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

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 845)**

**INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2010**

The board of directors (the “Board”) of Glorious Property Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (together, the “Group”) for the six months ended 30 June 2010 (“2010 Interim Results”). The 2010 Interim Results have been reviewed by the audit committee of the Company (the “Audit Committee”) and approved by the Board on 30 August 2010.

- Revenue increased 69.7% to RMB2,497.9 million with average selling price reached RMB16,082 per sq.m.
- Gross profit increased 85.3% to RMB1,341.4 million
- Gross profit margin increased from 49.2% to 53.7%
- Adjusted profit attributable to the equity holders of the Company, excluding the fair value gain of investment properties and the related tax effect and an one-time loss on redemption of the promissory notes, increased 37.8% to RMB400.2 million
- Total cash balance stood at RMB4,998.1 million

## **OVERALL RESULTS**

For the six months ended 30 June 2010, the Group recorded consolidated revenue of RMB2,497.9 million, representing a growth of 69.7% compared to RMB1,471.8 million for the corresponding period in 2009. The Group's profit attributable to equity holders of the Company for the period under review was RMB366.4 million, representing a decrease of 56.9% compared to RMB849.9 million for the first half of 2009. Adjusted profit attributable to the equity holders of the Company for the six months ended 30 June 2010, excluding the fair value gain of investment properties and the related tax effect and an one-time loss on redemption of the promissory notes, amounted to RMB400.2 million, representing a growth of 37.8% from RMB290.5 million for the corresponding period in 2009.

Earnings per share for the six months ended 30 June 2010 was RMB0.05, which is lower than RMB0.15 for the corresponding period in 2009 due to inclusion of a fair value gain of investments properties for the six months ended 30 June 2009.

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2010.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Market Review**

According to the National Bureau of Statistics of China, in the first half of 2010, sales of commodity properties nationwide reached RMB1.98 trillion, up 25.4% from the previous year. Sales of residential, office, and retail properties rose by 20.3%, 91.5%, and 57.1% respectively. The area of commodity properties sold nationwide totaled 394 million sq.m., representing a year-on-year increase of 15.4%, of which, areas of residential, office, and retail properties sold went up by 12.7%, 53.2%, and 41.6% respectively.

The austerity measures introduced by the PRC government since April of this year have so far been effective in terms of suppressing transaction volume as well as preventing property prices from rising too rapidly. Over time, the Company believes the real estate sector will be rationalised and gradually stabilise at a reasonable level.

The Group pays close attention to market changes and tailored its marketing strategies and schedules in response to such changes during the period under review. Thanks to the reasonable pricing and well-designed floor plans, the projects launched in the first half of 2010 were well received by the market. Meanwhile, in order to enhance the market recognition of Glorious Property, the Company launched a nationwide brand promotion tour in June 2010 that covered seven cities including Shenyang, Hefei, Tianjin, Beijing, Harbin, Nantong and Hong Kong. It helped to raise the awareness of the brand name of “Glorious Property (恒盛)” and improve the Group’s competitiveness in the market.

The continued rapid economic growth and accelerated urbanisation in China will lead to greater demand for commodity housing and housing upgrades. The Group believes that in the second half of 2010, the real estate market will continue its steady growth and, in the long run, the demand for housing will keep growing.

## **Business Review**

### *Property Development*

#### **1. Revenue**

For the first half of 2010, the Group recorded a consolidated revenue of RMB2,497.9 million, up 69.7% from RMB1,471.8 million for the same period in 2009. The delivered GFA for the period was 155,238 sq.m., representing an increase of 18.7% over the same period of the previous year of 130,799 sq.m.. Meanwhile, the average selling price climbed by 43.0% from RMB11,244 per sq.m. in the same period last year to RMB16,082 per sq.m..

During the first half of 2010, the Group recognised eight projects for sale, up from seven for the same period in 2009. Revenue from the sales of 5 projects located in first-tier cities, including Shanghai, Beijing and Tianjin, and 3 projects in second-tier cities, accounted for 91.8% and 8.2% respectively. Of the total area delivered in the first half of 2010, approximately 27.7% was from projects in Shanghai, 20.3% from the Yangtze River Delta (excluding Shanghai), 50.7% from the Pan Bohai Rim, and 1.3% from Northeast China.

Projects in which properties were sold and delivered during the first half of 2010 included:

|                                 |          | Six months ended 30 June |              |                  |                |              |                  |
|---------------------------------|----------|--------------------------|--------------|------------------|----------------|--------------|------------------|
|                                 |          | 2010                     |              |                  | 2009           |              |                  |
| Properties Sold and Delivered   | City     | GFA Sold                 | Average      | GFA Sold         | Average        |              |                  |
|                                 |          | and                      | Selling      | and              | Selling        | Revenue      | Delivered        |
|                                 |          | Revenue                  | Delivered    | Price            | Revenue        | Delivered    | Price            |
|                                 |          | <i>RMB'000</i>           | <i>sq.m.</i> | <i>RMB</i>       | <i>RMB'000</i> | <i>sq.m.</i> | <i>RMB</i>       |
|                                 |          |                          |              | <i>per sq.m.</i> |                |              | <i>per sq.m.</i> |
| Sunshine Venice (Phase IIIA)    | Shanghai | —                        | —            | N/A              | 3,962          | 429          | 9,234            |
| Sunshine Venice (Phase IIIB)    | Shanghai | 3,719                    | 180          | 20,630           | 925,179        | 88,203       | 10,489           |
| Chateau De Paris (Phase I)      | Shanghai | 2,838                    | 167          | 17,001           | 8,044          | 447          | 18,000           |
| Chateau De Paris (Phase II)     | Shanghai | 12,675                   | 376          | 33,684           | 108,856        | 4,036        | 26,971           |
| Shanghai Park Avenue            | Shanghai | —                        | —            | N/A              | 325,865        | 16,533       | 19,711           |
| Shanghai Bay (Phase I)          | Shanghai | 1,587,214                | 42,234       | 37,581           | —              | —            | N/A              |
| Sunshine Bordeaux               | Beijing  | 17,860                   | 3,463        | 5,157            | —              | —            | N/A              |
| Sunshine Holiday (Phase II)     | Tianjin  | —                        | —            | N/A              | 560            | 161          | 3,478            |
| Sunshine Holiday (Phase III)    | Tianjin  | 667,791                  | 75,244       | 8,875            | —              | —            | N/A              |
| No. 1 City Promotion (Phase I)  | Wuxi     | —                        | —            | N/A              | 2,529          | 556          | 4,549            |
| No. 1 City Promotion (Phase II) | Wuxi     | 181,446                  | 29,642       | 6,121            | —              | —            | N/A              |
| Classical Life (Phase I)        | Suzhou   | 13,482                   | 1,837        | 7,341            | 32,321         | 5,049        | 6,401            |
| Sunny Town (Phase I)            | Shenyang | 1,347                    | 360          | 3,741            | 2,477          | 555          | 4,463            |
| Sunny Town (Phase II)           | Shenyang | 8,162                    | 1,735        | 4,705            | 60,899         | 14,830       | 4,106            |
| Sub-total                       |          | 2,496,534                | 155,238      | 16,082           | 1,470,692      | 130,799      | 11,244           |
| Other revenue                   |          | 1,412                    |              |                  | 1,089          |              |                  |
| Total                           |          | 2,497,946                |              |                  | 1,471,781      |              |                  |

## 2. Property Sales

For the first half of 2010, the contracted sales of the Group was RMB2,835 million, representing an increase of 34.2% over the same period last year, while the contracted sales area totaled 282,936 sq.m., up 26.8% from the same period last year.

During the period under review, the Group's projects in Shanghai, Beijing, and Tianjin sold well, and so did the projects in second-tier cities including Wuxi, Hefei, Shenyang, and Harbin. Since the Group enhanced the sales and promotion in second-tier cities, the sales volume in second-tier cities doubled as compared to the same period last year. Contracted sales from second-tier cities rose from RMB457 million in first half of 2009 to RMB1,085 million of the same period in 2010, representing an increase of 137.4%.

Contracted sales and area for the first half of 2010:

| City         | Six months ended 30 June |                                   |                          |                                   |
|--------------|--------------------------|-----------------------------------|--------------------------|-----------------------------------|
|              | 2010                     |                                   | 2009                     |                                   |
|              | GFA Sold<br><i>sq.m.</i> | Sales<br>Amount<br><i>RMB'000</i> | GFA Sold<br><i>sq.m.</i> | Sales<br>Amount<br><i>RMB'000</i> |
| Shanghai     | 59,156                   | 1,142,481                         | 43,507                   | 1,195,805                         |
| Beijing      | 9,584                    | 259,457                           | 36,592                   | 170,830                           |
| Tianjin      | 37,146                   | 348,553                           | 40,347                   | 288,218                           |
| Harbin       | 52,094                   | 368,344                           | —                        | —                                 |
| Wuxi         | 13,256                   | 93,242                            | 62,406                   | 271,711                           |
| Suzhou       | —                        | —                                 | 6,342                    | 43,805                            |
| Shenyang     | 35,607                   | 191,754                           | 33,862                   | 141,734                           |
| Hefei        | 70,858                   | 417,400                           | —                        | —                                 |
| Nantong      | 5,235                    | 14,239                            | —                        | —                                 |
| <b>Total</b> | <b><u>282,936</u></b>    | <b><u>2,835,470</u></b>           | <b><u>223,056</u></b>    | <b><u>2,112,103</u></b>           |

In 2010, the Group plans to launch approximately 17 projects to the market, among which 11 projects are to be launched in the second half of 2010, including new phases of Shanghai Bay, Royal Lakefront, Sunshine Bordeaux, Tianjin Royal Bay Seaside, Hefei Villa Glorious, Nantong Glorious Chateau and Harbin Villa Glorious. These projects will contribute another 1,295,254 sq.m. of saleable area for the Group. Together with the existing 814,342 sq.m. of saleable area of unsold properties with pre-sale permits, the total saleable area of properties of the Group in the second half of 2010 will be around 2,109,596 sq.m..

Details of the projects available for sale in the second half of 2010 are set out below:

|    | <b>Project</b>  | <b>City</b> | <b>Saleable<br/>GFA<sup>(1)</sup><br/>(sq.m.)</b> | <b>Interest<br/>Attributable<br/>to the<br/>Group</b> |
|----|---|-------------|---|---|
| 1  | Shanghai Bay (Phase I, IIA)                           | Shanghai    | 135,165   | 100%  |
| 2  | Royal Lakefront (Phase I, II)                         | Shanghai    | 218,666   | 100%  |
| 3  | Sunshine Venice (Phase I, II, IIIA,<br>IIIB and IIIC) | Shanghai    | 158,366   | 100%  |
| 4  | Shanghai Park Avenue                                  | Shanghai    | 16,861  | 100%  |
| 5  | Chateau De Paris                                      | Shanghai    | 38,580  | 100%  |
| 6  | Royal Mansion (Phase I)                               | Beijing     | 25,129  | 100%  |
| 7  | Sunshine Bordeaux (Phase IA, IB)                      | Beijing     | 101,973   | 100%  |
| 8  | Sunshine Holiday (Phase I, II, III)                   | Tianjin     | 64,922  | 100%  |
| 9  | Tianjin Royal Bay Seaside<br>(Phase I)                | Tianjin     | 111,161   | 100%  |
| 10 | Nantong Glorious Chateau (Phase I)                    | Nantong     | 271,272   | 100%  |
| 11 | Nantong Royal Bay (Phase I)                           | Nantong     | 57,321  | 100%  |
| 12 | Nantong Villa Glorious                                | Nantong     | 168,742   | 100%  |
| 13 | Hefei Villa Glorious (Phase I, II, III)               | Hefei       | 196,056   | 100%  |
| 14 | No. 1 City Promotion (Phase I, II)                    | Wuxi        | 63,818  | 100%  |
| 15 | Classical Life (Phase I, II)                          | Suzhou      | 6,433   | 100%  |
| 16 | Sunny Town (Phase I, II, III, IV)                     | Shenyang    | 212,825   | 100%  |
| 17 | Harbin Villa Glorious (Phase I, II)                   | Harbin      | <u>262,306</u>                                    | 100%  |
|    | <b>Total</b>  |             | <b><u>2,109,596</u></b>                           |   |

(1) Including retail and car park area.

### 3. Construction and Development Plan

During the first half of 2010, the total GFA completed and delivered was 155,238 sq.m.. The projects under construction in various regions progressed as planned, adding another 1,440,000 sq.m. to area under construction. As at 30 June 2010, the Group had a total of 27 projects under development in 11 cities, compared to 19 projects in 9 cities in the same period last year. The increase in the number of projects under construction laid a solid foundation for the future development of the Group.

#### 4. Land Bank

During the first half of 2010, the Group acquired two land parcels in New and High-tech Industrial Development Zone, Changchun and Daxing District, Beijing. In April 2010, the Group won, with an offer of RMB505 million, a public auction for a land parcel with a GFA of 609,205 sq.m. situated in the southern part of New and High-tech Industrial Development Zone, Changchun. In May 2010, the Group successfully acquired a land parcel, with a GFA of 100,204 sq.m., in Caiyu Town, Daxing District, Beijing by way of public auction for RMB376 million. The Group plans to develop residential projects and commercial amenities on both of the land parcels.

As of 30 June 2010, the total land bank of the Group stood at 17.68 million sq.m., sufficient to meet its development needs in the coming five to seven years. The low-cost land bank of RMB1,286 per sq.m. provide the Group with a strong foundation for sustaining higher profit margins in the years to come.

The Group's existing land bank is evenly distributed over first-tier and second-tier cities, of which 41% is in first-tier cities and 59% in second-tier cities. The strategic distribution of the Group's land bank will facilitate its long-term development.

Land bank overview of the Group for the first half of 2010 are set out below:

| Project                      | City     | Location           | Project Type                              | Land Bank<br>(sq.m.)    | Interest<br>Attributable<br>to the<br>Group |
|------------------------------|----------|--------------------|---|-------------------------|---|
| <b>Shanghai</b>              |          |                    |   |                         |   |
| 1 Shanghai Bay               | Shanghai | Xuhui District     | Residential, hotel,<br>offices and retail | 775,951                 | 100%  |
| 2 Royal Lakefront            | Shanghai | Fengxian District  | Residential and retail                    | 593,943                 | 100%  |
| 3 Baoshan Gaojing            | Shanghai | Baoshan District   | Residential and retail                    | 845,885                 | 100%  |
| 4 Caohejing Project          | Shanghai | Xuhui District     | Offices, hotel and<br>retail              | 103,928                 | 100%  |
| 5 Zhongcao xincun<br>Project | Shanghai | Xuhui District     | Serviced apartment and<br>retail          | 89,734                  | 100%  |
| 6 Sunshine Venice            | Shanghai | Putuo District     | Residential, hotel and<br>retail          | 289,337                 | 100%  |
| 7 Chateau De Paris           | Shanghai | Xuhui District     | Residential and retail                    | 49,949                  | 100%  |
| 8 Shanghai Park<br>Avenue    | Shanghai | Changning District | Residential and retail                    | 26,918                  | 100%  |
| 9 Sunglow Xinjing            | Shanghai | Xuhui District     | Residential and retail                    | <u>2,075</u>            | 100%  |
| <b>Sub-total</b>             |          |                    |   | <b><u>2,777,720</u></b> |   |

| <b>Project</b>                                  | <b>City</b> | <b>Location</b>                               | <b>Project Type</b>                    | <b>Land Bank<br/>(sq.m.)</b> | <b>Interest<br/>Attributable<br/>to the<br/>Group</b> |
|---|-------------|---|--|------------------------------|---|
| <b>Pan Bohai Rim</b>                            |             |   |  |                              |   |
| 10 Sunshine Holiday                             | Tianjin     | Hedong District                               | Residential, hotel and retail          | 310,643                      | 100%  |
| 11 Tianjin Royal Bay Seaside                    | Tianjin     | Dagang District                               | Residential, hotel and retail          | 962,729                      | 100%  |
| 12 Tianjin Royal Bay Lakeside                   | Tianjin     | Jinghai District                              | Residential and retail                 | 1,567,303                    | 70%   |
| 13 Royal Mansion                                | Beijing     | Haidian District                              | Residential and retail                 | 130,066                      | 100%  |
| 14 Sunshine Bordeaux                            | Beijing     | Daxing District                               | Residential and retail                 | 1,411,342                    | 100%  |
| 15 Caiyu Town Project                           | Beijing     | Daxing District                               | Residential and retail                 | <u>100,204</u>               | 100%  |
| <b>Sub-total</b>                                |             |   |  | <b><u>4,482,287</u></b>      |   |
| <b>Yangtze River Delta (Excluding Shanghai)</b> |             |   |  |                              |   |
| 16 Nantong Glorious Chateau                     | Nantong     | Rugao Economic Development Zone               | Residential and retail                 | 4,499,854                    | 100%  |
| 17 Rongsheng Plaza                              | Nantong     | Xincheng District                             | Hotel, offices and retail              | 295,690                      | 100%  |
| 18 Nantong Royal Bay                            | Nantong     | Chongchuan District                           | Residential, offices and retail        | 694,439                      | 100%  |
| 19 Nantong Villia Glorious                      | Nantong     | Chongchuan District                           | Residential and retail                 | 304,026                      | 100%  |
| 20 No.1 City Promotion                          | Wuxi        | Wuxi New District                             | Residential, hotel and retail          | 432,860                      | 100%  |
| 21 Classical Life                               | Suzhou      | Changshu New District                         | Residential and retail                 | 10,052                       | 100%  |
| 22 Hefei Villa Glorious                         | Hefei       | Yaohai District                               | Residential and retail                 | 355,682                      | 100%  |
| 23 Bashangjie Project                           | Hefei       | Yaohai District                               | Residential, hotel, offices and retail | 1,263,730                    | 100%  |
| 24 Nanjing Royal Bay                            | Nanjing     | Xiaguan District                              | Residential and retail                 | <u>651,411</u>               | 60%   |
| <b>Sub-total</b>                                |             |   |  | <b><u>8,507,744</u></b>      |   |
| <b>Northeast China</b>                          |             |   |  |                              |   |
| 25 Harbin Villa Glorious                        | Harbin      | Qunli New District                            | Residential and retail                 | 575,717                      | 100%  |
| 26 Sunny Town                                   | Shenyang    | Yuhong District                               | Residential and retail                 | 730,053                      | 100%  |
| 27 Changchun New and High-tech Project (East)   | Changchun   | New and High-tech Industrial Development Zone | Residential and retail                 | 609,205                      | 100%  |
| <b>Sub-total</b>                                |             |   |  | <b><u>1,914,975</u></b>      |   |
| <b>Total</b>                                    |             |   |  | <b><u>17,682,726</u></b>     |   |



## **5. Investment Property**

Currently, the total area dedicated for investment property development takes up approximately 14.1% of the Group's total land bank. By the first half of 2010, most of the investment properties are still under construction and the Group plans to increase the number of investment properties in the future.

### **Outlook for the Second Half of 2010**

The Group believes that the policy environment over the real estate market will focus on the implementation of the existing austerity measures and it is less likely for more stringent measures to be introduced. During the second half of 2010, the growth of domestic economy will resume at a reasonable pace, and the macro-economic regulation and control will gradually be stabilised.

Owing to the differences in regional economic development, the level of real estate market development and investment as well as property prices were relatively reasonable in most second-tier cities compared with those in first-tier cities. By further expanding its business into second-tier cities, the Group not only gains a cost advantage through acquiring land at lower costs, but also benefit from the rapid economic growth and gentrification of second-tier cities.

In terms of the Group overall strategy, in addition to further strengthening the Group leading position in the Yangtze River Delta, Pan Bohai Rim and Northeast China, the Group will selectively expand into second-tier cities in regions with high growth potential. With a focus on residential development, the Group will selectively expand its investment portfolio to diversify its sources of income.

### **Strategy for Residential Projects**

The Group will retain its strategy of developing high quality projects at prime locations in high-growth cities, and replicate its success, especially from the flagship project, Shanghai Bay, into other locations.

As planned, the Group will boost development and sales in cities other than Shanghai. With sales growth in second-tier cities and the increasing number of projects launched, it is expected that the contribution from cities other than Shanghai to the total sales of projects of the Group will gradually increase.

Under the current business plan, the Group will strengthen its development efforts in second-tier cities such as Hefei, Nantong, and Harbin. It is expected that more contracted sales from second-tier cities projects will have greater contribution to the total contracted sales of the Group in the second half of 2010.

Meanwhile, the Group will continue to strive to replenish its land bank through mergers and acquisitions, public auction, and cooperating with local governments, and the Group will strictly adhere to the principle of prudence in developing new projects.

### **Strategy for Investment Property**

Apart from residential projects, the Group also plans to develop more commercial properties over time. In June 2010, the Group held a ground-breaking ceremony for its Bashangjie Project in Hefei. Situated in the heart of Hefei with a total GFA of over 1.26 million sq.m., the project will be developed into a large mixed-use complex consisting of hotel, offices and retail area. As for the two land parcels located in Xuhui District of Shanghai, the Group plans to take full advantage of its prime locations in Shanghai's central business district to create a first-class commercial project that offers comprehensive amenities and facilities. The Shanghai Bay project under construction also contains a sizable area for commercial uses, among which will be a five-star hotel managed by Kempinski. Investment in commercial properties is one of the important long-term development strategies of the Group, as it will help diversify its sources of long-term profits.

## CONDENSED CONSOLIDATED BALANCE SHEET

| <i>RMB'000</i>                              | <i>Note</i> | <b>30 June<br/>2010<br/>(unaudited)</b> | 31 December<br>2009<br>(audited) |
|---|-------------|---|----------------------------------|
| <b>ASSETS</b>                               |             |   |                                  |
| <b>Non-current assets</b>                   |             |   |                                  |
| Property, plant and equipment               |             | 524,494                                 | 497,653                          |
| Investment properties                       |             | 2,518,830                               | 2,485,200                        |
| Intangible assets                           |             | 3,626                                   | 2,087                            |
| Investment in an associate                  |             | 4,500                                   | 4,500                            |
| Deferred income tax assets                  |             | 242,862                                 | 202,970                          |
|   |             | <b>3,294,312</b>                        | <b>3,192,410</b>                 |
| <b>Current assets</b>                       |             |   |                                  |
| Properties under development                |             | 14,734,251                              | 11,130,003                       |
| Completed properties held for sale          |             | 984,577                                 | 1,390,132                        |
| Inventories                                 |             | 6,432                                   | 6,165                            |
| Trade and other receivables and prepayments | 4           | 7,696,415                               | 4,538,191                        |
| Prepaid taxes                               |             | 133,708                                 | 58,430                           |
| Restricted cash                             |             | 1,442,360                               | 1,039,058                        |
| Cash and cash equivalents                   |             | 3,555,751                               | 5,013,296                        |
|   |             | <b>28,553,494</b>                       | <b>23,175,275</b>                |
| <b>Total assets</b>                         |             | <b>31,847,806</b>                       | <b>26,367,685</b>                |

| <i>RMB'000</i>  | <i>Note</i> | <b>30 June<br/>2010<br/>(unaudited)</b> | 31 December<br>2009<br>(audited) |
|---|-------------|---|----------------------------------|
| <b>EQUITY</b>   |             |   |                                  |
| <b>Capital and reserves attributable to the equity holders of the Company</b> |             |   |                                  |
| Share capital   |             | 68,745                                  | 68,745                           |
| Share premium   |             | 7,822,982                               | 7,822,982                        |
| Reserves  |             | 3,633,455                               | 3,462,125                        |
|   |             | <u>11,525,182</u>                       | <u>11,353,852</u>                |
| Minority interest   |             | 492,502                                 | 492,825                          |
| <b>Total equity</b>   |             | <u>12,017,684</u>                       | <u>11,846,677</u>                |
| <b>LIABILITIES</b>  |             |   |                                  |
| <b>Non-current liabilities</b>  |             |   |                                  |
| Borrowings  | 5           | 9,186,737                               | 5,041,084                        |
| Deferred income tax liabilities   |             | 533,901                                 | 486,037                          |
| Obligation under finance lease  |             | 17,153                                  | 17,074                           |
|   |             | <u>9,737,791</u>                        | <u>5,544,195</u>                 |
| <b>Current liabilities</b>  |             |   |                                  |
| Advanced proceeds received from customers                                     |             | 4,440,545                               | 3,627,603                        |
| Trade and other payables  | 6           | 1,845,249                               | 1,871,174                        |
| Income tax payable  |             | 2,230,987                               | 1,670,365                        |
| Borrowings  | 5           | 1,574,682                               | 1,806,860                        |
| Obligation under finance lease  |             | 868                                     | 811                              |
|   |             | <u>10,092,331</u>                       | <u>8,976,813</u>                 |
| <b>Total liabilities</b>  |             | <u>19,830,122</u>                       | <u>14,521,008</u>                |
| <b>Total equity and liabilities</b>   |             | <u>31,847,806</u>                       | <u>26,367,685</u>                |
| <b>Net current assets</b>   |             | <u>18,461,163</u>                       | <u>14,198,462</u>                |
| <b>Total assets less current liabilities</b>                                  |             | <u>21,755,475</u>                       | <u>17,390,872</u>                |

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

| <i>RMB'000</i>   | <i>Note</i> | <b>Six months ended 30 June</b> |                    |
|--|-------------|---------------------------------|--------------------|
|  |             | <b>2010</b>                     | <b>2009</b>        |
|  |             | <i>(unaudited)</i>              | <i>(unaudited)</i> |
| Revenue  | 3           | <b>2,497,946</b>                | 1,471,781          |
| Cost of sales  |             | <b>(1,156,588)</b>              | (747,816)          |
| Gross profit   |             | <b>1,341,358</b>                | 723,965            |
| Other income   |             | <b>33,649</b>                   | 10,861             |
| Fair value changes of investment properties  |             | —                               | 745,897            |
| Other losses, net  | 7           | <b>(36,850)</b>                 | (13)               |
| Selling and marketing expenses   |             | <b>(71,097)</b>                 | (53,929)           |
| Administrative expenses  |             | <b>(216,752)</b>                | (142,876)          |
| Finance costs  | 8           | <b>(7,640)</b>                  | (16,966)           |
| Profit before income tax   |             | <b>1,042,668</b>                | 1,266,939          |
| Income tax expenses  | 9           | <b>(676,571)</b>                | (417,053)          |
| Profit for the period  |             | <b>366,097</b>                  | 849,886            |
| Attributable to:   |             |                                 |                    |
| — equity holders of the Company  |             | <b>366,420</b>                  | 849,886            |
| — minority interest  |             | <b>(323)</b>                    | —                  |
|  |             | <b>366,097</b>                  | 849,886            |
| Other comprehensive income:  |             |                                 |                    |
| Gain/loss recognised directly in equity  |             | —                               | —                  |
| Total comprehensive income for the period attributable to equity holders of the Company                      |             | <b>366,420</b>                  | 849,886            |
| Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB per share) |             |                                 |                    |
| — Basic  | 10          | <b>0.05</b>                     | 0.15               |
| — Diluted  | 10          | <b>0.05</b>                     | N/A                |

## NOTES:

### 1 Basis of preparation

This condensed consolidated financial information for the six months ended 30 June 2010 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 financial information should be read in conjunction with the consolidated financial statements of the Company for the year ended 31 December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA.

### 2 Accounting policies

Except as described below, the accounting policies adopted are consistent with those set out in the consolidated financial statements of the Company for the year ended 31 December 2009 as included in the Company’s annual report for the year ended 31 December 2009.

The Group adopts the proportionate consolidation method as set out in Hong Kong Accounting Standard (“HKAS”) 31 — “Interests in Joint Ventures” for the recognition of interest in a jointly controlled entity. The Board of Directors of the Company considers that the use of proportionate consolidation method better reflects the substance and economic reality of the Group’s interests in such jointly controlled entity and presents more reliable and relevant information of the Group.

Under the proportionate consolidation method, the Group combines its share of the jointly controlled entity’s individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group’s financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the jointly controlled entity that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the jointly controlled entity that result from the Group’s purchase of assets from the jointly controlled entity until it re-sells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

HKICPA has published Exposure Draft (“ED”) 9 “Joint Arrangements”, which proposes to eliminate the choice of proportionate consolidation as a method to account for an entity’s investment in a jointly controlled entity. If ED 9 becomes effective, the Group will be required to change its accounting policy for the interest in jointly controlled entity from proportionate consolidation to equity method.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010:

|        |   |
|--------|---|
| HKAS 1 | Current / Non-current Classification of Convertible Instruments |
| HKAS 7 | Classification of Expenditure on Unrecognised Assets            |

|  |   |
|--|---|
| HKAS 17                                  | Classification of Leases of Land and Building and Consequential amendment to HK-Int 4 - Determining whether an Arrangement contains a Lease         |
| HKAS 27 (Revised)                        | Consolidated and Separate Financial Statements  |
| HKAS 36                                  | Unit of Accounting for Goodwill Impairment Test   |
| HKAS 38                                  | Additional Consequential Amendments arising from HKFRS 3 (Revised) and Measuring Fair Value of an Intangible Asset acquired in Business Combination |
| HKAS 39                                  | Treating Loan Prepayment Penalties as Closely Related Derivatives, Cash Flow Hedge Accounting, Scope Exemption for Business Combination Contracts   |
| HKAS 39<br>(Amendment)                   | Eligible Hedged Items   |
| HKFRS 1 (Revised)                        | First-time Adoption of Hong Kong Financial Reporting Standards  |
| HKFRS 2                                  | Share-based Payments  |
| HKFRS 3                                  | Business Combinations   |
| HKFRS 5                                  | Non-current Assets held for sale and Discontinued Operation   |
| HKFRS 8                                  | Disclosure of Information about Segment Assets  |
| HK(IFRIC)-Int 9 and<br>HKFRS 3 (Revised) | Reassessment of Embedded Derivatives and Business Combination   |
| HK(IFRIC) 16                             | Hedges of a Net Investment in Foreign Operation   |
| HK(IFRIC) 17                             | Distribution of non-cash assets to owners   |
| HK(IFRIC) 18                             | Transfer of Assets from Customers   |

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

Taxes on income in the six months ended 30 June 2010 are accrued using the tax rate that would be applicable to expected total annual earnings.

### 3 Segment Information

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

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

| RMB'000  | Shanghai  | Yangtze<br>River Delta<br>(excluding<br>Shanghai) | Pan Bohai<br>Rim | Northeast<br>China | All other<br>segments | Total     |
|--|-----------|---|------------------|--------------------|-----------------------|-----------|
| Six months ended<br>30 June 2009 (unaudited)         |           |   |                  |                    |                       |           |
| Total revenue  | 1,372,995 | 34,850  | 560              | 63,376             | —                     | 1,471,781 |
| Inter-segment<br>revenue                             | —         | —   | —                | —                  | —                     | —         |
| Revenue (from<br>external<br>customers)              | 1,372,995 | 34,850  | 560              | 63,376             | —                     | 1,471,781 |
| Segment result                                       | 599,910   | (2,839)   | (22,782)         | (20,970)           | (8,360)               | 544,959   |
| Fair value<br>changes of<br>investment<br>properties | 745,897   | —   | —                | —                  | —                     | 745,897   |
| Depreciation<br>and<br>amortisation                  | (4,280)   | (1,272)   | (1,334)          | (639)              | (102)                 | (7,627)   |
| Interest<br>income                                   | 289       | 161   | 183              | 43                 | —                     | 676       |
| Finance costs  | (15,705)  | (720)   | (438)            | (97)               | (6)                   | (16,966)  |
| Income tax<br>expenses                               | (423,938) | (1,240)   | 3,843            | 4,282              | —                     | (417,053) |



| RMB'000 | Yangtze<br>River Delta<br>(excluding<br>Shanghai) |           | Pan Bohai<br>Rim | Northeast<br>China | All other<br>segments | Elimination | Total |
|---------|---|-----------|------------------|--------------------|-----------------------|-------------|-------|
|         | Shanghai  | Shanghai) |                  |                    |                       |             |       |

As at 30 June 2010 (unaudited)

|                                    |            |            |           |           |           |              |                          |
|------------------------------------|------------|------------|-----------|-----------|-----------|--------------|--------------------------|
| Total segment assets               | 19,422,672 | 16,391,005 | 6,263,569 | 3,372,709 | 7,181,724 | (23,595,698) | 29,035,981               |
| Total segment assets include:      |            |            |           |           |           |              |                          |
| Investment in an associate         | 4,500      | —          | —         | —         | —         | —            | 4,500                    |
| Deferred income tax assets         |            |            |           |           |           |              | 242,862                  |
| Other unallocated corporate assets |            |            |           |           |           |              | 2,568,963                |
| <b>Total assets</b>                |            |            |           |           |           |              | <b><u>31,847,806</u></b> |

| RMB'000 | Yangtze<br>River Delta<br>(excluding<br>Shanghai) |           | Pan Bohai<br>Rim | Northeast<br>China | All other<br>segments | Elimination | Total |
|---------|---|-----------|------------------|--------------------|-----------------------|-------------|-------|
|         | Shanghai  | Shanghai) |                  |                    |                       |             |       |

As at 31 December 2009 (audited)

|                                    |            |            |           |           |           |              |                          |
|------------------------------------|------------|------------|-----------|-----------|-----------|--------------|--------------------------|
| Total segment assets               | 13,202,524 | 10,239,052 | 6,173,669 | 2,317,958 | 8,867,847 | (16,792,627) | 24,008,423               |
| Total segment assets include:      |            |            |           |           |           |              |                          |
| Investment in an associate         | 4,500      | —          | —         | —         | —         | —            | 4,500                    |
| Deferred income tax assets         |            |            |           |           |           |              | 202,970                  |
| Other unallocated corporate assets |            |            |           |           |           |              | 2,156,292                |
| <b>Total assets</b>                |            |            |           |           |           |              | <b><u>26,367,685</u></b> |

| <i>RMB'000</i>                              | <b>Six months ended 30 June</b>   |                                   |
|---|-----------------------------------|-----------------------------------|
|   | <b>2010</b><br><i>(unaudited)</i> | <b>2009</b><br><i>(unaudited)</i> |
| Segment results                             | <b>1,068,424</b>                  | 544,959                           |
| Fair value changes of investment properties | —                                 | 745,897                           |
| Depreciation and amortisation               | <b>(5,266)</b>                    | (7,627)                           |
| Loss on redemption of the Promissory Notes  | <b>(33,768)</b>                   | —                                 |
| Operating profit                            | <b>1,029,390</b>                  | 1,283,229                         |
| Interest income                             | <b>20,918</b>                     | 676                               |
| Interest expense                            | <b>(7,640)</b>                    | (16,966)                          |
| Profit before income tax                    | <b>1,042,668</b>                  | 1,266,939                         |
| Additions to:                               |                                   |                                   |
| — Property, plant and equipment             | <b>31,481</b>                     | 56,265                            |
| — Investment properties                     | <b>33,630</b>                     | 18,508                            |
| — Intangible assets                         | <b>1,800</b>                      | 2,500                             |
|   | <b>66,911</b>                     | 77,273                            |

#### 4 Trade and other receivables and prepayments

| <i>RMB'000</i>                           | <b>30 June</b><br><b>2010</b><br><i>(unaudited)</i> | <b>31 December</b><br><b>2009</b><br><i>(audited)</i> |
|--|---|---|
| Trade receivables from third parties (a) | <b>14,012</b>                                       | 215,991   |
| Other receivables from third parties     | <b>110,375</b>                                      | 383,393   |
| Prepayments for land acquisition:        | <b>5,085,157</b>                                    | 1,895,144   |
| Related parties                          | <b>1,799,200</b>                                    | —   |
| Third parties                            | <b>3,285,957</b>                                    | 1,895,144   |
| Other prepayments:                       | <b>2,486,871</b>                                    | 2,043,663   |
| Related parties                          | <b>1,861,651</b>                                    | 1,495,659   |
| Third parties                            | <b>625,220</b>                                      | 548,004   |
|  | <b>7,696,415</b>                                    | 4,538,191   |

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

| <i>RMB'000</i>        | <b>30 June<br/>2010</b><br><i>(unaudited)</i> | 31 December<br>2009<br><i>(audited)</i> |
|-----------------------|---|---|
| Not yet due           | —   | 10,594                                  |
| Within 6 months       | <b>7,808</b>                                  | 201,292                                 |
| Between 7 — 12 months | <b>4,237</b>                                  | 2,438                                   |
| Over 12 months        | <b>1,967</b>                                  | 1,667                                   |
|                       | <b><u>14,012</u></b>                          | <b><u>215,991</u></b>                   |

## 5 Borrowings

| <i>RMB'000</i>                                  | <b>30 June<br/>2010</b><br><i>(unaudited)</i> | 31 December<br>2009<br><i>(audited)</i> |
|---|---|---|
| Borrowings included in non-current liabilities: |   |   |
| Bank borrowings — secured                       | <b>7,282,892</b>                              | 2,970,149                               |
| Shanghai Bay Arrangement — secured              | <b>1,903,845</b>                              | 2,070,935                               |
|   | <b><u>9,186,737</u></b>                       | <b><u>5,041,084</u></b>                 |
| Borrowings included in current liabilities      |   |   |
| Bank borrowings — secured                       | <b>1,574,682</b>                              | 1,161,388                               |
| Promissory Notes — secured                      | —   | 447,034                                 |
| Other borrowings — unsecured                    | —   | 198,438                                 |
|   | <b><u>1,574,682</u></b>                       | <b><u>1,806,860</u></b>                 |
| Total borrowings                                | <b><u>10,761,419</u></b>                      | <b><u>6,847,944</u></b>                 |

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

|                            | <b>30 June<br/>2010</b>  | 31 December<br>2009     |
|----------------------------|--------------------------|-------------------------|
| <i>RMB'000</i>             | <i>(unaudited)</i>       | <i>(audited)</i>        |
| Within 1 year              | <b>1,574,682</b>         | 1,806,860               |
| After 1 and within 2 years | <b>6,077,449</b>         | 3,555,529               |
| After 2 and within 5 years | <b>2,539,653</b>         | 939,606                 |
| After 5 years              | <b>569,635</b>           | 545,949                 |
| Total borrowings           | <b><u>10,761,419</u></b> | <b><u>6,847,944</u></b> |

#### 6 Trade and other payables

|                                 | <b>30 June<br/>2010</b> | 31 December<br>2009     |
|---------------------------------|-------------------------|-------------------------|
| <i>RMB'000</i>                  | <i>(unaudited)</i>      | <i>(audited)</i>        |
| Trade payables (a):             | <b>502,822</b>          | 707,339                 |
| Related parties                 | —                       | 44,057                  |
| Third parties                   | <b>502,822</b>          | 663,282                 |
| Other payables to third parties | <b>1,278,439</b>        | 1,076,845               |
| Other taxes payable             | <b>63,988</b>           | 86,990                  |
|                                 | <b><u>1,845,249</u></b> | <b><u>1,871,174</u></b> |

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

|                       | <b>30 June<br/>2010</b> | 31 December<br>2009   |
|-----------------------|-------------------------|-----------------------|
| <i>RMB'000</i>        | <i>(unaudited)</i>      | <i>(audited)</i>      |
| Within 6 months       | <b>215,404</b>          | 611,388               |
| Between 7 — 12 months | <b>219,685</b>          | 36,734                |
| Over 12 months        | <b>67,733</b>           | 59,217                |
|                       | <b><u>502,822</u></b>   | <b><u>707,339</u></b> |

7 **Other losses, net**

| <i>RMB'000</i>                             | <b>Six months ended 30 June</b> |                    |
|--|---------------------------------|--------------------|
|  | <b>2010</b>                     | 2009               |
|  | <i>(unaudited)</i>              | <i>(unaudited)</i> |
| Loss on redemption of the Promissory Notes | <b>33,768</b>                   | —                  |
| Exchange losses, net                       | <b>3,082</b>                    | 13                 |
| Total                                      | <b>36,850</b>                   | 13                 |

8 **Finance costs**

| <i>RMB'000</i>   | <b>Six months ended 30 June</b> |                    |
|--|---------------------------------|--------------------|
|  | <b>2010</b>                     | 2009               |
|  | <i>(unaudited)</i>              | <i>(unaudited)</i> |
| Interest expenses:   |                                 |                    |
| — Bank borrowings  | <b>291,233</b>                  | 101,964            |
| — Original Notes   | —                               | 551,606            |
| — Promissory Notes   | <b>24,335</b>                   | —                  |
| — Shanghai Bay Arrangement                                 | <b>192,910</b>                  | —                  |
| — Others   | <b>25,242</b>                   | —                  |
| Total interest expenses                                    | <b>533,720</b>                  | 653,570            |
| Less: interest capitalised in properties under development | <b>(526,080)</b>                | (636,604)          |
|  | <b>7,640</b>                    | 16,966             |

9 **Income tax expenses**

| <i>RMB'000</i>                                      | <b>Six months ended 30 June</b> |                       |
|---|---------------------------------|-----------------------|
|   | <b>2010</b>                     | 2009                  |
|   | <i>(unaudited)</i>              | <i>(unaudited)</i>    |
| Current income tax:                                 |                                 |                       |
| — PRC corporate income tax                          | <b>193,323</b>                  | 143,867               |
| — PRC land appreciation tax                         | <b>475,308</b>                  | 105,920               |
|   | <b><u>668,631</u></b>           | <u>249,787</u>        |
| Deferred income tax:                                |                                 |                       |
| — Origination and reversal of temporary differences | <b>7,940</b>                    | 167,266               |
|   | <b><u>7,940</u></b>             | <u>167,266</u>        |
|   | <b><u><u>676,571</u></u></b>    | <u><u>417,053</u></u> |

10 **Earnings per share**

(a) **Basic**

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

| <i>RMB'000</i>   | <b>Six months ended 30 June</b> |                    |
|--|---------------------------------|--------------------|
|  | <b>2010</b>                     | 2009               |
|  | <i>(unaudited)</i>              | <i>(unaudited)</i> |
| Profit attributable to the equity holders of the Company               | <b><u>366,420</u></b>           | <u>849,886</u>     |
| Weighted average number of ordinary shares in issue<br>(thousands) (i) | <b><u>7,792,646</u></b>         | <u>5,625,000</u>   |

- (i) The newly issued shares of 5,525,000,000 under the capitalisation issue pursuant to a resolution of the Board of Directors on 9 September 2009 are adjusted in the weighted average number of ordinary shares in issue as if the issue had occurred at the beginning of the earliest period reported.

(b) *Diluted*

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June 2010, the Company only has share options that have dilutive potential ordinary shares. For the six months ended 30 June 2009, there was no potential dilutive share.

|  | <b>Six months ended 30 June</b> |                    |
|--|---------------------------------|--------------------|
|  | <b>2010</b>                     | <b>2009</b>        |
|  | <b>(unaudited)</b>              | <b>(unaudited)</b> |
| <b>Earnings (RMB'000)</b>  |                                 |                    |
| Profit attributable to the equity holders of the Company                             | <b>366,420</b>                  | 849,996            |
| <b>Number of shares</b>  |                                 |                    |
| Weighted number of ordinary shares in issue (thousands)                              | <b>7,792,646</b>                | 5,625,000          |
| Adjustments for share options (thousands)  | <b>30,461</b>                   | N/A                |
| Weighted average number of ordinary shares for diluted earning per share (thousands) | <b>7,823,107</b>                | N/A                |

## FINANCIAL REVIEW

For the six months ended 30 June 2010, the Group recorded consolidated revenue of RMB2,497.9 million, representing a growth of 69.7% compared to RMB1,471.8 million for the first half of 2009. The higher revenue in the current period was resulted from the combined effect of increased GFA of properties delivered by the Group from 130,799 sq.m. in the first half of 2009 to 155,238 sq.m. in current period and the higher average selling price of RMB16,082 per sq.m. in the first half of 2010 compared to RMB11,244 per sq.m. during the corresponding period in 2009. The delivery of Shanghai Bay (Phase I) commenced in the second half of 2009 and continued to contribute significant revenue to the Group with an average selling price of RMB37,581 per sq.m., and contributed 63.5% of the Group's total revenue for the six months ended 30 June 2010. Sunshine Holiday (Phase III) also continued to contribute revenue for the Group in 2010 with average selling price of RMB8,875 per sq.m.. Revenue from Sunshine Holiday (Phase III) accounted for 26.7% of the Group's total revenue for the first half of 2010.

The Group's consolidated gross profit for first half of 2010 was RMB1,341.4 million, representing an increase of 85.3% from a gross profit of RMB724.0 million for the corresponding period in 2009. The increase in consolidated gross profit was mainly due to the increase in revenue and higher profit margin for the period under review. The Group's gross profit margin for the current period was 53.7%, compared to 49.2% during the corresponding period in 2009. This was primarily due to the higher average selling price achieved for the properties sold and delivered in the first half of 2010, of which a higher proportion was derived from the sale of high quality residential properties in the Shanghai region.

Other losses, net for the six months ended 30 June 2010 amounted to RMB36.9 million, which was primarily due to the recognition of a loss on redemption of the promissory notes issued by the Group of RMB33.8 million.

The Group's profit before income tax for the six months ended 30 June 2010 was RMB1,042.7 million, representing a decrease of 17.7% compared to RMB1,266.9 million for the corresponding period in 2009. The lower profit before income tax for the period under review was primarily due to the inclusion of a fair value gain of the Group's investment properties of RMB745.9 million in the first half of 2009 and an one-time loss on redemption of the promissory notes of RMB33.8 million during the first half of 2010. Excluding the effect of fair value gain of investment properties and the loss on redemption of the promissory notes, there was an increase in the Group's pre-tax profit by 106.6% due to an increase in GFA delivered by the Group and a significant increase in average selling price achieved in the first half of 2010 as compared to the corresponding period in 2009.

Income tax expenses for the six months ended 30 June 2010 were RMB676.6 million, representing an increase of 62.2% as compared to RMB417.1 million for the corresponding period in 2009. The increase was primarily driven by an increase in land appreciation tax from RMB105.9 million for the six months ended 30 June 2009



to RMB475.3 million for the period under review as a result of higher proportion of higher profit margin properties being sold and delivered in the current period. The effective income tax rate was 64.9% for the six months ended 30 June 2010, compared to 32.9% for the corresponding period in 2009.

The Group's profit attributable to the equity holders of the Company for the six months ended 30 June 2010 was RMB366.4 million, representing a decrease of 56.9% compared to RMB849.9 million for the first half of 2009 mainly because there was no fair value gain of investment properties for the period under review. Profit attributable to the equity holders as a percentage of revenue was 14.7% for the six months ended 30 June 2010, compared to 57.7% for the corresponding period in 2009.

### **Current Assets and Liabilities**

As at 30 June 2010, the Group held total current assets of approximately RMB28,553.5 million (31 December 2009: RMB23,175.3 million), comprising mainly properties under development, prepayments and cash and bank balances. Properties under development increased by 32.4% from RMB11,130.0 million as at 31 December 2009 to RMB14,734.3 million as at 30 June 2010, mainly due to the continuous progress of the Group's property development projects in 2010 and an increase in the number of projects under construction. Prepayments increased from RMB3,938.8 million as at 31 December 2009 to RMB7,572.0 million as at 30 June 2010 mainly due to prepayment of RMB1.8 billion for the acquisition of two project companies in relation to two parcels of land located in Xuhui District, Shanghai. Total cash and bank balances (including cash and cash equivalents and restricted cash) decreased from RMB6,052.4 million as at 31 December 2009 to RMB4,998.1 million as at 30 June 2010 primarily due to the use of the cash received from the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Listing") for the Group's property development projects during the period under review.

Total current liabilities as at 30 June 2010 amounted to RMB10,092.3 million, compared with RMB8,976.8 million as at 31 December 2009, which was mainly due to an increase in advanced proceeds received from customers during the current period. The current ratio (calculated as the total current assets divided by the total current liabilities) increased slightly from 2.6 as at 31 December 2009 to 2.8 as at 30 June 2010.

### **Liquidity and Financial Resources**

During the first half of 2010, the Group funded its property development projects principally from proceeds from pre-sales of properties, bank borrowings and

proceeds from the Listing. As at 30 June 2010, the Group had cash and cash equivalents of RMB3,555.8 million (31 December 2009: RMB5,013.3 million), which primarily comprised proceeds received from sale of properties and bank borrowings.

As at 30 June 2010, the Group's total borrowings amounted to RMB10,761.4 million, representing an increase of 57.1% compared to RMB6,847.9 million as at 31 December 2009.

The Group monitors its capital on the basis of the gearing ratio. Gearing ratio is calculated as net debt divided by total equity attributable to the equity holders of the Company. Net debt is calculated as total borrowings less cash and bank balances (including cash and cash equivalents and restricted cash). The gearing ratios as at 30 June 2010 and 31 December 2009 were as follows:

| <i>RMB'000</i>  | <b>30 June<br/>2010</b><br><i>(unaudited)</i> | 31 December<br>2009<br><i>(audited)</i> |
|---|---|---|
| Total borrowings  | <b>10,761,419</b>                             | 6,847,944                               |
| Less: cash and bank balances                                      | <b>(4,998,111)</b>                            | (6,052,354)                             |
| Net debt  | <b>5,763,308</b>                              | 795,590                                 |
| Total equity attributable to the equity holders of<br>the Company | <b>11,525,182</b>                             | 11,353,852                              |
| <b>Gearing ratio</b>  | <b>50.0%</b>                                  | 7.0%                                    |

The increase in gearing ratio as at 30 June 2010 was mainly resulted from the increase in bank borrowings in the current period to finance the payment of land premium and capital expenditures. The low gearing ratio as at 31 December 2009 was due to the effect of placing the proceeds received from the Listing in the Group's bank accounts for investing into property development projects.

### **Pledge of Assets**

As at 30 June 2010, the Group had pledged certain of its subsidiaries' shares, construction in progress, investment properties, properties under development and completed properties held for sale to secure its borrowings.

### **Financial Guarantee**

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure the obligations of such purchasers for repayment. As at 30 June 2010, the amount of outstanding guarantees for mortgages was RMB3,790.1 million (31 December 2009: RMB2,749.8 million).

## **EMPLOYEES**

As at 30 June 2010, the Group had 1,063 employees. Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. Other employee benefits include provident fund, insurance, medical cover as well as share option scheme.

In order to attract, retain and motivate executives and key employees serving any members of the Group or other persons contributing to the Group, the Company had adopted a share option scheme (the “Share Option Scheme”) on 9 September 2009 in addition to a pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) which was adopted by the Company on the same day. As at 30 June 2010, there were 78,000,000 share options granted to the directors and employees of the Company under the Pre-IPO Share Option Scheme remained outstanding. During the six months ended 30 June 2010, there was no share option being granted under the Share Option Scheme.

## **CORPORATE GOVERNANCE**

### **Corporate Governance Practices**

During the six months ended 30 June 2010, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), save for the deviation under the code provision E.1.2 which stipulates that the chairman of the board should attend the annual general meeting. The chairman of the Board did not attend the annual general meeting of the Company held on 31 May 2010 (“AGM”) due to other business engagements. The vice chairman of the Company attended and chaired the AGM and answered shareholders’ questions.

### **Directors’ Securities Transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (“Directors”). The Company has confirmed, following specific enquiries being made by the Company, that they have complied with the required standard set out in the Model Code throughout the period under review.

### **Audit Committee**

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

The Audit Committee has reviewed with management the 2010 Interim Results and took the view that the Company was in full compliance with all applicable accounting standards and regulations and has made adequate disclosure.

## **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 2010.

## **PUBLICATION OF INTERIM REPORT**

The 2010 interim report of the Company containing all the applicable information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company at [www.gloriousphl.com.cn](http://www.gloriousphl.com.cn) in due course.

By Order of the Board  
**Glorious Property Holdings Limited**  
**Zhang Zhi Rong**  
*Chairman*

Hong Kong, 30 August 2010

*As at the date of this announcement, the executive directors of the Company are Messrs. Zhang Zhi Rong, Ding Xiang Yang, Cheng Li Xiong, Liu Ning, Xia Jing Hua, Li Xiao Bin and Yan Zhi Rong; the independent non-executive directors of the Company are Messrs. Yim Ping Kuen, Liu Shun Fai, Wo Rui Fang and Han Ping.*