恒盛地產
GLORIOUS PROPERTY

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

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00845)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

The board of directors (the "Board") of Glorious Property Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (together, the "Group") for the six months ended 30 June 2012 (the "2012 Interim Results"). The 2012 Interim Results have been reviewed by the audit committee of the Company (the "Audit Committee") and approved by the Board on 28 August 2012.

FINANCIAL HIGHLIGHTS

- Revenue decreased by 43.6% to RMB1,342.2 million and the average selling price was RMB15,663 per sq.m., representing an increase of 48.9% compared to the corresponding period last year.
- Excluding fair value gain of investment properties and the related tax effect, profit attributable to shareholders decreased by 67.2% to RMB131.6 million.
- The gross profit margin of the property development was maintained at a relatively high level of 41.2%.
- Gearing ratio was 69.1%.
- Equity attributable to shareholders increased 1.0% to RMB17,226.4 million.
- The Company achieved property sales of RMB5,577.9 million. The GFA sold was 668,088 sq.m..
- During the first half of 2012, a new project was acquired with a GFA of 219,570 sq.m.. The total land bank of the Group was 18.1 million sq.m. and the average land cost was RMB1,339 per sq.m..

OVERALL RESULTS

For the six months ended 30 June 2012, the Group recorded consolidated revenue of RMB1,342.2 million, representing a decrease of 43.6% compared to RMB2,378.8 million for the corresponding period in 2011. The Group's profit attributable to shareholders of the Company for the period under review was RMB166.2 million, representing a decrease of 82.2% compared to RMB933.2 million for the first half of 2011. Adjusted profit attributable to shareholders of the Company for the six months ended 30 June 2012, excluding the fair value gain of investment properties and the related tax effect, amounted to RMB131.6 million, representing a decrease of 67.2% from RMB400.9 million for the corresponding period in 2011. The Group recorded a decrease in revenue and net profit margin mainly due to the decrease in the total delivered GFA in the current period as compared to the corresponding period in 2011.

Earnings per share for the six months ended 30 June 2012 was RMB0.02, representing a decrease of 83.3% compared to RMB0.12 for the corresponding period in 2011.

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2012 (Six months ended 30 June 2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

During the first half of 2012, the Chinese Government continued to impose stringent austerity measures on the property market, including restrictions on home purchase and mortgage financing in order to constantly curb the speculation and investment demand. In the first half of the year, major indicators for property development and economic growth recorded a significant slowdown. Nationwide property sales amounted to RMB2,331.4 billion, representing a YOY decrease of 5.2%. The GFA of newly commenced construction decreased by 7.1% YOY. The growth of gross domestic product (GDP) continued to fall from 8.1% in the first quarter to 7.6% in the second quarter while the GDP growth in the first half of the year was 7.8%. In response to the change of economic conditions, the Chinese Government placed the "steady growth" as a more important concern. Since the second quarter, the Chinese Government commenced the pre-adjustment and fine-adjustment on the austerity measures of the property market to ease and encourage the rigid demand. Accordingly, the trading volume of the property market got back on track while the decline of the property price was alleviated gradually since the second quarter. However, in view of the overall market condition in the first half of the year, the property measures and market still remained uncertain and unstable.

Facing the prolonged austerity measures on the property and challenges in the market, the Group closely monitored changes of the market trend, adopted active and flexible sales and pricing strategies, accelerated the sales of projects in inventory and current projects as well as lifted up the sales absorption rate. In addition, the product positioning and the design of home unit were enhanced in time to better meet the rigid demand of the market. Moreover, standardisation in both products and costing were actively fostered and the cost in development and operation was effectively controlled. Meanwhile, the development progress of projects was accelerated and the development cycle was shortened in order to provide the Group with more sales resources.

During the first half of 2012, despite the stringent austerity measures on the property market in China, the Group still achieved a satisfactory sales performance as the Chinese economy continued to grow steadily, the disposable income per capita increased constantly, the pace of urbanisation accelerated, the rigid demand of residential properties for self-use and improvement purposes remained robust and the Group's sales strategies responded timely to market changes.

Business Review

Property Development

1. Revenue

The Group recorded a consolidated revenue of RMB1,342.2 million in the first half of 2012, representing a decrease of 43.6% compared to RMB2,378.8 million recorded at the same period of 2011. The delivered GFA decreased to 85,688 sq.m. in the first half of 2012 from 226,117 sq.m. in the first half of 2011, representing a decrease of 62.1%. The booked average selling price increased 48.9% from RMB10,518 per sq.m. in the first half of 2011 to RMB15,663 per sq.m. in the first half of 2012. Seven projects in first-tier cities such as Shanghai and Beijing accounted for 76.7% of the total revenue. Six projects in second- and third-tier cities accounted for 23.3% of the total revenue. In the first half of the year, 40.0% of the delivered GFA was contributed by projects in Shanghai Region, 17.9% by projects in the Yangtze River Delta outside Shanghai, 9.6% by projects in the Pan Bohai Rim and 32.5% by projects in Northeast China.

Projects sold and delivered during the six months ended 30 June 2012 included:

		Six months ended 30 June					
		2012			2011		
Projects sold and delivered	**City**	**Revenue**	**GFA sold and delivered**	**Average selling price (RMB per sq.m.)**	Revenue	GFA sold and delivered	Average selling price (RMB per sq.m.)
		(RMB'000)	**(sq.m.)**		(RMB'000)	(sq.m.)	
Sunshine Venice	Shanghai	16,395	645	25,419	23,893	1,032	23,157
Shanghai Park Avenue	Shanghai	918	170	5,400	—	—	N/A
Chateau De Paris	Shanghai	510	92	5,543	3,287	152	21,670
Shanghai Bay	Shanghai	581,881	8,605	67,621	1,178,525	17,083	68,983
Royal Lakefront	Shanghai	360,030	24,741	14,552	97,781	9,106	10,738
Sunshine Bordeaux	Beijing	35,650	4,572	7,797	38,718	4,810	8,050
Royal Mansion	Beijing	34,412	1,328	25,913	66,871	2,668	25,067
Sunshine Holiday	Tianjin	25,961	2,337	11,109	5,611	609	9,218
No.1 City Promotion	Wuxi	6,172	1,027	6,010	21,006	3,128	6,715
Nantong Glorious Chateau	Nantong	17,494	3,192	5,481	878,651	176,829	4,969
Sunny Town	Shenyang	26,811	4,040	6,636	35,060	6,144	5,706
Harbin Villa Glorious	Harbin	162,631	23,795	6,835	28,928	4,556	6,349
Hefei Villa Glorious	Hefei	73,298	11,144	6,577	—	—	N/A
Sub-total		1,342,163	85,688	15,663	2,378,331	226,117	10,518
Other revenue		4			466		
Total		1,342,167			2,378,797		

2. Property Sales

During the first half of 2012, the Group recorded property sales of RMB5,577.9 million, representing a YOY decrease of 21.5%; while the GFA sold was 668,088 sq.m., representing a YOY decrease of 13.3%.

During the first half of 2012, the Group recorded a steady growth in property sales in Northeast China, the property sales amounted to RMB1,802.3 million, representing a YOY growth of 0.8%.

Property sales and GFA sold during the six months ended 30 June 2012:

Region	Sales (RMB'000)			GFA Sold (sq.m.)		
	2012	2011	Change (%)	**2012**	2011	Change (%)
Shanghai Region	**2,519,396**	2,873,436	-12.3%	**184,695**	127,022	45.4%
Yangtze River Delta	**1,011,444**	1,923,661	-47.4%	**175,769**	273,878	-35.8%
Pan Bohai Rim	**244,810**	518,408	-52.8%	**35,193**	48,365	-27.2%
Northeast China	**1,802,267**	1,787,535	0.8%	**272,431**	321,249	-15.2%
Total	**5,577,917**	7,103,040	-21.5%	**668,088**	770,514	-13.3%

In the second half of 2012, the Group expects to have 20 projects for sale and have three new projects to be launched, including Shanghai Villa Glorious in the Shanghai Region, Bashangjie Project and Nantong Royal Garden in the Yangtze River Delta etc. The Group expects that the total saleable area of the Group will be over 1.5 million sq.m. in the second half of 2012.

Projects available for sale in the second half of 2012:

Project		**City**	**Saleable GFA (sq.m.)**	**Interests Attributable to the Group**
1	Shanghai Bay	Shanghai	55,173	100%
2	Royal Lakefront	Shanghai	18,989	100%
3	Sunshine Venice	Shanghai	1,120	100%
4	Shanghai Villa Glorious	Shanghai	190,894	100%
5	Glorious Artstyle Townhouse	Beijing	40,495	100%
6	Tianjin Royal Bay Seaside	Tianjin	65,077	100%
7	Sunshine Holiday	Tianjin	23,100	100%
8	Nantong Glorious Chateau	Nantong	92,537	100%
9	Nantong Royal Bay	Nantong	72,735	100%
10	Nantong Villa Glorious	Nantong	67,415	100%
11	Nantong Royal Garden	Nantong	61,000	100%
12	Hefei Villa Glorious	Hefei	24,899	100%
13	Hefei Royal Garden	Hefei	98,495	100%
14	Bashangjie Project	Hefei	95,607	100%
15	No.1 City Promotion	Wuxi	50,566	100%
16	Sunny Town	Shenyang	17,718	100%
17	Sunny Mei Lu	Dalian	68,404	100%
18	Changchun Villa Glorious	Changchun	259,470	100%
19	Harbin Royal Garden	Harbin	103,925	100%
20	Harbin Villa Glorious	Harbin	95,898	100%
Total			**1,503,517**	

3. Construction and Development Plan

During the first half of 2012, two projects with a total GFA of 72,400 sq.m. were completed and delivered. The projects under construction of the Group progressed as planned and the new construction area amounted to approximately 561,000 sq.m.. The Group expects that the new construction area will exceed 1.0 million sq.m.. As at 30 June 2012, the Group has projects with a total residential area under construction of 4.12 million sq.m. in 13 cities in four major regions in China including Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China.

4. Land Bank

During the first half of 2012, the Group acquired a new project with a total GFA of approximately 220,000 sq.m. and a land cost of RMB290 million. The project was located at Jiaxing City of Zhejiang Province. The Group plans to develop into a mixed residential and commercial project.

As at 30 June 2012, the total land bank of the Group was 18.1 million sq.m. and the average land cost was RMB1,339 per sq.m., which is sufficient to meet the development needs in the coming five to seven years.

The land bank of the Group is reasonably distributed among first-, second- and third-tier cities, of which 19.6% is in first-tier cities and 80.4% in second- and third-tier cities. The high quality, low-cost and reasonably distributed land bank of the Group will help ensure a sustainable development of the Group in the long term.

Overview of land bank as at 30 June 2012:

	Project	City	Location	Use	Land Bank (sq.m.)	Average Land Cost (RMB/sq.m.)	Interest Attributable to the Group
Shanghai Region							
1	Shanghai Bay	Shanghai	Xuhui District	Residential, hotel, office and commercial	751,111	611	100%
2	Sunshine Venice	Shanghai	Putuo District	Residential, hotel and commercial	59,335	554	100%
3	Royal Lakefront	Shanghai	Fengxian District	Residential and commercial	137,551	1,870	100%
4	Shanghai Villa Glorious	Shanghai	Baoshan District	Residential and commercial	866,019	923	100%
5	Caohejing Project	Shanghai	Xuhui District	Office, hotel and commercial	121,300	9,703	100%
6	Zhongcao Xincun Project	Shanghai	Xuhui District	Serviced apartment and commercial	91,000	9,703	100%
Sub-total					**2,026,316**	**1,782**	
Yangtze River Delta							
7	Nantong Glorious Chateau	Nantong	Rugao Economic Development Zone	Residential and commercial	4,263,655	322	100%
8	Nantong Royal Garden	Nantong	Rugao Town	Residential and commercial	388,859	1,282	100%
9	Nantong Glorious Plaza	Nantong	Xincheng District	Hotel, office and commercial	297,486	348	100%
10	Nantong Royal Bay	Nantong	Chongchuan District	Residential, office and commercial	738,374	4,719	100%
11	Nantong Villa Glorious	Nantong	Chongchuan District	Residential and commercial	304,190	2,707	100%
12	No.1 City Promotion	Wuxi	Wuxi New District	Residential, hotel and commercial	425,207	679	100%
13	Classical Life	Suzhou	Changshu New District	Residential and commercial	10,052	1,446	100%
14	Hefei Villa Glorious	Hefei	Yaohai District	Residential and commercial	211,846	680	100%
15	Bashangjie Project	Hefei	Yaohai District	Residential, hotel, office and commercial	1,347,100	881	100%
16	Hefei Royal Garden	Hefei	Luyang District	Residential, hotel, and commercial	498,378	1,207	100%
17	Nanjing Royal Bay	Nanjing	Xiaguan District	Residential and commercial	663,913	6,013	60%
18	Jia Xing Villa Glorious	Jiaxing	Economic Development Zone	Residential and commercial	219,570	1,326	100%
Sub-total					**9,368,630**	**1,367**	

Project		City	Location	Use	Land Bank (sq.m.)	Average Land Cost (RMB/sq.m.)	Interest Attributable to the Group
Pan Bohai Rim							
19	Sunshine Holiday	Tianjin	Hedong District East	Residential, hotel and commercial	72,281	799	100%
20	Tianjin Royal Bay Seaside	Tianjin	Dagang District	Residential, hotel and commercial	934,014	1,396	100%
21	Tianjin Royal Bay Lakeside	Tianjin	Tuanbohu District	Residential and commercial	1,567,303	1,225	70%
22	Royal Mansion	Beijing	Haidian District	Residential and commercial	90,406	3,395	100%
23	Sunshine Bordeaux	Beijing	Daxing District	Residential and commercial	1,320,752	493	100%
24	Glorious Artstyle Townhouse	Beijing	Daxing District	Residential and commercial	100,270	3,862	100%
Sub-total					**4,085,026**	**1,133**	
Northeast China							
25	Harbin Villa Glorious	Harbin	Qunli New District	Residential and commercial	172,477	979	100%
26	Harbin Royal Garden	Harbin	Qunli New District	Residential and commercial	222,697	2,451	100%
27	Sunny Town	Shenyang	Yuhong District	Residential and commercial	237,552	1,133	100%
28	Changchun Villa Glorious (East)	Changchun	Gaoxin District	Residential and commercial	611,217	868	100%
29	Changchun Villa Glorious (West)	Changchun	Gaoxin District	Residential and commercial	845,088	1,004	100%
30	DalianVilla Glorious	Dalian	Jinzhou New District	Residential and commercial	165,375	1,674	100%
31	Dalian 200# Land Parcel	Dalian	Jinzhou New District	Residential and commercial	344,000	1,497	70%
Sub-total					**2,598,406**	**1,214**	
Total					**18,078,378**	**1,339**	

OUTLOOK FOR THE SECOND HALF OF 2012

The Group believes that there are uncertainties in the external operating environment in the second half of the year. In view of the performance of the top three economies in the world, that is, the sluggish recovery of the U.S. economy, the deterioration of the European sovereign debt crisis and the slowdown on the economic growth rate in China, significant impact and challenges to the prospect of the global economy and the stability of the global financial market can be expected.

In China in the first half of 2012, the inflation rate declined continuously in the first half of the year, the gross domestic product (GDP) in the second quarter recorded a YOY growth of 7.6% which was a record low in the past three years and the Central Banks lowered the deposit-reserve ratio successively and cut interest rates in order to stabilise the economic growth. It is expected that the Chinese Government will adopt a more active easing policy to promote the economic growth in the second half of the year. In view of the situation of the property market, supportive policies implemented by the Chinese Government in promoting the rigid demand will remain unchanged. The property developers will continue to adopt strategies in flexible pricing and sales acceleration. It is expected that the current rising trend in the trading volume will be able to sustain in the second half of the year.

As the home purchase restriction effectively curbed the investment and speculation demand, and the Chinese Government will adopt measures to increase the supply of ordinary commercial residential housing and the property market are still in the state of selling inventory in the short term, therefore, price reduction which was used to boost up sales will continue to be the emphasis in the industry. As the rigid demand is gradually eased and the housing demand for upgrading purpose starts to appear, it is expected that the decline in the property price will be alleviated in the second half of year, which will provide opportunities to property developers with shortage in cash flow to improve their sales and cash flow. The rebound of the trading volume and the gradual stabilisation of the property price provide the most beneficial condition to the property developers. If the property price rebounds significantly, it is conceivable that the Chinese Government will continue to launch new measures to further strengthen control on the property market. Under such circumstances, the property market may encounter an unfavourable condition which both trading volume and price will plunge. Therefore, there is a reason to believe that the speed-up in sales and cash inflow by property developers will be the main focus in the property market in the second half of the year.

Marketing and Sales Strategy

The Group will continue to implement flexible sales and pricing strategies and adopt concrete and effective response measures to accelerate the launching of new projects and sales of projects in inventory based on specific characteristics of different regions, cities and projects, as well as improving the sales absorption rate to secure the cash inflow. Based on the distribution of sales resources, the Group plans to allocate more sales resources to achieve the sales plan and target for the year.

Development Strategy

The Group will further enhance its professional development capability in order to provide a solid foundation for the Group to achieve its regional balance and sustainable growth of business. The Group will continue to promote the product and costing standardisation. Under the premise of ensured product quality, the Group will effectively control the development and operating cost, shorten the development cycle, improve the asset turnover and enhance the operating efficiency.

Investment Strategy

The Group continues to adhere to its principle of "prudent investment with balancing outflows and inflows." The Group will appropriately increase land bank with low cost and fast turnover in cities and regions where stronger rigid demand exists according to the needs of cash flow for sales and liquidity security, in order to achieve a sustainable development for the business. Meanwhile, the Group will accelerate the development pace of projects, ensure timely completion and delivery of projects, speed up the sales and cash inflows and increase the asset turnover.

Financial Strategy

The Group will continue to adhere to its prudent financial policy in maintaining the total debt at a reasonable scale and ensure the funding requirement for the rapid development of the businesses. In addition, the net gearing ratio will be strictly controlled at a reasonable level to secure the financial stability and safety of the Group. Meanwhile, the Group will emphasize on enhancing its debt structure and gradually reduce the proportion of its short-term debt in order to control the financial risk effectively. The Group will strive for a significant improvement on the debt structure before the end of this year.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

RMB'000	Note	**Six months ended 30 June** **2012** ***(unaudited)***	2011 *(unaudited)*
Revenue	4	**1,342,167**	2,378,797
Cost of sales		**(788,929)**	(1,201,852)
Gross profit		**553,238**	1,176,945
Other income	5	**43,285**	73,190
Other gains/(losses), net	6	**37,908**	741,672
Selling and marketing expenses		**(78,583)**	(74,080)
Administrative expenses		**(190,319)**	(212,938)
Finance costs	7	**(4,739)**	(1,107)
Share of (loss)/profit of an associate		**(1,272)**	183
Share of loss of a jointly controlled entity		**(1,331)**	(2,303)
Profit before income tax		**358,187**	1,701,562
Income tax expenses	8	**(193,614)**	(767,627)
Profit for the period		**164,573**	933,935
Attributable to:			
– the owners of the Company		**166,243**	933,217
– non-controlling interests		**(1,670)**	718
		164,573	933,935
Other comprehensive income:			
Gain/loss recognised directly in equity		**—**	—
Total comprehensive income for the period		**164,573**	933,935
Total comprehensive income for the period attributable to:			
– the owners of the Company		**166,243**	933,217
– non-controlling interests		**(1,670)**	718
		164,573	933,935
Earnings per share for profit attributable to the owners of the Company (expressed in RMB per share)			
– Basic	9	**0.02**	0.12
– Diluted	9	**0.02**	0.12

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2012

RMB'000	Note	**30 June 2012 *(unaudited)***	31 December 2011 *(audited)*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,020,848**	722,872
Investment properties		**8,907,795**	8,557,663
Intangible assets		**2,571**	2,833
Investment in an associate		**4,917**	6,189
Investment in a jointly controlled entity		**24,436**	25,767
Loan to a jointly controlled entity		**1,974,445**	1,967,905
Deferred income tax assets		**320,778**	308,027
		12,255,790	11,591,256
Current assets			
Properties under development		**24,863,475**	22,862,050
Completed properties held for sale		**2,849,295**	2,929,268
Inventories		**8,483**	6,849
Trade and other receivables and prepayments	11	**9,943,055**	9,942,396
Prepaid taxes		**244,337**	205,995
Restricted cash		**2,429,248**	2,145,255
Cash and cash equivalents		**1,006,380**	1,021,098
		41,344,273	39,112,911
Total assets		**53,600,063**	50,704,167

RMB'000	Note	**30 June 2012 *(unaudited)***	31 December 2011 *(audited)*
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**68,745**	68,745
Share premium		**7,822,982**	7,822,982
Reserves		**9,334,694**	9,159,191
		17,226,421	17,050,918
Non-controlling interests		**1,292,108**	1,293,778
Total equity		**18,518,529**	18,344,696
LIABILITIES			
Non-current liabilities			
Borrowings	12	**5,366,564**	5,583,223
Deferred income tax liabilities		**1,526,962**	1,476,239
Obligation under finance lease		**17,484**	17,396
		6,911,010	7,076,858
Current liabilities			
Advanced proceeds received from customers		**8,666,344**	6,915,588
Trade and other payables	13	**5,273,891**	4,751,758
Income tax payable		**4,264,411**	4,311,586
Borrowings	12	**9,965,010**	9,302,813
Obligation under finance lease		**868**	868
		28,170,524	25,282,613
Total liabilities		**35,081,534**	32,359,471
Total equity and liabilities		**53,600,063**	50,704,167
Net current assets		**13,173,749**	13,830,298
Total assets less current liabilities		**25,429,539**	25,421,554

NOTES:

1 General Information

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

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

This condensed consolidated financial information is presented in thousands of units of Renminbi (RMB'000), unless otherwise stated.

This condensed consolidated financial information has not been audited. This condensed consolidated financial information has been reviewed by the Company's audit committee and has been approved for issue by the board of directors (the "Board") of the Company on 28 August 2012.

2 Basis of Preparation

This condensed consolidated financial information for the six months ended 30 June 2012 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This condensed consolidated financial information should be read in conjunction with the consolidated financial statements of the Company for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

3 Accounting Policies

Except as described below, the accounting policies adopted are consistent with those set out in the consolidated financial statements of the Company for the year ended 31 December 2011 as included in the Company's annual report for the year ended 31 December 2011.

(i) Change in accounting policy

In December 2010, the HKICPA amended HKAS 12 "Income taxes" to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

The Board considers the Group's business model is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Accordingly, the presumption is rebutted and related deferred tax is not remeasured upon the adoption of HKAS 12.

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

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

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted:

- HKFRS 9 "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. HKFRS 9 will be effective for accounting period beginning on or after 1 January 2015.

- HKFRS 10 "Consolidated financial statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. HKFRS 10 will be effective for the accounting period beginning on or after 1 January 2013.

- HKFRS 12 "Disclosures of interests in other entities" includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. HKFRS 12 will be effective for the accounting period beginning on or after 1 January 2013.

- HKFRS 13 "Fair value measurement" aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. HKFRS 13 will be effective for the accounting period beginning on or after 1 January 2013.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

Taxes on income in the six months ended 30 June 2012 are accrued using the tax rate that would be applicable to expected total annual earnings.

4 Segment Information

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

RMB'000	**Shanghai Region**	**Yangtze River Delta (excluding Shanghai)**	**Pan Bohai Rim**	**Northeast China**	**Others**	**Total**
Six months ended 30 June 2012 (unaudited)						
Total revenue	**963,209**	**96,963**	**96,024**	**189,442**	**—**	**1,345,638**
Inter-segment revenue	**(3,471)**	**—**	**—**	**—**	**—**	**(3,471)**
Revenue (from external customers)	**959,738**	**96,963**	**96,024**	**189,442**	**—**	**1,342,167**
Segment results	**342,320**	**(9,882)**	**(7,292)**	**31,879**	**(52,603)**	**304,422**
Depreciation and amortisation	**(5,934)**	**(1,891)**	**(2,113)**	**(1,361)**	**(974)**	**(12,273)**
Fair value gain/(loss) of investment properties	**80,664**	**—**	**(6,615)**	**(27,891)**	**—**	**46,158**
Interest income	**3,313**	**19,962**	**335**	**370**	**639**	**24,619**
Finance costs	**(500)**	**(306)**	**—**	**(3,933)**	**—**	**(4,739)**
Income tax expenses	**(170,440)**	**(11,086)**	**102**	**(12,190)**	**—**	**(193,614)**
Six months ended 30 June 2011 (unaudited)						
Total revenue	1,311,779	899,657	111,200	63,988	—	2,386,624
Inter-segment revenue	(7,827)	—	—	—	—	(7,827)
Revenue (from external customers)	1,303,952	899,657	111,200	63,988	—	2,378,797
Segment results	906,908	99,870	13,924	(33,691)	(35,855)	951,156
Depreciation and amortisation	(4,382)	(1,517)	(1,585)	(646)	(556)	(8,686)
Fair value gain of investment properties	482,569	—	—	227,186	—	709,755
Interest income	26,040	13,006	399	803	10,196	50,444
Finance costs	(341)	(405)	(93)	(246)	(22)	(1,107)
Income tax expenses	(670,567)	(39,066)	(8,021)	(49,973)	—	(767,627)

RMB'000	**Shanghai Region**	**Yangtze River Delta (excluding Shanghai)**	**Pan Bohai Rim**	**Northeast China**	**Others**	**Elimination**	**Total**
As at 30 June 2012 (unaudited)							
Total segment assets	**30,504,229**	**27,624,180**	**7,172,916**	**8,039,513**	**8,341,107**	**(32,358,743)**	**49,323,202**
Total segment assets include:							
Investment in an associate	**4,917**	**—**	**—**	**—**	**—**	**—**	**4,917**
Investment in a jointly controlled entity	**24,436**	**—**	**—**	**—**	**—**	**—**	**24,436**
Deferred income tax assets							**320,778**
Other unallocated corporate assets							**3,956,083**
Total assets							**53,600,063**
As at 31 December 2011 (audited)							
Total segment assets	29,870,673	28,497,850	6,453,050	9,318,674	16,280,377	(43,481,468)	46,939,156
Total segment assets include:							
Investment in an associate	6,189	—	—	—	—	—	6,189
Investment in a jointly controlled entity	25,767	—	—	—	—	—	25,767
Deferred income tax assets							308,027
Other unallocated corporate assets							3,456,984
Total assets							50,704,167

RMB'000	**Six months ended 30 June** **2012** *(unaudited)*	2011 *(unaudited)*
Segment results	**304,422**	951,156
Fair value gain of investment properties	**46,158**	709,755
Depreciation and amortisation	**(12,273)**	(8,686)
Operating profit	**338,307**	1,652,225
Interest income	**24,619**	50,444
Finance costs	**(4,739)**	(1,107)
Profit before income tax	**358,187**	1,701,562
Additions to:		
– Property, plant and equipment	**311,696**	57,988
– Investment properties	**303,974**	151,166
	615,670	209,154

5 Other Income

RMB'000	Six months ended 30 June **2012** ***(unaudited)***	 2011 *(unaudited)*
Interest income	**24,619**	50,444
Rental income	**16,876**	13,313
Others	**1,790**	9,433
	43,285	73,190

6 Other Gains/(Losses), Net

RMB'000	Six months ended 30 June **2012** ***(unaudited)***	 2011 *(unaudited)*
Fair value gain of investment properties	**46,158**	709,755
Exchange (losses)/gains, net	**(8,250)**	31,917
	37,908	741,672

7 Finance Costs

RMB'000	Six months ended 30 June **2012** ***(unaudited)***	 2011 *(unaudited)*
Interest expenses:		
– Bank borrowings	**708,955**	624,433
– Senior Notes due 2015	**126,308**	129,611
– Shanghai Bay Arrangement	**—**	194,546
– Others	**4,740**	181
Total interest expenses	**840,003**	948,771
Less: interest capitalised in properties under development	**(835,264)**	(947,664)
	4,739	1,107

8 Income Tax Expenses

RMB'000	Six months ended 30 June **2012** ***(unaudited)***	 2011 *(unaudited)*
Current income tax:		
– PRC corporate income tax	**72,344**	126,480
– PRC land appreciation tax	**84,357**	442,492
	156,701	568,972
Deferred income tax:		
– Origination and reversal of temporary differences	**36,913**	198,655
	36,913	198,655
	193,614	767,627

9 Earnings Per Share

(a) Basic

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

RMB'000	Six months ended 30 June **2012** ***(unaudited)***	 2011 *(unaudited)*
Profit attributable to the owners of the Company	**166,243**	933,217
Weighted average number of ordinary shares in issue (thousands)	**7,792,646**	7,792,646

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June 2011, the Company only has share options that are dilutive potential ordinary shares. For the six months ended 30 June 2012, the computation of the diluted earnings per share does not assume the exercise of the Company's share options, of which the relevant exercise price was higher than the average market price of the Company's shares for the period when the options are outstanding.

	Six months ended 30 June **2012** ***(unaudited)***	 2011 *(unaudited)*
Earnings (RMB'000)		
Profit attributable to the owners of the Company	**166,243**	933,217
Number of shares		
Weighted average number of ordinary shares in issue (thousands)	**7,792,646**	7,792,646
Adjustments for share options (thousands)	**—**	18,109
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**7,792,646**	7,810,755

10 Dividend

RMB'000	Six months ended 30 June **2012** ***(unaudited)***	2011 *(unaudited)*
Interim dividend declared	**—**	—

11 Trade and Other Receivables and Prepayments

RMB'000	**30 June 2012** ***(unaudited)***	31 December 2011 *(audited)*
Trade receivables from third parties (a)	**129,319**	79,055
Other receivables from third parties	**934,991**	1,290,427
Prepayments for construction costs and other prepayments:	**3,171,716**	2,885,719
Related parties	**1,592,444**	1,608,420
Third parties	**1,579,272**	1,277,299
Prepayments for land premium	**5,275,848**	5,381,917
Prepaid business taxes and other taxes	**431,181**	305,278
	9,943,055	9,942,396

(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.

Generally, the Group requires full payment from customers before delivery of properties. Credit terms are only granted to customers in 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.

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

RMB'000	**30 June 2012** ***(unaudited)***	31 December 2011 *(audited)*
Within 6 months	**79,054**	34,012
Between 7 – 12 months	**16,507**	34,705
Over 12 months	**33,758**	10,338
	129,319	79,055

12 Borrowings

RMB'000	**30 June 2012 (unaudited)**	31 December 2011 (audited)
Borrowings included in non-current liabilities:		
Bank borrowings – secured	**3,458,765**	3,686,123
Senior Notes due 2015 – secured	**1,907,799**	1,897,100
	5,366,564	5,583,223
Borrowings included in current liabilities		
Bank borrowings – secured	**9,965,010**	9,302,813
	9,965,010	9,302,813
Total borrowings	**15,331,574**	14,886,036

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

RMB'000	**30 June 2012 (unaudited)**	31 December 2011 (audited)
Within 1 year	**9,965,010**	9,302,813
After 1 and within 2 years	**2,607,238**	2,518,952
After 2 and within 5 years	**2,387,752**	2,638,185
After 5 years	**371,574**	426,086
	15,331,574	14,886,036

13 Trade and Other Payables

RMB'000	**30 June 2012** ***(unaudited)***	31 December 2011 *(audited)*
Trade payables (a):	**3,242,999**	2,997,697
Related parties	**4,861**	3,524
Third parties	**3,238,138**	2,994,173
Other payables to third parties:	**1,879,909**	1,604,276
Acquisition consideration payable	**310,000**	497,746
Advances from third parties	**239,480**	119,850
Other payables and accrued expenses	**1,330,429**	986,680
Other taxes payable	**150,983**	149,785
	5,273,891	4,751,758

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

RMB'000	**30 June 2012** ***(unaudited)***	31 December 2011 *(audited)*
Within 6 months	**2,410,314**	2,143,779
Between 7 – 12 months	**300,947**	605,866
Over 12 months	**531,738**	248,052
	3,242,999	2,997,697

FINANCIAL REVIEW

For the six months ended 30 June 2012, the Group recorded a consolidated revenue of RMB1,342.2 million, representing a drop of 43.6% compared to RMB2,378.8 million for the first half of 2011. The GFA of properties delivered by the Group decreased by 62.1% from 226,117 sq.m. in the first half of 2011 to 85,688 sq.m. in the current period. As a result of the higher proportion of GFA delivered in Shanghai, of which the average selling price is higher, the Group's average selling price increased from RMB10,518 per sq.m. in the first half of 2011 to RMB15,663 per sq.m. during the current period.

The Group's consolidated gross profit for the first half of 2012 was RMB553.2 million, representing a decrease of 53.0% from a gross profit of RMB1,176.9 million for the corresponding period in 2011. The decrease in consolidated gross profit was mainly due to the decrease in revenue and lower profit margin for the period under review. The Group's gross profit margin for the current period was 41.2%, compared to 49.5% during the corresponding period in 2011. Despite the higher average selling price achieved for the properties sold and delivered in the first half of 2012, the Group's gross profit margin was lower in the current period due to the higher proportion of residential properties sold and delivered in Shanghai for which units costs are higher.

Other income for the six months ended 30 June 2012 was RMB43.3 million, representing a decrease of 40.9% from RMB73.2 million for the corresponding period in 2011. The decrease in other income was mainly attributable to the lower interest income recorded during the period under review.

Other gains, net for the six months ended 30 June 2012 amounted to RMB37.9 million, which primarily represented a fair value gain on the Group's investment properties of RMB46.2 million (2011: Fair value gain amounted to RMB709.8 million).

Gross finance costs for the six months ended 30 June 2012 were RMB840.0 million, representing a decrease of 11.5% from RMB948.8 million for the same period in 2011. Despite the higher level of the Group's borrowings in the current period, the lower cost of borrowing in the current period has caused the finance costs for the six months ended 30 June 2012 to be lower than that to the corresponding period in 2011. For the six months ended 30 June 2012, finance costs of RMB835.3 million (2011: RMB947.7 million) have been capitalised, leaving RMB4.7 million (2011: RMB1.1 million) charged directly to the condensed consolidated statement of comprehensive income.

The Group's profit before income tax for the six months ended 30 June 2012 was RMB358.2 million, representing a decrease of 78.9% compared to RMB1,701.6 million for the corresponding period in 2011, which was due to the lower level of revenue recognised, the lower gross profit margin, as well as the lower amount of the fair value gain on the Group's investment properties in the first half of 2012 as compared to that for the corresponding period in 2011.

Income tax expenses for the six months ended 30 June 2012 were RMB193.6 million, representing a decrease of 74.8% as compared to RMB767.6 million for the corresponding period in 2011. The decrease in income tax expenses for the current period was primarily due to lower level of revenue recognised, the lower gross profit margin as well as the lower amount of the fair value gain on the investment properties during the six months ended 30 June 2012. The effective income tax rate was 54.1% for the six months ended 30 June 2012, as compared to 45.1% for the corresponding period in 2011.

