The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

19 November 2012

The Directors
Future Land Development Holdings Limited
Merrill Lynch Fast East Limited

Dear Sirs,

We report on the financial information (the "**Financial Information**") of Future Land Development Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") which comprises the consolidated statements of financial position of the Group as at 31 December 2009, 2010 and 2011 and 30 June 2012, the statements of financial position of the Company as at 31 December 2010 and 2011 and 30 June 2012, the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012 (the "**Relevant Periods**"), and a summary of significant accounting policies and other explanatory information. The Financial Information has been prepared by the directors of the Company and is set out in Sections I to III below for inclusion in Appendix I to the prospectus of the Company dated 19 November 2012 (the "**Prospectus**") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company was incorporated in the Cayman Islands on 23 April 2010 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. Pursuant to a group reorganisation as described in Note 1(b) of Section II headed "Group reorganisation" below, the Company became the holding company of the subsidiaries now comprising the Group (the "**Reorganisation**").

As at the date of this report, the Company has direct and indirect interests in the subsidiaries and associates as set out in Note 40 and Note 10 of Section II below. Except for Jiangsu Future Land Co., Ltd., all of these companies are private companies, or if incorporated or established outside Hong Kong, have substantially the same characteristic as a Hong Kong incorporated private company. Jiangsu Future Land Co., Ltd.'s domestically listed foreign investment shares ("**B-shares**") are listed on the Shanghai Stock Exchange.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

No audited financial statements have been prepared by the Company as it has not involved in any significant business transactions since its date of incorporation, other than the Reorganisation. The audited financial statements of the other companies now comprising the Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their places of incorporation. The details of the statutory auditors of the subsidiaries are set out in Note 40 of Section II below.

The directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Periods, in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") (the "**Underlying Financial Statements**"). We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA pursuant to separate terms of engagement with the Company.

The directors of the Company are responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with HKFRSs.

The Financial Information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon.

DIRECTORS' RESPONSIBILITY 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 HKFRSs, and for such internal control as the directors determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion on the Financial Information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Company as at 31 December 2010 and 2011 and 30 June 2012 and of the state of affairs of the Group as at 31 December 2009, 2010 and 2011 and 30 June 2012 and of the Group's results and cash flows for the Relevant Periods then ended.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information set out in Sections I and II below included in Appendix I to the Prospectus which comprises the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2011 and a summary of significant accounting policies and other explanatory information (the "**Stub Period Comparative Financial Information**").

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the accounting policies set out in Note 2 of Section II below.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of the Stub Period Comparative Financial Information consists of making inquiries, 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.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report, has not been prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below.

I FINANCIAL INFORMATION

The following is the Financial Information of the Group prepared by the directors of the Company as at 31 December 2009, 2010 and 2011 and 30 June 2012, and for each of the years ended 31 December 2009, 2010 and 2011 and each of the six months ended 30 June 2011 and 2012.

(a) Consolidated Statements of Financial Position

	Note	As at 31 December			As at 30 June
		2009	2010	2011	2012
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	7	50,373	44,394	117,016	115,518
Investment properties	8	608,300	1,342,900	2,443,200	2,666,200
Intangible assets	9	1,393	2,175	5,341	6,907
Investments in associates	10	–	10,000	235,000	233,104
Deferred income tax assets	24	112,257	194,457	362,640	391,794
Available-for-sale financial assets	11	15,000	156,000	156,000	161,187
Land use rights	12	365,315	367,248	367,248	367,248
		1,152,638	2,117,174	3,686,445	3,941,958
Current assets					
Prepayments for leasehold land	13	1,687,140	2,934,797	2,689,155	3,042,049
Properties held or under development for sale	14	10,049,475	17,497,388	24,227,066	27,286,822
Trade and other receivables and prepayments	15	1,594,399	1,527,337	1,761,606	1,925,609
Restricted cash	17	171,148	118,123	314,536	526,504
Cash and cash equivalents	17	2,164,714	3,951,249	4,221,558	3,541,336
		15,666,876	26,028,894	33,213,921	36,322,320
Total assets		16,819,514	28,146,068	36,900,366	40,264,278
OWNERS' EQUITY					
Capital and reserves attributable to equity holders of the Company					
Issued and fully paid capital	18	–	–	3,466	3,466
Reserves	20	1,576,808	2,261,968	3,176,350	3,351,674
		1,576,808	2,261,968	3,179,816	3,355,140
Non-controlling interests		1,205,616	1,491,306	2,022,133	2,189,753
Total equity		2,782,424	3,753,274	5,201,949	5,544,893
LIABILITIES					
Non-current liabilities					
Borrowings	21	2,930,908	4,951,068	6,649,200	5,066,500
Deferred income tax liabilities	24	119,221	246,693	343,237	393,157
		3,050,129	5,197,761	6,992,437	5,459,657

	Note	As at 31 December 2009	As at 31 December 2010	As at 31 December 2011	As at 30 June 2012
		RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities					
Trade and other payables	23	2,517,793	4,303,100	6,627,089	7,642,749
Advances from pre-sale of properties	22	6,767,622	10,594,095	12,775,020	16,233,002
Current income tax liabilities		368,840	751,166	1,085,703	716,407
Borrowings	21	1,317,000	3,508,067	4,217,363	4,666,765
Dividends payable		15,706	38,605	805	805
		10,986,961	19,195,033	24,705,980	29,259,728
Total liabilities		14,037,090	24,392,794	31,698,417	34,719,385
Total equity and liabilities		16,819,514	28,146,068	36,900,366	40,264,278
Net current assets		4,679,915	6,833,861	8,507,941	7,062,592
Total assets less current liabilities		5,832,553	8,951,035	12,194,386	11,004,550

(b) Statements of Financial Position of the Company

	Note	As at 31 December 2010	As at 31 December 2011	As at 30 June 2012
		RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Investments in subsidiaries	16	360,049	387,574	410,661
Current assets				
Trade and other receivables	15	–	–	47
Cash and cash equivalents	17	1,621	4,626	2,699
		1,621	4,626	2,746
Total assets		361,670	392,200	413,407
OWNERS' EQUITY				
Capital and reserves attributable to equity holders of the Company				
Issued and fully paid capital	18	–	3,466	3,466
Reserves	20	359,968	384,330	405,467
Total equity		359,968	387,796	408,933
Current liabilities				
Trade and other payables	23	1,702	4,404	4,474
Total equity and liabilities		361,670	392,200	413,407
Net current (liabilities)/assets		(81)	222	(1,728)
Total assets less current liabilities		359,968	387,796	408,933

(c) Consolidated Statements of Income

	Note	Year ended 31 December 2009 RMB'000	2010 RMB'000	2011 RMB'000	Six months ended 30 June 2011 RMB'000 (unaudited)	2012 RMB'000
Revenue	25	5,803,275	7,621,374	10,767,254	2,941,943	3,747,072
Cost of sales	27	(4,414,072)	(5,623,266)	(7,743,687)	(2,023,363)	(2,588,556)
Gross profit		1,389,203	1,998,108	3,023,567	918,580	1,158,516
Fair value gains on investment properties	8	377,994	443,201	273,493	271,353	1,084
Selling and marketing costs	27	(126,306)	(216,345)	(388,091)	(132,622)	(187,710)
Administrative expenses	27	(198,496)	(290,044)	(465,941)	(214,204)	(272,408)
Other income	26	70	12,252	39,493	9,493	7,998
Other expenses	26	(2,228)	(12,065)	(20,240)	(3,430)	(1,641)
Other (losses)/gains – net	26	(1,096)	4,930	58,076	3,668	6,690
Operating profit		1,439,141	1,940,037	2,520,357	852,838	712,529
Finance income	28	14,892	19,520	19,406	9,857	18,946
Finance costs	28	(90,523)	(161,414)	(154,548)	(107,507)	(57,514)
Finance costs – net		(75,631)	(141,894)	(135,142)	(97,650)	(38,568)
Share of results of an associated company	10	–	–	–	–	(1,896)
Profit before income tax		1,363,510	1,798,143	2,385,215	755,188	672,065
Income tax expense	30	(510,691)	(747,047)	(941,284)	(296,832)	(319,434)
Profit for the year/period		852,819	1,051,096	1,443,931	458,356	352,631
Attributable to:						
Equity holders of the Company		572,072	691,843	886,886	289,975	152,237
Non-controlling interests		280,747	359,253	557,045	168,381	200,394
		852,819	1,051,096	1,443,931	458,356	352,631
Earnings per share for profit attributable to equity holders of the Company						
– Basic and diluted	31	RMB0.13	RMB0.16	RMB0.21	RMB0.07	RMB0.04

(d) Consolidated Statements of Comprehensive Income

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit for the year/period	852,819	1,051,096	1,443,931	458,356	352,631
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the year/period	852,819	1,051,096	1,443,931	458,356	352,631
Attributable to:					
Equity holders of the Company	572,072	691,843	886,886	289,975	152,237
Non-controlling interests	280,747	359,253	557,045	168,381	200,394
	852,819	1,051,096	1,443,931	458,356	352,631

(e) Consolidated Statements of Changes in Equity

	Attributable to equity holders of the Company						
	Share capital	Share premium	Other reserves	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 (Note 18)	RMB'000 (Note 20)	RMB'000 (Note 20)	RMB'000 (Note 20)	RMB'000	RMB'000	RMB'000
Balance at 1 January 2009	–	–	50,034	909,672	959,706	926,717	1,886,423
Total profit and comprehensive income for the year	–	–	–	572,072	572,072	280,747	852,819
Transactions with owners							
Capital contribution from controlling shareholder	–	–	68,292	–	68,292	–	68,292
Capital contribution from non-controlling interests	–	–	–	–	–	20,000	20,000
Dividends of subsidiaries	–	–	–	(23,262)	(23,262)	(21,848)	(45,110)
	–	–	68,292	(23,262)	45,030	(1,848)	43,182
Balance at 31 December 2009	–	–	118,326	1,458,482	1,576,808	1,205,616	2,782,424
Balance at 1 January 2010	–	–	118,326	1,458,482	1,576,808	1,205,616	2,782,424
Total profit and comprehensive income for the year	–	–	–	691,843	691,843	359,253	1,051,096
Transactions with owners							
Dividends of subsidiaries	–	–	–	(6,683)	(6,683)	(73,563)	(80,246)
Balance at 31 December 2010	–	–	118,326	2,143,642	2,261,968	1,491,306	3,753,274

	Attributable to equity holders of the Company						
	Share capital	Share premium	Other reserves	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 (Note 18)	RMB'000 (Note 20)	RMB'000 (Note 20)	RMB'000 (Note 20)	RMB'000	RMB'000	RMB'000
Balance at 1 January 2011	–	–	118,326	2,143,642	2,261,968	1,491,306	3,753,274
Total profit and comprehensive income for the year	–	–	–	886,886	886,886	557,045	1,443,931
Transactions with owners							
Issuance of ordinary shares (Note 18)	3,466	360,020	(360,049)	–	3,437	–	3,437
Pre-IPO share award scheme (Note 19)							
– value of employee services	–	–	13,468	–	13,468	–	13,468
– value of former employees, officers and business partners services	–	–	14,057	–	14,057	–	14,057
Dividends of subsidiaries	–	–	–	–	–	(26,218)	(26,218)
	3,466	360,020	(332,524)	–	30,962	(26,218)	4,744
Balance at 31 December 2011	3,466	360,020	(214,198)	3,030,528	3,179,816	2,022,133	5,201,949
Balance at 1 January 2012	3,466	360,020	(214,198)	3,030,528	3,179,816	2,022,133	5,201,949
Total profit and comprehensive income for the period	–	–	–	152,237	152,237	200,394	352,631
Transactions with owners							
Pre-IPO share award scheme (Note 19)							
– value of employee services	–	–	23,087	–	23,087	–	23,087
Dividends of subsidiaries	–	–	–	–	–	(32,774)	(32,774)
	–	–	23,087	–	23,087	(32,774)	(9,687)
Balance at 30 June 2012	3,466	360,020	(191,111)	3,182,765	3,355,140	2,189,753	5,544,893
(Unaudited)							
Balance at 1 January 2011	–	–	118,326	2,143,642	2,261,968	1,491,306	3,753,274
Total profit and comprehensive income for the period	–	–	–	289,975	289,975	168,381	458,356
Transactions with owners							
Issuance of ordinary shares (Note 18)	29	–	(29)	–	–	–	–
Dividends of subsidiaries	–	–	–	–	–	(26,218)	(26,218)
	29	–	(29)	–	–	(26,218)	(26,218)
Balance at 30 June 2011	29	–	118,297	2,433,617	2,551,943	1,633,469	4,185,412

(f) Consolidated Statements of Cash Flows

	Note	Year ended 31 December			Six months ended 30 June	
		2009	2010	2011	2011	2012
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Operating activities						
Net cash generated from/(used in) operations	34	1,147,801	(1,217,142)	797,414	(1,610,111)	1,952,736
Interest paid		(260,189)	(478,168)	(979,208)	(426,234)	(559,486)
PRC income tax paid		(210,463)	(238,426)	(417,865)	(327,916)	(363,157)
PRC land appreciation tax paid		(111,452)	(263,904)	(350,916)	(197,490)	(393,264)
Net cash generated from/(used in) operating activities		565,697	(2,197,640)	(950,575)	(2,561,751)	636,829
Investing activities						
Additions of investment properties		(220,978)	(223,348)	(748,277)	(177,608)	(185,102)
Additions of property, plant and equipment		(5,682)	(19,708)	(21,760)	(12,840)	(8,843)
Proceeds from disposal of investment properties		–	–	5,450	5,450	–
Proceeds from disposal of property, plant and equipment	34	301	15,016	4,113	2,708	272
Additions of intangible assets	9	(194)	(1,281)	(4,458)	(1,647)	(2,565)
Acquisition of subsidiaries, net of cash acquired	37	–	(19,174)	–	–	–
Investments in associates	10	–	(10,000)	(225,000)	(5,000)	–
Acquisition of available-for-sale financial assets	11	–	(156,000)	(53,066)	(53,066)	(5,187)
Disposal of subsidiaries, net of cash disposed	38	9,433	–	(16)	(16)	–
Proceeds from disposal of available-for-sale financial assets	11	–	15,000	103,332	–	–
Dividends received	26	–	–	3,750	3,750	4,500
Interest received	28	14,892	19,520	19,406	9,857	18,946
Net cash used in investing activities		(202,228)	(379,975)	(916,526)	(228,412)	(177,979)

	Note	Year ended 31 December 2009	2010	2011	Six months ended 30 June 2011	2012
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Financing activities						
Proceeds from borrowings		3,840,908	7,354,497	6,830,403	4,008,289	2,025,375
Repayments of borrowings		(2,952,565)	(3,143,270)	(4,422,975)	(2,456,785)	(3,158,673)
(Increase)/decrease in restricted cash relating to financing activities	17	(9,000)	55,000	(206,000)	(43,000)	27,000
(Decrease)/increase in advances included in amounts due to related parties		(157,804)	149,715	–	–	–
Dividends paid		(39,160)	(51,792)	(64,018)	(64,018)	(32,774)
Capital contribution from non-controlling interests		20,000	–	–	–	–
Capital contribution from controlling shareholder		68,292	–	–	–	–
Net cash generated from/(used in) financing activities		770,671	4,364,150	2,137,410	1,444,486	(1,139,072)
Net increase/(decrease) in cash and cash equivalents		1,134,140	1,786,535	270,309	(1,345,677)	(680,222)
Cash and cash equivalents at beginning of the year/period		1,030,574	2,164,714	3,951,249	3,951,249	4,221,558
Cash and cash equivalents at end of the year/period	17	2,164,714	3,951,249	4,221,558	2,605,572	3,541,336

II NOTES TO THE FINANCIAL INFORMATION

1 General information and group reorganisation

(a) General information

Future Land Development Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 23 April 2010 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of its registered office is Scotia Centre, 4th Floor, George Town, Grand Cayman KY1-1112, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together with the Company, referred to as "**the Group**") are principally engaged in property development business (the "**Listing Business**") in the People's Republic of China (the "**PRC**"). The ultimate holding company of the Company is First Priority Group Limited. The ultimate controlling party of the Group is Mr. Wang Zhenhua ("**Mr. Wang**" or the "**Controlling Shareholder**").

(b) Group reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the "**Reorganisation**") as described below, the Listing Business was operated through Future Land Holdings Co., Ltd. ("**Future Land Holdings**"), Changzhou Wealth Zone Development Co., Ltd. ("**Changzhou Wealth Zone**") and their subsidiaries. Both Future Land Holdings and Changzhou Wealth Zone were incorporated in the PRC and are ultimately controlled by Mr. Wang.

Pursuant to the Reorganisation, the Listing Business was transferred to the Company principally through the following processes:

(a) In November and December 2009, the Group underwent a series of transactions to delineate all non-property related businesses ("**Non-listing Business**") through the following steps:

i. Future Land Holdings was legally divided into two companies, namely Future Land Holdings and Jiangsu Future Land Kechuang Real Estate Co., Ltd. on 30 November 2009 (the "**First Demerger**"), and Jiangsu Future Land Kechuang Real Estate Co., Ltd. was renamed as Jiangsu Future Land Enterprise Group ("**Jiangsu Enterprise**") in March 2010. Upon completion of the First Demerger, the operating assets, liabilities, direct revenue, operating expenses and companies that were unrelated to the Listing Business, which primarily include capital investments, and a film and entertainment business, were transferred to Jiangsu Enterprise which is also ultimately controlled by Mr. Wang. Future Land Holdings has continued to be the holding company of the Listing Business.

ii. In December 2009, Jiangsu Future Land Investments Development Co., Ltd. ("**Jiangsu Investments**"), a PRC registered holding company of Future Land Holdings and ultimately controlled by Mr. Wang, was legally divided into two companies, namely Jiangsu Investments and Jiangsu Future Land Lanke Real Estate Co., Ltd. ("**Future Land Lanke**") (the "**Second Demerger**"). Upon the completion of the Second Demerger, Future Land Holdings remained as a subsidiary of Jiangsu Investments while Jiangsu Enterprise became a subsidiary of Future Land Lanke.

