
SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus, including the appendices to this prospectus, before you decide to invest in our Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in our Offer Shares are summarized in the section entitled “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in our Offer Shares.

BUSINESS OVERVIEW

We are one of the leading property developers in Guangdong Province, focusing on the development of mid-market to high-end residential properties. Our business comprises three areas: (i) property development, i.e., the development of residential and commercial properties for sale, (ii) property leasing, i.e., the development, leasing and sub-leasing of commercial properties owned by us or Independent Third Parties, and (iii) property management, i.e., the provision of property management services to our residential customers.

According to DTZ, in 2012, we ranked 11th among all real estate developers by contracted sales volume in Guangdong Province,⁽¹⁾ and third among non-listed developers in Guangdong Province in terms of contracted sales volume. In 2013, we ranked 35th out of the “2013 China’s Top 50 Real Estate Developers” (2013中國房地產開發企業50強) and were among the “Star of 2012 China Top 100 Real Estate Developers” (2012中國房地產百強企業—百強之星), which were selected by the Development Research Center of the State Council (國務院發展研究中心), Tsinghua University’s Real Estate Research Institute (清華大學房地產研究所) and the China Index Academy (中國指數研究院). In 2012, we received the “2012 Best Enterprise Brand Image Award” (2012最佳企業品牌形象獎) from the China Finance Summit Organization Committee (中國財經峰會組委會). We believe our success is attributable to our market positioning, our well-recognized “Times Property” (時代地產) brand image and our property developments with modern designs.

Property development — We define ourselves as a “life stylist” (生活藝術家), with a vision of introducing contemporary and artistic lifestyles to increasingly affluent middle- to high-income households that have relatively high disposable income and strong purchasing power. To meet the anticipated needs and preferences of our target customers during their progression through different stages of their professional careers and lives, we offer three series of residential property developments, namely the “Growth Series” (成長型), the “Blossom Series” (成熟型) and the “Prosperity Series” (成功型). Our series contain modern and artistic themes designed by reputable architecture and design firms, such as AECOM, Hanhua, HS Architects and SCDA Architects. Substantially all of our residential developments are equipped with well-designed ancillary facilities, such as residents-only parks, clubhouses and swimming pools. We have introduced an art gallery within Times Deconstruction (時代玫瑰園) and we have included private theaters and art salons in some of our property developments to enhance the artistic experience for our customers. We have also developed commercial properties within our residential property developments so that retail shops and other entertainment facilities are made available to our residential neighborhoods.

Property leasing — We seek to sell the commercial properties within our residential developments as soon as practicable. During the Track Record Period, we rented out a small portion of the commercial properties within our residential developments which had not yet been sold. In addition, we occupied certain premises in Times Property Center for our corporate headquarters, with the remaining premises being leased to third parties. Leveraging our experience in leasing and managing our properties, we also engage in the sub-leasing of commercial properties owned by Independent Third Parties.

Note:

1. According to DTZ, Guangdong Province comprises Guangzhou, Shenzhen, Foshan, Zhuhai, Dongguan, Zhongshan and Huizhou.

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Property management — We provide quality property management services to our residential customers through our property management company, Times Property Management, which is a property management enterprise in the PRC (first class) (中華人民共和國物業服務企業(一級)).

BUSINESS MODEL

To increase our operating efficiency and enhance our cost and quality control, we have standardized operating procedures, including our “Times Property Standardized Operational and Management System” (時代地產標準化運營管理體系), which cover our development cycle from site selection and market evaluation, land acquisition, project planning and design, project construction and quality control to sales and marketing, after-sale services and property management. In general, the development cycle of our property projects from the commencement of construction to completion ranges from 20 to 35 months, depending primarily on several factors such as the number of phases, design, construction type, land condition and location of our property projects. We fund our property development principally from cash generated from our operations, borrowings from banks, trust financings and capital contributions from our shareholders. We outsource substantially all of our construction work to external construction contractors. We generally price our properties, both residential and commercial units, on a “cost-plus” basis. Such cost includes all development costs incurred in relation to a property. A premium may be added based on our target rate of return and the overall real estate competitive landscape. Property development is and will continue to be our core business. Except for certain premises in Times Property Center that are leased to third parties, the property projects we develop are mainly for sale.

SELECTED OPERATING INFORMATION

As of September 30, 2013, we had a total of 28 residential property projects at various stages of development, 27 of which were located in Guangdong Province, including ten in Guangzhou, six in Foshan, six in Zhuhai, three in Qingyuan and two in Zhongshan, and one of which was located in Changsha, Hunan Province. These 28 projects have an aggregate site area of approximately 4.3 million sq.m. and an aggregate GFA of approximately 11.3 million sq.m. As of September 30, 2013, approximately 3.0 million sq.m. of the GFA was completed, approximately 3.7 million sq.m. of the GFA was under development and approximately 4.6 million sq.m. of the GFA was held for future development. For further details of our completed projects, projects under development and projects held for future development, see the section entitled “Business — Our Business — Summary Information Regarding Our Property Projects — Property portfolio summary” on page 215 of this prospectus.

The following table sets forth the GFA breakdown of our property portfolio under various stages of development as of September 30, 2013:

Planned Use ⁽¹⁾	Completed Properties				Properties Under Development	Properties Held For Future Development
	(A) Total GFA sold and pre-sold ⁽²⁾	(B) GFA available for sale, lease or use ⁽³⁾	(C) Other GFA ⁽⁴⁾	Total (A+B+C)	GFA	GFA
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)
Residential	2,359,694	27,120	–	2,386,814	2,877,615	4,263,916
Commercial	67,373	41,187	–	108,561	186,538	80,299
Car park	68,646	56,310	–	124,956	225,473	132,613
Ancillary ⁽⁵⁾	376,577	–	20,000	396,577	408,351	77,305
Total GFA	2,872,290	124,618	20,000	3,016,908	3,697,977	4,554,133
Total attributable GFA⁽⁶⁾	2,872,290	124,618	20,000	3,016,908	3,658,581	4,516,413

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Notes:

- (1) The table above includes saleable GFA and non-saleable GFA. GFA for residential, commercial and car park use consists mostly of saleable GFA. GFA for ancillary use consists mostly of non-saleable GFA.
- (2) “Total GFA sold and pre-sold” includes a portion of GFA for ancillary use, which is delivered to the purchasers of properties in the relevant property developments. We did not generate any revenue from the GFA for ancillary use.
- (3) “GFA available for sale, lease or use” does not include the portion of GFA for ancillary use, which is not available for sale or lease, of each of the completed projects or phases of projects.
- (4) “Other GFA” comprises the portion of GFA for ancillary use, which is not available for sale or lease and has yet to be delivered to purchasers of properties in the relevant property developments, of each of the completed projects or phases of projects.
- (5) “Ancillary” comprises above-ground and under-ground ancillary facilities, such as clubhouses, which are for purposes other than residential use, retail use or car park use. We did not generate any revenue from this GFA during the Track Record Period.
- (6) “Total attributable GFA” comprises the portion of the total GFA that is attributable to us, based on our effective interest in the relevant project. Our interests in the relevant projects are set out in the Property Valuation Report in Appendix III to this prospectus.

In 2010, 2011, 2012 and the six months ended June 30, 2013, our revenue amounted to RMB1,547.2 million, RMB2,466.8 million, RMB3,197.1 million and RMB2,362.7 million, respectively, and we derived 94.8%, 96.1%, 96.7% and 95.3% of our revenue from property development, respectively; 2.5%, 1.5%, 1.2% and 3.0% of our revenue from property leasing, respectively; and 2.7%, 2.4%, 2.1% and 1.7% of our revenue from property management, respectively, for the corresponding periods.

The table below sets forth our revenue from the sale of properties, the aggregate GFA of properties we delivered, and the average selling prices for these properties by type of property for the periods indicated:

	Year ended December 31,									Six months ended June 30, 2013		
	2010			2011			2012			Revenue	GFA delivered ⁽¹⁾	Average selling price per sq.m.
	Revenue	GFA delivered ⁽¹⁾	Average selling price per sq.m.	Revenue	GFA delivered ⁽¹⁾	Average selling price per sq.m.	Revenue	GFA delivered ⁽¹⁾	Average selling price per sq.m.			
(RMB in thousands)	(sq.m.)	(RMB)	(RMB in thousands)	(sq.m.)	(RMB)	(RMB in thousands)	(sq.m.)	(RMB)	(RMB in thousands)	(sq.m.)	(RMB)	
Residential	1,385,872	228,461	6,066	2,198,788	279,442	7,868	3,042,447	378,778	8,032	2,227,117	264,160	8,431
Commercial	13,274	749	17,722	119,858	7,762	15,442	3,856	266	14,496	–	–	–
Car park	66,872	12,566	5,322	50,745	5,719	8,873	44,434	5,304	8,377	24,062	3,025	7,954
Others ⁽²⁾	316	102	3,098	172	15	11,467	50	–	–	–	–	–
Total	1,466,334	241,878	6,062	2,369,563	292,938	8,089	3,090,787	384,348	8,042	2,251,179	267,185	8,426

Notes:

- (1) “GFA delivered” excludes the GFA for ancillary facilities, such as clubhouses, which are delivered in aggregate to the purchasers of properties in the relevant property developments. We did not generate any revenue from the GFA for ancillary facilities during the Track Record Period.
- (2) “Others” represents the amounts received from property purchasers for the GFA actually delivered if this exceeds the GFA provided in the relevant sale and purchase agreements, less the amounts refunded to property purchasers for the shortfall in GFA where the GFA actually delivered is less than the GFA provided in the sale and purchase agreements.

No commercial properties were delivered in the first half of 2013. The average selling price per sq.m. of our commercial properties generally declined in 2010, 2011 and 2012, primarily due to the location of the properties. Our commercial properties located in Guangzhou and Foshan generally commanded higher selling prices than those in Zhongshan. See the section entitled “Financial Information — Description of Certain Income Statement Line Items — Revenue — Commercial properties” on page 389 of this prospectus for further details.

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The table below sets forth a breakdown of our cost of properties sold for the periods indicated:

	Year ended December 31,						Six months ended June 30, 2013					
	2010		2011		2012		2013					
	(RMB in thousands)	(%)	(RMB per sq.m.)	(RMB in thousands)	(%)	(RMB per sq.m.)	(RMB in thousands)	(%)	(RMB per sq.m.)			
Land acquisition costs	255,221	22.9	1,055	434,877	25.6	1,485	420,479	19.0	1,094	344,593	19.9	1,290
Construction costs	814,983	73.2	3,369	1,178,837	68.6	4,024	1,649,003	74.5	4,290	1,272,056	73.3	4,761
Capitalized finance costs	42,828	3.9	177	98,979	5.8	338	145,124	6.5	378	117,790	6.8	441
Total of cost of properties sold	1,113,032	100.0	1,712,693	100.0		2,214,606	100.0		1,734,439	100.0		

Our cost of sales generally increased during the Track Record Period, primarily due to a rise in the total GFA of completed and delivered properties, which resulted in higher construction costs and land acquisition costs.

REAL ESTATE-RELATED AUSTERITY MEASURES IMPLEMENTED BY THE PRC GOVERNMENT AND CHANGE OF INTEREST RATES IN THE PRC

During the Track Record Period and up to the Latest Practicable Date, the PRC government had implemented a series of regulations and policies to ensure healthy growth of the property market and stability in property prices, as well as to dampen property speculation. See the section entitled “Regulatory Overview — Land Grants” starting on page 107 of this prospectus. These policies may limit our ability to obtain financing, acquire land for future developments, sell our properties at a profit or generate sufficient operating cash flow from contracted sales. In addition, purchasers of our properties often obtain mortgage loans to purchase our properties. Accordingly, changes in interest rates have affected and will continue to affect the purchasers of our properties. The PBOC benchmark one-year lending rates in the PRC (which directly affects the property mortgage rates offered by commercial banks in the PRC) as of December 31, 2010, 2011 and 2012 and June 30, 2013 were 5.81%, 6.56%, 6.00% and 6.00%, respectively. As reflected in the average selling price per sq.m. in respect of our residential properties, our Directors consider market demand to have been negatively affected by the pessimistic sentiment in some regions as a result of the austerity measures promulgated by the PRC government, which is part of the reason that the increase in the average selling price per sq.m. for our residential properties from 2011 to 2012 was less than the increase in the average selling price per sq.m. from 2010 to 2011. The average selling price per sq.m. for our residential properties increased by 29.7% from RMB6,066 per sq.m. in 2010 to RMB7,868 per sq.m. in 2011, while the average selling price of our residential properties increased by 2.1% from RMB7,868 per sq.m. in 2011 to RMB8,032 per sq.m. in 2012. Our Directors believe that the measures described above will not have a material impact on our Group’s working capital sufficiency and business prospects going forward.

