You should read the following discussion of our results of operations and financial condition in conjunction with our consolidated financial information as of and for each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, including the notes thereto, included in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with IFRS. The following discussion contains forward-looking statements that involve risks and uncertainties. Our future results could differ materially from those discussed in such forward-looking statements as a result of various factors, including those set forth under the section headed "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We are an integrated commercial and residential property developer, owner and operator with a proven track record in China. We focus on developing projects in Jiangsu and Hunan provinces that are physically connected or in close proximity to metro stations or other transportation hubs. Examples of such projects are our Golden Wheel International Plaza, Golden Wheel Time Square, Golden Wheel New Metro and Golden Wheel Star Plaza, which, together, accounted for approximately 55.1% of the total GFA of all of our completed properties and properties under development as of 30 September 2012.

Our business model comprises (i) the sale of our commercial and residential properties and (ii) the leasing and operational management of commercial properties owned by us or third-parties. We strategically retain long-term ownership of selected shopping malls for recurring rental income and long-term financial strength and sell a mix of offices, residential properties and hotel-style apartments for capital growth. In terms of the total GFA of our completed properties and properties under development as of 30 June 2012, our property development business and property leasing and operational management business accounted for 55.2% and 44.8%, respectively. In terms of our total revenue for the six months ended 30 June 2012, our property development business and property leasing and operational management business accounted for 92.8% and 7.2%, respectively.

We had maintained a profitable operation during the Track Record Period. In 2011, our net profit was RMB513.2 million, representing an increase of 74.9% from RMB293.4 million in 2010. We also had a prudent net debt to equity ratio of 15.0% as of 30 June 2012 as a result of our strict financial discipline over all aspects of our operations from land acquisition to construction.

BASIS OF PREPARATION OF OUR FINANCIAL INFORMATION

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 26 April 2012. We are a holding company and our subsidiaries established in the PRC are primarily engaged in the property development, property leasing and operation management.

Pursuant to the Reorganization, as more fully explained in the section "Our History, Reorganization and Group Structure" of this prospectus, our Company became the holding company of the companies now comprising our Group on 18 June 2012. The companies now comprising our Group are substantially owned by the individual shareholders of our Company prior to and after the Reorganization.

Our Group comprising our Company and its subsidiaries resulting from the Reorganization is regarded as a continuing entity. Accordingly, our consolidated financial information has been prepared on the basis as if our Company has always been the holding company of the companies now comprising our Group throughout the Track Record Period. The consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the companies now comprising our Group have been prepared as if the current group structure upon completion of the Reorganization had been in existence throughout the Track Record Period or since their respective date of incorporation to 30 June 2012, where this is a shorter period. Our consolidated statements of financial position as of 31 December 2009, 2010 and 2011 have been prepared to present the assets and liabilities of the companies now comprising our Group as if the current group structure upon completion of the Reorganization had been in existence as of those dates.

The Financial Information is presented in RMB, the currency of the primary economic environment in which the principal subsidiaries of the Company operate (same as the functional currency of the Company).

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Selling prices of our properties as affected by economic growth, urbanization and demand for properties in China, and in particular Jiangsu and Hunan provinces

Economic growth, increasing urbanization and rising standards of living have been the main driving forces behind the growth of market demand for commercial and residential properties in China. Starting from the second half of 2008, the global economic slowdown, including that of the PRC, resulted in declines in transaction volumes and a correction in selling prices in the PRC property market as seen in a number of cities and provinces during 2008 and early 2009. Overall economic conditions and demand for properties in China, and in particular Jiangsu and Hunan provinces, where we currently have all of our operations, have had, and will continue to have, a significant impact on our business, financial condition and results of operations. Because we primarily target fast-growing second-and third-tier cities, and more specifically businesses and individual property buyers and tenants in such cities, we believe that increasing urbanization and overall economic growth in China are especially important to our operations. Any economic downturn in China generally or, in particular, in the cities where we operate, could adversely affect our business, results of operations and financial condition.

Our total GFA sold and delivered increased from 28,152 sq.m. for the year ended 31 December 2009 to 67,305 sq.m. for the year ended 31 December 2010. For the year ended 31 December 2011, our total GFA sold and delivered decreased slightly from 67,305 sq.m. for the year ended 31 December 2010 to 62,561 sq.m. for the year ended 31 December 2011. Our total GFA leased increased from 27,095 sq.m. for the year ended 31 December 2009 to 29,530 sq.m. for the year ended 31 December 2010, and further to 51,887 sq.m. for the year ended 31 December 2011. The average selling prices of Golden Wheel International Plaza (excluding car parking spaces) increased from RMB16,289 per sq.m. for the year ended 31 December 2009 to RMB18,002 for the year ended 31 December 2010 and further to RMB25,366 per sq.m. for the year ended 31 December 2011. The average selling prices of Golden Wheel Star City (excluding car parking spaces) in Yangzhou increased from RMB4,293 per sq.m. for the year ended 31 December 2010 to RMB6,120 per sq.m. for the year ended 31 December 2011. The effective average annual rental price for our Golden Wheel International Plaza increased from RMB2,178 per sq.m. for the year ended 31 December 2009 to RMB2,202 per sq.m. for the year ended 31 December 2010, and further to RMB2,532 per sq.m. for the year ended 31 December 2011. The effective average annual rental price for Golden Wheel Waltz increased from RMB2,342 per sq.m. for the year ended 31 December 2010 to RMB3,289 per sq.m. for the year ended 31 December 2011. The effective average annual rental price for Golden Wheel Time Square in Zhuzhou was RMB2,023 per sq.m. for the year ended 31 December 2011.

Regulatory measures in the real estate industry in China

PRC governmental policies and measures on property development and related industries have a direct impact on our business and results of operations. From time to time, the PRC government adjusts its macroeconomic control policies to encourage or restrict development in the private property sector through regulating, among others, land supply, foreign exchange, pre-sale of properties, land usage, plot ratio, bank financing, taxation, and foreign investment. Although in the second half of 2008, in order to combat impact of the global economic slowdown, the PRC government adopted measures to encourage consumption in the residential property market and support real estate development, since the second half of 2009, the PRC government has stepped up its regulation in the real estate industry in order to control excessive liquidity and speculation transactions. The regulatory policies affecting the real estate industry, including tax policies, land grant policies, pre-sale policies, interest rate policies, consumer credit and mortgage financing policies and other macro-economic policies will continue to have a significant impact on demand for our properties, and thus our business, financial condition and results of operations. You should refer to the section headed “Regulation” in this prospectus for more details on the relevant PRC regulations.

Property mix

We derive our revenue from sale of commercial and residential properties and from rental of commercial properties. Commercial properties generally command higher average selling prices per square meter, and have higher gross profit margin than residential properties. In addition, we have in the past retained, and will continue in the future to retain a portion of our commercial properties as investment properties upon completion for recurring rental income and long-term financial strength. A higher proportion of completed properties retained as investment properties may lower our revenues and cash inflows in the short term due to the loss of cash inflows and revenues generated during pre-sales and upon delivery. Accordingly, our business, financial condition, results of operations and cash flows generated from our operations may vary significantly from period to period depending on the type of properties we sell and the proportion of completed commercial properties we retain as investment properties, as investment properties generate steady recurring income while sale of properties produces relatively larger influx of revenue.

For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, our overall gross profit margin was 41.7%, 29.2%, 46.0% and 48.6%, respectively.

Project development schedules

The number and GFA of properties that we can develop or complete during any particular period is limited due to the substantial capital and management resources required for land acquisition and project development. Our cash flows and revenues are affected by project development schedules due to the time lag between commencement of a project, pre-sales and completion and delivery of the properties. Project development schedules depend on a number of factors, including the performance and efficiency of our independent contractors and our ability to finance construction with bank borrowings and pre-sales. Any delay in construction and obtaining relevant government licenses and approvals and other factors could materially and adversely affect our project development schedules. In addition, as market demand fluctuates, revenues in a particular period may also depend on our ability to gauge the expected market demand at the expected launch time for completion and delivery of a particular project. As a result of these factors, our business, financial condition and results of operations have fluctuated in the past and may continue to fluctuate in the future.

Land acquisition costs and availability of land suitable for development

Our growth depends on our ability to secure quality land at prices that can yield reasonable returns. With the maturing of the PRC property market, competition among developers to acquire land suitable for commercial and residential property development has intensified. Undeveloped land in China's major cities is becoming increasingly scarce. In addition, the statutory public tender, auction and listing-for-sale process in respect of the grant of state-owned land use right may further increase competition for land suitable for development. As a result, we expect that our land acquisition costs may continue to increase in the future. To retain sufficient land bank for future development, we will continue to acquire land and may acquire more than one piece of land in a year taking into account our then financial resources including the proceeds from the Global Offering. Taking into account the potential development projects under the letters of intent, we expect to acquire three pieces of land in 2013 and two pieces of land in 2014.

Fair value adjustments of investment properties

The fair value of our investment properties amounted to RMB1,910 million, RMB2,259 million, RMB2,850 million and RMB3,209 million as of 31 December 2009, 2010 and 2011 and 30 June 2012, respectively. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, we had fair value gains on our investment properties of RMB250.2 million, RMB306.9 million, RMB539.9 million and RMB75.0 million, which accounted for 60.3%, 75.1%, 73.6% and 21.0% of our profit before tax for the same periods, respectively.

Our investment properties primarily include shopping mall units and related business properties held for rental income and long-term financial strength. Our investment properties are stated at their fair value on our consolidated statements of financial position as non-current assets as the end of each reporting period on the basis of valuations by an independent property valuer. Gains or losses arising from changes in the fair value of our investment properties are accounted for as gains or losses upon revaluation in our consolidated statements of comprehensive income, which may have a substantial effect on our profits. The property valuation involves the exercise of professional judgment and requires the use of certain bases and assumptions. The fair value of our investment properties, as so determined at a particular date, may have been higher or lower if the valuer used a different set of bases or assumptions or if the valuation was conducted by another qualified independent professional valuer using a different set of bases and assumptions. In addition, upward revaluation adjustments reflect unrealized capital gains on our investment properties as of the relevant balance sheet dates and do not generate any cash inflow available for our operations or potential dividend distribution to our shareholders. The amounts of fair value adjustments have been, and may continue to be, significantly affected by the prevailing property market conditions in China and may increase or decrease. We cannot assure you that similar levels of fair value gains can be sustained in the future.

Fluctuations in development costs

Our results of operations are affected by our project development costs, a significant part of which are comprised of our contractual payments to our construction contractors. Our payments to our contractors mainly consist of construction material costs and labor costs. Any rising construction material costs will impact our cost of sales and overall project development costs. In addition, as we pre-sell some of our properties prior to their completion, we will be unable to pass any increased costs with respect to such properties to our customers if construction costs increase subsequent to the time of such pre-sale. We expect our development costs will continue to be influenced by fluctuations in the cost of construction materials, and to a lesser extent by the recent rise in labor costs for our property developments.

Access to and cost of financing

Bank borrowings have been an important source of funding for our property development. As of 31 December 2009, 2010 and 2011 and 30 June 2012, our bank borrowings amounted to RMB386.7 million, RMB545.4 million, RMB453.7 million and RMB489.1 million, respectively. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, our interest expenses on bank borrowings, which included capitalized interest expenses, amounted to RMB16.0 million, RMB33.9 million, RMB35.3 million and RMB16.1 million, respectively. The interest rates of our bank borrowings are floating with reference to the benchmark interest rate set by the PBOC, and any increase in this rate will increase the finance costs of our project developments. If lenders approve loans to us for the construction of specific projects, the relevant proceeds cannot be applied to the construction of another project and generally may not be renewed. Our access to and cost of financing are also affected by restrictions imposed from time to time by the PRC government on bank lending for property development. To the extent the PRC government slows the development of the private property sector, either by restricting loans to the sector or increasing lending rates to the sector, our access to capital and cost of financing may be adversely affected, and our revenues and net profits will be significantly reduced. In addition, although we do not have bank borrowings in foreign currencies, any fluctuations in global credit markets, as were seen during the recent global economic downturn, could materially and adversely affect us insofar as they impact interest rates and the availability of credit in China.

Land appreciation tax

Upon recognition of revenues from properties sold, we recognize land appreciation tax as an expense. We make provisions for land appreciation tax based on the appreciation of land value, which is calculated based on the sales of properties less deductible expenditures, including capitalized borrowing costs and certain property development expenditures. Nonetheless, the implementation and settlement of the land appreciation tax varies amongst different tax jurisdictions in various cities of the PRC. As a result, we have estimated our land appreciation tax liabilities based on our understanding of the requirements under the relevant PRC tax laws and regulations. Our final land appreciation tax liabilities are to be determined by the relevant tax authorities after completion of our property development projects, and could be different from the amounts that we have initially estimated and recorded, which could impact the income tax expense and the related income tax provisions in the periods in which such tax is finalized with the relevant tax authorities.

For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, our land appreciation tax amounted to RMB34.0 million, RMB19.4 million, RMB43.9 million and RMB72.6 million, respectively.

CRITICAL ACCOUNTING POLICIES AND JUDGMENT AND ESTIMATES

We have prepared our consolidated financial information in accordance with IFRS. The preparation of financial information in conformity with IFRS requires us to make judgments, estimates and assumptions that affect:

- the reported amounts of our assets and liabilities at the end of each reporting period;
- the disclosure of our contingent assets and liabilities at the end of each reporting period; and
- the reported amounts of revenue and expenses during each reporting period.

We continually evaluate these estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and our best assumptions, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates and expectations. Some of our accounting policies require a higher degree of judgment than others in their application.

When reviewing our financial information, you should consider:

- our selection of critical accounting policies;
- the judgment and other uncertainties affecting the application of such policies; and
- the sensitivity of reported results to changes in conditions and assumptions.

We believe the following accounting policies involve the most significant judgment and estimates used in the preparation of our consolidated financial information.

Fair value of investment properties

Our investment properties are stated at fair value as at the end of each reporting period based on the valuation performed by independent property valuers. For completed investment properties, valuation was arrived at by making reference to the market transactions of comparable properties and on the basis of capitalization of the rental income derived from existing tenancies with due allowance for reversionary income potential of the properties, where appropriate. The valuation of investment properties under development has been arrived at by reference to market transactions of comparable properties to determine the value of the properties under development as if they were completed as at the dates of valuation, and taking into account the construction and other related costs that would be expended to complete the development, the developer's profit and percentage of completion of the properties.

In determining the fair value of investment properties, the property valuers have based on methods of valuation which involves, inter alia, certain estimates including current market transaction prices for comparable properties, appropriate discount rates and expected future market rents. Favorable or unfavorable changes to the assumptions would result in changes in the fair value of our investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statements of comprehensive income. In relying on the valuation carried out by the property valuers, our management has exercised their judgment and is satisfied that the methods of valuation are reflective of the current market condition.

Valuation of leasehold land and prepayment for leasehold land held for development for sale, properties under development for sale and completed properties for sale

Leasehold land and prepayment for leasehold land held for development for sale, properties under development for sale and completed properties for sale are stated at the lower of the cost and net realizable value. The net realizable value of leasehold land and prepayment for leasehold land held for development for sale is determined by reference to management estimates of the selling price based on prevailing market conditions, less estimated costs necessary to make the sale. The net realizable value of properties under development for sale is determined by reference to the estimated selling price less estimated selling expenses and estimated cost of completion, which are estimated based on our management's best available information. The net realizable value of completed properties for sale is determined by reference to our management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses.

Where there is any decrease in the estimated selling price arising from any changes to the property market conditions, the leasehold land and prepayment for leasehold land held for development for sale, properties under development for sale and completed properties for sale may be written down. The carrying amounts of leasehold land and prepayment for leasehold land held for development for sale, properties under development for sale and completed properties for sale are presented in the consolidated statements of financial position at the end of each reporting period. There is no write-down of leasehold land and prepayment for leasehold land held for development for sale, properties under development for sale or completed properties for sale during the Track Record Period.

Land appreciation tax

We are subject to land appreciation tax in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and we have not finalized the land appreciation tax calculations and payments with local tax authorities for some of our projects. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax provisions. We recognized the land appreciation tax based on our management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax and deferred tax provisions in the periods in which such tax is finalized with local tax authorities.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, our management has reviewed our investment properties and concluded that our investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining our deferred taxation on investment properties, the directors have determined that the presumption that investment properties measured using the fair value model are recovered through sale is rebutted.

Accordingly, we recognize deferred tax in respect of the changes in fair value of the investment properties based on management's best estimate assuming future tax consequences through usage of such properties for rental purpose, rather than through sale. The final tax outcome could be different from the deferred tax liabilities recognized in the Financial Information should the investment properties are subsequently disposed by us rather than consumed substantially all of the economic benefits embodied in the investment properties by leasing over time. In the event the investment properties are being disposed, we may be liable to higher tax upon disposal considering the impact of enterprise income tax and land appreciation tax.

RESULTS OF OPERATIONS

The following table sets forth our consolidated statements of comprehensive income for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012:

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue	493,800	483,524	524,495	167,230	662,351
Cost of sales	(287,646)	(342,532)	(283,434)	(97,162)	(340,570)
Gross profit	206,154	140,992	241,061	70,068	321,781
Other income, expenses, gains and losses	6,012	11,403	18,599	10,921	(608)
Selling and marketing expenses	(21,791)	(14,080)	(14,817)	(10,138)	(3,911)
Administrative expenses	(25,895)	(33,968)	(44,244)	(21,128)	(30,851)
Finance costs	—	(2,804)	(6,871)	(3,132)	(4,024)
Share of loss in an associate	—	—	(407)	—	(764)
Changes in fair value of investment properties	250,183	306,900	539,919	229,579	75,000
Profit before tax	414,663	408,443	733,240	276,170	356,623
Taxation	(136,227)	(115,067)	(220,047)	(80,144)	(149,940)
Profit and total comprehensive income for the year/period	278,436	293,376	513,193	196,026	206,683
Profit and total comprehensive income attributable to:					
Owners of the Company	263,403	280,744	498,488	187,892	198,767
Non-controlling interests	15,033	12,632	14,705	8,134	7,916
	278,436	293,376	513,193	196,026	206,683

Description of Certain Statements of Comprehensive Income Items

Revenue

Our revenue during the Track Record Period consisted of revenue derived from (i) sale of our developed properties, and (ii) property leasing and operational management. The following table sets forth a breakdown of our revenue and the percentage of total revenue for the periods indicated:

	Year ended 31 December						Six months ended 30 June	
	2009		2010		2011		2012	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property development	458,577	92.9%	441,268	91.3%	444,952	84.8%	614,486	92.8%
Property leasing and operational management	35,223	7.1%	42,256	8.7%	79,543	15.2%	47,865	7.2%
Total	**493,800**	**100%**	**483,524**	**100%**	**524,495**	**100%**	**662,351**	**100%**

For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, although the percentage of revenue from our property leasing and operational management business to our total revenue has been increasing, our revenue was primarily generated from sale of our developed properties, which amounted to approximately 92.9%, 91.3%, 84.8% and 92.8% of our revenue, respectively, as compared to 7.1%, 8.7%, 15.2% and 7.2% for revenue from our property leasing and operational management business. Our revenue from property leasing and operational management increased from RMB35.2 million in 2009 to RMB42.2 million in 2010, and further increased to RMB79.5 million in 2011. For the six months ended 30 June 2012, our revenue from property leasing and operational management was RMB47.9 million.

Property development

During the Track Record Period, we derived our revenue primarily from sale of commercial and residential properties. We recognize revenue from sale of properties after we have received the relevant proof of examination and acceptance of completion and the properties have been sold and delivered. The GFA of properties sold and delivered in any given period is driven primarily by property development schedules and market demand, including market demand of prior periods during which we pre-sold the properties. The average selling prices are generally affected by overall market conditions and our product mix for sale, and commercial properties generally command higher average selling prices than residential properties.

The following table sets forth, for the periods indicated, total revenue derived from each of the projects we developed and completed, the aggregate GFA of properties sold and delivered, the average selling prices per square meter for these properties, as measured by dividing the revenue by the aggregate GFA sold, and the types of properties sold:

	Years ended 31 December															Six months ended 30 June									
	2009					2010					2011[1]					2011					2012				
	Total revenue	Gross profit	Gross profit margin	GFA sold	Avg. selling price	Total revenue	Gross profit	Gross profit margin	GFA sold	Avg. selling price	Total revenue	Gross profit	Gross profit margin	GFA sold	Avg. selling price	Total revenue	Gross profit	Gross profit margin	GFA sold	Avg. selling price	Total revenue	Gross profit	Gross profit margin	GFA sold	Avg. selling price
	RMB'000	*RMB'000*	*%*	*sq.m.*	*RMB/sq.m.*	*RMB'000*	*RMB'000*	*%*	*sq.m.*	*RMB/sq.m.*	*RMB'000*	*RMB'000*	*%*	*sq.m.*	*RMB/sq.m.*	*RMB'000* *(unaudited)*	*RMB'000*	*%*	*sq.m.*	*RMB/sq.m.*	*RMB'000*	*RMB'000*	*%*	*sq.m.*	*RMB/sq.m.*
Golden Wheel International Plaza[2] [6]	458,577	174,530	38.1%	28,152	16,289	114,400	55,076	48.1%	6,355	18,002	84,952	51,208	60.3%	3,349	25,366	43,666	27,438	62.8%	1,801	24,245	73,464	49,781	67.8%	2,509	29,280
Golden Wheel Waltz[3] [6]	–	–	–	–	–	88,134	10,682	12.1%	5,116	17,227	7,041	1,351	19.2%	378	18,627	4,985	482	9.7%	300	16,617	–	–	–	–	–
Golden Wheel Star City[4] [6]	–	–	–	–	–	238,734	36,649	15.4%	55,834	4,276	352,959	116,651	33.0%	58,834	5,999	84,627	10,194	12.0%	18,094	4,677	14,728	5,979	40.6%	1,989	7,404
Golden Wheel Time Square[5] [6]	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	526,294	224,573	42.7%	68,958	7,632
Total	**458,577**	**174,530**	**38.1%**	**28,152**	**16,289**	**441,268**	**102,407**	**23.2%**	**67,305**	**6,556**	**444,952**	**169,210**	**38.0%**	**62,561**	**7,112**	**133,278**	**38,114**	**28.6%**	**20,195**	**6,600**	**614,486**	**280,333**	**45.6%**	**73,456**	**8,365**

Notes:

(1) Although we delivered the property units in Golden Wheel Time Square to our customers in 2011, we did not recognize any revenue from the sale of properties of Golden Wheel Time Square for the year ended 31 December 2011 because we did not obtain the proof of examination and acceptance of completion until April 2012. According to our accounting policies, revenue from sale of properties in the ordinary course of business shall be recognized when the respective properties have been completed (as evidenced by obtaining the proof of examination and acceptance of completion from the relevant authorities) and delivered to the purchasers (as evidenced by delivering the keys of completed properties to the purchasers). As a result, the proceeds from the pre-sale of Golden Wheel Time Square were recognized as revenue during the six months ended 30 June 2012 after we obtained the proof of examination and acceptance of completion from the relevant authorities and delivered the properties to the purchasers in April 2012.

(2) The gross profit margin of Golden Wheel International Plaza increased from 38.1% in 2009 to 48.1% in 2010, primarily due to an increase in the average selling price per sq.m. from RMB16,289 in 2009 to RMB18,002 in 2010 as a result of the prevailing market conditions and a decrease in the average cost of sales per sq.m. from RMB10,090 in 2009 to RMB9,335 in 2010.The average cost of sales per sq.m. was lower in 2010 as compared to 2009. This was primarily because a substantial portion of our revenue in 2010 were from sale of office space, which generally had less decoration expenses than hotel-style apartments that were our major property product sold in 2009. The gross profit margin of Golden Wheel International Plaza increased from 48.1% in 2010 to 60.3% in 2011, primarily due to an increase in the average selling price per sq.m. from RMB18,002 in 2010 to RMB25,366 as a result of the prevailing market conditions, partially offset by an increase in the average cost of sales per sq.m. from RMB9,335 in 2010 to RMB10,076 in 2011. The gross profit margin of Golden Wheel International

Plaza increased from 62.8% for the six months ended 30 June 2011 to 67.8% for the same period in 2012, primarily due to an increase in the average selling price per sq.m. from RMB24,245 to RMB29,280 as a result of the prevailing market conditions. The average selling price and the gross profit margins of Golden Wheel International Plaza were relatively higher as compared to our other projects primarily because it is a commercial property project located in a prime location of Nanjing.

(3) The gross profit margin of Golden Wheel Waltz increased from 12.1% in 2010 to 19.2% in 2011, primarily due to an increase in the average selling price per sq.m. from RMB17,227 in 2010 to RMB18,627 in 2011 as a result of the prevailing market conditions and a decrease in the average cost of sales per sq.m. from RMB15,139 in 2010 to RMB15,053 in 2011. For the years ended 31 December 2010 and 2011, the gross profit margins of Golden Wheel Waltz were relative lower as compared to our other projects, primarily because it is an eight-storey building and the average cost of sales per sq.m. for low-rise buildings is generally higher as compared to high-rise buildings.

(4) The gross profit margin of Golden Wheel Star City increased from 15.4% in 2010 to 33.0% in 2011, primarily due to an increase in the average selling price per sq.m. from RMB4,276 in 2010 to RMB5,999 in 2011 as a result of the prevailing market conditions, partially offset by an increase in the average cost of sales per sq.m. from RMB3,619 in 2010 to RMB4,017 in 2011. The gross profit margin of Golden Wheel Star City increased from 12.0% for the six months ended 30 June 2011 to 40.6% for the same period in 2012, primarily due to an increase in the average selling price per sq.m. from RMB4,677 to RMB7,404 as a result of the prevailing market conditions. The average selling price and the gross profit margins of Golden Wheel Star City were relatively lower as compared to Golden Wheel International Plaza primarily because Golden Wheel Star City is a mainly a residential property project located in Yangzhou, which is a smaller city than Nanjing. However, the gross profit margin of Golden Wheel Star City was higher as compared to Golden Wheel Waltz, primarily because Golden Wheel Waltz is an eight-storey building and the average cost of sales per sq.m. for low-rise buildings is generally higher as compared to high-rise buildings.

(5) The gross profit margin of Golden Wheel Time Square was similar to that of Golden Wheel Star City, but was relatively lower as compared to Golden Wheel International Plaza and its average selling price was lower as compared to Golden Wheel International Plaza. This was primarily because Golden Wheel Time Square is a commercial and residential complex located in Zhuzhou, which is a smaller city than Nanjing in terms of population size, while Golden Wheel International Plaza is a commercial and office complex at a prime location in Nanjing. As set out in the section headed “Industry Overview” in this prospectus, the general property price level of commodity houses in Nanjing was higher than that in Zhuzhou.

(6) The gross profit margins of our various projects varied during the Track Record Period, primarily due to differences in their location, land acquisition costs, local labor costs and their usage, as well as the then prevailing market conditions.

Consistent with industry practice, we typically enter into purchase contracts with customers while the properties are still under development but after satisfying the conditions for pre-sales in accordance with PRC laws and regulations. See "Business — Property Development — Sales and Marketing — Pre-sale." In general, there is a time difference between the time we commence pre-sale of properties under development and the completion of such properties. We do not recognize any revenue from the pre-sale of our properties until such properties are completed (as evidenced by obtaining the proof of examination and acceptance of completion from the relevant authorities) and the possession of the properties has been delivered to the purchasers, even though we receive payments at various stages prior to delivery. Before the delivery of a pre-sold property, payments received from purchasers are recorded as "Deposits and prepayments received from pre-sale of properties" under "Current Liabilities" on our consolidated statements of financial position. As our revenue from sale of properties is recognized upon the delivery of properties, the timing of delivery may affect not only the amount and growth rate of our property development revenue but may also cause changes in other payables and accruals to fluctuate from period to period.

The following table sets forth, for the quarters indicated, total revenue derived from each of the projects we developed and completed, the aggregate GFA of properties sold and delivered, the average selling price per sq.m. and the gross profit margin of each of our projects:

	Year ended 31 December																							
	2011																2012							
	Quarter One				Quarter Two				Quarter Three				Quarter Four				Quarter One				Quarter Two			
	Revenue	GFA sold	Average selling price	Gross profit margin	Revenue	GFA sold	Average selling price	Gross profit margin	Revenue	GFA sold	Average selling price	Gross profit margin	Revenue	GFA sold	Average selling price	Gross profit margin	Revenue	GFA sold	Average selling price	Gross profit margin	Revenue	GFA sold	Average selling price	Gross profit margin
	RMB'000	*sq.m.*	*RMB/ sq.m.*	*%*	*RMB'000*	*sq.m.*	*RMB/ sq.m.*	*%*	*RMB'000*	*sq.m.*	*RMB/ sq.m.*	*%*	*RMB'000*	*sq.m.*	*RMB/ sq.m.*	*%*	*RMB'000*	*sq.m.*	*RMB/ sq.m.*	*%*	*RMB'000*	*sq.m.*	*RMB/ sq.m.*	*%*
Golden Wheel International Plaza	17,133	765	22,396	61.4%	26,533	1,036	25,611	63.7%	15,463	631	24,506	56.4%	25,823	917	28,160	58.1%	—	—	—	—	73,464	2,509	29,280	67.8%
Golden Wheel Waltz	761	44	17,295	14.4%	4,224	256	16,504	8.8%	2,055	78	26,346	42.3%	—	—	—	—	—	—	—	—	—	—	—	—
Golden Wheel Star City	79,555	16,982	4,685	12.1%	5,072	1,112	4,561	11.6%	83,039	14,380	5,775	38.9%	185,293	26,360	7,029	40.0%	14,728	1,989	7,404	40.6%	—	—	—	—
Golden Wheel Time Square	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	526,294	68,958	7,632	42.7%

The following table sets forth, for the quarters indicated, total pre-sale proceeds from each of the projects pre-sold, total pre-sale contract price the aggregate GFA of properties pre-sold and the average contract price per sq.m.:

	Year ended 31 December																							
	2011																2012							
	Quarter One				Quarter Two				Quarter Three				Quarter Four				Quarter One				Quarter Two			
	Pre-sale proceeds	GFA pre-sold	Average contract price	Total pre-sale contract price	Pre-sale proceeds	GFA pre-sold	Average contract price	Total pre-sale contract price	Pre-sale proceeds	GFA pre-sold	Average contract price	Total pre-sale contract price	Pre-sale proceeds	GFA pre-sold	Average contract price	Total pre-sale contract price	Pre-sale proceeds	GFA pre-sold	Average contract price	Total pre-sale contract price	Pre-sale proceeds	GFA pre-sold	Average contract price	Total pre-sale contract price
	RMB'000	*sq.m.*	*RMB/ sq.m.*	*RMB'000*	*RMB'000*	*sq.m.*	*RMB/ sq.m.*	*RMB'000*	*RMB'000*	*sq.m.*	*RMB/ sq.m.*	*RMB'000*	*RMB'000*	*sq.m.*	*RMB/ sq.m.*	*RMB'000*	*RMB'000*	*sq.m.*	*RMB/ sq.m.*	*RMB'000*	*RMB'000*	*sq.m.*	*RMB/ sq.m.*	*RMB'000*
Residential																								
Golden Wheel Star City[(1)]	71,167	8,941	8,433	75,399	10,772	1,436	8,497	12,202	8,783	1,604	8,627	13,842	3,839	969	8,564	8,300	5,294	1,320	8,543	11,281	12,984	1,508	8,501	12,817
Golden Wheel Time Square[(2)]	13,266	2,461	5,796	14,263	10,139	1,569	6,940	10,891	15,250	2,788	7,207	20,092	13,141	1,648	7,197	11,863	5,703	1,391	7,082	9,852	7,205	1,634	8,584	14,024
Commercial																								
Golden Wheel Time Square[(3)]	16,483	1,464	11,772	17,229	6,400	349	18,354	6,404	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Notes:

(1) The pre-sale of Golden Wheel Star City commenced in January 2011. As a result, we recorded more pre-sale proceeds in the first quarter of 2011, as compared to the remaining three quarters of 2011 and the first two quarters of 2012.

(2) The pre-sale proceeds from the residential properties of Golden Wheel Time Square remained relative stable in each quarter of 2011.

(3) We did not record any pre-sale proceeds from the commercial properties of Golden Wheel Time Square during the last two quarters of 2011 and the first two quarters of 2012 as the remaining commercial properties were expected to be held as investment properties.

Property leasing and operational management

Revenue derived from our property leasing and operational management business represents primarily revenue received and receivable from our investment properties, which has historically been generated primarily from the rental of retail space in our shopping malls, and recognized on a straight-line basis over the relevant lease period. In addition, we also derive revenue from leasing and operational management of the Xinjiekou Metro Mall that we lease from Nanjing Metro. In the future, we expect that our revenue from property leasing and operational management will increase as a result of rental price increase and the increase in the GFA of our investment properties as we develop additional properties, as well as an increase in properties we lease from third parties for our property leasing and operational management business. We believe the increase of such recurring revenue will help us.

The table below sets forth, for the periods indicated, the revenue, the total effective leased area and the effective average annual rental price per square meter as of and for the years ended 31 December 2009, 2010 and 2011 and as of and for the six months ended 30 June 2011 and 2012 for these properties, as measured by dividing the revenue by the aggregate GFA leased:

	As of and for the year ended 31 December									As of and for the six months ended 30 June					
	2009			2010			2011			2011			2012		
	Revenue	Effective leased area	Effective average annual rental price	Revenue	Effective leased area	Effective average annual rental price	Revenue	Effective leased area	Effective average annual rental price	Revenue	Effective leased area	Effective average annual rental price[(5)]	Revenue[(6)]	Effective leased area	Effective average annual rental price[(5)]
	RMB'000	*sq.m.*	*RMB/ sq.m.*	*RMB'000*	*sq.m.*	*RMB/ sq.m.*	*RMB'000*	*sq.m.*	*RMB/ sq.m.*	*RMB'000 (unaudited)*	*sq.m.*	*RMB/ sq.m.*	*RMB'000*	*sq.m.*	*RMB/ sq.m.*
Golden Wheel International Plaza (Commercial)[(1)]	35,223	16,173	2,178	37,336	16,957	2,202	45,488	17,966	2,532	22,573	17,966	2,574	24,014	18,128	2,649
Golden Wheel Waltz (Commercial)[(2)]	—	—	—	4,920	2,101	2,342	7,245	2,203	3,289	3,528	2,203	3,203	3,682	2,203	3,343
Golden Wheel Time Square (Commercial)[(3)]	—	—	—	—	—	—	22,191	10,970	2,023	7,851	10,970	1,578	15,606	15,877	1,966
Xinjiekou Metro Mall (Commercial)[(4)]	—	—	—	—	—	—	4,619	1,193	6,637	—	—	—	4,563	1,193	7,650
Total	**35,223**			**42,256**			**79,543**			**33,952**			**47,865**		

Notes:

(1) This project had an occupancy rate of over 95% as of 31 December 2009, 2010 and 2011 and 30 June 2012.

(2) This project had an occupancy rate of over 95% as of 31 December 2010 and 2011 and 30 June 2012.

(3) This project had an occupancy rate of approximately 85% as of 31 December 2011 and 30 June 2012.

(4) This project had an occupancy rate of approximately 100% as of 30 June 2012.

(5) The effective average annual rental price for the six months ended 30 June 2011 and 2012 are annualized figures.

(6) The rental income from Golden Wheel Building and Golden Wheel Green Garden amounted to approximately RMB43,000 for the period from 19 June 2012 to 30 June 2012 (subsequent to the acquisition of Golden Wheel International Corporation on 18 June 2012, for the details of the acquisition, please refer to the section headed "Financial Information — Description of Certain Statements of Comprehensive Income Items — Acquisition of subsidiaries" in this prospectus) was not included in our Group's results due to immaterial amounts.

Cost of sales

Cost of sales comprises primarily costs incurred directly for our property development, including land acquisition costs, construction costs, capitalized finance costs and deed tax.

Land acquisition costs represent costs relating to the acquisition of the rights to occupy, use and develop land, including land premiums, deed taxes, government surcharges and, for certain urban redevelopment projects, demolition and resettlement costs. Our land acquisition costs are recognized as part of cost of sales upon completion and delivery of the relevant properties to purchasers.

Construction costs include all of the costs for the design and construction of a project, including payments to third-party contractors and designers and costs of construction materials. Historically, construction material costs, which are generally included in the payments to the construction contractors, particularly the cost of steel and cement, has been a major cause of fluctuations in our construction costs. Price movements of other supplies in relation to property development, including escalators, elevators, interior decoration materials and air conditioning systems, also impact our construction costs.

We capitalize a significant portion of our finance costs to the extent that such costs are directly attributable to the acquisition and construction of a project. In general, we capitalize finance costs incurred from the commencement of the planning and design of a project, which typically precedes the receipt of a construction works commencement permit, until the completion of construction. For any given project, the finance costs incurred after completion of the project are not capitalized, but accounted for as finance costs in the period in which they are incurred.

Our revenues from sale of properties are subject to a 5% business tax and other levies such as city development tax and education supplementary tax.

Our cost of sales for our property leasing and operational management primarily includes business tax on our rental income.

The following table sets forth a breakdown of our cost of sales for the periods indicated:

	Year ended 31 December						Six months ended 30 June	
	2009		2010		2011		2012	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Property development								
Land acquisition costs	66,579	23.1%	79,632	23.2%	64,872	22.9%	86,912	25.5%
Construction costs	193,913	67.4%	242,140	70.7%	200,880	70.9%	234,308	68.8%
Capitalized finance costs	20,946	7.3%	14,599	4.3%	8,186	2.9%	11,623	3.4%
Tax expenses	2,609	0.9%	2,490	0.7%	1,804	0.6%	1,310	0.4%
Subtotal	**284,047**	**98.7%**	**338,861**	**98.9%**	**275,742**	**97.3%**	**344,153**	**98.1%**
Property leasing and operational management	3,599	1.3%	3,671	1.1%	7,692(1)	2.7%	6,417(1)	1.9%
Total	**287,646**	**100%**	**342,532**	**100%**	**283,434**	**100%**	**340,570**	**100%**

Note:

(1) RMB3.1 million and RMB2.9 million were attributable to the operation of the Xinjiekou Metro Mall for year ended 31 December 2011 and six months ended 30 June 2012, respectively. The remaining was primarily business tax on our rental income.

The following table sets forth our average land acquisition cost for each of our projects during the Track Record Period and up to the Latest Practicable Date:

Project	Date of land grant	Total land costs	Site area	Total GFA	Average land acquisition cost in terms of site area	Average land acquisition cost in terms of GFA
		RMB'000	*sq.m.*	*sq.m.*	*RMB/sq.m.*	*RMB/sq.m.*
Golden Wheel International Plaza	May 2002	139,734	11,341	98,031	12,321(1)	1,425
Golden Wheel Waltz	October 2005	13,649	2,046	7,995	6,671(2)	1,707
Golden Wheel Star City (Phases I and II)	February 2007	100,738	81,616	206,305	1,234(3)	488
Golden Wheel Time Square	February 2008	130,615	13,501	134,096	9,674(4)	974
Golden Wheel New Metro	July 2011	98,475	9,218	59,912	10,683	1,644
Golden Wheel Star Plaza	July 2010	142,227	29,540	70,396	4,815	2,020
Nanjing Jade Garden	February 2010	80,417	7,212	29,976	11,150	2,683

Notes:

1. The average land acquisition cost in terms of site area for this project was higher than the average land cost of commercial properties in Nanjing in 2002 (when we acquired this land) disclosed in the section headed "Industry Overview" in this prospectus, being RMB10,765/sq.m. As advised by Savills, it is primarily because Golden Wheel International Plaza is located at the prime location on Hanzhong Road in Xinjiekou, which is the main commercial center and a major tourist destination of Nanjing with convenient access to the public transportation system, particularly the local metro network.

2. The average land acquisition cost in terms of site area for this project was lower than the average land costs of residential and commercial properties in Nanjing in 2005 (when we acquired this land) disclosed in the section headed "Industry Overview" in this prospectus, being RMB6,730/sq.m. and RMB12,839/sq.m., respectively. As advised by Savills, the public transaction records showed that the average land costs of the comparable projects in the similar locality (i.e. Xinjiekou, Xuanwu District, Nanjing) in 2005 ranged from approximately RMB6,800/sq.m. to RMB8,400/sq.m. Therefore, our Group had acquired the land for Golden Wheel Waltz at a competitive price.

3. The average land acquisition cost in terms of site area for this project was lower than but, as advised by Savills, does not substantially deviate from the average land cost of residential properties in Yangzhou in 2007 (when we acquired this land) disclosed in the section headed "Industry Overview" in this prospectus, being RMB1,475/sq.m.

4. As advised by Savills, the land costs for properties located in different areas in Zhuzhou could vary significantly. Savills has referred to the public transaction records for the comparable properties in the similar locality (i.e. Lusong District, Zhuzhou) in 2009 (as there were no comparable transactions in 2008 when we acquired this land) and noted that the land costs ranged from RMB6,600/sq.m. to RMB7,500/sq.m. As advised by Savills, the higher land cost for Golden Wheel Time Square was primarily due to its prime location in Zhuzhou, which is very close to Zhuzhou Railway Station.

The following table sets forth our average land acquisition costs per sq.m. as a percentage of our average selling price per sq.m. for all of our property units sold and delivered for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
				(unaudited)	
Average land acquisition costs (RMB/sq.m.)	2,365	1,183	1,037	1,108	1,183
Average selling price (RMB/sq.m.)	16,289	6,556	7,112	6,600	8,365
Average land acquisitions costs/average selling price (%)	14.5%	18.0%	14.6%	16.8%	14.1%

For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, our average land acquisition costs/average selling price remained relatively stable at 14.5%, 18.0%, 14.6% and 14.1%, respectively.

The following table sets forth a breakdown of our cost of sales by project for our property units sold and delivered during the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
Golden Wheel International Plaza	284,047	59,324	33,744	16,228	23,683
Golden Wheel Waltz	—	77,452	5,690	4,503	—
Golden Wheel Star City	—	202,085	236,308	74,433	8,749
Golden Wheel Time Square	—	—	—	—	301,721
Total	**284,047**	**338,861**	**275,742**	**95,164**	**334,153**

Gross profit and gross profit margin

For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, our gross profit was RMB206.2 million, RMB141.0 million, RMB241.1 million and RMB321.8 million, respectively. Our gross profit margin was 41.7%, 29.2%, 46.0% and 48.6% for the same periods, respectively. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, our gross profit from property development was RMB174.5 million, RMB102.4 million, RMB169.2 million and RMB280.3 million, respectively. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, the gross profit margin for our property development business was 38.1%, 23.2%, 38.0% and 45.6%, respectively. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, our gross profit from property leasing and operational management business was RMB31.7 million, RMB38.6 million, RMB71.9 million and RMB41.5 million, respectively. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, the gross profit margin for our property leasing and operational management business was 89.8%, 91.3%, 90.3% and 86.6%, respectively.

Other income, expenses, gains and losses

Other income, expenses, gains and losses primarily include gains on disposal of self-used property, plant and equipment, net foreign exchange gains and losses, interest income and listing expenses.

Changes in fair value of investment properties

Investment properties are properties held for rental income and are measured at cost on initial recognition. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Property that is being constructed or developed for future use as investment property is classified as investment property.

Our investment properties were valued at the beginning of relevant periods and revalued at the end of relevant periods on an open market value or existing use basis by an independent professional valuer, and any appreciation or depreciation in the fair value of our investment properties is recognized as fair value gains or losses on our consolidated statements of comprehensive income in the period in which they arise.

The following table sets forth the fair value of our completed investment properties and investment properties under development by project as of the dates indicated:

	As of 31 December						As of 30 June			
	2009		2010		2011		2011		2012	
	GFA	Fair value	GFA	Fair value	GFA	Fair value	GFA	Fair value	GFA	Fair value
	sq.m.	*RMB'000*	*sq.m.*	*RMB'000*	*sq.m.*	*RMB'000*	*sq.m.*	*RMB'000* *(unaudited)*	*sq.m.*	*RMB'000*
Golden Wheel International Plaza	28,056	1,389,000	28,056	1,526,000	28,056	1,692,000	28,056	1,642,000	28,056	1,740,000
Golden Wheel Waltz	—	131,000	2,444	142,000	2,444	152,000	2,444	148,000	2,444	156,000
Golden Wheel Time Square[1, 2]	—	390,000	—	591,000	31,205	1,006,000	31,205	750,000	31,205	1,029,000
Golden Wheel New Metro	—	—	—	—	—	—	—	—	18,437	238,000
Golden Wheel Building	—	—	—	—	—	—	—	—	1,216	11,600
Golden Wheel Green Garden	—	—	—	—	—	—	—	—	1,021	34,000
Total	**28,056**	**1,910,000**	**30,500**	**2,259,000**	**61,705**	**2,850,000**	**61,705**	**2,540,000**	**82,379**	**3,208,600**

Notes:

1. Golden Wheel Waltz was under development as of 31 December 2009, and Golden Wheel Time Square was under development as of 31 December 2009 and 2010. As advised by CBRE, our independent property valuer, the value of investment properties under development includes the land value, the actual construction costs incurred and a portion of the developer's profit relative to the construction progress. Land value is assessed based on the value of comparable land plots. Construction cost is determined based on an actual basis and the developer's profit represents the estimated profit attributable to the property taking into account the then market value after completion.

2. CBRE has advised us that the valuation of Golden Wheel Time Square as at 31 December 2011 was not affected by the lack of property ownership certificate which was obtained in June 2012. CBRE recognized Golden Wheel Time Square as a completed property in 2011 as it passed the construction work acceptance on 13 December 2011.

CBRE, our independent property valuer, adopted two valuation methodologies, namely, the comparison approach and the income approach in valuing our completed investment properties. As advised by CBRE, the two approaches are collectively used and taken into account in valuing our completed investment properties. For the investment properties under development, the comparison approach is adopted.

As advised by CBRE, set out below is a summary in relation to the valuation methodologies and assumptions as adopted by CBRE:

Completed Investment Properties

(i) Comparison approach

While adopting the comparison approach, the prices realized or current asking prices of comparable properties of similar size, character and location are selected, analyzed and weighed against the advantages and disadvantages of each property, in order to arrive at a fair value.

(ii) Income approach

For the income approach, there are two methods, namely discounted cash flow and term & reversion method. Discounted cash flow method is generally used in determining the appraisal value of the completed investment properties. The term & reversion method is appropriate to be used to measure the value of the completed investment properties with fixed rents over relatively lengthy lease terms.

While adopting the income approach - discounted cash flow method, assessment of the return to be derived from the property interests is made based on both rental and capital growth over a prescribed investment period. In undertaking this analysis, assumptions are made in respect of various key factors, including but not limited to the prevailing market rent, forecast period, rental growth rate, internal rate of return.

While adopting the income approach - term & reversion method, the value of a completed investment property amounts to the aggregation of the value of its remaining tenancy and its value upon expiration of the tenancy. The value of its remaining tenancy is assessed based on its current rent and the remaining valid lease term. The value upon expiration of the tenancy is determined based on the then market rent of the property with reference to comparable investment properties nearby and the market yield rate.

Investment Properties Under Construction

For the investment properties under construction, the comparison approach is applied. The value of investment properties under construction includes the land value, the actual construction cost incurred and a portion of the developer's profit relative to the construction progress. Land value is assessed based on the value of comparable land plots. Construction cost is determined based on an actual basis and the developer's profit represents the estimated profit attributable to the property taking into account the then market value after completion.

As of 31 December 2011, we had three completed investment properties (Golden Wheel International Plaza, Golden Wheel Waltz and Golden Wheel Time Square) and one investment property under construction (Golden Wheel New Metro). We set out below the key assumptions with the valuation basis as adopted by CBRE in determining the value of completed investment properties and investment properties under construction as of 31 December 2011:

Completed Investment Properties

Key assumptions for the valuation of our completed investment properties by CBRE

Key assumptions	Golden Wheel International Plaza	Golden Wheel Waltz	Golden Wheel Time Square
Prevailing market rent (RMB/sq.m. (based on effective leased area)/day)[(1)]	RMB 13.0/ sq.m./day	RMB 10.9/ sq.m./day	RMB 10.2/ sq.m./day
Forecast period[(2)]	10 years	10 years	N/A[(8)]
Short to Long-term rental growth rate (%)[(3)]	3% - 9.5%	3% - 6%	N/A[(9)]
Internal rate of return (%)[(4)]	6%	7.5%	N/A[(10)]
Market yield rate (%)[(5)]	N/A[(6)]	N/A[(7)]	4% - 5.5%

Note:

1. The prevailing market rental is determined with reference to the rental charges set out in the existing leases and for comparable properties. The rentals realized or the current rentals of the comparable properties of similar size, character and location are selected, analyzed and weighed against the advantages and disadvantages of each property, in order to arrive at a prevailing market rent.

2. The forecast period of 10 years is used on the assumption that the usage and ownership of the investment properties will remain unchanged during the period.

3. Short to long term rental growth rate is determined with reference to the anticipated overall investment property market growth in the PRC and respective regions where the investment properties are located. A relatively higher growth rate is applied in the earlier years of the forecast period taking into account, among other things, the recent operating history, current demand, supply and occupancy rates of the investment properties.

4. Internal rate of return is determined after considering the risk associated with the investment properties, taking into account general property market and economic outlook in the PRC and the regions where the investment properties are located, together with certain factors such as the location, traffic flow and tenant mix of the investment properties.

5. Market yield rate is determined with reference to the achievable selling prices and rental prices of other properties located in the region.

6. The income approach adopted for Golden Wheel International Plaza is discounted cash flow method, thus market yield rate is not applicable.

7. The income approach adopted for Golden Wheel Waltz is discounted cash flow method, thus market yield rate is not applicable.

8. The income approach adopted for Golden Wheel Time Square is term & reversion method, thus forecast period is not applicable.

9. The income approach adopted for Golden Wheel Time Square is term & reversion method, thus short to long-term rental growth rate is not applicable.

10. The income approach adopted for Golden Wheel Time Square is term & reversion method, thus internal rate of return is not applicable.

Reasons for the variances between the actual rents of our completed investment properties and the market base rent estimates of CBRE

I. Golden Wheel International Plaza

As advised by CBRE, the actual rents of Golden Wheel International Plaza are lower than the current market levels because:

1. Golden Wheel International Plaza opened at the end of 2008. As a newly opened shopping mall, we offered and signed up tenants at rents which were lower than the then market rents, with a view to attracting tenants and achieving a higher occupancy rate in a shorter period of time.

2. According to the normal market practice, it usually takes three to five years for a newly opened shopping mall to mature. It is usually during this period of time that the rents are lower than the market levels of a more mature and fully operational mall of similar nature.

3. Nanjing metro line 2 commenced operation in May 2010 and basement level one of Golden Wheel International Plaza has been connected directly to Nanjing metro line 2 Xinjiekou station since the second half of 2011, which has substantially increased the pedestrian flow to Golden Wheel International Plaza. However, most of our Group's existing lease agreements were entered into before the commencement of the operation of Nanjing metro Line 2 and the direct connection between the basement level one of Golden Wheel International Plaza and Nanjing metro line 2 Xinjiekou station. As a result, CBRE believes that the current rents do not fully reflect the advantageous location of Golden Wheel International Plaza and the current market levels of a mature and fully operational mall of similar nature.

4. Xinjiekou is one of the busiest places in Nanjing with some of the highest pedestrian traffic flows in the city. To maximize the rental income generated from Golden Wheel International Plaza, CBRE believes that the tenant mix can be further adjusted as and when appropriate with higher proportion of retail shops.

II. Golden Wheel Waltz

As advised by CBRE, the main reason for the actual rents of Golden Wheel Waltz to be lower than the current market levels is that most of our Group's existing lease agreements were entered into in the first quarter of 2010 and are generally subject to a fixed rental rate for first two years of the lease term. As a result, the actual rents of Golden Wheel Waltz in 2011 were lower than the market levels of comparable properties in Nanjing in 2011.

III. Golden Wheel Time Square

As advised by CBRE, the actual rents of Golden Wheel Time Square are lower than current market levels because:

1. Golden Wheel Time Square opened in mid 2011. As a newly opened shopping mall, we offered and signed up tenants at rents which were lower than the then market rents, with a view to attracting tenants and achieving a higher occupancy rate in a shorter period of time.

2. According to the normal market practice, it usually takes three to five years for a newly opened shopping mall to mature. It is usually during this period of time that the rents are lower than the market levels of a mature and fully operational mall of similar nature.

3. In many lease agreements of Golden Wheel Time Square, the tenants are required to provide a one-off payment of the total rent. Whilst structuring the rental arrangement in this way enables us to gain part of the investment returns sooner, it also results in lower rental levels for the property.

As further advised by CBRE, one of the fundamental valuation principles is that of the "Highest and Best Use", which means that valuers consider the value of the property on the basis of a use that would produce the highest value for a property, regardless of its actual current use, as long as it is legally permissible, physically possible, financially feasible and maximally productive. CBRE has estimated the market rents based on such "Highest and Best Use" principle, which are the market rental estimates for new lease agreements to be entered into by our Group in the current market.

The average rent of the renewed or new leases of Golden Wheel International Plaza entered into by our Group in the year ended 31 December 2011 and six months ended 30 June 2012 is RMB10.5/sq.m./day (RMB3,830/sq.m./year)[1] and the range is from RMB4.6 to RMB28/sq.m./day. This average rent (renewed or new leases) of RMB10.5/sq.m./day is 52% higher than the average actual rent of RMB6.9/sq.m./day for the year ended 31 December 2011 and is 19% lower than the rent of RMB13.0/sq.m./day estimated by CBRE for 2011.

Note:

(1) The average rent of the renewed or new leases does not take into account the lease of one of the tenants on level 5 because it occupies 3,709 sq.m. (over half of the area of the new leases in 2012) and has a long lease term of 10 years. Further, CBRE takes into account the following factors:

a. For retail properties, the landlord usually asks for a lower rent if the property is on a higher level of the building.

b. If a tenant leases a unit of larger floor area, the unit rent of the lease is usually lower.

c. The excluded tenant has spent more money on sunk cost such as fit out and decoration cost and its lease period is long (10 years). The landlord usually offers a discounted rent to this type of tenant.

d. F&B usually has a lower rent in the trade mix compared to the retail.

Since the "excluded tenant" has all of these four features, CBRE is of the view that if the analysis includes this tenant on level 5, the result of the analysis will not be reasonably representative of the overall rents of the property.

There is no renewed or new leases of Golden Wheel Waltz entered into by our Group for the year ended 31 December 2011 and six months ended 30 June 2012.The average actual rent of RMB9.0/sq.m./day for the year ended 31 December 2011 is 17% lower than the rent of RMB10.9/sq.m./day estimated by CBRE for 2011.

As a newly opened mall in 2011, all the leases of Golden Wheel Time Square were entered into by our Group for the year ended 31 December 2011 and six months ended 30 June 2012. The average actual rent of RMB5.5/sq.m./day for the year ended 31 December 2011 is 46% lower than the rent of RMB10.2/sq.m./day estimated by CBRE for 2011.

Investment Properties Under Construction

The value of Golden Wheel New Metro is derived based on the comparison approach, which compares the land cost and the price of the comparable properties (upon completion) similar to Golden Wheel New Metro in terms of geographic location.

The value of property under construction is the aggregate of: (i) land value; (ii) estimated land acquisition costs; (iii) incurred construction cost; (iv) estimated incurred financial cost; (v) estimated incurred professional fee; (vi) estimated incurred contingency fee; and (vii) portion of the developer's profit relative to the construction progress.

Set out below are the key assumptions for the valuation of Golden Wheel New Metro by CBRE:

Key assumptions	**Golden Wheel New Metro**
Expired development period since commencement	18 months
Expired construction period since commencement	12 months
Estimated land acquisition costs	4% on land value (deed tax: 3% + stamp duty: 0.05% + other cost)
Annual interest rate	6.31% (the 6-month to 1-year lending rate) 6.40% (the 1-year to 3-year lending rate)

Key assumptions	Golden Wheel New Metro
Estimated incurred financial cost	The 1-year to 3-year lending rate on (land value + estimated land acquisition costs + estimated incurred professional fee) for expired development period since commencement (18 months period) the 6-month to 1-year lending rate on (incurred construction cost + estimated incurred contingency fee) for expired construction period since commencement (12 months period)
Estimated incurred professional fee	4% on total construction cost (this percentage is considered standard within the current market and includes professional services such as design fees, engineering fees, approval fees, etc.)
Estimated incurred contingency fee	3% on incurred construction cost
Portion of the developer's profit relative to the construction progress	10% on (land value+ estimated land acquisition costs + incurred construction cost + estimated incurred financial cost + estimated incurred professional fee + estimated incurred contingency fee)

The following table sets forth a breakdown of our fair value gains on investment properties by project for the periods indicated:

	Year ended 31 December			Six months ended 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Golden Wheel International Plaza	40,000	137,000	166,000	48,000
Golden Wheel Waltz	93,475	11,000	10,000	4,000
Golden Wheel Time Square	116,708	158,900	363,919	23,000
	250,183	**306,900**	**539,919**	**75,000**

The following table sets forth the downward sensitivity analysis on the key assumptions adopted by CBRE in the valuation of our Group's investment properties at the respective dates:

	Downward adjustment			
	-5%	**-10%**	**-15%**	**-20%**
Impact on the following items as of/for the year ended 31 December 2009				
Valuation of investment properties	-1.2%	-2.4%	-3.6%	-4.2%
Total assets	-0.8%	-1.5%	-2.2%	-2.7%
Net assets	-1.3%	-2.5%	-3.8%	-4.5%
Net profit	-6.2%	-12.4%	-18.3%	-21.8%
Impact on the following items as of/for the year ended 31 December 2010				
Valuation of investment properties	-1.1%	-2.0%	-3.0%	-4.0%
Total assets	-0.6%	-1.2%	-1.8%	-2.4%
Net assets	-1.1%	-2.1%	-3.2%	-4.2%
Net profit	-6.1%	-11.8%	-17.6%	-23.3%
Impact on the following items as of/for the year ended 31 December 2011				
Valuation of investment properties	-2.0%	-3.3%	-4.9%	-6.9%
Total assets	-1.3%	-2.2%	-3.3%	-4.6%
Net assets	-2.1%	-3.4%	-5.1%	-7.1%
Net profit	-8.3%	-13.7%	-20.5%	-28.6%
Impact on the following items as of/for the six months ended 30 June 2012				
Valuation of investment properties	-1.5%	-2.9%	-4.4%	-6.2%
Total assets	-1.1%	-2.1%	-3.1%	-4.4%
Net assets	-1.3%	-2.7%	-4.0%	-5.6%
Net profit	-17.0%	-34.1%	-50.7%	-71.9%

Selling and marketing expenses

Selling and marketing expenses primarily include advertising and promotional expenses and office expenses and others. Advertising and promotional expenses primarily relate to advertisements in newspapers and magazines and on billboards and certain other promotional events. The following table sets forth a breakdown of our selling and marketing expenses for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2009		2010		2011		2011		2012	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Advertising and promotional expenses	19,088	87.6%	12,529	89.0%	13,962	94.2%	9,903	97.7%	3,786	96.8%
Office expenses and others	2,703	12.4%	1,551	11.0%	855	5.8%	235	2.3%	125	3.2%
Total	**21,791**	**100.0%**	**14,080**	**100.0%**	**14,817**	**100.0%**	**10,138**	**100.0%**	**3,911**	**100.0%**

Administrative expenses

Administrative expenses primarily include staff salaries and benefits, depreciation and amortization, office expenses, traveling expenses, professional fees, utilities and property tax, land use tax and stamp duty. The overall increase was primarily due to an increase in staff salaries and benefits as well as an increase in office expenses, which was in line with the continued growth of our property development business. Our professional fees primarily include legal, consulting and auditing expenses. The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2009		2010		2011		2011		2012	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Staff salaries and benefits	9,675	37.4%	12,456	36.7%	15,686	35.5%	8,652	41.0%	12,120	39.3%
Depreciation and amortization	2,360	9.1%	2,719	8.0%	3,063	6.9%	1,561	7.4%	4,159	13.5%
Office expenses	3,085	11.9%	3,264	9.6%	3,200	7.2%	1,366	6.5%	1,699	5.5%
Traveling expenses	1,147	4.4%	1,270	3.7%	1,537	3.5%	667	3.2%	656	2.1%
Professional fees	637	2.3%	1,031	3.0%	685	1.6%	488	2.3%	1,346	4.4%
Utilities	1,921	7.4%	2,972	8.8%	3,278	7.4%	1,500	7.1%	2,172	7.0%
Property tax, land use tax and stamp duty	4,488	17.4%	4,939	14.5%	6,286	14.2%	3,220	15.2%	3,990	12.9%
Rent and cleaning expenses	256	1.0%	865	2.6%	1,569	3.6%	766	3.6%	955	3.1%
Repair costs	1,244	4.8%	1,496	4.4%	3,686	8.3%	1,063	5.0%	1,891	6.1%
Conference and business entertainment expenses	596	2.3%	935	2.8%	3,159	7.1%	1,033	4.9%	1,047	3.4%
Labor protection fee	173	0.7%	162	0.5%	358	0.8%	232	1.1%	67	0.2%
Bad debts	—	—	1,095	3.2%	—	—	—	—	—	—
Others	313	1.3%	764	2.2%	1,737	3.9%	580	2.7%	749	2.5%
Total	**25,895**	**100.0%**	**33,968**	**100.0%**	**44,244**	**100.0%**	**21,128**	**100.0%**	**30,851**	**100.0%**

Finance costs

Finance costs consist primarily of interest expenses on borrowings net of capitalized finance costs. Not all of our interest expenses can be capitalized because the interest expenses on the loans that we obtained in our name and subsequently granted to Nanjing Golden Wheel Real Estate, the entire equity interest of which was then wholly-owned by the Wong Family, were not related to our then property development and as a result cannot be capitalized. On 16 January 2012, we entered into an agreement with the Wong Family to acquire from the Wong Family all the equity interest in Nanjing Golden Wheel Real Estate, which was completed in June 2012 as a part of the Reorganization. Upon the completion of the Reorganization, Nanjing Golden Wheel Real Estate has become one of our wholly-owned subsidiaries and there will not be any such finance costs associated with Nanjing Golden Wheel Real Estate. We did not receive any interest and such loans have been waived by 30

June 2012. The amount due from Nanjing Golden Wheel Real Estate is unsecured and non-trade in nature, and is stated at amortized cost with effective interest rates of 8.10% and 8.78% per annum for the years ended 31 December 2010 and 2011, respectively. The following table sets forth a breakdown of our finance costs for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
Interest on bank loans wholly repayable within five years	15,968	33,942	35,317	20,893	16,126
Less: amount capitalized to inventories and investment properties under development	(15,968)	(31,138)	(28,446)	(17,761)	(12,102)
Total	**—**	**2,804**	**6,871**	**3,132**	**4,024**

We had no finance costs in 2009 because all of the interest expenses were capitalized. Our finance costs amounted to RMB2.8 million, RMB6.9 million and RMB4.0 million for the years ended 31 December 2010 and 2011 and the six months ended 30 June 2012, respectively.

Share of loss in an associate

Share of loss in an associate represented our share of loss in Nanjing Pocui Jiudian Guanli Co., Ltd., which is engaged in the operation of a restaurant. In 2011, we invested RMB3.0 million and, together with an independent third party, established Nanjing Pocui Jiudian Guanli Co., Ltd., in which we held 30% equity interest, to run a restaurant. It was our intention to maximize our return by leasing the fifth floor of the shopping mall at our Golden Wheel International Plaza, which is situated in downtown Nanjing with high pedestrian traffic flow, on the condition that we could share a portion of the profit. We currently do not plan to further expand the restaurant business.

Income tax expenses

Income tax comprises current tax and movements in deferred tax assets and liabilities. Current tax includes PRC enterprise income tax and LAT payable by our PRC subsidiaries. The following table sets forth the components of income taxes for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Current tax:					
- PRC enterprise income tax	31,776	15,644	45,043	10,005	66,517
- Land appreciation tax	34,002	19,429	43,898	13,708	72,648
- Withholding tax on distribution of earnings from a PRC subsidiaries	—	—	2,752	—	3,628
	65,778	35,073	91,693	23,713	142,793
Deferred tax:	70,449	79,994	128,354	56,431	7,147
	136,227	115,067	220,047	80,144	149,940

Pursuant to the PRC enterprise income tax law, the PRC income tax rate for our PRC subsidiaries is 25% effective from 1 January 2008. We did not provide for any Hong Kong profits tax as we had no business operations subject to Hong Kong profits tax during the Track Record Period. Currently, we are not subject to any Cayman Islands income tax pursuant to an undertaking obtained from the Governor-in-Cabinet. You should refer to the section headed "Appendix V — Summary of the Constitution of the Company and Cayman Islands Companies Law — Cayman Islands Companies Law — Taxation" in this prospectus for more details.

All appreciation arising from the sale or transfer of land use right, and buildings and their attached facilities in the PRC is subject to land appreciation tax at progressive rates ranging from 30% to 60% of the appreciation value as determined in accordance with relevant tax laws. Certain exemptions are available for the sale of ordinary residential properties if the appreciation value does not exceed 20% of the total deductible items, but this exemption does not extend to sales of commercial properties. Under PRC tax laws and regulations, our properties in the PRC are subject to land appreciation tax on the appraised value of the land and the improvements on the land upon the sale of such properties. We are required to pay 1% to 3% of our sales and pre-sales proceeds as prepaid land appreciation tax.

Our Directors confirm that, during the Track Record Period, we had fully provided for the land appreciation tax for our properties in accordance with the relevant laws and regulations and the accounting policies. Our Directors also confirm that, during the Track Record Period, there had not been any material delay in our payment of the land appreciation tax for our properties. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, our land appreciation tax amounted to RMB34.0 million, RMB19.4 million, RMB43.9 million and RMB72.6 million, respectively.

The following table sets forth a breakdown of our tax losses recorded by our subsidiaries as of 1 January 2009 and 31 December 2009:

	As of 1 January 2009	**As of 31 December 2009**
	RMB'000	*RMB'000*
Nanjing Jade Golden Wheel	54,632	—
Yangzhou Golden Wheel Real Estate	6,352	6,352
Total	60,984	6,352

The above tax losses mainly arose from operating losses, which are mainly attributable to administrative expenses, marketing expenses and other operating expenses incurred by Nanjing Jade Golden Wheel and Yangzhou Golden Wheel Real Estate, respectively, prior to 1 January 2009. Nanjing Jade Golden Wheel started to pre-sell its property units prior to 1 January 2009, and the revenue started to be recognized after 1 January 2009. Yangzhou Golden Wheel Real Estate was in the process of developing its project prior to 1 January 2009. The above tax losses were calculated by our management according to the EIT Law. The corporate tax filings of Nanjing Jade Golden Wheel and Yangzhou Golden Wheel Real Estate were submitted to the local tax authorities and, as confirmed by our Directors, we had not received any objection from the local tax authorities as of the Latest Practicable Date.

For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, our effective tax rate was 32.9%, 28.2%, 30.0% and 42.0%, respectively.

Non-controlling interests

Non-controlling interests represent our profit or loss after taxation shared by Nanjing Golden Wheel Real Estate, the entire equity interest of which was then wholly owned by the Wong Family and held 7.5% equity interest of Nanjing Jade Golden Wheel which had developed Golden Wheel International Plaza and 3.75% equity interest of Yangzhou Golden Wheel Real Estate which had developed Golden Wheel Star City. On 16 January 2012, we entered into an agreement with the Wong Family to acquire from the Wong Family all the equity interest in Nanjing Golden Wheel Real Estate, which was completed in June 2012 as a part of the Reorganization. Upon the completion of the Reorganization, Nanjing Golden Wheel Real Estate has become one of our wholly-owned subsidiaries and there will not be any non-controlling interests associated with Nanjing Golden Wheel Real Estate. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, total comprehensive income attributable to non-controlling interests was RMB15.0 million, RMB12.6 million, RMB14.7 million and RMB7.9 million, respectively.

Acquisition of subsidiaries

On 18 June 2012, in order to consolidate the equity interest held by the Wong Family in our Group, we acquired the assets and assumed the liabilities of a property project through the acquisition of 100% equity interest in Golden Wheel International Corporation, which holds 100% equity interest in Nanjing Golden Wheel Real Estate from the Wong Family. As Nanjing Golden Wheel Real Estate holds non-controlling equity interests in two of our subsidiaries, through this acquisition, we acquired the remaining non-controlling interests in these two subsidiaries, namely, Nanjing Jade Golden Wheel and Yangzhou Golden Wheel Real Estate. In addition, Nanjing Golden Wheel Real Estate has developed Golden Wheel Building and Golden Wheel Green Garden and is currently developing Golden Wheel New Metro. Our Directors consider that, by acquiring Golden Wheel International Corporation (and Nanjing Golden Wheel Real Estate and these three projects as a result thereof), we can increase our total GFA held for investment so as to further increase our rental income in the future. For details of these three projects, please refer to the section headed "Business — Our Property Projects" in this prospectus. This transaction had been accounted for as purchase of assets and assumption of liabilities. The total consideration is by way of issuance of 100 new ordinary shares of US$0.01 each in our Company to the Wong Family. Our Directors confirmed that the consideration for such acquisition was determined with reference to the Wong Family's investment in Golden Wheel International Corporation and its subsidiaries and their contribution to the management and operation of our Group.

Details of net assets acquired in respect of this transaction are summarized below:

	RMB'000
Net assets acquired:	
Property, plant and equipment	21,791
Investment properties	283,600
Held for trading investments	8,518
Amount due from our Group	3,252
Properties under development for sale	192,437
Trade and other receivables	862
Bank balances and cash	15,211
Trade and other payables	(44,881)
Amounts due to our Group	(132,800)
Tax liabilities	(15,900)
Deferred tax liabilities	(47,948)
Subtotal of net assets acquired before non-controlling equity interest in our subsidiaries	284,142
Fair value of non-controlling equity interest of subsidiaries held by the acquiree (note)	209,737
Total net assets acquired	**493,879**

Note: The amount represents the fair value of 7.50% equity interest in Nanjing Jade Golden Wheel and 3.75% equity interest in Yangzhou Golden Wheel Real Estate held by Nanjing Golden Wheel Real Estate as at 18 June 2012, which were acquired by our Group through acquisition of Golden Wheel International Corporation. The properties under development for sale that we acquired from Golden Wheel International Corporation represented the fair value of Golden Wheel New Metro. The gross profit margin of Golden Wheel New Metro is expected to be approximately 45.0%, and our Directors believe that this will not have any material impact on our overall gross profit margin and profitability.

The following table sets forth the results of operations of Golden Wheel International Corporation for the periods indicated:

	Year ended 31 December			Six months ended 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	3,371	1,828	2,496	648
Gross profit	2,696	1,507	2,170	283
Net profit	4,597	3,217	73,392	35,208
Fair value gains on investment properties	1,435	3,400	109,106	37,868

Note: The results of Golden Wheel International Corporation indicated above were not included in our results during the Track Record Period.

The following table sets forth, for the periods indicated, the revenue, the total effective leased area, the effective average annual rental price per sq.m. as of and for the years ended 31 December 2009, 2010 and 2011 and as of and for the six months ended 30 June 2012 for the properties held by Golden Wheel International Corporation:

	As of and for the year ended 31 December												As of and for the six months ended 30 June			
	2009				2010				2011				2012			
	Revenue	Effective leased area	Effective average annual rental price	Occupancy rate	Revenue	Effective leased area	Effective average annual rental price	Occupancy rate	Revenue	Effective leased area	Effective average annual rental price	Occupancy rate	Revenue	Effective leased area	Effective average annual rental price	Occupancy rate
	RMB'000	*sq.m.*	*RMB/sq.m.*	*%*	*RMB'000*	*sq.m.*	*RMB/sq.m.*	*%*	*RMB'000*	*sq.m.*	*RMB/sq.m.*	*%*	*RMB'000*	*sq.m.*	*RMB/sq.m.*	*%*
Golden Wheel Green Garden	1,571	1,640	958	100%	1,522	1,640	928	100%	984	1,021	964	100%	417	1,021	817	100%
Golden Wheel Building	—	—	—	—	—	—	—	—	418	1,216	344	100%	203	1,216	334	100%

LISTING EXPENSES

The total amount of listing expenses, commissions together with brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee in connection with the Global Offering is estimated to be approximately HK$57.8 million, of which HK$35.5 million is expected to be capitalized after the Listing. The remaining HK$22.3 million was or is expected to be charged to our profit and loss accounts, of which approximately HK$1.8 million and HK$9.2 million were charged in the year ended 31 December 2011 and the six months ended 30 June 2012, respectively, and HK$7.6 million and HK$3.7 million are expected to be charged in the six months ending 31 December 2012 and in the year of 2013, respectively.

Six months ended 30 June 2012 compared to six months ended 30 June 2011

Revenue

Our revenue increased 296.1% from RMB167.2 million for the six months ended 30 June 2011 to RMB662.4 million for the same period in 2012, primarily due to an increase in revenue derived from our property development business.

Property development. Revenue derived from property development increased from RMB133.3 million for the six months ended 30 June 2011 to RMB614.5 million for the same period in 2012. This increase was primarily due to our recognition of revenue from the sale of property units at Golden Wheel Time Square during the six month ended 30 June 2012. We did not recognize any revenue from the sale of properties units at Golden Wheel Time Square during the six months ended 30 June 2011 because we did not obtain the proof of examination and acceptance of completion until April 2012. For details, please refer to the section headed "Business — Regulatory Compliance — Delivery of Certain Property Units in Golden Wheel Time Square to our Purchasers before Passing the Construction Completion Examination" in this prospectus.

Property leasing and operational management. Revenue derived from our property leasing and operational management business increased from RMB33.9 million for the six months ended 30 June 2011 to RMB47.9 million for the same period in 2012. This increase was primarily due to an increase in the rental income from Golden Wheel Time Square as a result of increased effective leased area and a rental income of RMB4.6 million from the Xinjiekou Metro Mall.

Cost of sales

Our cost of sales increased from RMB97.2 million for the six months ended 30 June 2011 to RMB340.6 million for the same period in 2012. This increase was primarily due to an increase in total GFA sold during the six months ended 30 June 2012, as compared to the same period in 2011.

Gross profit and gross profit margin

Our gross profit increased from RMB70.1 million for the six months ended 30 June 2011 to RMB321.8 million for the same period in 2012. Our gross profit margin increased from 41.9% for the six months ended 30 June 2011 to 48.6% for the same period in 2012. This increase was primarily due to an increase in the average selling prices of our properties.

Other income, expenses, gains and losses

We had a net loss of RMB0.6 million for our other income, expenses, gains and losses for the six months ended 30 June 2012, while we had a net gain of RMB10.9 million for the same period in 2011. This was primarily due to our listing expenses of RMB7.5 million, as well as net foreign exchange losses of RMB0.3 million due to USD appreciation in connection with our USD borrowings from shareholders during the six months ended 30 June 2012.

Changes in fair value of investment properties

Our gains on fair value changes of investment properties decreased from RMB229.6 million for the six months ended 30 June 2011 to RMB75.0 million for the same period in 2012. The decrease was primarily due to the decrease in market prices of investment properties as a result of the economic slowdown, as well as the completion of our Golden Wheel Time Square in December 2011. Golden Wheel Time Square was still under development during the six months ended 30 June 2011 and had contributed substantially to our fair value gains through increased actual construction costs as the value of investment properties under development also includes the actual construction costs incurred.

Selling and marketing expenses

Our selling and marketing expenses decreased from RMB10.1 million for the six months ended 30 June 2011 to RMB3.9 million for the same period in 2012. This decrease was primarily due to a decrease in advertising and promotional expenses.

Administrative expenses

Our administrative expenses increased from RMB21.1 million for the six months ended 30 June 2011 to RMB30.9 million for the same period in 2012. This increase was due primarily to an increase in staff salaries and benefits in connection with the continued growth of our property development business and depreciation recognized.

Finance costs

Our finance costs increased from RMB3.1 million for the six months ended 30 June 2011 to RMB4.0 million for the same period in 2012 because the interest expenses on the loans that we obtained in our name and subsequently granted to Nanjing Golden Wheel Real Estate, which was then wholly-owned by the Wong Family, were not related to our then property development and as a result cannot be capitalized.

Share of loss of an associate

We had share of loss in an associate of RMB0.8 million for the six months ended 30 June 2012. Share of loss in an associate represented our share of loss in Nanjing Pocui Jiudian Guanli Co., Ltd., in which we acquired a 30% equity interest in 2011.

Taxation

Our tax expense increased from RMB80.1 million for the six months ended 30 June 2011 to RMB149.9 million for the same period in 2012. This increase was due primarily to an increase in PRC enterprise income tax from RMB10.0 million for the six months ended 30 June 2011 to RMB66.5 million for the same period in 2012 as well as an increase in land appreciation tax from RMB13.7 million for the six months ended 30 June 2011 to RMB72.6 million for the same period in 2012. We incurred a larger amount of land appreciation tax for the six months ended 30 June 2012 primarily due to an increase in our revenue from RMB167.2 million for the six-months ended 30 June 2011 to RMB662.4 million for the same period in 2012. For the six months ended 30 June 2011 and 2012, our effective tax rate was 29.0% and 42.0%, respectively.

Profit for the year attributable to owners of the Company

For the foregoing reasons, our profit attributable to owners of the Company increased from RMB187.9 million for the six months ended 30 June 2011 to RMB198.8 million for the same period in 2012.

Profit for the year attributable to non-controlling interests

Our profit attributable to non-controlling interests remained relatively stable at RMB8.1 million and RMB7.9 million for the six months ended 30 June 2011 and 2012, respectively. Non-controlling interests represent our profit or loss after taxation shared by Nanjing Golden Wheel Real Estate, which was then wholly owned by the Wong Family and held 7.5% equity interest of Nanjing Jade Golden Wheel and 3.75% equity interest of Yangzhou Golden Wheel Real Estate. On 18 June 2012, we acquired from the Wong Family all the equity interest in Nanjing Golden Wheel Real Estate, which then became one of our wholly-owned subsidiaries.

Year ended 31 December 2011 compared to year ended 31 December 2010

Revenue

Our revenue increased 8.5% from RMB483.5 million in 2010 to RMB524.5 million in 2011, primarily due to an increase in revenue derived from our property leasing and operational management business,

Property development. A majority of the property units we sold in 2011 was from Gold Wheel Star City in Yangzhou. Revenue derived from property development increased from

RMB441.3 million in 2010 to RMB445.0 million in 2011. This increase was primarily due to an increase in the average selling price of Golden Wheel Star City from RMB4,276 per sq.m. in 2010 to RMB5,999 per sq.m. in 2011, partially offset by a decrease in total GFA of all of our properties sold from 67,305 sq.m. in 2010 to 62,561 sq.m. in 2011.

Property leasing and operational management. Revenue derived from our property leasing and operational management business increased from RMB42.2 million in 2010 to RMB79.5 million in 2011. This increase was primarily due to the opening of Golden Wheel Time Square in Zhuzhou in May 2011, an increase in the effective average annual rental price of Golden Wheel International Plaza from RMB2,202 per sq.m. in 2010 to RMB2,532 per sq.m. in 2011, an increase in the effective average annual rental price of Golden Wheel Waltz from RMB2,342 per sq.m. in 2010 to RMB3,289 per sq.m. in 2011, and a rental income of RMB4.6 million from the Xinjiekou Metro Mall, which commenced operation in 2011.

Cost of sales

Our cost of sales decreased from RMB342.5 million in 2010 to RMB283.4 million in 2011. This decrease was primarily due to a decrease in total GFA sold from 67,305 sq.m. in 2010 to 62,561 sq.m. in 2011.

Gross profit and gross profit margin

Our gross profit increased from RMB141.0 million in 2010 to RMB241.1 million in 2011. Our gross profit margin increased from 29.2% in 2010 to 46.0% in 2011. This increase was primarily due to an increase in the average selling prices of our properties and an increase in the effective average annual rental prices of our investment properties in 2011. The gross profit margin for our property development business increased from 23.2% for the year ended 31 December 2010 to 38.0% for the year ended 31 December 2011, primarily due to an increase in the average selling prices of our properties in 2011. The average selling price of Golden Wheel Star City, the sales of which accounted for 79.3% of our revenue from property development in 2011, increased from RMB4,276 per sq.m. in 2010 to RMB5,999 per sq.m. in 2011.

Other income, expenses, gains and losses

Our other income, expenses, gains and losses increased from RMB11.4 million in 2010 to RMB18.6 million in 2011. This increase was primarily due to an increase in interest income (including interest income and imputed interest income on amount due from a related company) from RMB6.2 million in 2010 to RMB14.1 million in 2011 as a result of the increase in our average bank balances and the increase in interest due from Nanjing Golden Wheel Real Estate, and a slight increase in net foreign exchange gains from RMB4.8 million in 2010 to RMB5.6 million in 2011 due to RMB appreciation in connection with our USD borrowings from shareholders, partially offset by listing expenses of RMB1.5 million. Nanjing Golden Wheel Real Estate had not paid us any interest during the Track Record Period, and such loans had been waived by 30 June 2012 following our acquisition of Nanjing Golden Wheel Real Estate in June 2012.

Changes in fair value of investment properties

We had gains on fair value changes of investment properties in 2010 and 2011. Our gains on fair value changes of investment properties increased from RMB306.9 million in 2010 to RMB539.9 million in 2011. Our gains on fair value changes of investment properties were primarily due to an increase of RMB363.9 million in the fair value of Golden Wheel Time Square and an increase of RMB166.0 million in the fair value of Golden Wheel International Plaza.

Selling and marketing expenses

Our selling and marketing expenses increased slightly from RMB14.1 million in 2010 to RMB14.8 million in 2011. This increase was primarily due to an increase in advertising and promotional expenses.

Administrative expenses

Our administrative expenses increased from RMB34.0 million in 2010 to RMB44.2 million in 2011. This increase was primarily due to an increase in staff salaries and benefits and an increase in office expense, which was in line with our business expansion.

Finance costs

Our finance costs increased from RMB2.8 million in 2010 to RMB6.9 million in 2011 because the interest expenses on the loans that we obtained in our name and subsequently granted to Nanjing Golden Wheel Real Estate, which was then wholly-owned by the Wong Family, were not related to our then property development and as a result cannot be capitalized. The amount due from Nanjing Golden Wheel Real Estate is unsecured and non-trade in nature, and is stated at amortized cost with effective interest rates of 8.10% and 8.78% per annum for the years ended 31 December 2010 and 2011, respectively.

Share of loss in an associate

We had share of loss in an associate of RMB0.4 million in 2011. Share of loss in an associate represented our share of loss in Nanjing Pocui Jiudian Guanli Co., Ltd., which engages in the restaurant business and in which we acquired 30% equity interest in 2011.

Taxation

Our tax expense increased from RMB115.1 million in 2010 to RMB220.0 million in 2011. This increase was primarily due to an increase in PRC enterprise income tax from RMB15.6 million in 2010 to RMB45.0 million in 2011 as well as an increase in land appreciation tax from RMB19.4 million in 2010 to RMB43.9 million in 2011. We incurred more land appreciation tax in 2011 primarily due to the an increase in the average selling prices of Golden Wheel Star City from RMB4,276 per sq.m. in 2010 to RMB5,999 per sq.m. in 2011 and Golden Wheel International Plaza from RMB18,002 per sq.m. in 2010 to RMB25,366 per sq.m. in 2011 as compared to 2010. For the years ended 31 December 2010 and 2011, our effective tax rate was 28.2% and 30.0%, respectively.

Profit for the year attributable to owners of the Company

For the foregoing reasons, our profit attributable to owners of the Company increased from RMB280.7 million in 2010 to RMB498.5 million in 2011.

Profit for the year attributable to non-controlling interests

Our profit attributable to non-controlling interests increased from RMB12.6 million in 2010 to RMB14.7 million in 2011. The increase in our profit attributable to non-controlling interest was due to an increase in the properties sold in 2011 at Golden Wheel Star City which was developed by Yangzhou Golden Wheel Real Estate.

Year ended 31 December 2010 compared to year ended 31 December 2009

Revenue

Our revenue decreased from RMB493.8 million in 2009 to RMB483.5 million in 2010, primarily due to a decrease in revenue from our property development business, partially offset by an increase in revenue from our property leasing and operational management business.

Property development. Revenue derived from property development decreased slightly from RMB458.6 million in 2009 to RMB441.3 million in 2010, primarily due to a decrease in total GFA of all of our properties sold from 28,152 sq.m. in 2009 to 6,355 sq.m. in 2010 at Golden Wheel International Plaza which had higher average selling price than our other properties, partially offset by the commencement of sale at Golden Wheel Star City in 2010 as well as an increase in the average selling prices of Golden Wheel International Plaza from RMB16,289 per sq.m. in 2009 to RMB18,002 per sq.m. in 2010.

Property leasing and operational management. Revenue derived from our property leasing and operational management business increased from RMB35.2 million in 2009 to RMB42.2 million in 2010. This increase was primarily due to the opening of Golden Wheel Waltz in 2010 as well as an increase in the effective average annual rental price for Golden Wheel International Plaza in 2010 from RMB2,178 per sq.m. in 2009 to RMB2,202 per sq.m. in 2010.

Cost of sales

Our cost of sales increased from RMB287.6 million in 2009 to RMB342.5 million in 2010. This increase was primarily due to an increase in total GFA of all of our properties sold from 28,152 sq.m. in 2009 to 67,305 sq.m. in 2010 as a result of the commencement of sale at Golden Wheel Star City and Golden Wheel Waltz, partially offset by a decrease in total GFA sold at Golden Wheel International Plaza from 28,152 sq.m. in 2009 to 6,355 sq.m. in 2010.

Gross profit and gross profit margin

Our gross profit decreased from RMB206.2 million in 2009 to RMB141.0 million in 2010. Our gross margin decreased from 41.7% in 2009 to 29.2% in 2010. The gross profit margin for our property development business decreased from 38.1% in 2009 to 23.2% in 2010. These decreases were primarily because a substantial portion of our revenue in 2010 was derived from the sale of property units at our Golden Wheel Star City and Golden Wheel Waltz which have lower gross profit margins as compared to Golden Wheel International Plaza. These decreases were partially offset by an increase in the average selling prices of Golden Wheel International Plaza in 2010.

Other income, expenses, gains and losses

Our other income, expenses, gains and losses increased from RMB6.0 million in 2009 to RMB11.4 million in 2010. This increase was primarily due to an increase in interest income (including interest income and imputed interest income on amount due from a related company) from RMB0.9 million in 2009 to RMB6.2 million in 2010 as a result of the increase in our average bank balances and the imputed interest of RMB2.8 million from Nanjing Golden Wheel Real Estate, and a slight increase in net foreign exchange gains from RMB2.1 million in 2009 to RMB4.8 million in 2010 due to RMB appreciation in connection with our USD borrowings from shareholders.

Changes in fair value of investment properties

We had gains on fair value changes of investment properties in 2009 and 2010. Our gains on fair value changes of investment properties increased from RMB250.2 million in 2009 to RMB306.9 million in 2010. This increase was primarily due to an increase of RMB137.0 million in the fair value of Golden Wheel International Plaza.

Selling and marketing expenses

Our selling and marketing expenses decreased from RMB21.8 million in 2009 to RMB14.1 million in 2010. This decrease was primarily due to the fact that we started selling properties of Golden Wheel International Plaza in 2009 and incurred more advertising and promotional expenses in 2009 as compared to 2010.

Administrative expenses

Our administrative expenses increased from RMB25.9 million in 2009 to RMB34.0 million in 2010. This increase was primarily due to an increase in staff salaries and benefits and an increase in utilities, which was in line with our business expansion.

Finance costs

We had no finance costs in 2009 because all of the interest expenses were capitalized. We incurred finance costs in the amount of RMB2.8 million in 2010 because the interest expenses on the loans that we obtained in our name and subsequently granted to Nanjing Golden Wheel Real Estate, the entire equity interest of which was then wholly-owned by the Wong Family, were not related to our then property development and as a result cannot be capitalized. The amount due from Nanjing Golden Wheel Real Estate is unsecured and non-trade in nature, and is stated at amortized cost with effective interest rate of 8.10% per annum for the year ended 31 December 2010.

Taxation

Our tax expense decreased from RMB136.2 million in 2009 to RMB115.1 million in 2010. This decrease was primarily due to a decrease in PRC enterprise income tax from RMB31.8 million in 2009 to RMB15.6 million 2010 as well as a decrease in land appreciation tax from RMB34.0 million in 2009 to RMB19.4 million in 2010. We incurred less land appreciation tax in 2010 primarily because in 2010 we commenced the sale of Golden Wheel Star City in Yangzhou which is a residential property and its average selling prices are lower as compared to commercial properties such as Golden Wheel International Plaza and Golden Wheel Waltz. For the years ended 31 December 2009 and 2010, our effective tax rate was 32.9% and 28.2%, respectively.

Profit for the year attributable to owners of the Company

For the foregoing reasons, our profit attributable to owners of the Company increased from RMB263.4 million in 2009 to RMB280.7 million in 2010.

Profit for the year attributable to non-controlling interests

Our profit attributable to non-controlling interests decreased from RMB15.0 million in 2009 to RMB12.6 million in 2010. The decrease in our profit attributable to non-controlling interest was due to a decrease in the properties sold in 2010 at Golden Wheel International Plaza which was developed by Nanjing Jade Golden Wheel.

LIQUIDITY AND CAPITAL RESOURCES

To date, we have financed our working capital, capital expenditures and other capital requirements primarily through capital contributions from shareholders, borrowings and proceeds from sales and pre-sales of our properties. Our financing methods vary from project to project and are subject to limitations imposed by PRC regulations and monetary policies. We expect to continue to fund our future development, working capital and other cash requirements from internal financial resources, bank borrowings and cash generated from operations, as well as from a portion of the net proceeds from the Global Offering. We may however, need to raise additional funds in the future through debt or equity offerings or sales or other dispositions of assets to finance all or a portion of our future development.

We expect to incur development costs of approximately RMB338.8 million to complete our current properties under development. We intend to use a portion of the net proceeds from the Global Offering to finance these projects under development, with the remainder to be financed by internal funds (including cash and the pre sale proceeds from projects under development) and external borrowings if required.

Cash Flows

The following table shows selected cash flow data from our consolidated cash flow statements for the periods indicated:

	Year ended 31 December			**Six months ended 30 June**	
	2009	**2010**	**2011**	**2011**	**2012**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Net cash from (used in) operating activities	26,684	261,480	134,012	118,520	(75,434)
Net cash (used in) from investing activities	(10,793)	(158,269)	(99,997)	(94,034)	16,586
Net cash from (used in) financing activities	158,503	75,693	(225,540)	(108,518)	(45,404)
Net increase (decrease) in cash and cash equivalents	174,394	178,904	(191,525)	(84,032)	(104,252)
Cash and cash equivalents at beginning of year/period	34,868	209,262	388,166	388,166	196,641
Cash and cash equivalents at end of year/period	209,262	388,166	196,641	304,134	92,389

Net cash generated from operating activities

During the Track Record Period, our cash generated from operating activities resulted primarily from pre-sales and sales of our developed properties and from rental income from our investment properties while cash used in operating activities resulted from our cash costs for the development of properties, cash costs of land purchases and cash costs of operating our completed properties held for sale and other investment properties, interest paid on bank borrowings that was capitalized and taxes paid.

We had net cash outflow from operating activities of RMB75.4 million for the six months ended 30 June 2012, which was mainly attributable to a decrease in deposits and prepayments received from pre-sale of properties of RMB472.5 million due to reduced pre-sale activities during this period as the pre-sale of Nanjing Jade Garden started in July 2012 and the pre-sale of Golden Wheel Star Plaza is expected to start in January 2013, as well as an increase in prepayment for acquisition of leasehold land held for development for sale of RMB60.0 million in connection with our Zhuzhou Yunlong Project. During the six months ended 30 June 2012, we pre-sold 2,828 sq.m. residential properties of Golden Wheel Star City at an average contract price of RMB8,521 per sq.m., and 3,025 sq.m. residential properties of Golden Wheel Time Square at an average contract price of RMB7,893 per sq.m. During the six months ended 30 June 2011, we pre-sold 10,377 sq.m. residential properties of Golden Wheel Star City at an average contract price of RMB8,442 per sq.m., and 4,030 sq.m. residential properties of Golden Wheel Time Square at an average contract price of RMB6,241 per sq.m.

For the year ended 31 December 2011, our net cash inflow from operating activities was RMB134.0 million, representing a decrease of RMB127.5 million from RMB261.5 million for the year ended 31 December 2010, which was mainly attributable to an increase in properties under development for sale of RMB281.7 million primarily resulting from (i) an increase in properties under development of RMB110.8 million for Nanjing Jade Garden, (ii) an increase in properties under development for sale of RMB140.1 million for Golden Wheel Star Plaza; and (iii) an increase in properties under development for sale of RMB96.3 million for Golden Wheel Time Square, as well as a decrease in deposits and prepayments received from pre-sale of properties of RMB94.8 million resulting from reduced pre-sales.

For the year ended 31 December 2010, our net cash inflow from operating activities was RMB261.5 million, which was mainly attributable to an increase in deposits and prepayments received from pre-sale of properties of RMB251.8 million primarily resulting from an increase in deposits and prepayments of RMB371.3 million received from the pre-sale of our Golden Wheel Time Square, partially offset by an increase in leasehold land held for development for sale of RMB229.1 million in connection with our acquisition of land for Nanjing Jade Garden and Golden Wheel Star Plaza.

For the year ended 31 December 2009, our net cash inflow from operating activities was RMB26.7 million, which was mainly attributable to an increase in cash costs for the development of Golden Wheel International Plaza, as well as a decrease in deposits and prepayments received from pre-sale of properties of RMB19.0 million resulting from reduced pre-sales.

Net cash from (used in) investing activities

Our net cash used in investing activities have been primarily driven by additions of property, plant and equipment, investment in investment properties under development, advances to related parties and investment in associated companies.

For the six months ended 30 June 2012, our net cash inflow from investing activities was RMB16.6 million, which was primarily attributable to our acquisition of Nanjing Golden Wheel Real Estate which led to cash inflow of RMB15.2 million, and repayments from Nanjing Golden Wheel Real Estate of RMB8.0 million, partially offset by advances to Nanjing Golden Wheel Real Estate of RMB5.0 million.

For the year ended 31 December 2011, our net cash used in investing activities was RMB99.9 million, which was primarily attributable to (i) advances to Nanjing Golden Wheel Real Estate of RMB144.0 million, and (ii) an increase in investment properties under development of RMB47.6 million for Golden Wheel Time Square, partially offset by (i) a decrease in restricted bank deposits of RMB48.7 million, and (ii) repayments from Nanjing Golden Wheel Real Estate of RMB61.0 million.

For the year ended 31 December 2010, our net cash used in investing activities was RMB158.3 million, which was primarily attributable to (i) advances to Nanjing Golden Wheel Real Estate of RMB72.8 million, (ii) an increase in restricted bank deposits of RMB 61.0 million, and (iii) an increase in investment properties under development of RMB38.3 million in connection with Golden Wheel Time Square, partially offset by repayments from Nanjing Golden Wheel Real Estate of RMB20.0 million.

For the year ended 31 December 2009, our net cash used in investing activities was RMB10.8 million, which was primarily attributable to proceeds from disposal of property, plant and equipment of RMB7.2 million, partially offset by an increase in investment properties under development of RMB4.1 million.

Net cash generated from (used in) financing activities

For the six months ended 30 June 2012, our net cash flow used in financing activities was RMB45.4 million, which was primarily attributable to (i) repayments to shareholders of RMB62.1 million, (ii) repayment of bank loans of RMB24.6 million, and (iii) interest payment of RMB16.1 million, partially offset by proceeds from new bank loans of RMB60.0 million.

We had net cash outflow from financing activities of RMB225.5 million for the year ended 31 December 2011, as compared to net cash inflow from financing activities of RMB75.7 million for the year ended 31 December 2010. This was primarily due to our repayment of bank loans of RMB146.8 million in an effort to save finance costs, repayment of borrowings from shareholders of RMB42.3 million and payment for interest and dividends of RMB89.4 million, as well as a significant decrease in our new bank loans to reduce our finance costs as compared to 2010, partially offset by proceeds from new bank loans of RMB55.0 million.

For the year ended 31 December 2010, our net cash inflow from financing activities was RMB75.7 million, which was primarily attributable to proceeds from new bank loans of RMB335.0 million, partially offset by (i) repayment of bank loans of RMB175.8 million, (ii) repayments to Nanjing Golden Wheel Real Estate of RMB57.9 million, and (iii) interest payment of RMB33.9 million.

For the year ended 31 December 2009, our net cash inflow from financing activities was RMB158.5 million, which was primarily attributable to (i) proceeds from new bank loans of RMB330.0 million, and (ii) advances from Nanjing Golden Wheel Real Estate of RMB58 million, partially offset by (i) repayment of bank loans of RMB131.2 million, (ii) repayments to related companies of RMB62.8 million, (iii) repayments to shareholders of RMB21.3 million, and (iv) interest payment of RMB16.0 million.

Net current assets

Our current assets consist primarily of properties under development for sale, completed properties for sale, leasehold land held for development for sale and bank balances and cash. Apart from bank balances and cash, these items represent costs related to the development of our projects. Our current liabilities consist primarily of trade and other payables, deposits and prepayments received from pre-sale of properties, amounts due to shareholders, tax liabilities and bank borrowings. Trade and other payables represent costs related to our development activities, while income tax payable represents tax due related mainly to the sale of properties following such development activities. Deposits and prepayments received from pre-sale of properties are pre-sales proceeds received from customers of properties under development. Rental received in advance are prepayments received from customers of our property leasing and operation management business. Amounts due to related parties and borrowings represent financing used for our operations.

Our net current assets have been significantly affected by our rapid growth and our property development and delivery schedules during the Track Record Period. Land use right, properties under development for sale and completed properties for sale are recorded at cost while deposits and prepayments received from pre-sale of properties are recorded at the realized price of presold properties.

We had net current assets of RMB83.3 million, RMB171.5 million and RMB368.7 million as of 31 December 2009, 2010 and 30 June 2012, respectively, and net liabilities of RMB3.0 million as of 31 December 2011. The following table shows our current assets and current liabilities as of the dates indicated:

	As of 31 December			As of 30 June	As of 31 October
	2009	2010	2011	2012	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Current assets					
Leasehold land held for development for sale	—	229,074	—	—	—
Properties under development for sale	531,356	410,688	717,320	701,893	664,682
Completed properties for sale	136,366	206,267	153,759	187,737	225,739
Trade and other receivables	83,234	91,680	72,892	54,473	75,909
Prepayment for leasehold land held for development for sale	80,431	—	—	60,000	60,000
Amount due from an associate	—	—	1,060	—	—
Tax prepaid	14,411	31,071	18,305	4,149	—
Held for trading investments	—	—	—	8,518	6,490
Restricted bank deposits	3,383	64,432	15,718	16,097	71,208
Bank balances and cash	209,262	388,166	196,641	92,389	90,988
	1,058,443	1,421,378	1,175,695	1,125,256	1,195,016
Current liabilities					
Trade and other payables	149,980	141,339	177,366	228,431	265,834
Rental received in advance	2,474	8,075	19,525	22,830	22,524
Deposits and prepayments received from pre-sale of properties	486,293	738,061	643,230	170,697	142,872
Amounts due to shareholders	162,116	168,951	129,098	—	—
Amounts due to related companies	56,400	—	—	—	—
Tax liabilities	40,543	44,464	100,339	210,824	250,958
Bank borrowings - due within one year	77,347	149,020	109,104	123,800	166,808
	975,153	1,249,910	1,178,662	756,582	848,996
Net current assets (liabilities)	83,290	171,468	(2,967)	368,674	346,020

The increase of net current assets from RMB83.3 million as of 31 December 2009 to RMB171.5 million as of 31 December 2010 was primarily due to an increase in current assets resulting primarily from (i) an increase in our leasehold land held for development for sale from nil as of 31 December 2009 to RMB229.1 million as of 31 December 2010, (ii) an increase in our bank balances and cash from RMB209.3 million as of 31 December 2009 to RMB388.2 million as of 31 December 2010, and (iii) an increase in completed properties for sale from RMB136.4 million as of 31 December 2009 to RMB206.3 million as of 31 December 2010, partially offset by an increase in current liabilities resulting primarily from (i) an increase in deposits and prepayments received from pre-sale of properties from RMB486.3 million as of 31 December 2009 to RMB738.1 million as of 31 December 2010, and (ii) an increase in short-term bank borrowings from RMB77.3 million as of 31 December 2009 to RMB149.0 million as of 31 December 2010.

We had net current liabilities of RMB3.0 million as of 31 December 2011 as compared to net current assets of RMB171.5 million as of 31 December 2010. This was primarily due to a decrease in current assets resulting primarily from (i) a decrease in our leasehold land held for development for sale from RMB229.1 million as of 31 December 2010 to nil as of 31 December 2011, (ii) a decrease in our bank balances and cash from RMB388.2 million as of 31 December 2010 to RMB196.6 million as of 31 December 2011, partially offset by a decrease in current liabilities resulting primarily from (i) a decrease in deposits and prepayments received from pre-sale of properties from RMB738.1 million as of 31 December 2010 to RMB643.2 million as of 31 December 2011, (ii) a decrease in short-term bank borrowings from RMB149.0 million as of 31 December 2010 to RMB109.1 million as of 31 December 2011, and (iii) a decrease in amounts due to shareholders from RMB169.0 million as of 31 December 2010 to RMB129.1 million as of 31 December 2011.

We had net current assets of RMB368.7 million as of 30 June 2012 as compared to net current liabilities of RMB3.0 million as of 31 December 2011. This was primarily due to a decrease in current liabilities resulting primarily from (i) deposits and prepayments received from pre-sale of properties from RMB643.2 million as of 31 December 2011 to RMB170.7 million as of 30 June 2012, and (ii) our settlement of RMB129.1 million due to shareholders, partially offset by a decrease in current assets from RMB1,175.7 million as of 31 December 2011 to RMB1,125.3 million as of 30 June 2012 resulting primarily from a decrease in our bank balances and cash from RMB196.6 million as of 31 December 2011 to RMB92.4 million as of 30 June 2012.

Held for trading investment

We held equity securities listed in the PRC of RMB8.5 million as of 30 June 2012, as a result of our acquisition of Nanjing Golden Wheel Real Estate. Subject to and in accordance with the investment objective and policies adopted by the Company from time to time, our Board shall have absolute discretion over the assets of our Company, including acquisition of disposal of the equity securities we hold. Our finance and accounting department is responsible for (i) reviewing and evaluating the investment in equity securities, (ii) rendering to our Board information as may reasonably be available to it to assist our Board in structuring disposals and making recommendations to our Board regarding potential divestments, (iii) obtaining for our Board regularly valuations of such investments or assets of our Company as our Board shall require, and (iv) keeping the records of such accounts, books and statements as may be required by any applicable PRC laws and regulations for the proper conduct of our Company. We plan to dispose of all of the above equity securities when the price either increases or decreases by 50% as compared to 30 June 2012. In other cases, our Board will have absolute discretion on when and at which price to sell such securities. We have no intention to make similar securities investment in the future.

Restricted bank deposits

A portion of our bank deposits are pledged to banks as security for certain banking facilities granted to us, in which case the use of the restricted bank deposits, subject to the banks' approval, is restricted to the purposes as set out in the relevant loan agreements, or as security for certain mortgage loans granted to our customers, in which case the restricted bank deposits will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as security for the mortgage loans granted. As of 31 December 2009, 2010 and 2011 and 30 June 2012, our restricted bank deposits were RMB3.4 million, RMB64.4 million, RMB15.7 million and RMB16.1 million, respectively. As of 30 June 2012, we had no unutilized banking facilities available for drawdown.

Working capital

As of the Latest Practicable Date, a banking facility of US$5.0 million for general corporate purposes had been granted to and utilized by us, and another banking facility of RMB50.0 million had been granted to us for the development of Golden Wheel New Metro, of which we had utilized RMB30.0 million and had unutilized banking facilities of RMB20.0 million available for drawdown.

Taking into account the financial resources available to us, including expected net proceeds from the Global Offering, and our operating cash inflow (mainly pre-sale proceeds of our projects) and, if required, bank loans, and in the absence of unforeseen circumstances, our Directors are of the view that we have sufficient working capital for our present requirements for our operations for at least the next 12 months from the date of this prospectus.

DESCRIPTION OF CERTAIN ITEMS IN STATEMENTS OF FINANCIAL POSITION

Investment properties

As of 31 December 2009, 2010 and 2011 and 30 June 2012, we had investment properties of RMB1,910.0 million, RMB2,259.0 million, RMB2,850.0 million and RMB3,208.6 million respectively. Our investment properties increased from RMB1,910.0 million as of 31 December 2009 to RMB2,259.0 million as of 31 December 2010, due to (i) an increase in the fair value of our investment properties of RMB306.9 million in 2010 resulting primarily from an increase of RMB137.0 million in the fair value of Golden Wheel International Plaza, and (ii) additions of RMB42.1 million in construction costs for investment properties under development primarily in connection with Golden Wheel Time Square in Zhuzhou. Our investment properties increased from RMB2,259.0 million as of 31 December 2010 to RMB2,850.0 million as of 31 December 2011, due to (i) an increase in the fair value of our investment properties of RMB539.9 million in 2011 resulting primarily from an increase of RMB363.9 million in the fair value of Golden Wheel Time Square in Zhuzhou, and (ii) additions of RMB51.1 million in construction costs for investment properties under development primarily in connection with Golden Wheel Time Square in Zhuzhou. Our investment properties increased from RMB2,850.0 million as of 31 December 2011 to RMB3,208.6 million as of 30 June 2012, due to (i) our acquisition of Nanjing Golden Wheel Real Estate and as a result its investment properties, and (ii) an increase in the fair value of our investment properties of RMB75.0 million resulting primarily from an increase of RMB48.0 million in the fair value of Golden Wheel International Plaza and RMB23.0 million in the fair value of Golden Wheel Time Square. Our investment properties are held under medium-term leases in the PRC. As of 31 December 2009, 2010 and 2011 and 30 June 2012, our investment properties with a carrying amount of RMB1,910.0 million, RMB2,259.0 million, RMB1,844.0 million and RMB1,896.0 million were pledged to banks to secure certain banking facilities granted to us, respectively.

Completed properties for sale

Completed properties for sale consist of completed properties remaining unsold at the end of each financial period and are stated at the lower of cost and net realizable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. We had completed properties for sale of RMB136.4 million, RMB206.3 million, RMB153.8 million and RMB187.7 million as of 31 December 2009, 2010 and 2011 and 30 June 2012, respectively. The increase from RMB136.4 million as of 31 December 2009 to RMB206.3 million as of 31 December 2010 was primarily due to the transfer from properties under development to completed properties for sale at Golden Wheel Star City in Yangzhou and a portion of Golden Wheel International Plaza, partially offset by sale of completed properties at Golden Wheel International Plaza. The decrease from RMB206.3 million as of 31 December 2010 to RMB153.8 million as of 31 December 2011 was primarily due to sale of completed properties at Golden Wheel Star City in Yangzhou. The increase from RMB153.8 million as of 31 December 2011 to RMB187.7 million as of 30 June 2012 was primarily due to the transfer from properties under development to completed properties for sale at Golden Wheel Time Square, partially offset by sale of completed properties at Golden Wheel Time Square, Golden Wheel International Plaza and Golden Wheel Star City.

The following table sets forth a breakdown of the carrying amount of our completed properties for sale by project as of the dates indicated:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Commercial				
Golden Wheel International Plaza	136,366	97,591	87,626	66,831
Golden Wheel Waltz	—	6,701	793	—
Golden Wheel Time Square	—	—	—	10,144
Golden Wheel Star City	—	1,049	1,049	1,049
	136,366	105,341	89,468	78,024
Residential				
Golden Wheel Time Square	—	—	—	69,437
Golden Wheel Star City	—	100,926	64,291	40,276
	—	100,926	64,291	109,713
Total	**136,366**	**206,267**	**153,759**	**187,737**

Properties under development for sale

Properties under development for sale are properties in respect of which we have obtained the relevant land use right certificates as well as construction permits. We had properties under development for sale of RMB531.4 million, RMB410.7 million, RMB717.3 million and RMB701.9 million as of 31 December 2009, 2010 and 2011 and 30 June 2012, respectively. The changes in our properties under development for sale during the Track Record Period were primarily attributable to the timing of commencement of construction and project completion. Completed and undelivered properties are transferred from properties under development for sale to completed properties for sale. The decrease from RMB531.4 million as of 31 December 2009 to RMB410.7 million as of 31 December 2010 was primarily due to the completion of phase I of Golden Wheel Star City in Yangzhou. The increase from RMB410.7 million as of 31 December 2010 to RMB717.3 million as of 31 December 2011 was primarily due to the commencement of the construction of phase II of Golden Wheel Star City, Golden Wheel Time Square, Golden Wheel Star Plaza and Nanjing Jade Garden. The decrease from RMB717.3 million as of 31 December 2011 to RMB701.9 million as of 30 June 2012 was primarily due to the transfer from properties under development to completed properties for sale at Golden Wheel Time Square, partially offset by the commencement of the construction of Golden Wheel New Metro, Golden Wheel Star Plaza and Nanjing Jade Garden.

The following table sets forth a breakdown of the carrying amount of our properties under development for sale by project as of the dates indicated:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Commercial				
Golden Wheel Star Plaza	—	—	93,355	119,533
Nanjing Jade Garden	—	—	32,403	42,079
Golden Wheel Waltz	93,313	—	—	—
Golden Wheel Time Square	26,844	42,030	83,558	—
Golden Wheel New Metro	–	—	—	126,207
Golden Wheel Star City	—	—	10,765	60,207
	120,157	42,030	220,081	348,026
Residential				
Golden Wheel Star Plaza	—	—	46,738	59,843
Nanjing Jade Garden	—	—	78,432	101,851
Golden Wheel Time Square	121,720	190,581	245,370	—
Golden Wheel New Metro	—	—	—	59,769
Golden Wheel Star City	289,479	178,077	126,699	132,404
	411,199	368,658	497,239	353,867
Total	**531,356**	**410,688**	**717,320**	**701,893**

Trade and other receivables

The following table sets forth a breakdown of our trade and other receivables as of the dates indicated below:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivable	7,819	4,335	5,091	5,464
Other receivables and prepaid expenses	5,122	7,621	8,728	12,808
Advances to contractors	47,964	44,609	21,559	25,533
Deposits	1,973	2,157	847	842
Other taxes prepaid	20,356	32,958	36,667	9,826
	83,234	**91,680**	**72,892**	**54,473**

Rental payment is usually required in accordance with the terms of the relevant lease agreements within 30 days before the commencement dates of leases.

Our trade receivable mainly comprises of rental receivable in respect of self-owned investment properties and sub-leased properties, and amounts receivable from credit and companies in respect of deposit made by customers through credit cards for sale of properties.

The following table sets forth our rental receivables as of the dates indicated:

	As of 31 December			As of 30 June
	2009	**2010**	**2011**	**2012**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Rental receivables	3,346	1,065	4,638	2,849

Our credit policy for our customers who purchase property from us is largely reflected in our sale and purchase agreements with our customers. Our customers who purchase properties from us generally pay non-refundable initial deposits (e.g. RMB30,000) at or prior to signing the sale and purchase agreements. If these customers need to apply for bank mortgage loans, they will generally pay further down payment when they sign the sale and purchase agreements and subsequently apply for mortgage loans for the remaining purchase prices.

Our trade and other receivables increased from RMB83.2 million as of 31 December 2009 to RMB91.7 million as of 31 December 2010. The increase was primarily due to an increase in other taxes prepaid mainly by Zhuzhou Golden Wheel Real Estate, partially offset by a decrease in advances to contractors and a decrease in trade receivables. During the Track Record Period, we had other taxes prepaid because we were required to prepay business taxes when we commence the pre-sale of properties under the PRC laws and regulations. Our trade and other receivables decreased from RMB91.7 million as of 31 December 2010 to RMB72.9 million as of 31 December 2011. The decrease was primarily due to a decrease in advances to contractors from RMB44.6 million as of 31 December 2010 to RMB21.6 million as of 31 December 2011. Our advances to contractors were primarily related to our prepayments to our construction contractors and sub-contractors. The overall decrease in our advances to contractors during the years ended 31 December 2009, 2010 and 2011 was primarily due to the recognition of the prepayments as inventory or investment properties after the commencement of property development. Our trade and other receivables decreased from RMB72.9 million as of 31 December 2011 to RMB54.5 million as of 30 June 2012, primarily due to a decrease in other taxes prepaid from RMB36.7 million as of 31 December 2011 to RMB9.8 million as of 30 June 2012. The decrease in other taxes prepaid was primarily due to the recognition of other taxes prepaid by Zhuzhou Golden Wheel Real Estate as business tax for the six months ended 30 June 2012 while the deposits and prepayments received from the pre-sale of property units at Golden Wheel Time Square were recognized as revenue for the same period.

The aging analysis of our trade receivables, net of allowance for doubtful debts, as at the dates indicated is as follows:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 30 days	7,819	3,862	2,987	4,536
31 to 60 days	—	—	818	—
61 to 180 days	—	—	740	651
180 to 365 days	—	380	453	—
Over one year	—	93	93	277
	7,819	**4,335**	**5,091**	**5,464**

Our average trade receivables turnover days were four days, five days, three days and one day for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively, which were within the credit period granted by us. The average trade receivables turnover days are calculated by dividing the average of opening and ending balance of trade receivables for the year/period by the corresponding revenue in the year/period and then multiplying by the number of days in that year/period. The increase in our average trade receivables turnover days from four days for the year ended 31 December 2009 to five days for the year ended 31 December 2010 was primarily due to a decrease in revenue from RMB493.8 million in 2009 to RMB483.5 million in 2010. The decrease in our average trade receivables turnover days from five days for the year ended 31 December 2010 to three days for the year ended 31 December 2011 was primarily due to an increase in revenue from RMB483.5 million in 2010 to RMB524.5 million in 2011. The decrease in our average trade receivables turnover days from three days for the year ended 31 December 2011 to one day for the six months ended 30 June 2012 was primarily due to an increase in revenue from RMB524.5 million in 2011 to RMB662.4 million in the six months ended 30 June 2012.

In assessing the recoverability of trade receivable from property tenants for property leasing and operational management business, we consider any change in the credit quality of the property tenants. We recognize allowance for doubtful receivables based on estimated irrecoverable amounts determined by reference to past default experience of the property tenants and their current financial position.

Our impairment losses recognized on trade receivable of RMB1.1 million as of 31 December 2010 and 2011 and the six months ended 30 June 2012, were related to irrecoverable amounts relating to our property leasing and operational management business.

As of 31 October 2012, RMB4.5 million, or 82.3%, of our trade receivables as of 30 June 2012 had been settled.

Prepayment for leasehold land held for development for sale

Our prepayment for leasehold land use right was RMB80.4 million as of 31 December 2009, which was made to secure the land for our Nanjing Jade Garden project. We did not have prepayment for leasehold land held for development for sale as of 31 December 2010 and 2011. Our prepayment for leasehold land held for development for sale was RMB60.0 million, which was made to secure a parcel of land in Zhuzhou.

Trade and other payables

The following table sets forth a breakdown of our trade and other payables as of the dates indicated below:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	122,836	113,799	138,216	199,381
Deposits	7,597	11,007	20,568	15,729
Other taxes payable	4,272	2,463	4,832	2,053
Other payables and accrued expenses	15,275	14,070	13,750	11,268
	149,980	**141,339**	**177,366**	**228,431**

Our trade and other payable decreased from RMB150.0 million as of 31 December 2009 to RMB141.3 million as of 31 December 2010. The decrease was primarily due to a decrease in trade payables, partially offset by an increase in deposits received. Our trade and other payables increased from RMB141.3 million as of 31 December 2010 to RMB177.4 million as of 31 December 2011. The increase was primarily due to an increase in trade payables and deposits received. Our trade and other payables increased from RMB177.4 million as of 31 December 2011 to RMB228.4 million as of 30 June 2012, primarily due to an increase in trade payables, which was in line with the continued growth of our property development business. Among our trade payables of RMB199.4 million as of 30 June 2012, trade payable of RMB35.7 million to Nanjing Metro as a part of the total consideration will be settled through the delivery to Nanjing Metro of a portion of our completed property units at Golden Wheel New Metro, according to our agreed settlement terms in relation to the payment of consideration for the land for Golden Wheel New Metro that we acquired from Nanjing Metro. Our Directors believe that Nanjing Metro has accepted such arrangement for the potential benefit of property appreciation taking into account the land cost and economic growth trend in Nanjing.

The credit period of the majority of our trade payables is 60 days. The aging analysis of our trade payables as of the dates indicated is as follows:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 60 days	67,185	77,175	123,139	145,509
61 to 180 days	24,090	18,745	2,514	6,913
180 to 365 days	19,073	12,502	11,961	38,899
Over 1 year	12,488	5,377	602	8,060
	122,836	113,799	138,216	199,381

Our average trade payables turnover days were 205 days, 126 days, 162 days and 89 days for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively. The average trade payables turnover days are calculated by dividing the average of opening and ending balance of trade payables for the year/period by the corresponding cost of sales in the year/period and then multiplying by the number of days in that year/period. The decrease in our average trade payables turnover days from 205 days for the year ended 31 December 2009 to 126 days for the year ended 31 December 2010 was primarily due to an increase in our cost of sales. This increase was primarily due to an increase in total GFA of all of our properties sold from 28,152 sq.m. in 2009 to 67,305 sq.m. in 2010 as a result of the commencement of sale at Golden Wheel Star City and Golden Wheel Waltz, partially offset by a decrease in total GFA sold at Golden Wheel International Plaza from 28,152 sq.m. in 2009 to 6,355 sq.m. in 2010. The increase in our average trade payables turnover days from 126 days for the year ended 31 December 2010 to 162 days for the year ended 31 December 2011 was primarily due to a decrease in our cost of sales. This decrease was primarily due to a decrease in total GFA of all of our properties sold from 67,305 sq.m. in 2010 to 62,561 sq.m. in 2011. The decrease in our average trade payables turnover days from 162 days for the year ended 31 December 2011 to 89 days for the six months ended 30 June 2012 was primarily due to an increase in our cost of sales as a result of an increase in total GFA sold from 62,561 sq.m. in 2011 to 73,456 sq.m. in the six months ended 30 June 2012. During the Track Record Period, our average trade payables turnover days were generally longer than the typical credit term of 60 days granted to us by our contractors and suppliers. This was primarily because our trade payables generally include retention money ranging from 5% to 15% of the contract price as warranty, which will be paid to our contractors or suppliers upon the expiration of the relevant warranty periods.

Deposits and prepayments received from pre-sale of properties

We record our pre-sale proceeds as deposits and prepayments received from pre-sale of properties within current liabilities on our consolidated balance sheet. We do not recognize these proceeds from pre-sale as revenue until we have completed the construction of the relevant property (as evidenced by obtaining the proof of examination and acceptance of completion from the relevant authorities) and delivered the relevant property to the purchasers. Pursuant to relevant PRC regulations, the proceeds from pre-sale are deposited into a designated bank account. The bank in which the pre-sale proceeds are deposited monitors the use of the proceeds to ensure that they are used for the relevant project or otherwise in compliance with relevant regulations. Our deposits and prepayments received from pre-sale of properties of RMB486.3 million in 2009 were primarily attributable to Golden Wheel Star City. Our deposits received for pre-sale of properties of RMB738.1 million in 2010 were primarily attributable to Golden Wheel Time Square and Golden Wheel Star City. Our deposits received for pre-sale of properties of RMB643.2 million in 2011 were primarily attributable to Golden Wheel Time Square in Zhuzhou. The following table sets forth a breakdown of deposits and prepayments received from pre-sale by project as at the dates indicated:

	As at 31 December			As at 30 June	As at 31 October
	2009	**2010**	**2011**	**2012**	**2012**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Commercial					
Golden Wheel International Plaza	49,246	13,354	868	9,295	—
Golden Wheel Waltz	69,790	—	—	—	—
Golden Wheel Time Square	—	158,020	215,434	—	—
	119,036	171,374	216,302	9,295	—
Residential					
Golden Wheel Star City	357,908	344,075	106,555	129,217	5,792
Golden Wheel Time Square	9,349	222,612	320,373	32,185	25,474
Nanjing Jade Garden	—	—	—	—	111,606
	367,257	566,687	426,928	161,402	142,872
Total	**486,293**	**738,061**	**643,230**	**170,697**	**142,872**

The following table sets forth the pre-sale information for the period from 1 July 2012 to 31 October 2012 of our properties under development for sale as of 30 June 2012:

	From 1 July 2012 to 31 October 2012	
	Total contract price	**Total pre-sale proceeds**
	RMB'000	*RMB'000*
Commercial		
Golden Wheel International Plaza	—	—
Golden Wheel Waltz	—	—
Golden Wheel Time Square	—	—
Golden Wheel Star City	—	—
Residential		
Golden Wheel Time Square	25,909	16,189
Golden Wheel Star City	23,166	16,244
Nanjing Jade Garden	221,104	111,606
Total	**270,179**	**144,039**

Amount due from a related company

During the Track Record Period, our amount due from a related company represented advances to Nanjing Golden Wheel Real Estate, which was then wholly owned by the Wong Family. On 16 January 2012, we entered into an agreement with the Wong Family to acquire from the Wong Family all the equity interest in Nanjing Golden Wheel Real Estate, which was completed in June 2012. Upon completion, Nanjing Golden Wheel Real Estate has become one of our wholly-owned subsidiaries and there will not be any such amount due from a related company associated with Nanjing Golden Wheel Real Estate. The amount due from Nanjing Golden Wheel Real Estate is unsecured and non-trade in nature. It was presented as non-current asset as at 31 December 2010 and 2011. At the end of the reporting period date, the amount is stated at amortized cost with effective interest rates of 8.1% and 8.78% per annum.

KEY FINANCIAL RATIOS

The table below sets forth certain of our key financial ratios for the periods indicated:

	Year ended 31 December			Six months ended 30 June
	2009	**2010**	**2011**	**2012**
Return on equity [(1)]	20.6%	17.9%	24.7%	7.8%
Current ratio [(2)]	1.09	1.14	1.00	1.49
Net debt to equity ratio [(3)]	13.1%	9.6%	12.4%	15.0%
Gearing ratio [(4)]	44.7%	43.7%	28.1%	18.5%

Notes:

(1) Net profit/total equity x 100%. It is not applicable to calculate the return on equity based on the net profit for the six months ended 30 June 2012.

(2) Current assets/current liabilities.

(3) Net debt/total equity x 100%; net debt comprises short-term borrowings and long-term borrowings minus cash and cash equivalents.

(4) Total debt/total equity x 100%; total debt comprises short-term borrowings, long-term borrowings, amounts due to shareholders and amounts due to related companies.

Return on equity fluctuated during the Track Record Period, primarily due to the level of our net profits during the relevant period which will in part depend on the mix and timing of our properties that are under development and for sale during the relevant period. Our return on equity was higher in 2011, primarily due to fair value gains on our investment properties as well as the increase in our revenue from our property development business as a result of higher average selling prices of our properties and an increase in total GFA sold. For the six months ended 30 June 2012, our return on equity was lower than that in 2009, 2010 and 2011, primarily due to an increase in our total equity as a result of our reorganization and a decrease in our fair value gains on investment properties.

Our current ratio increased from 1.09 in 2009 to 1.14 in 2010, primarily due to the increase in the number of properties for sale in 2010 and an increase in our bank balances and cash. Our current ratio decreased to 1.00 in 2011, primarily due to a decrease in our bank balances and cash.

Changes in our net debt to equity ratio were due to the changes in our net debt and an overall increase in our total equity during the Track Record Period.

INDEBTEDNESS

As of 31 December 2009, 2010 and 2011, 30 June 2012 and 31 October 2012, we had the following outstanding bank and other borrowings:

	As of 31 December			As of 30 June	As of 31 October
	2009	2010	2011	2012	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to related companies					
Nanjing Golden Wheel Real Estate	39,900	—	—	—	—
Nanjing Xinbosi Wenhua Chuanbo Co., Ltd.	8,500	—	—	—	—
Nanjing Shiyijia Yingxiao Guanli Zixun Co., Ltd.	8,000	—	—	—	—
	56,400	—	—	—	—
Amounts due to shareholders	162,116	168,951	129,098	—	—
Secured bank borrowings					
Within one year	77,347	149,020	109,104	123,800	166,808
After one year but within two years	71,600	111,600	101,800	121,200	203,300
After two years but within five years	237,800	284,800	242,800	244,060	116,600
	386,747	545,420	453,704	489,060	486,708
Total	**605,263**	**714,371**	**582,802**	**489,060**	**486,708**
Bank borrowings are analyzed as follows:					
Guaranteed bank borrowings(1)	278,800	363,000	336,200	372,801	363,100
Unguaranteed bank borrowings	107,947	182,420	117,504	116,259	123,608
Total	**386,747**	**545,420**	**453,704**	**489,060**	**486,708**

Note:

(1) At 31 October 2012, these bank borrowings are guaranteed by certain directors of the Company and certain companies wholly owned by Wong Family. Such guarantees will be released upon the Listing.

Our bank and other borrowings during the Track Record Period were denominated in Renminbi. As of 31 December 2009, 2010 and 2011 and 30 June 2012, our total outstanding bank and other borrowings amounted to RMB605.3 million, RMB714.4 million, RMB582.8 million and RMB489.1 million, respectively. The increase in our bank and other borrowings from 2009 to 2010 was primarily due to the expansion of our operations and the increasing needs to finance our property developments. The ranges of effective interest rates on our bank borrowings are as follows:

	As of 31 December			As of 30 June	As of 31 October
	2009	2010	2011	2012	2012
	%	%	%	%	%
Fixed-rate bank borrowings	—	5.36	5.36	5.36	2.08 and 5.36
Variable-rate bank borrowings	5.76-8.69	5.40-6.62	5.85-7.94	5.65-7.45	5.65-7.94

All of our outstanding bank borrowings were secured by our properties, including land and buildings, investment properties, properties under development for sale and completed properties held for sale.

The amounts due to related companies are unsecured, interest-free and repayable on demand. The amounts were non-trade in nature and arose as a result of advances from the related companies.

The amounts due to shareholders are denominated in USD. As of 31 December 2009, 2010 and 2011, the amounts due to shareholders were RMB162.1 million, RMB169.0 million and RMB129.1 million, respectively. The above amounts are unsecured, interest-free and repayable on demand. The non-trade amounts arose as a result of advances from shareholders during the Track Record Period. The above amounts are non-trade in nature and had been settled by 30 June 2012 by way of capitalization.

As of 31 October 2012, our outstanding guarantees for mortgage loans in connection with our pre-sold properties were RMB224.4 million, in addition, the Group is subject to maximum penalty and fines of RMB1.1 million in respect of non-compliance of relevant PRC rules and regulations in relation to early delivery of certain properties in Golden Wheel Time Square. Details for above contingent liabilities are described in "— Contingent Liabilities" below.

Except as described above, as of 31 October 2012, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments or guarantees.

As of the Latest Practicable Date, a banking facility of US$5.0 million for general corporate purposes had been granted to and utilized by us, and another banking facility of RMB50.0 million had been granted to us for the development of Golden Wheel New Metro, of which we had utilized RMB30.0 million and had unutilized banking facilities of RMB20.0 million available for drawdown.

Our Directors confirm that, during the Track Record Period and as of the Latest Practicable Date, (i) we had not been in breach of any financial covenants or experienced any cross-default of loans; and (ii) other than a repayment of bank borrowings of RMB250.0 million on our own initiative to save finance costs, we had not repaid any other bank loans prior to their maturity dates.

RELATED PARTY TRANSACTIONS

Note 38 of the Accountants' Report contained in Appendix I to this prospectus discloses the significant transactions that we engaged in with related parties during the Track Record Period. All the related party transactions will discontinue after the Global Offering. Our Directors believe that we conducted these related party transactions on normal commercial terms and in the ordinary course of our business. During the Track Record Period, such related party transactions were charged in accordance with the terms of the underlying agreements.

OPERATING LEASE COMMITMENTS

The Group as lessee

The following table sets forth our commitments for future minimum lease payments under a non-cancellable operating lease as of the dates indicated:

	As of 31 December			As of 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	—	—	5,801	5,801
In the second to the fifth year (inclusive)	—	—	18,129	24,800
After the fifth year	—	—	68,791	59,220
	—	—	**92,721**	**89,821**

Our operating lease commitments as of 31 December 2011 and 30 June 2012 were all related to our lease of the Xinjiekou Metro Mall from Nanjing Metro.

The Group as lessor

At the end of respective reporting periods, we contracted with tenants for the following future minimum lease payments:

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	37,704	44,720	69,449	71,055
In the second to the fifth year inclusive	99,992	111,029	135,984	155,822
After the fifth year	35,414	25,871	35,614	33,973
	173,110	**181,620**	**241,047**	**260,850**

CAPITAL COMMITMENTS

The following table sets forth our contractual commitments as of the dates indicated:

	At 31 December			At 30 June	At 31 October
	2009	2010	2011	2012	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Commitments contracted for but not provided in the Financial Information in respect of:					
- Construction of properties under development for sale	236,000	208,000	125,000	280,000	186,239
- Construction of investment properties under development	45,000	35,000	—	44,000	24,900
- Construction of properties for self-use	21,000	21,000	3,000	15,000	7,189
- Land held for development for sale					98,624
Commitments approved but not contracted in respect of:					
- Leasehold land held for development for sale	—	—	—	60,000	60,000
	302,000	**264,000**	**128,000**	**399,000**	**376,952**

Our contractual commitments represented our commitments to third party construction companies with respect to the construction of our projects.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures were primarily related to the acquisition of land use right, the construction of our investment properties, and purchase of property, plant and equipment. The following table sets forth a breakdown of our capital expenditures for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Acquisition of Land use right	80,431	229,074	—	—
Construction of investment properties	41,817	42,100	51,081	—
Purchase of property, (including transfer from completed properties held for sale) plant and equipment	34,257	9,523	23,834	4,524
Total	**156,505**	**280,697**	**74,915**	**4,524**

CONTINGENT LIABILITIES

For pre-sale of residential properties under development, we typically provide guarantees to the banks in connection with our customers' mortgage loans to finance their purchase of the residential properties. Our guarantees are released upon the banks receiving the building ownership certificate of the respective properties from the customers as pledges for security to the mortgage loan granted. If any such purchaser defaults on the mortgage payment during the terms of the respective guarantee, the bank may demand us to repay the outstanding amount of such defaulting purchaser's mortgage loan and any accrued interest thereon. As of 31 December 2009, 2010 and 2011, 30 June 2012 and 31 October 2012, our outstanding guarantees for mortgage loans in connection with our pre-sold properties were RMB137.4 million, RMB176.8 million, RMB185.1 million, RMB210.3 million and RMB224.4 million, respectively. During the Track Record Period, we did not encounter any material default on such mortgage loans.

In addition, we are subject to maximum penalty and fines of RMB1.1 million as at 31 December 2011, 30 June 2012 and 31 October 2012 in respect of non-compliance of relevant PRC rules and regulations in relation to early delivery of certain properties in Golden Wheel Time Square.

We confirm that, other than as disclosed in this prospectus, there has been no material change in our indebtedness or contingent liabilities since 31 October 2012.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except as disclosed in this prospectus, we have not entered into any off-balance sheet guarantees or other commitments to guarantee the payment obligations of any third parties. We do not have any interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development or other services with us.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to various types of market risks, including foreign exchange risk, interest rate risk, credit risk and liquidity risk in the normal course of our business. We manage and monitor these exposures on a regular basis to ensure appropriate measures are implemented on a timely and effective manner.

Foreign exchange risk

The primary economic environment which most of our principal subsidiaries operate is the PRC and their functional currency is RMB. However, certain of our cash and cash equivalents and amounts due to shareholders are denominated in US$. The foreign exchange risk of HK$ is not significant to us as only a small portion of our cash and cash equivalents and transactions are denominated in HK$.

The carrying amount of our foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
US$	2,258	5,580	1,329	4,797
Liabilities				
US$	162,116	168,951	129,098	—

We currently do not have a foreign currency hedging policy but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

Our cash flow interest rate risk relates primarily to its variable rate bank borrowings. Our fair value interest rate risk relates primarily to fixed rate bank borrowings. We currently do not have a specific policy to manage our interest rate risk, but will closely monitor the interest rate risk exposure in the future.

Credit risk

Our maximum exposure to credit risk which will cause a financial loss to us due to failure to discharge an obligation by the counterparties is arising from:

(a) the carrying amount of the respective recognized financial assets as stated in the consolidated statements of financial position at the end of each reporting period; and

(b) the amounts of contingent liabilities in relation to financial guarantee issued by the Group.

We have no significant concentration of credit risk in respect of trade receivables, with exposure spread over a large number of customers in the PRC.

We typically provide guarantees to banks in connection with our customers' mortgage loans to finance their purchase of the properties. If a purchaser defaults on the payment of its mortgage during the term of guarantee, the bank may demand us to repay the outstanding amount of the loan and any accrued interest thereon. Under such circumstances, we are able to forfeit the customer's deposit and re-sell the property to recover any amounts payable by us to the bank. In this regard, we consider that our credit risk is significantly reduced.

We have concentration of credit risk in respect of bank balances. At 31 December 2009, 2010 and 2011 and 30 June 2012, approximately 83%, 77%, 53% and 71% of our bank balances were deposited at 4, 3, 1 and 3 banks respectively, representing deposits at each bank with a balance exceeding 10% of total restricted bank deposits and bank balances. The credit risk of these liquid funds is limited because the counterparties are state-owned banks located in the PRC or banks with high credit ratings assigned by international credit-rating agencies.

We have concentration of credit risk in respect of amount due from Nanjing Golden Wheel Real Estate, which was then wholly-owned by the Wong Family. On 16 January 2012, we entered into an agreement with the Wong Family to acquire from the Wong Family all the equity interest in Nanjing Golden Wheel Real Estate, which was completed in June 2012 as a part of the Reorganization. Upon the completion of the Reorganization, Nanjing Golden Wheel Real Estate has become one of our wholly-owned subsidiaries. We believe that our credit risk in this regard is insignificant.

Liquidity risk

We have built an appropriate liquidity risk management framework for short-term funding and liquidity management requirements. We manage liquidity risk by maintaining banking facilities and by continuously monitoring forecasted and actual cash flows.

DIVIDEND POLICY

No dividends have been paid or declared by our Company since its date of incorporation.

Prior to the Reorganization, Golden Wheel International Investment had declared and paid dividend in an amount of RMB54.1 million to its then shareholders during the year ended 31 December 2011. The rate of dividend and the number of shares ranking for dividend are not presented as such information is not meaningful having regard to the purpose of this prospectus.

After completion of the Global Offering, our Shareholders will be entitled to receive dividends declared by us. The recommendation of the payment of dividend is subject to the discretion of the Board, and, after the Global Offering, any declaration of final dividend for the year will be subject to the approval of the Shareholders. Our Directors may recommend a payment of dividend in the future after taking into account our operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of the dividend will be subject to, among other things, our constitutional documents and the Cayman Islands Companies Law, including the approval of the Shareholders of our Company. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors.

Future dividend payments will also depend upon the availability of dividends received from our subsidiary in the PRC. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign-invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiary may also be restricted if it incurs debt or losses or pursuant to any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries and associated companies may enter into in the future.

Furthermore, subject to the limitations mentioned above, and in the absence of circumstances which might affect the amount of available distributable reserves, whether by losses or otherwise, our Board currently intends to distribute to our Shareholders as dividends no less than 30% of our distributable profit (excluding net fair value gains or losses on investment properties) for each of the years ending 31 December 2012 and 2013, respectively. Our Directors will declare dividends, if any, in Hong Kong dollars with respect to Shares on a per Share basis and we will pay such dividends in Hong Kong dollars.

DISTRIBUTABLE RESERVES

As of 30 June 2012, the distributable reserves of our Company (representing our capital reserve of RMB698.2 million as of 30 June 2012) available for distribution amounted to RMB698.2 million.

PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2012

In accordance with the Group's accounting policy, investment properties are carried at fair value. As a result, included in the following forecast consolidated profit attributable to owners of the Company for the year ending 31 December 2012 was a fair value gain (net of deferred tax) on investment properties for the year ending 31 December 2012 of RMB 56.25 million which was estimated by our Directors. The actual fair value of the investment properties as of 31 December 2012 and consequently any fair value increase or decrease on investment properties for the year ending 31 December 2012 may differ materially from the present forecast as they depend on, among other things, market conditions as of 31 December 2012 and/or other future events that are beyond the Group's control. Should the increase or decrease in actual fair value of the investment properties differ from the amount presently estimated by our Directors, such difference would have the effect of increasing or decreasing the consolidated profit of the Group for the year ending 31 December 2012 attributable to equity holders of the Company.

Forecast consolidated net profit attributable to the owners of our Company before fair value change (net of deferred tax) on investment properties for the year ending 31 December 2012	Not less than RMB213.93 million
Add: fair value gain (net of deferred tax) on investment properties for the year ending 31 December 2012	RMB56.25 million
Forecast consolidated net profit attributable to the owners of our Company	Not less than RMB270.18 million
Unaudited pro forma forecast basic earnings per Share (1)	RMB0.15

Note:

(1) The unaudited pro forma forecast basic earnings per Share is based on (i) the forecast consolidated net profit attributable to owners of our Company for the year ending 31 December 2012, the bases and assumptions of which are summarized in Section A of Appendix III to this prospectus, and (ii) the weighted average of 1,799,968,832 Shares in issue and outstanding during the year ending 31 December 2012.

The calculation of the weighted average number of 1,799,968,832 Shares has taken into account the Shares issued and outstanding for the period from 1 January 2012 up to the date of the prospectus, 450,000,000 Shares to be issued pursuant to the Global Offering and 1,348,000,000 Shares to be issued pursuant to the Capitalization Issue, assuming that the Global Offering, Capitalization Issue and

Reorganization had been completed on 1 January 2012, and does not take into account any Shares that may be issued pursuant to the Share Option Scheme or Issuing Mandate or the exercise of the Over-allotment Option, or any Shares which may be repurchased pursuant to the Repurchase Mandate.

The forecast consolidated net profit attributable to owners of our Company for the year ending 31 December 2012 has not taken into account any interest income that would have been earned if the proceeds from the Global Offering had been received by the Company on 1 January 2012.

(2) In view of the uncertainty and uncountable possibilities of actual fair value change of the Group's investment properties, the following unaudited pro forma financial information has been prepared by excluding fair value change of the Group's investment properties during the year ending 31 December 2012. The basis and assumptions of the calculation are the same as those set out in note (1) above except that the numerator is now based on forecast consolidated net profit attributable to the owners of our Company before fair value change (net of deferred tax) on investment properties for the year ending 31 December 2012.

Forecast consolidated net profit attributable to the owners of our Company before fair value change (net of deferred tax) on investment properties for the year ending 31 December 2012	Not less than RMB213.93 million
Unaudited pro forma forecast basic earnings before fair value change (net of deferred tax) on investment properties for the year ending 31 December 2012 per Share	RMB0.12

SENSITIVITY ANALYSIS ON INVESTMENT PROPERTIES

The table below summarizes the sensitivity analysis of the impact of the change in fair values of investment properties on our forecast net profit:

Change in fair values of investment properties	-5%	-10%	+5%	+10%
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
(Decrease) increase in fair value of investment properties	(161,530)	(323,060)	161,530	323,060
(Decrease) increase in net profit	(121,148)	(242,295)	121,148	242,295
% of (decrease) increase in net profit	(44.8%)	(89.7%)	44.8%	89.7%

Our Directors adopt a 5% and 10% range of increment/decrement to the base case in the sensitivity analysis above in respect of the change of fair value of our Group's investment properties (including Golden Wheel International Plaza, Golden Wheel Waltz and Golden Wheel Time Square) during the Track Record Period. In respect of Golden Wheel International Plaza and Golden Wheel Waltz, which were completed projects during the Track Record Period, we made reference to their CAGR of approximately 6.0% and 5.4%, respectively, from 2009 to 2011 and the growth rate of approximately 10.4% and 7.7%, respectively, between 30 June 2011 and 30 June 2012. For Golden Wheel Time Square, which was a project completed after 31 December 2011, we made reference to its growth rate of approximately 2.3% between 31 December 2011 and 30 June 2012. In addition, we take into account certain factors which may impact the fair value of our investment properties including the change of historical rental and selling price of our projects, the historical real estate market growth in Nanjing and Zhuzhou, the prevailing market rental price of nearby comparable properties and the overall economic and regulatory environment in China.

Our Directors consider that it is not meaningful to present the sensitivity analysis of the changes in the average selling price and GFA to be sold as all properties to be delivered by 31 December 2012 have been pre-sold, and hence the selling prices and GFA to be sold have been fixed in the pre-sale contracts entered into between our Group and our customers.

UNAUDITED PRO FORMA NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of our Group attributed to owners of our Company prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purpose only, and is set out here to illustrate the effect of the Global Offering on net tangible assets as at 30 June 2012 as if it had taken place on 30 June 2012.

The unaudited pro forma statement of adjusted net tangible assets of our Group attributed to owners of our Company has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group attributed to owners of our Company as at 30 June 2012 or any future date following the Global Offering. It is prepared based on the consolidated net assets of our Group attributed to owners of our Company as at 30 June 2012 as set out in the Accountants' Report contained in Appendix I to this prospectus and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets of our Group attributed to owners of our Company does not form part of the Accountants' Report as set out in Appendix I to this prospectus.

	Audited consolidated net tangible assets of our Group attributable to owners of our Company as at 30 June 2012 (1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share(3)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$(4)*
Based on an Offer Price of HK$1.38 per Offer Share	2,640,968	468,808	3,109,776	1.73	2.13
Based on an Offer Price of HK$1.72 per Offer Share	2,640,968	587,816	3,228,784	1.79	2.20

Notes:

(1) The audited consolidated net tangible assets of the Group attributable to owners of our Company as at 30 June 2012 is extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on 450,000,000 Shares to be issued under the Global Offering and the Offer Price of HK$1.38 per Offer Share and HK$1.72 per Offer Share, being the lower end and higher end of the stated Offer Price range, after deduction of the underwriting fees and other related expenses (excluding approximately RMB9.0 million listing-related expense which has been accounted for prior to 30 June 2012) payable by our Company in connection with the Global Offering. It does not take into account of any Shares that may be issued pursuant to the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at the rate of HK$1.00 to RMB 0.8120. No representation is made that the Renminbi amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.

(3) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company per Share is calculated based on 1,800,000,000 Shares expected to be in issue immediately following the completion of the Global Offering. It does not take into account of any Shares that may be issued pursuant to the Share Option Scheme or Issuing Mandate or the exercise of the Over-allotment Option, or any Shares which may be repurchased pursuant to the Repurchase Mandate.

(4) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share is converted from Renminbi into Hong Kong dollars at the rate of HK$1.00 to RMB 0.8120. No representation is made that the Renminbi amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.

(5) By comparing the valuation of our property interests as set out in Appendix IV to this prospectus the net valuation surplus is approximately RMB144.2 million as compared to the carrying amounts of our Group's property interests as at 30 September 2012, which has not been included in the above consolidated net tangible assets attributable to owners of our Company. The valuation surplus of our property interests will not be incorporated in our Group's consolidated financial statements in the future. If the valuation surplus were to be included in our consolidated financial statements, an additional annual depreciation charge of approximately RMB5,233,000 would be incurred.

PROPERTY INTERESTS AND PROPERTY VALUATION REPORT

The value of our property interests as of 30 September 2012 as valued by CBRE, an independent property valuer, was RMB5,180.0 million. There was a net revaluation surplus, representing the excess market value of the properties over their book value as of 30 June 2012 (after adjusting for properties acquired or sold during the period from 1 July 2012 to 30 September 2012). Further details of our property interests and the text of the letter and valuation certificates of these property interests prepared by CBRE are set out in Appendix IV to this prospectus.

Disclosure of the reconciliation of the valuation of the interests in properties attributable to us as of 30 September 2012 and such property interests in our consolidated statements of financial position as of 30 June 2012 as required under Rule 5.07 of Listing Rules is set forth below:

	RMB in millions
Net book value as of 30 June 2012	
Buildings included in property, plant and equipment	102.0
Properties under development	701.9
Completed properties for sales	187.7
Investment properties	3,208.6
Movement for the period from 1 July 2012 to 30 September 2012 [1]	3.5
Net book values of 30 September 2012	4,203.7
Valuation surplus	976.3
Valuation as of 30 September 2012	5,180.0

Note:

(1) Movement for the period from 1 July 2012 to 30 September 2012 mainly represented RMB85.6 million of costs incurred for construction of properties under development and investment properties, offset by sales of completed properties, depreciation and amortization.

NO MATERIAL ADVERSE CHANGE

We expect that our revenue and net profit for the six months ending 31 December 2012 will decrease by more than 50% from the six months ended 30 June 2012. Our Directors confirm that, up to the date of this prospectus, there has been no other material adverse change in our financial or trading position or prospects since 30 June 2012, being the date to which our latest audited financial statements were prepared.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there are no circumstances which would give rise to a disclosure required under Rule 13.13 to 13.19 of the Listing Rules upon the listing of our Shares on the Hong Kong Stock Exchange.