The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

8th Floor
Prince's Building
10 Chater Road
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Hong Kong

18 March 2014

The Directors
Optics Valley Union Holding Company Limited

BNP Paribas Securities (Asia) Limited

Dear Sirs,

Introduction

We set out below our report on the financial information relating to Optics Valley Union Holding Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the consolidated statements of financial position of the Group as at 31 December 2010, 2011 and 2012 and 30 September 2013 and the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group, for each of the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013 (the "Relevant Period"), together with the explanatory notes thereto (the "Financial Information"), for inclusion in the prospectus of the Company dated 18 March 2014 (the "Prospectus").

The Company was incorporated in the Cayman Islands on 15 July 2013 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation completed on 16 September 2013 (the "Reorganisation") as detailed in the section headed "Our History, Reorganization and Group Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group, details of which are set out in Note 1(b) of Section B below. The Company has not carried on any business since the date of its incorporation save for the aforementioned Reorganisation.

As at the date of this report, no audited financial statements have been prepared for the Company and AAA Holdings Limited ("BVI 3A"), as they either have not carried on any business since the date of incorporation or are investment holding companies and not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation.

All companies now comprising the Group have adopted 31 December as their financial year end date. Details of the companies comprising the Group that are subject to audit during the Relevant Period and the names of the respective auditors are set out in Note 41 of Section B. The statutory financial statements of these companies were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established.

The directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Period (the "Underlying Financial Statements") on the same basis as used in the preparation of the Financial Information set out in Section B below. The Underlying Financial Statements for each of the years ended 31 December 2010, 2011 and 2012 and nine months ended 30 September 2013 were audited by us under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared by the directors of the Company for inclusion in the Prospectus in connection with the listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules").

Directors' responsibilities for the Financial Information

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Hong Kong Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibilities

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA. We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to 30 September 2013.

Opinion

In our opinion, the Financial Information gives, for the purpose of this report, on the basis of preparation set out in Note 1(b) of Section B below, a true and fair view of the state of affairs of the Group as at 31 December 2010, 2011 and 2012 and 30 September 2013 and the Group's consolidated results and cash flows for the Relevant Period then ended.

Corresponding Financial Information

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended 30 September 2012, together with the notes thereon (the "Corresponding Financial Information"), for which the directors are responsible, 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.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

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

A CONSOLIDATED FINANCIAL INFORMATION

1 Consolidated income statements

	Section B Note	Years ended 31 December 2010 RMB'000	2011 RMB'000	2012 RMB'000	Nine months ended 30 September 2012 RMB'000 (unaudited)	2013 RMB'000
Continuing operations						
Turnover	6	788,798	1,405,169	1,812,014	706,071	1,135,066
Cost of sales		(503,539)	(1,029,666)	(1,235,378)	(489,838)	(789,816)
Gross profit		285,259	375,503	576,636	216,233	345,250
Other income	7	621	1,449	7,450	2,044	4,588
Selling and distribution expenses		(15,460)	(20,745)	(39,154)	(26,225)	(33,246)
Administrative expenses		(48,137)	(85,103)	(118,287)	(84,187)	(90,014)
Other expenses	7	(2,397)	(710)	(482)	(278)	(334)
Results from operating activities before changes in fair value of investment properties		219,886	270,394	426,163	107,587	226,244
Increase in fair value of investment properties	15	6,800	22,419	8,167	5,900	6,100
Results from operating activities after changes in fair value of investment properties		226,686	292,813	434,330	113,487	232,344
Finance income		8,672	12,460	19,359	15,675	7,009
Finance costs		(1,492)	(9,042)	(1,592)	(1,243)	(12,170)
Net finance income/(costs)	8(a)	7,180	3,418	17,767	14,432	(5,161)
Share of profits/(losses) of associates	18	34,623	(4,468)	(386)	(351)	(323)
Share of (losses)/profits of joint ventures	19	(242)	(247)	(4,653)	(4,080)	36,731
Net gain on disposal of an associate	5(b)	–	68,847	–	–	–
Profit before taxation		268,247	360,363	447,058	123,488	263,591
Income tax	9	(90,397)	(136,992)	(169,357)	(53,634)	(127,455)
Profit from continuing operations		177,850	223,371	277,701	69,854	136,136
Discontinued operation						
Profit from discontinued operation, net of tax	3	5,381	35,846	–	–	–
Profit for the year/period		183,231	259,217	277,701	69,854	136,136
Attributable to:						
Equity shareholders of the Company		116,662	147,146	211,276	51,564	119,044
Non-controlling interests		66,569	112,071	66,425	18,290	17,092
Profit for the year/period		183,231	259,217	277,701	69,854	136,136
Basic earnings per share (RMB) *(Note)*	12	1,835	2,314	2,515	614	1,332

Note: The earnings per share as presented above has not taken into account the proposed capitalisation issue pursuant to the shareholders' resolution dated 12 March 2014 (section C) because the proposed capitalisation has not become effective as at the date of this report.

The accompanying notes form part of the Consolidated Financial Information.

2 Consolidated statements of comprehensive income

	Section B Note	Years ended 31 December			Nine months ended 30 September	
		2010	**2011**	**2012**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit for the year/period		183,231	259,217	277,701	69,854	136,136
Other comprehensive income for the year/period						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of financial statements of subsidiaries outside the Mainland China	*13*	408	571	(303)	(885)	414
Share of the movement of a joint venture's reserve	*13*	–	–	1,994	1,994	–
Total comprehensive income for the year/period		183,639	259,788	279,392	70,963	136,550
Attributable to:						
Equity shareholders of the Company		117,070	147,717	212,557	52,263	119,458
Non-controlling interests		66,569	112,071	66,835	18,700	17,092
Total comprehensive income for the year/period		183,639	259,788	279,392	70,963	136,550

The accompanying notes form part of the Consolidated Financial Information.

3 Consolidated statements of financial position

	Section B Note	At 31 December 2010 RMB'000	2011 RMB'000	2012 RMB'000	At 30 September 2013 RMB'000
Non-current assets					
Property, plant and equipment	*14*	55,477	66,247	99,477	104,107
Investment properties	*15*	247,200	291,200	299,800	299,190
Intangible assets	*16*	2,185	447	4,246	4,458
Lease prepayment	*17*	12,464	–	–	–
Interest in associates	*18*	60,412	1,741	1,585	1,261
Interest in joint ventures	*19*	139,173	167,011	119,351	156,083
Other investments	*20*	10,000	13,000	10,000	10,000
Deferred tax assets	*31(b)*	19,760	26,089	50,996	61,227
Other non-current assets	*21*	35,387	45,924	–	–
		582,058	611,659	585,455	636,326
Current assets					
Other investments	*20*	19,624	20,976	58,316	24,263
Properties under development	*23*	874,342	1,704,902	1,729,850	2,624,523
Completed properties held for sale	*24*	327,260	309,002	941,206	846,727
Inventories and contracting work-in-progress	*25*	46,469	69,127	130,479	160,922
Trade and other receivables	*26*	116,889	362,907	1,101,531	1,088,755
Current tax assets	*31(a)*	21,381	66,268	49,467	78,659
Restricted cash	*27*	2,180	222,180	4,288	15,491
Cash and cash equivalents	*28*	911,322	861,762	947,899	867,011
Assets held for sale	*22*	–	–	–	18,550
		2,319,467	3,617,124	4,963,036	5,724,901
Current liabilities					
Trade and other payables	*29*	1,515,531	2,295,018	2,805,324	2,665,905
Loans and borrowings	*30*	77,000	212,000	476,165	1,029,000
Current tax liabilities	*31(a)*	103,809	112,885	95,181	89,549
		1,696,340	2,619,903	3,376,670	3,784,454
Net current assets		623,127	997,221	1,586,366	1,940,447
Total assets less current liabilities		1,205,185	1,608,880	2,171,821	2,576,773
Non-current liabilities					
Loans and borrowings	*30*	291,992	406,111	733,000	1,089,330
Deferred tax liabilities	*31(b)*	39,956	50,996	50,454	51,545
		331,948	457,107	783,454	1,140,875
Net assets		873,237	1,151,773	1,388,367	1,435,898
Equity					
Share capital	*32*	22,564	22,464	4,852	8
Reserves	*33*	483,963	614,045	866,926	1,221,792
Total equity attributable to equity shareholders of the Company		506,527	636,509	871,778	1,221,800
Non-controlling interests		366,710	515,264	516,589	214,098
Total equity		873,237	1,151,773	1,388,367	1,435,898

The accompanying notes form part of the Consolidated Financial Information.

4 Consolidated statements of changes in equity

		Attributable to equity shareholders of the Company							
	Section B Note	**Paid-in/ registered share capital** *RMB'000 Note 32*	**Other reserves** *RMB'000 Note 33(c)*	**Exchange reserve** *RMB'000 Note 33(b)*	**Statutory reserve** *RMB'000 Note 33(a)*	**Retained profits** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000 Note 33(d)*	**Total equity** *RMB'000*
At 1 January 2010		22,564	206,906	592	49,909	148,683	428,654	435,806	864,460
Changes in equity for 2010:									
Profit for the year		–	–	–	–	116,662	116,662	66,569	183,231
Other comprehensive income		–	–	408	–	–	408	–	408
Total comprehensive income for the year		–	–	408	–	116,662	117,070	66,569	183,639
Appropriation to statutory reserves	*33(a)*	–	–	–	24,464	(24,464)	–	–	–
Dividend declared during the year	*33(f)*	–	–	–	–	(5,085)	(5,085)	(29,022)	(34,107)
Contribution from non-controlling equity holders	*33(d)(i)*	–	8,497	–	–	–	8,497	43,184	51,681
Deregistration of a subsidiary	*33(d)(i)*	–	–	–	–	–	–	(150)	(150)
Acquisition of equity interests from non-controlling equity holders	*33(d)(i)*	–	(42,609)	–	–	–	(42,609)	(149,677)	(192,286)
At 31 December 2010		22,564	172,794	1,000	74,373	235,796	506,527	366,710	873,237
At 1 January 2011		22,564	172,794	1,000	74,373	235,796	506,527	366,710	873,237
Changes in equity for 2011:									
Profit for the year		–	–	–	–	147,146	147,146	112,071	259,217
Other comprehensive income		–	–	571	–	–	571	–	571
Total comprehensive income for the year		–	–	571	–	147,146	147,717	112,071	259,788
Appropriation to statutory reserves	*33(a)*	–	–	–	42,469	(42,469)	–	–	–
Dividend declared during the year	*33(f)*	–	–	–	–	(5,084)	(5,084)	(32,473)	(37,557)
Contribution from non-controlling equity holders	*33(d)(ii)*	–	–	–	–	–	–	4,800	4,800
Acquisition of equity interests from non-controlling equity holders	*33(d)(ii)*	–	(12,234)	–	–	–	(12,234)	(22,417)	(34,651)
Acquisition of subsidiaries	*5(b)*	–	–	–	–	–	–	98,959	98,959
Disposal of a subsidiary	*33(d)(ii) & 3*	–	–	–	–	–	–	(12,803)	(12,803)
Disposal of partial interest in a subsidiary	*33(d)(ii)*	(100)	(317)	–	–	–	(417)	417	–
At 31 December 2011		22,464	160,243	1,571	116,842	335,389	636,509	515,264	1,151,773
At 1 January 2012		22,464	160,243	1,571	116,842	335,389	636,509	515,264	1,151,773
Changes in equity for 2012:									
Profit for the year		–	–	–	–	211,276	211,276	66,425	277,701
Other comprehensive income		–	1,584	(303)	–	–	1,281	410	1,691
Total comprehensive income for the year		–	1,584	(303)	–	211,276	212,557	66,835	279,392
Appropriation to statutory reserves	*33(a)*	–	–	–	65,566	(65,566)	–	–	–
Dividend declared during the year	*33(f)*	–	–	–	–	(85,042)	(85,042)	(69,402)	(154,444)
Contribution from non-controlling equity holders	*33(d)(iii)*	–	–	–	–	–	–	33,200	33,200
Acquisition of equity interests from non-controlling equity holders	*33(d)(iii)*	–	139,898	–	–	–	139,898	(190,839)	(50,941)
Acquisition of subsidiaries	*5(c) & (d) & (e)*	–	–	–	–	–	–	161,531	161,531
Deemed distribution to shareholders	*32*	(17,612)	(14,532)	–	–	–	(32,144)	–	(32,144)
At 31 December 2012		4,852	287,193	1,268	182,408	396,057	871,778	516,589	1,388,367

		Attributable to equity shareholders of the Company							
	Section B Note	**Paid-in/ registered share capital** *RMB'000 Note 32*	**Other reserves** *RMB'000 Note 33(c)*	**Exchange reserve** *RMB'000 Note 33(b)*	**Statutory reserve** *RMB'000 Note 33(a)*	**Retained profits** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000 Note 33(d)*	**Total equity** *RMB'000*
At 1 January 2013		4,852	287,193	1,268	182,408	396,057	871,778	516,589	1,388,367
Changes in equity for nine months ended 30 September 2013:									
Profit for the period		–	–	–	–	119,044	119,044	17,092	136,136
Other comprehensive income		–	–	414	–	–	414	–	414
Total comprehensive income for the period		–	–	414	–	119,044	119,458	17,092	136,550
Dividend declared during the period		–	–	–	–	(50,479)	(50,479)	–	(50,479)
Acquisition of equity interests from non-controlling equity holders	*33(d)(iv)*	–	280,049	–	–	–	280,049	(323,583)	(43,534)
Contribution from non-controlling equity holders	*33(d)(iv)*	–	–	–	–	–	–	4,000	4,000
Arising from Reorganisation	*32*	(4,844)	5,838	–	–	–	994	–	994
At 30 September 2013		8	573,080	1,682	182,408	464,622	1,221,800	214,098	1,435,898
Unaudited									
At 1 January 2012		22,464	160,243	1,571	116,842	335,389	636,509	515,264	1,151,773
Changes in equity for nine months ended 30 September 2012:									
Profit for the period		–	–	–	–	51,564	51,564	18,290	69,854
Other comprehensive income		–	1,584	(885)	–	–	699	410	1,109
Total comprehensive income for the period		–	1,584	(885)	–	51,564	52,263	18,700	70,963
Dividend declared during the period	*33(f)*	–	–	–	–	(85,042)	(85,042)	(69,402)	(154,444)
Contribution from non-controlling equity holders	*33(d)(iii)*	–	–	–	–	–	–	33,200	33,200
Acquisition of equity interests from non-controlling equity holders	*33(d)(iii)*	–	139,898	–	–	–	139,898	(190,839)	(50,941)
Acquisition of subsidiaries	*5(c) & (d) & (e)*	–	–	–	–	–	–	161,531	161,531
Deemed distribution to shareholders	*32*	(17,612)	(14,532)	–	–	–	(32,144)	–	(32,144)
At 30 September 2012		4,852	287,193	686	116,842	301,911	711,484	468,454	1,179,938

The accompanying notes form part of the Consolidated Financial Information.

5 Consolidated statements of cash flows

	Section B Note	Years ended 31 December 2010 RMB'000	2011 RMB'000	2012 RMB'000	Nine months ended 30 September 2012 RMB'000 (unaudited)	2013 RMB'000
Operating activities						
Cash generated from operations	*28(b)*	625,088	128,615	(147,647)	74,346	(544,029)
Income tax paid		(83,628)	(214,986)	(161,497)	(139,371)	(171,420)
Net cash generated from/(used in) operating activities		541,460	(86,371)	(309,144)	(65,025)	(715,449)
Investing activities						
Interest received		1,983	10,274	15,533	12,891	5,711
Investment income received		6,729	2,219	3,602	2,784	1,298
Proceeds from disposal of property, plant and equipment		37	264	175	186	126
Proceeds from disposal of intangible assets		–	–	20	20	–
Proceeds from disposal of non-current assets		–	–	48,723	48,552	–
Proceeds from disposal of discontinued operation	*3*	–	93,096	–	–	–
Proceeds from sales of other investments		–	–	15,000	7,142	33,257
Dividends received from investment of associates		–	24,500	–	–	–
Acquisition of subsidiaries, net of cash acquired		–	167,436	91,928	91,928	–
Payment for purchase of interest in an associate		–	–	(230)	(230)	–
Proceeds from a joint venture		–	–	45,000	45,000	–
Increase in interest in a joint venture		(124,500)	–	–	–	–
Acquisition of investment properties		–	–	(433)	–	–
Acquisition of property, plant and equipment		(6,115)	(30,968)	(44,805)	(19,548)	(21,104)
Acquisition of other non-current assets		(11,749)	(31,936)	–	–	–
Acquisition of intangible assets		(7)	(507)	(4,314)	(4,146)	(1,190)
Acquisition of other investments		(19,649)	(12,057)	(50,000)	–	–
Advance to a joint venture		(15,000)	(30,000)	–	–	–
Net cash (used in)/generated from investing activities		(168,271)	192,321	120,199	184,579	18,098
Financing activities						
Capital contribution from equity holders		51,681	4,800	33,200	33,200	4,000
Proceeds from loans and borrowings		310,000	490,000	1,198,000	530,000	1,381,330
Proceeds from loan from non-controlling equity holders		174,550	142,787	236,902	236,902	63,661
Repayment of bank and other loans		(112,829)	(215,881)	(606,946)	142,457	(472,165)
Repayment of loans from non-controlling equity holders		(27,000)	(214,587)	(527,062)	(527,062)	(141,772)
Decrease/(increase) in restricted cash		12,820	(220,000)	217,892	218,894	(11,201)
Interest and other borrowing costs paid		(45,130)	(74,101)	(127,020)	(124,063)	(114,362)
Dividend paid		(34,107)	(33,807)	(85,114)	(59,237)	(50,479)
Acquisition of equity interest from non-controlling equity holders in connection with Reorganisation		(192,286)	(34,651)	(32,626)	(32,627)	(258,534)
Capital injection from non-controlling equity holders in connection with Reorganisation		–	–	–	–	215,994
Deemed distribution to the then equity holders		–	–	(32,144)	(32,144)	–
Payment to the non-controlling equity holder of Jie Chen Catering upon liquidation		(150)	–	–	–	–
Net cash generated from/(used in) financing activities		137,549	(155,440)	275,082	386,320	616,472
Net increase/(decrease) in cash and cash equivalents		510,738	(49,490)	86,137	505,874	(80,879)
Cash and cash equivalents at beginning of year/period		400,648	911,322	861,762	861,762	947,899
Effect of foreign exchange rate changes		(64)	(70)	–	5	(9)
Cash and cash equivalents at end of year/period	*28*	911,322	861,762	947,899	1,367,641	867,011

The accompanying notes form part of the Consolidated Financial Information.

B NOTES TO CONSOLIDATED FINANCIAL INFORMATION

1 Significant accounting policies

(a) Statement of compliance

The Consolidated Financial Information set out in this report has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes International Accounting Standards and related interpretations, promulgated by the International Accounting Standards Board ("IASB"). Further details of the significant accounting policies adopted are set out below.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Financial Information, the Group has adopted all these new and revised IFRSs to the Relevant Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on or after 1 January 2013. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on 1 January 2013 are set out in Note 40.

The Consolidated Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Hong Kong Listing Rules.

The accounting policies set out below have been applied consistently to all periods presented in the Consolidated Financial Information.

The Corresponding Financial Information for the nine months ended 30 September 2012 has been prepared in accordance with the same basis and accounting policies adopted in respect of the Consolidated Financial Information.

(b) Basis of preparation and presentation

Mr. Huang Liping (the "Controlling Shareholder") beneficially owned and controlled various companies in the Cayman Islands, the British Virgin Islands (the "BVI"), Hong Kong and the People's Republic of China (the "PRC") which are principally engaged in investment holding, property development and sale, property investment and construction. In preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited, the Company was incorporated in the Cayman Islands on 15 July 2013 and became the holding company of the companies now comprising the Group pursuant to the Reorganisation completed on 16 September 2013.

As part of the Reorganisation, on 17 February 2012, AAA Finance & Investment Limited ("HK 3A"), a company beneficially owned and controlled by BVI 3A which was in turn beneficially owned and controlled by the Controlling Shareholder, acquired an aggregate of 55% equity interests in United Real Estate (Wuhan) Co., Ltd ("Wuhan United Real Estate")

from companies controlled by the Controlling Shareholder, and Wuhan United Real Estate became a wholly-owned subsidiary of HK 3A. Wuhan United Real Estate had a controlling interest in Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union") which in turn held the various operating subsidiaries of the Group.

On 29 August 2013, the Company acquired all the issued share capital in BVI 3A from the Controlling Shareholder, in consideration of which the Company allotted and issued 73,323 shares to AAA Finance and Investment Holdings Limited, a company wholly-owned by the Controlling Shareholder, and BVI 3A became a wholly-owned subsidiary of the Company.

On 13 September 2013, AAA Finance and Investment Holdings Limited transferred 4,000 shares and 9,734 shares to Lidao Investment Limited and Qianbao Investment Limited at par value, respectively. Lidao Investment Limited is wholly owned by the Controlling Shareholder and Qiandao Investment Limited is wholly owned by a non-controlling equity holder, Mr. Tse Shing Ming.

The ultimate control over all major affairs of the Company, BVI 3A and Wuhan United Real Estate, including the power over these companies, exposure, or rights, to variable returns from his involvement with these companies and the ability to use his power over these companies to affect the amount of returns, were vested on the Controlling Shareholder before and after the completion of the Reorganisation. The control is not transitory, and, consequently, there was a continuation of the risks and benefits to the Controlling Shareholder. Therefore, the acquisition of Wuhan United Real Estate by HK 3A and the acquisition of BVI 3A by the Company were transactions under common control and the merger basis of accounting has been applied. The Financial Information has been prepared as if the Group had always been in existence, and the net assets of these companies are consolidated using the existing book values from the Controlling Shareholder's perspective.

The consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group as set out in Section A include the results of operations of the Company and its subsidiaries for the Relevant Period (or where the Company and its subsidiaries were incorporated/established/acquired at a date later than 1 January 2010, for the period from the date of incorporation/establishment/acquisition to 30 September 2013) as if the Reorganisation was completed at the beginning of the Relevant Period. The consolidated statements of financial position of the Group as at 31 December 2010, 2011 and 2012 and 30 September 2013 as set out in Section A have been prepared to present the state of affairs of the Company and its subsidiaries as if the entities now comprising the Group had been consolidated as at those dates (or where the companies were acquired/incorporated/established at a date later than 1 January 2010, as if the consolidation has occurred from the date when the companies first came under the control of the Controlling Shareholder).

All material intra-group transactions and balances have been eliminated on consolidation.

During the Relevant Period, HK 3A, Wuhan United Real Estate, Wuhan Optics Valley Union and its subsidiaries also acquired certain subsidiaries and non-controlling interests in certain subsidiaries from independent third parties (see Notes 5&33(d)). Such transactions have been accounted for under accounting policies as set out in Note 1(e).

At the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies. The particulars of these subsidiaries are set out below:

Name of company	Date and place of incorporation/ establishment	Issued/ authorised Paid-in/ registered capital	Effective interest held by the Company		Principal activities
			Direct	Indirect	
AAA Holdings Limited ("BVI 3A")	17 June 1997 British Virgin Islands ("BVI")	USD100/ USD50,000	100%	–	Investment holding
AAA Finance & Investment Limited ("HK 3A") 三A銀信投資有限公司	13 December 1996 Hong Kong	HK$1,190,476/ HK$10,000,000	–	100%	Investment holding
United Real Estate (Wuhan) Co., Ltd. ("Wuhan United Real Estate") 聯合置業(武漢)有限公司*	23 July 1993 The PRC	RMB100,000,000	–	100%	Property development
Wuhan Optics Valley Union Group Company Limited ("Wuhan Optics Valley Union") 武漢光谷聯合集團有限公司*	24 July 2000 The PRC	RMB480,000,000	–	100%	Property development
Wuhan Optics Valley Financial Harbour Development Co., Ltd. ("OV Financial Harbour Development") 武漢光谷金融港發展有限公司*	24 July 2008 The PRC	RMB268,160,000	–	100%	Property development
Huangshi Optics Valley Union Development Co., Ltd. ("Huangshi OVU Development") 黃石光谷聯合發展有限公司*	24 January 2005 The PRC	RMB100,000,000	–	100%	Property development

Name of company	Date and place of incorporation/ establishment	Issued/ authorised Paid-in/ registered capital	Effective interest held by the Company Direct	Indirect	Principal activities
Qingdao Optics Valley Union Development Co., Ltd. ("Qingdao OVU Development") 青島光谷聯合發展有限公司*	1 September 2011 The PRC	RMB200,000,000	–	100%	Property development
Wuhan Xuefu Property Co., Ltd. ("Wuhan Xuefu") 武漢學府房地產有限公司**(Note (i))*	29 April 1999 The PRC	RMB60,000,000	–	51%	Property development
Hubei Huisheng Technology Development Co., Ltd. ("Hubei Huisheng") 湖北匯盛科技發展有限公司*	8 December 2005 The PRC	RMB21,000,000	–	100%	Property development
Wuhan Minghong Technology Development Co., Ltd. ("Wuhan Minghong") 武漢鳴鴻科技發展有限公司**(Note (ii))*	8 February 2001 The PRC	RMB30,000,000	–	100%	Property development
Wuhan Optics Valley Union Architectural Design Institute Co., Ltd. ("OVU Architectural Design Institute") 武漢光谷聯合建築設計研究院有限公司*	21 April 2011 The PRC	RMB6,000,000	–	100%	Project planning and design service
Wuhan Lido Technology Co., Ltd. ("Wuhan Lido Technology") 武漢麗島科技有限公司*	13 December 2000 The PRC	RMB20,000,000	–	100%	Construction services

Name of company	Date and place of incorporation/ establishment	Issued/ authorised Paid-in/ registered capital	Effective interest held by the Company Direct	Indirect	Principal activities
Wuhan Lido Curtain Wall Manufacture Co., Ltd. ("Wuhan Lido Curtain Wall") 武漢麗島幕牆製造有限公司*	17 November 2011 The PRC	RMB10,000,000	–	100%	Construction services
Wuhan Jitian Construction Co., Ltd. ("Wuhan Jitian Construction") 武漢吉天建設工程有限公司* *(Note (iii))*	11 June 2001 The PRC	RMB210,000,000	–	100%	Construction services
Wuhan Optics Valley Energy Conservation Technology Co., Ltd. ("OV Energy Conservation Technology") 武漢光谷節能技術有限公司*	26 July 2010 The PRC	RMB40,000,000	–	80%	Energy-saving technique development
Wuhan Lido Property Management Co., Ltd. ("Wuhan Lido Property Management") 武漢麗島物業管理有限公司*	19 July 2000 The PRC	RMB105,000,000	–	100%	Property management services
Wuhan Quanpai Catering Management Co., Ltd. ("Wuhan Quanpai Catering Management") 武漢全派餐飲管理有限公司*	7 June 2011 The PRC	RMB3,000,000	–	100%	Catering services
Wuhan Qianbao Media Co., Ltd. ("Wuhan Qianbao Media") 武漢市千寶廣告傳播有限公司*	29 December 2003 The PRC	RMB300,000	–	100%	Advertising services

Name of company	Date and place of incorporation/ establishment	Issued/ authorised Paid-in/ registered capital	Effective interest held by the Company Direct	Indirect	Principal activities
Wuhan Optics Valley Union Real Estate Agency Co., Ltd. 武漢光谷聯合不動產營銷代理有限公司*	16 September 2011 The PRC	RMB5,000,000	–	100%	Property agency services
Shenyang Optics Valley Union Development Co., Ltd. ("Shenyang OVU Development") 瀋陽光谷聯合發展有限公司*	29 May 2012 The PRC	RMB100,000,000	–	100%	Property development
Hubei Technology Enterprise Accelerator Co., Ltd. ("Hubei Technology Enterprise Accelerator") 湖北科技企業加速器有限公司*	18 May 2012 The PRC	RMB150,000,000	–	70%	Property development
Wuhan Optics Valley Energy Conservation Technology Park Co., Ltd. ("Energy Conservation Technology Park") 武漢光谷節能科技園有限公司* *(Note (iv))*	8 December 2011 The PRC	RMB200,000,000	–	70%	Property development
Wuhan Financial Harbour Development Co., Ltd. ("Wuhan Financial Harbour Development") 武漢金融港開發有限公司* *(Note (v))*	5 December 2011 The PRC	RMB200,000,000	–	70%	Property development

Name of company	Date and place of incorporation/ establishment	Issued/ authorised Paid-in/ registered capital	Effective interest held by the Company Direct	Indirect	Principal activities
Wuhan Optics Valley Software Park Co., Ltd. ("Optics Valley Software Park") 武漢光谷軟件園有限公司* *(Note (vi))*	9 September 2005 The PRC	RMB50,000,000	–	100%	Property development
Wuhan Lido Real Estate Agency Co., Ltd. 武漢麗島房地產代理有限公司*	20 February 2012 The PRC	RMB1,000,000	–	100%	Property agency service
Wuhan Lido Human Resources Service Co., Ltd. 武漢麗島人力資源服務有限公司*	15 May 2012 The PRC	RMB500,000	–	100%	Human resources service
Wuhan Shangyuan Construction Labor Co., Ltd. 武漢尚源建築勞務有限公司*	19 November 2012 The PRC	RMB5,000,000	–	100%	Supporting service for construction
Wuhan Ziyuan Hotel Management Co., Ltd. 武漢紫緣酒店管理有限公司*	1 February 2013 The PRC	RMB2,000,000	–	100%	Hotel management
Wuhan Optics Valley Energy Conservation Engineering Co., Ltd 武漢光谷節能工程有限公司*	23 January 2013 The PRC	RMB5,000,000	–	100%	Electrical and mechanical service
Hefei Optics Valley Union Development Co., Ltd. ("Hefei Optics Valley Union") 合肥光谷聯合發展有限公司	13 September 2013 The PRC	RMB100,000,000	–	92%	Property development

Name of company	Date and place of incorporation/ establishment	Issued/ authorised Paid-in/ registered capital	Effective interest held by the Company Direct	Indirect	Principal activities
Wuhan Yinxun Human Resources Service Co., Ltd. ("Wuhan Yinxun Human Resources") 武漢銀訓人力資源服務有限公司*	2 January 2014 The PRC	RMB400,000/ RMB2,000,000	–	51%	Human resources service

* These entities are all PRC limited liability companies. The English translation of the company names is for reference only. The official names of these companies are in Chinese.

Notes:

(i) On 23 November 2011, Wuhan Optics Valley Union further acquired a 2% equity interests in Wuhan Xuefu from a non-controlling equity holder at a cash consideration of RMB4,448,000. Accordingly, the Group's effective interests in Wuhan Xuefu has increased to 51% and Wuhan Xuefu became a subsidiary of the Group.

(ii) On 1 January 2009, Wuhan Optics Valley Union acquired the entire equity interests in Wuhan Minghong from unrelated third parties. The directors of the Company are of the view that the purpose of acquiring this subsidiary is solely to acquire the underlying properties.

(iii) On 18 January 2011, Wuhan Optics Valley Union acquired the entire equity interests in Wuhan Jitian Construction from independent third parties at a cash consideration of RMB22,000,000.

(iv) On 9 May 2012, Wuhan Optics Valley Union signed capital increment agreement with Hubei Science & Technology Investment Group Co., Ltd ("Hubei Science & Technology Investment") to acquire a 70% equity interest in Energy Conservation Technology Park at a consideration of RMB140,000,000.

(v) On 11 May 2012, Wuhan Optics Valley Union signed capital increment agreement with Hubei Science & Technology Investment to acquire a 70% equity interest of Wuhan Financial Harbour Development at a consideration of RMB140,000,000.

(vi) On 29 May 2012, Wuhan Optics Valley Union acquired 50% equity interests of Optics Valley Software Park and its subsidiary Hubei Soft View Occupation School at a total cash consideration of RMB41,500,000 from Dalian Software Park Co., Ltd. The directors of the Company are of the view that the entities became the subsidiary of the Group by virtue of the Articles of Association of the entities to which provided the Group the power over these companies, exposure, or rights, to variable returns from its involvement with these companies and the ability to use its power over these companies to affect the amount of returns. On 17 July 2012, Optics Valley Software Park terminated the business of Hubei Soft View Occupation School.

During the Relevant Period, the below subsidiaries were disposed of to third parties or deregistered as the directors considered that they were not strategically complementary to the principal activities of the Group:

Name of company	Date and place of incorporation/ establishment	Paid-in/ registered capital	Effective interest held by the Company		Principal activities
			Direct	Indirect	
Wuhan Lido Catering Management Co., Ltd. ("Lido Catering") 武漢麗島食堂管理有限公司* *(Note (i))*	29 September 2006 The PRC	RMB100,000	–	100%	Catering services
Wuhan Jie Chen Catering Management Co., Ltd. ("Jie Chen Catering") 武漢潔宸餐飲管理服務有限公司* *(Note (i))*	15 June 2009 The PRC	RMB500,000	–	60%	Catering services
Wuhan Kernel Bio-Tech Co., Ltd. ("Wuhan Kernel Bio-Tech") 武漢科諾生物科技股份有限公司* *(Note (ii))*	23 April 1999 The PRC	RMB57,368,880	–	81.03%	Production and sales of bio-pesticides

* These entities are all PRC limited liability companies. The English translation of the company names is for reference only. The official names of these companies are in Chinese.

Notes:

(i) Lido Catering and Jie Chen Catering were deregistered on 8 April 2010 and 21 October 2010 respectively. The net loss of these entities during the year ended 31 December 2010 was RMB458,000, which is included in the Financial Information of the Group.

(ii) Wuhan Optics Valley Union disposed of its 81.03% equity interest in Wuhan Kernel Bio-Tech to an independent third party on 17 November 2011 at a cash consideration of RMB102,800,000. The net asset of this subsidiary at the date of disposal was RMB57,673,000. The net profit of the disposed entity during the years ended 31 December 2010 and 2011 are RMB5,381,000 and RMB2,001,000 respectively, which are included in the Financial Information of the Group (See Note 3).

(c) Basis of measurement

The Consolidated Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand except for per share data. It is prepared on the historical cost basis except for investment properties (See Note 1(k)), certain financial assets (See Note 1(g)) which are stated at their fair value.

(d) Use of estimates and judgements

The preparation of the Consolidated Financial Information in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in Note 38.

(e) Consolidation and combination

(i) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, power over the entity, exposure, or rights, to variable returns from its involvement with the entity, and the ability to use its power over the entity to affect the amount of the entity's returns are taken into account.

The financial information of subsidiaries is included in the Consolidated Financial Information from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the Consolidated Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Note 1(g)(ii) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 1(g)(i)) or, when appropriate, the cost on initial recognition of an investment in a joint venture (see Note 1(f)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 1(l)).

(ii) Business combination

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Transaction costs in connection with a business combination are expensed as incurred.

Merger accounting has been adopted for common control combination in which all of the consolidating entities were ultimately controlled by the same party or parties both before and after the business combination, and that control was not transitory.

The Consolidated Financial Information incorporates the financial information of the consolidating entities in which the common control combination occurred as if they had been consolidated from the date when the consolidating entities first came under the control of the controlling party.

The net assets of the consolidating entities have been consolidated using the existing book values from the controlling parties' perspective. No amount has been recognised in respect of goodwill or the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost at the time of the common control combination, to the extent of the continuation of the controlling interest.

(f) Associates and joint arrangement

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint arrangement is an arrangement of which two or more parties have joint control. The Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for under the equity method. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 1(l)). The Group's share of the post-acquisition, post-tax results of the investees and any impairment loss for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition, post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associates or the joint ventures, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint ventures. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associates or the joint ventures.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the profit or loss.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 1(g)(i)) or, when appropriate, the cost on initial recognition of an investment in an associate (see Note 1(f)).

(g) Financial instruments

(i) Derivative financial assets

Derivative financial assets are recognised initially at fair value. At the end of each reporting period, the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(ii) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets classified as held-for-trading comprise short-term sovereign debt securities actively managed by the Group's treasury department to address short-term liquidity needs.

Financial assets designated as at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses (see Note 1(l)).

Held-to-maturity financial assets comprise debt securities.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see Note 1(l)).

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see Note 1(l)) and foreign exchange differences on available-for-sale debt instruments (see Note 1(u)), are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

(iii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, debt securities issued, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

(iv) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(h) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

(iii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iv) Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

	Years	**Estimated residual value as a percentage of costs**
Buildings	20-30	3%-5%
Machines	3-10	3%-5%
Motor vehicles	5-10	3%-10%
Furniture, office equipment and others	3-10	3%-10%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases.

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (Note 1(k)) and property under development for sales and completed property held for sale (Note 1(m)).

If a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss shall be recognised immediately. If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the asset is expected to be used.

(j) Intangible assets and goodwill

(i) Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see (Note 1(e)(ii)).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity accounted investee as a whole.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

- technical know-how, trademarks and patents 10 years
- software 5-10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (Note 1(i)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and properties that are being constructed or developed for future use as investment properties.

Investment properties are stated in the statement of financial position at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably determined at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in Note 1(s)(ii).

(l) Impairment

(i) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 3(l)(ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Property development

Inventories in respect of property development activities are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

– *Properties held for development for sale*

The cost of leasehold land, which is held for development for sale, represents the cost of acquisition. Net realizable value is determined by reference to management estimates based on prevailing market conditions.

– *Properties under development for sale*

The cost of properties under development for sale comprises specifically identified cost, including: land use right (Note 1(i)), aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see Note 1(t)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

– *Completed properties held for sale*

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(n) Inventories

Inventories mainly include construction materials, pesticide products and low value consumables. Inventories are stated at cost and comprise all costs of purchase. They are computed on a weighted average basis, less provision for obsolescence. When inventories are consumed, the carrying amount of inventories is recognised as an expense in the year in which the consumption occurs. Any obsolete and damaged inventories are written off to the profit or loss.

(o) Construction contracts in progress

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in Note 1(s)(iv). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the balance sheet date are recorded at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the consolidated balance sheet as the "Gross amount due from customers for contract work" (as an asset) or the "Gross amount due to customers for contract work" (as a liability), as applicable. Progress billings not yet paid by the customer are included under "Trade and other receivables". Amounts received before the related work is performed are presented as "Receipts in advance" under "Trade and other payables".

(p) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The employees of the Group participate in retirement plans (defined contribution retirement plans) managed by respective local governments of the municipalities in which the Group operates in the PRC. The contribution to the retirement plan is calculated based on fixed rates of the employees' salaries cost and charged to profit or loss as and when incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense. The Group has no other obligation for the payment of retirement and other post-retirement benefits of staff other than the contributions described above.

(q) Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(iii) Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sales of properties

Revenue from sales of properties is recognised when the significant risks and rewards of ownership have been transferred to the buyers. The Group considers that the significant risks and rewards of ownership are transferred when the construction of relevant properties has been completed and the properties have been delivered to the buyers.

Revenue from sales of properties excludes business tax or other sales related taxes and is after deduction of any trade discounts. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position as receipts in advance.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Service fee income

Service fee income in relation to design and development management services, property management service, advertising service and other ancillary services are recognised when such services are provided to customers.

(iv) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliable, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(v) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the assets upon meeting the relevant conditions, if any, attaching to them.

(t) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss, gains on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination, gains on hedging instruments that are recognised in profit or loss and reclassifications of net gains previously recognised in other comprehensive income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprise interest expenses on borrowings, unwinding of the discount on provisions and deferred consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss and contingent consideration, impairment losses recognised on financial assets (other than trade receivables), losses on hedging instruments that are recognised in profit or loss and reclassifications of net losses previously recognised in other comprehensive income.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position

(u) Translation of foreign currencies

Foreign currency transactions during the period are translated at the relevant exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the relevant exchange rates ruling at the end of reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the relevant exchange rates ruling at the dates the fair value was determined.

The results of operations in other jurisdictions are translated into RMB at the exchange rates approximating the relevant exchange rates ruling at the dates of the transactions. Statements of financial position items are translated into RMB at the relevant exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of an operation in other jurisdictions, the cumulative amount of the exchange differences relating to that operation is reclassified from equity to profit or loss on disposal when the profit or loss on disposal is recognised.

(v) Assets held for sale and discontinued operation

(i) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale or held-for-distribution if it is highly probable that they will be recovered primarily through sale or distribution rather than through continuing use.

Immediately before classification as held-for-sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's other accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(ii) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

(w) Related parties

(i) A person, or a close member of that person's family is related to the Group if that person:

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

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

(f) The entity is controlled or jointly controlled by a person identified in (i).

(g) A person identified in (i)(a) 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).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated Financial Information, are identified from the financial statements provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are individually material may be aggregated if they share a majority of these criteria.

2 Segment reporting

The Group manages its businesses by divisions organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following six reportable segments. The operating segments with similar economic characteristics have been aggregated to form the following reportable segments.

– Property development: this segment develops and sells industrial parks and residential properties. Currently the Group's activities in this regard are carried out in the PRC.

– Construction contract: the revenue of this segment recognised results from the development of a number of office and residential buildings for some of the Group's customers. These buildings are constructed based on specifically negotiated contracts with customers. Currently the Group's activities in this regard are carried out in the PRC.

– Property leasing: this segment leases office units to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio is located entirely in the PRC.

– Development management services: this segment provides construction management for the projects under construction. Currently the Group's activities in this regard are carried out in the PRC.

– Business operation services: this segment provides property management and other services for the completed projects of industrial parks and residential properties Currently the Group's activities in this regard are carried out in the PRC.

– Bio-pesticides: this segment produces and sells bio-pesticides to domestic and overseas customers. This segment was sold in November 2011 (see Note 3).

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include non-current assets and current assets with the exception of deferred tax assets and certain assets unallocated to an individual reportable segment. Segment liabilities include non-current liabilities and current liabilities with the exception of income tax payable, deferred tax liabilities and certain liabilities unallocated to an individual reportable segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted profit from operations". To arrive at adjusted profit from operations, the Group's profits are further adjusted for items not specifically attributed to an individual reportable segment, such as directors' remuneration, auditors' remuneration and other head office or corporate administrative expenses.

In addition to receiving segment information concerning adjusted profit from operations, management is provided with segment information concerning revenue (including inter-segment sales), interest income from bank deposits, interest expenses, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year is set out below.

For the year ended 31 December 2010

	Property development	Construction contract revenue	Property leasing	Development management services	Business operation services	Bio-pesticides (discontinued)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	647,635	48,977	8,199	22,812	61,175	69,414	858,212
Inter-segment revenue	–	37,565	–	6,000	–	–	43,565
Reportable segment revenue	647,635	86,542	8,199	28,812	61,175	69,414	901,777
Reportable segment profits/(losses)	191,352	(2,375)	7,874	20,393	4,972	9,353	231,569
Finance income	7,363	57	–	–	1,252	(184)	8,488
Finance costs	(1,312)	(155)	–	–	(25)	(1,252)	(2,744)
Depreciation	(2,053)	(393)	–	–	(483)	(2,656)	(5,585)
Amortisation	(5)	(17)	–	–	–	(646)	(668)
Share of profits of associates	34,623	–	–	–	–	–	34,623
Share of losses of joint ventures	(242)	–	–	–	–	(85)	(327)
Increase in fair value of investment properties	5,700	600	–	–	500	–	6,800

For the year ended 31 December 2011

	Property development	Construction contract	Property leasing	Development management services	Business operation services	Bio-pesticides (discontinued)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	1,171,429	107,658	11,927	25,057	89,098	67,149	1,472,318
Inter-segment revenue	–	432,293	–	10,000	2,651	–	444,944
Reportable segment revenue	1,171,429	539,951	11,927	35,057	91,749	67,149	1,917,262
Reportable segment profits/(losses)	243,064	(6,829)	11,849	22,845	3,130	6,568	280,627
Finance income	9,340	830	–	–	2,290	462	12,922
Finance costs	(5,712)	(116)	–	–	(3,214)	(2,210)	(11,252)
Depreciation	(3,401)	(921)	–	–	(715)	(2,326)	(7,363)
Amortisation	(5)	(54)	–	–	(18)	(591)	(668)
Share of losses of associates	(4,468)	–	–	–	–	–	(4,468)
Share of loss of a joint venture	(247)	–	–	–	–	–	(247)
Gain on disposal of an associate	68,847	–	–	–	–	–	68,847
Increase in fair value of investment properties	20,419	900	–	–	1,100	–	22,419

For the year ended 31 December 2012

	Property development	Construction contract	Property leasing	Development management services	Business operation services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	1,431,893	195,056	17,635	36,099	131,331	1,812,014
Inter-segment revenue	–	547,222	165	6,810	12,630	566,827
Reportable segment revenue	1,431,893	742,278	17,800	42,909	143,961	2,378,841
Reportable segment profits	362,338	7,897	16,227	28,884	15,489	430,835
Finance income	16,826	1,416	–	–	1,117	19,359
Finance costs	(399)	(606)	–	–	(587)	(1,592)
Depreciation	(5,290)	(5,009)	–	–	(1,138)	(11,437)
Amortisation	(554)	(68)	–	–	(63)	(685)
Share of losses of associates	(386)	–	–	–	–	(386)
Share of loss of a joint venture	(4,653)	–	–	–	–	(4,653)
Increase in fair value of investment properties	7,167	400	–	–	600	8,167

For the nine months ended 30 September 2013

	Property development	Construction contract	Property leasing	Development management services	Business operation services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	853,254	142,531	17,613	16,171	105,497	1,135,066
Inter-segment revenue	–	392,368	129	1,876	10,734	405,107
Reportable segment revenue	853,254	534,899	17,742	18,047	116,231	1,540,173
Reportable segment profits	184,407	7,726	11,109	15,256	12,959	231,457
Finance income	4,508	1,397	–	–	1,104	7,009
Finance costs	(7,265)	(4,688)	–	–	(217)	(12,170)
Depreciation	(3,187)	(4,681)	–	–	(955)	(8,823)
Amortisation	(854)	(69)	–	–	(55)	(978)
Share of losses of associates	(323)	–	–	–	–	(323)
Share of profit of a joint venture	36,731	–	–	–	–	36,731
Increase in fair value of investment properties	5,700	200	–	–	200	6,100

For the nine months ended 30 September 2012 (unaudited)

	Property development	Construction contract	Property leasing	Development management services	Business operation services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from external customers	495,567	93,594	10,874	19,627	86,409	706,071
Inter-segment revenue	–	281,093	144	–	8,693	289,930
Reportable segment revenue	495,567	374,687	11,018	19,627	95,102	996,001
Reportable segment profits/(losses)	76,194	179	10,127	18,560	9,393	114,453
Finance income	13,524	1,335	–	–	816	15,675
Finance costs	(127)	(740)	–	–	(376)	(1,243)
Depreciation	(4,031)	(3,721)	–	–	(795)	(8,547)
Amortisation	(266)	(51)	–	–	(46)	(363)
Share of losses of associates	(351)	–	–	–	–	(351)
Share of losses of joint ventures	(4,080)	–	–	–	–	(4,080)
Increase in fair value of investment properties	5,200	300	–	–	400	5,900

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	Years ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue					
Reportable segment revenue	901,777	1,917,262	2,378,841	996,001	1,540,173
Elimination of inter-segment revenue	(43,565)	(444,944)	(566,827)	(289,930)	(405,107)
Elimination of discontinued operation *(note 3)*	(69,414)	(67,149)	–	–	–
Consolidated revenue	788,798	1,405,169	1,812,014	706,071	1,135,066
Profits/(losses)					
Reportable segment profit derived from group's external customers	231,569	280,627	430,835	114,453	231,457
Discontinued operation *(note 3)*	(9,353)	(6,568)	–	–	–
Increase in fair value of investment properties	6,800	22,419	8,167	5,900	6,100
Share of profits/(losses) of associates	34,623	(4,468)	(386)	(351)	(323)
Share of (losses)/profits of joint ventures	(242)	(247)	(4,653)	(4,080)	36,731
Net gain on disposal of an associate	–	68,847	–	–	–
Other income	621	1,449	7,450	2,044	4,588
Finance income	8,672	12,460	19,359	15,675	7,009
Finance costs	(1,492)	(9,042)	(1,592)	(1,243)	(12,170)
Depreciation and amortisation	(2,951)	(5,114)	(12,122)	(8,910)	(9,801)
Consolidated profit from continuing operations before tax	268,247	360,363	447,058	123,488	263,591
Assets					
Reportable segment assets	2,678,676	4,041,216	5,393,751	5,808,943	6,180,663
Equity accounted investees	199,585	168,752	120,936	121,544	157,344
Other unallocated amounts	23,264	18,815	33,804	24,573	23,220
Consolidated total assets	2,901,525	4,228,783	5,548,491	5,955,060	6,361,227
Liabilities					
Reportable segment liabilities	2,012,432	3,057,204	4,153,205	4,775,122	4,925,219
Other unallocated amounts	15,856	19,806	6,919	–	110
Consolidated total liabilities	2,028,288	3,077,010	4,160,124	4,775,122	4,925,329

3 Discontinued operation

On 17 November 2011, the Group disposed of its 81.03% equity interest in Wuhan Kernel Bio-Tech, which represented the entire segment of Bio-pesticides (see Note 2) following the strategy of focusing the Group's business on properties development and operation.

	2010	**2011**
	RMB'000	*RMB'000*
Results of discontinued operation		
Revenue	69,414	67,149
Expenses	(64,033)	(64,798)
Results from operating activities	5,381	2,351
Income tax	–	(350)
Results from operating activities, net of tax	5,381	2,001
Gain on sale of discontinued operation	–	45,127
Income tax on gain on sale of discontinued operation	–	(11,282)
Profit for the year	5,381	35,846
Cash flow generated from/(used in) discontinued operation		
Net cash generated from/(used in) operating activities	11,164	(9,767)
Net cash used in financing activities	(401)	(6,211)
Net cash (used in)/generated from investing activities	(5,963)	93,096
Net cash generated from discontinued operation	4,800	77,118

	Note	**Net book value as of the disposal date** *RMB'000*
Effect of disposal on the consolidated statement of financial position of the Group		
Property, plant and equipment	*14*	23,667
Lease payment	*17*	12,167
Intangible assets	*16*	1,874
Interest in joint ventures	*19*	1,915
Inventories		16,123
Trade and other receivables		35,481
Cash and cash equivalents		9,704
Trade and other payables		(5,105)
Interest bearing borrowings		(25,000)
Current tax liabilities		(350)
Non-controlling interests	*33(d)(ii)*	(12,803)
Net assets		57,673
Consideration received, satisfied in cash		102,800
Gain on sale of discontinued operation before taxation		45,127
Cash and cash equivalents disposed of		(9,704)
Net cash inflow		93,096

The net profit in respect of the disposed entity attributable to the Group during the years ended 31 December 2010 and 2011 are RMB5,381,000 and RMB35,846,000 respectively, which are included in the consolidated Financial Information of the Group.

4 Liquidation of subsidiaries

In April and October 2010, the Group liquidated two subsidiaries, Lido Catering and Jie Chen Catering, the Group hold 100% and 60% equity shares of Lido Catering and Jie Chen Catering respectively. The two liquidated subsidiaries were not classified as discontinued operation as they had remained dormant with minimal revenue during the Relevant Period before the liquidation and did not fulfill the relevant requirements under IFRS 5. The related assets and liabilities of the liquidated subsidiaries were transferred to their shareholders according to their equity interest upon liquidation. Therefore, the liquidation had no impact on the Group's financial position except for the decrease in non-controlling interests in Jie Chen Catering.

5 Acquisitions of subsidiaries

(a) Acquisition of Wuhan Jitian Construction

On 18 January 2011 the Group acquired the entire equity interests in Wuhan Jitian Construction from an independent third party at a cash consideration of RMB22,000,000. Had the acquisition taken place at the beginning of the year, the turnover and net profit of the Group for the year ended 31 December 2011 would not have increased materially.

	Acquiree's carrying amount before acquisition *RMB'000*	**Fair value adjustment** *RMB'000*	**Fair value** *RMB'000*
Net assets acquired:			
Trade and other receivables	16,000	–	16,000
Cash and cash equivalents	4,000	–	4,000
Net identifiable assets	20,000	–	20,000
Goodwill			
Total consideration			22,000
Less: Net identifiable assets			(20,000)
Goodwill on the acquisition			2,000
Consideration paid, satisfied in cash			(22,000)
Less: Cash and cash equivalents acquired			4,000
Net cash outflow			(18,000)

Goodwill is generated as a result of difference between the fair value of the net assets acquired and consideration, which was fully impaired as at 31 December 2011.

Following the acquisition, Wuhan Jitian Construction contributed turnover of RMB338,112,000 and net profit of RMB20,808,000 before elimination of intra-group transactions respectively for the year ended 31 December 2011.

(b) Acquisition of Wuhan Xuefu

On 23 November 2011, the Group further acquired a 2% equity interests in Wuhan Xuefu from the non-controlling equity holders. Accordingly, the Group's effective interest in Wuhan Xuefu has increased to 51% and Wuhan Xuefu became a subsidiary of the Group.

In the year ended 31 December 2011, Wuhan Xuefu recorded a turnover of RMB444,354,000 and net profit of RMB131,421,000 at its company level. Before the acquisition of the additional 2% equity interests on 23 November 2011, Wuhan Xuefu was accounted for using the equity method in the combined financial information. At the acquisition date, the fair value of the 49% equity interests in Wuhan Xuefu was RMB98,550,000. The difference between fair value and the book value of this investment amounting to RMB68,847,000 was recorded as net gain on disposal of an associate. Following the acquisition, Wuhan Xuefu's result has been fully consolidated to the Group. In the period from 24 November 2011 (the date on which control was transferred to the Group) to 31 December 2011, Wuhan Xuefu contributed turnover of RMB434,410,000 and net profit of RMB14,702,000, after adjusted for the fair value adjustments that arose on the acquisition date, to the Group's results for the year ended 31 December 2011.

Had the acquisition taken place at the beginning of the year, the turnover and net profit of the Group for the year ended 31 December 2011 would have increased by approximately RMB9,944,000 and decreased by approximately RMB8,313,000, respectively. In determining these amounts, the directors have assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on 1 January 2011.

	Note	**Acquiree's carrying amount before acquisition** *RMB'000*	**Fair value adjustment** *RMB'000*	**Fair value** *RMB'000*
Net assets acquired:				
Property, plant and equipment	*14*	1,140	–	1,140
Investment properties	*15*	12,100	–	12,100
Completed properties held for sale		236,165	184,617	420,782
Trade and other receivables		167,531	–	167,531
Current tax assets		22,783	–	22,783
Cash and cash equivalents		189,884	–	189,884
Trade and other payables		(565,150)	–	(565,150)
Deferred tax liabilities	*31(b)*	(959)	(46,154)	(47,113)

	Note	**Acquiree's carrying amount before acquisition** *RMB'000*	**Fair value adjustment** *RMB'000*	**Fair value** *RMB'000*
Net identifiable assets		63,494	138,463	201,957
Less: Fair value of previously held 49% interest in Wuhan Xuefu				(98,550)
Non-controlling interests arising from acquisition of a subsidiary				(98,959)
Total consideration				4,448
Consideration paid, satisfied in cash				(4,448)
Less: Cash and cash equivalents acquired				189,884
Net cash inflow				185,436

(c) Acquisition of Energy Conservation Technology Park

On 3 May 2012, pursuant to a capital injection agreement signed by Hubei Science & Technology Investment, Wuhan Optics Valley Union and Energy Conservation Technology Park, Wuhan Optics Valley Union and Hubei Science & Technology Investment made capital injections in Energy Conservation Technology Park of RMB140,000,000 and RMB10,000,000 respectively. After the capital injection, Wuhan Optics Valley Union held 70% equity interest and Hubei Science & Technology Investment held 30% equity interest of Energy Conservation Technology Park. Had the acquisition taken place at the beginning of the year, the turnover and net profit of the Group for the year ended 31 December 2012 would be increased by approximately nil and RMB41,000, respectively.

	Acquiree's carrying amount before acquisition	**Fair value adjustment**	**Fair value**
	RMB'000	*RMB'000*	*RMB'000*
Net assets acquired:			
Cash and cash equivalents	150,055	–	150,055
Trade and other receivables	303,000	–	303,000
Trade and other payables	(253,005)	–	(253,005)
Net identifiable assets	200,050	–	200,050
Less: Gain on bargain purchase			(35)
Non-controlling interests arising from acquisition of a subsidiary			(60,015)
Total consideration			140,000
Consideration paid, satisfied in cash			(140,000)
Less: Cash and cash equivalents acquired			150,055
Net cash inflow			10,055

(d) Acquisition of Wuhan Financial Harbour Development

On 6 May 2012, pursuant to a capital injection agreement signed by Hubei Science & Technology Investment, Wuhan Optics Valley Union and Wuhan Financial Harbour Development, Wuhan Optics Valley Union and Hubei Science & Technology Investment made capital injections in Wuhan Financial Harbour Development of RMB140,000,000 and RMB10,000,000 respectively. After the capital injection, Wuhan Optics Valley Union held a 70% equity interest and Hubei Science & Technology Investment held a 30% equity interest in Wuhan Financial Harbour Development. Had the acquisition taken place at the beginning of the year, the turnover and net profit of the Group for the year ended 31 December 2012 would have increased by approximately nil and RMB45,000, respectively.

	Acquiree's carrying amount before acquisition	**Fair value adjustment**	**Fair value**
	RMB'000	*RMB'000*	*RMB'000*
Net assets acquired:			
Cash and cash equivalents	150,059	–	150,059
Trade and other receivables	265,000	–	265,000
Trade and other payables	(215,005)	–	(215,005)
Net identifiable assets	200,054	–	200,054
Less: Gain on bargain purchase			(38)
Non-controlling interests arising from acquisition of subsidiaries			(60,016)
Total consideration			140,000
Consideration paid, satisfied in cash			(140,000)
Less: Cash and cash equivalents acquired			150,059
Net cash inflow			10,059

(e) Acquisition of Optics Valley Software Park

On 29 May 2012, the Group acquired a 50% equity interests in Optics Valley Software Park from an independent third party at a cash consideration of RMB41,500,000 and Optics Valley Software Park became a subsidiary of the Group.

In the year ended 31 December 2012, Optics Valley Software Park recorded a turnover of RMB301,774,000 and net profit of RMB45,677,000 at its company level. At the acquisition date, the fair value adjustments of RMB33,140,000 were made to the assets of Optics Valley Software Park. Following the acquisition, Optics Valley Software Park's result has been fully consolidated to the Group. In the period from 30 May 2012 (the date on which control was transferred to the Group) to 31 December 2012, Optics Valley Software Park contributed turnover of RMB301,772,000 and net profit of RMB20,675,000, after adjusted for the fair value adjustments that arose on the acquisition date, to the Group's results for the year ended 31 December 2012.

Had the acquisition taken place at the beginning of the year, the turnover and net profit of the Group for the year ended 31 December 2012 would have increased by approximately RMB2,000 and decreased by approximately RMB3,000 respectively. In determining these amounts, the directors have assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on 1 January 2012.

On 17 May 2013, the Group acquired the remaining 50% equity interests in Optics Valley Software Park from Hubei Science & Technology Investment at a cash consideration of RMB35,054,000 (see note 33d(iv)).

	Note	**Acquiree's carrying amount before acquisition** *RMB'000*	**Fair value adjustment** *RMB'000*	**Fair value** *RMB'000*
Net assets acquired:				
Property, plant and equipment	*14*	25	141	166
Property under development and completed properties for sale		234,006	32,999	267,005
Intangible assets	*16*	190	–	190
Trade and other receivables		1,433	–	1,433
Current tax assets		34,210	–	34,210
Cash and cash equivalents		113,314	–	113,314
Deferred tax assets		2	–	2
Trade and other payables		(333,320)	–	(333,320)

	Note	**Acquiree's carrying amount before acquisition** *RMB'000*	**Fair value adjustment** *RMB'000*	**Fair value** *RMB'000*
Net identifiable assets		49,860	33,140	83,000
Non-controlling interests arising from acquisition of a subsidiary				(41,500)
Total consideration				41,500
Consideration paid, satisfied in cash				(41,500)
Less: Cash and cash equivalents acquired				113,314
Net cash inflow				71,814

6 Turnover

The principal activities of the Group are development and sales of properties, design and construction, property management services and operation of industrial park property in the PRC.

Turnover represents the income from sales of properties, revenue from construction contracts, property management services and rental income, net of business tax and other sales related taxes and is after deduction of any trade discounts.

The amounts of each significant category of revenue recognised in turnover during the Relevant Period is as follows:

	Years ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue from:					
Property development	647,635	1,171,429	1,431,893	495,567	853,254
Construction contract	48,977	107,658	195,056	93,594	142,531
Business operation services	61,175	89,098	131,331	86,409	105,497
Development management services	22,812	25,057	36,099	19,627	16,171
Property leasing	8,199	11,927	17,635	10,874	17,613
	788,798	1,405,169	1,812,014	706,071	1,135,066

7 Other income and other expenses

Other income

	Years ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Government grants *(Note)*	–	786	4,723	141	3,312
Net gain on disposal of other non-current assets	–	–	1,380	1,209	4
Compensation income	–	1	500	349	91
Others	621	662	847	345	1,181
	621	1,449	7,450	2,044	4,588

Note: During the Relevant Period, the Group received government subsidies from different local government bureaus as a recognition of the Group's contribution in the relevant districts.

Other expenses

	Years ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Net loss on disposal of property, plant and equipment	(61)	(582)	(129)	(104)	(200)
Penalty	(1,861)	(63)	(11)	(10)	(2)
Others	(475)	(65)	(342)	(164)	(132)
	(2,397)	(710)	(482)	(278)	(334)

8 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

(a) Finance income/(costs)

	Years ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Finance income					
Interest income	1,943	10,241	15,533	12,891	5,711
Net realised and unrealised gains on other investments	6,729	2,219	3,602	2,784	1,298
Net foreign exchange gain	–	–	224	–	–
Sub-total	8,672	12,460	19,359	15,675	7,009
Finance costs					
Interest expenses	(43,878)	(67,341)	(131,095)	(124,063)	(114,362)
Less: Capitalised interest expenses	42,411	66,003	130,089	123,196	104,201
	(1,467)	(1,338)	(1,006)	(867)	(10,161)
Net foreign exchange loss	–	–	–	–	(1,212)
Net realised and unrealised losses on other investments	(25)	(7,704)	(586)	(376)	(797)
Sub-total	(1,492)	(9,042)	(1,592)	(1,243)	(12,170)
Net finance income/(costs)	7,180	3,418	17,767	14,432	(5,161)

Note: The borrowing costs have been capitalised at rates ranging from 5.31% to 7.04%, 5.4% to 7.05%, 5.4% to 8.32% and 3.9% to 12% per annum (see Note 30) for the three years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013 respectively.

(b) Staff costs

	Years ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, wages and other benefits	66,731	122,175	178,857	95,121	117,537
Contributions to defined contribution pension schemes	3,458	6,248	8,319	6,235	7,799
	70,189	128,423	187,176	101,356	125,336

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution pension schemes (the "Schemes") which are administered and operated by the relevant local government authorities. The Group is required to make contributions to the Schemes from 18% to 20% of the average salary announced annually by the local municipal government. The local government authorities are responsible for the entire pension obligations payable to retired employees.

The Group has no other material obligation for the payment of pension benefits associated with these schemes beyond the annual contributions described above.

(c) Other items

		Years ended 31 December			Nine months ended 30 September	
	Note	**2010**	**2011**	**2012**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Depreciation	*14*	2,929	5,037	11,437	8,547	8,823
Amortisation	*16*	22	77	685	363	978
Auditor's remuneration		352	388	1,944	1,053	2,470
Cost of properties sold		406,999	860,493	957,556	333,737	574,855
Cost of construction and goods sold	*25*	44,710	99,554	173,536	88,429	130,287
Rentals from property leasing	*6*	(8,199)	(11,927)	(17,635)	(10,874)	(17,613)
Less: Direct outgoings		274	264	472	82	28
Operating lease charges		258	1,165	1,778	923	2,637

9 Income tax in the consolidated income statements

(a) *Income tax in the consolidated income statements represents:*

	Years ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Current tax					
PRC corporate income tax for the year/period	53,222	98,455	113,053	36,455	69,917
PRC Land Appreciation Tax for the year/period	46,254	80,939	81,753	31,892	66,678
	99,476	179,394	194,806	68,347	136,595
Deferred taxation					
Origination and reversal of temporary differences	(9,079)	(42,402)	(25,449)	(14,713)	(9,140)
Tax expense from continuing operations	90,397	136,992	169,357	53,634	127,455
Tax expense from discontinued operation *(Note 3)*	–	11,632	–	–	–
Total income tax expense	90,397	148,624	169,357	53,634	127,455

Tax expense from continuing operations excludes the tax expense from discontinued operation of RMB350,000 for the year ended 31 December 2011 (2010: nil) and the tax expense on the gain on sale of discontinued operation of RMB11,282,000 for the year ended 31 December 2011 (2010: nil). Both of these are included in "profit from discontinued operation, net of tax" in the statement of comprehensive income (see Note 3).

(b) Reconciliation between income tax expense and profit before taxation at applicable tax rates:

	Years ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before tax from					
– continuing operations	268,247	360,363	447,058	123,488	263,591
– discontinued operation *(Note 3)*	5,381	47,478	–	–	–
Notional tax on profit before taxation calculated at the standard tax rate applicable in the jurisdiction concerned *(Note (i) to (iii))*	68,438	102,407	111,758	30,922	65,778
Tax effect of non-deductible expenses	300	5,797	6,085	1,814	6,881
Effect on non-taxable income	(13,463)	(18,334)	(518)	(1,248)	(625)
Effect on unused tax losses not recognised	112	1,362	559	586	1,174
Utilisation of tax losses and deductible temporary differences not previously recognised	(53)	(92)	–	–	–
Tax effect of adopting prescribed tax calculation method by a PRC subsidiary *(Note (iii))*	372	(3,220)	(9,842)	(2,359)	738
PRC dividend withholding tax *(Note (v))*	–	–	–	–	3,500
Land Appreciation Tax in relation to completed properties sold *(Note (iv))*	46,254	80,939	81,753	31,892	66,678
Tax effect on Land Appreciation Tax	(11,563)	(20,235)	(20,438)	(7,973)	(16,669)
Income tax expense	90,397	148,624	169,357	53,634	127,455

(i) Pursuant to the rules and regulations of the BVI and Cayman Islands, the Group is not subject to any income tax in the BVI and Cayman Islands.

(ii) No provision for Hong Kong Profits Tax was made as the Group's Hong Kong subsidiaries did not earn any income subject to Hong Kong Profits Tax during the Relevant Period.

(iii) Effective from 1 January 2008, under the PRC CIT Law, the PRC's statutory income tax rate is 25%. The Group's PRC subsidiaries are subject to PRC income tax at 25% unless otherwise specified. According to the approval from the tax authority in Wuhan, Hubei Province, Wuhan Lido Technology and Wuhan Jitian Construction's assessable profits were calculated based on 5% of their gross turnover for the years ended 31 December 2010, 2011 and 2012, and 8% of gross turnover for the period ended 30 September 2013.

(iv) LAT is levied on properties developed by the Group in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use right, borrowing costs and all qualified property development expenditures.

(v) According to the PRC CIT Law and its related regulations, the Group is subject to a withholding tax at 10%, unless reduced by tax treaties or arrangements, for dividends distributed by a PRC enterprise to its immediate holding company outside the PRC for earnings generated beginning on 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempt from such withholding tax. According to the China-HK Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of a PRC enterprise is entitled to a reduced withholding rate of 5%.

10 Directors' remuneration

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	For the year ended 31 December 2010				
	Directors' fees	**Salaries, allowances and benefits in kinds**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Huang Liping	–	381	1,517	14	1,912
Hu Bin	–	381	1,200	14	1,595
Chen Huifen	–	277	960	14	1,251
	–	1,039	3,677	42	4,758

	For the year ended 31 December 2011				
	Directors' fees	Salaries, allowances and benefits in kinds	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Huang Liping	–	445	1,620	14	2,079
Hu Bin	–	445	1,620	14	2,079
Chen Huifen	–	320	1,370	14	1,704
	–	1,210	4,610	42	5,862

	For the year ended 31 December 2012				
	Directors' fees	Salaries, allowances and benefits in kinds	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Huang Liping	–	470	1,637	14	2,121
Hu Bin	–	470	1,792	14	2,276
Chen Huifen	–	342	1,144	14	1,500
	–	1,282	4,573	42	5,897

	Nine months ended 30 September 2013				
	Directors' fees	Salaries, allowances and benefits in kinds	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Huang Liping	–	302	1,262	11	1,575
Hu Bin	–	302	1,234	11	1,547
Chen Huifen	–	194	795	11	1,000
	–	798	3,291	33	4,122

	Nine months ended 30 September 2012 (unaudited)				
	Directors' fees	Salaries, allowances and benefits in kinds	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Huang Liping	–	248	1,334	11	1,593
Hu Bin	–	248	1,259	11	1,518
Chen Huifen	–	158	800	11	969
	–	654	3,393	33	4,080

No director of the Group waived or agreed to waive any remuneration during the Relevant Period. No remuneration was paid to independent non-executive directors during the Relevant Period as the independent non-executive directors have not been appointed during the Relevant Period.

During the Relevant Period, there were no amounts paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as a compensation for loss of office.

The Group did not have any share option scheme for the purchase of ordinary shares in the Group during the Relevant Period.

11 Individuals with highest emoluments

For the Relevant Period, among the five individuals with the highest emoluments, three are directors of the Company during the Relevant Period whose emoluments are disclosed in Note 10. The aggregate of the emoluments in respect of the other two individuals are as follows:

	Years ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries and other emoluments	1,476	2,718	2,581	1,776	1,815
Retirement scheme contributions	28	28	28	22	22
	1,504	2,746	2,609	1,798	1,837

The emoluments of these two individuals with the highest emoluments are within the following bands:

	Years ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012** (unaudited)	**2013**
HK$ nil to 1,000,000	1	–	–	2	2
HK$1,000,001 to 1,500,000	1	1	1	–	–
HK$1,500,001 to 2,000,000	–	1	1	–	–

12 Basic earnings per share

The calculation of basic earnings per share for the Relevant Periods is based on the profit attributable to equity shareholders of the Company for each of the years ended 31 December 2010, 2011 and 2012 and nine months ended 30 September 2012 and 2013, and the deemed weighted average number of 63,590, 63,590, 84,003, 84,003 (unaudited) and 89,394 shares of the Company during the respective year/period.

There were no dilutive potential ordinary shares during the Relevant Periods and therefore, diluted earnings per share are not presented.

The basic earnings per share as presented on the consolidated income statements have not taken into account the proposed capitalisation issue as described in Section C.

13 Other comprehensive income

	Years ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Exchange differences on translation of financial statements of overseas subsidiaries	408	571	(303)	(885)	414
Share of the movement of a joint venture's reserve	–	–	1,994	1,994	–
	408	571	1,691	1,109	414

14 Property, plant and equipment

	Note	**Buildings** *RMB'000*	**Machines** *RMB'000*	**Motor vehicles** *RMB'000*	**Furniture, office equipment and others** *RMB'000*	**Construction in progress** *RMB'000*	**Total** *RMB'000*
Cost:							
At 1 January 2010		50,755	32,750	14,245	5,256	–	103,006
Transfer from construction in progress		–	–	–	77	(77)	–
Other additions		–	34	4,094	702	1,285	6,115
Disposals		–	–	(889)	–	–	(889)
At 31 December 2010		50,755	32,784	17,450	6,035	1,208	108,232
At 1 January 2011		50,755	32,784	17,450	6,035	1,208	108,232
Additions through acquisition of subsidiaries	*5(b)*	–	–	1,236	329	–	1,565
Transfer from inventory		10,545	–	–	–	–	10,545
Other additions		–	49	10,300	2,897	17,722	30,968
Assets included in discontinued operation	*3*	(23,360)	(32,153)	(3,306)	(1,929)	(2,380)	(63,128)
Disposals		–	(387)	(3,896)	(22)	–	(4,305)
At 31 December 2011		37,940	293	21,784	7,310	16,550	83,877
At 1 January 2012		37,940	293	21,784	7,310	16,550	83,877
Transfer from construction in progress		–	48,230	–	–	(48,230)	–
Additions through acquisition of subsidiaries	*5(e)*	–	–	211	210	–	421
Other additions		276	308	6,298	3,794	34,129	44,805
Disposals		–	–	(334)	(383)	–	(717)
At 31 December 2012		38,216	48,831	27,959	10,931	2,449	128,386
At 1 January 2013		38,216	48,831	27,959	10,931	2,449	128,386
Transfer from inventory		4,510	–	–	–	–	4,510
Other additions		257	29	1,839	1,532	17,448	21,105
Reclassification to assets held for sale	*22*	(16,839)	–	–	–	–	(16,839)
Disposals		–	–	(677)	(62)	–	(739)
At 30 September 2013		26,144	48,860	29,121	12,401	19,897	136,423

	Note	**Buildings** *RMB'000*	**Machines** *RMB'000*	**Motor vehicles** *RMB'000*	**Furniture, office equipment and others** *RMB'000*	**Construction in progress** *RMB'000*	**Total** *RMB'000*
Accumulated depreciation:							
At 1 January 2010		(11,676)	(24,469)	(8,272)	(3,536)	–	(47,953)
Charge for the year		(1,816)	(1,928)	(1,329)	(512)	–	(5,585)
Written back on disposals		–	–	783	–	–	783
At 31 December 2010		(13,492)	(26,397)	(8,818)	(4,048)	–	(52,755)
At 1 January 2011		(13,492)	(26,397)	(8,818)	(4,048)	–	(52,755)
Charge for the year		(2,371)	(1,332)	(2,890)	(770)	–	(7,363)
Additions through acquisition of subsidiaries	*5(b)*	–	–	(205)	(220)	–	(425)
Assets included in discontinued operation	*3*	8,795	27,252	1,765	1,649	–	39,461
Written back on disposals		–	376	3,058	18	–	3,452
At 31 December 2011		(7,068)	(101)	(7,090)	(3,371)	–	(17,630)
At 1 January 2012		(7,068)	(101)	(7,090)	(3,371)	–	(17,630)
Charge for the year		(1,709)	(3,754)	(4,411)	(1,563)	–	(11,437)
Additions through acquisition of subsidiaries	*5 (e)*	–	–	(109)	(146)	–	(255)
Written back on disposals		–	–	101	312	–	413
At 31 December 2012		(8,777)	(3,855)	(11,509)	(4,768)	–	(28,909)
At 1 January 2013		(8,777)	(3,855)	(11,509)	(4,768)	–	(28,909)
Charge for the period		(679)	(3,545)	(2,933)	(1,666)	–	(8,823)
Reclassification to assets held for sale	*22*	4,999	–	–	–	–	4,999
Written back on disposals		–	–	356	61	–	417
At 30 September 2013		(4,457)	(7,400)	(14,086)	(6,373)	–	(32,316)
Net book value:							
At 31 December 2010		37,263	6,387	8,632	1,987	1,208	55,477
At 31 December 2011		30,872	192	14,694	3,939	16,550	66,247
At 31 December 2012		29,439	44,976	16,450	6,163	2,449	99,477
At 30 September 2013		21,687	41,460	15,035	6,028	19,897	104,107

The buildings are all situated on land in the PRC held under medium-term leases.

Certain property, plant and equipment pledged to secure bank loans are set out in note 30.

As at 31 December 2010, 2011 and 2012 and 30 September 2013, certain buildings of the Group with carrying value of RMB17,490,000, RMB24,553,000, RMB23,520,000, and RMB16,956,000 respectively, were without building ownership certificates. As at 30 September 2013, the Group was in progress of obtaining the relevant building ownership certificates.

As at 31 December 2010, 2011 and 2012 and 30 September 2013, property, plant and equipment that were fully depreciated but still in use were amounted to RMB8,211,000, RMB5,896,000, RMB3,600,000 and RMB7,581,000 respectively.

15 Investment properties

	Note	**Investment properties** *RMB'000*
At 1 January 2010		240,400
Representing:		
Cost		87,374
Valuation		153,026
		240,400
At 1 January 2010		240,400
Fair value adjustment		6,800
At 31 December 2010	*34(e)*	247,200
Representing:		
Cost		87,374
Valuation		159,826
		247,200
At 1 January 2011		247,200
Transfer from inventory		9,481
Acquisition of a subsidiary	*5(b)*	12,100
Fair value adjustment		22,419
At 31 December 2011	*34(e)*	291,200

	Note	Investment properties RMB'000
Representing:		
Cost		108,955
Valuation		182,245
		291,200
At 1 January 2012		291,200
Addition		433
Fair value adjustment		8,167
At 31 December 2012	*34(e)*	299,800
Representing:		
Cost		109,388
Valuation		190,412
		299,800
At 1 January 2013		299,800
Fair value adjustment		6,100
Transfer to assets held for sale	*22*	(6,710)
At 30 September 2013	*34(e)*	299,190
Representing:		
Cost		102,678
Valuation		196,512
		299,190
Book value:		
At 31 December 2010		247,200
At 31 December 2011		291,200
At 31 December 2012		299,800
At 30 September 2013		299,190

Investment properties comprise a number of commercial and residential properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 1 year to 10 years. No contingent rents are charged. See note 35 for further information. One property has been transferred from inventory to investment property in 2011 since the building was no longer held for sale and as such it was decided that the building would be leased to a third party.

The Group's investment properties were revalued as at 31 December 2010, 2011 and 2012 and 30 September 2013 by an independent firm of surveyors, Savills Valuation, who have among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

As at 31 December 2010, 2011 and 2012 and 30 September 2013, certain investment properties of the Group with carrying value of RMB75,000,000, RMB103,700,000, RMB108,200,000 and RMB110,500,000 respectively, were without building ownership certificate. As at 30 September 2013, the Group was in progress of obtaining the relevant building ownership certificate.

Certain bank loans granted to the Group were jointly secured by certain investment properties with an aggregate fair value of RMB8,200,000, RMB34,100,000, RMB35,300,000 and RMB30,337,000 as at 31 December 2010, 2011 and 2012 and 30 September 2013 respectively (Note 30), and certain properties under development and completed properties held for sale held by the Group (Notes 23 and 24).

16 Intangible assets

	Note	**Software** *RMB'000*	**Technical know-how and others** *RMB'000*	**Total** *RMB'000*
Cost:				
At 1 January 2010		161	8,151	8,312
Additions		7	–	7
At 31 December 2010		168	8,151	8,319
Additions		507	–	507
Assets included in discontinued operation	*3*	(104)	(8,151)	(8,255)
At 31 December 2011		571	–	571
Additions		4,314	–	4,314
Additions through acquisition of subsidiaries	*5(e)*	1,214	–	1,214
Other disposals		(47)	–	(47)
At 31 December 2012		6,052	–	6,052
Additions		1,190	–	1,190
At 30 September 2013		7,242	–	7,242
Accumulated amortisation:				
At 1 January 2010		(95)	(5,695)	(5,790)
Charge for the year		(33)	(311)	(344)
At 31 December 2010		(128)	(6,006)	(6,134)
Charge for the year		(87)	(284)	(371)
Assets included in discontinued operation	*3*	91	6,290	6,381
At 31 December 2011		(124)	–	(124)

	Note	**Software** *RMB'000*	**Technical know-how and others** *RMB'000*	**Total** *RMB'000*
Charge for the year		(685)	–	(685)
Additions through acquisition of subsidiaries	*5(e)*	(1,024)	–	(1,024)
Other disposals		27	–	27
At 31 December 2012		(1,806)	–	(1,806)
Charge for the period		(978)	–	(978)
At 30 September 2013		(2,784)	–	(2,784)
Net book value:				
At 31 December 2010		40	2,145	2,185
At 31 December 2011		447	–	447
At 31 December 2012		4,246	–	4,246
At 30 September 2013		4,458	–	4,458

17 Lease prepayment

Interests in leasehold land represent prepayments of land use rights premium to the PRC authorities by the Group. The Group's leasehold land was located in the PRC and owned by its subsidiary Wuhan Kernel Bio-Tech and recorded as assets included in discontinued operation (Note 3), on which its manufacturing plants were built. During the year ended 31 December 2011, the Group disposed the equity interests in Wuhan Kernel Bio-Tech to an independent third party, thus no lease prepayment was recorded thereafter.

The carrying amount of lease prepayments pledged to secure the Group's certain bank loans as at 31 December 2010, 2011, 2012 and 30 September 2013 amounted to RMB12,464,000, nil, nil and nil respectively (Note 30).

18 Interest in associates

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	60,412	1,741	1,585	1,261

The following are the associates of the Group, all of which are unlisted corporate entities, which principally affected the results or assets of the Group:

Name of company	Place of establishment	Paid-in/ registered capital *RMB'000*	Effective interest held by the Group as at 31 December 2010	2011	2012	Principal activity
Wuhan Xuefu 武漢學府房地產有限公司* *(Note (i))*	The PRC	60,000	49%	–	–	Property development
Wuhan Integrated Circuit Design Technology Co., Ltd. 武漢集成電路設計工程技術有限公司* *(Note (ii))*	The PRC	28,900	15.71%	15.71%	15.71%	IC design
Huangshi High-tech Accelerator Co., Ltd. 黃石高新科技企業加速器發展有限公司*	The PRC	1,000	–	–	23%	Investment and consulting service
Wuhan Lido Materials Technology Co., Ltd. 武漢麗島材料技術發展有限公司* *(Note (iii))*	The PRC	1,000	30%	30%	30%	Construction decoration services

* These entities are all PRC limited liability companies. The English translation of the company names is for reference only. The official names of these companies are in Chinese.

Notes:

(i) During the year ended 31 December 2011, the Group further acquired 2% equity interests in Wuhan Xuefu from an independent third party, and Wuhan Xuefu becomes a subsidiary of the Group thereafter.

(ii) Whilst the Group has only a 15.71% equity interest in this associate, the Group is considered to have significant influence over the associate because of its representation in the associate's board of directors.

(iii) Wuhan Lido Materials Technology Co., Ltd. ceased operation during the year 2010 and the investment in this associate had been fully impaired.

Summary financial information on associates for the Relevant Period:

	Assets	**Liabilities**	**Equity**	**Revenue**	**Profits/ (Losses) for the year/ period**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2010					
100 per cent	444,196	(311,516)	132,680	316,875	69,596
Group's effective interest	211,953	(151,541)	60,412	186,063	34,623
At 31 December 2011					
100 per cent	17,411	(6,329)	11,082	1,280	(10,980)
Group's effective interest	2,735	(994)	1,741	201	(4,468)
At 31 December 2012					
100 per cent	15,625	(5,973)	9,652	964	(2,430)
Group's effective interest	2,530	(945)	1,585	151	(386)
At 30 September 2013					
100 per cent	13,975	(6,331)	7,644	854	(2,007)
Group's effective interest	2,285	(1,024)	1,261	134	(323)

19 Interest in joint ventures

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	76,673	74,511	71,851	108,583
Goodwill	47,500	47,500	47,500	47,500
Amounts due from a joint venture	15,000	45,000	–	–
	139,173	167,011	119,351	156,083

The amounts due from joint ventures are unsecured, non-interest bearing and have no fixed repayment term.

The Group has the following interests in joint ventures:

Name of company	Place of establishment	Paid-in/ registered capital	Effective interest held by the Group as at 31 December			Principal activity
			2010	2011	2012	
		RMB'000				
Wuhan Mason Property Co., Ltd. ("Wuhan Mason") 武漢美生置業有限公司*	The PRC	150,000	50%	50%	50%	Property development
Wuhan Zhihui Bio-tech Co., Ltd. 武漢智薈生物科技股份有限公司* *(Note)*	The PRC	4,000/ 10,000	50%	–	–	Agriculture technology

* These entities are all PRC limited liability companies. The English translation of the company names is for reference only. The official names of these companies are in Chinese.

Note: During the year ended 31 December 2011, the Group disposed of the equity interests in Wuhan Kernel Bio-Tech, together with its joint venture Wuhan Zhihui Bio-tech Co., Ltd., to an independent third party, thus this entity is not a joint venture of the Group thereafter.

Summary financial information on joint ventures for the Relevant Period – Group's effective interest:

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	29	1	6,840	4,953
Current assets	91,846	120,332	230,324	222,405
Non-current liabilities	–	–	(2,894)	(2,134)
Current liabilities	(15,202)	(45,822)	(162,419)	(116,641)
	76,673	74,511	71,851	108,583
Turnover	–	–	6	172,901
Cost of sales	–	–	–	(107,676)
Expenses	(327)	(247)	(6,268)	(16,250)
Income tax expense	–	–	1,609	(12,244)
(Losses)/profits for the year/period	(327)	(247)	(4,653)	36,731

20 Other investments

Non-current assets

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Available-for-sale financial assets *(Note (i))*	–	3,000	–	–
Equity securities-unlisted *(Note (ii))*	10,000	10,000	10,000	10,000
	10,000	13,000	10,000	10,000

Current assets

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Available-for-sale financial assets *(Note (i))*	–	–	53,000	24,220
Trading securities *(Note (iii))*	19,624	20,976	5,316	43
	19,624	20,976	58,316	24,263

Notes:

(i) Available-for-sale financial assets include a trust investment with an anticipated annualised yield of 9.5% which was purchased in December 2010 and will be mature in two years, and certain wealth management products with anticipated annualised yields ranging from 2.4% to 4.2%.

(ii) Summary financial information on equity securities-unlisted for the Relevant Period:

Name of company	Place of incorporation/ establishment	Paid-in/ registered capital *RMB'000*	Interests of the Group as at 31 December 2010	2011	2012	Principal activity
Wuhan Optics Valley Bio-industry Investment Fund Co., Ltd. 武漢光谷生物產業創業投資基金有限公司*	The PRC	150,000/ 700,000	7.14%	7.14%	7.14%	Investment fund

* The entity is a PRC limited liability company. The English translation of the company name is for reference only. The official name of the company is in Chinese.

(iii) Trading securities as at 31 December 2010, 2011 and 2012 and 30 September 2013 represent listed equity securities with fair value of RMB19,624,000, RMB20,976,000, RMB5,316,000 and RMB43,000 according to published price quotation.

(iv) As at 31 December 2010, 2011 and 2012 and 30 September 2013, the Group's other investments were not considered to be impaired.

(v) The Group's exposure to credit and market risks and fair value information related to other investments are disclosed in Note 34.

21 Other non-current assets

Other non-current assets mainly were purchased artwork and antiques held by the Group during the Relevant Period, which had been disposed to related parties in 2012 (note 37(c)).

22 Assets held for sale

In May and June 2013, a subsidiary entered into sale and purchase agreements with independent third parties to dispose of certain of its self-occupied properties at a total consideration of RMB25,154,000. In addition, in April 2013, a subsidiary entered into a sale and purchase agreement with an independent third party to disposal of certain of its investment properties at a total consideration of RMB6,710,000. The directors are of the view that these transactions are expected to be concluded and completed by December 2013.

Accordingly, the carrying amount of these properties, totalling RMB11,840,000 and RMB6,710,000 respectively, have been reclassified from "Property, plant and equipment" and "Investment Properties" respectively to "Assets held for sale" at 30 September 2013.

23 Properties under development

(a) *Properties under development in the consolidated statements of financial position comprise:*

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected to be recovered within one year				
– Properties under development for sale	213,911	828,532	782,940	1,818,041
Expected to be recovered after more than one year				
– Properties held for future development for sale *(Note)*	660,431	587,962	117,673	161,936
– Properties under development for sale	–	288,408	829,237	644,546
	660,431	876,370	946,910	806,482
	874,342	1,704,902	1,729,850	2,624,523

Note: Properties held for future development for sale is after netting off benefits from government grants of nil, nil, RMB24,000,000, RMB24,000,000 and RMB62,219,000 for the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2012 and 2013, respectively. Pursuant to the agreements between the Group's subsidiaries and local governments, such grants are for subsidising the infrastructure construction of certain projects.

(b) The analysis of carrying value of leasehold land included in properties under development is as follows:

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
In the PRC, with lease term of 40 years or more	583,856	808,185	742,491	868,699

Properties under development with an aggregate carrying value of RMB293,280,000, RMB313,502,000, RMB543,094,000 and RMB527,503,000 as at 31 December 2010, 2011, 2012 and 30 September 2013, respectively, were pledged for certain bank loans granted to the Group (Note 30).

24 Completed properties held for sale

All completed properties held for sale are located in the PRC on leases between 40 and 70 years. All completed properties held for sale are stated at cost.

Completed properties held for sale with an aggregate carrying value of RMB33,159,000, RMB34,624,000 RMB34,796,000 and nil as at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively, were pledged for certain bank loans granted to the Group (Note 30).

25 Inventories and contracting work-in-progress

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gross amounts due from customers for contract work *(Note)*	25,731	67,475	119,438	147,070
Raw materials	3,277	207	3,559	6,708
Work in progress	8,205	–	2,856	814
Finished goods	9,256	1,445	4,626	6,330
	46,469	69,127	130,479	160,922

Note:

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost plus attributable profit less foreseeable losses	50,282	120,866	180,840	184,591
Less: Progress payments received and receivable	(24,551)	(53,391)	(61,402)	(37,521)
Contracting work-in-progress	25,731	67,475	119,438	147,070
Representing:				
Gross amounts due from customers for contract work included in stocks and contracting work-in-progress	25,731	67,475	119,438	147,070

	Years ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Carrying amount of inventories recognised as					
– Cost of sales	96,361	145,544	173,536	88,429	130,287

26 Trade and other receivables

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from third parties				
– Trade receivables *(Note (i))*	52,496	54,932	136,712	69,723
– Bills receivable	380	–	–	–
Amounts due from non-controlling equity holders	47	136,644	32,258	21,729
Amounts due from related parties *(Note 37(d))*	21,343	20,299	5,318	3,265
Prepayments				
– for properties held for development *(Note (ii))*	–	39,700	668,078	699,045
– for construction cost and raw materials	7,158	15,602	111,718	123,827
Prepaid business tax and other tax	2,127	56,186	66,653	72,038
Others	33,338	39,544	80,794	99,128
Total	116,889	362,907	1,101,531	1,088,755

Notes:

(i) Trade receivables are primarily related to proceeds from the sale of properties. Proceeds from the sale of properties are made in lump-sum payments or paid by instalments in accordance with the terms of the corresponding sale and purchase agreements. If payment is made in lump-sum payment, settlement is normally required by date of signing the sales contract. If payments are made in instalments, settlement is in accordance with the contract terms.

The remaining balance of trade receivables is expected to be recovered within one year.

The directors are of the view that all trade receivables are neither individually nor collectively considered to be impaired as at the end of each reporting period.

Amounts due from related parties are unsecured, interest free and have no fixed terms of repayment.

The details on the Group's credit policy are set out in Note 34(a).

(ii) The Group has entered into a number of contracts of property development projects and has made prepayments in accordance with the terms of contracts. These prepayments would be converted into land use rights and properties under development when the rights to use the land have been obtained.

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables and bills receivable based on the date trade receivables and bills receivable recognised, is as follows:

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 month	20,518	992	92,087	8,660
1 to 3 months	1,897	3,310	1,955	2,008
3 to 6 months	486	14,320	16,593	9,682
Over 6 months	29,975	36,310	26,077	49,373
Total	52,876	54,932	136,712	69,723

(b) The ageing analysis of trade receivables and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Neither past due nor impaired	33,979	38,283	96,528	56,870
Less than 1 month past due	83	8,232	2,606	23
1 to 3 months past due	55	857	3,148	–
3 to 6 months pas due	734	7,125	20,313	330
Over 6 months past due	18,025	435	14,117	12,500
Total	52,876	54,932	136,712	69,723

27 Restricted cash

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Pledged for				
– Mortgage deposit	–	–	1,395	–
– Banker's letter of guarantee	2,180	2,180	1,893	2,500
– Wages guarantee	–	–	1,000	1,001
– Acquiring bank loan *(Note)*	–	220,000	–	–
– Foreign exchange bank account	–	–	–	11,990
Total	2,180	222,180	4,288	15,491

Note: Restricted cash was pledged for a 3-year-long-term bank loan with a principal amount of RMB220,000,000 as at 31 December 2011. The amount was released during the year ended 31 December 2012 when the Group has provided an alternative pledge in the form of properties under development.

28 Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand				
– Cash in hand	133	106	188	109
– Cash at bank	911,189	861,656	947,711	866,902
	911,322	861,762	947,899	867,011

As at 31 December 2010, 2011 and 2012 and 30 September 2013, the cash and bank balances of the PRC subsidiaries comprising the Group is not freely convertible into other currencies and subject to Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	Years ended 31 December			Nine months ended 30 September	
		2010	**2011**	**2012**	**2012**	**2013**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before taxation						
From continuing operations		268,247	360,363	447,058	123,488	263,591
From a discontinued operation	*3*	5,381	47,478	–	–	–
Adjustments to reconcile net income to net cash provided by operating activities:						
Amortisation						
– Land lease premium		324	297	–	–	–
– Intangible assets	*16*	344	371	685	363	978
Depreciation	*14*	5,585	7,363	11,437	8,547	8,823
Loss on disposal of property, plant and equipment		69	589	129	104	200
Gain on disposal of non-current assets		–	–	(1,380)	(1,209)	(4)
Finance income		(8,488)	(12,922)	(19,359)	(15,675)	(7,009)
Finance costs		2,744	11,253	1,592	1,243	12,170
Gain on sale of discontinued operation, net of tax	*3*	–	(33,845)	–	–	–
Gain on disposal of an associate	*5(b)*	–	(68,847)	–	–	–
Increase in fair value of investment properties	*15*	(6,800)	(22,419)	(8,167)	(5,900)	(6,100)
Share of losses/(profits) of joint ventures	*19*	327	247	4,653	4,080	(36,731)
Share of (profits)/losses of associates	*18*	(34,623)	4,468	386	351	323
		233,110	294,396	437,034	115,392	236,241

	Note	Years ended 31 December			Nine months ended 30 September	
		2010	2011	2012	2012	2013
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
Change in assets and liabilities						
Increase in properties under development, completed properties held for sales and inventories		(58,927)	(419,474)	(993,564)	(260,308)	(730,947)
Decrease/(increase) in trade and other receivables		76,990	(35,796)	490,168	(245,047)	11,024
Increase/(decrease) in trade and other payables		373,915	289,489	(81,285)	464,309	(60,347)
Cash generated from operations		625,088	128,615	(147,647)	74,346	(544,029)
Taxation						
PRC income tax paid		(83,628)	(214,986)	(161,497)	(139,371)	(171,420)
Net cash inflow/(outflow) from operating activities		541,460	(86,371)	(309,144)	(65,025)	(715,449)

29 Trade and other payables

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to third parties				
– Trade payables *(Note)*	238,620	626,674	731,661	803,226
– Notes payables	–	–	–	7,410
– Receipts in advance	550,323	1,020,538	1,263,451	991,509
– Accrued payroll	22,637	29,954	23,309	2,100
– Other payables and accruals	181,082	181,490	193,366	338,562
	992,662	1,858,656	2,211,787	2,142,807
Amounts due to non-controlling equity holders	454,962	412,687	491,212	320,750
Amounts due to related parties *(Note 37(d))*	67,907	23,675	102,325	202,348
	522,869	436,362	593,537	523,098
	1,515,531	2,295,018	2,805,324	2,665,905

Note: As of the end of the reporting period, the ageing analysis of trade and notes payables based on the date the trade payables recognised, is as follows:

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 month	136,399	95,462	379,902	562,438
1 to 12 months	24,018	468,783	111,392	201,059
Over 12 months	78,203	62,429	240,367	47,139
	238,620	626,674	731,661	810,636

Trade payables mainly represent amounts due to contractors. Payment to contractors is in installments according to progress and agreed milestones. The Group normally retains 5% as retention payment.

Included in trade payables were retention payables which were expected to be settled after more than one year and they amounted to RMB30,426,000, RMB31,041,000, RMB28,451,000 and RMB4,827,000 at 31 December 2010, 2011 and 2012 and 30 September 2013 respectively.

30 Loans and borrowings

As at the end of the reporting period, interest bearing borrowings were repayable as follows:

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Secured				
– Bank loans	30,000	–	100,000	772,500
– Other borrowings	–	30,000	–	–
– Current portion of non-current bank loans	47,000	70,000	264,165	94,500
	77,000	100,000	364,165	867,000
Unsecured				
– Bank loans	–	42,000	42,000	162,000
– Current portion of other borrowings	–	70,000	70,000	–
	–	112,000	112,000	162,000
	77,000	212,000	476,165	1,029,000
Non-current				
Secured				
– Bank loans	338,992	406,111	997,165	1,045,830
Less: Current portion of non-current bank loans	(47,000)	(70,000)	(264,165)	(94,500)
	291,992	336,111	733,000	951,330
Pledged				
– Other borrowings	–	–	–	138,000
Unsecured				
– Other borrowings	–	140,000	70,000	–
Less: Current portion of non-current other borrowings	–	(70,000)	(70,000)	–
	–	70,000	–	–
	291,992	406,111	733,000	1,089,330

The Group's current and non-current borrowings were repayable as follows:

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year or on demand	77,000	212,000	476,165	1,029,000
After 1 year but within 2 years	90,000	186,111	109,000	807,000
After 2 years but within 5 years	201,992	220,000	414,000	251,330
More than 5 years	–	–	210,000	31,000
	368,992	618,111	1,209,165	2,118,330

As at 31 December 2010, 2011 and 2012 and 30 September 2013, interest bearing borrowings are all denominated in functional currency of respective subsidiaries now comprising the Group.

Pledged loans with value of RMB138,000,000 as at 30 September 2013 was pledged by the 80% equity interests of Hefei Optics Valley Union.

Secured loans and borrowings with the value of RMB368,992,000, RMB436,111,000, RMB1,097,165,000 and RMB1,818,330,000 as at 31 December 2010, 2011 and 2012 and 30 September 2013 respectively, were secured by the Group's assets with an aggregate net book value and fair value of RMB366,137,000, RMB616,878,000, RMB626,559,000 and RMB575,580,000 respectively.

The bank loans bear interest ranging from 5.31% to 7.04%, 5.4% to 7.05% and 5.4% to 8.32% and 5.68% to 12% per annum for the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013 respectively. Besides the above, the Group also enjoyed a lower rate of 3.9% per annum from the bank when the Group settled the credit letters amounting to RMB12,500,000 for the nine months ended 30 September 2013. The bank loans are secured by the following assets:

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment properties	8,200	34,100	35,300	30,337
Properties under development for sale	293,280	313,502	543,094	527,503
Completed properties held for sale	33,159	34,624	34,796	–
Property, plant and equipment	19,034	14,652	13,369	17,740
Lease prepayment	12,464	–	–	–
Restricted cash	–	220,000	–	–
Total	366,137	616,878	626,559	575,580

31 Income tax in the consolidated statements of financial position

(a) *Current tax assets/(liabilities) in the consolidated statements of financial position represents:*

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepaid PRC Corporate Income Tax	21,381	53,173	46,309	73,747
Prepaid PRC Land Appreciation Tax	–	13,095	3,158	4,912
Current tax assets recognised in the consolidated statement of financial position	21,381	66,268	49,467	78,659
PRC Corporate Income Tax	27,954	47,724	30,472	15,064
PRC Land Appreciation Tax	75,855	65,161	64,709	74,485
Current tax liabilities recognised in the consolidated statement of financial position	103,809	112,885	95,181	89,549

(b) Deferred tax assets/(liabilities) recognised

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the Relevant Period are as follows:

	Temporary differences arising from LAT provision	**Revaluation of investment properties**	**Unused tax losses** *(Note)*	**Unrealised gain on intra-group transaction**	**Revaluation arising from business combination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2010	8,294	(38,256)	–	687	–	(29,275)
Credited/(charged) to the consolidated income statements	8,997	(1,700)	549	1,233	–	9,079
At 31 December 2010	17,291	(39,956)	549	1,920	–	(20,196)
At 1 January 2011	17,291	(39,956)	549	1,920	–	(20,196)
Credited/(charged) to the consolidated income statements	(4,521)	(5,605)	294	10,556	41,678	42,402
Acquisition of a subsidiary *(Note 5(b))*	–	–	–	–	(47,113)	(47,113)
At 31 December 2011	12,770	(45,561)	843	12,476	(5,435)	(24,907)

	Temporary differences arising from LAT Provision	Revaluation of investment properties	Unused tax losses *(Note)*	Unrealized gain on intra-group transaction	Revaluation arising from business combination	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2012	12,770	(45,561)	843	12,476	(5,435)	–	(24,907)
Credited/(charged) to the consolidated income statements	10,351	(2,043)	841	7,715	2,585	6,000	25,449
At 31 December 2012	23,121	(47,604)	1,684	20,191	(2,850)	6,000	542
At 1 January 2013	23,121	(47,604)	1,684	20,191	(2,850)	6,000	542
Credited/(charged) to the consolidated income statements	(3,521)	(1,525)	2,244	11,508	434	–	9,140
At 30 September 2013	19,600	(49,129)	3,928	31,699	(2,416)	6,000	9,682
At 1 January 2012 (unaudited)	12,770	(45,561)	843	12,476	(5,435)	–	(24,907)
Credited/(charged) to the consolidated income statements	4,016	(1,476)	374	3,750	2,049	6,000	14,713
At 30 September 2012	16,786	(47,037)	1,217	16,226	(3,386)	6,000	(10,194)

Note: In assessing the realisability of deferred tax assets in respect of the Group's subsidiaries which suffered losses in current or preceding period, management considers the projected future taxable income of these subsidiaries. Accordingly, the Group has recognised deferred tax assets of RMB549,000, RMB843,000, RMB1,684,000 and RMB3,928,000 as at 31 December 2010, 2011 and 2012 and 30 September 2013 respectively as the Group estimates that these subsidiaries have properties development projects which are probable to generate sufficient future taxable profits to support their utilisation.

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statements of financial position	19,760	26,089	50,996	61,227
Net deferred tax liabilities recognised in the consolidated statements of financial position	(39,956)	(50,996)	(50,454)	(51,545)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 1(q)(ii), the Group has not recognised deferred tax assets in respect of unused tax losses of RMB448,000, RMB5,528,000, RMB7,684,000 and RMB12,380,000 as at 31 December 2010, 2011 and 2012 and 30 September 2013 respectively. The directors consider it is not probable that future taxable profits against which the losses can be utilised will be available from these subsidiaries.

The unrecognised tax losses will expire in the following years:

	At 31 December			At 30 September
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2015	448	80	–	–
2016	–	5,448	5,448	5,448
2017	–	–	2,236	2,236
2018	–	–	–	4,696

(d) Deferred tax liabilities not recognised

The Group did not provide for deferred tax liabilities on earnings generated by its PRC entities for the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013 since the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that they will not be distributed in the foreseeable future. As of 31 December 2010, 2011, 2012 and 30 September 2013, the temporary differences relating to such undistributed profits amounted to RMB234,267,000, RMB334,392,000, RMB393,699,000 and RMB442,670,000 respectively.

32 Paid-in/registered share capital

For the purposes of this report, the capital as at 1 January 2010 represented an aggregate amount of the Group's share of the nominal value of the paid-in capital of the companies comprising the Group as at that date. The capital as at 31 December 2010, 2011 and 2012 represented the aggregate amount of the Company's share capital and paid-in capital of the companies now comprising the Group after the elimination of investments in subsidiaries. The capital as at 30 September 2013 represents the issued share capital of the Company comprising 100,000 ordinary shares of HK$0.1 each.

33 Reserves and non-controlling interests

(a) PRC statutory reserve

Pursuant to the Articles of Association of the PRC subsidiaries now comprising the Group, appropriations to the general reserve fund were made at a certain percentage of profit after taxation determined in accordance with the accounting rules and regulations of the PRC. The percentage for this appropriation was decided by the directors of the respective subsidiaries. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the subsidiaries and is non-distributable other than in liquidation.

(b) Exchange reserve

The exchange reserve comprises all relevant exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policy set out in Note 1(u).

(c) Other reserve

Other reserve is resulted from transactions with owners in their capacity as equity holders. The balance comprise capital reserve surplus/deficit arising from difference between disposal/acquisition consideration and its' net assets at the respective date of disposal/acquisition.

(d) Non-controlling interests

See accounting policy in Note 1(e)(i).

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests ("NCI"), before and after any intra-group eliminations.

30 September 2013

In thousands of RMB	Wuhan Xuefu	Hubei Technology Enterprise Accelerator	Energy Conservation Technology Park	Wuhan Financial Harbour Development	OV Energy Conservation Technology	Hefei Optics Valley Union	Other individually immaterial subsidiaries	Intra-group eliminations	Total
Effective NCI percentage	49%	30%	30%	30%	25%	20%			
Non-current assets	13,809	1,195	8	–	63,226	–			
Current assets	98,196	120,291	294,487	276,272	29,992	158,002			
Non-current liabilities	(641)	–	–	–	(37,037)	(138,000)			
Current liabilities	(16,542)	(24,260)	(94,586)	(76,357)	(13,461)	–			
Net assets	94,822	97,226	199,909	199,915	42,720	20,002			
Carrying amount of NCI	46,463	29,168	59,973	59,975	8,544	4,000	–	5,975[1]	214,098
Revenue	4,469	–	–	–	23,689	–			
Profit	(3,344)	(2,102)	(69)	(69)	423	2			
Total comprehensive income	(3,344)	(2,102)	(69)	(69)	423	2			
Profit allocated to NCI	1,638	(631)	(21)	(21)	85	–	–	19,318[2]	17,092
Cash flows from operating activities	(4,343)	(44,086)	(5)	(618)	(12,815)	(89,336)			
Cash flows from investment activities	–	(199)	–	–	(15,772)	–			
Cash flows from financing activities (dividends to NCI: nil)	(5)	–	–	–	(1,312)	158,000			
Net increase/(decrease) in cash and cash equivalents	(4,348)	(44,285)	(5)	(618)	(29,899)	68,664			

1. It represents the fair value adjustments of unsold inventories of Wuhan Xuefu at consolidation level.
2. The Group acquired the remaining NCI of Wuhan Optics Valley Union in July 2013. The amount represents net profit of Wuhan Optics Valley Union belonging to NCI before the NCI disposal date.

31 December 2012

In thousands of RMB	Wuhan Optics Valley Union	Optic valley Software Park	Wuhan Xuefu	Hubei Technology Enterprise Accelerator	Energy Conservation Technology Park	Wuhan Financial Harbour Development	OV Energy Conservation Technology	Other individually immaterial subsidiaries	Intra-group eliminations	Total
Effective NCI percentage	21%	60%	59%	44%	44%	44%	40%			
Non-current assets	1,666,052	64	12,976	373	11	–	47,085			
Current assets	2,771,843	256,369	110,303	99,844	332,561	276,095	41,180			
Non-current liabilities	(638,414)	–	(291)	–	–	–	(35,373)			
Current liabilities	(2,769,433)	(160,899)	(24,823)	(889)	(132,593)	(76,111)	(10,594)			
Net assets	1,030,048	95,534	98,165	99,328	199,979	199,984	42,298			
Carrying amount of NCI	211,984	57,598	58,404	44,108	88,802	88,805	17,103	261,609	(311,824)	516,589
Revenue	696,122	301,772	51,942	–	1	–	29,786			
Profit	405,736	45,674	11,513	(672)	(72)	(70)	1,806			
Other comprehensive income	1,994	–	–	–	–	–	–			
Total comprehensive income	407,730	45,674	11,513	(672)	(72)	(70)	1,806			
Profit allocated to NCI	83,500	27,537	6,850	(298)	(32)	(31)	730	34,085	(85,916)	66,425
Other comprehensive income allocated to NCI	410	–	–	–	–	–	–	–	–	410
Cash flows from operating activities	(337,771)	(159,888)	15,877	(50,318)	(199,656)	(188,765)	13,927			
Cash flows from investment activities	(303,764)	–	129	(376)	(11)	–	(17,517)			
Cash flows from financing activities (dividends to NCI: 62,938)	534,826	–	(113,700)	100,000	150,000	150,000	28,195			
Net (decrease)/increase in cash and cash equivalents	(106,709)	(159,888)	(97,694)	49,306	(49,667)	(38,765)	24,605			

31 December 2011

In thousands of RMB	Wuhan United Real Estate	Wuhan Optics Valley Union	Wuhan Xuefu	OV Energy Conservation Technology	Other individually immaterial subsidiaries	Intra-group eliminations	Total
Effective NCI percentage	14%	41%	67%	52%			
Non-current assets	275,206	1,067,889	15,836	16,650			
Current assets	86,924	2,296,554	349,298	35,953			
Non-current liabilities	(1,813)	(362,739)	(266)	–			
Current liabilities	(37,599)	(2,379,385)	(164,516)	(15,310)			
Net assets	322,718	622,319	200,352	37,293			
Carrying amount of NCI	44,177	253,505	134,575	19,287	370,172	(306,452)	515,264
Revenue	10,361	276,223	434,410	11,754			
Profit	56,192	64,849	139,734	875			
Total comprehensive income	56,192	64,849	139,734	875			
Profit allocated to NCI	7,692	26,417	93,858	452	56,118	(72,466)	112,071
Cash flows from operating activities	(37,994)	472,835	(12,079)	(8,793)			
Cash flows from investment activities	26,635	(196,866)	(2)	(23,100)			
Cash flows from financing activities (dividends to NCI: 31,332)	–	(36,054)	(47,878)	28,800			
Net (decrease)/increase in cash and cash equivalents	(11,359)	239,915	(59,959)	(3,093)			

31 December 2010

In thousands of RMB	Wuhan United Real Estate	Wuhan Optics Valley Union	Wuhan Kernel Bio-Tech	OV Energy Conservation Technology	Other individually immaterial subsidiaries	Intra-group eliminations	Total
Effective NCI percentage	14%	43%	50%	54%			
Non-current assets	208,277	827,717	40,435	328			
Current assets	110,963	1,107,474	69,399	10,759			
Non-current liabilities	(1,563)	(157,314)	–	–			
Current liabilities	(51,151)	(1,124,407)	(41,359)	(3,469)			
Net assets	266,526	653,470	68,475	7,618			
Carrying amount of NCI	36,485	280,239	34,328	4,102	216,332	(204,776)	366,710
Revenue	14,561	318,351	69,414	15			
Profit	67,343	109,629	5,381	(382)			
Total comprehensive income	67,343	109,629	5,381	(382)			
Profit allocated to NCI	9,219	47,014	2,697	(206)	33,735	(25,890)	66,569
Cash flows from operating activities	(28,123)	379,388	11,164	3,017			
Cash flows from investment activities	10,489	(274,823)	(5,963)	(318)			
Cash flows from financing activities (dividends to NCI: 29,022)	–	62,471	(401)	8,000			
Net (decrease)/increase in cash and cash equivalents	(17,634)	167,036	4,800	10,699			

(i) During the year ended 31 December 2010, Wuhan Optics Valley Union established a 75% owned subsidiary OV Energy Conservation Technology together with an independent third party, which held the remaining 25% equity interests. The paid-up capital of OV Energy Conservation Technology amounted to RMB8,000,000, and the corresponding capital contribution from the non-controlling equity holder is RMB2,000,000.

During the year ended 31 December 2010, Jie Chen Catering was deregistered by Wuhan Lido Property Management and the Group recognised a decrease in non-controlling interest of RMB150,000.

During the year ended 31 December 2010, Wuhan Optics Valley Union acquired the non-controlling interests in OV Financial Harbour Development at a cash consideration of RMB192,286,000. The Group recognised a decrease in non-controlling interest of RMB149,677,000 and a decrease in other reserve of RMB42,609,000.

During the year ended 31 December 2010, Wuhan United Real Estate, the Controlling Shareholder and other non-controlling equity holders injected capital in cash amounting to RMB81,257,000 in aggregate to Wuhan Optics Valley Union, to subscribe for 28,214,000 shares issued by Wuhan Optics Valley Union with par value of RMB1 each. This resulted in increases in non-controlling interests amounting to RMB41,184,000 and other reserve amounting to RMB8,497,000.

(ii) During the year ended 31 December 2011, the paid-up capital of OV Energy Conservation Technology increased by RMB28,800,000, out of which RMB4,800,000 is capital injection from the non-controlling equity holders.

During the year ended 31 December 2011, Wuhan Optics Valley Union acquired the non-controlling interests in Wuhan Qianbao Media at a cash consideration of RMB60,000 which led to the decrease in non-controlling interest amounting to RMB43,000.

During the year ended 31 December 2011, Wuhan United Real Estate acquired a 2.542% equity interest in Wuhan Optics Valley Union from non-controlling equity holder at a total consideration of RMB34,591,000, which led to the decrease in non-controlling interest amounting to RMB22,374,000.

During the year ended 31 December 2011, Wuhan Optics Valley Union disposed of its 81.03% equity interest in Wuhan Kernel Bio-Tech to an independent third party resulting in a reduction in non-controlling interests by RMB12,803,000.

During the year ended 31 December 2011, Wuhan Optics Valley Union further acquired a 2% equity interest in Wuhan Xuefu from a non-controlling equity holder at a cash consideration of RMB4,448,000. Accordingly, the Group's effective interest in Wuhan Xuefu has increased to 51% and Wuhan Xuefu became a subsidiary of the Group, with resulting non-controlling interests of RMB98,959,000.

During the year ended 31 December 2011, a 0.052% equity interest of Wuhan Optics Valley Union held by Mr. Huang Liping was sold to a management personnel at a consideration of RMB114,000, which led to the decrease of capital amounting to RMB100,000 and an increase in non-controlling interest of RMB417,000.

(iii) During the year ended 31 December 2012, Wuhan Optics Valley Union made capital injection to acquire 50%, 70% and 70% equity interests of Optics Valley Software Park, Energy Conservation Technology Park and Wuhan Financial Harbour Development respectively, which led to increases in non-controlling interests of RMB41,500,000, RMB60,015,000 and RMB60,016,000 respectively.

During the year ended 31 December 2012, Wuhan Optics Valley Union established a 70% owned subsidiary Hubei Technology Enterprise Accelerator together with an independent third party, which held the remaining 30% equity interests. As at 30 September 2012 and 31 December 2012, the paid-up capital of Hubei Technology Enterprise Accelerator amounted to RMB100,000,000 and RMB100,000,000 respectively, and the corresponding capital contribution from the non-controlling equity holder was RMB30,000,000 and RMB30,000,000 respectively. Non-controlling equity holder of OV Energy Conservation Technology has subsequently made further capital injection of RMB3,200,000.

During the year ended 31 December 2012, HK 3A acquired a 55% equity interest in Wuhan United Real Estate from companies controlled by the Controlling Shareholder at a total consideration of RMB30,585,000. Further, Wuhan United Real Estate acquired a 3.906% and a 3.055% equity interest in Wuhan Optics Valley Union from a company controlled by the Controlling Shareholder and certain non-controlling equity holders at a total consideration of RMB52,500,000. Such transactions led to the decrease in non-controlling interests amounting to RMB128,293,000. Consideration attributable to the Controlling Shareholder of RMB32,144,000 was deemed as distribution to the Controlling Shareholder.

Pursuant to the Reorganisation, during the year ended 31 December 2012, certain non-controlling equity holders who transferred their respective equity interests in Wuhan Optics Valley Union at a price based on their initial acquisition cost became the beneficial shareholders of the Company by means of a trust upon completion of the Reorganisation. As a result, the non-controlling interest decreased by RMB62,546,000 according to the Reorganisation.

(iv) During the period ended 30 September 2013, Wuhan United Real Estate acquired a 0.417% equity interest from one non-controlling equity holder at a consideration of RMB5,760,000, which led to the decrease in non-controlling interests amounting to RMB5,105,000.

Pursuant to the Reorganisation, during the period ended 30 September 2013, other minority shareholders transferred their equity interests in Wuhan Optics Valley Union at a consideration based on their initial acquisition cost and became the shareholders of the Company by means of an trust. As a result, non-controlling interest decreased by RMB51,036,000.

On 13 August 2013, Hengxin PTC allotted and issued, credited as fully paid, one share to Mr. Huang Liping. Pursuant to a trust deed dated 13 September 2013, a trust was established on 13 September 2013 with Henxing PTC as trustee. On the same day, the company issued and allotted 10,679 shares to Henxing PTC.

On 22 August 2013, Wuhan United Real Estate acquired a 16% equity interest from one non-controlling equity holder at a consideration of RMB215,000,000, which led to the decrease in non-controlling interest amounting to RMB212,732,000.

Subsequently, HK 3A allotted and issued ordinary shares to one non-controlling equity holder on 30 August 2013 with a consideration of RMB215,000,000 (equivalent to HK$272,190,000). As a result, the non-controlling equity holder acquired 16% interest in HK 3A.

On 13 September 2013, the Company allotted and issued 15,997 shares to the non-controlling equity holder in exchange for its 16% interest in HK 3A.

During the period ended 30 September 2013, Wuhan Optics Valley Union acquired the remaining 50% equity interests of Optics Valley Software Park from Hubei Science & Technology Investment at a consideration of RMB35,054,000 which led to the decrease in non-controlling interests amounting to RMB52,710,000. Wuhan Optics Valley Union also acquired 5% equity interests of OV Energy Conservation Technology at a consideration of RMB2,720,000 which led to the decrease in non-controlling interest amounting to RMB2,000,000.

During the period ended 30 September 2013, Wuhan Optics Valley Union established a 80% owned subsidiary Hefei Optics Valley Union together with an independent third party, which held the remaining 20% equity interest. The paid-up capital of Hefei Optics Valley Union was RMB20,000,000 as at 30 September 2013, and the capital contribution from the non-controlling equity holder is RMB4,000,000.

(v) On 15 July 2013, the company was in corporate in Cayman Islands as an exempted company with limited liability with an authorized share capital of HK$380,000 divided into 3,800,000 shares with a par value of HK$0.1 each. On 15 September 2013, the share capital are to be paid up at HK$10,000 of 100,000 shares.

(e) Capital management

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

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and securities afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

(f) Dividends

Dividends disclosed for the years ended 31 December 2010, 2011 and 2012 and the period ended 30 September 2013 represent dividends declared or proposed by the relevant subsidiaries now comprising the Group out of their retained earnings to the then equity holders of the respective companies, after eliminating intra-group dividends.

34 Financial risk management and fair value

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and financial risk management policies and practices used by he Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits, and trade and other receivables. The Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

Regular review and follow-up actions are carried out on overdue amounts of instalments receivable from sale of properties and receivable from construction contracts, which enable management to assess their recoverability and to minimise exposure to credit risk. In respect of rental income from leasing properties, sufficient rental deposits are held to cover potential exposure to credit risk. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables. Adequate impairment losses have been made for estimated irrecoverable amounts.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statements of financial position. Except for the financial guarantees given by the Group as set out in Note 35, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in Note 36.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 26.

(b) Liquidity risk

The Group's management reviews the liquidity position of the Group on an ongoing basis, including review of the expected cash inflows and outflows, sale/pre-sale results of respective property projects, maturity of loans and borrowings and the progress of the planned property development projects in order to monitor the Group's liquidity requirements in the short and longer terms.

Details of maturity analysis for financial liabilities are disclosed in Notes 29 and 30.

Year ended 31 December 2010

	Carrying amount *RMB'000*	**Contractual cash flow** *RMB'000*	**Within 1 year** *RMB'000*	**More than 1 year but less than 2 years** *RMB'000*	**More than 2 years but less than 5 years** *RMB'000*	**More than 5 years** *RMB'000*
Loan and borrowings	368,992	412,701	100,224	106,422	206,055	–
Amounts due to related parties	67,907	67,907	67,907	–	–	–
Amounts due to non-controlling equity holders	454,962	454,962	454,962	–	–	–
Trade and other payables (excluded receipt in advance)	442,339	442,339	364,136	78,203	–	–
At 31 December 2010	1,334,200	1,377,909	987,229	184,625	206,055	–

Year ended 31 December 2011

	Carrying amount *RMB'000*	Contractual cash flow *RMB'000*	Within 1 year *RMB'000*	More than 1 year but less than 2 years *RMB'000*	More than 2 years but less than 5 years *RMB'000*	More than 5 years *RMB'000*
Loans and borrowings	618,111	665,259	151,728	283,371	230,160	–
Amounts due to related parties	23,675	23,675	23,675	–	–	–
Amounts due to non-controlling equity holders	412,687	412,687	412,687	–	–	–
Trade and other payables (excluded receipt in advance)	838,118	838,118	775,689	62,429	–	–
At 31 December 2011	1,892,591	1,939,739	1,363,779	345,800	230,160	–

Year ended 31 December 2012

	Carrying amount *RMB'000*	Contractual cash flow *RMB'000*	Within 1 year *RMB'000*	More than 1 year but less than 2 years *RMB'000*	More than 2 years but less than 5 years *RMB'000*	More than 5 years *RMB'000*
Loans and borrowings	1,209,165	1,520,020	376,191	235,454	379,441	528,934
Amounts due to related parties	102,325	102,325	102,325	–	–	–
Amounts due to non-controlling equity holders	491,212	491,212	491,212	–	–	–
Trade and other payables (excluded receipt in advance)	948,336	948,336	707,969	240,367	–	–
At 31 December 2012	2,751,038	3,061,893	1,677,697	475,821	379,441	528,934

Period ended 30 September 2013

	Carrying amount *RMB'000*	Contractual cash flow *RMB'000*	Within 1 year *RMB'000*	More than 1 year but less than 2 years *RMB'000*	More than 2 years but less than 5 years *RMB'000*	More than 5 years *RMB'000*
Loans and borrowings	2,118,330	2,377,776	882,184	554,834	430,715	510,043
Amounts due to related parties	202,348	202,348	202,348	–	–	–
Amounts due to non-controlling equity holders	320,750	320,750	320,750	–	–	–
Trade and other payables (excluded receipt in advance)	1,151,298	1,151,298	1,104,159	47,139	–	–
At 30 September 2013	3,792,726	4,052,172	2,509,441	601,973	430,715	510,043

(c) Interest rate risk

The Group's interest rates risk arises primarily from cash and cash equivalents, restricted and pledged deposits and borrowings issued at variable rates.

The Group does not anticipate significant impact to cash and cash equivalents and the pledged deposits because the interest rates of bank deposits are not expected to change significantly.

The interest rates and terms of repayment of bank loans and other borrowings of the Group are disclosed in Note 30 to the Financial Information. The Group does not carry out any hedging activities to manage its interest rate exposure.

	31 December 2010		31 December 2011		31 December 2012		30 September 2013	
	Effective interest rate		Effective interest rate		Effective interest rate		Effective interest rate	
	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*	%	*RMB'000*
Net fixed rate borrowings:								
Loans and borrowings	5.31%	20,000	6.50%	140,000	5.68%	42,000	7.33%	750,500
Variable rate borrowings:								
Loans and borrowings	5.4%-7.04%	348,992	5.4%-7.04%	478,111	5.4%-8.32%	1,167,165	5.4%-8.32%	1,367,830
Loans from non-controlling equity holders	6.14%-6.40%	433,904	6.60%-7.05%	401,491	6.55%-7.05%	296,714	7.21%-7.56%	253,566
Total net borrowings		802,896		1,019,602		1,505,879		2,371,896
Net fixed rate borrowings as a percentage of total net borrowings		2.50%		13.73%		2.79%		31.64%

Sensitivity analysis

At 30 September 2013, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and total equity attributable to equity shareholders of the Company by approximately RMB2,936,000, RMB3,299,000, RMB5,490,000 and RMB6,080,000 for the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013 respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expenses or income of such a change in interest rates. The analysis is performed on the same basis for 2010 to 2013.

(d) Currency risk

Almost all the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. Exposures to currency exchange rates arise from certain of the Group's cash and cash equivalents, trade and other receivables and trade and other payables which are denominated in HK$. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and considers no significant exposure to its foreign exchange risk.

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	2,043	1,459	696	552
Trade and other receivables	44	42	42	41
Trade and other payables	(39,558)	(37,723)	(72,668)	(122,094)
Net exposure arising from recognised assets and liabilities	(37,471)	(36,222)	(71,930)	(121,501)

Sensitivity analysis

The foreign currency sensitivity analysis is calculated based on the major net foreign currency exposure of the Group as at the balance sheets dates, assuming 5% shift of RMB against HK$.

Results from a 5% strengthening of the RMB against HK$ on the profit after tax and retained profits as at 31 December 2010, 2011 and 2012 and 30 September 2013 are RMB1,405,000, RMB1,358,000, RMB2,660,000 and RMB4,556,000. A 5% weakening of the RMB against HK$ as at the same dates would have had the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

(e) Fair value

(i) Assets measured at fair value

All investment properties of the Group were revalued as at 31 December 2010, 2011 and 2012 and 30 September 2013 on an open market value basis calculated by reference to net rental income allowing for reversionary income potential.

Fair value hierarchy

The table below analyses recurring investment properties carried at fair value. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs or for the asset or liability.

	Level 1	**Level 2**	**Level 3**
	RMB'000	*RMB'000*	*RMB'000*
At 30 September 2013			
Investment properties	–	–	299,190
At 31 December 2012			
Investment properties	–	–	299,800
At 31 December 2011			
Investment properties	–	–	291,200
At 31 December 2010			
Investment properties	–	–	247,200

During the Relevant Period, there were no transfers between level 1 and level 2, or transfers into or out of level 3. The Group's policy is to recognise transfers out of level 3 as of the date of the event or change in circumstances that caused the transfer.

The table in note 15 shows a reconciliation from the beginning balances to the ending balances for level 3 fair value measurements.

The following table shows the valuation techniques used in the determination of fair values within level 3 of the hierarchy, as well as the key unobservable inputs used in the valuation models.

	Valuation technique	Significant unobservable inputs	Range
At 30 September 2013			
Investment properties	Income capitalisation method	Market monthly rental rate (RMB/sq.m)	16.4-84.4
		Capitalisation rate	4%-7%
At 31 December 2012			
Investment properties	Income capitalisation method	Market monthly rental rate (RMB/sq.m)	15.8-80.3
		Capitalisation rate	4%-7%
At 31 December 2011			
Investment properties	Income capitalisation method	Market monthly rental rate (RMB/sq.m)	15.8-80.3
		Capitalisation rate	4%-7%
At 31 December 2010			
Investment properties	Income capitalisation method	Market monthly rental rate (RMB/sq.m)	15.5-79.0
		Capitalisation rate	4%-7%

The fair value of investment properties are determined using the income capitalisation method by capitalising the rental income derived from the existing tenancies with due provisions for the reversionary income potential of the properties. The fair value measurement is positively correlated to the market monthly rental rate. As at 30 September 2013, it is estimated that with all other variables held constant, an increase/decrease in market monthly rental rate by 5% would have increased/decreased in Group's profit by RMB13,609,000 (31 December 2012: RMB13,094,000; 31 December 2011: RMB12,305,000; 31 December 2010: RMB11,732,000). The fair value measurement is also negatively correlated to capitalisation rate. As at 30 September 2013, it is estimated that with all other variables held constant, a decrease/increase in capitalization rate by 0.5% would have increased/ decreased the Group's profit by RMB19,190,000 (31 December 2012: RMB19,100,000; 31 December 2011: RMB18,800,000; 31 December 2010: RMB18,600,000).

The Group has a team headed by the finance manager performing valuations of investment properties (included assets held for sale) (by reference to the valuation done by Savills Valuation). The team reports directly to the general manager of finance department. An analysis of changes in fair value measurement is prepared by the team at each reporting date, and is reviewed and approved by the general manager of finance department. Discussion of valuation process and results with the finance director is held twice a year, to coincide with the reporting dates.

(ii) Securities

Fair value for the trading securities is based on quoted market prices at the end of the reporting period without any deduction for transaction costs. Fair values for the unquoted equity investments are estimated using the applicable price/earning ratios for similar listed companies adjusted for the specific circumstances of the issuer.

(iii) Interest-bearing loans and borrowings

The fair value is estimated as the present value of future cash flows, discounted at the interest rate based on the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

Except for the trading securities (see Note 20), the carrying amounts of all financial assets and liabilities carried at amortised cost approximate their respective fair values as at 31 December 2010, 2011 and 2012 and 30 September 2013.

35 Commitments

(a) Operating lease commitment

– *Lessor*

The Group leases out a number of building facilities under operating leases. The leases typically run for an initial period of 1 to 12 years, with an option to renew the leases after that date at which time all terms are renegotiated. Further details of the carrying value of the properties are contained in Note 15.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	13,539	14,215	12,511	17,160
After 1 year but within 5 years	48,946	40,505	31,286	30,944
After 5 years	20,717	14,943	10,268	4,929
	83,202	69,663	54,065	53,033

– *Lessee*

The Group leases a number of building facilities under operating leases. The leases typically run for an initial period of 1 to 5 years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

The Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	574	2,027	2,911	2,632
After 1 year but within 5 years	790	3,764	2,713	2,336
	1,364	5,791	5,624	4,968

(b) Commitments related to development expenditure

As at 31 December 2010, 2011 and 2012 and 30 September 2013, commitments outstanding not provided for in financial information are as follows:

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted but not provided for *(Note)*	925,892	1,117,900	2,452,296	2,257,295

Note: Certain commitments amounting to RMB250 million relating to a property development project undertaken by the Group are included as part of the commitments as at 30 September 2013 as the corresponding land parcel was not yet delivered and land use right certificate has yet be obtained at such reporting date. The directors consider that such commitments are due for settlement at the eighth year after the construction commencement date of the corresponding project.

36 Contingent liabilities

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owned by the defaulted purchasers to the banks. The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends upon the earlier of the buyer obtaining the individual property ownership certificate and the full settlement of mortgage loans by the buyer.

The maximum amount of guarantees given to banks for mortgage facilities granted to the purchasers of the Group's properties at the end of the reporting period is as follows:

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	207,553	236,250	453,376	295,425

The directors consider that it is not probable that the Group will sustain a loss under these guarantees as during the periods under guarantees, the Group can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks. The directors also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event the purchasers default payments to the banks.

The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the Directors.

37 Material related party transactions

In addition to the related party information disclosed elsewhere in this Financial Information, the Group entered into the following significant related party transactions during the Relevant Period.

(a) Name of and relationship with related parties

During the Relevant Period, transactions with the following parties are considered as related party transactions:

Name of party	Relationship with the group
Mr. Huang Liping	The Controlling Shareholder
Mrs. Xie Xiaoyun	Spouse of the Controlling Shareholder
Wuhan Qianbao Property Co., Ltd. ("Wuhan Qianbao Property")	Entity controlled by the Controlling shareholder
Wuhan Lido Investment Co., Ltd. ("Wuhan Lido Investment")	Entity controlled by the Controlling shareholder
Wuhan Xuefu	Associate (2010)
Wuhan Mason	Joint venture

(b) Key management personnel remuneration:

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Company's directors.

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in Note 10 and certain of the highest paid employees as disclosed in Note 11, is as follows:

	Years ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Wages, salaries and other benefits	10,546	18,462	18,838	12,986	13,231
Retirement scheme contributions	115	202	230	173	173
	10,661	18,664	19,068	13,159	13,404

The above remuneration to key management personnel is included in "staff costs" (Note 8(b)).

(c) *Transactions with related parties*

(i) *Sales of goods and services*

The Group had sold certain properties to the Controlling Shareholder in accordance with the terms of the underlying contracts. The details of such sales transactions recognised in the consolidated statement of comprehensive income are as follows:

	Years ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Sales proceeds in accordance with underlying contracts	–	–	2,276	–	–
Cost of sales	–	–	(1,270)	–	–

(ii) *Other related party transactions*

	Years ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Sales of Materials *(Note (i))*	–	–	1,115	637	478
Business operation service *(Note (ii))*	531	344	459	–	291
Construction contract revenue *(Note (iii))*	114	267	2,257	2,168	960
Development management service *(Note (iv))*	4,500	7,016	15,826	7,547	2,591
Rental income	174	–	–	–	–
Guarantee from the controlling shareholder *(Note (v))*	–	–	330,000	330,000	330,000
Sales of other non-current assets *(Note (vi))*	–	–	47,304	22,763	–
Acquisition of equity interest in Wuhan Mason *(Note (vii))*	25,800	–	–	–	–
Trade mark usage *(Note (viii))*	–	–	–	–	5

Notes:

(i) During the year ended 31 December 2012, Wuhan Optics Valley Union sold certain construction materials to Wuhan Mason.

(ii) Wuhan Lido Property Management provided property management services to Wuhan Xuefu and Wuhan Mason.

(iii) Wuhan Lido Technology provided construction service to Wuhan Mason.

(iv) Wuhan Optics Valley Union provided construction management service to Wuhan Mason.

(v) On 26 April 2012, Mr. Huang Liping and his spouse provided guarantee to Wuhan Optics Valley Union for its bank loans of RMB330,000,000. The Group has not recognised any deferred expense in respect of the financial guarantee provided by the controlling shareholder and his spouse as its fair value cannot be reliably measured using observable market data and its transaction price was nil.

(vi) During the year ended 31 December 2012, Wuhan United Real Estate sold certain artwork and antiques to Wuhan Qianbao Property and Wuhan Lido Investment.

(vii) On 31 March 2010, the Group acquired a 12% equity interest in Wuhan Mason from Wuhan Qianbao Property at a cash consideration of RMB25,800,000.

(viii) On 30 April 2013, Wuhan Qianbao Media and Wuhan Qianbao Property entered into a trade mark license agreement whereby Wuhan Qianbao Property agreed to grant a license to Wuhan Qianbao Media for a consideration of RMB1,000 to use a trademark until 31 December 2015.

(d) Balances with related parties

Balances with related parties were mainly resulting from the funding arrangements between these parties. Balances at 31 December 2010, 2011 and 2012 and 30 September 2013, and major terms of these balances are disclosed in Notes 37(d).

The directors consider that all related party transactions during the Relevant Period were conducted on normal commercial terms and in the ordinary and usual course of the Group's business. The directors confirmed that the above non-recurring transactions will not continue after listing of the Company's shares on the Hong Kong Stock Exchange.

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amount due from related parties				
Trade Related:				
Wuhan Mason	–	193	146	913
Wuhan Xuefu	1,197	–	–	–
Not-Trade Related:				
Wuhan Qianbao Property	11,600	11,600	–	–
Wuhan Xuefu	65	–	–	–
Wuhan Mason	–	100	–	–
Huang Liping	4,687	1,721	1,721	1,983
Amount due from other equity holders	3,794	6,685	3,451	369
	21,343	20,299	5,318	3,265

	At 31 December			At 30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amount due to related parties				
Not-Trade Related:				
Other Payables to				
Wuhan Qianbao Property	7,164	6,164	–	–
Wuhan Xuefu	49,463	–	–	–
Wuhan Mason	–	–	–	101,924
Huang Liping	11,127	13,213	28,962	28,306
Others	153	548	282	–
Dividend payable to:				
Wuhan Qianbao Property	–	3,750	25,000	25,000
Wuhan Lido Investment	–	–	4,500	4,500
Huang Liping	–	–	43,581	42,618
	67,907	23,675	102,325	202,348

The amounts due from/to related parties as at 31 December 2010, 2011 and 2012 and September 2013 were expected to be recovered/repaid within one year.

38 Accounting estimates and judgements

Estimates and judgements used in preparing the Consolidated Financial Information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Note 35 contain information about the assumptions and their risk factors relating to the fair value of financial instruments. Key sources of estimation uncertainty are as follows:

(a) Write-down of inventories for property development

As explained in Note 1(m), the Group's land held for future development, properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject property, the Group makes estimates of the selling price, the costs of completion in case for properties under development, and the costs to be incurred in selling the properties.

If there is an increase in costs to completion or a decrease in net sales value, provision for completed properties held for sale, properties held for future development and under development for sale may be resulted. Such provision requires the use of judgment and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

Given the volatility of the PRC property market and the distinctive nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

(b) Construction contracts

As explained in policy Notes 1(o) and 1(s)(iv), revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached, the amounts due from customers for contract work as disclosed in Note 25 will not include profit which the Group may eventually realize from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the balance sheet date, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(c) Recognition of deferred tax assets

Deferred tax assets are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts

of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgment exercised by the Directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(d) Provision for PRC Land Appreciation Tax ("LAT")

As explained in Note 9(b), the Group has estimated, made and included in tax 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 tax authorities might disagree with the basis on which the provision for LAT is calculated. Significant judgment is required in determining the level of provision, as the calculation of which depends on the ultimate tax determination. Given the uncertainties of the calculation basis of LAT as interpreted by the local tax bureau, the actual outcomes may be higher or lower than those estimated at the end of the reporting period. Any increase or decrease in the actual outcomes/estimates will impact the income tax provision in the period in which such determination is made.

(e) Recognition and allocation of construction costs on properties under development

Development costs of properties are recorded as properties under development during construction stage and will be transferred to profit or loss 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 typically divides 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 market value of each phase as a percentage of the total estimated market value of the entire project, or if the above is not practicable, the common costs are allocated to individual phases based on saleable area.

When 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.

(f) Valuation of investment properties

As described in Note 15, investment properties are stated at fair value based on the valuation performed by an independent firm of professional surveyors after taking into consideration the comparable market transactions and the net rental income allowing for reversionary income potential.

In determining the fair value, the valuers have based on a method of valuation which involves, inter-alia, certain estimates including current market rents for similar properties in the same location and condition, appropriate discount rates and expected future market rents. In relying on the valuation report, management has exercised its judgment and is satisfied that the method of valuation is reflective of the current market condition.

(g) Fair value of non-derivative financial instruments

Fair value of non-derivative financial instruments carried at amortised costs, which is determined for disclosure purpose, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

39 Parent and ultimate controlling party

At 30 September 2013, the directors consider the ultimate controlling party of the Group to be AAA Finance and Investment Holdings Limited, which is incorporated in the BVI with limited liability and beneficially owned by the Controlling Shareholder.

40 Possible impact of new standards, amendments to standards and interpretation issued but not yet effective for the period ended 30 September 2013:

Up to the date of this report, the IASB has issued the following new standards, amendments to standards and interpretations which are not yet effective for the accounting year/period beginning on 1 January 2013, and have not been applied in preparing this Financial Information.

Of these developments, the following relate to matter that may be relevant to the Group's operations and the Financial Information:

	Effective for accounting periods beginning on or after
Amendments to IAS 32, *Financial instruments: Presentation – Offsetting financial assets and financial liabilities*	1 January 2014
IFRS 9, *Financial instruments*	1 January 2015

The Group is in the process of making an assessment of what the impact of these amendments and new standard is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's result of operations and financial position.

41 Information of statutory financial statements of the subsidiaries

The statutory financial statements of the following companies now comprising the Group for each of the three years ended 31 December 2010, 2011 and 2012, or since their respective dates of acquisition/establishment, where this is a shorter period, were prepared in accordance with either HKFRSs issued by the HKICPA or the relevant accounting rules and regulations applicable to enterprises in the PRC and were audited during the Relevant Period by the respective statutory auditors as indicated below:

Name of company	Financial period	Statutory auditors
AAA Finance & Investment Limited 三A銀信投資有限公司	Years ended 31 December 2010, 2011 and 2012	Union Alpha C.P.A. Limited 才匯會計師事務所有限公司
United Real Estate (Wuhan) Co., Ltd. 聯合置業 (武漢) 有限公司	Years ended 31 December 2010, 2011 and 2012	Wuhan Wanli Accountant Service Co., Ltd 武漢市萬里會計師事務所有限公司
Wuhan Optics Valley Union Group Company Limited 武漢光谷聯合集團有限公司	Years ended 31 December 2010, 2011 and 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Optics Valley Financial Harbour Development Co., Ltd. 武漢光谷金融港發展有限公司	Years ended 31 December 2010, 2011 and 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Huangshi Optics Valley Union Development Co., Ltd. 黃石光谷聯合發展有限公司	Years ended 31 December 2010, 2011 and 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Qingdao Optics Valley Union Development Co., Ltd. 青島光谷聯合發展有限公司	Year ended 31 December 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Xuefu Property Co., Ltd. 武漢學府房地產有限公司	Years ended 31 December 2010, 2011 and 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司

Name of company	Financial period	Statutory auditors
Hubei Huisheng Technology Development Co., Ltd. 湖北匯盛科技發展有限公司	Years ended 31 December 2010, 2011 and 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Minghong Technology Development Co., Ltd. 武漢鳴鴻科技發展有限公司	Year ended 31 December 2010	Hubei Anhua Account Business Co., Ltd. 湖北安華會計師事務所有限公司
	Year ended 31 December 2011 and 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Optics Valley Union Architectural Design Institute Co., Ltd. 武漢光谷聯合建築設計研究院有限公司	Year ended 31 December 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Lido Technology Co., Ltd. 武漢麗島科技有限公司	Years ended 31 December 2010, 2011 and 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Lido Curtain Wall Manufacture Co., Ltd. 武漢麗島幕牆製造有限公司	Year ended 31 December 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Jitian Construction Co., Ltd. 武漢吉天建設工程有限公司	Year ended 31 December 2011 and 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Optics Valley Energy Conservation Technology Co., Ltd. 武漢光谷節能技術有限公司	Years ended 31 December 2011 and 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司

Name of company	Financial period	Statutory auditors
Wuhan Lido Property Management Co., Ltd. 武漢麗島物業管理有限公司	Years ended 31 December 2010, 2011 and 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Quanpai Catering Management Co., Ltd. 武漢全派餐飲管理有限公司	Year ended 31 December 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Qianbao Media Co., Ltd. 武漢市千寶廣告傳播有限公司	Years ended 31 December 2010, 2011 and 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Optics Valley Union Real Estate Agency Co., Ltd. 武漢光谷聯合不動產營銷代理有限公司	Year ended 31 December 2012	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司
Wuhan Kernel Bio-Tech Co., Ltd. 武漢科諾生物科技股份有限公司	Years ended 31 December 2010 and 2011	Zhonghuan Haihua Certified Public Accountants 眾環海華會計師事務所有限公司

Note: The English translation of the above entities is for reference only. The official names of these companies are in Chinese.

C SUBSEQUENT EVENTS

1 Approval for issue of corporate bonds

On 9 September 2013, Wuhan Optics Valley Union obtained an approval from the relevant governmental authority to issue corporate bond amounting RMB600 million with fixed interest rate and a term of six years. The approved coupon interest rate is below 2.95% per annum. In addition, on 17 September 2013, Wuhan Optics Valley Union obtained an approval from an authorised institution to issue short-term corporate bonds amounting RMB400 million.

On 23 October 2013, the Group issued the corporate bond of RMB600 million. The bond completed offering on 28 October 2013. On 14 November 2013, the Group issued the first batch of the short-term corporate bonds of RMB70 million.

2 Capitalisation issue

Pursuant to written resolutions of the Company's shareholders passed on 12 March 2014, conditional on the share premium account of the Company being credited as a result of the global offering set out in the section headed "Structure of the Global Offering", the directors are authorised to allot and issue a total of 2,999,900,000 shares, by way of capitalisation of the sum of HK$299,990,000 standing to the credit of the share premium account of the Company, credited as fully paid at par to the Shareholders as appearing on the register of members of the Company.

D FINANCIAL INFORMATION OF THE COMPANY

On 15 July 2013, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorised share capital of HK$380,000 divided into 3,800,000 shares with a par value of HK$0.1 each. On 29 August 2013, the Company acquired all the issued share capital in BVI 3A from Mr. Huang Liping.

Company statements of financial position

	Note	**At 30 September 2013** *RMB'000*
Non-current assets		
Interest in subsidiaries	*(a)*	215,825
		215,825
Current assets		
Amount due from a subsidiary	*(b)*	49,814
Cash and cash equivalents		2
		49,816
Total assets less current liabilities		265,641
NET ASSETS		265,641
CAPITAL AND RESERVES		
Share capital	*(c)*	8
Reserves	*(c)*	265,633
		265,641

(a) As disclosed in note 33(d)(iv) in Section B, the Company allotted and issued 15,997 shares to a non-controlling equity holder to acquire its interest in HK 3A.

(b) The amounts due to a subsidiary, is unsecured, interest free and repayable on demand.

(c) Capital and reserves

Details of the changes in the company's individual components of equity between the beginning and the end of the period are set out below:

	Share capital	Other reserves	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 15 July 2013	8	–	–	8
Profit for the period	–	–	50,480	50,480
Dividend declared during the period	–	–	(50,479)	(50,479)
Acquisition of equity interests from controlling equity holders	–	265,632	–	265,632
At 30 September 2013	8	265,632	1	265,641

(d) Profits attributable to owners of the Company

The profits attributable to owners of the Company, which was incorporated on 15 July 2013, for the nine months ended 30 September 2013, is dealt with in the Financial Information of the Group to the extent of RMB1,000.

E SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 30 September 2013.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong