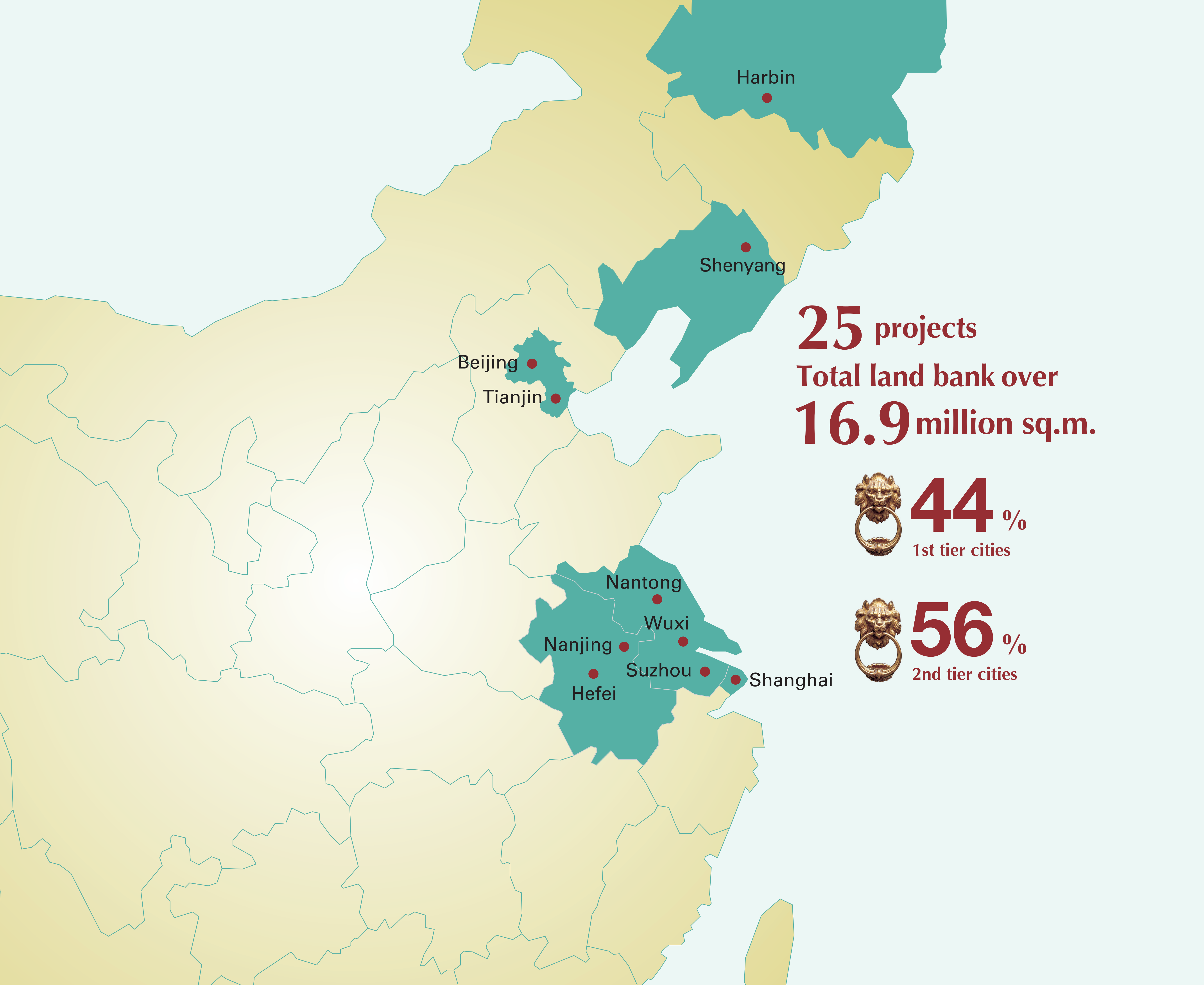
恒盛地產
GLORIOUS PROPERTY

Glorious Property Holdings Limited

Annual Report 2009

Stock Code: 845


Harbin
Shenyang
Beijing
Tianjin
Nantong
Wuxi
Nanjing
Suzhou
Shanghai
Hefei
25 projects
Total land bank over
16.9 million sq.m.
44 %
1st tier cities
56 %
2nd tier cities

Corporate Profile

Glorious Property Holdings Limited ("Glorious Property" or the "Company", together with its subsidiaries, the "Group", HKEx stock code: 845) is a leading property developer focusing on development and sale of high quality properties in prime locations of key economic cities in the Yangtze River Delta, Pan Bohai Rim and Northeast China. At present, the Group has 25 projects in different stages of development in 10 cities including Shanghai, Beijing, Tianjin, Harbin, Wuxi, Suzhou, Hefei, Shenyang, Nanjing and Nantong. The Group's land bank is evenly distributed over first tier and second tier cities. As of 31 December 2009, total land bank of the Group exceeds 16.9 million sq.m..

Shanghai Bay, Shanghai

Contents

Royal Lakefront, Shanghai

Further Strengthen Our Leading Position

Development Milestones

2009

March

- Development commenced for our first project in Hefei, Hefei Villa Glorious

May

- "Night Time Investment Forum" was held at Shanghai Bay on 15 May

June

- Launched pre-sale of Sunny Town Phase III on 6 June
- "Shanghai Bay – BMW, Dunhill VIP Party" was held on 13 June

July

- Development commenced for our first project in Harbin, Harbin Villa Glorious
- A strategic cooperation agreement was signed on 2 July with the Shanghai Branch of China Construction Bank, providing a line of credit totaling RMB5.05 billion

August

- A "World Class Interior Designer Convention" was hosted in Shanghai Bay

September

- A strategic cooperation agreement was signed on 7 September with the Shenzhen Branch of China Construction Bank, providing a line of credit totaling RMB6 billion

October

- Successfully listed on the Hong Kong Stock Exchange on 2 October

- Acquired two premium land parcels in Tianjin at a total consideration of RMB849 million on 12 October
- Formed a joint-venture with Nanjing Jiaotong Investment Development Limited on 15 October to develop the Sanchahe project in Nanjing which is adjacent to the Yangtze River

- Launched the pre-sale of four premium projects, namely Shanghai Bay, Hefei Villa Glorious, Harbin Villa Glorious and Tianjin Sunshine Holiday simultaneously on 18 October, received overwhelming response and achieved total contracted sales of RMB3 billion on the first day

November

- Acquired two large premium land parcels in Xuhui District of Shanghai for RMB2 billion on 20 November

December

- Acquired a 70% interest in a project company which holds the Tuanpohu development site, located in the southern part of Tianjin, for RMB1.15 billion on 18 December
- Held an opening ceremony for a new economic housing project in Shanghai Gaojing on 26 December
- Acquired two land parcels in Nantong City of Jiangsu Province by auction for RMB4.14 billion in aggregate on 30 and 31 December

2008

- Awarded "Property Company of the Year 2007 with Remarkable Contributions to the Urban Development of Shanghai, China" by the Organising Committee of Zhuyu Dichan Grand Ceremony in January

2007

- Certain affiliates of Goldman Sachs, D.E. Shaw, and Deutsche Bank became shareholders of the Company in October

2005

- Development commenced for our first property project in Suzhou, Classical Life, in March
- Development commenced for our first property project in Shenyang, Sunny Town, in June
- Development commenced for our first property project in Beijing, Royal Mansion, in June

2004

- Development commenced for our first property project in Wuxi, No. 1 City Promotion, in September

2003

- Development commenced for our first property project in Tianjin, Sunshine Holiday, in May

2001

- Development commenced for Sunshine Venice in Shanghai, in June

1998

- Development commenced for our second property project in Shanghai, Sunshine Villa, in May

1996

- Mr. Zhang Zhi Rong established the Group in January
- Development commenced for our first property project in Shanghai, Sunshine Greenland, in January


Selectively Expand into New Regions

Royal Mansion, Beijing

Chairman's Statement

I am highly optimistic of Glorious Property's development and its sustainability. We will exploit market opportunities to further strengthen our competitive edges, optimise every aspect of our operations, and train our employees to build an even stronger "Glorious" brand. We will be prepared and be well-positioned when the market turns. Furthermore, we will solidify our foundation in the Yangtze River Delta and Pan Bohai Rim regions while continue to expand into new markets with high growth potentials.

Dear Shareholders,

On behalf of the board of directors (the "Board") of Glorious Property Holdings Limited, I would like to present to you the Company's first annual report since its successful listing (the "Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 2 October 2009 (the "Listing Date").

2009 was a highly productive year for Glorious Property, thanks to the hard work of the management team and all employees. The Group reported a revenue of RMB6,171.1million, representing an increase of 56.3%

from the previous year. Profit attributable to equity holders was RMB2,366.1million, up 88.5% from the previous year and 18.5% higher than the forecasted level of RMB1,996.0 million as stated in the prospectus of the Company.

In 2009, total gross floor area ("GFA") sold and contracted sales totaled 657,412 sq.m. and RMB6,705.0 million respectively, up 144.6% and 77.6% from 2008. Earnings per share were RMB0.38. The Board has recommended payment of a final dividend of RMB0.03 per share for the year 2009.

Glorious Property's successful listing underscores all shareholders' endorsement of the Group as well as the Group's proven track record. The Listing represents recognition by the international investment community of our business model, management team, product positioning and growth potential.

Glorious Property earned a number of important industry awards during the year for our successful business operation and execution. The accolades include the "Enterprise with Outstanding Contribution in China" award by Sina.com, "2009 – 2010 Real Estate New Landmark in Shanghai, China" for Shanghai Bay by China Index Research Institute and China Real Estate Association and "Shanghai City Landmark" for Shanghai Bay by Sina.com. Winning these awards is solid evidence that our brand name and product quality are widely accepted in the market.

In terms of geographical expansion, we retain our strategy of focusing on developing high quality projects at prime locations in high-growth cities. We have started to replicate our successes, especially from our flagship Shanghai Bay project, into other geographical locations. We will apply the experiences, visions, and standards developed in the Shanghai Bay project to other projects outside of Shanghai, such as the Tuanpohu project in Tianjin and the Sanchahe project in Nanjing, which we acquired in the fourth quarter of 2009. Our strategy is to build these two projects into future landmarks in their respective cities with exceptional landscaping scenery as well as high quality design.

The Group's sales strategy was highly effective in meeting the increasing demand in China's real estate market in 2009. We have not only met our targeted average selling prices for the year, but also laid a solid ground for our long term pricing

Shanghai Bay, Shanghai

No.1 City Promotion, Wuxi

plan. Last year we have received overwhelming demand for our projects in second-tier cities. For example, the average selling prices of Hefei Villa Glorious and Harbin Villa Glorious were remarkably higher than our targeted average selling prices.

Through our land bank replenishment channels, we were able to secure a number of premium land parcels with high development potential in the past year. Our new acquisitions, in places such as Nanjing Sanchahe, Tianjin Dagang and Tuanpohu, Shanghai Xuhui District and Nantong, were all acquired at a discount to market prices. Successful execution of land bank replenishment allows us to continue to deliver premium products to our customers while maintaining our higher-than-average profit margins. Among which, we have recently acquired two land parcels in the heart of Xuhui District in Shanghai. The Group plans to take full advantage of their premium locations in Shanghai's central business district to create a first-class commercial project that offers comprehensive amenities and facilities. This project will become one of the key commercial properties that the Group will retain for its long term growth.

We have witnessed a series of austerity measures introduced by the central government to cool down China's real estate market since late 2009. We believe that these measures are targeting certain developers that compete for land at disproportionately high prices in auctions and speculative activities that elevated property prices. While these measures will help tame further surges in prices and relieve pressure on both the supply and demand sides, we believe they are of a pre-emptive nature by the central government aimed at balancing the pace of development in different regions, thereby preventing an asset pricing bubble from emerging. For developers like Glorious Property, who holds high quality land bank at prime locations in key economic cities, such change in the pace of market development could be in our favour. Furthermore, the stabilisation of the property market will provide an excellent foundation for the Group to become a more balanced national developer this year.

We have signed strategic cooperation agreements with China Construction Bank and Bank of China respectively in 2009 and earlier this year. The banks will provide us with credit facilities of a total of RMB19.05 billion under these

East Chongchuan project, Nantong

agreements. Endorsements from these major banks will further support the Group's future development in the real estate industry.

After years of preparation, the Shanghai World Expo 2010 ("World Expo") will finally unveil in the middle of this year. It will be held for a total of six months, attracting visitors from all parts of the world. In this much celebrated event, we will exhibit to the world the modern aspects of China, to promote foreign investment and cross-border co-operations both culturally and commercially. Glorious Property originated from Shanghai and is set to benefit directly from the World Expo. Shanghai Bay, our flagship masterpiece project, which is located directly opposite to the World Expo venue by the Huangpu River, will be visible to all visitors to the World Expo venue. There is no better opportunity to show the world the "Glorious" brand and the level of quality we commit ourselves to.

While the World Expo brings immense advertisement value to our "Glorious" brand, we will start the pre-sale of our premium projects this year such as Royal Lakefront in Shanghai, Royal Mansion in Beijing, Tuanpohu Project in Tianjin, Hefei Villa Glorious and Harbin Villa Glorious.

I am highly optimistic of Glorious Property's development and its sustainability. We will exploit market opportunities to further strengthen our competitive edges, optimise every aspect of our operations, and train our employees to build an even stronger "Glorious" brand. We will be prepared and be well-positioned when the market turns. Furthermore, we will solidify our foundation in the Yangtze River Delta and Pan Bohai Rim regions while continue to expand into new markets with high growth potentials.

My dear fellow shareholders, I believe that Glorious Property will be able to report outstanding performances in the coming year and generate even higher returns to all shareholders. On behalf of the Board, I would like to extend my gratitude to all shareholders and our business partners for their continued support and commitment. Lastly, I would also like to thank my highly capable management team and dedicated employees of Glorious Property for their devotion and contribution.

Zhang Zhi Rong
Chairman

12 April 2010

Sunshine Venice, Shanghai

恒盛地產
GLORIOUS PROPERTY


Shanghai Bay, Shanghai


Sunny Town, Shenyang


Chateau De Paris, Shanghai


Hefei Villa Glorious, Hefei


Rongsheng Garden, Nantong


No.1 City Promotion, Wuxi


Sunshine Bordeaux, Beijing


Harbin Villa Glorious, Harbin

Management Discussion and Analysis

Sunshine Venice, Shanghai

Sunshine Holiday, Tianjin

Shanghai Park Avenue, Shanghai

Royal Mansion, Beijing

Classical Life, Suzhou

Bashangjie project, Hefei

Business Review

At the beginning of 2009, the global economy was enduring the unpleasant consequences of the financial tsunami and uncertainties prevail in the market. Consequently, China's property market suffered a brief period of recession earlier in the year 2009. To boost the economy and to re-establish confidence in the real estate market, the central government implemented a series of economic stimulus plans. As a result of the effects of these policies, combined with the unleashing of the pent-up demand for residential properties, both transaction volume and prices of residential properties soared in major cities in the second quarter of 2009. Area of residential properties sold for the whole nation totaled 937.13 million sq.m. in 2009, representing an annual increase of 42.1%. Total revenue from sales of properties was RMB4,399.5 billion, representing an annual increase of 75.5%.

Benefiting from the favorable macro-economic environment, the Group's residential projects in key cities such as Shanghai, Beijing and Tianjin, all recorded significant increases in average selling prices, which boosted the Group's profitability in 2009.

During the period under review, the Group had made significant breakthroughs in the following areas in operation and management:

High growth momentum in sales volume and average selling prices

The Group achieved total contracted sales of RMB6.71 billion in 2009, a sharp increase of 77.6% over the same period last year. The number of projects for sale increased from 9 projects in 2008 to 13 in 2009. With the improved development schedule, the preliminary work for various projects has already been completed. More projects are expected to be introduced into the market in 2010.

Achieved satisfactory progress in building the "Glorious" brand and successfully established Glorious Property as a premium developer

The Company was successfully listed in Hong Kong in October last year. Immediately after the Listing, the Group launched pre-sale of four major developments in key cities concurrently. The combined effects of these two events have significantly enhanced the market's recognition of Glorious Property's premium positioning and high quality products, helping to lay a solid foundation for the Group to leverage on the value of its brand name and optimize the economic benefits of its resources in hand.

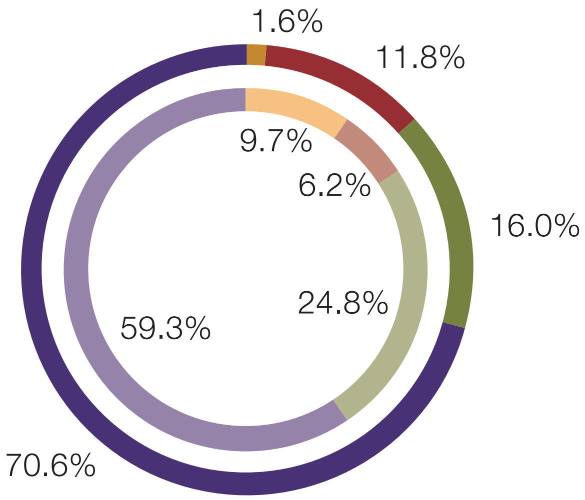
Successful listing in Hong Kong opens the door to international financing platform

Glorious Property was listed on the Main Board of the Hong Kong Stock Exchange on 2 October 2009 and successfully raised HK$8.25 billion. Going public opens the door to the international financing platform and allows the Group to have access to more sources of funding to maintain a sustainable growth in the future.

Hefei Villa Glorious, Hefei

No. 1 City Promotion, Wuxi

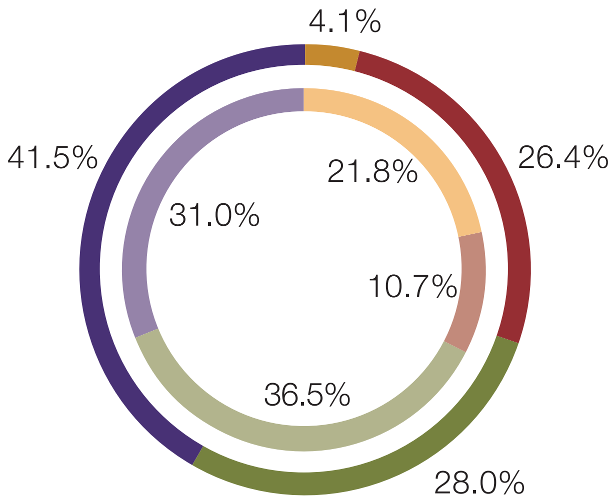
Revenue Contribution (by region)



08 **09**

- Shanghai
- Pan Bohai Rim
- Eastern China
- Northeast China

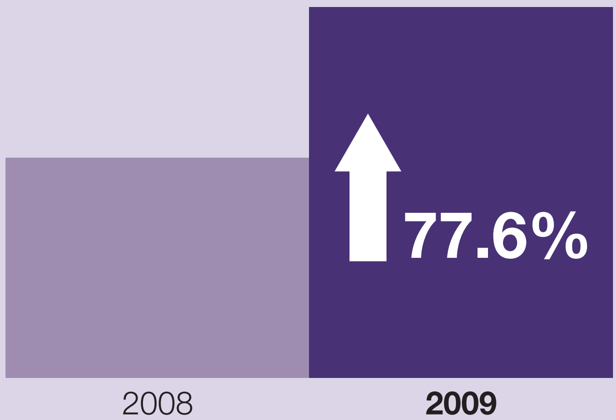
Delivered Area (by region)



08 **09**

- Shanghai
- Pan Bohai Rim
- Eastern China
- Northeast China

Total contracted sales amount to RMB6.71 billion, a significant increase from 2008



Business Review *(Continued)*

Opportunistic land acquisitions to support future expansion

After the Company's listing on the Hong Kong Stock Exchange, the Group has taken the initiative and successfully acquired eight high quality land parcels with a total planned GFA of 3.8 million sq.m. at reasonable prices.

Dedicated to providing the highest quality of products and services to gain industry recognition

Apart from our developments in the areas of financing, land bank replenishment and brand building, the Group is also dedicated to improving the construction quality as well as marketing and sales services for existing products and has gained wide recognition by the industry. During the year, the Group was awarded the "Enterprise with Outstanding Contribution in China" by Sina.com. In addition, Shanghai Bay received a recognition for being the "2009 – 2010 Real Estate New Landmark in Shanghai, China" by China Index Research Institute and China Real Estate Association. Shanghai Bay was awarded various other prizes, including "Shanghai City Landmark" by Sina.com.

Property development and sales

During the period under review, the Group had 13 projects available for sale and recorded contracted sales of RMB6,705.0 million in total, representing an increase of 77.6% over last year. Total contracted sales area was 657,412 sq.m..

Projects in which properties were sold and delivered during the year ended 31 December 2009 include:

	2009			2008		
Properties sold and delivered	**Revenue**	**GFA sold and delivered**	**Average selling price recognised**	Revenue	GFA sold and delivered	Average selling price recognised
	RMB'000	**sq.m.**	**RMB per sq.m.**	RMB'000	sq.m.	RMB per sq.m.
Sunshine Venice (Phase II)	**—**	**—**	**—**	5,785	681	8,495
Sunshine Venice (Phase IIIA)	**3,961**	**429**	**9,233**	17,710	2,078	8,523
Sunshine Venice (Phase IIIB)	**1,226,578**	**122,728**	**9,994**	548,517	61,490	8,920
Chateau De Paris (Phase I)	**11,722**	**755**	**15,526**	168,614	4,891	34,474
Chateau De Paris (Phase II)	**279,171**	**9,166**	**30,457**	958,020	43,807	21,869
Shanghai Bay (Phase I)	**2,214,913**	**77,443**	**28,601**	—	—	—
Shanghai Park Avenue	**611,154**	**26,118**	**23,400**	641,714	22,379	28,675
Sunshine Holiday (Phase I)	**—**	**—**	**—**	860	144	5,972
Sunshine Holiday (Phase II)	**2,413**	**392**	**6,156**	978,376	159,303	6,142
Sunshine Holiday (Phase III)	**592,374**	**78,029**	**7,592**	—	—	—
Sunshine Bordeaux (Phase I)	**389,172**	**81,500**	**4,775**	—	—	—
No.1 City Promotion (Phase I)	**3,135**	**756**	**4,147**	10,488	2,419	4,336
No.1 City Promotion (Phase II)	**621,911**	**134,373**	**4,628**	—	—	—
Classical Life (Phase I)	**97,756**	**13,524**	**7,228**	114,699	16,964	6,761
Classical Life (Phase II)	**7,975**	**1,748**	**4,562**	120,335	27,430	4,387
Sunny Town (Phase I)	**3,707**	**895**	**4,142**	290,157	74,835	3,877
Sunny Town (Phase II)	**97,851**	**22,741**	**4,303**	93,684	20,486	4,573
Sub-total	**6,163,793**	**570,597**	**10,802**	3,948,959	436,907	9,038
Other revenue	**7,334**	**N/A**	**N/A**	—	N/A	N/A
Total	**6,171,127**			**3,948,959**		

Projects available for sale in 2010

The Group plans to launch approximately 18 projects to the market in 2010, including new phases of Shanghai Bay, Royal Lakefront, Royal Mansion, Hefei Villa Glorious and Harbin Villa Glorious. These projects will contribute another 2.66 million sq.m. of total saleable area for the Group. Together with the existing 480,000 sq.m. of total saleable area of unsold properties with pre-sale permits as of the end of 2009, the total saleable area of properties for the Group in 2010 will be approximately 3.14 million sq.m..

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

Project		City	Saleable GFA[1] (sq.m.)	Interests Attributable to the Group
1	Shanghai Bay (Phase I, IIA)	Shanghai	120,319	100%
2	Royal Lakefront (Phase IA, IB)	Shanghai	193,927	100%
3	Sunshine Venice (Phase I, II, IIIA, IIIB)	Shanghai	104,173	100%
4	Shanghai Park Avenue	Shanghai	16,861	100%
5	Chateau De Paris (Phase I, II)	Shanghai	38,776	100%
6	Royal Mansion (Phase I)	Beijing	14,209	100%
7	Sunshine Bordeaux (Phase IA, IB)	Beijing	103,786	100%
8	Sunshine Holiday (Phase I, II, III)	Tianjin	78,116	100%
9	Glorious Shanghai Bay Seaside	Tianjin	272,179	100%
10	Tuanpohu Project (Phase I)	Tianjin	132,500	70%
11	Rongsheng Garden (Phase I)	Nantong	248,143	100%
12	Tongmian Second Factory Project	Nantong	456,300	100%
13	East Chongchuan Project	Nantong	285,780	100%
14	Hefei Villa Glorious (Phase I, II, III)	Hefei	257,443	100%
15	No. 1 City Promotion (Phase I, II, III)	Wuxi	270,645	100%
16	Classical Life (Phase I, II)	Suzhou	6,574	100%
17	Sunny Town (Phase I, II, III, IV)	Shenyang	237,926	100%
18	Harbin Villa Glorious (Phase I, II)	Harbin	300,617	100%
Total			**3,138,274**	

(1) Including retail and car park area.


Continue to Build the "Glorious" Brand Name

Harbin Villa Glorious, Harbin

Property Development and Sales

Pre-sale Projects in 2010

Project	Shanghai Bay 1	Royal Lakefront 2
Location	Shanghai	Shanghai
Project Type	Residential, hotel, office and retail	Residential and retail
Total GFA (sq.m.)	895,484	581,744
Project Descriptions	Uniquely situated on No. 1441 South Wan Ping Road, Shanghai Bay features the longest uninterrupted greenery corridor (8.4 kilometers) along the west bank of the famous Huangpu River, opposite to Lu Pu Bridge and the 2010 Shanghai World Expo site. This project houses a spectrum of developments designated for different usages, including luxury residences featuring a panoramic river view, a five-star hotel, offices and theme-inspired commercial buildings, constituting a dazzling metropolitan complex lying along the golden bank of Huangpu River.	Royal Lakefront is located in the center of the highly acknowledged ecosystem-inspired residential zone in Nanqiao New City, Fengxian District, which is an important project under government planning. Adjacent to A4 Expressway and Jinhai Station of No.5 Light Railway (under planning), this project boasts a unique environmental and geological advantage. To its south is the new government administrative center of the new city, while to its north is a natural park of about 10 km^2. To the east sits the "Fish of Shanghai" international cruise theme park of about 2.5 million sq.m. in area. The natural environment is excellent. This residential project follows European neo-classical construction style featuring royal-garden-style landscapes, interpreting an European lakeshore city lifestyle seen for the first time in southern Shanghai.

Project	Sunshine Venice 3	Sunshine Holiday 4
Location	Shanghai	Tianjin
Project Type	Residential, hotel and retail	Residential and retail
Total GFA (sq.m.)	1,138,667	700,100
Project Descriptions	Sunshine Venice is situated in the heart of Putuo District in Shanghai. An international community by design, it includes medium-rise apartment blocks, park-view townhouses and villas. The low-density layout ensures wide-angle views. The exteriors feature marble finishes that enhance both appearance and quality. There is a 200,000 sq.m. area for amenities including a stadium for ball games, a kindergarten, banks, a hospital and a post office. All of these make Sunshine Venice a landmark metropolitan community in west Shanghai.	Sunshine Holiday is located at the junction of Chenglinzhuang Road and Weiguo Road in Hedong District of Tianjin, only 12 km away from the Tianjin International Airport and next to No.2 Metro Line which is under construction. Its fine and simple design featuring total environment-friendly construction materials, high green coverage, a low-density layout with comprehensive amenities to create a cozy living environment. Its authentic community has evolved into a landmark of the district. Phase I to III comprise high-rise residential apartments and a retail development. Phase IV features a retail complex.


Harbin
Beijing
Shenyang
Tianjin
Nanjing
Nantong
Wuxi
Shanghai
Hefei
Suzhou


1


2

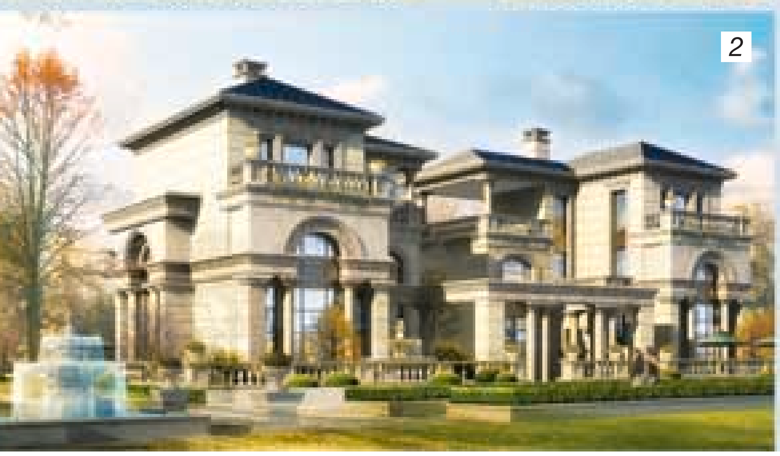

4


3

Property Development and Sales *(Continued)*

Pre-sale Projects in 2010


1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3


4

Project	Glorious Shanghai Bay Seaside* 1	Tuanpohu Project 2
Location	Tianjin	Tianjin
Project Type	Residential, hotel and retail	Residential and retail
Total GFA (sq.m.)	1,099,674	1,567,303
Project Descriptions	Glorious Shanghai Bay Seaside is situated to the west of Gangtang Road and southeast of Guangang Lake of Tianjin, in the leisure and recreation area of Dagang Guangang, and near Tangjin Expressway and Jinjin Expressway. Conveniently accessible by major transportation infrastructure, this project will become the hinderland of the central business district. The project features magnificent natural scenery with Guangang Lake lying to its north which boasts a 1,200-meter coast, and Olympic Park to its east. The project is constructed in three phases, including townhouses and retail complexes.	Tuanpohu Project is located in the southern part of Tianjin City, with lake-bound natural landscape surroundings. It will be developed into high quality residential properties, including villas and low rise apartments.

Project	Sunshine Bordeaux 3	Royal Mansion 4
Location	Beijing	Beijing
Project Type	Residential and retail	Residential and retail
Total GFA (sq.m.)	1,495,081	130,066
Project Descriptions	Sunshine Bordeaux is located in the Cai Yu County, Da Xin District, which is the linking point between Beijing and Tianjin. The project combines natural scenery environment, LOHAS (Lifestyles of Health and Sustainability) ideals, subliming into Val de Loire architecture style and French cottage accents. Residences to be offered in this project include townhouses and multi-storey apartments. An authentic French vineyard, French-style shopping streets and a "Happy Golf" Theme Park will be introduced to the project, offering residents fully integrated European-style cottage lifestyle blending in functions of country living, vineyard farming, leisure vacation and eco-living.	Royal Mansion is located on West Changan Street, next to Sunshine Holiday Park, Wukesong Olympic Center and Beijing International Sculpture Park. It blends in the best of both a local community and a metropolitan city to form a harmony of nature and unique architecture.

* Includes "Glorious Shanghai Bay Seaside (Tianjin Gangtian)" and "Glorious Shanghai Bay Seaside Tianxingjian"

Property Development and Sales *(Continued)*

Pre-sale Projects in 2010

Project	Rongsheng Garden 1	East Chongchuan Project 2
Location	Nantong	Nantong
Project Type	Residential and retail	Residential and retail
Total GFA (sq.m.)	4,434,083	307,500
Project Descriptions	Located in the Rugao Economic Development Zone of Jiangsu Province, 25km away from Nantong City, Rongsheng Garden will be developed in six phases, making it a large-scale integrated residential development project. Phase I occupies a site area of 400,000 sq.m., in which the eastern district will be positioned as a city community that resembles the ambience along the Thames River of England, an authentic British home living style. With its ultra-large scale, Rongsheng Garden will be the first genuine English-style estate in Rugao City upon completion.	East Chongchuan Project is located to the east of Chongchuan District in Nantong, south of Ren Min East Road and west of Shilun Road. It will be developed into a large-scale residential project. Over 90% of the GFA will be for residential use while the remaining will be developed into business ancillary facilities. It also enjoys a convenient location adjacent to Nantong University, Walmart, hospital, banks and other facilities situated nearby. It only takes a 10-minute drive to the downtown.

Project	Tongmian Second Factory Project 3	Hefei Villa Glorious 4
Location	Nantong	Hefei
Project Type	Residential, office and retail	Residential and retail
Total GFA (sq.m.)	694,439	388,615
Project Descriptions	Tongmian Second Factory Project is located in the Chongchuan District in Nantong, east to Gongnong Road, south to Hongxing Road, west to Chengshan Road and north to Hongqiao Road. It will be developed into a mixed-use project with over 60% of the GFA for residential use and the remaining for office and retail.	Hefei Villa Glorious is situated along the East Changjiang Avenue, with Tongling Road to the east, Datong Road to the south and East Changjiang Avenue to the north. It comprises 26 residential apartment blocks of approximately 31 storeys high. Upon completion, the project will become a landmark community characterised by its large scale and high quality.


Harbin
Beijing
Shenyang
Tianjin
Nanjing
Nantong
Wuxi
Shanghai
Hefei
Suzhou


1


2


3


4

Property Development and Sales *(Continued)*

Pre-sale Projects in 2010


1


2


3

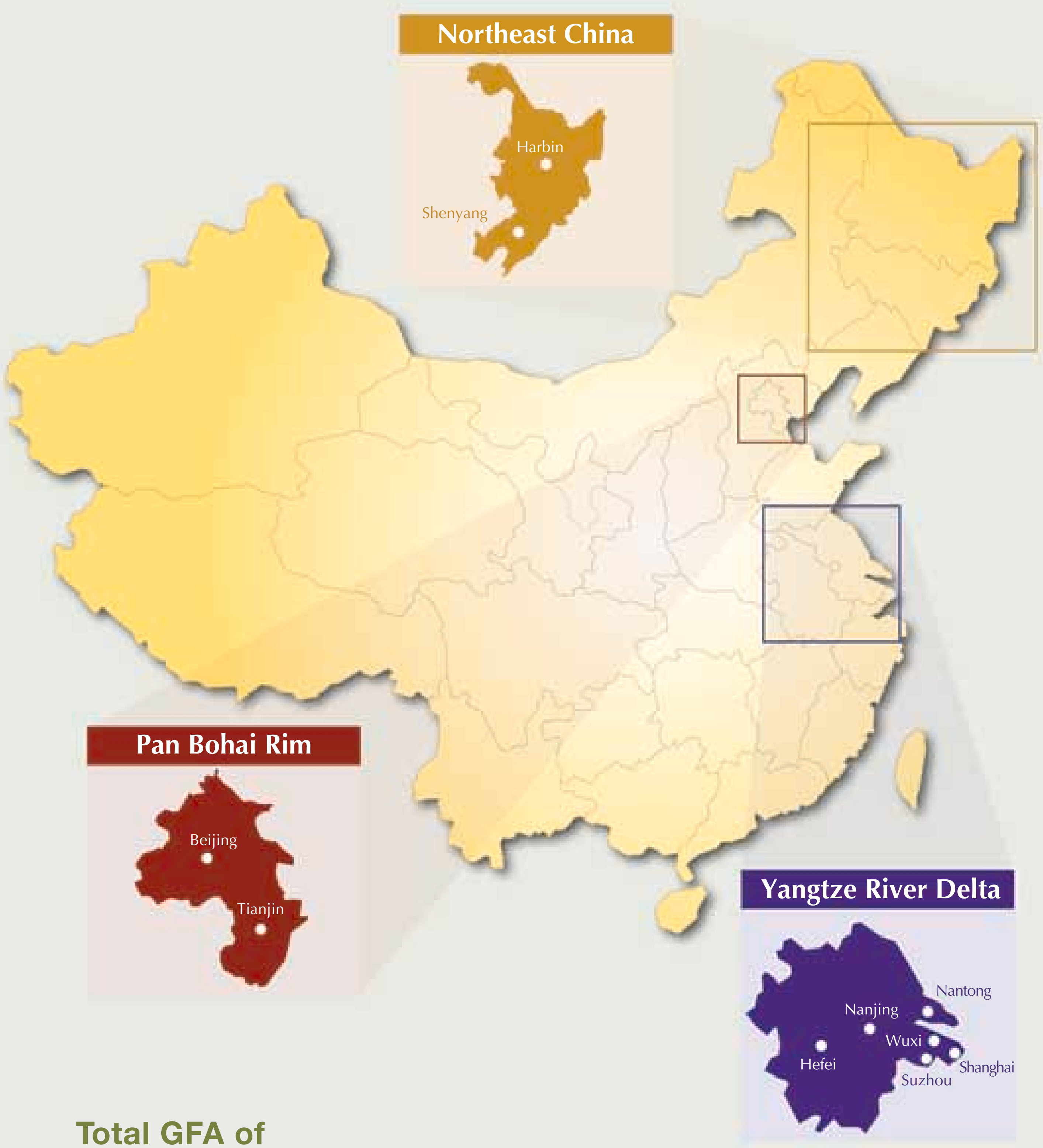
Project	**Harbin Villa Glorious** 1
Location	Harbin
Project Type	Residential and retail
Total GFA (sq.m.)	575,718
Project Descriptions	Harbin Villa Glorious is located in the central area of the first phase of Qunli New District in Harbin. It is an integrated community embracing a combination of high-rise residential blocks, commercial development and an ecosystem-themed country park. The construction blends in fashionable artistic symbolic elements with the style of European residences originating in Harbin, filled with minimalist European accents. Surrounding the project is a matrix of ecosystem-friendly establishments including a view of Songhua River to the north, the large-scale artwork pedestrian walkway on West Jingjiang Road, a greenery zone and a Spring Water Parking, to the east and Qunli Gym Park and Wetland Park to the west. It is known as the only green ecosystem community south of the Yangtze River in Harbin.

Project	**No.1 City Promotion** 2	**Sunny Town** 3
Location	Wuxi	Shenyang
Project Type	Residential, hotel and retail	Residential and retail
Total GFA (sq.m.)	752,778	877,366
Project Descriptions	Situated at south of the East Taihu Avenue of New Zone and along the main highway axis of Wuxi, No.1 City Promotion comprises 13 high-rise residential buildings. Phases I, II and III are large scale residential projects. Phase IV will be a high-end hotel. Nearby attractions include Central Music Park, Taibo Cultural Park, New City Commercial Plaza, Citizen Square and New Land Holiday Plaza. It is also adjacent to Wuxi International School. As a landmark residential project in Wuxi, No.1 City Promotion conveys an Europe-inspired beauty. Its world-class building quality, amenities and cultural facilties earned it the "International Cultural Community" award from the Friends of United Nations ("FOUN") and the United Nations Human Settlements Programme ("UN-HABITAT").	Sunny Town is located at the junction of North Nujiang Street and Songshan Road in Yuhong District of Shenyang. Its low density layout which allows better living comfort design highlights the harmony between human beings and the nature. In the first phase of project there is an 8,000 sq.m. luxury clubhouse with an indoor swimming pool, table tennis, badminton, indoor basketball court and other gym facilities. Phases I to IV will feature a commercial complex of a 9,000 sq.m. in GFA. In Phase III, a bilingual kindergarten and a primary school will be built.

Strategic Land Bank Replenishment

Hefei Villa Glorious, Hefei

Land Bank



Total GFA of

16,947,667 sq.m.

Project Overview

No.	Project	City	Location	Project Type	Land Cost per sq.m. (RMB)	Interest Attributable to the Group	Land Bank (sq.m.)
Shanghai							
1	Shanghai Bay	Shanghai	Xuhui District	Residential hotel, office and retail	616	100%	818,041
2	Sunshine Venice	Shanghai	Putuo District	Residential, hotel and retail	554	100%	289,517
3	Royal Lakefront	Shanghai	Fengxian District	Residential and retail	2,017	100%	581,744
4	Shanghai Park Avenue	Shanghai	Changning	Residential and retail	3,313	100%	26,918
5	Chateau De Paris	Shanghai	Xuhui District	Residential and retail	1,689	100%	50,493
6	Baoshan Gaojing	Shanghai	Baoshan District	Residential and retail	927	100%	861,887
7	Sunglow Xinjing	Shanghai	Xuhui District	Residential and retail	N/A	100%	2,076
8	Caohejing Project	Shanghai	Xuhui District	Office, hotel, and retail	10,740	100%	103,928
9	Zhongcaoxincun Project	Shanghai	Xuhui District	Serviced apartment and retail	10,740	100%	89,734
Sub-total							**2,824,337**
Pan Bohai Rim Region							
10	Sunshine Holiday	Tianjin	Hedong District	Residential, hotel and retail	1,095	100%	385,166
11	Glorious Shanghai Bay Seaside	Tianjin	Dagang District	Residential, hotel and retail	1,186	100%	1,099,674
12	Tuanpohu Project	Tianjin	Tuanpohu District	Residential and retail	1,225	70%	1,567,303
13	Royal Mansion	Beijing	Haidian District	Residential and retail	3,395	100%	130,066
14	Sunshine Bordeaux	Beijing	Daxing District	Residential and retail	494	100%	1,413,581
Sub-total							**4,595,789**

No.	Project	City	Location	Project Types	Land Cost per sq.m. (RMB)	Interest Attributable to the Group	Land Bank (sq.m.)
Eastern China Region							
15	Rongsheng Garden	Nantong	Rugao Economic Development Zone	Residential and retail	327	100%	4,434,083
16	Rongsheng Plaza	Nantong	Xincheng District	Hotel, office and retail	365	100%	283,597
17	Tongmian Second Factory Project	Nantong	Chongchuan District	Residential, office, and retail	5,017	100%	694,439
18	East Chongchuan Project	Nantong	Chongchuan District	Residential and retail	2,679	100%	307,500
19	No.1 City Promotion	Wuxi	Wuxi New District	Residential, hotel and retail	682	100%	459,255
20	Classical Life	Suzhou	Changshu New District	Residential and retail	1,446	100%	11,888
21	Hefei Villa Glorious	Hefei	Yaohai District	Residential and retail	680	100%	388,615
22	Bashangjie Project	Hefei	Yaohai District	Residential, hotel, office and retail	881	100%	1,263,730
23	Sanchahe Project	Nanjing	Xiaguan District	Residential and retail	7,973	60%	387,138
Sub-total							**8,230,246**
Northeast China Region							
24	Harbin Villa Glorious	Harbin	Qunli New District	Residential and retail	992	100%	575,718
25	Sunny Town	Shenyang	Yuhong District	Residential and retail	1,181	100%	721,577
Sub-total							**1,297,295**
Total (as of 31 December 2009)							**16,947,667**

Details of land newly acquired subsequent to the Listing are set out below:

Location	Project	Date of Acquisition	Property Type	Interest Attributable to the Group	Investment Cost of the Group[1] (RMB million)	Total Planned GFA[2] (sq.m.)	Land Cost per sq.m.[3] (RMB)
Xuhui District, Shanghai	Caohejing Project	November 2009	Hotel, office, and retail	100%	2,000.0[4]	103,928	10,327
Xuhui District, Shanghai	Zhongcaoxincun Project	November 2009	Serviced apartment and retail	100%		89,734	10,327
Dagang District, Tianjin	Glorious Shanghai Bay Seaside (East and West Parcels)	October 2009	Residential, hotel and retail	100%	848.8[5]	685,151	1,233
Tuanpohu District, Tianjin	Tuanpohu Project	December 2009	Residential and retail	70%	1,149.4[6]	1,567,303	1,225
Chongchuan District, Nantong	Tongmian Second Factory Project	December 2009	Residential office and retail	100%	3,350.0	694,439	4,824
Chongchuan District, Nantong	East Chongchuan Project	December 2009	Residential and retail	100%	791.7	307,500	2,575
Xiaguang District, Nanjing	Sanchahe Project	October 2009	Residential and retail	60%	1,912.1[7]	387,138	7,973
Total					**10,052**	**3,835,193**	**2,621**

(1) Our attributable portion only

(2) Including the GFA of underground areas

(3) Excluding deed tax

(4) Land cost of RMB2,000.0 million included both Caohejing project and Zhongcaoxincun project

(5) Total investment cost of RMB848.8 million for Glorious Shanghai Bay Seaside represents the Group's cost of acquisition of the 100% interest in the project company that holds the Glorious Shanghai Bay Seaside. The associated cost of land for the entire Glorious Shanghai Bay Seaside was RMB844.5 million, which forms the basis for calculating the cost per sq.m. as shown above. Please refer to note 37 to the consolidated financial statements for details in respect of the accounting of the acquisition of the associated project company

(6) Total investment cost of RMB1,149.4 million for Tuanpohu Project represents the Group's cost of acquisition of the 70% interest in the project company that holds the Tuanpohu Project. The associated cost of land for the entire Tuanpohu Project was RMB1,920.3 million, which forms the basis for calculating the cost per sq.m. as shown above. Please refer to note 37 to the consolidated financial statements for details in respect of the accounting of the acquisition of the associated project company

(7) Total investment cost of RMB1,912.1 million for Sanchahe Project represents the Group's initial investment cost in the 60% equity interest in the project company that holds the Sanchahe Project, comprising RMB60.0 million capital injection and RMB1,852.1 million that represented the Group's share of investment for acquiring the relevant parcel of land for the Sanchahe Project. The associated cost of land (including relocation cost) for the entire Sanchahe Project was RMB3,086.8 million, which forms the basis for calculating the cost per sq.m. as shown above. The acquisition of the 60% equity interest in the relevant project has not yet been completed by 31 December 2009

Future Outlook

Outlook for 2010

Glorious Property anticipates a slowdown in market growth with short-term volatility in the real estate sector, given the vulnerability of the financial market combined with the stabilising measures introduced by China's central government. Despite the unfavorable market conditions, the Group retains a positive outlook of its property sales in 2010. The Group is set to profit from its low cost land bank, innovative project design and strategic sales and pricing plans. The much anticipated 2010 Shanghai World Expo will also bring significant exposure to the Group's projects in Shanghai.

The Group will continue to follow the market closely and tailor its sales strategies to successively launch Shanghai Bay and Royal Lakefront in Shanghai, Royal Mansion in Beijing, Glorious Shanghai Bay Seaside and Tuanpohu Project in Tianjin, Villa Glorious in Harbin and Villa Glorious in Hefei . These projects will be the major revenue contributor to the Group in 2010.

In addition, we will continue to expand our sales channels and are planning to form strategic partnerships with real estate agencies to facilitate our sales and marketing activities and further enhance the popularity of Glorious Property's brand name in the market .

The Group will work to maintain its leading position in Shanghai while further expand into Pan Bohai Rim region. We will also selectively expand into other cities with high economic growth potential to strengthen the "Glorious" brand name by building high quality residential and commercial projects in prime areas. We will continue to build and invest in top-quality investment properties for long-term holding to diversify our source of income. In addition, we aim to keep exploring land acquisition opportunities through various channels. Glorious Property is determined to become one of the leading real estate developers in China to maximise returns for all of our shareholders.

No. 1 City Promotion, Wuxi

Sunny Town, Shenyang

Glorious Shanghai Bay Seaside

SHANGHAI BAY
恒盛·尚海湾

Tuanpohu Project

ROYAL MANSION
恒盛・欧洲公馆

恒盛地産
GLORIOUS PROPERTY

南上海首席・法式中央生活区
恒盛·湖畔豪庭
Royal lakefronT

恒盛・豪庭
Villa Glorious
有产阶级的造城运动
| I期羅馬花園 | I Phase Rome Garden |

VILLA GLORIOUS
恒盛·豪庭
VILLA GLORIOUS


Shanghai Bay, Shanghai

Awards

2009

January

- Sunshine Holiday was recognised as the "Tianjin Real Estate Network Popularity Ranking Most Suitable Property for Newly-weds" by Tianjin Soufun.com 3
- Sunshine Bordeaux received "New City Landmark in China Real Estate" award by Sohu.com

April

- Northern China Regional Office of Glorious Property was awarded the "Founding Vice Chairman" by Pan Bohai Real Estate Chamber of Commerce

May

- Sunshine Bordeaux received "HBA • Outstanding Contribution Model Award" by the United Nations Human Settlements Programme 4

July

- No. 1 City Promotion was ranked the sixth best selling real estate project in Wuxi during the first half of 2009 according to Wuxi Real Estate Online
- Sunshine Holiday project in Tianjin won an award of "Best Selling Property in Weiguo Road Area in First Half of 2009" by Tianjin Soufun.com 5

September

- Hefei Villa Glorious received an award of "2009 CIHAF China (Anhui) Renowned Property" from China International Real Estate & Archi-tech Fairs ("CIHAF") and Xin'an Media Limited Company

October

- Hefei Villa Glorious was awarded for being the "Model of Electrification Design" by Housing Industrialization Centre, Science and Technology Center of China Science Association and International Steel Association (China)

November

- Shanghai Bay received an award of "2009-2010 Real Estate New Landmark in Shanghai, China" from China Index Research Institute and China Real Estate Association

December

- The Group received a number of awards at the "World Expo Shanghai Property Annual Meeting 2009" organised by Shanghai Wenhui Xinmin Press Group and Oriental Morning Post, including:

  (1) "Most Influential Developer" award 2

  (2) Mr. Cheng Li Xiong, Executive Director and Chief Executive Officer of the Company, was named "The Most Influential Leader in the City" 1

  (3) Shanghai Bay received the "Most Influential International Residential Community" award
- The Group and Shanghai Bay were granted the "Enterprise with Outstanding Contribution in China" award and the "Shanghai City Landmark" award respectively by E-house (Blog) China, Sina.com and China Real Estate Information Corporation
- Shanghai Bay received an award of "2009 China Real Estate Index Recommendation – Best Sea View Real Estate Project" by China Index Research Institute
- Shanghai Bay received an award of "2009 Most Popular Property in Shanghai" from Sohu.com
- Sunshine Bordeaux in Beijing received an award of "Most Popular Product of the Year Award" from Luxurious Living Guide, a mainstream media in Beijing
- Glorious Yangguang Xindi (Liaoning) Property Development Co., Ltd. received an award of "Top 30 Out-of-Province Real Estate Developer in Liaoning in 2006-2008" from Liaoning Province Real Estate Association 6
- Sunny Town received an award of "Most Renowned Property" in Shenyang by China Real Estate Association and Sina.com

Financial Review

Property development remains the main driver of the Group's revenue growth in 2009. In 2009, revenue increased by 56.3% to RMB6,171.1 million, which was substantially generated from sales of residential properties. Net profit attributable to shareholders for the year ended 31 December 2009 amounted to RMB2,366.1 million, representing a growth of 88.5% from the previous year. Net profit for the year ended 31 December 2009, excluding fair value gain of investment properties and the related tax effect, amounted to RMB1,595.9 million, representing a growth of 157.2% from the previous year.

Results for the year ended 31 December 2009 are as follows:

RMB'000	**2009**	2008
Revenue	**6,171,127**	3,948,959
Cost of sales	**(3,201,760)**	(2,293,339)
Gross profit	**2,969,367**	1,655,620
Other income	**27,366**	21,405
Other gains, net	**1,218,817**	825,563
Selling and marketing expenses	**(151,333)**	(150,494)
Administrative expenses	**(351,397)**	(214,818)
Finance costs	**(27,068)**	(54,479)
Profit before income tax	**3,685,752**	2,082,797
Income tax expenses	**(1,319,608)**	(827,806)
Profit for the year attributable to the Company's equity holders	**2,366,144**	1,254,991

Revenue

For the year ended 31 December 2009, the Group recorded consolidated revenue of RMB6,171.1 million, representing a growth of 56.3% compared to RMB3,949.0 million in 2008. The higher revenue in 2009 was resulted from the combined effect of increased GFA of properties delivered by the Group from 436,907 sq.m. in 2008 to 570,597 sq.m. in 2009 and the higher average selling price of RMB10,802 per sq.m. in 2009 compared to RMB9,038 per sq.m. in 2008. Shanghai Bay (Phase I) was completed in December 2009 and started to contribute revenue to the Group with an average selling price of RMB28,601 per sq.m., and contributed 35.9% of the Group's total revenue for the year ended 31 December 2009. Sunshine Venice (Phase IIIB) continued to contribute revenue for the Group in 2009 and has an average selling price of RMB9,994 per sq.m. and the revenue from this project accounted for 19.9% of the Group's 2009 total revenue.

Cost of Sales

The cost of sales for the year ended 31 December 2009 was RMB3,201.8 million, representing an increase of 39.6% compared to RMB2,293.3 million in 2008. The increase was primarily due to an increase in aggregate GFA delivered, as compounded by the effect of higher construction costs due to increase in the proportion of high quality residential properties sold and delivered by the Group in 2009.

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

	2009		2008		
	RMB'000	**RMB per sq.m.**	RMB'000	RMB per sq.m.	% Change per sq.m.
Construction costs	**2,129,105**	**3,731**	1,489,035	3,408	9%
Land costs	**579,149**	**1,015**	508,943	1,165	-13%
Capitalised interests	**135,811**	**238**	74,668	171	39%
Business taxes and other levies	**350,791**	**615**	220,693	505	22%
Sub-total	**3,194,856**	**5,599**	2,293,339	5,249	7%
Cost of sales of other business	**6,904**	**N/A**	—	N/A	N/A
Total	**3,201,760**		2,293,339		

The higher average cost of sales of RMB5,599 per sq.m. in 2009 compared to RMB5,249 per sq.m. in 2008 was mainly due to an increase in the proportion of high quality residential properties sold and delivered in 2009.

Gross Profit

The Group's consolidated gross profit for 2009 was RMB2,969.4 million, representing an increase of 79.4% from a gross profit of RMB1,655.6 million in 2008. The increase in consolidated gross profit was mainly due to the increase in revenue and higher profit margin in 2009. The Group's gross profit margin for the year ended 31 December 2009 was 48.1%, compared to 41.9% in 2008. This was primarily due to the higher average selling price achieved for the properties sold and delivered in 2009, for which a higher proportion of such was derived from the sale of high quality residential properties in the Shanghai region.

Other Gains, Net

Other gains, net for the year ended 31 December 2009 were RMB1,218.8 million, which were primarily due to a fair value gain on the Group's investment properties of RMB1,027.0 million (2008: RMB846.1 million) and a gain on extinguishment of financial liability of RMB198.7 million in connection with the restructuring of the Group's borrowings.

Selling and Marketing Expenses

Selling and marketing expenses for the year ended 31 December 2009 were RMB151.3 million, which was comparable to the amount of RMB150.5 million in 2008.

Administrative Expenses

Administrative expenses for the year ended 31 December 2009 were RMB351.4 million, representing an increase of 63.6% compared to RMB214.8 million for 2008, primarily due to the recognition of share-based compensation expenses of RMB69.9 million with respect to the Pre-IPO Share Option Scheme.

Finance Costs

Gross finance costs for the year ended 31 December 2009 were RMB1,193.8 million, representing a decrease of 2.7% from RMB1,227.2 million for 2008, primarily due to a decrease in interest rates in 2009. For the year ended 31 December 2009, finance costs of RMB1,166.7 million (2008: RMB1,172.7 million) have been capitalised, leaving RMB27.1 million (2008: RMB54.5 million) charged directly to the statement of comprehensive income.

Profit Before Income Tax

The Group's profit before income tax for the year ended 31 December 2009 was RMB3,685.8 million, representing an increase of 77.0% compared to RMB2,082.8 million for 2008. The higher profit before income tax for 2009 was primarily due to higher investment property valuation gain recorded in 2009 and increase in operating profit due to an increase in GFA delivered by the Group.

Income Tax Expenses

Income tax expenses for the year ended 31 December 2009 were RMB1,319.6 million, representing an increase of 59.4% as compared to RMB827.8 million for 2008. The increase was primarily due to the increase in operating profit due to increase in GFA sold and delivered in the year under review. The effective income tax rate was 35.8% for the year ended 31 December 2009, compared to 39.7% for 2008.

Profit Attributable to the Company's Equity Holders

The Group's profit attributable to the Company's equity holders for the year ended 31 December 2009 was RMB2,366.1 million, representing an increase of 88.5% compared to RMB1,255.0 million for 2008. Profit attributable to the equity holders as a percentage of revenue was 38.3% for the year ended 31 December 2009, compared to 31.8% in 2008.

Financial Review *(Continued)*

Current Assets and Liabilities

As at 31 December 2009, the Group held total current assets of approximately RMB23,175.3 million (2008: RMB11,631.1 million), comprising mainly properties under development and cash and bank balances. Properties under development increased by 51.5% from RMB7,346.0 million as at 31 December 2008 to RMB11,130.0 million as at 31 December 2009, mainly due to the continuous progress of the Group's property development projects in 2009 and an increase in the number of projects under construction. Total cash and bank balances increased from RMB381.7 million as at 31 December 2008 to RMB6,052.4 million as at 31 December 2009 primarily because the cash received from the Listing was temporarily kept in the Group's bank accounts for investing into property development projects.

Total current liabilities as at 31 December 2009 amounted to RMB8,976.8 million, compared with RMB11,529.3 million as at 31 December 2008, which was mainly attributable to the redemption of the Original Notes[1] as a result of the debt restructuring in August 2009 and the conversion of the Convertible Notes[1] into the Company's shares on the Listing Date.

As at 31 December 2009, the current ratio (calculated as the total current assets divided by the total current liabilities) was 2.6 (2008: 1.0). The increase in the current ratio in 2009 primarily reflects the net proceeds received from the Listing.

Liquidity and Financial Resources

During the year of 2009, the Group funded its property development projects principally from proceeds from pre-sales of properties, bank loans and proceeds from the Listing.

As at 31 December 2009, the Group had cash and cash equivalents of RMB5,013.3 million (compared to RMB297.2 million as at 31 December 2008), which primarily comprised proceeds received from sale of properties and proceeds received from the Listing.

As at 31 December 2009, the Group's total borrowings amounted to RMB6,847.9 million, representing an increase of 5.8% compared to RMB6,474.1 million as at 31 December 2008. As at 31 December 2009, the Group's borrowings comprised the following:

RMB'000	**2009**	2008
Bank borrowings	**4,247,830**	2,167,110
Shanghai Bay Arrangement [1]	**2,000,000**	—
Original Notes [1]	**—**	3,717,350
Promissory Notes [1]	**501,443**	—
Other borrowings	**191,162**	—
Sub-total	**6,940,435**	5,884,460
Adjusted by: unamortised loan arrangement fees and accrued interests	**(92,491)**	589,665
Total borrowings	**6,847,944**	6,474,125

Note:

(1) Please refer to note 19 to the consolidated financial statements for the definition of Shanghai Bay Arrangement, Original Notes, Promissory Notes and Convertible Notes.

The maturities of the Group's borrowings as at 31 December 2009 were as follows:

RMB'000	**2009**	2008
Within 1 year	**1,806,860**	5,937,125
After 1 and within 2 years	**3,555,529**	537,000
After 2 and within 5 years	**939,606**	—
After 5 years	**545,949**	—
Total	**6,847,944**	6,474,125

As at 31 December 2009, the Group had total banking facilities of RMB14,147.8 million, consisting of used banking facilities of RMB4,247.8 million and unused banking facilities of RMB9,900.0 million.

Gearing Ratio

The Group monitors its capital on the basis of the gearing ratio. Gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and bank balances (including cash and cash equivalents and restricted cash). The gearing ratios as at 31 December 2009 and 2008 were as follows:

RMB'000	2009	2008
Total borrowings	**6,847,944**	6,474,125
Less: cash and bank balances	**(6,052,354)**	(381,689)
Net debt	**795,590**	6,092,436
Total equity	**11,846,677**	919,018
Gearing ratio	**6.7%**	662.9%

The decrease in gearing ratio for 2009 resulted from the increase in cash and bank balances and equity as a result of the completion of the Listing on 2 October 2009. As at 31 December 2009, a portion of the proceeds received from the Listing were temporarily kept in the Group's bank accounts for investing into property development projects.

Foreign Exchange Risk

The Group's property development projects are all located in the PRC and all the related transactions are settled in RMB. The Company and certain of the investment holding companies within the Group operate in Hong Kong have recognised assets and liabilities in currencies other than RMB. The Board considers the exposures to foreign currency exchange risk in relation to those assets and liabilities to be insignificant. As at 31 December 2009, the Group had cash and bank balances, borrowings and trade and other payables that were denominated in foreign currencies as shown below:

RMB'000	2009	2008
Cash and bank balances:		
US$	**2,240,573**	23,341
HK$	**148,668**	3,244
Total	**2,389,241**	26,585
Borrowings:		
US$	**645,472**	—
Total	**645,472**	—
Trade and other payables:		
US$	**17,003**	371
HK$	**55,202**	1,413
Total	**72,205**	1,784

Financial Review *(Continued)*

During the year ended 31 December 2009, the Group had not entered into any foreign currency hedging arrangements. Management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. As at 31 December 2009, if RMB had strengthened/weakened by 5% against US$, with all other variables held constant, post-tax profit for the year ended 31 December 2009 would have been RMB81.3 million lower/higher (2008: RMB1.4 million lower/higher).

Interest Rate Risk

The Group is exposed to interest rate risks resulting from fluctuations in interest rates on its borrowings. Most 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 31 December 2009, the Group had the following categories of properties that have been pledged for the Group's borrowings:

RMB'000	2009	2008
Construction in progress	**436,077**	—
Investment properties	**1,393,710**	—
Properties under development	**4,454,593**	2,541,852
Completed properties held for sale	**466,275**	315,590
Total	**6,750,655**	2,857,442

The Group has also pledged its 30% equity interest in Shanghai Xintai Property Development Co., Ltd. (an indirect wholly-owned subsidiary of the Company) in relation to the Shanghai Bay Arrangement.

As at 31 December 2009, properties under development of RMB193.4 million (2008: nil) were pledged as collateral for third party companies' borrowings of RMB280.0 million.

Financial Guarantee

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

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

As at 31 December 2009, the amount of outstanding guarantees for mortgages was RMB2,749.8 million (2008: RMB2,662.1 million).

Capital and Operating Lease Commitments

As at 31 December 2009, the Group had capital commitments as follows:

RMB'000	2009	2008
Land use rights	**9,917,704**	2,911,901
Property development expenditures	**5,387,032**	5,092,779
Construction materials	**76,580**	—
Total	**15,381,316**	8,004,680

As at 31 December 2009, the future aggregate minimum lease payments of the Group under non-cancellable operating leases in respect of land and buildings were as follows:

RMB'000	2009	2008
No later than 1 year	**14,316**	20,845
Later than 1 year and no later than 5 years	**19,808**	32,676
Later than 5 years	**—**	48,607
Total	**34,124**	102,128

Employee and Remuneration Policy

As at 31 December 2009, the Group had a total of 869 employees. Total remuneration expenses and other employees' benefits costs for the year ended 31 December 2009 amounted to RMB187.9 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 annual bonuses. In addition, the Group has adopted share option schemes to attract and retain high caliber talents to serve the Group. In terms of employee training, the Group provides different training programmes for employees to develop their expertise and knowledge.


Gradually Diversify Income Sources

Sunshine Venice, Shanghai

Corporate Social Responsibility Report

The Group has been performing the responsibilities of a good corporate citizen by caring for the public welfare and contributing to the community truthfully, either in the capacity of a private company in the past or as a publicly listed company since the Listing Date. As the Group expanded business operations nationwide during the year, we also brought our responsibility and sincerity to all the places across the nation where our business developed.

Protection, Health and Safety of Staff

The Group has paid particular attention to the health and safety of its staff as well as the social protection they are entitled to. The employment terms of the staff in our Group strictly comply with the relevant requirements of the Labour Law of the PRC. The Group has also formulated health and safety policies for employees and provided a safe and sanitary working environment. The Group has also purchased basic medical insurance, retirement insurance, maternity insurance, unemployment insurance and personal injury insurance for employees in accordance with the relevant requirements of the national social security and medical insurance schemes.

The Group has complied with the provisions of the new Labour Law of the PRC in all material aspects and will continue to comply with the relevant requirements. The Group believes that by protecting the interests of the Group's employees, the morale of employees will be enhanced, which will be helpful in retaining outstanding staff in the long run.

Observing the relevant laws and regulations, the Group has paid the monthly social security premium for an employees. Such premium includes retirement insurance, medical insurance, unemployment insurance and housing provident fund. The staff of the Group's human resources department are responsible for handling the Group's social responsibility, health and safety matters. This department has rich administrative knowledge on employment and relevant issues and is knowledgeable about the latest development of the relevant laws.

Environmental Matters

The Group has strictly complied with the relevant environmental laws of the PRC and regulations and has submitted environmental impact assessment reports to the relevant government authority for approval, and each of the Group's projects has passed the environment assessment. If there is any material change to the scale or nature of the construction site or project, the Group will submit a new environmental impact assessment report for examination and approval. Whenever the Group enters into a construction contract with the principal contractor, it will require the counterparty to strictly comply with all the prevailing environmental protection laws and regulations of the PRC, including the use of construction materials and construction methods. Moreover, the Group will require the all contractors to adopt specific measures to reduce adverse effects on the environment during the construction period. Construction machinery and equipment are subject to the regulation by certain emission standards such that the gas emissions at site from machinery or equipment of all construction units must comply with the relevant standards. During the construction period, all construction units must strictly comply with the administrative provisions on working hours prescribed by the relevant local government to reduce noise pollution.

All the projects under construction by the Group have already obtained the necessary environmental approvals. Upon completion or commencement of work for each property project, the relevant government authority of the PRC will inspect the property site to ensure the Group has already complied with the applicable environmental and safety standards.

The Group strives to continue its compliance with the relevant environmental laws and regulations of the PRC and requires contractors to strictly comply with the relevant laws and regulations in the purchases of materials and to meet the industry's energy-saving standards during the construction process of property developments to prevent any potential environmental risks in future. The Group will also continue to educate its employees on the importance of environmental protection and conduct regular dialogues with the relevant PRC authorities to track closely the development of the PRC environmental laws and regulations.

In order to proactively fulfill the Group's social responsibility of environmental protection, the Group plans to promote the use of electronic communications on a full-scale starting from this year and shareholders are encouraged to view the relevant corporate communications of the Group through its website. The management believes that this will not only reduce the printing and postage expenses, but more importantly, save paper and contribute to environmental protection.

The Future

The Group will continue to uphold and perform actively its responsibilities of a good corporate citizen while create the maximum value for shareholders. In the future, the Group will further promote and participate in various social charitable events and contribute to the public community.

Overview

After the Listing, one of the key objectives of our management is to build a strong and effective Investor Relations ("IR") Department to better communicate with investors globally. The IR Department has now been established and is led by our Chief Financial Officer with full support from the senior management.

The main function of the IR Department is to maintain timely communication of fair and factual disclosures to investors globally. We will continue to perfect our professionalism and enhance our corporate responsibilities by actively hosting and participating in IR related events, so investors could gain better insights on the Company's operating strategies, financial performances, and development prospects.

Investor Relations Activities Review

Post-listing IR activities are summarised as follows:

1. Global Offering and Roadshow

Glorious Property was successfully listed on the Main Board of the Hong Kong Stock Exchange on 2 October 2009. The Company has drawn unanimous recognition and support from the market and institutional investors, resulting in a considerable oversubscription in both the Hong Kong Public Offering and the International Offering. During the global roadshow, the Company's senior management has had more than 80 one-on-one / small group / luncheon meetings to introduce our Company's corporate strategies, financial performances, development plans as well as future outlook.

2. Investment Conferences

We have attended 6 investment conferences organised by investment banks and have had over 70 one-on-one / small group meetings in total. We were able to have direct contact with institutional investors to increase our exposure to the capital market during the investment conferences.

Since the Listing, the Company has attended the following conferences:

December 2009
Merrill Lynch Greater China Property Day – Hong Kong
CLSA China Investment Conference – Hong Kong
January 2010
Deutsche Bank Access China Conference 2010 – Beijing
UBS Greater China Conference 2010 – Shanghai
Greater China HSBC Property Day – Hong Kong
BNP Paribas Corporate Day – Shanghai

3. Continuous Communication with Shareholders, Investors and Analysts

The IR Department strictly follows the relevant regulations and corporate policies to ensure that the information our shareholders, investors and research analysts receive are factual and reliable. In addition, all information is disseminated promptly, non-selectively and accurately so that investors can make their informed decisions. We have so far hosted over 100 face-to-face meetings, conference calls, reverse roadshows and site visits and sent out monthly bulletins to a large number of institutional investors and research analysts. These activities are effective means to improve the communication between the Company and the investment communities. Furthermore, we also respond promptly to the frequent inquiries from shareholders, institutional investors and analysts via telephone, email and fax.

4. Media Relations

The IR Department is dedicated to building stronger and closer relationships with media through news releases, press conferences, media site visits and management interviews so that our operating strategies and financial performances can be effectively introduced to the general public. We believe a strong media coverage will positively enhance our brand recognition and corporate image.

5. Company Website

Since the Listing, the Company has activated the IR webpage on its website (www.gloriousphl.com.cn). The IR Department is responsible for updating the webpage on a timely basis so that all current shareholders and potential investors have access to the Company's latest happenings. Information provided through the IR webpage includes up-to-date corporate development, filings and reports, stock performance data, corporate governance and other shareholder services. Any major disclosures such as corporate announcements, dividend information and investor's calendar are made available via the IR webpage as well.

Outlook

Under the leadership of the Company's senior management, the IR Department will proactively develop and maintain close relationships with our shareholders, all investors, research analysts, and media to broaden our exposure in the capital market. Meanwhile, we will hold ourselves responsible for distributing fair, accurate and reliable information to the public and the investment communities.

DIRECTORS

Executive Directors

Mr. Zhang Zhi Rong (張志熔), aged 41, is the Chairman of the Board and an executive Director of the Company and the founder and controlling shareholder of the Group. Mr. Zhang is also a director of Shanghai Chuangmeng International Architectural Design Co., Ltd.. Mr. Zhang is primarily responsible for the formulation of the Group's overall strategies. Mr. Zhang has more than 14 years of experience in corporate management and real estate development and investment. Prior to his involvement in real estate development and investment, Mr. Zhang engaged in the business of construction materials trading and construction sub-contracting in the early 1990s. In 1994, as the real estate industry in the PRC began to develop, Mr. Zhang entered the property development industry with his first residential property development project, Sunshine Greenland in Shanghai, which commenced development in January 1996. He received a master's degree in business administration from Asia Macau International Open University in 2002.

Mr. Ding Xiang Yang (丁向陽), aged 42, is the Vice Chairman of the Board and an executive Director of the Company. Mr. Ding is also a director of a number of the Company's subsidiaries, including Shanghai Xintai Property Development Co., Ltd. ("Shanghai Xintai"), Glorious Anshun (Shanghai) Property Development Co., Ltd., Glorious Yangguang Xindi (Tianjin) Investment Co., Ltd. ("Glorious Tianjin"), Glorious Hongyun (Tianjin) Investment Co., Ltd. and Glorious Hongsheng (Suzhou) Property Development Co., Ltd. With more than eight years of experience in corporate and strategic management of real estate enterprises in the PRC, Mr. Ding is primarily responsible for the Company's overall strategic planning and development. Mr. Ding joined the Group on 18 March 2001 and played an integral role in formulating the Group's development strategies, operational management and supervising the construction of the Group's projects. Prior to joining the Group, Mr. Ding worked for more than 10 years at the enterprise management department of China Eastern Airlines Corp. Ltd. (中國東方航空股份有限公司) a company listed on the Hong Kong Stock Exchange. Mr. Ding is currently a member of the Chinese People's Political Consultative Conference for Fengxian District, Shanghai. Mr. Ding obtained a bachelor's degree in law from Fudan University in July 1989, and a master's degree in law from Fudan University in July 2002. Mr. Ding is the brother-in-law of the Company's Chairman, Mr. Zhang Zhi Rong.

Mr. Cheng Li Xiong (程立雄), aged 40, is the Chief Executive Officer and an executive Director of the Company. Mr. Cheng is also a director of the Company's subsidiaries, Glorious Shengtong (Shanghai) Property Development Co., Ltd. and Zhuo Yi Real Estate Development (Nantong) Co., Ltd.. He is in charge of the overall business operations and management of the Company. Mr. Cheng joined the Group on 1 September 2001 as the general manager of the Company's subsidiary, Glorious Haosen (Shanghai) Property Co., Ltd.. Between July 1992 and September 2001, Mr. Cheng worked for Shanghai Property and Land Resources Bureau (上海市房屋土地資源管理局). Mr. Cheng has more than 16 years of experience in the planning, development, construction and management of land and property. Mr. Cheng is also a qualified property valuer in the PRC. Mr. Cheng graduated with a bachelor's degree from Shanghai International Studies University in July 1992.

Mr. Xia Jing Hua (夏景華), aged 38, is an executive Director and a vice president of the Company, responsible for developing the financial strategies, the overall financial and asset management of the Group. Currently, Mr. Xia is a director of the Company's subsidiary, Fuda Real Estate Development (Nantong) Co., Ltd. Mr. Xia joined the Group on 2 May 1999 and had been the manager of the auditing department and supervisor of the finance and treasury department of the Company. Between 1994 and 1999, Mr. Xia worked in the loans department of the Zhoushan City branch of Bank of China (中國銀行舟山分行), a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange. Mr. Xia has more than ten years of experience in financial management in the property industry. He received a bachelor's degree in economics from the Zhejiang University of Finance and Economics and a master's degree in public economics and investment from the Shanghai University of Finance & Economics in July 1994 and September 2002 respectively.

Executive Directors *(Continued)*

Mr. Liu Ning (劉寧), aged 45, is an executive Director, a vice president and the chief operating officer of the Company and the head of operations for the Shanghai region, responsible for the operational management and project development of the Company's property projects in the Shanghai region. Mr. Liu is a director of Shanghai Xintai and the general manager of Glorious Yijing (Shanghai) Property Development Co., Ltd. ("Glorious Yijing"), both of which are the Company's subsidiaries. Prior to joining the Group as the chairman of Glorious Xintai on 5 June 2005, Mr. Liu worked as the executive vice president of Shanghai Jinjiang Realty Co., Ltd., a wholly-owned subsidiary of Shanghai Jin Jiang International Hotels (Group) Company Limited, a company listed on the Hong Kong Stock Exchange with extensive hotel operations in the PRC, from June 2003 to April 2005. Mr. Liu worked for three years at Shanghai (New Asia) Group Co., Ltd. (上海新亞(集團)股份有限公司), a company listed on the Shanghai Stock Exchange, and was its general manager from June 2000 to June 2003. Mr. Liu is a senior economist and an experienced manager of hotel operations, with more than eight years of experience in the hotel and property industry. He is currently the vice president of the Shanghai Young Entrepreneur Association. Mr. Liu graduated with a bachelor's degree in bridge construction from Tongji University in July 1986.

Mr. Li Xiao Bin (李曉斌), aged 46, is an executive Director, a vice president of the Company and the head of operations for the northeast China region, responsible for the operational management and project development of the Company's property projects in the northeast China region. Mr. Li is also a director and general manager of the Company's subsidiary, Glorious Yangguang Xindi (Liaoning) Property Development Co., Ltd. ("Glorious Liaoning"). Since June 2005, Mr. Li has been a director and general manager of Glorious Liaoning. Prior to joining the Group, Mr. Li worked for 16 years at the China Timber General Co. (中國木材總公司), a state-owned enterprise, and was its general manager prior to his departure in January 2001. Mr. Li joined the Group on 17 May 2001. He has more than seven years of experience in property management and development. He graduated with a master's degree in business administration from Peking University in July 2006 and obtained a doctorate degree in corporate management from Dongbei University of Finance and Economics in January 2008.

Mr. Yan Zhi Rong (嚴志榮), aged 49, is an executive Director and head of project budgeting of the Company. Mr. Yan is also a director of a number of the Company's subsidiaries, namely Glorious Yijing, Shanghai Xintai, Glorious Wangjiarui (Wuxi) Co., Ltd., Glorious Liaoning, Glorious Tianjin, Glorious Yangguang Binhai (Harbin) Property Development Co., Ltd. ("Glorious Wangjiarui"), Glorious Qiwei (Shanghai) Industries Co., Ltd. and Glorious Tianxingjian (Tianjin) Real Estate Investment Co., Ltd. ("Glorious Tianxingjian"). With more than 11 years of experience in managing the construction and budgets of property projects, Mr. Yan is primarily responsible for supervision of the development and construction of projects, and management of project budgets of the Company. Mr. Yan joined the Group on 8 December 1996 as the manager of the project budgeting department. Prior to joining the Group, Mr. Yan served as the deputy general manager of the property development subsidiary company of Shanghai Materials Bureau (上海市物資局) from 1989 to 1996. Mr. Yan received a graduate diploma in Industrial and Civil Architecture from the Suzhou Industrial College in 1981 and is a qualified engineer in the PRC.

Independent Non-executive Directors

Mr. Yim Ping Kuen (嚴炳權), aged 47, is an independent non-executive Director of the Company. Mr. Yim is currently a partner of Lau, Yim, Chiu and Co., a public accounting firm in Hong Kong. Mr. Yim has been a financial controller, company secretary and chief financial officer for various international companies in different industries, including listed companies in Hong Kong and Singapore. He has more than 22 years of experience in accounting and setting up financial operations for companies in Asia. Mr. Yim joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. Mr. Yim graduated from the University of Hong Kong with a bachelor's degree in social sciences in 1986 and also holds a master's degree in corporate finance from the Hong Kong Polytechnic University. He is a fellow member of the Association of Chartered Certified Accountants and a practising member of the Hong Kong Institute of Certified Public Accountants.

Independent non-executive Directors

(Continued)

Mr. Liu Shun Fai (廖舜輝), aged 39, is an independent non-executive Director of the Company. Mr. Liu is currently the chief financial officer of AMVIG Holdings Limited (澳科控股有限公司), a company listed on the Hong Kong Stock Exchange. Mr. Liu has been the financial controller and qualified accountant of two listed companies in Hong Kong for nine years. From 2003 to 2007, Mr. Liu served as the accounting controller and assistant company secretary of Hopson Development Holdings Limited ("Hopson Development"), a property development company listed on the Hong Kong Stock Exchange engaged in the development of large-scale residential property projects in various cities in the PRC and Mr. Liu was in charge of accounting and financial reporting of Hopson Development. Mr. Liu was responsible for monitoring the corporate governance measures and continuing connected transactions of Hopson Development, including reviewing the terms of the tender documents and construction contracts entered into between Hopson Development and its connected person(s) for the purpose of assisting its independent non-executive directors and independent financial adviser in opining on the fairness and reasonableness of the continuing connected transactions. Mr. Liu had also worked for a major accounting firm for seven years from 1992 to 1999, during which he gained extensive experience in the auditing of real estate enterprises. Mr. Liu has more than 16 years of experience in auditing and accounting. He joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. He obtained a bachelor's degree and a master's degree in business administration from the Chinese University of Hong Kong in 1992 and 1999, respectively, and is an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. Wo Rui Fang (沃瑞芳), aged 69, is an independent non-executive Director of the Company. From 1965 to 1993, Mr. Wo worked at the Design Administration Bureau of the PRC (now under the Ministry of Housing and Urban-Rural Construction of the PRC), and was head of its information technology division from 1988 to 1993, responsible for the development of new construction design technology and standards. From 1993 to 1997, Mr. Wo served as the vice mayor of Nantong City, Jiangsu Province, PRC and was in charge of the administration of the overall city planning and railway construction. Mr. Wo then re-joined the Design Administration Bureau as a senior engineer in 1997. From 1998 to 2001, he was the deputy chairman of the Practice Qualification Management Center of the Ministry of Construction. Mr. Wo has accumulated 30 years of experience in supervising the design and construction of various government property development projects and assessing the design techniques and standards of commercial and residential property development in the PRC. Mr. Wo retired from public service in 2001. He joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. He graduated from Jilin University with a bachelor's degree in construction in 1964.

Independent non-executive Directors

(Continued)

Mr. Han Ping（韓平）, aged 41, is an independent non-executive Director of the Company. From September 1990 to October 1996, Mr. Han worked for the Jiangsu Province Supply and Marketing Co-operative（江蘇省供銷合作社）and was responsible for the management of its construction and capital investment. In November 1996, Mr. Han became the chief economist of Jiangsu Huaxia Construction Project Management Co., Ltd.（江蘇省華廈工程項目管理有限公司）, a company engaged in the provision of construction supervision, project management and construction costs auditing services to property developers and government entities. Since June 2001, Mr. Han has served as the deputy general manager of Jiangsu Huaxia Construction Project Management Co., Ltd. Mr. Han had been a project manager and auditor of engineering costs for a large number of project developments involving the construction of various kinds of properties, such as hotels, villas and other residential properties, government buildings, logistic centres and warehouses. In 2002, Mr. Han was selected as an industry expert for the assessment of tenders for property construction and urban infrastructure projects by the Office of the Tendering and Bidding of Construction Projects of Jiangsu Province（江蘇省建設工程招標投標辦公室）. Over a period of six years, Mr. Han had participated in the assessment of tenders for over 20 construction projects in Jiangsu Province and Beijing. Mr. Han has accumulated more than 19 years of experience in the management and supervision of property construction projects in the PRC. Mr. Han joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. He graduated with a bachelor's degree in construction engineering and economic management from the Southeast University in 1990. He obtained a master's degree in construction and civil engineering from the Southeast University in 2005. Mr. Han is currently a member of the Hong Kong Institute of Surveyors and is a registered cost engineer, registered supervisory engineer and registered construction professional in the PRC. He holds a Level C certification from the International Project Managers Association (IPMA) and is a certified project management professional.

SENIOR MANAGEMENT

Ms. Fang Zhi Rong（方志榮）, aged 41, is the head of the human resources department of the Group, responsible for formulating and implementing the Group's talent management strategies and policies on salary and welfare benefits of employees, as well as organising the management structure and managing the employees' training and assessment programmes of the Group. Prior to joining the Group in March 2002 as the manager of the information department of the Group, Ms. Fang worked for the Shanghai City Water Discharge Co., Ltd.（上海市城市排水有限公司）for more than 12 years. Ms. Fang graduated from the Shanghai University of Finance and Economics with a diploma in statistics.

Mr. Xu Quan（徐藋）, aged 41, is a vice president and head of the investment department of the Group. Mr. Xu is responsible for the Group's business development and project investment. Mr. Xu has been a director of Shanghai Xintai since June 2005. Currently, Mr. Xu is also a director of a number of the Company's subsidiaries, namely Shanghai Xintai, Glorious Tianjin, the executive director and general manager of Yonghe Property Development (Nantong) Co., Ltd. and the general manager of Glorious Tianxingjian. Mr. Xu worked as the head of the property development department of Hanchang Property (Shanghai) Co., Ltd.（漢昌物業（上海）有限公司）, a foreign-invested enterprise, from December 1995 to June 2000. Mr. Xu joined the Group in August 2000 and has more than 11 years of experience in property development and sales in the PRC. Mr. Xu obtained a graduate diploma from East China Normal University in July 1994.

SENIOR MANAGEMENT *(Continued)*

Ms. Liu Yan Xia (劉豔霞), aged 47, is the head of operations for the Pan Bohai Rim region, responsible for the operational management and project development of the Company's property projects in the Pan Bohai Rim region. Ms. Liu joined the Group in June 2002 and she is currently the executive director of Glorious Yangguang Xindi (Beijing) Property Development Co., Ltd. and Glorious Hetian Hexin (Beijing) Property Development Co., Ltd., which are the Company's subsidiaries. She had also previously worked for Oriental Logistics Holdings Limited (東方物產集團) from 1992 to 2002. She graduated with a bachelor's degree in economics from the Xian Jiaotong University in 1985 and a master's degree in business administration from the Renmin University in November 2002.

Mr. Fang Shi Min (方世敏), aged 70, is the chief engineer of the Group. Mr. Fang is primarily responsible for overseeing the planning, construction, quality control and site supervision of the Group's property development projects. Prior to joining the Group in August 1997, Mr. Fang worked for 30 years at the Shanghai Institute of Architectural Design & Research (上海建築設計研究院). From July 1993 to July 1996, Mr. Fang worked as chief engineer for the Hainan Zhujiang Industrial Shanghai Real Estate Co., Ltd. (海南珠江實業上海房地產公司), responsible for the architectural design and supervision of construction of property development projects. In July 1996, he worked as vice general manager and the chief engineer for Shanghai Anfu Property Co., Ltd (上海安福置業有限公司). Mr. Fang has more than 41 years of experience in the construction industry. He graduated with a bachelor's degree in industrial and civil architecture from Tongji University in July 1962.

Mr. Li Jian Zhong (李建中), aged 52, is the head of operations for the east China region (excluding Shanghai), responsible for the operational management and project development of the Company's property projects in the east China region (excluding Shanghai). Mr. Li is currently the general manager of Glorious Wangjiarui and the executive director of Glorious Zhuowei (Nantong) Trade Development Co., Ltd. and Glorious Rongsheng Building (Nantong) Property Development Co., Ltd., the Company's subsidiaries. Prior to joining the Group in January 2001, Mr. Li worked for the Minhang People's Government (閩行區人民政府), a district level government of Shanghai, from April 1996 to December 2000. Mr. Li has more than eight years of experience in real estate investment and project management. He graduated with a bachelor's degree in management engineering from the East China University of Science and Technology in July 1985. In July 2001, Mr. Li completed a postgraduate course in economics management at the research institute of the Shanghai Academy of Social Sciences.

Mr. Ching Yu Lung (程如龍), aged 40, is the chief financial officer, company secretary and qualified accountant of the Company. Mr. Ching is responsible for the Company's overall financial management and corporate finance. Mr. Ching is also an independent non-executive director of Ngai Hing Hong Company Limited (毅興行有限公司), a company listed on the Hong Kong Stock Exchange. Prior to joining the Group in February 2008, Mr. Ching had been the vice president of finance for Hong Kong and China Gas Investment Limited, a subsidiary of the Hong Kong and China Gas Company Limited (香港中華煤氣有限公司), a company listed on the Hong Kong Stock Exchange. Mr. Ching had also been the chief financial officer of a reputable real estate company and the executive director and finance director of Ngai Hing Hong Company Limited. He has more than 18 years of experience in auditing, corporate finance and accounting. He obtained a bachelor's degree in business administration from the Chinese University of Hong Kong and an executive master in business administration degree from Tsinghua University in 1992 and 2006, respectively. Mr Ching is a fellow member of Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants, and a member of American Institute of Certified Public Accountants.

Corporate Governance Report

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

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

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Corporate Governance Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period from 2 October 2009 (the date of listing of the Company) to 31 December 2009 (the "Review Period").

Board Composition

The Board consists of the following 11 directors (the "Directors"):

Executive Directors:

Mr. ZHANG Zhi Rong *(Chairman)*
Mr. DING Xiang Yang *(Vice Chairman)*
Mr. CHENG Li Xiong *(Chief Executive Officer)*
Mr. XIA Jing Hua
Mr. LIU Ning *(Chief Operating Officer)*
Mr. LI Xiao Bin
Mr. YAN Zhi Rong

Independent Non-executive Directors:

Mr. YIM Ping Kuen
Mr. LIU Shun Fai
Mr. WO Rui Fang
Mr. HAN Ping

Biographical details of the Directors are set out on pages 50 to 53 of this annual report. Mr. Ding Xiang Yang is the brother-in-law of Mr. Zhang Zhi Rong. Save as aforesaid, the Board members have no financial, business, family and/or other material relationships with each other. The Company has arranged appropriate insurance cover for the Directors.

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

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

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

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

Details of emoluments of the Directors are set out in note 29 to the consolidated financial statements.

Role and Responsibilities of the Board

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

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

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

Chairman and Chief Executive Officer

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

Board Meetings

The Company held nine Board meetings during the Review Period.

The attendance records of each Director at the Board meetings are set out below:

Members of the Board	Attendance/ Number of Meetings
Executive Directors	
Mr. Zhang Zhi Rong	5/9
Mr. Ding Xiang Yang	5/9
Mr. Cheng Li Xiong	8/9
Mr. Xia Jing Hua	6/9
Mr. Liu Ning	6/9
Mr. Li Xiao Bin	2/9
Mr. Yan Zhi Rong	3/9
Independent Non-executive Directors	
Mr. Yim Ping Kuen	3/9
Mr. Liu Shun Fai	3/9
Mr. Wo Rui Fang	2/9
Mr. Han Ping	3/9

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

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

Board minutes kept by the Company Secretary were sent to the Directors for their records.

Appointment, Re-election and Removal of Directors

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

Directors are appointed based on their merits and experiences relevant to the business of the Group and are subject to re-election by the shareholders at regular intervals. In accordance with provisions of the Corporate Governance Code, all Directors are subject to retirement by rotation at least once every three years. A Director may be re-elected at the general meeting after the expiration of his term.

The Board reviews its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing on 2 October 2009. Each of the INEDs has been appointed for a term of one year commencing on 2 October 2009.

The Company has not established a nomination committee. New Directors are sought mainly through referrals or internal promotion. In evaluating whether a candidate is suitable to act as a Director of the Company, the Board will review the independence, experience and skills of the candidate as well as personal ethics, integrity and time commitment of the candidate.

Internal Controls

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

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

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

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

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

Audit Committee

The Board has established the Audit Committee on 9 September 2009 with written terms of reference. The Audit Committee comprises three members, namely Mr. Yim Ping Kuen, Mr. Liu Shun Fai and Mr. Wo Rui Fang, all of whom are INEDs. Mr. Yim Ping Kuen has been appointed as chairman of the Audit Committee.

The main duties of the Audit Committee include the following:

1. making recommendations to the Board on the appointment, reappointment and removal of external auditors, and approving the remuneration and terms of engagement of external auditors;

2. reviewing and monitoring the external auditors' independence and objectivity and effectiveness of the audit process in accordance with applicable standards;

3. monitoring the integrity of the Company's annual and interim reports and accounts and reviewing significant financial reporting judgements contained in such reports and accounts; and

4. overseeing the Company's financial reporting system and internal control procedures.

No meeting was held by the Audit Committee during the Review Period.

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group. The Group's consolidated financial statements for the year ended 31 December 2009 have been reviewed and approved by the Audit Committee, and the Audit Committee is of the opinion that such financial statements comply with the applicable accounting standards, the Listing Rules and all other applicable legal requirements.

Remuneration Committee

The Board has established the Remuneration Committee on 9 September 2009 with written terms of reference. The Remuneration Committee comprises three members, namely Mr. Zhang Zhi Rong, Mr. Liu Shun Fai and Mr. Wo Rui Fang, with Mr. Zhang Zhi Rong as the chairman.

The main duties of the Remuneration Committee include:

1. making recommendations to the Board on the policy and structure for all remuneration of executive Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

2. determining the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board regarding the remuneration of INEDs; and

3. reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

No meeting was held by the Remuneration Committee during the Review Period.

External Auditor

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

The aggregate remuneration in respect of services provided by PwC for the year ended 31 December 2009 was approximately HK$13.3 million, of which HK$6.9 million represents audit fees in relation to the audit services in respect of the Company's Listing on the Hong Kong Stock Exchange, HK$3.5 million represents annual audit fees and HK$2.9 million represents fees for certain financial statement review procedures and other audit related services.

Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct governing directors' dealings in securities. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the Review Period.

Directors' Responsibilities for Financial Statements

Our Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2009 and of ensuring that the preparation of the consolidated financial statements of the Group is in accordance with the applicable standards and requirements.

The statement of the auditor of the Company concerning their responsibilities on the consolidated financial statements of the Company is set out on pages 69 and 70 of this annual report.

Shareholders' Meetings

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

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

During the Review Period, the Company convened and held an extraordinary general meeting of shareholders on 15 December 2009 to consider and approve a connected transaction of the Company. The meeting was convened in compliance with the relevant legal procedures and shareholders' participation and exercise of rights were safeguarded.

Communications with Shareholders and Investors

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

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

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

To maintain and improve the visibility of the Company in the financial community, the Company has participated in various investors' conferences after the Listing in October 2009. Going forward, the Company will leverage on various channels and platforms including press conferences, analyst briefings and industry conferences to ensure the timely release of important messages to the public.

Report of the Directors

The Directors are pleased to submit their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2009.

Principal Activities

The Company acts as an investment holding company. The Group is principally engaged in the development and sale of high quality properties in key economic cites in the PRC. As at 31 December 2009, the Group had property development projects in prime locations of key economic cities in the Yangtze River Delta, Pan Bohai Rim and Northeast China.

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

Subsidiaries of the Company

A list of the subsidiaries of the Company, together with their places of operations and incorporation, issued capital and registered capital, is set out in note 10 to the consolidated financial statements.

Results and Dividends

The results of the Group for the year ended 31 December 2009 are set out in the accompanying consolidated statement of comprehensive income on page 74 of this annual report.

The Board has approved a resolution to recommend the payment of a final dividend of RMB0.03 per share for the year ended 31 December 2009. The proposed final dividend shall be subject to the approval of the shareholders of the Company at the forthcoming annual general meeting.

Financial Summary

A summary of the consolidated results and the assets and liabilities of the Group for the last four financial years is set out on page 145 of this annual report.

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

From the Listing Date to 31 December 2009, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the listed securities of the Company.

Major Suppliers and Customers

For the year ended 31 December 2009, the aggregate purchases attributable to the Group's five largest suppliers represented approximately 41.6% of the Group's total purchases, while the purchases from the Group's largest supplier accounted for approximately 33.5% of the Group's total purchases.

For the year ended 31 December 2009, the aggregate sales attributable to the Group's five largest customers accounted for less than 3% of the Group's total sales.

During the year ended 31 December 2009, apart from the interest of the father of Mr. Zhong Zhi Rong in Shanghai Ditong Construction (Group) Co., Ltd. ("Shanghai Ditong"), as described in the section headed "Connected Transactions" below, none of the Directors or any of their associates or any shareholders which, to the best knowledge of the Directors, who own more than 5% of the Company's issued share capital, had any interest in any of the Group's five largest suppliers and customers.

Donations

Charitable donations made by the Group during the year amounted to RMB0.3 million (2008: RMB5.2 million).

Property, Plant and Equipment

Details of movements in property, plant and equipment, investment properties, properties under development and completed properties held for sale of the Group during the year are set out in notes 6, 7, 11 and 12 to the consolidated financial statements.

Borrowings

Particulars of the borrowings of the Group as at 31 December 2009 are set out in note 19 to the consolidated financial statements.

Capitalised Borrowing Costs

Borrowing costs capitalised by the Group during the year amounted to approximately RMB1,166.7 million (2008: RMB1,172.8 million).

Major Properties

Major properties of the Group as at 31 December 2009 are set out on pages 146 to 155 of this annual report.

Share Premium and Reserves

Details of movements in the share premium and reserves of the Company during the year ended 31 December 2009 are set out in notes 17 and 18 to the consolidated financial statements.

Distributable Reserves

As at 31 December 2009, the reserves of the Company available for distribution to the shareholders amounted to approximately RMB6,233.7 million (2008: nil).

Share Capital

Details of movements in the share capital of the Company during the year are set out in note 17 to the consolidated financial statements.

Issue and Listing of Shares

On 2 October 2009, the shares of the Company were listed on the Hong Kong Stock Exchange. Pursuant to a capitalisation issue on 9 September 2009, the Company allotted and issued pro rata to its existing shareholders 5,525,000,00 shares at a par value of HK$0.01 each, for the total amount of HK$55,250,000. On the Listing Date, 1,875,000,000 shares were issued and offered at an offer price of HK$4.40 per share through the Hong Kong Public Offering and the International Offering, and raised gross proceeds of approximately HK$8.25 billion for the Company.

Directors

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

Executive Directors:

Mr. ZHANG Zhi Rong *(Chairman)*
Mr. DING Xiang Yang *(Vice-chairman)*
Mr. CHENG Li Xiong *(Chief Executive Officer)*
Mr. XIA Jing Hua
Mr. LIU Ning *(Chief Operating Officer)*
Mr. LI Xiao Bin
Mr. YAN Zhi Rong

Independent Non-executive Directors:

Mr. YIM Ping Kuen
Mr. LIU Shun Fai
Mr. WO Rui Fang
Mr. HAN Ping

In accordance with Article 84(1) of the articles of association of the Company, Messrs. Zhang Zhi Rong, Ding Xiang Yang, Cheng Li Xiong and Xia Jing Hua are due to retire by rotation at the forthcoming annual general meeting. All of the retiring Directors, being eligible, offer themselves for re-election.

Directors' Interests in Contracts of Significance

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

Directors' Interests in Competing Business

As at 31 December 2009, none of the Directors nor their associates had interests in businesses which competed or were likely to compete, either directly or indirectly, with the Group's businesses.

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31 December 2009, the Directors had the following interests in the shares, underlying shares and debentures of the Company or any of its associated corporation (the "Associated Corporation") (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code of the Listing Rules:

(a) Company

	Number of ordinary shares			
Name of Director	**Personal interests[1]**	**Corporate interests**	**Total**	**Approximate % of shareholding[3]**
Mr. ZHANG Zhi Rong	15,000,000	5,025,180,772[2]	5,040,180,772	64.68
Mr. DING Xiang Yang	15,000,000	—	15,000,000	0.192
Mr. CHENG Li Xiong	15,000,000	—	15,000,000	0.192
Mr. XIA Jing Hua	5,000,000	—	5,000,000	0.064
Mr. LIU Ning	5,000,000	—	5,000,000	0.064
Mr. LI Xiao Bin	5,000,000	—	5,000,000	0.064
Mr. YAN Zhi Rong	5,000,000	—	5,000,000	0.064

(b) Associated Corporations

Name of Director	Name of Associated Corporation	Number of ordinary shares	Approximate % of shareholding
Mr. ZHANG Zhi Rong	Best Era International Limited	150,000	100% [5]
Mr. ZHANG Zhi Rong[4]	Shanghai Chuangmeng International Architectural Design Co., Ltd.	—	3%

Notes:

(1) This represents interests held by the relevant Director as beneficial owner in share options granted to the Directors under the Pre-IPO Share Option Scheme to subscribe for shares in the Company, details of which are set in the section headed "Share Option Schemes" below.

(2) 5,025,180,772 shares were held by Mr. Zhang Zhi Rong through his wholly-owned company, Best Era International Limited.

(3) The percentage has been compiled based on the total number of shares in the Company in issue as at 31 December 2009 (i.e. 7,792,645,623 ordinary shares).

(4) Ms. Gao Wei Ping holds a 3% equity interest in Shanghai Chuangmeng International Architectural Design Co., Ltd. ("Shanghai Chuangmeng"). Since Mr. Zhang Zhi Rong is the husband of Ms. Gao Wei Ping, he is deemed to be interested in the 3% equity interest in Shanghai Chuangmeng held by Ms. Gao Wei Ping.

(5) The percentage has been compiled based on the total number of shares of Best Era International Limited in issue as at 31 December 2009 (i.e. 150,000 ordinary shares).

All of the interests disclosed in sections (a) and (b) above represent long positions in the shares of the Company or the Associated Corporations.

Save as aforesaid, as at 31 December 2009, none of the Directors or their associates had any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

As at 31 December 2009, 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 annual report.

Apart from the aforesaid, at no time during the year ended 31 December 2009 was the Company, its holding company or any subsidiary of the Company or its holding company, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' Interests in the Share Capital of the Company

As at 31 December 2009, the interests of substantial shareholders (other than the Directors) in the shares or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity in which ordinary shares were held	Number of ordinary shares	Long position/ Short position/ Lending pool	Approximate % of shareholding
Best Era International Limited [(1)]	Beneficial owner	5,025,180,772	Long position	64.49 [(2)]

Notes:

(1) Best Era International Limited is owned as to 100% by Mr. Zhang Zhi Rong, who is also the sole director of Best Era International Limited.

(2) The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 31 December 2009 (i.e. 7,792,645,623 ordinary shares).

Apart from the aforesaid, as at 31 December 2009, the Company had not been notified of any interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

Share Option Schemes

Pursuant to a resolution in writing passed by all the shareholders of the Company on 9 September 2009, the Company conditionally approved and adopted a Pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") 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.

Pursuant to a resolution in writing passed by all the shareholders of the Company on 9 September 2009, the Company also approved and adopted a share option scheme for the purpose of enabling the Group to grant options to selected participants as incentives or rewards for their contribution to the Group (the "Share Option Scheme"). During the period from 9 September 2009 to 31 December 2009, no share options had been granted under the Share Option Scheme.

Particulars of the Company's share option schemes are set out in note 38 to the consolidated financial statements. Details of the options which have been granted under the Pre-IPO Share Option Scheme during the year ended 31 December 2009 are as follows:

1. Outstanding options as at 31 December 2009

Name or category of participant	Date of grant	Exercisable period	Exercise price HK$	Number of options outstanding as at 31 December 2009
Mr. ZHANG Zhi Rong	9 September 2009	Note	1.76	15,000,000
Mr. DING Xiang Yang	9 September 2009	Note	1.76	15,000,000
Mr. CHENG Li Xiong	9 September 2009	Note	1.76	15,000,000
Mr. XIA Jing Hua	9 September 2009	Note	1.76	5,000,000
Mr. LIU Ning	9 September 2009	Note	1.76	5,000,000
Mr. LI Xiao Bin	9 September 2009	Note	1.76	5,000,000
Mr. YAN Zhi Rong	9 September 2009	Note	1.76	5,000,000
Senior management (in aggregate)	9 September 2009	Note	1.76	17,000,000
Total				**82,000,000**

2. Options granted during the year ended 31 December 2009

Category of participant	Date of grant	Exercisable period	Exercise price HK$	Number of options granted for the year ended 31 December 2009
Directors	9 September 2009	Note	1.76	65,000,000
Senior management	9 September 2009	Note	1.76	19,000,000
Total				**84,000,000**

3. Options exercised during the year ended 31 December 2009

Category of participant	Date of grant	Exercise price	Number of shares acquired on exercise of options HK$	Weighted average closing price of the shares immediately before the date on which the options were exercised HK$
Senior management	9 September 2009	1.76	2,000,000	3.5

4. Options cancelled or lapsed during the year ended 31 December 2009

   During the year under review, no share options were cancelled or lapsed.

Other than the share options disclosed above, at no time during the Review Period was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

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

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

The value of the share options granted by the Company during the year and the accounting policy adopted for the share options are set out in note 38(a) to the consolidated financial statements.

Pre-emptive Rights

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

Connected Transactions

Pursuant to Chapter 14A of the Listing Rules, the following transactions are "connected transactions" or "continuing connected transactions" as defined in the Listing Rules and which are subject to the disclosure requirements under Chapter 14A of the Listing Rules. Certain of these connected transactions which also constitute related party transactions are set out in note 35 to the consolidated financial statements. Details of such transactions are as follows:

(A) Connected transactions

Acquisition of 100% equity interest in subsidiaries of Jiangsu Rongsheng

On 20 November 2009, Glorious Wangjiarui (Wuxi) Co., Ltd. (formerly known as Wuxi Wangjiarui Co., Ltd.), an indirect wholly-owned subsidiary of the Company, entered into an acquisition agreement (the "Acquisition Agreement") with Jiangsu Rongsheng Shipbuilding Co. Ltd. ("Jiangsu Rongsheng") to acquire 100% of the equity interest in one or more subsidiaries of Jiangsu Rongsheng which are expected to acquire the land use rights for two parcels of land located in Xuhui District, Shanghai, for a total consideration of RMB2.0 billion. As Mr. Zhang Zhi Rong, the Chairman and the indirect ultimate controlling shareholder of the Company, is also the indirect controlling shareholder of Jiangsu Rongsheng, Jiangsu Rongsheng is a connected person of the Company under the Listing Rules.

The Acquisition Agreement and the transactions contemplated thereunder were approved by the independent shareholders of the Company at an extraordinary general meeting of the Company held on 15 December 2009 in accordance with the requirements of the Listing Rules. As at 31 December 2009, the Group had not paid any portion of the consideration as the necessary conditions for such payment are yet to be met.

(B) Continuing connected transactions

Shanghai Ditong entered into a framework construction services agreement (the "Construction Services Agreement") on 9 September 2009 with the Company, pursuant to which Shanghai Ditong has agreed to provide construction and related services to us according to the tender documents and the construction contracts signed between Shanghai Ditiong and the Group from time to time. The Construction Services Agreement is effective from the Listing Date up to 31 December 2011.

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

For the year ended 31 December 2009, the annual cap for the continuing connected transactions between the Group and Shanghai Ditong under the Construction Services Agreement is RMB1,171.3 million and the actual transacted amount was RMB816.8 million.

In relation to the anticipated project developments of the Group where the construction company has not been selected on the Listing Date, the Company has undertaken that the annual construction fees payable to Shanghai Ditong will not exceed 40%, 30% and 20%, respectively, of the estimated total amounts payable for such anticipated project developments of the Group for each of the three years ending 31 December 2011 (the "Shanghai Ditong Undertaking"). From the Listing Date to 31 December 2009, as the Group has not entered into any new construction contracts with Shanghai Ditong, the Company has complied with the Shanghai Ditong Undertaking for the year ended 31 December 2009.

(a) Transactions with Shanghai Ditong in respect of contracts signed before the Listing Date

During the year ended 31 December 2009, pursuant to the contracts that were signed before the Listing Date, the total construction fees, including procurement costs, paid or payable to Shanghai Ditong were RMB816.8 million.

(b) Transactions with Shanghai Ditong in respect of contracts signed on or after the Listing Date

During the period from the Listing Date to 31 December 2009, the Group had not entered into any new construction contracts with Shanghai Ditong.

Continuing Corporate Governance Measures

Reference is made to the section ("Connected Transaction Section") headed "Connected Transactions – Corporate Governance Relating to the Selection Process for Construction Services" in the prospectus of the Company dated 21 September 2009. According to the Connected Transaction Section, the Company will put in place certain independent mechanism and procedures with the features ("Features") set out in such section for selection of potential bidder and review of the construction services provided by Shanghai Ditong.

The Group has adopted the Guidelines on Tendering Procedures for Construction Services (工程類招投標工作指引) (the "Guidelines"), and will implement the Guidelines for the first time in April 2010 to select potential bidders for the first property project carried out by the Group since the Listing Date.

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

Before adopting the Guidelines, the Board has conducted a discussion on issues which may possibly arise in the course of the actual implementation of such Guidelines. During the discussion, a question was raised as to whether some of the Features, which require submission of the tender application document of Shanghai Ditong (or a summary thereof) to the following persons for their review ("Previewing Procedures") before submission of such document to the relevant tender bureau of the local government, comply with the relevant bidding and tender laws of the PRC and Shanghai:

(1) the tendering committee, which will comprise members to be appointed by the independent non-executive Directors; and

(2) the independent non-executive Directors.

The Board has sought legal advice from the PRC legal adviser, who is of the view that the Previewing Procedures are not in compliance with the relevant bidding and tender laws of the PRC and Shanghai. Accordingly, the Board has resolved to adopt the Guidelines with substantially all the Features other than those requiring the Previewing Procedures.

The Board is of the view that, even without the Previewing Procedures, the Guidelines are sufficient to protect the interests of the Group and its independent shareholders as a whole. It is because the successful bidder will still be selected by an independent assessment committee based upon the merits of each potential bidder in accordance with the bidding process promulgated by the relevant provincial government. The Board also considers that the exclusion of the Previewing Procedures is necessary for the Group to comply with the relevant PRC laws and regulations.

The independent non-executive Directors of the Company have reviewed the letter from the auditor of the Company to the Board on all the transactions conducted between the Group and Shanghai Ditong from the Listing Date to 31 December 2009, which was prepared in compliance with the requirements under Rule 14A.38 of the Listing Rules. The independent non-executive Directors have also reviewed the terms of the Construction Services Agreement pursuant to a meeting of the independent non-executive directors held on 9 April 2010. They have confirmed that the continuing connected transactions of the Group for the financial year ended 31 December 2009 have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreements governing them and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.38 of the Listing Rules, the Company has engaged the auditor of the Company to conduct certain fact-finding procedures in respect of the continuing connected transactions of the Group in accordance with the Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has confirmed to the Board in writing that for the year ended 31 December 2009, the continuing connected transactions, which were governed by the Construction Services Agreement, (i) have received the approval of the Board of Directors of the Company; (ii) have been entered into in accordance with the relevant agreement governing such transactions; and (iii) have not exceeded the relevant cap amount for the financial year ended 31 December 2009 as set out in the prospectus of the Company issued in connection with the Listing.

Related Party Transactions

Details of the material related party transactions undertaken by the Group in the normal course of business are set out in note 35 to the consolidated financial statements. Those related party transactions which constituted connected transactions/continuing connected transactions under the Listing Rules, which are set out in the section headed "Connected Transactions" above, have complied with Chapter 14A of the Listing Rules.

Post Balance Sheet Events

Details of the significant post balance sheet events are set out in note 39 to the consolidated financial statements.

Management Contracts

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

Directors' Service Contracts

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

Directors' Remuneration

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

Details of the remuneration of the Directors and the five highest paid individuals of the Company in the year ended 31 December 2009 are set out in note 29 to the consolidated financial statements. There was no arrangement under which a Director waived or agreed to waive any remuneration during the year.

Pension Schemes

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

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

Corporate Governance

The Company's corporate governance principles and practices are set out in the corporate governance report on pages 55 to 59 of this annual report.

Auditor

The financial statements for the financial year ended 31 December 2009 have been audited by PricewaterhouseCoopers, who will retire at the conclusion of the forthcoming annual general meeting. A resolution for the re-appointment of PricewaterhouseCoopers as the auditor of the Company will be proposed at that meeting.

On behalf of the Board

Zhang Zhi Rong
Chairman

Hong Kong
12 April 2010

Independent Auditor's Report

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

To the shareholders of Glorious Property Holdings Limited
(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Glorious Property Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 71 to 144, which comprise the consolidated and the Company balance sheets as at 31 December 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 12 April 2010

Consolidated Balance Sheet

As at 31 December 2009

RMB'000	Note	2009	2008
ASSETS			
Non-current assets			
Property, plant and equipment	6	**497,653**	392,313
Investment properties	7	**2,485,200**	1,103,500
Intangible asset	8	**2,087**	—
Investment in an associate	9	**4,500**	4,500
Deferred income tax assets	20	**202,970**	26,820
		3,192,410	1,527,133
Current assets			
Properties under development	11	**11,130,003**	7,345,976
Completed properties held for sale	12	**1,390,132**	1,201,268
Inventories	13	**6,165**	—
Trade and other receivables and prepayments	14	**4,538,191**	2,595,899
Prepaid taxes		**58,430**	106,257
Restricted cash	15	**1,039,058**	84,468
Cash and cash equivalents	16	**5,013,296**	297,221
		23,175,275	11,631,089
Total assets		**26,367,685**	13,158,222

The notes on pages 77 to 144 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet *(Continued)*

As at 31 December 2009

RMB'000	Note	2009	2008
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	17	**68,745**	962
Share premium	17	**7,822,982**	—
Reserves		**3,462,125**	918,056
		11,353,852	919,018
Minority interest		**492,825**	—
Total equity		**11,846,677**	919,018
LIABILITIES			
Non-current liabilities			
Borrowings	19	**5,041,084**	537,000
Deferred income tax liabilities	20	**486,037**	172,937
Obligation under finance lease	21	**17,074**	—
		5,544,195	709,937
Current liabilities			
Advanced proceeds received from customers		**3,627,603**	3,742,816
Trade and other payables	22	**1,871,174**	1,185,235
Income tax payable		**1,670,365**	664,091
Borrowings	19	**1,806,860**	5,937,125
Obligation under finance lease	21	**811**	—
		8,976,813	11,529,267
Total liabilities		**14,521,008**	12,239,204
Total equity and liabilities		**26,367,685**	13,158,222
Net current assets		**14,198,462**	101,822
Total assets less current liabilities		**17,390,872**	1,628,955

Approved by the Board of Directors on 12 April 2010 and signed on its behalf by

Zhang Zhi Rong
Director

Cheng Li Xiong
Director

The notes on pages 77 to 144 are an integral part of these consolidated financial statements.

Balance Sheet

As at 31 December 2009

RMB'000	Note	2009	2008
ASSETS			
Non-current assets			
Interests in subsidiaries	10	**6,423,339**	3,237,792
Current assets			
Prepayments	14	**3,307**	48,067
Restricted cash	15	**128,212**	—
Cash and cash equivalents	16	**1,691,044**	8,912
		1,822,563	56,979
Total assets		**8,245,902**	3,294,771
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	17	**68,745**	962
Share premium	17	**7,822,982**	—
Reserves	18	**(1,589,244)**	(1,042,714)
Total equity/(deficit)		**6,302,483**	(1,041,752)
LIABILITIES			
Current liabilities			
Trade and other payables	22	**69,374**	358
Amounts due to subsidiaries	23	**1,228,573**	29,150
Borrowings	19	**645,472**	4,307,015
Total current liabilities		**1,943,419**	4,336,523
Total equity and liabilities		**8,245,902**	3,294,771
Net current liabilities		**(120,856)**	(4,279,544)
Total assets less current liabilities		**6,302,483**	(1,041,752)

Approved by the Board of Directors on 12 April 2010 and signed on its behalf by

Zhang Zhi Rong
Director

Cheng Li Xiong
Director

The notes on pages 77 to 144 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2009

RMB'000	Note	2009	2008
Revenue	5	**6,171,127**	3,948,959
Cost of sales	26	**(3,201,760)**	(2,293,339)
Gross profit		**2,969,367**	1,655,620
Other income	24	**27,366**	21,405
Other gains, net	25	**1,218,817**	825,563
Selling and marketing expenses	26	**(151,333)**	(150,494)
Administrative expenses	26	**(351,397)**	(214,818)
Finance costs	27	**(27,068)**	(54,479)
Profit before income tax		**3,685,752**	2,082,797
Income tax expenses	30	**(1,319,608)**	(827,806)
Profit for the year		**2,366,144**	1,254,991
Profit for the year attributable to:			
– the Company's equity holders		**2,366,144**	1,254,991
– minority interest		**—**	—
		2,366,144	1,254,991
Other comprehensive income:			
Gain/loss recognised directly in equity		**—**	—
Total comprehensive income for the year attributable to the Company's equity holders		**2,366,144**	1,254,991
Earnings per share for profit attributable to the Company's equity holders (expressed in RMB per share)			
– Basic	31	**0.38**	0.22
– Diluted	31	**0.38**	0.22
Dividend	32	**233,779**	—
Dividend per share (expressed in RMB per share)	32	**0.03**	—

The notes on pages 77 to 144 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 Decement 2009

RMB'000	Year ended 31 December 2009 Attributable to the Company's equity holders									
	Share capital (note 17)	Share premium (note 17)	Merger reserve (note 18(b))	Statutory reserve (note 18(c))	Other reserve (note 18(d))	Employee share-based compen-sation reserve	Retained earnings	Total	Minority interest	Total equity
Balance at 1 January 2009	962	–	(770,477)	79,189	156,290	–	1,453,054	919,018	–	919,018
Total comprehensive income for the year	–	–	–	–	–	–	2,366,144	2,366,144	–	2,366,144
Shareholder's contribution in relation to the Promissory Notes (note 19(a))	–	–	–	–	108,027	–	–	108,027	–	108,027
Issue of shares in connection with the Global Offering (note 17(c))	16,521	7,252,884	–	–	–	–	–	7,269,405	–	7,269,405
Share issuance costs	–	(459,402)	–	–	–	–	–	(459,402)	–	(459,402)
Capitalisation of share premium (note 17(b))	48,683	(48,683)	–	–	–	–	–	–	–	–
Shares issued in relation to the conversion of the Convertible Notes (notes 17(d) and 19(a))	2,561	1,075,100	–	–	–	–	–	1,077,661	–	1,077,661
Employee share-based compensation (note 38)	–	–	–	–	–	69,898	–	69,898	–	69,898
Exercise of share options (note 38)	18	3,083	–	–	–	–	–	3,101	–	3,101
Acquisition of a subsidiary (note 37)	–	–	–	–	–	–	–	–	492,825	492,825
Transfer to statutory reserve	–	–	–	37,678	–	–	(37,678)	–	–	–
Balance at 31 December 2009	68,745	7,822,982	(770,477)	116,867	264,317	69,898	3,781,520	11,353,852	492,825	11,846,677

RMB'000	Year ended 31 December 2008 Attributable to the Company's equity holders									
	Share capital (note 17)	Share premium (note 17)	Merger reserve (note 18(b))	Statutory reserve (note 18(c))	Other reserve (note 18(d))	Employee share-based compen-sation reserve	Retained earnings	Total	Minority interest	Total equity
Balance at 1 January 2008	962	–	(770,477)	46,816	156,290	–	230,436	(335,973)	–	(335,973)
Total comprehensive income for the year	–	–	–	–	–	–	1,254,991	1,254,991	–	1,254,991
Transfer to statutory reserve	–	–	–	32,373	–	–	(32,373)	–	–	–
Balance at 31 December 2008	962	–	(770,477)	79,189	156,290	–	1,453,054	919,018	–	919,018

The notes on pages 77 to 144 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2009

RMB'000	Note	2009	2008
Cash flows from operating activities			
Cash used in operations	33(a)	**(2,431,193)**	(1,864,380)
Income tax paid		**(128,557)**	(271,300)
Interest paid		**(476,063)**	(590,730)
Net cash used in operating activities		**(3,035,813)**	(2,726,410)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(99,161)**	(16,871)
Payments for the construction of investment properties		**(52,511)**	—
Proceeds from disposals of property, plant and equipment		**696**	963
Acquisition of a subsidiary	37	**(2,300)**	—
Advances to and receipt of advances to related parties and third parties, net		**(1,485)**	791,445
Interest received		**5,704**	7,900
Net cash (used in)/generated from investing activities		**(149,057)**	783,437
Cash flows from financing activities			
Net proceeds from issuance of ordinary shares		**6,893,282**	—
Advances from and repayment of advances from related parties and third parties, net		**114,501**	(362,052)
Proceeds from borrowings		**5,866,104**	489,000
Repayment of borrowings		**(4,971,304)**	(1,062,620)
Net cash generated from/(used in) financing activities		**7,902,583**	(935,672)
Net increase/(decrease) in cash and cash equivalents		**4,717,713**	(2,878,645)
Cash and cash equivalents at beginning of the year		**297,221**	3,199,105
Exchange losses on cash and bank balances		**(1,638)**	(23,239)
Cash and cash equivalents at end of the year	16	**5,013,296**	297,221

The notes on pages 77 to 144 are an integral part of these consolidated financial statements.

1 General information

(a) Company 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 was incorporated in the Cayman Islands on 27 July 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

On 2 October 2009, the shares of the Company became listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"), pursuant to which 1,875,000,000 new shares of HK$0.01 each were issued by the Company (the "Global Offering").

These consolidated financial statements are presented in thousands of units of Renminbi (RMB'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 12 April 2010.

(b) Material acquisitions

On 12 October 2009, the Group entered into a share purchase agreement with two third party individuals to acquire the entire equity interest in Tianjin Gangtian Real Estate Investment Co. Ltd. ("Tianjin Gangtian") at cash consideration of approximately RMB848.8 million. Tianjin Gangtian owned certain land use rights in Binhai New District, Tianjin. The acquisition was completed in December 2009 with the cash consideration fully paid. Please refer to note 37 for the accounting of this acquisition in the 2009 consolidated financial statements.

On 15 October 2009, the Group signed an agreement with Nanjing Jiaotong Investment Development Limited ("Nanjing Jiaotong"), an independent third party, for the formation of a project company in which the Group will own a 60% equity interest upon completion of the transaction. The Group's total initial investment in relation to this transaction is RMB1,915.1 million. As at 31 December 2009, the Group has not paid any portion of the consideration as the necessary conditions for such payment are yet to be met.

On 20 November 2009, the Group entered into a purchase agreement with Jiangsu Rongsheng Shipbuilding Co. Ltd. ("Jiangsu Rongsheng"), a company in which Mr. Zhang Zhi Rong, the Company's director and ultimate majority shareholder, holds a controlling stake, to acquire 100% of the equity interests in one or more subsidiaries of Jiangsu Rongsheng that are expected to acquire the land use rights for two parcels of land located in Xuhui District, Shanghai, for a total consideration of RMB2.0 billion. As at 31 December 2009, the Group has not paid any portion of the consideration as the necessary conditions for such payment are yet to be met.

1 General information *(Continued)*

(b) Material acquisitions *(Continued)*

On 18 December 2009, the Group entered into a share purchase agreement with a third party company to acquire the entire equity interest in Highest Reach Limited ("Highest Reach") and an outstanding shareholder loan in the amount of approximately HK$386.8 million, owed by Fast Right Limited ("Fast Right"), the sole wholly-owned subsidiary of Highest Reach, to the seller for a total consideration equal to the US$ equivalent of RMB1,149.4 million. The Group has paid acquisition consideration of approximately RMB399.6 million up to 31 December 2009. Through Fast Right, Highest Reach indirectly owns a 70% equity interest in Tianjin Dong'an Construction Co. Ltd. ("Tianjin Dong'an"), which owns a parcel of land in the southern part of Tianjin. The acquisition was completed in December 2009. The Group has paid a further amount of RMB469.8 million in January 2010, with the remainder of the consideration of RMB280.0 million being payable in installments after certain conditions are met, with the last payment to be paid on or before 5 January 2011. Please refer to note 37 for the accounting of this acquisition in the 2009 consolidated financial statements.

On 30 and 31 December 2009, the Group won auctions and entered into land grant contracts for two parcels of land in Nantong, Jiangsu at a total consideration of RMB4,141.6 million. Apart from the deposits of RMB340.0 million that the Group paid for participating in the auctions, the Group has not yet paid any of the consideration as at 31 December 2009.

In March 2009, the Group acquired 100% of the equity interest in Shanghai Mingbao Construction Co. Ltd. ("Shanghai Mingbao") at cash consideration of RMB2.5 million. Shanghai Mingbao owns a business licence to conduct national interior and exterior decoration and renovation in the PRC. The acquisition was completed in 2009. Please refer to note 37 for the accounting of this acquisition in the 2009 consolidated financial statements.

2 Summary of significant accounting policies

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

(a) Basis of presentation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared in accordance with the HKFRSs under the historical cost convention, as modified by the revaluation of investment properties and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

2 Summary of significant accounting policies *(Continued)*

(a) Basis of presentation *(Continued)*

(i) New and amended standards adopted by the Group

HKICPA has issued certain new standards and amendments which are effective for accounting periods beginning on or after 1 January 2009, which are mandatory for the first time for the financial year beginning 1 January 2009.

- HKAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown separately in the consolidated statement of comprehensive income since the change in accounting policy only impacts presentation aspects, there is no impact on the Group's profit for the years ended 31 December 2008 and 2009 and the total equity as at 31 December 2008 and 2009.

- HKFRS 2 (amendment), 'Share-based payment'. The amendment deals with vesting conditions and cancellations and clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services, they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties should receive the same accounting treatment. The Group has adopted HKFRS 2 (amendment) from 1 January 2009. The amendment does not have a material impact on the consolidated financial statements.

- Amendment to HKFRS 7, 'Financial instruments: disclosures'. The amendment increases the disclosure requirements about fair value measurement and reinforces existing principles for disclosure about liquidity risk. The amendment does not result in substantial changes to the Group's accounting policy.

- HKFRS 8, 'Operating segments'. HKFRS 8 replaces HKAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who makes strategic decisions. The adoption of this standard does not have any impact on the profit for the years ended 31 December 2008 and 2009 and the total equity as at 31 December 2008 and 2009.

2 Summary of significant accounting policies *(Continued)*

(a) Basis of presentation *(Continued)*

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

The following standards, amendments and interpretations have been published and are mandatory for the accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted:

HKFRS 1 (Revised)	First-time Adoption of HKFRS
HKFRS 1 Amendment	Additional Exemptions for First-time Adopters
HKFRS 2 Amendment	Group Cash-settled Share-based Payment Share-based Payment - Transactions
HKFRS 3 (Revised)	Business Combinations
HKFRS 9	Financial Instruments
HKAS 24 (Revised)	Related Party Disclosures
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 Amendment	Financial Instruments: Presentation in Classification of Rights Issues
HKAS 39 Amendment	Financial Instruments: Recognition and Measurement
HK (IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK (IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK (IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

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

2 Summary of significant accounting policies *(Continued)*

(b) Consolidation

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

(i) Subsidiaries

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

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investment in subsidiaries are stated at cost less provision for impairment losses (note 2(g)). The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

2 Summary of significant accounting policies *(Continued)*

(b) Consolidation *(Continued)*

(ii) Associates

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

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

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

2 Summary of significant accounting policies *(Continued)*

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Group companies

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

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

— Income and expenses for each income statement of the companies comprising the Group are translated at average exchange rates; and

— All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2 Summary of significant accounting policies *(Continued)*

(d) Property, plant and equipment

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

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

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

Land and building	40 years
Computer and office equipment	5 years
Motor vehicles	5 years
Furniture, fitting and equipment	5 years
Plant and machinery	10 years
Leasehold improvements	Over the lease terms of 1 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated income statements.

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

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

2 Summary of significant accounting policies *(Continued)*

(e) Investment properties

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

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

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

(f) Intangible asset

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

(g) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

2 Summary of significant accounting policies *(Continued)*

(h) Financial assets

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as "trade and other receivables" in the consolidated balance sheet (note 2(m)).

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the Group commits to purchase or sell the asset.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a Group of financial assets is impaired. Impairment testing of trade and other receivables is described in note 2(m).

(i) Properties under development

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

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

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

(j) Completed properties held for sale

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

2 Summary of significant accounting policies *(Continued)*

(k) Land use rights

Land use rights are up-front payments to acquire long-term interest in leasehold properties, which are stated at cost and are amortised on a straight-line basis over the lease period to the consolidated income statement. The amortisation during the period of construction of the properties is capitalised as cost of properties under development or investment properties.

(l) Inventories

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

(m) Trade and other receivables

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

Trade and other receivables are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition, and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement within "administrative expenses". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "administrative expenses" in the consolidated income statement.

Trade and other receivables are included in current assets, except for those mature after 12 months of the balance sheet date which are classified as non-current assets.

2 Summary of significant accounting policies *(Continued)*

(n) Cash and cash equivalents

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

(o) Share capital

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

(p) Trade and other payables

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

Payables are recognised initially at fair value and subsequently measured at amortised costs using the effective interest method. Trade and other payables are classified as current liabilities if payment is due within one year or less.

(q) Borrowings

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

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the respective balance sheet date.

(r) Borrowing costs

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

2 Summary of significant accounting policies *(Continued)*

(s) Current and deferred income tax

The income tax expenses for the period comprise current and deferred tax. Tax is recognised in the consolidated income statement.

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

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

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

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

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

2 Summary of significant accounting policies *(Continued)*

(t) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Retirement benefits

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

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

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and HK$1,000. The assets of this pension scheme are held separately from those of the Group in independently administrated funds.

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

2 Summary of significant accounting policies *(Continued)*

(u) Share-based payments

(i) Share option schemes

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

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

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

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

(ii) Other share-based payments

In relation to the provision of certain loans by the Investors (as defined in note 19(a)) in November 2007 and August 2009 respectively, Best Era International Limited ("Best Era"), which is the Company's immediate holding company and is wholly owned by Mr. Zhang Zhi Rong, has transferred 0.7% and 0.5% equity interest in the Company to the Investors as arrangement fees for the loans. The fair value of these equity interest is recognised as part of the transaction costs for obtaining the loans. It is offset against the loans and forms part of the borrowing costs as determined by using the effective interest method (note 2(q)).

2 Summary of significant accounting policies *(Continued)*

(v) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and that the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) Sales of properties

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

(ii) Rental income from operating leases

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

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

(iii) Interest income

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

(w) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(i) The Group is the lessee

Payments made under operating leases (net of any incentives received from the lessor), including up-front prepayment made for the land use rights, are charged to the consolidated income statement or capitalised in the properties under development (note 2(i)) on a straight-line basis over the period of the lease.

(ii) The Group is the lessor

Properties leased out under operating leases, that management intends to sell in the ordinary course of business, are included in completed properties held for sale. Properties leased out under operating leases, that management intends to held for long-term rental yields, are included in investment properties.

2 Summary of significant accounting policies *(Continued)*

(x) Finance leases

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

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

(y) Dividend distribution

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

(z) Financial guarantee

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

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

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

2 Summary of significant accounting policies *(Continued)*

(aa) Provisions and contingent liabilities

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

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

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

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

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

(ab) Segment reporting

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

3 Financial risk management

(a) Financial risk factors

The Group's major financial instruments include cash and bank deposits, trade and other receivables, trade and other payables and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group has not used any kind of derivative financial instruments to hedge its risk exposures as the Group's exposure to market risks (including currency risk, interest rate risk and price risk) is regarded to be insignificant.

(i) Foreign currency exchange risk

The Group's property development projects are all located in the PRC and all the related transactions are settled in RMB. The Company and certain of the investment holding companies within the Group operate in Hong Kong which have recognised assets and liabilities in currencies other than RMB. The directors consider the exposures to foreign currency exchange risk in relation to those assets and liabilities to be insignificant. As at 31 December 2009, the Group has cash and bank balances, borrowings and trade and other payables that are denominated in foreign currencies as follows:

RMB'000	2009	2008
Cash and bank balances:		
US$	**2,240,573**	23,341
HK$	**148,668**	3,244
	2,389,241	26,585

RMB'000	2009	2008
Borrowings:		
US$	**645,472**	—
	645,472	—

RMB'000	2009	2008
Trade and other payables:		
US$	**17,003**	371
HK$	**55,202**	1,413
	72,205	1,784

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(i) Foreign currency exchange risk (Continued)

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

As at 31 December 2009, if RMB had strengthened/weakened by 5% against US$, with all other variables held constant, post-tax profit for the year ended 31 December 2009 would have been approximately RMB81.3 million lower/higher (2008: RMB 1.4 million lower). Profit is more sensitive to movement in RMB/US$ exchange rates in 2009 than 2008 because of the increased amount of US$ denominated net asset.

(ii) Interest rate risk

As the Group has no significant assets that bear floating interest rates, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's receivables that carry at fixed interest rates may expose the Group to fair value interest rate risk.

The Group's exposures to changes in interest rates are mainly attributable to its borrowings (note 19). Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates exposed the Group to fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis and will consider the interest rate exposure when entering into any refinancing, renewal of existing positions and alternative financing transactions.

(iii) Price risk

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

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(iv) Credit risk

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

For banks and financial institutions, deposits are only placed with reputable banks. For credit exposures to customers, generally, the Group requires full payment from customers before delivery of properties. Credit terms are only granted to customers for very rare cases upon obtaining approval from the Company's senior management after assessing the credit history of those customers. The Group has set out policies to ensure follow-up action is taken to recover overdue debts and the Group reviews regularly the recoverable amount of each individual trade and other receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 36.

(v) Liquidity risk

Management of the Group aims to maintain sufficient cash from operating activities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the Group's liquidity by preparing and reviewing rolling cashflow forecast that covers (i) monthly cash flow forecast for the coming month and (ii) quarterly cash flow forecast for the next six-month period.

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

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(v) ***Liquidity risk*** *(Continued)*

Group

RMB'000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2009					
Borrowings	**2,899,939**	**3,777,156**	**1,135,637**	**704,359**	**8,517,091**
Obligation under finance lease	**860**	**920**	**2,760**	**46,768**	**51,308**
Trade and other payables	**1,871,174**	**—**	**—**	**—**	**1,871,174**
Financial guarantee	**2,749,849**	**—**	**—**	**—**	**2,749,849**
Total	**7,521,822**	**3,778,076**	**1,138,397**	**751,127**	**13,189,422**
At 31 December 2008					
Borrowings	6,983,177	565,479	—	—	7,548,656
Trade and other payables	1,193,093	—	—	—	1,193,093
Financial guarantee	2,662,065	—	—	—	2,662,065
Total	10,838,335	565,479	—	—	11,403,814

Company

RMB'000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2009					
Borrowings	**727,234**	**—**	**—**	**—**	**727,234**
Trade and other payables	**69,374**	**—**	**—**	**—**	**69,374**
Total	**796,608**	**—**	**—**	**—**	**796,608**
At 31 December 2008					
Borrowings	5,266,137	—	—	—	5,266,137
Trade and other payables	358	—	—	—	358
Total	5,266,495	—	—	—	5,266,495

3 Financial risk management *(Continued)*

(b) Capital risk management

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

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

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances (including cash and cash equivalents and restricted cash). The Group's strategy is to maintain stable gearing ratio within 40% to 60%. The gearing ratios at 31 December 2009 and 2008 were as follows:

RMB'000	2009	2008
Total borrowings (note 19)	**6,847,944**	6,474,125
Less: cash and bank balances	**(6,052,354)**	(381,689)
Net debt	**795,590**	6,092,436
Total equity	**11,846,677**	919,018
Gearing ratio	**6.7%**	662.9%

The decrease in gearing ratio for 2009 was resulted from the increase in cash and bank balances and equity as a result of the completion of the Global Offering on 2 October 2009. As at 31 December 2009, a portion of the proceeds received from the Global Offering were temporarily kept in the Group's bank accounts for investing into property development projects.

3 Financial risk management *(Continued)*

(c) Fair value estimation

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

The carrying amounts of the Group's financial assets and liabilities (including cash and cash equivalents, trade and other receivables, trade and other payables) approximate their fair values due to their short maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cashflows at the current market interest rate that is available to the Group for similar financial instruments.

4 Critical accounting estimates and judgements

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

(a) Income tax and deferred income tax

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

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

(b) Land appreciation tax

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

4 Critical accounting estimates and judgements *(Continued)*

(c) Estimated valuation of investment properties

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

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

(d) Sales recognition on properties sold

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

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

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

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

(e) Fair value of share options at grant date

Determining the fair value of share options at grant date requires actuarial assumptions made in respect of the volatility of the stock, risk-free interest rates, forfeiture rate and sub-optional exercise factors. Changes to these assumptions could have a significant impact to the amounts to be charged to the statement of comprehensive income in each of the subsequent financial periods. Details of these assumptions are set out in Note 38.

5 Segment information

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

The Board of Directors considers the business from geographical perspective and assesses the performance of property development in four reportable operating segments, namely Shanghai, Eastern China, Pan Bohai Rim and Northeast China.

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

Total segment assets excluded deferred income tax assets and other unallocated corporate assets. Total segment liabilities excluded deferred income tax liabilities and borrowings (excluding the bank borrowings being managed in the subsidiary segments).

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

RMB'000	Shanghai	Eastern China	Pan Bohai Rim	Northeast China	All other segments	Total
Year ended 31 December 2009						
Total revenue	**4,361,811**	**730,777**	**983,959**	**101,559**	**—**	**6,178,106**
Inter-segment revenue	**(6,979)**	**—**	**—**	**—**	**—**	**(6,979)**
Revenue (from external customers)	**4,354,832**	**730,777**	**983,959**	**101,559**	**—**	**6,171,127**
Segment results	**3,373,462**	**67,952**	**220,653**	**(23,378)**	**(115,713)**	**3,522,976**
Depreciation and amortisation	**(9,622)**	**(1,488)**	**(2,302)**	**(968)**	**(209)**	**(14,589)**
Interest income	**1,364**	**862**	**826**	**243**	**2,409**	**5,704**
Finance costs	**(23,882)**	**(2,154)**	**(818)**	**(200)**	**(14)**	**(27,068)**
Income tax expenses	**(1,205,580)**	**(17,643)**	**(103,058)**	**6,673**	**—**	**(1,319,608)**
Year ended 31 December 2008						
Total revenue	2,340,361	245,522	979,235	383,841	—	3,948,959
Inter-segment revenue	—	—	—	—	—	—
Revenue (from external customers)	2,340,361	245,522	979,235	383,841	—	3,948,959
Segment results	2,009,624	(35,636)	175,230	11,293	(21,616)	2,138,895
Depreciation and amortisation	(6,605)	(793)	(1,260)	(706)	(155)	(9,519)
Interest income	3,122	1,962	828	1,358	630	7,900
Finance costs	(51,950)	(1,117)	(660)	(746)	(6)	(54,479)
Income tax expenses	(764,374)	(6,327)	(52,704)	(4,401)	—	(827,806)

5 Segment information *(Continued)*

RMB'000	Shanghai	Eastern China	Pan Bohai Rim	Northeast China	All other segments	Elimination	Total
As at 31 December 2009							
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**
Addition to non-current assets (other than deferred income tax assets)	**141,623**	**546**	**29,358**	**292**	**340**	**—**	**172,159**
Deferred income tax assets							**202,970**
Other unallocated corporate assets							**2,156,292**
Total assets							**26,367,685**
Total segment liabilities	**8,716,207**	**5,305,621**	**3,492,974**	**1,016,498**	**8,885,272**	**(16,098,008)**	**11,318,564**
Deferred income tax liabilities							**486,037**
Borrowings							**2,716,407**
Total liabilities							**14,521,008**
As at 31 December 2008							
Total segment assets	8,353,866	5,196,772	2,868,279	1,904,337	3,797,048	(10,120,612)	11,999,690
Total segment assets include:							
Investment in an associate	4,500	—	—	—	—	—	4,500
Addition to non-current assets (other than deferred income tax assets)	8,725	2,461	1,910	2,807	1,016	—	16,919
Deferred income tax assets							26,820
Other unallocated corporate assets							1,131,712
Total assets							13,158,222
Total segment liabilities	6,347,961	1,868,265	1,305,011	753,002	712,525	(3,227,512)	7,759,252
Deferred income tax liabilities							172,937
Borrowings							4,307,015
Total liabilities							12,239,204

RMB'000	2009	2008
Segment results	**3,522,976**	2,138,895
Depreciation and amortisation	**(14,589)**	(9,519)
Gain on extinguishment of financial liability (notes 19(a) and 25)	**198,729**	—
Operating profit	**3,707,116**	2,129,376
Interest income	**5,704**	7,900
Finance costs	**(27,068)**	(54,479)
Profit before income tax	**3,685,752**	2,082,797

5 Segment information *(Continued)*

Analysis of revenue by category

RMB'000	2009	2008
Sales of properties	6,163,793	3,948,959
Others	7,334	—
Total	6,171,127	3,948,959

6 Property, plant and equipment

RMB'000	Land and building	Computer and office equipment	Motor vehicles	Furniture, fitting and equipment	Leasehold improvements	Plant and machinery	Construction in progress	Total
At 1 January 2008								
Cost	–	4,953	22,479	1,725	–	–	–	29,157
Accumulated depreciation	–	(2,313)	(9,640)	(804)	–	–	–	(12,757)
Net book amount	–	2,640	12,839	921	–	–	–	16,400
Year ended 31 December 2008								
Opening net book amount	–	2,640	12,839	921	–	–	–	16,400
Acquisition of subsidiaries	–	48	–	–	–	–	–	48
Additions	–	2,658	8,160	1,499	4,554	–	–	16,871
Transfer from properties under development	–	–	–	–	–	–	367,325	367,325
Disposals	–	(39)	(776)	(477)	–	–	–	(1,292)
Depreciation	–	(967)	(5,048)	(269)	(755)	–	–	(7,039)
Closing net book amount	–	4,340	15,175	1,674	3,799	–	367,325	392,313
At 31 December 2008								
Cost	–	7,446	29,141	2,714	4,554	–	367,325	411,180
Accumulated depreciation	–	(3,106)	(13,966)	(1,040)	(755)	–	–	(18,867)
Net book amount	–	4,340	15,175	1,674	3,799	–	367,325	392,313
Year ended 31 December 2009								
Opening net book amount	—	4,340	15,175	1,674	3,799	—	367,325	392,313
Acquisition of subsidiaries (note 37)	—	47	1,100	—	—	—	—	1,147
Additions	24,524	6,262	10,027	87	—	6,350	68,752	116,002
Disposals	—	(48)	(838)	—	—	—	—	(886)
Depreciation	(2,758)	(1,797)	(4,830)	(392)	(944)	(202)	—	(10,923)
Closing net book amount	21,766	8,804	20,634	1,369	2,855	6,148	436,077	497,653
At 31 December 2009								
Cost	24,524	13,595	38,780	2,801	4,554	6,350	436,077	526,681
Accumulated depreciation	(2,758)	(4,791)	(18,146)	(1,432)	(1,699)	(202)	—	(29,028)
Net book amount	21,766	8,804	20,634	1,369	2,855	6,148	436,077	497,653

6 Property, plant and equipment *(Continued)*

Construction in progress comprises the land costs, construction costs, borrowing costs and professional fees incurred during the development period. The movement of land use rights are as follows:

RMB'000	2009	2008
Opening net book amount	**39,440**	—
Transfer from properties under development	**—**	39,440
Amortisation		
– Capitalised in construction in progress	**(864)**	—
Closing net book amount	**38,576**	39,440

As at 31 December 2009, all construction in progress (2008: nil) were pledged as collateral for the Group's borrowings (note 19).

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

RMB'000	2009	2008
Properties under development	**3,040**	468
Cost of sales	**206**	—
Selling and marketing expenses	**470**	260
Administrative expenses	**7,207**	6,311
	10,923	7,039

Land and building includes the following amounts where the Group is a lessee under a finance lease:

RMB'000	2009	2008
Cost - capitalised finance leases (note 33 (b)(ii))	**24,524**	—
Accumulated depreciation	**(2,758)**	—
	21,766	—

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

7 Investment properties

RMB'000	2009	2008
At beginning of the year	**1,103,500**	—
Additions	**52,511**	—
Transfer from properties under development	**134,212**	257,415
Transfer from completed properties held for sale	**167,992**	—
Fair value gain (included in "other gains, net")	**1,026,985**	846,085
At end of the year	**2,485,200**	1,103,500

The investment properties were valued on 31 December 2008 and 2009 at fair value by Jones Lang LaSalle Sallmanns Limited, an independent and professionally qualified valuer.

As at 31 December 2009, investment properties of carrying value of RMB1,393,710,000 (2008: nil) were pledged as collateral for the Group's borrowings (note 19).

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

RMB'000	2009	2008
In the PRC, held on:		
Leases of 10-50 years	**1,346,800**	1,103,500
Leases of over 50 years	**1,138,400**	—
	2,485,200	1,103,500

8 Intangible asset

RMB'000	2009	2008
At beginning of the year	**—**	—
Acquisition of a subsidiary (note 37)	**2,500**	—
Amortisation charge	**(413)**	—
At end of the year	**2,087**	—
At end of the year		
Cost	**2,500**	—
Accumulated amortisation	**(413)**	—
Net book amount	**2,087**	—

9 Investment in an associate

RMB'000	2009	2008
Investment in an associate	**4,500**	4,500

The Group's investment in an associate represents the 45% equity interest in Shanghai Chuangmeng International Architectural Design Co., Ltd. （上海創盟國際建築設計有限公司）(“Shanghai Chuangmeng”) that the Group acquired such 45% interest in April 2008. Shanghai Chuangmeng was established in the PRC on 15 September 1993 with registered share capital of RMB10,000,000.

10 Interests in subsidiaries - Company

RMB'000	2009	2008
Unlisted shares, at cost	**—**	—
Advances to subsidiaries (a)	**6,423,339**	3,237,792
	6,423,339	3,237,792

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

10 Interests in subsidiaries - Company *(Continued)*

Particulars of the subsidiaries of the Company as at 31 December 2009 are set out below:

Name	Date of incorporation/ establishment	Country/place of incorporation/ establishment and operation	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest 2008	2009	Principal activities
Directly held:							
Bright New Investments Limited (明新投資有限公司)	2 May 2007	The British Virgin Islands (The "BVI")	Limited company	US$50,000	100%	100%	Investment holding
Indirectly held:							
Allied Honest Holdings Limited	30 March 2006	The BVI	Limited company	US$1,000	100%	100%	Investment holding
East Harbour Development Limited	9 March 2006	The BVI	Limited company	US$1,000	100%	100%	Investment holding
Grand Target Group Limited (君達集團有限公司)	23 January 2006	The BVI	Limited company	US$1,000	100%	100%	Investment holding
Regal World Development Limited	21 February 2006	The BVI	Limited company	US$1,000	100%	100%	Investment holding
Vieward Group Limited (景向集團有限公司)	15 February 2006	The BVI	Limited company	US$1,000	100%	100%	Investment holding
Highest Reach Limited	9 March 2007	The BVI	Limited company	US$50,000	–	100%	Investment holding
Rich Tech International Enterprise Limited (富達國際企業有限公司)	2 June 2006	Hong Kong	Limited company	HK$1	100%	100%	Investment holding
Extreme (Asia) Limited (永和(亞洲)有限公司)	15 May 2006	Hong Kong	Limited company	HK$1	100%	100%	Investment holding
Cheston Holdings Limited (卓怡集團有限公司)	14 June 2006	Hong Kong	Limited company	HK$1	100%	100%	Investment holding
Worldex Investment Development Limited (恒匯投資發展有限公司)	14 June 2006	Hong Kong	Limited company	HK$1	100%	100%	Investment holding
Venture Hong Kong Group Limited (富昇香港集團有限公司)	26 June 2006	Hong Kong	Limited company	HK$1	100%	100%	Investment holding
Fast Right Limited	15 December 2006	Hong Kong	Limited company	HK$10,000	–	100%	Investment holding
Fusheng Real Estate Development (Nantong) Co., Ltd. (富昇房地產開發(南通)有限公司)	27 June 2005	The PRC	Limited company	US$99,960,000	100%	100%	Property development and investment holding
Fuda Real Estate Development (Nantong) Co., Ltd. (富達房地產開發(南通)有限公司)	1 August 2006	The PRC	Limited company	US$111,880,000	100%	100%	Property development and investment holding
Yonghe Real Estate Development (Nantong) Co., Ltd. (永和房地產開發(南通)有限公司)	10 April 2006	The PRC	Limited company	US$66,800,000	100%	100%	Property development and investment holding

10 Interests in subsidiaries - Company *(Continued)*

Name	Date of incorporation/ establishment	Country/place of incorporation/ establishment and operation	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest 2008	2009	Principal activities
Henghui Real Estate Development (Nantong) Co., Ltd. (恒匯房地產開發（南通）有限公司)	22 July 2005	The PRC	Limited company	US$112,990,000	100%	100%	Property development and investment holding
Nantong Jigui Road Estate Development Co., Ltd. (南通杰匯置業發展有限公司)	14 April 2006	The PRC	Limited company	US$29,990,000	100%	100%	Property development and investment holding
Nantong Jiangle Real Estate Development Co., Ltd. (南通江樂房地產開發有限公司)	27 June 2006	The PRC	Limited company	US$99,800,000	100%	100%	Property development and investment holding
Nantong Lehua Real Estate Development Co., Ltd. (南通樂華房地產開發有限公司)	29 June 2006	The PRC	Limited company	US$29,800,000	100%	100%	Property development and investment holding
Nantong Huangshi Hui Real Estate Development Co., Ltd. (南通皇室會房地產開發有限公司)	25 July 2005	The PRC	Limited company	US$29,990,000	100%	100%	Property development and investment holding
Zhuo Yi Real Estate Development (Nantong) Co., Ltd. (卓怡房地產開發（南通）有限公司)	2 August 2006	The PRC	Limited company	US$99,800,000	100%	100%	Property development and investment holding
Glorious Yijing (Shanghai) Property Development Co., Ltd. (note (a)) (恒盛意景（上海）房地產開發有限公司)	22 January 2001	The PRC	Limited company	RMB563,587,214	100%	100%	Property development and investment holding
Glorious Yangguang Xindi (Tianjin) Investment Co., Ltd. (note (a)) (恒盛陽光鑫地（天津）投資有限公司)	19 May 2003	The PRC	Limited company	RMB806,039,565	100%	100%	Property development and investment holding
Glorious Wangjiarui (Wuxi) Co., Ltd. (note (a)) (恒盛旺佳瑞（無錫）有限公司)	7 September 2004	The PRC	Limited company	RMB1,197,911,767	100%	100%	Property development and investment holding

10 Interests in subsidiaries - Company *(Continued)*

Name	Date of incorporation/ establishment	Country/place of incorporation/ establishment and operation	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest 2008	2009	Principal activities
Glorious Yangguang Xindi (Liaoning) Property Development Co., Ltd. (note (a)) （恒盛陽光鑫地（遼寧）置業有限公司）	6 June 2005	The PRC	Limited company	RMB1,333,502,483	100%	100%	Property development and investment holding
Shanghai Xintai Property Development Co., Ltd. （上海鑫泰房地產發展有限公司）	22 April 1999	The PRC	Limited company	RMB800,000,000	100%	100%	Property development
Glorious Shengtong (Shanghai) Property Development Co., Ltd. (note (a)) （恒盛勝通（上海）房地產開發有限公司）	19 June 2001	The PRC	Limited company	RMB8,000,000	100%	100%	Property development
Glorious Anshun (Shanghai) Property Development Co., Ltd. (note (a)) （恒盛安順（上海）房地產發展有限公司）	18 January 1996	The PRC	Limited company	RMB30,000,000	100%	100%	Property development
Glorious Haosen (Shanghai) Property Co., Ltd. (note (a)) （恒盛豪森（上海）房地產有限公司）	6 October 1998	The PRC	Limited company	RMB80,000,000	100%	100%	Property
Glorious Hongsheng (Suzhou) Property Development Co., Ltd. (note (a)) （恒盛弘晟（蘇州）置業有限公司）	17 March 2005	The PRC	Limited company	RMB170,000,000	100%	100%	Property development
Glorious Zhuowei (Nantong) Trade Development Co., Ltd. (note (a)) （恒盛焯煒（南通）貿易發展有限公司）	5 June 2003	The PRC	Limited company	RMB155,000,000	100%	100%	Property development
Glorious Yangguang Xindi (Beijing) Property Development Co., Ltd. (note (a)) （恒盛陽光鑫地（北京）置業有限公司）	25 February 2003	The PRC	Limited company	RMB129,000,000	100%	100%	Property development
Glorious Hetian Hexin (Beijing) Property Development Co., Ltd. (note (a)) （恒盛合天和信（北京）房地產開發有限公司）	25 December 2001	The PRC	Limited company	RMB130,000,000	100%	100%	Property development
Glorious Hongyun (Tianjin) Investment Co., Ltd. (note (a)) （恒盛弘耘（天津）投資有限公司）	13 September 2004	The PRC	Limited company	RMB88,000,000	100%	100%	Property development

10 Interests in subsidiaries - Company *(Continued)*

Name	Date of incorporation/ establishment	Country/place of incorporation/ establishment and operation	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest 2008	2009	Principal activities
Glorious Hengmao (Hefei) Property Development Co., Ltd. (note (a)) (恒盛恒茂（合肥）房地產開發有限公司)	24 October 2007	The PRC	Limited company	RMB509,830,227	100%	100%	Property development
Glorious Yangguang Binhai (Harbin) Property Co., Ltd. (note (a)) (恒盛陽光濱海（哈爾濱）置業有限公司)	19 December 2007	The PRC	Limited company	RMB260,000,000	100%	100%	Property development
Glorious Rongsheng (Nantong) Building Real Estate Development Co., Ltd. (note (a)) (恒盛熔盛大廈（南通）房地產開發有限公司)	12 December 2007	The PRC	Limited company	RMB30,000,000	100%	100%	Property development
Glorious Tianxingjian (Tianjin) Real Estate Investment Co., Ltd. (note (a)) (恒盛天行健（天津）房地產投資有限公司)	20 March 2006	The PRC	Limited company	RMB53,480,000	100%	100%	Property development
Tianjin Dong'an Construction Co. Ltd. (天津東岸建設有限公司)	11 March 2005	The PRC	Limited company	RMB510,000,000	–	70%	Property development
Tianjin Gangtian Real Estate Investment Co. Ltd. (天津港天房地產投資有限公司)	21 March 2006	The PRC	Limited company	RMB136,265,000	–	100%	Property development
Shanghai Hongye Property Development Co., Ltd. (上海弘曄房地產發展有限公司)	7 April 2008	The PRC	Limited company	RMB150,000,000	100%	100%	Property development
Wuxi Wangjiarui Decoration and Renovation Co., Ltd. (note (a)) (無錫旺佳瑞裝飾裝修有限公司)	13 May 2008	The PRC	Limited company	RMB5,000,000	100%	100%	Interior and exterior decoration and renovation
Glorious Shuntianlong (Shanhgai) Concrete Co., Ltd. (note (a)) (恒盛順添隆（上海）混凝土有限公司)	14 November 2008	The PRC	Limited company	RMB30,000,000	100%	100%	Trading of concrete
Glorious Qiwei (Shanghai) Industry Co., Ltd. (note (a)) (恒盛祺偉（上海）實業有限公司)	24 September 2008	The PRC	Limited company	RMB100,000,000	100%	100%	Wholesale of construction materials

10 Interests in subsidiaries - Company *(Continued)*

Name	Date of incorporation/ establishment	Country/place of incorporation/ establishment and operation	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest 2008	2009	Principal activities
Shanghai Mingbao Construction Co., Ltd. (上海明寶建設工程有限公司)	17 January 2004	The PRC	Limited company	RMB100,000,000	–	100%	Interior and exterior decoration and renovation

(a) These represent the revised names of the subsidiaries subsequent to 28 December 2009. Below is a comparision of the company names before and after such change:

Name before change	Name after change
Shanghai Yijing Property Development Co., Ltd. (上海意景房地產開發有限公司)	Glorious Yijing (Shanghai) Property Development Co., Ltd. (恒盛意景（上海）房地產開發有限公司)
Tianjin Yangguang Xindi Investment Co., Ltd. (天津陽光鑫地投資有限公司)	Glorious Yangguang Xindi (Tianjin) Investment Co., Ltd. (恒盛陽光鑫地（天津）投資有限公司)
Wuxi Wangjiarui Co., Ltd. (無錫旺佳瑞有限公司)	Glorious Wangjiarui (Wuxi) Co., Ltd. (恒盛旺佳瑞（無錫）有限公司)
Liaoning Yangguang Xindi Property Development Co., Ltd. (遼寧陽光鑫地置業有限公司)	Glorious Yangguang Xindi (Liaoning) Property Development Co., Ltd. (恒盛陽光鑫地（遼寧）置業有限公司)
Shanghai Shengtong Property Development Co., Ltd. (上海勝通房地產發展有限公司)	Glorious Shengtong (Shanghai) Property Development Co., Ltd. (恒盛勝通（上海）房地產開發有限公司)
Shanghai Anshun Property Development Co., Ltd. (上海安順房地產發展有限公司)	Glorious Anshun (Shanghai) Property Development Co., Ltd. (恒盛安順（上海）房地產發展有限公司)
Shanghai Haosen Property Co., Ltd. (上海豪森房地產有限公司)	Glorious Haosen (Shanghai) Property Co., Ltd. (恒盛豪森（上海）房地產有限公司)
Suzhou Hongsheng Property Co., Ltd. (蘇州弘晟房地產有限公司)	Glorious Hongsheng (Suzhou) Property Development Co., Ltd. (恒盛弘晟（蘇州）置業有限公司)
Nantong Zhuowei Trade Development Co., Ltd. (南通焯煒貿易發展有限公司)	Glorious Zhuowei (Nantong) Trade Development Co., Ltd. (恒盛焯煒（南通）貿易發展有限公司)
Beijing Yangguang Xindi Property Development Co., Ltd. (北京陽光鑫地置業有限公司)	Glorious Yangguang Xindi (Beijing) Property Development Co., Ltd. (恒盛陽光鑫地（北京）置業有限公司)
Beijing Hetian Hexin Property Development Co., Ltd. (北京合天和信房地產開發有限公司)	Glorious Hetian Hexin (Beijing) Property Development Co., Ltd. (恒盛合天和信（北京）房地產開發有限公司)
Tianjin Hongyun Investment Co., Ltd. (天津弘耘投資有限公司)	Glorious Hongyun (Tianjin) Investment Co., Ltd. (恒盛弘耘（天津）投資有限公司)
Anhui Hengmao Property Development Co., Ltd. (安徽恆茂房地產開發有限公司)	Glorious Hengmao (Hefei) Property Development Co., Ltd. (恒盛恒茂（合肥）房地產開發有限公司)
Harbin Yangguang Binhai Property Co., Ltd. (哈爾濱陽光濱海置業有限公司)	Glorious Yangguang Binhai (Harbin) Property Development Co., Ltd. (恒盛陽光濱海（哈爾濱）置業有限公司)
Nantong Rongsheng Building Real Estate Development Co., Ltd. (南通熔盛大廈房地產開發有限公司)	Glorious Rongsheng Building (Nantong) Property Development Co., Ltd. (恒盛熔盛大廈（南通）房地產開發有限公司)
Tianjin Tianxingjian Real Estate Investment Co., Ltd. (天津天行健房地產投資有限公司)	Glorious Tianxingjian (Tianjin) Real Estate Investment Co., Ltd. (恒盛天行建（天津）房地產投資有限公司)
Shanghai Shuntianlong Concrete Co., Ltd. (上海順添隆混凝土有限公司)	Glorious Shuntianlong (Shanghai) Concrete Co., Ltd. (恒盛順添隆（上海）混凝土有限公司)
Shanghai Qiwei Industry Co., Ltd. (上海祺偉實業有限公司)	Glorious Qiwei (Shanghai) Industry Co., Ltd. (恒盛祺偉（上海）實業有限公司)

(b) Wuxi Wangjiarui Decoration and Renovation Co., Ltd. has been deregistered on 27 January 2010.

11 Properties under development

RMB'000	2009	2008
Within normal operating cycle included under current assets	**11,130,003**	7,345,976
Amount comprised:		
Land use rights (a)	**5,746,245**	3,182,450
Construction costs and capitalised expenditures	**2,863,419**	2,674,982
Interest capitalised	**2,520,339**	1,488,544
	11,130,003	7,345,976

The properties under development are all located in the PRC.

As at 31 December 2009, properties under development of carrying value of RMB4,454,593,000 (2008: RMB2,541,852,000) were pledged as collateral for the Group's borrowings (note 19), and RMB193,357,000 (2008: nil) were pledged as collateral for borrowings of third party companies of RMB280,000,000.

Properties under development with carrying amount of RMB7,473,080,000 is expected to be recovered more than twelve months after 31 December 2009.

(a) The movements of land use rights are as follows:

RMB'000	2009	2008
At beginning of the year	**3,182,450**	2,072,702
Additions	**3,212,085**	2,004,377
Amortisation:		
- capitalised in properties under development	**(64,804)**	(48,444)
Transfer to completed properties held for sale	**(552,411)**	(770,195)
Transfer to investment properties	**(31,075)**	(36,550)
Transfer to property, plant and equipment	**—**	(39,440)
At end of the year	**5,746,245**	3,182,450

12 Completed properties held for sale

RMB'000	2009	2008
Completed properties held for sale comprised:		
Land use rights (a)	**346,087**	359,539
Construction costs and capitalised expenditures	**949,095**	784,436
Interest capitalised	**94,950**	57,293
	1,390,132	1,201,268

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

As at 31 December 2009, completed properties held for sale of carrying value of RMB466,275,000 (2008: RMB315,590,000) were pledged as collateral for the Group's borrowings (note 19).

(a) The movements of land use rights are as follows:

RMB'000	2009	2008
At beginning of the year	**359,539**	77,331
Transfer from properties under development	**552,411**	770,195
Amortisation included in administrative expenses	**(6,499)**	(2,948)
Transfer to cost of sales	**(534,564)**	(485,039)
Transfer to investment properties	**(24,800)**	—
At end of the year	**346,087**	359,539

13 Inventories

RMB'000	2009	2008
Construction materials, at cost	**6,165**	—

The cost of inventories recognised as expense in "cost of sale" amounted to RMB6,904,000 (2008: nil).

14 Trade and other receivables and prepayments

Group

RMB'000	2009	2008
Trade receivables due from third parties (a)	**215,991**	4,419
Other receivables due from third parties (b)	**383,393**	43,647
Prepayments:	**3,938,807**	2,547,833
Related parties (note 35(c))	**1,495,659**	1,170,403
Third parties	**2,443,148**	1,377,430
	4,538,191	2,595,899

Company

RMB'000	2009	2008
Prepayments to third parties	**3,307**	48,067

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

RMB'000	2009	2008
Not yet due	**10,594**	300
Within 6 months	**201,292**	250
Between 7 and 12 months	**2,438**	—
Between 13 months and 3 years	**1,667**	3,869
	215,991	4,419

As at 31 December 2009, trade receivables of RMB205,397,000 (2008: RMB4,119,000) were overdue but not impaired. Trade receivables that are past due but not impaired relate to certain customers that have a good track record with the Group. Based on past experience, management believes that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully receivable. All trade receivables were denominated in RMB. Subsequent to 31 December 2009 and up to the date of this report, trade receivables of RMB196,719,000 have been settled.

(b) Other receivables due from third parties are unsecured, interest-free and repayable on demand.

As at 31 December 2008 and 2009, the fair values of the Group's and the Company's trade and other receivables approximate their carrying amounts. The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security. None of the receivables from third parties is either past due or impaired.

15 Restricted cash

Restricted cash comprises (i) funds borrowed under project loans that are subject to restriction of use until certain prescribed stages of construction works are achieved, (ii) guaranteed deposits for the mortgage loan facilities granted by banks to purchasers of the Group's properties, (iii) bank deposits of Shanghai Penghui for which the usage of funds is subject to approval from the Purchaser under the Shanghai Bay Arrangement (as defined in note 19(b)), (iv) funds borrowed under the Shanghai Bay Arrangement that is pledged as collateral for the Promissory Notes and may only be used for operating expenses and permitted uses until such financing is repaid, and (v) bank deposits under irrevocable payment instructions in relation to the acquisition of Tianjin Dong'an Group. The components of restricted cash as at 31 December 2009 are as follows:

Group

RMB'000	**2009**	2008
Restricted funds under project loans and guarantee deposits for mortgage facilities	**320,265**	84,468
Restricted funds of Shanghai Penghui	**190,882**	—
Restricted funds under Shanghai Bay Arrangement	**128,212**	—
Deposits under irrevocable payment instructions in relation to an acquisition	**399,699**	—
Total	**1,039,058**	84,468

The Company's restricted cash as at 31 December 2009 represents the restricted funds under Shanghai Bay Arrangement of RMB128,212,000 (2008: nil).

16 Cash and cash equivalents

Group

RMB'000	2009	2008
Cash at bank and in hand:		
Denominated in RMB	**3,663,113**	355,104
Denominated in US$	**2,240,573**	23,341
Denominated in HK$	**148,668**	3,244
	6,052,354	381,689
Less: Restricted cash	**(1,039,058)**	(84,468)
	5,013,296	297,221
Maximum exposure to credit risk	**6,043,706**	380,871

As at 31 December 2009, the Group's five highest bank balances amounted to RMB4,942,238,000 (2008: RMB298,816,000), representing 81.7 % (2008: 78.3%) of the Group's total cash and bank balances at the balance sheet date.

Company

RMB'000	2009	2008
Cash at bank and in hand:		
Denominated in US$	**1,671,229**	8,760
Denominated in HK$	**148,027**	152
	1,819,256	8,912
Less: Restricted cash	**(128,212)**	—
	1,691,044	8,912

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

Cash at bank earns interest at floating rates based on daily bank deposit rates.

17 Share capital and share premium

	Number of ordinary shares	Nominal value of ordinary shares HK$	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised:					
Ordinary shares of HK$0.01 each at 1 January 2008	380,000,000	3,800,000			
Creation of additional authorised shares (a)	37,620,000,000	376,200,000			
Ordinary shares of HK$0.01 each at 31 December 2008 and 31 December 2009	38,000,000,000	380,000,000			
Issued:					
Ordinary shares of HK$0.01 each at 1 January 2008 and 1 January 2009	100,000,000	1,000,000	962	–	962
Capitalisation of share premium (b)	5,525,000,000	55,250,000	48,683	(48,683)	–
Shares issued in connection with the Global Offering (c)	1,875,000,000	18,750,000	16,521	7,252,884	7,269,405
Share issuance costs	–	–	–	(459,402)	(459,402)
Shares issued in connection to the conversion of Convertible Notes (d) (note 19(a))	290,645,623	2,906,456	2,561	1,075,100	1,077,661
Exercise of share options (note 38)	2,000,000	20,000	18	3,083	3,101
Ordinary shares of HK$0.01 each at 31 December 2009	7,792,645,623	77,926,456	68,745	7,822,982	7,891,727

(a) Pursuant to a shareholder's resolution on 17 June 2008, the Company's authorised share capital was increased from HK$3,800,000 to HK$380,000,000 by the creation of an additional 37,620,000,000 shares of HK$0.01 each.

(b) Pursuant to a resolution of the Board of Directors on 9 September 2009, the Company alloted and issued pro rata to its existing shareholders 5,525,000,000 shares, at par of HK$0.01 each for the total amount of HK$55,250,000 (approximately RMB48,683,000). The capitalisation of shares was recorded against the share premium account.

(c) On 2 October 2009, the Company issued 1,875,000,000 new shares of HK$0.01 each in relation to the Global Offering.

(d) Pursuant to the terms under the Notes Restructuring as set out in note 19(a), on 2 October 2009, the Convertible Notes with principal amount of US$165.0 million were converted mandatorily at the initial public offering price of HK$4.4 per each, resulting in the issue of 290,645,623 ordinary shares of HK$0.01 each.

All the new shares issued during the year ended 31 December 2009 ranked pari-passu with the then existing shares in all respects.

18 Reserves

(a) Company reserves

RMB'000	Other reserve (note (d))	Employee share-based compensation reserve	Accumulated losses	Total
Balance at 1 January 2008	156,290	–	(200,820)	(44,530)
Total comprehensive loss for the year	–	–	(998,184)	(998,184)
Balance at 31 December 2008	156,290	–	(1,199,004)	(1,042,714)
Total comprehensive loss for the year	–	–	(724,455)	(724,455)
Shareholder's contribution in relation to the Promissory Notes (note 19(a))	108,027	–	–	108,027
Employee share-based compensation (note 38)	–	69,898	–	69,898
Balance at 31 December 2009	264,317	69,898	(1,923,459)	(1,589,244)

(b) Merger reserve

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

(c) Statutory reserve

In accordance with the relevant regulations and their articles of association, the Company's subsidiaries incorporated in the PRC are required to allocate at least 10% of their after-tax profit according to PRC accounting standards and regulations to the general statutory reserve until such reserve has reached 50% of registered capital. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the respective Board of Directors of the subsidiaries. These reserves can only be used for specific purposes and are not distributable or transferable in the form of loans, advances, or cash dividends. During the year ended 31 December 2009, appropriation to the general statutory reserve amounted to RMB37,678,000 (2008: RMB32,373,000).

(d) Other reserve

It represents the 0.7% and 0.5% equity interests in the Company contributed by Best Era in connection with the Group's financing activities in 2007 and 2009 respectively. Please refer to note 19(a) for details of the 0.5% equity interest granted in relation to the Promissory Notes.

19 Borrowings

Group

RMB'000	2009	2008
Borrowings included in non-current liabilities:		
Bank borrowings - secured	**2,970,149**	537,000
Shanghai Bay Arrangement - secured (b)	**2,070,935**	—
	5,041,084	537,000
Borrowings included in current liabilities:		
Bank borrowings - secured	**1,161,388**	1,630,110
Original Notes - secured (a)	**—**	4,307,015
Promissory Notes - secured (a)	**447,034**	—
Other borrowings - unsecured	**198,438**	—
	1,806,860	5,937,125
Total borrowings	**6,847,944**	6,474,125

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

RMB'000	2009	2008
Bank borrowings	**4,247,830**	2,167,110
Shanghai Bay Arrangement	**2,000,000**	—
Original Notes	**—**	3,717,350
Promissory Notes	**501,443**	—
Other borrowings	**191,162**	—
	6,940,435	5,884,460
Adjusted by: unamortised loan arrangement fees and accrued interests	**(92,491)**	589,665
Total borrowings	**6,847,944**	6,474,125

Company

RMB'000	2009	2008
Borrowings included in current liabilities:		
Original Notes - secured (a)	**—**	4,307,015
Promissory Notes - secured (a)	**447,034**	—
Other borrowings - unsecured	**198,438**	—
	645,472	4,307,015

19 Borrowings *(Continued)*

(a) On 2 November 2007, the Company and certain investors (the "Investors") entered into a subscription agreement (as amended by a supplemental agreement dated 17 December 2007) pursuant to which the Company agreed to issue and the Investors agreed to subscribe for the RMB denominated, interest bearing, registered notes with an aggregate principal amount of the RMB equivalent of US$500.0 million (the "Original Notes") to the Investors or their respective nominees. The Original Notes shall be redeemed by the Company at the earlier of (i) at second anniversary of the date of drawdown and (ii) the date of a qualified initial public offering.

On 31 July 2009, the Company and the Investors entered in the Deed of Amendment setting out the principal terms and conditions of the restructuring of the Original Notes. On 17 August 2009, the following notes restructuring transactions occurred (the "Notes Restructuring") pursuant to the terms of the Deed of Amendment:

(i) the denomination of the Original Notes was changed from RMB to US$;

(ii) the Company paid to each of the Investors the amount of outstanding cash interest in the aggregate amount of approximately US$27.2 million;

(iii) the Company partially redeemed the Original Notes in the aggregate principal amount of approximately US$167.1 million and US$25.7 million of the Original Notes on 11 August 2009 and 17 August 2009, respectively; and

(iv) after the partial redemption of the Original Notes as aforementioned, the remaining outstanding Original Notes in the aggregate amount of US$490.0 million was restructured in the following manner:

— Promissory notes with a tenure of 18 months in the aggregate principal amount of US$325.0 million (the "Promissory Notes") were issued which bear interest rates at 6% per annum within the first six-month period; 10% per annum after expiry of the first six-month period; and 15% per annum after the first twelve-month period. In relation to the issue of the Promissory Notes, Best Era transferred shares of the Company that represented 0.5% of the total shares outstanding immediately after the Global Offering to the Investors and the value of such shareholding of RMB108,027,000, which was determined based on a business valuation of the Group as at 17 August 2009 performed by an independent valuer, was regarded as shareholder's contribution and forms part of the borrowing cost of the Promissory Notes.

The Company partially redeemed the Promissory Notes of principal amount of approximately US$201.6 million and US$50.0 million in October and December 2009, respectively. The remaining Promissory Notes shall be fully redeemed by the Company on or prior to 30 June 2010. On 1 March 2010, the Promissory Notes have been fully redeemed (note 39(b)).

— Convertible notes with a tenure of two years in the aggregate principal amount of US$165.0 million (the "Convertible Notes") were issued which bear interest rates at 0% if the Global Offering occurs within the first six months; 3% per annum if the Global Offering occurs within the first 12 months (but after expiry of the first 6 months); and 6% per annum in other cases. The Convertibles Notes would be mandatorily converted into the Company's shares at the initial public offering price on the date of Global Offering.

On 2 October 2009 when the Company's shares became listed on the Main Board of the Hong Kong Stock Exchange, the Convertible Notes were converted mandatorily at the initial public offering price of HK$4.4 per share, resulting in the issue of 290,645,623 ordinary shares of HK$0.01 each.

19 Borrowings *(Continued)*

(a) *(Continued)*

(v) The Promissory Notes and Convertible Notes are secured by the following securities:

— issued shares of the Company and certain of its subsidiaries; and

— the paid up capital of certain subsidiaries of the Company.

The Notes Restructuring modified the terms of the Original Notes. Taking into account the substantial modification of the terms of the Original Notes, the Notes Restructuring was accounted for as an extinguishment of the original financial liability and the recognition of new financial liabilities. The difference between the carrying amount of the Original Notes and the fair values of the consideration paid or liabilities assumed, which amounted to approximately RMB198.7 million, was recognised as gain on extinguishment of a financial liability in the statement of comprehensive income (note 25).

(b) On 11 June 2009, the Group entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with S.I. Properties Holdings Limited (the "Purchaser"), a wholly-owned subsidiary of Shanghai Industrial Holdings Limited which is listed on the Hong Kong Stock Exchange, regarding the transfer of the entire equity interest in its wholly-owned subsidiary, Better Score Limited ("Better Score"), to the Purchaser at a total consideration of RMB2.0 billion (the "Shanghai Bay Arrangement").

Pursuant to the Shanghai Bay Arrangement:

(i) Block Nos. 2, 8, 9 and 10 of Shanghai Bay (the "Properties") would be transferred to Shanghai Penghui Property Development Co. Ltd. ("Shanghai Penghui"), the indirect wholly-owned subsidiary of Better Score in two tranches:

— First tranche

Subject to the completion of first condition, including the completion of transfer of residential blocks Nos. 2 and 8, the Purchaser shall pay to the Group the US$ equivalent of RMB1.3 billion and upon which the Shanghai Bay Arrangement is considered completed.

— Second tranche

Subject to the completion of second condition, including the completion of transfer of residential blocks Nos. 9 and 10, the Purchaser shall pay to the Group the US$ equivalent of RMB0.7 billion.

Other than the holding of the Properties, Better Score and its subsidiaries are restricted in terms of their business scope;

(ii) the Group retains the right to manage and control over the operational and financial matters of the Properties, including the development, construction and the sale of the Properties;

(iii) the Purchaser will be entitled to a fixed return from the arrangement;

(iv) the Group and the Purchaser have non-cancellable options to acquire and to dispose the legal interest in the Properties from the Purchaser and to the Group, respectively on 1 December 2011 (or such other date the parties may mutually agree).

19 Borrowings *(Continued)*

(b) *(Continued)*

In view of the above that the risks and rewards of the Properties have not been transferred from the Group to the Purchaser, the directors are of their opinion that the Shanghai Bay Arrangement, in substance, is a loan arrangement in accordance with the HKFRSs. As a result, at the completion of the Shanghai Bay Arrangement:

(i) the Group continues to consolidate the Properties;

(ii) the consideration is regarded as a financial liability and measured at amortised cost using the effective interest method;

(iii) the fixed return payable to the Purchaser is regarded as finance costs.

The Shanghai Bay Arrangement was completed on 11 August 2009 on which the Group received the first tranche consideration of the US$ equivalent of RMB1.3 billion. By a set of supplemental agreements signed on 16 December 2009, pursuant to which a share pledge of 30% equity interest in Shanghai Xintai Property Development Co. Ltd. (an indirect wholly owned subsidiary of the Company) was provided by the Group in favour of the Purchaser (the "Shanghai Xintai Share Pledge"), the second tranche of the Shanghai Bay Arrangement was completed with the US$ equivalent of RMB0.7 billion duly received by the Group in December 2009. The second condition of the transfer of residential blocks Nos. 9 and 10 of Shanghai Bay was not executed for the completion of the second tranche in exchange for the Shanghai Xintai Share Pledge and such condition will be fulfilled on or before 31 December 2011. The amounts received under the Shanghai Bay Arrangement are included in non-current liabilities as at 31 December 2009 and are secured by the guarantee provided by the Company.

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

Group

RMB'000	2009	2008
Within 1 year	**1,806,860**	5,937,125
After 1 and within 2 years	**3,555,529**	537,000
After 2 and within 5 years	**939,606**	—
After 5 years	**545,949**	—
	6,847,944	6,474,125

Company

RMB'000	2009	2008
Within 1 year	**645,472**	4,307,015
	645,472	4,307,015

(d) The fair values of the Group´s current and non-current borrowings approximate their carrying amounts at each balance sheet dates.

(e) As at 31 December 2009, the Group's and the Company's weighted average effective interest rates (excluding bank borrowings) are 21.4% and 25.8% respectively (2008: 24.3% for the Group and the Company).

19 Borrowings *(Continued)*

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

Group

RMB'000	2009	2008
Within 6 months	**4,585,577**	6,474,125
Between 7 and 12 months	**191,432**	—
Between 13 months and 5 years	**2,070,935**	—
	6,847,944	6,474,125

Company

RMB'000	2009	2008
Within 6 months	**645,472**	4,307,015

20 Deferred income tax

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

RMB'000	2009	2008
Deferred income tax assets		
- to be realised after more than 12 months	**8,296**	11,571
- to be realised within 12 months	**194,674**	15,249
	202,970	26,820
Deferred income tax liabilities		
- to be realised after more than 12 months	**486,037**	172,937
- to be realised within 12 months	**—**	—
	486,037	172,937
Deferred income tax liabilities, net	**(283,067)**	(146,117)

20 Deferred income tax *(Continued)*

The movements of the deferred income tax assets/(liabilities) are as follows:

RMB'000	2009	2008
Beginning of the year	**(146,117)**	58,960
Recognised in the consolidated statement of comprehensive income (note 30)	**(136,950)**	(205,077)
End of the year	**(283,067)**	(146,117)

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

Deferred income tax assets/(liabilities)

RMB'000	Tax losses	Shanghai Bay Arrangement	Other expenses	Fair value gains	Total
At 1 January 2008	51,672	—	7,288	—	58,960
Credited/(charged) to the consolidated statement of comprehensive income (note 30)	2,216	—	4,228	(211,521)	(205,077)
At 31 December 2008	53,888	—	11,516	(211,521)	(146,117)
(Charged)/credited to the consolidated statement comprehensive income (note 30)	(36,778)	156,574	—	(256,746)	(136,950)
At 31 December 2009	17,110	156,574	11,516	(468,267)	(283,067)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through the future taxable profits is probable. As at 31 December 2009, there were unrecognised tax losses of approximately RMB24,839,000 (2008: RMB28,111,000) to be carried forward for deduction against future taxable profits.

21 Obligation under finance lease

Group

RMB'000	2009	2008
Gross finance lease liabilities - minimum lease payments		
No later than 1 year	860	—
Later than 1 year and no later than 5 years	3,680	—
Later than 5 years	46,768	—
	51,308	—
Future finance charges on finance leases	(33,423)	—
Present value of finance lease liabilities	17,885	—
The present value of finance lease liabilities is as follows:		
No later than 1 year	811	—
Later than 1 year and no later than 5 years	3,008	—
Later than 5 years	14,066	—
	17,885	—

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

22 Trade and other payables

Group

RMB'000	2009	2008
Trade payables (a):	707,339	742,094
Related parties (note 35(c))	44,057	523,513
Third parties	663,282	218,581
Other payables:	1,076,845	379,040
Related parties (note 35(c))	—	4,500
Third parties (b)	1,076,845	374,540
Other taxes payable	86,990	64,101
	1,871,174	1,185,235

Company

RMB'000	2009	2008
Other payables due to third parties	69,374	358

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

Group

RMB'000	2009	2008
Within 6 months	611,388	586,932
Between 7 and 12 months	36,734	87,499
Between 13 months and 5 years	59,217	67,663
	707,339	742,094

(b) Other payables due to third parties are unsecured and repayable on demand. As at 31 December 2009, all the other payables due to third parties are interest free. As at 31 December 2008, amount of approximately RMB110,000,000 borne interest at rates of 15%-18% per annum.

22 Trade and other payables *(Continued)*

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

Group

RMB'000	2009	2008
HK$	**55,202**	1,413
RMB	**1,798,969**	1,183,451
US$	**17,003**	371
	1,871,174	1,185,235

Company

RMB'000	2009	2008
HK$	**52,371**	—
US$	**17,003**	358
	69,374	358

23 Amounts due to subsidiaries - Company

The amounts are unsecured, interest-free and repayable on demand. The carrying value approximate their fair value.

24 Other income

RMB'000	2009	2008
Interest income	**5,704**	7,900
Investment loss	**—**	(1,832)
Others	**21,662**	15,337
	27,366	21,405

25 Other gains, net

RMB'000	2009	2008
Fair value changes of investment properties	**1,026,985**	846,085
Gain on extinguishment of a financial liability (note 19(a))	**198,729**	—
Exchange losses, net	**(6,897)**	(20,522)
	1,218,817	825,563

26 Expenses by nature

Profit before income tax is stated after charging the following:

RMB'000	2009	2008
Auditors' remuneration	**3,957**	484
Advertising costs	**75,799**	83,769
Business taxes and other levies	**350,791**	220,693
Costs of properties sold	**2,850,969**	2,072,646
Depreciation (note 6)	**7,677**	6,571
Amortisation of intangible asset (note 8)	**413**	—
Amortisation of land use rights (note 12(a))	**6,499**	2,948
Staff costs - excluding directors' emoluments (note 28)	**114,621**	69,397
Donations	**250**	5,170
Rental expenses	**28,416**	21,039
Losses on disposals of property, plant and equipment	**190**	329

27 Finance costs

RMB'000	2009	2008
Interest expenses:		
– bank borrowings	**223,557**	213,472
– Original Notes	**705,305**	995,706
– Convertible Notes	**26,771**	—
– Promissory Notes	**112,573**	—
– Shanghai Bay Arrangement	**101,142**	—
– other payables due to related parties (note 35(b))	**—**	1,282
– others	**24,413**	16,769
Total interest expenses	**1,193,761**	1,227,229
Less: interest capitalised on qualifying assets	**(1,166,693)**	(1,172,750)
	27,068	54,479

Borrowing costs of the loans used to finance the property development projects of the Group have been capitalised at a capitalisation rate of 16.2% during the year (2008: 18.4%).

28 Staff costs - excluding directors' emoluments

RMB'000	2009	2008
Wages and salaries	**82,194**	56,296
Retirement scheme contribution	**1,104**	2,040
Staff welfare	**3,748**	8,610
Medical benefits	**387**	422
Other allowances and benefits	**11,380**	2,029
Share-based compensation expenses	**15,808**	—
	114,621	69,397

29 Emoluments for directors and five highest paid individuals

(a) Directors' emoluments

The remuneration of each director of the Company for the year ended 31 December 2009 is set out below:

RMB'000	Fee	Salaries, allowance and benefits in kind	Bonus	Employer's contribution to retirement scheme	Other benefits	Subtotal	Share-based compensation expenses (c)	Total
Executive director:								
Mr. Zhang Zhi Rong (a)	—	2,024	—	26	13	2,063	12,482	14,545
Mr. Ding Xiang Yang	—	1,520	—	33	17	1,570	12,482	14,052
Mr. Cheng Li Xiong	—	1,417	10,255	26	30	11,728	12,482	24,210
Mr. Xia Jing Hua	—	680	—	33	17	730	4,161	4,891
Mr. Liu Ning	—	680	—	33	17	730	4,161	4,891
Mr. Li Xiao Bin	—	1,625	—	41	16	1,682	4,161	5,843
Mr. Yan Zhi Rong	—	680	—	33	17	730	4,161	4,891
Independent non-executive director:								
Mr. Yim Ping Kuen (b)	53	—	—	—	—	53	—	53
Mr. Liu Shun Fai (b)	53	—	—	—	—	53	—	53
Mr. Wo Rui Fang (b)	53	—	—	—	—	53	—	53
Mr. Han Ping (b)	53	—	—	—	—	53	—	53

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

(a) Directors' emoluments *(Continued)*

The remuneration of each director of the Company for the year ended 31 December 2008 is set out below:

RMB'000	Fee	Salaries, allowance and benefits in kind	Bonus	Employer's contribution to retirement scheme	Other benefits	Subtotal	Share-based compensation expenses (c)	Total
Executive director:								
Mr. Zhang Zhi Rong (a)	–	720	–	29	15	764	–	764
Mr. Ding Xiang Yang	–	360	–	29	15	404	–	404
Mr. Cheng Li Xiong	–	240	–	29	15	284	–	284
Mr. Xia Jing Hua	–	240	–	29	15	284	–	284
Mr. Liu Ning	–	240	–	29	15	284	–	284
Mr. Li Xiao Bin	–	1,495	–	35	14	1,544	–	1,544
Mr. Yan Zhi Rong	–	240	–	29	15	284	–	284
Independent non-executive director:								
Mr. Yim Ping Kuen (b)	–	–	–	–	–	–	–	–
Mr. Liu Shun Fai (b)	–	–	–	–	–	–	–	–
Mr. Wo Rui Fang (b)	–	–	–	–	–	–	–	–
Mr. Han Ping (b)	–	–	–	–	–	–	–	–

(a) Mr. Zhang Zhi Rong was re-designated as executive director on 9 September 2009.

(b) Appointed on 17 June 2008, resigned on 16 March 2009 and reappointed on 9 September 2009.

(c) Amounts represent amortisation of the fair value of share options measured at the grant date charged to the income statement, regardless of whether or not the share options have been vested or exercised.

During the year, no director received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office, no director waived or has agreed to waive any emoluments.

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

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2009 include 3 directors (2008: 1 director). Their emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 2 individuals (2008: 4 individuals) for the year ended 31 December 2009, are as follows:

RMB'000	2009	2008
Salaries and other short-term benefits	**3,366**	5,967
Retirement scheme contribution	**21**	64
Bonuses	**6,321**	—
Share-based compensation expenses	**8,321**	—
	18,029	6,031

The emoluments fell within the following bands:

	2009	2008
RMB1,000,001 to RMB1,500,000	**—**	3
RMB1,500,001 to RMB2,000,000	**—**	1
RMB8,500,001 to RMB9,000,000	**1**	—
RMB9,000,001 to RMB9,500,000	**1**	—
	2	4

30 Income tax expenses

RMB'000	2009	2008
Current income tax		
– PRC corporate income tax	**460,619**	259,627
– PRC land appreciation tax	**722,039**	363,102
	1,182,658	622,729
Deferred income tax (note 20)		
– Origination and reversal of temporary differences	**136,950**	205,077
	136,950	205,077
	1,319,608	827,806

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

RMB'000	2009	2008
Profit before income tax	**3,685,752**	2,082,797
Calculated at PRC corporate income tax rate of 25%	**921,438**	520,699
Expenses not deductible for tax purposes	**26,971**	17,063
Income not taxable for tax purposes	**(49,682)**	—
Tax losses not recognised as deferred income tax assets	**2,801**	5,074
Recognition of previously unrecognised tax losses	**(3,619)**	—
Provision for land appreciation tax	**722,039**	363,102
Tax effect on land appreciation tax	**(249,953)**	(90,776)
Effect of different tax rates applicable to different companies within the Group	**(51,661)**	—
Others	**1,274**	12,644
Income tax expenses	**1,319,608**	827,806

30 Income tax expenses *(Continued)*

PRC corporate income tax is provided at the rate of 25% for each of the years ended 31 December 2008 and 2009 of the profits for the PRC statutory financial reporting purpose, adjusted for those items, which are not assessable or deductible for the PRC corporate income tax purpose.

No Hong Kong profits tax has been provided for the years ended 31 December 2008 and 2009 as there is no assessable profit for these years.

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

31 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 year.

RMB'000	**2009**	2008
Profit attributable to the equity holders of the Company	**2,366,144**	1,254,991
Weighted average number of ordinary shares in issue (thousands) (i)	**6,201,711**	5,625,000

(i) The newly issued shares of 5,525,000,000 under the capitalisation (note 17(b)) 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.

31 Earnings per share *(Continued)*

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended 31 December 2009, the Company's share options issued under the Pre-IPO Share Option Scheme was the sole category of dilutive potential ordinary shares (note 38).

	2009	2008
Earnings (RMB'000)		
Profit attributable to the equity holders of the Company	**2,366,144**	1,254,991
Number of Shares		
Weighted average number of ordinary shares in issue (thousands)	**6,201,711**	5,625,000
Adjustment for share options (thousands)	**10,626**	—
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**6,212,337**	5,625,000

The Convertible Notes (as discussed in note 19(a)) were mandatorily converted into the Company's shares upon the Global Offering and thus have been included in the calculation of basic earnings per share from the date the Convertible Notes were issued (i.e. 17 August 2009).

32 Dividend

The directors recommend the payment of 2009 final dividend of RMB0.03 per ordinary share, totaling RMB233.8 million. Such dividend is to be approved by the shareholders at the annual general meeting on 31 May 2010.

Such final dividend payable has not been reflected in the consolidated financial statements for the year ended 31 December 2009. Nevertheless, the aggregate amount of the dividends proposed for 2009 has been disclosed in the consolidated statement of comprehensive income in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

33 Notes to consolidated statement of cash flows

(a) Reconciliation of profit for the year to cash used in operations

RMB'000	Note	2009	2008
Profit for the year		**2,366,144**	1,254,991
Adjustments for:			
Income tax expenses	30	**1,319,608**	827,806
Interest income	24	**(5,704)**	(7,900)
Interest expenses	27	**27,068**	54,479
Investment loss	24	**—**	1,832
Fair value changes of investment properties	25	**(1,026,985)**	(846,085)
Depreciation	6	**10,923**	7,039
Amortisation of intangible asset	8	**413**	—
Amortisation of land use rights	12	**6,499**	2,948
Losses on disposals of property, plant and equipment	26	**190**	329
Exchange losses, net	25	**6,897**	20,522
Gain on extinguishment of a financial liability	25	**(198,729)**	—
Share-based compensation expenses		**69,898**	—
Changes in working capital:			
Properties under development and completed properties held for sale		**(2,544,906)**	(1,643,283)
Inventories		**(6,165)**	—
Restricted cash		**(954,590)**	(17,778)
Trade and other receivables and prepayments		**(1,970,095)**	(998,969)
Financial assets of fair value through profit or loss		**—**	19,259
Trade and other payables		**583,554**	198,564
Advanced proceeds received from customers		**(115,213)**	(738,134)
Cash used in operations		**(2,431,193)**	(1,864,380)

(b) Major non-cash transactions

(i) The Convertible Notes were converted mandatorily into 290,645,623 ordinary shares at the initial public offering price of HK$4.40 each on 2 October 2009, at when the carrying value of the Convertible Notes was approximately RMB1,077,661,000 (note 17(d) and 19(a)).

(ii) The Group entered into a finance lease agreement for a building in Beijing, for which the net present value of the finance lease obligation was approximately RMB16,841,000. Together with certain incremental costs incurred of approximately RMB7,683,000, the Group recorded such finance lease as an acquisition of building with initial cost of approximately RMB24,524,000 (note 6).

34 Commitments

(a) Commitments for capital and property development expenditures

RMB'000	2009	2008
Contracted but not provided for		
Land use rights	**9,917,704**	2,911,901
Property development expenditures	**5,387,032**	5,092,779
Construction materials	**76,580**	—
	15,381,316	8,004,680
Authorised but not contracted for	**14,979**	17,902

(b) Operating lease commitments

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

RMB'000	2009	2008
No later than 1 year	**14,316**	20,845
Later than 1 year and no later than 5 years	**19,808**	32,676
Later than 5 years	**—**	48,607
	34,124	102,128

35 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.

The following transactions were carried out with related parties:

(a) Purchase of services:

RMB'000	2009	2008
Purchase of construction services:		
– Shanghai Ditong, Construction (Group) Co. Ltd., ("Shanghai Ditong") a company controlled by close family member of the Chairman of the Company	**816,787**	1,185,545
– Other related companies	**1,950**	2,117
	818,737	1,187,662
Purchase of gardening services from a related company	**—**	3,204
Purchase of property design services from an associated company (i)	**14,723**	10,656
Purchase of consultancy services from related companies	**3,333**	3,333
Commission fees paid/payable to related companies	**6,104**	18,872

(i) The Group acquired 45% equity interest in this associate company in April 2008. Prior to such acquisition, this company was an associated company of the Chairman of the Company.

(b) Interest income and expenses

RMB'000	2009	2008
Interest expenses paid/payable to related companies	**—**	1,282

35 Related party transactions *(Continued)*

(c) Balances with related parties

As at 31 December 2008 and 2009, the Group had the following significant balances with related parties:

RMB'000	2009	2008
Balances included in current assets:		
Prepayments to related companies for construction costs or purchase of services - included in "Prepayments"		
– Shanghai Ditong	**1,493,992**	1,165,395
– Other related companies	**1,667**	5,008
	1,495,659	1,170,403
Balances included in current liabilities:		
Trading balances - included in "Trade payables" (i)		
– Shanghai Ditong	**18,839**	489,797
– Other related companies	**25,218**	33,716
	44,057	523,513
Non-trading balance - included in "Other payables"		
– Other related companies (ii)	**—**	4,500

(i) Trading balances due to related parties are unsecured, interest-free and repayable on demand.

(ii) Non-trading balances due to related parties included in other payables are unsecured, interest-free and repayable on demand.

(d) Other related party transactions

As aforementioned in note 1(b), the Group entered into an acquisition agreement with Jiangsu Rongsheng on 20 November 2009 to acquire 100% of the equity interest in one or more subsidiaries of Jiangsu Rongsheng for a total consideration of RMB2.0 billion. As at 31 December 2009, the Group has not paid any portion of the consideration as the necessary conditions for such payment are yet to be met. The contracted consideration of RMB2.0 billion has been included in the Group's commitment to acquire land use rights as set out in note 34(a).

35 Related party transactions *(Continued)*

(e) Key management compensation

RMB'000	2009	2008
Salaries and other short-term employee benefits	**26,404**	8,177
Share-based compensation expenses	**60,744**	—
	87,148	8,177

36 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 satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group´s guarantee period starts from the dates of grant of the mortgages. As at 31 December 2009, the amount of outstanding guarantees for mortgages were approximately RMB2,749,849,000 (2008: RMB2,662,065,000). The maximum credit risk exposure at balance sheet date is the amount of outstanding guarantees.

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

37 Accounting of acquisitions

The acquisitions of Tianjin Gangtian, Tianjin Dong'an Group and Shanghai Mingbao as mentioned in note 1(b) were completed in 2009. Before the acquisition by the Group, Tianjin Gangtian and Tianjin Dong'an Group had no business activities except for the holding of the land use rights. Accordingly, the activities of Tianjin Gangtian and Tianjin Dong'an Group do not constitute a business and the Group's intention of such acquisition is to acquire the land use rights held by these companies for future property developments. Accordingly, such acquisitions were accounted for as if they were acquisitions of the underlying land use rights.

The allocation of acquisition considerations are as follows:

RMB'000	At the date of acquisition Tianjin Gangtian	Tianjin Dong'an Group	Shanghai Mingbao	Combined
Property, plant and equipment (note 6)	1,147	—	—	1,147
Properties under development	844,478	1,920,302	—	2,764,780
Intangible asset (note 8)	—	—	2,500	2,500
Prepayment and other receivables	5	—	—	5
Cash and cash equivalents	3,244	418	—	3,662
Accruals and other payables	(64)	(91,545)	—	(91,609)
Borrowings	—	(187,000)	—	(187,000)
Fair value of net assets	**848,810**	**1,642,175**	**2,500**	**2,493,485**
Minority interest	—	(492,825)	—	(492,825)
Total acquisition consideration	**848,810**	**1,149,350**	**2,500**	**2,000,660**
Add: Professional fees incurred	—	575	—	575
Total acquisition costs	848,810	1,149,925	2,500	2,001,235
Less: Acquisition consideration remained payable as at 31 December 2009	—	(749,710)	(200)	(749,910)
Professional fees payable	—	(575)	—	(575)
Total consideration paid by cash	848,810	399,640	2,300	1,250,750
Less: Cash and cash equivalents acquired	(3,244)	(418)	—	(3,662)
Cash outflow on acquisition (i)	**845,566**	**399,222**	**2,300**	**1,247,088**

(i) The cash outflow on the above acquisitions of Tianjin Gangtian and Tianjin Dong'an Group are presented within the operating activities in the consolidated statement of cash flows.

38 Share option schemes

(a) Pre-IPO Share Option Scheme

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

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

(ii) 20% of the total number of shares will become exercisable on the listing date. The remaining 80% of share options will become exercisable in four equal instalments, 20% of the total number of shares will become exercisable on the first anniversary of Global Offering date with a further 20% to become exercisable on each subsequent anniversary.

The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense, with a corresponding adjustment to employee share-based compensation reserve, over the vesting period. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity. For the year ended 31 December 2009, the amount of share-based compensation expenses amounted to approximately RMB69.9 million.

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

Movement of Pre-IPO Share Option Scheme during the year ended 31 December 2009 is as follows:

	Exercise Price (HK$)	Number of options
At 1 January 2009	—	—
Granted on 9 September 2009	1.76	84,000,000
Exercised	1.76	(2,000,000)
At 31 December 2009	1.76	82,000,000

Out of the 82,000,000 outstanding options, 14,800,000 options were exercisable. Options exercised in 2009 resulted in 2,000,000 shares being issued at HK$1.76 each. The related weighted average share price immediately before exercise was HK$3.50 per share. All of the outstanding share options will expire by 8 September 2019.

38 Share option schemes *(Continued)*

(a) Pre-IPO Share Option Scheme *(Continued)*

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

Assumptions	2009
Volatility	73.85%
Dividend yield	1.70%
Annual risk-free rate	2.356%
Expected option life	10 years

(b) Share Option Scheme

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

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

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

— the nominal value of the shares of the Company.

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

38 Share option schemes *(Continued)*

(b) Share Option Scheme *(Continued)*

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

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

As at 31 December 2009, no share options have been granted under the Share Option Scheme.

39 Subsequent events

(a) On 5 January, 2010, the Company entered into a strategic cooperation agreement with the Bank of China, Nantong Branch (“BOC Nantong”), pursuant to which BOC Nantong expressed its intent to extend to the Group a RMB8.0 billion line of credit.

(b) On 1 March 2010, the Group has fully redeemed the outstanding principal amount of the Promissory Notes. Together with the accrued interest, the Group completed the redemption of such Promissory Note by using cash of approximately US$74,681,000 (approximately RMB509,850,000), and all the related security and charges fully released on the same date.

Financial Summary

Consolidated Results

RMB'000	2006	2007	2008	2009
Revenue	1,718,132	1,791,942	3,948,959	**6,171,127**
Cost of sales	(1,091,112)	(1,164,818)	(2,293,339)	**(3,201,760)**
Gross profit	627,020	627,124	1,655,620	**2,969,367**
Other income	15,068	17,194	21,405	**27,366**
Other (losses)/gains, net	—	(34,513)	825,563	**1,218,817**
Selling and marketing expenses	(46,534)	(77,426)	(150,494)	**(151,333)**
Administrative expenses	(100,187)	(105,666)	(214,818)	**(351,397)**
Finance costs	(73,702)	(97,225)	(54,479)	**(27,068)**
Profit before income tax	421,665	329,488	2,082,797	**3,685,752**
Income tax expenses	(162,481)	(221,394)	(827,806)	**(1,319,608)**
Profit for the year attributable to equity holders of the Company	259,184	108,094	1,254,991	**2,366,144**
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB per share)				
– Basic	N/A	N/A	0.22	**0.38**
– Diluted	N/A	N/A	0.22	**0.38**
Dividend	—	—	—	**233,779**
Dividend per share (expressed in RMB per share)	—	—	—	**0.03**

Assets and Liabilities

RMB'000	2006	2007	2008	2009
Total non-current assets	82,934	75,360	1,527,133	**3,192,410**
Total current assets	9,761,374	12,652,945	11,631,089	**23,175,275**
Total assets	9,844,308	12,728,305	13,158,222	**26,367,685**
Total non-current liabilities	2,671,890	2,317,730	709,937	**5,544,195**
Total current liabilities	5,564,460	10,746,548	11,529,267	**8,976,813**
Total liabilities	8,236,350	13,064,278	12,239,304	**14,521,008**
Net assets/(liabilities)	1,607,958	(335,973)	919,018	**11,846,677**

Particulars of Properties Held

Name of property	Location	Type	Interest attributable to the Group: Percentage	Interest attributable to the Group: Approximate GFA (sq.m.)	Interest attributable to the Group: Approximate number of carparks	Lease term
A. Property held for investment						
1. Chateau De Paris (Phase II)	No.2093 Xietu Road, Xu Hui District, Shanghai	Commercial	100%	17,148	342	Long term
2. Sunshine Venice (Phases I, II & IIIA)	South of Taopu Road, west of Qilianshan Road, Shanghai	Commercial	100%	33,793	–	Long term
Sunshine Venice (Phase IIIB)	South of Taopu Road, west of Qilianshan Road, Shanghai	Commercial	100%	7,856	–	Long term
3. Sunshine Venice (Phase IIIC)	South of Taopu Road, west of Qilianshan Road, Shanghai	Commercial	100%	58,658	–	Long term
4. Shanghai Bay (Phase III) - Binjiang Centre (North block)	No. 1441 Wanping South Road, Shanghai	Commercial/Office	100%	88,961	362	Long term
5. Sunglow Xinjing	No. 259 Tiandeng Road, Shanghai	Commercial	100%	2,076	81	Long term
Sub-total				**208,492**	**785**	

Name of property	Location	Type	Interest attributable to the Group: Percentage	Interest attributable to the Group: Approximate GFA (sq.m.)	Interest attributable to the Group: Approximate number of carparks	Lease term
B. Hotel property						
1. Shanghai Bay (Phase III) - Binjiang Centre (South block)	No. 1441 Wanping South Road, Shanghai	Hotel	100%	102,515	307	N/A
Sub-total				**102,515**	**307**	

Particulars of Properties Held *(Continued)*

Name of property	Location	Type	Interest attributable to the Group: Percentage	Approximate GFA (sq.m.)	Approximate site area (sq.m.)	Approximate number of carparks	Stage of completion	Anticipated completion date
C. Projects under development								
1. Shanghai Bay (Phase IIA)	No. 1441 Wanping South Road, Shanghai	Residential/ Commercial	100%	60,934	178,734(1)	204	The main structure completed. Currently undergoing internal and external decoration and installation work of water, electricity, electric fan and heating, etc.	October 2011
Shanghai Bay (Phase IIB)	No. 1441 Wanping South Road, Shanghai	Residential/ Commercial	100%	357,015	178,734(1)	1,458	Under planning	November 2012 to May 2015, in stages
2. Royal Lakefront (Phase IA)	Jinhai Road, Zefeng Road and Wangyuan Road,Fengxian District, Shanghai	Residential/ Commercial	100%	54,549	118,307(2)	–	The main structures for most villas and houses completed. Currently undergoing internal and external decoration and installation work of water, electricity, electric fan and heating, etc.	December 2010
Royal Lakefront (Phase IB)	Jinhai Road, Zefeng Road and Wangyuan Road,Fengxian District, Shanghai	Residential/ Commercial	100%	161,157	118,307(2)	446	The ground floor of villas under construction. The main structure at higher floors under construction	June 2011 to August 2012, in stages
Royal Lakefront (Phase II)	Jinhai Road, Zefeng Road and Wangyuan Road,Fengxian District, Shanghai	Residential/ Commercial	100%	303,833	161,388	1,065	Under planning	October 2011 to December 2013, in stages
3. Sunshine Venice (Phase IV)	The southern side of Taopu Road and the western side of Qilianshan Road, Shanghai	Residential	100%	50,587	429,929(3)	322	Under planning	October 2014

Notes:

(1) The site area is the area set out in the land use right certificate, which includes all of the site areas of the Shanghai Bay Project (Phases I to III).

(2) The site area is the area set out in the land use right certificate, which includes all of the site areas of Royal Lakefront Phases IA and IB.

(3) The site area is the area set out in the land use right certificate, which includes all of the site areas of the Sunshine Venice Project (Phases I to IV).

Particulars of Properties Held *(Continued)*

Name of property		Location	Type	Interest attributable to the Group: Percentage	Approximate GFA (sq.m.)	Approximate site area (sq.m.)	Approximate number of carparks	Stage of completion	Anticipated completion date
4.	Baoshan Gaojing (Phase I)	The western side of Gaojing Road, the eastern side of Jiangyang South Road, the southern side of the planning extention section of 128 Memorial Road and the northern side of Yin'gao Road, Baoshan District,Shanghai	Residential/ Commercial	100%	294,156	315,588[4]	900	Under planning	December 2011 to October 2012, in stages
	Baoshan Gaojing (Phase II)	The western side of Gaojing Road, the eastern side of Jiangyang South Road, the southern side of the planning extention section of 128 Memorial Road and the northern side of Yin'gao Road,Baoshan District,Shanghai	Residential/ Commercial	100%	422,384	315,588[4]	1,863	Under planning	August 2014 to May 2015, in stages
	Baoshan Gaojing (Phase III)	The western side of Gaojing Road, the eastern side of Jiangyang South Road,the southern side of the planning extention section of 128 Memorial Road and the northern side of Yin'gao Road,Baoshan District,Shanghai	Residential/ Commercial	100%	87,360	315,588[4]	364	Under planning	November 2015
5.	Shanghai Caohejing Project	292 Jiefang, Caohejing Street, Xuhui District, Shanghai	Commercial/Office/ Hotel	100%	78,449	17,611	522	Under planning	August to December 2013, in stages
6.	Shanghai Zhongcaoxincun Project	143 Jiefang, Xujiahui Street, Shanghai	Commercial/ Hotel	100%	74,267	23,614	544	Under planning	November 2013
7.	Hefei Villa Glorious (Phase I)	Intersection of Datong Road and Tongling Road, Yaohai District, Hefei City, Anhui Province	Residential/ Commercial	100%	96,629	72,478[5]	–	The main structure under construction	September 2011

Notes:

(4) The site area includes all of the site areas of Baoshan Gaojing Phases I to III.

(5) The site area includes all of the site areas of Hefei Villa Glorious Phases I to IV.

Particulars of Properties Held *(Continued)*

	Name of property	Location	Type	Interest attributable to the Group Percentage	Approximate GFA (sq.m.)	Approximate site area (sq.m.)	Approximate number of carparks	Stage of completion	Anticipated completion date
	Hefei Villa Glorious (Phase II)	Intersection of Datong Road and Tongling Road, Yaohai District, Hefei city, Anhui Province	Residential	100%	136,213	72,478(5)	1,635	Under planning	June 2012
	Hefei Villa Glorious (Phase III)	Intersection of Datong Road and Tongling Road, Yaohai District, Hefei city, Anhui Province	Residential	100%	118,736	72,478(5)	1,065	Under planning	August 2012
	Hefei Villa Glorious (Phase IV)	Intersection of Datong Road and Tongling Road, Yaohai District, Hefei city, Anhui Province	Commercial	100%	10,746	72,478(5)	–	Under planning	December 2013
8.	Bashang Jie Project	Southwest intersection of Mingguang Road and Changjiang East Road, Hefei City, Anhui Province	Residential/ Commercial/ Office/ Hotel	100%	1,203,864	118,929	9,183	Under planning	July 2014 to December 2015, in stages
9.	No.1 City Promotion (Phase III)	The northern side of Wangzhuang East Road, the southern side of Xinguang Road, the eastern side of Xixing Road and the western side of Chunhua Road, New District, Wuxi City, Jiangsu Province	Residential/ Commercial	100%	219,159	52,287	1,755	Under planning	December 2012
	No.1 City Promotion (Phase IV)	The northern side of Wangzhuang East Road, the southern side of Xinguang Road, the eastern side of Xixing Road and the western side of Chunhua Road, New District, Wuxi City, Jiangsu Province	Residential/ Commercial/ Hotel	100%	110,616	85,583(6)	275	Under planning	December 2012 to December 2013, in stages
10.	Rongsheng Plaza	The southern side of Shiji Avenue and the eastern side of Gongnong Road, Nantong City, Jiangsu Province	Commercial/ Office/ Hotel	100%	283,597	45,090	1,051	Under planning	December 2015

Note:

(5) The site area includes all of the site areas of Hefei Villa Glorious Phases I to IV.

(6) The site area includes the site areas of No. 1 City Promotion Phases I to IV.

Particulars of Properties Held *(Continued)*

Name of property	Location	Type	Interest attributable to the Group: Percentage	Approximate GFA (sq.m.)	Approximate site area (sq.m.)	Approximate number of carparks	Stage of completion	Anticipated completion date
11. Rongsheng Garden (Phases IA & IB)	The southern side of Weiliu Road and the western side of Jingliu Road, New City District, Rugao City, Jiangsu Province	Residential/ Commercial	100%	248,143	318,093	392	The ground floor in Zone A under construction. Zone B under planning	November 2010 to June 2011, in stages
Rongsheng Garden (Phase IC)	The southern side of Weiliu Road and the western side of Jingliu Road, New City District, Rugao City, Jiangsu Province	Residential	100%	129,375	108,479	109	Under planning	December 2011
Rongsheng Garden (Phases II - VI)	The southern side of Weiliu Road and the western side of Jingliu Road, New City District, Rugao City, Jiangsu Province	Residential	100%	3,841,500	4,906,761[(7)]	1,937	Under planning	December 2012
12. Tongmian Second Factory Project (Phases I & II)	The western side of Gongnong Road and the southern side of Hongqiao Road, Nantong City, Jiangsu Province	Residential/ Commercial/ Office	100%	675,615	244,524	4,132	Under planning	June 2012 to November 2012, in stage
13. Nantong Chongchuan Project	The southern side of Dongsheng Garden, the western side of Shiji Road and the northern side of Tongjia River, Nantong City, Jiangsu Province	Residential/ Commercial	100%	301,300	115,069	1,500	Under planning	June 2012
14. Sanchahe Project (Phases I, II & III)	The southern side of Xiaguan District, Nanjing City	Residential/ Commercial	60%	368,864	109,244	1,935	Under planning	April 2013 to November 2014, in stages

Note:
(7) The site area includes all of the site areas of the Rongsheng Garden Project (Phases ID to VI).

Particulars of Properties Held *(Continued)*

Name of property		Location	Type	Interest attributable to the Group Percentage	Approximate GFA (sq.m.)	Approximate site area (sq.m.)	Approximate number of carparks	Stage of completion	Anticipated completion date
15.	Royal Mansion (Phase I)	The fourth zone, Yuhaiyuan Small District, Yuquan Road, Haidian District, Beijing	Residential/ Commercial	100%	61,570	34,850[8]	295	The main structure under construction	December 2012 to June 2011, in stages
	Royal Mansion (Phase II)	The fourth zone, Yuhaiyuan Small District, Yuquan Road, Haidian District, Beijing	Residential/ Commercial	100%	45,617	34,850[8]	204	Under planning	December 2012
16.	Sunshine Bordeaux (Phase IB)	No. 88, Jingjintang Science and Technology Park, Caiyu Town, Daxing District, Beijing	Residential/ Commercial	100%	96,296	77,522	375	Under planning	December 2011
	Sunshine Bordeaux (Phases II - IV)	No. 88, Jingjintang Science and Technology Park, Caiyu Town, Daxing District, Beijing	Residential/ Commercial	100%	1,228,613	1,191,983	–	Under planning	December 2016
17.	Sunshine Holiday (Phase III)	Intersection of Taixing South Road and Chenyang Road, Hedong District, Tianjin	Residential/ Commercial	100%	100,921	184,680[9]	995	The main structure complected. Currently undergoing internal and external decoration and installation work of water, electricity, electric fan and heating, etc.	September 2009 to June 2010, in stages
	Sunshine Holiday (Phase IV)	Intersection of Taixing South Road and Chenyang Road, Hedong District, Tianjin	Commercial	100%	120,472	184,680[9]	406	Under planning	October 2012
	Sunshine Holiday (Phase V)	Intersection of Taixing South Road and Chenyang Road, Hedong District, Tianjin	Residential/ Commercial	100%	100,833	184,680[9]	366	Under planning	November 2012 to May 2013, in stages

Notes:

(8) The site area includes all of the site areas of Royal Mansion Phases I & II.

(9) The site area includes all of the site areas of the Sunshine Holiday Project (Phases I to V).

	Name of property	Location	Type	Interest attributable to the Group: Percentage	Approximate GFA (sq.m)	Approximate site area (sq.m)	Approximate number of car park	Stage of completion	Anticipated completion date
18.	Glorious Shanghai Bay Seaside (Phases I & II)	Guan'gang Forest Park, Dagang District, Tianjin	Residential/ Commercial	100%	326,372	312,704[10]	837	Under planning	December 2011 to October 2012, in stages
	Glorious Shanghai Bay Seaside (Phase III)	Guan'gang Forest Park, Dagang District, Tianjin	Hotel	100%	35,657	312,704[10]	–	Under planning	September 2013
	Glorious Shanghai Bay Seaside (West block)	Guan'gang Forest Park, Dagang District, Tianjin	Residential/ Commercial	100%	287,931	216,721	1,403	Under planning	November 2011 to October 2012, in stages
	Glorious Shanghai Bay Seaside (East block)	Guan'gang Forest Park, Dagang District, Tianjin	Residendial/ Commercial	100%	380,150	366,667	1,325	Under planning	May 2012 to June 2013, in stages
19.	Tuanpohu Project (Phases I- IV)	The eastern part of Tuanpohu, Jinghai County, Tianjing	Residential/ Commercial	70%	1,536,767	1,196,000	7,087	Under planning	June 2016
20.	Sunny Town (Phase III)	No. 181, Nujiang North Street, Yuhong District, Shenyang City, Liaoning Province	Residential/ Commercial	100%	138,800	95,434	514	The multi-storey main structure completed. Currently undergoing internal and external decoration and installation work of water, electricity, electric fan and heating, etc.	August 2010 to December 2010, in stages
	Sunny Town (Phase IV)	No. 181, Nujiang North Street, Yuhong District, Shenyang City, Liaoning Province	Residential/ Commerical	100%	300,000	242,178[11]	875	Under planning	December 2011 to December 2012, in stages
	Sunny Town (Phase V)	No. 181, Nujiang North Street, Yuhong District, Shenyang City, Liaoning Province	Residential	100%	200,428	242,178[11]	178	Under planning	October 2013

Notes:

(10) The site area includes all of the site areas of the Glorious Shanghai Bay Seaside Project (Phases I to III).

(11) The site area includes all of the site areas of the Sunny Town Project (Phases IV to V).

Particulars of Properties Held *(Continued)*

	Name of property	Location	Type	Interest attributable to the Group: Percentage	Approximate GFA (sq.m)	Approximate site area (sq.m)	Approximate number of carparks	Stage of completion	Anticipated completion date
21.	Harbin Villa Glorious (Phase I)	The enclosure section of Anyang Road,Longkui Road, Qunei Guihua Road and Wuwei West Road, Daoli District, Harbin City, Heilongjiang Province	Residential/ Commercial	100%	151,212	204,960(12)	583	The main structure at higher floors under construction. The main structure of the club house completed. Currently undergoing internal and external decoration and installation work of water, electricity, electric fan and heating, etc.	December 2010
	Harbin Villa Glorious (Phase II)	The enclosure section of Anyang Road,Longkui Road, Qunei Guihua Road and Wuwei West Road, Daoli District, Harbin City, Heilongjiang Province	Residential/ Commerical	100%	272,037	204,960(12)	748	under planning	December 2011
	Harbin Villa Glorious (Phase III)	The enclosure section of Anyang Road,Longkui Road, Qunei Guihua Road and Wuwei West Road, Daoli District, Harbin City, Heilongjiang Province	Residential	100%	118,197	204,960(12)	441	Under planning	December 2012
Sub-total					**15,322,666**	**52,241**			

Note:
(12) The site area includes all of the site areas of the Harbin Villa Glorious project (Phases I to III).

Particulars of Properties Held *(Continued)*

Name of Property	Location	Type	Interest attributable to the Group: Percentage	Approximate GFA (sq.m.)	Approximate number of carparks	Lease term
D. Property held for sale						
1. Shanghai Park Avenue	No. 389 Anshun Road, Changning District, Shanghai	Residential/ Commercial	100%	18,161	351	Long term
2. Chateau De Paris (Phase I)	No. 2143 Xietu Road, Xu Hui District, Shanghai	Residential/ Commercial	100%	3,624	89	Long term
Chateau De Paris (Phase II)	No.2093 Xietu Road, Xu Hui District, Shanghai	Residential	100%	18,966	–	Long term
3. Sunshine Venice (Phases I, II & IIIA)	South of Taopu Road, west of Qilianshan Road, Shanghai	Residential	100%	44,298	1,240	Long term
Sunshine Venice (Phase III B)	South of Taopu Road, west of Qilianshan Road, Shanghai	Residential	100%	16,596	240	Long term
4. Shanghai Bay (Phase I)	No. 1441 Wanping South Road, Shanghai	Residential/ Commercial	100%	134,582	586	Long term
5. No.1 City Promotion (Phase I)	The northern side of Wangzhuang East Road, the southern side of Xinguang Road, the eastern side of Xixing Road and the western side of Chunhua Road, New District, Wuxi City, Jiangsu Province	Residential	100%	28,184	710	Long term
No. 1 City Promotion (Phase II)	The northern side of Wangzhuang East Road, the southern side of Xinguang Road, the eastern side of Xixing Road and the western side of Chunhua Road, New District, Wuxi City, Jiangsu Province	Residential	100%	70,647	780	Long term
6. Classical Life (Phase I)	No. 88 Qinfeng Road, Changshu City, Jiangsu Province	Commercial	100%	3,464	–	Long term
Classical Life (Phase II)	No. 88 Qinfeng Road, Changshu City, Jiangsu Province	Residential	100%	4,947	140	Long term

Particulars of Properties Held *(Continued)*

Name of Property	Location	Type	Interest attributable to the Group: Percentage	Interest attributable to the Group: Approximate GFA (sq.m.)	Interest attributable to the Group: Approximate number of carparks	Lease term
7. Sunshine Bordeaux (Phase IA)	No.88 Jingjintang Science and Technology Park, Caiyu Town, Daxing District, Beijing	Residential/ Commercial	100%	40,669	304	Long term
8. Sunny Town (Phase I)	No. 181 Nujiang North Street, Yuhong District, Shenyang City, Liaoning Province	Residential/ Commercial	100%	10,070	133	Long term
Sunny Town (Phase II)	No. 181 Nujiang North Street, Yuhong District, Shenyang City, Liaoning Province	Residential/ Commercial	100%	30,434	208	Long term
9. Sunshine Holiday (Phase I)	Intersection of Taixing South Road and Chenyang Road, Hedong District, Tianjin	Residential/ Commercial	100%	6,091	–	Long term
Sunshine Holiday (Phase II)	Intersection of Taixing South Road and Chenyang Road, Hedong District, Tianjin	Residential/ Commercial	100%	34,012	705	Long term
Sub-total				**464,745**	**5,486**	

Corporate Information and Key Dates

The Board		
Executive Directors		
Mr. Zhang Zhi Rong (Chairman)	Mr. Ding Xiang Yang (Vice Chairman)	Mr. Cheng Li Xiong (Chief Executive Officer)
Mr. Xia Jing Hua	Mr. Liu Ning	Mr. Li Xiao Bin
Mr. Yan Zhi Rong		
Independent Non-executive Directors		
Mr. Yim Ping Kuen	Mr. Liu Shun Fai	Mr. Wo Rui Fang
Mr. Han Ping		

Audit Committee		
Mr. Yim Ping Kuen (Chairman)	Mr. Liu Shun Fai	Mr. Wo Rui Fang

Remuneration Committee		
Mr. Zhang Zhi Rong (Chairman)	Mr. Liu Shun Fai	Mr. Wo Rui Fang

Company Secretary	Auditor	Compliance Adviser
Mr. Ching Yu Lung, *FCPA, FCCA*	PricewaterhouseCoopers	Guotai Junan Capital Limited

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

Legal Advisers		
Paul, Hastings, Janofsky & Walker	Commerce and Finance Law Offices	Conyers Dill & Pearman

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Unit 3502, 35th Floor, Tower Two
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Shenzhen 518026
PRC

Registered Office:
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P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

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

Contact:
Investor Relations Department
Glorious Property Holdings Limited
Unit 3502, 35th Floor, Tower Two
Lippo Centre, 89 Queensway, Admiralty
Hong Kong
Telephone: (852) 3101 4888
Facsimile: (852) 3101 4688

Key Dates:

Closure of Register of Members
24 May 2010 to 31 May 2010

Annual General Meeting
31 May 2010

Proposed Payment of Final Dividend
7 June 2010

Choice of Language or Means of Receipt of Corporate Communications:
This annual report is now available in printed form and on the website of the Company.

If shareholders who have received or chosen to receive this annual report by electronic means and

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

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

Website: http://www.gloriousphl.com.cn

Stock Code: 845

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