The Group's profit attributable to the owners of the Company for the six months ended 30 June 2012 was RMB166.2 million, representing a decrease of 82.2% compared to RMB933.2 million for the first half of 2011. Profit attributable to the owners of the Company for the six months ended 30 June 2012, excluding fair value gain of investment properties and the related tax effect, amounted to RMB131.6 million, representing a decrease of 67.2% from RMB400.9 million during the corresponding period in 2011, which was mainly due to the lower level of revenue recognised and the lower gross profit margin for the period under review.

Current Assets and Liabilities

As at 30 June 2012, the Group held total current assets of approximately RMB41,344.3 million (31 December 2011: RMB39,112.9 million), comprising mainly properties under development, trade and other receivables and prepayments and cash and bank balances. Properties under development increased by 8.8% from RMB22,862.1 million as at 31 December 2011 to RMB24,863.5 million as at 30 June 2012, mainly due to the continuous progress of the Group's property development projects in 2012 and the increase in the number of projects under construction. Trade and other receivables and prepayments amounted to RMB9,943.1 million as at 30 June 2012, which was comparable to that of RMB9,942.4 million as at 31 December 2011 and mainly comprises prepayments for land premium as at 30 June 2012 whereby the relevant land use right certificates had yet to be obtained as at 30 June 2012. Total cash and bank balances (including cash and cash equivalents and restricted cash) increased slightly from RMB3,166.4 million as at 31 December 2011 to RMB3,435.6 million as at 30 June 2012.

Total current liabilities as at 30 June 2012 amounted to RMB28,170.5 million, compared with RMB25,282.6 million as at 31 December 2011, which was mainly due to the higher balances of advanced proceeds received from customers and short-term borrowings as at 30 June 2012.

The current ratio (calculated as the total current assets divided by the total current liabilities) decreased slightly from 1.55 as at 31 December 2011 to 1.47 as at 30 June 2012.

Liquidity and Financial Resources

During the first half of 2012, the Group funded its property development projects principally from proceeds from the pre-sales of properties and bank loans. As at 30 June 2012, the Group had cash and cash equivalents of RMB3,435.6 million (31 December 2011: RMB3,166.4 million).

As at 30 June 2012, the Group's total borrowings amounted to RMB15,331.6 million, representing an increase of 3.0% compared to RMB14,886.0 million as at 31 December 2011.

The Group monitors its capital on the basis of the gearing ratio. Gearing ratio is calculated as net debt divided by total equity attributable to the owners of the Company. Net debt is calculated as total borrowings less cash and bank balances (including cash and cash equivalents and restricted cash). The gearing ratios as at 30 June 2012 and 31 December 2011 were as follows:

RMB'000	**30 June 2012** ***(unaudited)***	31 December 2011 *(audited)*
Total borrowings	**15,331,574**	14,886,036
Less: cash and bank balances	**(3,435,628)**	(3,166,353)
Net debt	**11,895,946**	11,719,683
Total equity attributable to the owners of the Company	**17,226,421**	17,050,918
Gearing ratio	**69.1%**	68.7%

The gearing ratio as at 30 June 2012 was comparable to that as at 31 December 2011.

Pledge of Assets

As at 30 June 2012, the Group had pledged certain of its subsidiaries' shares, construction in progress, investment properties, properties under development and completed properties held for sale to secure its borrowings.

Financial Guarantee

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure the 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 30 June 2012, the amount of outstanding guarantees for mortgages was RMB6,484.0 million (31 December 2011: RMB6,148.4 million).

Capital Commitments

As at 30 June 2012, the Group had capital commitment as follows:

RMB'000	**30 June 2012 (unaudited)**	31 December 2011 (audited)
Land use right	**1,059,056**	1,360,990
Property development expenditures	**10,554,415**	8,916,932
Construction materials	**22,476**	79,193
	11,635,947	10,357,115

EMPLOYEES

As at 30 June 2012, the Group had a total of 1,368 employees. 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.

CORPORATE GOVERNANCE

Compliance with Code on Corporate Governance Practices and Corporate Governance Code

The Company had complied with the principles and the code provisions of the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the six months ended 30 June 2012, save for the deviation from the code provision E.1.2 which stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board did not attend the annual general meeting of the Company (the "AGM") held on 29 May 2012 due to other business engagements. Mr. Ding Xiang Yang, the vice chairman and executive director of the Company, chaired the AGM on behalf of the Chairman of the Board and was available to answer questions.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. All directors have confirmed, following specific enquiries being made by the Company, that they had complied with the required standard set out in the Model Code during the six months ended 30 June 2012.

Audit Committee

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

The Audit Committee has reviewed with management the 2012 Interim Results and took the view that the Company was in full compliance with all applicable accounting standards and regulations and has made adequate disclosure.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2012.

PUBLICATION OF THE 2012 INTERIM RESULTS AND THE 2012 INTERIM REPORT

The 2012 interim results announcement is published on the websites of the Company at www.gloriousphl.com.cn and the Stock Exchange at www.hkexnews.hk. The 2012 interim report of the Company for the six months ended 30 June 2012 containing all the applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the same websites in due course.

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

Hong Kong, 28 August 2012

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