,751,758

Company

RMB'000	2012	2011
Other payables due to third parties	**11,048**	6,214

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

Group

RMB'000	2012	2011
Within 6 months	**2,855,994**	2,143,779
Between 7 and 12 months	**48,443**	605,866
Between 13 months and 5 years	**922,880**	248,052
	3,827,317	2,997,697

(b) As at 31 December 2011, advances from third parties of RMB119,850,000 are unsecured, bear annual weighted average interest of 22.6% and are repayable within one year from the date of drawdown. Borrowings from third parties as at 31 December 2012 are set out in note 20(c). Other than this, all remaining other payables due to third parties are unsecured, interest-free and repayable on demand.

The Group's other payables and accrued expenses mainly comprise interest payable, accruals and guarantee deposits received from various suppliers.

23 Trade and other payables *(Continued)*

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

Group

RMB'000	2012	2011
HK$	**10,555**	8,012
RMB	**5,577,940**	4,742,171
US$	**17,921**	1,575
	5,606,416	4,751,758

Company

RMB'000	2012	2011
HK$	**5,705**	4,639
US$	**5,343**	1,575
	11,048	6,214

(d) As at 31 December 2011 and 2012, the carrying values of the trade and other payable balances approximate their fair values.

24 Amounts due to subsidiaries — Company

The amounts are unsecured, interest-free and repayable on demand. As at 31 December 2011 and 2012, the carrying values approximate their fair values.

25 Other income

RMB'000	2012	2011
Interest income	**41,779**	145,466
Rental income (note 7)	**30,430**	26,772
Others	**9,834**	10,457
	82,043	182,695

26 Other gains, net

RMB'000	2012	2011
Fair value changes of investment properties	504,280	677,136
Loss on redemption of a financial liability	—	(27,140)
Exchange gains, net	15,797	74,423
	520,077	724,419

27 Expenses by nature

Profit before income tax is stated after charging the following:

RMB'000	2012	2011
Auditors' remuneration	10,462	7,275
Advertising costs	82,794	132,692
Business taxes and other levies	467,163	535,993
Costs of properties sold	5,996,203	5,252,253
Depreciation (note 6)	25,091	19,770
Amortisation of intangible asset (note 8)	528	527
Staff costs — excluding directors' emoluments (note 29)	156,228	123,302
Donations	3,163	7,477
Rental expenses	58,099	41,586
Losses on disposals of property, plant and equipment	759	322

28 Finance costs

RMB'000	2012	2011
Interest expenses for borrowings wholly repayable within 5 years:		
— Bank borrowings	1,519,148	1,165,217
— Shanghai Bay Arrangement (note 20(b))	—	348,267
— Senior Notes due 2015	254,732	258,725
— others	36,959	14,021
Interest expenses for borrowings wholly repayable after 5 years:		
— Bank borrowings	42,505	44,783
Total interest expenses	1,853,344	1,831,013
Less: interest capitalised on qualifying assets	(1,845,018)	(1,828,487)
	8,326	2,526

Borrowing costs of the loans used to finance the property development projects of the Group have been capitalised at a capitalisation rate of 11.9% during the year (2011: 11.8%).

29 Staff costs — excluding directors' emoluments

RMB'000	2012	2011
Wages and salaries	**112,828**	86,490
Retirement scheme contribution	**13,965**	10,508
Staff welfare	**14,092**	10,145
Other allowances and benefits	**10,717**	8,667
Share-based compensation expenses	**4,626**	7,492
	156,228	123,302

30 Emoluments for directors and five highest paid individuals

(a) Directors' emoluments

The remuneration of each director of the Company for the year ended 31 December 2012 is set out below:

RMB'000	Fee	Salaries, allowance and benefits in kind	Bonus	Employer's contribution to retirement scheme	Other benefits	Subtotal	Share-based compensation expenses (iv)	Total
Executive director (v):								
Mr. Zhang Zhi Rong (i)	—	5,398	—	10	—	5,408	3,210	8,618
Mr. Cheng Li Xiong	—	5,493	—	55	607	6,155	3,562	9,717
Mr. Ding Xiang Yang	—	4,998	—	44	26	5,068	3,562	8,630
Mr. Liu Ning	—	2,998	—	44	26	3,068	1,187	4,255
Mr. Xia Jing Hua	—	2,998	—	44	26	3,068	1,187	4,255
Mr. Yan Zhi Rong	—	2,998	—	44	26	3,068	1,187	4,255
Mr. Yu Xiu Yang	—	1,995	—	—	—	1,995	—	1,995
Independent non-executive director:								
Mr. Yim Ping Kuen	389	—	—	—	—	389	—	389
Mr. Liu Shun Fai	389	—	—	—	—	389	—	389
Mr. Wo Rui Fang	389	—	—	—	—	389	—	389
Mr. Han Ping	389	—	—	—	—	389	—	389

30 Emoluments for directors and five highest paid individuals *(Continued)*

(a) Directors' emoluments *(Continued)*

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

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

(i) Mr. Zhang Zhi Rong ceased to be the Company's executive director from 26 November 2012.
(ii) Mr. Yu Xiu Yang was appointed as the Company's executive director on 20 May 2011.
(iii) Mr. Li Xiao Bin ceased to be the Company's executive director from 20 May 2011.
(iv) Amounts represent the fair value of share options measured at the grant date charged to the consolidated statement of comprehensive income according to their vesting periods.
(v) The Company's executive directors represent all of the Company's chief executives. Accordingly, no separate disclosure in respect of the remuneration of the chief executives is made in the financial statements.

During each of the years ended 31 December 2011 and 2012, no director received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office, no director waived or has agreed to waive any emoluments.

30 Emoluments for directors and five highest paid individuals *(Continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2012 include 3 directors (2011: 4 directors). Their emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 2 individuals (2011: 1 individual) for the year ended 31 December 2012 are as follows:

RMB'000	**2012**	2011
Salaries and other short-term benefits	**10,387**	5,923
Retirement scheme contribution	**22**	10
Bonuses	**419**	—
Share-based compensation expenses	**1,187**	2,330
	12,015	8,263

The emoluments fell within the following bands:

	2012	2011
RMB4,000,001 to RMB4,500,000	**1**	—
RMB7,500,001 to RMB8,000,000	**1**	—
RMB8,000,001 to RMB8,500,000	**—**	1
	2	1

31 Income tax expenses

RMB'000	**2012**	2011
Current income tax		
— PRC corporate income tax	**363,990**	767,853
— PRC land appreciation tax	**253,492**	886,800
	617,482	1,654,653
Deferred income tax (note 21)		
— Origination and reversal of temporary differences	**173,373**	157,291
	173,373	157,291
	790,855	1,811,944

31 Income tax expenses *(Continued)*

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

RMB'000	**2012**	2011
Profit before income tax	**1,869,043**	4,021,025
Calculated at PRC corporate income tax rate of 25%	**467,261**	1,005,256
Expenses not deductible for tax purposes	**132,096**	172,050
Income not taxable for tax purposes	**(6,235)**	(24,146)
Tax losses not recognised as deferred income tax assets	**10,921**	12,727
Recognition of previously unrecognised tax losses	**—**	(17,741)
Provision for land appreciation tax	**253,492**	886,800
Tax effect on land appreciation tax	**(67,103)**	(223,446)
Effect of different tax rates applicable to different companies within the Group	**398**	(1,551)
Others	**25**	1,995
Income tax expenses	**790,855**	1,811,944

PRC corporate income tax is provided at the rate of 25% for each of the years ended 31 December 2011 and 2012 of the profits for the PRC statutory financial reporting purpose, adjusted for those items, which are not assessable or deductible for the PRC corporate income tax purpose.

No Hong Kong profits tax has been provided for the years ended 31 December 2011 and 2012 as there is no assessable profit for these years.

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

32 Earnings per share

(a) Basic

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

	2012	2011
Profit attributable to the owners of the Company (RMB'000)	**1,081,631**	2,215,654
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 year ended 31 December 2011, the Company only had share options that are dilutive potential ordinary shares. For the year ended 31 December 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.

	2012	2011
Earnings		
Profit attributable to the owners of the Company (RMB'000)	**1,081,631**	2,215,654
Number of Shares		
Weighted average number of ordinary shares in issue (thousands)	**7,792,646**	7,792,646
Adjustment for share options (thousands)	**—**	5,019
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**7,792,646**	7,797,665

33 Dividend

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

34 Notes to Consolidated Statement of Cash Flows

Reconciliation of profit for the year to cash generated from operations

RMB'000	Note	**2012**	2011
Profit for the year		**1,078,188**	2,209,081
Adjustments for:			
Share of loss/(profit) of an associate		**1,704**	(338)
Share of loss of a jointly controlled entity		**3,382**	4,143
Income tax expenses	31	**790,855**	1,811,944
Interest income	25	**(41,779)**	(145,466)
Interest expenses	28	**8,326**	2,526
Fair value changes of investment properties	26	**(504,280)**	(677,136)
Depreciation	6	**27,911**	22,350
Amortisation of intangible asset	8	**528**	527
Losses on disposals of property, plant and equipment	27	**759**	322
Exchange gains, net	26	**(15,797)**	(74,423)
Loss on redemption of a financial liability	26	**—**	27,140
Share-based compensation expenses		**18,521**	36,346
Changes in working capital:			
Properties under development and completed properties held for sale		**(153,850)**	(4,840,354)
Inventories		**(426)**	(213)
Restricted cash		**(130,719)**	1,438,625
Trade and other receivables and prepayments		**1,187,031**	(1,311,004)
Investment in and loan to a jointly controlled entity		**(11,092)**	(41,712)
Trade and other payables		**753,022**	1,983,598
Advanced proceeds received from customers		**(1,247,575)**	350,408
Cash generated from operations		**1,764,709**	796,364

Apart from those disclosed in note 38, there is no other major non-cash transaction during each of the years ended 31 December 2011 and 2012.

35 Commitments

(a) Commitments for capital and property development expenditures

RMB'000	**2012**	2011
Contracted but not provided for		
Land use rights	**279,068**	1,360,990
Property development expenditures	**6,888,784**	8,916,932
– Shanghai Ditong	**3,270,422**	3,308,042
– Third parties	**3,618,362**	5,608,890
Construction materials	**19,346**	79,193
	7,187,198	10,357,115

As at 31 December 2012, the Group's share of commitment of the jointly controlled entity (note 10) is RMB64,291,000 (2011: RMB22,495,000).

(b) Operating lease commitments

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

RMB'000	**2012**	2011
No later than 1 year	**19,610**	37,175
Later than 1 year and no later than 5 years	**13,291**	24,666
Later than 5 years	**—**	625
	32,901	62,466

36 Related party transactions

The Company is controlled by Best Era International Limited (incorporated in the BVI), which owns 63.9% of the Company's issued shares. The remaining 36.1% of the issued shares are widely held. The ultimate controlling party of the Company is Mr. Zhang Zhi Rong.

The following transactions were carried out with related parties:

(a) Purchase of services

RMB'000	**2012**	2011
Purchase of construction services from: — Shanghai Ditong Construction (Group) Co., Ltd. ("Shanghai Ditong") a company controlled by close family member of the former Chairman of the Company	**1,226,257**	1,194,894
Purchase of property design services from an associate	**15,470**	39,549

(b) Balances with related parties

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

RMB'000	**2012**	2011
Balances included in current assets:		
Prepayments to related companies for construction costs or purchase of services — included in "Prepayments"		
— Shanghai Ditong	**1,010,793**	1,606,429
— Other related companies	**2,290**	1,991
	1,013,083	1,608,420
Loan to a jointly controlled entity	**1,978,997**	1,967,905
Balances included in current liabilities:		
Trading balances — included in "Trade payables"		
— Other related companies	**3,965**	3,524

Except for the loan to a jointly controlled entity, the terms of which is disclosed in note 10(a), as at 31 December 2011 and 2012, all other balances with related parties were unsecured, interest free and repayable on demand or to be settled according to the relevant trading terms, as appropriate.

36 Related party transactions *(Continued)*

(c) Key management compensation

RMB'000	**2012**	2011
Salaries and other short-term employee benefits	**33,606**	39,526
Share-based compensation expenses	**13,895**	30,446
	47,501	69,972

37 Financial guarantees

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

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. As at 31 December 2012, the amount of outstanding guarantees for mortgages were approximately RMB6,404,400,000 (2011: RMB6,148,378,000). The maximum credit risk exposure at balance sheet date is the amount of outstanding guarantees.

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

38 Accounting of acquisition

There was no acquisition for the year ended 31 December 2012.

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

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

38 Accounting of acquisition *(Continued)*

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

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

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

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

39 Share option schemes

(a) Pre-IPO share option scheme

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

(i) the exercise price per share shall be equal to 60% discount to the initial public offering price;

(ii) 20% of the total number of shares will become exercisable on 2 October 2009 (the "Listing Date"). The remaining 80% of share options will become exercisable in four equal instalments, 20% of the total number of shares will become exercisable on the first anniversary of the Listing Date with a further 20% to become exercisable on each subsequent anniversary.

The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense, with a corresponding adjustment to employee share-based compensation reserve, over the vesting period. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity. For the year ended 31 December 2012, the amount of share-based compensation expenses amounted to RMB18.5 million (2011: RMB36.3 million).

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

Movement of Pre-IPO Share Option Scheme during the year ended 31 December 2011 and 2012 is as follows:

	Exercise Price (HK$)	**Number of options**
At 1 January 2011, 31 December 2011 and 2012	1.76	78,000,000

Out of the 78,000,000 outstanding options, 62,200,000 options were exercisable. All of the outstanding share options will expire by 8 September 2019.

The weighted average fair value granted in 2009 determined using the Binomial option pricing model was HK$3.05 per option. The significant inputs to the model were as follows:

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

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

39 Share option schemes *(Continued)*

(b) Share option scheme

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

— the closing price of the shares of the Company on the Hong Kong Stock Exchange on the business day on which an offer is made to a participant;

— the average of the closing prices of the shares on the Hong Kong Stock Exchange for the five business days immediately preceding the date on which such offer is made; and

— the nominal value of the shares of the Company.

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

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

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

As at 31 December 2012, no share options have been granted under the Share Option Scheme (2011: Nil).

40 Subsequent event

On 4 March 2013, the Company issued 13.25% senior notes due 2018 with an aggregated nominal value of US$250,000,000 at par value (the "Original Notes"). On 20 March 2013, the Company further issued 13.25% senior notes due 2018 with an aggregated nominal value of US$150,000,000 at par value (the "New Notes"). The New Notes are consolidated and form a single series of notes with the Original Notes issued on 4 March 2013 (collectively, the "Senior Notes due 2018"). The net proceeds of the Senior Notes due 2018, after deducting the direct issuance costs, amounted to US$391,943,000. The Senior Notes due 2018 will mature on 4 March 2018 and the interest is payable semi-annually in arrears. The Company, at its option, can redeem the Senior Notes due 2018 (i) in whole, or in part, on or after 4 March 2016 at the redemption price equal to 106.625% before 4 March 2017 and 103.313% thereafter of the principal amount plus accrued and unpaid interest and (ii) in whole but not in part, prior to 4 March 2016 at redemption price equal to 100% of the principal amount plus a premium and accrued and unpaid interest. The Senior Notes due 2018 are secured by the shares of certain of the Group's subsidiaries which are incorporated outside the PRC. The Senior Notes due 2018 are listed on the Hong Kong Stock Exchange and rank pari passu to the Senior Notes due 2015.

Five-Year Financial Summary

Consolidated results

RMB'000	2008	2009	2010	2011	**2012**
Revenue	3,948,959	6,171,127	7,114,025	9,585,443	**8,384,740**
Cost of sales	(2,293,339)	(3,201,760)	(3,694,934)	(5,788,246)	**(6,463,366)**
Gross profit	1,655,620	2,969,367	3,419,091	3,797,197	**1,921,374**
Other income	21,405	27,366	803,239	182,695	**82,043**
Other gains, net	825,563	1,218,817	2,410,578	724,419	**520,077**
Selling and marketing expenses	(150,494)	(151,333)	(197,133)	(240,998)	**(235,457)**
Administrative expenses	(214,818)	(351,397)	(421,057)	(435,957)	**(405,582)**
Finance costs	(54,479)	(27,068)	(3,750)	(2,526)	**(8,326)**
Share of profit/(loss) of an associate	—	—	1,351	338	**(1,704)**
Share of loss of a jointly controlled entity	—	—	(50,090)	(4,143)	**(3,382)**
Profit before income tax	2,082,797	3,685,752	5,962,229	4,021,025	**1,869,043**
Income tax expenses	(827,806)	(1,319,608)	(2,353,451)	(1,811,944)	**(790,855)**
Profit for the year	1,254,991	2,366,144	3,608,778	2,209,081	**1,078,188**
Profit for the year attributable to:					
— the owners of the Company	1,254,991	2,366,144	3,608,552	2,215,654	**1,081,631**
— non-controlling interests	—	—	226	(6,573)	**(3,443)**
	1,254,991	2,366,144	3,608,778	2,209,081	**1,078,188**
Earnings per share for profit attributable to the owners of the Company (expressed in RMB per share)					
— Basic	0.22	0.38	0.46	0.28	**0.14**
— Diluted	0.22	0.38	0.46	0.28	**0.14**
Dividend	—	233,779	—	—	**—**
Dividend per share (expressed in RMB per share)	—	0.03	—	—	**—**

Assets and liabilities

RMB'000	2008	2009	2010	2011	**2012**
Total non-current assets	1,527,133	3,192,410	8,037,249	11,591,256	**14,030,720**
Total current assets	11,631,089	23,175,275	34,288,872	39,112,911	**38,596,456**
Total assets	13,158,222	26,367,685	42,326,121	50,704,167	**52,627,176**
Total non-current liabilities	709,937	5,544,195	9,010,272	7,076,858	**11,361,320**
Total current liabilities	11,529,267	8,976,813	18,023,880	25,282,613	**21,824,051**
Total liabilities	12,239,204	14,521,008	27,034,152	32,359,471	**33,185,371**
Net assets	919,018	11,846,677	15,291,969	18,344,696	**19,441,805**

Particulars of Major Properties Held

Name of property		Location	Type	Interest attributable to the Group Percentage	Interest attributable to the Group Approximate GFA *(sq.m.)*	Interest attributable to the Group Approximate number of carparks	Lease term
A.	**Major properties held for investment by the Group**						
1.	Chateau De Paris (Phase II)	No.2093 Xietu Road, Xuhui District, Shanghai	Commercial	100%	15,559	342	Long term
2.	Sunshine Venice (Phases I, II & IIIA, B)	South of Taopu Road, west of Qilianshan Road, Shanghai	Commercial	100%	34,042	1,240	Long term
3.	Sunshine Venice (Phase IIIC)	South of Taopu Road, west of Qilianshan Road, Shanghai	Commercial	100%	58,718	–	Long term
4.	Shanghai Bay (Phase III) – Binjiang Center (North block)	No. 1441 Wanping South Road, Shanghai	Commercial/ Office	100%	110,832	362	Long term
5.	Shanghai Bay (Phase III) – Binjiang Center (South block)	No. 1441 Wanping South Road, Shanghai	Hotel	100%	123,388	307	Long term
6.	Sunglow Xinjing	No. 259 Tiandeng Road, Shanghai	Commercial	100%	2,076	81	Long term
7.	Caohejing Project	No. 292 Caohejing Road, Shanghai	Commercial/ Office/Hotel	100%	115,031	450	Long term
8.	Zhongcaoxincun Project	No. 143 Xujiahui Road, Shanghai	Commercial/ Office	100%	88,615	340	Long term
9.	Sunny Town (Shenyang Glorious Plaza)	No. 181, Nujiang North Street, Yuhong District, Shenyang, Liaoning Province	Commercial	100%	119,391	178	Long term
10.	Sunshine Holiday (Phase IV)	Intersection of Taixing South Road and Chenyang Road, Hedong District, Tianjin	Commercial	100%	73,305	406	Long term
11.	Changchun Villa Glorious (West) (Phase I)	East to Chaoran Street, south to Guihua Road, west to Chaoqun Street, north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	119,000	650	Long term
12.	Hefei Bashangjie Project	Southwest intersection of Mingguang Road and Changjiang East Road, Hefei, Anhui Province	Commercial/ Office/Hotel	100%	536,678	3,393	Long term
	Subtotal				**1,396,635**	**7,749**	

Name of property		Location	Type	Percentage	Interest attributable to the Group			Stage of completion	Anticipated completion date
					Approximate GFA *(sq.m.)*	Approximate site area *(sq.m.)*	Approximate number of carparks		
B.	**Major projects under development and planning held by the Group**								
1.	Shanghai Bay (Phase IIB)	No. 1441 Wanping South Road, Shanghai	Residential/ Commercial/ Hotel	100%	567,643	178,734(1)	1,458	Infrastructure and main structure under construction	December 2013 to August 2015 in stages
2.	Royal Lakefront (Phase IB)	Jinhai Road, Zefeng Road and Wangyuan Road, Fengxian District, Shanghai	Residential/ Commercial	100%	198,162	118,307(2)	1,118	Residential delivered; Commercial under development	September 2016
	Royal Lakefront (Phase II)	Jinhai Road, Zefeng Road and Wangyuan Road, Fengxian District, Shanghai	Residential/ Commercial	100%	370,795	161,388	1,574	Residential delivered; Commercial under development	September 2016
3.	Sunshine Venice (Phase IV)	South of Taopu Road and west of Qilianshan Road, Shanghai	Residential	100%	68,225	429,929(3)	322	Under planning	October 2015
4.	Shanghai City Glorious (Phase I)	West of Gaojing Road, east of Jiangyang South Road, south of the planned extension of 128 Jinian Road and north of Yingao Road, Baoshan District, Shanghai	Residential/ Commercial	100%	474,447	315,588(4)	1,551	Foundation, main structure and amenities under construction	March 2013 to June 2014 in stages
	Shanghai City Glorious (Phase II)	West of Gaojing Road, east of Jiangyang South Road, south of the planned extension of 128 Jinian Road and north of Yingao Road, Baoshan District, Shanghai	Residential/ Commercial	100%	445,665	315,588(4)	1,863	Partial foundation under construction	November 2014 to December 2014 in stages

Notes:
(1) The site area includes all of the site areas of Shanghai Bay Phase II.
(2) The site area includes all of the site areas of Royal Lakefront Phases IA and IB.
(3) The site area includes all of the site areas of Sunshine Venice Phases I to IV.
(4) The site area includes all of the site areas of Shanghai City Glorious Phases I to III.

	Name of property	Location	Type	Percentage	Interest attributable to the Group: Approximate GFA *(sq.m.)*	Approximate site area *(sq.m.)*	Approximate number of carparks	Stage of completion	Anticipated completion date
5.	Hefei Villa Glorious (Phase II)	Intersection of Datong Road and Tongling Road, Yaohai District, Hefei, Anhui Province	Residential/ Commercial	100%	128,237	72,478(5)	1,087	Delivered	June 2012
	Hefei Villa Glorious (Phase III)	Intersection of Datong Road and Tongling Road, Yaohai District, Hefei, Anhui Province	Residential	100%	119,963	72,478(5)	477	Delivered	December 2012
	Hefei Villa Glorious (Relocation housing)	Intersection of Datong Road and Tongling Road, Yaohai District, Hefei, Anhui Province	Relocation housing	100%	197,296	72,478(5)	377	Preliminary decoration of external wall and overall amenities under construction	July 2013
6.	Hefei Royal Garden (Phase I)	Southeast intersection of Mengcheng Road and Lianshui Road, Hefei	Residential/ Commercial	100%	197,500	150,001(6)	–	Delivered	December 2012
	Hefei Royal Garden (Phase II)	Southeast intersection of Mengcheng Road and Lianshui Road, Hefei	Residential/ Commercial/ Hotel	100%	90,070	150,001(6)	1,724	Preliminary decoration of external wall	August 2013
	Hefei Royal Garden (Phase III)	Southeast intersection of Mengcheng Road and Lianshui Road, Hefei	Residential/ Commercial/ Hotel	100%	175,026	150,001(6)	1,724	Main structure under construction	December 2014
7.	Hefei Bashangjie Project (Land parcel A2, Phase1.1)	Southwest intersection of Mingguang Road and Changjiang East Road, Hefei, Anhui Province	Residential/ Commercial	100%	301,286	118,929(7)	1,809	Foundation and main structure under construction	November 2013 to December2014
	Hefei Bashangjie Project (Land parcel A1, Phase1.2)	Southwest intersection of Mingguang Road and Changjiang East Road, Hefei, Anhui Province	Residential/ Commercial	100%	207,494	118,929(7)	2,009	Under planning	December 2015

Notes:
(5) The site area includes all of the site areas of Hefei Villa Glorious Phases I to IV.
(6) The site area includes all of the site areas of Hefei Royal Garden Phases I to III.
(7) The site area includes all of the site areas of land parcels A1 and A2 of Hefei Bashangjie Project.

	Name of property	Location	Type	Percentage	Interest attributable to the Group: Approximate GFA *(sq.m.)*	Interest attributable to the Group: Approximate site area *(sq.m.)*	Interest attributable to the Group: Approximate number of carparks	Stage of completion	Anticipated completion date
8.	No.1 City Promotion (Phase III)	North of Wangzhuang East Road, south of Xinguang Road, east of Xixing Road and west of Chunhua Road, Wuxi New District, Wuxi, Jiangsu Province	Residential/ Commercial	100%	229,128	52,287	1,769	Overall amenities under construction	March 2013
9.	Nantong Glorious Plaza	South of Shiji Avenue and east of Gongnong Road, Nantong, Jiangsu Province	Commercial/ Office/Hotel	100%	297,486	45,090	1,196	Basement and main structure under construction	May 2015
10.	Nantong Glorious Chateau (Phases IA & IB)	South of Weiliu Road and west of Jingliu Road, New District, Rugao Port Zone, Jiangsu Province	Residential/ Commercial	100%	238,489	318,093	394	Delivered	October 2012
11.	Nantong Royal Bay (Land parcel No. 3, Phase 1.1)	West of Gongnong Road and south of Hongqiao Road, Nantong, Jiangsu Province	Residential/ Commercial/ Office	100%	104,637	244,524(8)	765	Delivered	December 2012
	Nantong Royal Bay (Land parcel No. 3, Phase 1.2)	West of Gongnong Road and south of Hongqiao Road, Nantong, Jiangsu Province	Residential/ Commercial/ Office	100%	200,032	244,524(8)	678	Overall amenities under construction	August 2013
	Nantong Royal Bay (Land parcel No. 3, Phase 1.3)	West of Gongnong Road and south of Hongqiao Road, Nantong, Jiangsu Province	Residential/ Commercial/ Office	100%	39,492	244,524(8)	372	Preliminary decoration of external wall under construction	December 2013
	Nantong Royal Bay (Land parcel No. 5)	West of Gongnong Road and south of Hongqiao Road, Nantong, Jiangsu Province	Residential/ Commercial/ Office	100%	196,941	244,524(8)	1,049	Under planning	December 2014 to June 2015

Note:
(8) The site area includes all of the site areas of Nantong Royal Bay Land parcels No. 3 and No. 5.

	Name of property	Location	Type	Percentage	Interest attributable to the Group Approximate GFA *(sq.m.)*	Approximate site area *(sq.m.)*	Approximate number of carparks	Stage of completion	Anticipated completion date
12.	Nantong Villa Glorious	South of Dongcheng Garden, west of Shiji Road and north of Tongjia River, Nantong, Jiangsu Province	Residential/ Commercial	100%	304,190	115,069	1,204	Delivered	December 2012
13.	Nanjing Royal Bay (Phase I)	The southern end of Xiaguan District, Nanjing	Residential/ Commercial	60%	477,191	109,244	3,370	Ready for foundation work	December 2014 to November 2016 in stages
14.	Royal Mansion (Phase II)	The fourth Zone, Yuhaiyuan Small District, Yuquan Road, Haidian District, Beijing	Residential/ Commercial	100%	62,592	34,850[9]	180	Under planning	September 2015
15.	Glorious Artstyle Townhouse (Phase II)	East to Caiyuan Road, south to Yujin Street, west to Caifu Road, north to Yuzhen Street, Caiyu Town, Daxing District, Beijing	Residential/ Commercial	100%	100,270	59,645	330	Overall amenities under construction	June 2013
16.	Tianjin Royal Bay Seaside (North Phase I)	Guangang Forest Park, Dagang District, Tianjin	Residential	100%	61,029	312,704[10]	–	Main structure under construction	December 2014
	Tianjin Royal Bay Seaside (West Phase I)	Guangang Forest Park, Dagang District, Tianjin	Residential	100%	92,054	216,721[11]	–	Overall amenities completed	March 2013
	Tianjin Royal Bay Seaside (East Phase I)	Guangang Forest Park, Dagang District, Tianjin	Residential	100%	97,664	366,667[12]	–	Main structure under development	December 2014
17.	Tianjin Royal Bay Lakeside (Phases I-IV)	The eastern part of Tuanbohu, Jinghai County, Tianjin	Residential/ Commercial	70%	1,567,303	1,196,000	7,087	Under planning	July 2014 to July 2017 in stages

Notes:
(9) The site area includes all of the site areas of Royal Mansion Phase II.
(10) The site area includes all of the site areas of Tianjin Royal Bay Seaside North Phases I and II.
(11) The site area includes all of the site areas of Tianjin Royal Bay Seaside West Phases I and II.
(12) The site area includes all of the site areas of Tianjin Royal Bay Seaside East Phases I and II.

Name of property		Location	Type	Percentage	Interest attributable to the Group: Approximate GFA *(sq.m.)*	Approximate site area *(sq.m.)*	Approximate number of carparks	Stage of completion	Anticipated completion date
18.	Sunny Town (East Phase IV)	No. 181, Nujiang North Street, Yuhong District, Shenyang, Liaoning Province	Residential/ Commercial	100%	117,529	242,178[13]	1,390	Delivered	December 2012
19.	Harbin Villa Glorious (Phase III)	The enclosure section of Anyang Road, Longkui Road, Qunei Guihua Road and Wuwei West Road, Daoli District, Harbin	Residential	100%	128,745	204,960[14]	741	Delivered	December 2012
20.	Dalian Villa Glorious (Plot No. 199 Cluster 1)	Bali Village, Xianjin Street, Jinzhou New District, Dalian	Residential	100%	131,171	50,250	980	Completed polishing of external wall of single blocks	June 2013
	Dalian Villa Glorious (Plot No. 199, Cluster 2)	Bali Village, Xianjin Street, Jinzhou New District, Dalian	Residential	100%	32,236	50,250	–	Main structure under construction	September 2013
21.	Dalian Plot No. 200 (Cluster 1, 2)	Bali Village, Xianjin Street, Jinzhou New District, Dalian	Residential	70%	273,293	50,250	832	Under planning	June 2015
22.	Harbin Royal Garden (Phase I)	North to the fourth Avenue, east to Shangjiang Street, south to the fifth Avenue and west to Lingjiang Road, Qunli New District, Harbin	Residential	100%	216,765	77,879	1,101	Delivered	December 2012
	Harbin Royal Garden (Phase II)	North to the fourth Avenue, east to Shangjiang Street, south to the fifth Avenue and west to Lingjiang Road, Qunli New District, Harbin	Residential	100%	11,741	77,879	–	Main structure under construction	October 2013

Notes:
(13) The site area includes all of the site areas of Sunny Town Phases IV and V.
(14) The site area includes all of the site areas of Harbin Villa Glorious Phases I to III.

	Name of property	Location	Type	Percentage	Interest attributable to the Group Approximate GFA (sq.m.)	Approximate site area (sq.m.)	Approximate number of carparks	Stage of completion	Anticipated completion date
23.	Changchun Villa Glorious (East) (Land parcel C, Phase I)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	252,746	516,768[15]	1,000	Delivered	December 2012
	Changchun Villa Glorious (East) (Land parcel C, Phase II)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	352,412	516,768[15]	1,300	Main structure under construction	October 2013
	Changchun Villa Glorious (East) (Land parcel A, Phase I)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	60,440	516,768[15]	200	Main structure under construction	December 2013
	Changchun Villa Glorious (East) (Land parcel B, Phase I)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	78,956	516,768[15]	200	Under planning	October 2015
	Subtotal				**9,266,341**		**43,231**		

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

	Name of property	Location	Type	Interest attributable to the Group Percentage	Approximate GFA (sq.m.)	Approximate number of carparks
C.	**Major properties available for sale held by the Group**					
1.	Shanghai Park Avenue	No. 389 Anshun Road, Changning District, Shanghai	Residential/ Commercial	100%	26,451	335
2.	Chateau De Paris (Phase I)	No. 2143 Xietu Road, Xuhui District, Shanghai	Residential/ Commercial	100%	4,809	89
	Chateau De Paris (Phase II)	No.2093 Xietu Road, Xuhui District, Shanghai	Residential	100%	27,275	338
3.	Sunshine Venice (Phases I, II & IIIA)	South of Taopu Road, west of Qilianshan Road, Shanghai	Residential	100%	93,749	1,240
	Sunshine Venice (Phase III B)	South of Taopu Road, west of Qilianshan Road, Shanghai	Residential	100%	21,819	211
4.	Shanghai Bay (Phase I & II)	No. 1441 Wanping South Road, Shanghai	Residential/ Commercial	100%	20,000	586
5.	No.1 City Promotion (Phase I)	North of Wangzhuang East Road, south of Xinguang Road, east of Xixing Road and west of Chunhua Road, Wuxi New District, Jiangsu Province	Residential/ Commercial	100%	1,470	710
	No. 1 City Promotion (Phase II)	North of Wangzhuang East Road, south of Xinguang Road, east of Xixing Road and west of Chunhua Road, Wuxi New District, Jiangsu Province	Residential/ Commercial	100%	2,813	780
6.	Classical Life (Phase I)	No. 88 Qinfeng Road, Changshu, Jiangsu Province	Commercial	100%	1,900	—
	Classical Life (Phase II)	No. 88 Qinfeng Road, Changshu, Jiangsu Province	Residential	100%	8,152	136

	Name of property	Location	Type	Interest attributable to the Group: Percentage	Approximate GFA (sq.m.)	Approximate number of carparks
7.	Sunny Town (Phase I)	No. 181 Nujiang North Street, Yuhong District, Shenyang, Liaoning Province	Residential/ Commercial	100%	178	14
	Sunny Town (Phase II)	No. 181 Nujiang North Street, Yuhong District, Shenyang, Liaoning Province	Residential/ Commercial	100%	165	140
	Sunny Town (Phase III)	No. 181, Nujiang North Street, Yuhong District, Shenyang, Liaoning Province	Residential/ Commercial	100%	230	344
	Sunny Town (Phase IV B)	No. 181, Nujiang North Street, Yuhong District, Shenyang, Liaoning Province	Residential/ Commercial	100%	1,918	151
	Sunny Town (Phase IV A)	No. 181, Nujiang North Street, Yuhong District, Shenyang, Liaoning Province	Residential/ Commercial	100%	2,000	270
8.	Nantong Glorious Chateau	New District, Rugao Port Zone, Jiangsu Province	Residential/ Commercial	100%	90,000	311
9.	Harbin Villa Glorious (Phase I)	The enclosure section of Anyang Road, Longkui Road, Qunei Guihua Road and Wuwei West Road, Daoli District, Harbin	Residential/ Commercial	100%	4,408	85
	Harbin Villa Glorious (Phase III)	The enclosure section of Anyang Road, Longkui Road, Qunei Guihua Road and Wuwei West Road, Daoli District, Harbin	Residential/ Commercial	100%	29,800	396

	Name of property	Location	Type	Interest attributable to the Group: Percentage	Approximate GFA (sq.m.)	Approximate number of carparks
10.	Harbin Royal Garden	North to the fourth Avenue, east to Shangjiang Street, south to the fifth Avenue and west to Lingjiang Road, Qunli New District, Harbin	Residential/ Commercial	100%	34,312	1,092
11.	Nantong Villa Glorious	South of Dongcheng Garden, west of Shiji Road and the north of Tongjia River, Nantong, Jiangsu Province	Residential/ Commercial	100%	44,925	656
12.	Nantong Royal Bay (Land parcel No. 3, Phase 1.1)	West of Gongnong Road and south of Hongqiao Road, Nantong, Jiangsu Province	Residential/ Commercial	100%	5,800	500
13.	Changchun Villa Glorious (Land parcel C, Phase I)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	7,800	1,150
	Subtotal				**429,974**	**9,534**

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