恒盛地產
GLORIOUS PROPERTY

2013

The Ultimacy of Life 築•極致人生

Interim Report 2013
中期報告

恒盛地產控股有限公司
GLORIOUS PROPERTY HOLDINGS LIMITED
股份代號 Stock Code: 00845

Corporate Profile

Glorious Property Holdings Limited ("Glorious Property" or the "Company", together with its subsidiaries, the "Group", HKEx Stock Code: 00845) is a 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 28 projects in 12 cities including Beijing, Tianjin, Shanghai, Wuxi, Suzhou, Nanjing, Nantong, Hefei, Harbin, Changchun, Shenyang and Dalian.

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Corporate Information

Board of Directors

Executive Directors

Mr. 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

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Two Exchange Square
8 Connaught Place, Central
Hong Kong

Principal Place of Business in PRC

6th Floor, 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

Corporate Information

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
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Central, Hong Kong
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Email: ir@gloriousphl.com.cn

Choice of Language or Means of Receipt of Corporate Information

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

1. wish to receive a printed copy; or

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

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

Website

http://www.gloriousphl.com.cn

Stock Code

00845

Chairman's Statement

Business Review

During the first half of 2013, the recovery of the global economy remained slow. The eurozone economy was still in recession while the U.S. economy was recovering gradually. During the first half of the year, the key macroeconomic indicators of China declined significantly that increased the risk in the economic growth. At the end of February, the General Office of the State Council of the People's Republic of China promulgated the "Notice on Continuing the Regulation and Control of the Real Estate Market" (hereinafter abbreviated as the "New Rules") so as to continue implementing measures on the purchases of commodity houses strictly and to curb purchases for investment and speculative purposes. The differential mortgage policy and the imposition of taxation on property transactions will be implemented continuously to effectively control the rising property prices. The introduction and implementation of the "New Rules" assisted in stabilising the market expectation on the property prices and the policy environment in the industry gradually, allowing property enterprises to focus on their business operation and development.

During the period, the Group further accelerated the sales of inventory and existing projects and endeavored to speed up the sales and cash inflow in order to cope with changes of policies and market challenges.

Results of the First Half of the Year

During the period, the Group achieved a profit attributable to shareholders of RMB224.7 million, representing a year-on-year ("YOY") increase of 35.2%. Excluding the fair value changes of investment properties and the related tax effect, the Group's profit attributable to shareholders was RMB132.2 million, representing an increase of 0.4% compared to the same period of 2012. The basic earnings per share amounted to RMB0.03, representing a YOY increase of 50.0%. The revenue was RMB2,953.1 million, representing a YOY increase of 120.0%. The Group's shareholders' equity increased 1.3% to RMB18,379.1 million.

The Group achieved a gross profit of RMB340.2 million, representing a YOY decrease of 38.5%. The gross profit margin of property business was 11.5%.

During the period, the total residential gross floor area ("GFA") of approximately 332,412 sq.m. was completed and delivered by the Group.

Property Sales

During the first half of 2013, the Group achieved contracted property sales of RMB4,044.6 million, representing a YOY decrease of 27.5%. The contracted GFA sold amounted to 343,935 sq.m., representing a YOY decrease of 48.5%. The average selling price was RMB11,759.7 per sq.m..

During the period, the Group realised property sales for 19 projects in 10 cities in China. The property sales from the Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China accounted for 53.7%, 23.6%, 5.5% and 17.2% of the total property sales respectively. Cities outside the Shanghai Region contributed 46.3% and 75.3% in the sales amount and the GFA sold respectively.

Land Bank

During the period, the Group consistently adhered to its prudent investment strategy. In consideration of continuous and stringent measures imposed by the Chinese government over the property market and possible market risks that may arise, the Group did not acquire new land investment project so as to secure a safe cash flow and a stable financial condition. Despite this, the Group had sufficient land bank to meet its development need over the next five years based on the current development progress.

As at 30 June 2013, the Group had a total land bank of 15.8 million sq.m.. The high-quality land bank was allocated in 12 cities within four major regions in China with an average land cost of RMB1,309 per sq.m..

Chairman's Statement

Professional Development

During the period, the Group continued to enhance its professional development capability and foster the product standardisation. It also improved and enhanced its management system and execution capability by adopting various effective measures to shorten the project development cycle and further increasing the efficiency in project development and strengthening the control over projects. It strived to boost the operating efficiency through consistent control over the development cost of projects and the acceleration of its asset turnover.

Financial Resources

During the period, the Group actively strengthened strategic cooperation with banks and explored multiple financing channels in order to fulfill the funding needs in its business operation. During the period, the Group further optimised its debt structure and lowered the capital cost by successfully issuing US$400 million high-yield bonds due 2018, which was mainly used to refinance the existing offshore loans. The Group had a good access to different financing channels and its new domestic bank loans amounted to RMB6.1 billion during the period.

As at the end of June, the Group had RMB2.9 billion of cash in hand and an unutilised credit facilities of RMB19.8 billion. The gearing ratio was maintained at 78.5%.

Business Prospect

In the second half of 2013, it is expected that the global economy will continue to recover slowly and the U.S. economy will further recover and grow. The eurozone economies will not show significant turnaround in the short term but it is unlikely to continue to deteriorate. Therefore, fluctuations in the global economy and the financial market are still inevitable for a certain period in the future.

In consideration of the major macroeconomic figures of China in the first half of the year, the macroeconomy slowed down faster than expected and it is likely to continue to slow down in the second half of the year. However, the Group believes that the central government of China still has capacity and rooms to maintain the macroeconomic growth at a rational level so as to create a stable macroeconomic environment for the corporate development of property enterprises.

Therefore, it is expected that the austerity measures imposed on the property market will focus on the implementation of the existing measures and it is unlikely that new measures will be introduced in the short run. Since the property industry still serves as an important mainstay of the Chinese economy, in order to prevent the macroeconomy from weakening, the government upholds its principle of steady regulation towards the property market and continues to support the demand of first-home buyers. Administrative means will be substituted by both the economic and market ones gradually and a long-term, market-oriented control mechanism for the property market will also be established.

As the policy and market condition of the property industry become steady and the government upholds encouraging policies to cater to the demand of first-home buyers, favorable opportunities and conditions will be provided to the prudent development of property developers in China. Under the circumstances that the property prices can be basically controlled, it is expected that the uprising momentum of the trading volume of the property industry will be sustained during the year. Therefore, the Group will fully capitalise on the favorable conditions of the market and adopt various effective measures to speed up the healthy development of its property business.

Sales Strategy

The Group will continue to insist on implementing flexible sales strategies and adopt concrete and effective response measures to accelerate the launching of new projects and the sales of inventory, elevating the sales absorption rate of products so as to cater to the rigid demand of the market. In the second half of the year, the Group will maximise its potentials to increase saleable resources and accelerate its sales and cash inflow.

Chairman's Statement

Development Strategy

The Group will continue to foster products standardisation and enhance the product quality. Meanwhile, the Group will effectively control the cost in both development and operation, accelerate the development of existing projects, shorten the development cycle and endeavor to boost the asset turnover. In the meantime, the construction and sales of new projects will be ensured to speed up the sales and cash inflow.

Investment strategy

The Group has sufficient land bank currently and will continue to adhere to its prudent and sound strategy for new project investment. Based on the requirements in sales cashflow and financial safety, the Group will appropriately increase land investment projects with low cost and fast turnover that will be able to fulfill the Group's requirements in the return on project investment.

Financial Strategy

The Group will control the debt at a reasonable scale, continue to optimise the debt structure, reduce the proportion of short-term debt and endeavor to lower the capital cost. Meanwhile, it will strictly control the net gearing ratio at a reasonable level to ensure the financial stability and safety of the Group.