(b) In March 2010, Changzhou Wealth Zone legally merged with Jiangsu Investments into one company under the name of Changzhou Wealth Zone. Upon the completion of the merger, Changzhou Wealth Zone became the holding company of the Listing Business in the PRC, which was controlled by Mr. Wang via Wealth Zone Hong Kong Investments Ltd. ("**Wealth Zone Hong Kong**").

(c) In April 2010, the Company was incorporated with an authorised share capital of 50,000 shares at par value of US$1 each ("**US$ share**"). Upon its incorporation, 1 US$ share was allotted and issued to the initial subscriber credited as fully paid. It became a wholly owned subsidiary of Wealth Zone Hong Kong through a series of transactions.

(d) In June 2010, Wealth Zone Hong Kong and the Company entered into an equity transfer agreement, under which, Wealth Zone Hong Kong transferred all its entire 93.78% equity interest in Changzhou Wealth Zone and thus the Listing Business to the Company. In May 2011, the equity transfer was settled by issuance of 4,420 new shares of the Company at a par value of US$1.00 each. Upon the completion of the transaction, the Company became the holding company of the Listing Business of the Group and continued to be a wholly owned subsidiary of Wealth Zone Hong Kong.

(e) In July 2011, the Company and Hong Kong Achievement Development Limited ("**HK Achievement**"), a subsidiary of the Company, entered into an equity transfer agreement to transfer 93.78% equity interest held by the Company in Changzhou Wealth Zone to HK Achievement. The equity transfer was settled by way of issuance of new shares in HK Achievement to the Company and was completed on 15 August 2011.

(f) In September 2011, pursuant to the resolution passed by Wealth Zone Hong Kong, the issued shares of the Company was increased to an aggregate of 4,250,000,000 shares through the following steps:

i. The authorised share capital of the Company was re-denominated from US$50,000 to the aggregate of US$50,000 and HK$10,000,000 by the creation of an additional 10,000,000,000 shares at par value of HK$0.001 each ("**HK$ share**"). 34,483,800 HK$ shares were allotted and issued to Wealth Zone Hong Kong and 4,421 US$ shares held by Wealth Zone Hong Kong were repurchased with the proceeds received from the issue of the 34,483,800 HK$ shares. Immediately after the repurchase of the US$ shares, the authorised but unissued share capital of the Company was reduced by the cancellation of 50,000 US$ shares.

ii. An additional 4,034,466,200 HK$ shares were allotted and issued to Wealth Zone Hong Kong for cash consideration of HK$4,034,466.2, which were credited as fully paid. As a result, Wealth Zone Hong Kong held an aggregate of 4,068,950,000 HK$ shares in the Company.

iii. A pre-IPO share award scheme (Note 19) was adopted, pursuant to which the Company issued a total of 181,050,000 HK$ shares.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to the periods presented, unless otherwise stated.

2.1 Basis of preparation

As set out in Note 1 above, the Reorganisation involved the demerging of entities as described in Note 1(b)(a) and the combining of a number of entities engaged in the Listing Business that were under the control of Mr. Wang (the "**Consolidated Entities**"). During the demerging process, assets, liabilities, revenues and expenses were specifically identified between Listing and Non-listing Business as if the demergers had taken place on 1 January 2009 or such later date when they became controlled by Mr. Wang. The Financial Information has not included the assets, liabilities and results of the operations that were unrelated to the Listing Business and were not transferred to the Company pursuant to Reorganisation as described in Note 1(b) above, on the basis that these assets, liabilities, revenue, operating expenses and companies are engaged in dissimilar businesses from that of the Group, have separate management personnel and accounting records and have been financed and operated historically as if they were autonomous. The combination of a number of entities engaged in the Listing Business was accounted for using merger accounting, to reflect the reorganisation of the businesses held under common control, as all the companies comprising the Group were ultimately controlled by Mr. Wang throughout or at some point in time during the periods presented.

The Financial Information presents the financial position, results and cash flows of the companies comprising the Group as if the current group structure of the Listing Business had been in existence since 1 January 2009, or if established after 1 January 2009, the later of their respective dates of establishment or the dates when they became controlled by Mr. Wang.

The net assets of the Consolidated Entities are consolidated using the existing book values from the Controlling Shareholder's perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time the Reorganisation took place.

The Financial Information has been prepared in accordance with the Hong Kong Financial Reporting Standards (the "**HKFRSs**") under the historical cost convention as modified by the revaluation of available-for-sale financial assets and investment properties, which are carried at fair value.

The preparation of the Financial Information in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 5.

The Financial Information is presented in thousands of Renminbi ("**RMB**") unless otherwise stated.

Up to the date of issue of this report, the HKICPA has issued the following new standards, amendments and interpretations which are relevant to the Group's operations but are not yet effective for the annual accounting period beginning on 1 January 2012 and which have not been early adopted by the Group:

HKAS1 (Amendments)	Presentation of Financial Statements (effective for annual periods beginning on or after 1 July 2012)
HKFRS7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013)
HKAS19 (Revised 2011)	Employee Benefits (effective for annual periods beginning on or after 1 January 2013)
HKFRS9	Financial Instruments (effective for annual periods beginning on or after 1 January 2015)
HKFRS10	Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013)
HKFRS11	Joint Arrangements (effective for annual periods beginning on or after 1 January 2013)
HKFRS12	Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2013)
HKFRS13	Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013)
HKAS27 (Revised 2011)	Separate Financial Statements (effective for annual periods beginning on or after 1 January 2013)
HKAS28 (Revised 2011)	Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2013)

The management is in the process of assessing the impact of these standards, amendments and interpretations on the Financial Information of the Group. The adoption of the above is currently not expected to have a material impact on the Financial Information of the Group other than disclosure changes.

2.2 Subsidiaries

2.2.1 Consolidation

The Financial Information incorporated the assets and liabilities of all subsidiaries of the Company as at 31 December 2009, 2010 and 2011 and 30 June 2012, and the results of all subsidiaries for the relevant years and period then ended, presented on the basis of preparation as described in Note 2.1.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise from circumstances such as enhanced minority rights or contractual terms between shareholders, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group (or to the Controlling Shareholder under merger accounting). They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of financial position, consolidated statements of income, consolidated statements of comprehensive income and consolidated statements of changes in equity respectively.

(i) Business combinations

The Group applies the acquisition method as described below to account for business combinations, except for the Reorganisation which has been accounted for as stated in Note 2.1 above.

The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred to former owners of the acquiree and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share in the recognised amounts of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the identifiable net assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in statements of income.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

In the Company's statements of financial position, the investments in subsidiaries are stated at cost less impairment (Note 16). Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associates

Associates or associated companies are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill (net of any accumulated impairment loss) identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statements of income, and its share of post-acquisition movement in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the statements of income.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Mr. Wang who makes strategic decisions.

Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic decisions.

2.5 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). Since the majority of the assets and operations of the Group are located in the PRC, the Financial Information is presented in RMB, which is the functional currency of the Company and the presentation currency of the Group.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statements of income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position of the companies now comprising the Group are translated at the closing date of that statement of financial position;

(b) income and expenses for each statement of income and statement of comprehensive income of the companies now comprising the Group are translated at average exchange rate; and

(c) all resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

2.6 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statements of income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs less their residual values over their estimated useful lives, as follows:

– Buildings	35 years
– Motor vehicles	5-10 years
– Furniture, fittings and equipment	5-10 years
– Leasehold improvements	3-5 years

The assets' residual value and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised as "Other gains/(losses) – net" in the statements of income.

2.7 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property comprises land held under operating leases and buildings owned by the Group. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. In this case, the operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Changes in fair value are recognised in the consolidated statement of income.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are performed at balance sheet date by external valuers.

Property under construction is measured at fair value if the fair value is considered to be reliably measurable. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed, whichever is earlier. Any difference between the fair value of the property at that date and its then carrying amount shall be recognised in the consolidated statements of income. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised as a revaluation of property, plant and equipment under HKAS 16. An increase arising from revaluation is recognised in other comprehensive income and accumulated in equity but to the extent that the increase reverses a previous impairment loss for the same property, it is recognised in profit and loss. On subsequent disposal, the revaluation surplus included in equity is transferred directly to retained earnings.

2.8 Intangible assets

Trademarks

Trademarks of the Group are separately acquired trademarks which are shown at historical cost. They have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 10 years.

Computer software

Computer software of the Group comprises acquired computer software which is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years.

2.9 Impairment of investments in subsidiaries, associates and non-financial assets

Assets that have an indefinite useful life or have not yet been available for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

Impairment testing of investments in subsidiaries or associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary or associate in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.10 Properties held or under development for sale

Properties held or under development for sale are included in current assets at the lower of cost and net realisable value. The costs of properties held or under development consist of costs of leasehold land, construction expenditure, capitalised borrowing costs and other direct costs incurred during the development period. The costs of properties held are determined by apportionment of the total development costs for that development project attributable to the unsold properties. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

2.11 Land use rights

All land in the PRC is stated-owned or collectively-owned and no individual ownership right exists. Land use rights are acquired by the Group for development of properties. Land use rights held for development for sale are inventories and measured at lower of cost and net realisable value, of which those within normal operating cycle are classified as current assets and included in properties held or under development for sale, while those out of the normal operating cycle are classified as non-current assets. Land use rights fall within investment properties are classified as investment properties (Note 2.7).

2.12 Financial assets

2.12.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Group only had financial assets classified as "loans and receivables" and "available for sale" during the periods presented.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets. The Group's loans and receivables comprise certain items in "Trade and other receivables and prepayments" and bank deposits included in "cash and cash equivalents" and "restricted cash" in the statements of financial position (Note 15 and Note 17).

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

2.12.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statements of income.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statements of income as part of other income. Dividends on available-for-sale equity instruments are recognised in the statements of income as part of other income when the Group's right to receive payments is established.

2.12.3 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "**loss event**") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.12.4 Derecognition of financial assets

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

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

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

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

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.14 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated statements of income.

When a trade or other receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited to the consolidated statements of income.

Trade and other receivables are included in current assets, except for those maturing more than twelve months after the reporting period (or out of the normal operating cycle of the business if longer) which are classified as non-current assets.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within twelve months after the reporting period (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statements of income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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

2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statements of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.20 Employee benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to a certain ceiling.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

2.21 Share-based payments

The Group operates an equity-settled pre-IPO share award scheme, under which the Group receives services from employees and certain former employees, officers and business partners as consideration for equity instruments (awards) of the Company. The fair value of the employee and certain former employees, officers and business partners services received in exchange for the grant of the shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the shares granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Non-market performance vesting conditions are included in assumptions about the number of shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the non-market performance vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of income, with a corresponding adjustment to equity.

The grant by the Company of its shares to the employees of subsidiaries in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity in the parent entity accounts.

2.22 Provisions and contingent liabilities

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the Financial Information. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.23 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of properties and services in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts and after eliminated sales within the Group. Revenue is recognised as follows:

(i) Sales of properties

Revenue from sales of properties is recognised when the risks and rewards of the properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales agreement and collectibility of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statements of financial position under current liabilities.

(ii) Rental income

Rental income from properties being let under operating leases is recognised on a straight line basis over the lease terms.

(iii) Service income

Revenue from services is recognised when services have been provided, total amount of revenue and costs can be estimated reliably and the collectibility of the related receivables is reasonably assured.

(iv) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.24 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the statements of income over the period necessary to match them with the costs they are intended to compensate. Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to an entity within the Group with no future related costs are recognised as income of the period in which they become receivable.

2.25 Financial guarantee liabilities

The Group provides financial guarantees for certain property purchasers on mortgage facilities with banks.

Financial guarantee liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such contracts are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

Financial guarantee liabilities are derecognised from the statements of financial position when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

2.26 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statements of income on a straight-line basis over the period of the lease.

2.27 Dividend distribution

Dividend distribution is recognised as a liability in the Company's financial statements in the period in which the dividends are properly approved and declared.

2.28 Subsequent events

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period ("**adjusting events**") are reflected in the Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1 Market risk

(i) Foreign exchange risk

The Group is engaged in the development, sale and management of properties solely in the PRC with almost all transactions denominated in RMB. In addition, the majority of the Group's assets and liabilities are denominated in RMB. Accordingly, the Group is not exposed to significant foreign currency risk.

(ii) Price risk

The Group is exposed to price risk because of investments held by the Group and classified on the consolidated statements of financial position as available-for-sale financial assets.

In the opinion of the directors, the Group's exposure to price risk with regard to its investments is not significant since it is the Group's policy not to invest significant amounts that might have a detrimental impact to the Group's financial results. All investments must be approved by the senior management team before they may be entered into.

The following table summarises other comprehensive income increase/decrease as a result of gains/losses on equity securities classified as available for sale if the fair value of the securities increase/decrease by 5%.

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
– 5 percent higher	–	5,850	5,850	5,850	6,045
– 5 percent lower	–	(5,850)	(5,850)	(5,850)	(6,045)

(iii) Cash flow and fair value interest rate risk

Except for cash deposits in the bank, the Group has no other significant interest-bearing assets.

The Group's exposure to changes in interest rates is mainly attributable to its borrowings from bank and non-bank financial institutions. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The Group has not hedged its cash flow or fair value interest rate risk. The interest rate and terms of repayments of borrowings are disclosed in Note 21.

Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly.

As at 31 December 2009, 2010 and 2011 and 30 June 2012, if interest rates on borrowings at floating rates had been 50 basis points higher/lower with all other variables held constant, the post-tax profit and capitalised interest for the years ended 31 December 2009, 2010 and 2011, and 30 June 2011 and 2012 would have changed as follows:

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Post-tax profit increase/(decrease)					
– 50 basis points higher	(2,040)	(4,785)	(488)	(1,741)	(3,281)
– 50 basis points lower	2,040	4,785	488	1,741	3,281
Capitalised interest increase/ (decrease)					
– 50 basis points higher	10,305	15,040	29,427	9,926	25,586
– 50 basis points lower	(10,305)	(15,040)	(29,427)	(9,926)	(25,586)

3.2 Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of bank deposits and trade and other receivables included in the consolidated statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

Cash transactions are limited to high-credit-quality financial institutions. The table below shows the bank deposit balances as at 31 December 2009, 2010 and 2011 and 30 June 2012:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Counter party				
Deposits in the four major state-owned banks of the PRC	2,054,977	2,624,020	3,482,973	3,192,803
Deposits in other listed banks of the PRC	257,183	1,358,455	778,222	703,469
Deposits in other banks	20,059	79,975	261,002	163,022
	2,332,219	4,062,450	4,522,197	4,059,294

Management does not expect any losses from non-performance of these counterparties.

The Group has policies in place to ensure that sales of properties are made to buyers with an appropriate financial strength and appropriate percentage of down payment. Meanwhile, the Group has the right to cancel the sales contract in the event that the buyers default in payment, and put the underlying properties back to the market for re-sale. Therefore, the credit risk from sales of properties is limited.

Other receivables mainly comprise receivables from related parties and deposits made in the ordinary course of business. The Group closely monitors these other receivables to ensure actions are taken to recover these balances in the case of any risk of default.

3.3 Liquidity risk

Management of the Group aims to maintain sufficient cash through internally generated sales proceeds and an adequate amount of committed credit facilities to meet its operation needs and commitments in respect of property projects.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2009				
Borrowings, principal (Note 21)	1,317,000	2,090,420	920,000	4,327,420
Interest payments on borrowings	304,910	186,499	16,859	508,268
Trade and other payables (excluding taxes payable)	2,465,121	–	–	2,465,121
Dividends payable	15,706	–	–	15,706
Guarantees in respect of mortgaged facilities granted to purchasers of the Group's properties (Note 36)	1,834,077	786,825	–	2,620,902
	5,936,814	3,063,744	936,859	9,937,417
As at 31 December 2010				
Borrowings, principal (Note 21)	3,518,000	3,122,250	1,876,000	8,516,250
Interest payments on borrowings	615,792	295,878	90,473	1,002,143
Trade and other payables (excluding taxes payable)	4,113,410	–	–	4,113,410
Dividends payable	38,605	–	–	38,605
Guarantees in respect of mortgaged facilities granted to purchasers of the Group's properties (Note 36)	2,917,882	999,167	–	3,917,049
	11,203,689	4,417,295	1,966,473	17,587,457

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2011				
Borrowings, principal (Note 21)	4,253,200	3,671,200	2,978,000	10,902,400
Interest payments on borrowings	892,543	595,939	164,102	1,652,584
Trade and other payables (excluding taxes payable)	6,426,631	–	–	6,426,631
Dividends payable	805	–	–	805
Guarantees in respect of mortgaged facilities granted to purchasers of the Group's properties (Note 36)	3,661,850	308,901	–	3,970,751
	15,235,029	4,576,040	3,142,102	22,953,171
As at 30 June 2012				
Borrowings, principal (Note 21)	4,683,265	2,669,000	2,397,500	9,749,765
Interest payments on borrowings	652,443	314,853	207,034	1,174,330
Trade and other payables (excluding taxes payable)	7,547,737	–	–	7,547,737
Dividends payable	805	–	–	805
Guarantees in respect of mortgaged facilities granted to purchasers of the Group's properties (Note 36)	5,802,446	–	–	5,802,446
	18,686,696	2,983,853	2,604,534	24,275,083

Note: The interest on borrowings is calculated based on borrowings held as at 31 December 2009, 2010 and 2011 and 30 June 2012. Floating-rate interests are estimated using the current interest rate as at 31 December 2009, 2010 and 2011 and 30 June 2012, respectively.

Due to dynamic nature of the underlying business, the management of the Group is closely monitoring the risk of the liquidity and takes the following actions to manage the liquidity risk:

i) prepares annual cash flow forecast and updates such forecast on a monthly basis to reflect the latest changes and monitor the liquidity risk closely;

ii) maintains strategic cooperation with major banks and other financial institutions to secure credit facilities where appropriate;

iii) continues to obtain longer term financing facilities, mainly project bank loans with pledge of the Group's properties under development, or other resources of funding which the Group considers appropriate;

iv) proactively promotes the sales of the Group's completed properties and pre-sales of properties under development. The Group also considers the flexibility of adjusting the price and volume on sale of properties for management of liquidity risk.

3.4 Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as total equity, as shown in the consolidated statements of financial position, plus net debt.

The gearing ratios at 31 December 2009, 2010 and 2011 and 30 June 2012 were as follows:

	As at 31 December			30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings	4,247,908	8,459,135	10,866,563	9,733,265
Less: Cash and cash equivalents	(2,164,714)	(3,951,249)	(4,221,558)	(3,541,336)
Net debt	2,083,194	4,507,886	6,645,005	6,191,929
Total equity	2,782,424	3,753,274	5,201,949	5,544,893
Total capital	4,865,618	8,261,160	11,846,954	11,736,822
Gearing ratio	43%	55%	56%	53%

4 Fair value estimation

Effective 1 January 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the statements of financial position at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The available-for-sale financial assets of the Group are measured at fair value by level 3.

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2009, 2010 and 2011 and 30 June 2012 respectively:

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale financial assets				
31 December 2009	–	–	15,000	15,000
31 December 2010	–	–	156,000	156,000
31 December 2011	–	–	156,000	156,000
30 June 2012	–	–	161,187	161,187

The changes in level 3 instruments for each of the years 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012 are presented in Note 11.

5 Critical accounting estimates and judgements

Estimates and judgements 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. The management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

5.1 Development costs directly attributable to property development activities

The Group allocates portions of land and development costs to properties held and under development for sale. As certain of the Group's property development projects are developed and completed by phases, the budgeted development costs of the whole project are dependent on the estimate on the outcome of total development. Based on the experience and the nature of the development undertaken, the management makes estimates and assumptions concerning the future events that are believed to be reasonable under the circumstances. Given the uncertainties involved in the property development activities, the related actual results may be higher or lower than the amount estimated at the end of the reporting period. Any change in estimates and assumptions would affect the Group's operating performance in future years.

5.2 Provision for impairment of properties held or under development for sale

The management makes provision for impairment of properties held or under development for sale based on the estimate of the recoverable amount of the properties. Given the volatility of the property market in the PRC, the actual recoverable amount may be higher or lower than the estimate made as at the end of the reporting period. Any increase or decrease in the provision would affect the Group's operating performance in future years.

5.3 Land appreciation tax of the PRC

The Group is subject to land appreciation tax in the PRC. However, since the implementation and settlement of the tax varies among various tax jurisdictions in cities of the PRC, significant estimate is required in determining the amount of the land appreciation tax. The Group recognises the land appreciation tax based on management's best estimates according to its understanding of the interpretation of tax rules by various tax authorities. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the current income tax and the deferred income tax provision in the periods in which such taxes have been finalised with local tax authorities.

5.4 Current and deferred income tax

The Group is subject to corporate income tax in the PRC. Significant judgement is required in determining the provision for corporate income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that we initially recorded, such difference will impact the current income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

5.5 Fair value of investment properties

The best evidence of fair value is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, the management determines the amount within a range of reasonable fair value estimates. In making its estimate, the management considers information from a variety of sources including:

(i) Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) Discounted cash flow projections based on reliable estimates of future cash flows, derived from the term of any existing lease and other contract and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessment of the uncertainty in the amount and timing of the cash flows.

For investment properties under construction, the Group adopted investment approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan. For completed investment properties, valuations were based on investment approach and by reference to comparable price in an active market.

The investment properties under construction comprise a portion of commercial properties of Injoy International Plaza ("**IP1**") and a portion of Phase I of Injoy Plaza ("**IP2**"), both located in Changzhou, Jiangsu Province, the PRC. IP2 was completed in March 2012. Total gross floor area of IP1 and IP2 are 100,600 square meters and 166,227 square meters respectively.

Major data used in the valuation of investment properties under construction and completed investment properties are as follows:

	IP1			
	31 December 2009	31 December 2010	31 December 2011	30 June 2012
Rental rates (RMB/square meter/day)	3.60	3.78	3.79	3.75
Yield rate	6.50%	6.50%	6.50%	6.50%
Capital value if completed (RMB'000)	1,636,000	1,706,000	1,698,000	1,686,000
Construction costs incurred, excluding capitalised interest (RMB'000)	3,785	115,793	260,527	415,830
Construction costs to incur (RMB'000)	549,226	437,218	294,851	156,861
Estimated completion date	End of 2012	End of 2012	End of 2012	End of 2012

	IP2		
	31 December 2010	31 December 2011	30 June 2012
Rental rates (RMB/square meter/day)	1.96	2.04	2.04
Yield rate	6.50%	6.50%	6.50%
Capital value if completed (RMB'000)	1,459,000	1,552,000	1,523,000
Construction costs incurred, excluding capitalised interest (RMB'000)	35,719	576,955	N/A
Construction costs to incur (RMB'000)	521,415	11,775	N/A
Completion date	Early 2012	Early 2012	Early 2012

The rental rates were estimated depending on the actual location, type and quality of the properties, and taking into account market data and projections at the valuation date. The Group considers the market data when estimating the yield rate. Construction costs incurred are based on the actual costs incurred as reflected in the accounting records, while the construction costs to incur are based on the most updated budget for the construction of the properties.

Were the rental rates, yield rate and the construction costs to incur assumed to increase or decrease by 10% from management's estimate, the carrying amount of investment properties as at 31 December 2009, 2010 and 2011 and 30 June 2012 would have changed as follows:

	31 December 2009	31 December 2010	31 December 2011	30 June 2012
	RMB'000	RMB'000	RMB'000	RMB'000
Investment properties increase/(decrease)				
– 10 percent rental rates higher	109,000	217,000	269,000	246,000
– 10 percent rental rates lower	(108,000)	(218,000)	(260,000)	(250,000)
Investment properties increase/(decrease)				
– 10 percent yield rate used higher	(77,000)	(156,000)	(183,000)	(197,000)
– 10 percent yield rate used lower	88,000	176,000	217,000	220,000
Investment properties increase/(decrease)				
– 10 percent construction costs to incur higher	(51,000)	(90,000)	(25,000)	(16,000)
– 10 percent construction costs to incur lower	52,000	90,000	34,000	15,000

5.6 Consolidation of project companies with legal equity interests less than 50%

As stated in Note 21 and Note 40, the Group entered into a number of trust financing arrangements with trust financing companies in the form of transferring equity interests of or issuing new shares of the project companies to the trust financing companies with repurchase obligation at a fixed amount in a future date. Under certain circumstances with these arrangements, the Group holds legal equity interests or board seats at less than 50%. Significant judgement is required in determining whether these project companies shall be consolidated.

The operation environment and structure of the project companies require that all the major financial and operating policies are determined before trust financing arrangements are entered into. The project companies may not deviate from its approved purpose and design in any material respect. At the same time, according to various legal documents, including the articles of association of the project companies, trust financing arrangement contracts, framework agreements and other agreements with the trust financing companies, the Group retains the power to operate and manage the project companies in the ordinary course of business and the day-to-day management of the project companies. The board seats and the veto/unilateral rights held by the trust financing companies are considered as a protection to safeguard the creditor's rights.

In addition, pursuant to the trust financing arrangements, the Group has the obligation to repurchase the equity interest from the trust financing companies for fixed amounts upon termination or expiry of the relevant trust financing arrangements. In light of such obligation to repurchase, the instruments are classified as debt. Accordingly, the trust financing companies are only entitled to pre-determined fixed return as specified in the trust agreements, while the Group is entitled to majority beneficiary interests and bears risks from the operation of the relevant project companies.

Considering the fact that the substance of these trust financing arrangements is collateralized borrowings and that the Group retains the practical ability to govern the financial and operating policies of these project companies so as to obtain benefits from activities of the project companies, the directors of the Company are of the view that the project companies shall be consolidated into the Group's financial statements.

6 Segment information

Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic decisions. The chairman, Mr. Wang has been identified as the CODM.

The Group manages its business by two operating segments, which is consistent with the way in which information is reported internally to the Group's CODM for the purpose of resources allocation and performance assessment. No operating segments have been aggregated to form the following reportable segments.

- Jiangsu Future Land Co., Ltd., a company listed on the Shanghai Stock Exchange with domestically listed foreign investment shares (the "**B share company**").

- Property projects not within the B share company (the "**Non-B share companies**")

The B share company is mainly engaged in development of residential properties, while the Non-B share companies are mainly engaged in development of mixed-use complexes. All the property development projects are in the PRC and accordingly majority of the revenue of the Group are derived from the PRC and most of the assets are located in the PRC.

The CODM assesses the performance of the operating segments based on a measure of revenue and profit before income tax and fair value gains on investment properties. The measurement basis excludes the effects of income tax expense and fair value gains on investment properties.

Group

	Year ended 31 December 2009				
	B share company	Non-B share companies	Total segment	Elimination	Total Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	5,452,680	350,595	5,803,275	–	5,803,275
Segment profit before fair value gains on investment properties and income tax expense	888,767	98,910	987,677	(2,161)	985,516
Finance income	11,467	3,425	14,892	–	14,892
Finance costs	(78,209)	(12,314)	(90,523)	–	(90,523)
Depreciation and amortisation	(4,712)	(3,296)	(8,008)	–	(8,008)

A reconciliation to profit for the year is as follows:

Total segment profits before fair value gains on investment properties and income tax expense after elimination	985,516
Fair value gains on investment properties	377,994
Income tax expense	(510,691)
Profit for the year	852,819

	As at 31 December 2009				
Segment assets	13,813,428	3,006,086	16,819,514	–	16,819,514
Segment assets include:					
Investments in associates	–	–	–	–	–
Additions to non-current assets (other than financial instruments and deferred tax assets)	5,027	226,227	231,254	–	231,254
Segment liabilities	11,438,355	2,598,735	14,037,090	–	14,037,090

Group

	Year ended 31 December 2010				
	B share company	Non-B share companies	Total segment	Elimination	Total Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	6,684,251	937,123	7,621,374	–	7,621,374
Segment profit before fair value gains on investment properties and income tax expense	1,111,592	269,458	1,381,050	(26,108)	1,354,942
Finance income	14,682	4,838	19,520	–	19,520
Finance costs	(55,194)	(106,220)	(161,414)	–	(161,414)
Depreciation and amortisation	(5,338)	(2,820)	(8,158)	–	(8,158)

A reconciliation to profit for the year is as follows:

Total segment profits before fair value gains on investment properties and income tax expense after elimination	1,354,942
Fair value gains on investment properties	443,201
Income tax expense	(747,047)
Profit for the year	1,051,096

	As at 31 December 2010				
Segment assets	22,989,482	5,156,586	28,146,068	–	28,146,068
Segment assets include:					
Investments in associates	10,000	–	10,000	–	10,000
Additions to non-current assets (other than financial instruments and deferred tax assets)	18,792	295,596	314,388	–	314,388
Segment liabilities	20,063,430	4,329,364	24,392,794	–	24,392,794

Group

	Year ended 31 December 2011				
	B share company	Non-B share companies	Total segment	Elimination	Total Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	9,222,245	1,549,072	10,771,317	(4,063)	10,767,254
Segment profit before fair value gains on investment properties and income tax expense	1,918,753	230,478	2,149,231	(37,509)	2,111,722
Finance income	11,690	7,716	19,406	–	19,406
Finance costs	(60,249)	(94,299)	(154,548)	–	(154,548)
Depreciation and amortisation	(9,456)	(8,486)	(17,942)	–	(17,942)

A reconciliation to profit for the year is as follows:

Total segment profits before fair value gains on investment properties and income tax expense after elimination	2,111,722
Fair value gains on investment properties	273,493
Income tax expense	(941,284)
Profit for the period	1,443,931

	As at 31 December 2011				
Segment assets	28,974,355	7,929,836	36,904,191	(3,825)	36,900,366
Segment assets include:					
Investments in associates	235,000	–	235,000	–	235,000
Additions to non-current assets (other than financial instruments and deferred tax assets)	80,641	848,749	929,390	–	929,390
Segment liabilities	24,946,726	6,755,516	31,702,242	(3,825)	31,698,417

Group

	Six months ended 30 June 2011 (unaudited)				
	B share company	**Non-B share companies**	**Total segment**	**Elimination**	**Total Group**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Segment revenue	2,641,050	300,893	2,941,943	–	2,941,943
Segment profit/(loss) before fair value gains on investment properties and income tax expense	544,361	(60,526)	483,835	–	483,835
Finance income	5,318	4,539	9,857	–	9,857
Finance costs	(47,914)	(59,593)	(107,507)	–	(107,507)
Depreciation and amortisation	(7,259)	(914)	(8,173)	–	(8,173)

A reconciliation to profit for the period is as follows:

Total segment profits before fair value gains on investment properties and income tax expense after elimination	483,835
Fair value gains on investment properties	271,353
Income tax expense	(296,832)
Profit for the year	458,356

	As at 30 June 2011 (unaudited)				
Segment assets	26,314,200	6,828,708	33,142,908	–	33,142,908
Segment assets include:					
Investments in associates	15,000	–	15,000	–	15,000
Additions to non-current assets (other than financial instruments and deferred tax assets)	75,675	343,644	419,319	–	419,319
Segment liabilities	23,071,248	5,886,248	28,957,496	–	28,957,496

Group

	Six months ended 30 June 2012				
	B share company	Non-B share companies	Total segment	Elimination	Total Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	3,619,127	130,066	3,749,193	(2,121)	3,747,072
Segment profit/(loss) before fair value gains on investment properties and income tax expense	769,025	(51,158)	717,867	(46,886)	670,981
Finance income	16,236	2,710	18,946	–	18,946
Finance costs	(25,646)	(31,868)	(57,514)	–	(57,514)
Depreciation and amortisation	(8,053)	(2,997)	(11,050)	–	(11,050)
Share of results of an associated company	(1,896)	–	(1,896)	–	(1,896)

A reconciliation to profit for the period is as follows:

Total segment profits before fair value gains on investment properties and income tax expense after elimination	670,981
Fair value gains on investment properties	1,084
Income tax expense	(319,434)
Profit for the period	352,631

	As at 30 June 2012				
Segment assets	30,570,198	9,707,375	40,277,573	(13,295)	40,264,278
Segment assets include:					
Investments in associates	233,104	–	233,104	–	233,104
Additions to non-current assets (other than financial instruments and deferred tax assets)	9,128	224,263	233,391	–	233,391
Segment liabilities	26,162,072	8,570,608	34,732,680	(13,295)	34,719,385

7 **Property, plant and equipment**

Group	Buildings	Motor vehicles	Furniture, fittings and equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2009					
Cost	35,260	23,971	12,325	4,493	76,049
Accumulated depreciation	(5,202)	(11,253)	(5,780)	(2,046)	(24,281)
Net book value	30,058	12,718	6,545	2,447	51,768
Year ended 31 December 2009					
Opening net book amount	30,058	12,718	6,545	2,447	51,768
Additions	–	785	3,462	2,275	6,522
Disposals	–	(196)	(236)	–	(432)
Depreciation charge (Note 27)	(2,157)	(1,895)	(2,150)	(1,283)	(7,485)
Closing net book amount	27,901	11,412	7,621	3,439	50,373
At 31 December 2009					
Cost	35,110	23,546	14,462	6,768	79,886
Accumulated depreciation	(7,209)	(12,134)	(6,841)	(3,329)	(29,513)
Net book value	27,901	11,412	7,621	3,439	50,373
Year ended 31 December 2010					
Opening net book amount	27,901	11,412	7,621	3,439	50,373
Additions	–	12,901	4,658	2,216	19,775
Disposals	(15,862)	(1,413)	(820)	–	(18,095)
Depreciation charge (Note 27)	(494)	(2,803)	(2,818)	(1,544)	(7,659)
Closing net book amount	11,545	20,097	8,641	4,111	44,394
At 31 December 2010					
Cost	15,430	30,669	14,179	8,984	69,262
Accumulated depreciation	(3,885)	(10,572)	(5,538)	(4,873)	(24,868)
Net book value	11,545	20,097	8,641	4,111	44,394
Year ended 31 December 2011					
Opening net book amount	11,545	20,097	8,641	4,111	44,394
Transferred from properties held or under development for sale	46,013	–	–	25,652	71,665
Additions	–	2,984	13,791	4,985	21,760
Disposals	(1,102)	(1,968)	(1,083)	–	(4,153)
Depreciation charge (Note 27)	(1,206)	(3,006)	(4,028)	(8,410)	(16,650)
Closing net book amount	55,250	18,107	17,321	26,338	117,016
At 31 December 2011					
Cost	59,805	28,983	27,104	39,621	155,513
Accumulated depreciation	(4,555)	(10,876)	(9,783)	(13,283)	(38,497)
Net book value	55,250	18,107	17,321	26,338	117,016

Group	Buildings	Motor vehicles	Furniture, fittings and equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2012					
Opening net book amount	55,250	18,107	17,321	26,338	117,016
Additions	–	598	4,095	4,150	8,843
Disposals	(156)	–	(134)	–	(290)
Depreciation charge (Note 27)	(958)	(1,370)	(2,428)	(5,295)	(10,051)
Closing net book amount	54,136	17,335	18,854	25,193	115,518
At 30 June 2012					
Cost	59,562	29,581	30,998	43,771	163,912
Accumulated depreciation	(5,426)	(12,246)	(12,144)	(18,578)	(48,394)
Net book value	54,136	17,335	18,854	25,193	115,518
(Unaudited)					
Six months ended 30 June 2011					
Opening net book amount	11,545	20,097	8,641	4,111	44,394
Transferred from properties held or under development for sale	42,670	–	–	25,512	68,182
Additions	–	1,374	7,723	3,743	12,840
Disposals	(1,031)	(103)	(965)	–	(2,099)
Depreciation charge (Note 27)	(664)	(2,065)	(2,133)	(3,020)	(7,882)
Closing net book amount	52,520	19,303	13,266	30,346	115,435
At 30 June 2011					
Cost	56,583	31,422	20,873	38,239	147,117
Accumulated depreciation	(4,063)	(12,119)	(7,607)	(7,893)	(31,682)
Net book value	52,520	19,303	13,266	30,346	115,435

Depreciation charges of the Group have all been included in administrative expenses or selling and marketing costs for each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012.

As at 31 December 2009, 2010 and 2011 and 30 June 2012, there are no property, plant and equipment pledged as collateral for borrowings of the Group.

8 Investment properties

	Completed	Under development	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2009	7,700	–	7,700
Additions	–	222,606	222,606
Fair value gains	600	377,394	377,994
At 31 December 2009	8,300	600,000	608,300
Additions	–	291,399	291,399
Fair value gains	600	442,601	443,201
At 31 December 2010	8,900	1,334,000	1,342,900
Additions	–	831,507	831,507
Disposals	(4,700)	–	(4,700)
Fair value gains	–	273,493	273,493
At 31 December 2011	4,200	2,439,000	2,443,200
Additions	–	221,916	221,916
Completion of a project (a)	1,415,390	(1,415,390)	–
Fair value gains	610	474	1,084
At 30 June 2012	1,420,200	1,246,000	2,666,200
(Unaudited)			
At 31 December 2010	8,900	1,334,000	1,342,900
Additions	–	336,647	336,647
Disposals	(4,700)	–	(4,700)
Fair value gains	–	271,353	271,353
At 30 June 2011	4,200	1,942,000	1,946,200

(a) The portion of Phase I of Injoy Plaza was completed in March 2012.

(b) Borrowing costs capitalised in investment properties for each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012 were approximately RMB5,929,000, RMB66,300,000, RMB83,229,000 and RMB36,814,000 respectively.

The capitalisation rates of borrowings were 5.75%, 10.87%, 11.67% and 11.91% for each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012.

All investment properties were revalued at each of the reporting period ends by DTZ Debenham Tie Leung Limited, an independent professional qualified valuer.

For completed properties, valuations were based on either capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary income potential of the properties or on direct comparison approach assuming sale of each of these properties in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market. The following rental income from completed investment properties has been recognised in the statements of income:

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Rental income	450	375	445	75	11,091

For investment properties under construction, valuations were based on investment approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan.

The Group's interests in investment properties at their net book values are analysed as follows:

	As at 31 December			30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
In the PRC, held on:				
Leases of 40 years	600,000	1,334,000	2,439,000	2,662,000
Leases of 70 years	8,300	8,900	4,200	4,200
	608,300	1,342,900	2,443,200	2,666,200

Investment properties with a total carrying amount of RMB593,984,000, RMB837,445,000, RMB852,070,000 and RMB1,248,856,000 as at 31 December 2009, 2010 and 2011 and 30 June 2012 respectively were pledged as collateral for the Group's borrowings (Note 21).

9 Intangible assets

Group	Trademarks	Computer software	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2009			
Cost	800	2,505	3,305
Accumulated amortisation	(427)	(1,156)	(1,583)
Net book amount	373	1,349	1,722
Year ended 31 December 2009			
Opening net book amount	373	1,349	1,722
Additions	–	194	194
Amortisation charge (Note 27)	(80)	(443)	(523)
Closing net book amount	293	1,100	1,393
At 31 December 2009			
Cost	800	2,699	3,499
Accumulated amortisation	(507)	(1,599)	(2,106)
Net book amount	293	1,100	1,393
Year ended 31 December 2010			
Opening net book amount	293	1,100	1,393
Additions	–	1,281	1,281
Amortisation charge (Note 27)	(80)	(419)	(499)
Closing net book amount	213	1,962	2,175
At 31 December 2010			
Cost	800	3,980	4,780
Accumulated amortisation	(587)	(2,018)	(2,605)
Net book amount	213	1,962	2,175
Year ended 31 December 2011			
Opening net book amount	213	1,962	2,175
Additions	–	4,458	4,458
Amortisation charge (Note 27)	(80)	(1,212)	(1,292)
Closing net book amount	133	5,208	5,341

Group	Trademarks	Computer software	Total
	RMB'000	RMB'000	RMB'000
At 31 December 2011			
Cost	800	8,438	9,238
Accumulated amortisation	(667)	(3,230)	(3,897)
Net book amount	133	5,208	5,341
Six months ended 30 June 2012			
Opening net book amount	133	5,208	5,341
Additions	–	2,565	2,565
Amortisation charge (Note 27)	(40)	(959)	(999)
Closing net book amount	93	6,814	6,907
At 30 June 2012			
Cost	800	10,349	11,149
Accumulated amortisation	(707)	(3,535)	(4,242)
Net book amount	93	6,814	6,907
(Unaudited)			
Six months ended 30 June 2011			
Opening net book amount	213	1,962	2,175
Additions	–	1,647	1,647
Amortisation charge (Note 27)	(40)	(251)	(291)
Closing net book amount	173	3,358	3,531
At 30 June 2011			
Cost	800	5,627	6,427
Accumulated amortisation	(627)	(2,269)	(2,896)
Net book amount	173	3,358	3,531

Amortisation charges of the Group have all been included in administrative expenses for each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012.

10 Investments in associates – Group

Group

	Year ended 31 December			Six months ended 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Opening balance	–	–	10,000	235,000
Investment in Shanghai Lan Tian Business Development Property Co., Ltd. ("**Shanghai Lan Tian**") (a)	–	10,000	–	–
Investment in Shanghai Wan Zhi Cheng Real Estate Development Co., Ltd. ("**Shanghai Wan Zhi Cheng**") (b)	–	–	225,000	–
Share of results	–	–	–	(1,896)
Ending balance	–	10,000	235,000	233,104

(a) Shanghai Lan Tian was established on 4 August 2010. The Group owns 20% of equity interest in this company.

The Group's interests in Shanghai Lan Tian as of and for the years ended 31 December 2010 and 2011 and the six months ended 30 June 2012 are as follows:

	% interests held	Total assets	Total liabilities	Total revenue	Net profit/(loss)
		RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2010	20%	10,018	–	–	18
Year ended 31 December 2011	20%	10,042	–	–	(24)
Six months ended 30 June 2012	20%	10,048	–	–	13

(b) Shanghai Wan Zhi Cheng was established on 29 March 2011. The Group owns 50% of equity interest in this company.

The Group's interests in Shanghai Wan Zhi Cheng as of and for the year ended 31 December 2011 and the six months ended 30 June 2012 are as follows:

	% interests held	Total assets	Total liabilities	Total revenue	Net loss
		RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2011	50%	670,795	446,253	–	458
Six months ended 30 June 2012	50%	781,437	558,790	–	1,896

The Group accounts for its investment in Shanghai Wan Zhi Cheng as an associate although the Group holds 50% of equity interest. According to the contract with the other 50% equity interest holder of Shanghai Wan Zhi Cheng, the other investor controls Shanghai Wan Zhi Cheng with majority seats on the board of directors and other contractual rights. The Group, however, has significant influence over Shanghai Wan Zhi Cheng.

11 Available-for-sale financial assets

Group

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Opening balance	15,000[(a)]	15,000	156,000	156,000	156,000
Acquisitions	–	156,000[(b)]	53,066[(c,d)]	53,066	5,187[(e)]
Disposals	–	(15,000)[(a)]	(53,066)[(c,d)]	–	–
Fair value adjustments	–	–	–	–	–
Ending balance	15,000	156,000	156,000	209,066	161,187

(a) The Group used to own 15% equity interest in Jiangsu Future Land Chuangye Investment Co., Ltd. which was subsequently disposed of to a related party in year 2010. There is no significant change in the financial asset's fair value during the holding periods.

(b) On 2 September 2010, the Group acquired 1% equity interest in Bank of Suzhou at a consideration of RMB156,000,000. There is no significant change in fair value of the financial asset as at 31 December 2010, 30 June 2011, 31 December 2011 or 30 June 2012 from the acquisition cost.

(c) On 29 March 2011, the Group acquired 5% equity interest in Suzhou Fei Cui International Community Property Co., Ltd. ("**Suzhou Fei Cui**") at a consideration of RMB38,065,500. This equity interest was disposed at a proceed of RMB88,065,500 on 9 September 2011. This disposal gave rise to a net gain of RMB50,000,000 (Note 26).

(d) On 20 September 2011, the Group subscribed public investment fund of RMB15,000,000 in domestic fund market. This investment fund was disposed at a proceed of RMB15,266,000 on 11 November 2011. This disposal gave rise to a net gain of RMB266,000 (Note 26).

(e) On 10 April 2012, the Group acquired 6.19% equity interest in Shanghai Jingying Investment Management Limited Partnership at a consideration of RMB5,187,000. There is no significant change in fair value of the financial asset as at 30 June 2012 from the acquisition cost.

12 Land use rights

The balance represents land use rights to be used for development of properties for sale in the future. As at 31 December 2010, land use rights with a total carrying amount of RMB175,645,000 were pledged as collateral for the Group's borrowings (Note 21).

13 Prepayments for leasehold land

The Group made prepayments of RMB1,687,140,000, RMB2,934,797,000, RMB2,689,155,000 and RMB3,042,049,000 for the acquisition of leasehold land as at 31 December 2009, 2010 and 2011 and 30 June 2012 respectively.

14 Properties held or under development for sale

Group

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Leasehold land to be developed	732,795	1,387,333	2,376,518	1,757,160
Properties under development for sale	7,275,115	14,417,557	20,225,414	23,813,349
Properties held for sale	2,137,401	1,788,244	2,107,534	2,187,970
	10,145,311	17,593,134	24,709,466	27,758,479
Less: Provision for impairment loss	(95,836)	(95,746)	(482,400)	(471,657)
	10,049,475	17,497,388	24,227,066	27,286,822

The properties held or under development for sale are all located in the PRC.

Borrowing costs capitalised in properties under development for sale and held for sale for each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012 were approximately RMB145,909,000, RMB312,935,000, RMB788,210,000 and RMB450,034,000 respectively.

The capitalisation rates of borrowings were 5.75%, 6.14%, 9.30% and 9.92% for each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012.

As at 31 December 2009, 2010 and 2011 and 30 June 2012, the Group's following leasehold land to be developed, properties under development for sale and properties held for sale were pledged as collateral for the Group's borrowings (Note 21).

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying value pledged:				
Leasehold land to be developed	289,670	878,703	1,069,912	352,204
Properties under development for sale	3,055,087	5,407,243	6,900,317	7,438,473
Properties held for sale	183,115	–	34,158	34,158

15 Trade and other receivables and prepayments

Group

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Receivable from Changzhou Wujin Construction Bureau for sale of properties (i)	9,454	–	–	–
Other trade receivables	8,506	6,221	7,085	3,988
Notes receivable	–	–	25,227	8,463
Trade receivables – subtotal	17,960	6,221	32,312	12,451
Less: Provision for impairment of receivables	(316)	–	–	–
Trade receivables – net	17,644	6,221	32,312	12,451
Receivables from related parties (Note 39)	680,463	213,710	390,367	303,367
Prepaid business tax and surcharges (ii)	370,393	576,675	704,862	898,436
Prepaid income tax and land appreciation tax (ii)	149,236	324,598	414,993	503,450
Tender deposits (iii)	155,000	200,000	–	–
Deposits with public housing fund centres (iv)	62,166	67,391	93,815	92,314
Prepayments for construction costs	74,345	98,987	87,428	45,578
Temporary funding receivables (v)	39,500	–	–	–
Others	45,652	39,755	37,829	70,013
	1,594,399	1,527,337	1,761,606	1,925,609

(i) This receivable was from sales of properties to Changzhou Wujin Construction Bureau for resettlement organised by the local government and had been fully received.

(ii) Business tax, surcharges and land appreciation tax are levied when the Group receives advances from customers and the prepaid taxes are recorded as prepayments before the relevant revenue is recognised. In addition, a deemed profit at 5% to 15% of advances received by the Group is added to the accounting income when calculating taxable income and the prepaid income tax is similarly recorded as prepayments.

(iii) This balance represents the tender deposits for bidding of land use rights, which was subsequently received or transferred to prepayments for leasehold land.

(iv) This balance represents the deposits paid to public housing fund centres to secure the housing fund loans taken by certain property purchasers of the Group. Such deposits will be released upon the transfer of the properties' ownership certificate to these purchasers.

(v) Temporary funding receivables are funds temporarily advanced to non-related parties, which are non-interest bearing and unsecured. All temporary fundings as at 31 December 2009 were collected in year 2010.

The aging analysis of trade receivables at each of the reporting period ends is as follows:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 year	6,832	427	31,302	11,441
Between 1 and 2 years	1,037	4,784	–	–
Between 2 and 3 years	9,775	–	–	–
Over 3 years	316	1,010	1,010	1,010
	17,960	6,221	32,312	12,451

As at 31 December 2009, 2010 and 2011 and 30 June 2012, trade receivables of RMB1,010,000 were past due but not impaired. The balances are related to an independent customer for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 year	–	–	–	–
Between 1 and 2 years	–	–	–	–
Between 2 and 3 years	1,010	–	–	–
Over 3 years	–	1,010	1,010	1,010
	1,010	1,010	1,010	1,010

As at 31 December 2009, trade and other receivables of RMB316,000 aged over 3 years were impaired and provided for. The other classes within trade and other receivables do not contain impaired assets. In 2010, the trade and other receivables of RMB316,000 were written off.

The maximum exposure to credit risk at each of the reporting period ends is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral security.

As at 31 December 2009, 2010 and 2011 and 30 June 2012, the fair value of trade and other receivables approximate their carrying amounts.

As at 31 December 2009, 2010 and 2011 and 30 June 2012, the carrying amounts of trade and other receivables and prepayments are primarily denominated in RMB.

Company

	As at 31 December		As at 30 June
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Receivables from related parties (Note 39)	–	–	47

16 Investments in subsidiaries – Company

	As at 31 December		As at 30 June
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Unlisted equity investments, at cost	360,049	387,574	410,661
Impairment	–	–	–
Net	360,049	387,574	410,661

Particulars of the Company's subsidiaries as at 31 December 2009, 2010 and 2011 and 30 June 2012 are set out in Note 40 to the Financial Information. The increase in investments in subsidiaries pertains to the Pre-IPO share award scheme (Note 19) granted to the employees and business partners of the Company's subsidiaries.

17 Cash at bank and on hand

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Group				
Cash at bank and on hand				
Denominated in RMB	2,335,862	3,902,368	4,531,444	4,065,119
Denominated in US$	–	165,381	5	1,394
Denominated in HK$	–	1,623	4,645	1,327
	2,335,862	4,069,372	4,536,094	4,067,840
Company				
Cash at bank and on hand				
Denominated in US$		–	–	1,389
Denominated in HK$		1,621	4,626	1,310
		1,621	4,626	2,699

The effective interest rates on the Group's bank deposits as at 31 December 2009, 2010 and 2011 and 30 June 2012 were 0.36%, 0.36%, 0.50% and 0.44% respectively.

Cash and cash equivalents of the Group were determined as follows:

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Cash at bank and on hand	2,335,862	4,069,372	4,536,094	4,067,840
Less: Restricted cash	(171,148)	(118,123)	(314,536)	(526,504)
	2,164,714	3,951,249	4,221,558	3,541,336

Restricted cash of the Group comprised of the following:

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Deposits for letters of guarantee issued for project construction	2,299	1,099	8,649	32,249
Margin deposits for notes issued	19,046	–	39,121	271,135
Deposits as security for property purchasers' mortgage loans (a)	84,803	107,024	50,766	34,120
Deposits pledged for borrowings (Note 21)	65,000	10,000	216,000	189,000
	171,148	118,123	314,536	526,504

(a) These bank deposits are restricted to secure the bank loans taken by certain property purchasers of the Group pursuant to the local regulations of certain cities. Such deposits will be released upon the transfer of the properties' ownership certificate to these purchasers.

18 Share capital

Group and Company

(a) Authorised shares

	Number of authorised shares	
	US$ share	**HK$ share**
As at 23 April 2010 (date of incorporation) (i)	50,000	–
Re-denomination and cancellation on 12 September 2011 (ii)	(50,000)	390,000,000
Increase on 12 September 2011 (iii)	–	9,610,000,000
As at 31 December 2011 and 30 June 2012	–	10,000,000,000

(i) Upon incorporation on 23 April 2010, the authorised share capital was US$50,000 divided into 50,000 shares of par value US$1.00 each ("**US$ share**").

(ii) On 12 September 2011, the Company re-denominated the authorised share capital of the Company from US$50,000 to the aggregate of US$50,000 and HK$390,000 by the creation of an additional 390,000,000 shares of par value HK$0.001 each ("**HK$ share**"). On the same day, as disclosed in Note 18(b)(iii) below, the issued 4,421 US$ shares held by Wealth Zone Hong Kong was repurchased with the proceeds received from the issue of 34,483,800 HK$ shares. Immediately after the repurchase of the US$ share, the authorised but unissued share capital was reduced by the cancellation of 50,000 US$ shares.

(iii) On 12 September 2011, the Company increased the authorised share capital from HK$390,000 to HK$10,000,000 divided into 10,000,000,000 shares of par value HK$0.001 each by the creation of 9,610,000,000 new HK$ shares.

(b) Issued shares

	Number of issued shares		Ordinary shares
	US$1 each	**HK$0.001 each**	**RMB**
As at 23 April 2010 (date of incorporation) (i)	1	–	7
Issuance of ordinary shares (ii)	4,420	–	28,739
Re-denomination of ordinary shares (iii)	(4,421)	34,483,800	–
Issuance of ordinary shares (iv)	–	4,034,466,200	3,289,703
Issuance of ordinary shares in connection with Pre-IPO share award scheme (v)	–	181,050,000	147,628
As at 31 December 2011 and 30 June 2012	–	4,250,000,000	3,466,077

(i) Upon incorporation on 23 April 2010, 1 US$ share was allotted and issued to Offshore Incorporation (Cayman) Limited as the initial subscriber credited as fully paid, which was transferred to Wealth Zone Hong Kong via First Priority Group Limited for a consideration of US$1.00 on 22 May 2010.

(ii) On 8 June 2010, the Company acquired 93.78% equity interests in Changzhou Wealth Zone from Wealth Zone Hong Kong, and the acquisition was settled by issuance of 4,420 US$ shares on 1 May 2011. The excess of net book amount of 93.78% equity interest in Changzhou Wealth Zone of RMB360,049,000 over par value of share issued of RMB29,000 was credited to share premium, with amount of RMB360,020,000.

(iii) On 12 September 2011, 34,483,800 HK$ shares at par value of HK$0.001 each were allotted and issued to Wealth Zone Hong Kong and 4,421 US$ shares held by Wealth Zone Hong Kong were repurchased with the proceeds received from the issue of the HK$ shares.

(iv) On 12 September 2011, an additional 4,034,466,200 HK$ shares at par value of HK$0.001 each were allotted and issued to Wealth Zone Hong Kong for cash consideration of HK$4,034,466 (equivalent to RMB3,289,703), which were credited as fully paid.

(v) On 12 September 2011, 181,050,000 HK$ shares at par value of HK$0.001 each were allotted and issued to Wellink Global (PTC) Limited for cash consideration of HK$181,050 (equivalent to RMB147,628).

19 Share-based payments

Pursuant to a resolution dated 12 September 2011, the Company adopted a Pre-IPO share award scheme (the "**Share Award Scheme**"). Under the Share Award Scheme, a total number of 159,800,000 shares and 21,250,000 shares were issued and granted to selected current employees (including directors) and certain third parties, respectively (Note 1(b)). The third parties include former employees and certain third party companies. The shares granted to third parties are for recognition of their past services.

For shares granted to current employees (including directors), subject to the meeting of the criteria of the Company being listed on the Main Board of the Stock Exchange of Hong Kong Limited before 30 June 2012 and the employee being still on service at the end of each vesting period, the granted shares can be vested in four equal tranches on 31 December 2012, 2013, 2014 and 2015, respectively.

The fair value of the shares granted under the Share Award Scheme as at 15 September 2011, the grant date, was RMB119,766,309, and was determined using the asset-based approach and the overall result was also cross-checked by using the market approach. Various valuation methods/techniques were applied to determine the value of each asset/liability under the asset-based approach, for example the investment properties were valued using the residual method while the non-tradable shares were valued using the comparable company method with option pricing model to help determine the illiquidity discount.

The Group recognised an expense of RMB13,468,000 (Note 29), RMB14,057,000 (Note 26) for the year ended 31 December 2011 in relation to shares awarded by the Company to the current employees and former employees, officers and business partners, respectively.

On 30 June 2012, the Company modified the condition for the share-based payments by extending the criteria of the Company being listed on the Main Board of the Stock Exchange of Hong Kong Limited before 30 June 2012 to 31 December 2013. For the six months ended 30 June 2012, the Group recognised an expense of RMB23,087,000 (Note 29) in relation to the Share Award Scheme.

20 Other reserves attributable to equity holders of the Company

Group	**Share premium**	**Other reserves**	**Retained earnings**	**Total**
	RMB'000	**RMB'000**	**RMB'000 (note (a))**	**RMB'000**
Balance at 1 January 2009	–	50,034	909,672	959,706
Total profit and comprehensive income for the year	–	–	572,072	572,072
Capital contribution from controlling shareholder	–	68,292	–	68,292
Dividends of subsidiaries	–	–	(23,262)	(23,262)
Balance at 31 December 2009	–	118,326	1,458,482	1,576,808
Balance at 1 January 2010	–	118,326	1,458,482	1,576,808
Total profit and comprehensive income for the year	–	–	691,843	691,843
Dividends of subsidiaries	–	–	(6,683)	(6,683)
Balance at 31 December 2010	–	118,326	2,143,642	2,261,968
Balance at 1 January 2011	–	118,326	2,143,642	2,261,968
Total profit and comprehensive income for the year	–	–	886,886	886,886
Issuance of ordinary shares (Note 18)	360,020	(360,049)	–	(29)
Pre-IPO share award scheme (Note 19)				
– value of employee services	–	13,468	–	13,468
– value of former employees, officers and business partners services	–	14,057	–	14,057
Balance at 31 December 2011	360,020	(214,198)	3,030,528	3,176,350

Group	Share premium	Other reserves	Retained earnings	Total
	RMB'000	RMB'000	RMB'000 (note (a))	RMB'000
Balance at 1 January 2012	360,020	(214,198)	3,030,528	3,176,350
Total profit and comprehensive income for the period	–	–	152,237	152,237
Pre-IPO share award scheme (Note 19) – value of employee services	–	23,087	–	23,087
Balance at 30 June 2012	360,020	(191,111)	3,182,765	3,351,674
(Unaudited)				
Balance at 1 January 2011	–	118,326	2,143,642	2,261,968
Issuance of ordinary shares (Note 18)	–	(29)	–	(29)
Total profit and comprehensive income for the period	–	–	289,975	289,975
Balance at 30 June 2011	–	118,297	2,433,617	2,551,914

Company	Share premium	Other reserves	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2010	–	–	–	–
Acquisition of Listing Business	–	360,049	–	360,049
Total loss and comprehensive loss for the year	–	–	(81)	(81)
Balance at 31 December 2010	–	360,049	(81)	359,968
Balance at 1 January 2011	–	360,049	(81)	359,968
Issuance of ordinary shares (Note 18)	360,020	(360,049)	–	(29)
Total loss and comprehensive loss for the year	–	–	(3,134)	(3,134)
Pre-IPO share award scheme (Note 19) – value of employee services	–	13,468	–	13,468
– value of former employees, officers and business partners services	–	14,057	–	14,057
Balance at 31 December 2011	360,020	27,525	(3,215)	384,330
Balance at 1 January 2012	360,020	27,525	(3,215)	384,330
Total loss and comprehensive loss for the period	–	–	(1,950)	(1,950)
Pre-IPO share award scheme (Note 19) – value of employee services	–	23,087	–	23,087
Balance at 30 June 2012	360,020	50,612	(5,165)	405,467
(Unaudited)				
Balance at 1 January 2011	–	360,049	(81)	359,968
Issuance of ordinary shares (Note 18)	–	(29)	–	(29)
Total loss and comprehensive loss for the period	–	–	(1,159)	(1,159)
Balance at 30 June 2011	–	360,020	(1,240)	358,780

Note:

(a) In accordance with the Company Law of the PRC and the articles of association of the PRC subsidiaries, these subsidiaries registered in the PRC shall appropriate 10% of its annual statutory profit (after offsetting any prior years' losses) to the statutory surplus reserve ("**SSR**") account. When the balance of SSR reaches 50% of the registered capital/share capital of these subsidiaries, any further appropriation is optional. The SSR can be utilised to offset prior years' losses or to increase paid-in capital. However, SSR shall be maintained at a minimum of 25% of registered capital/share capital after such utilisation.

The SSR are non-distributable except in the event of liquidation and subject to certain restrictions set out in the relevant PRC regulations.

As at 31 December 2009, 2010 and 2011 and 30 June 2012, total SSR of these subsidiaries amounted to RMB323,968,000, RMB656,612,000, RMB873,707,000 and RMB873,707,000 respectively. These amounts were included in retained earnings of the Group.

21 Borrowings

Group

	As at 31 December			As at 30 June
	2009	**2010**	**2011**	**2012**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Non-current, secured and borrowed from:				
– Banks (a)	2,709,920	4,075,250	6,128,900	6,156,190
– Trust financing arrangements				
– conventional loan (b)	488,613	775,000	2,137,200	1,912,200
– equity with repurchase obligation (b)	631,875	2,132,925	1,467,163	700,000
	3,830,408	6,983,175	9,733,263	8,768,390
Less: Current portion of long-term borrowings	(899,500)	(2,032,107)	(3,084,063)	(3,701,890)
	2,930,908	4,951,068	6,649,200	5,066,500
Current, secured and borrowed from:				
– Banks (a)	417,500	470,000	384,000	245,000
– Trust financing arrangements				
– conventional loan (b)	–	1,005,960	319,300	289,875
– equity with repurchase obligation (b)	–	–	430,000	430,000
Add: Current portion of long-term borrowings	899,500	2,032,107	3,084,063	3,701,890
	1,317,000	3,508,067	4,217,363	4,666,765

(a) The Group's bank borrowings are secured by leasehold land to be developed, properties under development, properties held for sale (Note 14), investment properties (Note 8), land use rights (Note 12), shares of subsidiaries (Note 40) and bank deposits (Note 17) of the Group or guaranteed by subsidiaries of the Company for each other or by Mr. Wang (Note 39).

(b) These borrowings are mainly in the form of trust financing arrangements with trust financing companies. The conventional loan trust financing arrangements are loan agreements entered into by the Group and trust financing companies. The equity with repurchase obligation trust financing arrangements involves either capital increase in, or transfer of equity interest in project companies with repurchase obligation. The substance of the type of trust financing arrangement is borrowing, with the equity interest in the project companies legally transferred as collateral. The borrowings under trust financing arrangements are secured by certain properties held or under development for sale (Note 14) and shares of subsidiaries of the Group (Note 40) or guaranteed by Mr. Wang (Note 39).

The following table sets out details of the equity with repurchase obligation trust financing arrangements as at 31 December 2009, 2010 and 2011 and 30 June 2012:

	As at 31 December			As at 30 June	
	2009	2010	2011	2012	Expiration date
	RMB'000	RMB'000	RMB'000	RMB'000	
Suzhou Future Land Chuangjia Property Co., Ltd.	300,000	150,000	–	–	13 March 2011
Shanghai Future Land Chuangjia Property Co., Ltd.	–	200,000	–	–	24 September 2011
Changzhou Future Land Wanbo Property Co., Ltd.	350,000	350,000	–	–	15 November 2011
Shanghai Future Land Chuanghong Real Estate Co., Ltd. (a)	–	350,000	350,000	–	11 July 2012
Changzhou Future Land Hongye Real Estate Co., Ltd.	–	400,000	400,000	400,000	26 July 2012
Changzhou Future Land Chuangjia Real Estate Co., Ltd.	–	–	430,000	430,000	23 October 2012
Changzhou Future Land Wanjia Real Estate Development Co., Ltd.	–	250,000	150,000	150,000	25 October 2012
Nanjing Future Land Wanjia Real Estate Co., Ltd.	–	150,000	150,000	150,000	30 November 2012
Shanghai Future Land Jinjun Real Estate Co., Ltd. (a)	–	338,000	453,000	–	26 December 2012
	650,000	2,188,000	1,933,000	1,130,000	
Less: Transaction costs and prepaid interest expenses	(18,125)	(55,075)	(35,837)	–	
	631,875	2,132,925	1,897,163	1,130,000	

(a) During the six month period ended 30 June 2012, the Group repaid the two borrowings and terminated the trust financing arrangements before their expiration.

The maturity of non-current borrowings at each of the reporting period ends is as follows:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Between 1 and 2 years	2,010,908	3,075,068	3,671,200	2,669,000
Between 2 and 5 years	920,000	1,876,000	2,978,000	2,397,500
	2,930,908	4,951,068	6,649,200	5,066,500

The weighted average effective interest rates as at 31 December 2009, 2010 and 2011 and 30 June 2012 were as follows:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
Bank borrowings	5.72%	5.39%	6.69%	6.80%
Trust financing arrangements	13.48%	13.19%	13.28%	13.10%

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates or maturity whichever is the earlier date is as follows:

	6 months or less	6-12 months	1-5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings included in non-current liabilities:				
As at 31 December 2009	298,420	1,535,000	1,097,488	2,930,908
As at 31 December 2010	1,175,000	1,342,000	2,434,068	4,951,068
As at 31 December 2011	2,284,000	893,000	3,472,200	6,649,200
As at 30 June 2012	2,110,000	672,000	2,284,500	5,066,500
Borrowings included in current liabilities:				
As at 31 December 2009	50,000	1,267,000	–	1,317,000
As at 31 December 2010	1,022,835	2,485,232	–	3,508,067
As at 31 December 2011	3,701,363	516,000	–	4,217,363
As at 30 June 2012	4,524,065	142,700	–	4,666,765

The carrying values of the borrowings of the Group are denominated in RMB and approximate their fair value.

22 Advances from pre-sale of properties

The Group starts sales of properties and collection of proceeds from customers before the properties are completed and ready for delivery. Such proceeds from customers are recorded as advances from pre-sale of properties before relevant sales are recognised.

23 Trade and other payables

Group

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	1,953,093	3,498,251	5,950,825	6,635,137
Notes payable	19,046	–	39,121	271,135
Payables to related parties (Note 39)	272,970	167,113	4,404	4,474
Business and other taxes payable	52,672	189,690	200,458	95,012
Maintenance & decoration fees collected on behalf	60,400	68,226	78,958	83,855
Deed tax collected on behalf	12,981	24,452	78,311	76,109
Accrued payroll	39,240	37,651	62,816	23,103
Interest payable	14,585	81,973	132,941	109,876
Temporary funding payables (a)	28,000	118,000	18,000	18,000
Construction deposits received from suppliers	–	50,000	–	107,000
Payable for land acquisition (b)	–	–	–	155,578
Others	64,806	67,744	61,255	63,470
	2,517,793	4,303,100	6,627,089	7,642,749

(a) Temporary funding payables are payables to non-related parties which are non-interest bearing and unsecured.

(b) On 16 May 2012, the Group acquired a piece of land through the acquisition of Shanghai Fuming Real Estate Development Co., Ltd. (Note 40) from Shanghai Jiading Xincheng Development Co., Ltd., at a consideration of RMB311,156,000, of which RMB155,578,000 had not been settled as at 30 June 2012.

The aging analysis of trade payables and notes payable as at 31 December 2009, 2010 and 2011 and 30 June 2012 are as follows:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 year	1,896,001	3,194,607	5,858,384	6,723,048
Between 1 and 2 years	44,713	260,405	88,784	120,686
Between 2 and 3 years	15,603	31,896	25,671	35,038
Over 3 years	15,822	11,343	17,107	27,500
	1,972,139	3,498,251	5,989,946	6,906,272

As 31 December 2009, 2010 and 2011 and 30 June 2012, the fair value of trade and other payables approximate their carrying amounts.

As at 31 December 2009, 2010 and 2011 and 30 June 2012, the carrying amounts of trade and other payables are primarily denominated in RMB.

Company	As at 31 December		As at 30 June
	2010	2011	2012
	RMB'000	RMB'000	RMB'000
Payables to related parties (Note 39)	1,702	4,404	4,474

24 Deferred income tax

Group

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets to be recovered				
– within 12 months	1,961	28,669	89,797	82,049
– after 12 months	110,296	165,788	272,843	309,745
	112,257	194,457	362,640	391,794
Deferred tax liabilities to be settled				
– within 12 months	(2,316)	(2,201)	(13,898)	(9,567)
– after 12 months	(116,905)	(244,492)	(329,339)	(383,590)
	(119,221)	(246,693)	(343,237)	(393,157)
Deferred tax (liabilities)/assets, net	(6,964)	(52,236)	19,403	(1,363)

The gross movement on the deferred income tax account is as follows:

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
At beginning of year/period	42,755	(6,964)	(52,236)	(52,236)	19,403
(Charged)/credited to the statements of income (Note 30)	(49,719)	(45,272)	71,639	(69,209)	(20,766)
At end of year/period	(6,964)	(52,236)	19,403	(121,445)	(1,363)

As at 31 December 2011 and 30 June 2012, deferred income tax assets and deferred income tax liabilities amounted to RMB23,230,000 and RMB42,757,000 were offset.

The movement in deferred income tax assets and liabilities during each of the years, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

Group	Tax losses	Provisions for properties held for sale and receivables	Accruals	Land appreciation tax	Elimination of inter-company transactions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2009	18,274	9,816	–	35,926	–	64,016
Credited to the statements of income	18,456	14,223	–	15,562	–	48,241
At 31 December 2009	36,730	24,039	–	51,488	–	112,257
Credited/(charged) to the statements of income	51,768	(101)	5,857	35,385	1,730	94,639
At 31 December 2010	88,498	23,938	5,857	86,873	1,730	206,896
Credited/(charged) to the statements of income	62,246	96,662	8,593	11,511	(38)	178,974
At 31 December 2011	150,744	120,600	14,450	98,384	1,692	385,870
Credited/(charged) to the statements of income	45,950	(2,686)	(9,292)	14,928	(219)	48,681
At 30 June 2012	196,694	117,914	5,158	113,312	1,473	434,551
(Unaudited)						
At 31 December 2010	88,498	23,938	5,857	86,873	1,730	206,896
Credited/(charged) to the statements of income	47,925	314	(431)	(9,868)	(405)	37,535
At 30 June 2011	136,423	24,252	5,426	77,005	1,325	244,431

In accordance with the PRC laws and regulations, tax losses could be carried forward for a period of five years to offset against its future taxable profits. Deferred tax assets relating to unutilised tax losses are recognised to the extent that it is probable that sufficient taxable profit will be available to allow such deferred tax assets to be utilised.

The Group did not recognise deferred income tax assets of RMB13,640,000, RMB45,347,000, RMB78,007,000 and RMB86,833,750 in respect of tax losses amounting to RMB54,560,000, RMB181,388,000, RMB312,028,000 and RMB347,335,000 as at 31 December 2009, 2010 and 2011 and 30 June 2012 respectively. All these tax losses will expire within five years.

Deferred income tax liabilities

Group	Fair value gains on investment properties	Acquisition of subsidiaries	Elimination of inter-company transactions	Cost allocation differences	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2009	1,549	15,787	3,925	–	21,261
Charged/(credited) to the statements of income	94,499	(3,949)	7,410	–	97,960
At 31 December 2009	96,048	11,838	11,335	–	119,221
Charged/(credited) to the statements of income	110,800	(704)	(1,612)	31,427	139,911
At 31 December 2010	206,848	11,134	9,723	31,427	259,132
Charged/(credited) to the statements of income	68,373	(4,702)	(2,258)	45,922	107,335
At 31 December 2011	275,221	6,432	7,465	77,349	366,467
Charged/(credited) to the statements of income	271	(3,312)	(1,018)	73,506	69,447
At 30 June 2012	275,492	3,120	6,447	150,855	435,914
(Unaudited)					
At 31 December 2010	206,848	11,134	9,723	31,427	259,132
Charged/(credited) to the statements of income	66,945	(4,958)	(1,267)	46,024	106,744
At 30 June 2011	273,793	6,176	8,456	77,451	365,876

As at 31 December 2009, 2010 and 2011 and 30 June 2012, deferred income tax liabilities of RMB63,805,000, RMB113,844,000, RMB189,152,000 and RMB204,376,000 have not been recognised for the withholding tax that would be payable on the unremitted distributable profits of certain PRC subsidiaries attributable to the investors outside PRC with the amount of RMB638,050,000, RMB1,138,440,000, RMB1,891,520,000 and RMB2,043,760,000, respectively (Note 30).

25 Revenue

Revenue of the Group consists of the following for each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012:

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue from sales of properties	5,761,703	7,557,473	10,688,562	2,895,375	3,653,850
Revenue from property management	37,330	54,396	72,088	40,992	70,277
Rental income	2,573	7,713	4,960	3,914	12,424
Others	1,669	1,792	1,644	1,662	10,521
	5,803,275	7,621,374	10,767,254	2,941,943	3,747,072

26 Other income/Other expenses/Other gains/(losses) – net

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Other income					
Government grants	70	1,734	–	–	3,498
Compensation for return of land use rights	–	10,518	5,743	5,743	–
Dividend income on available-for-sale financial assets	–	–	3,750	3,750	4,500
Compensation received from a lawsuit (a)	–	–	30,000	–	–
	70	12,252	39,493	9,493	7,998
Other expenses					
Donations	(2,228)	(12,065)	(6,183)	(3,430)	(1,641)
Pre-IPO share award scheme (Note 19) – value of former employees, officers and business partners services	–	–	(14,057)	–	–
	(2,228)	(12,065)	(20,240)	(3,430)	(1,641)
Other (losses)/gains – net					
Gain from disposal of an investment property	–	–	750	750	–
(Losses)/gains from disposal of property, plant and equipment	(131)	(3,079)	(40)	609	(18)
Gains from disposal of available-for-sale financial assets (Note 11)	–	–	50,266	–	–
Others	(965)	8,009	7,100	2,309	6,708
	(1,096)	4,930	58,076	3,668	6,690

(a) On 9 December 2011, a lawsuit was settled through a legal judgment, according to which, an entity which breached a cooperative agreement signed in 2007 with the Group was judged to pay a compensation of RMB30,000,000 to the Group. This compensation was received in December 2011.

27 Expenses by nature

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Land use rights costs	1,139,122	1,458,436	1,634,569	436,073	504,304
Construction costs	2,707,385	3,525,464	4,640,411	1,275,244	1,665,394
Capitalised interest	141,251	128,860	398,288	91,755	160,463
Business tax and surcharges (a)	321,065	422,311	600,515	159,775	211,516
Accrual of provision for properties held for sale	56,891	12,587	398,726	10,344	–
Depreciation of property, plant and equipment (Note 7)	7,485	7,659	16,650	7,882	10,051
Amortisation of intangible assets (Note 9)	523	499	1,292	291	999
Bank charges	2,934	8,359	16,914	8,216	5,778
Staff costs (Note 29)	138,465	207,920	326,509	163,915	215,787
Entertainment expenses	37,860	47,901	69,234	30,211	31,027
Stamp duty and other taxes	16,001	22,366	27,729	10,005	10,995
Professional fees	13,295	13,102	18,983	14,561	11,071
Auditors' remuneration	1,300	2,100	4,250	3,000	2,000
Non-audit service fees to auditors	–	243	636	180	235
Sales commission	46,955	74,009	123,881	34,449	70,980
Advertising and publicity costs	56,089	111,334	228,741	75,746	92,655
Rental expenses	12,994	18,974	20,386	10,850	11,891
Travelling expenses	3,595	6,156	9,339	3,272	3,221
Other expenses	35,664	61,375	60,666	34,420	40,307
Total cost of sales, selling and marketing costs and administrative expenses	4,738,874	6,129,655	8,597,719	2,370,189	3,048,674

(a) The PRC companies now comprising the Group are subject to business tax and surcharges. Business tax is levied at 5% of revenue from sale of properties and rental income, while surcharges are 10% to 12% of business tax.

28 Finance costs – net

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Finance costs					
– Interest on bank loans and trust financing arrangements	(242,361)	(540,649)	(1,025,987)	(490,861)	(544,362)
– Less: Interest capitalised	151,838	379,235	871,439	383,354	486,848
Total finance costs (Note 34)	(90,523)	(161,414)	(154,548)	(107,507)	(57,514)
Finance income					
– Interest income on bank deposits (Note 34)	14,892	19,520	19,406	9,857	18,946
Net finance costs	(75,631)	(141,894)	(135,142)	(97,650)	(38,568)

29 Staff costs (including directors' emolument)

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Wages and salaries	124,226	180,954	267,606	136,498	155,038
Pension	7,677	9,602	21,898	11,454	14,287
Other welfare benefit expenses	6,562	17,364	23,537	15,963	23,375
Pre-IPO share award scheme – value of current employees (Note 19)	–	–	13,468	–	23,087
Charged to statements of income (Note 27)	138,465	207,920	326,509	163,915	215,787
Number of employees	2,076	2,609	3,384	2,971	3,606

All Chinese employees of the Group participate in defined contribution employee social security plans, including pension, medical, housing and other welfare benefits, organised and administered by the governmental authorities. The Group has no other substantial commitments to employees.

According to the relevant regulations, the premiums and welfare benefit contributions that should be borne by the Group are calculated based on percentages of the total salary of employees, subject to a certain ceiling, and are paid to the labour and social welfare authorities.

(a) Directors' emoluments

The directors' emoluments are set out below:

Name of director	Fees	Salaries and other allowances	Performance related bonus	Retirement scheme contributions	Pre-IPO share award scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2009:						
Mr. Wang	–	1,028	1,875	4	–	2,907
Min Yuansong	–	568	910	4	–	1,482
Liu Yuanman	–	166	470	4	–	640
Lv Xiaoping	–	718	1,320	4	–	2,042
Nie Meisheng (iii)	137	–	–	–	–	137
	137	2,480	4,575	16	–	7,208
Year ended 31 December 2010:						
Mr. Wang	–	1,549	1,385	4	–	2,938
Min Yuansong	–	949	840	4	–	1,793
Liu Yuanman	–	526	670	4	–	1,200
Lv Xiaoping	–	1,069	1,000	4	–	2,073
Tan Weimin (i)	–	404	357	5	–	766
Nie Meisheng (iii)	52	–	–	–	–	52
	52	4,497	4,252	21	–	8,822
Year ended 31 December 2011:						
Mr. Wang	–	1,795	1,200	5	–	3,000
Tan Weimin (i)	–	529	960	11	421	1,921
Min Yuansong	–	955	1,140	5	674	2,774
Liu Yuanman	–	715	780	5	421	1,921
Lv Xiaoping	–	1,435	960	5	1,011	3,411
Nie Meisheng (iii)	–	–	–	–	–	–
Huang Maoli (ii)	–	–	–	–	–	–
	–	5,429	5,040	31	2,527	13,027
Six months ended 30 June 2012:						
Mr. Wang	–	903	–	2	–	905
Tan Weimin (i)	–	330	–	2	722	1,054
Min Yuansong	–	480	–	2	1,156	1,638
Liu Yuanman	–	360	–	2	722	1,084
Lv Xiaoping	–	723	–	2	1,734	2,459
Huang Maoli (ii)	–	448	–	2	–	450
Nie Meisheng (iii)	–	–	–	–	–	–
	–	3,244	–	12	4,334	7,590

Name of director	Fees	Salaries and other allowances	Performance related bonus	Retirement scheme contributions	Pre-IPO share award scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)						
Six months ended 30 June 2011:						
Mr. Wang	–	903	–	–	2	905
Tan Weimin (i)	–	267	–	–	5	272
Min Yuansong	–	480	–	–	2	482
Liu Yuanman	–	270	–	–	2	272
Lv Xiaoping	–	723	–	–	2	725
Nie Meisheng	–	–	–	–	–	–
	–	2,643	–	–	13	2,656

(i) Tan Weimin joined the Group during the year ended 31 December 2010.

(ii) Huang Maoli joined the Group in late December 2011.

(iii) Nie Meisheng served as an independent director of our subsidiary Jiangsu Future Land Co., Ltd., the B share company, between 2007 and 2010 and later rejoined our Group in November 2012 as an independent non-executive director of the Company.

Chen Huakang and Zhu Zengjin, the other two independent non-executive directors of the Company, joined the Group in November 2012 and they did not earn any fees or other emoluments from the Group during the Relevant Periods.

(b) Five highest paid individuals

During each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, the five individuals whose emoluments were the highest in the Group for the year/period include three directors for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and two directors for the six months ended 30 June 2012 whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two individuals during the relevant years/period in 2009, 2010 and 2011 and those to the remaining three individuals during the six months ended 30 June 2012 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Basic salaries, housing allowances, Pre-IPO share award scheme, other allowances and benefits in kind	808	1,549	3,370	1,320	4,100
Bonuses	1,822	1,160	1,180	–	–
	2,630	2,709	4,550	1,320	4,100

The emoluments fell within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
Emoluments bands					
Below RMB500,000	–	–	–	–	–
RMB500,001 – RMB1,000,000	–	–	–	2	–
RMB1,000,001 – RMB2,000,000	2	2	–	–	3
RMB2,000,001 – RMB3,000,000	–	–	2	–	–

(c) During the Relevant Periods, no director or any of the five highest paid individuals received any emolument from the Group as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office.

30 Income tax expense

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current income tax					
– PRC land appreciation tax	180,776	344,503	388,216	113,995	181,715
– PRC corporate income tax	280,196	357,272	624,707	113,628	116,953
	460,972	701,775	1,012,923	227,623	298,668
Deferred income tax (Note 24)	49,719	45,272	(71,639)	69,209	20,766
Total income tax charged for the year/period	510,691	747,047	941,284	296,832	319,434

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies within the Group as follows:

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before income tax	1,363,510	1,798,143	2,385,215	755,188	672,065
PRC land appreciation tax	(180,776)	(344,503)	(388,216)	(113,995)	(181,715)
	1,182,734	1,453,640	1,996,999	641,193	490,350
Income tax calculated at statutory rate of 25%	295,684	363,410	499,250	160,298	122,588
Non-deductible expenses	7,169	4,697	22,096	3,808	8,261
Non-taxable income	–	–	(938)	(938)	(1,125)
Tax losses not recognised as deferred tax assets	4,970	31,707	32,660	19,669	8,827
Prior year tax adjustments	22,092	2,730	–	–	(832)
PRC land appreciation tax	180,776	344,503	388,216	113,995	181,715
Total income tax expense	510,691	747,047	941,284	296,832	319,434

PRC corporate income tax

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "**CIT Law**") which became effective on 1 January 2008. Under the CIT Law, the CIT rate applicable to the Group's subsidiaries located in mainland China from 1 January 2008 is 25%.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. For each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, the Group did not provide for deferred income tax on earnings generated by its PRC entities with amount of RMB40,440,000, RMB50,039,000, RMB75,308,000, RMB15,607,000 and RMB15,224,000, as the Group controls the dividend policies of these subsidiaries and it has been determined that it is probable that a majority of these earnings will not be distributed in the foreseeable future.

Land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the consolidated statements of income as income tax expense.

31 Earnings per share

Basic earnings per share for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012 is calculated by dividing the profit of the Group attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during each year/period. In determining the weighted average number of ordinary shares in issue during each of these years/periods, the 4,250,000,000 shares, which were issued and allotted in connection with the Reorganisation as disclosed in Note 1(b), has been treated as if the 4,250,000,000 shares were in issue since 1 January 2009.

	Year ended 31 December			Six months ended 30 June	
	2009	**2010**	**2011**	**2011**	**2012**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Consolidated profit attributable to equity holders of the Company	572,072	691,843	886,886	289,975	152,237
Weighted average number of ordinary shares in issue ('000)	4,250,000	4,250,000	4,250,000	4,250,000	4,250,000

As there were no dilutive options and other dilutive potential shares in issue during the Relevant Periods, diluted earnings per share is the same as basic earnings per share.

32 Dividends

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

Dividends during each of the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012 represented dividends declared by the companies now comprising the Group to the then equity holders of the companies for each of the year ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2011 and 2012, after elimination of intra-group dividends. The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

33 Loss attributable to owners of the Company

The Company was incorporated on 23 April 2010. The loss attributable to owners of the Company for the period from 23 April 2010 to 31 December 2010 and the year ended 31 December 2011 and the six months ended 30 June 2011 and 2012 amounted to RMB81,000, RMB3,134,000, RMB1,159,000 and RMB1,950,000 respectively, which have been dealt with in the financial statements of the Company.

34 Cash generated from operations

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before income tax	1,363,510	1,798,143	2,385,215	755,188	672,065
Adjustments for:					
– Depreciation (Note 27)	7,485	7,659	16,650	7,882	10,051
– Amortisation (Note 27)	523	499	1,292	291	999
– Losses/(gains) on disposal of property, plant and equipment (Note 26)	131	3,079	40	(609)	18
– Gains from disposal of investment properties (Note 26)	–	–	(750)	(750)	–
– Gains from disposal of available-for-sales financial assets (Note 26)	–	–	(50,266)	–	–
– Pre-IPO share award scheme expenses (Note 19)	–	–	27,525	–	23,087
– Fair value gains on investment properties (Note 8)	(377,994)	(443,201)	(273,493)	(271,353)	(1,084)
– Accrual of provision for properties held (or under development) for sale (Note 27)	56,891	12,587	398,726	10,344	–
– Gain on disposal of a subsidiary (Note 38)	(9)	–	–	–	–
– Share of results of an associated company (Note 10)	–	–	–	–	1,896
– Dividend income on available-for-sale financial assets (Note 26)	–	–	(3,750)	(3,750)	(4,500)
– Finance costs (Note 28)	90,523	161,414	154,548	107,507	57,514
– Interest income (Note 28)	(14,892)	(19,520)	(19,406)	(9,857)	(18,946)
Changes in working capital (excluding the effects of acquisition of subsidiaries)					
– Restricted cash relating to operating activities (Note 17)	5,637	(1,975)	9,587	42,693	(238,968)
– Prepayments for leasehold land	(1,135,311)	(1,247,657)	245,642	(1,186,268)	(352,894)
– Properties held or under development for sales (excluding capitalised interest)	(701,643)	(7,274,230)	(6,008,944)	(3,820,044)	(2,617,663)
– Trade and other receivables and prepayments	(83,988)	67,062	(143,874)	(305,982)	(75,546)
– Advances from pre-sale of properties	1,865,469	3,826,473	2,180,925	2,315,855	3,457,982
– Trade and other payables	71,469	1,892,525	1,877,747	748,742	1,038,725
Cash generated from/(used in) operations	1,147,801	(1,217,142)	797,414	(1,610,111)	1,952,736

In the consolidated statements of cash flows, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net book value (Note 7)	432	18,095	4,153	2,099	290
(Losses)/gains on disposals of property, plant and equipment (Note 26)	(131)	(3,079)	(40)	609	(18)
Proceeds from disposal of property, plant and equipment	301	15,016	4,113	2,708	272

35 Commitments

(a) Property development expenditure commitments

Property development expenditure committed at each of the reporting period ends but not yet incurred is as follows:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted but not provided for	5,229,971	5,754,574	6,962,029	6,282,476

(b) Operating lease commitments

The future aggregated minimum rental expenses at each of the reporting period ends in respect of certain office buildings held under non-cancellable operating leases are payable in the following periods:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	9,108	10,188	9,889	13,549
1 to 5 years	33,043	25,015	13,663	15,501
	42,151	35,203	23,552	29,050

36 Financial guarantees and contingent liabilities

(a) Guarantees on mortgage facilities

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities at each of the following reporting period ends:

	As at 31 December			As at 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	2,620,920	3,917,049	3,970,751	5,802,446

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchaser for repayments. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser which will generally occur within an average period of two to three years from the completion of the guarantee registration; or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of mortgage. The directors consider that the likelihood of default of payments by the purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

(b) There are certain corporate guarantees provided by the Group's subsidiaries for each other in respect of borrowings (Note 21) as at 31 December 2009, 2010 and 2011 and 30 June 2012. The directors consider that the subsidiaries are able to sufficiently financially resourced to settle their obligations.

(c) In November 2011, the Group pre-sold 100 apartments of Project Legend Mansion at total amount of RMB330 million with price adjustment features. Selling price of these apartments are subject to adjustments upon delivery based on the average selling price of Project Legend Mansion three months preceding the delivery date. As at 31 December 2011 and 30 June 2012, no such adjustment is expected, after considering the market condition and the current actual sales price of the project.

(d) On 16 May 2012, the Group acquired a piece of land from Shanghai Jiading Xincheng Development Co., Ltd. ("Jiading Xincheng"). According to the land use rights purchase contract which Jiading Xincheng signed with the Land Resources Bureau, this purchased land use rights is subject to an idle penalty if it failed to commence construction before 5 July 2011. As of 30 June 2012, the potential penalty amounted to RMB54,388,000. The Group considers that it is unlikely that the Group will be required to pay the penalty because the Group has been actively planning for the commencement of construction after its acquisition and the relevant application processes have been completed with the relevant approvals obtained by October 2012. At the same time, an agreement was signed between the Group and Jiading Xincheng, which stipulated that Jiading Xincheng should bear the penalty if it occurs.

37 Business combination

On 6 June 2010, the Group acquired 100% equity interest in Changzhou Hengfu Property Co., Ltd., a real estate development company, for a total consideration of RMB20 million by means of cash.

The acquired business contributed no revenue and net loss of RMB16,000 to the Group during the period from 6 June 2010 to 31 December 2010. If the acquisition had occurred on 1 January 2010, no revenue would have been contributed to the Group, and loss before allocations of the Group would have been increased by RMB55,000. These amounts have been calculated using the Group's accounting policies and by adjusting the results of subsidiary to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2010, together with the consequential tax effects.

Details of net assets acquired and goodwill are as follows:

	RMB'000
Purchase consideration – cash paid	20,000
Fair value of net assets acquired	(20,000)
Goodwill	–

The assets and liabilities arising from the acquisition are as follows:

	Fair value	Acquiree's carrying amount
	RMB'000	RMB'000
Cash and cash equivalents	826	826
Properties held or under development for sale	616,874	616,874
Trade and other payables	(597,700)	(597,700)
Net assets acquired	20,000	20,000
Purchase consideration settled in cash		20,000
Cash and cash equivalent in the subsidiary acquired		(826)
Net cash outflow on acquisition		19,174

38 Disposal of subsidiaries and business

(a) Disposal of Changzhou Tai Long Real Estate Development Co., Ltd.

On 16 July 2009, the Group disposed of its 90% and 10% equity interests in Changzhou Tai Long Real Estate Development Co., Ltd. to two companies at RMB9,000,000 and RMB1,000,000 respectively.

	RMB'000
Cash received	10,000
Total consideration	10,000
Net assets disposed of	(9,991)
Gain on disposal	9

The aggregated assets and liabilities in respect of the above disposal were as follows:

	RMB'000
Cash and cash equivalents	567
Prepayments	98,569
Properties held or under development for sale	60
Trade and other payables	(89,205)
Net assets disposed of	9,991
Cash received	10,000
Less: Cash and cash equivalents in the subsidiary disposed of	(567)
Net cash inflow on the disposal	9,433

(b) *Disposal of Changzhou Four Season Future Land Consumer Goods Market Co., Ltd.*

On 21 June 2011, the Group disposed of its 100% equity interests in Changzhou Four Season Future Land Consumer Goods Market Co., Ltd. to Jiangsu Future Land Shiye Group (Note 39(b)(ii)) at RMB500,000.

	RMB'000
Cash received	500
Total consideration	500
Net assets disposed of	(500)
Gain on disposal	–

The aggregated assets and liabilities in respect of the above disposal were as follows:

	RMB'000
Cash and cash equivalents	516
Trade and other payables	(16)
Net assets disposed of	500
Cash received	500
Less: Cash and cash equivalents in the subsidiary disposed of	(516)
Net cash outflow on the disposal	(16)

39 Related-party transactions

(a) *Name and relationship with related parties*

Name	Relationship with the Group
Mr. Wang	The controlling shareholder and a director of the Company
Mr. Wang Xiaosong	Family member of Mr. Wang
Wealth Zone Hong Kong Investments Limited 富域香港投資有限公司	A company controlled by Mr. Wang
Changzhou Future Land Wanbo Investment Co., Ltd. 常州新城萬博投資有限公司	A company controlled by Mr. Wang
Jiangsu Future Land Lan Ke Real Estate Co., Ltd. 江蘇新城蘭科房地產有限公司	A company controlled by Mr. Wang
Jiangsu Future Land Yi Ke Real Estate Co., Ltd. 江蘇新城億科房地產有限公司	A company controlled by Mr. Wang
Jiangsu Future Land Chuangye Investment Co., Ltd. 江蘇新城創業投資有限公司	A company controlled by Mr. Wang
Shanghai Xin Qi Investment Co., Ltd. 上海新啟投資有限公司	A company controlled by Mr. Wang
Jiangsu Xin Qi Investment Co., Ltd. 江蘇新啟投資有限公司 (原:常州儲運有限公司)	A company controlled by Mr. Wang
Jiangsu Future Land Shiye Group. Ltd. (formerly named as "Jiangsu Future Land Ke Chuang Real Estate Co., Ltd.") 江蘇新城實業集團有限公司 (原:江蘇新城科創房地產有限公司)	A company controlled by Mr. Wang
Shanghai Wan Zhi Cheng Real Estate Development Co., Ltd. 上海萬之城房地產開發有限公司	An associate of the Group
Hong Kong Prosperity Development Ltd.	A subsidiary of the Company
Hong Kong Achievement Development Limited	A subsidiary of the Company

(b) Transactions with related parties

Besides the guarantees as disclosed in Note 21 to the Financial Information, the Group has the following related party transactions:

Group	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
(i) Disposal of equity interest to a related party					
– Jiangsu Future Land Shiye Group Ltd. (Note 38)	–	15,000	500	–	–
(ii) Fundings to related parties					
– Shanghai Wan Zhi Cheng	–	–	572,367	572,367	–
– Changzhou Future Land Wanbo Investment Co., Ltd.	27,500	–	–	–	–
– Jiangsu Future Land Chuangye Investment Co., Ltd.	3,000	–	–	–	–
(iii) Fundings from related parties					
– Wealth Zone Hong Kong Investments Limited	–	171,715	–	–	–
– Jiangsu Future Land Chuangye Investment Co., Ltd.	46,715	–	–	–	–
– Shanghai Xin Qi Investment Co., Ltd..	5,281	–	–	–	–
– Jiangsu Xin Qi Investment Co., Ltd..	2,400	–	–	–	–
(iv) Collection of receivables from related parties					
– Jiangsu Future Land Yi Ke Real Estate Co., Ltd.	410,133	–	–	–	–
(v) Settlement of payables to related parties					
– Jiangsu Future Land Chuangye Investment Co., Ltd.	–	22,000	–	–	–
– Jiangsu Xin Qi Investment Co., Ltd..	212,200	–	–	–	–
– Wealth Zone Hong Kong Investments Limited	–	–	–	–	–

(vi) Transfer of receivables and payables to a related party

At the consent from debtors and creditors of the Group, assets and liabilities transfer agreements (the "**Agreements**") were signed between the subsidiaries within the Group, including Changzhou Wealth Zone Development Co., Ltd., Changzhou Future Land Guangchang Property Co., Ltd., Jiangsu Future Land Investment Development Co., Ltd., Future Land Holdings Co., Ltd. and Future Land Wanbo Property Co., Ltd. (the "**Subsidiaries**"), and Jiangsu Future Land Lan Ke Real Estate Co., Ltd. According to the Agreements, the Subsidiaries transferred temporary funding receivables and payables as at 31 December 2009 to Jiangsu Future Land Lan Ke Real Estate Co., Ltd. at net book value. The receivables and payables transferred are summarised as follows:

	Trade and other receivables	Trade and other payables	Net balance
– Changzhou Wealth Zone Development Co., Ltd.	709,417	(270,664)	438,753
– Jiangsu Future Land Guangchang Property Co., Ltd.	242,710	(1,000)	241,710
Net receivable transferred to Jiangsu Future Land Lan Ke Real Estate Co., Ltd.			680,463
– Jiangsu Future Land Investment Development Co., Ltd.	–	(66,860)	(66,860)
– Future Land Holdings Co., Ltd.	111,000	(287,955)	(176,955)
– Future Land Wanbo Property Co., Ltd.	–	(7,155)	(7,155)
Net payable transferred to Jiangsu Future Land Lan Ke Real Estate Co., Ltd.			(250,970)

After the transfers as listed above, the Group has a net balance due from Jiangsu Future Land Lan Ke Real Estate Co., Ltd. with the amount of approximately RMB430 million, of which RMB215 million had been settled as at 31 December 2010, and all remaining balances had been settled by 31 December 2011.

(vii) Borrowings guaranteed by related parties (Note 21)

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
– Mr. Wang	1,050,000	950,000	901,500	1,861,500	652,200

The above guarantee had been fully released as of 19 November 2012.

(viii) Occupation of properties owned by a related party (continuing transactions)

Some subsidiaries of the Group occupied certain properties with total gross floor areas of 720 square meters owned by Mr. Wang Xiaosong for operational use, which is free of charge. This arrangement will continue after the Listing of the Company pursuant to tenancy agreements.

(c) Key management compensation

Key management includes directors (executive and non-executive), chief financial officer, vice presidents and assistant presidents. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other short-term employee benefits	10,149	14,983	20,866	–	–
Post-employment benefits	28	48	34	–	–
	10,177	15,031	20,900	–	–

(d) Related-party balances

Group	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
(i) Amounts due from related parties (Note 15)					
– Jiangsu Future Land Lan Ke Real Estate Co., Ltd.	680,463	213,710	–	–	–
– Shanghai Wan Zhi Cheng Real Estate Development Co., Ltd. (Note 15)	–	–	390,367	572,367	303,367
	680,463	213,710	390,367	572,367	303,367
(ii) Amounts due to related parties (Note 23)					
– Wealth Zone Hong Kong Investments Limited	–	167,113	4,404	8,070	4,474
– Jiangsu Future Land Lan Ke Real Estate Co., Ltd.	250,970	–	–	–	–
– Jiangsu Future Land Chuangye Investment Co., Ltd.	22,000	–	–	–	–
	272,970	167,113	4,404	8,070	4,474

Company	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Amounts due from related parties (Note 15)					
– Hong Kong Prosperity Development Ltd.	–	–	–	19	24
– Hong Kong Achievement Development Limited	–	–	–	11	23
	–	–	–	30	47
Amount due to a related party (Note 23)					
– Wealth Zone Hong Kong Investments Limited	–	1,702	4,404	8,070	4,474

The amounts due from and due to related parties are unsecured, not bearing interest and repayable on demand.

All balances with related parties will be fully settled prior to the Listing of the Company with the exception of the amount due from Shanghai Wan Zhi Cheng, which is an associated company of the Group. The amount due from Shanghai Wan Zhi Cheng represents advances from the Group in addition to the capital contributed for Shanghai Wan Zhi Cheng's operational purpose in property development which is under construction as at 30 June 2012.

40 Particulars of subsidiaries

Particulars of the subsidiaries of the Group as at 31 December 2009, 2010 and 2011 and 30 June 2012 are as follows:

Company name	Date of Incorporation/ establishment	Authorised or registered capital	Issued and fully paid capital	Percentage of attributable equity interest as at 31 December 2009	31 December 2010	31 December 2011	30 June 2012	Principal activities	Statutory auditor	Year as auditor
		RMB'000	RMB'000							
Jiangsu Future Land Property Management Co., Ltd. 江蘇新城物業服務有限公司	26 March 1996	5,000	5,000	53.70%	53.70%	53.70%	53.70%	Property management	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Changzhou Yongshen Renhe CPA Co., Ltd.	2011
Future Land Holdings Co., Ltd. 新城控股集團有限公司	14 June 1996	600,000 (2009: 100,000)	600,000 (2009: 100,000)	91.62%	91.62%	91.62%	91.62%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009
									Changzhou Yongshen Renhe CPA Co., Ltd.	2010
									PricewaterhouseCoopers Zhong Tian CPAs Limited Company	2011
Jiangsu Future Land Co., Ltd. 江蘇新城地產股份有限公司 (a)	10 October 1997	1,593,187 (2010: 1,062,125 2009: 1,062,125)	1,593,187 (2010: 1,062,125 2009: 1,062,125)	53.93%	53.93%	53.93%	53.93%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009
									PricewaterhouseCoopers Zhong Tian CPAs Limited Company	2010 & 2011
Changzhou Future Land Real Estate Development Co., Ltd. 常州新城房產開發有限公司	26 April 1998	1,100,000	1,100,000	51.66%	51.66%	51.66%	51.66%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Changzhou Yongshen Renhe CPA Co., Ltd.	2011
Changzhou Wealth Zone Development Co., Ltd. 常州富域發展有限公司	27 April 2002	321,800 (2009: 251,800)	321,800 (2009: 251,800)	93.78%	93.78%	93.78%	93.78%	Development sale of properties	Jiangsu Gongzhen and Tianye CPA Co., Ltd.	2009, 2010 & 2011
Nanjing Future Land Chuangzhi Real Estate Co., Ltd. 南京新城創置房地產有限公司	9 September 2002	120,000	120,000	51.89%	51.89%	51.89%	51.89%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Jiangsu Torch CPA Co., Ltd.	2011
Shanghai Future Land Chuangzhi Real Estate Co., Ltd. 上海新城創置房地產有限公司	29 January 2003	210,000	210,000	51.89%	51.89%	51.89%	51.89%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Shanghai Huiqiang CPA Co., Ltd.	2011

Company name	Date of Incorporation/ establishment	Authorised or registered capital	Issued and fully paid capital	Percentage of attributable equity interest as at 31 December 2009	2010	2011	30 June 2012	Principal activities	Statutory auditor	Year as auditor
		RMB'000	RMB'000							
Shanghai Future Land Wanjia Real Estate Co., Ltd. 上海新城萬嘉房地產有限公司	19 March 2003	410,000 (2010: 310,000 2009: 200,000)	410,000 (2010: 310,000 2009: 200,000)	51.89%	51.89%	51.89%	51.89%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Shanghai Huiqiang CPA Co., Ltd.	2011
Shanghai Future Land Wanjia Property Service Co., Ltd. 上海新城萬嘉物業服務有限公司	27 November 2003	500	500	53.52%	53.52%	53.52%	53.52%	Property management	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Shanghai Huiqiang CPA Co., Ltd.	2011
Shanghai Future Land Baoyuan Real Estate Co., Ltd. 上海新城寶緣房地產有限公司 (e)	18 February 2004	30,000	30,000	–	–	–	–	Development and sale of properties	–	–
Changzhou Four Season Future Land Consumer Goods Market Co., Ltd. 常州市四季新城消費品市場有限公司 (Note 38(b))	17 August 2004	500	500	52.68%	52.68%	–	–	Lease and management service of market booths	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
Changzhou Xinlong Chuangzhi Real Estate Development Co., Ltd. 常州新龍創置房地產開發有限公司 (a)	16 September 2004	350,000 (2009: 150,000)	350,000 (2009: 150,000)	53.48%	53.48%	53.48%	53.48%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Changzhou Yongshen Renhe CPA Co., Ltd.	2011
Suzhou Future Land Wanjia Real Estate Co., Ltd. 蘇州新城萬嘉房地產有限公司	17 September 2004	100,000	100,000	51.89%	51.89%	51.89%	51.89%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Jiangsu Yuehua CPA Co., Ltd.	2011
Shanghai Qing Shui Yi Yuan Real Estate Co., Ltd. 上海清水頤園房地產有限公司 (e)	10 January 2005	150,000	150,000	51.89%	–	–	–	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009
Changzhou Future Land Wan Jia Construction Design Co., Ltd. 常州新城萬嘉建築設計事務所有限公司	20 May 2005	3,000	3,000	52.57%	52.57%	52.57%	52.57%	Construction design and consulting	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Changzhou Yongshen Renhe CPA Co., Ltd.	2011

Company name	Date of Incorporation/ establishment	Authorised or registered capital	Issued and fully paid capital	Percentage of attributable equity interest as at 31 December 2009	31 December 2010	31 December 2011	30 June 2012	Principal activities	Statutory auditor	Year as auditor
		RMB'000	RMB'000							
Changzhou Dingjia Property Real Estate Development Co., Ltd. 常州鼎佳房地產開發有限公司	27 May 2005	100,000	100,000	51.96%	51.96%	51.96%	51.96%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Changzhou Yongshen Renhe CPA Co., Ltd.	2011
Changzhou Future Land Dongjun Real Estate Development Co., Ltd. 常州新城東郡房地產開發有限公司	27 December 2005	100,000	100,000	53.75%	53.75%	53.75%	53.75%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Changzhou Yongshen Renhe CPA Co., Ltd.	2011
Kunshan Future Land Chuangzhi Development Co., Ltd. 昆山新城創置發展有限公司	7 April 2006	300,000	300,000	51.71%	51.71%	51.71%	51.71%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Jiangsu Yuehua CPA Co., Ltd.	2011
Changzhou Future Land Assets Operation and Management Co., Ltd. 常州新城資產經營管理有限公司	24 October 2006	1,000	1,000	53.70%	53.70%	53.70%	53.70%	Asset operation and management	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Changzhou Yongshen Renhe CPA Co., Ltd.	2011
Changzhou Future Land Zhidi Real Estate Development Co., Ltd. 常州新城置地房地產開發有限公司	13 December 2006	90,000	90,000	51.66%	51.66%	51.66%	51.66%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Changzhou Yongshen Renhe CPA Co., Ltd.	2011
Changzhou Future Land Guangchang Property Co., Ltd. 常州新城廣場置業有限公司	13 December 2006	62,000	62,000	91.62%	91.62%	91.62%	91.62%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Changzhou Zhongrui CPA Co., Ltd.	2011
Changzhou Jia Feng Market Survey Co., Ltd. 常州嘉馳汽車配件有限公司 (原常州嘉楓市場調查有限公司)	16 January 2007	15,000 (2010: 500 2009: 500)	15,000 (2010: 500 2009: 500)	51.66%	51.66%	51.66%	51.66%	Marketing research of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Changzhou Yongshen Renhe CPA Co., Ltd.	2011

Company name	Date of Incorporation/ establishment	Authorised or registered capital	Issued and fully paid capital	Percentage of attributable equity interest as at 31 December 2009	31 December 2010	31 December 2011	30 June 2012	Principal activities	Statutory auditor	Year as auditor
		RMB'000	RMB'000							
Changzhou Wanfang Future Land Real Estate Development Co., Ltd. 常州萬方新城房地產開發有限公司	6 February 2007	20,000	20,000	51.72%	51.72%	51.72%	51.72%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Changzhou Yongshen Renhe CPA Co., Ltd.	2011
Changzhou Tai Long Real Estate Development Co., Ltd. 常州泰隆房地產開發有限公司 (Note 38(b))	6 February 2007	10,000	10,000	–	–	–	–	Development and sale of properties	–	–
Changzhou Fu Long Real Estate Development Co., Ltd. 常州福隆房地產開發有限公司	6 February 2007	20,000 (2011: 10,000)	20,000 (2011: 10,000)	91.62%	91.62%	91.62%	91.62%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Changzhou Zhongrui CPA Co., Ltd.	2011
Changzhou Future Land Wanbo Property Co., Ltd. 常州新城萬博置業有限公司 (a)(d)	16 May 2007	615,000	615,000	91.62% (g)	91.62% (g)	91.62%	91.62%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Changzhou Zhongrui CPA Co., Ltd.	2011
Shanghai Dongjun Real Estate Development Co., Ltd. 上海東郡房地產開發有限公司	31 May 2007	400,000 (2010: 100,000 2009: 100,000)	400,000 (2010: 100,000 2009: 100,000)	53.93%	53.93%	53.93%	53.93%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Shanghai Huiqiang CPA Co., Ltd.	2011
Wuxi Future Land Wanjia Property Co., Ltd. 無錫新城萬嘉置業有限公司	14 August 2007	420,000	420,000	53.93%	53.93%	53.93%	53.93%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Wuxi Huaxia Zhongcheng CPA Co., Ltd.	2011
Suzhou Future Land Chuangjia Property Co., Ltd. 蘇州新城創佳置業有限公司 (原蘇州新城萬博置業有限公司)	11 October 2007	400,000 (2010: 400,000 (2009: 550,000)	400,000 (2010: 400,000 (2009: 550,000)	53.93% (g)	53.93% (g)	53.93%	53.93%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Jiangsu Yuehua CPA Co., Ltd.	2011
Changzhou Wanjia Property Consultancy Co., Ltd. 常州萬嘉置業諮詢有限公司	18 January 2008	1,000	1,000	53.93%	53.93%	53.93%	53.93%	Consulting	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Changzhou Yongshen Renhe CPA Co., Ltd.	2011

Company name	Date of Incorporation/ establishment	Authorised or registered capital	Issued and fully paid capital	Percentage of attributable equity interest as at 31 December 2009	31 December 2010	31 December 2011	30 June 2012	Principal activities	Statutory auditor	Year as auditor
		RMB'000	RMB'000							
Future Land Wanbo Property Co., Ltd. 新城萬博置業有限公司 (原江蘇新城經典置業有限公司)	24 January 2008	220,000	220,000	91.62%	91.62%	91.62%	91.62%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd. Changzhou Zhongrui CPA Co., Ltd.	2009 & 2010 2011
Shanghai Future Land Chuangjia Property Co., Ltd. 上海新城創佳置業有限公司 (a)	20 March 2008	210,000 (2009: 180,000)	210,000 (2009: 180,000)	51.89%	51.89% (g)	51.89%	51.89%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd. Shanghai Huiqiang CPA Co., Ltd.	2009 & 2010 2011
Nanjing Future Land Shangjun Real Estate Co., Ltd. 南京新城尚郡房地產有限公司 (e)	6 June 2008	10,000	10,000	–	–	–	–	Development and sale of properties	–	–
Changzhou Future Land Dongsheng Real Estate Development Co., Ltd. 常州新城東昇房地產開發有限公司	4 June 2009	360,000 (2011: 280,000 (2009: 160,000)	360,000 (2011: 280,000 (2009: 160,000)	53.75%	53.75%	53.75%	53.75%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd. Changzhou Yongshen Renhe CPA Co., Ltd.	2009 & 2010 2011
Nanjing Future Land Chuangjia Real Estate Co., Ltd. 南京新城創嘉房地產有限公司	2 July 2009	18,000	18,000	51.89%	51.89%	51.89%	51.89%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd. Jiangsu Torch CPA Co., Ltd.	2009 & 2010 2011
Jiangsu Future Land Investments Development Co., Ltd. 江蘇新城投資發展有限公司 (f)	25 August 2009	20,000	20,000	93.78%	–	–	–	Development and sale of properties	(b)	–
Changzhou Future Land Jinjun Real Estate Co., Ltd. 常州新城金郡房地產有限公司	11 September 2009	470,000 (2010: 170,000 2009: 100,000)	470,000 (2010: 170,000 2009: 100,000)	51.66%	51.66%	51.66%	51.66%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd. Changzhou Yongshen Renhe CPA Co., Ltd.	2009 & 2010 2011
Changzhou Hengfu Property Co., Ltd. 常州市恒福置業有限公司 (a) (Note 37)	26 November 2009	20,000	20,000	–	51.66%	51.66%	51.66%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd. Changzhou Yongshen Renhe CPA Co., Ltd.	2010 2011

Company name	Date of Incorporation/ establishment	Authorised or registered capital	Issued and fully paid capital	Percentage of attributable equity interest as at 31 December 2009	31 December 2010	31 December 2011	30 June 2012	Principal activities	Statutory auditor	Year as auditor
		RMB'000	RMB'000							
Changzhou Future Land Wanjia Real Estate Development Co., Ltd. 常州新城萬佳房地產開發有限公司	10 December 2009	700,000 (2010: 450,000 2009: 10,000)	700,000 (2010: 450,000 2009: 10,000)	51.66%	51.66% (g)	51.66% (g)	51.66% (g)	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009 & 2010
									Changzhou Yongshen Renhe CPA Co., Ltd.	2011
Changzhou Future Land Hongye Real Estate Co., Ltd. 常州新城宏業房地產有限公司	28 December 2009	800,000 (2009: 10,000)	800,000 (2009: 10,000)	91.62%	91.62% (g)	91.62% (g)	91.62% (g)	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2009, 2010 & 2011
Nanjing Future Land Wanjia Real Estate Co., Ltd. 南京新城萬嘉房地產有限公司 (a)	13 January 2010	310,000	310,000	–	51.89% (g)	51.89% (g)	51.89% (g)	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2010
									Jiangsu Torch CPA Co., Ltd.	2011
Changzhou Future Land Chuangjia Real Estate Co., Ltd. 常州新城創佳房地產開發有限公司	22 January 2010	520,000 (2011: 520,000 2010: 30,000)	520,000 (2011: 520,000 2010: 30,000)	–	51.89%	51.89% (g)	51.89% (g)	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2010
									Changzhou Yongshen Renhe CPA Co., Ltd.	2011
Shanghai Future Land Chuanghong Real Estate Co., Ltd. 上海新城創宏房地產有限公司	26 January 2010	420,000 (2011: 770,000 2010: 370,000)	420,000 (2011: 770,000 2010: 370,000)	–	51.89% (g)	51.89% (g)	51.89%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2010
									Shanghai Huiqiang CPA Co., Ltd.	2011
Changzhou Future Land Keda Investment Consultancy Co., Ltd. 常州新城科達投資諮詢有限公司	4 February 2010	500	500	–	91.62%	91.62%	91.62%	Consulting	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2010
									Changzhou Zhongrui CPA Co., Ltd.	2011
Changzhou Future Land Jingdian Architectural Design Co., Ltd. 常州新城經典建築設計有限公司	4 February 2010	500	500	–	91.62%	91.62%	91.62%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2010
									Changzhou Zhongrui CPA Co., Ltd.	2011
Shanghai Future Land Nanjun Real Estate Co., Ltd. 上海新城南郡房地產有限公司	9 February 2010	550,000	550,000	–	51.89%	51.89%	51.89%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2010
									Shanghai Huiqiang CPA Co., Ltd.	2011

Company name	Date of Incorporation/ establishment	Authorised or registered capital	Issued and fully paid capital	Percentage of attributable equity interest as at 31 December 2009	31 December 2010	31 December 2011	30 June 2012	Principal activities	Statutory auditor	Year as auditor
		RMB'000	RMB'000							
Shanghai Future Land Jinjun Real Estate Co., Ltd. 上海新城金郡房地產有限公司 (a)	26 March 2010	820,000 (2011: 473,000 2010: 320,000)	820,000 (2011: 473,000 2010: 320,000)	–	51.89% (g)	51.89% (g)	51.89%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2010
									Shanghai Huiqiang CPA Co., Ltd.	2011
Wuxi Future Land Chuangzhi Real Estate Co., Ltd. 無錫新城創置房地產有限公司	6 May 2010	200,000	200,000	–	53.93%	53.93%	53.93%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2010
									Wuxi Huaxia Zhongcheng CPA Co., Ltd.	2011
Changzhou Future Land Wansheng Real Estate Co., Ltd. 常州新城萬盛房地產有限公司	12 June 2010	120,000 (2010: 10,000)	120,000 (2010: 10,000)	–	91.62%	91.62%	91.62%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2010
									Changzhou Zhongrui CPA Co., Ltd.	2011
Hong Kong Prosperity Development Ltd. 香港宏盛發展有限公司 (c)	30 August 2010	10	–	–	100%	100%	100%	Investment company	Rays Chan & Co. Certified Public Accountants	2011
Hong Kong Achievement Development Limited 香港創拓發展有限公司 (c)	30 August 2010	10	–	–	100%	100%	100%	Investment company	Rays Chan & Co. Certified Public Accountants	2011
Changzhou Future Land Wanbo Commercial Management Co., Ltd. 常州新城萬博商業管理有限公司	8 November 2010	10,000	10,000	–	91.62%	91.62%	91.62%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2010
									Changzhou Zhongrui CPA Co., Ltd.	2011
Shanghai Future Land Wansheng Property Co., Ltd. 上海新城萬聖置業有限公司	10 November 2010	10,000	10,000	–	91.62%	91.62%	91.62%	Development and sale of properties	Changzhou Zhongrui CPA Co., Ltd.	2011
Nanjing Future Land Yunsheng Real Estate Co., Ltd. 南京新城允升房地產有限公司	19 November 2010	460,000 (2011: 150,000 2010: 50,000)	460,000 (2011: 150,000 2010: 50,000)	–	51.89%	51.89%	51.89%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2010
									Jiangsu Torch CPA Co., Ltd.	2011
Changzhou Future Land Hongye Baihuo Co., Ltd. 常州新城宏業百貨有限公司 (原: 常州新城萬博百貨有限公司)	30 November 2010	10,000	10,000	–	91.62%	91.62%	91.62%	Development and sale of properties	Jiangsu Gongzheng Tianye CPA Co., Ltd.	2010
									Changzhou Zhongrui CPA Co., Ltd.	2011
Wuxi Future Land Wanbo Property Co., Ltd. 無錫新城萬博置業有限公司	6 January 2011	500,000 (2010: 20,000)	500,000 (2010: 20,000)	–	93.78%	93.78%	93.78%	Development and sale of properties	Wuxi Huaxia Zhongcheng CPA Co., Ltd.	2011

Company name	Date of Incorporation/ establishment	Authorised or registered capital	Issued and fully paid capital	Percentage of attributable equity interest as at 31 December 2009	2010	2011	30 June 2012	Principal activities	Statutory auditor	Year as auditor
		RMB'000	RMB'000							
Jintan Future Land Wanjun Property Co., Ltd. 金壇市新城萬郡置業有限公司	22 March 2011	10,000	10,000	–	–	71.64%	71.64%	Development and sale of properties	Changzhou Yongshen Renhe CPA Co., Ltd.	2011
Changsha Future Land Wanbo Property Co., Ltd. 長沙新城萬博置業有限公司	28 March 2011	420,000 (2010: 20,000)	420,000 (2010: 20,000)	–	–	91.62%	91.62%	Development and sale of properties	Hunan Yingte CPA Co., Ltd.	2011
Changzhou Wuyue Guangchang Commercial Management Co., Ltd. 常州吾悅廣場商業管理有限公司	22 April 2011	500	500	–	–	91.62%	91.62%	Department store management	Changzhou Zhongrui CPA Co., Ltd.	2011
Changzhou Wuyue Baihuo Co., Ltd. 常州吾悅百貨有限公司	22 April 2011	500	500	–	–	91.62%	91.62%	Department store management	Changzhou Zhongrui CPA Co., Ltd.	2011
Shanghai Future Land Chuangyu Real Estate Co., Ltd. 上海新城創域房地產有限公司	10 May 2011	30,000	30,000	–	–	51.89%	51.89%	Development and sale of properties	Shanghai Huiqiang CPA Co., Ltd.	2011
Kunshan Future Land Chuanghong Real Estate Co., Ltd. 昆山新城創宏房地產有限公司	20 June 2011	220,000 (2011: 200,000)	220,000 (2011: 200,000)	–	–	53.93%	53.93%	Development and sale of properties	Jiangsu Yuehua CPA Co., Ltd.	2011
Kunshan Future Land Chuangyu Real Estate Co., Ltd. 昆山新城創域房地產有限公司	23 June 2011	100,000	100,000	–	–	72.78%	72.78%	Development and sale of properties	Jiangsu Yuehua CPA Co., Ltd.	2011
Changzhou Future Land Rui Yi International Co., Ltd. 常州新城瑞壹國際酒店有限公司	7 September 2011	1,000	1,000	–	–	51.66%	51.66%	Property, hotel and conference management; apartment leasing services	Changzhou Yongshen Renhe CPA Co., Ltd.	2011
Changzhou Jiafeng Market Research Co., Ltd. 常州嘉楓市場調查有限公司	15 September 2011	5,000	5,000	–	–	51.66%	51.66%	Marketing research of properties	Changzhou Yongshen Renhe CPA Co., Ltd.	2011
Changsha Wanbo Property Management Co., Ltd. 長沙萬博物業管理有限公司	21 September 2011	500	500	–	–	91.62%	91.62%	Property management	(b)	–
Changzhou Derun Real Estate Co., Ltd. 常州德潤房地產發展有限公司	25 November 2011	700,000	–	–	–	92.46%	92.46%	Development and sale of properties	(b)	–
Changzhou Wuyue International Plaza Commercial Management Co., Ltd. 常州吾悅國際廣場商業管理有限公司	5 April 2012	5,000	5,000	–	–	–	91.62%	Department store management	(b)	–

Company name	Date of Incorporation/ establishment	Authorised or registered capital	Issued and fully paid capital	Percentage of attributable equity interest as at 31 December 2009	2010	2011	30 June 2012	Principal activities	Statutory auditor	Year as auditor
		RMB'000	RMB'000							
Wuhan Future Land Hongsheng Property Co., Ltd. 武漢新城宏盛置業有限公司	9 May 2012	10,000	10,000	–	–	–	91.62%	Development and sale of properties	(b)	–
Shanghai Fuming Real Estate Development Co., Ltd. 上海富銘房地產開發有限公司 *	7 September 2009	8,000	8,000	–	–	–	51.89%	Development and sale of properties	Shanghai Hu Gang Jin Mao CPA Co., Ltd.	2010 & 2011
Changzhou Kaisheng Real Estate Co., Ltd. 常州凱盛房地產發展有限公司	19 June 2012	20,000	–	–	–	–	92.04%	Development and sale of properties	(b)	–

* On 16 May 2012, the Group acquired 100% equity interest in Shanghai Fuming Real Estate Development Co., Ltd. ("Shanghai Fuming"), at a consideration of RMB311,157,000. Shanghai Fuming does not quality as a business. The substance of the transaction is the acquisition of land and is accounted for accordingly.

Subsequent to 30 June 2012, a new subsidiary was set up:

Company name	Date of Incorporation/ establishment	Authorised or registered capital	Issued and fully paid capital	Percentage of attributable equity interest as at 31 December 2009	2010	2011	30 September 2012	Principal activities	Statutory auditor	Year as auditor
		RMB'000	RMB'000							
Suzhou Chuangheng Real Estate Co., Ltd 蘇州創恒房地產有限公司	13 August 2012	20,000	20,000	–	–	–	51.89%	Development and sale of properties	(b)	–

(a) Certain equity interests in the subsidiaries of the Company were pledged for borrowings as at 31 December 2009, 2010 and 2011 and 30 June 2012 (Note 21). For details, please refer to the table below:

	As at 31 December 2009	2010	2011	As at 30 June 2012
Number of legal person shares of Jiangsu Future Land Co., Ltd.	350,000,000	625,000,000	583,000,000	583,000,000
Share capital of Shanghai Future Land Chuangjia Property Co., Ltd.	–	RMB 100,000,000	–	–

	As at 31 December			As at 30 June
	2009	2010	2011	2012
Percentage of equity interests in Shanghai Future Land Jinjun Real Estate Co., Ltd.	–	4.23%	4.23%	–
Percentage of equity interests in Nanjing Future Land Wanjia Real Estate Co., Ltd.	–	51.61%	51.61%	51.61%
Percentage of equity interests in Changzhou Xinlong Chuangzhi Real Estate Development Co., Ltd.	–	100%	100%	–
Percentage of equity interests in Shanghai Dongjun Real Estate Development Co., Ltd.	–	100%	100%	100%
Percentage of equity interests in Changzhou Hengfu Property Co., Ltd. (i)	–	100%	100%	100%
Percentage of equity interests in Changzhou Future Land Dongsheng Real Estate Development Co., Ltd.	–	–	–	100%
Percentage of equity interests in Changzhou Future Land Chuangjia Real Estate Co., Ltd.	–	–	17.31%	17.31%
Percentage of equity interests in Changzhou Future Land Real Estate Development Co., Ltd.	–	–	70%	70%
Percentage of equity interests in Wuxi Future Land Chuangzhi Real Estate Co., Ltd.	–	–	100%	100%

(i) The equity interests in Changzhou Hengfu Property Co., Ltd. was pledged for bank borrowing. Other than this, all other equity interests pledged are for trust financing arrangements.

(b) No audited financial statements have been issued for these companies as they are newly established or they are not required to issue audited financial statements under the statutory requirements of their respective places of incorporation.

(c) The Company has direct equity interests in these subsidiaries which have indirect equity interests in the other subsidiaries. These subsidiaries were incorporated in Hong Kong and all the other subsidiaries were established in mainland China.

(d) This company was originally a subsidiary of Changzhou Future Land Real Estate Development Co., Ltd. During the year 2009, this company was transferred to Future Land Wanbo Property Co., Ltd.

(e) These companies were deregistered during the periods presented as their developed properties were completed and fully delivered.

(f) This company was incorporated in year 2009, and was merged with Changzhou Wealth Zone Development Co., Ltd. in year 2010.

(g) The percentage of attributable equity interest presented is the beneficiary interests held by the Company's shareholders. The legal equity interests in these entities are lower than the beneficiary interests because of the existence of trust financing arrangements.

The Group legally transferred the equity interests in the following subsidiaries as collateral (Note 21) to trust financing companies.

	As at 31 December			As at 30 June
	2009	2010	2011	2012
Shanghai Future Land Chuangjia Property Co., Ltd.	–	56.25%	–	–
Shanghai Future Land Chuanghong Property Co., Ltd	–	94.59%	45.45%	–
Changzhou Future Land Wanjia Real Estate Development Co., Ltd.	–	97.78%	62.86%	62.86%
Nanjing Future Land Wanjia Real Estate Co., Ltd.	–	48.39%	48.39%	48.39%
Shanghai Future Land Jinjun Real Estate Co., Ltd.	–	95.77%	95.77%	–
Changzhou Future Land Wanbo Property Co., Ltd.	59.35%	59.35%	–	–
Changzhou Future Land Hongye Real Estate Co., Ltd.	–	98.75%	98.75%	98.75%
Suzhou Future Land Chuangjia Property Co., Ltd.	99.00%	99.00%	–	–
Changzhou Future Land Chuangjia Real Estate Co., Ltd	–	–	82.69%	82.69%

Although the Group legally holds less than 50% equity interests in certain project companies as indicated above, the Group retains control over these project companies, and is entitled to majority beneficiary interests and bears risks of these project companies. Accordingly, the project companies are consolidated into the Group's financial statements.

41 Events after the reporting period

Except as disclosed elsewhere in the Notes to the Financial Information set out above, there is no material subsequent event undertaken by the Company or by the Group after 30 June 2012.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2012, and up to the date of this report no dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2012.

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong