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

股份代號 Stock Code: 00845

恒盛地產
GLORIOUS PROPERTY

INTERIM REPORT 2014 中期報告

Corporate Profile

Glorious Property Holdings Limited ("Glorious Property" or the "Company", together with its subsidiaries, the "Group", HKEx Stock Code: 00845) is a national property developer in China, focusing on the development and sales of large-scale and high quality properties in key economic cities of Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China. At present, the Group has 30 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 and Chief Executive Officer)*
Mr. Xia Jing Hua *(Chief Financial Officer)*
Mr. Yan Zhi Rong

Independent Non-Executive Directors

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

AUDIT COMMITTEE

Mr. Liu Shun Fai *(Chairman)*
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. Ding Xiang Yang *(Chairman)*
Mr. Cheng Li Xiong
Mr. Xia Jing Hua

FINANCE COMMITTEE

Mr. Cheng Li Xiong
Mr. Ding Xiang Yang
Mr. Xia Jing Hua

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

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Putuo District
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China

PRINCIPAL SHARE REGISTRAR

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KY1-1111, Cayman Islands

Corporate Information

HONG KONG SHARE REGISTRAR

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CONTACT

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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

In the first half of 2014, the gross floor area ("GFA") sold for the PRC property industry decreased by 6% and the sales also decreased by 6.7%. Fragment of property price was found in different regions, and the property price in second- and third-tier cities also showed a trend of downward adjustment. Facing the continuous policy adjustment and new changes in the market, the Group aimed at lifting up the sales absorption rate by enhancing its sales efforts, and thus accelerated cash inflow.

Results of the First Half of the Year

During the period, the Group recorded a loss attributable to the owners of the Company of RMB221.3 million, as compared to a profit attributable to the owners of the Company of RMB224.7 million for the same period of last year. The basic loss per share amounted to RMB0.03, as compared to basic earnings per share of RMB0.03 for the same period of last year. The revenue for the period was RMB2,345.9 million, representing a year-on-year ("YOY") decrease of 20.6%. The equity attributable to the owners of the Company decreased 1.2% to RMB18,228.5 million.

The Group achieved a gross profit of RMB232.6 million, representing a YOY decrease of 31.6%. The gross profit margin of property business was 9.9%.

Property Sales

During the first half of 2014, the Group achieved contracted property sales of RMB1,911.0 million, representing a YOY decrease of 52.8%. The contracted GFA sold amounted to 124,542 sq.m., representing a YOY decrease of 63.8%. The average selling price was RMB15,344 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 61,8%, 28.0%, 2.4% and 7.8% of the total property sales respectively. Cities outside the Shanghai Region contributed 38.2% and 67.6% 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 2014, the Group had a total land bank of 15.0 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 RMB1,331 per sq.m..

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.

Chairman's Statement

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. The Group had a good access to different financing channels and its new borrowings amounted to RMB8.4 billion during the period.

As at 30 June 2014, the Group had RMB1.67 billion of cash in hand and an unutilised credit facilities of RMB18.0 billion. The gearing ratio was 107.1%.

BUSINESS PROSPECT

In 2014, the PRC property market was in a nationwide recession. With the introduction of loosening property measures in some provinces and cities, the property market became stabilised. Fostering a healthy property market development has become a defined focus of the government's adjustment, and ensuring the "soft-landing" of the property market with economical and market means was a consensus on securing economic stability.

Sluggish property market also imposed various challenges on the development of the Group in terms of market, capital and management, etc.. Regional market differences, significant deceleration of cash inflow as well as the adjustment and integration of management models all bring along new problems to the Group.

In view of these, the Group advocates certain basic development directions to overcome the recession in the property market, namely stable operation of plans and projects, reasonable targets and financial optimisation as well as focus on facilitation of key projects.

Stable Operation of Plans and Projects

Upholding a prudent and stable investment strategy, the Group will further divide the market based on its existing land bank and strive to balance its profit mix sourced from property sales and self-owned properties. With detailed planning, reasonable deployment and utilisation of corporate resources, the Group will create opportunities and adjust its operation mode with an aim to realise a steady operation.

Reasonable Targets and Financial Optimisation

Various fundamental management indicators in respect of, among others, marketing, finance and costs will be reasonably formulated. The Group will continuously enhance its turnover efficiency and risk resilience from development to sales via various kinds of proactive target tracking and monthly assessments. Such approaches would in turn accelerate the Group's cash inflow from operation while keep on optimising its debt structure, and thus improve its financial indicators at the root.

Focus on Facilitation of Key Projects

On top of making a reasonable assessment on the profitability of existing projects, the Group will also continue to improve the deployment and development of its projects in accordance with its established development targets. In the meantime, the Group will continue to lift up efforts on key projects in first-tier cities as well as large-scale projects in some provincial capitals to ensure they could be completed in progress for sales and cash inflow, hence continuing to contribute to the results of the whole group.

In the second half of 2014, the PRC property market will continue to adjust in a diversified manner. In the long run, such phenomenon is not only beneficial to the operation of the property market, but also to the sustainable development of the property business. The Group will, based on market changes, formulate effective development measures. Through the establishment of a sound and comprehensive management structure and a strict internal control system, the Group will continue to enhance various professional development and implementation abilities, so as to foster the healthy and stable development of various businesses.

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, 25 August 2014

Management Discussion and Analysis

HALF-YEAR HIGHLIGHTS

- During the first half of 2014, the Group recorded a revenue of RMB2,345.9 million, representing a year-on-year ("YoY") decrease of 20.6%, and the delivered gross floor area ("GFA") was 170,097 sq.m..
- During the first half of 2014, the Group recorded a loss attributable to the owners of the Company of RMB221.3 million, as compared to a profit attributable to the owners of the Company of RMB224.7 million for the same period in 2013.
- During the first half of 2014, the Group achieved contracted property sales of RMB1,911.0 million and the GFA sold was 124,542 sq.m..
- As at 30 June 2014, the Group had a total land bank of 15.0 million sq.m., with Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China accounting for 11.2%, 51.5%, 26.0% and 11.3% of the total land bank respectively. The average land cost was RMB1,331 per sq.m..

MARKET REVIEW

In the first half of 2014, the GFA sold for the PRC property industry decreased by 6.0% and the sales also decreased by 6.7%. Fragment of property price was found in different regions, and the property price in second- and third-tier cities also showed a trend of downward adjustment. In 2014, the PRC property market was in a nationwide recession. With the introduction of loosening property measures in some provinces and cities, the property market became stabilised. Fostering a healthy property market development has become a defined focus of the government's adjustment, and ensuring the "soft-landing" of the property market with economical and market means was a consensus on securing economic stability.

During the period, the Group closely monitored changes of the market and fixed project prices reasonably and flexibly based on the latest trend in the market to accelerate the absorption rate of the inventory and existing projects, and to speed up cash inflow. Meanwhile, the Group focused on the development of exquisite projects for the market in order to better meet customers' demand with an aim to realise more sales.

For the first six months of 2014, both the Group's property sales and revenue recognised decreased significantly as compared to the same period of last year, which was not consistent with the market trend. These were mainly due to uneven schedule of launching new projects and project completions during the year, as well as due to prolonged construction period experienced by certain property projects. The Group will closely monitor the construction progress and accelerate the development pace so as to speed up realising property sales to ensure earlier cash inflow.

Management Discussion and Analysis

BUSINESS REVIEW

Property Development

I. Revenue

The Group recorded a consolidated revenue of RMB2,345.9 million in the first half of 2014, representing a decrease of 20.6% compared to RMB2,953.1 million recorded in the first half of 2013. The delivered GFA decreased to 170,097 sq.m. in the first half of 2014 from 404,453 sq.m. in the first half of 2013, representing a decrease of 57.9%. The booked average selling price increased by 88.9% from RMB7,301 per sq.m. in the first half of 2013 to RMB13,792 per sq.m. in the first half of 2014.

Six projects in first-tier cities such as Shanghai and Beijing accounted for 86.0% of the total revenue. 12 projects in second- and third-tier cities accounted for 14.0% of the total revenue. In the first half of 2014, 84.4% of revenue was contributed by projects in the Shanghai Region, 6.0% by projects in the Yangtze River Delta outside Shanghai, 2.5% by projects in the Pan Bohai Rim and 7.1% by projects in the Northeast China.

Projects sold and delivered during the six months ended 30 June 2014 included:

		2014			2013		
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	1,982	574	3,453	9,628	1,098	8,769
Chateau De Paris	Shanghai	—	—	N/A	416	92	4,522
Shanghai Park Avenue	Shanghai	—	—	N/A	790	170	4,647
Shanghai Bay	Shanghai	157,863	3,004	52,551	430,276	7,291	59,015
Shanghai City Glorious	Shanghai	1,791,493	113,758	15,748	—	—	N/A
Royal Lakefront	Shanghai	27,908	7,855	3,553	47,990	3,413	14,061
Sunshine Bordeaux	Beijing	1,084	142	7,634	7,034	765	9,195
Glorious Artstyle Townhouse	Beijing	38,162	3,806	10,027	—	—	N/A
Tianjin Royal Bay Seaside	Tianjin	20,294	3,713	5,466	293,651	56,019	5,242
No.1 City Promotion	Wuxi	5,285	852	6,203	512,302	82,759	6,190
Nantong Glorious Chateau	Nantong	1,240	225	5,511	6,351	1,177	5,396
Nantong Villa Glorious	Nantong	33,017	4,604	7,171	38,804	3,593	10,800
Nantong Royal Bay	Nantong	60,325	5,414	11,142	18,163	2,109	8,612
Hefei Villa Glorious	Hefei	39,248	4,205	9,334	586,356	91,910	6,380
Hefei Royal Garden	Hefei	1,097	218	5,032	633	133	4,759
Sunny Town	Shenyang	20,495	2,037	10,061	116,721	15,770	7,401

Management Discussion and Analysis

Projects sold and delivered	City	2014 Revenue (RMB'000)	2014 GFA sold and delivered (sq.m.)	2014 Average selling price recognised (RMB/sq.m.)	2013 Revenue (RMB'000)	2013 GFA sold and delivered (sq.m.)	2013 Average selling price recognised (RMB/sq.m.)
Harbin Villa Glorious	Harbin	**58,136**	**7,793**	**7,460**	204,844	28,770	7,120
Harbin Royal Garden	Harbin	**48,021**	**5,106**	**9,405**	136,052	18,300	7,435
Changchun Villa Glorious (East)	Changchun	**7,622**	**1,679**	**4,540**	18,928	4,518	4,189
Dalian Villa Glorious	Dalian	**32,644**	**5,112**	**6,386**	524,165	86,566	6,055
Total		**2,345,916**	**170,097**	**13,792**	2,953,104	404,453	7,301

II. Property Sales

During the first half of 2014, the Group recorded contracted property sales of RMB1,911.0 million, representing a YOY decrease of 52.8%; while the contracted GFA sold was 124,542 sq.m., representing a YOY decrease of 63.8%. 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 RMB1,180.6 million of property sales, representing 61.8% of the total property sales of the Group. Yangtze River Delta, Pan Bohai Rim and Northeast China accounted for 28.0%, 2.4% and 7.8% of the total sales amount of the Group respectively.

Property sales and GFA sold during the six months ended 30 June 2014:

Region	Property sales (RMB'000)			GFA sold (sq.m.)		
	2014	2013	Change (%)	**2014**	2013	Change (%)
Shanghai Region	**1,180,575**	2,172,848	-45.7%	**40,355**	84,902	-52.5%
Yangtze River Delta	**535,055**	952,322	-43.8%	**53,426**	117,782	-54.6%
Pan Bohai Rim	**46,574**	222,621	-79.1%	**5,652**	26,854	-79.0%
Northeast China	**148,820**	696,776	-78.6%	**25,109**	114,397	-78.1%
Total	**1,911,024**	4,044,567	-52.8%	**124,542**	343,935	-63.8%

Management Discussion and Analysis

III. Construction and Development

During the first half of 2014, a total GFA of approximately 134,000 sq.m. was completed. The new construction area of the Group amounted to approximately 173,000 sq.m. during the first half of the year. The Group expects that the new construction area for 2014 will exceed 680,000 sq.m.. As at 30 June 2014, the Group had projects with a total area under construction of 3.0 million sq.m..

IV. Land Bank

As at 30 June 2014, the total land bank of the Group was 15.0 million sq.m., which was sufficient to meet its development needs over the next five years. The average land cost was RMB1,331 per sq.m..

The land bank of the Group was evenly distributed over first-, second- and third-tier cities, of which 20.6% was in first-tier cities and 79.4% was in second- and third-tier cities.

Overview of land bank as at 30 June 2014:

Project		City	Location	Use	Land bank (sq.m.)	Average land cost (RMB per sq.m.)	Interests attributable to the Group
Shanghai Region							
1	Shanghai Bay	Shanghai	Xuhui District	Residential, hotel, serviced apartment, office and commercial	709,802	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	494,582	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%
7	Shanghai Xinyamingdi Project	Shanghai	Fengxian District	Residential	81,760	15,228	100%
Subtotal					**1,677,752**	**2,668**	
Yangtze River Delta							
8	Nantong Glorious Chateau	Nantong	New District, Rugao Port Zone	Residential and commercial	4,144,373	322	100%
9	Nantong Royal Garden	Nantong	Rugao Town	Residential and commercial	388,859	1,282	100%
10	Nantong Glorious Plaza	Nantong	New District	Hotel, office and commercial	297,486	348	100%

Management Discussion and Analysis

Project		City	Location	Use	Land bank (sq.m.)	Average land cost (RMB per sq.m.)	Interests attributable to the Group
11	Nantong Royal Bay	Nantong	Chongchuan District	Residential, office and commercial	418,082	4,719	100%
12	No.1 City Promotion	Wuxi	Wuxi New District	Residential, hotel and commercial	238,094	679	100%
13	Classical Life	Suzhou	Changshu New District	Residential and commercial	10,052	1,446	100%
14	Hefei Bashangjie Project	Hefei	Yaohai District	Residential, hotel, office and commercial	1,347,100	881	100%
15	Hefei Royal Garden	Hefei	Luyang District	Residential, hotel and commercial	211,254	1,207	100%
16	Nanjing Royal Bay	Nanjing	Xiaguan District	Residential and commercial	663,913	6,013	60%
Subtotal					**7,719,213**	**1,233**	
Pan Bohai Rim							
17	Sunshine Holiday	Tianjin	Hedong District East	Residential, hotel and commercial	72,281	799	100%
18	Tianjin Royal Bay Seaside	Tianjin	Dagang District	Residential, hotel and commercial	841,727	1,396	100%
19	Tianjin Royal Bay Lakeside	Tianjin	Tuanbohu District	Residential and commercial	1,567,303	1,225	70%
20	Royal Mansion	Beijing	Haidian District	Residential and commercial	90,406	3,395	100%
21	Sunshine Bordeaux	Beijing	Daxing District	Residential and commercial	1,320,752	493	100%
Subtotal					**3,892,469**	**1,056**	
Northeast China							
22	Harbin Villa Glorious	Harbin	Qunli New District	Residential and commercial	27,453	979	100%
23	Sunny Town	Shenyang	Yuhong District	Residential and commercial	120,023	1,133	100%
24	Changchun Villa Glorious (East)	Changchun	New and High-tech District	Residential and commercial	358,471	868	100%
25	Changchun Villa Glorious (West)	Changchun	New and High-tech District	Residential and commercial	845,088	1,004	100%
26	Dalian Plot No. 200	Dalian	Jinzhou New District	Residential and commercial	344,000	1,497	70%
Subtotal					**1,695,035**	**1,084**	
Total					**14,984,469**	**1,331**	

Management Discussion and Analysis

V. Commercial Properties

The Group will steadily foster the development of its commercial properties. As at 30 June 2014, approximately 285,000 sq.m. of commercial properties were completed by the Group, and around 817,000 sq.m. of commercial property projects were still under construction.

Retail commercial properties, high-end office buildings and high-end hotels accounted for 61.6%, 20.7% and 17.7% 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 2014

With the target of securing growth, the PRC macro-economy tends to recover. Monetary and loan policies are set to loosen while local governments would also revise the adjustment measures on the property market. While the possibility of cancelling the restriction on home purchasing is relatively low in first-tier cities upon the review of adjustment measures, it is hoped that the restriction on home purchasing in some second- and third-tier cities would be adjusted. In general, the Group anticipates that the PRC property market will, after declining in stages, gradually become stabilised.

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 adhere to adopt prudent financial policy to control the debt and gearing ratio at a reasonable level so as to effectively manage its financial risks. It will strive to balance the cost and benefit of using debt financing and aim to reduce finance costs by lowering the level of borrowings when funds are available from property sales. The Group will stringently implement budget management for its project costs as well as enhance the cash management in order to assure a prudent and safe financial condition of the Group.

FINANCIAL REVIEW

The Group recorded a consolidated revenue of RMB2,345.9 million in the first half of 2014, which decreased by 20.6% as compared to the same period in 2013. For the six months ended 30 June 2014, the Group recorded a loss attributable to the owners of the Company of RMB221.3 million, as compared to a profit attributable to the owners of the Company of RMB224.7 million for the corresponding period in 2013.

Results for the six months ended 30 June 2014 are as follows:

	Six months ended 30 June	
RMB'000	**2014 (unaudited)**	2013 (unaudited)
Revenue	**2,345,916**	2,953,104
Cost of sales	**(2,113,311)**	(2,612,893)
Gross profit	**232,605**	340,211
Other income	**54,922**	52,111
Other (losses)/gains, net	**(28,860)**	178,981
Selling and marketing expenses	**(70,011)**	(138,419)
Administrative expenses	**(187,853)**	(187,889)
Finance costs	**(6,631)**	(2,206)
Share of profit/(loss) of an associate	**1,507**	(360)
Share of loss of a joint venture	**(5,704)**	(1,660)
(Loss)/profit before income tax	**(10,025)**	240,769
Income tax expenses	**(212,915)**	(17,850)
(Loss)/profit for the period	**(222,940)**	222,919
(Loss)/profit attributable to:		
– the owners of the Company	**(221,339)**	224,718
– non-controlling interests	**(1,601)**	(1,799)
	(222,940)	222,919

Management Discussion and Analysis

Revenue

For the six months ended 30 June 2014, the Group recorded a consolidated revenue of RMB2,345.9 million, representing a decrease of 20.6% compared to RMB2,953.1 million for the first half of 2013. The GFA of properties delivered by the Group decreased from 404,453 sq.m. in the first half of 2013 to 170,097 sq.m. in the current period. As a result of the higher proportion of GFA delivered in the Shanghai region in the current period, of which the average selling price is higher, the Group's average selling price increased significantly by 88.9% from RMB7,301 per sq.m. in the first half of 2013 to RMB13,792 per sq.m. during the current period.

Cost of Sales

The cost of sales for the six months ended 30 June 2014 was RMB2,113.3 million, representing a decrease of 19.1% as compared to RMB2,612.9 million from the corresponding period in 2013. The cost of sales for the current period included a provision for impairment of certain property development projects which amounted to RMB317.1 million (six months ended 30 June 2013: Nil). The provision for impairment was made to certain of the Group's property projects that had experienced prolonged construction period, during which the Group continued to incur construction costs and finance costs, causing the total project costs to exceed the realisable value of those projects.

Excluding the provision for impairment, the Group's average cost of sales for the first half of 2014 was RMB10,599 per sq.m., which was 64.1% higher than that of RMB6,460 per sq.m. for the corresponding period in 2013.

Components of the consolidated cost of sales are as follows:

	Six months ended 30 June			
	2014		2013	
	RMB'000	**RMB/sq.m.**	RMB'000	RMB/sq.m.
Construction costs	**975,700**	**5,736**	1,553,743	3,842
Land costs	**433,415**	**2,548**	549,760	1,359
Capitalised interests	**256,759**	**1,509**	341,745	845
Business taxes and other levies	**130,378**	**766**	167,645	414
Sub-total	**1,796,252**	**10,599**	2,612,893	6,460
Provision for impairment of properties under development and completed properties held for sale	**317,059**	**N/A**	—	N/A
Total	**2,113,311**		2,612,893	

The higher average cost of sales for the first half of 2014 was due to the higher proportion of properties sold and delivered in Shanghai for the current period.

Management Discussion and Analysis

Gross Profit

The Group's consolidated gross profit for the first half of 2014 was RMB232.6 million, representing a decrease of 31.6% from a gross profit of RMB340.2 million for the corresponding period in 2013. The Group's gross profit margin for the current period was 9.9%, compared to 11.5% during the corresponding period in 2013. Despite there was a much higher proportion of properties sold and delivered in Shanghai region for the current period that usually enjoys a higher gross profit margin, the Group's consolidated gross profit for the six months ended 30 June 2014 was lower than that of the corresponding period in 2013 because there was a decrease in revenue, as well as due to the inclusion of the provision for impairment of the Group's properties for the current period.

Other Income

Other income for the six months ended 30 June 2014 was RMB54.9 million, representing an increase of 5.4% from RMB52.1 million for the corresponding period in 2013. Other income mainly includes interest income and rental income.

Other (Losses)/Gains, Net

Other (losses)/gains, net for the six months ended 30 June 2014 was a net other loss of RMB28.9 million, as compared to a net other gain of RMB179.0 million for the corresponding period in 2013. The net other loss for the current period primarily comprised the fair value gain of the Group's investment properties of RMB12.3 million (six months ended 30 June 2013: fair value gain of RMB123.4 million) and net exchange loss of RMB41.2 million (six months ended 30 June 2013: net exchange gain of RMB55.6 million) mainly arising from the retranslation of the Company's US dollar senior notes due 2015 and 2018 respectively.

Selling and Marketing Expenses

Selling and marketing expenses for the six months ended 30 June 2014 was RMB70.0 million, representing a decrease of 49.4% as compared to RMB138.4 million during the corresponding period in 2013. The decrease in selling and marketing expenses was primarily due to less number of new project launches and less general marketing activities during the period under review.

Administrative Expenses

Administrative expenses for the six months ended 30 June 2014 were RMB187.9 million, which was comparable to RMB187.9 million for the corresponding period in 2013.

Finance Costs

Gross finance costs for the six months ended 30 June 2014 were RMB1,230.7 million, which was comparable to RMB1,233.2 million for the corresponding period in 2013. For the six months ended 30 June 2014, finance costs of RMB1,224.1 million (six months ended 30 June 2013: RMB1,231.0 million) have been capitalised, leaving RMB6.6 million (six months ended 30 June 2013: RMB2.2 million) charged directly to the condensed consolidated statement of comprehensive income.

Management Discussion and Analysis

(Loss)/Profit Before Income Tax

The Group recorded a loss before income tax of RMB10.0 million for the six months ended 30 June 2014, as compared to a profit before income tax of RMB240.8 million for the corresponding period in 2013. The loss before income tax for the current period was mainly because there was a lower gross profit and lower fair value gain on investment properties in the first half of 2014.

Income Tax Expenses

Income tax expenses for the six months ended 30 June 2014 were RMB212.9 million, representing a significant increase of 1,092.8% as compared to RMB17.9 million for the corresponding period in 2013. The significant increase in income tax expenses was mainly because there was a reversal of overprovided income tax of RMB151.8 million during the first half of 2013 but no such reversal exists for the current period. Even though the Group recorded a loss before income tax for the current period, the Group is still required to make provision for income tax expenses for the current period mainly because a significant amount of expenses of certain loss-making subsidiaries and certain corporate level expenses were not allowed to off-set taxable profits of those profit making subsidiaries within the Group.

(Loss)/Profit Attributable to the Owners of the Company

The Group recorded a loss attributable to the owners of the Company of RMB221.3 million for the six months ended 30 June 2014, as compared to a profit attributable to the owners of the Company of RMB224.7 million for the first half of 2013. The loss attributable to the owners of the Company for the current period was mainly attributable to the lower gross profit, lower fair value gain on investment properties and higher income tax expenses for the current period.

Current Assets and Liabilities

As at 30 June 2014, the Group held total current assets of approximately RMB38,907.6 million (31 December 2013: RMB38,018.9 million), comprising mainly properties under development, trade and other receivables and prepayments and completed properties held for sale. Properties under development increased slightly by 0.6% from RMB21,794.2 million as at 31 December 2013 to RMB21,914.6 million as at 30 June 2014, mainly due to the increase in the book value of properties under development with the continuous progress of the Group's property development projects during the current period. Trade and other receivables and prepayments increased by 24.3% from RMB7,310.6 million as at 31 December 2013 to RMB9,084.8 million as at 30 June 2014, mainly comprising prepayments for land premium for which the relevant land use right certificates were yet to be obtained and prepayment for construction costs. In the current period, the Group has fully paid the land premium for the land parcel in Fengxian district, Shanghai that the Group acquired in late 2013. Completed properties held for sale increased by 4.8% from RMB5,643.2 million as at 31 December 2013 to RMB5,912.0 million as at 30 June 2014. The higher balance of completed properties held for sale was mainly due to completion of new blocks of two property projects in current period that the completed but unsold properties were reclassified as completed properties held for sale.

Total current liabilities as at 30 June 2014 amounted to RMB17,764.8 million, representing a decrease of 5.0% as compared to RMB18,705.3 million as at 31 December 2013, for which the decrease was mainly due to the decrease in advanced proceeds received from customers and trade and other payables.

As at 30 June 2014, the current ratio (calculated as the total current assets divided by the total current liabilities) was 2.19 (31 December 2013: 2.0). The higher current ratio in current period was mainly resulted from the lower level of current liabilities.

Liquidity and Financial Resources

During the first half of 2014, the Group funded its property development projects principally from proceeds from the pre-sales of properties and bank loans. As at 30 June 2014, the Group had cash and bank balances of RMB1,667.0 million (31 December 2013: RMB2,952.8 million).

As at 30 June 2014, the Group's total borrowings amounted to RMB21,182.3 million, representing an increase of 11.0% compared to RMB19,085.4 million as at 31 December 2013. As at 30 June 2014, the Group's borrowings comprised the following:

RMB'000	**30 June 2014 (unaudited)**	31 December 2013 (audited)
Bank borrowings	**16,938,951**	14,900,580
Senior Notes due 2015 [(1)]	**1,845,840**	1,829,070
Senior Notes due 2018 [(1)]	**2,461,120**	2,438,760
Other borrowings	**323,400**	225,200
Sub-total	**21,569,311**	19,393,610
Adjusted by: unamortised loan arrangement fees and accrued interests	**(387,060)**	(308,231)
Total borrowings	**21,182,251**	19,085,379

Note:

(1) Please refer to note 8 to the condensed consolidated interim 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 2014 were as follows:

RMB'000	**30 June 2014 (unaudited)**	31 December 2013 (audited)
Within 1 year	**5,008,018**	5,316,571
After 1 year and within 2 years	**8,794,940**	6,423,597
After 2 years and within 5 years	**7,344,293**	7,305,211
After 5 years	**35,000**	40,000
Total borrowings	**21,182,251**	19,085,379

As at 30 June 2014, the Group had total banking facilities of RMB34,939 million, consisting of used banking facilities of RMB16,939 million and unused banking facilities of RMB18,000 million.

Gearing Ratio

The Group monitors its capital on the basis of the gearing ratio and short-term debt 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 2014 and 31 December 2013 were as follows:

RMB'000	**30 June 2014 (unaudited)**	31 December 2013 (audited)
Total borrowings	**21,182,251**	19,085,379
Less: cash and bank balances	**(1,667,003)**	(2,952,781)
Net debt	**19,515,248**	16,132,598
Total equity attributable to the owners of the Company	**18,228,542**	18,449,881
Gearing ratio	**107.1%**	87.4%

The gearing ratio as at 30 June 2014 was higher than that as at 31 December 2013 as a result of the increase in the Group's total borrowings and decrease in cash and bank balances. The increase in the Group's borrowings was to finance its operating activities, mainly including the payments for construction costs and land premium. In addition, as there was limited new launch of the Group's property projects in the current period, cash inflows generated from property sales were not significant.

Short-term debt ratio is calculated as current borrowings divided by total borrowings. As at 30 June 2014, the Group's short-term debt ratio was 23.6% (31 December 2013: 27.9%).

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 operating in Hong Kong have recognised assets and liabilities in currencies other than RMB, mainly 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 aforementioned liabilities 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 2014, 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. Majority of the Group's bank loans are denominated in RMB and bear interest rates that are subject to adjustment by the lenders in accordance with changes made by the People's Bank of China ("PBOC"). If the PBOC raises interest rates, the Group's interest cost with respect to variable rate borrowings will increase. In addition, to the extent that the Group may need to raise debt financing in the future, upward fluctuations in interest rates will increase the cost of new debt. An increase in interest rates may also adversely affect the Group's prospective purchasers' ability to obtain financing and depress overall housing demand in China. The Group currently does not use any derivative instruments to modify the nature of the Group's debts to manage the Group's interest rate risks.

Pledge of Assets

As at 30 June 2014, 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 2014, the amount of outstanding guarantees for mortgages was RMB7,083.3 million (31 December 2013: RMB6,866.0 million).

Capital Commitments

As at 30 June 2014, the Group had capital commitments as follows:

RMB'000	**30 June 2014 (unaudited)**	31 December 2013 (audited)
Land use rights	**961,918**	1,614,661
Property development expenditures	**5,065,147**	6,981,262
Construction materials	**5,220**	6,054
	6,032,285	8,601,977

Employees and Remuneration Policy

As at 30 June 2014, the Group had a total of 1,048 employees. Total remuneration expenses and other employees' benefits costs for the six months ended 30 June 2014 amounted to RMB75.0 million. The Group has adopted a system of determining the remuneration of employees based on the performance of employees. Apart from a basic salary, outstanding employees may be granted with annual 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 has complied with 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 2014, save for the deviation from the code provision E.1.2 which stipulates that the chairman of the board should attend the annual general meeting. The chairman (the "Chairman") of the board of directors (the "Board") of the Company did not attend the annual general meeting of the Company held on 30 May 2014 (the "AGM") due to other business engagements. Mr. Ding Xiang Yang, the vice chairman of the Board and the executive director (the "Director") of the Company (who was appointed as the chief executive officer of the Company effective from the conclusion of the AGM), chaired the AGM on behalf of the Chairman of the Board and was available to answer questions.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. 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 2014.

CHANGES OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Retirements of Executive Director and Independent Non-Executive Director, Changes in Composition of Audit Committee and Corporate Governance Committee and Appointments of Chief Executive Officer and Chief Financial Officer

With effective from the conclusion of the AGM, the Board and the composition of its committees had the following changes:

1. Mr. Yu Xiu Yang retired as an executive Director of the Company and ceased to be the chairman and a member of the corporate governance committee of the Company for the reason that he will reach the official retirement age of 60 in October 2014;

2. Mr. Yim Ping Kuen retired as an independent non-executive Director of the Company and ceased to be the chairman and a member of the audit committee of the Company;

3. Mr. Ding Xiang Yang was appointed as the chief executive officer of the Company;

4. Mr. Xia Jing Hua was appointed as the chief financial officer of the Company;

5. Mr. Ding Xiang Yang was appointed as the chairman of the corporate governance committee of the Company in place of Mr. Yu Xiu Yang;

6. Mr. Xia Jing Hua was appointed as a member of the corporate governance committee of the Company in place of Mr. Yu Xiu Yang; and

7. Mr. Liu Shun Fai was appointed as the chairman of the audit committee of the Company in place of Mr. Yim Ping Kuen.

For details of the aforesaid changes, please refer to the announcement of the Company dated 30 May 2014.

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 three independent non-executive Directors (the "INED(s))", namely, Mr. Liu Shun Fai (chairman of the Audit Committee), Mr. Wo Rui Fang and Mr. Han Ping. The main duties of the Audit Committee are, among others, as follows:

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

2. to consider the plan for each year's audit submitted by the external auditor and discuss the same at meeting(s) 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 auditor, 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 condensed consolidated results of the Group for the six months ended 30 June 2014 and took the view that the Company was in full compliance with all applicable accounting standards and regulations and has made adequate disclosure.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established on 9 September 2009 with written terms of reference. Currently, the Remuneration Committee comprises two INEDs, namely, Mr. Wo Rui Fang (chairman of the Remuneration Committee) and Mr. Liu Shun Fai and one executive Director, namely Mr. Cheng Li Xiong. The main duties of the Remuneration Committee are, among others, as follows:

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

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 or any associate company of any of them;

3. to make recommendations to the Board on the Company's remuneration policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

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

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

6. 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. On 29 August 2013, the Board approved and adopted the board diversity policy and revised terms of reference of the Nomination Committee, which are in line with the Listing Rules relating to the board diversity effective from 1 September 2013. Currently, the Nomination Committee comprises one executive Director, namely Mr. Cheng Li Xiong (chairman of the Nomination Committee) and two INEDs, namely, Mr. Wo Rui Fang and Mr. Han Ping. The main duties of the Nomination Committee are, among others, as follows:

1. to review the structure, size, 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 review the balance between executive and non-executive Directors (including INEDs) on the Board;

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 of the Company's annual report (the "Corporate Governance Report");

4. to assess the independence of INEDs;

5. to make recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for the Directors, in particular the Chairman of the Board and the chief executive of the Company; and

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

The terms of reference of the Nomination Committee (which were amended and adopted by the Board on 29 August 2013) 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

BOARD DIVERSITY POLICY

On 29 August 2013, the Company adopted a board diversity policy (the "Policy") setting out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

Pursuant to the Policy, the Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to the talents, skills, knowledge, age, industry experience, race, gender and other qualities. These differences will be considered in determining the optimum composition of the Board. All appointments of the members of the Board will also be based on meritocracy while taking into account diversity.

The Nomination Committee will review and assess annually all measurable objectives for implementing diversity on the Board and recommend them to the Board for adoption. In reviewing and assessing the composition of the Board, the Nomination Committee will consider the benefits of all aspects of diversity, including but not limited to, those described above.

The Nomination Committee will report annually, in the Corporate Governance Report, a summary of the Policy, the measurable objectives that the Board has adopted for implementing the Policy, and the progress made towards achieving these objectives.

The Nomination Committee will review the Policy, as appropriate, to ensure the effectiveness of the Policy and also recommend any proposed changes to the Board for approval.

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. Ding Xiang Yang (chairman of the CG Committee), Mr. Cheng Li Xiong and Mr. Xia Jing Hua. 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 the 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 the Directors; and

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

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

FINANCE COMMITTEE

The Board established a finance committee (the "Finance Committee") in April 2010 with delegated authority to review and approve certain financial matters of the Group. Currently, the Finance Committee comprises Mr. Cheng Li Xiong (chairman of the Board), Mr. Ding Xiang Yang (vice chairman of the Board and chief executive officer of the Company) and Mr. Xia Jing Hua (chief financial officer of the Company), and its primary duties include the determination and approval of the investment of surplus funds, approval of any investment acquisition and disposal of the Group each of an amount not exceeding HK$1 billion, arrangement of banking facilities and approval of guarantees and indemnities each of an amount not exceeding HK$1 billion, opening and operation of bank accounts, handling or execution of share repurchase exercises of the Company, and allotment and issuance of the ordinary shares of the Company pursuant to the pre-IPO share option scheme and the share option scheme (details of which are described in the section headed "Share Option Schemes" of this interim report).

Disclosure of Interests

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2014, the Directors and the chief executive of the Company 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 recorded in the register required to be kept under Section 352 of the SFO; or (b) 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. Xia Jing Hua	5,000,000	–	5,000,000	0.06
Mr. Yan Zhi Rong	5,000,000	–	5,000,000	0.06

Notes:

(1) This represents interests held by the relevant Director as beneficial owner in share options granted to the Directors under the pre-IPO share option scheme of the Company to subscribe for shares in the Company.

(2) The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 30 June 2014 (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 of the Board and the executive Director of the Company. By virtue of the 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 disclosed above, as at 30 June 2014, the Company had not been notified of any interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As at 30 June 2014, 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.

Disclosure of Interests

Save as disclosed above, at no time during the six months ended 30 June 2014 was the Company or its holding company or subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 30 June 2014, the interests of substantial shareholder (other than the Directors or the chief executive of the Company) in the shares or underlying shares of the Company 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 Substantial 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 / Beneficial owner[3]	5,329,216,436	Long position	68.39
Best Era International Limited[1]	Beneficial owner	4,978,923,436	Long position	63.89
China Life Insurance (Group) Company [2]	Interests in controlled corporation	701,531,000	Long position	9.00
China Life Insurance (Overseas) Co. Ltd. [2]	Beneficial owner	701,531,000	Long position	9.00

Notes:

(1) Best Era International Limited is owned as to 100% by Mr. Zhang Zhi Rong, who is a 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 2014, Best Era International Limited, Market Victor Limited, Novel Ventures Limited, Island Century Limited and Well Advantage Limited, all of which are wholly-owned directly or indirectly by Mr. Zhang Zhi Rong, held 4,978,923,436 shares, 81,936,000 shares, 106,288,000 shares, 119,313,000 shares and 27,756,000 shares respectively, 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 was 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 2014 (i.e. 7,792,645,623 ordinary shares).

Save as disclosed above, as at 30 June 2014, the Company was not aware of any persons (other than the Directors or the chief executive of the Company) who had any interests or short positions in the shares or underlying shares of the Company 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 2014, the total number of shares in respect of the outstanding options granted under the Pre-IPO Share Option Scheme was 69,000,000 shares, which is equivalent to approximately 0.89% 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 2014, 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 2014:

	Number of underlying shares comprised in share options								
	Date of grant	Balance as at 01/01/2014	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Balance as at 30/06/2014	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 (1)
Mr. Ding Xiang Yang	09/09/2009	15,000,000	—	—	—	—	15,000,000	1.76	Note (1)
Mr. Liu Ning(2)	09/09/2009	5,000,000	—	—	—	(5,000,000)	—	1.76	Note (1)
Mr. Xia Jing Hua	09/09/2009	5,000,000	—	—	—	—	5,000,000	1.76	Note (1)
Mr. Yan Zhi Rong	09/09/2009	5,000,000	—	—	—	—	5,000,000	1.76	Note (1)
		45,000,000	—	—	—	(5,000,000)	40,000,000		
Category 2:									
Other Employees (in aggregate)	09/09/2009	29,000,000	—	—	—	—	29,000,000	1.76	Note (1)
Total:		74,000,000	—	—	—	—	69,000,000		

Other Information

Note:

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

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

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

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

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

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

(2) Mr. Liu Ning resigned as the executive Director and the chief executive officer of the Company on 5 February 2014 and therefore the options subscribing for 5,000,000 shares of the Company previously granted to Mr. Liu lapsed on the same date.

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 2014.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2014 (Six months ended 30 June 2013: Nil).

Condensed Consolidated Balance Sheet

As at 30 June 2014

RMB'000	Note	**30 June 2014 (unaudited)**	31 December 2013 (audited)
Non-current assets			
Property, plant and equipment		**1,625,206**	1,385,038
Investment properties	5	**12,605,468**	12,278,106
Intangible assets		**1,800**	1,800
Investment in an associate		**3,113**	1,606
Investment in a joint venture		**9,613**	15,317
Loan to a joint venture	17	**1,598,447**	1,843,081
Deferred income tax assets		**523,646**	430,833
		16,367,293	15,955,781
Current assets			
Properties under development		**21,914,584**	21,794,177
Completed properties held for sale		**5,912,026**	5,643,228
Inventories		**—**	5,143
Trade and other receivables and prepayments	6	**9,084,777**	7,310,623
Prepaid taxes		**329,181**	312,990
Restricted cash		**1,186,440**	1,405,492
Cash and cash equivalents		**480,563**	1,547,289
		38,907,571	38,018,942
Total assets		**55,274,864**	53,974,723
Current liabilities			
Advanced proceeds received from customers		**3,902,616**	4,365,089
Trade and other payables	9	**4,256,836**	4,599,206
Income tax payable		**4,596,498**	4,423,563
Borrowings	8	**5,008,018**	5,316,571
Obligations under finance lease		**868**	868
		17,764,836	18,705,297
Net current assets		**21,142,735**	19,313,645
Total assets less current liabilities		**37,510,028**	35,269,426

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

Condensed Consolidated Balance Sheet

As at 30 June 2014

RMB'000	Note	**30 June 2014 (unaudited)**	31 December 2013 (audited)
Non-current liabilities			
Borrowings	8	**16,174,233**	13,768,808
Deferred income tax liabilities		**1,803,806**	1,745,788
Obligations under finance lease		**17,857**	17,758
		17,995,896	15,532,354
Net assets		**19,514,132**	19,737,072
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		**10,336,815**	10,558,154
		18,228,542	18,449,881
Non-controlling interests		**1,285,590**	1,287,191
Total equity		**19,514,132**	19,737,072

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

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014

RMB'000	Note	Six months ended 30 June **2014 (unaudited)**	2013 (unaudited)
Revenue	4	**2,345,916**	2,953,104
Cost of sales	12	**(2,113,311)**	(2,612,893)
Gross profit		**232,605**	340,211
Other income	10	**54,922**	52,111
Other (losses)/gains, net	11	**(28,860)**	178,981
Selling and marketing expenses	12	**(70,011)**	(138,419)
Administrative expenses	12	**(187,853)**	(187,889)
Finance costs	13	**(6,631)**	(2,206)
Share of profit/(loss) of an associate		**1,507**	(360)
Share of loss of a joint venture		**(5,704)**	(1,660)
(Loss)/profit before income tax		**(10,025)**	240,769
Income tax expenses	14	**(212,915)**	(17,850)
(Loss)/profit for the period		**(222,940)**	222,919
(Loss)/profit attributable to:			
– the owners of the Company		**(221,339)**	224,718
– non-controlling interests		**(1,601)**	(1,799)
		(222,940)	222,919
Other comprehensive income		**—**	—
Total comprehensive (loss)/income for the period		**(222,940)**	222,919
Total comprehensive (loss)/income for the period attributable to:			
– the owners of the Company		**(221,339)**	224,718
– non-controlling interests		**(1,601)**	(1,799)
		(222,940)	222,919
(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company (expressed in RMB per share)			
– Basic	15	**(0.03)**	0.03
– Diluted	15	**(0.03)**	0.03
Dividend	16	**—**	—

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

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	Six months ended 30 June 2014 Attributable to the owners of the Company (unaudited)									
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
Balance at 1 January 2014	68,745	7,822,982	(770,477)	307,317	264,317	201,795	10,555,202	18,449,881	1,287,191	19,737,072
Total comprehensive loss for the period	—	—	—	—	—	—	(221,339)	(221,339)	(1,601)	(222,940)
Balance at 30 June 2014	68,745	7,822,982	(770,477)	307,317	264,317	201,795	10,333,863	18,228,542	1,285,590	19,514,132

	Six months ended 30 June 2013 Attributable to the owners of the Company (unaudited)									
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
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

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

RMB'000	Six months ended 30 June **2014 (unaudited)**	 2013 (unaudited)
Cash flows from operating activities		
Cash (used in)/generated from operations	**(1,788,741)**	457,657
Income tax paid	**(90,965)**	(484,868)
Interest paid	**(1,140,505)**	(936,789)
Net cash used in operating activities	**(3,020,211)**	(964,000)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(251,232)**	(149,042)
Payments for the construction of investment properties	**(315,022)**	(333,521)
Proceeds from disposals of property, plant and equipment	**134**	—
Interest received	**19,698**	8,290
Net cash used in investing activities	**(546,422)**	(474,273)
Cash flows from financing activities		
Proceeds from borrowings	**8,383,583**	6,688,752
Repayment of borrowings	**(6,362,212)**	(5,681,077)
Advances from third parties	**115,200**	—
Changes in restricted cash	**363,345**	505,166
Net cash generated from financing activities	**2,499,916**	1,512,841
Net (decrease)/increase in cash and cash equivalents	**(1,066,717)**	74,568
Cash and cash equivalents at beginning of the period	**1,547,289**	992,749
Exchange (losses)/gains on cash and bank balances	**(9)**	144
Cash and cash equivalents at end of the period	**480,563**	1,067,461

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

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2014

1 GENERAL INFORMATION

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

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

This condensed consolidated interim financial information is presented in thousands of units of Renminbi (RMB'000), unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board on 25 August 2014.

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

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2014 has been prepared in accordance with Hong Kong Accounting Standard 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 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

For the six months ended 30 June 2014, the Group reported a loss attributable to the owners of the Company of RMB221,339,000 (six months ended 30 June 2013: profit attributable to owners of the Company of RMB224,718,000) and net operating cash outflow of RMB3,020,211,000 (six months ended 30 June 2013: RMB964,000). Total borrowings increased from RMB19,085,379,000 as at 31 December 2013 to RMB21,182,251,000 as at 30 June 2014, of which RMB5,008,018,000 will be due within 12 months. Cash and cash equivalents reduced by RMB1,066,726,000 during the six months ended 30 June 2014 to RMB480,563,000 as at 30 June 2014.

The significant net operating cash outflow during the six months ended 30 June 2014 was mainly due to slower cash inflows from property sales during the period while the Group continued to fund its operations through borrowings which in turn increased the Group's aggregate borrowings.

In view of the operating cash outflows for consecutive years, the Directors have reviewed the working capital forecast of the Group for the twelve months from the financial period end of the condensed consolidated interim financial information (the "Forecast Period") in order to assess whether the preparation of this financial information on a going concern basis is appropriate. In assessing whether this forecast is reasonable, the key factors that the Directors have considered are the sufficiency of bank financing to be made available to the Group and the anticipated operating cash flows from property sales.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2014

2 BASIS OF PREPARATION (Continued)

The Directors have reviewed the Group's past banking relationships with the banks and the bank financing available to the Group as at 30 June 2014, they are of the view that the Group has been in good relationship with the major banks as reflected by the fact that the Group was able to obtain new bank loans or have the existing loans extended and/or renewed throughout the six months ended 30 June 2014 and up to the date of this report. Besides, as at 30 June 2014, the Group's short-term debt ratio (defined as current borrowings as a percentage to the Group's total borrowings) was only 23.6% (31 December 2013: 27.9%). The Directors also expect the proceeds from sales of Group's properties in the Forecast Period will be comparable to that of the year ended 31 December 2013 based on the review of expected construction progress, expected selling price and expected pre-sale area in the Forecast Period.

The Group also aims to maintain sufficient cash to meet funding requirement for operations and monitors rolling forecasts of the Group's cash on the basis of expected cash flows. The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment which might have unexpected material impact on the Group's anticipated cash flow position. These include accelerating sales of the Group's properties with more flexible pricing, adjusting and further slowing down the construction progress as appropriate, ensuring available resources for the development of properties for sale, implementing cost control measures and seeking other funding alternatives.

The extent to which the Group can attain the targets of above initiatives is subject to various factors, including its future operational performance, market conditions and other factors, many of which are outside of its control and not reasonably predictable. The Directors, after making due enquiries and considering the uncertainties described above, have a reasonable expectation that there will be sufficient financial resources available to the Group at least in the Forecast Period to meet its financial obligation as and when they fall due. Accordingly, the Directors consider that it is appropriate to prepare the condensed consolidated interim financial information on a going concern basis.

The preparation of this condensed consolidated interim 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 2013, with the exception of changes in estimates that are required in determining the provision for income taxes.

3 ACCOUNTING POLICIES

The accounting policies adopted for preparing this condensed consolidated interim financial information are consistent with those set out in the consolidated financial statements of the Company for the year ended 31 December 2013 as included in the Company's annual report for the year ended 31 December 2013.

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

Taxes on income in the six months ended 30 June 2014 are accrued using the tax rate that would be applicable to expected total annual earnings.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2014

4 SEGMENT INFORMATION

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

The Executive Directors consider the 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. "Others" segment represents corporate support functions.

The Executive Directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments. Other information provided, other than those stated below, to the Executive Directors is measured in a manner consistent with that in the condensed consolidated interim 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 subsidiaries.

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 condensed consolidated statement of comprehensive income.

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Total
Six months ended 30 June 2014 (unaudited)						
Total revenue	**1,979,246**	**140,212**	**59,539**	**166,919**	**—**	**2,345,916**
Inter-segment revenue	**—**	**—**	**—**	**—**	**—**	**—**
Revenue (from external customers)	**1,979,246**	**140,212**	**59,539**	**166,919**	**—**	**2,345,916**
Segment results	**501,366**	**(79,275)**	**(33,178)**	**(49,517)**	**(68,675)**	**270,721**
Depreciation and amortisation	**(4,625)**	**(1,450)**	**(1,607)**	**(1,247)**	**(982)**	**(9,911)**
Fair value changes of investment properties	**55,910**	**(14,144)**	**3,144**	**(32,570)**	**—**	**12,340**
Provision for impairment of properties under development and completed properties held for sale	**(919)**	**(121,056)**	**(131,899)**	**(63,185)**	**—**	**(317,059)**
Interest income	**20,862**	**15,377**	**3,853**	**306**	**117**	**40,515**
Finance costs	**(2,926)**	**(545)**	**(3,160)**	**—**	**—**	**(6,631)**
Income tax expenses	**(245,103)**	**9,426**	**7,014**	**16,203**	**(455)**	**(212,915)**

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2014

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**	**Elimination**	**Total**
As at 30 June 2014 (unaudited)							
Total segment assets	**35,760,338**	**26,143,094**	**5,997,464**	**6,411,508**	**8,235,704**	**(32,927,893)**	**49,620,215**
Total segment assets include:							
Investment in an associate	**3,113**	**—**	**—**	**—**	**—**	**—**	**3,113**
Investment in a joint venture	**9,613**	**—**	**—**	**—**	**—**	**—**	**9,613**
Loan to a joint venture	**1,598,447**	**—**	**—**	**—**	**—**	**—**	**1,598,447**
Deferred income tax assets							**523,646**
Other unallocated corporate assets							**5,131,003**
Total assets							**55,274,864**

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2014

4 SEGMENT INFORMATION (Continued)

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Elimination	Total
As at 31 December 2013 (audited)							
Total segment assets	33,377,638	26,085,406	6,037,854	6,626,588	8,305,395	(31,517,270)	48,915,611
Total segment assets include:							
Investment in an associate	1,606	—	—	—	—	—	1,606
Investment in a joint venture	15,317	—	—	—	—	—	15,317
Loan to a joint venture	1,843,081	—	—	—	—	—	1,843,081
Deferred income tax assets							430,833
Other unallocated corporate assets							4,628,279
Total assets							53,974,723

RMB'000	**Six months ended 30 June** **2014 (unaudited)**	2013 (unaudited)
Segment results	**270,721**	99,029
Fair value changes of investment properties	**12,340**	123,400
Provision for impairment of properties under development and completed properties held for sale	**(317,059)**	—
Depreciation and amortisation	**(9,911)**	(12,559)
Operating (loss)/profit	**(43,909)**	209,870
Interest income	**40,515**	33,105
Finance costs	**(6,631)**	(2,206)
(Loss)/profit before income tax	**(10,025)**	240,769
Additions to:		
Property, plant and equipment	**251,231**	149,042
Investment properties	**315,022**	562,640
	566,253	711,682

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2014

5 INVESTMENT PROPERTIES

RMB'000	Six months ended 30 June **2014 (unaudited)**	2013 (unaudited)
At beginning of the period	**12,278,106**	10,607,946
Additions	**315,022**	333,521
Transfer from completed properties held for sale	**—**	229,119
Fair value changes (included in "Other (losses)/gains, net") (note 11)	**12,340**	123,400
At end of the period	**12,605,468**	11,293,986

The fair value measurement information for these investment properties in accordance with HKFRS 13 are given below.

	Fair value measurements at 30 June 2014		
RMB'000	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Recurring fair value measurements **Investment properties**	**—**	**—**	**12,605,468**

	Fair value measurements at 31 December 2013		
RMB'000	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements **Investment properties**	—	—	12,278,106

6 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

RMB'000	**30 June 2014 (unaudited)**	31 December 2013 (audited)
Trade receivables due from third parties (a)	**380,767**	411,243
Other receivables due from third parties (b)	**1,508,259**	1,332,110
Prepayments for construction costs and other prepayments:	**2,298,197**	1,990,114
Related parties (note 17(b))	**1,352,111**	1,069,946
Third parties	**946,086**	920,168
Prepayments for land premium	**4,684,971**	3,360,586
Prepaid business taxes and other taxes	**212,583**	216,570
	9,084,777	7,310,623

(a) Trade receivables mainly arose 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 2014 (unaudited)**	31 December 2013 (audited)
Within 6 months	**8,768**	374,547
Between 7 and 12 months	**349,422**	13,280
Between 13 months and 3 years	**22,577**	23,416
	380,767	411,243

As at 30 June 2014, trade receivables of RMB380,767,000 (31 December 2013: RMB411,243,000) were overdue but not impaired, including an amount due from a local government authority of RMB341,548,000 (31 December 2013: RMB341,548,000) upon recognising the revenue relating to certain relocation and resettlement housing. The remaining trade receivables that are past due but not impaired relate to certain customers. Based on past experience, management believes that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2014

6 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(b) During 2012, a deposit of RMB240,000,000 was paid pursuant to a memorandum of intent to acquire a company which had obtained a piece of land in Shanghai. During 2013, the acquisition was cancelled and according to the memorandum of intent, the deposit for acquisition has become a loan to the target company and bore interest at 10% per annum. Pursuant to a supplemental agreement entered into during 2013, the loan bears interest at 14.5% per annum commencing 1 January 2014 and the loan and the related interest shall be fully repayable to the Group by 31 December 2014.

As at 30 June 2014, included in other receivables was an amount due from a third party of RMB121,824,000 (31 December 2013: nil), which is unsecured, bears interest at 15% and shall be fully repayable (including interest) to the Group by 30 June 2015.

As at 30 June 2014, included in other receivables was also an amount due from a third party which is wholly-owned by a local government authority of RMB166,127,000 (31 December 2013: RMB154,809,000), which is unsecured, bears interest at 18% (31 December 2013: 18%) per annum and has no fixed term of repayment.

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

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 2013, 30 June 2013, 1 January 2014 and 30 June 2014	38,000,000,000	380,000			
Issued and fully paid:					
Ordinary shares of HK$0.01 each at 1 January 2013, 30 June 2013, 1 January 2014 and 30 June 2014	7,792,645,623	77,926	68,745	7,822,982	7,891,727

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2014

8 BORROWINGS

RMB'000	**30 June 2014 (unaudited)**	31 December 2013 (audited)
Borrowings included in non-current liabilities:		
Bank borrowings – secured	**11,775,075**	9,398,595
Senior Notes due 2015 – secured (a)	**1,873,514**	1,838,899
Senior Notes due 2018 – secured (b)	**2,525,644**	2,514,314
Other borrowings – unsecured (c)	**—**	17,000
	16,174,233	13,768,808
Borrowings included in current liabilities:		
Bank borrowings – secured	**4,684,618**	5,108,371
Other borrowings – unsecured (c)	**35,700**	47,800
Other borrowings – secured	**287,700**	160,400
	5,008,018	5,316,571
Total borrowings	**21,182,251**	19,085,379

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

RMB'000	**30 June 2014 (unaudited)**	31 December 2013 (audited)
Amounts of borrowings that are repayable:		
Within 1 year	**5,008,018**	5,316,571
After 1 and within 2 years	**8,794,940**	6,423,597
After 2 and within 5 years	**7,344,293**	7,305,211
After 5 years	**35,000**	40,000
	21,182,251	19,085,379

(a) On 25 October 2010, the Company issued 13.0% senior notes due 2015 with an aggregated nominal value of US$300,000,000 at par value (the "Senior Notes due 2015"). The interest is payable semi-annually in arrears. The net proceeds, after deducting the direct issuance costs, amounted to approximately US$292,806,000. The Senior Notes due 2015 will mature on 25 October 2015. The Company, at its option, can redeem the Senior Notes due 2015 (i) in whole, or in part, on or after 25 October 2013 at the redemption price equal to 106.50% before 25 October 2014 and 103.25% thereafter of the principal amount plus accrued and unpaid interest and (ii) in whole but not in part, prior to 25 October 2013 at redemption price equal to 100% of the principal amount plus a premium and accrued and unpaid interest. The Senior Notes due 2015 are secured by the shares of certain subsidiaries of the Company which are incorporated outside the PRC. The senior notes due 2015 are listed on the Singapore Exchange Securities Trading Limited.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2014

8 BORROWINGS (Continued)

(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 2014, short-term borrowings from third parties of RMB25,700,000 (31 December 2013: RMB24,700,000) are unsecured, interest-bearing at 11% per annum and are repayable within one year from the date of drawdown. The remaining balances of RMB10,000,000 (31 December 2013: RMB23,100,000) are interest-free.

As at 30 June 2013, long term borrowings from third parties of RMB17,000,000 were unsecured and interest-bearing. No such long term borrowings exists as at 30 June 2014.

9 TRADE AND OTHER PAYABLES

RMB'000	**30 June 2014 (unaudited)**	31 December 2013 (audited)
Trade payables (a):	**2,954,805**	3,247,555
Related parties (note 17(b))	**11,753**	12,063
Third parties	**2,943,052**	3,235,492
Other payables due to third parties (b):	**1,145,557**	1,190,784
Acquisition consideration payable	**310,000**	310,000
Other payables and accrued expenses	**835,557**	880,784
Other taxes payable	**156,474**	160,867
	4,256,836	4,599,206

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2014

9 TRADE AND OTHER PAYABLES (Continued)

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

RMB'000	**30 June 2014 (unaudited)**	31 December 2013 (audited)
Within 6 months	**2,482,590**	2,842,594
Between 7 and 12 months	**43,527**	27,499
Between 13 months and 5 years	**428,688**	377,462
	2,954,805	3,247,555

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

10 OTHER INCOME

	Six months ended 30 June	
RMB'000	**2014 (unaudited)**	2013 (unaudited)
Interest income	**40,515**	33,105
Rental income	**13,501**	17,460
Others	**906**	1,546
	54,922	52,111

11 OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
RMB'000	**2014 (unaudited)**	2013 (unaudited)
Fair value changes of investment properties	**12,340**	123,400
Exchange (losses)/gains, net	**(41,200)**	55,581
	(28,860)	178,981

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2014

12 EXPENSES BY NATURE

(Loss)/profit before income tax is stated after charging the following:

	Six months ended 30 June	
RMB'000	**2014 (unaudited)**	2013 (unaudited)
Auditors' remuneration	**5,895**	6,508
Advertising costs	**20,662**	52,087
Business taxes and other levies	**130,378**	167,645
Costs of properties sold	**1,665,874**	2,445,248
Provision for impairment of properties under development and completed properties held for sale	**317,059**	—
Depreciation	**9,911**	12,299
Amortisation of intangible asset	**—**	260
Staff costs — excluding directors' emoluments	**74,989**	85,154
Rental expenses	**23,322**	17,125
Losses on disposals of property, plant and equipment	**81**	6,775

13 FINANCE COSTS

	Six months ended 30 June	
RMB'000	**2014 (unaudited)**	2013 (unaudited)
Interest expenses:		
Bank borrowings	**931,692**	994,576
Senior Notes due 2015	**123,424**	125,178
Senior Notes due 2018	**164,745**	103,162
Others	**10,821**	10,253
Total interest expenses	**1,230,682**	1,233,169
Less: interest capitalised on qualifying assets	**(1,224,051)**	(1,230,963)
	6,631	2,206

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2014

14 INCOME TAX EXPENSES

RMB'000	Six months ended 30 June **2014 (unaudited)**	 2013 (unaudited)
Current income tax:		
PRC corporate income tax	**146,470**	118,595
PRC land appreciation tax	**101,240**	31,153
Overprovision in prior year:		
PRC land appreciation tax and the effect on the PRC corporate income tax, net	**—**	(151,864)
	247,710	(2,116)
Deferred income tax:		
Origination and reversal of temporary differences	**(34,795)**	19,966
	(34,795)	19,966
	212,915	17,850

15 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/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 **2014 (unaudited)**	 2013 (unaudited)
(Loss)/profit attributable to the owners of the Company (RMB'000)	**(221,339)**	224,718
Weighted average number of ordinary shares in issue (thousands)	**7,792,646**	7,792,646

(b) Diluted

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For each of the six months ended 30 June 2013 and 2014, the Company's share options had no dilutive effect, as the relevant exercise price was higher than the average market price of the Company's shares for the period when the options are outstanding.

Notes to the Condensed Consolidated Interim Financial Information
For the six months ended 30 June 2014

16 DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

17 RELATED PARTY TRANSACTIONS

As at 30 June 2014, Best Era International Limited, Market Victor Limited, Novel Ventures Limited, Island Century Limited and Well Advantage Limited held, in aggregate, 68.20% of the issued share capital of the Company. These four companies are all wholly-owned directly or indirectly by Mr. Zhang Zhi Rong, The remaining 31.8% of the Company's 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 2014 (unaudited)	2013 (unaudited)
Purchase of construction services from:		
Shanghai Ditong Construction (Group) Co., Ltd. ("Shanghai Ditong"), a company controlled by a close family member of the ultimate controlling party	**648,037**	830,704
Purchase of property design services from an associate	**7,143**	15,703

(b) Balances with related parties

As at 30 June 2014 and 31 December 2013, the Group had the following significant balances with related parties:

RMB'000	30 June 2014 (unaudited)	31 December 2013 (audited)
Balances included in current assets:		
Prepayments to related companies for construction costs or purchase of services included in "Prepayments"		
Shanghai Ditong	**1,349,820**	1,067,656
Other related companies	**2,291**	2,290
	1,352,111	1,069,946
Balance included in non-current assets:		
Loan to a joint venture	**1,598,447**	1,843,081
Balances included in current liabilities:		
Trading balances with other related companies included in "Trade payables"	**11,753**	12,063

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2014

17 RELATED PARTY TRANSACTIONS (Continued)

(b) Balances with related parties (Continued)

The loan to a joint venture is unsecured, has no fixed terms of repayment and bears interest that is agreed with the joint venture partner by making references to the latest benchmark lending rate published by the People's Bank of China. As at 30 June 2014, the annual interest rate is 13%. The carrying value of the loan to a joint venture approximates its fair value.

Except for the aforementioned terms for the loan to a joint venture, as at 30 June 2014 and 31 December 2013, 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

	Six months ended 30 June	
RMB'000	**2014 (unaudited)**	2013 (unaudited)
Salaries and other short-term employee benefits	**8,009**	17,154
Share-based compensation expenses	**—**	1,929
	8,009	19,083

18 FINANCIAL GUARANTEES

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of one to two years upon the completion of guarantee registration; or (ii) the full repayment of mortgaged loan by the purchasers of properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to retain the legal title and take over possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. As at 30 June 2014, the amount of outstanding guarantees for mortgages were approximately RMB7,083,333,000 (31 December 2013: RMB6,866,047,000).

The Directors consider that the likelihood of default in payments by purchasers is minimal and as the Group is entitled to retain the ownership of the properties, the valuation of which is significantly higher than the guaranteed amounts, the financial guarantees measured at fair value is immaterial.

19 CAPITAL COMMITMENTS

As at 30 June 2014, the Group had capital commitments as follows:

RMB'000	**30 June 2014 (unaudited)**	31 December 2013 (audited)
Contracted but not provided for:		
Land use rights	**961,918**	1,614,661
Property development expenditures:	**5,065,147**	6,981,262
Shanghai Ditong	**3,153,658**	2,493,185
Third parties	**1,911,489**	4,488,077
Construction materials	**5,220**	6,054
	6,032,285	8,601,977


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Concept, design and printing: iOne Financial Press Limited
Website: www.ione.com.hk

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