



**GOLDEN WHEEL TIANDI HOLDINGS COMPANY LIMITED**  
**金輪天地控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

Stock Code : 1232

*Annual Report* **2012**



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## Definitions

*In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings.*

<b>Terms</b>	<b>Definition</b>
“Aman Atlantic”	Aman Atlantic Holdings Limited (AMAN 大西洋控股有限公司), a limited liability company incorporated in the BVI on 15 March 2012, the entire issued share capital of which is owned by Mr. Sjaifudin Aman, one of our ultimate Controlling Shareholders
“Articles” or “Articles of Association”	the articles of association of our Company, conditionally adopted on 10 December 2012, to become effective upon the Listing
“Board”	the board of directors of our Company
“BVI”	the British Virgin Islands
“China” or the “PRC”	the People’s Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of China and Taiwan
“Chun Hung”	Chun Hung Investments Limited (晉鴻投資有限公司), a limited liability company incorporated in the BVI on 15 March 2012, the entire issued share capital of which is owned by Mr. Tjie Tjin Fung, one of our ultimate Controlling Shareholders
“Company”, “our Company”, “we”, “us”, “our” or “Golden Wheel”	Golden Wheel Tiandi Holdings Company Limited (金輪天地控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 26 April 2012 under the Cayman Islands Companies Law
“Company Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and, in the context of this annual report, refers to Mr. Wong Yam Yin (王欽賢), Mr. Wong Kam Fai (王錦輝), Mr. Wong Kam Keung, Barry (王錦強), Ms. Hung So Ling (洪素玲), Mr. Sjaifudin Aman, Mr. Tjie Tjin Fung, Mr. Hafandi Lijaya, Mr. Lili Somantry, Mr. Jamin Haryanto, Mr. Kiky Gunawan, Mr. Janata Suwita, Mr. Hadi Gunaman, Mr. Atjen Tanuwidjaja, Mr. Bambang Trisna and Ms. Julia Oscar, all of whom are our ultimate controlling shareholders, and the companies through which they hold equity interest in our Company, namely, Golden Wheel Realty, Aman Atlantic, Chun Hung, Kang Fu Ming, Green Paragon, Keita International, Fire Spark, Golden Era Forever, Fa Xing, Tien Shan Di Hai, Propitious Winds and Golden Joy Forever
“Director(s)”	director(s) of our Company
“EIT Law”	PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法), enacted by NPC in March 2007 and effective on 1 January 2008

## Definitions

“Fa Xing”	Fa Xing Limited (發興有限公司), a limited liability company incorporated in the BVI on 13 February 2012, the entire issued share capital of which is owned by Mr. Hadi Gunaman, one of our ultimate Controlling Shareholders
“Fire Spark”	Fire Spark Holdings Limited (火耀控股有限公司), a limited liability company incorporated in the BVI on 10 January 2012, the entire issued share capital of which is owned by Mr. Kiky Gunawan, one of our ultimate Controlling Shareholders
“GFA”	gross floor area
“Global Offering”	the initial global offering of 450,000,000 Shares (subject to adjustment and the over-allotment option) by the Company pursuant to its Prospectus dated 31 December 2012
“Golden Era Forever”	Golden Era Forever Holding Company Limited (金時代永恒控股有限公司), a limited liability company incorporated in the BVI on 15 March 2012, the entire issued share capital of which is owned by Mr. Janata Suwita, one of our ultimate Controlling Shareholders
“Golden Joy Forever”	Golden Joy Forever Holding Company Limited (金欣悦永恒控股有限公司), a limited liability company incorporated in the BVI on 15 March 2012, the entire issued share capital of which is owned by Ms. Julia Oscar, one of our ultimate Controlling Shareholders
“Golden Wheel Creation”	Golden Wheel International Creation Company Limited (金輪國際創建有限公司), a limited liability company incorporated in Hong Kong on 21 August 2012 and a wholly-owned subsidiary of our Company
“Golden Wheel Diamond”	Golden Wheel Diamond Company Limited (金輪鑽石有限公司), a limited liability company incorporated in the BVI on 26 June 2012 and a wholly-owned subsidiary of our Company
“Golden Wheel International Corporation”	Golden Wheel International Corporation Limited (金輪國際興業有限公司), a company incorporated in Hong Kong on 7 July 2010 and a wholly-owned subsidiary of our Company
“Golden Wheel International Investment”	Golden Wheel International Investment Limited (金輪國際投資有限公司), a company incorporated in Hong Kong on 17 May 2002 and a wholly-owned subsidiary of our Company
“Golden Wheel Jade”	Golden Wheel Jade Company Limited (金輪翡翠有限公司), a limited liability company incorporated in the BVI on 8 May 2012 and a wholly-owned subsidiary of our Company

## Definitions

“Golden Wheel Pearl”	Golden Wheel Pearl Company Limited (金輪明珠有限公司), a limited liability company incorporated in the BVI on 8 May 2012 and a wholly-owned subsidiary of our Company
“Golden Wheel Realty”	Golden Wheel Realty Company Limited (金輪置業有限公司), a limited liability company incorporated in the BVI on 12 November 2009, which is owned as to 40.0% by Mr. Wong Yam Yin (王欽賢), 35.0% by Ms. Hung So Ling (洪素玲), 12.5% by Mr. Wong Kam Fai (王錦輝) and 12.5% by Mr. Wong Kam Keung, Barry (王錦強)
“Green Paragon”	Green Paragon Investment Limited (綠色典範投資有限公司), a limited liability company incorporated in the BVI on 15 March 2012, the entire issued share capital of which is owned by Mr. Lili Somantry, one of our ultimate Controlling Shareholders
“Group”	our Company and its subsidiaries collectively at the relevant time or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company or the businesses operated by its present subsidiaries
“HK\$” or “HKD” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“Kang Fu Ming”	Kang Fu Ming Investment Limited (康福明投資有限公司), a limited liability company incorporated in the BVI on 15 March 2012, the entire issued share capital of which is owned by Mr. Hafandi Lijaya, one of our ultimate Controlling Shareholders
“Keita International”	Keita International Limited (凱塔國際有限公司), a limited liability company incorporated in the BVI on 12 January 2012, the entire issued share capital of which is owned by Jamin Haryanto, one of our ultimate Controlling Shareholders
“LAT”	land appreciation tax (土地增值稅)
“Listing”	listing of the Shares on the main board of the Stock Exchange
“Listing Date”	the date on which dealing in the Shares first commences on the main board of the Hong Kong Stock Exchange, i.e. 16 January 2013
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Nanjing Golden Wheel Real Estate”	Nanjing Golden Wheel Real Estate Development Co., Ltd.* (南京金輪房地產開發有限公司), a limited liability company incorporated in the PRC on 21 April 1994 and a wholly-owned subsidiary of our Company
“Nanjing Jade Golden Wheel”	Nanjing Jade Golden Wheel Realty Company Limited* (南京翡翠金輪置業有限公司), a limited liability company incorporated in the PRC on 21 June 2002 and a wholly-owned subsidiary of our Company



## Definitions

“Propitious Winds”	Propitious Winds Limited (順風有限公司), a limited liability company incorporated in the BVI on 8 February 2012, the entire issued share capital of which is owned by Bambang Trisna, one of our ultimate Controlling Shareholders
“Prospectus”	the prospectus issued by the Company on 31 December 2012 in relation to its initial global offering and listing of shares on the Hong Kong Stock Exchange
“Relevant Period”	the period from the Listing Date (i.e. 16 January 2013) up to the date of this annual report
“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary shares of US\$0.01 each in the capital of our Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme conditionally adopted by our Company pursuant to a resolution passed by the Shareholders on 10 December 2012 and adopted by a resolution of the Board on 10 December 2012, a summary of the principal terms of which is set out in the section headed “Statutory and General Information” in Appendix VI to the Prospectus
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tien Shan Di Hai”	Tien Shan Di Hai Limited (天山地海有限公司), a limited liability company incorporated in the BVI on 15 March 2012, the entire issued share capital of which is owned by Mr. Atjen Tanuwidjaja, one of our ultimate Controlling Shareholders
“United States”	The United States of America
“United States \$” or “US\$”	United States dollars, the lawful currency of the United States
“Wong Family”	Mr. Wong Yam Yin (王欽賢), Mr. Wong Kam Fai (王錦輝), Mr. Wong Kam Keung, Barry (王錦強) and Ms. Hung So Ling (洪素玲)
“Yangzhou Golden Wheel Real Estate”	Yangzhou Golden Wheel Real Estate Development Co., Ltd.* (揚州金輪房地產開發有限公司), a limited liability company incorporated in the PRC on 15 December 2006 and a wholly-owned subsidiary of our Company
“Zhuzhou Golden Wheel Business Management”	Zhuzhou Golden Wheel Business Management Co., Ltd.* (株洲金輪商業管理有限公司), a limited liability company incorporated in the PRC on 1 February 2010 and a wholly owned subsidiary of our Company
“Zhuzhou Golden Wheel Real Estate”	Zhuzhou Golden Wheel Real Estate Development Co., Ltd.* (株洲金輪房地產開發有限公司), a limited liability company incorporated in the PRC on 30 July 2004 and a wholly-owned subsidiary of our Company

*In this annual report, if there is any inconsistency between the Chinese names of the entities or enterprises established in China and their English translations, the Chinese names shall prevail. English translation of the Company names in Chinese or another language which are marked with “\*” are for identification purpose only.*

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Wong Yam Yin (*Chairman*)  
Mr. Wong Kam Fai (*Vice Chairman, Chief Executive Officer*)  
Mr. Wong Kam Keung, Barry (*Vice President*)  
Mr. Tjie Tjin Fung (*Vice Chairman*)  
Mr. Janata David  
Mr. Chan Wai Kin  
(*Chief Financial Officer and Company Secretary*)

### Non-executive Directors

Mr. Suwita Janata (*Vice Chairman*)  
Mr. Gunawan Kiky

### Independent Non-executive Directors

Mr. Hui Yan Moon  
Mr. Wong Ying Loi  
Ms. Howe Sau Man  
Mr. Lie Tak Sen

## COMPANY SECRETARY

Mr. Chan Wai Kin

## AUTHORISED REPRESENTATIVES

Mr. Wong Kam Fai  
Mr. Chan Wai Kin

## AUDIT COMMITTEE

Ms. Howe Sau Man (*Chairman*)  
Mr. Hui Yan Moon  
Mr. Lie Tak Sen

## REMUNERATION COMMITTEE

Mr. Hui Yan Moon (*Chairman*)  
Mr. Wong Kam Fai  
Mr. Lie Tak Sen

## NOMINATION COMMITTEE

Mr. Wong Yam Yin (*Chairman*)  
Mr. Wong Ying Loi  
Ms. Howe Sau Man

## AUDITOR

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
35/F, One Pacific Place  
88 Queensway  
Hong Kong

## REGISTERED OFFICE

**Codan Trust Company (Cayman) Limited**  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

33/F, Golden Wheel International Plaza  
No. 8, Hanzhong Road  
Nanjing  
PRC

## PLACE OF BUSINESS IN HONG KONG

Unit 707, Block B  
Seaview Estate  
8 Watson Road  
North Point  
Hong Kong



### PRINCIPAL BANKERS

#### **Bank of East Asia (China) Limited**

Room 101 & 102, Long Sheng Mansion  
23 Hong Wu Road  
Nanjing, Jiangsu Province  
PRC

#### **Standard Chartered Bank (China) Limited**

8/F, Greenland Plaza International Business Center  
No. 88, Gulou Street  
Nanjing, Jiangsu Province  
PRC

### LEGAL ADVISORS

#### **Chen & Associates**

(in association with Wilson Sonsini Goodrich & Rosati, P.C.)  
Unit 1001, 10/F Henley Building  
5 Queen's Road Central  
Hong Kong

#### **Conyers Dill & Pearman (Cayman) Limited**

Cricket Square  
Hutchins Drive  
P. O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### COMPLIANCE ADVISOR

#### **Celestial Capital Limited**

21/F, Low Block  
Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

#### **Codan Trust Company (Cayman) Limited**

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### HONG KONG SHARE REGISTRAR

#### **Computershare Hong Kong Investor Services Limited**

Shops 1712-1716  
17/F, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### INVESTOR AND PUBLIC RELATIONS CONSULTANT

#### **Porda Havas International Finance Communications Group**

Units 2009-2018, 20th Floor  
Shui On Centre  
6-8 Harbour Road  
Wanchai  
Hong Kong

### STOCK CODE

1232

### WEBSITE

[www.gwtd.com.hk](http://www.gwtd.com.hk)



## Chairman's Statement



Listing ceremony of the Company on the main board of the Hong Kong Stock Exchange on 16 January 2013.

Dear Shareholders:

On behalf of the Board and the Group, I am pleased to present the annual results of Golden Wheel for the year ended 31 December 2012 (the “Year”) to you.

### Business review

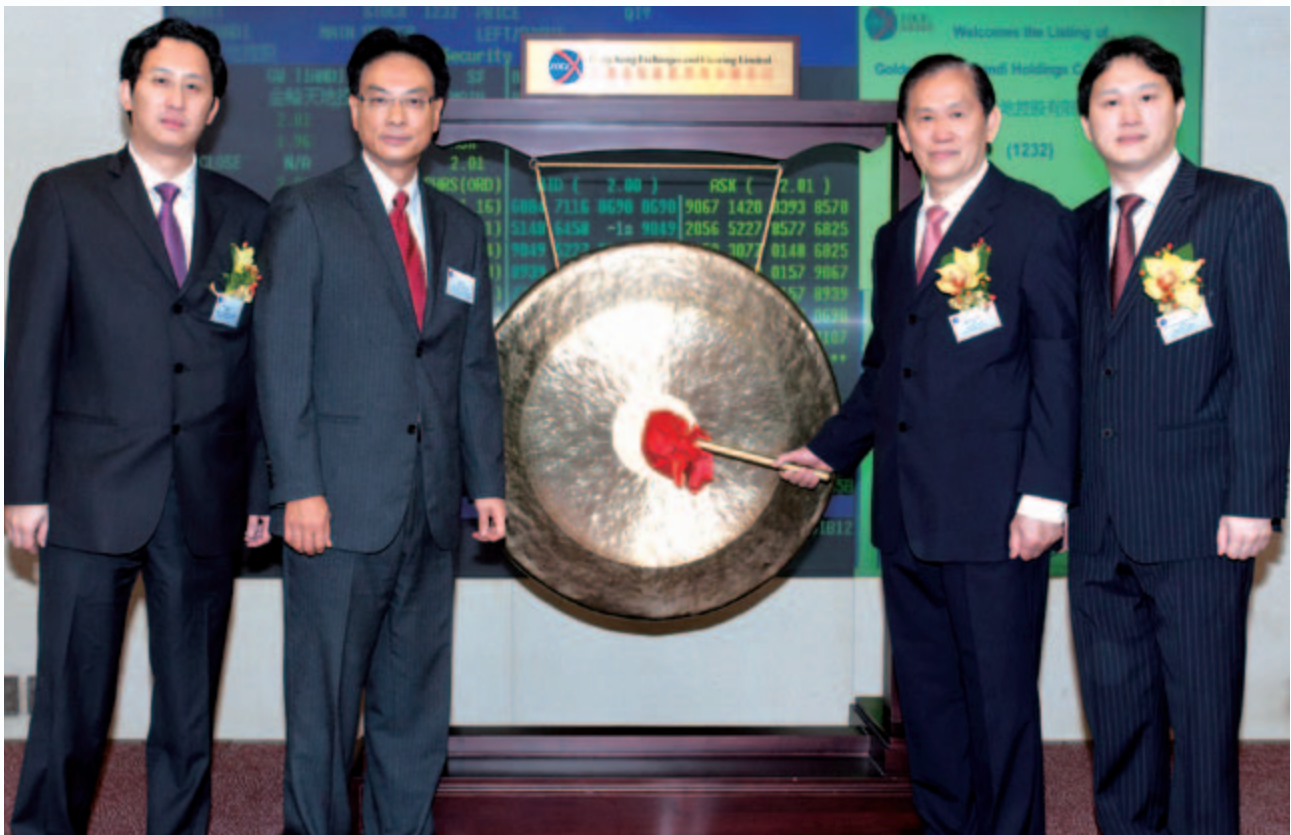
2012 was a challenging and exciting year for the Group. Being confronted with weak macroeconomy and continued implementation of strict control measures for real estate by the Central government, the market became increasingly

wary of the prospects of real estate companies in China. However, with its concerted and unremitting efforts, unique market positioning, sound balanced business model and excellent financial management, the Group gained wide social recognition and support in the sluggish initial public offering market last year. The Group was successfully listed on the main board of the Hong Kong Stock Exchange on 16 January 2013, with gross proceeds of HK\$756,000,000 raised. This not only marked a higher level in the international capital market for the Group but also brought greater momentum and confidence for the Company in respect of its future long-term development.

## Chairman's Statement

Looking back at 2012, various uncertainties existed in the real estate market of the PRC. Nevertheless, driven by such favourable conditions such as the sustained growth of the economy in China, a continued increase in the per capita disposable income of residents and the inelastic demand of the market for small commodity housings, as well as a steady growth in rental income from self-owned commercial properties and stringent financial management, the net core profit (Profit and total comprehensive income for the year excluding fair value changes of investment properties (after tax effect)) as recorded by the Group during the Year increased substantially by 106.3% from approximately RMB108,000,000 in 2011 to approximately RMB223,000,000 and the net core profit margin was 23.1% (2011: 20.6%). In addition, the net gearing ratio of the Group as of 31 December 2012 was 10.1% (2011: 11.6%). This fully demonstrates that the Group has a very healthy financial position, which is conducive to driving the steady development of its future operations.

During the Year, the Group steadily expanded its integrated commercial property projects, including small and medium size commodity housings, with a total recognized GFA area of approximately 101,000 (2011: 62,561) square metres to cater for the demand of the Nanjing, Yangzhou and Zhuzhou markets, which was in line with the encouraging policy of the Central government developed for small and medium size commodity housings. Meanwhile, the Group continued to implement a conservative approach to acquire quality land at prices that can yield reasonable returns and be focused on developing and investing in integrated commercial projects linked to the subway or other transportation hubs. With its extensive experience in the real estate market of the PRC and the metro-linked property sector, the Group seized the opportunity to enter into letters of intent with several local government authorities and/or third-party land owners in relation to various potential projects in Nanjing, Jiangsu, Zhuzhou and Hunan, with a view to develop integrated commercial property projects for different markets. At the



Mr. Wong Yam Yin, the Chairman, rang the bell, representing commencement of Listing of the Shares of the Company on the main board of the Stock Exchange.

## Chairman's Statement

end of 2012, the Group further implemented these projects. It is expected that this will increase the total planned GFA owned by the Group to approximately 620,000 square metres, thus providing a great impetus for the sustained growth of its future operations.

The majority of the Group's projects mentioned above are located in urban centres with superior geographical location or adjacent to transportation hubs. They are initially planned to integrated commercial properties. We will continue to maintain a balanced business development and operation management model in the future. Besides, we will maintain a balanced mix of development projects for sale and for investment to further consolidate our recurrent income base, increase our long-term financial strength and property sales income so as to strive for better performance and maximize returns for our Shareholders.

### Future outlook

The global economy is still facing many uncertainties and there are also major challenges associated with the economic growth in China. However, under the continued control by the Central government, the real estate market of China will grow in a more steady and healthy way. Furthermore, the Central government reiterated in last year that it would expedite "new urbanization" progress. This is expected to drive a continued increase in population in second and third tier cities, creating greater opportunities for commercial development and commercial property markets in these cities.

Looking ahead, the Group believes that the continued development of metro systems in second and third tier cities will create more business opportunities for developing and investing in metro-linked commercial properties, such as lifestyle shopping malls, in these cities. With a significant improvement in the purchasing power of urban residents in China and a long-term strategic goal of the Central government to stimulate internal demand, the shopping mall sector of the PRC will also benefit from the strong growth of the economy in China. In the future, the Company will strive to become a leading developer focused on the development of metro-linked integrated commercial property. It will



(Left) Mr. Christian de Charance, the Chief Executive Officer of Corporate Finance (Asia Pacific) of BNP Paribas; (middle) Mr. Wong Yam Yin, Chairman of the Company; and (right) Mr. Hui Wing Mau, President of China Federation of Overseas Chinese Entrepreneurs and the Chairman of Shimao Property Holdings Limited, in the listing celebration dinner.

continue its business development through its experienced professional management team, balanced business model and strong financial management.

On behalf of the Board, I would like to express my gratitude to our Shareholders and partners for their trust in and support for the Group and would also like to extend my heartfelt gratitude to the Board, the management and all employees for their hard work and contributions over the past year. In 2013, we will continue to work hard and do our best to achieve better results so as to generate higher returns for our Shareholders.

**Wong Yam Yin**

*Chairman*

Hong Kong, 11 March 2013

## Profile of Directors and Senior Management

Below are brief profiles of the current Directors and senior management of the Group.

### EXECUTIVE DIRECTORS

**Mr. Wong Yam Yin (王欽賢)**, aged 71, is an Executive Director, the Chairman of our Board and nomination committee. Mr. Wong is one of the founders of our Group and one of our ultimate Controlling Shareholders. He is responsible for our overall strategy, business and investment planning. Mr. Wong was appointed as a Director on 26 April 2012.

Mr. Wong has 30 years of experience in business management. He established Golden Wheel Trading Company Limited (金輪貿易有限公司) in 1983 in Hong Kong to engage in hardware trading business. He, together with his wife Ms. Hung So Ling and his elder son Mr. Wong Kam Fai, established our Group in 1994 to engage in real estate development business.

Besides his role in our Group, Mr. Wong is involved in various associations, including being:

- a standing committee member of All China Federation of Returned Overseas Chinese (中華全國歸國華僑聯合會常委);
- a Life-time Honorary Chairman and Deputy Chairman of the Hong Kong Federation of Overseas Chinese Association (香港僑界社團聯會永遠名譽會長兼副會長);
- a Standing Director of Hong Kong Federation of Fujian Associations (香港福建社團聯會常務會董);
- a Standing Director of Hong Kong Federation of Guangdong Community Organizations (香港廣東社團總會常務會董);
- the Chairman of Electrical Machinery Committee of The Chinese Manufacturers' Association of Hong Kong (香港中華廠商會聯合會機電業委員會主席); and
- the Honorary Principal of Zhuzhou Golden Wheel Qiaoxin School (株州金輪僑心學校名譽校長).

Mr. Wong received various awards in recognition of his contribution to the society, including the "Chief Executive's Commendation for Community Service (行政長官社區服務獎狀)" by Hong Kong government in 2004, the "Prize for Outstanding Contribution to Beichuan Middle School (援建北川中學特殊貢獻獎)" by All China Federation of Returned Overseas Chinese (中華全國歸國華僑聯合會), and the "Manufacturer with Honesty and Integrity of 2010 (2010誠信製造商)" by All China Federation of Industry and Commerce, Hardware and Electromechanical Chamber (中華全國工商聯五金機電商會) in 2010.

Mr. Wong received his bachelor's degree in physics from Huaqiao University (華僑大學) in 1967.

Mr. Wong Yam Yin is the husband of Ms. Hung So Ling, the father of Mr. Wong Kam Fai and Mr. Wong Kam Keung, Barry, and the brother of Ms. Julia Oscar.

**Mr. Wong Kam Fai (王錦輝)**, aged 42, is an Executive Director, a Vice Chairman of our Board, the Chief Executive Officer of our Group and a member of our remuneration committee. Mr. Wong is one of the founders of our Group and one of our ultimate Controlling Shareholders. Mr. Wong held several positions within our Group immediately after completion of his bachelor's degree. He has been the General Manager of Nanjing Golden Wheel Real Estate since 1 May 1994, Nanjing Jade Golden Wheel since 1 July 2002, respectively. Mr. Wong is responsible for our overall business operation and management. Mr. Wong was appointed as a Director on 26 April 2012. Mr. Wong has 18 years of experience in the real estate industry.

Mr. Wong is involved in various associations, including being:

- a member of the Chinese People's Political Consultative Committee of Hunan Province (中國人民政治協商會議湖南省委員會委員);
- a member of All China Federation of Returned Overseas Chinese Association Youth Committee (中華全國歸國華僑聯合會青年委員會委員);
- a standing committee member of All China Federation of Industry & Commerce of Jiangsu Province (江蘇省工商業聯合會常委);

## Profile of Directors and Senior Management

- a Standing Deputy Chairman of All China Federation of Industry & Commerce Real Estate Commission, Jiangsu province (江蘇省工商聯房地產商會常務副會長);
- a Deputy Chairman of Jiangsu Overseas Exchange Association (江蘇省海外交流協會副會長); and
- a Deputy Chairman of Nanjing Overseas Chinese Chamber of Commerce (南京市僑商投資企業協會副會長).
- a standing committee member of Returned Overseas Chinese Association of Shenzhen (深圳市歸國華僑聯合會委員);
- a Deputy Chairman of China Federation of Overseas Chinese Entrepreneurs of Hunan Province (湖南省僑商聯合會副會長);
- a Director of Hong Kong Overseas Chinese Social Association (香港僑界社團聯會董事); and
- a member of the Hunan Federation of Returned Overseas Chinese (湖南省歸國華僑聯合會委員).

Mr. Wong was awarded as an “Outstanding Young Entrepreneur” (青春創業風雲人物) of Jiangsu province and a “Top Ten Outstanding Entrepreneur (十佳優秀企業家)” of Qinhuai, Nanjing, respectively.

Mr. Wong received his bachelor’s degree in computer science from The University of New South Wales of Australia (澳洲新南威爾士大學) in June 1994.

Mr. Wong Kam Fai is the elder son of Mr. Wong Yam Yin and Ms. Hung So Ling, and the elder brother of Mr. Wong Kam Keung, Barry.

**Mr. Wong Kam Keung, Barry (王錦強)**, aged 39, is an Executive Director and the Vice President of our Group. He is also one of our ultimate Controlling Shareholders. He is responsible for administration, human resources management and projects development in Hunan province. Mr. Wong joined our Group in 1996. Mr. Wong has been the General Manager of Zhuzhou Golden Wheel Real Estate since 1 August 2004 and Zhuzhou Golden Wheel Business Management since 1 February 2010, respectively. Mr. Wong was appointed as a Director on 26 April 2012. He has 16 years of experience in the real estate industry.

Mr. Wong is involved in various associations, including being:

- a member of All China Federation of Returned Overseas Chinese Youth Committee (中華全國歸國華僑聯合會青年委員會委員);
- a standing committee member of the Overseas Chinese Association of Guangdong Province (廣東省歸國華僑聯合會常委);
- a member of Indonesia Kota Bandung Social Welfare Fund (印尼萬隆勃良福利基金會員);
- a Deputy Chairman of Indonesia Bandung Hakka Chinese Association (印尼萬隆客屬聯誼會副主席);
- a member of Indonesia Bandung Lions Clubs International (印尼萬隆國際獨立獅子會會員);
- an Honorary Chairman of Guangdong Province Federation of Indonesian Social Institutes (印尼廣東社團聯合總會名譽主席);

Mr. Wong completed the Foundation Studies Certificate Course of Unisearch Limited (now known as NewSouth Innovations Pty Limited, an entity controlled by the University of New South Wales) in 1993.

Mr. Wong Kam Keung, Barry is the younger son of Mr. Wong Yam Yin and Ms. Hung So Ling, and the younger brother of Mr. Wong Kam Fai.

**Mr. Tjie Tjin Fung**, aged 62, is an Executive Director and a Vice Chairman of our Board. He is also one of our ultimate Controlling Shareholders. Mr. Tjie is responsible for overseeing our operation, and formulating our investment strategies. He joined our Group in 2002. Mr. Tjie was appointed as a Director on 26 April 2012.

Mr. Tjie is an Indonesian Chinese. Being an entrepreneur, he established his own manufacturing business in Indonesia in the 1970s.

Mr. Tjie is involved in various associations, including being:

- a member of Indonesia Kota Bandung Social Welfare Fund (印尼萬隆勃良福利基金會員);
- a Deputy Chairman of Indonesia Bandung Hakka Chinese Association (印尼萬隆客屬聯誼會副主席);
- a member of Indonesia Bandung Lions Clubs International (印尼萬隆國際獨立獅子會會員);
- an Honorary Chairman of Guangdong Province Federation of Indonesian Social Institutes (印尼廣東社團聯合總會名譽主席);

## Profile of Directors and Senior Management

- an Honorary Chairman of Indonesia Hakka Chinese Association (印尼客屬聯誼總會名譽主席); and
- an Honorary Chairman of Indonesia Mei Zhou Club (印尼梅州會館名譽主席).

**Mr. Janata David**, aged 31, is an Executive Director. He is responsible for managing our investors' relationship. He joined our Group in 2005. Mr. Janata was appointed as a Director on 26 April 2012.

Mr. Janata is an Indonesia Chinese. He also served as a general manager of The Royal Beach Seminyak Bali, a company running a resort hotel in Bali, Indonesia, from 2010 to 2011. He and his family members established PT Golden and Mitra Property in Indonesia in August 2009 to engage in property development business in Indonesia.

Mr. Janata received his bachelor's degree in business from Monash University in Australia in December 2002 and his master's degree in business systems from the same university in December 2004.

Mr. Janata is the son of Mr. Janata Suwita and Ms. Julia Oscar who is the sister of Mr. Wong Yam Yin. Therefore, Mr. Janata is also a nephew of Mr. Wong Yam Yin.

**Mr. Chan Wai Kin (陳偉健)**, aged 32, is an Executive Director, the Chief Financial Officer and Company Secretary of our Group. He joined our Group in 2011. Mr. Chan is responsible for overseeing our financial management and regulatory compliance. Mr. Chan was appointed as a Director on 26 April 2012. Mr. Chan has approximately eight years of experience in auditing and accounting. He worked with Deloitte Touche Tohmatsu as an auditor from December 2005 to August 2010. He worked with KPMG as an auditing manager from August 2010 to October 2011.

Mr. Chan graduated from Indiana University at Bloomington in the United States (美國印第安納州盧明頓大學) with a degree of bachelor of science in business in May 2005. He is a member of Hong Kong Institute of Certified Public Accountants since July 2009.

### NON-EXECUTIVE DIRECTORS

**Mr. Suwita Janata**, aged 62, is a Non-executive Director and a Vice Chairman of our Board. He joined our Group in 2002. Mr. Suwita was appointed as a Director on 26 April 2012. He is also one of our ultimate Controlling Shareholders.

Mr. Suwita is an Indonesian Chinese. He commenced his career as an entrepreneur by establishing his own trading company in the 1970s. Mr. Suwita and his family members established PT Golden and Mitra Property in Indonesia in August 2009 to engage in property development business in Indonesia.

Mr. Suwita has been involved in various associations, including being:

- the Executive Chairman of Chinese Committee of Indonesia Chamber of Commerce (West Java) (印尼工商會館中國委員會西爪哇分會執行主席);
- the head of the Indonesia Chamber of Commerce (West Java), Commerce Division (印尼西爪哇工商會館商業部主任); and
- an advisory council member of Indonesia Bandung Yayasan Dana Welfare Foundation (印尼萬隆渤良安福利基金會顧問).

Mr. Suwita is the father of Mr. Janata David and the husband of Ms. Julia Oscar. Ms. Julia Oscar is the sister of Mr. Wong Yam Yin.

**Mr. Gunawan Kiky**, aged 65, is a Non-executive Director. He is also one of our ultimate Controlling Shareholders. He joined our Group in 2002. Mr. Gunawan was appointed as a Director on 26 April 2012.

Mr. Gunawan is an Indonesian Chinese. In the 1980s, he established his own trading business.

Mr. Gunawan joined Indonesia Bandung Lions Clubs International (印尼萬隆國際獨立獅子會) in 1989. In 2000, Mr. Gunawan founded Indonesia Bandung Hakka Chinese Association (印尼萬隆客屬聯誼會) and has been a financial supervisor of the association.

## Profile of Directors and Senior Management

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Hui Yan Moon (許仁滿)**, aged 41, is an Independent Non-executive Director appointed on 10 December 2012 and a member of our audit committee and the Chairman of our remuneration committee. Mr. Hui has over 9 years of experience in finance and management. He has held the position of the Chief Executive Officer of Swing Media Technology Group Ltd., a company listed on Singapore Stock Exchange, since May 2003.

Mr. Hui obtained his bachelor's degree in business administration from Baruch College, the City University of New York in the United States (美國紐約市立大學巴魯克學院) in June 1995 and his EMBA from Tsinghua University (清華大學) in Beijing, China in January 2007.

**Mr. Wong Ying Loi (黃英來)**, aged 68, is an Independent Non-executive Director appointed on 10 December 2012 and a member of nomination committee. Mr. Wong has over 20 years of experience in business management. He has been operating his own trading and manufacturing business since the 1980s.

Mr. Wong is involved in various associations, including being:

- the Chairman of Chiao Yao Association Limited (香港僑友社會長);
- a member of the Ninth and Tenth sessions of the Chinese People's Political Consultative Committee of, Hubei province (中國人民政治協商會議湖北省委員會第九、十屆委員); and
- a member of All China Federation of Returned Overseas Chinese (中華全國歸國華僑聯合會委員).

Mr. Wong obtained a diploma in English from Huaqiao University (華僑大學) in July 1968.

**Ms. Howe Sau Man (何秀雯)**, aged 41, is an Independent Non-executive Director appointed on 10 December 2012 and the Chairman of our audit committee and a member of nomination committee.

Ms. Howe obtained her bachelor's degree in commerce from University of Tasmania, Australia (澳洲塔斯曼尼亞大學) in December 1997. She is a practicing member of Hong Kong Institute of Certified Public Accountants since January 2012 and a Certified Practising Accountant of CPA of Australia since July 2003.

Ms. Howe has 10 years of experience in auditing, accounting and taxation. Ms. Howe worked with a number of Hong Kong CPA firms for over 10 years, including Ernst & Young from March 2000 to October 2001.

**Mr. Lie Tak Sen (李達生)**, aged 64, is an Independent Non-executive Director appointed on 10 December 2012 and a member of audit committee and remuneration committee. Mr. Lie has over 20 years of experience in business management. He has been operating his own trading business since 1990.

Mr. Lie is involved in various associations, including being:

- a member of All China Federation of Returned Overseas Chinese (中華全國歸國華僑聯合會委員); and
- a consultant of Beijing Returned Overseas Chinese Federation (北京市歸國華僑聯合會).

## Profile of Directors and Senior Management

### SENIOR MANAGEMENT

Name	Age	Year joined	Position
Mr. Tao Kang (陶康)	49	2006	Standing Deputy General Manager
Mr. Chen Gang (陳鋼)	39	2012	Financial Controller of Nanjing Golden Wheel Real Estate and Nanjing Jade Golden Wheel
Mr. Sun Yang (孫揚)	31	2008	Assistant General Manager
Ms. Gu Xiaofang (谷曉芳)	49	2010	General Manager of Golden Wheel Time Square
Ms. Jiang Jian (蔣健)	41	2006	Standing Deputy General Manager of Golden Wheel Xintiandi Mall

**Mr. Tao Kang (陶康)** is the Standing Deputy General Manager of our Group. Mr. Tao is responsible for overseeing our project management. Mr. Tao joined our Group in 2006 and was the Standing Deputy General Manager of Zhuzhou Golden Wheel Real Estate. Before joining our Group, Mr. Tao worked at various companies, including being the Deputy Director of Nanjing Science and Technology Hall (南京科技會堂).

Mr. Tao obtained his diploma degree in industrial and civil construction from the Southeast University (東南大學) in 1994. Mr. Tao obtained his senior engineer (高級工程師) qualification in 2007 and is a Registered Supervision Engineer (國家註冊監理工程師) and a Certified Constructor (國際一級註冊建造師).

**Mr. Chen Gang (陳鋼)** is the Financial Controller of Nanjing Golden Wheel Real Estate and Nanjing Jade Golden Wheel. He is responsible for the financial management. Mr. Chen joined our Group in 2012. Before joining our Group, Mr. Chen worked at various companies, including being the Financial Controller of Jiangsu Joyque Information Industry Co., Ltd (江蘇集群集團) and the financial manager of Intech Group (應泰集團).

He obtained his diploma degree in economic management from Hohai University (河南大學) in 1999. In 2000, he obtained his middle level accountant qualification.

**Mr. Sun Yang (孫揚)** is an Assistant General Manager of our Group. Mr. Sun is responsible for overseeing our sales and marketing. Mr. Sun joined our Group in 2008. Before joining our Group, Mr. Sun worked in various companies including being the Sales Supervisor and Vice President of Nanjing Haoliyi Real Property Consultancy Company Limited (南京好利意置業顧問有限公司).

Mr. Sun holds the Real Estate Sales Qualification (房地產銷售人員) by Training Center of National Real Estate Trade (全國房地產行業培訓中心).

Mr. Sun obtained his diploma in real estate operation and property management from Yangzhou Polytechnic College (揚州市職業大學) in June 2002.

**Ms. Gu Xiaofang (谷曉芳)** is the General Manager of Golden Wheel Time Square. Ms. Gu is responsible for overseeing the operation of Golden Wheel Time Square. Ms. Gu joined our Group in 2010. Prior to joining our Group, Ms. Gu worked at various companies, including being the assistant to the general manager and marketing manager of Zhuzhou Dajiang Property Service Management Company Limited (株州市大江物業管理有限責任公司) and a deputy general manager of Jindi Property Management Company (金帝物業管理公司).

Ms. Gu is a member of Hunan Province Apparel Industry Association Ladies Apparel Committee (湖南省服裝行業協會女裝專業委員會).

Ms. Gu obtained her diploma degree in business management from Hubei Radio and TV University (湖北廣播電視大學) in July 1996.

**Ms. Jiang Jian (蔣健)** is the Standing Deputy General Manager of Golden Wheel Xintiandi Mall. Ms. Jiang is responsible for overseeing the operation of Golden Wheel Xintiandi Mall. Ms. Jiang joined our Group in 2006. She has over 15 years of experience in the management of large scale shopping mall. Before joining our Group, Ms. Jiang worked at various companies, including being the Vice General Manager of Nanjing Shangmao Shopping Center (南京商貿百貨) and the general supervisor of Zhongnan Holdings Group Company Limited (subsidiary commercial company) (中南控股集團有限公司(下屬商業公司)).



## Management Discussion and Analysis



Golden Wheel International Plaza (金輪國際廣場)

### BUSINESS REVIEW

#### Overview

The Group is an integrated commercial and residential property developer, owner and operator with a proven track record in China. It focuses on developing projects in Jiangsu and Hunan provinces that are physically connected or in close proximity to metro stations or other transportation hubs. Examples of such projects are Golden Wheel International Plaza, Golden Wheel Time Square, Golden Wheel New Metro and Golden Wheel Star Plaza, which collectively accounted for approximately 55.0% of the total GFA of all of the Group's completed properties and properties under development as of 31 December 2012.

The Group has a proven business model designed to balance short-term capital need and long-term financial strength. It strategically retains long-term ownership of selected shopping malls for recurring rental income and long-term financial strength and sell a mix of offices, residential properties, hotel-style apartments and retail properties for capital growth. As of 31 December 2012, the total GFA of our completed properties and properties under development was approximately 658,728 sq.m. As of 31 December 2012, the property development business and property leasing and operational management business of the Group accounted for 62.2% and 37.8%, respectively, in terms of the total GFA of its completed properties and properties under development. For the year ended 31 December 2012, the property development business and property leasing and operational management business of the Group accounted for 89.6% and 10.4%, respectively, in terms of its total revenue.

# Management Discussion and Analysis

## Property Projects and Land Bank

The Group classifies its property projects into three categories according to the stage of development:

- completed properties, comprising property projects that have been completed with a certificate of completion issued by the relevant governmental authorities;
- properties under development, comprising property projects with a land use right certificate issued by the relevant governmental authorities and the construction having commenced but a certificate of completion of which has not been obtained; and
- properties planned for future development, representing (i) properties for which the Group has received a land use right certificate but has not yet commenced construction; and/or (ii) properties for which the Group has entered into master, cooperation or investment agreements with the relevant governmental authorities regarding future development and the Group is in the process of carrying out the necessary PRC regulatory procedures to obtain the relevant land use right certificate.

The land bank information refers to the aggregate of GFA pre-sold, GFA available for sale and GFA held for investment of all of our property projects as of 31 December 2012.

The following table sets forth an overview of the Group's property projects as of 31 December 2012:

Project	City	Site area	Actual construction commencement date	Actual pre-sale commencement date	Actual/estimated construction completion date <sup>(1)</sup>	Percentage of completion <sup>(2)</sup>	Total GFA/ Total planned GFA <sup>(3)</sup>	GFA with construction permits	GFA held for Company's own use	Non-Saleable GFA
		sq.m.	month/year	month/year	month/year		sq.m.	sq.m.	sq.m.	sq.m.
<b>Completed properties</b>										
Golden Wheel International Plaza	Nanjing	11,341	Jul-04	Dec-06	Jan-09	100%	98,031	98,031	1,716	20,656
Golden Wheel Waltz	Nanjing	2,046	Jan-08	Oct-09	Feb-10	100%	7,995	7,995	56	—
Golden Wheel Building	Nanjing	4,918	May-01	Jan-02	Feb-03	100%	27,000	27,000	—	2,509
Golden Wheel Green Garden	Nanjing	10,334	Aug-01	Oct-01	Sep-02	100%	24,147	24,147	—	—
Golden Wheel Star City (Phase I)	Yangzhou	42,803	Aug-08	Oct-08	Mar-12	100%	89,803	89,803	—	5,455
Golden Wheel Star City (Phase II Building No. 11, 12, 13, 15, 16 and 17)	Yangzhou	27,423	Oct-09	Oct-09	Aug-12	100%	84,288	84,288	—	4,272
Golden Wheel Time Square	Zhuzhou	13,501	May-09	Oct-09	Apr-12	100%	134,096	134,096	—	1,925
<b>Subtotal/Average</b>		<b>112,366</b>				<b>100%<sup>(4)</sup></b>	<b>465,360</b>	<b>465,360</b>	<b>1,772</b>	<b>34,817</b>
<b>Properties under development</b>										
Nanjing Jade Garden	Nanjing	7,212	Jan-11	Jul-12	Jun-13	96%	29,976	29,976	—	7,240
Golden Wheel Star Plaza	Nanjing	29,540	Nov-11	Jan-13	Sep-13	65%	70,396	70,396	—	14,644
Golden Wheel New Metro	Nanjing	9,218	Aug-11	Nov-12	Jun-13	69%	59,912	59,912	—	12,416
Golden Wheel Star City (Phase II Building No. 10 and 18)	Yangzhou	11,389	Jun-10	Nov-12	Dec-13	86%	33,084	33,084	—	5,663
<b>Subtotal/Average</b>		<b>57,359</b>				<b>73%<sup>(4)</sup></b>	<b>193,368</b>	<b>193,368</b>	<b>—</b>	<b>39,963</b>
<b>Total</b>		<b>169,725</b>					<b>658,728</b>	<b>658,728</b>	<b>1,772</b>	<b>74,780</b>
<b>Attributable GFA (sq.m.)</b>		<b>169,725</b>					<b>658,728</b>	<b>658,728</b>	<b>1,772</b>	<b>74,780</b>

# Management Discussion and Analysis

The following table sets forth a breakdown of saleable GFA and GFA held for investment of the property projects of the Group as of 31 December 2012:

Project	Saleable GFA														Future development costs to be incurred <sup>(b)</sup>		
	GFA sold				GFA pre-sold				GFA available for sale							Total	GFA held for investment
	Residential	Retail	Office	Hotel-style apartment	Conpark	Total	Residential	Office	Hotel-style apartment	Retail	Office	Hotel-style apartment	Conpark	Total			
	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	RMB millions
<b>Completed properties</b>																	
Golden Wheel	—	—	28,566	10,298	367	39,621	—	—	—	—	—	—	3,547	7,982	28,056	28,056	67.9
Intercontinental Plaza	—	—	—	5,465	—	5,465	—	—	—	—	—	—	—	—	2,444	2,444	113.9
Golden Wheel Wafu	14,308	6,849	1,420	—	460	23,037	—	—	—	—	—	—	238	238	1,216	1,216	120.0
Golden Wheel Building	23,126	—	—	—	—	23,126	—	—	—	—	—	—	—	—	1,021	1,021	40.0
Green Garden	72,312	—	—	—	2,683	74,995	—	—	—	510	1,169	1,400	6,271	9,353	—	—	281.6
Golden Wheel Star	59,405	—	—	—	—	59,405	1,450	—	—	19,192	—	—	—	19,192	—	—	300.2
City Phase I	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Golden Wheel Star	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
City Phase II Buildings No. 11, 12, 13, 15, 16 and 17	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Golden Wheel Time Square	63,463	14,016	—	—	—	77,480	6,167	—	—	2,724	1,307	—	12,666	17,327	31,235	31,235	325.0
<b>Subtotal</b>	232,614	21,887	30,076	15,760	3,510	303,180	7,616	—	—	7,616	22,386	3,105	4,435	54,032	63,942	63,942	2,068.6

# Management Discussion and Analysis

Project	Schedule GFA														Future development costs to be incurred <sup>(a)</sup>		
	GFA sold				GFA pre-sold				GFA available for sale				GFA held for investment				
	Residential	Retail	Office	Hotel-style apartment	Capark	Total	Residential	Office	Hotel-style apartment	Capark	Total	Retail	Total	Development costs incurred		RMB millions	
<b>Properties under development</b>	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	RMB millions	
Maoying Jiahe Garden	-	-	-	13,161	-	13,161	2,928	4,893	-	-	9,575	-	-	-	-	176.2	8.0
Golden Wheel Star Plaza	-	-	-	-	-	-	13,165	21,435	18,600	2,882	55,782	-	-	-	-	282.2	135
Golden Wheel	-	-	-	-	-	-	7,880	-	11,700	2,201	21,781	18,437	18,437	18,437	270.9	119.4	
New Metro	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18.8
Golden Wheel Star	-	-	-	-	-	-	4,972	-	22,440	-	27,412	-	-	-	-	113.5	18.8
City Phase I Buildings No. 11 and 18)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	13,161	3,659	20,450	2,928	23,075	22,235	52,740	6,462	114,339	18,437	18,437	812.8	281.2	
<b>Total</b>	232,614	21,887	30,376	15,783	3,510	303,160	20,777	3,439	25,514	26,181	29,184	188,561	82,379	82,379	2,881.4	281.2	
<b>Attributable GFA (sq.m.)</b>	232,614	21,887	30,376	15,783	3,510	303,160	20,777	3,439	25,514	26,181	29,184	188,561	82,379	82,379			

## Notes:

- (1) The actual construction completion date refers to the date of the proof of examination and acceptance of completion for each property or each phase of a multi-phase project. For properties under development, the estimated construction completion date of a property or phase reflects our best estimate based on our current development plan.
- (2) Calculated based on incurred development costs and the total estimated development costs.
- (3) "Total GFA" of completed properties represents the GFA provided in surveying reports or the proof of examination and acceptance of completion by the relevant governmental authorities; "Total GFA" of properties under development is based on land surveyor's estimates and/or planning permits.
- (4) Represents incurred development costs of completed properties and properties under development divided by the total estimated development costs of completed properties and properties under development (subject to finalization).
- (5) The information is based on our internal records or estimates: (a) development costs (including both land acquisition costs and the construction costs) incurred and (b) estimated future development costs (including both land acquisition costs and the construction costs).

## Management Discussion and Analysis

The investment properties primarily consist of shopping malls. The following table sets forth an overview of the completed investment properties of the Group:

Project	Total GFA held for investment	Leasable area as of 31 December 2012	Effective leased area as of 31 December 2012	Occupancy rate as of 31 December 2012 <sup>(1)</sup>	Weighted average lease expiry term as of 31 December 2012	Total rental income for the year ended 31 December 2012 <sup>(2)</sup>	Effective average rental price for the year ended 31 December 2012 <sup>(3)</sup>	Operating lease commitment as of 31 December 2012 <sup>(4)</sup>		
								Within one year	In the second to the fifth year (inclusive)	After the fifth year
	sq.m.	sq.m.	sq.m.	%	years	RMB million	RMB/sq.m. per month	RMB million		
Golden Wheel International Plaza	28,056	18,308	18,308	100	4	48.5	221	44	100.2	26.9
Golden Wheel Waltz	2,444	2,203	2,203	100	1.9	7.3	275	3.6	7.9	0.04
Golden Wheel Building <sup>(5)</sup>	1,216	1,216	1,216	100	8	0.2	33 <sup>(6)</sup>	0.3	1.3	1.0
Golden Wheel Green Garden <sup>(5)</sup>	1,021	1,021	1,021	100	1.2	0.8	130 <sup>(7)</sup>	0.6	0.3	—
Golden Wheel Time Square	31,205	18,858	16,001	85	3.8	34.5	180	17.2	30.7	—
<b>Total</b>	<b>63,942</b>	<b>41,606</b>	<b>38,749</b>			<b>91.3</b>		<b>65.7</b>	<b>140.4</b>	<b>27.9</b>

### Notes:

(1) Occupancy rate is calculated by dividing the effective leased area (which is the leasable area of a project subject to the relevant lease agreements) by the total leasable area (which is determined by us to be leasable and does not include the public or service areas used in common as a whole or those areas used for ancillary purposes) of the project.

(2) Xinjiekou Metro Mall was not included in the table above as it is not owned by the Group. The Group generated property leasing and operational management-related revenue of RMB9.0 million from Xinjiekou Metro Mall for the year ended 31 December 2012.

(3) Effective average rental price is calculated by dividing the rental income of a project by its effective leased area.

(4) Xinjiekou Metro Mall is not included in the table above as it is not owned by the Group. The operating lease commitment of the Xinjiekou Metro Mall as of 31 December 2012 was approximately RMB7.7 million (within one year) and RMB4.4 million (in the second to fifth year (inclusive)), respectively.

(5) The results of operations of Golden Wheel Building and Golden Wheel Green Garden have been included in the financial statements of the Group since 18 June 2012.

(6) The effective average rental of Golden Wheel Building was relatively lower due to the reason that this project was completed in 2003 and all the leasable area of this project has been leased by one tenant in 2011 for a term of ten years.

(7) The effective average rental of Golden Wheel Green Garden was relatively lower due to the reason that this project was completed in 2002 and it is located in a less popular area as compared to the other projects of the Group.

## Management Discussion and Analysis

The following table sets forth an overview of the Group's investment properties under development as of 31 December 2012:

Project Name	Total planned GFA held for investment	Land certificate expiry date	Construction commencement date	Expected completion date	Estimated <sup>(1)</sup> total development costs	Total <sup>(2)</sup> development costs incurred	Land cost incurred	Other construction costs incurred	Estimated future development costs
	sq.m.	month/year	month/year	month/year	RMB million	RMB million	RMB million	RMB million	RMB million
Golden Wheel New Metro	18,437	Jul-2049	Aug 2011	Jun 2013	156.1	104.8	62.4	42.4	51.3

Notes:

- (1) "Estimated total development costs" represents the sum of "total development costs incurred" and "estimated future development costs".
- (2) "Total development costs incurred" represents the sum of "land costs incurred" and "other construction costs incurred".

The land bank of the Group includes property projects which are (i) completed but unsold, (ii) completed and held for investment, (iii) under development for sale, and (iv) under development to be held for investment. As of 31 December 2012, the Group had a land bank with a total GFA of approximately 279,015 sq.m., comprising (i) completed but unsold properties of a total GFA of approximately 61,668 sq.m., (ii) completed investment properties of a total GFA of approximately 63,942 sq.m., (iii) unsold properties under developments of approximately 134,968 sq.m., and (iv) properties under development to be held for investment of a total GFA of approximately 18,437 sq.m.

### Acquisition of Subsidiaries

On 18 June 2012, in order to consolidate the equity interest held by the Wong Family, the founding shareholders of the Group, the Group acquired from the Wong Family 100% equity interest in Golden Wheel International Corporation. Golden Wheel International Corporation held 100% equity interest in Nanjing Golden Wheel Real Estate which, in turn, held the non-controlling equity interests in Nanjing Jade Golden Wheel and Yangzhou Golden Wheel Real Estate. In addition, Nanjing Golden Wheel Real Estate has developed Golden Wheel Building and Golden Wheel Green Garden and was developing Golden Wheel New Metro. By acquiring

Golden Wheel International Corporation (and Nanjing Golden Wheel Real Estate and these three projects as a result thereof), the Group increased its total GFA held for investment and can further increase its rental income in the future.

### Recent Development

In January 2013, the Group established a wholly-owned subsidiary, Nanjing Pearl Golden Wheel Realty Company Limited (南京明珠金輪置業有限公司), for the purpose of developing the Shuanglong Road Project as contemplated under the letter of intent entered with Administration Committee of Jiangning Economic & Technological Development Zone. For details of the project, see "Business — Shuanglong Road Project" in the Prospectus.

In February 2013, the Group established a non wholly-owned subsidiary, Nanjing Golden Wheel Coast Business Management Limited (南京金輪水岸商業管理有限公司) with Nanjing Qin Huai River Construction and Development Company Limited (南京秦淮河建設開發有限公司), for the purposes of developing the Nanjing Changhong Road Project as contemplated under certain cooperation agreement.

As of the date hereof, the Group is on schedule in terms of securing the land use rights for the parcels of land under the other letters of intent with relevant governmental authorities and third parties. However, currently it does not hold any property for future development. As of the date hereof, all of the Group's projects under development had commenced pre-sales except for building no.10 of Golden Wheel Star City.

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Results of Operations

#### Revenue

The Group's revenue consists of revenue derived from (i) sale of the Group's developed properties; and (ii) property leasing and operational management. The following table

sets forth a breakdown of the Group's revenue and the percentage of total revenue for the years indicated:

	For the year ended 31 December			
	2012		2011	
	RMB'000	%	RMB'000	%
Property development	863,428	89.6	444,952	84.8
Property leasing and operational management	100,289	10.4	79,543	15.2
<b>Total</b>	<b>963,717</b>	<b>100.0</b>	524,495	100.00

The Group's revenue was primarily generated from sale of its developed properties, which amounted to approximately 89.6% and 84.8% of its revenue in 2012 and 2011, respectively, as compared to 10.4% and 15.2% for revenue from its property leasing and operational management business. Revenue from property leasing and operational management increased from RMB79.5 million in 2011 to RMB100.3 million in 2012.

Revenue increased 83.7% from RMB524.5 million in 2011 to RMB963.7 million in 2012, primarily due to an increase in revenue derived from property development business.

- *Property development.* Revenue derived from property development increased from RMB445.0 million in 2011 to RMB863.4 million in 2012. This increase was primarily due to recognition of revenue from the sale of property units at Golden Wheel Time Square and Golden Wheel Star City in 2012. The Group did not recognize any revenue from the sale of properties units at Golden Wheel Time Square in 2011 because the Group did not obtain the proof of examination and acceptance of completion until April 2012.

## Management Discussion and Analysis

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

	For the year ended 31 December					2011				
	Total revenue RMB'000	Gross profit RMB'000	2012 Gross profit margin	GFA sold sq.m.	Avg. selling price RMB/sq.m.	Total revenue RMB'000	Gross profit RMB'000	Gross profit margin	GFA sold sq.m.	Avg. selling price RMB/sq.m.
Golden Wheel International Plaza <sup>(1)</sup>	106,232	74,100	70.0%	3,642	29,170	84,952	51,208	60.3%	3,349	25,366
Golden Wheel Waitz	—	—	—	—	—	7,041	1,351	19.2%	378	18,627
Golden Wheel Star City <sup>(2)</sup>	176,426	91,862	52.1%	19,966	8,837	352,959	116,651	33.0%	58,834	5,999
Golden Wheel Time Square <sup>(3)</sup>	580,770	245,476	42.3%	77,481	7,496	—	—	—	—	—
<b>Total</b>	<b>863,428</b>	<b>411,438</b>	<b>47.7%</b>	<b>101,089</b>	<b>8,541</b>	<b>444,952</b>	<b>169,210</b>	<b>38.0%</b>	<b>62,561</b>	<b>7,112</b>

### Notes:

- (1) The gross profit margin of Golden Wheel International Plaza increased from 60.3% in 2011 to 70.0% in 2012, primarily due to an increase in the average selling price per sq.m. from RMB25,366 to RMB29,170 as a result of the prevailing market conditions. The average selling price and the gross profit margins of Golden Wheel International Plaza were relatively higher as compared to our other projects primarily because it is a commercial property project located at a prime location in Nanjing.
- (2) The gross profit margin of Golden Wheel Star City increased from 33.0% in 2011 to 52.1% in 2012, primarily due to an increase in the average selling price per sq.m. from RMB5,999 to RMB8,837 as a result of the prevailing market conditions. The average selling price and the gross profit margins of Golden Wheel Star City were relatively lower as compared to Golden Wheel International Plaza primarily because Golden Wheel Star City is a mainly a residential property project located in Yangzhou, which is a smaller city than Nanjing in terms of population.

- (3) The gross profit margin of Golden Wheel Time Square was similar to that of Golden Wheel Star City, but was relatively lower as compared to Golden Wheel International Plaza and its average selling price was lower as compared to Golden Wheel International Plaza. This was primarily because Golden Wheel Time Square is a commercial and residential complex located in Zhuzhou, while Golden Wheel International Plaza is a commercial and office complex at a prime location in Nanjing.

- *Property leasing and operational management.* Revenue derived from property leasing and operational management business increased from RMB79.5 million in 2011 to RMB100.3 million in 2012. This increase was primarily due to increased effective leased area from Golden Wheel Time Square and increased average rental rates per sq.m. of the Group's commercial properties.



## Management Discussion and Analysis

The table below sets forth, for the years indicated, the revenue, the total effective leased area and the effective average annual rental price per sq.m. (as measured by dividing the revenue by the aggregate GFA leased) as of and for the years ended 31 December 2011 and 2012 for these properties:

	As of and for the year ended 31 December					
	2012			2011		
	Revenue RMB'000	Effective leased area sq.m.	Effective average annual rental price RMB/sq.m.	Revenue RMB'000	Effective leased area sq.m.	Effective average annual rental price RMB/sq.m.
Golden Wheel International Plaza (Commercial) <sup>(1)</sup>	48,504	18,308	2,649	45,488	17,966	2,532
Golden Wheel Waltz (Commercial) <sup>(2)</sup>	7,270	2,203	3,300	7,245	2,203	3,289
Golden Wheel Time Square (Commercial) <sup>(3)</sup>	34,541	16,001	2,159	22,191	10,970	2,023
Xinjiekou Metro Mall (Commercial) <sup>(4)</sup>	8,935	1,193	7,490	4,619	1,193	6,637
Golden Wheel Building <sup>(5)</sup>	242	1,216	399	—	—	—
Golden Wheel Green Garden <sup>(6)</sup>	797	1,021	1,559	—	—	—
<b>Total</b>	<b>100,289</b>			<b>79,543</b>		

### Notes:

- (1) This project had an occupancy rate of 100% as of 31 December 2012.
- (2) This project had an occupancy rate of 100% as of 31 December 2012.
- (3) This project had an occupancy rate of approximately 85% as of 31 December 2012.
- (4) This project had an occupancy rate of approximately 100% as of 31 December 2012.
- (5) This project had an occupancy rate of approximately 100% as of 31 December 2012.
- (6) This project had an occupancy rate of approximately 100% as of 31 December 2012.

### Cost of sales

Cost of sales comprises primarily costs incurred directly for the Group's property development, including land acquisition costs, construction costs, capitalized finance costs and tax expenses.

Land acquisition costs represent costs relating to the acquisition of the rights to occupy, use and develop land, including land premiums, deed taxes, government surcharges and, for certain urban redevelopment projects, demolition and resettlement costs. The Group's land acquisition costs are recognized as part of cost of sales

upon completion and delivery of the relevant properties to purchasers.

Construction costs include all of the costs for the design and construction of a project, including payments to third-party contractors and designers. Payments to third-party contractor generally include cost of construction material. Historically, construction material costs, particularly the cost of steel and cement, has been a major cause of fluctuations in construction costs. Price movements of other construction materials, including escalators, elevators, interior decoration materials and air conditioning systems, also impact the Group's construction costs.



## Management Discussion and Analysis

The following table sets forth a breakdown of the Group's cost of sales for the years indicated:

	For the year ended 31 December			
	2012		2011	
	RMB'000	%	RMB'000	%
Property development				
Land acquisition costs	115,564	24.9	64,872	22.9
Construction costs	319,443	68.7	200,880	70.9
Capitalized finance costs	15,017	3.2	8,186	2.9
Tax expenses	1,966	0.4	1,804	0.6
<b>Subtotal</b>	<b>451,990</b>	<b>97.2</b>	<b>275,742</b>	<b>97.3</b>
Property leasing and operational management	13,206 <sup>Note</sup>	2.8	7,692 <sup>Note</sup>	2.7
<b>Total</b>	<b>465,196</b>	<b>100.0</b>	<b>283,434</b>	<b>100.0</b>

Note: RMB3.1 million and RMB5.8 million were rental expenses for the Xinjiekou Metro Mall for the year ended 31 December 2011 and 2012, respectively.



Nanjing Jade Garden (南京翡翠名園) (Simulated Illustration)

## Management Discussion and Analysis

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

	For the year ended 31 December	
	2012	2011
Average land acquisition costs (RMB/sq.m.)	<b>1,143</b>	1,037
Average selling price (RMB/sq.m.)	<b>8,541</b>	7,112
Average land acquisition costs/average selling price (%)	<b>13.4%</b>	14.6%

The following table sets forth a breakdown of the cost of sales by project for the Group's property units sold and delivered during the years indicated:

	For the year ended 31 December	
	2012 RMB'000	2011 RMB'000
Golden Wheel International Plaza	<b>32,132</b>	33,744
Golden Wheel Waltz	—	5,690
Golden Wheel Star City	<b>84,564</b>	236,308
Golden Wheel Time Square	<b>335,294</b>	—
Total	<b>451,990</b>	275,742

The Group's cost of sales increased from RMB283.4 million in 2011 to RMB465.2 million in 2012. This increase was primarily due to an increase in total GFA sold in 2012, as compared to 2011.



Golden Wheel New Metro (金輪新都匯) (Simulated Illustration)

For the years ended 31 December 2012 and 2011, the Group's average land acquisition costs/average selling price remained relatively stable at 13.4% and 14.6%, respectively.

### Gross profit and gross profit margin

Gross profit increased from RMB241.1 million in 2011 to RMB498.5 million in 2012. Gross profit margin increased from 46.0% in 2011 to 51.7% in 2012 primarily due to the increase in the gross profit margin for property development business.

For the year ended December 2011 and 2012, the gross profit margin for property development business increased from 38.0% to 47.7% primarily due to an increase in the average selling price of properties. For the year ended 31 December 2011 and 2012, the gross profit margin for property leasing and operational management business remains relatively stable at 90.3% and 86.8%, respectively.

# Management Discussion and Analysis

## Other income, expenses, gains and losses

The Group had a net loss of RMB0.6 million for other income, expenses, gains and losses in 2012, while the Group had a net gain of RMB18.6 million in 2011. This was primarily due to its listing expenses of RMB12.8 million.

## Selling and marketing expenses

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

	For the year ended 31 December			
	2012		2011	
	RMB'000	%	RMB'000	%
Advertising and promotional expenses	12,146	94.2	13,962	94.2
Office expenses and others	742	5.8	855	5.8
	12,888	100.0	14,817	100.0

Selling and marketing expenses decreased from RMB14.8 million in 2011 to RMB12.9 million in 2012. This decrease was primarily due to a decrease in advertising and promotional expenses.

## Administrative expenses

Administrative expenses primarily include staff salaries and benefits, depreciation and amortization, office expenses, traveling expenses, professional fees, utilities and property tax, land use tax and stamp duty.

Administrative expenses increased from RMB44.2 million in 2011 to RMB63.1 million in 2012. This increase was due primarily to an increase in staff salaries and benefits in connection with the continued growth of the Group's property development business and depreciation recognized.

## Finance costs

Finance costs consist primarily of interest expenses on borrowings net of capitalized finance costs. Interest expenses on loans used for our property development may be capitalized. Finance costs decreased from RMB6.9 million in 2011 to RMB4.2 million in 2012 primarily due to a decrease in interest expenses not capitalized. The interest expenses on certain loans that the Group obtained

in its name and subsequently granted to Nanjing Golden Wheel Real Estate for its property development cannot be capitalized as Nanjing Golden Wheel Real Estate was wholly-owned by the Wong Family and not part of the Group at that time. Upon the completion of the reorganization in June 2012, Nanjing Golden Wheel Real Estate has become one of the Company's wholly-owned subsidiaries and interest expenses on the loans granted to Nanjing Golden Wheel Real Estate have been capitalized since then.



Golden Wheel Star Plaza (金輪星光名座) (Simulated Illustration)

## Management Discussion and Analysis



Golden Wheel Time Square (金輪時代廣場)

### Share of loss of an associate

The Group had share of loss in an associate of RMB1.3 million in 2012. Share of loss in an associate represented its share of loss in Nanjing Pocui Jiudian Guanli Co., Ltd (南京珀翠酒店管理有限公司), in which the Group acquired a 30% equity interest in 2011.

### Changes in fair value of investment properties

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

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

## Management Discussion and Analysis

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

	As of 31 December			
	2012		2011	
	GFA sq.m.	Fair value RMB'000	GFA sq.m.	Fair value RMB'000
Golden Wheel International Plaza	28,056	1,740,000	28,056	1,692,000
Golden Wheel Waltz	2,444	156,000	2,444	152,000
Golden Wheel Time Square <sup>(Note)</sup>	31,205	1,029,000	31,205	1,006,000
Golden Wheel New Metro	18,437	260,000	—	—
Golden Wheel Building	1,216	11,600	—	—
Golden Wheel Green Garden	1,021	34,000	—	—
<b>Total</b>	<b>82,379</b>	<b>3,230,600</b>	61,705	2,850,000

Note: The valuation of Golden Wheel Time Square as of 31 December 2011 was not affected by the lack of property ownership certificate which was obtained in June 2012. Golden Wheel Time Square was recognized as a completed property in 2011 as it passed the construction work acceptance on 13 December 2011.

Gains on fair value changes of investment properties decreased from RMB539.9 million in 2011 to RMB81.9 million in 2012. The decrease was primarily due to the timing of the completion of the development of the Group's investment properties as a substantial portion of fair value gain is recognized at the time of such completion. The development of Golden Wheel Time Square was completed in 2011, which had contributed substantially to the Group's fair value gains recorded in 2011. The Group did not complete any investment properties development in 2012.

### Taxation

Income tax comprises current tax and movements in deferred tax assets and liabilities. Current tax includes PRC enterprise income tax and LAT payable by the PRC subsidiaries of the Company.

All appreciation arising from the sale or transfer of land use right, and buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value as determined in accordance with the relevant tax laws. Certain exemptions are available for the sale of ordinary residential properties if the appreciation value does not exceed 20% of the total deductible items, but this exemption does not extend to sales of commercial properties. Under PRC tax laws and regulations, the properties of the Group in the PRC are subject to LAT on the appraised value of the land and the improvements on the land upon the sale of such properties. The Group is required to pay 1% to 3% of our sales and pre-sales proceeds as prepaid LAT. Tax expense decreased from RMB220.0 million in 2011 to RMB213.6 million in 2012. This change was primarily due to a decrease in deferred tax from RMB128.4 million in 2011 to RMB5.1 million in 2012 as a result of a decrease in fair value gains of investment properties, partially offset by an increase in LAT from RMB43.9 million in 2011 to RMB105.5 million in

## Management Discussion and Analysis

2012 and an increase in income tax of RMB55.3 million. The Group incurred a larger amount of LAT in 2012 primarily due to an increase in GFA sold. The Group's effective tax rate increased from 30.0% in the year ended 31 December 2011 to 42.9%, in the year ended 31 December 2012, primarily due to the increase of LAT.

### Profit for the year attributable to owners of the Company

For the foregoing reasons, profit attributable to owners of the Company decreased from RMB498.5 million in 2011 to RMB276.9 million in 2012.

### Profit for the year attributable to non-controlling interests

Profit attributable to non-controlling interests decreased from RMB14.7 million in 2011 to RMB7.9 million in 2012. Non-controlling interests represent the profit or loss after taxation shared by Nanjing Golden Wheel Real Estate, which was then wholly owned by the Wong Family. Nanjing Golden Wheel Real Estate held 7.5% equity interest of Nanjing Jade Golden Wheel and 3.75% equity interest of Yangzhou Golden Wheel Real Estate. On 18 June 2012, the Group acquired from the Wong Family all the equity interest in Nanjing Golden Wheel Real Estate, which then became one of the Company's wholly-owned subsidiaries.



Golden Wheel Star City (Phase I) and (Phase II) (金輪星城一期及二期) (Simulated Illustration)

# Management Discussion and Analysis

## Liquidity and Capital Resources

### Cash Position and Cash Flows

The Group had cash and bank balances of approximately RMB99 million (2011: RMB197 million) and restricted cash of RMB129 million (2011: RMB16 million) as of 31 December 2012.

The following table sets forth the net cash flow of the Group for the years indicated:

	For the year ended 31 December	
	2012 RMB'000	2011 RMB'000
Net cash from operating activities	66,871	134,012
Net cash used in investing activities	(116,121)	(99,997)
Net cash used in financing activities	(48,712)	(225,540)
Net decrease in cash and cash equivalents	(97,962)	(191,525)

### Cash Flows from Operating Activities

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

For the year ended 31 December 2012, net cash inflow from operating activities was RMB66.9 million, representing a decrease of RMB67.1 million from RMB134.0 million for the year ended 31 December 2011. This decrease was mainly attributable to (i) a decrease in deposits and prepayments received from pre-sale of properties of RMB421.8 million; (ii) an increase in prepayment for acquisition of leasehold land held for development for sale of RMB90.4 million; and (iii) an increase in completed properties for sale of RMB28.7 million.

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

### Cash Flows from Investing Activities

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



## Management Discussion and Analysis

For the year ended 31 December 2012, net cash used in investing activities was RMB116.1 million, which was primarily attributable to (i) an increase in restricted bank deposits of RMB112.9 million and (ii) an increase in investment properties under development of RMB15.1 million, partially offset by cash inflow of RMB15.2 million resulting from our acquisition of Nanjing Golden Wheel Real Estate.

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

### Cash Flows from Financing Activities

For the year ended 31 December 2012, net cash used in financing activities was RMB48.7 million, which was primarily attributable to (i) repayment of bank loans of RMB72.5 million, (ii) repayment of borrowings from Shareholders of RMB62.1 million, and (iii) interest payment of RMB32.3 million, partially offset by proceeds from new bank loans of RMB120.7 million.

The Group had net cash outflow from financing activities of RMB225.5 million for the year ended 31 December 2011, which was primarily attributable to (i) repayment of bank loans of RMB146.8 million in an effort to save finance costs, (ii) repayment of borrowings from Shareholders of RMB42.3 million and payment for interest and (iii) dividends of RMB89.4 million, partially offset by proceeds from new bank loans of RMB55.0 million.

### Net current assets

The Group had net current assets of RMB360.5 million as of 31 December 2012, and net liabilities of RMB3.0 million as of 31 December 2011.

### Restricted bank deposits

The Group had outstanding bank and other borrowings of approximately RMB502 million as of 31 December 2012 (2011: RMB454 million).

As of 31 December 2012, the Group's net gearing ratio was 10.1% (2011: 11.6%). The net gearing ratio of the Group is calculated by the interest-bearing liabilities net of cash and bank balances and restricted bank deposits and then divided by total owners' equity.

A portion of its bank deposits are pledged to banks as security for certain banking facilities granted to the Group, in which case the use of the restricted bank deposits, subject to the banks' approval, is restricted to the purposes as set out in the relevant loan agreements, or as security for certain mortgage loans granted to our customers, in which case the restricted bank deposits will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as security for the mortgage loans granted. As of 31 December 2011 and 2012, the Group's restricted bank deposits were RMB15.7 million and RMB128.7 million, respectively.

### Held for trading investment

The Group held equity securities listed in the PRC of RMB8.2 million as of 31 December 2012, as a result of our acquisition of Nanjing Golden Wheel Real Estate. Subject to and in accordance with the investment objective and policies adopted by the Company from time to time, the Board shall have absolute discretion over the assets of the Company, including acquisition or disposal of the equity securities we hold. The finance and accounting department is responsible for (i) reviewing and evaluating the investment in equity securities, (ii) rendering to the Board information as may reasonably be available to it to assist the Board in structuring disposals and making recommendations to our Board regarding potential divestments, (iii) obtaining for the Board regularly valuations of such investments or assets of the Company as the Board shall require, and (iv) keeping the records of such accounts, books and statements as may be required by any applicable PRC laws and regulations for the proper conduct of the Company. The Group plans

# Management Discussion and Analysis

to dispose of all of the above equity securities when the price either increases or decreases by 50% as compared to 31 December 2012. In other cases, the Board will have absolute discretion on when and at which price to sell such securities. We have no intention to make similar securities investment in the future.

## Working Capital

As of 31 December 2011 and 2012, The Group's cash and cash equivalents, excluding restricted cash, amounted to RMB196.6 million and RMB98.7 million respectively. The Group receives cash inflows from pre-sales of its properties and project-specific bank loans. The Group is permitted to pre-sell its properties under development when it obtains the relevant pre-sale permits. In addition to cash inflows from pre-sales, The Group typically obtains project-specific bank loans once it receives the work commencement permits for its projects or project phases, using the relevant land use rights and properties as security. The Company also received gross proceeds of approximately HK\$756.0 million from its public offering in January 2013.

## Cost of Borrowings

The Group's average cost of borrowings (calculated by dividing total interest expenses expensed and capitalized by average bank and other borrowings under IFRS during the relevant year) was 6.8% in 2012, versus 7.1% in 2011.

## Financial guarantees

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, 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.

## Indebtedness

Property developments require substantial capital investment for land acquisition and construction and may take months or years before positive cash flow can be generated. The Group principally funds its property developments from internal funds, borrowings from banks and other parties, proceeds from sales and pre-sale of its developed properties and proceeds from issuance of both debt and equity securities, such as the initial public offering of the Company in January 2013. Financing methods may vary from project to project and are subject to the limitations imposed by PRC regulations and monetary policies. As of 31 December 2011 and 2012, the Group had the following outstanding bank and other borrowings:

## Management Discussion and Analysis

	As of 31 December	
	2012 RMB'000	2011 RMB'000
<b>Amounts due to Shareholders</b>		
<b>Secured bank borrowings</b>		
Within one year	<b>192,283</b>	109,104
After one year but within two years	<b>182,800</b>	101,800
After two years but within five years	<b>126,815</b>	242,800
	<b>501,898</b>	453,704
<b>Total</b>	<b>501,898</b>	582,802
Secured bank borrowings are analyzed as follows:		
Guaranteed bank borrowings	<b>379,400</b>	336,200
Unguaranteed bank borrowings	<b>122,498</b>	117,504
<b>Total</b>	<b>501,898</b>	453,704

The Group's bank and other borrowings in 2011 and 2012 were denominated in Renminbi and US\$. As of 31 December 2011 and 2012, its total outstanding bank and other borrowings amounted to RMB582.8 million and RMB501.9 million, respectively. All of its outstanding bank borrowings were secured by our properties, including land and buildings, investment properties, properties under development for sale and completed properties held for sale.

The amounts due to Shareholders were denominated in US\$. As of 31 December 2011 and 2012, the amounts due to Shareholders were RMB129.1 million, and nil respectively. The above amounts were unsecured, interest-free and repayable on demand. The above amounts were Non-trade in nature and arose as a result of advances from Shareholders during the year ended 31 December 2011. The above amounts had been settled by June 2012 by way of capitalization.

As of 31 December 2012, the Group's outstanding guarantees for mortgage loans in connection with its pre-sold properties were RMB241.1 million. In addition, the Group is subject to penalties and fines of up to RMB1.1 million in respect of certain non-compliance under the PRC rules and regulations for its early delivery of certain properties in Golden Wheel Time Square. See paragraph "Contingent Liabilities" below.

In 2012, the Group obtained a banking facility of RMB50.0 million for the development of Golden Wheel New Metro, under which we had drawn down RMB30.0 million in 2012 and RMB20.0 million in 2013. The Group may, from time to time, in the ordinary course of business, enter into additional loan agreements to finance our property developments or for general corporate purposes.

# Management Discussion and Analysis

## Capital Commitments

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

	As of 31 December	
	2012 RMB'000	2011 RMB'000
Commitments contracted for but not provided in the audited consolidated financial statements in respect of:		
Construction of properties under development for sale	189,163	125,000
Construction of investment properties under development	22,460	—
Construction of properties for self-use	7,977	3,000
Commitments authorized but not contracted in respect of:		
Leasehold land held for development for sale	170,547	—
	<b>390,147</b>	128,000

The Group's contractual commitments represented its commitments to third party construction companies with respect to the construction of its projects.

## Contingent Liabilities

For pre-sale of residential properties under development, the Group typically provides guarantees to the banks in connection with its customers' mortgage loans to finance their purchase of the residential properties. The Group's guarantees are released upon the banks receiving the building ownership certificate of the respective properties from the customers as pledges for security to the mortgage loan granted. If any such customer defaults on the mortgage payment during the terms of the respective guarantee, the bank may demand the Group to repay the outstanding amount of such defaulting customer's mortgage loan and

any accrued interest thereon. As of 31 December 2011 and 2012, the Group's outstanding guarantees for mortgage loans in connection with our pre-sold properties were, RMB185.1 million and RMB241.1 million, respectively. During the years ended 31 December 2011 and 2012, the Group did not encounter any material default on such mortgage loans.

In addition, the Group is subject to penalties and fines of up to RMB1.1 million in respect of certain non-compliance under PRC rules and regulations for its early delivery of certain properties in Golden Wheel Time Square.

# Management Discussion and Analysis

## Capital Expenditures

During the years ended 31 December 2011 and 2012, the Group's capital expenditures were primarily related to the acquisition of land use right, the construction of our investment properties, and purchase of property, plant and equipment. The following table sets forth a breakdown of its capital expenditures for the years indicated:

	For the year ended 31 December	
	2012 RMB'000	2011 RMB'000
Acquisition of Land use right	—	—
Construction of investment properties	15,092	51,081
Purchase of property, (including transfer from completed properties held for sale) plant and equipment	9,645	23,834
<b>Total</b>	<b>24,737</b>	74,915

## Off-balance Sheet Commitments and Arrangements

Except as disclosed in this annual report, the Group has not entered into any off-balance sheet guarantees or other commitments to guarantee the payment obligations of any third parties. It does not have any interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to it or engages in leasing or hedging or research and development or other services with it.

## Market Risks

The Group is exposed to various types of market risks, including foreign exchange risk, interest rate risk, credit risk, liquidity risk and equity price risk in the normal course of our business. It manages and monitors these exposures on a regular basis to ensure appropriate measures are implemented on a timely and effective manner.

## Foreign Exchange Rate Risk

The primary economic environment which most of our principal subsidiaries operate is the PRC and their functional currency is RMB. The Group's exposure to foreign exchange risk is principally due to its US\$-denominated debt and its bank deposits in foreign currencies, mainly US\$. The foreign exchange risk of HK\$ is not significant to the Group as only a small portion of its cash and cash equivalents and transactions are denominated in HK\$. As of 31 December 2012, the Group had US\$-denominated debt totaling RMB30.7 million.

Appreciation of the RMB against the US\$ generally results in a gain arising from the Group's US\$-denominated debt and a loss arising from its bank deposits in US\$ and HK\$. A depreciation of the RMB against the US\$ would have the opposite effect. In addition, a depreciation of the RMB would negatively affect the value of dividends paid by the Group's PRC subsidiaries, which may in turn affect our ability to service foreign currency-denominated debts.

# Management Discussion and Analysis

Fluctuations in the foreign exchange rate have had and will continue to have an impact on the business, financial condition and results of operations of the Group. 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.

## **Interest Rate Risk**

The Group's cash flow interest rate risk relates primarily to the variable rate bank borrowings of the Group. Its fair value interest rate risk relates primarily to its fixed rate bank borrowings. The Group currently does not have a specific policy to manage its interest rate risk, but will closely monitor the interest rate risk exposure in the future.

## **Credit Risk**

The Group's maximum exposure to credit risk which will cause a financial loss to it 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.

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

The Group typically provides guarantees to banks in connection with its customers' mortgage loans to finance their purchase of the properties. If a purchaser defaults on the payment of its mortgage during the term of guarantee,

the bank may demand 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 it as to the bank. In this regard, the Group considers that its credit risk is significantly reduced.

The Group has concentration of credit risk in respect of bank balances. As of 31 December 2011 and 2012, approximately 53% and 79% of its bank balances were deposited at one and two 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.

## **Liquidity Risk**

The Group has built an appropriate liquidity risk management framework for short-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining banking facilities and by continuously monitoring forecasted and actual cash flows.

## **Equity Price Risk**

The Group is exposed to equity price risk through our 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.

For further details, please refer to note 6B to the financial statements.

Please refer to notes 15, 16, 20, 21, 26, 35 and 39 to the financial statements for details of the pledges on the assets of, and guarantees provided by the Group.

## Management Discussion and Analysis

### Non-GAAP Financial Measures

The Group uses EBITDA to provide additional information about its operating performance. EBITDA refers to the Group's earnings before the following items:

- interest income;
- Changes in fair value of investment properties;
- income tax expense;
- depreciation of property, plant and equipment; and
- finance costs.

EBITDA is not a standard measure under IFRS. As the property development business is capital intensive, capital expenditure requirements and levels of debt and interest expenses may have a significant impact on the profit for the year of companies with similar operating results. Therefore, the Directors believe the investor community commonly uses this type of financial measure to assess the operating performance of companies in our market sector.

As a measure of the operating performance of the Group, the Directors believe that the most directly comparable IFRS measure to EBITDA is profit for the year or period. The Group operates in a capital-intensive industry. The Group uses EBITDA in addition to profit for the year because profit for the year includes many accounting items associated with capital expenditures, such as depreciation, as well as non-operating items, such as amortization of intangible assets and interest income and interest expense. These accounting items may vary between companies depending on the method of accounting adopted by the company. By minimizing differences in capital expenditures and the associated depreciation expenses as well as reported tax positions, intangible assets amortization and interest income and expense, EBITDA provides further information about the operating performance of the Group and an additional measure for comparing its operating performance with other companies' results. Funds depicted by this measure may not be available for debt service due to covenant restrictions, capital expenditure requirements and other commitments.

The following table reconciles the Group's profit for the year under IFRS to the Group's definition of EBITDA for the years indicated.

## Management Discussion and Analysis

	For the year ended 31 December	
	2012 RMB'000	2011 RMB'000
Revenue	963,717	524,495
<b>Year end profit</b>		
Owners	276,877	498,488
Non-controlling interest	7,916	14,705
	<b>284,793</b>	513,193
<b>Other financial data:</b>		
Interest income	3,343	7,203
Fair value gain	81,908	539,919
Income tax expenses	213,639	220,047
Depreciation and amortisation	7,138	3,063
Financial costs	4,189	6,871
<b>EBITDA</b>	<b>424,508</b>	196,052
<b>EBITDA margin %</b>	<b>44.0%</b>	37.4%

The Group's definition of EBITDA should not be considered in isolation or be construed as an alternative to profit for the year or period or as an indicator of operating performance or any other standard measure under IFRS. The Group's definition of EBITDA does not account for interest income, changes in fair value of investment properties, income tax

expense, depreciation of property, plant and equipment and finance costs. The Group's EBITDA measures may not be comparable to similarly titled measures used by other companies. EBITDA margin is calculated by dividing EBITDA by revenue for the relevant period, expressed as a percentage.



# Management Discussion and Analysis

## OUTLOOK

The Group intends to become a leading integrated commercial property developer with a focus on life-style shopping malls with easy access to metro stations or other transportation hubs. To achieve this, the Group will continue to:

- capitalize on its competitive advantages in developing life-style shopping malls and commercial projects in Jiangsu and Hunan Provinces. It also plans to leverage its experience in Jiangsu and Hunan provinces to expand its business operations to second and third-tier cities with metro systems in other provinces in the medium to long-term;
- optimize the Group's tenant mix in order to increase its recurring rental income and reduce its operating risks. It aims to take a flexible and proactive leasing strategy with existing and potential major tenants who it believes will add value to its shopping malls and commercial development;
- maintain a mix of developments for sale and developments for investment purposes. It will continue to strategically retain long-term ownership of selected shopping malls for recurring rental income and long-term financial strength and sell a mix of offices, residential properties, hotel-style apartments and retail properties to provide cash flow to support business development and capital growth;
- maintain a disciplined financial strategy with prudent gearing ratios and steady cash flows. It will continue to actively manage its project construction process to ensure sufficient internal cash for its ongoing capital needs and other financial obligations; and
- expand its property leasing and operational management business. It intends to continue to leverage its experience and reputation in this area and further expand its property leasing and management business of properties owned by third parties. It expects the revenue from this segment will increase as a result of rental price increase and an increase in the GFA of its investment properties as it develops and/or operates additional properties.



Maintaining high standards of business ethics and corporate governance has always been one of the Group's prime tasks. It believes that conducting the Group's businesses in a transparent and responsible manner and following good corporate governance practices serve its long-term interests and those of its Shareholders.

Trading in the Shares on the Stock Exchange commenced on 16 January 2013. Since then, the Group strives to attain and uphold more rigorous standards of corporate governance.

## (A) CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions as set out in the Code of Corporate Governance Practices (the "**Code**") as contained in Appendix 14 to the Listing Rule as its own code to govern its corporate governance practices.

In the opinion of the Directors, the Company, since Listing and up to the date hereof, has adopted, applied and complied most of the Code provisions contained therein. The Board will continue to review and monitor the practices of the Company with an aim to maintain and improve a high standard of corporate governance practices.

## (B) DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the Relevant Period.

## (C) THE BOARD OF DIRECTORS

The Board currently consisted of 12 Directors, including Mr. Wong Yam Yin (Chairman), Mr. Wong Kam Fai (Vice Chairman and Chief Executive Officer), Mr. Wong Kam Keung, Barry (Vice President), Mr. Tjie Tjin Fung (Vice Chairman), Mr. Janata David and Mr. Chan Wai Kin as Executive Directors; Mr. Suwita Janata (Vice-Chairman) and Mr. Gunawan Kiky as Non-executive Directors; and Mr. Hui Yan Moon, Mr. Wong Ying Loi, Ms. Howe Sau Man and Mr. Lie Tak Sen as Independent Non-executive Directors.

Directors must dedicate sufficient time and attention to the Group's affairs. Besides, the Company also requested all Directors to disclose to the Company annually the number and the nature of offices held in public companies or organizations and other significant commitments with an indication of the time involved.

Since Listing and up to the date of this annual report, one Board meeting was held on 11 March 2013 to approve the Groups' final results for the year ended 31 December 2012 and other matters. All Board members attended the said meeting present in person or by means via telephonic conferencing, which constituting presence at a meeting as if he has participating present in person under the Articles of Association.

A tentative schedule for regular Board meetings for 2013 will be provided to Directors shortly. At least 14 days' notice for all regular Board meetings will be given to all Directors and all Directors must be given the opportunity to include items or businesses for discussion in the agenda. For all other board meetings, reasonable notice will be given. An agenda and accompanying Board papers will be sent to all Directors at least three days in advance of every regular Board meeting.

## Corporate Governance Report

The Company Secretary is instructed to record all matters and decisions reached, including any concerns raised by Directors or dissenting views expressed, in minutes of Board meeting or other Board committees meetings in sufficient detail. Draft and final versions of minutes will be sent to all Directors for comment and records respectively, within reasonable time after the respective meetings are held. The Company Secretary is responsible for keeping all Board meeting or committee meeting minutes properly and make it available for open inspection at any reasonable time on reasonable notice by any Director.

In an appropriate circumstance, all Board members have the right to seek independent professional advice or services upon reasonable request, at the Company's expense. Besides, the Board members may resolve to provide separate independent professional advice to assist them to perform their duties to the Company.

Should a potential conflict of interest involving substantial Shareholder(s) or Director(s) arise, the matter to be dealt with or discussed must be in physical meeting(s) rather than a written resolution. Independent Non-executive Directors who, and whose associates, have no material interest in the transaction should be present at that Board meeting.

Furthermore, in compliance with the requirement of Rule 3.10A of the Listing Rules that the number of independent non-executive directors must represent at least one-third of the board, there are a total of four Independent Non-Executive Directors in the Board which consists of a total of twelve Board members, representing one-third of the Board. In addition, as required under Rule 3.10(2) of the Listing Rules, at least one of the independent non-executive director must have appropriate professional qualifications or accounting or related financial management expertise. Ms. Howe Sau Man, Chairman of the Audit Committee and being one of the Independent Non-executive Directors, possesses 10 years of experience in auditing, accounting and taxation. Together with another three Independent Non-executive Directors,

Mr. Hui Yan Moon, Mr. Wong Ying Loi and Mr. Lie Tak Sen, all of whom have wide exposure and well experience in finance and business management, provide the Group with diversified expertise and experience. Their views and participation in Board and committee meetings bring independent judgment and advice on issues relating to the Group's strategies, performance, conflicts of interest, management process and to ensure that the interests of all Shareholders of the Company are taken into account.

The Board considers that the balance between Executive and Non-executive Director is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of Shareholders and the Group as a whole.

The Company has received from each Independent Non-executive Director a confirmation of his/her independence confirmation pursuant to Rule 3.13 and the Board considers that all Independent Non-executive Directors are independent. The Board believes that there is sufficient independence element in the Board to safeguard the interest of Shareholders.

All Directors, including Independent Non-executive Directors, are clearly identified as such in all corporate communications containing the names of the Directors. A list of roles and functions of Directors has maintained on the websites of the Company and the Stock Exchange, and the Company shall keep updating whenever necessary.

Mr. Wong Yam Yin is the father of Mr. Wong Kam Fai and Mr. Wong Kam Keung, Barry, who are brothers. Also, Mr. Wong Yam Yin is the brother of Ms. Julia Oscar, the wife of Mr. Suwita Janata. Mr. Janata David is the son of Mr. Janata Suwita and Ms. Julia Oscar. Save as disclosed herein, there are no financial, business, family or other materials relationships among the Board members.

The Company has arranged appropriate directors and officers liability insurance in respect of legal action against Directors.

Directors must keep abreast of their collective responsibilities. All Board members received an induction package covering the regulatory obligations of a director of a listed company. The Company also plans to provide briefings and other training to develop and refresh the Directors' knowledge and skills. The Company continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. Circulars and guidance notes are issued to Directors and senior management where appropriate, to ensure awareness of best corporate governance practices.

## (D) CHAIRMAN AND CHIEF EXECUTIVE

The positions of Chairman and the Chief Executive of the Company are held separately. The role of Chairman is held by Mr. Wong Yam Yin, and the position, office or function of Chief Executive is held by Mr. Wong Kam Fai, who is titled Chief Executive Officer. The segregation of duties of the Chairman and the Chief Executive ensures a clear distinction between Chairman's responsibility to manage and provide leadership to the Board and the Company. The Chief Executive's responsibility is to manage the Company's business and daily operation.

## (E) NON-EXECUTIVE DIRECTORS

Each of the Directors, including Non-executive Directors, entered into a service contract or a letter of appointment with the Company for a term of two years. Such term is subject to re-election by the Company at annual general meeting upon retirement. The Articles of Association provides that any Director appointed by the Board to fill casual vacancy in the Board or as an additional member of the Board shall hold office only until the first general meeting of the members of the Company and shall then be eligible for re-election at such meeting.

The Articles further provides that, at each annual general meeting, one-third of the Directors for the time being, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years and, being eligible, offer themselves for re-election.

## (F) BOARD COMMITTEES

The Board is responsible for performing the corporate governance duties including:

- a) To develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- b) To review and monitor the training and continuous professional development of Directors and senior management;
- c) To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- d) To develop, review and monitor the code of conduct applicable to Directors, senior management and employees of the Company; and
- e) To review the Company's compliance with the Code and disclosure in this corporate governance report.

In compliance with the Code, the Company established three committees and has delegated various responsibilities to the committees including the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**"). All Board committees perform their distinct roles in accordance with their respective terms of reference which are available to public on the websites of the Company and the Stock Exchange.

# Corporate Governance Report

## Audit Committee

The Audit Committee of the Company was established on 10 December 2012. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process, half-yearly and annual results and internal control system and provide advice and comments to the Board. The Audit Committee consists of three Independent Non-executive Directors, namely Ms. Howe Sau Man, Mr. Hui Yan Moon and Mr. Lie Tak Sen. The Chairman of the Audit Committee is Ms. Howe Sau Man, an Independent Non-executive Director.

Since Listing and up to the date hereof, the Audit Committee held a meeting on 11 March 2013, with all members present in person or through tele-graphic communication, to assess the independence of the Company's auditor and review the Group's financial results for the year ended 31 December 2012 before submission to the Board for approval.

## Remuneration Committee

The Remuneration Committee of the Company was established on 10 December 2012. The primary duties of the Remuneration Committee are to make recommendations to the Directors on the Company's policy and structure for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; to assess performance of each Executive Director; to determine the terms of the specific remuneration package of each Executive Director and senior management; and to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by Directors from time to time. The Remuneration Committee consists of two Independent non-executive Directors, namely, Mr. Hui Yan Moon, Mr. Lie Tak Sen and an Executive Director, Mr. Wong Kam Fai. The Chairman of the Remuneration Committee is Mr. Hui Yan Moon.

Since Listing and up to the date hereof, the Remuneration Committee of the Company held a meeting on 11 March 2013 with all members present in person or

through tele-graphic communication, to review and make recommendations on the existing remuneration packages of all Directors and senior management.

## Nomination Committee

The Nomination Committee of the Company was established on 10 December 2012. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis; to make recommendations to the Board regarding any proposed changes; to identify, select or make recommendations to the Board on the selection of individuals nominated for directorships; to assess the independence of the Independent Non-executive Directors; and make recommendations to the Board on relevant matters relating to the appointment or reappointment of Directors and succession planning for Directors. The Nomination Committee consists of an Executive Director, Mr. Wong Yam Yin, and two Independent Non-Executive Directors, namely Mr. Wong Ying Loi and Ms. Howe Sau Man. The Chairman of the Nomination Committee is Mr. Wong Yam Yin.

Since Listing and up to the date hereof, the Nomination Committee of the Company held a meeting on 11 March 2013 with all members present in person, to assess the independence of Independent Non-executive Directors and review the re-appointment of Directors at the forthcoming annual general meeting.

## (G) AUDITORS' REMUNERATION

The Board is responsible for presenting a balanced and clear assessment of the Group's performance and prospects. The Directors acknowledged that their responsibility for preparing the accounts that give a true and fair view on the Group's financial position on a going-concern basis and other financial disclosures. Management of the Company provides all relevant information to the Board, giving its members sufficient explanation and information that it needs to discharge their responsibilities. A statement by the auditor of the Company in respect of their reporting responsibilities is set out in the Independent Auditors' Report section contained in this annual report.

The fees for audit services provided by Deloitte Touche Tohmatsu, the Company's auditor, for the year ended 31 December 2012 amounted to RMB 710,000 and nil non-audit services fees was paid by the Company during the year under review. The Audit Committee considered that the non-audit services will not impair their audit independence or objectivity.

The Board is responsible for the internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorized use or disposition, the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication and the compliance of applicable laws, rules and regulations.

The Company has engaged an external consultancy firm to conduct assessment on the effectiveness of the internal control of the Group for the year ended 31 December 2012. Results of the assessment was positive.

The internal control are reviewed and assessed on an on-going basis by the Executive Directors, and will be further reviewed and assessed at least once each year by the Board.

## (H) COMPANY SECRETARY

The Company has appointed Mr. Chan Wai Kin as its Company Secretary. Mr. Chan has confirmed that for the year under review, he has taken no less than 15 hours of relevant professional training. The profile of Mr. Chan is set out on page 13 of this annual report. Mr. Chan is an employee of the Company. He is also the Chief Financial Officer and an Executive Director of the Company.

## (I) SHAREHOLDERS' RIGHT

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2012 Revision). However, pursuant to the Articles of Association, it provides that

*“...Any one or more Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. ...”*

Furthermore, if a person intends to propose a person for election as a Director at any general meeting, he must sign a notice (the “Notice”) stating his intention to propose such person for election. The Notice must include the personal information of the proposed person as required by Rule 13.51(2) of the Listing Rules and the proposed person must sign a letter of consent stating his willingness to be elected shall have lodged with the Company's headquarters and principal place of business in the PRC located at 33/F, Golden Wheel International Plaza, No. 8, Hanzhong Road, Nanjiang, PRC; or the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17/F, Hopewell

# Corporate Governance Report

Centre, 183 Queen's Road East, Wanchai, Hong Kong, with at least (7) days notice period is given. If the Notices are submitted after the dispatch of the notice of the general meeting appointed such election, the period for lodgment of such Notice(s) shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Shareholders may put forward their enquiries to the Board through Porda Havas International Finance Communications Group, the investor and public relations consultant of the Company, located at Units 2009-2018, 20th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong; email to [goldenwheel@pordahavas.com](mailto:goldenwheel@pordahavas.com); or fax at (852) 3150 6728.

## (J) INVESTOR RELATIONS

The management of the Company believes that effective and proper investor relations play a vital role in creating Shareholders' value, enhancing the corporate transparency as well as establishing market confidence. As such, the Company has adopted a stringent internal control system to ensure true, accurate, complete and timely disclosure of information in order to ensure all Shareholders as well as the public are equal access to information. The management of the Company has proactively taken and will continue to take the following measures to ensure effective Shareholders' communication and transparency:

- Maintain frequent contacts with Shareholders and investors through various channels such as meetings, telephone and emails;
- Regularly update the Company's news and

developments through the investor relations section of the Company's website;

- Arrange on-site visits to the Group's projects for potential investors and research analysts.

Through the above measures, the Company endeavors to communicate with the investment community and provide them with the latest development of the Group and the PRC real estate industry.

The Company discloses information in compliance with the Listing Rules, and publishes periodic reports and announcements to the public in accordance with the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and complete, thereby enabling Shareholders, investors as well as the public to make rational and informed decisions.

There was no change in the Company's constitutional documents since Listing. Should there be any changes in the constitutional documents, the Company shall upload the revised version onto the websites of the Stock Exchange and the Company in due course.

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2012.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company, and its subsidiaries established in the PRC are primarily engaged in property development and property leasing. The activities and particulars of the Company's subsidiaries are shown under note 42 to the consolidated financial statements. An analysis of the Group's turnover and operating profit for the year by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and note 7 to the consolidated financial statements.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2012 are set out in the Consolidated Statement of Comprehensive Income on page 59 of the annual report.

## PAYMENT OF FINAL DIVIDEND

The Board recommends the payment of a final dividend of RMB5.55 cents per Share (the "**Proposed Final Dividend**") for the year 2012. Subject to the approval of the Proposed Final Dividend by the Shareholders at the annual general meeting (the "**AGM**") to be held on Thursday, 16 May 2013. It is expected and, if approved, that the Proposed Final Dividend will be payable on or before 31 May 2013 to the Shareholders whose names are listed on the register of members of the Company on Thursday, 23 May 2013.

## CLOSURE OF THE REGISTER OF MEMBERS

### (a) For determining the entitlement to attend and vote at the AGM

The register of members of the Company will be closed from Monday, 13 May 2013 to Thursday, 16

May 2013 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 10 May 2013.

### (b) For determining the entitlement to the Proposed Final Dividend

The register of members will be closed from Thursday, 23 May 2013 to Friday, 24 May 2013, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the Proposed Final Dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 22 May 2013.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

## SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 31 to the consolidated financial statements.



# Directors' Report

## RESERVES

Details of the movement in the reserves of the Group and of the Company during the year are set out in note 32.

## BORROWINGS

Details of the borrowings are set out in the section headed "Management Discussion and Analysis" in this annual report and note 30 to the consolidated financial statements.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities since the Listing Date and up to the date hereof.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the law of Cayman Islands being the jurisdiction in which the Company is incorporated under which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## DIRECTORS

The Directors during the Relevant Period and up to the date of this report are:

### Executive Directors

Mr. Wong Yam Yin (王欽賢) (*Chairman*)

Mr. Wong Kam Fai (王錦輝)

(*Vice Chairman, Chief Executive Officer*)

Mr. Wong Kam Keung, Barry (王錦強) (*Vice President*)

Mr. Tjie Tjin Fung (*Vice Chairman*)

Mr. Janata David

Mr. Chan Wai Kin (陳偉健)

(*Chief Financial Officer and Company Secretary*)

### Non-executive Directors

Mr. Suwita Janata (*Vice Chairman*)

Mr. Gunawan Kiky

### Independent Non-executive Directors

Mr. Hui Yan Moon (許仁滿)

Mr. Wong Ying Loi (黃英來)

Ms. Howe Sau Man (何秀雯)

Mr. Lie Tak Sen (李達生)

In accordance with the Company's Articles of Association, one-third of the Directors shall retire from office by rotation at annual general meeting and be eligible for re-election. Furthermore, the Company's Articles of Association requires that any Director appointed by the Board shall hold office only until the following annual general meeting and shall be eligible for re-election at that meeting. Accordingly, Mr. Wong Yam Yin (王欽賢), Mr. Wong Kam Fai (王錦輝), Mr. Wong Kam Keung, Barry (王錦強), Mr. Tjie Tjin Fung, Mr. Janata David, Mr. Chan Wai Kin (陳偉健), Mr. Suwita Janata, Mr. Gunawan Kiky, Mr. Hui Yan Moon (許仁滿), Mr. Wong Ying Loi (黃英來), Ms. Howe Sau Man (何秀雯) and Mr. Lie Tak Sen (李達生) shall retire from office at the AGM and, being eligible, will offer themselves for re-election at the AGM.

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of his/her independence confirmation pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors to be independent.

### DIRECTORS' SERVICE CONTRACTS

Each of our Executive Directors has entered into a service contract with the Company on 30 June 2012. The principal particulars of these service agreements are (a) for a term of two years commencing from Listing Date and (b) are subject to termination in accordance with their respective terms. The service agreements may be renewed by agreement between the parties and in accordance with our Articles of Association and the applicable rules.

Each of the Non-executive Directors has signed an appointment letter with our Company on 1 July 2012. The principal particulars of these appointment letters are (a) for a term of two years commencing from Listing Date and (b) are subject to termination in accordance with their respective terms. The appointment may be renewed in accordance with our Articles of Association and the applicable rules.

Each of the Independent Non-executive Directors has signed an appointment letter with our Company on 10 December 2012. The principal particulars of these appointment letters are (a) for a term of two years commencing from Listing Date and (b) are subject to termination in accordance with their respective terms. The appointment may be renewed in accordance with our Articles of Association and the applicable rules.

Save as disclosed above, none of the Directors who are proposed for election or re-election at the forthcoming AGM has a service contract with the Company which is not determinable within one year without payment of compensation.

### COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration (including fees, salaries and other benefits, retirement benefit scheme contribution) paid to our Directors in aggregate for the years ended 31 December 2011 and 2012 were approximately RMB416,000 and RMB2.3 million, respectively.

The remuneration (including salaries and other benefits, retirement benefit scheme contribution) paid to our Group's five highest paid individuals in aggregate for the years ended 31 December 2011 and 2012 were approximately RMB2.8 million and RMB3.6 million, respectively.

For the year ended 31 December 2012, no emoluments were paid by our Group to any director of the Company or any of the five highest paid individuals as an inducement to join or upon joining our Group or as compensation for loss of office. None of the directors has waived any emoluments for the year ended 31 December 2012.

Except as disclosed above, no other payments have been made or are payable, for the year ended 31 December 2012, by our Group to or on behalf of any of the Directors.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, none of the Directors nor the management shareholders of the Company or their respective associates (as defined in the Listing Rules) had any interest in a business that competed or might compete with the business of the Group. On 10 December 2012, Mr. Wong Yam Yin (王欽賢), Mr. Wong Kam Fai (王錦輝), Mr. Wong Kam Keung, Barry (王錦強), Ms. Hung So Ling (洪素玲), Mr. Sjaifudin Aman, Mr. Tjie Tjin Fung, Mr. Hafandi Lijaya, Mr. Lili Somantry, Mr. Jamin Haryanto, Mr. Kiky Gunawan, Mr. Janata Suwita, Mr. Hadi Gunaman, Mr. Atjen Tanuwidjaja, Mr. Bambang Trisna and Ms. Julia Oscar, all of whom are our ultimate Controlling Shareholders, and the companies through which they hold equity interest in our Company, namely, Golden Wheel Realty, Aman Atlantic, Chun Hung, Kang Fu Ming, Green Paragon, Keita International, Fire Spark, Golden Era Forever, Fa Xing, Tien Shan Di Hai, Propitious Winds and Golden Joy Forever, all being are the Controlling Shareholders of the Company and the Company (for itself and as trustee for each of its subsidiaries) entered into the Non-competition Deed, under which, the Controlling Shareholders have given certain undertakings to the Company. Details of which are set out in the section headed "Relationship with Our Controlling Shareholders – Non-competition Deed" in the Prospectus issued by the Company dated 31 December 2012. Each of the Controlling Shareholders declared that they have complied with the Non-competition Deed. The Independent Non-executive Directors have also reviewed the relevant undertakings and have not noticed any non-compliance incident.

# Directors' Report

## LOAN OR GUARANTEE FOR LOAN GRANTED TO THE DIRECTORS

During the year, the Group had not made any loan or provided any guarantee for any loan, directly or indirectly, to the Directors, senior management, its ultimate Controlling Shareholders or their respective connected persons.

## PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

Brief profiles of the current Directors and senior management of the Group are set out in the section headed "Profile of Directors and Senior Management" of this annual report.

## SHARE OPTION SCHEME

Pursuant to the Share Option Scheme adopted by the Company on 10 December 2012, the Directors may invite participants to take up options at a price determined by the Board provided that it shall be at least the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which an offer is made by the Company to the grantee (which date must be a business day, "Offer Date"); (b) a price being the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the Offer Date; and (c) the nominal value of a share of the Company.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as of the date of this annual report unless the Company obtains a fresh approval from the Shareholders to refresh the limit.

The maximum entitlement for any one participant is that the total number of the Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to each participant (including both exercised and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue unless otherwise approved by the Shareholders at a general meeting of the Company.

The option may be exercised in accordance with the terms of the Share Option Scheme at any time during the option period which may be determined and notified by the board of Directors to the grantee at the time of making an offer which shall not expire later than 10 years from the grant date. As of the date of this annual report, no options have been granted or agreed to be granted pursuant to the Share Option Scheme.

## INTEREST OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As of 31 December 2012, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the SFO, which (a) were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code:

## Interests in Shares and underlying Shares of the Company

Name of Director	Capacity/Nature of Interest	Aggregate number of Shares or underlying Shares	Approximate percentage of interest in the issued share capital of the Company (Note)
Wong Yam Yin	Interest of a controlled corporation	1,350,000,000	74.9%
Wong Kam Fai	Interest of a controlled corporation	1,350,000,000	74.9%
Wong Kam Keung, Barry	Interest of a controlled corporation	1,350,000,000	74.9%
Tjie Tjin Fung	Interest of a controlled corporation	1,350,000,000	74.9%
Suwita Janata	Interest of a controlled corporation	1,350,000,000	74.9%
Gunawan Kiky	Interest of a controlled corporation	1,350,000,000	74.9%

### Notes:

On 16 January 2012, our ultimate Controlling Shareholders entered into a deed of acting in concert and a deed of reorganization (collectively, the "Voting Agreements"), among other things, confirm their acting-in-concert agreement in relation to the management of the Group. As such, the ultimate Controlling Shareholders together control the 74.9% interest in the share capital of our Company through Golden Wheel Realty, Aman Atlantic, Chun Hung, Kang Fu Ming, Green Paragon, Keita International, Fire Spark, Golden Era Forever, Fa Xing, Tien Shan Di Hai, Propitious Winds and Golden Joy Forever. As a result of the Voting Agreements, each of our ultimate Controlling Shareholders, Golden Wheel Realty, Aman Atlantic, Chun Hung, Kang Fu Ming, Green Paragon, Keita International, Fire Spark, Golden Era Forever, Fa Xing, Tien Shan Di Hai, Propitious Winds and Golden Joy Forever is deemed to be interested in such 74.9% interest in the share capital of the Company.

Save as disclosed above and to the best knowledge of the Directors, as of the date hereof, none of the Directors and the chief executive has any interests and/or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, as of the date hereof, the following shareholders had notified the Company of its interests and/or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

## Directors' Report

### Long positions in the Shares and underlying Shares

Name of Shareholder(s)	Capacity/Nature of Interest	Aggregate number of Shares or underlying Shares	Approximate percentage of interest in the issued share capital of the Company
Wong Yam Yin <sup>(1)</sup>	Interests held jointly with another person; Interest of a controlled corporation	1,350,000,000	74.9%
Hung So Ling <sup>(1)</sup>	Interests held jointly with another person; Interest of a controlled corporation	1,350,000,000	74.9%
Wong Kam Fai <sup>(1)</sup>	Interests held jointly with another person; Interest of a controlled corporation	1,350,000,000	74.9%
Dai Meng <sup>(2)</sup>	Interest of spouse	1,350,000,000	74.9%
Wong Kam Keung, Barry <sup>(1)</sup>	Interests held jointly with another person; Interest of a controlled corporation	1,350,000,000	74.9%
Chan Yuk Kwan, Elisa <sup>(3)</sup>	Interest of spouse	1,350,000,000	74.9%
Tjie Tjin Fung <sup>(4)</sup>	Interests held jointly with another person; Interest of a controlled corporation	1,350,000,000	74.9%
Tjoeng Tjie Tjen <sup>(5)</sup>	Interest of spouse	1,350,000,000	74.9%
Suwita Janata <sup>(6)</sup>	Interests held jointly with another person; Interest of a controlled corporation	1,350,000,000	74.9%
Oscar Julia <sup>(7)</sup>	Interests held jointly with another person; Interest of a controlled corporation	1,350,000,000	74.9%
Gunawan Kiky <sup>(8)</sup>	Interests held jointly with another person; Interest of a controlled corporation	1,350,000,000	74.9%
Tjia Siong Wen <sup>(9)</sup>	Interest of spouse	1,350,000,000	74.9%
Sjaifudin Aman <sup>(10)</sup>	Interests held jointly with another person; Interest of a controlled corporation	1,350,000,000	74.9%
Winarti Tety <sup>(11)</sup>	Interest of spouse	1,350,000,000	74.9%
Lijaya Hafandi <sup>(12)</sup>	Interests held jointly with another person; Interest of a controlled corporation	1,350,000,000	74.9%
Semiyati <sup>(13)</sup>	Interest of spouse	1,350,000,000	74.9%
Somantry Lili <sup>(14)</sup>	Interests held jointly with another person; Interest of a controlled corporation	1,350,000,000	74.9%
Lie She Moy <sup>(15)</sup>	Interest of spouse	1,350,000,000	74.9%
Haryanto Jamin <sup>(16)</sup>	Interests held jointly with another person; Interest of a controlled corporation	1,350,000,000	74.9%
Haryanto Melania <sup>(17)</sup>	Interest of spouse	1,350,000,000	74.9%

## Directors' Report

Name of Shareholder(s)	Capacity/Nature of Interest	Aggregate number of Shares or underlying Shares	Approximate percentage of interest in the issued share capital of the Company
Gunaman Hadi <sup>(18)</sup>	Interests held jointly with another person; Interest of a controlled corporation	1,350,000,000	74.9%
Liem Ay Hwa <sup>(19)</sup>	Interest of spouse	1,350,000,000	74.9%
Tanuwidjaja Atjen <sup>(20)</sup>	Interests held jointly with another person; Interest of a controlled corporation	1,350,000,000	74.9%
Ismawaty Tetty <sup>(21)</sup>	Interest of spouse	1,350,000,000	74.9%
Trisna Bambang <sup>(22)</sup>	Interests held jointly with another person; Interest of a controlled corporation	1,350,000,000	74.9%
Trisna Livia <sup>(23)</sup>	Interest of spouse	1,350,000,000	74.9%
Golden Wheel Realty <sup>(1)</sup>	Beneficial owner	1,350,000,000	74.9%
Aman Atlantic <sup>(10)</sup>	Beneficial owner	1,350,000,000	74.9%
Chun Hung <sup>(4)</sup>	Beneficial owner	1,350,000,000	74.9%
Kang Fu Ming <sup>(12)</sup>	Beneficial owner	1,350,000,000	74.9%
Green Paragon <sup>(14)</sup>	Beneficial owner	1,350,000,000	74.9%
Keita International <sup>(16)</sup>	Beneficial owner	1,350,000,000	74.9%
Fire Spark <sup>(8)</sup>	Beneficial owner	1,350,000,000	74.9%
Golden Era Forever <sup>(6)</sup>	Beneficial owner	1,350,000,000	74.9%
Fa Xing <sup>(18)</sup>	Beneficial owner	1,350,000,000	74.9%
Tien Shan Di Hai <sup>(20)</sup>	Beneficial owner	1,350,000,000	74.9%
Golden Joy Forever <sup>(7)</sup>	Beneficial owner	1,350,000,000	74.9%
Propitious Winds <sup>(22)</sup>	Beneficial owner	1,350,000,000	74.9%

## Directors' Report

### Notes:

- (1) Shares owned by Mr. Wong Yam Yin, Ms. Hung So Ling, Mr. Wong Kam Fai and Mr. Wong Kam Keung, Barry consist of (i) 580,467,600 Shares held by Golden Wheel Realty, a company controlled by the Wong Family, and (ii) 769,532,400 Shares which may be deemed beneficially owned by each of them as a result of the Voting Agreements. Mr. Wong Yam Yin and Ms. Hung So Ling are husband and wife. Mr. Wong Kam Fai and Mr. Wong Kam Keung, Barry are sons of Mr. Wong Yam Yin and Ms. Hung So Ling.
- (2) Ms. Dai Meng is the spouse of Mr. Wong Kam Fai. Under the SFO, Ms. Dai Meng is deemed to be interested in the same number of Shares in which Mr. Wong Kam Fai is interested.
- (3) Ms. Chan Yuk Kwan, Elisa the spouse of Mr. Wong Kam Keung, Barry. Under the SFO, Ms. Chan Yuk Kwan, Elisa is deemed to be interested in the same number of Shares in which Mr. Wong Kam Keung, Barry is interested.
- (4) Shares owned by Mr. Tjie Tjin Fung consist of (i) 80,158,950 Shares held by Chun Hung, a company wholly owned by Mr. Tjie Tjin Fung and (ii) 1,269,841,050 Shares in which Mr. Tjie Tjin Fung is deemed to be interested as a result of the Voting Agreements.
- (5) Ms. Tjoeng Tjie Tjen is the spouse of Mr. Tjie Tjin Fung. Under the SFO, Ms. Tjoeng Tjie Tjen is deemed to be interested in the same number of Shares in which Mr. Tjie Tjin Fung is interested.
- (6) Shares owned by Mr. Suwita Janata consist of (i) 80,158,950 Shares held by Golden Era Forever, a company wholly owned by Mr. Suwita Jananta, and (ii) 1,269,841,050 Shares in which Mr. Suwita Janata is deemed to be interested as a result of the Voting Agreements. Mr. Suwita Janata is the husband of Ms. Julia Oscar and a brother-in-law of Mr. Wong Yam Yin.
- (7) Shares owned by Ms. Julia Oscar consist of (i) 48,096,450 Shares held by Golden Joy Forever, a company wholly owned by Ms. Julia Oscar, and (ii) 1,301,903,550 Shares in which may be deemed beneficially owned by Ms. Julia Oscar as a result of the Voting Agreements. Ms. Julia Oscar is the wife of Mr. Suwita Janata and the younger sister of Mr. Wong Yam Yin.
- (8) Shares owned by Mr. Gunawan Kiky consist of (i) 80,158,950 Shares held by Fire Spark, a company wholly owned by Mr. Gunawan Kiky, and (ii) 1,269,841,050 Shares in which Mr. Gunawan Kiky is deemed to be interested as a result of the Voting Agreements.
- (9) Ms. Tjia Siong Wen is the spouse of Mr. Gunawan Kiky. Under the SFO, Ms. Tjia Siong Wen is deemed to be interested in the same number of Shares in which Mr. Gunawan Kiky is interested.
- (10) Shares owned by Mr. Sjaifudin Aman consist of (i) 44,088,300 Shares held by Aman Atlantic, a company wholly owned by Mr. Sjaifudin Aman and (ii) 1,305,911,700 Shares in which Mr. Sjaifudin Aman is deemed to be interested as a result of the Voting Agreements.
- (11) Ms. Winarti Tety is the spouse of Mr. Sjaifudin Aman. Under the SFO, Ms. Winarti Tety is deemed to be interested in the same number of Shares in which Mr. Sjaifudin Aman is interested.
- (12) Shares beneficially owned by Mr. Lijaya Hafandi consist of (i) 80,158,950 Shares held by Kang Fu Ming, a company wholly owned by Mr. Lijaya Hafandi, and (ii) 1,269,841,050 Shares in which Mr. Lijaya Hafandi is deemed to be interested as a result of the Voting Agreements.
- (13) Ms. Semiyati is the spouse of Mr. Lijaya Hafandi. Under the SFO, Ms. Semiyati is deemed to be interested in the same number of Shares in which Mr. Lijaya Hafandi is interested.
- (14) Shares owned by Mr. Somantry Lili consist of (i) 80,158,950 Shares held by Green Paragon, a company wholly owned by Mr. Somantry Lili, and (ii) 1,269,841,050 Shares in which Mr. Somantry Lili is deemed to be interested as a result of the Voting Agreements.
- (15) Ms. Lie She Moy is the spouse of Mr. Somantry Lili. Under the SFO, Ms. Lie She Moy is deemed to be interested in the same number of Shares in which Mr. Somantry Lili is interested.
- (16) Shares owned by Mr. Haryanto Jamin consist of (i) 80,158,950 Shares held by Keita International, a company wholly owned by Mr. Haryanto Jamin, and (ii) 1,269,841,050 Shares in which Mr. Haryanto Jamin is deemed to be interested as a result of the Voting Agreements.
- (17) Ms. Haryanto Melania is the spouse of Mr. Haryanto Jamin. Under the SFO, Ms. Haryanto Melania is deemed to be interested in the same number of Shares in which Mr. Haryanto Jamin is interested.
- (18) Shares owned by Mr. Gunaman Hadi consist of (i) 80,158,950 Shares held by Fa Xing, a company wholly owned by Mr. Gunaman Hadi, and (ii) 1,269,841,050 Shares in which by Mr. Gunaman Hadi is deemed to be interested as a result of the Voting Agreements.

- (19) Ms. Liem Ay Hwa is the spouse of Mr. Gunaman Hadi. Under the SFO, Ms. Liem Ay Hwa is deemed to be interested in the same number of Shares in which Mr. Gunaman Hadi is interested.
- (20) Shares owned by Mr. Tanuwidjaja Atjen consist of (i) 64,129,050 Shares held by Tien Shan Di Hai, a company wholly owned by Mr. Tanuwidjaja Atjen, and (ii) 1,285,870,950 Shares in which Mr. Tanuwidjaja Atjen is deemed to be interested as a result of the Voting Agreements.
- (21) Ms. Ismawaty Tetty is the spouse of Mr. Tanuwidjaja Atjen. Under the SFO, Ms. Ismawaty Tetty is deemed to be interested in the same number of Shares in which Mr. Tanuwidjaja Atjen is interested.
- (22) Shares owned by Mr. Trisna Bambang consist of (i) 64,129,050 Shares held by Propitious Winds, a company wholly owned by Mr. Trisna Bambang, and (ii) 1,285,870,950 Shares in which Mr. Trisna Bambang is deemed to be interested as a result of the Voting Agreements.
- (23) Ms. Trisna Livia is the spouse of Mr. Trisna Bambang. Under the SFO, Ms. Trisna Livia is deemed to be interested in the same number of Shares in which Mr. Trisna Bambang is interested.

Save as disclosed above and to the best knowledge of the Directors, as of the date hereof, no person had an interest or a short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of the Part XV of the SFO and no person was, directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital.

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme as adopted on 10 December 2012, at no time during the year under review was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

### DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance (as defined under note 15.2 of Appendix 16 to the Listing Rule) to which the Company, nor any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2012.

### MAJOR SUPPLIERS AND CUSTOMERS

During the year, purchases from the Group's single largest supplier accounted for approximately 20.7% of the Group's total purchases, and the percentage of purchases attributable to the Group's five largest suppliers combined was 33% of the Group's total purchases. The percentage of turnover attributable to the Group's five largest customers combined was less than 30% of the Group's total turnover. The Company was aware that none of the directors nor his connected persons and none of the shareholders possessing over 5% of the interest in the capital of the Company possessed any interest in the above-mentioned suppliers and customers.

### EMPLOYEES

As of 31 December 2012, the Group had a total of approximately 300 full-time employees. The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits and liabilities for breaches and grounds



## Directors' Report

for termination. Remuneration of the Group's employees includes basic salaries, allowances, bonus and other employee benefits.

The Group remunerates its employees based on their performance, working experience and the prevailing market wage level. The total remuneration of the employees consisted of basic salary, cash bonus and share-based incentives.

The emolument policy for the employees of the Group is set up by the Board on the basis of their merit, qualification and competence.

The emoluments of the Directors and senior management of the Group are decided by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

### CONTINUING CONNECTED TRANSACTION

During the year ended 31 December 2012, we have not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of rule 14A.45 of the Listing Rules.

Save as disclosed under the paragraph headed "RELATED PARTY TRANSACTIONS" stated in note 39 of the Notes to the Consolidated Financial Statements, no contract of significance in relation to the Group's business to which the Group was a party and in which a Director had a material interest, whether directly or indirectly, subsisted during the year ended 31 December 2012.

### SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained the public float as required by the Listing Rules during the Relevant Period.

### CORPORATE GOVERNANCE

The Board and management of the Company are committed to maintaining high standards of corporate governance. The Board firmly believes that conducting the Group's business in an transparent and responsible manner and following good corporate governance practices serve

its long-term interests and those of shareholders. The Company has adopted the code provisions set out in the Code of Corporate Governance Practices (the "Corporate Governance Code") contained in Appendix 14 to the Listing Rules as its own code to govern its corporate governance practices. The Board will continue to review and monitor the practices of the Company with an aim to maintaining and improving a high standard of corporate governance practices.

### USE OF GROSS PROCEEDS FROM INITIAL PUBLIC OFFERING ("IPO")

The gross proceeds from the Company's Global Offering amounted to HK\$ 756 million (equivalent to approximately RMB 612 million). The proceeds of HK\$34,882,000 (equivalent to RMB 28,230,000) representing the par value of the issued Shares were credited to the Company's share capital account. The remaining proceeds of HK\$721,118,000 (equivalent to RMB 583,600,000), were credited to the share premium account. As stated in the Prospectus, it is expected that we shall use the net proceeds in the following manner: (a) 50% to finance new projects, including the land acquisition and preliminary construction costs of potential development projects for which we have entered into letters of intents; (b) 40% to finance the development of the Company's projects on hand and under development; and (c) 10% for working capital and other general corporate purposes.

### AUDITOR

Deloitte Touche Tohmatsu was appointed as auditor of the Company since Listing and will retire at the forthcoming AGM. A resolution will be proposed at the forthcoming AGM to re-appoint Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board

**Wong Yam Yin**  
*Chairman*

Hong Kong, 11 March 2013

## Deloitte. 德勤

### TO THE SHAREHOLDERS OF GOLDEN WHEEL TIANDI HOLDINGS COMPANY LIMITED

金輪天地控股有限公司

*(incorporated in the Cayman Islands with limited liability)*

We have audited the consolidated financial statements of Golden Wheel Tiandi Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 59 to 119, which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# *Independent Auditor's Report*

## **OPINION**

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2012, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with disclosure requirements of the Hong Kong Companies Ordinance.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

11 March 2013



# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	NOTES	2012 RMB'000	2011 RMB'000
Revenue	7	<b>963,717</b>	524,495
Cost of sales		<b>(465,196)</b>	(283,434)
Gross profit		<b>498,521</b>	241,061
Other income, expenses, gains and losses	8	<b>(553)</b>	18,599
Selling and marketing expenses		<b>(12,888)</b>	(14,817)
Administrative expenses		<b>(63,081)</b>	(44,244)
Finance costs	9	<b>(4,189)</b>	(6,871)
Share of loss of an associate	17	<b>(1,286)</b>	(407)
Changes in fair value of investment properties	16	<b>81,908</b>	539,919
Profit before tax	10	<b>498,432</b>	733,240
Taxation	12	<b>(213,639)</b>	(220,047)
Profit and total comprehensive income for the year		<b>284,793</b>	513,193
Profit and total comprehensive income attributable to:			
Owners of the Company		<b>276,877</b>	498,488
Non-controlling interests		<b>7,916</b>	14,705
		<b>284,793</b>	513,193
EARNINGS PER SHARE			
– Basic (RMB per share)	13	<b>0.205</b>	0.369

# Consolidated Statement of Financial Position

At 31 December 2012

	NOTES	2012 RMB'000	2011 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	15	113,280	88,189
Investment properties	16	3,230,600	2,850,000
Interest in an associate	17	1,307	2,593
Deferred tax assets	18	38,595	17,890
Amount due from a related company	19	—	120,176
		<b>3,383,782</b>	3,078,848
<b>Current assets</b>			
Properties under development for sale	20	738,043	717,320
Completed properties for sale	21	181,690	153,759
Trade and other receivables	22	28,887	72,892
Deposit and prepayment	23	10,000	—
Prepayments for leasehold land held for development for sale	24	90,453	—
Amount due from an associate	17	—	1,060
Tax prepaid		11,535	18,305
Held for trading investments	25	8,221	—
Restricted bank deposits	26	128,653	15,718
Bank balances and cash	27	98,679	196,641
		<b>1,296,161</b>	1,175,695
<b>Current liabilities</b>			
Trade and other payables	28	239,448	177,366
Rental received in advance		19,797	19,525
Deposits and prepayments received from pre-sale of properties		221,431	643,230
Amounts due to shareholders	29	—	129,098
Tax liabilities		262,744	100,339
Bank borrowings - due within one year	30	192,283	109,104
		<b>935,703</b>	1,178,662
Net current assets (liabilities)		<b>360,458</b>	(2,967)
Total assets less current liabilities		<b>3,744,240</b>	3,075,881

# Consolidated Statement of Financial Position

At 31 December 2012

	NOTES	2012 RMB'000	2011 RMB'000
<b>Non-current liabilities</b>			
Bank borrowings - due after one year	30	309,615	344,600
Rental received in advance		25,650	37,832
Deferred tax liabilities	18	689,897	616,115
		<b>1,025,162</b>	998,547
Net assets		<b>2,719,078</b>	2,077,334
<b>Capital and reserves</b>			
Share capital	31	128	106,000
Reserves	32	2,718,950	1,862,176
Equity attributable to owners of the Company		<b>2,719,078</b>	1,968,176
Non-controlling interests		—	109,158
Total equity		<b>2,719,078</b>	2,077,334

The consolidated financial statements on pages 59 to 119 were approved by the Board of Directors on 11 March 2013 and are signed on its behalf by:

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
DIRECTOR

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	Attributable to owners of the Company				Subtotal RMB'000	Attributable to non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Special reserve RMB'000 (note 32)	Surplus reserve RMB'000 (note 32)	Retained earnings RMB'000			
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 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)	—	—	—
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 year	—	—	—	276,877	276,877	7,916	284,793
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	—	—	41,784	(41,784)	—	—	—
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 Limited (note 37)	—	395,332	—	—	395,332	(111,190)	284,142
At 31 December 2012	128	554,601	52,679	2,111,670	2,719,078	—	2,719,078

## Notes:

- (i) Deemed distribution recorded during the year ended 31 December 2011 represented the difference between the principal amount of the amount due from Nanjing Golden Wheel Real Estate Development Co., Ltd (“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 Limited (“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 carried at amortised 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) being waived by the Ultimate Controlling Shareholders during the year ended 31 December 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 Company Limited (“Golden Wheel Jade”) acquired 100% equity interest in Golden Wheel International Investment Limited (“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.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	2012 RMB'000	2011 RMB'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	498,432	733,240
Adjustments for:		
Depreciation of property, plant and equipment	7,138	3,063
Changes in fair value of investment properties	(81,908)	(539,919)
Changes in fair value of held for trading investments	(2,325)	—
Loss on disposal of property, plant and equipment	—	2
Interest income	(7,367)	(14,071)
Finance costs	4,189	6,871
Share of loss of an associate	1,286	407
Operating cash flows before movements in working capital	419,445	189,593
Decrease in leasehold land held for development for sale	—	229,074
Decrease (increase) in properties under development for sale	199,797	(281,687)
(Increase) decrease in completed properties for sale	(28,724)	52,508
Decrease in trade and other receivables	44,867	18,872
Increase in deposit and prepayment made	(10,000)	—
Decrease in held for trading investments	2,622	—
Increase in trade and other payables	17,201	34,527
Decrease in deposits and prepayments received from pre-sale of properties	(421,799)	(94,831)
Decrease (increase) in amount due from an associate	1,060	(1,060)
(Decrease) increase in rental received in advance	(11,910)	10,068
Increase in prepayment for acquisition of leasehold land held for development for sale	(90,453)	—
Cash generated from operations	122,106	157,064
Income tax and land appreciation tax paid	(55,235)	(23,052)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>66,871</b>	<b>134,012</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	3,343	7,203
Acquisition of subsidiaries (note 37)	15,211	—
Purchases of property, plant and equipment	(9,645)	(23,834)
Increase in investment properties under development	(15,092)	(47,580)
Advances to a related company	(5,003)	(144,000)
Repayments from a related company	8,000	61,000
Investment in an associate	—	(1,500)
Withdrawal of restricted bank deposits	6,157	54,100
Placement of restricted bank deposits	(119,092)	(5,386)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(116,121)</b>	<b>(99,997)</b>



## Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	2012 RMB'000	2011 RMB'000
<b>FINANCING ACTIVITIES</b>		
New bank loans raised	<b>120,683</b>	55,000
Repayment of bank loans	<b>(72,489)</b>	(146,800)
Advances from shareholders	—	2,422
Repayments to shareholders	<b>(62,066)</b>	(42,275)
Proceeds from issue of shares	<b>64</b>	—
Interest paid	<b>(32,272)</b>	(35,317)
Dividends paid	—	(54,108)
Dividends paid to a non-controlling shareholder of subsidiaries	<b>(2,632)</b>	(4,462)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(48,712)</b>	(225,540)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(97,962)</b>	(191,525)
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>196,641</b>	388,166
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER,</b> represented by bank balances and cash	<b>98,679</b>	196,641

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 1. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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 is Cricket Square, Hutchins Drive, P-O. Box 2681, Cayman Islands and principal place of business of the Company is Unit 707, Block B, Seaview Estate, 8 Watson Road, North point, Hong Kong. The principal activity of the Company is investment holding. Its subsidiaries established in the People's Republic of China ("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 Realty Company Limited ("Nanjing Jade Golden Wheel"), Yangzhou Golden Wheel Real Estate Development Co., Ltd ("Yangzhou Golden Wheel Real Estate"), Zhuzhou Golden Wheel Real Estate Development Co., Ltd ("Zhuzhou Golden Wheel Real Estate") and Zhuzhou Golden Wheel Business Management Co., Ltd ("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 years ended 31 December 2011 and 2012.

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 Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"), the Company underwent the reorganization which completed on 18 June 2012 (the "Reorganization"). Golden Wheel Jade was incorporated in the British Virgin Islands ("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 consolidated financial statements have been prepared on the basis as if the Company has always been the holding company of the companies now comprising the Group throughout the years ended 31 December 2011 and 2012.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 1. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

### The Reorganization *(continued)*

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 years ended 31 December 2011 and 2012 or since their respective date of incorporation/establishment/acquisition to 31 December 2012, where this is a shorter period. The consolidated statement of financial position of the Group as at 31 December 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 Company Limited (“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 37.

The consolidated financial statements are 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. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

The Group has applied all the standards, amendments and interpretations issued by the International Accounting Standards Board, which are effective for the Group’s financial period beginning on 1 January 2012.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (CONTINUED)

### New and revised IFRSs in issue but not yet effective

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 <sup>1</sup>
Amendments to IFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures <sup>2</sup>
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance <sup>1</sup>
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities <sup>4</sup>
IFRS 9	Financial Instruments <sup>2</sup>
IFRS 10	Consolidated Financial Statements <sup>1</sup>
IFRS 11	Joint Arrangements <sup>1</sup>
IFRS 12	Disclosure of Interests in Other Entities <sup>1</sup>
IFRS 13	Fair Value Measurement <sup>1</sup>
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income <sup>3</sup>
IAS 19 (Revised 2011)	Employee Benefits <sup>1</sup>
IAS 27 (Revised 2011)	Separate Financial Statements <sup>1</sup>
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures <sup>1</sup>
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities <sup>4</sup>
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2013

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2015

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2012

<sup>4</sup> 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 consolidated financial statements of the Group in the period of initial application.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). In addition, the consolidated financial statements includes applicable disclosures required by the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have 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 consolidated financial statements incorporate the financial statements 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.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement 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 statements 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 existing 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Investment in an associate

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 consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognized in the consolidated statement 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 *Financial Instruments: Recognition and Measurement* 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 consolidated financial statements only to the extent of interests in the associate that are not related to the Group.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided 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 statement of financial position under current liabilities.

### Interest income

Interest income from a financial asset is recognized when it is probable that economic benefits will flow to Group and the amount of income can be measured reliably. 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 (classified as finance lease) 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 statement 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 recognized so as 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. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Property, plant and equipment (continued)

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 disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

### 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.

### 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.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Leasing (continued)

#### 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 statement 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 (i.e. the currency of the primary economic environment in which the entity operates) 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 period in which they are incurred.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years 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 statement 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 for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those 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 associated with 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 are recognized in profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Taxation (continued)

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 statement 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 debt instrument 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 debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (continued)

#### *Financial assets at fair value through profit or loss*

Financial assets at FVTPL representing 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 statement 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (continued)

#### *Impairment of financial assets (continued)*

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.

#### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue cost.

#### *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.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Financial instruments (continued)

#### *Financial liabilities*

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

#### *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 and not designated as at fair value through profit or loss are recognized initially at their 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.

The Group derecognized financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 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, the directors of the Company are 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 the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

#### 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 directors 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 directors' 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 consolidated financial statements 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 the 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.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### Key sources of estimation uncertainty (continued)

#### Net realizable value of properties under development for sale and completed properties 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 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 directors' best available information. The net realizable value of completed properties for sale is determined by reference to directors' 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 properties under development for sale and completed properties for sale may be written down. There is no write-down of properties under development for sale or completed properties for sale in current year.

#### Fair value of investment properties

The Group's investment properties are stated at fair value as at the end of the 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 statement of comprehensive income. In relying on the valuation carried out by the valuers, the directors of the Company have 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 directors' 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 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 in current year.

The capital structure of the Group consists of net debts, which includes the borrowings as disclosed in note 30, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings.

The directors of the Company review 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 borrowings and redemption of borrowings.

## 6. FINANCIAL INSTRUMENTS

### 6A. Categories of financial instruments

	2012 RMB'000	2011 RMB'000
<i>Financial assets</i>		
Loans and receivables (including cash and cash equivalents)	240,716	348,261
Held for trading investments	8,221	—
	<b>248,937</b>	348,261
<i>Financial liabilities</i>		
Amortized cost	696,135	752,924

### 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, amount due from a related company, 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 6. FINANCIAL INSTRUMENTS (CONTINUED)

### 6B. Financial risk management objectives and policies (continued)

#### 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, amounts due to shareholders of the Group and bank borrowings 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:

	2012 RMB'000	2011 RMB'000
Assets		
US\$	1,574	1,329
Liabilities		
US\$	30,683	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 for a 5% change in foreign currency rates. A negative number below indicates a decrease in profit for the year 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.

	2012 RMB'000	2011 RMB'000
US\$	(1,092)	(4,791)

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 6. FINANCIAL INSTRUMENTS (CONTINUED)

### 6B. Financial risk management objectives and policies (continued)

#### 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 the reporting period were outstanding for the whole year. 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 2012 would decrease/increase by approximately RMB176,000 (2011: RMB258,000).

#### 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 year ended 31 December 2012 would increase/decrease by RMB925,000 (2011: Nil) as a result of the changes in fair value of held for trading investments.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 6. FINANCIAL INSTRUMENTS (CONTINUED)

### 6B. Financial risk management objectives and policies (continued)

#### 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 statement of financial position at the end of the reporting period; and
- (b) the amounts of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 35.

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 and restricted bank deposits. At 31 December 2012, approximately 79% (2011: 53%) of the total bank balances and restricted bank deposits were deposited at 2 (2011: 1) banks, representing deposits at each bank with a balance exceeding 10% of total bank balances and restricted bank deposits. 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 6. FINANCIAL INSTRUMENTS (CONTINUED)

### 6B. Financial risk management objectives and policies (continued)

#### 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. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. 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.

	Weighted average effective interest rate %	Undiscounted cash flows			Carrying amount RMB'000
		On demand or less than six months RMB'000	Over six months but less than one year RMB'000	Over one year but less than five years RMB'000	
At 31 December 2012					
Trade and other payables	—	194,237	—	—	194,237
Bank borrowings	5.93	149,088	64,709	338,733	501,898
Financial guarantee contracts	—	241,111	—	—	—
		584,436	64,709	338,733	696,135
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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 6. FINANCIAL INSTRUMENTS (CONTINUED)

### 6B. Financial risk management objectives and policies (continued)

#### Liquidity risk (continued)

Bank loans with a repayment on demand clause are included in the “on demand or less than six months” time band in the above maturity analysis. As at 31 December 2012, the aggregate undiscounted principal amounts of these bank loans amounted to RMB30,000,000 (2011: nil). Taking into account the Group’s financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid in three years after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to RMB34,233,600.

The total undiscounted cash flows of financial guarantee contracts 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 the 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 the 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 consolidated financial statements 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 in the current and prior years.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 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 RMB'000	Property investment RMB'000	Total RMB'000
<b>For the year ended 31 December 2012</b>			
Segment revenue	863,428	100,289	963,717
Segment results	378,161	54,195	432,356
Other income, expenses, gains and losses			(553)
Finance costs			(4,189)
Unallocated corporate expenses			(9,804)
Share of loss of an associate			(1,286)
Changes in fair value of investment properties			81,908
Profit before tax			498,432
<b>For the year ended 31 December 2011</b>			
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

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the reporting year.

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.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Segment assets and liabilities

	Property development RMB'000	Property investment RMB'000	Total RMB'000
<b>As at 31 December 2012</b>			
Segment assets	1,011,318	3,334,077	4,345,395
Property, plant and equipment			16,567
Other receivables, deposits and prepayments			30,989
Restricted bank deposits			128,653
Bank balances and cash			98,679
Other unallocated assets			59,660
Total assets			4,679,943
Segment liabilities	424,936	45,446	470,382
Tax liabilities			262,744
Bank borrowings			501,898
Deferred tax liabilities			689,897
Other unallocated liabilities			35,944
Total liabilities			1,960,865
<b>As at 31 December 2011</b>			
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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Segment assets and liabilities (continued)

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

- Other than investment properties, completed car parks and car parks under construction (included in property, plant and equipment), 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 year ended 31 December 2012 (2011: nil).

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

	2012 RMB'000	2011 RMB'000
Interest income	3,343	7,203
Imputed interest income on amount due from a related company	4,024	6,868
Loss on disposal of property, plant and equipment	—	(2)
Changes in fair value of held for trading investments	2,325	—
Net foreign exchange gains	1,018	5,610
Listing expenses	(12,819)	(1,500)
Others	1,556	420
	(553)	18,599

## 9. FINANCE COSTS

	2012 RMB'000	2011 RMB'000
Interests on bank loans wholly repayable within five years	32,272	35,317
Less: Amount capitalized to properties under development for sale and investment properties under development	(28,083)	(28,446)
	4,189	6,871

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 10. PROFIT BEFORE TAX

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

	2012 RMB'000	2011 RMB'000
Directors' remunerations (note 11)	2,314	416
Other staff costs:		
– Salaries and other benefits	27,791	18,999
– Retirement benefit scheme contributions	3,642	4,225
Total staff costs	33,747	23,640
Less: Amount capitalized to properties under development for sale and investment properties under development	(6,641)	(6,160)
	27,106	17,480
Rental income in respect of investment properties	(91,107)	(74,924)
Less: Direct operating expenses of investment properties that generated rental income	7,210	4,647
	(83,897)	(70,277)
Cost of properties sold	404,482	253,266
Auditor's remuneration	845	720
Depreciation of property, plant and equipment	7,138	3,063
Rental expenses of properties under operating lease	5,801	3,096



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

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

	Fees RMB'000	Salaries, and other benefits RMB'000	Performance related payments (note c) RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
<b>For the year ended</b>					
<b>31 December 2012</b>					
<i>Executive directors</i>					
Mr. Wong Yam Yin	61	—	—	—	61
Mr. Wong Kam Fai (note a)	24	656	—	5	685
Mr. Wong Kam Keung Barry	24	339	—	5	368
Mr. Chan Wai Kin	24	500	486	10	1,020
Mr. Tjie Tjin Fung	49	—	—	—	49
Mr. David Janata	41	—	—	—	41
<i>Non-executive directors</i>					
Mr. Kiky Gunawan	41	—	—	—	41
Mr. Janata Suwita	49	—	—	—	49
<i>Independent non-executive directors (note b)</i>					
Mr. Hui Yan Moon	—	—	—	—	—
Mr. Wong Ying Loi	—	—	—	—	—
Ms. Howe Sau Man	—	—	—	—	—
Mr. Lie Tak Sen	—	—	—	—	—
	313	1,495	486	20	2,314

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

	Fees RMB'000	Salaries, and other benefits RMB'000	Performance related payments (note c) RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
<b>For the year ended 31 December 2011</b>					
<i>Executive directors</i>					
Mr. Wong Yam Yin	—	—	—	—	—
Mr. Wong Kam Fai (note a)	46	—	—	—	46
Mr. Wong Kam Keung Barry	42	—	—	—	42
Mr. Chan Wai Kin	—	150	—	—	150
Mr. Tjie Tjin Fung	—	—	—	—	—
Mr. David Janata	—	—	—	—	—
<i>Non-executive directors</i>					
Mr. Kiky Gunawan	91	—	—	—	91
Mr. Janata Suwita	87	—	—	—	87
	266	150	—	—	416

Notes:

- (a) Mr. Wong Kam Fai is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.
- (b) Mr. Hui Yan Moon, Mr. Wong Ying Loi, Ms. Howe Sau Man and Mr. Lie Tak Sen were appointed as independent non-executive directors on 10 December 2012.
- (c) The performance related payment is determined by reference to the individual performance of the directors.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

The five highest paid individuals included two (2011: nil) directors for the year ended 31 December 2012, whose emoluments are included in the above. The emoluments of the remaining three (2011: five) individuals are as follows:

	2012 RMB'000	2011 RMB'000
Employees:		
– Salaries and other benefits	986	1,454
– Performance related bonuses	856	1,258
– Retirement benefit scheme contributions	47	90
	<b>1,889</b>	2,802

Their emoluments were within the following bands:

	2012 No. of employees	2011 No. of employees
HK\$ nil to HK\$1,000,000	3	5

During the year, 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 year.

## 12. TAXATION

	2012 RMB'000	2011 RMB'000
Current tax:		
– PRC enterprise income tax	99,382	45,043
– Land appreciation tax	105,500	43,898
– Withholding tax on distribution of earnings from PRC subsidiaries	3,628	2,752
	<b>208,510</b>	91,693
Deferred tax	5,129	128,354
	<b>213,639</b>	220,047

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 12. TAXATION (CONTINUED)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements 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%.

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 year, 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 both years can be reconciled to the accounting profit as follows:

	2012 RMB'000	2011 RMB'000
Profit before tax	498,432	733,240
Tax at PRC enterprise income tax rate of 25%	124,608	183,310
Tax effect of expenses not deductible for tax purpose	2,288	915
Tax effect of income not taxable for tax purpose	(2,401)	(2,217)
Effect of tax losses not recognized	1,034	—
Utilization of tax losses and deductible temporary differences not previously recognized	—	(73)
LAT	105,500	43,898
Tax effect of LAT	(26,375)	(10,975)
Withholding tax on undistributed profit of PRC subsidiaries	8,985	5,189
	<b>213,639</b>	220,047

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 13. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

<b>Earnings</b>	<b>2012 RMB'000</b>	2011 RMB'000
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	<b>276,877</b>	498,488
<b>Number of shares</b>	<b>'000</b>	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>1,349,969</b>	1,349,933

The calculation of the weighted average number of ordinary shares for the purpose of basic earnings per share has taken into account the shares issued and outstanding during year and on the assumption that the Reorganization (note 1) and Capitalization Issue (note 41) have been effective on 1 January 2011.

Diluted earnings per share is not presented as no potential ordinary shares were outstanding during both years.

## 14. DIVIDENDS

No dividend has been paid 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 year ended 31 December 2012.

Subsequent to 31 December 2012, a final dividend of RMB0.055 in respect of the year ended 31 December 2012 per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RMB'000	Motor vehicles RMB'000	Computers and office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
<b>Cost</b>						
At 1 January 2011	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	—	232	246	—	9,167	9,645
Transfers	35,483	—	—	—	(35,483)	—
Transfer from completed properties for sale	793	—	—	—	—	793
Acquisition of subsidiaries	—	78	—	—	21,713	21,791
Disposals	—	—	(286)	—	—	(286)
At 31 December 2012	76,296	3,136	1,662	11,146	36,224	128,464
<b>Depreciation</b>						
At 1 January 2011	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 year	4,439	133	337	2,229	—	7,138
Eliminated on disposals	—	—	(286)	—	—	(286)
At 31 December 2012	6,241	2,675	1,100	5,168	—	15,184
<b>Carrying Value</b>						
At 31 December 2011	38,218	284	653	8,207	40,827	88,189
At 31 December 2012	70,055	461	562	5,978	36,224	113,280

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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 2012, land and buildings with carrying amount of approximately RMB12,200,000 (2011: RMB12,900,000) were pledged to banks to secure certain banking facilities granted to the Group.

As at 31 December 2012, construction in progress with carrying amount of approximately RMB20,380,000 (2011: nil) was 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 RMB'000	Investment properties under development RMB'000	Total RMB'000
<b>Fair Value</b>			
At 1 January 2011	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
Additions	—	15,092	15,092
Acquisition of subsidiaries	45,600	238,000	283,600
Increase in fair value	75,000	6,908	81,908
At 31 December 2012	2,970,600	260,000	3,230,600

The fair values of the Group's investment properties were arrived at on the basis of a valuation carried out at the end of the reporting and the date of acquisition of subsidiaries by CBRE HK Limited. CBRE HK Limited 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 16. INVESTMENT PROPERTIES (CONTINUED)

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 2012, the Group's investment properties with a carrying amount of approximately RMB2,156,000,000 (2011: RMB1,844,000,000) 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.

## 17. INTEREST IN AN ASSOCIATE

	2012 RMB'000	2011 RMB'000
Cost of investment in an associate - unlisted	3,000	3,000
Share of post - acquisition losses	(1,693)	(407)
	<b>1,307</b>	2,593

The Group's 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
		2012	2011	
Nanjing Pocui Jiudian Guanli Co., Ltd. (南京珀翠酒店管理有限公司) ("Nanjing Pocui")	PRC	30%	30%	Restaurant operations

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 17. INTEREST IN AN ASSOCIATE (CONTINUED)

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

	2012 RMB'000	2011 RMB'000
Total assets	10,340	10,166
Total liabilities	(5,983)	(1,522)
Net assets	4,357	8,644
Group's share of net assets of the associate	1,307	2,593

	2012 RMB'000	2011 RMB'000
Total revenue	16,722	226
Total loss for the year	(4,287)	(1,356)
Group's share of loss of the associate	(1,286)	(407)

### *Amount due from an associate*

At 31 December 2011, the amount represented rental receivable from the associate, which was aged between 61 to 180 days and past due but not impaired as the directors of the Company considered the amount would be recoverable. The amount was fully settled during the year ended 31 December 2012.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 18. DEFERRED TAX

For the purpose of consolidated statement 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:

	2012 RMB'000	2011 RMB'000
Deferred tax assets	38,595	17,890
Deferred tax liabilities	(689,897)	(616,115)
	<b>(651,302)</b>	(598,225)

The deferred tax assets (liabilities) recognized by the Group and movements thereon during the year:

	LAT provision and other deductible temporary differences RMB'000	Changes in fair value of investment properties RMB'000	Withholding tax on undistributed profits of PRC subsidiaries RMB'000	Total RMB'000
At 1 January 2011	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	20,705	(20,477)	(8,985)	(8,757)
Acquisition of subsidiaries	—	(47,948)	—	(47,948)
Reversal upon payment of withholding tax	—	—	3,628	3,628
At 31 December 2012	38,595	(678,088)	(11,809)	(651,302)

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 RMB54 million as at 31 December 2012 (2011: RMB19 million), which was 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.

At the end of reporting period, the Group has unused tax losses approximately RMB4,136,000 (2011: nil) available for offset against future profits which will expire in 2017. No deferred tax asset has been recognized in respect of these tax losses due to unpredictability of future profit streams.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 19. AMOUNT DUE FROM A RELATED COMPANY

	2012 RMB'000	2011 RMB'000
<b>Amount due from a related company:</b>		
Nanjing Golden Wheel Real Estate (note)	—	120,176
Maximum amount outstanding during the year:		
Nanjing Golden Wheel Real Estate (note)	<b>132,800</b>	153,082

Note: 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 since 18 June 2012. Subsequent to the acquisition, the amount due from Nanjing Golden Wheel Real Estate was waived by the Group.

## 20. PROPERTIES UNDER DEVELOPMENT FOR SALE

	2012 RMB'000	2011 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	—	285,210

As at 31 December 2012, certain of the Group's properties under development for sale with a carrying amount of approximately RMB497,000,000 (2011: RMB498,000,000) were pledged to banks to secure certain banking facilities granted to the Group.

## 21. COMPLETED PROPERTIES FOR SALE

As at 31 December 2012, certain of the Group's completed properties for sale with a carrying amount of approximately RMB90,000,000 (2011: RMB57,000,000) were pledged to banks to secure certain banking facilities granted to the Group.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

### 22. TRADE AND OTHER RECEIVABLES

	2012 RMB'000	2011 RMB'000
Trade receivable	1,897	5,091
Other receivables and prepaid expenses	11,495	8,728
Advances to contractors	3,890	21,559
Deposits	—	847
Other taxes prepaid	11,605	36,667
	<b>28,887</b>	72,892

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 following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the date of delivery of properties/date of rendering of services which approximated the respective dates on which revenue was recognized.

	2012 RMB'000	2011 RMB'000
0 to 30 days	1,119	2,987
31 to 60 days	—	818
61 to 180 days	—	740
181 to 365 days	711	453
Over 1 year	67	93
	<b>1,897</b>	5,091

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 22. TRADE AND OTHER RECEIVABLES (CONTINUED)

At the end of the 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 past due but not impaired:

	2012 RMB'000	2011 RMB'000
0 to 180 days	765	4,092
181 to 365 days	711	453
Over 1 year	67	93
	<b>1,543</b>	4,638

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:

	2012 RMB'000	2011 RMB'000
1 January	1,095	1,095
Impairment losses recognized on trade receivables	—	—
31 December	<b>1,095</b>	1,095

## 23. DEPOSIT AND PREPAYMENT

During the year, the Group has agreed with an independent third party to set up a non-wholly own subsidiary for the development of certain property project in the PRC which such party has property interest. As at 31 December 2012, the Group has made (i) a restricted bank deposit of RMB6,000,000 to be used as capital injection to this subsidiary; and (ii) a prepayment of RMB4,000,000 to such party representing prepaid lease for the relevant property interest. Subsequent to 31 December 2012, the subsidiary has been set up. For details of such arrangements, please refer to heading under "Nanjing Changhong Road Project" in the "Business" section of the prospectus issued by the Company on 31 December 2012.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 24. PREPAYMENTS FOR LEASEHOLD LAND HELD FOR DEVELOPMENT FOR SALE

The amounts as at 31 December 2012 represent prepayments for leasehold land held for development for sale, of which the land has not been handed over to the Group as at 31 December 2012.

## 25. HELD FOR TRADING INVESTMENTS

	2012 RMB'000	2011 RMB'000
Equity securities listed in PRC	8,221	—

## 26. RESTRICTED BANK DEPOSITS

	2012 RMB'000	2011 RMB'000
Deposits pledged for banking facilities (note a)	119,092	4,905
Deposits pledged for guarantees granted to customers (note b)	9,561	10,813
	<b>128,653</b>	15,718

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:

	2012 RMB'000	2011 RMB'000
Range of interest rate per annum	0.35%-0.40%	0.50%-1.49%

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 27. 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:

	<b>2012</b> <b>RMB'000</b>	2011 RMB'000
Range of interest rate per annum	<b>0.01%-1.39%</b>	0.01% - 1.49%

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

	<b>2012</b> <b>RMB'000</b>	2011 RMB'000
RMB equivalent of US\$	<b>1,574</b>	1,329

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.

	<b>2012</b> <b>RMB'000</b>	2011 RMB'000
Bank balances and cash denominated in RMB	<b>97,105</b>	195,312

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 28 TRADE AND OTHER PAYABLES

	2012 RMB'000	2011 RMB'000
Trade payables:		
0 to 60 days	<b>98,414</b>	123,139
61 to 180 days	<b>220</b>	2,514
181 to 365 days (note)	<b>62,575</b>	11,961
Over 1 year	<b>42,296</b>	602
	<b>203,505</b>	138,216
Deposits	<b>14,036</b>	20,568
Other taxes payable	<b>1,723</b>	4,832
Other payables and accrued expenses	<b>20,184</b>	13,750
	<b>239,448</b>	177,366

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

At 31 December 2012, trade payables include retention money of approximately RMB31,647,000 (2011: RMB18,001,000), which relates to 5% to 15% of the contract prices.

Note: As at 31 December 2012, trade payable of approximately RMB36,180,000 (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 31 December 2012, and the properties are expected to be completed in June 2013.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 29. AMOUNTS DUE TO SHAREHOLDERS

	2012 RMB'000	2011 RMB'000
Sjaifudin Aman	—	4,963
Tjie Tjin Fung	—	9,024
Hafandi Lijaya	—	7,671
Lili Somantry	—	9,024
Jamin Haryanto	—	9,024
Kiky Gunawan	—	9,024
Janata Suwita	—	9,024
Hadi Gunaman	—	9,024
Tjhin Tjin Sen	—	7,219
Bambang Trisna	—	7,219
Julia Oscar	—	5,415
Golden Wheel Properties Investment	—	42,467
	—	129,098

The above amounts were unsecured, interest-free and repayable on demand. These non-trade amounts arose as a result of advances from the Ultimate Controlling Shareholders. During the year ended 31 December 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 were denominated in US\$.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

### 30. BANK BORROWINGS

	2012 RMB'000	2011 RMB'000
Carrying amount repayable of secured bank borrowings*:		
– Within 1 year	162,283	109,104
– After 1 year but within 2 years	182,800	101,800
– After 2 years but within 5 years	126,815	242,800
	471,898	453,704
Carrying amount of secured bank loans contain a repayment on demand clause (shown under current liabilities)	30,000	—
	501,898	453,704
Less: Amounts due within one year shown under current liabilities	(192,283)	(109,104)
Amounts shown under non-current liabilities	309,615	344,600

\* The amounts due are based on scheduled repayment dates set out in the loan agreements.

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

	2012 RMB'000	2011 RMB'000
Fixed-rate bank borrowings	5.36% and 6.21%	5.36%
Variable-rate bank borrowings	2.08%-8.64%	5.85%-7.94%

The Group's bank borrowings are denominated in RMB and US\$.

Details of the assets pledged and guarantees for the secured bank borrowings are set out in notes 15, 16, 20, 21, 26 and 39.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 31. SHARE CAPITAL

	The Company	
	Number of shares	Share capital US\$
Authorized:		
Ordinary shares of US\$0.01 each		
At date of incorporation and 31 December 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 31 December 2012	2,000,000	20,000
		<b>RMB'000</b>
Shown in the consolidated statement of financial position as at 31 December 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 2011 represents the share capital of Golden Wheel International Investment.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 32. 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 year ended 31 December 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 being the difference between the principal amount of the amount due from Nanjing Golden Wheel Real Estate and its fair value at initial recognition which represents the balance of special reserve as at 1 January 2011 and the amount recorded during the year ended 31 December 2011. 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 of RMB11,597,000 represents the difference between the amount due from Nanjing Golden Wheel Real Estate carried 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 32. RESERVES (CONTINUED)

### Surplus reserve (continued)

#### (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.

## 33. OPERATING LEASE COMMITMENTS

### The Group as lessee

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

	2012 RMB'000	2011 RMB'000
Within one year	5,801	5,801
In the second to the fifth year inclusive	25,090	18,129
After the fifth year	56,029	68,791
	<b>86,920</b>	92,721

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



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 33. OPERATING LEASE COMMITMENTS (CONTINUED)

### The Group as lessor

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	2012 RMB'000	2011 RMB'000
Within one year	73,364	69,449
In the second to the fifth year inclusive	144,800	135,984
After the fifth year	27,909	35,614
	<b>246,073</b>	241,047

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 during the year ended 31 December 2012 was approximately RMB1,922,000 (2011: RMB4,666,000).

## 34. OTHER COMMITMENTS

	2012 RMB'000	2011 RMB'000
Commitments contracted for but not provided in the consolidated financial statements in respect of:		
– Construction of properties under development for sale	189,163	125,000
– Construction of investment properties under development	22,460	—
– Construction of properties for own use	7,977	3,000
Commitments authorized but not contracted in respect of:		
– Leasehold land held for development for sale	170,547	—
	<b>390,147</b>	128,000

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 35. CONTINGENT LIABILITIES

	2012 RMB'000	2011 RMB'000
Mortgage loan guarantees provided by the Group to banks in favor of its customers	<b>241,111</b>	185,089

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 2012 (2011:RMB1.1 million) in respect of non-compliance of relevant PRC rules and regulations in relation to early delivery of certain properties in Golden Wheel Time Square, which has not been provided in the consolidated financial statements as the directors of the Company consider the amount involved not significant.

## 36. 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 employee. The only obligation of the Group with respect of the MPF Scheme is to make the required contributions under the MPF 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 37. 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 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 Wong Family.

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

	<b>RMB'000</b>
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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 38. MAJOR NON-CASH TRANSACTIONS

- (a) During the year ended 31 December 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.

## 39. RELATED PARTY TRANSACTIONS

Other than as disclosed in notes 17, 29 and 37, during the year, the Group has entered into the following transactions with related parties:

- Sales of completed properties for sale:

	2012 RMB'000	2011 RMB'000
Ultimate Controlling Shareholders and/or their close family members	771	—
Other family members of the Ultimate Controlling Shareholders	—	733
Members of key management	—	458
	<b>771</b>	1,191

- Marketing expenses:

	2012 RMB'000	2011 RMB'000
Nanjing Shiyijia Yingxiao Guanli Zixun Co., Ltd. ("Shiyijia") (note 1 below) (南京世藝佳營銷管理諮詢有限公司)	—	900

- Imputed interest income:

	2012 RMB'000	2011 RMB'000
Nanjing Golden Wheel Real Estate (note 2 below)	4,024	6,868

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 39. RELATED PARTY TRANSACTIONS (CONTINUED)

- Rental income:

	2012 RMB'000	2011 RMB'000
Nanjing Donut Times Food Co., Ltd. (南京多納時光食品有限公司) ("Donut Times") (note 3 below)	—	172
Nanjing Pocui	5,325	1,060
	<b>5,325</b>	1,232

Note 1: Shiyijia is wholly owned by the sister of the spouse of Mr. Wong Kam Fai, a director and shareholder of the Company.

Note 2: 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 8.78% per annum in the year of 2011. 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 3: 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 30) with the following carrying amounts are guaranteed by:

	2012 RMB'000	2011 RMB'000
Mr. Wong Yam Yin (note a)	123,867	102,067
Mr. Wong Kam Fai	138,867	117,067
Nanjing Golden Wheel Real Estate	—	6,400
Golden Wheel Trading Company Limited (note b)	101,666	95,666
Golden Wheel (Group) Company Limited (note c)	15,000	15,000
	<b>379,400</b>	336,200

Notes:

- Mr. Wong Yam Yin is an ultimate shareholder of the Company.
- Golden Wheel Trading Company Limited is wholly owned by Wong Family.
- Golden Wheel (Group) Company Limited is wholly owned by Wong Family.

Since the date of acquisition as detailed in note 37, the guarantee granted by Nanjing Golden Wheel Real Estate has been eliminated upon consolidation.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 39. RELATED PARTY TRANSACTIONS (CONTINUED)

- 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.

### Compensation of key management personnel

The remuneration of the directors and other members of key management during the year is as follow:

	2012 RMB'000	2011 RMB'000
Directors' remunerations	2,314	416
Members of key management:		
Salaries and other benefits	2,236	1,862
Retirement benefit scheme contributions	94	87
	4,644	2,365

## 40. 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 31 December 2012 includes:

	2012 RMB'000
Unlisted investments in subsidiaries	698,266
Cash	64
	698,330
Amounts due to subsidiaries	5,321
Net assets	693,009
Share capital (note 31)	128
Capital reserve	698,202
Accumulated loss	(5,321)
Total equity	693,009

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 40. FINANCIAL INFORMATION OF THE COMPANY (CONTINUED)

### Movement in reserves

	Capital reserve RMB'000	Accumulated loss RMB'000	Total RMB'000
At 26 April 2012 (incorporation date)	—	—	—
Capital reserve arising from group reorganization (Note)	698,202	—	698,202
Loss for the period	—	(5,321)	(5,321)
At 31 December 2012	698,202	(5,321)	692,881

Note:

Capital reserve of the Company represents the difference between par value of ordinary shares issued by the Company and the equity of 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 through the issuance of the Company's shares.

## 41. EVENTS AFTER THE REPORTING PERIOD

### (i) Capitalization Issue

On 10 December 2012, pursuant to the resolution of the then shareholders of the Company, it was approved to issue 1,348,000,000 ordinary shares of US\$0.01 each to such shareholders by way of capitalization of US\$13,480,000 (equivalent to RMB84,580,000) from the share premium account upon listing of the Company's shares on the Hong Kong Stock Exchange (the "Capitalization Issue"). Such shares were issued on 16 January 2013, being the date on which dealings in the shares of the Company first commence on the Hong Kong Stock Exchange (the "Listing Date").

### (ii) Initial Global Offering

On 16 January 2013, being the Listing Date, the Company issued a total of 450,000,000 ordinary shares US\$0.01 each at a price of HK\$1.68 per share as a result of the completion of the Initial Global Offering. Of the total gross proceeds, HK\$34,882,000 (equivalent to RMB28,230,000) representing the par value were credited to the Company's share capital and HK\$721,118,000 (equivalent to RMB583,600,000), before the share issue expenses, was credited to the share premium account. Number of total issued shares of the Company was increased to 1,800,000,000 shares upon completion of the Initial Global Offering and the Capitalization Issue.

### (iii) Partial exercise of over-allotment option

Pursuant to the partial exercise of the over-allotment option granted by the Company in the Initial Global Offering, a total of 2,456,000 ordinary shares US\$0.01 each were allotted and issued by the Company on 15 February 2013. Number of total issued shares of the Company was increased to 1,802,456,000 shares as a result.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

## 42. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Name of company	Place and date of incorporation/ establishment/ operation	Issued and fully paid share capital/ registered capital	Attributable equity interest of the Group		Principal activities
			2012 %	2011 %	
Golden Wheel Jade <sup>1</sup> (金輪翡翠有限公司)	BVI 8 May 2012	US\$1	100	—	Investment holding
Golden Wheel Pearl <sup>1</sup> (金輪明珠有限公司)	BVI 8 May 2012	US\$1	100	—	Investment holding
Golden Wheel Diamond Company Limited <sup>1</sup> (金輪鑽石有限公司) ("Golden Wheel Diamond")	BVI 26 June 2012	US\$1	100	—	Investment holding
Golden Wheel International Investment (金輪國際投資有限公司)	Hong Kong 17 May 2002	HK\$100,000,000	100	100	Investment holding
Golden Wheel International Corporation (金輪國際興業有限公司)	Hong Kong 7 July 2010	HK\$48,000,000	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 <sup>2</sup> Nanjing Jade Golden Wheel <sup>3</sup>	PRC 21 June 2002	US\$14,950,000	100	92.5	Property development and property leasing
株洲金輪房地產開發有限公司 <sup>2</sup> Zhuzhou Golden Wheel Real Estate <sup>3</sup>	PRC 30 July 2004	US\$13,200,000	100	100	Property development and property leasing
揚州金輪房地產開發有限公司 <sup>2</sup> Yangzhou Golden Wheel Real Estate <sup>3</sup>	PRC 15 December 2006	US\$13,000,000	100	96.25	Property development
株洲金輪商業管理有限公司 <sup>2</sup> Zhuzhou Golden Wheel Business Management <sup>3</sup>	PRC 1 February 2010	RMB500,000	100	100	Property operation management
南京金輪房地產開發有限公司 <sup>2</sup> Nanjing Golden Wheel Real Estate <sup>3</sup>	PRC 21 April 1994	US\$6,130,000	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.



## Summary of Financial Information

	For the year ended 31 December			
	2012 RMB'000	2011 RMB'000	2010 RMB'000	2009 RMB'000
<b>RESULTS</b>				
Revenue	<b>963,717</b>	524,495	483,524	493,800
Profit before taxation	<b>498,432</b>	733,240	408,443	414,663
Income taxes	<b>(213,639)</b>	(220,047)	(115,067)	(136,227)
Profit for the year	<b>284,793</b>	513,193	293,376	278,436
Attributable to:				
Owners of the Company	<b>276,877</b>	498,488	280,744	263,403
Non-controlling interests	<b>7,916</b>	14,705	12,632	15,033
	<b>284,793</b>	513,193	293,376	278,436
Earnings per share, RMB				
Basic	<b>0.205</b>	0.369	N/A	N/A
Diluted	<b>N/A</b>	N/A	N/A	N/A
<b>ASSETS AND LIABILITIES</b>				
Total assets	<b>4,679,943</b>	4,254,543	3,800,116	3,039,726
Total liabilities	<b>(1,960,865)</b>	(2,177,209)	(2,164,222)	(1,685,095)
	<b>2,719,078</b>	2,077,334	1,635,894	1,354,631
Equity attributable to owners of the Company	<b>2,719,078</b>	1,968,176	1,536,979	1,268,348
Non-controlling interests	—	109,158	98,915	86,283
	<b>2,719,078</b>	2,077,334	1,635,894	1,354,631

The consolidated financial statements of the Group are only available since the year ended 31 December 2009.

## Particulars of Principal Properties

### SUMMARY OF VALUES

No.	Property Interests	Occupancy	Description and tenure	Percentage of interest attribute to the Group
<b>(A) PROPERTY INTERESTS HELD BY THE GROUP FOR INVESTMENT IN THE PRC</b>				
1.	Retail portion of “Golden Wheel International Plaza”, No.8, Hanzhong Road, Gulou District, Nanjing City, Jiangsu Province, the PRC	The property is currently fully rented by various tenants for various terms with the latest expiry date on 4 September 2023.	<p>“Golden Wheel International Plaza” is a comprehensive development with office, retail shops and underground car parking spaces. It consists of a 30-storey main building and a 5-storey podium building. The plaza has a total floor area of approximately 98,031.07 sq.m., occupying a site with an area of approximately 11,341.1 sq.m.</p> <p>The property was completed in 2008.</p> <p>The property is held under State-owned Land Use Right Certificates for commercial and retail use expiring on 5 October 2034.</p>	100%
2.	Retail portion of Development “Golden Wheel Waltz”, No.7, Shengjiuren Lane, Gulou District, Nanjing City, Jiangsu Province, the PRC	The property is currently fully rented by various tenants for various terms with the latest expiry date on 21 January 2018.	<p>“Golden Wheel Waltz” is an 8-storey building with retail and residential apartments. The development has a total floor area of approximately 7,994.58 sq.m., occupying a site with an area of approximately 2,046.4 sq.m.</p> <p>The property was completed in 2009.</p> <p>The property is held under State-owned Land Use Right Certificates for commercial and office use expiring on 26 February 2046.</p>	100%

## Particulars of Principal Properties

No.	Property Interests	Occupancy	Description and tenure	Percentage of interest attribute to the Group
3.	A retail component on the second floor underground and several underground car parking spaces of “Golden Wheel Building”, No.108, Hanzhong Road, Gulou District, Nanjing City, Jiangsu Province, the PRC	Retail portion of the property is currently rented by a tenant for a restaurant with expiry date on 28 February 2021. The other portion of the property is currently operated as carpark.	<p>“Golden Wheel Building” is a 25-storey building with a total floor area of approximately 27,000 sq.m., occupying a site with an area of approximately 4,917.74 sq.m.</p> <p>The property was completed in 2003.</p> <p>The B2 retail portion of the property is held under State-owned Land Use Right Certificates for commercial use, expiring on 19 December 2040; and the car parking spaces portion of the property is held under State-owned Land Use Right Certificates for office use expiring on 19 December 2050 and residential use expiring on 19 December 2070.</p>	100%
4.	Portions of “Golden Wheel Time Square”, Chezhan Road, Lusong District, Zhuzhou City, Hunan Province, the PRC	Portions of the property with a total GFA of approximately 28,380.02 sq.m. are leased to various tenants as retail shops, the remainings are vacant.	<p>“Golden Wheel Time Square” is a mixed-use building comprising retail and residential with a total GFA of approximately 134,096.32 sq.m. Portion of the property with GFA of approximately 132,171.32 sq.m. is subject to ownership certificate for garage, commercial and residential use; the remaining portion with GFA of approximately 1,925 sq.m. is for ancillary use. It occupies a site with an area of approximately 13,501.41 sq.m.</p> <p>The property was completed in 2011.</p> <p>The land use right of the property are held under a State-owned Land Use Right Certificate for a term with the expiry date on 21 February 2048.</p>	100%

## Particulars of Principal Properties

No.	Property Interests	Occupancy	Description and tenure	Percentage of interest attribute to the Group
5.	8 street retail units in “Golden Wheel Green Garden”, No. 28, Wei Gang, Xuanwu District, Nanjing City, Jiangsu Province, the PRC	The property is currently rented by 6 tenants for various terms with the latest expiry date on 15 April 2015.	<p>The property consists of 8 retail units with street-frontage occupying a total GFA of 1,020.97 sq.m. in “Golden Wheel Green Garden”. One unit is duplex-style premises with a total GFA of 206.24 sq.m. over 1F and 2F and the other 7 single-storey units are located on 1F with a total GFA of 814.73 sq.m.</p> <p>The property was completed in approximately 2002.</p> <p>The property is held under State-owned Land Use Right Certificates for commercial and office use expiring on 2 April 2041.</p>	100%

## Particulars of Principal Properties

No.	Property Interests	Occupancy	Description and tenure	Percentage of interest attribute to the Group
<b>(B) PROPERTY INTERESTS HELD BY THE GROUP FOR SALE OR OCCUPATION IN THE PRC</b>				
6.	The unsold office portions of “Golden Wheel International Plaza”, No.8, Hanzhong Road, Gulou District, Nanjing City, Jiangsu Province, the PRC	Portions of the property with a total GFA of 3,948.15 sq.m. are currently rented by various tenants and the Level-30 is currently occupied by the Group.	<p>“Golden Wheel International Plaza” is a comprehensive development with office, retail shops and underground car parking spaces. It consists of a 30-storey main building and a 5-storey podium building. The Development has a total floor area of approximately 98,031.07 sq.m., occupying a site with an area of approximately 11,341.1 sq.m.</p> <p>The Development was completed in 2008.</p> <p>The Development, at which the property is located, is held under State-owned Land Use Right Certificates for composite use for various land use terms, expiring on 5 October 2044 and 5 October 2034 respectively. The land use right of the property is held under State-owned Land Use Right Certificates expiring on 5 October 2044.</p>	100%
7.	Car parking spaces of “Golden Wheel International Plaza”, No.8, Hanzhong Road, Gulou District, Nanjing City, Jiangsu Province, the PRC	The property is currently operated as car parks.	<p>Golden Wheel International Plaza is a comprehensive development with office, retail shops and underground car parking spaces. It consists of a 30-storey main building and a 5-storey podium building. The Development has a total floor area of approximately 98,031.07 sq.m., occupying a site with an area of approximately 11,341.1 sq.m.</p> <p>The Development was completed in 2008.</p> <p>The Development is held under State-owned Land Use Right Certificates for composite use for various land use terms, expiring on 5 October 2044 and 5 October 2034 respectively.</p>	100%

## Particulars of Principal Properties

No.	Property Interests	Occupancy	Description and tenure	Percentage of interest attribute to the Group
8.	One unsold residential unit of "Golden Wheel Waltz", No.7, Shengjuren Lane, Gulou District, Nanjing City, Jiangsu Province, the PRC	The property is currently vacant.	<p>The property is an unsold residential unit with a total GFA of approximately 55.71 sq.m. It is unsold residential portion of "Golden Wheel Waltz" (the "Development").</p> <p>The Development is an 8-storey building with retail and residential apartment. The Development has a total floor area of approximately 7,994.58 sq.m., occupying a site with an area of approximately 2,046.4 sq.m.</p> <p>The Development was completed in 2009.</p> <p>The Development is held under State-owned Land Use Right Certificates for commercial and office use expiring on 26 February 2046.</p>	100%

## Particulars of Principal Properties

No.	Property Interests	Occupancy	Description and tenure	Percentage of interest attribute to the Group
9.	Several unsold units of Phase 1 and the completed portion of Phase 2 of the Development "Golden Wheel Star City", No.228, Yangtze River Middle Road, Yangzhou New Development District, Yangzhou City, Jiangsu Province, the PRC	The property is currently vacant.	<p>The property consists of several residential and commercial units with a total GFA of approximately 24,577.17 sq.m., 192 underground car parking spaces with a total gross area of 6,271.51 sq.m., and 210 underground civil-defense car parking spaces with a total gross area of 8,214 sq.m.</p> <p>The Development is a composite development with a total GFA of approximately 214,775.43 sq.m., occupying a site with an area of approximately 81,616 sq.m.</p> <p>It is mainly a residential development with several retail units. It is divided into 2 phases, in which Phase 1 and the completed portion of Phase 2 (Building Nos. 11, 12, 13, 15, 16, 17) have been completed and the developing portion of Phase 2 (Building Nos. 10, 18) is currently under construction.</p> <p>The property was completed in 2011 and 2012 respectively.</p> <p>The Development, at which the property is located, is held under State-owned Land Use Right Certificates for residential and commercial use for various land use terms, in which the portion for residential use expiring on 9 February 2077 and the portion for commercial use expiring on 9 February 2047.</p>	100%

## Particulars of Principal Properties

No.	Property Interests	Occupancy	Description and tenure	Percentage of interest attribute to the Group
10.	Unsold portion of "Golden Wheel Time Square", Chezhan Road, Lusong District, Zhuzhou City, Hunan Province, the PRC	Portions of the residential units with a total GFA of approximately 4,252.11 sq.m. have been contracted to be sold to various vendees, portions of the retail units with a total GFA of approximately 1,067.57 sq.m. are leased to various tenants as retail shops, the remaining portions are vacant.	<p>"Golden Wheel Time Square" is a mixed-use building comprising retail and residential with a total GFA of approximately 134,096.32 sq.m. Portion of the property with GFA of approximately 132,171.32 sq.m. is subject to ownership certificate for garage, commercial and residential use; the remaining portion with GFA of approximately 1,925 sq.m. is for ancillary use. It occupies a site with an area of approximately 13,501.41 sq.m.</p> <p>The property was completed in 2011.</p> <p>The land use right of the property are held under a State-owned Land Use Right Certificate for various terms with the expiry date on 21 February 2078 for residential use and 21 February 2048 for commercial use.</p>	100%



## Particulars of Principal Properties

No.	Property Interests	Occupancy	Description and tenure	Percentage of interest attribute to the Group
<b>(C) PROPERTY INTERESTS HELD BY THE GROUP FOR DEVELOPMENT IN THE PRC</b>				
11.	“Nanjing Jade Garden” Development, Land No. 2009G18, Yewei Village Jianye District, Nanjing City, Jiangsu Province, the PRC	The property is currently under construction.	<p>The property will be developed into a residential and commercial development with a total GFA of approximately 29,975.5 sq.m., comprising various retail units with a GFA of approximately 4,968 sq.m., various residential units with a GFA of approximately 16,089 sq.m., and 132 underground car parking spaces. The property occupies a site with an area of approximately 7,211.5 sq.m.</p> <p>The estimated development cost to completion for the property as of the date of this annual report is approximately RMB8,000,000 (exclusive of marketing, finance, and other indirect costs).</p> <p>The property will be completed in June 2013.</p> <p>The property is held under 2 State-owned Land Use Right Certificates for various land use terms, in which portion for commercial use expiring on 12 October 2049 and the portion for residential use expiring on 12 October 2079.</p>	100%

## Particulars of Principal Properties

No.	Property Interests	Occupancy	Description and tenure	Percentage of interest attribute to the Group
12.	“Golden Wheel New Metro” Development, Shuanglong Avenue, Jiangning District, Nanjing City, Jiangsu Province, the PRC	The property is currently under construction.	<p>The property will be developed into a complex building with a total GFA of approximately 59,912 sq.m., comprising various retail units with a GFA of approximately 18,437 sq.m., various office units with a GFA of approximately 11,719 sq.m., various serviced apartments with a GFA of approximately 15,139 sq.m., and 334 underground car parking spaces. The property occupies a site with an area of approximately 9,217.6 sq.m.</p> <p>The estimated development cost to completion for the property as of the date of this annual report is approximately RMB119,400,000 (exclusive of marketing, finance, and other indirect costs).</p> <p>The property will be completed in June 2013.</p> <p>The land use right of the property is held under a State-owned Land Use Right Certificate for various terms with the expiry date on 19 July 2074 for residential use and 19 July 2049 for commercial use.</p>	100%

## Particulars of Principal Properties

No.	Property Interests	Occupancy	Description and tenure	Percentage of interest attribute to the Group
13.	“Golden Wheel Star Plaza” Development, South of Chengxin Avenue, east of Pugang Street, Jiangning District, Nanjing City, Jiangsu Province, the PRC	The property is currently under construction.	<p>The property will be developed into a complex building with a total GFA of approximately 70,396 sq.m., comprising various retail units with a GFA of approximately 13,135 sq.m., various office units with a GFA of approximately 21,435 sq.m., various serviced apartments with a GFA of approximately 18,600 sq.m., and 425 underground car parking spaces.</p> <p>The property occupies a site with an area of approximately 29,539.9 sq.m.</p> <p>The estimated development cost to completion for the property as of the date of this annual report is approximately RMB135,000,000 (exclusive of marketing, finance, and other indirect costs).</p> <p>The property will be completed in September 2013.</p> <p>The land use right of the property is held under a State-owned Land Use Right Certificate for various terms with the expiry date on 29 July 2075 for residential use and 29 July 2050 for commercial use.</p>	100%

## Particulars of Principal Properties

No.	Property Interests	Occupancy	Description and tenure	Percentage of interest attribute to the Group
14.	The developing portion of Phase 2 of "Golden Wheel Star City", No.228, Yangtze River Middle Road, Yangzhou New Development District, Yangzhou City, Jiangsu Province, the PRC	The property is currently under construction.	<p>The property consists of 10# and 18# of phase 2 of "Golden Wheel Star City" with a total gross area of approximately 33,083.93 sq.m., including 106 car parking spaces.</p> <p>Golden Wheel Star City (the "Development") is a development with a total GFA of approximately 214,775.43 sq.m., occupying a site with an area of approximately 81,616 sq.m.</p> <p>It is mainly a residential development with several retail units. It is divided into 2 phases, in which Phase 1 and the completed portion of Phase 2 (Building No. 11, 12, 13, 15, 16, 17) have been completed and the developing portion of Phase 2 (Building No. 10, 18) is currently under construction.</p> <p>The estimated development cost to completion for the property as of the date of this annual report is approximately RMB18,800,000 (exclusive of marketing, finance).</p> <p>The property will be completed in 2013.</p> <p>The Development, at which the property is located, is held under State-owned Land Use Right Certificates for residential and commercial use for various land use terms, in which the portion for residential use expiring on 9 February 2077 and the portion for commercial use expiring on 9 February 2047.</p>	100%

## Particulars of Principal Properties

No.	Property Interests	Occupancy	Description and tenure	Percentage of interest attribute to the Group
<b>(D) PROPERTY INTERESTS RENTED BY THE GROUP IN THE PRC</b>				
15.	“Xinjiekou Metro Mall”, No.8, Hanzhong Road, Gulou District, Nanjing City, Jiangsu Province, the PRC	The property is leased by Nanjing Underground Railway Company Limited to the Group for a term of 15 years and the majority of property is currently sub-leased to various tenants for an total annual rent of approximately RMB10,000,000, while the remaining portions are currently vacant for leasing.	The property comprises comprising various retail units with a GFA of approximately 2,047.5 sq.m., in which the total leasable area is approximately 1,193.1 sq.m.	100%