

Glorious Property Holdings Limited

2010 Interim Results

30 August 2010



1H'2010 Highlights

Financial Performance

- Revenue increased 69.7% to RMB 2,497.9 million
- Gross profit surged 85.3% to RMB 1,341.4 million
- Gross margin stood at 53.7%
- Core net profit⁽¹⁾ grew 37.8% to RMB 400.2 million

Property Development

- Delivered GFA went up 18.7% to 155,238 sq.m.
- Contracted sales in second-tier cities doubled as compared to 1H'2009

Land Bank

- Total land bank amounted to 17.7 million sq.m. at a low cost of 1,286 per sq.m.
- 41% located in 3 first-tier cities while 59% located in 8 second-tier cities
- 14.1% of the total land bank is dedicated for investment properties

Outlook

- Plan to launch 11 projects in 2H'2010
- Total saleable area in 2H'2010 will be around 2,109,596 sq.m.

Note: (1) Excluding revaluation gain and the relevant deferred tax and an one-time loss on the redemption of the Promissory Notes

Agenda

1

Company Overview

2

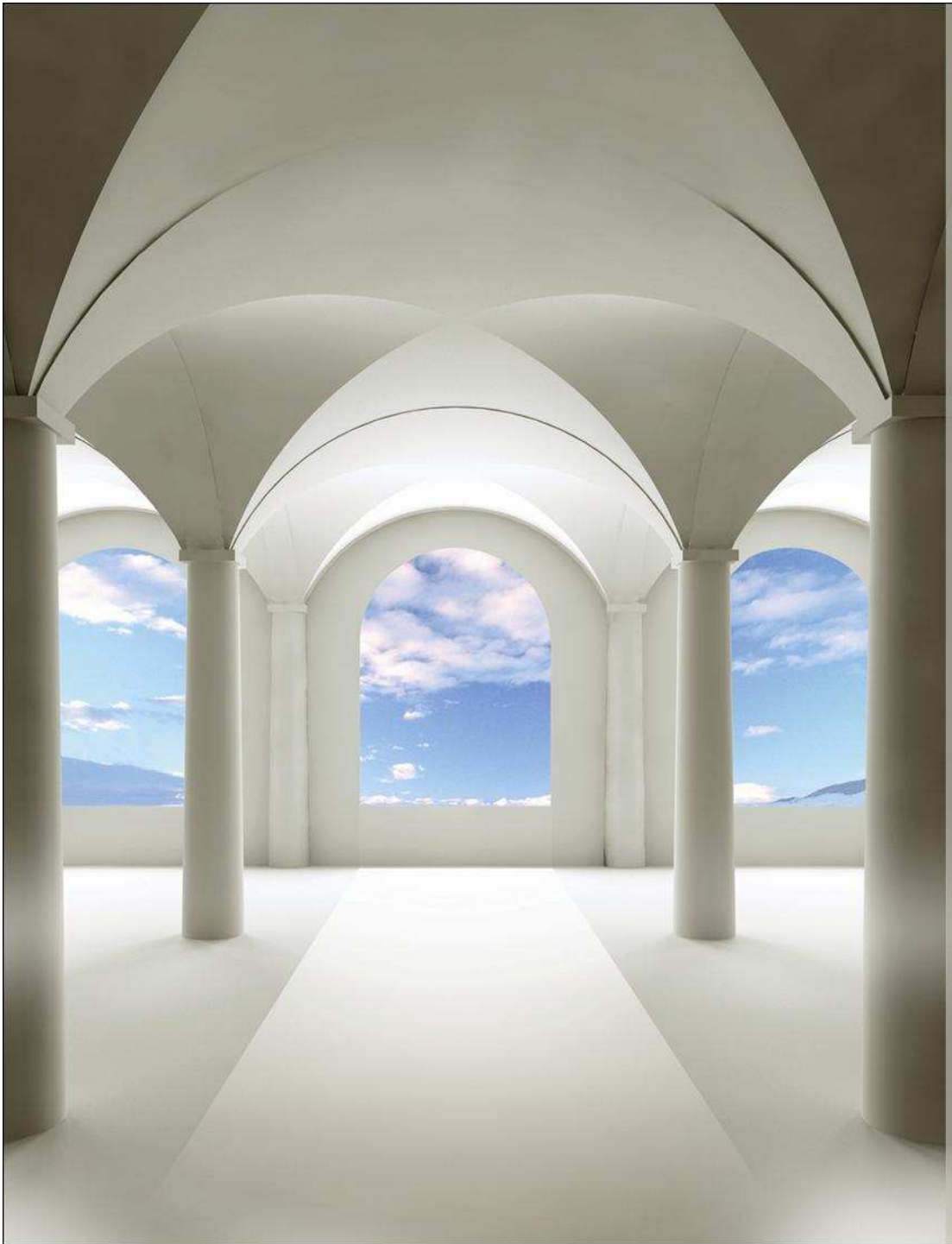
Financial Highlights

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Operating Highlights

4

2H'2010 Outlook & Strategies



1. Company Overview



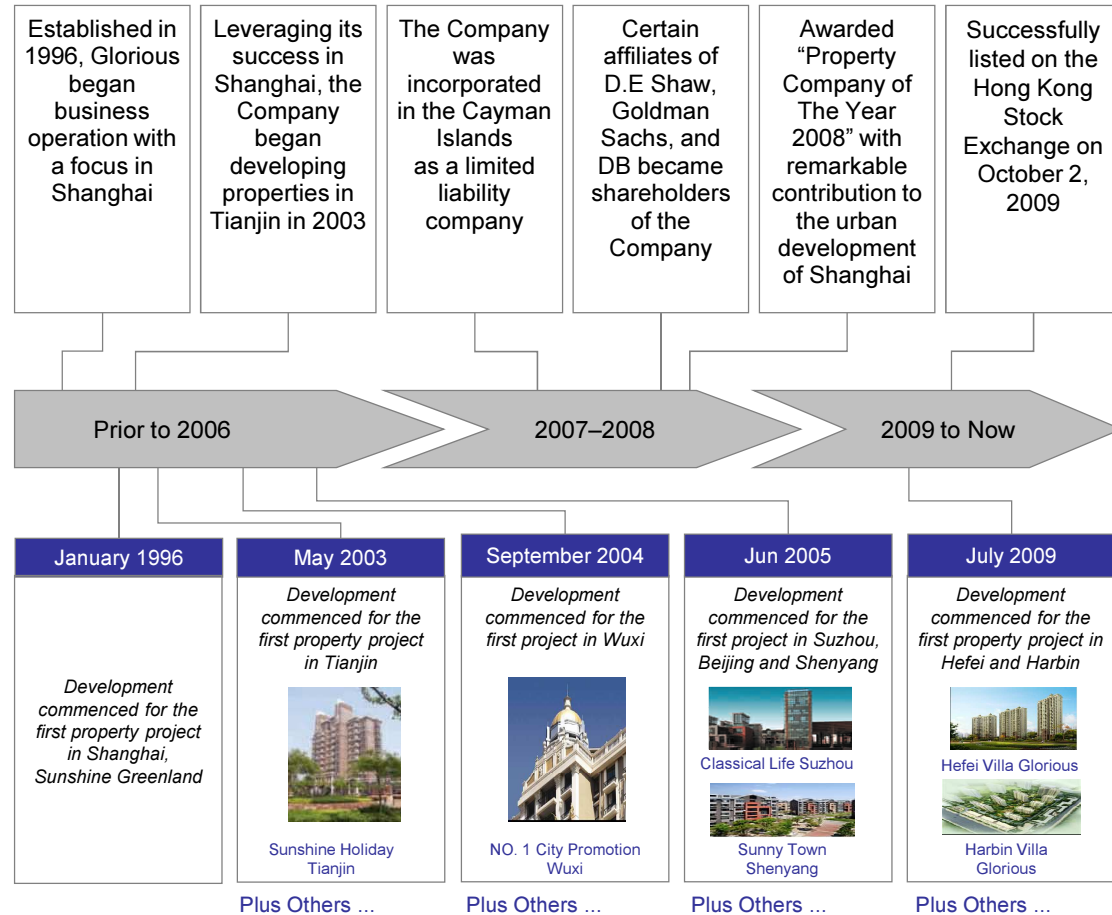
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Company Overview

Company Profile

- Glorious Property Holdings Limited (“Glorious Property” or “the Company”) is a leading real estate developer focused on developing high quality properties located in prime locations of key economic cities in the Yangtze River Delta, Pan Bohai Rim and Northeast China
- Glorious targets the mid-to-high end of real estate market by offering a wide range of premium products, including high quality residential properties, premium office buildings, serviced apartments, retail and hotels
- Land bank of 17.7 million sq.m. GFA comprising over 27 projects across 11 cites, including 3 municipalities and 5 provincial capital cities
- Established a leading role as a well-recognized developer in both tier 1 and tier 2 cities through years of proven business track record

Corporate Milestones



Project Overview

As of 30 June 2010, the Company has 27 projects under development in 11 cities with a total land bank of 17,682,726 sq.m..

Shanghai

Shanghai

Project	Property Type	Total Planned GFA (sq.m.)
Shanghai Bay	R&R, H, O	775,951
Sunshine Venice	R&R, H	289,337
Royal Lakefront	R&R	593,943
Shanghai Park Avenue	R&R	26,918
Chateau De Paris	R&R	49,949
Baoshan Gaojing	R&R	845,885
Sunglow Xinjing	R&R	2,075
Caohejing Project	H, O, Re	103,928
Zhongcaoxincun Project	SA, Re, H	89,734
		2,777,720

Yangtze River Delta (Excluding Shanghai)

Nantong

Project	Property Type	Total Planned GFA (sq.m.)
Nantong Glorious Chateau	R&R	4,499,854
Rongsheng Plaza	H, O, Re	295,690
Nantong Royal Bay	R&R, O	694,439
Nantong Villia Glorious	R&R	304,026
		5,794,009

Wuxi

Project	Property Type	Total Planned GFA (sq.m.)
No.1 City Promotion	R&R, H	432,860
		432,860

Suzhou

Project	Property Type	Total Planned GFA (sq.m.)
Classical Life	R&R	10,052
		10,052

Nanjing

Project	Property Type	Total Planned GFA (sq.m.)
Nanjing Royal Bay	R&R	651,411
		651,411

Hefei

Project	Property Type	Total Planned GFA (sq.m.)
Hefei Villa Glorious	R&R	355,682
Bashangjie Project	R&R, H, O	1,263,730
		1,619,412



Pan Bohai Rim

Beijing

Project	Property Type	Total Planned GFA (sq.m.)
Royal Mansion	R&R	130,066
Sunshine Bordeaux	R&R	1,411,342
Caiyu Town Project	R&R	100,204
		1,641,612

Tianjin

Project	Property Type	Total Planned GFA (sq.m.)
Sunshine Holiday	R&R, H	310,643
Tianjin Royal Bay Seaside	R&R, H	962,729
Tianjin Royal Bay Lakeside	R&R	1,567,303
		2,840,675

Northeast China

Harbin

Project	Property Type	Total Planned GFA (sq.m.)
Harbin Villa Glorious	R&R	575,717
		575,717

Shenyang

Project	Property Type	Total Planned GFA (sq.m.)
Sunny Town	R&R	730,053
		730,053

Changchun

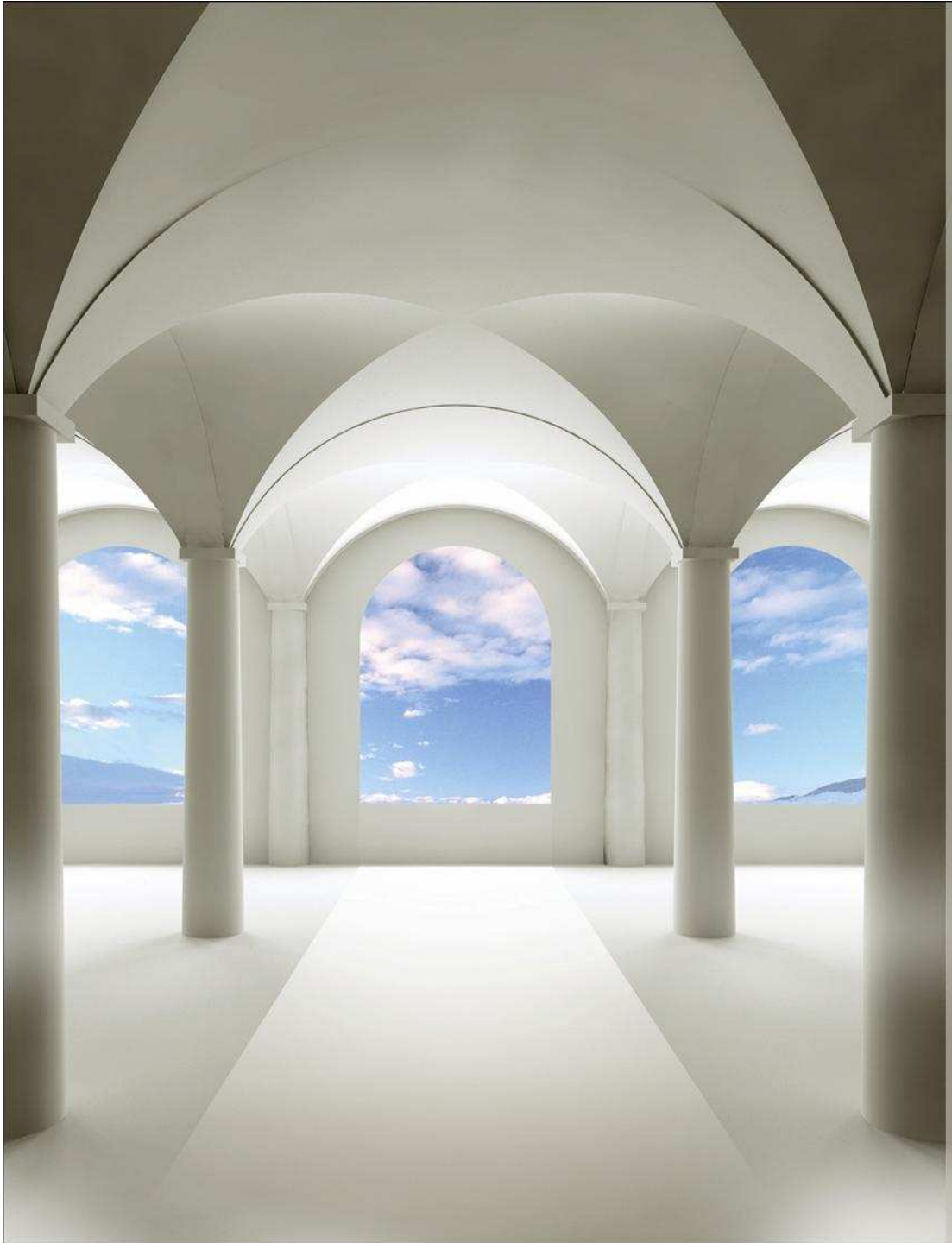
Project	Property Type	Total Planned GFA (sq.m.)
Changchun New and High-Tech Project (East)	R&R	609,205
		609,205

Note:

R&R—Residential and retail, H—Hotel, O—Office, Re—Retail, SA—Serviced apartment

● First-Tier Cities; ● Second-Tier Cities





2. Financial Highlights



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Overview of 1H'2010 Result

(RMB Million)	1H'2010	1H'2009	% Change
Revenue	2,498	1,472	69.7
Gross Profit	1,341	724	85.3
<i>Margin (%)</i>	<i>53.7%</i>	<i>49.2%</i>	<i>4.5 pts</i>
Net Profit	366	850	(56.9)
<i>Margin (%)</i>	<i>14.7%</i>	<i>57.7%</i>	<i>(43.0 pts)</i>
Core Net Profit ⁽¹⁾	400	290	37.8.
<i>Margin (%)</i>	<i>16.0%</i>	<i>19.9%</i>	<i>(3.9 pts)</i>
EPS ⁽²⁾ (RMB per share)	0.05	0.15	(66.7)

Note: (1) Excluding revaluation gain and relevant deferred tax and an one-time loss on redemption of the Promissory Notes

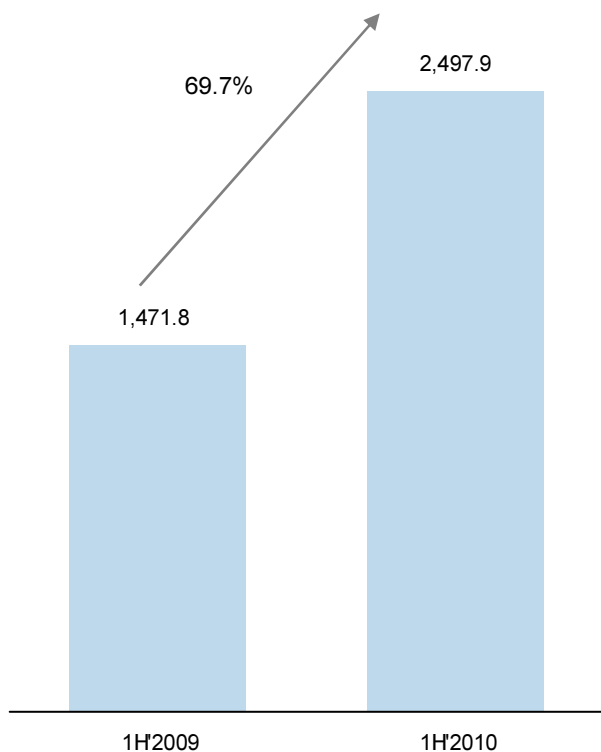
(2) Basic and diluted

Well Proven Execution Capabilities

We achieved substantial growth on the three major fronts and demonstrated our superior capabilities to deliver strong results even in the relatively weak environment.

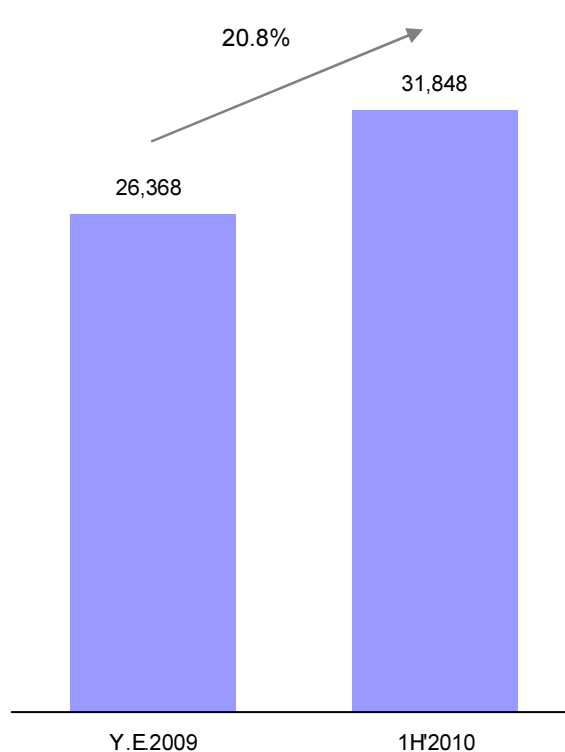
Recognized Sales

(RMB Million)



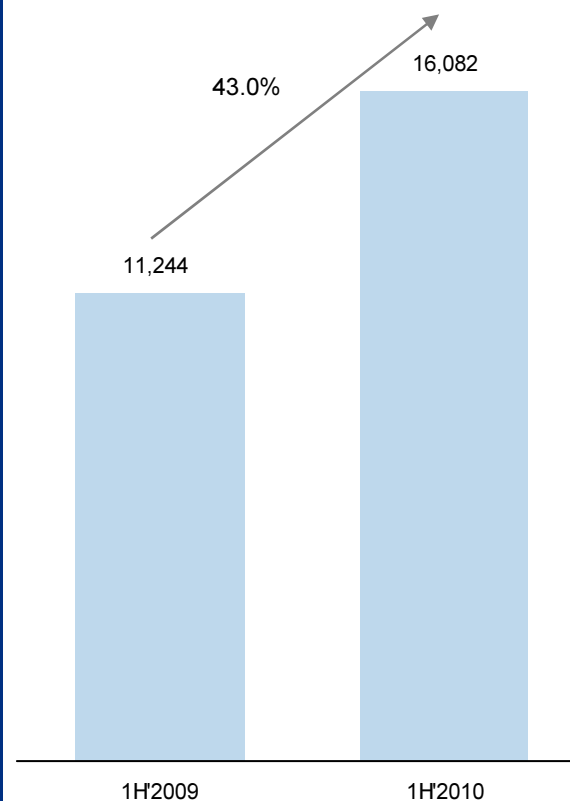
Total Assets

(RMB Million)



ASP

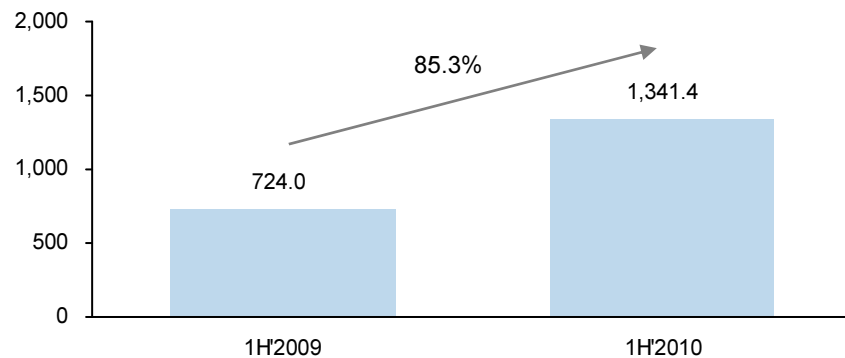
(RMB/sq.m.)



Rapid Profit Growth

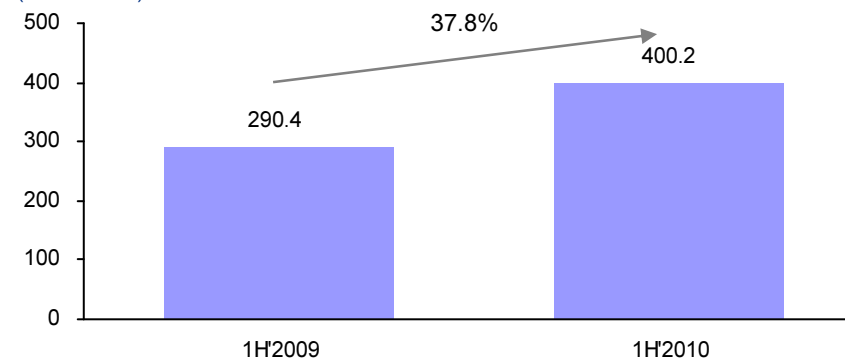
Gross Profit

(RMB Million)

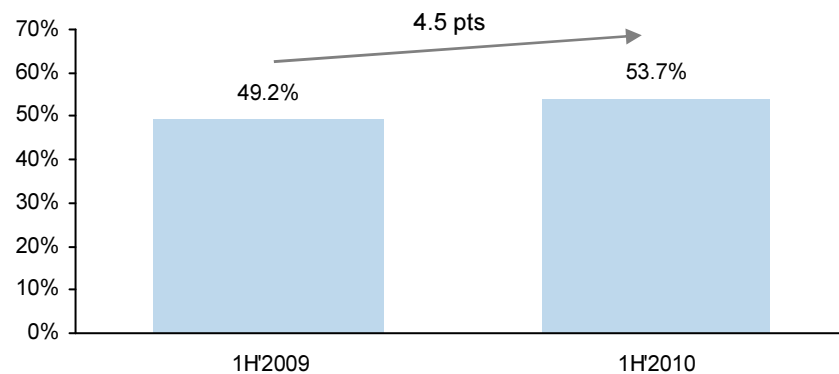


Net Profit (1)

(RMB Million)

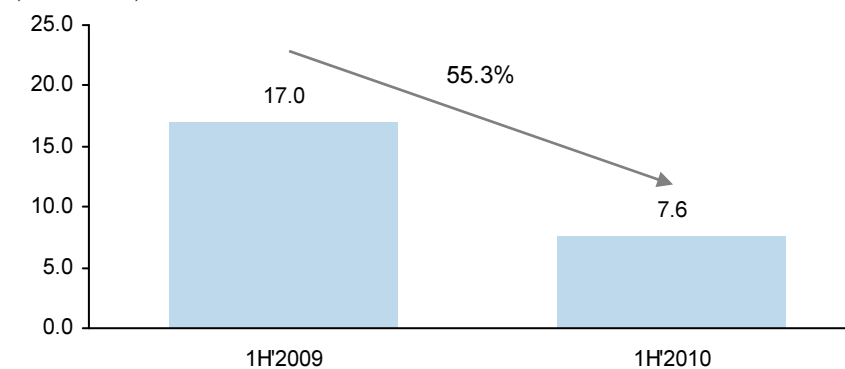


Gross Margin



Finance Costs

(RMB Million)



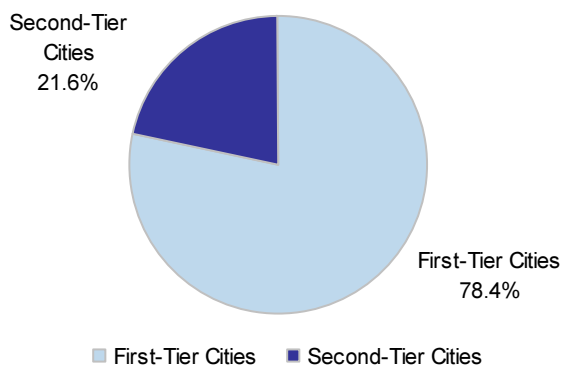
Note: (1) For net profit excluding revaluation gain and the relevant deferred tax

Revenue and Contracted Sales Breakdown

We have revenue contribution from 6 cities in different parts of China in 1H'2010. Contracted sales from second-tier cities account for almost 40% of the total contracted sales.

Project Name	Location	Delivered GFA (sq.m.)	Revenue (RMB Million)	% of total Revenue
Sunshine Venice (Phase IIIA, IIIB)	Shanghai	180	3.7	0.1
Chateau De Paris (Phase I, II)	Shanghai	543	15.5	0.6
Shanghai Bay (Phase I)	Shanghai	42,235	1,587.2	63.6
Sunshine Bordeaux	Beijing	3,463	17.9	0.7
Sunshine Holiday (Phase III)	Tianjin	75,244	667.8	26.8
No.1 City Promotion (Phase II)	Wuxi	29,642	181.5	7.3
Classical Life (Phase I)	Suzhou	1,836	13.5	0.5
Sunny Town (Phase I, II)	Shenyang	2,095	9.4	0.4
Total		155,238	2,496.5	100

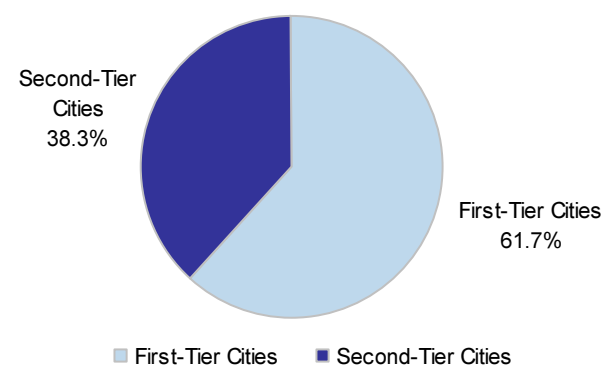
1H'2009 Contracted Sales Breakdown



Note:

- (1) First-tier Cities: Shanghai, Beijing, Tianjin
- (2) Second-tier Cities: Suzhou, Nanjing, Wuxi, Harbin, Shenyang, Nantong and Hefei

1H'2010 Contracted Sales Breakdown



Key Balance Sheet Items—Solid Financial Position

RMB ~5 billion cash on hand as of 30 June 2010 provides adequate liquidity for 2H'2010. Net gearing ratio remains in the ball park of industry norm.

(RMB Million)

Key Balance Sheet Items	As of 30 June 2010	As of 31 December 2009	% Change
Cash and Bank Balances	4,998	6,052	(21.1%)
Total Assets	31,848	26,368	20.8%
Total Debt	10,761	6,848	57.1%
Total Equity attributable to Equity Holders of the Company ⁽¹⁾	11,525	11,354	1.5%
Net Gearing Ratio (%) ⁽²⁾	50.0%	7.0%	43.0pts

Debt Maturity	As of 30 June 2010	As of 31 December 2009	% Change
Within 1 year	1,575	1,807	(12.8%)
1 ~ 2 years	6,077	3,555	70.9%
2 ~ 5 years	2,540	940	170.2%
After 5 years	569	546	4.2%

Note: (1) Excluding revaluation gain and the relevant deferred tax and an one-time loss on the redemption of the Promissory Notes

(2) Net gearing ratio is calculated as net debt over total equity attributable to equity holders of the Company

Summary of 1H'2010 Cash Flow

An efficient and reliable operating process yielded healthy cash flow, fueling the business expansion going forward.

(RMB Million)

Cash on hand as of 31 December 2009		6,052
Cash Flow	Sales proceeds	3,652
	Loans net add	4,244
	Subtotal	7,896
Cash Outflow	Land premium settled	6,493
	Construction costs settled	1,377
	Taxes	435
	Dividend paid	234
	Interest paid	630
	SG&A and other expenses	285
	Subtotal	9,454
	Other net cash inflow	504
Cash on hand as of 30 June 2010		4,998



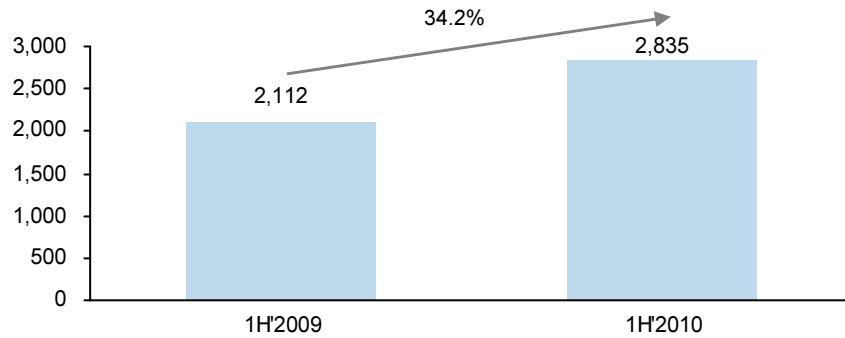
3. Operating Highlights



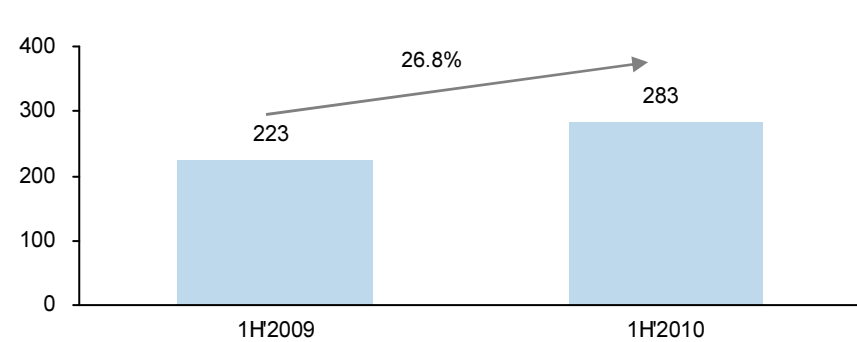
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Sales Performance Overview

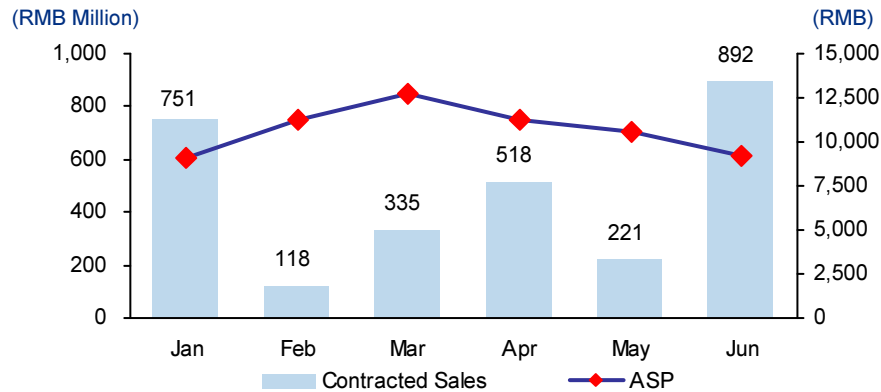
1 Contracted Sales (RMB Million)



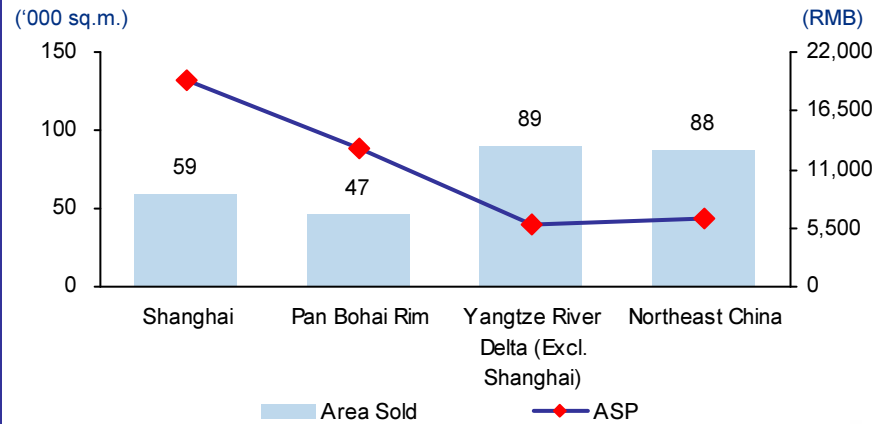
2 Contracted Area Sold ('000 sq.m.)



3 Monthly Contracted Sales & ASP



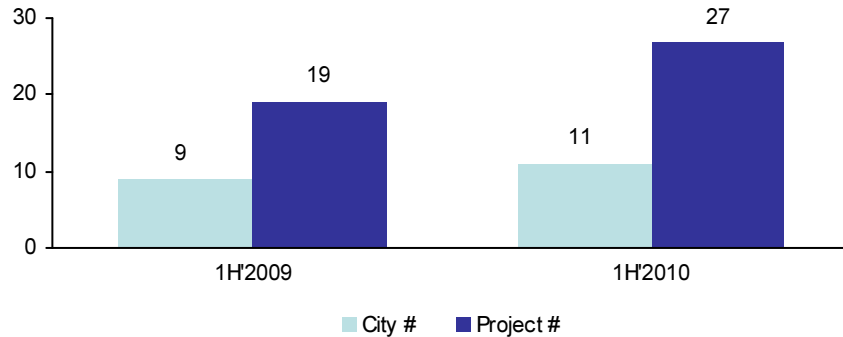
4 Area Sold & ASP by Geography



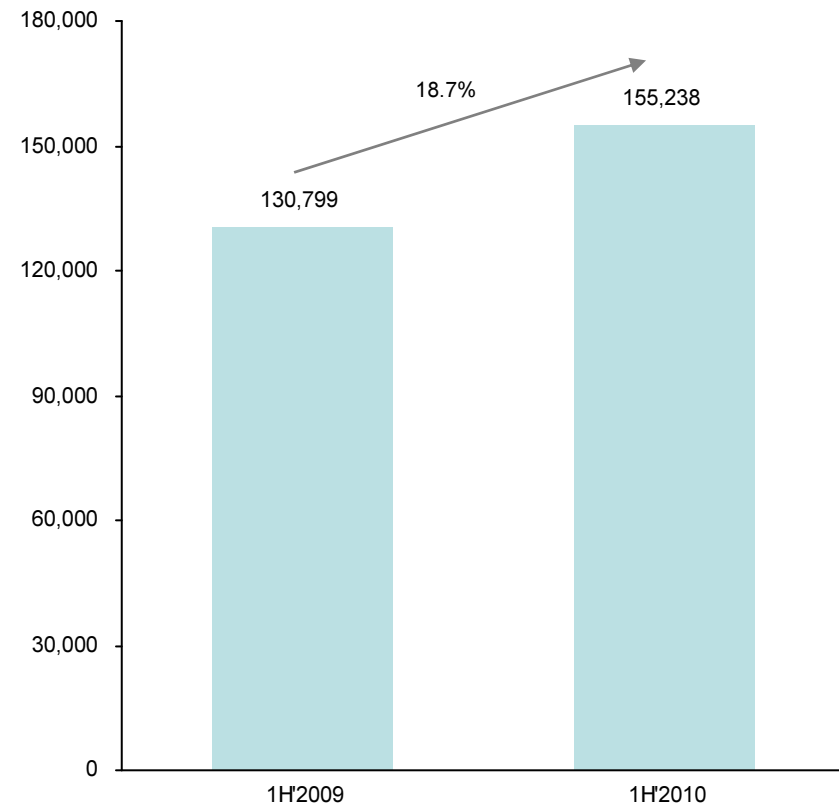
Construction & Development Activities

In 1H'2010, we had a total of 27 projects under development in 11 cities, paving the way for our future development.

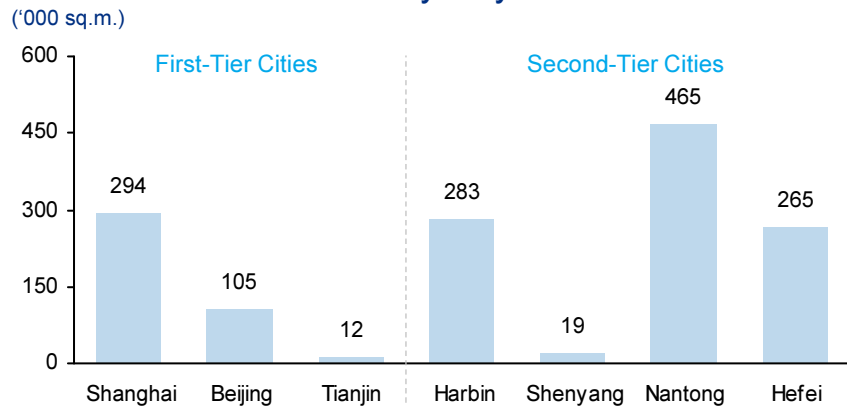
Number of Cities & Projects under Construction



Delivered GFA (sq.m.)



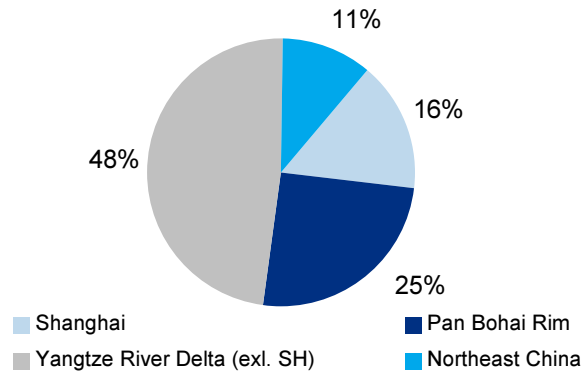
New Construction GFA by City in 1H'2010 ('000 sq.m.)



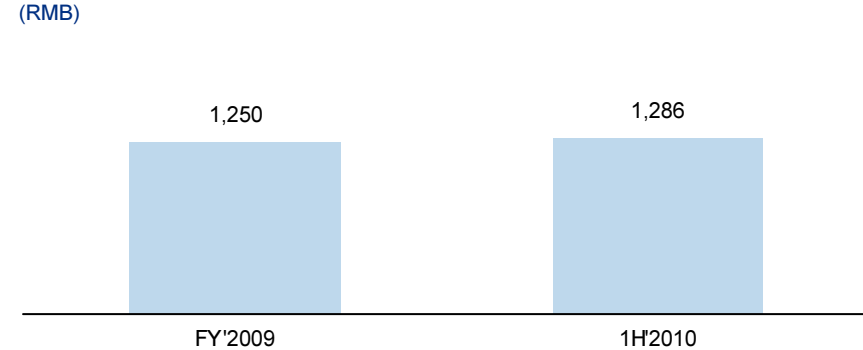
Land Bank Overview

As of 30 June 2010, our total land bank amounted to 17.7 million sq.m., sufficient to meet development needs in the coming 5~7 years.

Well-Balanced Land Bank Geographic Distribution

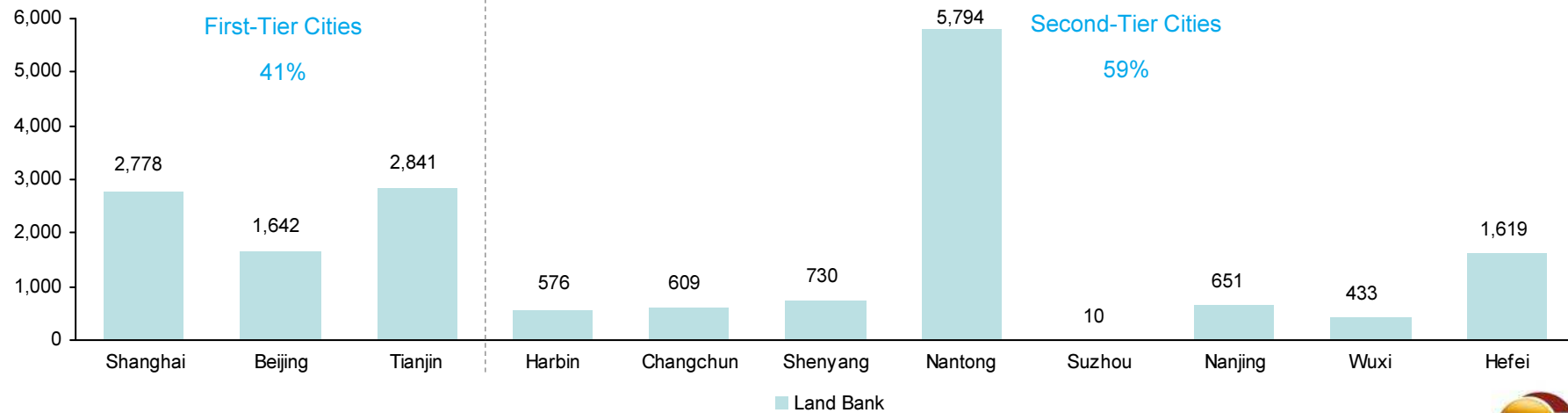


Low Acquisition Cost of Land Bank (RMB)



Strategically-Located Land Bank Structure by City by GFA

('000 sq.m.)



Key Project Highlights

We have been striving to develop high quality residential properties in various locations. The following 2 projects were launched in 1H'2010 and both have been well received by the market.

Royal Lakefront, Shanghai

- The project is located in Nanqiao new city and within Shanghai Fengxian District. 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
- Situated in a government-planned high-end residential area, the project has a full set of ancillary facilities in its vicinity. To the east of the project is a large park planned by the government
- The project will be developed in two phases, with a broad range of products including townhouses and retail facilities



Project Type: Residential and retail
Total GFA : 593,943 sq.m.

Harbin Villa Glorious



- Located on the bank of the Songhua River in a newly planned development area in Qunli New District of Harbin, the project enjoys the benefit of well developed ancillary facility and convenient transportation
- This large scale project will be developed in phases and will include high rise residential and commercial properties

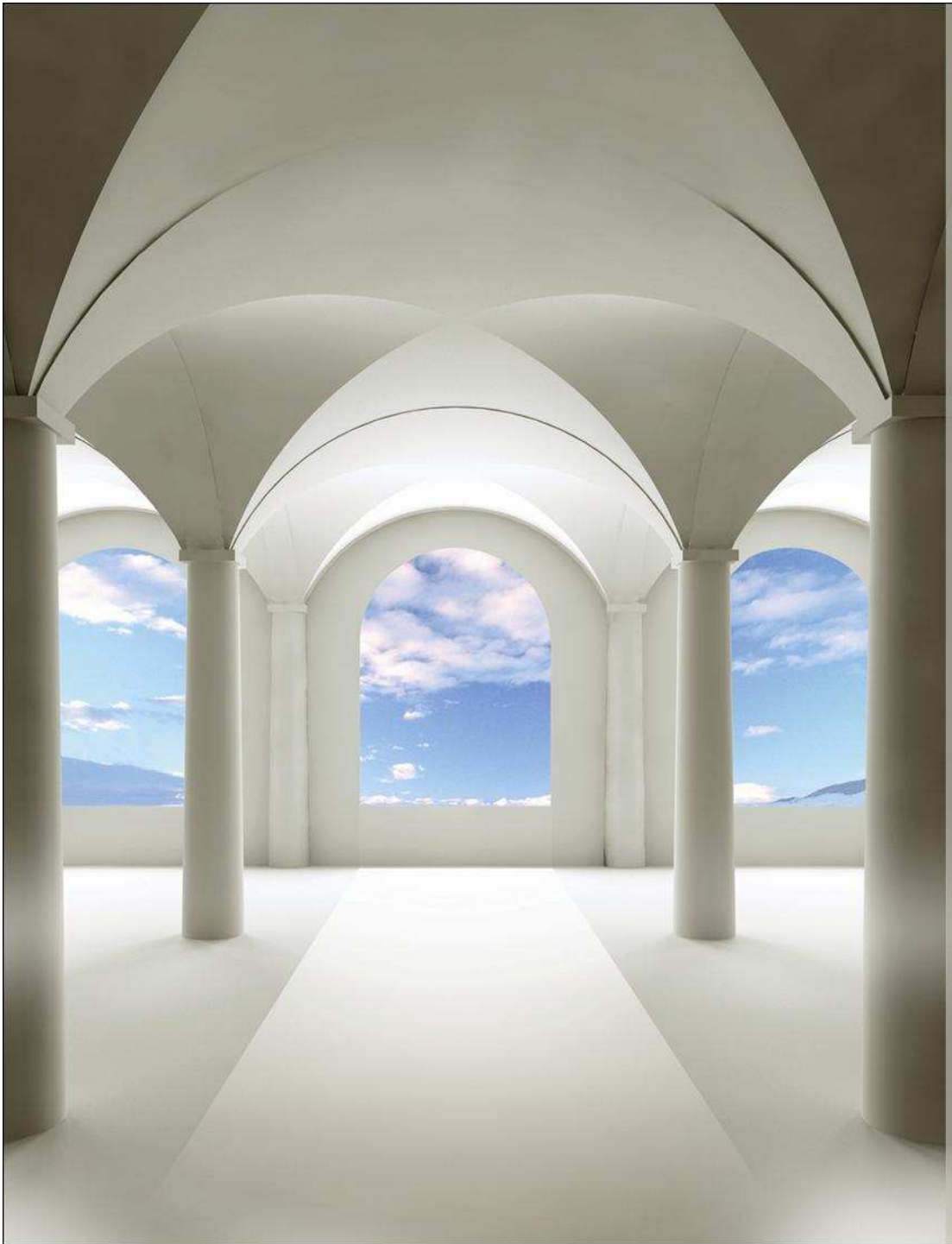


Project Type: Residential and retail
Total GFA : 575,718 sq.m.

Review of Land Bank Replenishment

In 1H'2010, we continue to expand nationwide through diversified land acquisition strategies. The two recent acquisitions are highlighted below.

	Changchun	Beijing
		
Land Location	New & High-Tech Industrial Development Zone, Changchun	Caiyu Town, Daxing District, Beijing
Date Acquired	23 April, 2010	7 May, 2010
Total Site Area (sq.m.)	197,940	90,741
Planned GFA (sq.m.)	609,205	100,204
Planned Property Type	Residential & Retail	Residential & Retail
Consideration (RMB million)	505	376
Unit Land Cost (RMB/sq.m.)	870	3,865



4. 2H'2010 Outlook and Strategies



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Real Estate Policy Overview

Starting from beginning of year, the central government have been introducing a number of measures to curb property prices from rising too rapidly.

2010	Regulator	Policy	Impact			
			Residential	Office	Retail	Hotel
Jun 5	China's Housing Department, PBOC, CBRC	<ul style="list-style-type: none"> Promulgated stricter definition of second home so as to discourage investors to speculate on real estate assets 	✓✓			
May 26	Tax Department	<ul style="list-style-type: none"> Set minimum pre-payment ratio for LAT (Land Appreciation Tax) collection 	✓	✓	✓	✓
Apr 20	Ministry of Housing and Urban-Rural Development	<ul style="list-style-type: none"> Issued more regulation on presale; Developers are not allowed to collect payment in advance in any format before fetching presale permit 	✓✓			
Apr 17 ⁽¹⁾	State Council	<ul style="list-style-type: none"> Notice of the State Council on Resolutely Curbing the Soaring of Housing Prices in Some Cities <ul style="list-style-type: none"> Stopped mortgage to third homebuyers and non-local residents Accelerated collection of LAT (Land Appreciation Tax) Suspended granting M&A loans to developers hoarding land 	✓✓			
Apr 15	State Council	<ul style="list-style-type: none"> Raised down payment ratios for different groups of homebuyers Speed up research on the launch of real estate consumption Accelerate the development of affordable housing 	✓✓			
Mar 19	SASAC	<ul style="list-style-type: none"> Required 78 state-owned companies whose core businesses are not real estate to retreat from property business 	✓✓	✓	✓	✓
Mar 11	Ministry of Land and Resources	<ul style="list-style-type: none"> Issued regulatory details on land supply, 70% of which is required to be for welfare housing and small and mid-sized commodity housing⁽²⁾ 	✓✓	✓	✓	✓
Jan 11	China's State Council	<ul style="list-style-type: none"> Outlined 11 measures to further cool down the residential property market 	✓✓			

Note: (1) Also known as "Guo Shi Tiao"
 (2) Less than 90 sq.m.

Source: DBS Vickers; Citi investment Research and Analysis

✓✓ Strong Impact
 ✓ Mild impact



Major Government Tightening Measures

In 1H'2010, the government promulgated strict tightening measures to screen out excessive investment/speculative demands. At the same time, stimulating future housing supply and strengthening social welfare housing construction are under way.

Change in Mortgage Treatment Terms

	First-home Buyers		Second-home Buyers		Third or Above Home Buyers	
	Before	Now	Before	Now	Before	Now
Down-payment	<ul style="list-style-type: none"> 20% or 30% 	<ul style="list-style-type: none"> 30% if GFA more than 90sq.m. GFA 	<ul style="list-style-type: none"> 30% or 40% 	<ul style="list-style-type: none"> 50% 	<ul style="list-style-type: none"> 30% or 40% 	<ul style="list-style-type: none"> Banks will be very selective in approval
Mortgage Rate	<ul style="list-style-type: none"> 30% disc. to best lending rate 	<ul style="list-style-type: none"> 30% disc. to best lending rate 	<ul style="list-style-type: none"> Up to 30% disc. to best lending rate (Most are 15–20% disc.) 	<ul style="list-style-type: none"> 10% premium over best lending rate 	<ul style="list-style-type: none"> Up to 30% disc. to best lending rate (Most are 15–20% disc.) 	<ul style="list-style-type: none"> At least 60% down payment plus 1.5x interest

Source: Xinhua; Citi investment Research and Analysis.

China Prop—2010 Master Housing Plan

Land Supply for	Hectare	% of Total Supply
Social Welfare Housing	24,454	13%
Public Rental Housing	7,051	4%
Economic Housing	17,402	9%
Squatter Settlement ⁽¹⁾ Housing	36,606	20%
Small to Medium-size commodity Housing	80,431	44%
Other (Large-size Commodity Units)	43,259	23%
Total Supply	184,749	100%

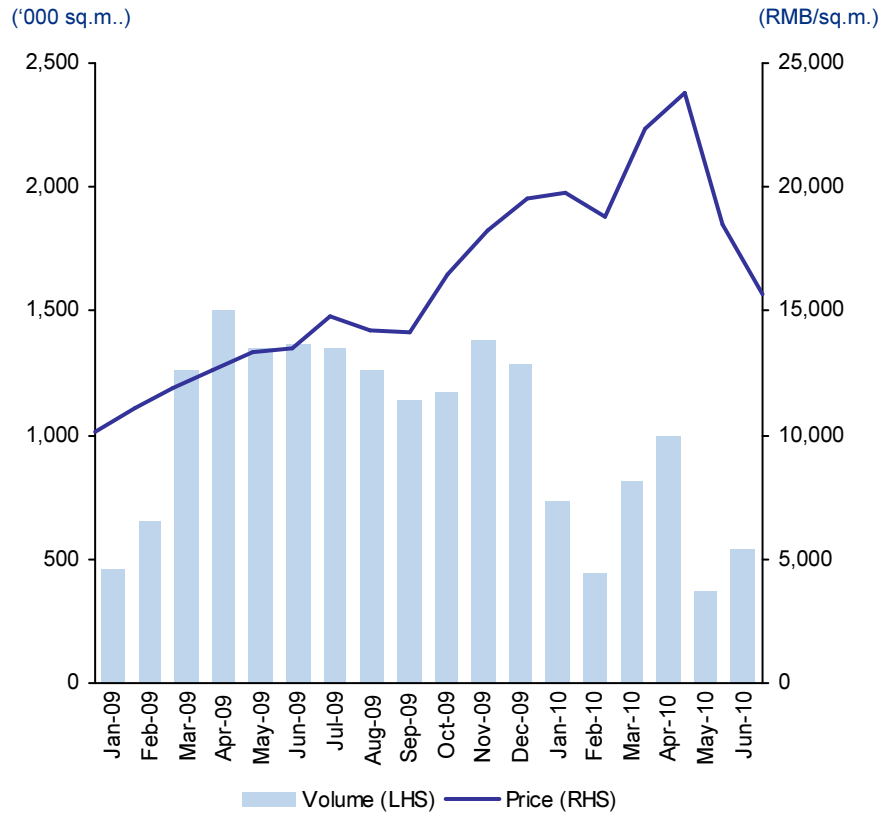
Source: MLR; Citi investment Research and Analysis

Note: (1) Defined as a residential area which has developed without legal claims to the land and/or permission from the concerned authorities to build

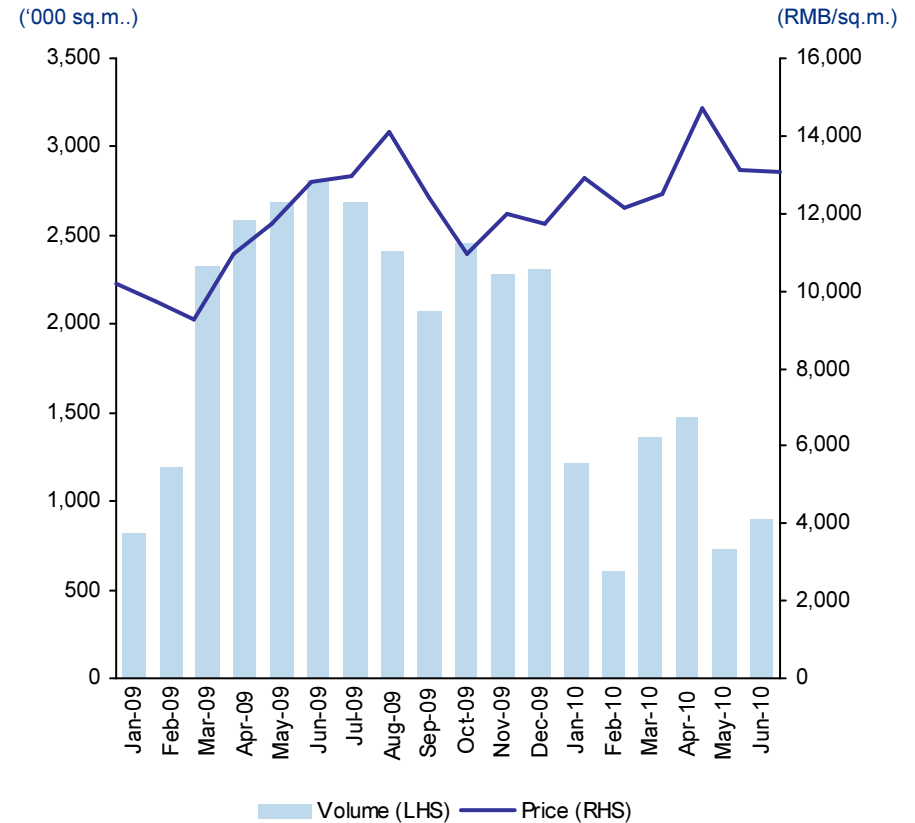
Residential Real Estate Market in First-Tier Cities

As a result of a series of austerity measures, we have seen some level of mildly decreasing property prices in Beijing and Shanghai, coupled with a significant shrink of volume.

Volume and Price—Beijing



Volume and Price—Shanghai



Source: Soufun; DBS Vickers



Projects Available for Sale in 2H'2010

We have lined up a robust sales pipeline to accelerate our sales performance in the coming 6~12 months.

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

Our Strategies for 2H'2010 and Onwards

Looking forward, we outlined 4 key strategies to grow our market share and further elevate our brand, while maintaining the Company in a healthy and liquid financial position.

1 Continue to Develop High Quality Projects at Prime Locations in High-growth Cities

- Replicate our success into other locations with a focus on residential development
- Make sure we always exceed buyers' expectation on the property we built
 - Superior design, construction and service
 - Characteristic & diverse development style

2 Further Enhance Presence in Second-tier Cities

- Capitalize the rapid economic growth and gentrification in the second-tier cities
 - Acquire more land banks at a reasonable cost in the prime locations of the selected second-tier cities with higher growth potential
 - Make sure we deliver the best property to our buyers in all locations
- Establish our brand in the second-tier cities

3 Shore Up the Percentage of Investment Property in the Portfolio

- Accelerate the development of commercial properties
 - Ensure the execution of Bashangjie mixed-use complex project
 - Speed up the development of Kempinski Hotel affiliated to Shanghai Bay project
- Continue to build up the land bank dedicated for investment properties at reasonable prices

4 Manage Cash-flow More Prudently and Ensure Adequate Liquidity in Place

- Accelerate contracted sales and optimize working capital management
- Maintain a prudential level of gearing ratio within the industry norm
- Preserve adequate liquidity backed up by
 - RMB ~5 billion cash on hand as of June'2010
 - RMB ~14 billion undrawn bank credit line



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