The following is the text of a report on Times Property Holdings Limited, prepared for inclusion in this prospectus, received from the independent reporting accountants of our Company, Ernst & Young, Certified Public Accountants, Hong Kong

EY 安永
Building a better working world

22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

29 November 2013

The Directors
Times Property Holdings Limited
UBS Securities Hong Kong Limited
Haitong International Capital Limited

Dear Sirs,

We set out below our report on the financial information of Times Property Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the consolidated income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2010, 2011 and 2012, and the six months ended 30 June 2013 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2010, 2011 and 2012 and 30 June 2013, together with the notes thereto (the "Financial Information"), and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the six months ended 30 June 2012 (the "Interim Comparative Information"), prepared on the basis of preparation set out in note 2.1 of Section II below, for inclusion in the prospectus of the Company dated 29 November 2013 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 14 November 2007. The Company is the holding company of other companies, as set out in note 1 of Section II, comprising the Group. The Group is principally engaged in property development, property leasing and property management in Mainland China.

As at the date of this report, no statutory financial statements have been prepared for the Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. All companies now comprising the Group have adopted 31 December as their financial year end date. The statutory financial statements of the subsidiaries incorporated in the British Virgin Islands were not prepared as they are not subject to statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation. The statutory financial statements of the companies established or incorporated in Mainland China and Hong Kong were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the "Directors") have prepared the consolidated financial statements of the Group (the "Underlying Financial Statements") in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). The Underlying Financial Statements for each of the years ended 31 December 2010, 2011 and 2012, and the six months ended 30 June 2013 were audited by us in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

Directors' responsibility

The Directors are responsible for the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that give a true and fair view in accordance with IFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

We have also performed a review of the Interim Comparative Information in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of affairs of the Group and the Company as at 31 December 2010, 2011 and 2012 and 30 June 2013 and of the consolidated results and cash flows of the Group for each of the Relevant Periods.

Review conclusion in respect of the Interim Comparative Information

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

I. FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENTS

	Notes	Year ended 31 December			Six months ended 30 June	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
REVENUE	5	1,547,206	2,466,811	3,197,142	1,817,102	2,362,705
Cost of sales		(1,156,369)	(1,781,257)	(2,288,184)	(1,419,129)	(1,814,642)
GROSS PROFIT		390,837	685,554	908,958	397,973	548,063
Other income and gains	5	196,025	208,908	138,269	69,811	47,442
Selling and marketing costs		(172,925)	(259,226)	(204,279)	(134,886)	(169,488)
Administrative expenses		(111,425)	(182,227)	(145,098)	(67,875)	(130,801)
Other expenses		(27,006)	(84,069)	(34,377)	(3,427)	(8,985)
Finance costs	7	(33,110)	(39,662)	(42,055)	(20,695)	(34,411)
Share of profits and losses of associates		3,212	6,440	5	(13)	105
PROFIT BEFORE TAX	6	245,608	335,718	621,423	240,888	251,925
Income tax expense	10	(80,264)	(100,847)	(267,775)	(78,231)	(95,232)
PROFIT FOR THE YEAR/PERIOD		165,344	234,871	353,648	162,657	156,693
Attributable to:						
Owners of the Company	12	165,347	247,169	362,916	167,599	165,946
Non-controlling interests		(3)	(12,298)	(9,268)	(4,942)	(9,253)
		165,344	234,871	353,648	162,657	156,693
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	11	N/A	N/A	N/A	N/A	N/A

Details of the dividend declared by the Company to its immediate holding company during the Relevant Periods are disclosed in note 31(b) of Section II below.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Six months ended 30 June	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000** (Unaudited)	**RMB'000**
Profit for the year/period	165,344	234,871	353,648	162,657	156,693
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	3,061	1,551	(3,005)	228	(6,423)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD	3,061	1,551	(3,005)	228	(6,423)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	168,405	236,422	350,643	162,885	150,270
Attributable to:					
Owners of the Company	168,408	248,720	359,911	167,827	159,523
Non-controlling interests	(3)	(12,298)	(9,268)	(4,942)	(9,253)
	168,405	236,422	350,643	162,885	150,270

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December			30 June
		2010	2011	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	59,996	72,873	432,936	749,372
Prepaid land lease payments	14	383,245	1,266,111	1,229,089	1,610,335
Investment properties	15	1,290,000	1,430,000	1,540,000	1,560,000
Investments in associates	16	539,079	3,247	42,934	43,039
Deferred tax assets	17	48,798	94,163	83,504	94,368
Total non-current assets		2,321,118	2,866,394	3,328,463	4,057,114
CURRENT ASSETS					
Inventories		–	–	4,642	–
Prepaid land lease payments	14	563,210	363,019	265,813	–
Properties under development	18	3,859,424	6,924,604	9,350,228	13,064,262
Completed properties held for sale	19	1,205,795	2,195,714	2,641,554	2,925,626
Trade receivables	20	12,576	18,872	32,546	17,813
Prepayments, deposits and other receivables	21	874,819	1,562,773	3,580,567	1,487,586
Held-to-maturity investments	22	–	–	305,700	–
Amount due from the immediate holding company	38(c)(ii)	–	11,408	437,507	22,282
Amount due from the ultimate holding company	38(c)(ii)	6	5	16	16
Amounts due from associates	23	72,631	60,180	63,880	56,480
Amounts due from directors	24	11,048	4,000	3,438	–
Available-for-sale investments		4,100	3,100	3,100	12,900
Tax prepayments	25	110,944	154,116	234,409	319,254
Restricted bank deposits	26	608,813	1,037,539	897,299	1,236,706
Cash and cash equivalents	26	563,389	565,700	936,446	309,909
Total current assets		7,886,755	12,901,030	18,757,145	19,452,834
CURRENT LIABILITIES					
Trade payables	27	1,564,997	2,039,031	2,872,646	2,930,841
Other payables and accruals	28	3,382,706	5,202,549	8,718,085	10,839,631
Interest-bearing bank loans and other borrowings	29	533,689	1,220,697	3,177,263	2,851,992
Amount due to a director	24	95,588	101,489	101,478	96,885
Tax payable	25	81,552	97,087	207,061	146,497
Total current liabilities		5,658,532	8,660,853	15,076,533	16,865,846
NET CURRENT ASSETS		2,228,223	4,240,177	3,680,612	2,586,988
TOTAL ASSETS LESS CURRENT LIABILITIES		4,549,341	7,106,571	7,009,075	6,644,102

	Notes	31 December 2010	31 December 2011	31 December 2012	30 June 2013
		RMB'000	RMB'000	RMB'000	RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		4,549,341	7,106,571	7,009,075	6,644,102
NON-CURRENT LIABILITIES					
Interest-bearing bank loans and other borrowings	29	2,244,705	3,010,943	2,499,536	2,871,064
Deferred tax liabilities	17	187,669	1,244,591	1,303,426	1,316,803
Total non-current liabilities		2,432,374	4,255,534	3,802,962	4,187,867
Net assets		2,116,967	2,851,037	3,206,113	2,456,235
EQUITY					
Equity attributable to owners of the Company					
Issued capital	30	–	–	–	–
Reserves	31	2,111,095	2,359,815	2,719,726	2,437,602
		2,111,095	2,359,815	2,719,726	2,437,602
Non-controlling interests		5,872	491,222	486,387	18,633
Total equity		2,116,967	2,851,037	3,206,113	2,456,235

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Issued capital	Share premium account	Contributed surplus	Capital reserve	Statutory surplus funds	Exchange translation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000 (note 31(b))	RMB'000 (note 31(c))	RMB'000 (note 31(d))	RMB'000 (note 31(e))	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010	–	1,452,565	8,113	31,295	63,607	(18,578)	405,685	1,942,687	4,073	1,946,760
Total comprehensive income/(loss) for the year	–	–	–	–	–	3,061	165,347	168,408	(3)	168,405
Transfer to reserve funds *(note 31(e))*	–	–	–	–	22,936	–	(22,936)	–	–	–
Establishment of a subsidiary	–	–	–	–	–	–	–	–	3,003	3,003
Deregistration of subsidiaries	–	–	–	–	–	–	–	–	(1,201)	(1,201)
At 31 December 2010 and 1 January 2011	–	1,452,565*	8,113*	31,295*	86,543*	(15,517)*	548,096*	2,111,095	5,872	2,116,967
Total Comprehensive income/(loss) for the year	–	–	–	–	–	1,551	247,169	248,720	(12,298)	236,422
Transfer to reserve funds *(note 31(e))*	–	–	–	–	7,761	–	(7,761)	–	–	–
Acquisition of subsidiaries *(note 32(iii)(iv)(xi))*	–	–	–	–	–	–	–	–	497,648	497,648
At 31 December 2011	–	1,452,565*	8,113*	31,295*	94,304*	(13,966)*	787,504*	2,359,815	491,222	2,851,037

	Attributable to owners of the Company									
	Issued capital	Share premium account	Contributed surplus	Capital reserve	Statutory surplus funds	Exchange translation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000 (note 31(b))	RMB'000 (note 31(c))	RMB'000 (note 31(d))	RMB'000 (note 31(e))	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012	–	1,452,565*	8,113*	31,295*	94,304*	(13,966)*	787,504*	2,359,815	491,222	2,851,037
Total comprehensive income/(loss) for the year	–	–	–	–	–	(3,005)	362,916	359,911	(9,268)	350,643
Transfer to reserve funds *(note 31(e))*	–	–	–	–	32,191	–	(32,191)	–	–	–
Establishment of a subsidiary	–	–	–	–	–	–	–	–	2,000	2,000
Acquisition of a subsidiary *(note 32(vi))*	–	–	–	–	–	–	–	–	2,433	2,433
At 31 December 2012	–	1,452,565*	8,113*	31,295*	126,495*	(16,971)*	1,118,229*	2,719,726	486,387	3,206,113

	Attributable to owners of the Company									
	Issued capital	Share premium account	Contributed surplus	Capital reserve	Statutory surplus funds	Exchange translation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000 (note 31(b))	RMB'000 (note 31(c))	RMB'000 (note 31(d))	RMB'000 (note 31(e))	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2013	–	1,452,565*	8,113*	31,295*	126,495*	(16,971)*	1,118,229*	2,719,726	486,387	3,206,113
Total comprehensive income/(loss) for the period	–	–	–	–	–	(6,423)	165,946	159,523	(9,253)	150,270
Deregistration of a subsidiary	–	–	–	–	(2,807)	–	2,807	–	–	–
Acquisition of subsidiaries *(note 32(vi)(xii))*	–	–	–	–	–	–	–	–	10,353	10,353
Acquisition of non-controlling interests	–	–	–	781	–	–	–	781	(468,854)	(468,073)
Dividend declared *(note 31(b))*	–	(442,428)	–	–	–	–	–	(442,428)	–	(442,428)
At 30 June 2013	–	1,010,137*	8,113*	32,076*	123,688*	(23,394)*	1,286,982*	2,437,602	18,633	2,456,235

	Attributable to owners of the Company									
	Issued capital	Share premium account	Contributed surplus	Capital reserve	Statutory surplus funds	Exchange translation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000 (note 31(b))	RMB'000 (note 31(c))	RMB'000 (note 31(d))	RMB'000 (note 31(e))	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)										
At 1 January 2012	–	1,452,565	8,113	31,295	94,304	(13,966)	787,504	2,359,815	491,222	2,851,037
Total comprehensive income/(loss) for the period	–	–	–	–	–	228	167,599	167,827	(4,942)	162,885
At 30 June 2012	–	1,452,565	8,113	31,295	94,304	(13,738)	955,103	2,527,642	486,280	3,013,922

* These reserve accounts comprise the consolidated reserves in the consolidated statements of financial position.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Six months ended 30 June	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		245,608	335,718	621,423	240,888	251,925
Adjustments for:						
Finance costs	7	33,110	39,662	42,055	20,695	34,411
Share of profits and losses of associates		(3,212)	(6,440)	(5)	13	(105)
Bank and other interest income	5	(10,340)	(7,795)	(21,376)	(10,075)	(6,590)
Depreciation	6	9,271	14,957	16,454	7,350	29,816
Changes in fair value of investment properties	5	(142,000)	(140,000)	(110,000)	(57,000)	(20,000)
Changes in fair value of certain other payables to fellow investors/non-controlling shareholder	5	(18,173)	2,538	2,144	–	–
Impairment/(reversal of impairment) of completed properties held for sale	6	–	–	1,665	1,665	(14)
(Reversal of impairment)/impairment of prepayments, deposits and other receivables	6	(5,000)	1,000	–	–	(1,000)
Loss/(gain) on disposal of items of property, plant and equipment	6	17	229	658	(31)	11
Re-measurement of previously-held equity interest	6	–	47,378	–	–	–
Gains on deregistration/disposal of subsidiaries	5	(1,672)	–	–	–	(1,414)
Gains on acquisition of subsidiaries	5	(20,134)	(58,073)	–	–	(7,685)
		87,475	229,174	553,018	203,505	279,355
Decrease/(increase) in prepaid land lease payments		–	508,268	134,229	58,490	(107,398)
Decrease in inventories		–	–	–	–	1,032
Increase in properties under development		(1,309,462)	(956,118)	(1,195,138)	(1,950,120)	(3,178,877)
(Increase)/decrease in completed properties held for sale		(413,981)	(759,287)	(445,840)	1,171,586	(284,058)
Decrease/(increase) in trade receivables		2,157	34,909	(13,382)	(6,962)	14,732
(Increase)/decrease in prepayments, deposits and other receivables		(276,480)	(311,008)	(1,410,402)	(1,253,584)	2,304,579
(Increase)/decrease in an amount due from the ultimate holding company		(6)	1	(11)	(11)	–
(Increase)/decrease in amounts due from associates		(69,250)	12,451	(3,700)	(1,000)	7,400
(Increase)/decrease in amounts due from directors		(5,687)	7,000	561	(749)	3,435
Increase/(decrease) in trade payables		789,752	243,604	316,308	392,153	(108,796)
Increase in other payables and accruals		1,759,243	1,513,247	2,869,426	1,915,079	1,642,141
(Decrease)/increase in an amount due to a director		(131)	7,660	2,439	1,415	263
(Increase)/decrease in restricted bank deposits relating to operating activities	26	(535,208)	(428,726)	140,240	(223,719)	(339,407)
Cash generated from operations		28,422	101,175	947,748	306,083	234,401
Interest received		3,372	7,795	9,055	5,510	6,590
Interest paid		(159,644)	(304,178)	(459,716)	(234,063)	(269,964)
Corporate income tax paid		(92,236)	(85,379)	(74,332)	(52,138)	(139,195)
Land appreciation tax paid		(41,340)	(83,020)	(141,589)	(62,381)	(107,355)
Net cash flows (used in)/generated from operating activities		(261,426)	(363,607)	281,166	(36,989)	(275,523)

	Notes	Year ended 31 December			Six months ended 30 June	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(35,495)	(27,682)	(17,791)	(6,549)	(178,264)
Purchases of available-for-sale investments		(1,000)	–	–	–	(9,800)
Proceeds from sale of available-for-sale investments		10,000	1,000	–	–	–
Purchase of held-to-maturity investments		–	–	(305,700)	(305,700)	–
Proceeds from disposal of items of property, plant and equipment		120	2,357	66	58	(550)
Acquisition of subsidiaries	32	(50,095)	(488,147)	(3,544)	–	(2,500)
Acquisition of subsidiaries that are not a business	32	(998)	(13,963)	–	–	(251,004)
Acquisition of non-controlling interests		–	–	–	–	(200,504)
Disposal of subsidiaries	33	–	–	–	–	(3,682)
Investment in an associate		–	(3,300)	–	–	–
Net cash flows used in investing activities		(77,468)	(529,735)	(326,969)	(312,191)	(646,304)
CASH FLOWS FROM FINANCING ACTIVITIES						
Contribution from non-controlling interests		3,003	–	2,000	–	–
Increase in an amount due from the immediate holding company		–	(11,511)	(431,519)	(283,011)	(38,461)
New bank loans and other borrowings		1,960,000	3,085,760	3,164,552	2,033,168	1,603,000
Repayment of bank loans and other borrowings		(1,442,549)	(2,178,543)	(2,318,450)	(1,570,331)	(1,269,199)
Net cash flows generated from financing activities		520,454	895,706	416,583	179,826	295,340
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		181,560	2,364	370,780	(169,354)	(626,487)
Cash and cash equivalents at beginning of the year		381,882	563,389	565,700	565,700	936,446
Effect of foreign exchange rate changes, net		(53)	(53)	(34)	(1)	(50)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD		563,389	565,700	936,446	396,345	309,909
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	26	1,172,202	1,603,239	1,833,745	1,657,603	1,546,615
Less: Restricted bank deposits	26	(608,813)	(1,037,539)	(897,299)	(1,261,258)	(1,236,706)
Cash and cash equivalents	26	563,389	565,700	936,446	396,345	309,909

STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2010	31 December 2011	31 December 2012	30 June 2013
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	–	474	375	321
Investment in subsidiaries	1	–	–	–	–
Total non-current assets		–	474	375	321
CURRENT ASSETS					
Prepayments, deposits and other receivables		–	4	12	2,388
Amount due from the immediate holding company	38(c)(ii)	–	11,408	437,507	22,282
Amount due from the ultimate holding company	38(c)(ii)	6	5	10	10
Amounts due from subsidiaries		1,321,209	1,259,720	922,852	909,793
Amounts due from directors	24	5,354	–	–	–
Cash and cash equivalents	26	124	262	7,356	1,023
Total current assets		1,326,693	1,271,399	1,367,737	935,496
CURRENT LIABILITIES					
Other payables and accruals		–	–	–	5,881
Amounts due to subsidiaries		10,960	11,240	117,867	140,071
Amount due to a director	24	–	10,348	11,029	7,959
Total current liabilities		10,960	21,588	128,896	153,911
NET CURRENT ASSETS		1,315,733	1,249,811	1,238,841	781,585
TOTAL ASSETS LESS CURRENT LIABILITIES		1,315,733	1,250,285	1,239,216	781,906
Net assets		1,315,733	1,250,285	1,239,216	781,906
EQUITY					
Issued capital	30	–	–	–	–
Reserves	31	1,315,733	1,250,285	1,239,216	781,906
		1,315,733	1,250,285	1,239,216	781,906

II. NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 14 November 2007 under the name of Times Property (Holdings) Co., Limited as an exempted company with limited liability under the Companies Law, Cap 22 of the Cayman Islands. Pursuant to a special resolution passed on 24 January 2008, the Company's name was changed from Times Property (Holdings) Co., Limited to Times Property Holdings Limited. The registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries were mainly involved in property development, property leasing and property management in the People's Republic of China (the "PRC").

In the opinion of the Directors, the immediate holding company of the Company is Asiaciti Enterprises Ltd. ("Asiaciti"), which was incorporated in the British Virgin Islands ("BVI") and the ultimate holding company is Renowned Brand Investments Limited ("Renowned Brand"), which was incorporated in the BVI. Renowned Brand is wholly owned by Mr. Shum Chiuhung ("Mr. Shum"), the Founder of the Group.

As at 30 June 2013, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of incorporation/ establishment and operations	Nominal value of issued/registered share capital	Percentage of equity attributable to the owners of the Company		Principal activities
			Direct	Indirect	
Subsidiaries:					
Wisdom Sharp Investments Limited *(note (a))*	BVI 22 March 2006	US$3	100	–	Investment holding
Million Sensor Management Limited *(note (a))*	BVI 25 May 2007	US$1	–	100	Investment holding
Grand Highway International Ltd. *(note (a))*	BVI 13 September 2007	US$1	–	100	Investment holding
Venus Tower Limited *(note (a))*	BVI 21 September 2007	US$1	–	100	Investment holding
Wah Tai (H.K.) Development Limited ("Wah Tai") *(note (b))*	Hong Kong 28 May 1992	HK$900,000	–	100	Investment holding
Hong Kong Times Investments Limited ("Hong Kong Times Investments") *(note (b))*	Hong Kong 24 March 2000	HK$10,000	–	100	Investment holding
Steelmine Minerals (H.K.) Development Limited ("Steelmine Minerals") *(note (b))*	Hong Kong 4 October 2000	HK$10,000	–	100	Investment holding
Profit City Investment Limited ("Profit City") *(note (b))*	Hong Kong 23 April 1992	HK$61,782,691	–	100	Investment holding
廣州市時代地產集團有限公司 Guangzhou Times Property Group Co., Ltd. ("Times Group") *(note (c))*	PRC/ Mainland China 9 May 2001	US$83,000,000	–	100	Property development and investment holding
廣州市時代企業地產投資有限公司 Guangzhou Times Enterprise Real Estate Investment Co., Ltd. ("Times Real Estate") *(note (c))*	PRC/ Mainland China 17 March 2005	RMB250,000,000	–	100	Investment holding

Name	Place and date of incorporation/ establishment and operations	Nominal value of issued/registered share capital	Percentage of equity attributable to the owners of the Company		Principal activities
			Direct	Indirect	
廣州市時代勝譽投資有限公司 Guangzhou Times Shengyu Investment Co., Ltd. ("Guangzhou Shengyu") *(note (c))*	PRC/ Mainland China 30 April 2005	RMB120,000,000	–	100	Property development and investment holding
廣東時代勝譽房地產開發有限公司 Guangdong Times Shengyu Real Estate Development Co., Ltd. ("Guangdong Shengyu") *(note (c))*	PRC/ Mainland China 19 June 2006	RMB80,000,000	–	100	Property development
珠海中珠世紀投資有限公司 Zhuhai Zhongzhu Century Investment Co., Ltd. ("Zhuhai Zhongzhu") *(note (d))*	PRC/ Mainland China 28 March 2006	RMB10,000,000	–	100	Property development
佛岡冠亨投資有限公司 Fogang Guanheng Investment Co., Ltd. ("Fogang Guanheng") *(note (e))*	PRC/ Mainland China 19 January 2007	RMB5,000,000	–	100	Property development
佛山市裕東龍房地產發展有限公司 Foshan Yudonglong Real Estate Development Co., Ltd. ("Foshan Yudonglong") *(note (c))*	PRC/ Mainland China 22 January 2002	RMB32,000,000	–	100	Property development
廣州市民華房地產有限公司 Guangzhou Minhua Real Estate Co., Ltd. ("Guangzhou Minhua") *(note (c))*	PRC/ Mainland China 5 April 1994	RMB364,307,750	–	100	Property development
佛岡盛欣水電園林工程有限公司 Fogang Shengxin Water and Electricity Garden Engineering Co., Ltd. ("Fogang Shengxin") *(note (e))*	PRC/ Mainland China 13 September 2007	RMB3,000,000	–	100	Landscape virescence and property decoration
佛岡柏瑞裝飾工程有限公司 Fogang Bairui Decoration Engineering Co., Ltd. ("Fogang Bairui") *(note (e))*	PRC/ Mainland China 28 September 2007	RMB3,000,000	–	100	Property decoration
中山市時代凱旋置業有限公司 Zhongshan Times Kaixuan Asset Co., Ltd. ("Zhongshan Kaixuan") *(note (h))*	PRC/ Mainland China 15 May 2007	RMB10,000,000	–	100	Property development
佛山市南海時代盛譽房地產開發有限公司 Foshan Nanhai Times Shengyu Real Estate Development Co., Ltd. ("Foshan Nanhai Shengyu") *(note (c))*	PRC/ Mainland China 6 July 2007	RMB30,000,000	–	100	Property development

Name	Place and date of incorporation/ establishment and operations	Nominal value of issued/registered share capital	Percentage of equity attributable to the owners of the Company		Principal activities
			Direct	Indirect	
佛岡時代地產開發有限公司 Fogang Times Real Estate Development Co., Ltd. ("Fogang Real Estate") *(note (e))*	PRC/ Mainland China 31 March 2004	RMB30,000,000	–	100	Property development
廣州東和房地產開發有限公司 Guangzhou Donghe Real Estate Development Co., Ltd. ("Guangzhou Donghe") *(note (i))*	PRC/ Mainland China 31 December 1993	RMB111,075,800	–	100	Property leasing
廣州市瑞賢園林綠化有限公司 Guangzhou Ruixian Landscaping Co., Ltd ("Guangzhou Ruixian") *(note (c))*	PRC/ Mainland China 5 January 2007	RMB3,500,000	–	100	Landscape architecture
珠海市時代豐卓投資有限公司 Zhuhai Times Fengzhuo Investment Co., Ltd. ("Zhuhai Fengzhuo") *(note (d))*	PRC/ Mainland China 11 July 2007	RMB50,000,000	–	100	Property development
佛岡時代永盛投資有限公司 Fogang Times Yongsheng Investment Co., Ltd ("Fogang Yongsheng") *(note (e))*	PRC/ Mainland China 11 January 2008	RMB10,000,000	–	100	Property development
佛岡中意置業有限責任公司 Fogang Zhongyi Asset Development Limited Liability Company ("Fogang Zhongyi") *(note (e))*	PRC/ Mainland China 29 December 2007	RMB8,000,000	–	100	Property development
佛山市三水裕華房地產發展有限公司 Foshan Sanshui Yuhua Real Estate Development Co., Ltd. ("Foshan Yuhua") *(note (c))*	PRC/ Mainland China 4 August 2005	RMB48,000,000	–	100	Property development
廣州市時代物業管理有限公司 Guangzhou Times Property Management Co., Ltd. ("Times Property Management") *(note (j))*	PRC/ Mainland China 18 December 1998	RMB5,500,000	–	100	Property management
廣州時代恒德投資有限公司 Guangzhou Times Hengde Investment Co., Ltd. ("Times Hengde") *(note (c))*	PRC/ Mainland China 13 July 2009	RMB10,010,000	–	70	Property development
廣州市時代天怡諮詢有限公司 Guangzhou Times Tianyi Consulting Co., Ltd. ("Guangzhou Tianyi") *(note (c))*	PRC/ Mainland China 2 June 2009	RMB10,010,000	–	100	Investment holding
廣州市華亞投資有限公司 Guangzhou Huaya Investment Co., Ltd. ("Guangzhou Huaya") *(note (c))*	PRC/ Mainland China 31 August 2009	RMB11,000,000	–	100	Property development
佛岡縣信隆投資諮詢服務有限公司 Fogang Xinlong Investment Consulting Services Co., Ltd. ("Fogang Xinlong") *(note (e))*	PRC/ Mainland China 27 June 2007	RMB100,000	–	100	Dormant

Name	Place and date of incorporation/ establishment and operations	Nominal value of issued/registered share capital	Percentage of equity attributable to the owners of the Company		Principal activities
			Direct	Indirect	
佛岡縣潤信投資諮詢服務有限公司 Fogang Runxin Investment Consulting Services Co., Ltd. ("Fogang Runxin") *(note (e))*	PRC/ Mainland China 17 September 2007	RMB100,000	–	100	Dormant
廣州市時代宏泰投資有限公司 Guangzhou Times Hongtai Investment Co., Ltd. ("Guangzhou Hongtai") *(note (f))*	PRC/ Mainland China 14 January 2010	RMB35,000,000	–	100	Property development
廣州市富杰投資有限公司 Guangzhou Fujie Investment Co., Ltd. ("Guangzhou Fujie") *(note (c))*	PRC/ Mainland China 27 October 2009	RMB10,000,000	–	100	Property development
清遠市榮景投資有限公司 Qingyuan Rongjing Investment Co., Ltd. ("Qingyuan Rongjing") *(note (g))*	PRC/ Mainland China 10 February 2010	RMB30,000,000	–	100	Property development
清遠市喜龍房地產開發公司 Qingyuan Xilong Real Estate Development Co., Ltd. ("Qingyuan Xilong") *(note (g))*	PRC/ Mainland China 12 March 2010	RMB5,000,000	–	100	Property development
中山市萬聯房地產開發有限公司 Zhongshan Wanlian Real Estate Development Co., Ltd. ("Zhongshan Wanlian") *(note (h))*	PRC/ Mainland China 19 June 2007	RMB45,000,000	–	100	Property development
中山市天悅房地產投資有限公司 Zhongshan Tianyue Real Estate Investment Co., Ltd. ("Zhongshan Tianyue") *(note (k))*#	PRC/ Mainland China 10 March 2010	RMB10,000,000	–	100	Property development
廣州市駿寶投資有限公司 Guangzhou Junbao Investment Co., Ltd. ("Guangzhou Junbao") *(note (f))*	PRC/ Mainland China 8 July 2010	RMB10,010,000	–	70	Investment holding
廣州市浩榮貿易有限公司 Guangzhou Haorong Trading Co., Ltd. ("Guangzhou Haorong") *(note (f))*	PRC/ Mainland China 21 October 2010	RMB1,000,000	–	70	Dormant
廣州天朗商貿有限公司 Guangzhou Tianlang Trading Co., Ltd. ("Guangzhou Tianlang") *(note (f))*	PRC/ Mainland China 15 July 2010	RMB50,000,000	–	70	Property development
廣州市番禺南英房地產有限公司 Guangzhou Panyu Nanying Real Estate Co., Ltd. ("Guangzhou Nanying") *(note (c))*	PRC/ Mainland China 6 August 1992	RMB350,000,000	–	99	Property development
廣州市時代永泰投資有限公司 Guangzhou Times Yongtai Investment Co., Ltd. ("Guangzhou Yongtai") *(note (l))*	PRC/ Mainland China 22 June 2011	RMB11,000,000	–	100	Investment holding

Name	Place and date of incorporation/ establishment and operations	Nominal value of issued/registered share capital	Percentage of equity attributable to the owners of the Company		Principal activities
			Direct	Indirect	
廣州市天合建材有限公司 Guangzhou Tianhe Construction Material Co., Ltd. ("Guangzhou Tianhe") *(note (m))*	PRC/ Mainland China 3 August 2010	RMB51,000,000	–	99	Property development
廣州市豐都貿易有限公司 Guangzhou Fengdu Trading Co., Ltd. ("Guangzhou Fengdu") *(note (n))*	PRC/ Mainland China 21 November 2011	RMB10,000,000	–	100	Dormant
廣州市卓瑞貿易有限公司 Guangzhou Zhuorui Trading Co., Ltd. ("Guangzhou Zhuorui") *(note (n))*	PRC/ Mainland China 21 November 2011	RMB10,000,000	–	100	Dormant
廣州市時代紫宸投資有限公司 Guangzhou Times Zichen Investment Co., Ltd. ("Guangzhou Zichen") *(note (o))*	PRC/ Mainland China 3 July 2012	RMB10,000,000	–	100	Property development
廣東廣昌實業發展有限公司 Guangdong Guangchang Industrial Development Co., Ltd. ("Guangdong Guangchang") *(note (p))*	PRC/ Mainland China 19 June 1985	RMB42,300,000	–	100	Property development
珠海景潤房地產開發有限公司 Zhuhai Jingrun Real Estate Development Co., Ltd. ("Zhuhai Jingrun") *(note (d))*	PRC/ Mainland China 4 June 2007	RMB43,800,000	–	100	Property development
珠海市佳譽房地產開發有限公司 Zhuhai Jiayu Real Estate Development Co., Ltd. ("Zhuhai Jiayu") *(note (q))*	PRC/ Mainland China 2 November 2012	RMB10,000,000	–	100	Property development
珠海市勝輝房地產開發有限公司 Zhuhai Shenghui Real Estate Development Co., Ltd. ("Zhuhai Shenghui") *(note (q))*	PRC/ Mainland China 6 December 2012	RMB10,000,000	–	100	Property development
長沙玫瑰園房地產開發有限公司 Changsha Meiguiyuan Real Estate Development Co., Ltd. ("Changsha Meiguiyuan") *(note (r))*	PRC/ Mainland China 30 September 2002	RMB50,000,000	–	100	Property development
深圳市金海地投資有限公司 Shenzhen Jinhaidi Investment Co., Ltd. ("Shenzhen Jinhaidi") *(note (c))*	PRC/ Mainland China 9 February 2002	RMB10,000,000	–	100	Investment holding
佛山市捷豐力投資策劃有限公司 Foshan Jiefengli Investment Planning Co., Ltd. ("Foshan Jiefengli") *(note (f))*	PRC/ Mainland China 15 November 2010	RMB2,200,000	–	100	Investment holding

Name	Place and date of incorporation/ establishment and operations	Nominal value of issued/registered share capital	Percentage of equity attributable to the owners of the Company		Principal activities
			Direct	Indirect	
佛山市時代永亨投資有限公司 Foshan Times Yongheng Investment Co., Ltd. ("Foshan Yongheng") *(note (o))*	PRC/ Mainland China 22 August 2012	RMB35,000,000	–	100	Investment holding
廣州市至德商業管理有限公司 Guangzhou Zhide Commercial Management Co., Ltd. ("Guangzhou Zhide") *(note (s))*	PRC/ Mainland China 10 May 2001	RMB30,000,000	–	100	Property leasing and management
佛山市至德正興物業管理有限公司 Foshan Zhide Zhengxing Property Management Co., Ltd. ("Zhide Zhengxing") *(note (t))*	PRC/ Mainland China 28 April 2011	RMB5,000,000	–	100	Property management
廣州市至德酒店有限公司 Guangzhou Zhide Hotel Co., Ltd. ("Zhide Hotel") *(note (u))*	PRC/ Mainland China 30 September 2009	RMB100,000	–	100	Hotel management
廣州市至德科技企業孵化器有限公司 Guangzhou Zhide Technology Business Incubator Co., Ltd. ("Zhide Technology") *(note (s))*	PRC/ Mainland China 31 August 2009	RMB10,100,000	–	100	Property leasing and management
廣州市廣德昌商業管理服務有限公司 Guangzhou Guangdechang Commercial Management Service Co., Ltd. ("Guangzhou Guangdechang") *(note (v))*	PRC/ Mainland China 25 March 2010	RMB30,000,000	–	55	Property leasing and management
珠海國基房地產開發有限公司 Zhuhai Guoji Real Estate Development Co., Ltd. ("Zhuhai Guoji") *(note (w))*	PRC/ Mainland China 18 March 2011	RMB5,000,000	–	50	Property development
珠海市斗門區金屋房地產發展有限公司 Zhuhai Doumen District Jinwu Real Estate Development Co., Ltd. ("Zhuhai Jinwu") *(note (x))*	PRC/ Mainland China 9 July 1992	RMB1,000,000	–	51	Property development
廣州市天斯物業管理有限公司 Guangzhou Tiansi Property Management Co., Ltd. ("Guangzhou Tiansi") *(note (y))*	PRC/ Mainland China 30 August 2010	RMB1,000,000	–	70	Property management
佛山市玫瑰華業投資有限公司 Foshan Meigui Huaye Investment Co., Ltd. ("Foshan Meigui Huaye") *(note (z))*	PRC/ Mainland China 15 November 2010	RMB6,600,000	–	100	Investment holding
佛山玫瑰園商業投資有限公司 Foshan Meiguiyuan Commercial Investment Co., Ltd. ("Foshan Meiguiyuan") *(note (z))*	PRC/ Mainland China 15 November 2010	RMB4,400,000	–	100	Investment holding

* *The English names of certain group companies registered in the PRC represent management's best effort to translate their Chinese names as they do not have an official English names.*

Notes:

(a) No audited financial statements have been prepared for these entities as they were not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdiction of their incorporation.

(b) The statutory financial statements for the years ended 31 December 2010, 2011 and 2012 prepared in accordance with Hong Kong Financial Reporting Standards and the Hong Kong Companies Ordinance have been audited by CCP C. P. A. Limited incorporated in Hong Kong.

(c) The statutory financial statements for the years ended 31 December 2010, 2011 and 2012 prepared in accordance with the PRC accounting principles and regulations were audited by Guangzhou Erxiang Certified Public Accountants Co., Ltd. (廣州而翔會計師事務所(普通合夥)), a certified public accounting firm registered in the PRC.

(d) The statutory financial statements for the years ended 31 December 2010 and 2011 prepared in accordance with the PRC accounting principles and regulations were audited by Guangdong Zhongtuozhengtai Certified Public Accountants Co., Ltd. (廣東中拓正泰會計師事務所有限公司), a certified public accounting firm registered in the PRC. The statutory financial statements for the year ended 31 December 2012 prepared in accordance with the PRC accounting principles and regulations were audited by Union Power Certified Public Accountants Co., Ltd Zhuhai Branch (眾環海華會計師事務所有限公司珠海分所), a certified public accounting firm registered in the PRC.

(e) The statutory financial statements for the year ended 31 December 2010 prepared in accordance with the PRC accounting principles and regulations were audited by Guangzhou Erxiang Certified Public Accountants Co., Ltd. (廣州而翔會計師事務所(普通合夥)), a certified public accounting firm registered in the PRC. The statutory financial statements for the years ended 31 December 2011 and 2012 prepared in accordance with the PRC accounting principles and regulations were audited by Guangdong Golden Bridge Certified Public Accountants Co., Ltd. (廣東金橋會計師事務所有限公司), a certified public accounting firm registered in the PRC.

(f) The statutory financial statements for the period from the date of establishment to 31 December 2010 and the years ended 31 December 2011 and 2012 prepared in accordance with the PRC accounting principles and regulations were audited by Guangzhou Erxiang Certified Public Accountants Co., Ltd. (廣州而翔會計師事務所(普通合夥)), a certified public accounting firm registered in the PRC.

(g) The statutory financial statements for the period from the date of establishment to 31 December 2010 prepared in accordance with the PRC accounting principles and regulations were audited by Guangzhou Erxiang Certified Public Accountants Co., Ltd. (廣州而翔會計師事務所(普通合夥)), a certified public accounting firm registered in the PRC. The statutory financial statements for the year ended 31 December 2011 and 2012 prepared in accordance with the PRC accounting principles and regulations were audited by Guangdong Golden Bridge Certified Public Accountants Co., Ltd. (廣東金橋會計師事務所有限公司), a certified public accounting firm registered in the PRC.

(h) The statutory financial statements for the years ended 31 December 2010 and 2011 prepared in accordance with the PRC accounting principles and regulations were audited by Zhongshan Yongxin Certified Public Accountants Co., Ltd. (中山市永信會計師事務所有限公司), a certified public accounting firm registered in the PRC. The statutory financial statements for the year ended 31 December 2012 prepared in accordance with the PRC accounting principles and regulations were audited by Beijing Yongtuo Certified Public Accountants Co., Ltd. Guangdong Branch (北京永拓會計師事務所有限責任公司廣東分公司), a certified public accounting firm registered in the PRC.

(i) The statutory financial statements for the year ended 31 December 2010 prepared in accordance with the PRC accounting principles and regulations were audited by Guangzhou Huaxin Certified Public Accountants Co., Ltd. (廣州華信會計師事務所有限公司), a certified public accounting firm registered in the PRC. The statutory financial statements for the year ended 31 December 2011 prepared in accordance with the PRC accounting principles and regulations were audited by Guangzhou Haizheng Certified Public Accountants Co., Ltd. (廣州海正會計師事務所有限公司), a certified public accounting firm registered in the PRC. The statutory financial statements for the year ended 31 December 2012 prepared in accordance with the PRC accounting principles and regulations were audited by Guangzhou Licheng Certified Public Accountants Co., Ltd. (廣州立誠會計師事務所有限公司), a certified public accounting firm registered in the PRC.

(j) The statutory financial statements for the years ended 31 December 2010 and 2011 prepared in accordance with the PRC accounting principles and regulations were audited by Guangzhou New Suidong Certified Public Accountants Co., Ltd. (廣州新穗東會計師事務所有限公司), a certified public accounting firm registered in the PRC. The statutory financial statements for the year ended 31 December 2012 prepared in accordance with the PRC accounting principles and regulations were audited by Guangdong SuiDongRedSun Certified Public Accountants Co., Ltd. (廣東穗東紅日會計師事務所有限公司), a certified public accounting firm registered in the PRC.

(k) The statutory financial statements for the period from the date of establishment to 31 December 2010 and the year ended 31 December 2011 prepared in accordance with the PRC accounting principles and regulations were audited by Zhongshan Yongxin Certified Public Accountants Co., Ltd. (中山市永信會計師事務所有限公司), a certified public accounting firm registered in the PRC. The statutory financial statements for the year ended 31 December 2012 prepared in accordance with the PRC accounting principles and regulations were audited by Beijing Yongtuo Certified Public Accountants Co., Ltd. (北京永拓會計師事務所有限公司廣東分公司), a certified public accounting firm registered in the PRC.

(l) The statutory financial statements for the period from the date of establishment to 31 December 2011 and the year ended 31 December 2012 prepared in accordance with the PRC accounting principles and regulations were audited by Guangzhou Erxiang Certified Public Accountants Co., Ltd. (廣州而翔會計師事務所(普通合夥)), a certified public accounting firm registered in the PRC.

(m) No audited financial statements have been prepared and issued for this entity since the date of its establishment as business of the entity has not yet commenced.

(n) The statutory financial statements for the period from the date of establishment to 31 December 2011 and the year ended 31 December 2012 prepared in accordance with the PRC accounting principles and regulations were audited by Guangzhou Erxiang Certified Public Accountants Co., Ltd. (廣州而翔會計師事務所(普通合夥)), a certified public accounting firm registered in the PRC.

(o) The statutory financial statements for the period from the date of establishment to 31 December 2012 prepared in accordance with the PRC accounting principles and regulations were audited by Guangzhou Erxiang Certified Public Accountants Co., Ltd. (廣州而翔會計師事務所(普通合夥)), a certified public accounting firm registered in the PRC.

(p) No audited financial statements have been prepared for this entity for the years ended 31 December 2010 and 2011. The statutory financial statements for the year ended 31 December 2012 prepared in accordance with the PRC accounting principles and regulations were audited by Guangzhou Erxiang Certified Public Accountants Co., Ltd. (廣州而翔會計師事務所(普通合夥)), a certified public accounting firm registered in the PRC.

(q) The statutory financial statements for the period from the date of establishment to 31 December 2012 prepared in accordance with the PRC accounting principles and regulations were audited by Union Power Certified Public Accountants Co., Ltd. Zhuhai Branch (眾環海華會計師事務所有限公司珠海分所), a certified public accounting firm registered in the PRC.

(r) No audited financial statements have been prepared and issued for this entity since the date of its establishment to 31 December 2010. The statutory financial statements for the year ended 31 December 2011 prepared in accordance with the PRC accounting principles and regulations were audited by Hunan Lixin Certified Public Accountants Co., Ltd. Guangdong Branch (湖南力信聯合會計師事務所), a certified public accounting firm registered in the PRC. The statutory financial statements for the year ended 31 December 2012 prepared in accordance with the PRC accounting principles and regulations were audited by Hunan Zhichao United Certified Public Accountants Co., Ltd. Guangdong Branch (湖南智超聯合會計師事務所(普通合夥)), a certified public accounting firm registered in the PRC.

(s) The statutory financial statements for the years ended 31 December 2010 and 2011 prepared in accordance with the PRC accounting principles and regulations were audited by Guangzhou Huasui Certified Public Accountants Co., Ltd. (廣州市華穗會計師事務所有限公司), a certified public accounting firm registered in the PRC. The statutory financial statements for the year ended 31 December 2012 prepared in accordance with the PRC accounting principles and regulations were audited by Pan-China Certified Public Accountants Co., Ltd. Guangdong Branch (天健會計師事務所(特殊普通合夥)廣東分所), a certified public accounting firm registered in the PRC.

(t) The statutory financial statements for the period from the date of establishment to 31 December 2010 and the year ended 31 December 2011 prepared in accordance with the PRC accounting principles and regulations were audited by Guangzhou Huasui Certified Public Accountants Co., Ltd. (廣州市華穗會計師事務所有限公司), a certified public accounting firm registered in the PRC. The statutory financial statements for the year ended 31 December 2012 prepared in accordance with the PRC accounting principles and regulations were audited by Pan-China Certified Public Accountants Co., Ltd. Guangdong Branch (天健會計師事務所(特殊普通合夥)廣東分所), a certified public accounting firm registered in the PRC.

(u) The statutory financial statements for the years ended 31 December 2010 and 2011 prepared in accordance with the PRC accounting principles and regulations were audited by Guangzhou Huatuo Certified Public Accountants Co., Ltd. (廣州華拓會計師事務所有限公司), a certified public accounting firm registered in the PRC. The statutory financial statements for the year ended 31 December 2012 prepared in accordance with the PRC accounting principles and regulations were audited by Pan-China Certified Public Accountants Co., Ltd. Guangdong Branch (天健會計師事務所(特殊普通合夥)廣東分所), a certified public accounting firm registered in the PRC.

(v) The statutory financial statements for the period from the date of establishment to 31 December 2010 and the year ended 31 December 2011 prepared in accordance with the PRC accounting principles and regulations were audited by Guangzhou Huatuo Certified Public Accountants Co., Ltd. (廣州華拓會計師事務所有限公司), a certified public accounting firm registered in the PRC. The statutory financial statements for the year ended 31 December 2012 prepared in accordance with the PRC accounting principles and regulations were audited by Pan-China Certified Public Accountants Co., Ltd. Guangdong Branch (天健會計師事務所(特殊普通合夥)廣東分所), a certified public accounting firm registered in the PRC.

(w) No audited financial statements have been prepared for this entity since the date of its establishment to 31 December 2011. The statutory financial statements for the year ended 31 December 2012 prepared in accordance with the PRC accounting principles and regulations were audited by Zhuhai Zhengde Certified Public Accountants (珠海正德合夥會計師事務所(普通合夥)), a certified public accounting firm registered in the PRC.

(x) No audited financial statements have been prepared for this entity for the years ended 31 December 2010 and 2011. The statutory financial statements for the year ended 31 December 2012 prepared in accordance with the PRC accounting principles and regulations were audited by Union Power Certified Public Accountants Co., Ltd. Zhuhai Branch (眾環海華會計師事務所有限公司珠海分所), a certified public accounting firm registered in the PRC.

(y) The statutory financial statements for the year ended 31 December 2010 prepared in accordance with the PRC accounting principles and regulations were audited by Grant Thornton China (京都天華會計師事務所有限公司廣東分所), a certified public accounting firm registered in the PRC. The statutory financial statements for the years ended 31 December 2011 and 2012 prepared in accordance with the PRC accounting principles and regulations were audited by SHU LUN PAN Certified Public Accountants LLP Guangdong Branch (立信會計師事務所(特殊普通合夥)廣東分所), a certified public accounting firm registered in the PRC.

(z) The statutory financial statements for the year ended 31 December 2010 prepared in accordance with the PRC accounting principles and regulations were audited by Foshan Jinanda Certified Public Accountants (佛山市金安達會計師事務所), a certified public accounting firm registered in the PRC. The statutory financial statements for the year ended 31 December 2011 prepared in accordance with the PRC accounting principles and regulations were audited by Foshan Zhonglian Certified Public Accountants (佛山市眾聯會計師事務所有限公司), a certified public accounting firm registered in the PRC. The statutory financial statements for the year ended 31 December 2012 prepared in accordance with the PRC accounting principles and regulations were audited by Crowe Horwath Certified Public Accountants (國富浩華會計師事務所(特殊普通合夥)廣東佛山分所), a certified public accounting firm registered in the PRC.

Pursuant to certain financing arrangements entered into between the Group and certain independent alternative financing companies during the year 2012, the entire equity interest of Zhongshan Tianyue was legally transferred to those alternative financing companies so as to secure the relevant borrowings amounting to RMB386,852,000 as at 30 June 2013 and RMB384,924,000 as at 31 December 2012 (note 29(e)) provided to Guangzhou Hongtai. Prior to the equity transfer, Guangzhou Shengyu and Zhongshan Tianyue respectively held 60% and 40% equity interest of Guangzhou Hongtai.

Under the afore-stated arrangements, the Group was endowed with a repurchase obligation at a fixed amount on a future date upon repayment of those borrowings. Further, the Group retains the power to operate and manage Zhongshan Tianyue and Guangzhou Hongtai in the ordinary of business and the day-to-day operation.

In this regard, considering the facts that the substance of the financing arrangements is to collateralise the borrowings for project development and the Group retains the practical ability to govern the financial and operating policies of Zhongshan Tianyue and Guangzhou Hongtai so as to obtain benefits from the operating activities of these project companies, the Directors of the Company are of the view that the financial position and operating results of Zhongshan Tianyue and Guangzhou Hongtai should be consolidated into the Group's financial statements in full, irrespective of the equity transfer from legal perspective.

2.1 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with IFRSs, which comprise all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Boards Committee. All IFRSs effective for the accounting period commencing from 1 January 2013, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Relevant Periods and the period covered by the Interim Comparative Information.

The Financial Information has been prepared under the historical cost convention, except for investment properties, certain payables included in "other payables and accruals" and available-for-sale investments, which have been measured at fair value. The Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the Relevant Periods. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Financial Information:

IFRS 9	*Financial Instruments*[2]
IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised) – Investment Entities[1]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[2]
IAS 36 Amendments	Amendments to IAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*[1]
IAS 39 Amendments	Financial Instruments: *Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
IFRIC 21	*Levies*[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs may result in changes in accounting policies but are unlikely to have a significant impact on the Group's results of operations and financial position.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity) controlled by the Company and/or its other subsidiaries.

The Group controls an investee when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., the existing rights that give the Group the current ability to direct the relevant activities of the investee).

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control described above.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5 are stated at cost less any impairment losses.

Associates

An associate is an entity over which the Group has significant influence. 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 considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates are accounted for using the equity method.

Under the equity method, the investments in associates are initially recognised at cost. The carrying amount of the investments are adjusted to recognise changes in the Group's share of net assets of the associates since the acquisition date. Goodwill relating to the associates is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in the other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the investment in the associates.

The aggregate of the Group's share of profit or loss of associates are shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investments in its associates. At each reporting date, the Group determines whether there is objective evidence that the investments in the associates are impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value, then recognises the loss as 'Share of profits or losses of associates' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associates, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associates upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRSs. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, properties under development, completed properties held for sale, prepaid land lease payments, financial assets, investment properties and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated income statements in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made as at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated income statements in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated income statements in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land and buildings	4.75%
Leasehold improvements	Over the shorter of the lease terms and 20%
Furniture, fixtures and office equipment	19%
Motor vehicles	19%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated income statements in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents leasehold improvements under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interest in land and buildings held for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair value of investment properties are included in the consolidated income statements in the year/period in which they arise.

Any gains or losses on the retirement or disposal of investment properties are recognised in the consolidated income statements in the year/period of the retirement or disposal.

Leases

Leases, including subleases, where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, for those assets owned by the Group under operating leases, they are included in the non-current assets and, rentals receivable under the operating leases derived from lease and sublease arrangement are credited to the consolidated income statements on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the consolidated income statements on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial investments, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group only had financial assets classified as "loans and receivables", "held-to-maturity investments" and "available-for-sale financial investments" during the Relevant Periods.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the consolidated income statements. The loss arising from impairment is recognised in the consolidated income statements in finance costs for loans and in other expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the consolidated income statements. The loss arising from impairment is recognised in the consolidated income statements in other expenses.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the consolidated income statements in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the consolidated income statements in other expense. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the consolidated income statements as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. Reclassification to the held-to-maturity category is permitted only when the Group has the ability and intent to hold until the maturity date of the financial assets.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated income statements.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses as at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the consolidated income statements. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to administrative expenses in the consolidated income statements.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the consolidated income statements, is removed from other comprehensive income and recognised in the consolidated income statements.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated income statements – is removed from other comprehensive income and recognised in the consolidated income statements.

Impairment losses on equity instruments classified as available for sale are not reversed through the consolidated income statements. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or loans and other borrowings. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and other borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, an amount due to a director and interest-bearing bank loans and other borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss represent financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated as at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Loans and other borrowings

After initial recognition, interest-bearing loans and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated income statements when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated income statements.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated income statements.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

Prepaid land lease payments

Prepaid land lease payments, representing prepayments for leasehold land for development for future sale in the ordinary course of business, are stated at lower of cost and net realisable value, of which those within normal operating cycle are classified as current assets, while those out of the normal operating cycle are classified as non-current assets.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to be beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and buildings costs attributable to unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated income statements.

Retirement benefit scheme

The employees of the Group's subsidiaries in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The PRC subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the consolidated income statements as they become payable in accordance with the rules of the central pension scheme.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue from the sale of properties in the ordinary course of business is recognised when all the following criteria are met:

(a) the significant risks and rewards of ownership of the properties are transferred to purchasers;

(b) neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the properties are retained;

(c) the amount of revenue can be measured reliably;

(d) it is probable that the economic benefits associated with the transaction will flow to the Group; and

(e) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

For the Group, revenue from the sale of completed properties is recognised upon the signing of the property handover letter, which is taken to be the point in time when the risks and rewards of ownership of the property have been passed to the buyer.

Deposits and instalments received in respect of properties sold prior to the date of revenue recognition are included in the consolidated statements of financial position under current liabilities.

Rental income is recognised on a time proportion basis over the lease terms.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Property management fee income is recognised when the services are rendered and the inflow of economic benefits is probable.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the Directors are classified as a separate allocation of retained profits within the equity section of the consolidated statements of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB, which is the Group's presentation currency. The functional currency of the Company is Hong Kong dollars while RMB is used as the presentation currency of the financial statements of the Company for the purpose of aligning with the presentation currency of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated income statements.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain subsidiaries operating outside the Mainland China are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of comprehensive income are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated income statements.

For the purpose of the consolidated statements of cash flows, the cash flows of non-PRC entities are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of non-PRC entities which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Financial Information:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment properties portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment properties are properties held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the management of the Group has 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 recognises deferred tax in respect of the changes in fair value of the investment properties based on management's best estimate assuming future tax consequences through usage of such properties for rental purpose, rather than through sale. The final tax outcome could be different from the deferred tax liabilities recognised of in the Financial Information should the investment properties are subsequently disposed by the Group, rather than consumed substantially all of the economic benefits embodied in the investment properties by leasing over time. In the event the investment properties are being disposed of, the Group may be liable to higher tax upon disposal considering the impact of corporate income tax and land appreciation tax.

Estimation uncertainty

The key assumptions concerning the future and other key sources 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, are described below.

(a) PRC corporate income tax

The Group is subject to corporate income taxes in Mainland China. Due to the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provision in the period in which the differences realise. Further details are given in notes 10 and 25 to the Financial Information.

(b) PRC land appreciation tax

The Group is subject to land appreciation tax in Mainland China. The provision for land appreciation tax is based on management's best estimates according to its understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual land appreciation tax liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its land appreciation tax calculations and payments with the tax authorities for certain property development projects.

The final outcome could be different from the amounts that were initially recorded, and any differences will impact the land appreciation tax expenses and the related provision in the period in which the differences realise. Further details are given in notes 10 and 25 to the Financial Information.

(c) Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(d) Recognition and allocation of construction cost on properties under development

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties held for sale upon completion. Apportionment of these costs will be recognised in the consolidated income statements upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group may divide the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated saleable area of the entire project.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

(e) Estimation of fair value of investment properties

Investment properties represented completed investment properties which are revalued at the end of each reporting period based on the appraised market value provided by independent professionally qualified valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, information from current prices in an active market for similar properties is considered and assumptions that are mainly based on market conditions existing at the end of each reporting period are used.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into the following reportable operating segments:

(a)	Property development:	Development and sale of properties
(b)	Property leasing:	Property leasing (including lease of self-owned properties and sublease of leased properties)
(c)	Property management:	Provision of property and hotel management services
(d)	Others:	Supermarket operation, an incidental and non-core business of the Group#

Foshan Zhide Wangu, the subsidiary of the Group operating the supermarket, was disposed of in the first quarter of 2013. Details of the disposal are set out in note 33 of Section II below.

The property development projects undertaken by the Group during the Relevant Periods are all located in the PRC.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, share of profits and losses of associates, as well as head office and corporate income and expenses are excluded from this measurement.

The Group's revenue from external customers is derived solely from its operations in the PRC, and no non-current assets of the Group are located outside the PRC.

Segment assets exclude deferred tax assets, tax prepayments, restricted bank deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities, interest-bearing bank loans and other borrowings, and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

During the Relevant Periods, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

Year ended 31 December 2010	Property development	Property leasing	Property management	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue					
Sales to external customers	1,466,334	39,505	41,367	–	1,547,206
Segment results	111,950	168,882	(1,815)	–	279,017
Reconciliation:					
Interest income					10,340
Unallocated corporate expense					(13,851)
Finance costs					(33,110)
Share of profits and losses of associates					3,212
Profit before tax					245,608
Segment assets	6,948,986	1,294,135	5,944	–	8,249,065
Reconciliation:					
Unallocated assets					1,958,808
Total assets					10,207,873
Segment liabilities	4,897,686	17,599	32,418	–	4,947,703
Unallocated liabilities					3,143,203
Total liabilities					8,090,906
Other segment information					
Depreciation	(9,102)	(163)	(6)	–	(9,271)
Fair value gains on investment properties	–	142,000	–	–	142,000

Year ended 31 December 2011	Property development	Property leasing	Property management	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue					
Sales to external customers	2,369,563	37,881	59,367	–	2,466,811
Segment results	225,743	162,739	(9,188)	–	379,294
Reconciliation:					
Interest income					7,795
Unallocated corporate expense					(18,149)
Finance costs					(39,662)
Share of profits and losses of associates					6,440
Profit before tax					335,718
Segment assets	12,393,020	1,433,059	7,887	–	13,833,966
Reconciliation:					
Unallocated assets					1,933,458
Total assets					15,767,424
Segment liabilities	7,187,769	21,500	32,311	–	7,241,580

Year ended 31 December 2011	Property development	Property leasing	Property management	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Unallocated liabilities. .					5,674,807
Total liabilities					12,916,387
Other segment information					
Depreciation	(14,737)	(200)	(20)	–	(14,957)
Fair value gains on investment properties.	–	140,000	–	–	140,000

Year ended 31 December 2012	Property development	Property leasing	Property management	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue					
Sales to external customers.	3,090,787	38,423	67,932	–	3,197,142
Segment results	528,405	133,296	(7,996)	–	653,705
Reconciliation:					
Interest income.					21,376
Unallocated corporate expense					(11,608)
Finance costs					(42,055)
Share of profits and losses of associates . .					5
Profit before tax					621,423
Segment assets	17,153,558	1,903,369	10,419	10,028	19,077,374
Reconciliation:					
Unallocated assets					3,008,234
Total assets					22,085,608
Segment liabilities . . .	11,437,046	112,922	34,603	6,161	11,590,732
Unallocated liabilities. .					7,288,763
Total liabilities					18,879,495
Other segment information					
Depreciation	(16,142)	(217)	(95)	–	(16,454)
Fair value gains on investment properties.	–	110,000	–	–	110,000

Six months ended 30 June 2012	Property development	Property leasing	Property management	Others	Total
(Unaudited)	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Segment revenue					
Sales to external customers	1,767,709	18,585	30,808	–	1,817,102
Segment results	193,983	68,238	(5,355)	–	256,866
Reconciliation:					
Interest income					10,075
Unallocated corporate expense					(5,345)
Finance costs					(20,695)
Share of profits and losses of associates					(13)
Profit before tax					240,888
Other segment information					
Depreciation	(7,201)	(109)	(40)	–	(7,350)
Fair value gains on investment properties	–	57,000	–	–	57,000

Six months ended 30 June 2013	Property development	Property leasing	Property management	Others	Total
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Segment revenue					
Sales to external customers	2,251,179	71,670	39,856	–	2,362,705
Segment results	299,182	3,240	(3,842)	676	299,256
Reconciliation:					
Interest income					6,590
Unallocated corporate expense					(19,615)
Finance costs					(34,411)
Share of profits and losses of associates					105
Profit before tax					251,925
Segment assets	19,131,338	2,273,311	10,345	–	21,414,994
Reconciliation:					
Unallocated assets					2,094,954
Total assets					23,509,948
Segment liabilities	13,327,722	407,332	35,418	–	13,770,472
Unallocated liabilities					7,283,241
Total liabilities					21,053,713
Other segment information					
Depreciation	(29,044)	(653)	(119)	–	(29,816)
Fair value gains on investment properties	–	20,000	–	–	20,000

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the gross proceeds from the sale of properties, gross rental income received and receivables and property management fee income, net of business tax and surcharges during the Relevant Periods.

An analysis of the Group's revenue, other income and gains is as follows:

	Notes	Year ended 31 December			Six months ended 30 June	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue						
Sale of properties		1,466,334	2,369,563	3,090,787	1,767,709	2,251,179
Gross rental income from:						
lease of self-owned properties		39,505	37,881	38,423	18,585	21,222
sublease of leased properties		–	–	–	–	50,448
Property management fee income		41,367	59,367	67,932	30,808	39,856
		1,547,206	2,466,811	3,197,142	1,817,102	2,362,705
Other income						
Bank interest income		3,372	7,795	9,055	5,510	3,451
Other interest income		6,968	–	12,321	4,565	3,139
Others		3,706	5,578	9,037	2,736	11,753
		14,046	13,373	30,413	12,811	18,343
Gains, net						
Gains on acquisition of subsidiaries	32(i)(ii)(iv)(vii)	20,134	58,073	–	–	7,685
Gains on deregistration/disposal of subsidiaries	33	1,672	–	–	–	1,414
Fair value gains on investment properties	15	142,000	140,000	110,000	57,000	20,000
Fair value changes in certain other payables to fellow investors/the non-controlling shareholder	28(b)	18,173	(2,538)	(2,144)	–	–
		181,979	195,535	107,856	57,000	29,099
		196,025	208,908	138,269	69,811	47,442

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Six months ended 30 June	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cost of properties sold		1,113,032	1,712,693	2,212,941	1,383,939	1,734,439
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		2,199	3,998	4,084	1,921	2,431
Direct operating expenses (including rental and depreciation of leasehold improvements) arising on the subleasing business		–	–	–	–	37,946
Cost of property management service provided		41,138	64,566	69,494	33,269	39,826
Depreciation	13	9,271	14,957	16,454	7,350	29,816
Changes in fair value of investment properties	15	(142,000)	(140,000)	(110,000)	(57,000)	(20,000)
Changes in fair value of certain other payables to fellow investors/ the non-controlling shareholder	28(b)	(18,173)	2,538	2,144	–	–
Auditors' remuneration		2,321	729	2,348	1,247	1,595
Employee benefit expense (excluding directors' remuneration *(note 8)*)						
Wages and salaries		51,723	97,174	96,210	44,600	71,235
Pension scheme contributions		3,857	7,106	9,690	4,771	5,852
Less: Amount capitalised in properties under development		(19,527)	(41,080)	(50,523)	(21,135)	(33,773)
		36,053	63,200	55,377	28,236	43,314
Minimum lease payments under operating leases regarding office premises and leased properties for the subleasing business		2,526	2,143	3,893	1,842	46,863

	Notes	Year ended 31 December			Six months ended 30 June	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Impairment/(reversal of impairment) of completed properties held for sale	19	–	–	1,665	1,665	(14)
(Reversal of impairment)/impairment of prepayments, deposits and other receivables . . .		(5,000)	1,000	–	–	(1,000)
Loss/(gain) on disposal of items of property, plant and equipment .		17	229	658	(31)	11
Re-measurement of previously-held equity interest*	16	–	47,378	–	–	–
Gains on acquisition of subsidiaries	32(i)(ii)(iv)	20,134	58,073	–	–	7,685

* Included in "other expenses" in the consolidated income statements.

7. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest expense	162,017	310,243	488,296	241,452	273,712
Less: Interest capitalised . .	(128,907)	(270,581)	(446,241)	(220,757)	(239,301)
	33,110	39,662	42,055	20,695	34,411

8. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Fees	–	–	–	–	–
Other emoluments:					
Salaries, allowances and benefits in kind.	3,554	6,356	6,629	3,301	3,328
Performance-related bonuses	447	534	571	–	–
Pension scheme contributions	37	48	49	25	30
	4,038	6,938	7,249	3,326	3,358

(a) Independent non-executive directors

There were no fees or other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2010				
Mr. Shum	1,057	153	6	1,216
Mr. Guan Jianhui	795	107	7	909
Mr. Bai Xihong	795	108	7	910
Mr. Li Qiang	629	79	10	718
Mr. Cen Zhaoxiong	278	–	7	285
	3,554	447	37	4,038

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2011				
Mr. Shum	1,948	160	–	2,108
Mr. Guan Jianhui	1,265	108	10	1,383
Mr. Bai Xihong	1,296	108	10	1,414
Mr. Li Qiang	917	78	10	1,005
Mr. Cen Zhaoxiong	582	48	10	640
Mr. Niu Jimin *(note b)*	348	32	8	388
	6,356	534	48	6,938

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2012				
Mr. Shum	1,864	160	4	2,028
Mr. Guan Jianhui	1,260	108	9	1,377
Mr. Bai Xihong	1,278	108	9	1,395
Mr. Li Qiang	900	78	9	987
Mr. Cen Zhaoxiong	895	78	9	982
Mr. Niu Jimin *(note b)*	432	39	9	480
	6,629	571	49	7,249

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2013				
Mr. Shum	956	–	5	961
Mr. Guan Jianhui	628	–	5	633
Mr. Bai Xihong	634	–	5	639
Mr. Li Qiang	448	–	5	453
Mr. Cen Zhaoxiong	448	–	5	453
Mr. Niu Jimin *(note b)*	214	–	5	219
	3,328	–	30	3,358

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2012 (Unaudited)				
Mr. Shum	907	–	–	907
Mr. Guan Jianhui	630	–	5	635
Mr. Bai Xihong	643	–	5	648
Mr. Li Qiang	450	–	5	455
Mr. Cen Zhaoxiong	455	–	5	460
Mr. Niu Jimin *(note b)*	216	–	5	221
	3,301	–	25	3,326

Notes:

(a) There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

(b) Mr. Niu Jimin joined the Group since March 2011.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals during the Relevant Periods included three directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two non-director, highest paid employees during the Relevant Periods, respectively, are as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries, allowances and benefits in kind	3,967	2,827	1,847	1,002	924
Performance-related bonuses	97	238	156	–	–
Pension scheme contributions	17	20	18	10	10
	4,081	3,085	2,021	1,012	934

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
				(Unaudited)	
RMB Nil to RMB1,000,000	1	–	–	2	2
RMB1,000,001 to RMB1,500,000	–	1	2	–	–
RMB1,500,001 to RMB2,000,000	–	1	–	–	–
RMB3,000,000 to RMB3,500,000	1	–	–	–	–
	2	2	2	2	2

10. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and BVI, the entities of the Group which incorporated in the Cayman Islands and BVI are not subject to any income tax. The Group was not liable for income tax in Hong Kong as the Group did not have any assessable income currently arising in Hong Kong during the Relevant Periods.

PRC corporate income tax

The PRC corporate income tax ("CIT") in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for each of the Relevant Periods, based on the existing legislation, interpretations and practices in respect thereof.

Except for Zhuhai Zhongzhu, Guangzhou Ruixian, Fogang Shengxin and Fogang Bairui, other subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax rate of 25%.

Zhuhai Zhongzhu previously enjoyed a preferential tax rate of 15% prior to 1 January 2008. With the effect of the PRC Corporate Income Tax Law from then on, the tax rate would be transitioned to 25% over five years. As such, applicable tax rates for Zhuhai Zhongzhu were 22%, 24%, 25% and 25% for the years ended 31 December 2010, 2011, 2012 and for the six months ended 30 June 2013, respectively.

Corporate income tax for Guangzhou Ruixian, Fogang Shengxin and Fogang Bairui are levied on a deemed basis which are based on a rate of 2.5% of their respective revenue amounts.

PRC land appreciation tax

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 Relevant Periods, 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.

	Note	Year ended 31 December			Six months ended 30 June	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Current:						
PRC CIT		50,962	95,052	118,185	36,456	73,435
LAT		3,633	18,183	123,168	12,087	27,706
Deferred	17	25,669	(12,388)	26,422	29,688	(5,909)
Total tax charge for the year/period		80,264	100,847	267,775	78,231	95,232

A reconciliation of the tax expense applicable to profit before tax using the statutory tax rate to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	Year ended 31 December						Six months ended 30 June			
	2010		2011		2012		2012		2013	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Profit before tax	245,608		335,718		621,423		240,888		251,925	
Tax at the PRC statutory tax rate	61,402	25.0	83,930	25.0	155,356	25.0	60,222	25.0	62,981	25.0
Effect of different income tax regime of certain companies	(1,009)	(0.4)	925	0.3	15	–	–	–	115	–
Income not subject to tax	(5,034)	(2.0)	(14,518)	(4.3)	–	–	–	–	(1,921)	(0.7)
Expenses not deductible for tax	16,088	6.5	14,944	4.4	14,359	2.3	2,607	1.1	3,144	1.2
Provision for LAT	3,633	1.5	18,183	5.4	123,168	19.8	12,087	5.0	27,706	11.0
Tax effect of LAT	(908)	(0.4)	(4,546)	(1.4)	(30,792)	(5.0)	(3,022)	(1.3)	(6,927)	(2.7)
Tax losses not recognised	6,453	2.6	3,214	1.0	3,632	0.6	4,902	2.0	9,556	3.8
Profits and losses attributable to associates	(803)	(0.3)	(1,610)	(0.5)	(1)	–	3	–	(26)	–
Withholding taxes on undistributed profits of the subsidiaries in the PRC	442	0.2	325	0.1	2,038	0.3	1,432	0.6	604	0.2
Tax charge at the Group's effective rate	80,264	32.7	100,847	30.0	267,775	43.0	78,231	32.4	95,232	37.8

11. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful.

12. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company includes a loss of RMB3,297,000, RMB3,868,000 and RMB1,844,000 for the years ended 31 December 2010, 2011 and 2012, respectively, and a profit of RMB4,999,000 for the six months ended 30 June 2013, which have been dealt with in the financial statements of the Company.

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2010						
Cost:						
At 1 January 2010	5,985	12,617	24,139	7,877	–	50,618
Additions	16,875	1,893	8,196	8,531	–	35,495
Disposals	–	–	(345)	(190)	–	(535)
At 31 December 2010	22,860	14,510	31,990	16,218	–	85,578
Accumulated depreciation:						
At 1 January 2010	898	4,960	7,554	3,297	–	16,709
Depreciation provided during the year	189	3,469	3,758	1,855	–	9,271
Disposals	–	–	(284)	(114)	–	(398)
At 31 December 2010	1,087	8,429	11,028	5,038	–	25,582
Net carrying amount	21,773	6,081	20,962	11,180	–	59,996
31 December 2011						
Cost:						
At 1 January 2011	22,860	14,510	31,990	16,218	–	85,578
Additions	3,008	3,013	13,600	8,061	–	27,682
Acquisition of a subsidiary *(note 32(iv))*	719	–	1,005	3,514	–	5,238
Disposals	–	–	(272)	(3,372)	–	(3,644)
At 31 December 2011	26,587	17,523	46,323	24,421	–	114,854
Accumulated depreciation:						
At 1 January 2011	1,087	8,429	11,028	5,038	–	25,582
Depreciation provided during the year	2,177	3,529	6,583	2,668	–	14,957
Acquisition of a subsidiary *(note 32(iv))*	47	–	765	1,688	–	2,500
Disposals	–	–	(151)	(907)	–	(1,058)
At 31 December 2011	3,311	11,958	18,225	8,487	–	41,981
Net carrying amount	23,276	5,565	28,098	15,934	–	72,873
31 December 2012						
Cost:						
At 1 January 2012	26,587	17,523	46,323	24,421	–	114,854
Additions	–	6,137	8,020	3,634	–	17,791
Acquisition of subsidiaries *(note 32(vi))*	–	105,094	6,670	2,748	248,762	363,274
Disposals	–	–	(62)	(1,447)	–	(1,509)
At 31 December 2012	26,587	128,754	60,951	29,356	248,762	494,410

	Leasehold land and buildings	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accumulated depreciation:						
At 1 January 2012	3,311	11,958	18,225	8,487	–	41,981
Depreciation provided during the year	2,177	2,741	7,872	3,664	–	16,454
Acquisition of subsidiaries *(note 32(vi))*	–	–	2,091	1,733	–	3,824
Disposals	–	–	(54)	(731)	–	(785)
At 31 December 2012	5,488	14,699	28,134	13,153	–	61,474
Net carrying amount	21,099	114,055	32,817	16,203	248,762	432,936
30 June 2013						
Cost:						
At 1 January 2013	26,587	128,754	60,951	29,356	248,762	494,410
Additions	–	339,806	7,644	–	1,574	349,024
Disposal of subsidiaries *(note 33)*	–	–	(4,499)	(122)	–	(4,621)
Disposals	–	(1,525)	(447)	(123)	–	(2,095)
Transfer		210,225	–	–	(210,225)	–
At 30 June 2013	26,587	677,260	63,649	29,111	40,111	836,718
Accumulated depreciation:						
At 1 January 2013	5,488	14,699	28,134	13,153	–	61,474
Depreciation provided during the year	94	22,540	5,140	2,042	–	29,816
Disposal of subsidiaries *(note 33)*	–	–	(1,275)	(35)	–	(1,310)
Disposals	–	(2,291)	(289)	(54)	–	(2,634)
At 30 June 2013	5,582	34,948	31,710	15,106	–	87,346
Net carrying amount	21,005	642,312	31,939	14,005	40,111	749,372

Company

	Motor vehicles
	RMB'000
31 December 2011	
Cost:	
Additions and at 31 December 2011	498
Accumulated depreciation:	
Depreciation provided during the year and at 31 December 2011	24
Net carrying amount	474
31 December 2012	
Cost:	
At 1 January 2012	498
Disposals	(5)
At 31 December 2012	493

	Motor vehicles
	RMB'000
Accumulated depreciation:	
At 1 January 2012	24
Depreciation provided during the year	95
Disposals	(1)
At 31 December 2012	118
Net carrying amount	375
30 June 2013	
Cost:	
At 1 January 2013	493
Disposals	(7)
At 30 June 2013	486
Accumulated depreciation:	
At 1 January 2013	118
Depreciation provided during the period	47
Disposals	–
At 30 June 2013	165
Net carrying amount	321

14. PREPAID LAND LEASE PAYMENTS

	31 December			30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year/period	445,550	946,455	1,629,130	1,494,902
Additions during the year/period	–	54,941	228,791	74,983
Acquisition of subsidiaries *(note 32)*	500,905	1,190,944	–	306,263
Transferred to properties under development	–	(563,210)	(363,019)	(265,813)
Carrying amount at end of year/period	946,455	1,629,130	1,494,902	1,610,335
Less: Current portion	563,210	363,019	265,813	–
Non-Current portion	383,245	1,266,111	1,229,089	1,610,335

The leasehold land is situated in Mainland China and is held under a long term lease, construction on which has not yet commenced. Balances will be transferred to properties under development when construction commences.

Certain parcels of the Group's leasehold land with aggregate carrying amounts of approximately RMB309,540,000, RMB177,908,000 and RMB228,640,000 as at 31 December 2010, 2011 and 2012, respectively, have been pledged to secure bank loans granted to the Group (note 29(c)). No leasehold land has been pledged as at 30 June 2013.

15. INVESTMENT PROPERTIES

	Note	31 December 2010	31 December 2011	31 December 2012	30 June 2013
		RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year/period		1,148,000	1,290,000	1,430,000	1,540,000
Net gain from a fair value adjustment	5	142,000	140,000	110,000	20,000
Carrying amount at end of year/period		1,290,000	1,430,000	1,540,000	1,560,000

The Group's investment properties are situated in Mainland China and held under medium term. The investment properties are mainly leased to third parties under operating lease arrangements, further details of which are included in note 36(a) to the Financial Information.

The Group's investment properties were revalued on 31 December 2010, 2011 and 2012 and 30 June 2013 at RMB1,290,000,000, RMB1,430,000,000, RMB1,540,000,000 and RMB1,560,000, by DTZ Debenham Tie Leung Limited, an independent firm of professionally qualified valuers, on an open market, existing use basis. At 31 December 2010, 2011 and 2012 and 30 June 2013, the investment properties of the Group were pledged to secure the bank loans and other borrowings granted to the Group (note 29(c)).

16. INVESTMENTS IN ASSOCIATES

	31 December 2010	31 December 2011	31 December 2012	30 June 2013
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	539,079	3,247	42,934	43,039

The Group's balances with its associates as at 31 December 2010, 2011 and 2012 and 30 June 2013 are disclosed in note 23 to the Financial Information.

Particulars of the Group's associates are as follows:

Name	Place and date of registration	Nominal value of registered/ paid-up capital	Percentage of equity interests attributable to the Group: 31 December 2010	31 December 2011	31 December 2012	30 June 2013	Principal activities
		RMB'000					
廣州市番禺南英房地產有限公司 Guangzhou Panyu Nanying Real Estate Co., Ltd.^ ("Guangzhou Nanying")*	PRC/ Mainland China 6 August 1992	356,400	69.3^^	–	–	–	Property development
廣州市時代紅衛投資有限公司 Guangzhou Times Hongwei Investment Company Limited^ ("Guangzhou Times Hongwei")*	PRC/ Mainland China 10 March 2011	11,000	–	30	30	30	Property development

Name	Place and date of registration	Nominal value of registered/ paid-up capital	Percentage of equity interests attributable to the Group: 31 December 2010	2011	2012	30 June 2013	Principal activities
		RMB'000					
廣州市白雲合銀泰富小額貸款股份有限公司 Guangzhou Baiyun Heyintaifu Micro-credit Co., Ltd.^ ("Guangzhou Baiyun")*	PRC/ Mainland China 3 December 2012	200,000	–	–	20	20	Money lending

* The financial statements of these companies for the Relevant Periods were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

^ The English names of these companies represent the best effort made by the Directors of the Company to directly translate their Chinese names as they do not register any official English names.

^^ Effective interest of the Group in Guangzhou Nanying was 69.3% which was accounted for as an associate by virtue of the investment agreements with the then investors whereby the Group exercised significant influence therein.

The following tables illustrates the summarised financial information of the Group's associates extracted from their management accounts or financial statements:

Guangzhou Nanying

	31 December 2010	2011	2012	30 June 2013
	RMB'000	RMB'000	RMB'000	RMB'000
Assets	1,184,201	–	–	–
Liabilities	(918,738)	–	–	–
Revenue	54,210	97,739	–	–
Profit/(loss) for the year/period	4,635	(21,538)	–	–

Since 2009, the Group effectively held 69.3% equity interest in Guangzhou Nanying. In April 2011, the Group acquired another 29.7% equity interest in Guangzhou Nanying which became a subsidiary of the Group. Details of the acquisition are set out in note 32(iv) to the Financial Information. As it is a business combination achieved in stages, the Group remeasured the fair value of previously held equity interests in Guangzhou Nanying at acquisition date and recognised the resulting loss amounting to RMB47,378,000 (note 6).

Revenue and profit for the period from 1 January 2011 to the acquisition date of Guangzhou Nanying was RMB45,976,000 and RMB9,369,000, respectively.

Guangzhou Times Hongwei

	31 December			30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Assets	–	71,004	74,120	67,774
Liabilities	–	(60,180)	(63,280)	(56,955)
Revenue	–	–	–	–
Profit/(loss) for the year/period	–	(176)	17	(20)

Guangzhou Baiyun

	31 December			30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Assets	–	–	200,561	200,631
Liabilities	–	–	(2,150)	(1,664)
Revenue	–	–	367	4,699
Profit/(loss) for the year/period	–	–	(1,590)	556

17. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets

The movements in deferred tax assets during the Relevant Periods are as follows:

	Tax losses	Provision for LAT	Accruals and other deductible temporary difference	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010	13,564	12,339	5,780	14	31,697
Acquisition of a subsidiary *(note 32(viii))*	2,288	–	–	–	2,288
Credited/(debited) to the consolidated income statement during the year *(note 10)*	15,035	(2,508)	2,267	19	14,813
At 31 December 2010 and at 1 January 2011	30,887	9,831	8,047	33	48,798
Acquisition of a subsidiary *(note 32(iv))*	7,379	1,220	–	–	8,599
Credited/(debited) to the consolidated income statement during the year *(note 10)*	7,938	(1,399)	29,592	635	36,766
At 31 December 2011 and at 1 January 2012	46,204	9,652	37,639	668	94,163
Credited/(debited) to the consolidated income statement during the year *(note 10)*	(1,305)	12,293	(22,598)	951	(10,659)
At 31 December 2012 and at 1 January 2013	44,899	21,945	15,041	1,619	83,504
Credited/(debited) to the consolidated income statement during the period *(note 10)*	6,792	(4,380)	8,448	4	10,864
At 30 June 2013	51,691	17,565	23,489	1,623	94,368

Deferred tax liabilities

The movements in deferred tax liabilities during the Relevant Periods are as follows:

	Fair value adjustment arising from acquisition of subsidiaries	Revaluation of investment properties	Taxes on undistributed profits of the subsidiaries in the PRC	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010	(47,244)	(89,625)	(232)	(3,304)	(140,405)
Acquisition of subsidiaries *(notes 32(i) and (ii))*	(6,782)	–	–	–	(6,782)
Credited/(debited) to the consolidated income statement during the year *(note 10)*	290	(35,500)	(442)	(4,830)	(40,482)
At 31 December 2010 and at 1 January 2011	(53,736)	(125,125)	(674)	(8,134)	(187,669)
Acquisition of subsidiaries *(notes 32(iii) and (iv))*	(1,032,544)	–	–	–	(1,032,544)
Credited/(debited) to the consolidated income statement during the year *(note 10)*	3,047	(35,000)	(325)	7,900	(24,378)
At 31 December 2011 and at 1 January 2012	(1,083,233)	(160,125)	(999)	(234)	(1,244,591)
Acquisition of a subsidiary *(note 32(v))*	(43,072)	–	–	–	(43,072)
Credited/(debited) to the consolidated income statement during the year *(note 10)*	13,541	(27,500)	(2,038)	234	(15,763)
At 31 December 2012 and at 1 January 2013	(1,112,764)	(187,625)	(3,037)	–	(1,303,426)
Acquisition of a subsidiary *(note 32 (vii))*	(8,422)	–	–	–	(8,422)
Credited/(debited) to the consolidated income statement during the period *(note 10)*	649	(5,000)	(604)	–	(4,955)
At 30 June 2013	(1,120,537)	(192,625)	(3,641)	–	(1,316,803)

Partial tax losses of the Group of RMB124,849,000, RMB128,355,000, RMB133,294,000 and RMB131,686,000 as at 31 December 2010, 2011 and 2012 and 30 June 2013, respectively, mainly arose in Mainland China, which can be carried forward for an definite period from the year in which the losses arose for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

No deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of RMB60,635,000, RMB89,927,000, RMB273,373,000 and RMB327,699,000 as at 31 December 2010, 2011 and 2012 and 30 June 2013, respectively, that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the Directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

18. PROPERTIES UNDER DEVELOPMENT

	31 December			30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Properties under development expected to be recovered:				
Within one year	2,759,535	1,835,835	3,467,265	3,845,106
After one year	1,099,889	5,088,769	5,882,963	9,219,156
	3,859,424	6,924,604	9,350,228	13,064,262

The Group's properties under development are all located in Mainland China and situated on leasehold lands with long term leases.

At 31 December 2010, 2011 and 2012 and 30 June 2013, certain of the Group's properties under development were pledged to banks and other lenders to secure the bank loans and borrowings granted to the Group (note 29(c)).

19. COMPLETED PROPERTIES HELD FOR SALE

The Group's completed properties held for sale are located in Mainland China. All completed properties held for sale are stated at the lower of cost and net realisable value.

The movements in the provision for impairment of completed properties held for sale are as follows:

		31 December			30 June
	Note	2010	2011	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period		–	–	–	1,665
Impairment losses recognised/(reversed)	6	–	–	1,665	(14)
At end of year/period		–	–	1,665	1,651

At 31 December 2010, 2011 and 2012 and 30 June 2013, certain of the Group's completed properties held for sale with aggregate carrying amounts of approximately RMB188,350,000, RMB202,812,000, RMB289,250,000 and RMB303,447,000 were pledged to banks and other lenders to secure the bank loans and other borrowings granted to the Group (note 29(c)).

20. TRADE RECEIVABLES

The Group's trade receivables mainly arise from the sale of properties. Considerations in respect of the properties sold are payable by the purchasers in accordance with the terms of the related sale and purchase agreements. Trade receivables are non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values due to their short-term maturity.

An aged analysis of the trade receivables as at the end of each of the Relevant Periods is as follows:

	31 December			30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	3,198	17,037	21,327	13,826
4 to 6 months	810	390	9,752	2,127
7 to 12 months	8,568	1,445	1,467	1,860
	12,576	18,872	32,546	17,813

The balances of the trade receivables as at 31 December 2010, 2011 and 2012 and 30 June 2013 were neither past due nor impaired and related to a large number of diversified customers for whom there was no recent history of default.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	31 December			30 June
	2010	**2011**	**2012**	**2013**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Prepayments for leasehold land	426,734	471,761	1,730,780	432,641
Deposits and other receivables	279,705	816,503	1,210,453	405,269
Other prepayments	168,380	275,509	640,334	649,676
	874,819	1,563,773	3,581,567	1,487,586
Impairment	–	(1,000)	(1,000)	–
	874,819	1,562,773	3,580,567	1,487,586

Prepayments, deposits and other receivables are unsecured, non-interest-bearing and have no fixed term of repayment.

Prepayments for leasehold land represent the prepayment for leasehold land with the application of land use right certificates being processed.

22. HELD-TO-MATURITY INVESTMENTS

The Group's held-to-maturity investments represented short-term investments in certain financial products sold by a reputable bank in Mainland China with a determinable expected interest rate and a maturity period within one year. Such short-term investments were pledged to the same bank as a security to certain bank loans (note 29(c)).

In April 2013, as set out in the relevant financing arrangements, the bank loans were settled by the Group through offsetting with the short-term investments upon its maturity.

23. AMOUNTS DUE FROM ASSOCIATES

	31 December			30 June
	2010	**2011**	**2012**	**2013**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Due from associates:				
– Guangzhou Nanying	72,631	–	–	–
– Guangzhou Times Hongwei	–	60,180	63,880	56,480
	72,631	60,180	63,880	56,480

The amounts due from associates are non-trade in nature, unsecured, interest-free and repayable on demand. The carrying amounts of the amounts due from associates approximate to their fair values. None of these receivables is either past due or impaired.

Guangzhou Nanying became a subsidiary of the Group in April 2011 with details set out in note 32 (iv) to the Financial Information.

24. AMOUNTS DUE FROM/TO DIRECTORS

Group

	31 December			30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Due from directors:				
– Mr. Shum	6,208	–	1,438	–
– Mr. Guan Jianhui	4,790	2,000	–	–
– Mr. Li Qiang	50	2,000	2,000	–
	11,048	4,000	3,438	–
Due to a director:				
– Mr. Shum	95,588	101,489	101,478	96,885

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Maximum amount outstanding during the year					
– Mr. Shum	6,208	6,208	1,438	6,208	1,438
– Mr. Guan Jianhui	4,790	2,000	2,000	2,000	2,000
– Mr. Li Qiang	50	2,000	2,000	2,000	2,000

Company

	31 December			30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Due from a director:				
– Mr. Shum	5,354	–	–	–
Due to a director:				
– Mr. Shum	–	10,348	11,029	7,959

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Maximum amount outstanding during the year					
– Mr. Shum	5,354	5,354	–	–	–

The amounts due from/to directors arose from non-trade activities, and they are unsecured, interest-free and repayable on demand.

25. TAX PREPAYMENTS/TAX PAYABLE

(a) Tax prepayments

	31 December			30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Prepaid CIT	60,060	38,662	51,885	74,619
Prepaid LAT	50,884	115,454	182,524	244,635
	110,944	154,116	234,409	319,254

(b) Tax payable

	31 December			30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
CIT payable	42,142	57,944	119,267	76,241
LAT payable	39,410	39,143	87,794	70,256
	81,552	97,087	207,061	146,497

26. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

Group

	31 December			30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	1,172,202	1,603,239	1,833,745	1,546,615
Less: Restricted bank deposits *(note (a))*	(608,813)	(1,037,539)	(897,299)	(1,236,706)
Cash and cash equivalents	563,389	565,700	936,446	309,909
Denominated in RMB *(note (b))*	562,621	565,209	928,863	308,610
Denominated in other currencies	768	491	7,583	1,299
	563,389	565,700	936,446	309,909

Company

	As at 31 December			30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	124	262	7,356	1,023
Denominated in other currencies	124	262	7,356	1,023

Notes:

(a) Pursuant to the relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of pre-sale proceeds received in designated bank accounts for specific use. As at 31 December 2010, 2011 and 2012 and 30 June 2013, such restricted cash amounted to RMB366,183,000, RMB564,807,000, RMB767,713,000 and RMB882,407,000, respectively.

Remaining restricted deposits as at 31 December 2010, 2011 and 2012 amounting to RMB242,630,000, RMB472,732,000 and RMB129,586,000, respectively, and certain restricted deposit as at 30 June 2013 amounting to RMB284,299,000 represented the loan proceeds in the monitoring accounts designated by the banks, in which case the use of the restricted bank deposit is subject to the banks' approval. The remaining restricted deposit of RMB70,000,000 as at 30 June 2013 represented the time deposit pledged for bank borrowings (note 29 (c)).

(b) The RMB is not freely convertible into other currencies, however, subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest income at floating rates based on daily bank deposit rates. The carrying amounts of the cash and cash equivalents and the restricted bank deposits approximate to their fair values. The bank balances and restricted bank deposits are deposited with creditworthy banks with no recent history of default.

27. TRADE PAYABLES

An aged analysis of the trade payables as at the end of each of the Relevant Periods, based on invoice date is as follows:

	31 December			30 June
	2010	**2011**	**2012**	**2013**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Within 1 year	1,258,799	1,264,802	2,185,743	2,415,516
Over 1 year	306,198	774,229	686,903	515,325
	1,564,997	2,039,031	2,872,646	2,930,841

The trade payables are unsecured, non-interest-bearing and repayable within the normal operating cycle or on demand.

The fair values of trade payables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts due to their relatively short maturity terms.

28. OTHER PAYABLES AND ACCRUALS

		31 December			30 June
	Notes	**2010**	**2011**	**2012**	**2013**
		RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Deposits received and receipts in advance	(a)	2,556,446	4,097,526	7,342,131	9,385,631
Payables for acquisition of project companies		307,878	239,894	528,262	1,015,985
Accruals and other payables		369,315	765,930	741,341	277,208
Other payables to fellow investors/ the non-controlling shareholders	(b)	149,067	99,199	106,351	160,807
		3,382,706	5,202,549	8,718,085	10,839,631

Notes:

(a) Deposits received and receipts in advance mainly represent sales proceeds received from buyers in connection with the Group's pre-sale of properties as at the end of each of the Relevant Periods.

(b) Details of other payables with fellow investors/the non-controlling shareholders as at 31 December 2010, 2011 and 2012 and 30 June 2013 are set out by project company as follows:

		As at 31 December			30 June
		2010	2011	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000
Guangzhou Nanying . .	(i)	149,067	62,665	62,778	62,778
Changsha Meiguiyuan .	(ii)	–	36,534	11,052	–
Guangzhou Tiansi	(ii)	–	–	32,521	47,626
Zhuhai Guoji	(ii)	–	–	–	50,403
		149,067	99,199	106,351	160,807

(i) Balance as at 31 December 2010 represented payables to the then investors of Guangzhou Nanying, which was an associate of the Group (note 16) in connection with certain assets (mainly properties) and liabilities, the economic benefits of which solely attributable to those investors. With the Group's further acquisition of 29.7% equity interest of Guangzhou Nanying in year 2011, Guangzhou Nanying became a subsidiary of the Group from April 2011 onwards. The balances as at 31 December 2011 and 2012 mainly represented the payables in connection with the remaining properties to the remaining non-controlling shareholder, which was one of the then investors as at 31 December 2010.

Such payable balances were measured by reference to the market value of the associating asset and liability balances, where appropriate, reflecting the Group's obligation to other contractual parties. Changes in the fair values of those payables are credited/charged to the consolidated income statements.

Details of the Group's acquisition of Guangzhou Nanying and the arrangements among the contractual parties pertinent to the properties stated above are set out in note 32 (iv) to the Financial Information.

(ii) Balances represented the balances with the non-controlling shareholders of the project companies which were interest free, non-secured and with no fixed term of repayment.

29. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	As at 31 December 2010			As at 31 December 2011			As at 31 December 2012			As at 30 June 2013		
	Effective interest rate	Maturity	Amount	Effective interest rate	Maturity	Amount	Effective interest rate	Maturity	Amount	Effective interest rate	Maturity	Amount
	(%)		RMB'000	(%)		RMB'000	(%)		RMB'000	(%)		RMB'000
Current												
Bank loans — unsecured	5.3-5.8	2011	70,000	6.9-9.0	2012	159,200	6.5-6.9	2013	289,284	6.6-11.0	2014	105,442
Bank loans — secured	5.4-6.7	2011	283,689	5.3-9.3	2012	621,497	3.9-9.3	2013	2,131,165	5.4-8.0	2014	1,530,770
Other borrowings — unsecured . .	–	–	–	20.0	2012	170,000	5.0	2013	76,000	–	–	–
Other borrowings — secured. . .	11.0	2011	180,000	4.9	2012	270,000	10.6-12.9	2013	680,814	10.6-13.0	2013	1,215,780
			533,689			1,220,697			3,177,263			2,851,992
Non-current												
Bank loans — unsecured	5.4	2013	196,060	6.9-7.0	2013	477,479	6.8-11.0	2014	123,674	6.8	2014	25,000
Bank loans — secured	5.1–6.2	2019	1,598,189	5.3-9.3	2019	2,023,736	5.9-9.3	2019	1,754,598	5.9-7.4	2019	2,746,064
Other borrowings — secured. . .	4.9	2013	450,456	5.4-12.8	2013	509,728	10.6-13.0	2014	621,264	11.5	2015	100,000
			2,244,705			3,010,943			2,499,536			2,871,064
			2,778,394			4,231,640			5,676,799			5,723,056

	31 December			30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Analysed into:				
Bank loans repayable:				
Within one year	353,689	780,697	2,420,449	1,636,212
In the second year	304,500	1,812,638	1,299,553	983,875
In the third to fifth years, inclusive	1,355,383	597,577	532,719	1,775,689
Beyond five years	134,366	91,000	46,000	11,500
	2,147,938	3,281,912	4,298,721	4,407,276
Other borrowings repayable:				
Within one year	180,000	440,000	756,814	1,215,780
In the second year	274,631	509,728	621,264	100,000
In the third to fifth years, inclusive	175,825	–	–	–
	630,456	949,728	1,378,078	1,315,780
	2,778,394	4,231,640	5,676,799	5,723,056

Notes:

(a) Except for certain non-current other borrowings amounting to RMB450 million, RMB510 million, RMB621 million and RMB100 million as at 31 December 2010, 2011 and 2012 and 30 June 2013, respectively, and certain current bank and other borrowings amounting to RMB180 million, RMB569 million, RMB1,116 million and RMB1,308 million as at 31 December 2010, 2011 and 2012 and 30 June 2013, respectively, bearing fixed interest rates, the remaining bank and other borrowings bear interest at floating rates. The carrying amounts of the Group's bank and other borrowings approximate to their fair values.

(b) Except for certain secured bank loans, amounting to RMB218,091,000 and RMB51,451,000, as at 31 December 2012 which were denominated in United States dollars and Hong Kong dollars, respectively, all the Group's bank loans and other borrowings are denominated in RMB as at the end of each of the Relevant Periods.

(c) As at the end of each of the Relevant Periods, certain of the Group's assets were pledged to banks and other lenders for securing the bank loans and other borrowings granted to the Group:

The carrying values of these assets are:

		31 December			30 June
	Notes	2010	2011	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000
Investment properties	15	1,290,000	1,430,000	1,540,000	1,560,000
Properties under development	18	1,441,531	1,196,222	1,406,532	2,957,977
Completed properties held for sale	19	188,350	202,812	289,250	303,447
Prepaid land lease payments	14	309,540	177,908	228,640	–
Held-to-maturity investments	22	–	–	305,700	–
Pledged time deposit	26	–	–	–	70,000
		3,229,421	3,006,942	3,770,122	4,891,424

(d) In addition to the pledged assets stated in note (c) above, corporate and personal guarantees and asset security provided by the Group's related parties related to the Group's bank and other borrowings are set out as follows:

	31 December			30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Corporate and personal guarantees:				
– Guangzhou Times Development Enterprise Group Company Limited	87,700	–	–	–
– Guangzhou Zhide	–	300,000	–	–
– Mr. Shum	667,700	1,079,115	2,169,955	1,218,651
– Mr. Cen Zhaoxiong	–	613,300	123,950	109,900
– Ms. Liang Yuchong	–	–	34,000	20,000
Personal asset security:				
– Ms. Li Yiping	–	–	20,000	120,000

Guangzhou Times Development Enterprise Group Company Limited is a limited liability company controlled by Mr. Shum, the Founder of the Group in year 2010 and by Mr. Cen Jiancai, father of Mr. Shum, from year 2011 onwards.

Guangzhou Zhide is a limited liability company held by certain close family members of Mr. Shum, which was acquired by the Group in year 2012 (note 32 (vi)).

Mr. Cen Zhaoxiong is the younger brother of Mr. Shum and one of the executive directors of the Company.

Ms. Li Yiping is the spouse of Mr. Shum.

Ms. Liang Yuchong is the spouse of Mr. Cen Zhaoxiong.

(e) At 30 June 2013 and 31 December 2012, out of the Group's total bank and other borrowings, a borrowing of RMB386,852,000 and RMB384,924,000 included in the current and non-current liability, respectively, was secured by way of transferring the entire ordinary shares of Zhongshan Tianyue, a wholly-owned subsidiary of the Group with details set out in note 1 to the Financial Information.

(f) At 31 December 2012, out of the Group's total bank and other borrowings, a borrowing of RMB253,620,000 included in the non-current liability, was secured by the pledge of the ordinary shares of Foshan Yudonglong, a wholly-owed subsidiary of the Group.

(g) At 31 December 2011 and 2012, out of the Group's total bank and other borrowings, a borrowing of RMB169,200,000 and RMB69,200,000 included in the current liability, was secured by the pledge of the ordinary shares of Zhongshan Kaixuan, a wholly-owned subsidiary of the Group.

(h) As at 30 June 2013, 70% equity interest of Guangzhou Tiansi and 30% equity interest of Guangzhou Hongtai, which are the wholly-owned subsidiaries of the Group, were pledged as security for certain borrowings with an aggregate amount of RMB268,397,000.

30. ISSUED CAPITAL

	30 June 2013 HK$
Authorised:	
3,800,000 ordinary shares of HK$0.10 each	380,000
Issued:	
201 ordinary of HK$0.10 each	20.1
Equivalent to RMB'000	–
Fully paid:	
201 ordinary shares of HK$0.10 each	20.1

There was no movement in the Company's share capital during the Relevant Periods.

The Company was incorporated in Cayman Islands on 14 November 2007 with an authorised share capital of HK$380,000 divided into 3,800,000 shares at a par value of HK$0.10 each.

Pursuant to the written resolution dated 19 November 2013, authorized share capital of the Company was increased from HK$380,000 to HK$1,000,000,000.

31. RESERVES

Group

(a) The amounts of the Group's reserves and the movements therein for each of the Relevant Periods are presented in the consolidated statements of changes in equity of the Group.

(b) On 8 January 2008, the Company issued and allotted one fully-paid ordinary share of HK$0.10 to Asiaciti, the immediate holding company of the Company, for a total cash consideration of US$200 million. The excess of the cash consideration over the nominal value of the one share issued, which amounted to approximately RMB1,452,565,000, was credited to the share premium account of the Company.

On 6 June 2013, the Company distributed a dividend of RMB442,428,000 to Asiaciti out of the share premium account. The dividend payable was subsequently offset with the then current account balance of Asiaciti owing to the Company.

Details of the dividend distribution arrangements are set out in note 34(b) of Section II below.

(c) Contributed surplus

The contributed surplus of the Group represents the difference between the aggregate of the nominal value of the paid-up capital of the subsidiaries acquired pursuant to the Reorganisation over the nominal value of the Company's shares issued in exchange therefore during the year ended 31 December 2008.

(d) Capital reserve

Capital reserve represents the difference between the cost of acquisition and the non-controlling interests acquired in the case of acquisition of additional non-controlling interests of subsidiaries, or, the difference between the proceeds from disposal and the non-controlling interests disposed of in the case of disposal of partial equity interests in subsidiaries to non-controlling shareholders.

(e) Statutory surplus funds

Pursuant to the relevant laws and regulations in the PRC, the companies now comprising the Group which are registered in the PRC shall appropriate a certain percentage of their net profit after tax (after offsetting any prior years' losses) calculated under the accounting principles generally applicable to the PRC enterprises to reserve funds. When the balances of this reserve fund reaches 50% of the entity's capital, any further appropriation is optional. The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital. However, the balance of the statutory surplus reserve must be maintained at a minimum of 25% of the capital after these usages.

Company

The changes in equity of the Company for the Relevant Periods are set out as follows:

	Issued capital	Share premium account	Exchange fluctuation reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010	–	1,452,565	(81,305)	(4,606)	1,366,654
Total comprehensive loss for the year	–	–	(47,624)	(3,297)	(50,921)
At 31 December 2010 and 1 January 2011	–	1,452,565	(128,929)	(7,903)	1,315,733
Total comprehensive loss for the year	–	–	(61,580)	(3,868)	(65,448)
At 31 December 2011 and 1 January 2012	–	1,452,565	(190,509)	(11,771)	1,250,285
Total comprehensive loss for the year	–	–	(9,225)	(1,844)	(11,069)
At 31 December 2012 and 1 January 2013	–	1,452,565	(199,734)	(13,615)	1,239,216
Dividend declared (b)	–	(442,428)	–	–	(442,428)
Total comprehensive loss for the period	–	–	(19,881)	4,999	(14,882)
At 30 June 2013	–	1,010,137	(219,615)	(8,616)	781,906

32. ACQUISITION OF SUBSIDIARIES

(A) Business combinations

Year ended 31 December 2010

(i) Acquisition of Guangzhou Fujie

Pursuant to a sale and purchase agreement entered into by the Group and the then shareholder of Guangzhou Fujie on 4 February 2010, Times Real Estate, a wholly-owned subsidiary of the Group, acquired the entire interest in Guangzhou Fujie at a cash consideration of RMB10,000,000. The Group was able to realize a gain on acquisition of business amounting to RMB15,326,000 as a result of the then current market conditions and the seller's desire to exit the business. The gain on acquisition of business is recorded in the consolidated income statements in other income and gains. Guangzhou Fujie is a property development company established in the PRC with limited liability.

The fair values of the identifiable assets and liabilities of Guangzhou Fujie as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition
		RMB'000
Properties under development		64,921
Prepayments, deposits and other receivables		115,303
Cash and bank balances		187
Other payables and accruals		(149,906)
Deferred tax liabilities	17	(5,179)
Fair value of net assets acquired		25,326
Gain on acquisition	5	(15,326)
Satisfied by cash		10,000

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of Guangzhou Fujie is as follows:

	RMB'000
Cash consideration	(10,000)
Cash and bank balances acquired	187
Net outflow of cash and cash equivalents in respect of the acquisition of Guangzhou Fujie	(9,813)

The results of Guangzhou Fujie acquired in the year ended 31 December 2010 had no significant impact on the Group's consolidated revenue or profit for that year.

(ii) Acquisition of Zhuhai Jingrun

Pursuant to a sale and purchase agreement entered into by the Group, through an independent third party, Guangzhou Bolang Investment Company Limited ("Guangzhou Bolang"), and the then shareholder of Zhuhai Jingrun on 5 November 2010, Guangzhou Shengyu, a wholly-owned subsidiary of the Group, acquired the entire equity interest in Zhuhai Jingrun at a cash consideration of RMB40,284,680. The Group was able to realize a gain on acquisition of business amounting to RMB4,808,000 as a result of the then current market conditions and the seller's desire to exit the business. The gain on acquisition of business is recorded in the consolidated income statements in other income and gains. Pursuant to a trust agreement entered into between Guangzhou Shengyu and Guangzhou Bolang on 19 November 2010, Guangzhou Bolang held the entire equity interest in Zhuhai Jingrun on trust for Guangzhou Shengyu. Zhuhai Jingrun is a property development company established in the PRC with limited liability.

The fair values of the identifiable assets and liabilities of Zhuhai Jingrun as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition
		RMB'000
Properties under development		225,689
Prepayments, deposits and other receivables		10,234
Cash and bank balances		3
Trade payable		(189,230)
Deferred tax liabilities	17	(1,603)
Fair value of net assets acquired		45,093
Gain on acquisition	5	(4,808)
Satisfied by cash		40,285

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of Zhuhai Jingrun is as follows:

	RMB'000
Cash consideration	(40,285)
Cash and bank balances acquired	3
Net outflow of cash and cash equivalents in respect of the acquisition of Zhuhai Jingrun	(40,282)

The results of Zhuhai Jingrun acquired in the year ended 31 December 2010 had no significant impact on the Group's consolidated revenue or profit for that year.

Year ended 31 December 2011

(iii) Acquisition of Foshan Jiefengli, Shenzhen Jinhaidi and Changsha Meiguiyuan

Pursuant to the respective equity transfer agreements entered into by the Group and the then shareholders of Foshan Jiefengli and Shenzhen Jinhaidi on 17 December 2010, the Group acquired 50% equity interest of Changsha Meiguiyuan through the acquisition of the entire equity interests of Foshan Jiefengli and Shenzhen Jinhaidi (collectively the "Meiguiyuan Group") at a total cash consideration of RMB495,580,000. The relevant equity transfer registration arrangement was completed in January 2011, from which entities under Meiguiyuan Group became the subsidiaries of the Group.

Foshan Jiefengli and Shenzhen Jinhaidi are investment holding companies established in the PRC with limited liability which had a 10% and 40% equity interest in Changsha Meiguiyuan, respectively. Changsha Meiguiyuan is a property development company established in the PRC with limited liability.

The Directors had assessed the Group's ability of control over Changsha Meiguiyuan. Although, through Foshan Jiefengli and Shenzhen Jinhaidi, the Group holds 50% equity interest in Changsha Meiguiyuan, the Group retains control over Changsha Meiguiyuan, and is entitled to majority beneficiary interests and bear risks of Changsha Meiguiyuan. Accordingly, all the three entities under Meiguiyuan Group are consolidated into the Group's financial statements.

The aggregate fair values of the identifiable assets and liabilities of Foshan Jiefengli, Shenzhen Jinhaidi and Changsha Meiguiyuan as at the date of acquisition were as follows:

	Note	Fair value recognised on acquisition
		RMB'000
Prepaid land lease payments	14	1,154,558
Properties under development		574,583
Prepayments, deposits and other receivables		598
Trade receivables		41,204
Cash and bank balances		46,975
Trade payable		(4,374)
Other payables and accruals		(176,591)
Tax payable		(22,644)
Deferred tax liabilities	17	(628,811)
		985,498
Non-controlling interests		(489,918)
Fair value of net assets acquired		495,580
Satisfied by cash		495,580

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of these subsidiaries is as follows:

	RMB'000
Cash consideration	(495,580)
Cash and bank balances acquired	46,975
Net outflow of cash and cash equivalents in respect of the acquisition of these subsidiaries	(448,605)

Since the acquisition, there were no active operating activities carried out by Meiguiyuan Group and incurred an operating loss of RMB23,979,000 which was included the consolidated income statement of the Group for the year ended 31 December 2011.

On 27 May 2013, the Group acquired the remaining 50% non-controlling interests of Changsha Meiguiyuan through the acquisitions of 100% equity interests in Foshan Meigui Huaye and Foshan Meiguiyuan. Foshan Meigui Huaye and Foshan Meiguiyuan are investment holding companies established in the PRC with limited liability, which held 30% and 20% equity interests in Changsha Meiguiyuan, respectively. The total cash consideration was RMB537,970,000. Upon completion of the acquisitions, Foshan Meigui Huaye, Foshan Meiguiyuan and Changsha Meiguiyuan became wholly-owned subsidiaries of the Group.

(iv) Acquisition of Guangzhou Nanying

Before 2010, 99% equity interest of Guangzhou Nanying was held by Times Hengde, a subsidiary of the Group. Equity interest of Times Hengde was held by the Group and Guangzhou Hengde Investment Co., Ltd, ("Guangzhou Hengde"), an independent party, at 70% and 30%, respectively. In this regard, the Group effectively held 69.3% equity interest in Guangzhou Nanying which was accounted for as an associate of the Group (note 16), as assessed by the Group based on the investment agreements with the then investors whereby the Group exercised significant influence therein.

In April 2011, the Group acquired another 29.7% equity interest in Guangzhou Nanying through transfer of the entire investment held by Times Hengde to Guangzhou Shengyu, a wholly-owned subsidiary of the Company at a total of consideration of RMB596,040,000. Upon completion of the equity transfer, Guangzhou Nanying became a subsidiary of the Group. Guangzhou Nanying is engaged in property development business. The Group was able to realize a gain on acquisition of business amounting to RMB58,073,000 as a result of the then current market conditions and the seller's desire to exit the business. The gain on acquisition of business is recorded in the consolidated income statements in other income and gains.

By virtue of the relevant investment agreements in year 2009 in connection with the Group's investment in Guangzhou Nanying, although the Group effectively held 69.3% equity interest of Guangzhou Nanying, certain designated assets (mainly properties) and liabilities held under the name of Guangzhou Nanying, as agreed among the shareholders, were solely for the benefit of the then investors, Guangzhou Hengde and Zhuhai Special Economic Zone Nanying Industrial Co., Ltd. ("Zhuhai Nanying"), an independent party of the Group, which held equity interest of 29.7% and 1% in Guangzhou Nanying. In this regard, obligation of the Group in connection with those designated assets as a result of sharing the net assets of Guangzhou Nanying based on its investment portion was recorded as other payables to those investors.

Part of those assets (mainly properties) and liabilities were further acquired by the Group in the acquisition of 2011 from Guangzhou Hengde, the associating obligation of the Group to Guangzhou Hengde was accordingly eliminated. The remainder, mainly properties was mainly attributable to Zhuhai Nanying, which was the non-controlling shareholder of Guangzhou Nanying since the 2011 acquisition.

The Directors of the Company were of the view that the arrangement with the then shareholders was solely for the purpose to enhance the Group's land reserve and in the best interest of the Group's prospect. The outstanding obligation was measured at fair value by reference to the market value of the pertinent assets and liabilities, where appropriate, taking into account the Group's position at Guangzhou Nanying, and included in "Other payables and accruals" in the consolidated statements of financial position (note 28).

The fair values of the identifiable assets and liabilities of Guangzhou Nanying as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition
		RMB'000
Property, plant and equipment	13	2,738
Deferred tax assets	17	8,599
Properties under development		1,347,502
Completed properties held for sale		230,632
Prepayments, deposits and other receivables		471,278
Cash and bank balances		28,838
Trade payables		(226,057)
Interest-bearing bank loans and other borrowings		(629,632)
Other payables and accruals		(163,978)
Tax payables		(4,884)
Deferred tax liabilities	17	(403,733)
		661,303
Non-controlling interests		(7,190)
Gain on acquisition	5	(58,073)
		596,040
Satisfied by Cash		68,380
Fair value of the 69.7% equity interest before acquisition		498,195
Waiver of the Group's current account balances with Guangzhou Hengde		29,465
		596,040

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of Guangzhou Nanying is as follows:

	RMB'000
Cash consideration	(68,380)
Cash and bank balances acquired	28,838
Net outflow of cash and cash equivalents in respect of the acquisition of Guangzhou Nanying	(39,542)

Since the acquisition, Guangzhou Nanying contributed RMB51,944,000 to the Group's revenue and incurred an operating loss of RMB30,907,000 to the consolidated net profit for the year ended 31 December 2011.

Year ended 31 December 2012

(v) Acquisition of Guangdong Guangchang

Pursuant to an equity transfer agreement entered into by Guangzhou Shengyu and the then shareholder of Guangdong Guangchang on 28 September 2012, Guangzhou Shengyu, acquired the entire equity interest in Guangdong Guangchang at a cash consideration of RMB15,000,000. Guangdong Guangchang is a property development company established in the PRC with limited liability.

The fair values of the identifiable assets and liabilities of Guangdong Guangchang as at the date of acquisition were as follows:

	Note	Fair value recognised on acquisition
		RMB'000
Properties under development		769,741
Prepayments, deposits and other receivables		192
Cash and bank balances		350
Trade payables		(501,070)
Other payables and accruals		(211,141)
Deferred tax liabilities	17	(43,072)
Fair value of net assets acquired		15,000
Satisfied by cash		15,000

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of Guangdong Guangchang is as follows:

	RMB'000
Cash consideration	(15,000)
Cash and bank balances acquired	350
Net outflow of cash and cash equivalents in respect of the acquisition of Guangdong Guangchang	(14,650)

The results of Guangdong Guangchang acquired in the year ended 31 December 2012 had no significant impact on the Group's consolidated revenue or profit for that year.

(vi) Acquisition of Guangzhou Zhide and its subsidiaries (collectively, "Zhide Group")

Pursuant to an equity transfer agreement entered into by Guangzhou Yongtai and the then shareholder of Guangzhou Zhide on 17 December 2012, Guangzhou Yongtai, a wholly-owned subsidiary of the Group, acquired a 100% interest in Guangzhou Zhide at a cash consideration of RMB10,000,000. Guangzhou Zhide is an investment holding company established in the PRC with limited liability and Zhide Group is principally engaged in property investment and property and hotel management. It has a 100% equity interest in Wangu Supermarket, a 100% equity interest in Zhide Zhengxing, a 100% equity interest in Zhide Hotel, a 95% equity interest in Zhide Technology and a 55% equity interest in Guangzhou Guangdechang. Details of the principal activities of Guangzhou Zhide's subsidiaries are set out in note 1 of this section.

The aggregate fair values of the identifiable assets and liabilities of Zhide Group and its subsidiaries as at the date of acquisition were as follows:

	Note	Fair value recognised on acquisition
		RMB'000
Property, plant and equipment	13	359,450
Investment in an associate		39,682
Inventories		4,642
Trade receivables		292
Prepayments, deposits and other receivables		606,322
Cash and bank balances		21,106
Trade payables		(16,238)
Other payables and accruals		(415,682)
Interest-bearing bank loans and other borrowings		(582,890)
Tax payables		(4,251)
		12,433
Non-controlling interests		(2,433)
Fair value of net assets acquired		10,000
Satisfied by cash		10,000

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of these subsidiaries is as follows:

	RMB'000
Cash consideration	(10,000)
Cash and bank balances acquired	21,106
Net inflow of cash and cash equivalents in respect of the acquisition of these subsidiaries	11,106

The results of Zhide Group acquired in the year ended 31 December 2012 had no significant impact on the Group's consolidated revenue or profit for that year.

Six months ended 30 June 2013

(vii) Acquisition of Zhuhai Guoji

Pursuant to an equity transfer agreement entered into by Guangzhou Shengyu and the then shareholder of Zhuhai Guoji on 15 August 2012, Guangzhou Shengyu, acquired the 50% equity interest in Zhuhai Guoji at a cash consideration of RMB2,500,000. The Group was able to realize a gain on acquisition of business amounting to RMB7,685,000 as a result of the then current market conditions and the seller's desire to exit the business. The gain on acquisition of business is recorded in the consolidated income statements in other income and gains. Zhuhai Guoji is a property development company established in the PRC with limited liability. The relevant equity transfer registration arrangement was completed in January 2013, from which Zhuhai Guoji became the subsidiary of the Group.

The Directors had assessed the Group's ability of control over Zhuhai Guoji. Although the Group holds a 50% equity interest in Zhuhai Guoji, the Group retains control over Zhuhai Guoji, and is entitled to majority beneficiary interests and bear risks of Zhuhai Guoji. Accordingly, Zhuhai Guoji is consolidated into the Group's financial statements since then.

The fair values of the identifiable assets and liabilities of Zhuhai Guoji as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition
		RMB'000
Properties under development		277,696
Other payables and accruals		(248,904)
Deferred tax liabilities	17	(8,422)
Fair value of net assets acquired		20,370
Non-controlling interests		(10,185)
Gain on acquisition	5	(7,685)
Satisfied by cash		2,500

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of Zhuhai Guoji is as follows:

	RMB'000
Cash consideration	(2,500)
Cash and bank balances acquired	–
Net outflow of cash and cash equivalents in respect of the acquisition of Zhuhai Guoji	(2,500)

The results of Zhuhai Guoji acquired in the six months ended 30 June 2013 had no significant impact on the Group's consolidated revenue or profit for that period.

(B) Acquisition of subsidiaries that are not a business

Entities acquired by the Group during the Relevant Periods that did not constitute a business are summarised as follows:

Year ended 31 December 2010

(viii) Acquisition of Zhongshan Wanlian

Pursuant to an equity transfer agreement entered into by Times Real Estate and the then shareholder of Zhongshan Wanlian on 8 January 2010, Times Real Estate acquired the entire equity interest in Zhongshan Wanlian at a cash consideration of RMB1,000,000. Zhongshan Wanlian is a property development company established in the PRC with limited liability.

The identifiable assets and liabilities of Zhongshan Wanlian as at the date of acquisition were as follows:

	Notes	RMB'000
Prepaid land lease payments	14	500,905
Prepayments, deposits and other receivables		2
Deferred tax assets	17	2,288
Other payables and accruals		(502,195)
Net assets acquired		1,000
Satisfied by cash		1,000

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of Zhongshan Wanlian is as follows:

	RMB'000
Cash consideration	(1,000)
Cash and bank balances acquired	–
Net outflow of cash and cash equivalents in respect of the acquisition of Zhongshan Wanlian	(1,000)

(ix) Acquisition of Qingyuan Xilong

Pursuant to an equity transfer agreement entered into by Times Real Estate and the then shareholder of Qingyuan Xilong on 12 April 2010, Times Real Estate acquired the entire equity interest in Qingyuan Xilong at a cash consideration of RMB5,000,000. Qingyuan Xilong is a property development company established in the PRC with limited liability.

The identifiable assets and liabilities of Qingyuan Xilong as at the date of acquisition were as follows:

	RMB'000
Prepayments, deposits and other receivables	10,000
Cash and bank balances	5,000
Other payables and accruals	(10,000)
Net assets acquired	5,000
Satisfied by cash	5,000

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of Qingyuan Xilong is as follows:

	RMB'000
Cash consideration	(5,000)
Cash and bank balances acquired	5,000
Net outflow of cash and cash equivalents in respect of the acquisition of Qingyuan Xilong	–

(x) Acquisition of Guangzhou Tianlang

Pursuant to certain equity transfer agreements entered into by Guangzhou Junbao and the then shareholder of Guangzhou Tianlang on 9 October 2010, 22 November 2010, and 21 December 2010, Guangzhou Junbao, a wholly-owned subsidiary of the Group, acquired the entire equity interest in Guangzhou Tianlang at a cash consideration of RMB1,000,000. Guangzhou Tianlang is a property development company established in the PRC with limited liability.

The identifiable assets and liabilities of Guangzhou Tianlang as at the date of acquisition were as follows:

	RMB'000
Prepayments, deposits and other receivables	34,536
Cash and bank balances	1,002
Other payables and accruals	(34,538)
Net assets acquired	1,000
Satisfied by cash	1,000

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of Guangzhou Tianlang is as follows:

	RMB'000
Cash consideration	(1,000)
Cash and bank balances acquired	1,002
Net outflow of cash and cash equivalents in respect of the acquisition of Guangzhou Tianlang	2

Year ended 31 December 2011

(xi) Acquisition of Guangzhou Tianhe

Pursuant to the relevant sale and purchase agreements entered into between Guangzhou Shengyu and the then shareholder of Guangzhou Tianhe on 13 January 2011 and 17 August 2011, Guangzhou Shengyu acquired in aggregate 99% equity interest of Guangzhou Tianhe with a total consideration of RMB50,490,000. Guangzhou Tianhe is a property development company established in the PRC with limited liability.

The identifiable assets and liabilities of Guangzhou Tianhe as at the date of acquisition were as follows:

	Note	RMB'000
Prepayments, deposits and other receivables		24,482
Cash and bank balances		1,037
Prepaid land lease payments	14	36,386
Other payables and accruals		(10,875)
		51,030
Non-controlling interests		(540)
		50,490
Total consideration satisfied by:		
Cash		15,000
Other payables and accruals		35,490
		50,490

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

	2011
	RMB'000
Cash consideration	(15,000)
Cash and bank balances acquired	1,037
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	13,963

Six months ended 30 June 2013

(xii) Acquisition of Zhuhai Jinwu

Pursuant to the relevant sale and purchase agreement entered into between Guangzhou Shengyu and the then shareholder of Zhuhai Jinwu on 28 December 2012, Guangzhou Shengyu acquired a 51% equity interest of Zhuhai Jinwu for a total consideration of RMB510,000. Zhuhai Jinwu is a property development company established in the PRC with limited liability. The relevant equity transfer registration arrangement was completed in January 2013, from which Zhuhai Jinwu became the subsidiary of the Group.

The identifiable assets and liabilities of Zhuhai Jinwu as at the date of acquisition were as follows:

	Note	2013
		RMB'000
Prepaid land lease payments	14	8,035
Cash and bank balances		6
Other payables and accruals		(7,363)
		678
Non-controlling interests		(168)
		510
Total consideration satisfied by:		
Cash		510

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

	2013
	RMB'000
Cash consideration	(510)
Cash and bank balances acquired	6
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	(504)

Six months ended 30 June 2013

(xiii) Acquisition of Guangzhou Tiansi

Pursuant to the relevant sale and purchase agreement entered into between Guangzhou Junbao and the then shareholder of Guangzhou Tiansi on 22 February 2012, Guangzhou Junbao acquired 100% equity interest of Guangzhou Tiansi for a total consideration of RMB250,500,000. Guangzhou Tiansi is a property development company established in the PRC with limited liability. The relevant equity transfer registration arrangement was completed in March 2013, from which Guangzhou Tiansi became the subsidiary of the Group.

The identifiable assets and liabilities of Guangzhou Tiansi as at the date of acquisition were as follows:

	Note	RMB'000
Prepaid land lease payments	14	298,228
Other payables and accruals		(47,728)
		250,500
Total consideration satisfied by:		
Cash		250,500

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(250,500)
Cash and bank balances acquired	–
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	(250,500)

33. DISPOSAL OF SUBSIDIARIES

Six months ended 30 June 2013

During the six months ended 30 June 2013, the Group disposed of Foshan Zhide Wangu and Zhuhai Shengyuan to independent third parties at an aggregate consideration of RMB1,010,000 with details set forth as follows:

	Notes	RMB'000
Net assets disposed of:		
Property, plant and equipment	13	3,311
Inventories		3,611
Prepayments, deposits and other receivables		17,687
Cash and bank balances		4,692
Trade payables		(3,770)
Accruals and other payables		(25,935)
		(404)
Gain on disposal of subsidiaries	5	(1,414)
Satisfied by:		
Cash		1,010

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	RMB'000
Cash consideration	1,010
Cash and bank balances disposed of	(4,692)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	(3,682)

34. CONTINGENT LIABILITIES

(a) As at the end of each of the Relevant Periods, the Group provided guarantees in respect of the mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with the accrued interest and penalty owed by the defaulted purchasers to the banks, and the Group is entitled to take over the legal titles and possession of the related properties. The Group's guarantee periods start from the dates of grant of the relevant mortgage loans and end upon the issuance of real estate ownership certificates which is generally within one to two years after the purchasers have taken possession of the relevant properties. The amount of guarantees given to banks for mortgage facilities granted to the purchasers of the Group's properties as at the end of each of the Relevant Periods is as follows:

	31 December			30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantees in respect of the mortgage facilities for certain purchasers of the Group's properties	1,217,015	1,710,483	3,210,227	3,548,326

The directors consider that in the case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalty, and therefore no provision has been made in the Financial Information for the guarantees.

(b) Pursuant to a note subscription and rights agreement on 28 December 2007 ("Note Subscription Agreement") among Mr. Shum, Ms. Li Yiping, Asiaciti and its holding companies, Renowned Brand Investments Limited, East Profit Management Limited, the Company and a group of independent investors ("Investors"), several Exchangeable Notes were issued by Asiaciti at a consideration of US$200 million in aggregate to the Investors on 8 January 2008. The loan proceeds were subsequently injected as an equity contribution to the Company (note 31 (b)) as its working capital. In connection with the loans provided by the Investors to Asiaciti, the Company unconditionally and irrevocably provided a guarantee to the Investors, as principal obligor and not merely as surety, the due, punctual and complete performance of all obligations of Asiaciti.

The Exchangeable Notes were also secured by various share mortgages whereby, among others, all of the issued share capital of the Company and the direct or indirect offshore subsidiaries of the Company were pledged to the Investors.

Redemption notices were served by the Investors to Asiaciti, the Company and other contractual parties in 2009 and 2011, respectively, regarding the disputes developed among the parties aforesaid over certain provisions of the Note Subscription Agreement.

During the year 2012, certain repayment arrangements ("Repayment Agreements") were entered into among the parties stated above for settling the disputes discussed in preceding paragraph whereby the aggregate repayment amount to the Investors was amended to approximately US$350 million.

Details of the Note Subscription Agreement, the Exchange Notes and the Repayment Agreements with the Investors are described in the section headed "History and Corporate Structure" in the Prospectus.

The initial fair value of the guarantee is not significant, therefore, there was no provision has been made in the Financial Information for the guarantee.

35. PLEDGE OF ASSETS AND SHARES

Details of the Group's assets and shares pledged for the bank and other borrowings, and in connection with a Note Subscription Agreement issued by Asiaciti, the immediate holding company of the Company, are included in notes 29 and 34 (b), respectively, to the Financial Information.

36. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to ten years. The terms of the leases generally also required tenants to pay security deposits.

As at the end of each of the Relevant Periods, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	31 December			30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	39,785	27,145	37,872	40,588
In the second to fifth years, inclusive	35,881	27,124	62,227	65,928
After five years	74	128	16,556	14,905
	75,740	54,397	116,655	121,421

(b) As lessee

The Group leases certain of the office properties and commercial properties (see (c) below) under operating lease arrangements. Leases for the properties are negotiated for terms ranging from 6 months to 22 years.

At the end of each of the Relevant Periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	31 December			30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	1,824	4,039	81,592	79,759
In the second to fifth years, inclusive	4,194	2,539	313,311	299,754
After five years	–	–	1,039,002	985,413
	6,018	6,578	1,433,905	1,364,926

(c) Subleasing arrangements

The Group acquired Guangzhou Zhide in December 2012 and commenced its subleasing business through Guangzhou Zhide and its subsidiaries that properties are leased from independent third parties and then refurnished and subleased to external tenants.

Sublease payments to be received

Terms for subleasing to external tenants are negotiated ranging from one to fifteen years. As at the end of each of the Relevant Periods, the Group had total future minimum sublease payments expected to be received under non-cancellable subleasing arrangements with its tenants falling due as follows:

	31 December			30 June
	2010	**2011**	**2012**	**2013**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Within one year	–	–	69,605	98,028
In the second to fifth years, inclusive	–	–	88,561	127,696
After five years	–	–	14,157	44,367
	–	–	172,323	270,091

37. COMMITMENTS

In addition to the operating lease commitments detailed in note 36 above, the Group had the following capital commitments as at the end of each of the Relevant Periods:

	31 December			30 June
	2010	**2011**	**2012**	**2013**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Contracted, but not provided for:				
Leasehold land	1,162,100	872,100	1,466,291	781,622
Properties under development	2,338,653	3,570,302	2,770,273	4,085,844
Acquisitions of subsidiaries	804,924	–	196,598	–
Acquisition of non–controlling interests	–	495,580	495,580	21,990
	4,305,677	4,937,982	4,928,742	4,889,456

In addition, the Group's share of an associate's own capital commitments which are not included above, are as follows:

	31 December			30 June
	2010	**2011**	**2012**	**2013**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Contracted, but not provided for:				
Properties under development	23,552	–	–	7,547

38. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances disclosed elsewhere in this report, the Group had the following material transactions with related parties during the Relevant Periods:

	Notes	Year ended 31 December			Six months ended 30 June	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Lease of office premises from Guangzhou Times Development Enterprise Group Company Limited and Ms. Li Yi Ping	(i)	971	1,295	1,295	647	647
Sales of properties to Mr. Bai Xihong	(ii)	–	—	1,524	1,524	–
		971	1,295	2,819	2,171	647

Notes:

(i) Guangzhou Times Development Enterprise Group Company Limited ("Times Development Group") is a company controlled by Mr. Shum in year 2010 and by Mr. Cen Jiancai, father of Mr. Shum, from year 2011 onwards. Rates and conditions of the lease are similar to those offered to independent third parties.

(ii) Price of the property sold the Director was made by reference to those offered to independent third parties.

(b) Other transaction with related parties

(i) In year 2012, the Group acquired Zhide Group from certain close family members of Mr. Shum at a consideration of RMB10,000,000 which was based on the then net asset value of Zhide Group. Further details of the transaction are included in note 32 (vi) to the Financial Information.

(ii) Certain related parties of the Group have provided guarantees, in connection with certain bank loans and other borrowings obtained by the Group. Certain bank loans of the Group are also secured by the assets of its related party. Further details of these transactions are included in note 29 (d) to the Financial Information.

(iii) The Group used certain trademarks registered by Times Development Group on a royalty free basis during the Relevant Periods.

(iv) Times Real Estate, a wholly-owned subsidiary of the Company, used and occupied a property with a gross floor area of approximately 111 sq.m. owned by Ms. Li Yiping, the spouse of Mr. Shum, on a rental free basis during the Relevant Periods.

(c) Outstanding balances with related parties

(i) Details of the Group's balances with its associates, and directors are included in notes 23 and 24 to the Financial Information.

(ii) As disclosed in the consolidated statements of financial position, the Group's and the Company's balances with the immediate holding company and the ultimate holding company are unsecured, interest-free and have no fixed terms of repayment.

(d) Compensation for key management personnel (including directors) of the Group:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Salaries, allowances and benefits in kind	12,997	19,774	17,437	8,242	9,143
Pension scheme contributions	167	223	211	123	121
	13,164	19,997	17,648	8,365	9,264

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Group

31 December 2010

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Trade receivables	12,576	–	12,576
Financial assets included in prepayments, deposits and other receivables	279,705	–	279,705
Amount due from the ultimate holding company	6	–	6
Amounts due from associates	72,631	–	72,631
Amounts due from directors	11,048	–	11,048
Available-for-sale investments	–	4,100	4,100
Restricted bank deposits	608,813	–	608,813
Cash and cash equivalents	563,389	–	563,389
	1,548,168	4,100	1,552,268

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000
Trade payables	1,564,997	–	1,564,997
Financial liabilities included in other payables and accruals	637,974	149,067	787,041
Interest-bearing bank loans and other borrowings	2,778,394	–	2,778,394
Amount due to a director	95,588	–	95,588
	5,076,953	149,067	5,226,020

31 December 2011

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	**RMB'000**	**RMB'000**
Trade receivables	18,872	–	18,872
Financial assets included in prepayments, deposits and other receivables	815,503	–	815,503
Amount due from the immediate holding company	11,408	–	11,408
Amount due from the ultimate holding company	5	–	5
Amounts due from associates	60,180	–	60,180
Amounts due from directors	4,000	–	4,000
Available-for-sale investments	–	3,100	3,100
Restricted bank deposits	1,037,539	–	1,037,539
Cash and cash equivalents	565,700	–	565,700
	2,513,207	3,100	2,516,307

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	RMB'000	**RMB'000**	**RMB'000**
Trade payables	2,039,031	–	2,039,031
Financial liabilities included in other payables and accruals	987,804	62,665	1,050,469
Interest-bearing bank loans and other borrowings	4,231,640	–	4,231,640
Amount due to a director	101,489	–	101,489
	7,359,964	62,665	7,422,629

31 December 2012

Financial assets

	Held-to maturity investments	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Trade receivables	–	32,546	–	32,546
Financial assets included in prepayments, deposits and other receivables	–	1,209,453	–	1,209,453
Held-to-maturity investments	305,700	–	–	305,700
Amount due from the immediate holding company	–	437,507	–	437,507
Amount due from the ultimate holding company	–	16	–	16
Amounts due from associates	–	63,880	–	63,880
Amounts due from directors	–	3,438	–	3,438
Available-for-sale investments	–	–	3,100	3,100
Restricted bank deposits	–	897,299	–	897,299
Cash and cash equivalents	–	936,446	–	936,446
	305,700	3,580,585	3,100	3,889,385

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000
Trade payables	2,872,646	–	2,872,646
Financial liabilities included in other payables and accruals	1,259,139	62,778	1,321,917
Interest-bearing bank loans and other borrowings	5,676,799	–	5,676,799
Amount due to a director	101,478	–	101,478
	9,910,062	62,778	9,972,840

30 June 2013

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Trade receivables	17,813	–	17,813
Financial assets included in prepayments, deposits and other receivables	405,269	–	405,269
Amount due from the immediate holding company	22,282	–	22,282
Amount due from the ultimate holding company	16	–	16
Amounts due from associates	56,480	–	56,480
Amounts due from directors	–	–	–
Available-for-sale investments	–	12,900	12,900
Restricted bank deposits	1,236,706	–	1,236,706
Cash and cash equivalents	309,909	–	309,909
	2,048,475	12,900	2,061,375

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000
Trade payables	2,930,841	–	2,930,841
Financial liabilities included in other payables and accruals	1,352,594	62,778	1,415,372
Interest-bearing bank loans and other borrowings	5,723,056	–	5,723,056
Amount due to a director	96,885	–	96,885
	10,103,376	62,778	10,166,154

Company

31 December 2010

Financial assets

	Loans and receivables
	RMB'000
Amount due from the ultimate holding company	6
Amounts due from subsidiaries	1,321,209
Amounts due from directors	5,354
Cash and cash equivalents	124
	1,326,693

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Amounts due to subsidiaries	10,960

31 December 2011

Financial assets

	Loans and receivables
	RMB'000
Other receivables	4
Amount due from the immediate holding company	11,408
Amount due from the ultimate holding company	5
Amounts due from subsidiaries	1,259,720
Cash and cash equivalents	262
	1,271,399

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Amounts due to subsidiaries	11,240
Amount due to a director	10,348
	21,588

31 December 2012

Financial assets

	Loans and receivables
	RMB'000
Other receivables	12
Amount due from the immediate holding company	437,507
Amount due from the ultimate holding company	10
Amounts due from subsidiaries	922,852
Cash and cash equivalents	7,356
	1,367,737

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Amounts due to subsidiaries	117,867
Amount due to a director	11,029
	128,896

30 June 2013

Financial assets

	Loans and receivables
	RMB'000
Financial assets included in prepayments, deposits and other receivables	81
Amount due from the immediate holding company	22,282
Amount due from the ultimate holding company	10
Amounts due from subsidiaries	909,793
Cash and cash equivalents	1,023
	933,189

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Amounts due to subsidiaries	140,071
Amount due to a director	7,959
	148,030

40. FAIR VALUE AND FAIR VALUE HIERARCHY

The carrying amounts and fair values of the Group's and the Company's financial instruments are as follows:

Group

	Carrying amounts				Fair values			
	31 December			30 June	31 December			30 June
	2010	2011	2012	2013	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets								
Trade receivables	12,576	18,872	32,546	17,813	12,576	18,872	32,546	17,813
Financial assets included in prepayments, deposits and other receivables	279,705	815,503	1,209,453	405,269	279,705	815,503	1,209,453	405,269
Held-to-maturity investments	–	–	305,700	–	–	–	305,700	–
Amount due from the immediate holding company	–	11,408	437,507	22,282	–	11,408	437,507	22,282
Amount due from the ultimate holding company	6	5	16	16	6	5	16	16
Amounts due from associates	72,631	60,180	63,880	56,480	72,631	60,180	63,880	56,480
Amounts due from directors	11,048	4,000	3,438	–	11,048	4,000	3,438	–
Available-for-sale investments	4,100	3,100	3,100	12,900	4,100	3,100	3,100	12,900
Restricted bank deposits	608,813	1,037,539	897,299	1,236,706	608,813	1,037,539	897,299	1,236,706
Cash and cash equivalents	563,389	565,700	936,446	309,909	563,389	565,700	936,446	309,909
	1,552,268	2,516,307	3,889,385	2,061,375	1,552,268	2,516,307	3,889,385	2,061,375
Financial liabilities								
Trade payables	1,564,997	2,039,031	2,872,646	2,930,841	1,564,997	2,039,031	2,872,646	2,930,841
Financial liabilities included in other payables and accruals	787,041	1,050,469	1,321,917	1,415,372	787,041	1,050,469	1,321,917	1,415,372
Interest-bearing bank loans and other borrowings	2,778,394	4,231,640	5,676,799	5,723,056	2,778,394	4,231,640	5,676,799	5,723,056
Amount due to a director	95,588	101,489	101,478	96,885	95,588	101,489	101,478	96,885
	5,226,020	7,422,629	9,972,840	10,166,154	5,226,020	7,422,629	9,972,840	10,166,154

Company

	Carrying amounts				Fair values			
	31 December			30 June	31 December			30 June
	2010	2011	2012	2013	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets								
Other receivables	–	4	12	81	–	4	12	81
Amount due from the immediate holding company	–	11,408	437,507	22,282	–	11,408	437,507	22,282
Amount due from the ultimate holding company	6	5	10	10	6	5	10	10
Amounts due from subsidiaries	1,321,209	1,259,720	922,852	909,793	1,321,209	1,259,720	922,852	909,793
Amounts due from directors	5,354	–	–	–	5,354	–	–	–
Cash and cash equivalents	124	262	7,356	1,023	124	262	7,356	1,023
	1,326,693	1,271,399	1,367,737	933,189	1,326,693	1,271,399	1,367,737	933,189
Financial liabilities								
Amounts due to subsidiaries	10,960	11,240	117,867	140,071	10,960	11,240	117,867	140,071
Amount due to a director	–	10,348	11,029	7,959	–	10,348	11,029	7,959
	10,960	21,588	128,896	148,030	10,960	21,588	128,896	148,030

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of cash and cash equivalents, restricted bank deposits, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amount due to the immediate holding company, amounts due from associates, amounts due from directors, amount due to a director, held-to-maturity investments, available-for-sale investments, interest-bearing bank loans and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Liabilities measured at fair value as:

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Certain other payables included in other payables and accruals:				
As at 31 December 2010	–	149,067	–	149,067
As at 31 December 2011	–	62,665	–	62,665
As at 31 December 2012	–	62,778	–	62,778
As at 30 June 2013	–	62,778	–	62,778

Assets measured at fair value as:

As at 31 December 2010, 2011 and 2012 and 30 June 2013, the Group's available-for-sale investments (Level 1) and investment properties (Level 2) were measured at fair value.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial assets of the Group mainly include cash and cash equivalents, restricted bank deposits, trade receivables, financial assets included in prepayments, deposits and other receivables, held-to-maturity investments, an amount due from the immediate holding company, amounts due from associates, amounts due from directors, amounts due from directors and available-for-sale investments. The financial liabilities of the Group mainly include trade payables, financial liabilities included in other payables and accruals, interest-bearing bank loans and other borrowings, and an amount due to a director.

The carrying amounts of the Group's financial instruments approximated to their fair values at the end of each of the Relevant Periods. Fair value estimates are made on a specific point in time and based on relevant market information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgement, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(a) Interest rate risk

The Group has no significant interest-bearing assets. The Group's exposure to changes in market interest rates relates primarily to the Group's bank loans and other borrowings bearing floating interest rates. The Group has not used any interest rate swaps to hedge its interest rate risk.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a floating interest rate.

As at 31 December 2010, December 2011 and December 2012 and 30 June 2013, total borrowings of RMB2,147,938,000, RMB3,152,812,000, RMB3,939,979,000 and RMB4,371,360,000 were with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before income tax (through the impact of floating rate bank loans) during the Relevant Periods. There was no impact on the Group's other equity.

Increase/(decrease) on profit before income tax and properties under development

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
If 100 basis points decrease in interest rates					
Profit before income tax	5,357	3,653	2,644	3,317	4,164
Properties under development	20,854	24,924	28,052	35,384	28,955
If 100 basis points increase in interest rates					
Profit before income tax	(5,357)	(3,653)	(2,644)	(3,317)	(4,164)
Properties under development	(20,854)	(24,924)	(28,052)	(35,384)	(28,955)

(b) Foreign currency risk

The Group's businesses are located in Mainland China and all transactions are conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB, while certain bank balances are denominated in Hong Kong dollars. The Group has not hedged its foreign exchange rate risk.

(c) Credit risk

The Group has no concentration of credit risk. The Group's cash and cash equivalents and restricted bank deposits are mainly deposited with state-owned banks in Mainland China.

The carrying amounts of cash and cash equivalents, restricted bank deposits, trade receivables, financial assets included in prepayments, deposits and other receivables, held-to-maturity investments, an amount due from the immediate holding company, amounts due from associates, amounts due from directors, and available-for-sale investments included in the consolidated statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group has no other financial assets which carry significant exposure to credit risk.

The Group has arranged bank financing for certain purchasers of its property units and provided guarantees to secure the obligation of these purchasers for repayments. A detailed disclosure of these guarantees is made in note 34 to the Financial Information.

(d) Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents, and the Group has available funding through an adequate amount of committed credit facilities to meet its construction commitments.

The table below summarises the maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods based on the contracted undiscounted payments.

Group

At 31 December 2010

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	1,564,997	–	–	–	–	1,564,997
Financial liabilities included in other payables and accruals	787,041	–	–	–	–	787,041
Interest-bearing bank loans and other borrowings	–	137,051	549,872	2,304,513	177,154	3,168,590
Amount due to a director	95,588	–	–	–	–	95,588
	2,447,626	137,051	549,872	2,304,513	177,154	5,616,216

At 31 December 2011

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	2,039,031	–	–	–	–	2,039,031
Financial liabilities included in other payables and accruals	1,050,469	–	–	–	–	1,050,469
Interest-bearing bank loans and other borrowings	–	1,055,274	442,389	3,202,590	126,300	4,826,553
Amount due to a director	101,489	–	–	–	–	101,489
	3,190,989	1,055,274	442,389	3,202,590	126,300	8,017,542

At 31 December 2012

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	2,872,646	–	–	–	–	2,872,646
Financial liabilities included in other payables and accruals	1,321,917	–	–	–	–	1,321,917
Interest-bearing bank loans and other borrowings	–	1,165,317	2,401,946	2,684,747	62,050	6,314,060
Amount due to a director	101,478	–	–	–	–	101,478
	4,296,041	1,165,317	2,401,946	2,684,747	62,050	10,610,101

At 30 June 2013

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	2,930,841	–	–	–	–	2,930,841
Financial liabilities included in other payables and accruals	1,415,372	–	–	–	–	1,415,372
Interest-bearing bank loans and other borrowings	–	1,446,321	1,719,438	3,150,347	11,500	6,327,606
Amount due to a director	96,885	–	–	–	–	96,885
	4,443,098	1,446,321	1,719,438	3,150,347	11,500	10,770,704

Company

All the Company's financial liabilities as at the end of each of the Relevant Periods are repayable on demand.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of debt-to-adjusted capital ratio. This ratio is calculated based on net debt and adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings (as shown in the consolidated statements of financial position) less cash and bank balances (including restricted cash). Adjusted capital comprises all components of equity (i.e., share capital, minority interests and reserves), and the net amount due to a director, the Founder.

The net debt to adjusted equity ratios as at the end of each of the Relevant Periods are as follows:

	31 December			30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank loans and other borrowings *(note 29)*	2,778,394	4,231,640	5,676,799	5,723,056
Less: Cash and bank balances *(note 26)*	(1,172,202)	(1,603,239)	(1,833,745)	(1,546,615)
Net debt	1,606,192	2,628,401	3,843,054	4,176,441
Equity	2,116,967	2,851,037	3,206,113	2,456,235
Add: Amount due to a director, the Founder *(note 24)*	95,588	101,489	101,478	96,885
Adjusted equity	2,212,555	2,952,526	3,307,591	2,553,120
Net debt to adjusted equity ratio	72.6%	89.0%	116.2%	163.6%

42. EVENTS AFTER THE REPORTING PERIOD

(a) On 2 July 2013, Guangzhou Shengyu transferred a 20% equity interest in Guangzhou Nanying to Daye Trust Company Limited (大業信託有限責任公司) in connection with certain loans amounting to RMB500 million. Details of the arrangements are set out in the section headed "History and Corporate Structure" in the Prospectus.

(b) On 12 July 2013, a restructuring deed was entered into among Mr. Shum, Asiaciti, the Group and the Investors to amend and supplement the terms of repayment arrangements agreed in 2011 (note 34 (b)) ("Restructuring Deed"), including but not limited to the payment schedule for the amounts owed but not yet fallen due and the modification of the security given to the Investors. Further details of the Restructuring Deed are set out in the section entitled "History and Corporate Structure — Pre-IPO Investment and Debt Restructuring" in the Prospectus.

Payment obligation

Pursuant to the terms of the Restructuring Deed, upon repayment of the first two instalments totalling approximately US$73 million, partial debts approximately amounting to US$86 million owed to the Investors by Asiaciti under the Restructuring Deed were assigned to the Company (the "Novation"), as a result of which, the Company would be liable to make payment to the Investors, by three instalments with the amount of US$24.3 million, US$31.7 million and US$30.0 million on 15 January 2014, 15 March 2014 and 15 May 2014, respectively.

The Group recorded the payable to the Investors of approximately US$86 million in its consolidated financial statements in September 2013.

Release of guarantee and share mortgages

Pursuant to the Restructuring Deed, assuming the payment obligation of approximately US$86 million as aforesaid, the Company will cease to be the guarantor of the performance of all obligations of Asiaciti (as disclosed in note 34 (b)) under the Repayment Agreements and the Restructuring Deed.

Upon completion of a Qualifying Listing as defined in the Restructuring Deed and detailed in the section headed "History and Corporate Structure" in the Prospectus, all share mortgages created over the shares in the issued share capital of the Company and the direct or indirect offshore subsidiaries of the Company and all the security interests created thereby, as disclosed in note 34 (b), will be discharged and released with immediate effect.

(c) In order to facilitate the Novation, a dividend of approximately US$70.2 million was declared by the Company out of its distributable reserves to Asiaciti on 16 September 2013.

(d) On 11 November 2013, Guangzhou Shengyu transferred a 100% equity interest in Guangzhou Zhuorui to Zhongrong International Trust (中融國際信托有限公司) in connection with certain loans amounting to RMB450 million by Zhuhai Jiayu, in which Guangzhou Zhuorui acquired 40% equity interest from Guangzhou Shengyu. Details of the arrangements are set out in the section headed "History and Corporate Structure" in the Prospectus.

(e) Pursuant to the written resolution dated 19 November 2013, authorized share capital of the Company was increased from HK$380,000 to HK$1,000,000,000.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or any of its subsidiaries in respect of any period subsequent to 30 June 2013.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong