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31 December 2012

The Directors
Golden Wheel Tiandi Holdings Company Limited
BNP Paribas Capital (Asia Pacific) Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Golden Wheel Tiandi Holdings Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended 31 December 2011 and the six months ended 30 June 2012 (the "Track Record Period") for inclusion in the prospectus of the Company dated 31 December 2012 (the "Prospectus") in connection with the initial public offering and listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The Company was incorporated and registered as an exempted company in the Cayman Islands under the Cayman Islands Companies Law on 26 April 2012. Through a group reorganization (the "Reorganization") as more fully explained in the section "Our History, Reorganization and Group Structure" of the Prospectus, the Company became the holding company of the Group on 18 June 2012.

As of the end of the respective reporting period and the date of this report, the Company has the following subsidiaries:

Name of company	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital at the date of this report	Attributable equity interest of the Group					Principal activities
			At 31 December			At 30 June	At date of this report	
			2009	2010	2011	2012		
Golden Wheel Jade Company Limited[1] (金輪翡翠有限公司) ("Golden Wheel Jade")	British Virgin Islands ("BVI") 8 May 2012	US$1	—	—	—	100%	100%	Investment holding

Name of company	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital at the date of this report	Attributable equity interest of the Group					Principal activities
			At 31 December			At 30 June	At date of this report	
			2009	2010	2011	2012	report	
Golden Wheel Pearl Company Limited[1] (金輪明珠有限公司) ("Golden Wheel Pearl")	BVI 8 May 2012	US$1	—	—	—	100%	100%	Investment holding
Golden Wheel Diamond Company Limited [1] (金輪鑽石有限公司) ("Golden Wheel Diamond")	BVI 26 June 2012	US$1	—	—	—	100%	100%	Investment holding
Golden Wheel International Investment Limited (金輪國際投資有限公司) ("Golden Wheel International Investment")	Hong Kong 17 May 2002	HK$100,000,000	100%	100%	100%	100%	100%	Investment holding
Golden Wheel International Corporation Limited (金輪國際興業有限公司) ("Golden Wheel International Corporation")	Hong Kong 7 July 2010	HK$48,000,000	—	—	—	100%	100%	Investment holding
Golden Wheel International Creation Company Limited (金輪國際創建有限公司) (Golden Wheel Creation")	Hong Kong 21 August 2012	HK$30,000,000	—	—	—	—	100%	Investment holding
南京翡翠金輪置業有限公司[2] (Nanjing Jade Golden Wheel Realty Company Limited [3]) ("Nanjing Jade Golden Wheel")	The People's Republic of China ("PRC") 21 June 2002	US$14,950,000	92.5%	92.5%	92.5%	100%	100%	Property development and property leasing
株洲金輪房地產開發有限公司[2] (Zhuzhou Golden Wheel Real Estate Development Co., Ltd.[3]) ("Zhuzhou Golden Wheel Real Estate")	PRC 30 July 2004	US$13,200,000	100%	100%	100%	100%	100%	Property development and property leasing

Name of company	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital at the date of this report	Attributable equity interest of the Group					Principal activities
			At 31 December			At 30 June	At date of this report	
			2009	2010	2011	2012		
揚州金輪房地產開發有限公司[2] (Yangzhou Golden Wheel Real Estate Development Co., Ltd.[3]) ("Yangzhou Golden Wheel Real Estate")	PRC 15 December 2006	US$13,000,000	96.25%	96.25%	96.25%	100%	100%	Property development
株洲金輪商業管理有限公司[2] (Zhuzhou Golden Wheel Business Management Co., Ltd.[3]) ("Zhuzhou Golden Wheel Business Management")	PRC 1 February 2010	RMB500,000	—	100%	100%	100%	100%	Property operation management
南京金輪房地產開發有限公司[2] (Nanjing Golden Wheel Real Estate Development Co., Ltd.[3]) ("Nanjing Golden Wheel Real Estate")	PRC 21 April 1994	US$6,130,000	—	—	—	100%	100%	Property development

1 Directly held by the Company.

2 Registered as limited liability company under PRC law. Zhuzhou Golden Wheel Real Estate and Nanjing Golden Wheel Real Estate are registered as wholly-foreign invested enterprises; Nanjing Jade Golden Wheel and Yangzhou Golden Wheel Real Estate are registered as sino-foreign joint ventures; and Zhuzhou Golden Wheel Business Management is registered as a domestic limited liability company.

3 English name for identification only.

All companies now comprising the Group have adopted 31 December as their financial year end date.

No audited financial statements have been prepared for the Company, Golden Wheel Jade, Golden Wheel Pearl and Golden Wheel Diamond since their respective date of incorporation as there is no statutory requirement for audited financial statements in the jurisdictions where they were incorporated.

No audited financial statements have been prepared for Golden Wheel International Corporation and Nanjing Golden Wheel Real Estate, both were acquired by the Company on 18 June 2012, for the six months ended 30 June 2012 as they have not reached the statutory requirement for audited annual financial statements for the relevant year.

The statutory financial statements of Golden Wheel International Investment were prepared in accordance with Hong Kong Financial Reporting Standards for Private Entities issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The statutory financial statements of Nanjing Jade Golden Wheel, Zhuzhou Golden Wheel Real Estate, Yangzhou Golden Wheel Real Estate and Zhuzhou Golden Wheel Business Management were prepared in accordance with relevant accounting principles and financial regulations applicable to enterprises established in the PRC. They were audited by the following firms of certified public accountants registered in their respective jurisdictions, as appropriate:

Name of subsidiary	Financial period	Name of auditor
Golden Wheel International Investment	Each of the three years ended 31 December 2011	S. H. Yeung & Co.
Nanjing Jade Golden Wheel	Each of the three years ended 31 December 2011	京都天華會計師事務所有限公司江蘇分所 (Jindu Tianhua CPA Limited Jiangsu Branch)
Zhuzhou Golden Wheel Real Estate	Each of the three years ended 31 December 2011	湖南金算盤會計師事務所有限公司 (Hunan Golden Abacus CPA Company Limited)
Yangzhou Golden Wheel Real Estate	Each of the three years ended 31 December 2011	江蘇蘇亞金誠會計師事務所有限公司 (Jiangsu Suya Jincheng CPA Company Limited)
Zhuzhou Golden Wheel Business Management	Period from 1 February 2010 (date of establishment) to 31 December 2010 and the year ended 31 December 2011	湖南金算盤會計師事務所有限公司 (Hunan Golden Abacus CPA Company Limited)

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Group for the Track Record Period in accordance with International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board (the "Underlying Financial Statements").

We have undertaken an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA. We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of the Group for the Track Record Period has been prepared from the Underlying Financial Statements, on the basis set out in note 1 to Section E of the Financial Information. No adjustments were deemed necessary by us to the Underlying Financial Statements in preparing our report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of the Company who approved their issuance. The directors of the Company are also responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of preparation as set out in note 1 to Section E of the Financial Information, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Company as at 30 June 2012 and of the Group as at 31 December 2009, 31 December 2010, 31 December 2011 and 30 June 2012 and of the consolidated results and cash flows of the Group for each of the years ended 31 December 2009, 2010 and 2011 and for the six months ended 30 June 2012.

The comparative consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the six months ended 30 June 2011 together with the notes thereon have been extracted from the Group's unaudited consolidated financial statements for the same period (the "30 June 2011 Financial Information") which were prepared by the directors of Company solely for the purpose of this report. We have reviewed the 30 June 2011 Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review of the 30 June 2011 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 30 June 2011 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 30 June 2011 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with IFRS.

A. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
	NOTES	2009	2010	2011	2011	2012
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue	7	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	8	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	9	—	(2,804)	(6,871)	(3,132)	(4,024)
Share of loss of an associate	17	—	—	(407)	—	(764)
Changes in fair value of investment properties	16	250,183	306,900	539,919	229,579	75,000
Profit before tax	10	414,663	408,443	733,240	276,170	356,623
Taxation	12	(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

B. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	At 31 December 2009	At 31 December 2010	At 31 December 2011	At 30 June 2012
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	15	60,618	67,420	88,189	110,345
Investment properties	16	1,910,000	2,259,000	2,850,000	3,208,600
Interest in an associate	17	—	—	2,593	1,829
Deferred tax assets	18	10,665	8,827	17,890	31,292
Amount due from a related company	23	—	43,491	120,176	—
		1,981,283	2,378,738	3,078,848	3,352,066
Current assets					
Leasehold land held for development for sale	19	—	229,074	—	—
Properties under development for sale	20	531,356	410,688	717,320	701,893
Completed properties for sale	21	136,366	206,267	153,759	187,737
Trade and other receivables	22	83,234	91,680	72,892	54,473
Prepayment for leasehold land held for development for sale	19	80,431	—	—	60,000
Amount due from an associate	17	—	—	1,060	—
Tax prepaid		14,411	31,071	18,305	4,149
Held for trading investments	24	—	—	—	8,518
Restricted bank deposits	25	3,383	64,432	15,718	16,097
Bank balances and cash	26	209,262	388,166	196,641	92,389
		1,058,443	1,421,378	1,175,695	1,125,256
Current liabilities					
Trade and other payables	27	149,980	141,339	177,366	228,431
Rental received in advance		2,474	8,075	19,525	22,830
Deposits and prepayments received from pre-sale of properties		486,293	738,061	643,230	170,697
Amounts due to shareholders	28	162,116	168,951	129,098	—
Amounts due to related companies	23	56,400	—	—	—
Tax liabilities		40,543	44,464	100,339	210,824
Bank borrowings - due within one year	29	77,347	149,020	109,104	123,800
		975,153	1,249,910	1,178,662	756,582
Net current assets (liabilities)		83,290	171,468	(2,967)	368,674
Total assets less current liabilities		2,064,573	2,550,206	3,075,881	3,720,740

		At 31 December			At 30 June
	NOTES	2009	2010	2011	2012
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities					
Bank borrowings - due after one year	29	309,400	396,400	344,600	365,260
Rental received in advance		—	39,214	37,832	29,900
Deferred tax liabilities	18	400,542	478,698	616,115	684,612
		709,942	914,312	998,547	1,079,772
Net assets		1,354,631	1,635,894	2,077,334	2,640,968
Capital and reserves					
Share capital	30	106,000	106,000	106,000	128
Reserves	31	1,162,348	1,430,979	1,862,176	2,640,840
Equity attributable to owners of the Company		1,268,348	1,536,979	1,968,176	2,640,968
Non-controlling interests		86,283	98,915	109,158	—
Total equity		1,354,631	1,635,894	2,077,334	2,640,968

C. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					Attributable to non-controlling interests	Total
	Share capital	Special reserve	Surplus reserve	Retained earnings	Subtotal		
	RMB'000	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2009	106,000	—	—	898,945	1,004,945	71,250	1,076,195
Profit and total comprehensive income for the year	—	—	—	263,403	263,403	15,033	278,436
Balance at 31 December 2009	106,000	—	—	1,162,348	1,268,348	86,283	1,354,631
Profit and total comprehensive income for the year	—	—	—	280,744	280,744	12,632	293,376
Deemed distribution to the shareholders (note i)	—	(12,113)	—	—	(12,113)	—	(12,113)
Balance at 31 December 2010	106,000	(12,113)	—	1,443,092	1,536,979	98,915	1,635,894
Profit and total comprehensive income for the year	—	—	—	498,488	498,488	14,705	513,193
Deemed distribution to the shareholders (note i)	—	(13,183)	—	—	(13,183)	—	(13,183)
Dividends	—	—	—	(54,108)	(54,108)	(4,462)	(58,570)
Surplus reserve appropriation	—	—	10,895	(10,895)	—	—	—
Balance at 31 December 2011	106,000	(25,296)	10,895	1,876,577	1,968,176	109,158	2,077,334
Profit and total comprehensive income for the period	—	—	—	198,767	198,767	7,916	206,683
Deemed contribution from the shareholders (note i)	—	11,597	—	—	11,597	—	11,597
Dividends	—	—	—	—	—	(5,884)	(5,884)
Issuance of new shares	64	—	—	—	64	—	64
Surplus reserve appropriation	—	—	22,104	(22,104)	—	—	—
Deemed contribution from the Ultimate Controlling Shareholders (note ii)	—	67,032	—	—	67,032	—	67,032
Transfer upon the Reorganization (note iii)	(105,936)	105,936	—	—	—	—	—
Arising on the acquisition of Golden Wheel International Corporation (note 36)	—	395,332	—	—	395,332	(111,190)	284,142
Balance at 30 June 2012	128	554,601	32,999	2,053,240	2,640,968	—	2,640,968
Balance at 1 January 2011	106,000	(12,113)	—	1,443,092	1,536,979	98,915	1,635,894
Profit and total comprehensive income for the period	—	—	—	187,892	187,892	8,134	196,026
Deemed distribution to the shareholders (note i)	—	(6,592)	—	—	(6,592)	—	(6,592)
Balance at 30 June 2011 (unaudited)	106,000	(18,705)	—	1,630,984	1,718,279	107,049	1,825,328

Notes:

(i) Deemed distribution represents the difference between the principal amount of the amount due from Nanjing Golden Wheel Real Estate and its fair value at initial recognition. The fair value is determined by discounting the estimated future cash flows throughout the expected life of the advance (that is, from date of advance to expected repayment date).

Subsequent to the acquisition of Golden Wheel International Corporation and its subsidiary Nanjing Golden Wheel Real Estate on 18 June 2012, the Group waived Nanjing Golden Wheel Real Estate from repaying the amount due from Nanjing Golden Wheel Real Estate. Deemed contribution represents the difference between the amount due from Nanjing Golden Wheel Real Estate stated at amortized cost and the principal amount of the amount due to the Group at date of waiver.

(ii) The amount of approximately RMB67,032,000 credited to special reserve represents the amounts due to the Ultimate Controlling Shareholders (as defined in note 1 of Section E below) being waived by the Ultimate Controlling Shareholders during the six months ended 30 June 2012. The waiver is accounted for as deemed contribution from the Ultimate Controlling Shareholders.

(iii) As part of the Reorganization as set out in note 1, Golden Wheel Jade acquired 100% equity interest in Golden Wheel International Investment on 18 June 2012 through issuance of 1,000,000 ordinary shares in the Company to the Ultimate Controlling Shareholders, and the Company became the holding company of the Group thereafter. The amount transferred to special reserve represents the difference between the nominal value of share capital of the Company and the nominal value of the share capital of Golden Wheel International Investment.

D. CONSOLIDATED STATEMENTS OF CASH FLOWS

	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*
OPERATING ACTIVITIES					
Profit before tax	414,663	408,443	733,240	276,170	356,623
Adjustments for:					
Depreciation of property, plant and equipment	2,360	2,719	3,063	1,561	4,159
Changes in fair value of investment properties	(250,183)	(306,900)	(539,919)	(229,579)	(75,000)
(Gain) loss on disposal of property, plant and equipment	(2,040)	2	2	—	—
Allowance for doubtful receivables	—	1,095	—	—	—
Interest income	(889)	(6,217)	(14,071)	(6,319)	(6,512)
Finance costs	—	2,804	6,871	3,132	4,024
Share of loss of an associate	—	—	407	—	764
Operating cash flows before movements in working capital	163,911	101,946	189,593	44,965	284,058
(Increase) decrease in leasehold land held for development for sale	—	(229,074)	229,074	86,234	—
Decrease (increase) in properties under development for sale	202,323	148,016	(281,687)	(207,311)	219,966
(Increase) decrease in completed properties for sale	(156,096)	(69,901)	52,508	114,126	(34,771)
(Increase) decrease in trade and other receivables	(59,195)	(10,068)	18,872	12,458	19,281
(Decrease) increase in trade and other payables	(66,322)	(8,641)	34,527	(44,510)	6,184
(Decrease) increase in deposits and prepayments received from pre-sale of properties	(19,033)	251,768	(94,831)	108,168	(472,533)
(Increase) decrease in amount due from an associate	—	—	(1,060)	—	1,060
Increase (decrease) in rental received in advance	2,474	44,815	10,068	18,993	(4,627)
(Increase) decrease in prepayment for acquisition of leasehold land held for development for sale	(27,910)	80,431	—	—	(60,000)
Cash generated from (used in) operations	40,152	309,292	157,064	133,123	(41,382)
Income tax and land appreciation tax paid	(13,468)	(47,812)	(23,052)	(14,603)	(34,052)
Net cash from (used in) operating activities	26,684	261,480	134,012	118,520	(75,434)

	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*
INVESTING ACTIVITIES					
Interest received	889	3,413	7,203	3,187	2,488
Acquisition of subsidiaries (note 36)	—	—	—	—	15,211
Purchases of property, plant and equipment	(14,527)	(9,523)	(23,834)	(8,782)	(3,731)
Increase in investment properties under development	(4,121)	(38,310)	(47,580)	(47,580)	—
Proceeds from disposal of property, plant and equipment	7,189	—	—	—	—
Advances to a related company	—	(72,800)	(144,000)	(116,139)	(5,003)
Repayments from a related company	—	20,000	61,000	56,000	8,000
Investment in an associate	—	—	(1,500)	—	—
(Increase) decrease in restricted bank deposits	(223)	(61,049)	48,714	19,280	(379)
Net cash (used in) from investing activities	(10,793)	(158,269)	(99,997)	(94,034)	16,586
FINANCING ACTIVITIES					
New bank loans raised	330,000	335,000	55,000	15,000	60,000
Repayment of bank loans	(131,200)	(175,800)	(146,800)	(63,400)	(24,644)
Advances from shareholders	1,706	7,905	2,422	708	—
Repayments to shareholders	(21,279)	(1,070)	(42,275)	(39,933)	(62,066)
Advances from related companies	58,060	1,500	—	—	—
Repayments to related companies	(62,816)	(57,900)	—	—	—
Proceeds from issue of shares	—	—	—	—	64
Interest paid	(15,968)	(33,942)	(35,317)	(20,893)	(16,126)
Dividends paid	—	—	(54,108)	—	—
Dividends paid to a non-controlling shareholder of subsidiaries	—	—	(4,462)	—	(2,632)
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, represented by bank balances and cash	209,262	388,166	196,641	304,134	92,389

E. NOTES TO THE FINANCIAL INFORMATION

1. BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 26 April 2012. The addresses of the registered office and principal place of business of the Company are stated in the section "Corporate Information" of the Prospectus. The principal activity of the Company is investment holding. Its subsidiaries established in the PRC are primarily engaged in the property development and property leasing.

The Reorganization

Golden Wheel International Investment, which is a holding company of Nanjing Jade Golden Wheel, Yangzhou Golden Wheel Real Estate, Zhuzhou Golden Wheel Real Estate and Zhuzhou Golden Wheel Business Management (collectively referred to as the "PRC Subsidiaries"), is owned by Golden Wheel Properties Investment Company Limited ("Golden Wheel Properties Investment") and 11 individual shareholders (the "Indonesian Shareholders") since the incorporation of Golden Wheel International Investment. Golden Wheel Properties Investment is ultimately owned by 4 individual shareholders ("Wong Family"). Wong Family and the Indonesian Shareholders are collectively referred to as the "Ultimate Controlling Shareholders" throughout the Track Record Period.

On 26 April 2012, the Ultimate Controlling Shareholders incorporated the Company in the Cayman Islands.

In preparation for the listing of the Company's shares on the Hong Kong Stock Exchange, the Company underwent the Reorganization. Golden Wheel Jade was incorporated in the BVI on 8 May 2012, with its shares being wholly allotted to the Company on the date of incorporation. Pursuant to a series of sale and purchase agreements, Golden Wheel Jade acquired 100% equity interest in Golden Wheel International Investment from the Ultimate Controlling Shareholders. In return, the Company issued 1,000,000 ordinary shares of US$0.01 each in the Company to the Ultimate Controlling Shareholders. Thereafter, the Company has become the holding company of the group comprising the Company, Golden Wheel Jade, Golden Wheel International Investment and the PRC Subsidiaries since 18 June 2012.

As details above, the Reorganization involves interspersing shell companies (including the Company and Golden Wheel Jade) between an existing group headed by Golden Wheel International Investment and the Ultimate Controlling Shareholders, which does not represent combination of businesses. Therefore, the Group resulting from the Reorganization is regarded as a continuing entity and the Reorganization is accounted for by applying a principal similar to a reverse acquisition, instead of merger accounting which is applicable for business combination under common control. Accordingly, the Financial Information has been prepared on the basis as if the Company has always been the holding company of the companies now comprising the Group throughout the Track Record Period. The consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows include the results and cash flows of the companies now comprising the 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/establishment/acquisition to 30 June 2012, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2009, 2010 and 2011 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure upon completion of the Reorganization had been in existence as at those dates, taking into account the respective dates of incorporation/establishment/acquisition, or where applicable.

The Acquisition

In June 2012, the Company, through its wholly owned subsidiary, Golden Wheel Pearl, acquired 100% equity interest in Golden Wheel International Corporation, which holds 100% equity interest in Nanjing Golden Wheel Real Estate. The acquisition has been accounted for as purchase of assets and assumption of liabilities, details of which are set out in note 36.

The Financial Information is presented in Renminbi ("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).

2. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information for the Track Record Period, the Group has adopted and consistently applied all IFRSs which are effective for annual accounting periods beginning on 1 January 2012 throughout the Track Record Period.

At the date of this report, the Group has not early applied the following new and revised standards, amendments and interpretation that have been issued but are not yet effective:

Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle[1]
Amendments to IFRS 1	Government Loans[1]
Amendments to IFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[2]
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[4]
IFRS 9	Financial Instruments[2]

IFRS 10	Consolidated Financial Statements[1]
IFRS 11	Joint Arrangements[1]
IFRS 12	Disclosure of Interests in Other Entities[1]
IFRS 13	Fair Value Measurement[1]
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income[3]
IAS 19 (Revised 2011)	Employee Benefits[1]
IAS 27 (Revised 2011)	Separate Financial Statements[1]
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[1]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[4]
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after 1 January 2013

2 Effective for annual periods beginning on or after 1 January 2015

3 Effective for annual periods beginning on or after 1 July 2012

4 Effective for annual periods beginning on or after 1 January 2014

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRS require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 *Financial Instruments: Disclosures* will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that IFRS 13 will be adopted by the Group for the annual period beginning on 1 January 2013 and that the application of the new standard may result in more extensive disclosures in the consolidated financial statements.

The directors of the Company anticipate that the application of other new and revised standards, amendments and interpretation will have no material impact on the Financial Information of the Group in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with IFRS. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared on the historical cost basis, except for investment properties and certain financial instruments which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies adopted are as follows:

Basis of consolidation

The Financial Information incorporates the financial information of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year/period are included in the consolidated statements of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Financial Information using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Financial Information only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services rendered in the normal course of business, net of discounts.

Sales of properties

Revenue from sales of properties in the ordinary course of business is recognized when the respective properties have been completed and delivered to the buyers. Deposits and prepayments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statements of financial position under current liabilities.

Interest income

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

The Group's policy for recognition of revenue from operating leases is described in "Leasing" section below.

Property, plant and equipment

Property, plant and equipment, including land and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress), are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Construction in progress represents properties in the course of construction for production, supply or administrative purposes is carried at cost less any recognized impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is provided to write off the cost of items of property, plant and equipment (other than construction in progress) over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in consolidated statements of comprehensive income in the year/period in which the item is derecognized.

Investment properties

Investment properties are properties held to earn rentals (including properties under development for such purpose).

Investment properties are initially measured at cost, including any directly attributable expenditure.

Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under development are capitalized as part of the carrying amount of the investment properties under development.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognized.

For transfer from completed properties for sale to investment properties which is evidenced by commencement of an operating lease, any difference between the fair value of the property at that date and its previous carrying amount is recognized in profit or loss.

Leasehold land held for development for sale

Leasehold land held for development for sale, representing leasehold land located in the PRC for development for future sale in the ordinary course of business, are stated at the lower of cost and net realizable value. Cost comprises the costs of land use rights and other directly attributable costs. Net realizable value represents the estimated selling price based on prevailing market conditions less estimated costs necessary to make the sale. Leasehold land held for development for sale is transferred to properties under development for sale upon commencement of development.

Properties under development for sale

Properties under development for sale, representing leasehold land and buildings located in the PRC under development for future sale in the ordinary course of business, are stated at the lower of cost and net realizable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalized and other direct development expenditure. Net realizable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Properties under development for sale are transferred to completed properties for sale upon completion of development.

Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realizable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalized and other direct development expenditure. Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When a completed property for sale is transferred to property, plant and equipment as evidenced by commencement of owner-occupation, the carrying amount of such property is the deemed costs at the date of transfer.

Impairment of tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognized as an income in the period in which they are incurred.

The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognized as liabilities and as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance lease or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statements of financial position and is amortized over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as land and buildings under property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than that entity's functional currency (foreign currencies) are recorded in the respective functional currency at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the year/period in which they are incurred.

Retirement benefit costs

Payments to state-managed retirement benefit scheme in the PRC and the Mandatory Provident Fund Scheme in Hong Kong are recognized as expenses when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit as reported in the consolidated statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years/periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated statements of financial position and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognized in profit or loss.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model in accordance with IAS 40 *Investment Property*, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in IAS 12 (that is, based on the expected manner as to how the properties will be recovered).

Financial instruments

Financial assets and financial liabilities are recognized in the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Group's financial assets are classified as financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis, other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

Financial assets at FVTPL including financial assets held for trading. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognized directly in profit or loss in the period in which they arise. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial assets and is included in the 'other income, expenses, gains and losses' line item in the consolidated statements of comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from an associate, amount due from a related company, restricted bank deposits and bank balances and cash) are carried at amortized cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

For certain categories of financial asset, such as rental receivable and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognized on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, amounts due to shareholders, amounts due to related companies and bank borrowings are subsequently measured at amortized cost, using effective interest method.

Equity instruments

Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at fair value through profit or loss is recognized initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the obligation under the contract, as determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies.

Derecognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognize the asset to the extent of its continuing involvement and recognizes an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

Financial liabilities are derecognized when the Group's obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, as well as source of estimate uncertainty thereof, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the Financial Information.

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, the management of the Group have reviewed the Group's investment properties and concluded that the Group's 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 the Group's 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, the Group recognizes 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 the Group, 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, the Group may be liable to higher tax upon disposal considering the impact of enterprise income tax and land appreciation tax.

Key sources of estimation uncertainty

The following is the key assumption concerning the future, and other key source of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Net realizable value of leasehold land held for development for sale, properties under development for sale and completed properties for sale

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 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 management's best available information. The net realizable value of completed properties for sale is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable selling expenses.

Where there is any decrease in the estimated selling price arising from any changes to the property market conditions, the leasehold land held for development for sale, properties under development for sale and completed properties for sale may be written down. There is no write-down of leasehold land held for development for sale, properties under development for sale or completed properties for sale during the Track Record Period.

Fair value of investment properties

The Group's investment properties are stated at fair value as at the end of each reporting period based on the valuation performed by an independent firm of professional 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 making reference to market transactions of comparable properties to determine the value the properties 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 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 the Group's investment properties and corresponding adjustments to the amount of gain or loss recognized in the consolidated statements of comprehensive income. In relying on the valuation carried out by the valuers, the management of the Group has exercised their judgment and are satisfied that the methods of valuation are reflective of the current market condition.

Land appreciation tax

The Group is 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 certain projects of the Group have not finalized their land appreciation tax calculations and payments with local tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of land appreciation tax and its related income tax provisions. The Group recognized the land appreciation tax based on 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.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of net debts, which includes the borrowings as disclosed in note 29, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings.

The management of the Group reviews the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through issuance of new shares, the payment of dividends, as well as raising of bank loans and redemption of bank loans.

6. FINANCIAL INSTRUMENTS

6A. Categories of financial instruments

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Loans and receivables (including cash and cash equivalents)	227,559	510,202	348,261	127,600
Held for trading investments	—	—	—	8,518
	227,559	510,202	348,261	136,118
Financial liabilities				
Amortized cost	750,394	852,670	752,924	677,518

6B. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, trade and other payables, held for trading investments, amount due from an associate, amounts due from/to related companies, amounts due to shareholders, bank borrowings, restricted bank deposits and bank balances and cash. Details of these financial instruments are disclosed in respective notes.

The risk associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign currency risk

The primary economic environment which most of the principal subsidiaries of the Company operate is the PRC and their functional currency is RMB. However, certain bank balances and amounts due to shareholders of the Group are denominated in United States Dollars ("US$"), which is currency other than the functional currency of the relevant group entities and expose the Group to foreign currency risk.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at each 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	—

The Group currently does 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.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% change in US$ against RMB. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of year/period for a 5% change in foreign currency rates. A positive (negative) number below indicates an increase (a decrease) in profit for the year/period where US$ strengthen 5% against RMB. For a 5% weakening of US$ against RMB, there would be an equal and opposite impact on the profit for the year/period.

	Year ended 31 December			Six months ended 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
US$	(5,995)	(6,126)	(4,791)	180

The sensitivity analysis above only analyzed the Group's year/period end inherent foreign exchange risk exposure and does not represent the exposure during the year/period.

Interest rate risk

The Group's cash flow interest rate risk relates primarily to its variable rate bank borrowings, restricted bank deposits and bank balances. The Group's fair value interest rate risk relates primarily to fixed rate bank borrowings and interest free advances to a related company. Currently, the Group does not have a specific policy to manage its interest rate risk, but will closely monitor the interest rate risk exposure in the future.

Sensitivity analysis

The management of the Group considers the fluctuation in interest rates of restricted bank deposits and bank balances is insignificant. Therefore, no sensitivity analysis on interest rates for restricted bank deposits and bank balances is presented. The sensitivity analysis below has been determined based on the exposure to interest rates for variable rate bank borrowings. The analysis is prepared assuming the variable rate bank borrowings outstanding at the end of each reporting period were outstanding for the whole year/period. A 50 basis points increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012 would decrease/increase by approximately RMB nil, RMB138,000, RMB258,000 and RMB317,000.

Equity price risk

The Group is exposed to equity price risk through its investment in listed securities in the PRC. Currently, the Group does not have a specific policy to manage its equity price risk, but will closely monitor the equity price risk exposure in the future.

Sensitivity analysis

The sensitivity analysis has been determined based on exposure to equity price risk at the end of reporting period. If equity prices had been 15% higher/lower, the Group's post-tax profit for the six months ended 30 June 2012 would increase/decrease by RMB958,000 (for the years ended 31 December 2009, 2010 and 2011: Nil) as a result of the changes in fair value of held for trading investments.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group 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 as disclosed in note 34.

The Group has no significant concentration of credit risk in respect of trade receivable, with exposure spread over a large number of customers in the PRC. In order to minimize the credit risk, the management of the Group continuously monitors the level of exposure by frequent review of the credit evaluation of the financial condition and credit quality of its customers to ensure that follow-up actions and/or corrective actions are taken promptly to lower the risk exposure or to recover overdue balances.

After obtaining a minimum of 20% to 30% down payment from its customers, the Group would usually provide guarantees to banks in connection with its customers' mortgage loans to finance their purchase of the properties, for the period before building certificates are issued to the relevant customers. If a customer defaults on the payment of his mortgage during the term of guarantee, the bank may demand the Group to repay the outstanding amount of the loan and any accrued interest thereon. Under such circumstances, the Group is able to forfeit the customer's deposit and re-sell the property to recover any amounts payable by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has 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 the 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.

The Group has concentration of credit risk in respect of amount due from a related company. In order to minimize the credit risk on amount due from the related company, the management of the Group continuously monitors the credit quality and financial conditions of the related company and the level of exposure to ensure that follow-up action is taken to recover overdue debts. The Group acquired the entire equity interest in such related company in 2012. Under such circumstances, the directors of the Company consider that the Group's credit risk is insignificant.

Liquidity risk

The management of the Group have built an appropriate liquidity risk management framework for short-term funding and liquidity management requirements. The Group manages liquidity risk by continuously monitoring forecasted and actual cash flows.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are for floating rate instruments, the undiscounted amount is derived based on interest rate outstanding at the end of each reporting period.

		Undiscounted cash flows			
	Weighted average interest rate	**On demand, or less than six months**	**Over six months but less than one year**	**Over one year but less than five years**	**Carrying amount**
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2009					
Trade and other payables	—	145,131	—	—	145,131
Amounts due to shareholders	—	162,116	—	—	162,116
Amounts due to related companies	—	56,400	—	—	56,400
Bank borrowings	6.30	25,847	75,193	346,456	386,747
Financial guarantee contracts	—	137,440	—	—	—
		526,934	75,193	346,456	750,394
At 31 December 2010					
Trade and other payables	—	138,299	—	—	138,299
Amounts due to shareholders	—	168,951	—	—	168,951
Bank borrowings	6.04	79,767	99,069	435,316	545,420
Financial guarantee contracts	—	176,770	—	—	—
		563,787	99,069	435,316	852,670
At 31 December 2011					
Trade and other payables	—	170,122	—	—	170,122
Amounts due to shareholders	—	129,098	—	—	129,098
Bank borrowings	6.79	38,799	99,129	374,761	453,704
Financial guarantee contracts	—	185,089	—	—	—
		523,108	99,129	374,761	752,924

	Weighted average interest rate	Undiscounted cash flows: On demand, or less than six months	Over six months but less than one year	Over one year but less than five years	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 30 June 2012					
Trade and other payables	—	188,458	—	—	188,458
Bank borrowings	6.88	63,508	89,960	415,259	489,060
Financial guarantee contracts	—	210,330	—	—	—
		462,296	89,960	415,259	677,518

The total undiscounted cash flows of financial guarantee contracts as at 31 December 2009, 2010 and 2011 and 30 June 2012 disclosed above was the maximum amount the Group could be required to settle under the arrangement for the full guaranteed amount if that amount was claimed by the counterparties to the guarantee. Based on expectations at the end of each reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of each reporting period.

6C. Fair values

The fair values of the Group's financial assets and financial liabilities are determined as follows:

(a) the fair value of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices; and

(b) the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Financial Information approximate their fair values.

Financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Held for trading investments of the Group, which are financial instruments that are measured subsequent to initial recognition at fair value, are grouped under Level 1 fair value measurement in accordance with IFRS 7.

There were no transfers between Level 1 and 2 throughout the Track Record Period.

7. REVENUE AND SEGMENT INFORMATION

The Group's chief operating decision maker has been identified as the executive directors of the Company. The information reported to the chief operating decision maker for purposes of resource allocation and performance assessment focuses specifically on respective businesses of the Group. The Group's operating and reportable segments are as follows:

Property development	—	Development and sale of properties
Property investment	—	Property leasing (including lease of self-owned properties and sub-lease of rented properties)

Segment revenue and results

	Property development	Property investment	Total
	RMB'000	*RMB'000*	*RMB'000*
For the year ended 31 December 2009			
Segment revenue	458,577	35,223	493,800
Segment results	147,742	14,888	162,630
Other income, expenses, gains and losses			6,012
Unallocated corporate expenses			(4,162)
Changes in fair value of investment properties			250,183
Profit before tax			414,663
For the year ended 31 December 2010			
Segment revenue	441,268	42,256	483,524
Segment results	76,175	21,402	97,577
Other income, expenses, gains and losses			11,403
Finance costs			(2,804)
Unallocated corporate expenses			(4,633)
Changes in fair value of investment properties			306,900
Profit before tax			408,443
For the year ended 31 December 2011			
Segment revenue	444,952	79,543	524,495
Segment results	142,241	43,462	185,703
Other income, expenses, gains and losses			18,599
Finance costs			(6,871)
Unallocated corporate expenses			(3,703)
Share of loss of an associate			(407)
Changes in fair value of investment properties			539,919
Profit before tax			733,240

	Property development	Property investment	Total
	RMB'000	*RMB'000*	*RMB'000*
For the six months ended 30 June 2012			
Segment revenue	614,486	47,865	662,351
Segment results	265,761	26,240	292,001
Other income, expenses, gains and losses			(608)
Finance costs			(4,024)
Unallocated corporate expenses			(4,982)
Share of loss of an associate			(764)
Changes in fair value of investment properties			75,000
Profit before tax			356,623
For the six months ended 30 June 2011 (unaudited)			
Segment revenue	133,278	33,952	167,230
Segment results	18,762	22,819	41,581
Other income, expenses, other gains and losses			10,921
Finance costs			(3,132)
Unallocated corporate expenses			(2,779)
Changes in fair value of investment properties			229,579
Profit before tax			276,170

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the Track Record Period.

The accounting policies of the operating and reportable segments information are the same as the Group's accounting policies described in note 3. Segment results represents the profit earned by each segment without allocation of central administration costs, changes in fair value of investment properties, other income, expenses, gains and losses, share of loss of an associate, finance costs and taxation. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

	Property development	Property investment	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2009			
Segment assets	752,626	1,953,115	2,705,741
Property, plant and equipment			20,849
Other receivables, deposits and prepayments			75,415
Restricted bank deposits			3,383
Bank balances and cash			209,262
Other unallocated assets			25,076
Total assets			3,039,726
Segment liabilities	609,129	2,474	611,603
Amounts due to shareholders			162,116
Tax liabilities			40,543
Bank borrowings			386,747
Deferred tax liabilities			400,542
Other unallocated liabilities			83,544
Total liabilities			1,685,095
As at 31 December 2010			
Segment assets	849,392	2,308,754	3,158,146
Property, plant and equipment			18,638
Other receivables, deposits and prepayments			87,345
Amount due from a related company			43,491
Restricted bank deposits			64,432
Bank balances and cash			388,166
Other unallocated assets			39,898
Total assets			3,800,116
Segment liabilities	851,860	47,289	899,149
Amounts due to shareholders			168,951
Tax liabilities			44,464
Bank borrowings			545,420
Deferred tax liabilities			478,698
Other unallocated liabilities			27,540
Total liabilities			2,164,222

	Property development	Property investment	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2011			
Segment assets	872,923	2,919,392	3,792,315
Property, plant and equipment			22,044
Other receivables, deposits and prepayments			67,801
Amount due from a related company			120,176
Restricted bank deposits			15,718
Bank balances and cash			196,641
Other unallocated assets			39,848
Total assets			4,254,543
Segment liabilities	781,446	57,357	838,803
Amounts due to shareholders			129,098
Tax liabilities			100,339
Bank borrowings			453,704
Deferred tax liabilities			616,115
Other unallocated liabilities			39,150
Total liabilities			2,177,209
As at 30 June 2012			
Segment assets	952,534	3,299,819	4,252,353
Property, plant and equipment			21,686
Other receivables, deposits and prepayments			49,009
Restricted bank deposits			16,097
Bank balances and cash			92,389
Other unallocated assets			45,788
Total assets			4,477,322
Segment liabilities	370,078	52,730	422,808
Tax liabilities			210,824
Bank borrowings			489,060
Deferred tax liabilities			684,612
Other unallocated liabilities			29,050
Total liabilities			1,836,354

For the purposes of assessing segment performance and allocating resources between segments:

- Other than investment properties, completed carparks and carparks under construction (included in property, plant and equipment), leasehold land held for development for sale, properties under development for sale, completed properties for sale, trade receivables and prepayment for leasehold land held for development for sale, all other assets are not allocated to segment assets; and

- Other than trade payables, deposits and prepayments received from pre-sale of properties and rental received in advance, all other liabilities are not allocated to segment liabilities.

No single customer of the Group contributed 10% or more to the Group's revenue for the Track Record Period.

The Group's revenue from external customers is derived solely from its operations in the PRC, and non-current assets of the Group are all located in the PRC.

8. OTHER INCOME, EXPENSES, GAINS AND LOSSES

	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 income	889	3,413	7,203	3,187	2,488
Imputed interest income on amount due from a related company	—	2,804	6,868	3,132	4,024
Forfeiture income on deposits received	673	—	—	—	—
Gain (loss) on disposal of property, plant and equipment	2,040	(2)	(2)	—	—
Net foreign exchange gains (losses)	2,104	4,777	5,610	4,412	(280)
Listing expenses	—	—	(1,500)	—	(7,498)
Others	306	411	420	190	658
	6,012	11,403	18,599	10,921	(608)

9. FINANCE COSTS

	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*
Interests on bank loans wholly repayable within five years	15,968	33,942	35,317	20,893	16,126
Less: Amount capitalized to properties under development for sale and investment properties under development	(15,968)	(31,138)	(28,446)	(17,761)	(12,102)
	—	2,804	6,871	3,132	4,024

10. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	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*
Directors' remunerations (note 11)	270	274	416	138	258
Other staff costs:					
- Salaries and other benefits	10,779	14,570	18,999	9,802	13,019
- Retirement benefit scheme contributions	1,436	1,900	4,225	1,067	1,411
Total staff costs	12,485	16,744	23,640	11,007	14,688
Less: Amount capitalized to properties under development for sale and investment properties under development	(3,363)	(4,837)	(6,160)	(3,295)	(2,729)
	9,122	11,907	17,480	7,712	11,959
Rental income in respect of investment properties	(35,223)	(42,256)	(74,924)	(31,378)	(43,275)
Less: Direct operating expenses of investment properties that generated rental income	3,599	3,670	4,647	1,999	2,618
	(31,624)	(38,586)	(70,277)	(29,379)	(40,657)
Cost of properties sold	260,859	323,823	253,266	79,808	301,498
Auditor's remuneration	817	778	720	125	135
Depreciation of property, plant and equipment	2,360	2,719	3,063	1,561	4,159
Allowance for doubtful receivables	—	1,095	—	—	—
Rental expenses of properties under operating lease	166	233	3,096	89	2,900

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable to the directors of the Company were as follows:

	Fees	Salaries and other benefits	Retirement benefit scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2009				
Mr. Wong Yam Yin	—	—	—	—
Mr. Wong Kam Fai	46	—	—	46
Mr. Wong Kam Keung Barry	42	—	—	42
Mr. Kiky Gunawan	91	—	—	91
Mr. Janata Suwita	91	—	—	91
Mr. Tjie Tjin Fung	—	—	—	—
Mr. David Janata	—	—	—	—
	270	—	—	270
For the year ended 31 December 2010				
Mr. Wong Yam Yin	—	—	—	—
Mr. Wong Kam Fai	46	—	—	46
Mr. Wong Kam Keung Barry	46	—	—	46
Mr. Kiky Gunawan	91	—	—	91
Mr. Janata Suwita	91	—	—	91
Mr. Tjie Tjin Fung	—	—	—	—
Mr. David Janata	—	—	—	—
	274	—	—	274
For the year ended 31 December 2011				
Mr. Wong Yam Yin	—	—	—	—
Mr. Wong Kam Fai	46	—	—	46
Mr. Wong Kam Keung Barry	42	—	—	42
Mr. Kiky Gunawan	91	—	—	91
Mr. Janata Suwita	87	—	—	87
Mr. Chan Wai Kin	—	150	—	150
Mr. Tjie Tjin Fung	—	—	—	—
Mr. David Janata	—	—	—	—
	266	150	—	416

	Fees	Salaries and other benefits	Retirement benefit scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the six months ended 30 June 2012				
Mr. Wong Yam Yin	—	—	—	—
Mr. Wong Kam Fai	—	—	—	—
Mr. Wong Kam Keung Barry	—	—	—	—
Mr. Kiky Gunawan	—	—	—	—
Mr. Janata Suwita	—	—	—	—
Mr. Chan Wai Kin	—	253	5	258
Mr. Tjie Tjin Fung	—	—	—	—
Mr. David Janata	—	—	—	—
	—	253	5	258
For the six months ended 30 June 2011 (unaudited)				
Mr. Wong Yam Yin	—	—	—	—
Mr. Wong Kam Fai	23	—	—	23
Mr. Wong Kam Keung Barry	23	—	—	23
Mr. Kiky Gunawan	46	—	—	46
Mr. Janata Suwita	46	—	—	46
Mr. Tjie Tjin Fung	—	—	—	—
Mr. David Janata	—	—	—	—
	138	—	—	138

The five highest paid individuals were not directors of the Company for each of the years ended 31 December 2009, 2010 and 2011 respectively and for the six months ended 30 June 2011 (unaudited); and included one director of the Company for the six months ended 30 June 2012. Details of the directors' emoluments are set out above. The emoluments of the remaining individuals during the Track Record Period were as follows:

	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*
Employees:					
- Salaries and other benefits	759	1,029	1,454	727	639
- Performance related bonuses	756	1,185	1,258	—	—
- Retirement benefit scheme contributions	91	97	90	45	52
	1,606	2,311	2,802	772	691

Their emoluments were within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	No. of employees	*No. of employees*	*No. of employees*	*No. of employees (unaudited)*	*No. of employees*
HK$ nil to HK$1,000,000	5	5	5	5	4

During the Track Record Period, no emoluments were paid by the Group to any directors of the Company or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during the Track Record Period.

12. TAXATION

	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 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

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit during the Track Record Period. No provision for Hong Kong Profits Tax has been made in the Financial Information as the Group's subsidiaries in Hong Kong had no assessable profit.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

According to the requirements of the Provisional Regulations of the PRC on Land Appreciation Tax ("LAT") (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights and buildings in the PRC (being the proceeds of sales of properties less deductible expenditures including borrowing costs and property development expenditures) is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation of land value; with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

During the Track Record Period, the Group estimated and made provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects, and the LAT determined by the tax authorities might be different from the basis on which the provision for LAT is calculated.

The tax charge for the Track Record Period can be reconciled to the accounting profit as follows:

	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*
Profit before tax	414,663	408,443	733,240	276,170	356,623
Tax at PRC enterprise income tax rate of 25%	103,666	102,111	183,310	69,043	89,156
Tax effect of expenses not deductible for tax purpose	1,442	2,115	915	575	923
Tax effect of income not taxable for tax purpose	(488)	(1,273)	(2,217)	(922)	(52)
Effect of tax losses and deductible temporary differences not recognized	3,962	73	—	—	—
Utilization of tax losses and deductible temporary differences not previously recognized	(440)	(3,962)	(73)	—	—
LAT	34,002	19,429	43,898	13,708	72,648
Tax effect of LAT	(8,501)	(4,857)	(10,975)	(3,427)	(18,162)
Withholding tax on undistributed profit of PRC subsidiaries	2,584	1,431	5,189	1,167	5,427
	136,227	115,067	220,047	80,144	149,940

13. EARNINGS PER SHARE

No earnings per share information is presented, as its inclusion, for the purpose of this report, is not considered meaningful due to the preparation of the Financial Information on the basis as set out in note 1.

14. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation.

Prior to the Reorganization,

i. Golden Wheel International Investment had declared and paid dividend in an amount of RMB54,108,000 to its then shareholders during the year ended 31 December 2011;

ii. Nanjing Jade Golden Wheel, a subsidiary of Golden Wheel International Investment, had declared and paid dividends to its equity holders, in which RMB4,462,000 was paid to its then non-controlling shareholder during the year ended 31 December 2011; and

iii. Nanjing Jade Golden Wheel and Yangzhou Golden Wheel Real Estate, subsidiaries of Golden Wheel International Investment, had declared and paid dividends to their equity holders, in which an aggregate of RMB5,884,000 was paid to their then non-controlling shareholder during the six months ended 30 June 2012.

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 report.

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Motor vehicles	Computers and office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost						
At 1 January 2009	5,936	2,872	1,130	—	25,790	35,728
Additions	—	—	548	—	13,979	14,527
Disposals	(5,936)	(304)	(223)	—	—	(6,463)
Transfers	25,318	—	—	—	(25,318)	—
Transfer from completed properties for sale	14,702	—	—	5,028	—	19,730
At 31 December 2009	40,020	2,568	1,455	5,028	14,451	63,522
Additions	—	258	252	—	9,013	9,523
Disposals	—	—	(103)	—	—	(103)
At 31 December 2010	40,020	2,826	1,604	5,028	23,464	72,942
Additions	—	—	353	6,118	17,363	23,834
Disposals	—	—	(255)	—	—	(255)
At 31 December 2011	40,020	2,826	1,702	11,146	40,827	96,521
Additions	—	216	148	—	3,367	3,731
Transfers	35,483	—	—	—	(35,483)	—
Transfer from completed properties for sale	793	—	—	—	—	793
Acquisition of subsidiaries	—	78	—	—	21,713	21,791
Disposals	—	—	(242)	—	—	(242)
At 30 June 2012	76,296	3,120	1,608	11,146	30,424	122,594
Depreciation						
At 1 January 2009	615	952	291	—	—	1,858
Provided for the year	537	892	459	472	—	2,360
Eliminated on disposals	(792)	(301)	(221)	—	—	(1,314)
At 31 December 2009	360	1,543	529	472	—	2,904
Provided for the year	721	614	379	1,005	—	2,719
Eliminated on disposals	—	—	(101)	—	—	(101)

	Land and buildings	Motor vehicles	Computers and office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2010	1,081	2,157	807	1,477	—	5,522
Provided for the year	721	385	495	1,462	—	3,063
Eliminated on disposals	—	—	(253)	—	—	(253)
At 31 December 2011	1,802	2,542	1,049	2,939	—	8,332
Provided for the period	2,899	182	240	838	—	4,159
Eliminated on disposals	—	—	(242)	—	—	(242)
At 30 June 2012	4,701	2,724	1,047	3,777	—	12,249
Carrying Value						
At 31 December 2009	39,660	1,025	926	4,556	14,451	60,618
At 31 December 2010	38,939	669	797	3,551	23,464	67,420
At 31 December 2011	38,218	284	653	8,207	40,827	88,189
At 30 June 2012	71,595	396	561	7,369	30,424	110,345

The land and buildings of the Group comprising land use rights and buildings in the PRC where the cost of land use rights cannot be separated reliably. The land use rights is classified as a finance lease, and the land and buildings are amortized and depreciated between 20 to 36 years using straight-line method.

The following useful lives are used in the calculation of depreciation of other property, plant and equipment:

Motor vehicles	—	4 years
Computers and office equipment	—	3 years
Leasehold improvements	—	over the lease period or 5 years, whichever is shorter

As at 31 December 2009, 2010 and 2011 and 30 June 2012, land and buildings with carrying amount of approximately RMB14,342,000, RMB13,621,000, RMB12,900,000 and RMB12,587,000 respectively were pledged to banks to secure certain banking facilities granted to the Group.

As at 31 December 2009, 2010 and 2011 and 30 June 2012, construction in progress with carrying amount of approximately RMB14,451,000, RMB23,464,000, RMB nil and RMB nil respectively were pledged to banks to secure certain banking facilities granted to the Group.

The land and buildings are held under medium-term land leases in the PRC.

16. INVESTMENT PROPERTIES

	Completed investment properties	Investment properties under development	Total
	RMB'000	*RMB'000*	*RMB'000*
Fair Value			
At 1 January 2009	1,349,000	269,000	1,618,000
Additions	—	4,292	4,292
Reclassification from completed properties for sale (note)	81,000	—	81,000
Increase in fair value	90,000	116,708	206,708
At 31 December 2009	1,520,000	390,000	1,910,000
Additions	—	42,100	42,100
Increase in fair value	148,000	158,900	306,900
At 31 December 2010	1,668,000	591,000	2,259,000
Additions	—	51,081	51,081
Transfers	750,000	(750,000)	—
Increase in fair value	432,000	107,919	539,919
At 31 December 2011	2,850,000	—	2,850,000
Acquisition of subsidiaries	45,600	238,000	283,600
Increase in fair value	75,000	—	75,000
At 30 June 2012	2,970,600	238,000	3,208,600

The fair values of the Group's investment properties were arrived at on the basis of a valuation carried out at the end of respective reporting periods, the date of transfer of completed properties for sale to investment properties and the date of acquisition of subsidiaries by CBRE HK Limited. CBRE HK Limited, located at 4/F, Three Exchange Square, 8 Connaught Place, Central, Hong Kong, is a firm of independent valuers not connected with the Group, who have qualifications such as members of The Hong Kong Institute of Surveyors. The Group's investment properties have been valued individually, on market value basis.

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 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.

As at 31 December 2009, 2010 and 2011 and 30 June 2012, the Group's investment properties with a carrying amount of approximately RMB1,910,000,000, RMB2,259,000,000, RMB1,844,000,000 and RMB1,896,000,000 respectively were pledged to banks to secure certain banking facilities granted to the Group.

The investment properties are held under medium-term leases in the PRC.

During the year ended 31 December 2011, investment properties under development, namely Golden Wheel Time Square, with a fair value of approximately RMB750,000,000 at the date of transfer were reclassified to completed investment properties upon completion of development. As at 31 December 2011, the Group was in the process of obtaining the building certificates of completed investment properties, namely Golden Wheel Time Square, with carrying value of approximately RMB1,006,000,000 (31 December 2009,31 December 2010 and 30 June 2012: Nil). The building certificates of the completed investment properties, namely Golden Wheel Time Square, were obtained by the Group during the six months ended 30 June 2012.

Note: During the year ended 31 December 2009, completed properties for sale, namely Golden Wheel Waltz, with carrying amount of approximately RMB37,525,000 were transferred to investment properties upon commencement of operating leases. The difference between the fair value of the properties and the carrying amount at the date of transfer amounted to approximately RMB43,475,000 is recognized in profit and loss.

17. INTEREST IN AN ASSOCIATE

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investment in an associate — unlisted	—	—	3,000	3,000
Share of post-acquisition losses	—	—	(407)	(1,171)
	—	—	2,593	1,829

The Group's interest in the associate is as follows:

Name of entity	Place of establishment and operation	Proportion of paid-up capital and voting power held by the Group					Principal activities
		At 31 December			At 30 June	At date of this report	
		2009	2010	2011	2012		
Nanjing Pocui Jiudian Guanli Co., Ltd. (南京珀翠酒店管理有限公司) ("Nanjing Pocui")	PRC	—	—	30%	30%	30%	Restaurant operations

Summarized financial information in respect of the Group's associate is set out below:

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	—	—	10,166	11,919
Total liabilities	—	—	(1,522)	(5,822)
Net assets	—	—	8,644	6,097
Group's share of net assets of the associate	—	—	2,593	1,829

	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*
Total revenue	—	—	226	—	8,058
Total loss for the year/period	—	—	(1,356)	—	(2,547)
Group's share of loss of the associate	—	—	(407)	—	(764)

Amount due from an associate

At 31 December 2011, the amount represents rental receivable from the associate, which is aged between 61 to 180 days and past due but not impaired as the directors of the Company consider the amount is recoverable. The amount was fully settled during the six months ended 30 June 2012.

18. DEFERRED TAX

For the purpose of consolidated statements of financial position presentation, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	10,665	8,827	17,890	31,292
Deferred tax liabilities	(400,542)	(478,698)	(616,115)	(684,612)
	(389,877)	(469,871)	(598,225)	(653,320)

The deferred tax assets (liabilities) recognized by the Group and movements thereon during the Track Record Period are as follows:

	LAT provision and other deductible temporary differences	Changes in fair value of investment properties	Tax losses	Withholding tax on undistributed profits of PRC subsidiaries	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2009	738	(335,412)	15,246	—	(319,428)
Credit (charge) to profit or loss	8,339	(62,546)	(13,658)	(2,584)	(70,449)
At 31 December 2009	9,077	(397,958)	1,588	(2,584)	(389,877)
Charge to profit or loss	(250)	(76,725)	(1,588)	(1,431)	(79,994)
At 31 December 2010	8,827	(474,683)	—	(4,015)	(469,871)
Credit (charge) to profit or loss	9,063	(134,980)	—	(5,189)	(131,106)
Reversal upon payment of withholding tax	—	—	—	2,752	2,752
At 31 December 2011	17,890	(609,663)	—	(6,452)	(598,225)
Credit (charge) to profit or loss	13,402	(18,750)	—	(5,427)	(10,775)
Acquisition of subsidiaries	—	(47,948)	—	—	(47,948)
Reversal upon payment of withholding tax	—	—	—	3,628	3,628
At 30 June 2012	31,292	(676,361)	—	(8,251)	(653,320)

Under the EIT Law, starting from 1 January 2008, 10% withholding income tax is imposed on dividends declared in respect of profits earned in year 2008 onwards and distributed to foreign investors for companies established in the PRC. For investors incorporated in Hong Kong, a preferential rate of 5% will be applied where appropriate. Other than the PRC withholding income tax provided as above, no deferred taxation has been provided for the retained profits of approximately RMB nil, RMB18 million, RMB19 million and RMB48 million as at 31 December 2009, 2010 and 2011 and 30 June 2012 respectively, which were derived from the PRC subsidiaries since 1 January 2008 as the Group has set aside such sum for non-distributable purpose, and is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The Group has unused tax losses of RMB6,352,000, RMB290,000, RMB nil and RMB nil available for offset against future profits as at 31 December 2009, 2010 and 2011 and 30 June 2012 respectively. Other than the deferred tax assets in relation to tax losses recognized as above, no deferred tax asset has been recognized in respect of the remaining unused tax losses of RMB nil, RMB290,000, RMB nil and RMB nil as at 31 December 2009, 2010 and 2011 and 30 June 2012 respectively due to the unpredictability of future profit streams.

Other than the above amounts and the deductible temporary difference amounting to approximately RMB15,848,000 as at 31 December 2009, at the end of each reporting period, the Group and Company had no other significant unrecognized deferred taxation.

19. LEASEHOLD LAND AND PREPAYMENT FOR LEASEHOLD LAND HELD FOR DEVELOPMENT FOR SALE

Leasehold land held for development for sale:

The amount as at 31 December 2010 represented land held for development for sale, which development has been commenced in 2011 and expected to be completed in 2013.

Prepayment for leasehold land held for development for sale:

The amount as at 31 December 2009 represents prepayment for leasehold land held for development for sale, of which the land was handed over to the Group and land use right certificate was obtained in 2010.

The amount as at 30 June 2012 represents prepayment for leasehold land held for development for sale, of which the land has not been handed over to the Group as at 30 June 2012.

20. PROPERTIES UNDER DEVELOPMENT FOR SALE

	At 31 December			At 30 June
	2009	**2010**	**2011**	**2012**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Included in properties under development for sale are properties which development expected to be completed after one year from the end of reporting period	234,398	255,966	285,210	425,552

As at 31 December 2009, 2010 and 2011 and 30 June 2012, certain of the Group's properties under development for sale with a carrying amount of approximately RMB408,000,000, RMB329,000,000, RMB498,000,000 and RMB336,000,000 respectively were pledged to banks to secure certain banking facilities granted to the Group.

21. COMPLETED PROPERTIES FOR SALE

As at 31 December 2009, 2010 and 2011 and 30 June 2012, certain of the Group's completed properties for sale with a carrying amount of approximately RMB64,000,000, RMB64,000,000, RMB57,000,000 and RMB24,000,000 respectively were pledged to banks to secure certain banking facilities granted to the Group.

22. TRADE AND OTHER RECEIVABLES

	At 31 December			At 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

In respect of sale of properties, a minimum down payment are required in accordance with the terms of the related sale and purchase agreements and consideration in cash is fully received prior to the delivery of the properties to the customers.

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

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

The aging analysis of the Group's accounts receivable, net of allowance for doubtful debts, based on payment due date as set out in relevant agreements at the respective reporting dates are as follows:

	At 31 December			At 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
181 to 365 days	—	380	453	—
Over 1 year	—	93	93	277
	7,819	4,335	5,091	5,464

At the end of each reporting period, included in the Group's accounts receivable are debtors with the following carrying amounts which are past due for which the Group has not provided for impairment loss, as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience of the management. The Group does not hold any collateral over these balances.

Aging of trade receivables (which are all rental receivable from tenants) which are past due but not impaired:

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 180 days	3,346	592	4,092	2,283
181 to 365 days	—	380	453	—
Over 1 year	—	93	93	277
	3,346	1,065	4,638	2,560

In assessing the recoverability of rental receivable from property tenants, the Group considers any change in the credit quality of the tenants. The Group recognizes allowance for doubtful receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position. Movements in the allowance for doubtful receivables are as follows:

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at beginning of the year/period	—	—	1,095	1,095
Impairment losses recognized on trade receivables	—	1,095	—	—
Balance at end of year/period	—	1,095	1,095	1,095

23. AMOUNTS DUE FROM/TO RELATED COMPANIES

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amount due from a related company:				
Nanjing Golden Wheel Real Estate (note a)	—	43,491	120,176	—
Maximum amount outstanding during the year/period:				
Nanjing Golden Wheel Real Estate (note a)	—	90,086	153,082	132,800
Amounts due to related companies:				
Nanjing Golden Wheel Real Estate (note a)	39,900	—	—	—
Nanjing Xinbosi Wenhua Chuanbo Co., Ltd. (南京新博思文化傳播有限公司) ("Xinbosi") (note b)	8,500	—	—	—
Nanjing Shiyijia Yingxiao Guanli Zixun Co., Ltd. (南京世藝佳營銷管理諮詢有限公司) ("Shiyijia") (note c)	8,000	—	—	—
	56,400	—	—	—

Notes:

a. Nanjing Golden Wheel Real Estate was wholly owned by Wong Family prior to the acquisition by the Group in 2012, which became a subsidiary of the Company effective from 18 June 2012. Subsequent to the acquisition, the amount due from Nanjing Golden Wheel Real Estate was waived by the Group.

b. Xinbosi is wholly owned by the spouse of Mr. Wong Kam Fai, one of the Ultimate Controlling Shareholders of the Company.

c. Shiyijia is wholly owned by the sister of the spouse of Mr. Wong Kam Fai.

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 temporary advances from the related companies.

The amount due from a related company is unsecured and non-trade in nature. The Group has made interest-free advances to Nanjing Golden Wheel Real Estate (the "Advances") for a property development project, and the amount was originally expected to be recovered in 2013 based on the expected progress of such project and Nanjing Golden Wheel Real Estate's capability to repay the amount. As a result, it was presented as non-current asset as at 31 December 2010 and 2011. The Group has applied amortized costs measurement basis to initially recognize the Advances at fair values and accrued imputed interest income up to the date of acquisition of Nanjing Golden Wheel Real Estate by the Group, by applying the effective interest rates of 8.10% and 8.78% per annum. The effective interest rates were estimated by making reference to the prevailing market interest rates.

24. HELD FOR TRADING INVESTMENTS

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity securities listed in PRC	—	—	—	8,518

25. RESTRICTED BANK DEPOSITS

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits pledged for banking facilities (note a)	3,000	58,966	4,905	4,905
Deposits pledged for guarantees granted to customers (note b)	383	5,466	10,813	11,192
	3,383	64,432	15,718	16,097

Notes:

a. The amounts represent bank deposits in RMB pledged to banks as security for certain banking facilities granted to the Group. The use of such bank deposits, subject to the banks' approval, is restricted to the payments for construction works of the specified development projects as set out in the relevant loan agreements.

b. The amounts represent bank deposits in RMB pledged to banks as security for certain mortgage loans granted by the banks to the Group's customers. The restricted bank deposits will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

The bank deposits carry interest rates as follows:

	At 31 December			At 30 June
	2009	2010	2011	2012
	%	%	%	%
Range of interest rate per annum	0.36	0.36 - 1.35	0.50 - 1.49	0.40

26. BANK BALANCES AND CASH

Cash and cash equivalents comprise bank balances and cash held by the Group, and short-term deposits placed at banks that borne interest at prevailing market interest rates. All deposits are with an original maturity of three months or less. The bank balances carry interest rates as follows:

	At 31 December			At 30 June
	2009	2010	2011	2012
	%	%	%	%
Range of interest rate per annum	0.01 - 1.35	0.01 - 2.25	0.01 - 1.49	0.01 - 1.39

Bank balances and cash that are denominated in currency other than the functional currency of the relevant group entities are as follows:

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB equivalent of US$	2,258	5,580	1,329	4,797

Bank balances and cash of the Group, as set out below, are denominated in RMB which is not a freely convertible currency in the international market. The exchange rate of RMB is controlled by the government of the PRC and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank balances and cash denominated in RMB	207,004	382,586	195,312	87,592

27. TRADE AND OTHER PAYABLES

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables:				
0 to 60 days	67,185	77,175	123,139	145,509
61 to 180 days	24,090	18,745	2,514	6,913
181 to 365 days (note)	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
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

Generally, the average credit period taken for trade payables is about 60 days.

At 31 December 2009, 2010 and 2011 and 30 June 2012, trade payables include retention money of approximately RMB11,289,000, RMB10,831,000, RMB18,001,000 and RMB30,819,000 respectively, which relates to 5% to 15% of the contract prices.

Note: As at 30 June 2012, trade payable of approximately RMB36,180,000 (31 December 2009, 2010 and 2011: Nil) is related to a land acquisition transaction, where a subsidiary of the Company (the "Acquirer") entered into a contract to acquire a piece of land from a third party (the "Vendor"), and the consideration of which is partly settled by way of cash and partly settled through delivery of the Acquirer's completed properties to the Vendor upon completion of the properties. Such properties are under development as at 30 June 2012, and the properties are expected to be completed in June 2013.

28. AMOUNTS DUE TO SHAREHOLDERS

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Sjaifudin Aman	6,233	6,495	4,963	—
Tjie Tjin Fung	11,332	11,810	9,024	—
Hafandi Lijaya	9,632	10,038	7,671	—
Lili Somantry	11,332	11,810	9,024	—
Jamin Haryanto	11,332	11,810	9,024	—
Kiky Gunawan	11,332	11,810	9,024	—
Janata Suwita	11,332	11,810	9,024	—
Hadi Gunaman	11,332	11,810	9,024	—
Tjhin Tjin Sen	9,066	9,448	7,219	—
Bambang Trisna	9,066	9,448	7,219	—
Julia Oscar	6,799	7,086	5,415	—
Golden Wheel Properties Investment	53,328	55,576	42,467	—
	162,116	168,951	129,098	—

The above amounts are unsecured, interest-free and repayable on demand. These non-trade amounts arose as a result of advances from the Ultimate Controlling Shareholders during the Track Record Period. During the six months ended 30 June 2012, the Ultimate Controlling Shareholders waived the repayment of amounts due to the Ultimate Controlling Shareholders of approximately RMB67,032,000; and the remaining amounts due to the Ultimate Controlling Shareholders of approximately RMB62,066,000 were settled in cash.

The above amounts are denominated in US$.

29. BANK BORROWINGS

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Shown as current liabilities:				
- Repayable on demand or within 1 year	77,347	149,020	109,104	123,800
Shown as non-current liabilities, repayable:				
- After 1 year but within 2 years	71,600	111,600	101,800	121,200
- After 2 years but within 5 years	237,800	284,800	242,800	244,060
	309,400	396,400	344,600	365,260
Total secured bank borrowings	386,747	545,420	453,704	489,060

The ranges of annual effective interest rates (which are the contracted interest rates) on the Group's bank borrowings are as follows:

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

The Group's bank borrowings are denominated in RMB.

Details of the assets pledged and guarantees for the secured bank borrowings are set out in notes 15, 16, 20, 21, 25 and 38.

30. SHARE CAPITAL

	The Company	
	Number of shares	Share capital
		US$
Authorized:		
Ordinary shares of US$0.01 each		
At date of incorporation and at 30 June 2012	5,000,000	50,000
Issued and fully paid:		
Ordinary shares of US$0.01 each		
At date of incorporation	999,900	9,999
Issue of new shares for the acquisition of Golden Wheel International Investment	1,000,000	10,000
Issue of new shares for the acquisition of Golden Wheel International Corporation	100	1
At 30 June 2012	2,000,000	20,000
		RMB'000
Shown on the consolidated statement of financial position as at 30 June 2012		128

On 26 April 2012, the date of incorporation of the Company, 999,900 new ordinary shares were allotted and issued to the Ultimate Controlling Shareholders at par.

On 18 June 2012, the Company issued 1,000,000 new ordinary shares to the Ultimate Controlling Shareholders pursuant to the Reorganization in exchange for the entire equity interest in Golden Wheel International Investment.

On 18 June 2012, the Company issued 100 new ordinary shares to Wong Family in exchange for the entire equity interest in Golden Wheel International Corporation.

The share capital of the Group as at 31 December 2009, 2010 and 2011 represents the share capital of Golden Wheel International Investment.

31. RESERVES

Special reserve

Special reserve mainly comprises amounts arise as a result of:

(a) A waiver of RMB67,032,000 due to the Ultimate Controlling Shareholders during the six months ended 30 June 2012.

(b) The Reorganization, being the difference between the nominal value of share capital of the Company and the nominal value of the share capital of Golden Wheel International Investment.

(c) The acquisition of Golden Wheel International Corporation and its subsidiary, Nanjing Golden Wheel Real Estate on 18 June 2012, being (i) the difference between the nominal value of share capital issued by the Company and the fair value of the consolidated net assets of Golden Wheel International Corporation and Nanjing Golden Wheel Real Estate (excluding 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); and (ii) the difference between the consideration paid and the carrying amount of net assets attributable to non-controlling interests in subsidiaries being acquired from the non-controlling shareholder.

(d) Deemed distribution represents the difference between the principal amount of the amount due from Nanjing Golden Wheel Real Estate and its fair value at initial recognition. The fair value is determined by discounting the estimated future cash flows throughout the expected life of the advance (that is, from date of advance to expected repayment date).

Subsequent to the acquisition of Golden Wheel International Corporation and its subsidiary Nanjing Golden Wheel Real Estate on 18 June 2012, the Group waived Nanjing Golden Wheel Real Estate from repaying the amount due from Nanjing Golden Wheel Real Estate. Deemed contribution represents the difference between the amount due from Nanjing Golden Wheel Real Estate stated at amortized cost and the principal amount of the amount due to the Group at date of waiver.

Surplus reserve

In accordance with relevant laws and regulations in the PRC and the articles of association of the PRC subsidiaries:

(a) **PRC subsidiaries registered as sino-foreign joint venture:**

The PRC subsidiaries may, at the discretion of board of directors of the PRC subsidiaries, transfer a portion of their profit after taxation reported in their statutory financial statements prepared under the applicable PRC accounting standards to the surplus reserve.

(b) **PRC subsidiaries registered as wholly-foreign invested enterprise or domestic limited liability company:**

The PRC subsidiaries are required to transfer at least 10% of their profit after taxation reported in their statutory financial statements prepared under the applicable PRC accounting standards to the surplus reserve.

The appropriation to surplus reserve may cease if the balance of the surplus reserve has reached 50% of the relevant PRC subsidiaries' registered capital.

The surplus reserve can be used to make up losses or for conversion into capital. The PRC subsidiaries may, upon the approval by a resolution of the owners, convert their surplus reserves into capital in proportion to their then existing capital contribution. However, when converting the PRC subsidiaries' surplus reserve into capital, the balance of such reserve remaining unconverted must not be less than 25% of their registered capital.

32. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of respective reporting periods, the Group had commitments for future minimum lease payments under a non-cancellable operating lease which fall due as follows:

	At 31 December			At 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

The operating lease payments represent rentals payable by the Group for retail spaces. The lease is negotiated for a term of 15 years.

The Group as lessor

At the end of respective reporting periods, the Group has 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

The Group leases out investment properties and rented properties, being retail outlets, under operating leases. All the properties held have committed tenants from 1 to 15 years.

Other than the abovementioned minimum lease payments, the Group also entered into contingent lease contracts with certain tenants, which stipulate monthly lease payments to be calculated in accordance with certain ratios on the tenants' net annual sales. Contingent rents recognized in income for each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012 amounted to approximately RMB4,900,000, RMB4,904,000, RMB4,666,000, RMB2,086,000 (unaudited) and RMB961,000 respectively.

33. OTHER COMMITMENTS

	At 31 December			At 30 June
	2009	2010	2011	2012
	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
- Construction of investment properties under development	45,000	35,000	—	44,000
- Construction of properties for own use	21,000	21,000	3,000	15,000
Commitments approved but not contracted in respect of:				
- Leasehold land held for development for sale	—	—	—	60,000
	302,000	264,000	128,000	399,000

34. CONTINGENT LIABILITIES

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mortgage loan guarantees provided by the Group to banks in favor of its customers	137,440	176,770	185,089	210,330

The Group provided guarantees to banks in favor of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted. In the opinion of the directors of the Company, the fair value of the financial guarantee contracts at initial recognition is not significant as the default rate is low, and subsequently at each reporting dates it is not probable that the customers would default on repayment to banks.

In addition, the Group is subject to maximum penalty and fines of RMB1.1 million as at 31 December 2011 and 30 June 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, which has not been provided in the Financial Information as the directors of the Company consider the amount involved not significant.

35. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees in Hong Kong under the Mandatory Provident Fund Scheme Ordinance. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Under the rules of the MPF Scheme, the employer and employees are each required to make contributions to the scheme at specified rate and capped at HK$1,000 (HK$1,250 effective from 1 June 2012) per month per person. The only obligation of the Group with respect of the MPF Scheme is to make the required contributions under the scheme.

The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The PRC subsidiaries are required to contribute specified rate of the employees' salaries to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

36. ACQUISITION OF SUBSIDIARIES

On 18 June 2012, the Group 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, an investment and property holding company, from the Wong Family. As Nanjing Golden Wheel

Real Estate also holds the remaining non-controlling equity interest in two of the Group's non-wholly owned subsidiaries, through the above-mentioned acquisition, the Group also acquired the remaining non-controlling interests in these two subsidiaries, namely, Nanjing Jade Golden Wheel and Yangzhou Golden Wheel Real Estate. 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 the Company to the Wong Family.

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 the 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 the Group (note 1 below)	(132,800)
Tax liabilities	(15,900)
Deferred tax liabilities	(47,948)
Subtotal of net assets acquired before non-controlling equity interest in the Group's subsidiaries	284,142
Fair value of non-controlling equity interest of subsidiaries held by the acquiree (note 2 below)	209,737
Total net assets acquired	493,879

Note 1: Subsequent to the acquisition, the Group waived Nanjing Golden Wheel Real Estate from repaying the amount owed by Nanjing Golden Wheel Real Estate to the Group.

Note 2: 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 the Group through acquisition of Golden Wheel International Corporation.

37. MAJOR NON-CASH TRANSACTIONS

(a) During the six months ended 30 June 2012, the Ultimate Controlling Shareholders waived the repayment of amounts due to the Ultimate Controlling Shareholders of approximately RMB67,032,000. The waiver is accounted for as deemed contribution from the Ultimate Controlling Shareholders.

(b) On 18 June 2012, Golden Wheel Pearl acquired 100% equity interest in Golden Wheel International Corporation through issuance of 100 new ordinary shares in the Company to Wong Family.

38. RELATED PARTY TRANSACTIONS

Other than as disclosed in notes 17, 23, 28 and 36, during the Track Record Period, the Group has entered into the following transactions with related parties:

- Sales of completed properties for sale:

	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*
Ultimate Controlling Shareholders and/or their close family members	10,959	3,933	—	—	771
Other family members of the Ultimate Controlling Shareholders	—	2,905	733	733	—
Members of key management	—	381	458	—	—
	10,959	7,219	1,191	733	771

- Marketing expenses:

	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*
Xinbosi	3,002	2,390	—	—	—
Shiyijia	2,120	1,621	900	900	—
	5,122	4,011	900	900	—

- Imputed interest income:

	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*
Nanjing Golden Wheel Real Estate (note 1 below)	—	2,804	6,868	3,132	4,024

- Rental income:

	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*
Nanjing Donut Times Food Co., Ltd. (南京多納時光食品有限公司) ("Donut Times") (note 2 below)	262	116	172	86	—
Nanjing Pocui	—	—	1,060	—	2,663
	262	116	1,232	86	2,663

Note 1: The amount represents imputed interest income on the amount due from a related company by reference to the amount outstanding and at effective interest rates of 8.10% and 8.78% per annum. Subsequent to the acquisition of Golden Wheel International Corporation and its subsidiary Nanjing Golden Wheel Real Estate on 18 June 2012, the Group waived Nanjing Golden Wheel Real Estate from repaying the amount due from Nanjing Golden Wheel Real Estate with principal amount of approximately RMB132,800,000.

Note 2: Donut Times is owned by certain ultimate shareholders of the Company, and an ultimate shareholder of the Company has significant influence over Donut Times.

- The bank borrowings of the Group (note 29) with the following carrying amounts are guaranteed by:

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Wong Yam Yin (note a)	92,933	111,000	102,067	117,067
Mr. Wong Kam Fai	92,933	126,000	117,067	132,067
Nanjing Golden Wheel Real Estate	19,600	8,000	6,400	—
Golden Wheel Trading Company Limited (note b)	73,334	103,000	95,666	108,667
Golden Wheel (Group) Company Limited (note c)	—	15,000	15,000	15,000
	278,800	363,000	336,200	372,801

Notes:

a. Mr. Wong Yam Yin is an ultimate shareholder of the Company.

b. Golden Wheel Trading Company Limited is wholly owned by Wong Family.

c. Golden Wheel (Group) Company Limited is wholly owned by Wong Family.

As at 30 June 2012, as represented by the directors of the Company, other than guarantee granted by Nanjing Golden Wheel Real Estate which had been eliminated upon consolidation, the other guarantees will be released upon the listing of the Company's shares on the Hong Kong Stock Exchange.

- Shareholders' indemnity:

  The Ultimate Controlling Shareholders have provided an indemnity in favor of the Group from and against, among other things, all actions, claims, losses, payments, charges, costs, penalties, damages or expenses which the Group may incur, suffer or accrue, directly or indirectly, that may rise from or in connection with the non-compliance matters set out in the section "Regulatory Compliance" under "Business" of the Prospectus.

Compensation of key management personnel

The remuneration of the directors and other members of key management during the Track Record Period are as follow:

	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*
Directors' remunerations	270	274	416	138	258
Members of key management:					
Salaries and other benefits	915	1,558	1,862	639	673
Retirement benefit scheme contributions	46	70	87	43	50
	1,231	1,902	2,365	820	981

39. FINANCIAL INFORMATION OF THE COMPANY

The Company was incorporated in the Cayman Islands on 26 April 2012. Information about the statement of financial position of the Company as at 30 June 2012 includes:

	At 30 June 2012
	RMB'000
Unlisted investments in subsidiaries	698,266
Cash	64
	698,330
Share Capital (note 30)	128
Capital reserve	698,202
	698,330

Capital reserve of the Company represents the difference between par value of ordinary shares issued by the Company and unlisted investments in subsidiaries recognized, in respect of the acquisitions of Golden Wheel International Investment and Golden Wheel International Corporation by two directly owned subsidiaries of the Company with the issuance of the Company's shares.

F. DIRECTORS' EMOLUMENTS

Under the arrangement presently in force, the aggregate amount of the directors' remunerations, excluding discretionary bonus, for the year ending 31 December 2012 is estimated to be approximately RMB2,047,000.

G. SUBSEQUENT EVENTS

On 10 December 2012, shareholders' written resolutions were passed to approve the matters set out in the paragraph headed "Written Resolutions of Our Shareholders Passed on 10 December 2012" in Appendix VI to the prospectus which include, among others, (i) the authorized share capital of the Company was increased from US$50,000 to US$30,000,000 by the creation of an additional 2,995,000,000 shares of US$0.01 each; (ii) conditional on the share premium account of the Company being credited as a result of the issue of the shares by the Company pursuant to the global offering of the shares of the Company as contained in the Prospectus, the sum of US$13,480,000 standing to the credit of the share premium account of the Company will be capitalized and applied in paying up in full at par 1,348,000,000 shares of US$0.01 each; and (iii) the share option scheme of the Company (the "Share Option Scheme") will be adopted and the directors of the Company will be authorized to grant options to subscribe for shares of the Company thereunder and to allot, issue and deal with shares of the Company pursuant to the exercise of options granted under Share Option Scheme and to take all such actions as may be necessary and/or describe to implement and give effect to the Share Option Scheme.

H. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies of the Group subsequent to 30 June 2012.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong