NOT FOR DISTRIBUTION IN THE UNITED STATES

This announcement is for information purposes only and does not constitute an invitation or a solicitation of an offer to acquire, purchase or subscribe for securities or an invitation to enter into an agreement to do any such things, nor is it calculated to invite any offer to acquire, purchase or subscribe for any securities.

This announcement is not an offer of securities for sale or the solicitation of an offer to buy securities in the United States or in any country or jurisdiction in which any such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such country or jurisdiction. No securities may be offered or sold in the United States absent registration or an exemption from registration. Public offerings of securities in the United States must be made by means of a prospectus that may be obtained from the company making the offer and that contains detailed information about such company and its management and financial statements. The Company has not registered and does not intend to register any of the Notes in the United States.

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)

PROPOSED ISSUANCE OF USD SENIOR NOTES

The Company proposes to conduct the Proposed Notes Issue and will commence a series of roadshow presentations to institutional investors. The Proposed Notes Issue will only be offered outside the United States in compliance with Regulation S under the Securities Act. In connection with the Proposed Notes Issue, the Company will provide certain institutional investors with recent corporate information regarding the Group. A summary of the latest corporate information which the Company considers to be material to the operations of the Group is set out in this announcement.

Completion of the Proposed Notes Issue is subject to market conditions and investor interest. Pricing of the Notes will be determined through a book building exercise to be conducted by the Joint Bookrunners. As at the date of this announcement, the amount, terms and conditions of the Proposed Notes Issue have yet to be determined. Upon finalisation of the terms of the Proposed Notes Issue, the Initial Purchasers, the Company, and certain subsidiary guarantors, amongst others, will enter into the Subscription Agreement.

The Company currently intends to use the net proceeds of the Notes for refinancing existing debt and for general corporate purposes. The Company may adjust its acquisition and development plans in response to changing market conditions and, thus, may reallocate the use of proceeds from the Proposed Notes Issue.

The Company will seek a listing of the Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the Notes has been received from the Stock Exchange. Admission of the Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes.

As no binding agreement in relation to the Proposed Notes Issue has been entered into as at the date of this announcement, the Proposed Notes Issue may or may not materialise. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company. Further announcements in respect of the Proposed Notes Issue will be made by the Company should the Subscription Agreement be signed.

THE PROPOSED NOTES ISSUE

Introduction

The Company proposes to conduct the Proposed Notes Issue and will commence a series of roadshow presentations to institutional investors.

The Proposed Notes Issue will only be offered outside the United States in compliance with Regulation S under the Securities Act. None of the Notes will be offered to the public in Hong Kong, and none of the Notes will be placed to any connected persons of the Company.

Completion of the Proposed Notes Issue is subject to, inter alia, market conditions and investor interest. Pricing of the Notes will be determined through a book building exercise to be conducted by the Joint Bookrunners. The Notes, if issued, will be repayable at maturity, unless earlier redeemed or repurchased pursuant to their terms. As at the date of this announcement, the amount, terms and conditions of the Proposed Notes Issue have yet to be determined. Upon finalisation of the terms of the Proposed Notes Issue, the Initial Purchasers, the Company, and certain subsidiary guarantors, amongst others, will enter into the Subscription Agreement. Further announcements in respect of the Proposed Notes Issue will be made by the Company should the Subscription Agreement be signed.

Proposed use of proceeds

The Company currently intends to use the net proceeds of the Notes for refinancing existing debt and for general corporate purposes. The Company may adjust the foregoing plans in response to changing market conditions and, thus, may reallocate the use of proceeds from the Proposed Notes Issue.

Listing and ratings

The Company will seek a listing of the Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the Notes has been received from the Stock Exchange. Admission of the Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes.

The Notes have been provisionally rated "B-" by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc. and "Caa1" by Moody's Investors Service, Inc. The credit ratings accorded to the Notes are not a recommendation to purchase, hold or sell the Notes inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for a given period or that the ratings will not be revised by the rating agencies in the future.

LATEST INFORMATION ABOUT THE COMPANY

In connection with the Proposed Notes Issue, the Company will provide certain institutional investors with latest corporate information regarding the Group. A summary of the latest corporate information which the Company considers to be material to the operations of the Group is set out below:

Access to and cost of financing

Bank and other financing arrangements have been, and the Company expects will continue to be, an important source of funding for the Group's property developments. The Group's access to capital and cost of financing will be affected by the prevailing interest rates on bank loans, which is linked to the benchmark lending rate of the People's Bank of China, the restrictions imposed by the PRC government on bank lending for property development, and the general condition of the domestic and global capital markets. The Group may not always be able to obtain or renew financing on favorable terms. The Group's outstanding borrowings amounted to RMB13,786.4 million, RMB14,886.0 million and RMB15,784.2 million as of 31 December 2010, 2011 and 2012, respectively. The weighted average effective interest rates for the Group's borrowings as of 31 December 2010, 2011 and 2012 were 11.9%, 10.9% and 12.3%, respectively. The Group's gross interest costs relating to its borrowings amounted to RMB1,176.4 million, RMB1,831.0 million and RMB1,853.3 million for the years ended 31 December 2010, 2011 and 2012, respectively.

Cost of sales

The Group's cost of sales consists primarily of the costs incurred directly from its property development activities which include construction costs, land costs, capitalised interest, and business taxes and other levies. The Group recognises cost of sales with respect to a property when it recognises its revenue from such property, which generally occurs when construction is completed and the property is delivered. The Group's average cost of sales per square metre for the year ended 31 December 2011 decreased by 21.8% to RMB5,711, from RMB7,305 for the year ended 31 December 2010 because a higher proportion of properties from the projects in second- and third-tier cities were sold and delivered in 2011. The Group's average cost of sales per square metre for the year ended 31 December 2012 increased by 8.5% to RMB6,197, from RMB5,711 for the year ended 31 December 2011 mainly because a larger proportion of properties sold and delivered in 2012 borne higher land costs as those land parcels were acquired in recent years.

The following table sets out the breakdown of the Group's cost of sales for the three years ended 31 December 2010, 2011 and 2012:

	For the year ended 31 December							
	2010		2011		2012		10-11	11-12
	RMB'000	*RMB per sq.m.*	*RMB'000*	*RMB per sq.m.*	*RMB'000*	*RMB per sq.m.*	*Total RMB % change*	*Total RMB % change*
Construction costs	2,062,674	4,082	3,194,664	3,154	3,493,054	3,349	54.9	9.3
Land costs	859,446	1,701	1,388,368	1,371	1,967,716	1,887	61.5	41.7
Capitalised interest	371,697	736	665,578	657	535,208	513	79.1	-19.6
Business taxes and other levies	397,139	786	535,993	529	467,163	448	35.0	-12.8
Sub-total	3,690,956	7,305	5,784,603	5,711	6,463,141	6,197	56.7	11.7
Cost of sales of other business	3,978		3,643		225		-8.4	-93.8
Total	3,694,934		5,788,246		6,463,366		56.7	11.7

Liquidity and capital resources

The Group has funded its projects principally from proceeds from pre-sales of properties and bank loans. As of 31 December 2010, 2011 and 2012, the Group's current ratios (calculated as the total current assets divided by the total current liabilities) were 1.9, 1.5 and 1.8, respectively. The changes in the current ratio were mainly due to the changes in the Group's short-term borrowings.

The following table presents selected cash flow data from the Group's consolidated statements of cash flows for the years indicated:

	For the year ended 31 December		
	2010	**2011**	**2012**
	RMB'000	*RMB'000*	*RMB'000*
Net cash used in operating activities	(7,337,214)	(1,443,830)	(156,113)
Net cash used in investing activities	(242,473)	(966,530)	(641,691)
Net cash generated from (used in) financing activities	6,785,243	(718,890)	769,404
Net decrease in cash and cash equivalents	(794,444)	(3,129,250)	(28,400)
Cash and cash equivalents at beginning of year	5,013,296	4,151,420	1,021,098
Exchange (losses)/gains on cash and bank balances	(67,432)	(1,072)	51
Cash and cash equivalents at end of year	4,151,420	1,021,098	992,749

Cash flow from operating activities

The Group derives its cash flow from operating activities principally from the pre-sale and sale of properties. Its cash outflow from operations is principally for investments in properties under development.

In 2012, the Group had a net cash outflow from operating activities of RMB156.1 million, compared to a net cash outflow of RMB1,443.8 million in 2011. This outflow primarily consisted of net cash generated from operations of RMB1,764.7 million, as offset by tax payments of RMB482.7 million and interest payments of RMB1,438.1 million. The Group's cash generated from operations of RMB1,764.7 million primarily consisted of cash generated from operations before changes of working capital of RMB1,368.3 million and cash inflows arising from changes in working capital of RMB396.4 million.

In 2011, the Group had a net cash outflow from operating activities of RMB1,443.8 million, compared to a net cash outflow of RMB7,337.2 million in 2010. This outflow primarily consisted of net cash generated from operations of RMB796.4 million, as offset by income tax payments of RMB453.7 million and interest payments of RMB1,786.5 million. The Group's cash generated from operations of RMB796.4 million primarily consisted of cash generated from operations before changes of working capital of RMB3,217.1 million, as offset by outflows arising from changes in working capital of RMB2,420.7 million.

In 2010, the Group had a net cash outflow from operating activities of RMB7,337.2 million, consisting of cash used in operations of RMB5,712.9 million, income tax payments of RMB332.9 million and interest payments of RMB1,291.4 million. The Group's cash used in operations of RMB5,712.9 million primarily consisted of cash generated from operations before changes of working capital of RMB3,589.4 million, as offset by outflows arising from changes in working capital of RMB9,302.3 million.

Cash flow from investing activities

The Group's investing activities mainly comprise acquisitions of subsidiaries, additions to investment properties and purchases of property, plant and equipment.

In 2012, the Group had a net cash outflow from investing activities of RMB641.7 million, which primarily comprised cash outflow in the construction of investment properties of RMB404.3 million and payments for the construction and purchases of property, plant and equipment of RMB409.4 million.

In 2011, the Group had a net cash outflow from investing activities of RMB966.5 million. This net cash outflow in 2011 primarily comprised cash outflow in the construction of investment properties of RMB657.3 million and advances to third parties of RMB191.0 million.

In 2010, the Group had a net cash outflow from investing activities of RMB242.5 million, which primarily comprised cash outflow in the construction of investment properties of RMB169.1 million and payments for the construction and purchases of property, plant and equipment of RMB93.7 million.

Cash flow from financing activities

The Group's financing activities consist primarily of cash inflows and outflows arising from bank borrowings and notes borrowing.

In 2012, the Group had a net cash inflow from financing activities of RMB769.4 million. This inflow primarily consisted of proceeds from borrowings of RMB9,180.7 million, partially offset by repayment of borrowings of RMB8,947.9 million.

In 2011, the Group had a net cash outflow from financing activities of RMB718.9 million. This outflow primarily consisted of repayment of borrowings of RMB8,490.9 million, and increase in restricted cash of RMB1,900.0 million partially offset by receipt of proceeds from borrowings of RMB9,544.1 million.

In 2010, the Group had a net cash inflow from financing activities of RMB6,785.2 million. This inflow primarily comprised receipt of proceeds from borrowings of RMB10,156.3 million, partially offset by the repayment of borrowings of RMB3,137.2 million.

Restricted cash

Restricted cash comprises (i) funds borrowed under project loans that are subject to restriction of use until certain prescribed stages of construction works are achieved, (ii) guaranteed deposits for the mortgage loan facilities granted by banks to purchasers of the Group's properties, (iii) guaranteed deposits for borrowings; and (iv) other bank deposits that are restricted in use for daily operational needs. As of 31 December 2010, 2011 and 2012, the balances of restricted cash were RMB1,683.9 million, RMB2,145.3 million and RMB2,307.4 million, respectively.

Capital expenditures

For the years ended 31 December 2010, 2011 and 2012, the Group incurred capital expenditures in the amounts of RMB15,789.7 million, RMB11,416.4 million and RMB5,438.0 million, respectively.

Capital commitments

The following table sets forth the Group's capital commitments as of the dates indicated:

	As of 31 December		
	2010	**2011**	**2012**
	RMB'000	*RMB'000*	*RMB'000*
Land use rights	2,901,524	1,360,990	279,068
Property development expenditures	8,602,617	8,916,932	6,888,784
Construction materials	44,655	79,193	19,346
Total	11,548,796	10,357,115	7,187,198

Operating lease

The following table summarises the Group's operating lease commitments as of the following dates:

	As of 31 December		
	2010	**2011**	**2012**
	RMB'000	*RMB'000*	*RMB'000*
Not later than one year	34,861	37,175	19,610
Later than one year and not later than five years	40,242	24,666	13,291
Later than five years	309	625	–
Total	75,412	62,466	32,901

Banking facilities

As of 31 December 2012, the Group had total banking facilities of RMB30,701 million, consisting of used banking facilities of RMB11,637 million and unused banking facilities of RMB19,064 million.

Non-GAAP financial measures

Adjusted EBITDA and Adjusted EBITDA margin are used to provide additional information about the Group's operating performance. Adjusted EBITDA refers to the Group's net profit for the year plus finance costs, income tax expenses, depreciation and amortisation, share-based compensation expenses, capitalised interest as included in "cost of sales", loss on redemption of a financial liability and minus fair value gains on investment properties and grant income. Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by revenue.

Adjusted EBITDA is not a standard measure under HKFRS. As the property development business is capital intensive, capital expenditure requirements and levels of debt and interest expenses may have a significant impact on the profit for the year of companies with similar operating results.

Adjusted EBITDA is used in addition to profit before income tax because profit before income tax includes many accounting items associated with capital expenditures, such as depreciation, as well as non-operating items, such as loss on redemption of a financial liability. These accounting items may vary between companies depending on the method of accounting adopted by a company. By minimising differences in expenses associated with capital expenditures and non-operating items, Adjusted EBITDA provides further information about the Group's operating performance and an additional measure for comparing the Group's operating performance with other companies' results. Funds depicted by this measure may not be available for debt service due to covenant restrictions, capital expenditure requirements and other commitments.

The following table reconciles the Group's profit before income tax under HKFRS to the above definition of Adjusted EBITDA for the years indicated:

	For the year ended 31 December		
	2010	**2011**	**2012**
	RMB'000	*RMB'000*	*RMB'000*
Net profit for the year	3,608,778	2,209,081	1,078,188
Adjustments			
Finance costs, net	3,750	2,526	8,326
Income tax expenses	2,353,451	1,811,944	790,855
Depreciation	11,694	19,770	25,091
Amortisation	527	527	528
Share-based compensation expenses	70,293	36,346	18,521
Capitalised interest included in "cost of sales"	371,697	665,578	535,208
Loss on redemption of a financial liability	33,768	27,140	–
Fair value gain on investment properties	(2,452,402)	(677,136)	(504,280)
Grant income	(665,160)	–	–
Adjusted EBITDA	3,336,396	4,095,776	1,952,437

The above definition of Adjusted EBITDA should not be considered in isolation or construed as an alternative to operating profit or as an indicator of operating performance or any other standard measure under HKFRS. The above definition of Adjusted EBITDA does not account for taxes and other non-operating cash expenses. The above Adjusted EBITDA measures may not be comparable to similarly titled measures used by other companies.

GENERAL

As no binding agreement in relation to the Proposed Notes Issue has been entered into as at the date of this announcement, the Proposed Notes Issue may or may not materialise. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company. Further announcements in respect of the Proposed Notes Issue will be made by the Company should the Subscription Agreement be signed.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"Adjusted EBITDA"	net profit for the year plus finance costs, income tax expenses, depreciation and amortisation, share-based compensation expenses, capitalised interest as included in "cost of sales", loss on redemption of a financial liability and minus fair value gains on investment properties and grant income

"Board"	the board of Directors
"CITIC Securities International"	CITIC Securities Corporate Finance (HK) Limited, one of the joint bookrunners in respect of the Proposed Notes Issue
"Company"	Glorious Property Holdings Limited (恒盛地產控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
"connected person"	has the meaning ascribed to it under the Listing Rules
"Deutsche Bank"	Deutsche Bank AG, Singapore Branch, one of the joint bookrunners in respect of the Proposed Notes Issue
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"Haitong International"	Haitong International Securities Company Limited, one of the joint bookrunners in respect of the Proposed Notes Issue
"HKFRS"	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"ICBC International Capital"	ICBC International Capital Limited, one of the joint bookrunners in respect of the Proposed Notes Issue
"ICBC International Securities"	ICBC International Securities Limited
"Initial Purchasers"	CITIC Securities International, Deutsche Bank, Haitong International, ICBC International Securities, J.P. Morgan, The Royal Bank of Scotland and UBS
"J.P. Morgan"	J.P. Morgan Securities plc, one of the joint bookrunners in respect of the Proposed Notes Issue
"Joint Bookrunners"	CITIC Securities International, Deutsche Bank, Haitong International, ICBC International Capital, J.P. Morgan, The Royal Bank of Scotland and UBS
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

"Notes"	the senior notes proposed to be issued by the Company
"PRC"	the People's Republic of China, excluding Hong Kong, Taiwan and the Macau Special Administrative Region
"Proposed Notes Issue"	the proposed issue of the Notes by the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Securities Act"	the United States Securities Act of 1933, as amended
"sq.m."	square metres
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Agreement"	the agreement proposed to be entered into between the Initial Purchasers (and/or their representatives), the Company and certain subsidiary guarantors in relation to the Proposed Notes Issue
"The Royal Bank of Scotland"	The Royal Bank of Scotland plc, one of the joint bookrunners in respect of the Proposed Notes Issue
"UBS"	UBS AG, Hong Kong Branch, one of the joint bookrunners in respect of the Proposed Notes Issues
"USD" or "US$"	United States dollar(s), the lawful currency of the United States of America

By order of the Board
Glorious Property Holdings Limited
Tai Wing Kwan, Catherine
Company Secretary

Hong Kong, 20 February 2013

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