恒盛地產
GLORIOUS PROPERTY

The Ultimacy of Life

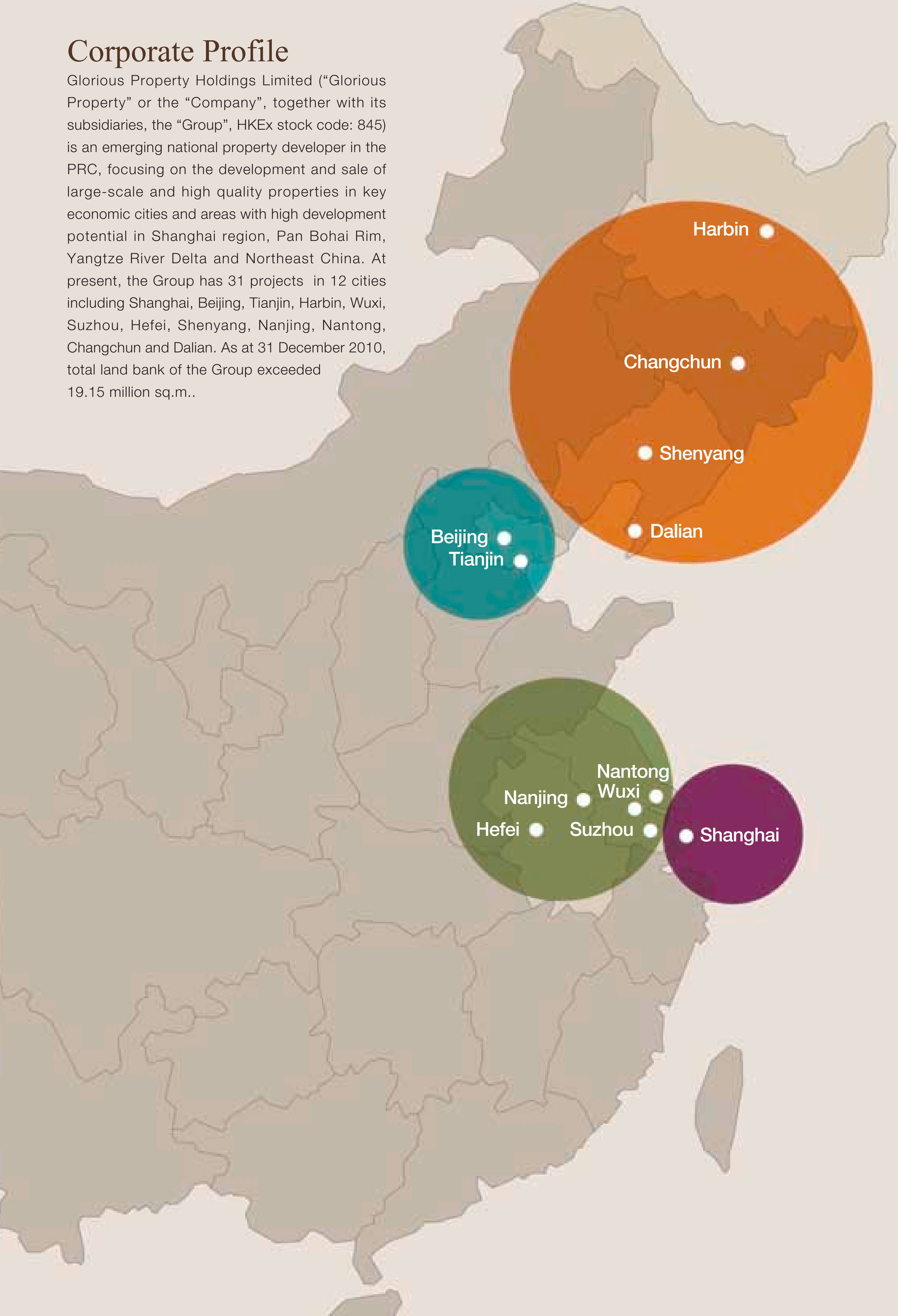
Glorious Property Holdings Limited

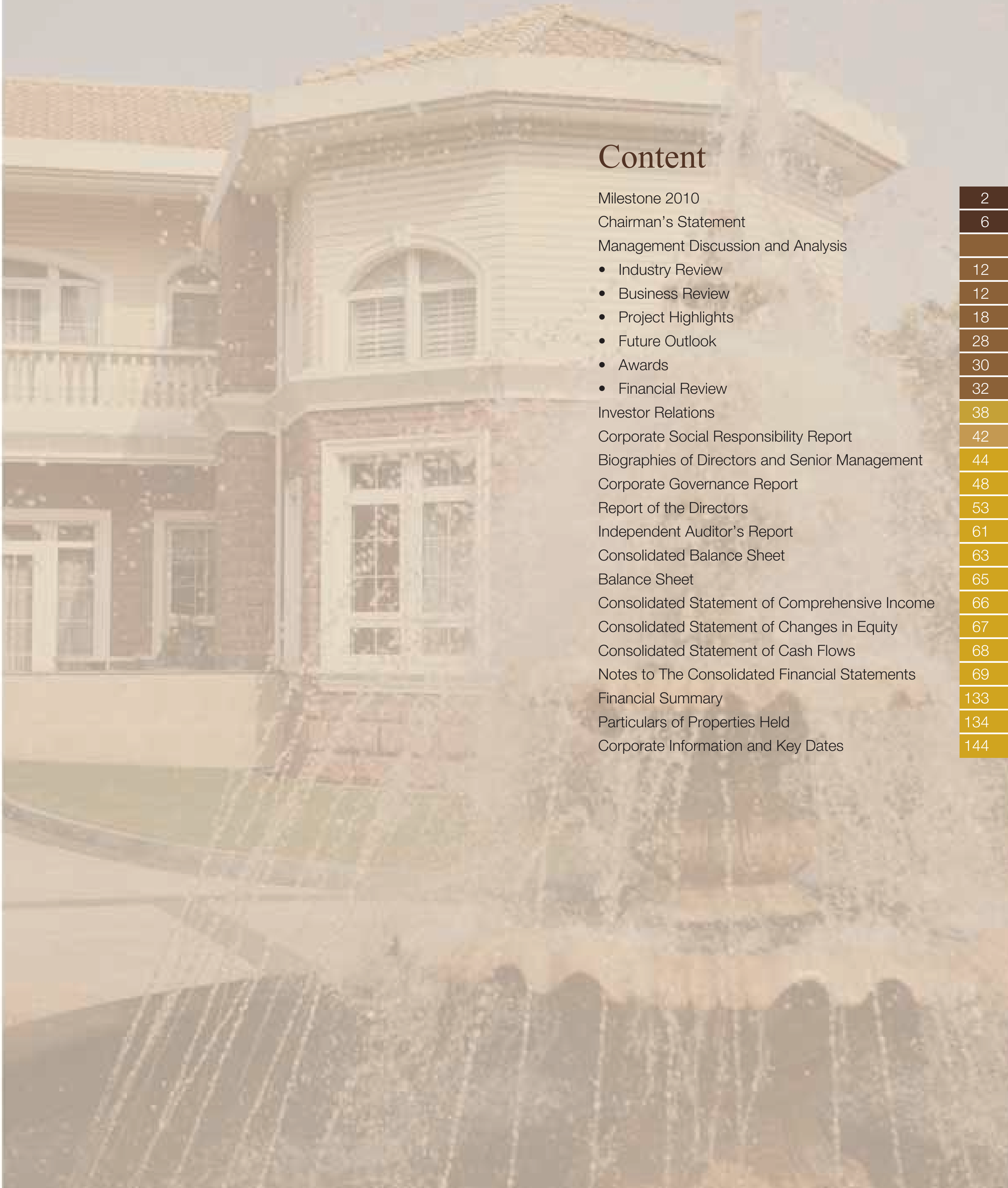
Stock Code: 845

Annual Report 2010

Corporate Profile

Glorious Property Holdings Limited ("Glorious Property" or the "Company", together with its subsidiaries, the "Group", HKEx stock code: 845) is an emerging national property developer in the PRC, focusing on the development and sale of large-scale and high quality properties in key economic cities and areas with high development potential in Shanghai region, Pan Bohai Rim, Yangtze River Delta and Northeast China. At present, the Group has 31 projects in 12 cities including Shanghai, Beijing, Tianjin, Harbin, Wuxi, Suzhou, Hefei, Shenyang, Nanjing, Nantong, Changchun and Dalian. As at 31 December 2010, total land bank of the Group exceeded 19.15 million sq.m..





Content

Milestone 2010

January

A strategic cooperation agreement was signed with the Bank of China Nantong Branch, providing a line of credit totaling RMB8 billion

February

Entered into a strategic cooperation agreement and sales agent contract with E-House (China) Holdings Limited

March

Included as the constituent stock of Hang Seng Composite Index, Hang Seng Composite Industry Index (Properties & Construction), Hang Seng Composite MidCap Index and Hang Seng Mainland 100

April

Announced 2009 Annual Results

Acquired a land parcel in South District of Changchun New and High-tech Industrial Development Zone at a consideration of RMB505 million

May

Held 2009 Annual Gerenal Meeting

Acted as the title sponsor of the Wai Yin Association's "Way In Green Charity Ball 2010"

Acquired a land parcel in Caiyu Town, Daxing District in Bejing at a consideration of RMB376 million

Entered into a strategic cooperation agreement with China State Construction Engineering Corporation

June

Established "38 Secondary School Educational Foundation"

Commenced construction of Bashangjie project in Hefei

Held a "Glorious Nationwide Promotion Tour"

July

Acquired two land parcels in South District of Changchun New and High-tech Industrial Development Zone at a total consideration of RMB808 million

August

Announced 2010 Interim Results

Acquired a land parcel in Mengcheng Road in Hefei at a consideration of RMB578 million

September

Launched the Staff Culture, Sports and Arts Festival for the first time

October

Successfully completed a US$300 million five-year senior notes issue

Acquired a land parcel in Qunli New District in Harbin at a consideration of RMB520 million

December

Held "Miss Asia Pageant Shanghai Visit and Glorious Living Quality Visit" event in Hefei Royal Garden

Entered into an agreement to acquire a landmark project in Jinzhou District, Dalian for a consideration of RMB300 million

Solid Foundation for Growth

Chairman's Statement

I am very confident of the sustainable development of Glorious Property and expect to solidify our competitive advantage by continuously raising our standards of development. As we increase our market share in the cities in which we operate, we plan to continue expanding into other strategically selected cities in order to achieve our strategy of becoming a national developer. We will focus on growing our sales volumes in the second-tier and third-tier cities so as to increase the contributions from these regions to the Group in terms of revenue and profit going forward. In addition, we will also focus on strengthening the visibility of our brand as this would form the foundation for the long term sustainable development of the Company.

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Glorious Property Holdings Limited ("Glorious Property" or the "Company", together with its subsidiaries, collectively the "Group"), I am pleased to present the 2010 Annual Report of the Group.

Business Review

In 2010, the recovery of the global economy remained slow with the United States economy facing significant challenges and the European countries experiencing a sovereign debt crisis, thereby threatening the stability of the financial markets. Over the past year, in the People's Republic of China (the "PRC"), new stringent austerity measures were introduced in April and September, resulting in significant volatility in the PRC property market.

Despite the uncertain and unfavourable external economic conditions, the Group has managed to achieve better than expected sales results due to our proactive and flexible sales strategies and our swift response in adjusting our development strategy to suit changing market conditions.

With the joint efforts of the management and all employees of the Group, the Group had another successful year, achieving revenue of RMB7,114.0 million, representing a year-on-year (YOY) increase of 15.3%. Profit attributable to the Company's equity holders amounted to RMB3,608.6 million, representing a YOY increase of 52.5%. Basic earnings per share was RMB0.46, representing a YOY increase of 21.1%. Shareholders' equity (excluding non-controlling interests) increased to RMB14,798.9 million, representing a YOY increase of 30.3%. Net book value per share amounted to RMB1.96, representing a YOY increase of 2.6%.

Property Sales

In 2010, contracted sales of the Group reached a record high once again, with sales exceeding RMB10 billion for the first time since its inception. Total sales amounted to RMB12.68 billion, representing a YOY growth of 89.1%. Contracted area sold totaled 1.147 million sq. m., representing a YOY growth of 74.5%. The average selling price reached RMB11,055 per sq.m..

In 2010, projects in 9 cities were sold with second-tier and third-tier cities accounting for a significantly higher proportion of sales. Lower-tier cities made up 47% and 72% of the total contracted sales and contracted sales area respectively. Results have shown that our strategy of focusing on second-tier and third-tier cities has been effective. Hence, we can expect to see increasing sales contribution from the second-tier and third-tier cities in the next few years.

Land Bank

In 2010, the Group secured 6 premium land parcels with a total gross floor area ("GFA") of 2.46 million sq.m. in 5 cities, namely Changchun, Beijing, Hefei, Harbin and Dalian, with an average land cost of RMB1,257 per sq.m.. All the land parcels are wholly-owned by the Group, situated in prime locations, large in scale and secured at reasonable costs. We believe that these land parcels have the potential of capital appreciation and will ensure sustainable development of the Group.

As at 31 December 2010, the Group had a total land bank of 19.15 million sq.m. of low-cost and high-quality land parcels situated in 12 cities within four major regions in China. The average land cost was RMB1,270 per sq.m.. With an abundance of land in various prime locations, the Group can expect to enjoy high gross margins and rapid growth in the years ahead.

Professional Development

In order to meet the needs for a successful expansion into second-tier and third-tier cities, the Group is committed to continuously enhancing and strengthening its professional development and management capabilities to ensure a constant and steady growth in its businesses. In 2010, the Group upgraded its professional and management centers as well as improved the management functions of the centers to reinforce its management and control capabilities. The Group has also set up a new centralised purchasing center and a risk management center. As at 31 December 2010, the Group had a number of centralised management centers that correspond to different parts of the real estate value chain. The goal of the Group is to gradually develop a unique professional management system where the holding company steers the strategies, city-level companies manage the services, and project companies focus on the results.

Financial Resources

During the past year, the Group improved its capital structure by increasing its funding flexibility through the use of offshore and onshore financing and multi-channel financing. Diversifying its capital structure also enabled the Group to expand its scale of financing. In 2010, approximately RMB10 billion was raised across both the domestic and international markets. This amount helped to ensure the continuous availability of funds for expansion and development. In addition, the Group has consistently adhered to its prudent financial strategy. This allowed the Group to maintain the net gearing ratio at approximately 53.7% while sustaining rapid business development.

Corporate Citizenship Responsibility

In year 2010, aligned with the goal of contributing to the harmonious development of society, the Group consistently abided by its social responsibilities as a good corporate citizen. As a publicly-listed company, the Group has successfully achieved its parallel goals of expanding business without losing sight of its corporate and social responsibilities. Over the past year, the Group made significant contribution to areas such as public welfare, environmental protection and education.

Corporate Culture

The Group firmly believes in the philosophy that "Employees are the first driver of productivity" and regards talents as a crucial factor for sustaining wealth and development of its business. In line with its objective of placing its staff at top priority to maximise productivity, the Group frequently holds various company activities, such as the Staff Culture, Sports and Arts Festival, to help employees improve physical and mental well-being. In addition, the Group also provides comprehensive training sessions and ample advancement opportunities to its staff. The recently-implemented "Mutual-Assistance Program" also helps to foster team spirit and cohesiveness among the employees.

Business Outlook

The global economy is expected to continue to recover in an unbalanced environment. In the PRC, 2011 marks the beginning of the "12th Five-Year-Plan". The economy in China is expected to maintain rapid growth whilst facing inflationary pressures. It is expected that the PRC government will reinforce the macroeconomic regulation and control. The issuance of the "New Eight State Regulations" by the State Council on 26 January 2011 and the trial implementation of property tax in certain cities such as Shanghai and Chongqing is likely to result in greater uncertainties in the real estate market. However, the real estate market in the PRC is expected to experience a healthy and stable growth in the medium-to-long term.

Investment Strategy

The Group continues to adhere to its prudent investment strategy of balancing outflows and inflows. The goal of the Group is to continuously increase its amount of low-cost, high-quality land bank by adopting various acquisition methods according to the sales position and financial requirements. By actively seeking favorable opportunities to enter into second-tier and third-tier cities and increasing development efforts in these locations, the Group hopes to strengthen its investments and optimise its land portfolio. The Group will steadily increase commercial properties mainly in retail business, prime office buildings and hotels to enhance the proportion of contribution from rental income.

Sales Strategy

The Group seeks to diversify its operations in current second-tier and third-tier cities in order to increase their contribution to the Group's sales and earnings by actively promoting sales to increase its market shares in these regions, while maintaining its leading market position in Shanghai. At the same time, it strives to actively expand into strategically-selected key second-tier and third-tier cities with development potential as well as the neighbouring newly urbanised cities which demonstrate synergy effects with the existing cities. More importantly, the Group seeks to build on its brand name and establish a long-term relationship with its clients.

Development Strategy

In addition to expediting the development process of existing projects, the Group also seeks to enhance the professional standards of various segments of the real estate value chain to optimise its internal management and improve its management capabilities. The Group will continue to accelerate the process of product standardisation to create a series of products with distinctive characteristics of "Glorious Property", while enhancing product development and innovation so as to consistently provide its customers with premium quality products and services.

Financial Strategy

The Group will adopt a more diversified financing structure with multiple platforms and channels to ensure that the funding required for the rapid development of its businesses will be met. The Group will maintain its prudent cash flow management to control and mitigate any financial risks.

My dear fellow shareholders, despite the uncertain recovery of the global economy in 2011 and short-term fluctuations in the real estate market brought by measures taken by the PRC government in the real estate sector, the Group sees itself presented with more opportunities than challenges. The Group sets its new development targets and will reach greater heights as we continue to enhance our professional development and management capabilities and formulate effective development strategies in accordance with market conditions. The Board has full confidence in the development prospects of the Group.

Lastly, on behalf of the Board, I would like to extend my gratitude to all our shareholders and business partners for their continued support to the Group. In addition, I would also like to thank my management team for their outstanding leadership and our employees for their continued dedication and contributions to Glorious Property.

Zhang Zhi Rong
Chairman
23 March 2011, Hong Kong

Pursuit of Quality


Industry Review

In the beginning of 2010, with the global economy recovering, the PRC property market picked up quickly. However, it led to rapid increase of housing prices and that raised the attention of the PRC government. Therefore, the PRC government implemented a series of new restrictive macroeconomic measures in April and September of last year. With a primary objective of supressing the soaring housing prices, these measures aimed to promote steady and healthy development of the property market. The response from the property market was within expectation, transaction volumes in certain cities fell as home buyers became more cautious. Meanwhile, housing prices remained stable, without any signs of significant downward adjustment.

Under the severe and complicated external environment, the Group formulated certain active and flexible marketing strategies and accelerated the development speed and sales pace in an adaptive manner, achieving ideal sales results in the process.

Business Review

Property Development

i. ***Revenue***

For the year ended 31 December 2010, the Group recorded a consolidated revenue of RMB7,114.0 million, up 15.3% from RMB6,171.1 million for the same period in 2009. The delivered GFA for the period was 505,295 sq.m., representing a decrease of 11.4% over the same period of previous year of 570,597 sq.m.. Meanwhile, the average selling price climbed by 30.3% to RMB 14,071 per sq.m. from RMB10,802 per sq.m. in the same period of last year.

In 2010, the Group recognised 11 projects for sale, up from 9 projects for the same period in 2009. Among which, revenue from the sales of 6 projects in the first-tier cities, including Shanghai and Beijing; and 5 projects in the second-tier and third-tier cities, including Tianjin, Harbin, Wuxi, Suzhou and Shenyang, accounted for 68% and 32% respectively. Of the total area delivered in 2010, approximately 21% was from projects in the Shanghai region, 8% from the Yangtze River Delta (excluding Shanghai), 24% from Pan Bohai Rim, and 47% from Northeast China.

Projects in which properties were sold and delivered for each of the years ended 31 December 2009 and 2010 included:

Properties sold and delivered	City	2010 Revenue RMB'000	2010 GFA sold and delivered sq.m.	2010 Average selling price recognised RMB per sq.m.	2009 Revenue RMB'000	2009 GFA sold and delivered sq.m.	2009 Average selling price recognised RMB per sq.m.
Sunshine Venice	Shanghai	28,604	1,559	18,348	1,230,539	123,157	9,992
Chateau De Paris	Shanghai	15,513	543	28,569	290,893	9,921	29,321
Shanghai Park Avenue	Shanghai	—	—	—	611,154	26,118	23,400
Shanghai Bay	Shanghai	3,210,877	73,437	43,723	2,214,913	77,443	28,601
Royal Lakefront	Shanghai	395,228	29,412	13,438	—	—	—
Sunshine Bordeaux	Beijing	36,389	7,294	4,989	389,172	81,500	4,775
Royal Mansion	Beijing	1,178,069	39,660	29,704	—	—	—
Sunshine Holiday	Tianjin	685,747	76,912	8,916	594,787	78,421	7,585
Harbin Villa Glorious	Harbin	734,712	122,142	6,015	—	—	—
No. 1 City Promotion	Wuxi	235,888	38,020	6,204	625,046	135,129	4,626
Classical Life	Suzhou	13,482	1,836	7,343	105,731	15,272	6,923
Sunny Town	Shenyang	575,451	114,480	5,027	101,558	23,636	4,297
Sub-total		7,109,960	505,295	14,071	6,163,793	570,597	10,802
Other revenue		4,065	N/A	N/A	7,334	N/A	N/A
Total		7,114,025			6,171,127		

ii. ***Property Sales***

In 2010, the contracted sales of the Group was RMB12,680 million, representing an increase of 89.1% over the same period of last year, while contracted sales area totaled 1,146,851 sq.m., up 74.5% from the same period last year. During the period under review, the sales of the Group's projects performed well, especially in the second-tier and third-tier cities including Nantong, Hefei, Shenyang and Harbin. It was mainly due to the Group's increase of sales and promotion efforts in the second-tier and third-tier cities and speeded up the construction progress which enabled more projects in the second-tier and third-tier cities to obtain pre-sale permits in the period under review. As a result, the sales amount in the second-tier and third-tier cities increased from RMB2,624 million in 2009 to RMB5,980 million in 2010, representing an increase of 127.9%.

In 2011, the Group plans to launch 20 projects in the four regions which the Group projects are located, namely Shanghai region, Yangtze River Delta, Pan Bohai Rim and Northeast China, including Shanghai Bay, Royal Lakefront in the Shanghai region; Nantong Royal Bay, Nantong Villa Glorious, Hefei Villa Glorious and Hefei Royal Garden in Yangtze River Delta; Sunshine Bordeaux, Tianjin Royal Bay Seaside and Tianjin Royal Bay Lakeside in Pan Bohai Rim; and Harbin Villa Glorious, Sunny Town and Changchun Villa Glorious in Northeast China. Therefore, the Group's contracted sales contribution will be relatively well balanced in the four regions in 2011, and the Group expects that the total saleable area in 2011 will be over 3 million sq.m..

Contracted sales and GFA sold by cities in 2009 and 2010 are set out below:

City	2010 GFA Sold sq.m.	Contracted Sales Amount RMB'000	2009 GFA Sold sq.m.	Contracted Sales Amount RMB'000
Shanghai	**242,448**	**5,723,574**	100,279	2,937,390
Beijing	**83,881**	**976,836**	93,321	1,142,956
Tianjin	**38,533**	**363,346**	85,535	659,607
Nantong	**284,166**	**2,272,735**	—	—
Hefei	**178,726**	**1,113,232**	47,867	245,781
Wuxi	**19,075**	**131,964**	124,441	601,952
Suzhou	**—**	**—**	16,347	115,730
Shenyang	**98,188**	**561,677**	80,592	351,796
Harbin	**201,834**	**1,536,909**	108,848	648,941
Total	**1,146,851**	**12,680,273**	657,230	6,704,153

Details of the projects available for sale in 2011 are set out below:

	Project	City	Saleable GFA[1] (sq.m.)	Interests Attributable to the Group
1	Shanghai Bay (Phases I, IIA)	Shanghai	51,370	100%
2	Royal Lakefront (Phases IA, IB)	Shanghai	124,974	100%
3	Sunshine Venice (Phases I, II, IIIA, IIIB, IIIC)	Shanghai	4,093	100%
4	Royal Mansion (Phase I)	Beijing	5,198	100%
5	Sunshine Bordeaux (Phases IA, IB)	Beijing	6,157	100%
6	Caiyu Town Project	Beijing	80,297	100%
7	Sunshine Holiday (Phases I, II, III)	Tianjin	24,782	100%
8	Tianjin Royal Bay Seaside	Tianjin	572,929	100%
9	Tianjin Royal Bay Lakeside	Tianjin	292,542	70%
10	Nantong Glorious Chateau (Phase I)	Nantong	128,741	100%
11	Nantong Royal Bay	Nantong	267,663	100%
12	Nantong Villa Glorious	Nantong	74,406	100%
13	Hefei Villa Glorious (Phases I, II, III)	Hefei	55,181	100%
14	Hefei Royal Garden	Hefei	361,638	100%
15	No. 1 City Promotion (Phases I, II, III)	Wuxi	124,839	100%
16	Harbin Villa Glorious (Phases I, II)	Harbin	175,929	100%
17	Harbin Royal Garden	Harbin	169,482	100%
18	Sunny Town (Phases I, II, III, IV)	Shenyang	158,873	100%
19	Changchun Villa Glorious	Changchun	297,269	100%
20	Dalian Villa Glorious	Dalian	154,865	100%
	Total		**3,131,228**	

(1) Excluding retail and car park area

iii. Construction and Development Plan

In 2010, the total GFA completed and delivered was approximately 505,000 sq.m.. The projects under construction in various regions progressed as planned, adding another 2.57 million sq.m. to area under construction. As at 31 December 2010, the Group had a total of 31 projects under development in 12 cities, compared to 25 projects in 10 cities in the same period last year. The increase in the number of projects under construction laid a solid foundation for the future development of the Group.

iv. ***Land Bank***

As for land bank replenishment, the Group continued to replenish land bank through various channels. In 2010, the acquired lands were distributed in locations with good economic foundations and high development potential. In 2010, the Group acquired a total of 6 land parcels in five cities, including Changchun, Beijing, Hefei, Harbin and Dalian. Changchun and Dalian were the two cities that the Group newly entered. Total consideration and GFA for the land acquisitions in 2010 was RMB3,087 million and 2,456,593 sq.m. respectively, and the average land cost was RMB1,257 per sq.m..

As at 31 December 2010, the total land bank of the Group stood at 19.15 million sq.m., sufficient to meet its development needs in the coming five to seven years. The low-cost land bank of RMB1,270 per sq.m. provides the Group with a strong foundation for sustaining higher profit margins in the years to come. The Group's existing land bank is distributed over first-tier, second-tier and third-tier cities, of which 23% is in first-tier cities, including Shanghai and Beijing; while 77% is in second-tier and third-tier cities. The strategic distribution of the Group's land bank will facilitate its long-term development.

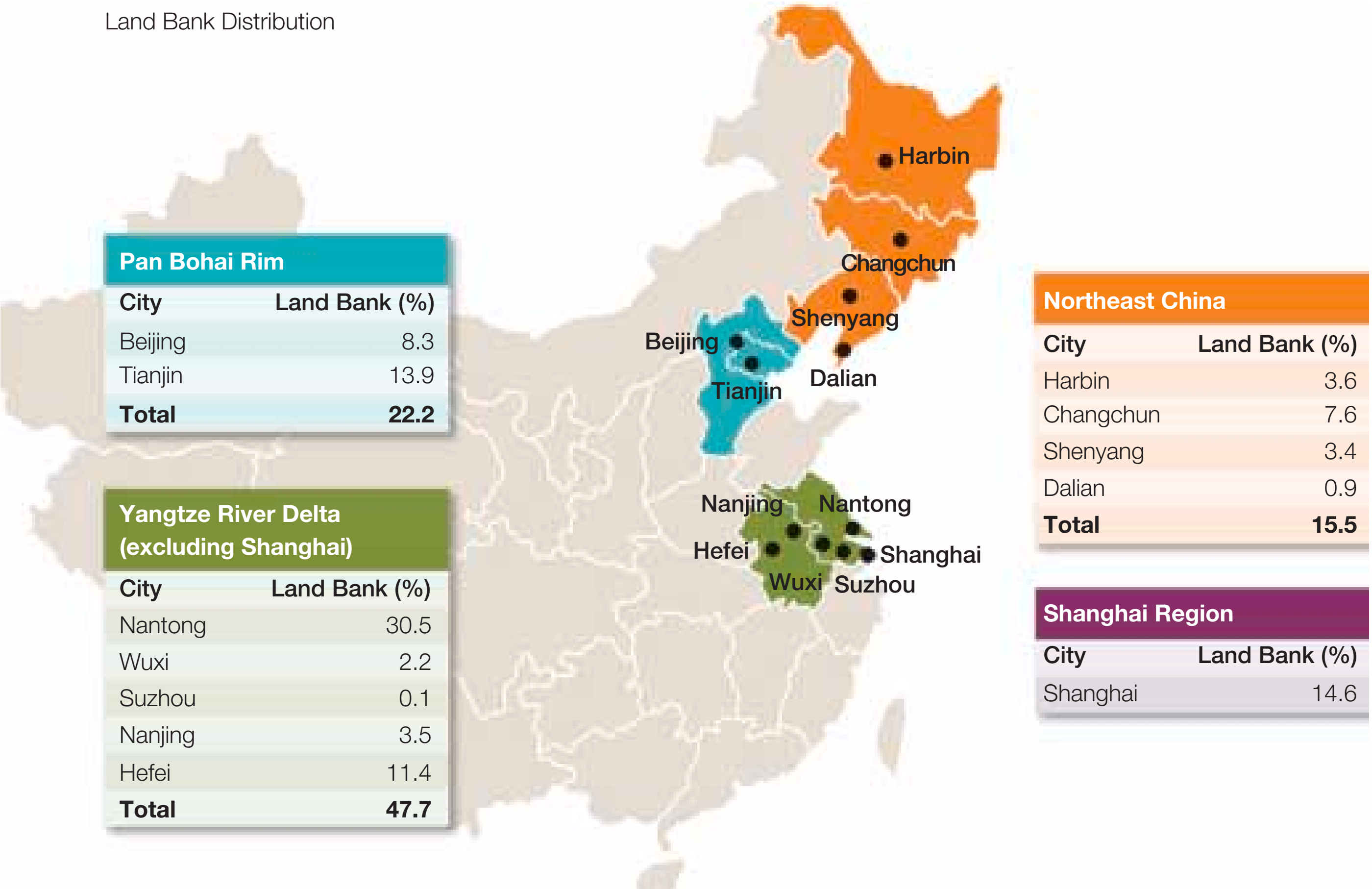
v. ***Commercial Property***

Currently, the total area dedicated for commercial property development represents approximately 15.3% of the Group's total land bank. As at 31 December 2010, most of the commercial properties were still under construction and the Group plans to increase the number of commercial properties in the future.

Land bank overview of the Group as at 31 December 2010 is set out below:

No.	Project	City	Location	Project Type	Land Cost per sq.m. (RMB)	Land Bank (sq.m.)	Interest Attributable to the Group
Shanghai							
1	Shanghai Bay	Shanghai	Xuhui District	Residential, hotel, offices and retail	611	751,111	100%
2	Sunshine Venice	Shanghai	Putuo District	Residential, hotel and retail	554	287,958	100%
3	Royal Lakefront	Shanghai	Fengxian District	Residential and retail	1,870	598,102	100%
4	Shanghai Park Avenue	Shanghai	Changning District	Residential and retail	3,313	26,918	100%
5	Chateau De Paris	Shanghai	Xuhui District	Residential and retail	1,689	49,950	100%
6	Baoshan Gaojing Project	Shanghai	Baoshan District	Residential and retail	923	866,019	100%
7	Sunglow Xinjing	Shanghai	Xuhui District	Residential and retail	NA	2,076	100%
8	Caohejing Project	Shanghai	Xuhui District	Offices, hotel and retail	9,703	121,300	100%
9	Zhongcao Xincun Project	Shanghai	Xuhui District	Serviced apartment and retail	9,703	91,000	100%
Sub-total					1,557	2,794,434	
Pan Bohai Rim							
10	Sunshine Holiday	Tianjin	Hedong District	Residential, hotel and retail	799	156,882	100%
11	Tianjin Royal Bay Seaside	Tianjin	Dagang District	Residential, hotel and retail	1,396	934,014	100%
12	Tianjin Royal Bay Lakeside	Tianjin	Jinghai District	Residential and retail	1,225	1,567,303	70%
13	Royal Mansion	Beijing	Haidian District	Residential and retail	3,395	90,406	100%
14	Sunshine Bordeaux	Beijing	Daxing District	Residential and retail	493	1,409,163	100%
15	Caiyu Town Project	Beijing	Daxing District	Residential and retail	3,862	100,270	100%
Sub-total					1,094	4,258,038	
Yangtze River Delta (excluding Shanghai)							
16	Nantong Glorious Chateau	Nantong	Rugao Economic Development Zone	Residential and retail	322	4,502,144	100%
17	Rongsheng Plaza	Nantong	Xincheng District	Hotel, offices and retail	348	297,486	100%
18	Nantong Royal Bay	Nantong	Chongchuan District	Residential, offices and retail	4,719	738,374	100%
19	Nantong Villa Glorious	Nantong	Chongchuan District	Residential and retail	2,707	304,190	100%
20	No.1 City Promotion	Wuxi	Wuxi New District	Residential, hotel and retail	679	425,207	100%
21	Classical Life	Suzhou	Changshu New District	Residential and retail	1,446	10,052	100%
22	Hefei Villa Glorious	Hefei	Yaohai District	Residential and retail	680	331,163	100%
23	Bashangjie Project	Hefei	Yaohai District	Residential, hotel, offices and retail	881	1,347,100	100%
24	Hefei Royal Garden	Hefei	Luyang District	Residential, hotel, and retail	1,207	498,378	100%
25	Nanjing Royal Bay	Nanjing	Xiaguan District	Residential and retail	6,013	663,913	60%
Sub-total					1,292	9,118,007	
Northeast China							
26	Harbin Villa Glorious	Harbin	Qunli New District	Residential and retail	979	477,889	100%
27	Harbin Royal Garden	Harbin	Qunli New District	Residential and retail	2,451	222,697	100%
28	Sunny Town	Shenyang	Yuhong District	Residential and retail	1,133	648,511	100%
29	Changchun Villa Glorious (East)	Changchun	New and High-tech Industrial Development Zone	Residential and retail	868	611,217	100%
30	Changchun Villa Glorious (West)	Changchun	New and High-tech Industrial Development Zone	Residential and retail	1,004	845,088	100%
31	Dalian Villa Glorious	Dalian	Jinzhou District	Residential and retail	1,674	178,943	100%
Sub-total					1,142	2,984,345	
Total					**1,270**	**19,154,824**	

Land Bank Distribution



Pan Bohai Rim

City	Land Bank (%)
Beijing	8.3
Tianjin	13.9
Total	**22.2**

Yangtze River Delta (excluding Shanghai)

City	Land Bank (%)
Nantong	30.5
Wuxi	2.2
Suzhou	0.1
Nanjing	3.5
Hefei	11.4
Total	**47.7**

Northeast China

City	Land Bank (%)
Harbin	3.6
Changchun	7.6
Shenyang	3.4
Dalian	0.9
Total	**15.5**

Shanghai Region

City	Land Bank (%)
Shanghai	14.6

The land acquired in 2010 is set out below:

	Project Name	Land Location	Date Acquired	Total Site Area (sq.m.)	Planned GFA (sq.m.)	Consideration [1] (RMB million)	Land Cost per sq.m. [1] (RMB)
Changchun	Changchun Villa Glorious (East)	New and High-Tech Industrial Development Zone	Apr-10	197,940	611,217	505	830
Beijing	Caiyu Town Project	Caiyu Town, Daxing District	May-10	90,741	100,270	376	3,750
Changchun	Changchun Villa Glorious (West)	New and High-Tech Industrial Development Zone	Jul-10	318,828	845,088	808	956
Hefei	Hefei Royal Garden	Mengcheng North Road, Luyang District	Aug-10	150,000	498,378	578	1,160
Harbin	Harbin Royal Garden	Qunli New District	Oct-10	77,879	222,697	520	2,330
Dalian	Dalian Villa Glorious	Jinzhou District	Dec-10	50,250	178,943	300	1,670
Total				**885,638**	**2,456,593**	**3,087**	**1,257**

(1) Excluding deed tax

Shanghai Shanghai Bay

City	**Shanghai**
Location	Xuhui District
Project Type	Residential, hotel, office and retail
Land Cost per sq.m. (RMB)	611
Interest Attributable to the Group	100%
Land Bank (sq.m.)	751,111
Project Descriptions	Shanghai Bay is a large-scale integrated development situated along the west bank of the Huangpu River, and boasts unblocked river views. Located close to the Xujiahui commercial area which is the heart of the Xuhui district, the project enjoys a superior location in terms of accessibility. The project is expected to be developed in three phases with residential, retail, office and hotel.

Shanghai Royal Lakefront

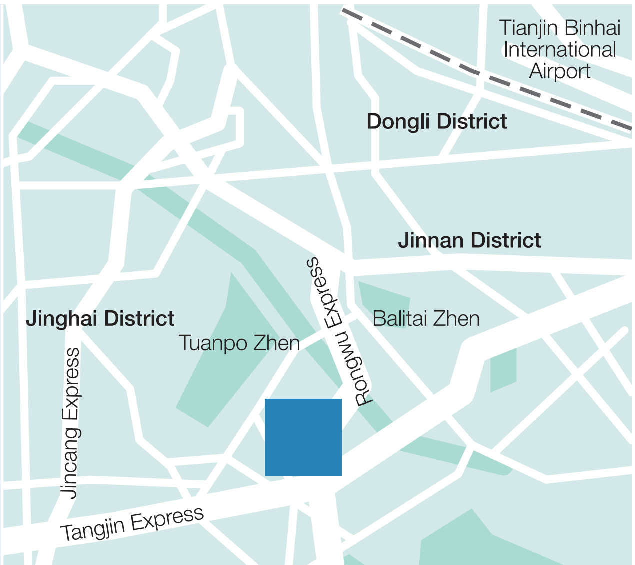
City	**Shanghai**
Location	Fengxian District
Project Type	Residential and retail
Land Cost per sq.m. (RMB)	1,870
Interest Attributable to the Group	100%
Land Bank (sq.m.)	598,102
Project Descriptions	The project is situated in a government-planned high-end residential in Nanqiao New City and within the Shanghai Fengxian Modern Agricultural Zone. With an extension line of light rail No. 5 running through the area and an exit of the A4 motorway (connects Shanghai and Hangzhou) close to the site, the project enjoys convenient access. To the east of the project is a large park planned by the government. The project has a broad range of products including townhouses and retail facilities.

Pan Bohai Rim Tianjin Royal Bay Seaside

City	**Tianjin**
Location	Dagang District
Project Type	Residential, hotel and retail
Land Cost per sq.m. (RMB)	1,396
Interest Attributable to the Group	100%
Land Bank (sq.m.)	934,014
Project Descriptions	Tianjin Royal Bay Seaside is situated at the west of Gangtang Road and southeast of Guangang Lake in Tianjin. Inside the leisure and recreation area of Dagang District, and near Tangjin Express and Jinbin Express. Conveniently accessible by major transportation infrastructure, this project will become the hinderland of the central business district. The project features magnificent natural scenery with a 1,200-meter coastline of Guangang Lake lying to its north, and Olympic Park to its east. The project is constructed in three phases, including townhouses and retail complexes.

Pan Bohai Rim Tianjin Royal Bay Lakeside

City	Tianjin
Location	Jinghai District
Project Type	Residential and retail
Land Cost per sq.m. (RMB)	1,225
Interest Attributable to the Group	70%
Land Bank (sq.m.)	1,567,303
Project Descriptions	Tianjin Royal Bay Lakeside is in the southern part of Tianjin City, with natural lake scene surrounding. It will be developed into high quality residential properties, including villas and low rise apartments. The Group acquired this project in 2009, and holds 70% shareholding interest.



Yangtze River Delta Hefei Villa Glorious

City	**Hefei**
Location	Yaohai District
Project Type	Residential and retail
Land Cost per sq.m. (RMB)	680
Interest Attributable to the Group	100%
Land Bank (sq.m.)	331,163
Project Descriptions	Hefei Villa Glorious is situated along the Changjiang Dongdajie, which is the downtown area of Hefei city. It comprises 26 high-rise European-styled residential blocks of approximately 31 storeys high. Upon completion, the project will become a landmark community characterised by its large scale and high quality.

1. Hefei Holiday Inn Hotel

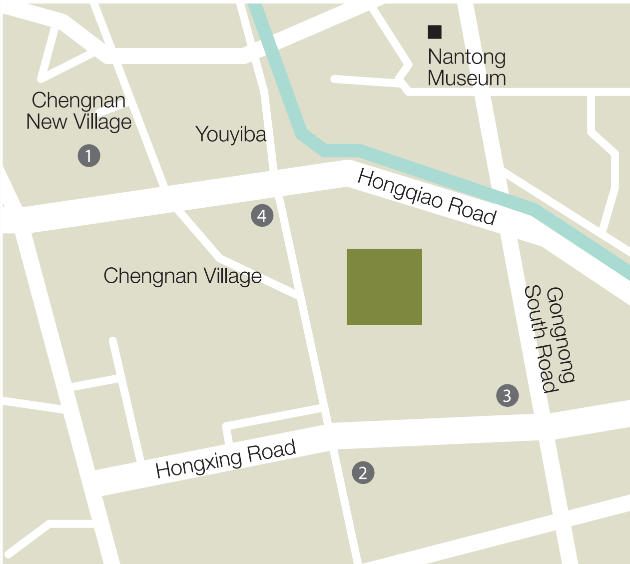
Yangtze River Delta Bashangjie project

City	**Hefei**
Location	Yaohai District
Project Type	Residential, hotel, office and retail
Land Cost per sq.m. (RMB)	881
Interest Attributable to the Group	100%
Land Bank (sq.m.)	1,347,100
Project Descriptions	Bashangjie project is located in Mingguang Road of the downtown area of Hefei City. This project will be a landmark of the city when completed. The project will comprise a large scale commercial complex, including a high quality hotel, serviced apartment, retail and office developments. The construction has been commenced in June 2010.

1. Hefei Holiday Inn Hotel

Yangtze River Delta Nantong Royal Bay

City	Nantong
Location	Chongchuan District
Project Type	Residential, office and retail
Land Cost per sq.m. (RMB)	4,719
Interest Attributable to the Group	100%
Land Bank (sq.m.)	738,374
Project Descriptions	Nantong Royal Bay is located at the heart of the Nantong city downtown in the Chongchuan District of Nantong , at west of Gongnong Road and south of Hongqiao Road. The project will be developed into a large scale residential project and commercial use. The first phase of Nantong Royal Bay was launched in December 2010 and received overwhelming responses.



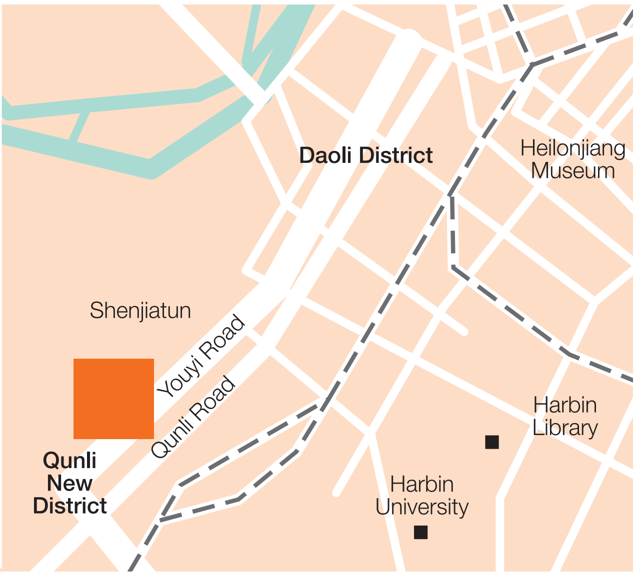
1. Hongqiao Secondary School
2. Chonghai Secondary School
3. Lotus Mart Supermarket
4. Wenfeng Hospital

Yangtze River Delta Nantong Villa Glorious

City	**Nantong**
Location	Chongchuan District
Project Type	Residential and retail
Land Cost per sq.m. (RMB)	2,707
Interest Attributable to the Group	100%
Land Bank (sq.m.)	304,190
Project Descriptions	Nantong Villa Glorious is located at east of Chongchuan District in Nantong, south of Ren Min East Road and west of Shilun Road. The project will be developed into a large scale residential project and business ancillary facilities. Convenient location with Nantong University, Walmart, hospital, branches of banks and other facilities nearby, it takes about 10 minutes drive to the downtown. The first phase was launched in September 2010, and received good response and attained good reputation in Nantong market.

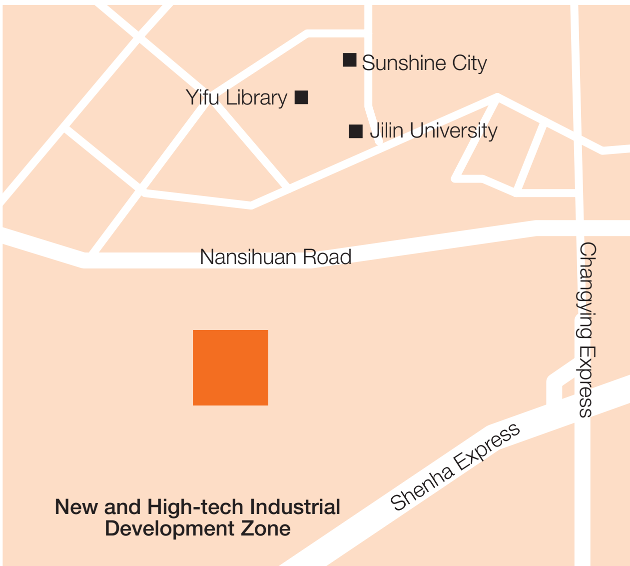
Northeast China Harbin Villa Glorious

City	Harbin
Location	Qunli New District
Project Type	Residential and retail
Land Cost per Sq.m. (RMB)	979
Interest Attributable to the Group	100%
Land Bank (sq.m.)	477,889
Project Descriptions	Located in the central area 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 park. The construction blends with the style of European residences originating in Harbin, filled with simple European-style. Surrounding the project is a matrix of ecosystem-friendly establishments including a large-scale artwork pedestrian walkway, a greenery zone and a Spring Water Parking, and Qunli Gym Park and Wetland Park to its west. It is known as the only "Green ecosystem community of Jiangnan" in Harbin.



Northeast China Changchun Villa Glorious

City	Changchun
Location	New and High-tech Industrial Development Zone
Project Type	Residential and retail
Land Cost per Sq.m. (RMB)	947
Interest Attributable to the Group	100%
Land Bank (sq.m.)	1,456,305
Project Descriptions	The project is located at one of the fast growing economic region — 'New and High-tech Industrial Development Zone' in Changchun. It is close to the Changchunshi Renmin Government and therefore is the core area of the overall urban development planning there. Benefiting from the nearby Bayi Reservoir, Fuqiang Reservoir, and Nansihuan Road, it enjoys the natural ecological advantages and convenient transportation. The project is a large European style complex with high-rise apartments, villas, commercial, and greenery.



Future Outlook

In 2011, the global economy is expected to continue to recover in an unbalanced manner and affected by issues such as quantitative easing monetary policies, surplus liquidity and inflation. The economy of the United States is expected to continue to recover, although the unemployment rate will still be expected to hove at high levels. The sovereign debt crisis in Europe is expected to lessen, but there are still chances of recurrence in the future, which will pose a potential threat to the recovery of global economy and the stability of financial markets.

In the PRC, it is expected the PRC government will persist to strengthen the macroeconomic control efforts. The PRC government implemented new measures since January 2011, which will result in greater uncertainties to the real estate market and more fluctuations in the housing prices and volume. It is expected that the real estate market in PRC will still be in a steady and healthy situation.

2011 marks the beginning for the implementation of the "12th Five-Year Plan" of the PRC government. With the further acceleration of industrialisation and urbanisation, it will provide a strong demand for the development of the real estate business. The reforms on property tax, social welfare housing policies, and the plans to significantly increase land supply will contribute to the long-term and stable development of the real estate industry.

In 2011, the sales strategy of the Group will follow closely with the market, and utilise active and flexible sales strategies to promote sales growth. According to the different characteristics of the real estate market between the first-tier cities and the second-tier and third-tier cities, the Group will adopt focused and differentiated marketing strategies.

In terms of the investment strategy, The Group continues to adhere to its prudent investment strategy of balancing outflows and inflows. The goal of the Group is to continuously increase its amount of low-cost, high-quality land bank by adopting various acquisition methods according to the sales position and financial requirements. By actively seeking favorable opportunities to enter into second-tier and third-tier cities and increasing development efforts in these locations, the Group hopes to strengthen its investments and optimise its land portfolio. The Group is also looking to gradually grow and diversify its portfolio of commercial and investment mainly in retail business, prime office buildings and hotels in order to create stable and recurring income.

Regarding its market development strategy, the Group will accelerate sales and increase market shares in the second-tier and third-tier cities, and rapidly improve their contributions to the Group; strive to acquire market shares in the cities of Nantong, Hefei, Harbin, and Tianjin in this year; maintain its leading market position in Shanghai; actively and selectively expand into second-tier and third-tier cities with development potential as well as neighbouring newly urbanised cities which demonstrate synergy effects with the existing cities; adopt active and flexible marketing strategies, and accelerate the sales pace and cash flow return; focus on building its brand, exert great efforts in developing repeat and lifelong customers, and endeavor to improve customer loyalty and trust.

As to operation strategy, the Group will accelerate the development pace of existing projects in order to provide adequate sales resources. The Group plans to launch 5 new sales projects in 2011 and it is expected that 20 projects will be available for sales in 2011. Apart from keeping a balance on scale, return and cost control, and adhering to its target of maximising profits, the Group also seeks to enhance the professional standards of various segments of the real estate value chain to optimise its internal management and improve its management capabilities. The Group will continue to accelerate the process of product standardisation to create a series of products with distinctive characteristics of “Glorious Property”, while enhancing product research and development, and innovation so as to consistently provide its customers with premium quality products and services.

In terms of financial strategies, with an increase in the number of funding channels, the Group will adopt a more diversified financing structure to ensure that the funding required for the rapid development of its businesses will be met. The Group will maintain its prudent cash flow management by adhering a balanced budget and the principle of balancing outflows and inflows, in order to control and mitigate any financial risks.

Awards

January

Hefei Villa Glorious was granted the "Anhui Livable Real Estate Award" by Anhui Real Estate Trade Fair and Hefei Real Estate Trade Fair

No. 1 City Promotion was granted the "Popular Real Estate Award" by soufun.com 5

Shanghai Bay was granted the award of "2009 Riverside Classic Luxury Property" by Shanghai Loushi Magazine

February

Sunshine Holiday was granted the "Chinese Real Estate New Perspective and Best Landscape Award" by sohu.com and focus.com, and the "The Most Suitable Apartment for Newly-weds Award" by soufun.com

March

Harbin Villa Glorious was awarded as the "3.15 People Beloved Real Estate Brand" by Life Daily

Royal Lakefront was awarded "The Chinese Model of Residential Quality"and "The Most Influential Real Estate" by China Real Estate Association

The Group was named a "Top 100 PRC Property Developers in 2010 — Top 10 in Growth and Corporate Social Responsibility Enterprises", which was jointly presented by China Real Estate Association, Enterprise Research Institute of Development Research Center of the State Council, Institute of Real Estate Studies of Tsinghua University and China Index Academy

No. 1 City Promotion was granted "Excellent Quality Award" by Wuxi Radio and TV Group 4

April

Shanghai Bay was awarded "The Most Eye-Catching Award for Influencing China Real Estate over the Next Decade" by China Real Estate Development Committee

Shanghai Bay was awarded as the "Leading Enterprise Influencing China Property Market In Next 10 Years" by soufun.com

May

No. 1 City Promotion was granted with the "2009 Wuxi Top Ten Best Selling Real Estate Award" by Jiangsu Modern Express 1

The Group was awarded the 2009/2010 Corporate and Employee Contribution Programme-Platinum Award by the Community Chest of Hong Kong

June

The Group was awarded the President's Award 2009/2010 by the Community Chest of Hong Kong

July

Hefei Villa Glorious was granted with the "Most Popular Real Estate Award" by Hefei Media Group

September

Hefei Villa Glorious was granted 2010 CIHAF China (Anhui) Renowned Property", "2010 Responsible Property Awards", and "Most Valuable Real Estate Investment of the Year 2010" by China Association of Housing and Transportation and Xin An Media Limited

October

Shanghai Bay was granted with the "2010 China Residential Landscape Design Annual Award Honors" by China Council for the Promotion of International Trade Construction Industry Branch Real Estate Association 2

Nantong Villa Glorious was awarded as the "Jiangsu Superstar Real Estate" and "Jiangsu Consumers Trusted Real Estate Company" by Jiangsu Real Estate and Housing Research Center

November

Nantong Glorious Chateau was awarded the "Most Cultural Connotations Real Estate" by Nantong Television

December

Glorious Royal Bay Seaside was granted with the "Most Responsible Property in 2010" and "2010 Real Estate with Best Investment Value" awards by house.sina.com.cn

Shanghai Bay was evaluated by the Seventh Hong Kong International Real Estate Week Organising Committee of China Index Research Institute, and was awarded the "2010 Golden Bauhinia Award"

Shanghai Bay was awarded as the "Sina House Innovation Summit cum The Second Sina House Confidence and Popular Project in 2010-2011 CRIC", "Shanghai Luxury Property Project"and "Shanghai Baidu Sina House Popular Search Real Estate Award" by house.sina.com.cn 3

Royal Lakefront was awarded as the "Shanghai Sina House Popular and Confidence Real Estate in 2010-2011" by house.sina.com.cn

Shanghai Bay was granted with the "Shanghai Most Popular New Landmark Property in 2010" by soufun.com

Financial Review

Property development remains the main driver of the Group's revenue growth in 2010. In 2010, revenue increased by 15.3% to RMB7,114.0 million, which was substantially generated from sales of residential properties. Net profit attributable to the Company's equity holders for the year ended 31 December 2010 amounted to RMB3,608.6 million, representing a growth of 52.5% from the previous year. Net profit for the year ended 31 December 2010, excluding fair value gain of investment properties and the related tax effect, amounted to RMB1,769.2 million, representing an increase of 10.9% from the previous year.

Results for the year ended 31 December 2010 are as follows:

RMB'000	2010	2009
Revenue	**7,114,025**	6,171,127
Cost of sales	**(3,694,934)**	(3,201,760)
Gross profit	**3,419,091**	2,969,367
Other income	**803,239**	27,366
Other gains, net	**2,410,578**	1,218,817
Selling and marketing expenses	**(197,133)**	(151,333)
Administrative expenses	**(421,057)**	(351,397)
Finance costs	**(3,750)**	(27,068)
Share of profit of an associate	**1,351**	—
Share of loss of a jointly controlled entity	**(50,090)**	—
Profit before income tax	**5,962,229**	3,685,752
Income tax expenses	**(2,353,451)**	(1,319,608)
Profit for the year	**3,608,778**	2,366,144
Profit attributable to:		
- the Company's equity holders	**3,608,552**	2,366,144
- non-controlling interests	**226**	—
Profit for the year	**3,608,778**	2,366,144

Revenue

For the year ended 31 December 2010, the Group recorded consolidated revenue of RMB7,114.0 million, representing a growth of 15.3% compared to RMB6,171.1 million in 2009. The higher revenue in 2010 was mainly driven by the higher average selling price of RMB14,071 per sq.m. in 2010 compared to RMB10,802 per sq.m. in 2009. During the current year, the Group delivered properties of 505,295 sq.m., as compared to 570,597 sq.m. for the year ended 31 December 2009. Shanghai Bay (Phase I) was completed in December 2009 and continued to contribute revenue to the Group in 2010 with an average selling price of RMB43,723 per sq.m., and contributed 45.1% of the Group's total revenue for the year ended 31 December 2010. Other new projects, including Royal Mansion in Beijing, Royal Lakefront in Shanghai and Harbin Villa Glorious, started to contribute revenue for the Group in 2010 and the revenue from these new projects accounted for 32.4% of the Group's total revenue in 2010.

Cost of Sales

The cost of sales for the year ended 31 December 2010 was RMB3,694.9 million, representing an increase of 15.4% compared to RMB3,201.8 million in 2009. The average costs of sales in 2010 was RMB7,305 per sq.m., as compared to RMB5,599 per sq.m. in 2009.

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

	2010		2009		
	RMB'000	**RMB per sq.m.**	RMB'000	RMB per sq.m.	% Change per sq.m.
Construction costs	**2,062,674**	**4,082**	2,129,105	3,731	9%
Land costs	**859,446**	**1,701**	579,149	1,015	68%
Capitalised interests	**371,697**	**736**	135,811	238	209%
Business taxes and other levies	**397,139**	**786**	350,791	615	28%
Sub-total	**3,690,956**	**7,305**	3,194,856	5,599	30%
Cost of sales of other business	**3,978**	**N/A**	6,904	N/A	N/A
Total	**3,694,934**		3,201,760		

The higher average cost of sales was mainly driven by the higher land costs associated with the properties from the new projects that were sold and delivered in 2010, as well as the higher amount of capitalised interest costs being recorded as cost of sales in 2010.

Gross Profit

The Group's consolidated gross profit for 2010 was RMB3,419.1 million, representing an increase of 15.1% from a gross profit of RMB2,969.4 million in 2009. The increase in consolidated gross profit was mainly due to the increase in revenue in 2010. The Group's gross profit margin was 48.1% for both of the years ended 31 December 2009 and 2010.

Other Income

Other income for the year ended 31 December 2010 was RMB803.2 million, which mainly included a grant income from the local government authorities of RMB665.2 million (2009: Nil) as an appreciation of the Group's contribution. Other income also included interest income of RMB81.0 million (2009: Nil) from a jointly controlled entity.

Other Gains, Net

Other gains, net for the year ended 31 December 2010 were RMB2,410.6 million, which were primarily due to a fair value gain on the Group's investment properties of RMB2,452.4 million (2009: RMB1,027.0 million) and a loss on redemption of RMB33.8 million in connection with the early redemption of the Promissory Notes (2009: gain on extinguishment of a financial liability of a RMB198.7 million).

Selling and Marketing Expenses

Selling and marketing expenses for the year ended 31 December 2010 were RMB197.1 million, representing a growth of 30.3% as compared to RMB151.3 million in 2009. The higher selling and marketing expenses in 2010 was due to more marketing activities conducted for the promotion of the Group's business and an increased number of projects entering into pre-sales stages which requires more project launching activities.

Administrative Expenses

Administrative expenses for the year ended 31 December 2010 were RMB421.1 million, representing an increase of 19.8% compared to RMB351.4 million for 2009, primarily due to increased level of business activities as a result of increased number of property development projects and expanded management team size.

Finance Costs

Gross finance costs for the year ended 31 December 2010 were RMB1,176.4 million, representing a decrease of 1.5% from RMB1,193.8 million for 2009. Despite the higher level of the Group's borrowings in 2010, the Group's gross finance costs for the year ended 31 December 2010 was comparable to 2009 because the effect of additional interest costs associated with the new loans has been offset by the effect of the repayment of the pre-IPO financing in early 2010. For the year ended 31 December 2010, finance costs of RMB1,172.6 million (2009: RMB1,166.7 million) have been capitalised, leaving RMB3.8 million (2009: RMB27.1 million) charged directly to the consolidated statement of comprehensive income.

Profit Before Income Tax

The Group's profit before income tax for the year ended 31 December 2010 was RMB5,962.2 million, representing an increase of 61.8% compared to RMB3,685.8 million for 2009. The higher profit before income tax for 2010 was primarily due to higher fair value gain from investment properties and the grant income recorded in 2010.

Income Tax Expenses

Income tax expenses for the year ended 31 December 2010 were RMB2,353.5 million, representing an increase of 78.3% as compared to RMB1,319.6 million for 2009. The increase was primarily due to the increase in pre-tax income in current year as a result of the higher gross profit and the higher fair value gain on the Group's investment properties. The effective income tax rate was 39.5% for the year ended 31 December 2010, compared to 35.8% for 2009. The higher effective tax rate in 2010 was mainly due to the use of higher land appreciation tax rate as a result of higher average selling prices achieved for the properties delivered in 2010.

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 2010 was RMB3,608.6 million, representing an increase of 52.5% compared to RMB2,366.1 million for 2009. Profit attributable to the equity holders as a percentage of revenue was 50.7% for the year ended 31 December 2010, compared to 38.3% in 2009.

Current Assets and Liabilities

As at 31 December 2010, the Group held total current assets of approximately RMB34,288.9 million (2009: RMB23,175.3 million), comprising mainly properties under development, trade and other receivables and prepayments and cash and bank balances. Properties under development increased by 50.9% from RMB11,130.0 million as at 31 December 2009 to RMB16,791.8 million as at 31 December 2010, mainly attributable to the continuous progress of the Group's property development projects in 2010 and an increase in the number of projects under construction. Trade and other receivables and prepayments increased by 69.1% from RMB4,538.2 million as at 31 December 2009 to RMB7,672.9 million as at 31 December 2010, mainly due to higher balance of prepayment for land premium as at 31 December 2010 whereby the relevant land use right certificates had yet to be obtained as at 31 December 2010. Total cash and bank balances slightly decreased from RMB6,052.4 million as at 31 December 2009 to RMB5,835.3 million as at 31 December 2010.

Total current liabilities as at 31 December 2010 amounted to RMB18,023.9 million, compared with RMB8,976.8 million as at 31 December 2009, which was mainly due to an increase in advanced proceeds from customers during the current year and an increase in borrowings as certain of the Group's long-term debts are becoming due for repayment in 2011.

As at 31 December 2010, the current ratio (calculated as the total current assets divided by the total current liabilities) was 1.9 (2009: 2.6). The decrease in the current ratio in 2010 was mainly due to higher level of current borrowings.

Liquidity and Financial Resources

During the year of 2010, the Group funded its property development projects principally from proceeds from pre-sales of properties, bank loans, debt financing and proceeds from the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

As at 31 December 2010, the Group had cash and cash equivalents of RMB4,151.4 million,as compared to RMB5,013.3 million as at 31 December 2009.

As at 31 December 2010, the Group's total borrowings amounted to RMB13,786.4 million, representing an increase of 101.3% compared to RMB6,847.9 million as at 31 December 2009. As at 31 December 2010, the Group's borrowings comprised the following:

RMB'000	**2010**	2009
Bank borrowings	**10,033,199**	4,247,830
Shanghai Bay Arrangement [(1)]	**2,000,000**	2,000,000
Senior Notes due 2015 [(1)]	**1,974,000**	—
Promissory Notes [(1)]	**—**	501,443
Other borrowings	**—**	191,162
Sub-total	**14,007,199**	6,940,435
Adjusted by: unamortised loan arrangement fees and accrued interests	**(220,804)**	(92,491)
Total borrowings	**13,786,395**	6,847,944

Note:

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

The maturities of the Group's borrowings as at 31 December 2010 were as follows:

RMB'000	2010	2009
Within 1 year	**6,005,443**	1,806,860
After 1 and within 2 years	**3,465,631**	3,555,529
After 2 and within 5 years	**3,754,548**	939,606
After 5 years	**560,773**	545,949
Total	**13,786,395**	6,847,944

As at 31 December 2010, the Group had total banking facilities of RMB24,638 million, consisting of used banking facilities of RMB10,033 million and unused banking facilities of RMB14,605 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 attributable to the Company's equity holders. 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 2010 and 2009 were as follows:

RMB'000	2010	2009
Total borrowings	**13,786,395**	6,847,944
Less: cash and bank balances	**(5,835,300)**	(6,052,354)
Net debt	**7,951,095**	795,590
Total equity attributable to the Company's equity holders	**14,798,918**	11,353,852
Gearing ratio	**53.7%**	7.0%

The increase in gearing ratio for 2010 was resulted from the increase in the Group's borrowings in the current year to finance the payment of land premium and construction expenditures.

Foreign Exchange Risk

The Group's property development projects are all located in the PRC and substantially all of the related transactions are settled in RMB. The Company and certain of the investment holding companies within the Group operate in Hong Kong have recognised assets and liabilities in currencies other than RMB, including the

US$300.0 million Senior Notes due 2015 issued by the Company in October 2010. Apart from the Senior Notes due 2015 that may cause the Group to be exposed to a higher level of foreign currency exchange risk, the Board considers the exposures to foreign currency exchange risk in relation to other assets and liabilities to be insignificant. As at 31 December 2010, the Group had cash and bank balances, borrowings and trade and other payables that were denominated in foreign currencies as shown below:

RMB'000	2010	2009
Cash and bank balances:		
US$	**46,681**	2,240,573
HK$	**4,483**	148,668
Total	**51,164**	2,389,241
Borrowings:		
US$	**1,969,617**	645,472
Total	**1,969,617**	645,472
Trade and other payables:		
US$	**1,987**	17,003
HK$	**8,652**	55,202
Total	**10,639**	72,205

During the year ended 31 December 2010, 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 2010, if RMB had strengthened/weakened by 5% against other currencies with all other variables held constant, pre-tax profit for the year ended 31 December 2010 would have been RMB96.5 million higher/lower (2009: RMB83.6 million lower/higher).

Interest Rate Risk

The Group is exposed to interest rate risks resulting from fluctuations in interest rates on its borrowings. Certain of the Group's bank loans 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 2010, the Group had the following categories of properties which had been pledged for the Group's borrowings:

RMB'000	2010	2009
Construction in progress	**476,469**	436,077
Investment properties	**2,463,980**	1,393,710
Properties under development	**3,624,025**	4,454,593
Completed properties held for sale	**942,530**	466,275
Total	**7,507,004**	6,750,655

As at 31 December 2010, equity interests of certain of the Company's subsidiaries and a jointly controlled entity had been pledged for the Group's borrowings.

As at 31 December 2010, there was no properties under development of the Group being pledged as collateral for third party companies borrowings (2009: RMB193.4 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 2010, the amount of outstanding guarantees for mortgages was RMB4,389.5 million (2009: RMB2,749.8 million).

Capital and Operating Lease Commitments

As at 31 December 2010, the Group had capital commitments as follows:

RMB'000	2010	2009
Land use rights	**2,901,524**	9,917,704
Property development expenditures	**8,602,617**	5,387,032
Construction materials	**44,655**	76,580
Total	**11,548,796**	15,381,316

As at 31 December 2010, 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	2010	2009
No later than 1 year	**34,861**	14,316
Later than 1 year and no later than 5 years	**40,242**	19,808
Later than 5 years	**309**	—
Total	**75,412**	34,124

Employee and Remuneration Policy

As at 31 December 2010, the Group had a total of 1,192 employees. Total remuneration expenses and other employees' benefits costs for the year ended 31 December 2010 amounted to RMB203.7 million. The Group has adopted a system of determining the remuneration of employees based on the performance of employees. Apart from a basic salary, outstanding employees may be granted with annual bonuses. In addition, the Group has adopted share option schemes to attract and retain high caliber talents to serve the Group. In terms of employee training, the Group provides different training programmes for employees to develop their expertise and knowledge.

Investor Relations

The investor relations team is devoted to maintaining timely and effective communications between the Group, shareholders, investors and media, and to enhance the transparency of the operations and businesses of the Group.

The Group realises the importance of corporate transparency. During the year, the Group strived to participate in a number of major investment conferences and events and disseminated corporate information in an accurate and timely manner to the public. The Group discloses its financial results through annual and interim reports. The Group hosted a press conference and an investor presentation after annual and interim results announcements, and also participated in corporate roadshows in Asia including Hong Kong, Singapore and Japan; in the US including New York and Boston; in the UK and Australia. In the year 2010, the Group attended over 16 investment conferences; and also hosted more than 150 project visits, telephone conferences and one-on-one/small group meetings. These efforts allowed investors to have a better understanding of the Group's latest developments and strategies. At present, there are 12 analyst coverages on the Group. This achievement proves that the investment community is paying increasing attention to the Group.

To further enhance communications among the Group, the investment community and the media, the Group issues monthly newsletters, press releases on timely basis. The investor relations section of the Group's website has recently been revamped and is updated regularly to ensure that information published is the most updated. These efforts constitute effective means to improve the Group's transparency, and help strengthen recognition of the Group in the capital market. Moreover, through these activities, the Group can guage the concerns and collect valuable suggestions from the investors to facilitate its improvement.

The Group had attended the following conferences in 2010:

January

Deutsche Bank Access Asia China Conference 2010 in Beijing
UBS Greater China Conference 2010 in Shanghai
Greater China HSBC Property Day in Hong Kong
BNP Paribas Corporate Day in Shanghai

April

Announcement of the 2009 annual results
– Press conference
– Investor presentation
Post-results Roadshow in Hong Kong, the UK and the US
CCBI Investor Luncheon
DBS Vickers Pulse of Asia Conference in Hong Kong

May

Deutsche Bank Access Asia Conference in Singapore
CLSA Annual Real Estate Conference in Shanghai

June

J.P. Morgan China Conference 2010 in Beijing

July

Citi Property Day in Hong Kong
J.P. Morgan Mini Conference in Japan
OSK Corporate Day in Singapore and Hong Kong

August

Announcement of the 2010 interim results
– press conference
– investor presentation
Post-results Roadshow in Hong Kong and telephone conference with investors in Singapore, Europe and the US

October

Citi's Annual Greater China Investor Conference 2010 in Macau

November

Morgan Stanley 9th Asia Pacific Summit in Singapore
Bank of America-Merrill Lynch China Investment Summit in Beijing
Samsung Securities (Asia) Asia Games Conference in Guangzhou
CLSA Hong Kong & China Property Access Day

December

Mirae Asset China Access Days in New York
Standard Chartered Real Estate Corporate Access Days in Hong Kong

Quality of People

In 2010, the Group actively pursued its goal of promoting harmonious development for the society while fulfilling its social responsibilities as a good corporate citizen. As a publicly-listed company, the Group always endeavors to serve the society and assume its corporate and social responsibilities while growing its businesses. During the year, the Group made substantial contributions to social charities in terms of public welfare, environmental protection and education.

Social Charities

The Group received the 2009/2010 Corporate and Employee Contribution Programme, Plantinum Award and the President's Award 2009/2010 from the Community Chest of Hong Kong respectively in May and June 2010 in recognition of the Group's outstanding contribution to social charity activities in Hong Kong.

The Group sponsored Wai Yin Association's Way In Green Charity Ball 2010 in May in a capacity as the event's title sponsor. The 'Way in Green' theme promulgated at this year's Wai Yin Association Annual Charity Ball was in line with the environmental protection objectives that the Group has been pursuing. Since its establishment 15 years ago, the Group has strived to make sure that our project has adopted the most environmental friendly construction standards and codes of practice. Through the channel of Wai Yin Association and this Charity Ball, the Group communicated the ideas of environment conservation, green property, and sustainable development to the general public, as well as raised money for the chosen charities and provided them with much needed funds to drive their green initiatives.

In June, the Group established a "38 Secondary School Educational Foundation" in Hefei of Anhui province to promote the development of local education projects there.

Corporate Culture

The Group adheres to its human resources management imperative of “Employees are the first productivity” and regards talent as the impetus for the Group’s wealth and long-run development. Therefore, the Group has been actively hosting various cultural activities, such as the Staff Culture, Sports and Arts Festival, to promote physical and mental health for its staff. Meanwhile, the Group provides comprehensive training and bright career paths to its staff and has set up a “Mutual-Assistance Program” in order to further nurture its staff a stronger teamwork spirit during the year.

With the help of Hewitt Associates, the Group conducted a survey on selected staff members gauging their view on 6 measurements including policy and implementation, total compensation, social connection, standard of living, development opportunity and job duty. The survey successfully identified areas in which the Group can enhance its human resources management.

The Group manages its organisational performance based on a “Balanced Score Cards” program to develop an assessment system with four parameters, namely finance, customer, internal operation, learning and growth to assess the performances of the holding company, city level companies and project companies.

To support the fast growth of Glorious Property, effectively implement its business strategies, and establish a compensation incentive scheme in line with market practices and a staff retention mechanism to attract and retain talents; with the assistance from Deloitte Consulting, the Group has established a position-based remuneration mechanism that instills elements of fairness, competitiveness and market-oriented adjustments to its existing staff, in order to reward staff in a way that commensurates with their contributions and encourage staff to deliver more outstanding performances and grow with the Group.

The Future

The Group will adhere to its principle of “Pursuit of excellence, people-oriented and contributed to the public” and proactively fulfill its responsibilities as a good corporate citizen, while maximising value for shareholders. In the future, the Group will further promote and participate in various social charity events and contribute to the society.

Directors

Executive Directors

Mr. Zhang Zhi Rong（張志熔）

Mr. Zhang Zhi Rong (張志熔), aged 42, is the Chairman of the Board, an executive Director, the founder and controlling shareholder of the Company. Mr. Zhang is also a director of the Company's associate, 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 15 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）

Mr. Ding Xiang Yang (丁向陽), aged 43, 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 Glorious Property Investment (Hefei) Co., Ltd., Shanghai Xintai Property Development Co., Ltd., Glorious Anshun (Shanghai) Property Development Co., Ltd., Glorious Yangguang Xindi (Tianjin) Investment Co., Ltd., Glorious Hongyun (Tianjin) Investment Co., Ltd. and Glorious Hongsheng (Suzhou) Property Development Co., Ltd. With more than 9 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 Chairman of the Board, Mr. Zhang Zhi Rong.

Mr. Cheng Li Xiong （程立雄）

Mr. Cheng Li Xiong (程立雄), aged 41, is the Chief Executive Officer and an executive Director of the Company. Mr. Cheng is also a director of a number of the Company's subsidiaries, including Glorious Property Investment (Nantong) Co., Ltd., Glorious Property Investment (Shanghai) Co., Ltd., 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 17 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. Liu Ning （劉寧）

Mr. Liu Ning (劉寧), aged 46, is an executive Director, a vice president and the Chief Operating Officer of the Company, and the head of operations for projects of all PRC regions. Mr. Liu is a director of Glorious Fusheng Property Investment (Beijing) Co., Ltd. and Shanghai Xintai Property Development Co., Ltd. and the general manager of Glorious Yijing (Shanghai) Property Development Co., Ltd., all of which are the Company's subsidiaries. Prior to joining the Group as the chairman of Shanghai Xintai Property Development Co., Ltd. on 5 June 2005, Mr. Liu worked as the executive vice president of Shanghai 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 9 years of experience in the hotel and property industry. He is currently the vice president of the Shanghai Young Entrepreneur Association. Mr. Liu graduated with a bachelor's degree in bridge construction from Tongji University in July 1986.

Mr. Xia Jing Hua（夏景華）

Mr. Xia Jing Hua（夏景華）, aged 39, 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 subsidiaries, Fuda Real Estate Development (Nantong) Co., Ltd., Glorious Fusheng Property Investment (Beijing) Co., Ltd., Glorious Property Investment (Shanghai) Co., Ltd., Glorious Property Investment (Tianjin) Co., Ltd., Glorious Fuhai (Harbin) Property Development Co., Ltd., Glorious Zhuoyi Property Investment (Dalian) Co., Ltd. and Dalian Runjing Property Development 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 11 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.

Mr. Li Xiao Bin（李曉斌）

Mr. Li Xiao Bin（李曉斌）, aged 47, 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 the chairman of Glorious Zhuoyi Property Investment (Dalian) Co., Ltd. and Dalian Runjing Property Development Co., Ltd., and a director and general manager of Glorious Yangguang Xindi (Liaoning) Property Development Co., Ltd., all of which are the Company's subsidiaries. Prior to joining the Group, Mr. Li worked for 16 years at 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 8 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）

Mr. Yan Zhi Rong（嚴志榮）, aged 49, is an executive Director, a vice president and head of project budgeting of the Company. Mr. Yan is also a director of a number of the Company's subsidiaries, including Glorious Property Investment (Hefei) Co., Ltd., Glorious Property Investment (Harbin) Co., Ltd., Glorious Yijing (Shanghai) Property Development Co., Ltd., Shanghai Xintai Property Development Co., Ltd., Glorious Wangjiarui (Wuxi) Co., Ltd., Glorious Yangguang Xindi (Liaoning) Property Development Co., Ltd., Glorious Yangguang Xindi (Tianjin) Investment Co., Ltd., Glorious Yangguang Binhai (Harbin) Property Development Co., Ltd., Glorious Qiwei (Shanghai) Industries Co., Ltd. and Glorious Tianxingjian (Tianjin) Real Estate Investment Co., Ltd. With more than 12 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）

Mr. Yim Ping Kuen（嚴炳權）, aged 48, 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 23 years of experience in accounting and setting up financial operations for companies in Asia. Mr. Yim joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. Mr. Yim graduated from the University of Hong Kong with a bachelor's degree in social sciences in 1986 and also holds a master's degree in corporate finance from the Hong Kong Polytechnic University. He is a fellow member of the Association of Chartered Certified Accountants and a practising member of the Hong Kong Institute of Certified Public Accountants.

Mr. Liu Shun Fai（廖舜輝）

Mr. Liu Shun Fai（廖舜輝）, aged 40, is an independent non-executive Director of the Company. Mr. Liu is currently the chief financial officer of a company listed on the Hong Kong Stock Exchange. Mr. Liu has been the financial controller and qualified accountant of two listed companies in Hong Kong for nine years. 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 17 years of experience in auditing and accounting. He joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. He obtained a bachelor's degree and a master's degree in business administration from the Chinese University of Hong Kong in 1992 and 1999, respectively, and is an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. Wo Rui Fang（沃瑞芳）

Mr. Wo Rui Fang（沃瑞芳）, aged 70, 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.

Mr. Han Ping（韓平）

Mr. Han Ping（韓平）, aged 42, is an independent non-executive Director of the Company. From September 1990 to October 1996, Mr. Han worked for the Jiangsu Province Supply and Marketing Co-operative (江蘇省供銷合作社) and was responsible for the management of its construction and capital investment. In November 1996, Mr. Han became the chief economist of Jiangsu Huaxia Construction Project Management Co., Ltd. (江蘇省華廈工程項目管理有限公司), a company engaged in the provision of construction supervision, project management and construction costs auditing services to property developers and government entities. Since June 2001, Mr. Han has served as the deputy general manager of Jiangsu Huaxia Construction Project Management Co., Ltd. Mr. Han had been a project manager and auditor of engineering costs for a large number of project developments involving the construction of various kinds of properties, such as hotels, villas and other residential properties, government buildings, logistic centres and warehouses. In 2002, Mr. Han was selected as an industry expert for the assessment of tenders for property construction and urban infrastructure projects by the Office of the Tendering and Bidding of Construction Projects of Jiangsu Province (江蘇省建設工程招標投標辦公室). Over a period of six years, Mr. Han had participated in the assessment of tenders for over 20 construction projects in Jiangsu Province and Beijing. Mr. Han has accumulated more than 19 years of experience in the management and supervision of property construction projects in the PRC. Mr. Han joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. He graduated with a bachelor's degree in construction engineering and economic management from the Southeast University in 1990. He obtained a master's degree in construction and civil engineering from the Southeast University in 2005. Mr. Han is currently a member of the Hong Kong Institute of Surveyors and is a registered cost engineer, registered supervisory engineer and registered construction professional in the PRC.

Senior Management

Ms. Fang Zhi Rong（方志榮）

Ms. Fang Zhi Rong（方志榮）, aged 42, 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 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（徐蘿）

Mr. Xu Quan（徐蘿）, aged 42, is a vice president of the Group. Mr. Xu is responsible for the business development and investment of the Group's subsidiaries in Tianjin. Mr. Xu has been a director of Shanghai Xintai Property Development Co., Ltd., the Company's subsidiary, since June 2005. Currently, Mr. Xu is also a director of Glorious Property Investment (Tianjin) Co., Ltd. and Glorious Yangguang Xindi (Tianjin) Investment Co., Ltd., the director and general manager of Tianjin Gangtian Property Investment Co., Ltd., the executive director and general manager of Yonghe Property Development (Nantong) Co., Ltd. and the general manager of Glorious Tianxingjian (Tianjin) Real Estate Investment Co., Ltd., all are the Company's subsidiaries. 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 12 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.

Ms. Liu Yan Xia（劉豔霞）

Ms. Liu Yan Xia（劉豔霞）, aged 48, 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）

Mr. Fang Shi Min（方世敏）, aged 71, is the consultant chief engineer of the Group. Mr. Fang is primarily responsible for overseeing the design and quality control of the Group's property development projects. Prior to joining the Group in August 1997, Mr. Fang worked for 30 years at 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 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 42 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）

Mr. Li Jian Zhong（李建中）, aged 53, 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 chairman of Glorious Property Investment (Nantong) Co., Ltd., the executive director of Glorious Baofeng (Nantong) Property Development Co., Ltd. and Glorious Weida (Nantong) Property Development Co., Ltd., the executive director and general manager of Glorious Zhuowei (Nantong) Trade Development Co., Ltd. and Glorious Rongsheng Building (Nantong) Property Development Co., Ltd., all are 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 9 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）

Mr. Ching Yu Lung（程如龍）, aged 41, 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 19 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 degree in business administration 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 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") throughout the year ended 31 December 2010 (the "Review Period"), save for the deviation under the code provision E.1.2 which stipulates that the chairman of the Board should attend the annual general meeting. The chairman of the Board did not attend the annual general meeting of the Company held on 31 May 2010 ("AGM") due to other business engagements. The vice chairman of the Board attended and chaired the AGM and answered shareholders' questions.

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. Liu Ning *(Chief Operating Officer)*
Mr. Xia Jing Hua
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 44 to 46 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 annual independence confirmations from all the INEDs and concluded that all of them are independent pursuant to Rule 3.13 of the Listing Rules.

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

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

Roles and Responsibilities of the Board

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

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

The management is responsible for implementing the policies and strategies as determined by the Board, and is delegated with the daily 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 that 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.

Meetings

The Company held seven Board meetings during the Review Period.

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

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

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

Audit Committee

The Board established an audit committee ("Audit Committee") on 9 September 2009 with written terms of reference. The Audit Committee comprises four members, namely Mr. Yim Ping Kuen, Mr. Liu Shun Fai, Mr. Wo Rui Fang and Mr. Han Ping (appointed on 30 August 2010), 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, 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.

Two meetings were held by the Audit Committee during the Review Period. The following is a summary of the work of the Audit Committee during 2010:

1. Review of the annual results (including the announcement thereof) and the audited financial statements for the year ended 31 December 2009;
2. Review of the interim results (including the announcement thereof) and the financial statements for the six months ended 30 June 2010;
3. Review of the external auditor's audit findings and other audit issues;
4. Review of the effectiveness of the internal control system; and
5. Review of the external auditor's remuneration.

On 22 March 2011, the Audit Committee 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 2010 have been reviewed and approved by the Audit Committee, and the Audit Committee is of the opinion that such financial statements comply with the applicable accounting standards, the Listing Rules and all other applicable legal requirements. The Audit Committee therefore recommended the Board's approval of the Group's consolidated financial statements for the year ended 31 December 2010.

Remuneration Committee

The Board established a remuneration committee ("Remuneration Committee") on 9 September 2009 with written terms of reference. The Remuneration Committee comprises three members, namely Mr. Zhang Zhi Rong (Chairman of the Board), Mr. Liu Shun Fai (INED) and Mr. Wo Rui Fang (INED), 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 the 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 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.

A meeting was held by the Remuneration Committee during the Review Period. The meeting held in March 2010 was to review, consider and endorse the remuneration packages proposed for all Directors and senior management of the Company.

Finance Committee

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

Attendance Record at Meetings

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

Directors	Number of meetings attended/ Number of meetings held Board	Audit Committee	Remuneration Committee
Executive Directors			
Mr. Zhang Zhi Rong	6/7	—	1/1
Mr. Ding Xiang Yang	5/7	—	—
Mr. Cheng Li Xiong	6/7	—	—
Mr. Liu Ning	4/7	—	—
Mr. Xia Jing Hua	6/7	—	—
Mr. Li Xiao Bin	4/7	—	—
Mr. Yan Zhi Rong	4/7	—	—
Independent Non-executive Directors			
Mr. Yim Ping Kuen	4/7	2/2	—
Mr. Liu Shun Fai	4/7	2/2	1/1
Mr. Wo Rui Fang	4/7	2/2	1/1
Mr. Han Ping	4/7	—*	—

* *Mr. Han Ping was appointed as a member of the Audit Committee on 30 August 2010. Therefore, he did not attend the Audit Committee meetings held on 9 April 2010 and 30 August 2010 respectively.*

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.

All 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 the 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 entered into an appointment letter with the Company for a term of one year commencing on 2 October 2009, which was renewed for one year from 2 October 2010.

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.

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 2010 was RMB9.9 million, of which RMB7.3 million represents annual audit fees and RMB2.6 million represents fees for certain audit related services.

Directors' Securities Transactions

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

Directors' Responsibilities for Financial Statements

All Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2010 and of ensuring that the preparation of the consolidated financial statements of the Group is in accordance with the applicable standards and requirements.

The report of the auditor of the Company concerning its responsibilities on the consolidated financial statements of the Company is set out on pages 61 and 62 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, no extraordinary general meeting of shareholders was held.

Communication with Shareholders and Investors

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

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

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

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

The Directors are pleased to submit their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2010.

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 2010, 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 year, by reportable operating segment, is set out in note 5 to the consolidated financial statements.

Subsidiaries of the Company

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

Results and Dividends

The results of the Group for the year ended 31 December 2010 are set out in the accompanying consolidated statement of comprehensive income on page 66 of this annual report.

The Board has resolved not to recommend for the payment of a final dividend for the year ended 31 December 2010.

Financial Summary

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 133 of this annual report.

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

During the year ended 31 December 2010, 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 2010, the aggregate purchases attributable to the Group's five largest suppliers represented approximately 31.6% of the Group's total purchases, while the purchases from the Group's largest supplier accounted for approximately 22.8% of the Group's total purchases.

For the year ended 31 December 2010, the aggregate sales attributable to the Group's five largest customers accounted for 10.4% of the Group's total sales.

During the year ended 31 December 2010, apart from the interest of the father of Mr. Zhang Zhi Rong in Shanghai Ditong Construction (Group) Co., Ltd. ("Shanghai Ditong"), as described in the section headed "Connected Transactions" below, none of the Directors or any of their associates or any shareholders which, to the best knowledge of the Directors, who owns more than 5% of the Company's issued share capital, had any interest in any of the Group's five largest suppliers and customers.

Donations

Charitable donations made by the Group during the year amounted to RMB0.6 million (2009: RMB0.3 million).

Property, Plant and Equipment

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

Borrowings

Particulars of the borrowings of the Group as at 31 December 2010 are set out in note 20 to the consolidated financial statements.

Capitalised Borrowing Costs

Borrowing costs capitalised by the Group during the year amounted to approximately RMB1,172.6 million (2009: RMB1,166.7 million).

Major Properties

Major properties of the Group as at 31 December 2010 are set out on pages 134 to 143 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 2010 are set out in notes 18 and 19 to the consolidated financial statements.

Distributable Reserves

As at 31 December 2010, the reserves of the Company available for distribution to the shareholders amounted to approximately RMB5,850.9 million (2009: 6,233.7 million).

Share Capital

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

Directors

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

Executive Directors:

Mr. Zhang Zhi Rong *(Chairman)*
Mr. Ding Xiang Yang *(Vice-chairman)*
Mr. Cheng Li Xiong *(Chief Executive Officer)*
Mr. Liu Ning *(Chief Operating Officer)*
Mr. Xia Jing Hua
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. Liu Ning, Li Xiao Bin, Yan Zhi Rong and Wo Rui Fang are due to retire by rotation at the 2011 annual general meeting of the Company. 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 to the Listing Rules) in relation to the Group's business to which the Company or its holding company or subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at any time during or at the end of the year.

Directors' Interests in Competing Business

As at 31 December 2010, none of the Directors nor their associates had interests in businesses which competed or were likely to compete, either directly or indirectly, with the Group's businesses.

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

The Company has received a confirmation from Best Era International Limited and Mr. Zhang Zhi Rong in respect of their compliance with the terms of the Deed of Non-compete Undertaking during the year ended 31 December 2010.

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

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31 December 2010, the Directors and their respective associates (as defined in the Listing Rules) had the following interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (the "Associated Corporations") (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept 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:

(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	5,117,405,436[2]	5,132,405,436	65.86
Mr. Ding Xiang Yang	15,000,000	—	15,000,000	0.19
Mr. Cheng Li Xiong	15,000,000	—	15,000,000	0.19
Mr. Liu Ning	5,000,000	—	5,000,000	0.06
Mr. Xia Jing Hua	5,000,000	—	5,000,000	0.06
Mr. Li Xiao Bin	5,000,000	—	5,000,000	0.06
Mr. Yan Zhi Rong	5,000,000	—	5,000,000	0.06

(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 out in the section headed "Share Option Schemes" of this annual report.

(2) Best Era International Limited, Market Victor Limited and Novel Ventures Limited, all of which are wholly-owned directly or indirectly by Mr. Zhang Zhi Rong, held 4,978,923,436 shares, 37,202,000 shares and 101,280,000 shares respectively as at 31 December 2010, representing in aggregate 5,117,405,436 shares or approximately 65.67% of the issued share capital of the Company.

(3) The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 31 December 2010 (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 ordinary shares of Best Era International Limited in issue as at 31 December 2010 (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 2010, 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 2010, 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 2010 was the Company or its holding company or subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

As at 31 December 2010, the interests of substantial shareholder (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[(2)]
Best Era International Limited[(1)]	Beneficial owner	4,978,923,436	Long position	63.89

Notes:

(1) Best Era International Limited is wholly-owned 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 2010 (i.e. 7,792,645,623 ordinary shares).

Apart from the aforesaid, as at 31 December 2010, the Company had not been notified of any interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

Share Option Schemes

Pursuant to the resolutions in writing passed by all the shareholders of the Company on 9 September 2009, the Company conditionally approved and adopted a Pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and 84,000,000 share options had been granted to its Directors and employees which are exercisable for a ten-year period from the grant date. No further options will be offered or granted by the Company pursuant to the Pre-IPO Share Option Scheme. As at 31 December 2010, the total number of shares in respect of the outstanding options granted under the Pre-IPO Share Option Scheme was 78,000,000 shares, which is equivalent to approximately 1% of the total issued share capital of the Company.

Pursuant to the resolutions in writing passed by all the shareholders of the Company on 9 September 2009, the Company also approved and adopted a share option scheme for the purpose of enabling the Group to grant options to selected participants as incentives or rewards for their contribution to the Group (the "Share Option Scheme"). During the year ended 31 December 2010, no share options had been granted under the Share Option Scheme.

Particulars of the Company's Pre-IPO Share Option Scheme and Share Option Scheme are set out in note 39 to the consolidated financial statements. The following table discloses details of the Company's outstanding share options held by the Directors and certain employees of the Company under the Pre-IPO Share Option Scheme and its movement during the year ended 31 December 2010:

		Number of underlying shares comprised in share options							
	Date of Grant	Balance as at 01/01/2010	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Balance as at 31/12/2010	Exercise price HK$	Exercise period
Category 1:									
Directors									
Mr. Zhang Zhi Rong	09/09/2009	15,000,000	—	—	—	—	15,000,000	1.76	Note
Mr. Ding Xiang Yang	09/09/2009	15,000,000	—	—	—	—	15,000,000	1.76	Note
Mr. Cheng Li Xiong	09/09/2009	15,000,000	—	—	—	—	15,000,000	1.76	Note
Mr. Liu Ning	09/09/2009	5,000,000	—	—	—	—	5,000,000	1.76	Note
Mr. Xia Jing Hua	09/09/2009	5,000,000	—	—	—	—	5,000,000	1.76	Note
Mr. Li Xiao Bin	09/09/2009	5,000,000	—	—	—	—	5,000,000	1.76	Note
Mr. Yan Zhi Rong	09/09/2009	5,000,000	—	—	—	—	5,000,000	1.76	Note
		65,000,000	—	—	—	—	65,000,000		
Category 2:									
Senior Management (in aggregate)	09/09/2009	17,000,000	—	—	—	4,000,000	13,000,000	1.76	Note
Total:		**82,000,000**	**—**	**—**	**—**	**4,000,000**	**78,000,000**		

Note:

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

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

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

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

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

(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.

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 36 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

As disclosed in the Company's annual report 2009, 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 ("Project Companies") which are expected to acquire the land use rights for two parcels of land located in Xuhui District, Shanghai ("Project Sites"), for a total consideration of RMB2.0 billion.

As at 31 December 2010, the above-mentioned acquisition was completed and payment of the consideration for the acquisition was made. The Project Companies became wholly-owned subsidiaries of the Company on 29 July 2010 and had successfully obtained the valid land use right certificates for the Project Sites on 29 October 2010.

(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 the Group 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 constitute continuing connected transactions of the Group.

For the year ended 31 December 2010, the annual cap for the continuing connected transactions between the Group and Shanghai Ditong under the Construction Services Agreement is approximately RMB1,677.2 million and the actual transacted amount was approximately RMB1,077.1 million.

In relation to the anticipated project developments of the Group where the construction company has not been selected on the Listing Date (the"New Projects"), 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 the New Projects of the Group for each of the three years ending 31 December 2011 (the "Shanghai Ditong Undertaking"). During the year ended 31 December 2010, the Group had entered into a number of new construction contracts with Shanghai Ditong in respect of the New Projects, and the total amount payable to Shanghai Ditong in respect of these new contracts for the year ended 31 December 2010 was approximately RMB349.5 milion. As the total construction fees payable to Shanghai Ditong for the year ended 31 December 2010 in respect of the New Projects is less than 30% of the total construction fees payable by the Group in respect of the New Projects, the Group had complied with the Shanghai Ditong Undertaking for the year ended 31 December 2010.

Continuing Corporate Governance Measures

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

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

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

The INEDs of the Company have reviewed the letter from the auditor of the Company to the Board on all the transactions conducted between the Group and Shanghai Ditong during the year ended 31 December 2010, which was prepared in compliance with the requirements under Rule 14A.38 of the Listing Rules. The INEDs have also reviewed the terms of the Construction Services Agreement pursuant to a meeting of the INEDs held on 22 March 2011. They have confirmed that the continuing connected transactions of the Group for the financial year ended 31 December 2010 have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreements governing them and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.38 of the Listing Rules, the Company has engaged the auditor of the Company to conduct certain procedures in respect of the continuing connected transactions of the Group in accordance with the Hong Kong Standard on Assurance Engagement 3000 "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has confirmed to the Board in writing that for the year ended 31 December 2010, the continuing connected transactions, which were governed by the Construction Services Agreement, (i) have received the approval of the Board; (ii) have been entered into in accordance with the relevant agreement governing such transactions; and (iii) have not exceeded the relevant cap amount for the financial year ended 31 December 2010 as set out in the prospectus of the Company issued in connection with the listing of the Company on the Hong Kong Stock Exchange.

Related Party Transactions

Details of the material related party transactions undertaken by the Group in the normal course of business are set out in note 36 to the consolidated financial statements. Those related party transactions which constituted 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.

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, the financial results of the Group and the prevailing market benchmark.

Details of the remuneration of the Directors and the five highest paid individuals of the Company for the year ended 31 December 2010 are set out in note 30 to the consolidated financial statements. There was no arrangement under which a Director waived or agreed to waive any remuneration during the year.

Pension Schemes

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

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, during the year and up to 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 48 to 52 of this annual report.

Auditor

The financial statements for the financial year ended 31 December 2010 have been audited by PricewaterhouseCoopers, who will retire at the conclusion of the 2011 annual general meeting of the Company. A resolution for the re-appointment of PricewaterhouseCoopers as the auditor of the Company will be proposed at that meeting.

On behalf of the Board

Zhang Zhi Rong
Chairman

Hong Kong, 23 March 2011

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

Independent Auditor's Report
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 63 to 132, which comprise the consolidated and the Company balance sheets as at 31 December 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

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

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 2010 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, 23 March 2011

Consolidated Balance Sheet

As at 31 December 2010

RMB'000	Note	2010	2009
ASSETS			
Non-current assets			
Property, plant and equipment	6	**573,753**	497,653
Investment properties	7	**7,223,208**	2,485,200
Intangible assets	8	**3,360**	2,087
Investment in an associate	9	**5,851**	4,500
Investment in a jointly controlled entity	10	**29,910**	—
Deferred income tax assets	21	**201,167**	202,970
		8,037,249	3,192,410
Current assets			
Properties under development	12	**16,791,838**	11,130,003
Completed properties held for sale	13	**1,989,004**	1,390,132
Inventories	14	**6,636**	6,165
Trade and other receivables and prepayments	15	**7,672,916**	4,538,191
Amount due from a jointly controlled entity	10	**1,903,472**	—
Prepaid taxes		**89,706**	58,430
Restricted cash	16	**1,683,880**	1,039,058
Cash and cash equivalents	17	**4,151,420**	5,013,296
		34,288,872	23,175,275
Total assets		**42,326,121**	26,367,685

The notes on pages 69 to 132 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet *(Continued)*

As at 31 December 2010

RMB'000	Note	2010	2009
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	18	**68,745**	68,745
Share premium	18	**7,822,982**	7,822,982
Reserves		**6,907,191**	3,462,125
		14,798,918	11,353,852
Non-controlling interests		**493,051**	492,825
Total equity		**15,291,969**	11,846,677
LIABILITIES			
Non-current liabilities			
Borrowings	20	**7,780,952**	5,041,084
Deferred income tax liabilities	21	**1,212,088**	486,037
Obligation under finance lease	22	**17,232**	17,074
		9,010,272	5,544,195
Current liabilities			
Advanced proceeds received from customers		**6,565,180**	3,627,603
Trade and other payables	23	**2,458,068**	1,871,174
Income tax payable		**2,994,321**	1,670,365
Borrowings	20	**6,005,443**	1,806,860
Obligation under finance lease	22	**868**	811
		18,023,880	8,976,813
Total liabilities		**27,034,152**	14,521,008
Total equity and liabilities		**42,326,121**	26,367,685
Net current assets		**16,264,992**	14,198,462
Total assets less current liabilities		**24,302,241**	17,390,872

Approved by the Board of Directors on 23 March 2011 and signed on its behalf by

Zhang Zhi Rong
Director

Cheng Li Xiong
Director

The notes on pages 69 to 132 are an integral part of these consolidated financial statements.

Balance Sheet

As at 31 December 2010

RMB'000	Note	2010	2009
ASSETS			
Non-current assets			
Interests in subsidiaries	11	**6,674,469**	6,423,339
Property and equipment	6	**477**	—
		6,674,946	6,423,339
Current assets			
Prepayments	15	**415**	3,307
Restricted cash	16	**—**	128,212
Cash and cash equivalents	17	**1,951,500**	1,691,044
		1,951,915	1,822,563
Total assets		**8,626,861**	8,245,902
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	18	**68,745**	68,745
Share premium	18	**7,822,982**	7,822,982
Reserves	19	**(1,972,055)**	(1,589,244)
Total equity		**5,919,672**	6,302,483
LIABILITIES			
Non-current liability			
Borrowings	20	**1,969,617**	—
Current liabilities			
Trade and other payables	23	**7,133**	69,374
Amounts due to subsidiaries	24	**730,439**	1,228,573
Borrowings	20	**—**	645,472
		737,572	1,943,419
Total liabilities		**2,707,189**	1,943,419
Total equity and liability		**8,626,861**	8,245,902
Net current assets/(liabilities)		**1,214,343**	(120,856)
Total assets less current liabilities		**7,889,289**	6,302,483

Approved by the Board of Directors on 23 March 2011 and signed on its behalf by

Zhang Zhi Rong
Director

Cheng Li Xiong
Director

The notes on pages 69 to 132 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2010

RMB'000	Note	2010	2009
Revenue	5	**7,114,025**	6,171,127
Cost of sales	27	**(3,694,934)**	(3,201,760)
Gross profit		**3,419,091**	2,969,367
Other income	25	**803,239**	27,366
Other gains, net	26	**2,410,578**	1,218,817
Selling and marketing expenses	27	**(197,133)**	(151,333)
Administrative expenses	27	**(421,057)**	(351,397)
Finance costs	28	**(3,750)**	(27,068)
Share of profit of an associate	9	**1,351**	—
Share of loss of a jointly controlled entity	10	**(50,090)**	—
Profit before income tax		**5,962,229**	3,685,752
Income tax expenses	31	**(2,353,451)**	(1,319,608)
Profit for the year		**3,608,778**	2,366,144
Profit for the year attributable to:			
– the Company's equity holders		**3,608,552**	2,366,144
– non-controlling interests		**226**	—
		3,608,778	2,366,144
Other comprehensive income:			
Gain/loss recognised directly in equity		**—**	—
Total comprehensive income for the year		**3,608,778**	2,366,144
Total comprehensive income for the year attributable to:			
– the Company's equity holders		**3,608,552**	2,366,144
– non-controlling interests		**226**	—
		3,608,778	2,366,144
Earnings per share for profit attributable to the Company's equity holders (expressed in RMB per share)			
– Basic	32	**0.46**	0.38
– Diluted	32	**0.46**	0.38
Dividend	33	**—**	233,779
Dividend per share (expressed in RMB per share)	33	**—**	0.03

The notes on pages 69 to 132 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 Decement 2010

RMB'000	**Share capital (note 18)**	**Share premium (note 18)**	**Merger reserve (note 19(b))**	**Statutory reserve (note 19(c))**	**Other reserve (note 19(d))**	**Employee share-based compen-sation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	Year ended 31 December 2010 Attributable to the Company's equity holders									
Balance at 1 January 2010	**68,745**	**7,822,982**	**(770,477)**	**116,867**	**264,317**	**69,898**	**3,781,520**	**11,353,852**	**492,825**	**11,846,677**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**3,608,552**	**3,608,552**	**226**	**3,608,778**
Employee share-based compensation (note 39)	**–**	**–**	**–**	**–**	**–**	**70,293**	**–**	**70,293**	**–**	**70,293**
Transfer to statutory reserve	**–**	**–**	**–**	**15,867**	**–**	**–**	**(15,867)**	**–**	**–**	**–**
2009 final dividend	**–**	**–**	**–**	**–**	**–**	**–**	**(233,779)**	**(233,779)**	**–**	**(233,779)**
Balance at 31 December 2010	**68,745**	**7,822,982**	**(770,477)**	**132,734**	**264,317**	**140,191**	**7,140,426**	**14,798,918**	**493,051**	**15,291,969**

RMB'000	Share capital (note 18)	Share premium (note 18)	Merger reserve (note 19(b))	Statutory reserve (note 19(c))	Other reserve (note 19(d))	Employee share-based compen-sation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Year ended 31 December 2009 Attributable to the Company's equity holders									
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 20(b))	–	–	–	–	108,027	–	–	108,027	–	108,027
Issue of shares in connection with the global offering (note 18(b))	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 18(a))	48,683	(48,683)	–	–	–	–	–	–	–	–
Shares issued in relation to the conversion of the Convertible Notes (notes 18(c) and 20(b))	2,561	1,075,100	–	–	–	–	–	1,077,661	–	1,077,661
Employee share-based compensation (note 39)	–	–	–	–	–	69,898	–	69,898	–	69,898
Exercise of share options (note 39)	18	3,083	–	–	–	–	–	3,101	–	3,101
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	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

The notes on pages 69 to 132 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2010

RMB'000	Note	2010	2009
Cash flows from operating activities			
Cash used in operations	34	**(5,712,938)**	(2,431,193)
Income tax paid		**(332,917)**	(128,557)
Interest paid		**(1,291,359)**	(476,063)
Net cash used in operating activities		**(7,337,214)**	(3,035,813)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(93,651)**	(99,161)
Purchase of intangible asset		**(1,800)**	—
Payments for the construction of investment properties		**(169,068)**	(52,511)
Proceeds from disposals of property, plant and equipment		**3,520**	696
Acquisition of subsidiaries		**—**	(2,300)
Advances to and receipt of advances to related parties and third parties, net		**—**	(1,485)
Interest received		**18,526**	5,704
Net cash used in investing activities		**(242,473)**	(149,057)
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
Proceeds from borrowings		**10,156,260**	5,866,104
Repayment of borrowings		**(3,137,238)**	(4,971,304)
Dividend paid		**(233,779)**	—
Net cash generated from financing activities		**6,785,243**	7,902,583
Net (decrease)/increase in cash and cash equivalents		**(794,444)**	4,717,713
Cash and cash equivalents at beginning of the year		**5,013,296**	297,221
Exchange losses on cash and bank balances		**(67,432)**	(1,638)
Cash and cash equivalents at end of the year	17	**4,151,420**	5,013,296

The notes on pages 69 to 132 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.

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 23 March 2011.

(b) Material matter and acquisition

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

The Senior Notes due 2015 are secured by the shares of the Group's subsidiaries which are incorporated outside the PRC. The notes are listed on Singapore Exchange Securities Trading Limited.

On 8 December 2010, the Group entered into a share purchase agreement with a third party, to acquire 100% of the equity interest in Dalian Runjing Investment Development Limited ("Dalian Runjing") and an outstanding shareholder loan in the amount of approximately RMB165.7 million owed by Dalian Runjing to the seller for a total consideration of RMB299.5 million. Dalian Runjing is a project company holding a parcel of land in Dalian, Liaoning Province. The transaction was completed during the year and the Group has paid RMB200.0 million as at 31 December 2010. Please refer to note 38 for the accounting of this acquisition in the 2010 consolidated financial statement.

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.

(i) Change in accounting policy

- Investment in a jointly controlled entity
  For the preparation of the condensed consolidated financial information for the six months ended 30 June 2010, the Group adopted the proportionate consolidation method as set out in HKAS 31 "Interests in Joint Ventures" for the recognition of interest in a jointly controlled entity. The Board of Directors of the Company considered that the use of proportionate consolidation method better reflected the substance and economic reality of the Group's interest in such jointly controlled entity and presented more reliable and relevant information of the Group.

  The HKICPA has published Exposure Draft ("ED") 9 "Joint Arrangements", which proposes to eliminate the choice of proportionate consolidation as a method to account for an entity's investment in a jointly controlled entity. For the purpose of consistently apply the same method of accounting in respect of the investment in the jointly controlled entity, the Group has changed its accounting policy to equity method. The change in accounting policy has no impact on the retained earnings as at 1 January 2009 and 31 December 2009 and the profits for the current and prior years.

- Land use rights
  In the current year, the Group changed its accounting policy of land use rights included in properties held for/under development and completed properties held for sale. These land use rights meet the definition of both inventories under HKAS 2 "Inventories" and leasehold land under HKAS 17 "Leases". Previously, these land use rights were classified as prepaid operating leases which were amortised on a straight-line basis over the period of the lease in accordance with HKAS 17. Such amortisation was capitalised as part of the cost of properties under development during the course of development. With the change of the accounting policy, these land use rights are classified as inventories in accordance with HKAS 2 and are measured at the lower of cost and net realisable value.

  Management believes that the classification of land use rights as inventories can result in a more relevant presentation of the financial position of the Group, and of its performance for the year. The revised treatment reflects management's intent regarding the use of the land use rights and results in a presentation consistent with industry practice. The change in accounting policy has no material impact on the retained earnings as at 1 January 2009 and 31 December 2009, and the profits for the current and prior years.

2 Summary of significant accounting policies *(Continued)*

(a) Basis of presentation *(Continued)*

(ii) New and amended standards adopted by the Group

The HKICPA has issued certain new standards and amendments which are effective for accounting periods beginning on or after 1 January 2010, which are mandatory for the first time for the financial year beginning 1 January 2010.

- HKFRS 3 (revised), "Business combinations", and consequential amendments to HKAS 27, "Consolidated and separate financial statements", HKAS 28, "Investments in associates", and HKAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

  The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

  HKAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. HKAS 27 (revised) has had no impact on the current year, as none of the non-controlling interests have a deficit balance; there have been no transactions whereby an interest in an entity is retained after the loss of control of that entity, and there have been no transactions with non-controlling interests.

- HKAS 17 (amendment), "Leases", deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Land use rights", and amortised over the lease term.

  The amendment has been applied retrospectively for annual periods beginning 1 January 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired land use rights as at 1 January 2010 on the basis of information existing at the inception of those leases, and considered the leasehold land in the PRC remained as operating lease. As a result of the reassessment, the Group has not reclassified any leasehold land from operating lease to finance lease.

2 Summary of significant accounting policies *(Continued)*

(a) Basis of presentation *(Continued)*

(ii) New and amended standards adopted by the Group *(Continued)*

- HK Int-5 – The HKICPA issued on 29 November 2010 HK Interpretation 5 "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause". This Interpretation, as a clarification of an existing standard, is effective immediately. According to the Interpretation, the classification of a term loan in accordance with paragraph 69(d) of HKAS 1 shall depend on whether or not the borrower has an unconditional right to defer payment for at least twelve months after the reporting period. Consequently, amounts repayable under a loan agreement which includes a clause that gives the lender the unconditional right to call the loan at any time shall be classified by the borrower as current in its balance sheet. This Interpretation did not have a material impact on the Group's consolidated financial statements.

(iii) 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 2011 or later periods, and the Group has not early adopted:

HKFRS 9	Financial Instruments
HKAS 12 (amendment)	Income taxes
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 Amendment	Financial Instruments: Presentation in Classification of Rights Issues
HK (IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK (IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments
Improvements to HKFRSs 2010	

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

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend and receivable.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

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

2 Summary of significant accounting policies *(Continued)*

(b) Consolidation *(Continued)*

(ii) Associates

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

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

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

(iii) Jointly controlled entities

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

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

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

2 Summary of significant accounting policies *(Continued)*

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Group companies

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

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

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

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

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 other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated statement of comprehensive income 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 statement of comprehensive income during the financial period in which they are incurred.

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

Building	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 the end of each reporting period.

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

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

Construction in progress are stated at historical cost less impairment losses. Historical cost includes expenditure that is directly attributable to the development of the properties which comprises land costs, construction costs, borrowing costs and professional fees incurred during the development period. On completion, the properties are transferred to 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 statement of comprehensive income as part of “other gains/losses, net”.

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

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

(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 end of the reporting period. These are classified as non-current assets. Loans and receivables are classified as “trade and other receivables” and “cash and cash equivalents” in the consolidated balance sheet (notes 2(l) and 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 the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss Include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower’s financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

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

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

2 Summary of significant accounting policies *(Continued)*

(i) Properties under development

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

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

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

(j) Completed properties held for sale

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

(k) Inventories

Inventories consist of construction materials and are stated at the lower of cost 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.

(l) Trade and other receivables

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

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

(m) Cash and cash equivalents

Cash and cash equivalent includes cash 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.

(n) Share capital

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

2 Summary of significant accounting policies *(Continued)*

(o) 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 method.

(p) Offsetting financial instruments

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

(q) Borrowings

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

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

(r) Borrowing costs

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

(s) Current and deferred income tax

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

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

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 end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 Summary of significant accounting policies *(Continued)*

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

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, associates and jointly controlled entities, 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.

(t) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Retirement benefits

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

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

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

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 statement of comprehensive income, 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.

(v) Revenue recognition

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

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

(i) Sales of properties

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

(ii) Rental income from operating leases

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

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

(iii) Interest income

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

2 Summary of significant accounting policies *(Continued)*

(w) Operating leases

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

(x) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants related to income and not related to assets are recognised in the consolidated statement of comprehensive income.

(y) Finance leases

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

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

(z) 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.

(aa) 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)*

(ab) Provisions and contingent liabilities

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

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

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

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

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

(ac) 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 substantially all of the related transactions are settled in RMB. The Company and certain of the investment holding companies within the Group operate in Hong Kong which have recognised assets and liabilities in currencies other than RMB, including the Senior Note due 2015. Apart from the Senior Notes due 2015 that may cause the Group being exposed to a higher level of foreign currency exchange risk, the directors consider the exposures to foreign currency exchange risk in relation to other assets and liabilities to be insignificant. As at 31 December 2010, the Group has cash and bank balances, borrowings and trade and other payables that are denominated in foreign currencies as follows:

RMB'000	2010	2009
Cash and bank balances:		
US$	**46,681**	2,240,573
HK$	**4,483**	148,668
	51,164	2,389,241

RMB'000	2010	2009
Borrowings:		
US$	**1,969,617**	645,472
	1,969,617	645,472

RMB'000	2010	2009
Trade and other payables:		
US$	**1,987**	17,003
HK$	**8,652**	55,202
	10,639	72,205

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 2010, if RMB had strengthened/weakened by 5% against other currencies, with all other variables held constant, pre-tax profit for the year ended 31 December 2010 would have been approximately RMB96.5 million higher/lower (2009: RMB 83.6 million lower/higher).

(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 20). Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates exposed the Group to fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

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

(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 37.

(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.

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 2010					
Borrowings, including interest payable	**7,263,912**	**4,281,004**	**4,683,968**	**719,963**	**16,948,847**
Obligation under finance lease	**920**	**920**	**2,829**	**45,778**	**50,447**
Trade and other payables	**2,458,068**	**—**	**—**	**—**	**2,458,068**
Financial guarantee	**4,389,538**	**—**	**—**	**—**	**4,389,538**
Total	**14,112,438**	**4,281,924**	**4,686,797**	**765,741**	**23,846,900**
At 31 December 2009					
Borrowings, including interest payable	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

Company

RMB'000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2010					
Borrowings, including interest payable	**256,051**	**256,051**	**2,695,347**	**—**	**3,207,449**
Trade and other payables	**7,133**	**—**	**—**	**—**	**7,133**
Total	**263,184**	**256,051**	**2,695,347**	**—**	**3,214,582**
At 31 December 2009					
Borrowings, including interest payable	727,234	—	—	—	727,234
Trade and other payables	69,374	—	—	—	69,374
Total	796,608	—	—	—	796,608

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

RMB'000	2010	2009
Total borrowings (note 20)	**13,786,395**	6,847,944
Less: cash and bank balances	**(5,835,300)**	(6,052,354)
Net debt	**7,951,095**	795,590
Total equity attributable to the Company's equtiy holders	**14,798,918**	11,353,852
Gearing ratio	**53.7%**	7.0%

The increase in gearing ratio as at 31 December 2010 was mainly resulted from the increase in the Group's borrowings in the current year to finance the payment of land premium and construction expenditures.

(c) Fair value estimation

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

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

4 Critical accounting estimates and judgements

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

(a) 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.

(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.

4 Critical accounting estimates and judgements *(Continued)*

(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 has been passed to the purchasers.

The judgement on the likelihood of inflow of economic benefits associated with the property sales transaction and the transfer of risks and rewards of ownership of properties would affect the Group's 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 39.

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, Yangtze River Delta (excluding Shanghai), 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.

5 Segment information *(Continued)*

Total segment assets excluded deferred income tax assets and other unallocated corporate assets.

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	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	All other segments	Total
Year ended 31 December 2010						
Total revenue	**3,867,240**	**249,370**	**1,900,206**	**1,310,163**	**—**	**7,326,979**
Inter-segment revenue	**(212,954)**	**—**	**—**	**—**	**—**	**(212,954)**
Revenue (from external customers)	**3,654,286**	**249,370**	**1,900,206**	**1,310,163**	**—**	**7,114,025**
Segment results	**2,257,301**	**(5,263)**	**684,981**	**245,278**	**(387,449)**	**2,794,848**
Depreciation and amortisation	**(6,625)**	**(1,704)**	**(2,663)**	**(749)**	**(480)**	**(12,221)**
Fair value changes of investment properties	**2,452,402**	**—**	**—**	**—**	**—**	**2,452,402**
Grant income	**—**	**—**	**—**	**—**	**665,160**	**665,160**
Interest income	**85,409**	**3,497**	**3,154**	**1,921**	**5,577**	**99,558**
Finance costs	**(2,430)**	**(672)**	**(447)**	**(171)**	**(30)**	**(3,750)**
Income tax expenses	**(1,858,220)**	**294**	**(253,368)**	**(75,867)**	**(166,290)**	**(2,353,451)**
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	2,346,477	67,952	220,653	(23,378)	(115,713)	2,495,991
Depreciation and amortisation	(9,622)	(1,488)	(2,302)	(968)	(209)	(14,589)
Fair value changes of investment properties	1,026,985	—	—	—	—	1,026,985
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)

5 Segment information *(Continued)*

RMB'000	Shanghai	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	All other segments	Elimination	Total
As at 31 December 2010							
Total segment assets	**24,253,724**	**19,408,164**	**6,272,495**	**4,288,017**	**9,296,739**	**(24,218,153)**	**39,300,986**
Total segment assets include:							
Investment in an associate	**5,851**	**—**	**—**	**—**	**—**	**—**	**5,851**
Investment in a jointly controlled entity	**29,910**	**—**	**—**	**—**	**—**	**—**	**29,910**
Deferred income tax assets							**201,167**
Other unallocated corporate assets							**2,823,968**
Total assets							**42,326,121**
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
Deferred income tax assets							202,970
Other unallocated corporate assets							2,156,292
Total assets							26,367,685

RMB'000	2010	2009
Segment results	**2,794,848**	2,495,991
Fair value changes of investment properties	**2,452,402**	1,026,985
Grant income	**665,160**	–
Depreciation and amortisation	**(12,221)**	(14,589)
(Loss)/gain on redemption/extinguishment of a financial liability (notes 26)	**(33,768)**	198,729
Operating profit	**5,866,421**	3,707,116
Interest income	**99,558**	5,704
Finance costs	**(3,750)**	(27,068)
Profit before income tax	**5,962,229**	3,685,752
Additions to:		
– Property, plant and equipment	**93,618**	116,002
– Investment properties	**169,068**	52,511
– Intangible assets	**1,800**	2,500

5 Segment information (Continued)

Analysis of revenue by category

RMB'000	2010	2009
Sales of properties	7,109,960	6,163,793
Others	4,065	7,334
Total	7,114,025	6,171,127

6 Property, plant and equipment

Group

RMB'000	Building	Computer and office equipment	Motor vehicles	Furniture, fitting and equipment	Leasehold improvements	Plant and machinery	Construction in progress	Total
At 1 January 2009								
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	—	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
Year ended 31 December 2010								
Opening net book amount	**21,766**	**8,804**	**20,634**	**1,369**	**2,855**	**6,148**	**436,077**	**497,653**
Acquisition of subsidiaries (note 38)	**—**	**33**	**—**	**—**	**—**	**—**	**—**	**33**
Additions	**5,500**	**6,558**	**28,211**	**2,652**	**10,305**	**—**	**40,392**	**93,618**
Disposals	**—**	**(82)**	**(3,564)**	**(4)**	**—**	**—**	**—**	**(3,650)**
Depreciation	**(615)**	**(2,883)**	**(7,977)**	**(483)**	**(1,306)**	**(637)**	**—**	**(13,901)**
Closing net book amount	**26,651**	**12,430**	**37,304**	**3,534**	**11,854**	**5,511**	**476,469**	**573,753**
At 31 December 2010								
Cost	**30,024**	**19,599**	**62,925**	**5,377**	**14,859**	**6,350**	**476,469**	**615,603**
Accumulated depreciation	**(3,373)**	**(7,169)**	**(25,621)**	**(1,843)**	**(3,005)**	**(839)**	**—**	**(41,850)**
Net book amount	**26,651**	**12,430**	**37,304**	**3,534**	**11,854**	**5,511**	**476,469**	**573,753**

6 Property, plant and equipment *(Continued)*

Company

RMB'000	Computer and office equipment	Furniture, fitting and equipment	Leasehold improvements	Total
Year ended 31 December 2010				
Opening net book amount	—	—	—	—
Additions	116	123	320	559
Depreciation	(19)	(21)	(42)	(82)
Closing net book amount	97	102	278	477
At 31 December 2010				
Cost	116	123	320	559
Accumulated depreciation	(19)	(21)	(42)	(82)
Net book amount	97	102	278	477

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

As at 31 December 2009 and 2010, all construction in progress were pledged as collateral for the Group's borrowings (note 20).

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

RMB'000	2010	2009
Properties under development	974	3,040
Cost of sales	1,233	206
Selling and marketing expenses	719	470
Administrative expenses	10,975	7,207
	13,901	10,923

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

RMB'000	2010	2009
Cost - capitalised finance leases	24,524	24,524
Accumulated depreciation	(3,373)	(2,758)
	21,151	21,766

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

7 Investment properties

RMB'000	2010	2009
At beginning of the year	**2,485,200**	1,103,500
Additions - constructions costs	**169,068**	52,511
Additions - acquisition of projects	**2,009,985**	—
Transfer from properties under development	**—**	134,212
Transfer from completed properties held for sale	**106,553**	167,992
Fair value gain (included in "other gains, net")	**2,452,402**	1,026,985
At end of the year	**7,223,208**	2,485,200

The investment properties were valued on 31 December 2009 and 2010 at fair value by Jones Lang LaSalle Sallmanns Limited, an independent and professionally qualified valuer.

As at 31 December 2010, investment properties of carrying value of RMB2,463,980,000 (2009: RMB1,393,710,000) were pledged as collateral for the Group's borrowings (note 20).

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

RMB'000	2010	2009
In the PRC, held on:		
Leases of 10-50 years	**5,441,976**	1,346,800
Leases of over 50 years	**1,781,232**	1,138,400
	7,223,208	2,485,200

8 Intangible assets

RMB'000	2010	2009
At beginning of the year	**2,087**	—
Acquisition of a subsidiary	**—**	2,500
Addition	**1,800**	—
Amortisation charge	**(527)**	(413)
At end of the year	**3,360**	2,087
At end of the year		
Cost	**4,300**	2,500
Accumulated amortisation	**(940)**	(413)
Net book amount	**3,360**	2,087

Amortisation charge of RMB527,000 (2009: RMB413,000) was included in the "administrative expenses" in the consolidated statement of comprehensive income. There was no impairment of the Group's intangible assets during the year (2009: Nil).

9 Investment in an associate

RMB'000	2010	2009
Investment in an associate	**5,851**	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"). Shanghai Chuangmeng is an entity established in the PRC.

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

RMB'000	2010	2009
Assets		
Non-current assets	**982**	490
Current assets	**6,866**	5,936
	7,848	6,426
Liability		
Current liabilities	**(1,997)**	(1,926)
Net assets	**5,851**	4,500
Income	**20,555**	—
Expenses, including income tax	**(19,204)**	—
Profit for the year	**1,351**	—

10 Investment in a jointly controlled entity

RMB'000	2010	2009
Investment in a jointly controlled entity	**29,910**	—
Amount due from a jointly controlled entity (a)	**1,903,472**	—

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

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

RMB'000	2010
Assets:	
Non-current assets	**2,156**
Current assets	**1,947,149**
	1,949,305
Liability:	
Current liabilities	**1,919,395**
Net assets	**29,910**
Income	**—**
Expenses, including income tax	**(50,090)**
Loss for the year	**(50,090)**

(a) The amount due from a jointly controlled entity is unsecured, has no fixed terms of repayment and bears interest that is agreed among Nanjing Jiangxu and its joint venture partners by making references to the latest benchmark lending rate published by the People's Bank of China. As at 31 December 2010, the interest rate is 5.4%. As at 31 December 2010, the carrying value of the amount due from a jointly controlled entity approximates its fair value.

11 Interests in subsidiaries - Company

RMB'000	2010	2009
Unlisted shares, at cost	—	—
Advances to subsidiaries (a)	**6,674,469**	6,423,339
	6,674,469	6,423,339

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

Particulars of the subsidiaries of the Company as at 31 December 2010 are set out below:

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest 2009	2010	Principal activities
Directly held:						
Incorporated in the British Virgin Islands (the "BVI"):						
Bright New Investments Limited (明新投資有限公司)	2 May 2007	Limited company	US$50,000	100%	100%	Investment holding
Indirectly held:						
Incorporated in the BVI:						
Allied Honest Holdings Limited	30 March 2006	Limited company	US$1,000	100%	100%	Investment holding
East Harbour Development Limited	9 March 2006	Limited company	US$1,000	100%	100%	Investment holding
East Plus Enterprises Limited (東和企業有限公司)	25 November 2010	Limited company	US$1	—	100%	Investment holding
Grand Target Group Limited (君達集團有限公司)	23 January 2006	Limited company	US$1,000	100%	100%	Investment holding
Highest Reach Limited	9 March 2007	Limited company	US$50,000	100%	100%	Investment holding
Regal World Development Limited	21 February 2006	Limited company	US$1,000	100%	100%	Investment holding
Vieward Group Limited (景向集團有限公司)	15 February 2006	Limited company	US$1,000	100%	100%	Investment holding
Incorporated in Hong Kong:						
Cheston Holdings Limited (卓怡集團有限公司)	14 June 2006	Limited company	HK$1	100%	100%	Investment holding
Extreme (Asia) Limited (永和(亞洲)有限公司)	15 May 2006	Limited company	HK$1	100%	100%	Investment holding
Fast Right Limited	15 December 2006	Limited company	HK$10,000	100%	100%	Investment holding
Glorious Corporate Services Limited	12 July 2010	Limited company	HK$1	—	100%	Investment holding
Rich Tech International (富達國際企業有限公司)	2 June 2006	Limited company	HK$1	100%	100%	Investment holding
Venture Hong Kong Group Limited (富昇香港集團有限公司)	26 June 2006	Limited company	HK$1	100%	100%	Investment holding
Worldex Investment Development Limited (恒匯投資發展有限公司)	14 June 2006	Limited company	HK$1	100%	100%	Investment holding

11 Interests in subsidiaries - Company *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest		Principal activities
				2009	2010	
Incorporated in the PRC:						
Fusheng Real Estate Development (Nantong) Co., Ltd. (富昇房地產開發（南通）有限公司)	27 June 2005	Limited company	US$99,960,000	100%	100%	Property development and investment holding
Fuda Real Estate Development (Nantong) Co., Ltd. (富達房地產開發（南通）有限公司)	1 August 2006	Limited company	US$111,880,000	100%	100%	Property development and investment holding
Henghui Real Estate Development (Nantong) Co., Ltd. (恒匯房地產開發（南通）有限公司)	22 July 2005	Limited company	US$112,990,000	100%	100%	Property development and investment holding
Nantong Huangshi Hui Real Estate Development Co., Ltd. (南通皇室會房地產開發有限公司)	25 July 2005	Limited company	US$128,990,000	100%	100%	Property development and investment holding
Nantong Jigui Real Estate Development Co., Ltd. (南通杰匯置業發展有限公司)	14 April 2006	Limited company	US$113,990,000	100%	100%	Property development and investment holding
Nantong Jiangle Real Estate Development Co., Ltd. (南通江樂房地產開發有限公司)	27 June 2006	Limited company	US$99,800,000	100%	100%	Property development and investment holding
Nantong Lehua Real Estate Development Co., Ltd. (南通樂華房地產開發有限公司)	29 June 2006	Limited company	US$114,800,000	100%	100%	Property development and investment holding
Yonghe Real Estate Development (Nantong) Co., Ltd. (永和房地產開發（南通）有限公司)	10 April 2006	Limited company	US$113,990,000	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	Limited company	US$99,800,000	100%	100%	Property development and investment holding
Dalian Runjing Property Development Co., Ltd. (大連潤景房地產開發有限公司)	19 January 2010	Limited company	RMB100,000,000	—	100%	Property development
Glorious Anshun (Shanghai) Property Development Co., Ltd. (恒盛安順（上海）房地產發展有限公司)	18 January 1996	Limited company	RMB30,000,000	100%	100%	Property development

11 Interests in subsidiaries - Company *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest 2009	2010	Principal activities
Incorporated in the PRC (continued):						
Glorious Baofeng (Nantong) Property Development Co., Ltd. (恒盛寶豐(南通)置業發展有限公司)	8 January 2010	Limited company	RMB802,000,000	—	100%	Property development
Glorious Fuhai (Harbin) Property Development Co., Ltd. (恒盛福海(哈爾濱)置業有限公司)	5 November 2010	Limited company	RMB100,000,000	—	100%	Property development and investment holding
Glorious Fusheng Property Investment (Beijing) Co., Ltd. (恒盛富昇地產投資(北京)有限公司)	23 July 2010	Limited company	RMB100,000,000	—	100%	Investment holding
Glorious Huixin (Changchun) Property Development Co., Ltd. (恒盛匯鑫(長春)置業有限公司)	7 May 2010	Limited company	RMB250,000,000	—	100%	Property development
Glorious Hetian Hexin (Beijing) Property Development Co., Ltd. (恒盛合天和信(北京)房地產開發有限公司)	25 December 2001	Limited company	RMB130,000,000	100%	100%	Property development
Glorious Hengmao (Hefei) Property Development Co., Ltd. (恒盛恒茂(合肥)房地產開發有限公司)	24 October 2007	Limited company	RMB509,830,227	100%	100%	Property development
Glorious Hongyun (Tianjin) Investment Co., Ltd. (恒盛弘耘(天津)投資有限公司)	13 September 2004	Limited company	RMB88,000,000	100%	100%	Property development
Glorious Haosen (Shanghai) Property Co., Ltd. (恒盛豪森(上海)房地產有限公司)	6 October 1998	Limited company	RMB80,000,000	100%	100%	Property development
Glorious Hongsheng (Suzhou) Property Development Co., Ltd. (恒盛弘晟(蘇州)置業有限公司)	17 March 2005	Limited company	RMB170,000,000	100%	100%	Property development
Glorious Property Investment (Hefei) Co., Ltd. (恒盛地產投資(合肥)有限公司)	23 July 2010	Limited company	RMB250,000,000	—	100%	Investment holding
Glorious Property Investment (Harbin) Co., Ltd. (恒盛地產投資(哈爾濱)有限公司)	3 August 2010	Limited company	RMB100,000,000	—	100%	Investment holding

11 Interests in subsidiaries - Company *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest		Principal activities
				2009	2010	
Incorporated in the PRC (continued):						
Glorious Property Investment (Nantong) Co., Ltd. (恒盛地產投資（南通）有限公司)	28 May 2010	Limited company	RMB420,000,000	—	100%	Investment holding
Glorious Property Investment (Shanghai) Co., Ltd. (恒盛地產投資（上海）有限公司)	21 June 2010	Limited company	RMB100,000,000	—	100%	Investment holding
Glorious Property Investment (Tianjin) Co., Ltd. (恒盛地產投資（天津）有限公司)	2 December 2010	Limited company	RMB40,000,000	—	100%	Investment holding
Glorious Qiwei (Shanghai) Industry Co., Ltd. (恒盛祺偉（上海）實業有限公司)	24 September 2008	Limited company	RMB100,000,000	100%	100%	Wholesale of construction materials
Glorious Rongsheng (Nantong) Building Real Estate Development Co., Ltd. (恒盛熔盛大廈（南通）房地產開發有限公司)	12 December 2007	Limited company	RMB30,000,000	100%	100%	Property development
Glorious Shuntianlong (Shanhgai) Concrete Co., Ltd. (恒盛順添隆（上海）混凝土有限公司)	14 November 2008	Limited company	RMB30,000,000	100%	100%	Trading of concrete
Shanghai Shagdong Property Development Co., Ltrd 上海勝通地產發展有限公司)	19 June 2001	Limited company	RMB201,000,000	100%	100%	Property development
Glorious Tianxingjian (Tianjin) Real Estate Investment Co., Ltd. (恒盛天行建（天津）房地產投資有限公司)	20 March 2006	Limited company	RMB53,480,000	100%	100%	Property development
Glorious Weida (Nantong) Property Development Co., Ltd. (恒盛煒達（南通）房地產開發有限公司) (a)	12 January 2010	Limited company	RMB3,370,000,000	—	100%	Property development
Glorious Wangjiarui (Wuxi) Co., Ltd. (恒盛旺佳瑞（無錫）有限公司)	7 September 2004	Limited company	RMB1,197,911,767	100%	100%	Property development and investment holding
Glorious Yangguang Binhai (Harbin) Property Co., Ltd. (恒盛陽光濱海（哈爾濱）置業有限公司)	19 December 2007	Limited company	RMB660,000,000	100%	100%	Property development

11 Interests in subsidiaries - Company *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest 2009	2010	Principal activities
Incorporated in the PRC (continued):						
Glorious Yifeng (Hefei) Property Development Co., Ltd. (恒盛頤豐（合肥）房地產開發有限公司)	14 October 2010	Limited company	RMB250,000,000	—	100%	Property development
Glorious Yangguang Xindi (Beijing) Property Development Co., Ltd. (恒盛陽光鑫地（北京）置業有限公司)	25 February 2003	Limited company	RMB129,000,000	100%	100%	Property development
Glorious Yangguang Xindi (Liaoning) Property Development Co., Ltd. (恒盛陽光鑫地（遼寧）置業有限公司)	6 June 2005	Limited company	RMB1,333,502,300	100%	100%	Property development and investment holding
Glorious Yangguang Xindi (Tianjin) Investment Co., Ltd. (恒盛陽光鑫地（天津）投資有限公司)	19 May 2003	Limited company	RMB806,039,565	100%	100%	Property development and investment holding
Glorious Zhuowei (Nantong) Trade Development Co., Ltd. (恒盛焯煒（南通）貿易發展有限公司)	5 June 2003	Limited company	RMB155,000,000	100%	100%	Wholesale of mechanical equipments and building materials
Glorious Zhuoyi Property Investment (Dalian) Co., Ltd. (恒盛卓怡地產投資（大連）有限公司)	3 December 2010	Limited company	RMB100,000,000	—	100%	Investment holding
Shenyang Glorious Guangchang Commercial Management Co., Ltd. (瀋陽恒盛廣場商業管理有限公司)	7 September 2010	Limited company	RMB1,000,000	—	100%	Business management and property management
Shanghai Hongye Property Development Co., Ltd. (上海弘曄房地產發展有限公司)	7 April 2008	Limited company	RMB900,000,000	100%	100%	Property development
Shanghai Jinhao Property Development Co., Ltd. (上海錦豪房地產開發有限公司)	25 December 2009	Limited company	RMB10,000,000	—	100%	Property development
Shanghai Mingbao Construction Co., Ltd. (上海明寶建設工程有限公司)	17 January 2004	Limited company	RMB100,000,000	100%	100%	Interior and exterior decoration and renovation

11 Interests in subsidiaries - Company *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/paid-in/ registered capital	Percentage of attributable equity interest 2009	2010	Principal activities
Incorporated in the PRC (continued):						
Shanghai Rongxiang Property Development Co., Ltd. (上海熔祥房地產開發有限公司)	29 December 2009	Limited company	RMB10,000,000	—	100%	Property development
Shanghai Xintai Property Development Co., Ltd. (上海鑫泰房地產發展有限公司)	22 April 1999	Limited company	RMB1,400,000,000	100%	100%	Property development and investment holding
Shanghai Yijing Property Development Co., Ltd. (上海意景房地產開發有限公司)	22 January 2001	Limited company	RMB563,587,214	100%	100%	Property development and investment holding
Tianjin Dong'an Construction Co. Ltd. (天津東岸建設有限公司)	11 March 2005	Limited company	RMB510,000,000	70%	70%	Property development
Tianjin Gangtian Real Estate Investment Co. Ltd. (天津港天房地產投資有限公司)	21 March 2006	Limited company	RMB136,265,000	100%	100%	Property development

Notes:

(a) Pursuant to the trust scheme with Jiangsu International Trust Corporation Limited ("Jiangsu Trust"), the Group's equity interest in Glorious Weida (Nantong) Property Development Co. Ltd. ("Glorious Weida") was reduced from 100% to 50.45%. In view of the substance of the arrangement, the directors are of their opinion that it is a loan arrangement and the Group continues to consolidate 100% of the Glorious Weida and the contribution from Jiangsu Trust is treated as a financial liability and measured at amortised cost using the effective interest method.

(b) As at 31 December 2010, equity interests of certain of the Company's subsidiaries had been pledged for the Group's borrowings.

12 Properties under development

RMB'000	2010	2009
Within normal operating cycle included under current assets	**16,791,838**	11,130,003
Amount comprised:		
Land use rights	**9,399,020**	5,746,245
Construction costs and capitalised expenditures	**4,174,757**	2,863,419
Interest capitalised	**3,218,061**	2,520,339
	16,791,838	11,130,003

The properties under development are all located in the PRC.

As at 31 December 2010, properties under development of carrying value of RMB3,624,025,000 (2009: RMB4,454,593,000) were pledged as collateral for the Group's borrowings (note 20). As at 31 December 2010, there was no properties under development (2009: RMB193,400,000) being pledged as collateral for third party companies.

RMB'000	2010	2009
Properties under development for sale:		
Expected to be completed and available for sale after more than 12 months	**13,237,163**	7,473,080
Expected to be completed and available for sale within 12 months	**3,554,675**	3,656,923
	16,791,838	11,130,003

13 Completed properties held for sale

RMB'000	2010	2009
Completed properties held for sale comprised:		
Land use rights	**494,987**	346,087
Construction costs and capitalised expenditures	**1,388,522**	949,095
Interest capitalised	**105,495**	94,950
	1,989,004	1,390,132

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

As at 31 December 2010, completed properties held for sale of carrying value of RMB942,530,000 (2009: RMB466,275,000) were pledged as collateral for the Group's borrowings (note 20).

14 Inventories

RMB'000	2010	2009
Construction materials, at cost	**6,636**	6,165

The cost of inventories recognised as expense in "cost of sale" amounted to RMB3,978,000 (2009: RMB6,904,000).

15 Trade and other receivables and prepayments

Group

RMB'000	2010	2009
Trade receivables due from third parties (a)	**549,951**	215,991
Other receivables due from third parties (b)	**220,056**	383,393
Prepayments:	**6,902,909**	3,938,807
Related parties (note 36(b))	**1,317,199**	1,495,659
Third parties	**5,585,710**	2,443,148
	7,672,916	4,538,191

Company

RMB'000	2010	2009
Prepayments to third parties	**415**	3,307

(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	2010	2009
Not yet due	**—**	10,594
Within 6 months	**533,699**	201,292
Between 7 and 12 months	**2,520**	2,438
Between 13 months and 3 years	**13,732**	1,667
	549,951	215,991

As at 31 December 2010, trade receivables of RMB549,951,000 (2009: RMB205,397,000) 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 2010 and up to the date of this report, trade receivables of RMB515,438,000 have been settled.

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

As at 31 December 2009 and 2010, 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.

16 Restricted cash

Restricted cash comprises (i) funds borrowed under specific borrowings that are subject to restriction of use until certain prescribed stages of construction works are achieved, (ii) guaranteed deposits for the mortgage loan facilities granted by banks to purchasers of the Group's properties, (iii) 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 20(a)), (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 Fast Right Limited and Tianjin Dong'an Construction Co., Ltd. (collectively referred as ("Tianjin Dong'an Group"). The components of restricted cash as at 31 December 2010 are as follows:

Group

RMB'000	2010	2009
Restricted funds under specific borrowings and guarantee deposits for mortgage facilities	**738,280**	320,265
Restricted funds of Shanghai Penghui	**945,600**	190,882
Restricted funds under Shanghai Bay Arrangement	**—**	128,212
Deposits under irrevocable payment instructions in relation to the acquisition of Tianjin Dong'an Group	**—**	399,699
Total	**1,683,880**	1,039,058

The Company's restricted cash as at 31 December 2009 represented the restricted funds under Shanghai Bay Arrangement of RMB128,212,000. The Company has no funds that are restricted as at 31 December 2010.

17 Cash and cash equivalents

Group

RMB'000	2010	2009
Cash at bank and in hand:		
Denominated in RMB	**5,784,136**	3,663,113
Denominated in US$	**46,681**	2,240,573
Denominated in HK$	**4,483**	148,668
	5,835,300	6,052,354
Less: Restricted cash	**(1,683,880)**	(1,039,058)
	4,151,420	5,013,296
Maximum exposure to credit risk	**5,833,051**	6,043,706

As at 31 December 2010, the Group's five highest bank balances amounted to RMB4,947,422,000 (2009: RMB4,942,238,000), representing 84.8% (2009: 81.7%) of the Group's total cash and bank balances at the balance sheet date.

Company

RMB'000	2010	2009
Cash at bank and in hand:		
Denominated in RMB	**1,907,989**	—
Denominated in US$	**40,123**	1,671,229
Denominated in HK$	**3,388**	148,027
	1,951,500	1,819,256
Less: Restricted cash	**—**	(128,212)
	1,951,500	1,691,044

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.

18 Share capital and share premium

	Number of ordinary shares	Nominal value of ordinary shares HK$	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised:					
Ordinary shares of HK$0.01 each at 31 December 2009 and 31 December 2010	38,000,000,000	380,000,000			
Issued:					
Ordinary shares of HK$0.01 each at 1 January 2009	100,000,000	1,000,000	962	—	962
Capitalisation of share premium (a)	5,525,000,000	55,250,000	48,683	(48,683)	—
Shares issued in connection with the global offering (b)	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 (c)	290,645,623	2,906,456	2,561	1,075,100	1,077,661
Exercise of share options (note 39)	2,000,000	20,000	18	3,083	3,101
Ordinary shares of HK$0.01 each at 31 December 2009, 1 January 2010 and 31 December 2010	7,792,645,623	77,926,456	68,745	7,822,982	7,891,727

(a) 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.

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

(c) Pursuant to the terms under the notes restructuring as set out in note 20(b), 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.

19 Reserves

(a) Company reserves

RMB'000	Other reserve (note (d))	Employee share-based compensation reserve	Accumulated losses	Total
Balance at 1 January 2009	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	108,027	—	—	108,027
Employee share-based compensation (note 39)	—	69,898	—	69,898
Balance at 31 December 2009	**264,317**	**69,898**	**(1,923,459)**	**(1,589,244)**
Total comprehensive loss for the year	**—**	**—**	**(219,325)**	**(219,325)**
Employee share-based compensation (note 39)	**—**	**70,293**	**—**	**70,293**
2009 final dividend	**—**	**—**	**(233,779)**	**(233,779)**
Balance at 31 December 2010	**264,317**	**140,191**	**(2,376,563)**	**(1,972,055)**

(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 2010, appropriation to the general statutory reserve amounted to RMB15,867,000 (2009: RMB37,678,000).

(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.

20 Borrowings

Group

RMB'000	2010	2009
Borrowings included in non-current liabilities:		
Bank borrowings - secured (c)	**5,811,335**	2,970,149
Shanghai Bay Arrangement - secured (a)	**—**	2,070,935
Senior Notes due 2015 - secured (note 1(b))	**1,969,617**	—
	7,780,952	5,041,084
Borrowings included in current liabilities:		
Bank borrowings - secured (c)	**3,918,435**	1,161,388
Shanghai Bay Arrangement – secured (a)	**2,087,008**	—
Promissory Notes - secured (b)	**—**	447,034
Other borrowings - unsecured	**—**	198,438
	6,005,443	1,806,860
Total borrowings	**13,786,395**	6,847,944

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

RMB'000	2010	2009
Bank borrowings	**10,033,199**	4,247,830
Shanghai Bay Arrangement	**2,000,000**	2,000,000
Senior Notes due 2015 (note 1(b))	**1,974,000**	—
Promissory Notes	**—**	501,443
Other borrowings	**—**	191,162
	14,007,199	6,940,435
Adjusted by: unamortised loan arrangement fees and accrued interests	**(220,804)**	(92,491)
Total borrowings	**13,786,395**	6,847,944

Company

RMB'000	2010	2009
Borrowings included in non-current liabilities:		
Senior Notes due 2015 - secured (note 1(b))	**1,969,617**	—
Borrowings included in current liabilities:		
Promissory Notes - secured (b)	**—**	447,034
Other borrowings - unsecured	**—**	198,438
	—	645,472
Total borrowings	**1,969,617**	645,472

20 Borrowings *(Continued)*

(a) 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 Limited (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).

20 Borrowings *(Continued)*

(a) *(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 current liabilities as at 31 December 2010 and are secured by the guarantee provided by the Company.

(b) In 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$500.0 million (the "Original Notes") to the Investors or their respective nominees. Pursuant to a Deed of Amendment dated 31 July 2009, the Original Notes were restructured on 17 August 2009, resulting in (i) the change of denomination of the Original Notes from RMB to US$; (ii) the payment of outstanding cash interest and partial redemption in the aggregate amount of approximately US$220.0 million, and (iii) the issuance of the following financial instruments:

— convertible notes with a tenure of two years in the aggregate principal amount of US$165.0 million (the "Convertible Notes").

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.

— promissory notes with a tenure of 18 months in the aggregate principal amount of US$325.0 million (the "Promissory Notes"). The Company partially redeemed the Promissory Notes of aggregate principal amount of approximately US$251.6 million in October and December 2009.

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 the Promissory Notes by using cash of approximately US$74,681,000 (approximately RMB509,850,000), resulting in a loss on redemption of Promissory Notes of approximately RMB33,768,000 (note 26).

(c) The bank borrowings are secured by the construction in progress, investment properties, properties under development, completed projects held for sale and share of several subsidiaries of the Group.

20 Borrowings *(Continued)*

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

Group

RMB'000	2010	2009
Within 1 year	**6,005,443**	1,806,860
After 1 and within 2 years	**3,465,631**	3,555,529
After 2 and within 5 years	**3,754,548**	939,606
After 5 years	**560,773**	545,949
	13,786,395	6,847,944

Company

RMB'000	2010	2009
Within 1 year	**—**	645,472
After 2 and within 5 years	**1,969,617**	—
	1,969,617	645,472

(e) The fair value of the Senior Notes due 2015 as at 31 December 2010 was approximately RMB2,040,721,000. The fair values of the Group´s other current and non-current borrowings approximate their carrying amounts at each balance sheet dates.

(f) As at 31 December 2010, the Group's and the Company's weighted average effective interest rates (excluding bank borrowings) are 16.7% and 13.2% respectively (2009: 21.4% and 25.8% respectively). The Group's overall effective interest rate as at 31 December is 11.9% (2009: 13.3%).

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

Group

RMB'000	2010	2009
Within 6 months	**7,404,214**	4,585,577
Between 7 and 12 months	**2,902,247**	191,432
Between 13 months and 5 years	**3,479,934**	2,070,935
	13,786,395	6,847,944

Company

RMB'000	2010	2009
Within 6 months	**—**	645,472
Between 13 months and 5 years	**1,969,617**	—

21 Deferred income tax

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

RMB'000	2010	2009
Deferred income tax assets		
- to be realised after more than 12 months	**44,573**	8,296
- to be realised within 12 months	**156,594**	194,674
	201,167	202,970
Deferred income tax liabilities		
- to be realised after more than 12 months	**1,212,088**	486,037
- to be realised within 12 months	**—**	—
	1,212,088	486,037
Deferred income tax liabilities, net	**(1,010,921)**	(283,067)

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

RMB'000	2010	2009
Beginning of the year	**(283,067)**	(146,117)
Recognised in the consolidated statement of comprehensive income (note 31)	**(727,854)**	(136,950)
End of the year	**(1,010,921)**	(283,067)

21 Deferred income tax *(Continued)*

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 timing differences arising from capitalised interest	Other expenses	Fair value gains	Total
At 1 January 2009	53,888	—	—	11,516	(211,521)	(146,117)
(Charged)/credited to the consolidated statement of comprehensive income (note 31)	(36,778)	156,574	—	—	(256,746)	(136,950)
At 31 December 2009	**17,110**	**156,574**	**—**	**11,516**	**(468,267)**	**(283,067)**
(Charged)/credited to the consolidated statement comprehensive income (note 31)	**40,868**	**(42,673)**	**(112,948)**	**—**	**(613,101)**	**(727,854)**
At 31 December 2010	**57,978**	**113,901**	**(112,948)**	**11,516**	**(1,081,368)**	**(1,010,921)**

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 2010, there were unrecognised tax losses of approximately RMB22,855,000 (2009: RMB24,839,000) to be carried forward for deduction against future taxable profits.

22 Obligation under finance lease

Group

RMB'000	2010	2009
Gross finance lease liabilities - minimum lease payments:		
No later than 1 year	**920**	860
Later than 1 year and no later than 5 years	**3,749**	3,680
Later than 5 years	**45,778**	46,768
	50,447	51,308
Future finance charges on finance leases	**(32,347)**	(33,423)
Present value of finance lease liabilities	**18,100**	17,885
The present value of finance lease liabilities is as follows:		
No later than 1 year	**868**	811
Later than 1 year and no later than 5 years	**3,059**	3,008
Later than 5 years	**14,173**	14,066
	18,100	17,885

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

23 Trade and other payables

Group

RMB'000	2010	2009
Trade payables (a):	**1,458,718**	707,339
Related parties (note 36(b))	**5,510**	44,057
Third parties	**1,453,208**	663,282
Other payables due to third parties (b)	**906,214**	1,076,845
Other taxes payable	**93,136**	86,990
	2,458,068	1,871,174

Company

RMB'000	2010	2009
Other payables due to third parties	**7,133**	69,374

23 Trade and other payables *(Continued)*

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

Group

RMB'000	2010	2009
Within 6 months	**1,215,891**	611,388
Between 7 and 12 months	**97,651**	36,734
Between 13 months and 5 years	**145,176**	59,217
	1,458,718	707,339

(b) As at 31 December 2009 and 2010, other payables due to third parties are unsecured, interest free and repayable on demand.

(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	2010	2009
HK$	**8,652**	55,202
RMB	**2,447,429**	1,798,969
US$	**1,987**	17,003
	2,458,068	1,871,174

Company

RMB'000	2010	2009
HK$	**5,146**	52,371
US$	**1,987**	17,003
	7,133	69,374

(d) As at 31 December 2009 and 2010, the carrying values of the trade and other payable balances approximate their fair values.

24 Amounts due to subsidiaries - Company

The amounts are unsecured, interest-free and repayable on demand. As at 31 December 2009 and 2010, the carrying values approximate their fair values.

25 Other income

RMB'000	2010	2009
Interest income from banks	**18,526**	5,704
Interest income from a jointly controlled entity	**81,032**	—
Grant income (a)	**665,160**	—
Rental income	**30,961**	20,513
Others	**7,560**	1,149
	803,239	27,366

(a) The amount represented the grant income from the local government authorities as an appreciation of the Group's contribution.

26 Other gains, net

RMB'000	2010	2009
Fair value changes of investment properties	**2,452,402**	1,026,985
(Loss)/gain on redemption/extinguishment of a financial liability (note 20(b))	**(33,768)**	198,729
Exchange losses, net	**(8,056)**	(6,897)
	2,410,578	1,218,817

27 Expenses by nature

Profit before income tax is stated after charging the following:

RMB'000	2010	2009
Auditors' remuneration	**7,307**	3,957
Advertising costs	**122,717**	75,799
Business taxes and other levies	**397,139**	350,791
Costs of properties sold	**3,297,795**	2,850,969
Depreciation (note 6)	**11,694**	7,677
Amortisation of intangible asset (note 8)	**527**	413
Staff costs - excluding directors' emoluments (note 29)	**121,531**	114,621
Donations	**597**	250
Rental expenses	**47,209**	28,416
Losses on disposals of property, plant and equipment	**130**	190

28 Finance costs

RMB'000	2010	2009
Interest expenses:		
– Bank borrowings	**724,014**	223,557
– Original Notes	**—**	705,305
– Convertible Notes	**—**	26,771
– Promissory Notes	**24,335**	112,573
– Shanghai Bay Arrangement	**376,073**	101,142
– Senior Notes due 2015	**47,841**	—
– others	**4,089**	24,413
Total interest expenses	**1,176,352**	1,193,761
Less: interest capitalised on qualifying assets	**(1,172,602)**	(1,166,693)
	3,750	27,068

Borrowing costs of the loans used to finance the property development projects of the Group have been capitalised at a capitalisation rate of 10.7% during the year (2009: 16.2%).

29 Staff costs - excluding directors' emoluments

RMB'000	2010	2009
Wages and salaries	85,111	82,194
Retirement scheme contribution	9,059	1,104
Staff welfare	6,999	3,748
Other allowances and benefits	7,906	11,767
Share-based compensation expenses	12,456	15,808
	121,531	114,621

30 Emoluments for directors and five highest paid individuals

(a) Directors' emoluments

The remuneration of each director of the Company for the year ended 31 December 2010 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 (a)	Total
Executive director:								
Mr. Zhang Zhi Rong	—	6,002	—	10	—	6,012	13,347	19,359
Mr. Ding Xiang Yang	—	5,000	—	36	20	5,056	13,347	18,403
Mr. Cheng Li Xiong	—	5,002	—	10	—	5,012	13,347	18,359
Mr. Xia Jing Hua	—	2,000	—	36	20	2,056	4,449	6,505
Mr. Liu Ning	—	2,000	—	36	20	2,056	4,449	6,505
Mr. Li Xiao Bin	—	2,000	—	45	18	2,063	4,449	6,512
Mr. Yan Zhi Rong	—	2,000	—	36	20	2,056	4,449	6,505
Independent non-executive director:								
Mr. Yim Ping Kuen	209	—	—	—	—	209	—	209
Mr. Liu Shun Fai	209	—	—	—	—	209	—	209
Mr. Wo Rui Fang	209	—	—	—	—	209	—	209
Mr. Han Ping	209	—	—	—	—	209	—	209

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

(a) Directors' emoluments *(Continued)*

The remuneration of each director of the Company for the year ended 31 December 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 (a)	Total
Executive director:								
Mr. Zhang Zhi Rong	—	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	53	—	—	—	—	53	—	53
Mr. Liu Shun Fai	53	—	—	—	—	53	—	53
Mr. Wo Rui Fang	53	—	—	—	—	53	—	53
Mr. Han Ping	53	—	—	—	—	53	—	53

(a) Amounts represent amortisation of the fair value of share options measured at the grant date charged to the consolidated statement of comprehensive income, 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.

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

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2010 include 4 directors (2009: 3 director). Their emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 1 Individual (2009: 2 individuals) for the year ended 31 December 2010, are as follows:

RMB'000	2010	2009
Salaries and other short-term benefits	**1,847**	3,366
Retirement scheme contribution	**10**	21
Bonuses	**305**	6,321
Share-based compensation expenses	**4,449**	8,321
	6,611	18,029

The emoluments fell within the following bands:

	2010	2009
RMB6,500,001 to RMB7,000,000	**1**	—
RMB8,500,001 to RMB9,000,000	**—**	1
RMB9,000,001 to RMB9,500,000	**—**	1
	1	2

31 Income tax expenses

RMB'000	2010	2009
Current income tax		
– PRC corporate income tax	**598,699**	460,619
– PRC land appreciation tax	**1,026,898**	722,039
	1,625,597	1,182,658
Deferred income tax (note 21)		
– Origination and reversal of temporary differences	**727,854**	136,950
	727,854	136,950
	2,353,451	1,319,608

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	2010	2009
Profit before income tax	**5,962,229**	3,685,752
Calculated at PRC corporate income tax rate of 25%	**1,490,557**	921,438
Expenses not deductible for tax purposes	**123,737**	26,971
Income not taxable for tax purposes	**(26,335)**	(49,682)
Tax losses not recognised as deferred income tax assets	**1,972**	2,801
Recognition of previously unrecognised tax losses	**(11,592)**	(3,619)
Provision for land appreciation tax	**1,026,898**	722,039
Tax effect on land appreciation tax	**(231,100)**	(249,953)
Effect of different tax rates applicable to different companies within the Group	**(20,733)**	(51,661)
Others	**47**	1,274
Income tax expenses	**2,353,451**	1,319,608

PRC corporate income tax is provided at the rate of 25% for each of the years ended 31 December 2009 and 2010 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 2009 and 2010 as there is no assessable profit for these years.

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

32 Earnings per share

(a) Basic

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

RMB'000	2010	2009
Profit attributable to the equity holders of the Company	**3,608,552**	2,366,144
Weighted average number of ordinary shares in issue (thousands) (i)	**7,792,646**	6,201,711

(i) The newly issued shares of 5,525,000,000 under the capitalisation on 9 September 2009 (note 18(a)) are adjusted in the weighted average number of ordinary shares in issue as if the issue had occurred at the beginning of the earliest period reported.

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended 31 December 2009 and 2010, the Company only has share options that are dilutive potential ordinary shares.

	2010	2009
Earnings (RMB'000)		
Profit attributable to the equity holders of the Company	**3,608,552**	2,366,144
Number of Shares		
Weighted average number of ordinary shares in issue (thousands)	**7,792,646**	6,201,711
Adjustment for share options (thousands)	**27,237**	10,626
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**7,819,883**	6,212,337

33 Dividend

RMB'000	2010	2009
Proposed final dividend (2009: paid of RMB0.03 per ordinary share)	**—**	233,779

The Board has resolved not to recommend for the payment of a final dividend for the year ended 31 December 2010.

34 Notes to consolidated statement of cash flows

Reconciliation of profit for the year to cash used in operations

RMB'000	Note	2010	2009
Profit for the year		**3,608,778**	2,366,144
Adjustments for:			
Share of profit of an associate		**(1,351)**	—
Share of loss of a jointly controlled entity		**50,090**	—
Income tax expenses	31	**2,353,451**	1,319,608
Interest income	25	**(99,558)**	(5,704)
Interest expenses	28	**3,750**	27,068
Fair value changes of investment properties	26	**(2,452,402)**	(1,026,985)
Depreciation	6	**13,901**	10,923
Amortisation of intangible asset	8	**527**	413
Amortisation of land use rights		**—**	6,499
Losses on disposals of property, plant and equipment	27	**130**	190
Exchange losses, net	26	**8,056**	6,897
Loss/(gain) on redemption/extinguishment of a financial liability	26	**33,768**	(198,729)
Share-based compensation expenses		**70,293**	69,898
Changes in working capital:			
Properties under development and completed properties held for sale		**(5,135,067)**	(2,544,906)
Inventories		**(471)**	(6,165)
Restricted cash		**(644,822)**	(954,590)
Trade and other receivables and prepayments		**(5,144,710)**	(1,970,095)
Investment in and amount due from a jointly controlled entity		**(1,897,440)**	—
Trade and other payables		**582,562**	583,554
Advanced proceeds received from customers		**2,937,577**	(115,213)
Cash used in operations		**(5,712,938)**	(2,431,193)

35 Commitments

(a) Commitments for capital and property development expenditures

RMB'000	2010	2009
Contracted but not provided for		
Land use rights	**2,901,524**	9,917,704
Property development expenditures	**8,602,617**	5,387,032
Construction materials	**44,655**	76,580
	11,548,796	15,381,316
Authorised but not contracted for	**15,807**	14,979

35 Commitments *(Continued)*

(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	2010	2009
No later than 1 year	**34,861**	14,316
Later than 1 year and no later than 5 years	**40,242**	19,808
Later than 5 year	**309**	—
	75,412	34,124

36 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	2010	2009
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	**1,077,148**	816,787
– Other related companies	**—**	1,950
	1,077,148	818,737
Purchase of property design services from an associate	**38,897**	14,723
Purchase of consultancy services from related companies	**1,667**	3,333
Interest income from a jointly controlled entity	**81,032**	—
Commission fees paid/payable to related companies	**—**	6,104

36 Related party transactions *(Continued)*

(b) Balances with related parties

As at 31 December 2009 and 2010, the Group had the following significant balances with related parties:

RMB'000	2010	2009
Balances included in current assets:		
Prepayments to related companies for construction costs or purchase of services - included in "Prepayments"		
– Shanghai Ditong	**1,316,600**	1,493,992
– Other related companies	**599**	1,667
	1,317,199	1,495,659
Amount due from a jointly controlled entity	**1,903,472**	—
Balances included in current liabilities:		
Trading balances - included in "Trade payables"		
– Shanghai Ditong	**—**	18,839
– Other related companies	**5,510**	25,218
	5,510	44,057

Except for amount due from a jointly controlled entity, the terms of which is disclosed in note 10(a), as at 31 December 2009 and 2010, all other balances with related parties were unsecured, interest free and repayable on demand.

(c) Key management compensation

RMB'000	2010	2009
Salaries and other short-term employee benefits	**30,079**	26,404
Share-based compensation expenses	**64,955**	60,744
	95,034	87,148

36 Related party transactions *(Continued)*

(d) Other related party transactions

On 20 November 2009, the Group entered into a share 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 two subsidiaries of Jiangsu Rongsheng, namely Shanghai Rongxiang Property Development Co., Ltd. ("Shanghai Rongxiang") and Shanghai Jinhao Property Development Co., Ltd. ("Shanghai Jinhao"), that acquired the land use rights for two parcels of land located in Xuhui District, Shanghai, for a total consideration of RMB2.0 billion. The transaction was completed during the year. Please refer to note 38 for the accounting of this acquisition in the 2010 consolidated financial statements.

37 Financial guarantees

The Group has arranged bank financing for certain purchasers of the Group´s property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of one to two years upon the completion of guarantee registration; or (ii) the 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 2010, the amount of outstanding guarantees for mortgages were approximately RMB4,389,538,000 (2009: RMB2,749,849,000). The maximum credit risk exposure at balance sheet date is the amount of outstanding guarantees.

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

38 Accounting of acquisition

The acquisitions of Dailian Runjing, Shanghai Rongxiang and Shanghai Jinhao as mentioned in note 1(b) and 36(d) were completed in 2010. Before the acquisitions by the Group, they had no business activities except for holding or in the process of obtaining the land use rights. Accordingly, their activities did not constitute a business and the Group's intention of such acquisitions was to acquire the land use rights held by the Company for future property developments. Accordingly, such acquisitions were accounted for as if they were acquisitions of the underlying land use rights and the cash flows were presented within the operating activities in the consolidated statement of cash flows.

The allocation of acquisition considerations are as follows:

RMB'000	At the date of acquisition Dailian Runjing	Shanghai Rongxiang and Shanghai Jinhao	Combined
Property, plant and equipment (note 6)	33	—	33
Properties under development	245,695	—	245,695
Prepayment and other receivables	53,762	2,009,985	2,063,747
Cash and cash equivalents	10	1,085	1,095
Accruals and other payables	—	(11,070)	(11,070)
Fair value of net assets	**299,500**	**2,000,000**	**2,299,500**
Total acquisition consideration	**299,500**	**2,000,000**	**2,299,500**
Less: Acquisition consideration remained payable as at 31 December 2010	(99,500)	—	(99,500)
Total consideration paid by cash	**200,000**	**2,000,000**	**2,200,000**
Less: Cash and cash equivalents acquired	(10)	(1,085)	(1,095)
Cash outflow on acquisition	**199,990**	**1,998,915**	**2,198,905**

39 Share option schemes

(a) Pre-IPO Share Option Scheme

Pursuant to a resolution in writing passed by all the shareholders of the Company on 9 September 2009, the Company conditionally approved and adopted a Pre-IPO 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 consolidated statement of comprehensive income, with a corresponding adjustment to equity. For the year ended 31 December 2010, the amount of share-based compensation expenses amounted to approximately RMB70.3 million (2009: 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 and 2010 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
Lapsed	1.76	(4,000,000)
At 31 December 2010	1.76	78,000,000

Out of the 78,000,000 outstanding options, 30,600,000 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.

39 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	
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.

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 2010, no share options have been granted under the Share Option Scheme (2009: Nil).

Financial Summary

Consolidated Results

RMB'000	2006	2007	2008	2009	**2010**
Revenue	1,718,132	1,791,942	3,948,959	6,171,127	**7,114,025**
Cost of sales	(1,091,112)	(1,164,818)	(2,293,339)	(3,201,760)	**(3,694,934)**
Gross profit	627,020	627,124	1,655,620	2,969,367	**3,419,091**
Other income	15,068	17,194	21,405	27,366	**803,239**
Other (losses)/gains, net	—	(34,513)	825,563	1,218,817	**2,410,578**
Selling and marketing expenses	(46,534)	(77,426)	(150,494)	(151,333)	**(197,133)**
Administrative expenses	(100,187)	(105,666)	(214,818)	(351,397)	**(421,057)**
Finance costs	(73,702)	(97,225)	(54,479)	(27,068)	**(3,750)**
Share of profit of an associate	—	—	—	—	**1,351**
Share of loss of a jointly controlled entity	—	—	—	—	**(50,090)**
Profit before income tax	421,665	329,488	2,082,797	3,685,752	**5,962,229**
Income tax expenses	(162,481)	(221,394)	(827,806)	(1,319,608)	**(2,353,451)**
Profit for the year attributable to:					
– the Company's equity holders	259,184	108,094	1,254,991	2,366,144	**3,608,552**
– non-controlling interests	—	—	—	—	**226**
	259,184	108,094	1,254,991	2,366,144	**3,608,778**
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	**0.46**
– Diluted	N/A	N/A	0.22	0.38	**0.46**
Dividend	—	—	—	233,779	**—**
Dividend per share (expressed in RMB per share)	—	—	—	0.03	**—**

Assets and Liabilities

RMB'000	2006	2007	2008	2009	**2010**
Total non-current assets	82,934	75,360	1,527,133	3,192,410	**8,037,249**
Total current assets	9,761,374	12,652,945	11,631,089	23,175,275	**34,288,872**
Total assets	9,844,308	12,728,305	13,158,222	26,367,685	**42,326,121**
Total non-current liabilities	2,671,890	2,317,730	709,937	5,544,195	**9,010,272**
Total current liabilities	5,564,460	10,746,548	11,529,267	8,976,813	**18,023,880**
Total liabilities	8,236,350	13,064,278	12,239,304	14,521,008	**27,034,152**
Net assets/(liabilities)	1,607,958	(335,973)	919,018	11,846,677	**15,291,969**

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%	15,559	342	Long term
2. Sunshine Venice (Phases I, II & IIIA)	South of Taopu Road, west of Qilianshan Road, Shanghai	Commercial	100%	33,793	1,240	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%	58,718	—	Long term
4. Shanghai Bay (Phase III) - Binjiang Centre (North block)	No. 1441 Wanping South Road, Shanghai	Commercial/Office	100%	114,423	362	Long term
5. Sunglow Xinjing	No. 259 Tiandeng Road, Shanghai	Commercial	100%	2,076	81	Long term
6. Caohejing Project	No. 292 Caohejing Road, Shanghai	Commercial/ Officel/Hotel	100%	121,300	1,170	Long term
7. Zhongcaoxincun	No. 143 Xujiahui Road, Shanghai	Commercial/ Office	100%	91,000	800	Long term
Sub-total				**444,725**	**3,995**	

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%	123,653	307	N/A
Sub-total				**123,653**	**307**	

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%	53,917	178,734[1]	204	The main structure and internal decoration completed	December 2011
Shanghai Bay (Phase IIB)	No. 1441 Wanping South Road, Shanghai	Residential/ Commercial	100%	379,691	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%	29,145	118,307[2]	—	The main structure completed. Undergoes the overall amenities	December 2010 to June 2011
Royal Lakefront (Phase IB)	Jinhai Road, Zefeng Road and Wangyuan Road,Fengxian District, Shanghai	Residential/ Commercial	100%	198,162	118,307[2]	1,118	Completed Top Sealing of residential; Commercial under development	June 2011 to December 2013, in stages
Royal Lakefront (Phase II)	Jinhai Road, Zefeng Road and Wangyuan Road,Fengxian District, Shanghai	Residential/ Commercial	100%	370,795	161,388	1,574	Completed Top Sealing of residential; Commercial under development	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%	68,225	429,929[3]	322	Under planning	October 2014
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%	332,994	315,588[4]	1,059	Ground Work Foundation completed partially	May 2012 to October 2013, in stages

Note:

(1) The site area includes all of the site areas of Shanghai Bay Phases II.

(2) The site area includes all of the site areas of Royal Lakefront Phases 1A and 1B.

(3) The site area includes all of the site areas of Sunshine Venice Phases I to IV.

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

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
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%	445,665	315,588[4]	1,863	Under planning	August 2014 to March 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. Hefei Villa Glorious (Phase I)	Intersection of Datong Road and Tongling Road, Yaohai District, Hefei City, Anhui Province	Residential/ Commercial	100%	103,191	72,478[5]	—	Completed Top Sealing Construction	September 2011
Hefei Villa Glorious (Phase II)	Intersection of Datong Road and Tongling Road, Yaohai District, Hefei city, Anhui Province	Residential/ Commericial	100%	103,828	72,478[5]	1,087	Main construction under development	June 2012
Hefei Villa Glorious (Phase III)	Intersection of Datong Road and Tongling Road, Yaohai District, Hefei city, Anhui Province	Residential	100%	119,758	72,478[5]	477	Main construction under development	December 2012

Note:

(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.

	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 IV)	Intersection of Datong Road and Tongling Road, Yaohai District, Hefei city, Anhui Province	Commercial	100%	4,387	72,478[5]	—	Under planning	December 2012
6.	Hefei Royal Garden (Phase I)	Mengcheng Road and Southest of Lianshui Road, Hefei	Residential/ Commercial	100%	157,052	150,001[7]	—	Main construction under development	September 2012
	Hefei Royal Garden (Phase II)	Mengcheng Road and Southert of Lianshui Road, Hefei	Residential/ Commercial/ Hotel	100%	341,326	150,001[7]	1,610	Under planning	May 2013 to October 2015, in stages
7.	Bashangjie Project	Southwest intersection of Mingguang Road and Changjiang East Road, Hefei City, Anhui Province	Residential/ Commercial/ Office/ Hotel	100%	1,347,100	118,929	6,490	Under planning	October 2013 to November 2016, in stages
8.	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%	229,128	52,287	1,769	Main construction under development	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%	117,249	85,583[6]	550	Under planning	December 2013
9.	Rongsheng Plaza	The southern side of Shiji Avenue and the eastern side of Gongnong Road, Nantong City, Jiangsu Province	Commercial/ Office/ Hotel	100%	297,486	45,090	1,196	Under planning	December 2014

Note:

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

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

(7) The site area includes all of the site areas of Hefei Royal Garden Phases I to II.

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
10. Nantong Glorious Chateau (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%	299,804	318,093	394	Completed construction of Zone A; Zone B is under development	December 2010 to December 2011
Nantong Glorious Chateau (Phase II)	The southern side of Weiliu Road and the western side of Jingliu Road, New City District, Rugao City, Jiangsu Province	Residential	100%	759,343	759,343	2,507	Under planning	December 2012 to December 2013, in stages
Nantong Glorious Chateau (Phases IIIA)	The southern side of Weiliu Road and the western side of Jingliu Road, New City District, Rugao City, Jiangsu Province	Residential/ Commercial	100%	251,581	251,581	–	Under planning	November 2013
Nantong Glorious Chateau (Phases IIIB - VI)	The southern side of Weiliu Road and the western side of Jingliu Road, New City District, Rugao City, Jiangsu Province	Residential	100%	3,191,415	3,895,837[8]	4,298	Under planning	October 2018
11. Nantong Villa Glorious (Phase I)	The western side of Gongnong Road and the southern side of Hongqiao Road, Nantong City, Jiangsu Province	Residential/ Commercial/ Office	100%	488,592	244,524[9]	2,614	The main construction under development	December 2012 to December 2014, in stage
Nantong Villa Glorious (Phase II)	The western side of Gongnong Road and the southern side of Hongqiao Road, Nantong City, Jiangsu Province	Residential/ Commercial/ Office	100%	249,783	244,524[9]	1,514	Under planning	October 2013
12. Nantong Royal Bay	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%	304,190	115,069	1,204	The main construction under development	June 2012

Note:
(8) The site area includes all of the site areas of Nantong Glorious Chateau Phases IIIB-VI.
(9) The site area includes all of the site areas of Nantong Villa Glorious Phases I and II.

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
13. Nanjing Royal Bay (Phases I, II & III)	The southern side of Xiaguan District, Nanjing City	Residential/ Commercial	60%	663,913	109,244	3,370	Under planning	December 2014 to October 2015, in stages
14. Royal Mansion (Phase II)	The fourth zone, Yuhaiyuan Small District, Yuquan Road, Haidian District, Beijing	Residential/ Commercial	100%	62,592	34,850(10)	180	Under planning	November 2013
15. Sunshine Bordeaux (Phase IB)	No. 88, Jingjintang Science and Technology Park, Caiyu Town, Daxing District, Beijing	Residential/ Commercial	100%	104,830	77,522	307	The main structure under development	December 2011
Sunshine Bordeaux (Phases II - IV)	No. 88, Jingjintang Science and Technology Park, Caiyu Town, Daxing District, Beijing	Residential/ Commercial	100%	1,256,113	1,191,983	—	Under planning	December 2016
16. Caiyu Town Project	East to Caiyuan Road, South to Yujin Street, West to Caifu Road, North to Yuzhen Street, Caiyu Town, Daxing District, Beijing	Residential/ Commercial	100%	100,270	59,645	330	Under planning	November 2012
17. Sunshine Holiday (Phase IV)	Intersection of Taixing South Road and Chenyang Road, Hedong District, Tianjin	Commercial	100%	73,305	184,680(11)	406	Under planning	July 2013
18. Tianjin Royal Bay Seaside (North Phase I)	Guan'gang Forest Park, Dagang District, Tianjin	Residential	100%	61,029	312,704(12)	—	The main structure under development	December 2011
Tianjin Royal Bay Seaside (North Phase II)	Guan'gang Forest Park, Dagang District, Tianjin	Hotel/ Residential/ Commercial	100%	286,649	312,704(12)	998	Under planning	June 2012

Note:
(10) The site area includes all of the site areas of Royal Mansion Phase II.
(11) The site area includes all of the site areas of Sunshine Holiday Phase I to IV.
(12) The site area includes all of the site areas of Tianjin Royal Bay Seaside North Phase I.

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
Tianjin Royal Bay Seaside (West Phase I)	Guan'gang Forest Park, Dagang District, Tianjin	Residential	100%	92,054	216,721[13]	—	The main structure under development	December 2011
Tianjin Royal Bay Seaside (West Phase II)	Guan'gang Forest Park, Dagang District, Tianjin	Residential	100%	163,937	216,721[13]	721	Under planning	October 2012
Tianjin Royal Bay Seaside (East Phase I)	Guan'gang Forest Park, Dagang District, Tianjin	Residendial	100%	97,664	366,667[14]	—	The main structure under development	June 2012
Tianjin Royal Bay Seaside (East Phase II)	Guan'gang Forest Park, Dagang District, Tianjin	Residendial/ Commercial	100%	232,682	366,667[14]	588	Under planning	October 2012
19. Tianjin Royal Bay Lakside (Phases I- IV)	The eastern part of Tuanpohu, Jinghai County, Tianjing	Residential/ Commercial	70%	1,567,303	1,196,000	7,087	Under planning	August 2010 to July 2015, in stages
20. Sunny Town (West Phase IV)	No. 181, Nujiang North Street, Yuhong District, Shenyang City, Liaoning Province	Residential/ Commerical	100%	125,646	242,178[15]	500	The main structure under development	November 2011
Sunny Town (East Phase IV)	No. 181, Nujiang North Street, Yuhong District, Shenyang City, Liaoning Province	Residential/ Commerical	100%	228,350	242,178[15]	1,390	Under planning	November 2011
Sunny Town (Phase V)	No. 181, Nujiang North Street, Yuhong District, Shenyang City, Liaoning Province	Residential	100%	207,555	242,178[15]	178	Under planning	October 2013

Notes:
(13) The site area includes all of the site areas of Tianjin Royal Bay Seaside West Phases I and II.
(14) The site area includes all of the site areas of Tianjin Royal Bay Seaside East Phases I and II.
(15) The site area includes all of the site areas of Sunny Town Phases IV and V.

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 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%	283,422	204,960(16)	574	The main construction under development	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	Residential	100%	128,745	204,960(16)	741	Under planning	December 2012
22. Dalian Villa Glorious	Bali Village, Xianjin Street, Jinzhou District, Dalian	Residential	100%	178,943	50,250	832	Under planning	November 2012
23. Harbin Royal Garden	North to 4th Road, East to Shangjiang Street, South to 5th Road and West to Lingjiang Road, Qunli Development District, Harbin	Residential	100%	222,697	77,879	1,101	Under planning	December 2012
24. Changchun Villa Glorious (East)	East to Chaofan Street, South to New and High-tech Reserve Centre, West to Chaoran Street and North to Yisi Road, Changchun	Residential/ Commercial	100%	845,088	516,768(17)	3,349	Under planning	October 2013 to October 2014 in stages
Changchun Villa Glorious (West)	East to Chaoran Street, South to Guihua Road, West to Chaoqan Street, North to Yisi Road, Changchun	Residential/ Commercial	100%	611,217	516,768(17)	2,561	Under planning	November 2012 to November 2013 in stages
Sub-total				**17,925,171**		**58,885**		

Note:

(16) The site area includes all of the site areas of Harbin Villa Glorious Phases I to III.

(17) The site area includes all of the site areas of Changhcun Villa Glorious East and West.

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%	26,918	351	Long term
2. Chateau De Paris (Phase I)	No. 2143 Xietu Road, Xu Hui District, Shanghai	Residential/ Commercial	100%	4,809	89	Long term
Chateau De Paris (Phase II)	No.2093 Xietu Road, Xu Hui District, Shanghai	Residential	100%	29,581	342	Long term
3. Sunshine Venice (Phases I, II & IIIA)	South of Taopu Road, west of Qilianshan Road, Shanghai	Residential	100%	93,749	1,240	Long term
Sunshine Venice (Phase III B)	South of Taopu Road, west of Qilianshan Road,Shanghai	Residential	100%	25,677	240	Long term
4. Shanghai Bay (Phase I)	No. 1441 Wanping South Road, Shanghai	Residential/ Commercial	100%	79,426	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/ Commercial	100%	32,382	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/ Commercial	100%	46,447	780	Long term
6. Classical Life (Phase I)	No. 88 Qinfeng Road, Changshu City, Jiangsu Province	Commercial	100%	1,900	—	Long term
Classical Life (Phase II)	No. 88 Qinfeng Road, Changshu City, Jiangsu Province	Residential	100%	8,152	136	Long term

Name of Property	Location	Type	Interest attributable to the Group: Percentage	Approximate GFA (sq.m.)	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%	48,220	304	Long term
8. Royal Mansion (Phase I)	The fourth zone, Yuhaiyuan Small District, Yuquan Road, Haidian District, Beijing	Residential/ Commercial	100%	27,814	295	Long term
9. Sunny Town (Phase I)	No. 181 Nujiang North Street, Yuhong District, Shenyang City, Liaoning Province	Residential/ Commercial	100%	24,257	113	Long term
Sunny Town (Phase II)	No. 181 Nujiang North Street, Yuhong District, Shenyang City, Liaoning Province	Residential/ Commercial	100%	29,125	208	Long term
Sunny Town (Phase III)	No. 181, Nujiang North Street, Yuhong District, Shenyang City, Liaoning Province	Residential/ Commercial	100%	32,737	514	Long term
10. Sunshine Holiday (Phase I)	Intersection of Taixing South Road and Chenyang Road, Hedong District, Tianjin	Residential/ Commercial	100%	8,728	—	Long term
Sunshine Holiday (Phase II)	Intersection of Taixing South Road and Chenyang Road, Hedong District, Tianjin	Residential/ Commercial	100%	40,348	705	Long term
Sunshine Holiday (Phase III)	Intersection of Taixing South Road and Chenyang Road, Hedong District, Tianjin	Residential/ Commercial	100%	34,501	995	Long term
11. Harbin Villa Glorious (Phase I)	The enclosure section of Anyang Road,Longkui Road, Qunei Guihua Road and Wuwei West Road, Daoli District, Harbin City,	Residential/ Commercial	100%	46,993	316	Long term
Sub-total				**641,764**	**7,924**	

Corporate Information and Key Dates

Board of Directors

Executive Directors

Mr. Zhang Zhi Rong *(Chairman)*
Mr. Ding Xiang Yang *(Vice Chairman)*
Mr. Cheng Li Xiong *(Chief Executive Officer)*
Mr. Liu Ning *(Chief Operating Officer)*
Mr. Xia Jing Hua
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
Mr. Han Ping (appointed on 30 August 2010)

Remuneration Committee

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

Finance Committee

Mr. Zhang Zhi Rong
Mr. Ding Xiang Yang
Mr. Cheng Li Xiong

Company Secretary

Mr. Ching Yu Lung, *FCPA, FCCA*

Auditor

PricewaterhouseCoopers

Compliance Adviser

Guotai Junan Capital Limited

Legal Advisers

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

Principal Bankers

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

Registered Office

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Grand Cayman
KY1-1111
Cayman Islands

Headquarters and Principal Place of Business in Hong Kong

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Central, Hong Kong

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Hong Kong Share Registrar

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183 Queen's Road East, Wanchai, Hong Kong

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Email: ir@gloriousphl.com.cn

Key Dates

Closure of Register of Members
13 May 2011 to 20 May 2011

Annual General Meeting
20 May 2011

Choice of Language or Means of Receipt of Corporate Information

This annual report is now available in printed form and on the website of the Company.

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

(i) wish to receive a printed copy; or

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

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

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

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