Despite the uncertainties resulted from the austerity measures imposed on the property market and the slowdown in the macroeconomic growth of China, the policies and the operating environment of the property market shall remain stable which is beneficial to the constant and healthy business development of property enterprises. The Group will formulate effective development measures according to market changes, continue to enhance the management system and strengthen the internal management, constantly enhance the Group's professional development capability and execution capability in all aspects, so as to facilitate healthy and prudent development of its business.

Acknowledgement

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

Cheng Li Xiong
Chairman

Hong Kong, 29 August 2013

Management Discussion and Analysis

Half-Year Highlights

- During the first half of 2013, the Group recorded a revenue of RMB2,953.1 million, representing a YOY increase of 120.0%. The delivered gross floor area ("GFA") amounted to 404,453 sq.m., representing an increase of 372.0%.
- During the first half of 2013, the Group achieved a profit attributable to shareholders of RMB224.7 million, representing a YOY increase of 35.2%.
- During the first half of 2013, the Group achieved contracted property sales of RMB4,044.6 million and the contracted GFA sold was 343,935 sq.m..
- As at 30 June 2013, the Group had a total land bank of 15.8 million sq.m., Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China accounted for 12.6%, 50.9%, 25.4% and 11.1% of the total land bank respectively. The average land cost was RMB1,309 per sq.m..

Market Review

During the period, the central government of China continued to implement austerity measures on the property market. At the end of February, the General Office of the State Council of the People's Republic of China promulgated the "Notice on Continuing the Regulation and Control of the Real Estate Market" (hereinafter abbreviated as the "New Rules") so as to reinforce its austerity measures which focused on restrictions in home purchase and mortgage to curb purchasing needs for investment and speculative purposes. And all regions were further requested to publish their respective annual target for the property prices. The implementation rules promulgated thereafter further stated that the down payment and mortgage rate for the second-home purchases would be increased in cities in which the property prices soared. The personal income tax on secondhand property would be levied at a stringent level of 20% from the difference between purchase prices and selling prices. Regional governments also introduced their implementation rules of the "New Rules" respectively. The policy environment of austerity measures on the property market became more stable.

Under the circumstances that the austerity measures became stable gradually, major indicators for the development of the property industry recovered steadily during the first half of this year. From January to June, nationwide property sales amount and GFA sold reached a YOY increase of 43.2% and 28.7% respectively. The average residential selling price recorded a YOY increase of 12.0%, the newly commenced GFA achieved a YOY increase of 3.8% and the YOY increase of the land turnover was 7.5% (Source: National Bureau of Statistics of the People's Republic of China). Meanwhile, in response to the economic structure adjustment by the central government and under the influence of the external environment, the economic growth of China further declined. The Gross Domestic Product ("GDP") growth fell from 7.7% in the first quarter to 7.5% in the second quarter, experiencing YOY decreases in two consecutive quarters. To strike a balance between steady growth and the need for structure adjustment, the central government maintained a stable austerity measures over the property industry and did not issue more stringent administrative measures during the first half of the year.

During the period, the Group closely monitored changes of the market and accelerated the absorption rate of the inventory and current projects so as to speed up cash inflow. The Group fixed project prices reasonably and flexibly based on the latest trend in the market while dedicated to the development of exquisite projects for the market in order to better meet customers' demand, so as to achieve more sales.

Business Review

Property Development

I. Revenue

The Group recorded a consolidated revenue of RMB2,953.1 million in the first half of 2013, representing an increase of 120.0% compared to RMB1,342.2 million recorded in the first half of 2012. The delivered GFA increased to 404,453 sq.m. in the first half of 2013 from 85,688 sq.m. in the first half of 2012, representing an increase of 372.0%. The booked average selling price decreased by 53.4% from RMB15,663 per sq.m. in the first half of 2012 to RMB7,301 per sq.m. in the first half of 2013.

Six projects in first-tier cities such as Shanghai and Beijing accounted for 16.8% of the total revenue. 12 projects in second- and third-tier cities accounted for 83.2% of the total revenue. In the first half of 2013, 16.6% of revenue was contributed by projects in the Shanghai Region, 39.3% by projects in the Yangtze River Delta outside Shanghai, 10.2% by projects in the Pan Bohai Rim and 33.9% by projects in the Northeast China.

Projects sold and delivered during the six months ended 30 June 2013 included:

		2013			2012		
Projects sold and delivered	**City**	**Revenue *(RMB'000)***	**GFA sold and delivered *(sq.m.)***	**Average selling price recognised *(RMB/sq.m.)***	Revenue *(RMB'000)*	GFA sold and delivered *(sq.m.)*	Average selling price recognised *(RMB/sq.m.)*
Sunshine Venice	Shanghai	9,628	1,098	8,769	16,395	645	25,419
Shanghai Park Avenue	Shanghai	790	170	4,647	918	170	5,400
Chateau De Paris	Shanghai	416	92	4,522	510	92	5,543
Shanghai Bay	Shanghai	430,276	7,291	59,015	581,881	8,605	67,621
Royal Lakefront	Shanghai	47,990	3,413	14,061	360,030	24,741	14,552
Sunshine Bordeaux	Beijing	7,034	765	9,195	35,650	4,572	7,797
Royal Mansion	Beijing	–	–	N/A	34,412	1,328	25,913
Sunshine Holiday	Tianjin	–	–	N/A	25,961	2,337	11,109
Tianjin Royal Bay Seaside	Tianjin	293,651	56,019	5,242	–	–	N/A
No.1 City Promotion	Wuxi	512,302	82,759	6,190	6,172	1,027	6,010
Nantong Glorious Chateau	Nantong	6,351	1,177	5,396	17,494	3,192	5,481
Nantong Villa Glorious	Nantong	38,804	3,593	10,800	–	–	N/A
Nantong Royal Bay	Nantong	18,163	2,109	8,612	–	–	N/A
Hefei Villa Glorious	Hefei	586,356	91,910	6,380	73,298	11,144	6,577
Hefei Royal Garden	Hefei	633	133	4,759	–	–	N/A
Sunny Town	Shenyang	116,721	15,770	7,401	26,811	4,040	6,636
Harbin Villa Glorious	Harbin	204,844	28,770	7,120	162,631	23,795	6,835

		2013			2012		
Projects sold and delivered	**City**	**Revenue** *(RMB'000)*	**GFA sold and delivered** *(sq.m.)*	**Average selling price recognised** *(RMB/sq.m.)*	Revenue *(RMB'000)*	GFA sold and delivered *(sq.m.)*	Average selling price recognised *(RMB/sq.m.)*
Harbin Royal Garden	Harbin	**136,052**	**18,300**	**7,435**	–	–	N/A
Changchun Villa Glorious (East)	Changchun	**18,928**	**4,518**	**4,189**	–	–	N/A
Dalian Villa Glorious	Dalian	**524,165**	**86,566**	**6,055**	–	–	N/A
Subtotal		**2,953,104**	**404,453**	**7,301**	1,342,163	85,688	15,663
Other revenue		**–**			4		
Total		**2,953,104**			1,342,167		

II. Property Sales

During the first half of 2013, the Group recorded contracted property sales of RMB4,044.6 million, representing a YOY decrease of 27.5%; while the contracted GFA sold was 343,935 sq.m., representing a YOY decrease of 48.5%. The significant YOY decrease was primarily due to the decrease in the number of new projects launched by the Group in the first half of the year.

During the period, the Shanghai Region contributed the most to the Group's property sales, amounting to RMB2,172.8 million of property sales, representing 53.7% of the total property sales of the Group. Yangtze River Delta, Pan Bohai Rim and Northeast China accounted for 23.6%, 5.5% and 17.2% of the total sales amount of the Group respectively.

Property sales and GFA sold during the six months ended 30 June 2013:

Region	**Property sales** *(RMB'000)*			**GFA sold** *(sq.m.)*		
	2013	2012	Change *(%)*	**2013**	2012	Change *(%)*
Shanghai Region	**2,172,848**	2,519,396	–13.8%	**84,902**	184,695	–54.0%
Yangtze River Delta	**952,322**	1,011,444	–5.8%	**117,782**	175,769	–33.0%
Pan Bohai Rim	**222,621**	244,810	–9.1%	**26,854**	35,193	–23.7%
Northeast China	**696,776**	1,802,267	–61.3%	**114,397**	272,431	–58.0%
Total	**4,044,567**	5,577,917	–27.5%	**343,935**	668,088	–48.5%

III. Construction and Development

During the first half of 2013, a total residential GFA of approximately 332,000 sq.m. was completed and delivered. The new construction area of the Group amounted to approximately 311,000 sq.m. during the first half of the year. The Group expects that the new construction area will exceed 1.3 million sq.m.. As at 30 June 2013, the Group had projects with a total area under construction of 3.5 million sq.m..

IV. Land Bank

As at 30 June 2013, the total land bank of the Group was 15.8 million sq.m., which was sufficient to meet its development needs over the next five years. The average land cost was RMB1,309 per sq.m..

The land bank of the Group was evenly distributed over first-, second- and third-tier cities, of which 22.2% was in first-tier cities and 77.8% was in second- and third-tier cities.

Overview of land bank as at 30 June 2013:

Project		City	Location	Use	Land Bank *(sq.m.)*	Average land cost *(RMB/sq.m.)*	Interests 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	849,437	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					**1,992,156**	**1,799**	
Yangtze River Delta							
7	Nantong Glorious Chateau	Nantong	New District, Rugao Port Zone	Residential and commercial	4,144,373	322	100%
8	Nantong Royal Garden	Nantong	Rugao Town	Residential and commercial	388,859	1,282	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	626,101	4,719	100%
11	No.1 City Promotion	Wuxi	Wuxi New District	Residential, hotel and commercial	238,094	679	100%
12	Classical Life	Suzhou	Changshu New District	Residential and commercial	10,052	1,446	100%

Project		City	Location	Use	Land Bank *(sq.m.)*	Average land cost *(RMB/sq.m.)*	Interests attributable to the Group
13	Bashangjie Project	Hefei	Yaohai District	Residential, hotel and commercial	1,347,100	881	100%
14	Hefei Royal Garden	Hefei	Luyang District	Residential, hotel and commercial	300,007	1,207	100%
15	Nanjing Royal Bay	Nanjing	Xiaguan District	Residential and commercial	663,913	6,013	60%
Subtotal					**8,015,985**	**1,323**	
Pan Bohai Rim							
16	Sunshine Holiday	Tianjin	Hedong District East	Residential, hotel and commercial	72,281	799	100%
17	Tianjin Royal Bay Seaside	Tianjin	Dagang District	Residential, hotel and commercial	841,727	1,396	100%
18	Tianjin Royal Bay Lakeside	Tianjin	Tuanbohu District	Residential and commercial	1,567,303	1,225	70%
19	Royal Mansion	Beijing	Haidian District	Residential and commercial	90,406	3,395	100%
20	Sunshine Bordeaux	Beijing	Daxing District	Residential and commercial	1,320,752	493	100%
21	Glorious Artstyle Townhouse	Beijing	Daxing District	Residential and commercial	100,270	3,862	100%
Subtotal					**3,992,739**	**1,127**	
Northeast China							
22	Harbin Villa Glorious	Harbin	Qunli New District	Residential and commercial	27,453	979	100%
23	Harbin Royal Garden	Harbin	Qunli New District	Residential and commercial	3,647	2,451	100%
24	Sunny Town	Shenyang	Yuhong District	Residential and commercial	120,023	1,133	100%
25	Changchun Villa Glorious (East)	Changchun	New and High-tech District	Residential and commercial	358,471	868	100%
26	Changchun Villa Glorious (West)	Changchun	New and High-tech District	Residential and commercial	845,088	1,004	100%
27	Dalian Villa Glorious	Dalian	Jinzhou New District	Residential and commercial	54,050	1,674	100%
28	Dalian Plot No. 200	Dalian	Jinzhou New District	Residential and commercial	344,000	1,497	70%
Subtotal					**1,752,732**	**1,105**	
Total					**15,753,612**	**1,309**	

V. Commercial Properties

The Group will steadily foster the development of its commercial properties. As at 30 June 2013, approximately 280,000 sq.m. of commercial properties were completed by the Group, and around 990,000 sq.m. of commercial property projects were still under construction.

Retail commercial properties, high-end office buildings and high-end hotels accounted for 60%, 25% and 15% of the total commercial properties of the Group respectively. The Group planned to possess most of the premium commercial properties in the long run to secure stable rental return.

Outlook for the Second Half of 2013

The Group believes that there are still many uncertainties in the external operating environment in the second half of the year. In terms of the external environment, the U.S. economy began to recover and rebound with some fluctuations while the economic recovery of the European Union is relatively slow. And there are still uncertainties in whether the Japanese economy will be driven by its ultra-loose monetary policy. The sluggish economic recovery in major developed economies such as Europe, the U.S. and Japan definitely brings pressure to the steady growth of the Chinese economy.

The inflation rate of the Chinese economy remained relatively stable in the first half of the year and the YOY growth of the GDP dropped to 7.6%. If the economic growth is lower than the target set in the beginning of the year, the key focus of the central policies for the second half of the year is expected to incline towards a steady growth while policies pre-adjustment and fine-adjustment will be implemented in a timely and moderate manner. Large-scale stimulative policy will not be issued.

It is expected that the central government will continue to uphold stable austerity measures on the property market during the second half of the year. However, if the property market continues to boom in the future, the central government may tighten the austerity measures in certain major cities and the scope of the property taxes pilot scheme is expected to be further expanded or executed. The administrative measures will not be loosened in the short run, however the central government will adopt a long-term, differential and market-oriented mechanism to replace the current administrative control in the long run.

As the rigid demand and demand for upgrading purposes will remain robust due to the relatively stable policy environment in the second half of the year, the rising trend in the trading volume in the first half of the year is expected to be sustainable in the second half of the year. It is expected that the rise in property prices will not change in the short run. The property prices in major cities will still remain considerably stable with a slight increase during the second half of the year. A loose operating environment for property enterprises will also further boost up their confidence towards the market in the future. Property enterprises will continue to accelerate the project development rate and the delivery of new products, seizing favorable opportunities so as to achieve rapid growth in sales and cash inflows timely.

The Group will continue to closely monitor changes of the market conditions and proactively refine its sales and pricing strategies according to the market situation and changes in policy. It will adopt effective measures to speed up the sales of inventory and cash inflows. Meanwhile, it will accelerate the development pace and strive to increase saleable resources in order to realise more sales.

The Group will further enhance its professional development capability and foster the product standardisation to shorten the development cycle and increase the asset turnover rate. Meanwhile, the Group will continue to intensify the control over product quality in order to effectively control the costs in development and operation with a view to continuously increasing product competitiveness.

The Group will continue to adhere to its principle of "balancing the inflows and outflows, and investing prudently". Based on the situation in sales and cash inflows conditions, the need for safe liquidity and the distribution structure of the land bank, limited resources will be allocated to projects in the Shanghai Region and cities with higher returns and the land bank will be moderately increased or enhanced so as to realise healthy development for its business in the long run.

The Group will adhere to its prudent financial policy and control the debt and gearing ratio at a reasonable scale so as to effectively control its financial risks. It will continue to explore diversified financing means with multiple platforms and multi-channels to satisfy the capital needs for its business development. The Group will stringently implement budget management in capital expenditure while enhancing the cash flow management in order to assure a prudent and safe financial condition of the Group.

Management Discussion and Analysis

Financial Review

The Group recorded a consolidated revenue of RMB2,953.1 million in the first half of 2013, which increased by 120.0% as compared to the same period in 2012. Profit attributable to the owners of the Company for the six months ended 30 June 2013 amounted to RMB224.7 million, representing an increase of 35.2% from the corresponding period in 2012. Profit attributable to the owners of the Company for the six months ended 30 June 2013, excluding fair changes gain of investment properties and the related tax effect, amounted to RMB132.2 million, representing an increase of 0.4% from the corresponding period in 2012.

Results for the six months ended 30 June 2013 are as follows:

	Six months ended 30 June	
RMB'000	**2013 (unaudited)**	2012 (unaudited)
Revenue	**2,953,104**	1,342,167
Cost of sales	**(2,612,893)**	(788,929)
Gross profit	**340,211**	553,238
Other income	**52,111**	43,285
Other gains and losses	**178,981**	37,908
Selling and marketing expenses	**(138,419)**	(78,583)
Administrative expenses	**(187,889)**	(190,319)
Finance costs	**(2,206)**	(4,739)
Share of loss of an associate	**(360)**	(1,272)
Share of loss of a jointly controlled entity	**(1,660)**	(1,331)
Profit before income tax	**240,769**	358,187
Income tax expenses	**(17,850)**	(193,614)
Profit for the period	**222,919**	164,573
Attributable to:		
– the owners of the Company	**224,718**	166,243
– non-controlling interests	**(1,799)**	(1,670)
	222,919	164,573

Management Discussion and Analysis

Revenue

For the six months ended 30 June 2013, the Group recorded a consolidated revenue of RMB2,953.1 million, representing an increase of 120.0% compared to RMB1,342.2 million for the first half of 2012. The GFA of properties delivered by the Group increased from 85,688 sq.m. in the first half of 2012 to 404,453 sq.m. in the current period. As a result of the higher proportion of GFA delivered in the second- and third-tier cities in the current period, of which the average selling price is lower, the Group's average selling price decreased significantly from RMB15,663 per sq.m. in the first half of 2012 to RMB7,301 per sq.m. during the current period.

Cost of Sales

The cost of sales for the six months ended 30 June 2013 was RMB2,612.9 million, representing an increase of 231.2% compared to RMB788.9 million from the corresponding period in 2012. The increase in cost of sales was mainly due to the increase in GFA delivered in the current period as compared to the corresponding period in 2012.

Components of the consolidated cost of sales are as follows:

	Six months ended 30 June			
	2013		2012	
	RMB'000	**RMB/sq.m.**	RMB'000	RMB/sq.m.
Construction costs	**1,553,743**	**3,842**	515,486	6,016
Land costs	**549,760**	**1,359**	137,351	1,603
Capitalised interests	**341,745**	**845**	62,249	726
Business taxes and other levies	**167,645**	**414**	73,843	862
Sub-total	**2,612,893**	**6,460**	788,929	9,207
Cost of sales of other business	**–**	**N/A**	–	N/A
Total	**2,612,893**		788,929	

The lower average cost of sales of RMB6,460 per sq.m. in the current period compared to RMB9,207 per sq.m. in the first half of 2012 was mainly due to the higher proportion of residential properties sold and delivered in the second- and third-tier cities in the current period.

Management Discussion and Analysis

Gross Profit

The Group's consolidated gross profit for the first half of 2013 was RMB340.2 million, representing a decrease of 38.5% from a gross profit of RMB553.2 million for the corresponding period in 2012. The decrease in consolidated gross profit was mainly due to the lower gross profit margin for the period under review. The Group's gross profit margin for the current period was 11.5%, compared to 41.2% during the corresponding period in 2012. Due to the significant decrease in the average selling prices of the properties sold and delivered by the Group during the first half of 2013, despite the increase in revenue recognised of 120.0% for the properties during the period under review, the Group's gross profit margin was lower in the current period due to the higher proportion of residential properties sold and delivered in the second- and third-tier cities for which units prices are lower.

Other Income

Other income for the six months ended 30 June 2013 was RMB52.1 million, representing an increase of 20.4% from RMB43.3 million for the corresponding period in 2012. The increase in other income was mainly attributable to the higher interest income recorded during the period under review.

Other Gains and Losses

Other gains and losses, net for the six months ended 30 June 2013 amounted to RMB179.0 million, which primarily represented the fair value changes of the Group's investment properties of RMB123.4 million (2012: Fair value changes amounted to RMB46.2 million).

Selling and Marketing Expenses

Selling and marketing expenses for the six months ended 30 June 2013 were RMB138.4 million, which was higher than RMB78.6 million during the corresponding period in 2012 by 76.1%. During the period under review, the Group has put in more marketing resources to boost the sales of the remaining units of those earlier projects, and also to cope with the Group's new project launching activities in the second half of this year, the Group has incurred higher level of selling and marketing expenses during the period under review as compared to that of last year.

Administrative Expenses

Administrative expenses for the six months ended 30 June 2013 were RMB187.9 million, representing a slight decrease of 1.3% compared to RMB190.3 million for the corresponding period in 2012. The Group continued to implement cost-saving initiatives in the current period so that the Group's administrative expenses during the period under review has been controlled at a similar level to last year.

Finance Costs

Gross finance costs for the six months ended 30 June 2013 were RMB1,233.2 million, representing an increase of 46.8% from RMB840.0 million for the same period in 2012 due to the higher level of the Group's borrowings in the current period. For the six months ended 30 June 2013, finance costs of RMB1,231.0 million (2012: RMB835.3 million) have been capitalised, leaving RMB2.2 million (2012: RMB4.7 million) charged directly to the condensed consolidated statement of comprehensive income.

Management Discussion and Analysis

Profit Before Income Tax

The Group's profit before income tax for the six months ended 30 June 2013 was RMB240.8 million, representing a decrease of 32.8% compared to RMB358.2 million for the corresponding period in 2012, which was mainly due to the lower level of gross profit margin in the first half of 2013 as compared to that for the corresponding period in 2012.

Income Tax Expenses

Income tax expenses for the six months ended 30 June 2013 were RMB17.9 million, representing a decrease of 90.8% as compared to RMB193.6 million for the corresponding period in 2012. The decrease in income tax expenses for the current period was primarily due to lower level of gross margin during the six months ended 30 June 2013 such that provision for income tax was lower, as well as due to the reversal of certain income tax provisions for several property development projects as a result of entering into the tax clearance stage in the current period. Due to the reversal of income tax provisions as aforementioned, the effective income tax rate was 7.4% for the six months ended 30 June 2013, as compared to 54.1% for the corresponding period in 2012.

Profit Attributable to the Owners of the Company

The Group's profit attributable to the owners of the Company for the six months ended 30 June 2013 was RMB224.7 million, representing an increase of 35.2% compared to RMB166.2 million for the first half of 2012. Profit attributable to the owners of the Company for the six months ended 30 June 2013, excluding fair value changes of investment properties and the related tax effect, amounted to RMB132.2 million, representing an increase of 0.4% from RMB131.6 million during the corresponding period in 2012.

Current Assets and Liabilities

As at 30 June 2013, the Group held total current assets of approximately RMB40,214.8 million (31 December 2012: RMB38,596.5 million), comprising mainly properties under development, trade and other receivables and prepayments and completed properties held for sale. Properties under development increased by 5.7% from RMB22,256.4 million as at 31 December 2012 to RMB23,525.3 million as at 30 June 2013, mainly due to the continuous progress of the Group's property development projects in 2013. Trade and other receivables and prepayments amounted to RMB8,490.5 million as at 30 June 2013, which was 9.2% higher than that of RMB7,774.3 million as at 31 December 2012 and mainly comprises prepayments for land premium as at 30 June 2013 whereby the relevant land use right certificates had yet to be obtained as at 30 June 2013. Completed properties held for sale decrease by 1.0% from RMB5,044.4 million as at 31 December 2012 to RMB4,994.8 million as at 30 June 2013.

Total current liabilities as at 30 June 2013 amounted to RMB24,436.4 million, compared with RMB21,824.1 million as at 31 December 2012, which was mainly due to the higher balances of advanced proceeds received from customers and short-term borrowings as at 30 June 2013. The current ratio (calculated as the total current assets divided by the total current liabilities) decreased from 1.77 as at 31 December 2012 to 1.65, as at 30 June 2013.

Liquidity and Financial Resources

During the first half of 2013, the Group funded its property development projects principally from proceeds from the pre-sales of properties and bank loans. As at 30 June 2013, the Group had cash and bank balances of RMB2,930.5 million (31 December 2012: RMB3,300.2 million).

As at 30 June 2013, the Group's total borrowings amounted to RMB17,349.7 million, representing an increase of 9.9% compared to RMB15,784.2 million as at 31 December 2012. As at 30 June 2013, the Group's borrowings comprised the following:

RMB'000	**30 June 2013 (unaudited)**	31 December 2012 (audited)
Bank borrowings	**12,417,540**	13,455,903
Senior Notes due 2015 [1]	**1,853,610**	1,885,650
Senior Notes due 2018 [1]	**2,471,480**	–
Other borrowings	**604,330**	647,790
Sub-total	**17,346,960**	15,989,343
Adjusted by : unamortised loan arrangement fees and accrued interests	**2,713**	(205,161)
Total borrowings	**17,349,673**	15,784,182

Note:

(1) Please refer to note 8 to the condensed consolidated financial information for the definitions of Senior Notes due 2015 and Senior Notes due 2018.

The maturities of the Group's borrowings as at 30 June 2013 were as follows:

RMB'000	**30 June 2013 (unaudited)**	31 December 2012 (audited)
Within 1 year	**8,136,793**	6,094,505
After 1 and within 2 years	**3,478,126**	6,365,956
After 2 and within 5 years	**5,689,754**	2,762,047
After 5 years	**45,000**	561,674
Total borrowings	**17,349,673**	15,784,182

As at 30 June 2013, the Group had total banking facilities of RMB32,231 million, consisting of used banking facilities of RMB12,383 million and unused banking facilities of RMB19,848 million.

Management Discussion and Analysis

Gearing Ratio

The Group monitors its capital on the basis of the gearing ratio. Gearing ratio is calculated as net debt divided by total equity attributable to the owners of the Company. Net debt is calculated as total borrowings less cash and bank balances (including cash and cash equivalents and restricted cash). The gearing ratios as at 30 June 2013 and 31 December 2012 were as follows:

RMB'000	**30 June 2013 (unaudited)**	31 December 2012 (audited)
Total borrowings	**17,349,673**	15,784,182
Less: cash and bank balances	**(2,930,494)**	(3,300,189)
Net debt	**14,419,179**	12,483,993
Total equity attributable to the owners of the Company	**18,379,132**	18,151,070
Gearing ratio	**78.5%**	68.8%

The gearing ratio as at 30 June 2013 was higher than that as at 31 December 2012 as a result of the increase in the Group's total borrowings.

Foreign Exchange Risk

The Group's property development projects are all located in the PRC and all the related transactions are settled in RMB. The Company and certain of the investment holding companies within the Group operate in Hong Kong have recognised assets and liabilities in currencies other than RMB, including the US$300.0 million Senior Notes due 2015 and the US$400.0 million Senior Notes due 2018 issued by the Company in October 2010 and March 2013 respectively. Apart from the Senior Notes due 2015 and Senior Notes due 2018 that may cause the Group to be exposed to a higher level of foreign exchange risk, there are no other assets and liabilities that will expose the Group to significant foreign exchange risk.

During the six months ended 30 June 2013, 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 exchange exposure should the need arise.

Interest Rate Risk

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

Management Discussion and Analysis

Pledge of Assets

As at 30 June 2013, the Group had pledged certain of its subsidiaries' shares, construction in progress, investment properties, properties under development and completed properties held for sale to secure its borrowings.

Financial Guarantees

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

Pursuant to the terms of the guarantees, upon a default in mortgage payments by these purchasers, the Group is responsible for repaying to the banks the outstanding mortgage principal, together with accrued interest and any penalty owed by the defaulting purchasers, and the Group is entitled to take over the legal title and possession of the related properties. The guarantee period starts from the date of the grant of the respective mortgage. As at 30 June 2013, the amount of outstanding guarantees for mortgages was RMB6,894.8 million (31 December 2012: RMB6,404.4 million).

Capital Commitments

As at 30 June 2013, the Group had capital commitments as follows:

RMB'000	**30 June 2013 (unaudited)**	31 December 2012 (audited)
Land use rights	**237,471**	279,068
Property development expenditures	**6,785,868**	6,888,784
Construction materials	**8,006**	19,346
	7,031,345	7,187,198

Employees and Remuneration Policy

As at 30 June 2013, the Group had a total of 1,254 employees. Total remuneration expenses and other employees' benefits costs for the six months ended 30 June 2013 amounted to RMB85.2 million. The Group has adopted a system of determining the remuneration of employees based on the performance of employees. Apart from a basic salary, outstanding employees may be granted with annual bonuses. In addition, the Group has adopted share option schemes (details of which are described in the section headed "Share Option Schemes" of this interim report) to attract and retain high caliber talents to serve the Group. In terms of employee training, the Group provides different training programmes for employees to develop their expertise and knowledge.

Corporate Governance

Compliance with Corporate Governance Code

The Company had complied with the principles and the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") during the six months ended 30 June 2013.

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 of the Company. All directors have confirmed, following specific enquiries made by the Company, that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2013.

Audit Committee

The audit committee of the Company (the "Audit Committee") was established on 9 September 2009 with written terms of reference. Currently, the Audit Committee comprises four independent non-executive directors, namely, Mr. Yim Ping Kuen (chairman of the Audit Committee), Mr. Liu Shun Fai, Mr. Wo Rui Fang and Mr. Han Ping. The main duties of the Audit Committee are, among others, as follows:

1. to be primarily responsible for making recommendations to the board of directors of the Company (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 Audit Committee's own initiative, as well as management's response to these findings; and

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

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

The Audit Committee has reviewed with management the unaudited consolidated results of the Group for the six months ended 30 June 2013 and took the view that the Company was in full compliance with all applicable accounting standards and regulations and has made adequate disclosure.

Corporate Governance

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established on 9 September 2009 with written terms of reference. Currently, the Remuneration Committee comprises two independent non-executive directors, namely, Mr. Wo Rui Fang (chairman of the Remuneration Committee) and Mr. Liu Shun Fai and one executive director, namely Mr. 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.

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

Nomination Committee

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

1. to review the structure, size, composition and diversity (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 review the board diversity policy and the measurable objectives that the Board has adopted for implementing this policy, and monitor the progress on achieving the objectives and make the relevant disclosure in the corporate governance report;

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

5. 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

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

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

Corporate Governance

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.

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 three executive directors, namely, 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 of the Company, approval of any investment acquisition and disposal of the Group each of an amount not exceeding HK$1 billion, arrangement of banking facilities and approval of guarantees and indemnities each of an amount not exceeding HK$1 billion, opening and operation of bank accounts, handling or execution of share repurchase exercises of the Company, and allotment and issuance of the ordinary shares of the Company pursuant to the Pre-IPO Share Option Scheme and the Share Option Scheme (details of which are described in the section headed "Share Option Schemes" of this interim report).

Disclosure of Interests

Directors' Interests in Shares, Underlying Shares and Debentures

As at 30 June 2013, the directors and their respective associates (as defined in the Listing Rules) had the following interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (the "Associated Corporations") (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept by the Company under Section 352 of the SFO; or (c) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code:

Company

	Number of ordinary shares			
Name of Director	Personal interests[(1)]	Corporate interests	Total	Approximate % of shareholding[(2)]
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 includes interests held by the relevant directors 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 30 June 2013 (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 for 15,000,000 shares of the Company.

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

Save as aforesaid, as at 30 June 2013, 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.

Disclosure of Interests

Directors' Rights to Acquire Shares or Debentures

As at 30 June 2013, the number of outstanding options granted by the Company to the directors to subscribe for shares of the Company, as recorded in the register required to be kept under Section 352 of the SFO or which were otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, is set out in the section headed "Share Option Schemes" of this interim report.

Apart from the aforesaid, at no time during the six months ended 30 June 2013 was the Company, its holding company or any subsidiary of the Company or its holding company, a party to any arrangement to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' Interests in the Share Capital of the Company

As at 30 June 2013, the interests of substantial shareholders (other than the directors) in the shares or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity in which ordinary shares were held	Number of ordinary shares	Long position/ Short position/ Lending pool	Approximate % of shareholding[4]
Mr. Zhang Zhi Rong	Interests in controlled corporations [3]/ Beneficial owner	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) China Life Insurance (Overseas) Co. Ltd. is owned as to 100% by China Life Insurance (Group) Company.

(3) As at 30 June 2013, 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 approximately 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 30 June 2013 (i.e. 7,792,645,623 ordinary shares).

Apart from the aforesaid, as at 30 June 2013, 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.

Other Information

Share Option Schemes

Pursuant to the resolutions in writing passed by all the shareholders of the Company on 9 September 2009, the Company conditionally approved and adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and 84,000,000 share options had been granted to its directors and employees which are exercisable for a ten-year period from the grant date. No further options will be offered or granted by the Company pursuant to the Pre-IPO Share Option Scheme. The purpose of the Pre-IPO Share Option Scheme is to give the participants an opportunity to acquire a personal stake in the Company and help motivate such participants and retain the participants whose contributions are important to the long term growth and profitability of the Group. As at 30 June 2013, 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 (the "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. During the six months ended 30 June 2013, no share options had been granted under the Share Option Scheme.

The following table discloses details of the Company's outstanding share options held by the directors and certain employees of the Company under the Pre-IPO Share Option Scheme and its movement during the six months ended 30 June 2013:

		Number of underlying shares comprised in share options							
	Date of grant	Balance as at 01/01/2013	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Balance as at 30/06/2013	Exercise price per share HK$	Exercise period
Category 1:									
Directors									
Mr. Cheng Li Xiong	09/09/2009	15,000,000	—	—	—	—	15,000,000	1.76	Note
Mr. Ding Xiang Yang	09/09/2009	15,000,000	—	—	—	—	15,000,000	1.76	Note
Mr. Liu Ning	09/09/2009	5,000,000	—	—	—	—	5,000,000	1.76	Note
Mr. Xia Jing Hua	09/09/2009	5,000,000	—	—	—	—	5,000,000	1.76	Note
Mr. Yan Zhi Rong	09/09/2009	5,000,000	—	—	—	—	5,000,000	1.76	Note
		45,000,000	—	—	—	—	45,000,000		
Category 2:									
Senior Management and other Employees (in aggregate)	09/09/2009	33,000,000	—	—	—	—	33,000,000	1.76	Note
Total:		78,000,000	—	—	—	—	78,000,000		

Other Information

Note:

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

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

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

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

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

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

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2013.

Interim Dividend

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2013 (Six months ended 30 June 2012: Nil).

Condensed Consolidated Balance Sheet

As at 30 June 2013

RMB'000	Note	**30 June 2013 (unaudited)**	31 December 2012 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,233,033**	1,102,115
Investment properties	5	**11,293,986**	10,607,946
Intangible assets		**2,046**	2,305
Investment in an associate		**4,125**	4,485
Investment in a jointly controlled entity		**20,725**	22,385
Loan to a jointly controlled entity	16	**1,927,891**	1,978,997
Deferred income tax assets		**332,743**	312,487
		14,814,549	14,030,720
CURRENT ASSETS			
Properties under development		**23,525,334**	22,256,445
Completed properties held for sale		**4,994,790**	5,044,360
Inventories		**6,575**	7,275
Trade and other receivables and prepayments	6	**8,490,496**	7,774,301
Prepaid taxes		**267,150**	213,886
Restricted cash		**1,863,033**	2,307,440
Cash and cash equivalents		**1,067,461**	992,749
		40,214,839	38,596,456
CURRENT LIABILITIES			
Advanced proceeds received from customers		**6,939,349**	5,668,013
Trade and other payables	9	**5,338,942**	5,606,416
Income tax payable		**4,020,529**	4,454,249
Borrowings	8	**8,136,793**	6,094,505
Obligation under finance lease		**868**	868
		24,436,481	21,824,051
NET CURRENT ASSETS		**15,778,358**	16,772,405
TOTAL ASSETS LESS CURRENT LIABILITIES		**30,592,907**	30,803,125

The notes on pages 78 to 92 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Balance Sheet

As at 30 June 2013

RMB'000	Note	30 June 2013 (unaudited)	31 December 2012 (audited)
NON-CURRENT LIABILITIES			
Borrowings	8	9,212,880	9,689,677
Deferred income tax liabilities		1,694,294	1,654,072
Obligation under finance lease		17,665	17,571
		10,924,839	11,361,320
NET ASSETS		19,668,068	19,441,805
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	7	68,745	68,745
Share premium	7	7,822,982	7,822,982
Reserves		10,487,405	10,259,343
		18,379,132	18,151,070
Non-controlling interests		1,288,936	1,290,735
TOTAL EQUITY		19,668,068	19,441,805

The notes on pages 78 to 92 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

RMB'000	Note	Six months ended 30 June 2013 (unaudited)	2012 (unaudited)
Revenue	4	**2,953,104**	1,342,167
Cost of sales		**(2,612,893)**	(788,929)
Gross profit		**340,211**	553,238
Other income	10	**52,111**	43,285
Other gains and losses	11	**178,981**	37,908
Selling and marketing expenses		**(138,419)**	(78,583)
Administrative expenses		**(187,889)**	(190,319)
Finance costs	12	**(2,206)**	(4,739)
Share of loss of an associate		**(360)**	(1,272)
Share of loss of a jointly controlled entity		**(1,660)**	(1,331)
Profit before income tax		**240,769**	358,187
Income tax expenses	13	**(17,850)**	(193,614)
Profit for the period		**222,919**	164,573
Attributable to:			
– the owners of the Company		**224,718**	166,243
– non-controlling interests		**(1,799)**	(1,670)
		222,919	164,573
Other comprehensive income:			
Gain/loss recognised directly in equity		**—**	—
Total comprehensive income for the period		**222,919**	164,573
Total comprehensive income for the period attributable to:			
– the owners of the Company		**224,718**	166,243
– non-controlling interests		**(1,799)**	(1,670)
		222,919	164,573
Earnings per share for profit attributable to the owners of the Company (expressed in RMB per share)			
– Basic	14	**0.03**	0.02
– Diluted	14	**0.03**	0.02

The notes on pages 78 to 92 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

RMB'000	Share capital	Share premium	Merger reserve	Statutory reserves	Other reserve	Employee share-based compensation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Six months ended 30 June 2013 Attributable to the owners of the Company (unaudited)									
Balance at 1 January 2013	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
Total comprehensive income for the period	—	—	—	—	—	—	224,718	224,718	(1,799)	222,919
Employee share-based compensation	—	—	—	—	—	3,344	—	3,344	—	3,344
Balance at 30 June 2013	68,745	7,822,982	(770,477)	304,829	264,317	198,402	10,490,334	18,379,132	1,288,936	19,668,068

RMB'000	Share capital	Share premium	Merger reserve	Statutory reserves	Other reserve	Employee share-based compensation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Six months ended 30 June 2012 Attributable to the owners of the Company (unaudited)									
Balance at 1 January 2012	68,745	7,822,982	(770,477)	263,994	264,317	176,537	9,224,820	17,050,918	1,293,778	18,344,696
Total comprehensive income for the period	—	—	—	—	—	—	166,243	166,243	(1,670)	164,573
Employee share-based compensation	—	—	—	—	—	9,260	—	9,260	—	9,260
Balance at 30 June 2012	68,745	7,822,982	(770,477)	263,994	264,317	185,797	9,391,063	17,226,421	1,292,108	18,518,529

The notes on pages 78 to 92 form an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	Six months ended 30 June	
RMB'000	**2013 (unaudited)**	2012 (unaudited)
Net cash used in operating activities	**(964,000)**	(412,673)
Net cash used in investing activities	**(474,273)**	(483,338)
Net cash generated from financing activities	**1,512,841**	881,280
Net increase/(decrease) in cash and cash equivalents	**74,568**	(14,731)
Cash and cash equivalents, at 1 January	**992,749**	1,021,098
Exchange gains on cash and bank balances	**144**	13
Cash and cash equivalents, at 30 June	**1,067,461**	1,006,380

The notes on pages 78 to 92 form an integral part of this condensed consolidated financial information.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2013

1 General information

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

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

This condensed consolidated financial information is presented in thousands of units of Renminbi (RMB'000), unless otherwise stated. This condensed consolidated financial information has been approved for issue by the Board on 29 August 2013.

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

2 Basis of preparation

This condensed consolidated financial information for the six months ended 30 June 2013 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements of the Company for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012, with the exception of changes in estimates that are required in determining the provision for income taxes.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2013

3 Accounting policies

Except as described below, the accounting policies adopted are consistent with those set out in the consolidated financial statements of the Company for the year ended 31 December 2012 as included in the Company's annual report for the year ended 31 December 2012.

(i) Effect of adopting new standards, amendments to standards and interpretation

The following new standards, amendments to standards and interpretation are mandatory for the Group's financial year beginning on 1 January 2013:

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income
HKAS 19 (Revised 2011)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Annual Improvement Project	Annual improvements 2009–2011 Cycle

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

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2013

3 Accounting policies (Continued)

(ii) New Standards, amendments to standards and interpretation that have been issued but are not effective

The following amendments to standards and interpretation have been issued but are not effective for the financial year beginning on 1 January 2013 and have not been early adopted by the Group:

HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities
HKFRS 9	Financial Instruments
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC) – Int 21	Levies

Taxes on income in the six months ended 30 June 2013 are accrued using the tax rate that would be applicable to expected total annual earnings.

4 Segment information

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

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

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

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

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.

Notes to the Condensed Consolidated Financial Information
For the six months ended 30 June 2013

4 Segment information (Continued)

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Total
Six months ended 30 June 2013 (unaudited)						
Total revenue	491,403	1,162,608	300,684	1,000,712	—	2,955,407
Inter-segment revenue	(2,303)	—	—	—	—	(2,303)
Revenue (from external customers)	489,100	1,162,608	300,684	1,000,712	—	2,953,104
Segment results	125,358	18,314	(122,613)	63,561	14,409	99,029
Depreciation and amortisation	(6,122)	(1,878)	(2,145)	(1,433)	(981)	(12,559)
Fair value changes of investment properties	61,982	136,354	93,036	(167,972)	—	123,400
Interest income	17,022	14,819	480	287	497	33,105
Finance costs	(2,161)	(1)	—	(44)	—	(2,206)
Income tax expenses	54,003	(90,309)	7,080	11,376	—	(17,850)

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Total
Six months ended 30 June 2012 (unaudited)						
Total revenue	963,209	96,963	96,024	189,442	—	1,345,638
Inter-segment revenue	(3,471)	—	—	—	—	(3,471)
Revenue (from external customers)	959,738	96,963	96,024	189,442	—	1,342,167
Segment results	342,320	(9,882)	(7,292)	31,879	(52,603)	304,422
Depreciation and amortisation	(5,934)	(1,891)	(2,113)	(1,361)	(974)	(12,273)
Fair value changes of investment properties	80,664	—	(6,615)	(27,891)	—	46,158
Interest income	3,313	19,962	335	370	639	24,619
Finance costs	(500)	(306)	—	(3,933)	—	(4,739)
Income tax expenses	(170,440)	(11,086)	102	(12,190)	—	(193,614)

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2013

4 Segment information (Continued)

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Elimination	Total
As at 30 June 2013 (unaudited)							
Total segment assets	32,822,901	25,809,960	7,668,199	7,075,165	8,637,667	(31,523,420)	50,490,472
Total segment assets include:							
Investment in an associate	4,125	—	—	—	—	—	4,125
Investment in a jointly controlled entity	20,725	—	—	—	—	—	20,725
Deferred income tax assets							332,743
Other unallocated corporate assets							4,206,173
Total assets							55,029,388

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Elimination	Total
As at 31 December 2012 (audited)							
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

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2013

4 Segment information (Continued)

RMB'000	Six months ended 30 June **2013 (unaudited)**	2012 (unaudited)
Segment results	**99,029**	304,422
Fair value changes of investment properties	**123,400**	46,158
Depreciation and amortisation	**(12,559)**	(12,273)
Operating profit	**209,870**	338,307
Interest income	**33,105**	24,619
Finance costs	**(2,206)**	(4,739)
Profit before income tax	**240,769**	358,187
Additions to:		
– Property, plant and equipment	**149,042**	311,696
– Investment properties	**562,640**	303,974
	711,682	615,670

5 Investment properties

RMB'000	Six months ended 30 June **2013 (unaudited)**	2012 (unaudited)
At beginning of the period	**10,607,946**	8,557,663
Additions – construction costs	**333,521**	303,974
Transfer from completed properties held for sale	**229,119**	—
Fair value changes (included in "other gains and losses") (note 11)	**123,400**	46,158
At end of the period	**11,293,986**	8,907,795

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2013

6 Trade and other receivables and prepayments

RMB'000	**30 June 2013 (unaudited)**	31 December 2012 (audited)
Trade receivables (a)	**67,008**	52,781
Other receivables	**2,125,659**	1,280,982
Prepayments for construction costs and other prepayments:	**2,140,991**	2,084,762
– Related parties (note 16(b))	**859,950**	1,013,083
– Third parties	**1,281,041**	1,071,679
Prepayments for land premium	**3,815,858**	4,095,324
Prepaid business taxes and other taxes	**340,980**	260,452
	8,490,496	7,774,301

(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 based on revenue recognition date is as follows:

RMB'000	**30 June 2013 (unaudited)**	31 December 2012 (audited)
Within 6 months	**36,947**	16,912
Between 7 – 12 months	**3,787**	11,898
Over 12 months	**26,274**	23,971
	67,008	52,781

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2013

7 Share capital and share premium

	Number of ordinary shares	Nominal value of ordinary shares HK$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised:					
Ordinary shares of HK$0.01 each at 1 January 2012, 30 June 2012, 1 January 2013 and 30 June 2013	38,000,000,000	380,000			
Issued and fully paid:					
Ordinary shares of HK$0.01 each at 1 January 2012, 30 June 2012, 1 January 2013 and 30 June 2013	7,792,645,623	77,926	68,745	7,822,982	7,891,727

8 Borrowings

RMB'000	**30 June 2013 (unaudited)**	31 December 2012 (audited)
Borrowings included in non-current liabilities:		
– Bank borrowings – secured	**4,811,537**	7,788,653
– Senior Notes due 2015 – secured (a)	**1,871,966**	1,901,024
– Senior Notes due 2018 – secured (b)	**2,529,377**	—
	9,212,880	9,689,677
Borrowings included in current liabilities:		
– Bank borrowings – secured	**7,532,463**	5,446,715
– Other borrowings – unsecured (c)	**383,680**	567,680
– Other borrowings – secured	**220,650**	80,110
	8,136,793	6,094,505
Total borrowings	**17,349,673**	15,784,182

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2013

8 Borrowings (Continued)

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

RMB'000	**30 June 2013 (unaudited)**	31 December 2012 (audited)
Within 1 year	**8,136,793**	6,094,505
After 1 and within 2 years	**3,478,126**	6,365,956
After 2 and within 5 years	**5,689,754**	2,762,047
After 5 years	**45,000**	561,674
	17,349,673	15,784,182

(a) On 25 October 2010, the Company issued 13.0% senior notes due 2015 with an aggregate nominal value of US$300,000,000 (equivalent to RMB1,974,000,000) at par value (the "Senior Notes due 2015"). The interest is payable semi-annually in arrears. The net proceeds, after deducting the direct issuance costs, amounted to approximately US$292,805,673 (equivalent to RMB1,926,661,328). The Senior Notes due 2015 will mature on 25 October 2015. The Company, at its option, can redeem the Senior Notes due 2015 (i) in whole, or in part, on or after 25 October 2013 at the redemption price equal to 106.50% before 25 October 2014 and 103.25% thereafter of the principal amount plus accrued and unpaid interest and (ii) in whole but not in part, prior to 25 October 2013 at redemption price equal to 100% of the principal amount plus a premium and accrued and unpaid interest. The Senior Notes due 2015 are secured by the shares of the Group's subsidiaries which are incorporated outside the PRC. The Senior Notes due 2015 are listed on the Singapore Exchange Securities Trading Limited.

(b) On 4 March 2013, the Company issued 13.25% senior notes due 2018 with an aggregate nominal value of US$250,000,000 at par value. On 20 March 2013, the Company further issued 13.25% senior notes due 2018 with an aggregate nominal value of US$150,000,000 at par value. These senior notes further issued are consolidated and form a single series with the senior notes issued on 4 March 2013 (collectively the "Senior Notes due 2018"). The interest is payable semi-annually in arrears. The net proceeds, after deducting the direct issuance costs, amounted to approximately US$391,943,000. The Senior Notes due 2018 will mature on 4 March 2018. 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 subsidiaries of the Company 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.

(c) As at 30 June 2013, borrowings from third parties of RMB290,670,000 (31 December 2012: RMB547,750,000) are unsecured, interest-bearing and are repayable within one year from the date of drawdown. The remaining balances of RMB93,010,000 (31 December 2012: RMB19,930,000) are interest-free.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2013

9 Trade and other payables

RMB'000	**30 June 2013 (unaudited)**	31 December 2012 (audited)
Trade payables (a):	**3,131,592**	3,827,317
– Related parties (note 16(b))	**2,965**	3,965
– Third parties	**3,128,627**	3,823,352
Other payables to third parties (b):	**2,103,081**	1,622,050
– Acquisition consideration payable	**310,000**	310,000
– Other payables and accrued expenses	**1,793,081**	1,312,050
Other taxes payable	**104,269**	157,049
	5,338,942	5,606,416

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

RMB'000	**30 June 2013 (unaudited)**	31 December 2012 (audited)
Within 6 months	**1,977,709**	2,855,994
Between 7 – 12 months	**415,921**	48,443
Over 12 months	**737,962**	922,880
	3,131,592	3,827,317

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

10 Other income

	Six months ended 30 June	
RMB'000	**2013 (unaudited)**	2012 (unaudited)
Interest income	**33,105**	24,619
Rental income	**17,460**	16,876
Others	**1,546**	1,790
	52,111	43,285

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2013

11 Other gains and losses

	Six months ended 30 June	
RMB'000	**2013 (unaudited)**	2012 (unaudited)
Fair value changes of investment properties	**123,400**	46,158
Exchange gains/(losses), net	**55,581**	(8,250)
	178,981	37,908

12 Finance costs

	Six months ended 30 June	
RMB'000	**2013 (unaudited)**	2012 (unaudited)
Interest expenses:		
– Bank borrowings	**994,576**	708,955
– Senior Notes due 2015 (note 8(a))	**125,178**	126,308
– Senior Notes due 2018 (note 8(b))	**103,162**	—
– Others	**10,253**	4,740
Total interest expenses	**1,233,169**	840,003
Less: interest capitalised on qualifying assets	**(1,230,963)**	(835,264)
	2,206	4,739

13 Income tax expenses

	Six months ended 30 June	
RMB'000	**2013 (unaudited)**	2012 (unaudited)
Current income tax:		
– PRC corporate income tax	**118,595**	72,344
– PRC land appreciation tax	**31,153**	84,357
Overprovision in prior year:		
– PRC land appreciation tax and the effect on the PRC corporate income tax, net	**(151,864)**	—
	(2,116)	156,701
Deferred income tax:		
– Origination and reversal of temporary differences	**19,966**	36,913
	19,966	36,913
	17,850	193,614

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2013

14 Earnings per share

(a) Basic

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

	Six months ended 30 June	
	2013 (unaudited)	2012 (unaudited)
Profit attributable to the owners of the Company (RMB'000)	**224,718**	166,243
Weighted average number of ordinary shares in issue (thousands)	**7,792,646**	7,792,646

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June 2012 and 2013, the computation of the diluted earnings per share does not assume the exercise of the Company's share options, of which the relevant exercise price was higher than the average market price of the Company's shares for the period when the options are outstanding.

	Six months ended 30 June	
	2013 (unaudited)	2012 (unaudited)
Earnings		
Profit attributable to the owners of the Company (RMB'000)	**224,718**	166,243
Number of shares		
Weighted average number of ordinary shares in issue (thousands)	**7,792,646**	7,792,646
Adjustments for share options (thousands)	**—**	—
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**7,792,646**	7,792,646

15 Dividend

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2013 (Six months ended 30 June 2012: Nil).

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2013

16 Related party transactions

The Company is controlled by Best Era International Limited (incorporated in the British Virgin Islands), 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	Six months ended 30 June **2013 (unaudited)**	 2012 (unaudited)
Purchase of construction services:		
– Shanghai Ditong Construction (Group) Co., Ltd. ("Shanghai Ditong"), a company controlled by a close family member of the former Chairman of the Company	**830,704**	580,807
Purchase of property design services from an associated company	**15,703**	8,621

(b) Balances with related parties

As at 30 June 2013 and 31 December 2012, the Group had the following significant balances with related parties:

RMB'000	**30 June 2013 (unaudited)**	31 December 2012 (audited)
Balances included in current assets:		
Prepayments to related companies for construction costs or purchase of services included in "Prepayments"		
– Shanghai Ditong	**857,660**	1,010,793
– Other related companies	**2,290**	2,290
	859,950	1,013,083
Balance included in non-current assets:		
Loan to a jointly controlled entity	**1,927,891**	1,978,997
Balances included in current liabilities:		
Trading balances included in "Trade payables"	**2,965**	3,965

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2013

16 Related party transactions (Continued)

(b) Balances with related parties (Continued)

The loan to a jointly controlled entity is unsecured, has no fixed terms of repayment and bears interest that is agreed with Glorious Jiangxu (Nanjing) Property Development Co., Ltd. and its joint venture partner by making references to the latest benchmark lending rate published by the People's Bank of China. As at 30 June 2013, the annual interest rate is 10%.

Except for the aforementioned terms for the loan to a jointly controlled entity, as at 30 June 2013 and 31 December 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.

(c) Key management compensation

RMB'000	Six months ended 30 June **2013 (unaudited)**	 2012 (unaudited)
Salaries and other short-term employee benefits	**17,154**	15,124
Share-based compensation	**1,929**	7,123
	19,083	22,247

17 Financial guarantees

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

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. As at 30 June 2013, the amount of outstanding guarantees for mortgages were approximately RMB6,894,800,000 (31 December 2012: RMB6,404,400,000). The maximum credit risk exposure at the balance sheet date is the amount of outstanding guarantees.

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

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2013

18 Capital commitments

As at 30 June 2013, the Group had capital commitments as follows:

RMB'000	**30 June 2013 (unaudited)**	31 December 2012 (audited)
Contracted but not provided for:		
Land use rights	**237,471**	279,068
Property development expenditures	**6,785,868**	6,888,784
– Shanghai Ditong	**2,998,818**	3,270,422
– Third parties	**3,787,050**	3,618,362
Construction materials	**8,006**	19,346
	7,031,345	7,187,198

The Ultimacy of Life 築‧極致人生

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