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Completed projects and project phases

The following table sets forth summary information on our completed projects and project phases in different cities as of September 30, 2013⁽⁴⁾:

City	Project type	Site Area (sq.m.)	Completed GFA ⁽¹⁾ (sq.m.)	Total GFA sold and pre-sold ⁽²⁾ (sq.m.)	GFA available for sale, lease or use ⁽²⁾ (sq.m.)	Other GFA ⁽²⁾ (sq.m.)	Attributable market value ⁽³⁾ (RMB million)
Guangzhou	Residential and commercial	365,931	967,821	935,944	26,411	5,466	448.8
Foshan	Residential and commercial	570,760	1,373,577	1,303,223	61,497	8,857	1,432.0
Zhongshan	Residential and commercial	17,118	115,352	113,912	1,299	141	61.0
Zhuhai	Residential and commercial	238,664	560,158	519,211	35,411	5,536	1,551.6
Total		1,192,473	3,016,908	2,872,290	124,618	20,000	3,493.4
Total Attributable GFA⁽²⁾			3,016,908	2,872,290	124,618	20,000	3,493.4

Notes:

- (1) “Completed GFA” is based on figures stated in the surveying reports or completion certificates by relevant government departments. It includes the attributable value of amenities.
- (2) For “Total GFA sold and pre-sold,” “GFA available for sale, lease or use,” “Other GFA” and “Total attributable GFA,” see the notes of the table in the subsection entitled “— Selected Operating Information” above.
- (3) For details as to the valuation of our projects, please refer to pages III-2 and III-3 of the Property Valuation Report in Appendix III to this prospectus. For risks associated with assumptions made in the valuation of properties, see the section entitled “Risk Factors — Risks Relating to Our Businesses — The appraised value of our properties may be different from their actual realizable value and are subject to change” on page 55 of this prospectus.
- (4) For further details, see the section entitled “Business — Our Business — Summary Information Regarding Our Property Projects — Completed projects and project phases” on page 216 of this prospectus.

Properties under development and properties held for future development

The following table sets forth summary information on our properties under development and properties held for future development in different cities as of September 30, 2013:⁽⁹⁾⁽¹⁰⁾

City	Project type	Site Area (sq.m.)	Under development			Held for future development			Attributable market value ⁽⁸⁾ (RMB million)	
			Total GFA ⁽²⁾⁽⁸⁾ (sq.m.)	Saleable/rentable GFA ⁽³⁾ (sq.m.)	GFA pre-sold ⁽⁴⁾ (sq.m.)	GFA available for sale ⁽⁵⁾ (sq.m.)	Other GFA ⁽⁶⁾ (sq.m.)	Total GFA ⁽³⁾⁽⁸⁾ (sq.m.)		Land use rights not yet obtained ⁽³⁾ (sq.m.)
Guangzhou	Residential, commercial and industrial	544,978	1,023,298	892,508	196,931	705,899	120,468	106,086	74,813 ⁽¹¹⁾	7,818.1
Foshan	Residential and commercial	412,802	551,426	502,476	101,187	363,618	86,621	536,991	115,236	2,514.0
Zhongshan	Residential and commercial	101,821	535,031	490,822	272,473	249,697	12,859	—	—	1,885.0
Zhuhai	Residential and commercial	383,550	587,638	508,056	122,373	388,702	76,563	396,400	396,400	1,100.0
Qingyuan	Residential and commercial	1,232,565	712,444	676,076	34,878	641,198	36,369	2,175,719	—	3,695.0
Changsha	Residential and commercial	460,138	288,140	277,852	213,042	64,810	10,288	1,338,937	—	2,955.0
Total		3,135,854	3,697,977	3,347,790	940,884	2,413,924	343,168	4,554,133	586,449⁽¹¹⁾	19,967.1
Total attributable GFA⁽⁸⁾			3,658,581	3,316,578	939,492	2,383,950	335,138	4,516,413	549,043⁽¹¹⁾	

Notes:

- (1) The table above includes properties for which (i) we have obtained the relevant land use rights certificate(s), but have not obtained the requisite construction permits or (ii) we have signed a land grant contract with the relevant government authority, but have not obtained the land use rights certificate(s).
- (2) "Total GFA" under development is based on figures stated in the planning permit for construction works.
- (3) "Saleable/rentable GFA," "Total GFA" held for future development and "Land use rights not yet obtained" are derived from our internal records and estimates.
- (4) "GFA pre-sold" is derived from our internal records and includes a portion of GFA for ancillary use, such as clubhouses, which are delivered to the purchasers of properties in the relevant property developments. We did not generate any revenue from the GFA for ancillary use. A property is pre-sold when an agreement for its sale has been executed.
- (5) "GFA available for sale" does not include the portion of GFA for ancillary use, which is not available for sale and has yet to be delivered to purchasers of properties in the relevant property developments.
- (6) "Other GFA" comprises the portion of GFA for ancillary use, which is not available for sale and has yet to be delivered to purchasers of properties in the relevant property developments, of each of the phases of projects.
- (7) For details as to the valuation of our projects, please refer to pages III-2 and III-3 of the Property Valuation Report in Appendix III to this prospectus. For risks associated with assumptions made in the valuation of properties, see the section entitled "Risk Factors — Risks Relating to Our Businesses — The appraised value of our properties may be different from their actual realizable value and are subject to change" on page 55 of this prospectus.
- (8) "Total attributable GFA," "Total GFA" and "Attributable market value" include the attributable value of non-saleable amenities. The "Total attributable GFA" comprises the portion of the total GFA that is attributable to us based on our effective ownership interest in the relevant project. Our interests in the relevant projects are set out in the Property Valuation Report in Appendix III to this prospectus.
- (9) The figures for total GFA and saleable/rentable GFA that appear in this prospectus are based on figures provided in the relevant governmental documents, such as the property ownership certificate, the construction work planning permit, the pre-sale permit, the construction land planning permit or the land use rights certificate. The categories of information contained in this prospectus are based on our internal records. The following are estimates only: (a) figures for GFA under development, total GFA for future development, and GFA pre-sold; and (b) information regarding development costs incurred (including land costs, construction costs and capitalized finance costs), estimated construction period schedule and estimated future development costs. The figures for site area, total GFA under development and held for future development, saleable/rentable GFA, GFA pre-sold, GFA available for sale, other GFA, land use rights not yet obtained, development costs incurred, estimated future development costs and attributable market value of our property development projects are stated as of September 30, 2013, and exclude the respective figures for the Guangzhou Tianhe Project and Guangzhou Tiansi Project as we are in the process of converting the land use for the Guangzhou Tianhe Project and Guangzhou Tiansi Project from industrial use to residential and commercial use.
- (10) For further details, see the section entitled "Business — Our Business — Summary Information Regarding Our Property Projects — Properties under development and properties held for future development" on page 220 of this prospectus.
- (11) On November 7, 2013, we have obtained the land use rights certificate for the GFA of approximately 74,813 sq.m. in relation to Guangzhou Wuyang Paint Factory.

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IDLE LAND

As of the Latest Practicable Date, we had six projects which experienced delays and did not commence construction on or before the required commencement date as stated on the relevant construction work commencement permit. However, as advised by our PRC legal advisers, Commerce & Finance, the postponement of commencement of these projects will not result in termination of the land grant contract and such land will not be subject to payment of idle land fees or forfeiture of land for our delay in the commencement of these projects. For further information, see the section entitled “Business — Compliance — Idle land” on page 340 of this prospectus.

OUR COMPETITIVE STRENGTHS

We believe that the following strengths enable us to compete effectively in the property markets in China: (i) we are one of the leading property developers in Guangdong Province, one of the most economically prosperous regions in China, with our well-recognized “Times Property” (時代地產) brand; (ii) we have a diversified product portfolio of quality developments that differentiates our projects from those of our competitors, as we strive to distinguish ourselves from our competitors by developing properties with modern and artistic themes and ancillary facilities based on the needs and preferences of our target customers; (iii) we have land reserves sufficient to support our operation in the next five years; (iv) we have standardized operating procedures that enable us to develop strong execution capabilities and utilize resources efficiently; (v) we have a specialized and experienced sales and marketing team with strong marketing capabilities; and (vi) we have a stable and committed management team with strong credentials and extensive experience in the PRC real estate industry.

OUR BUSINESS STRATEGIES

We intend to implement the following principal strategies to grow our businesses and create value for our Shareholders: (i) strengthen our leadership position in cities in Guangdong Province and expand our presence in Hunan Province and expand into other cities in Guangdong Province with high growth potential; (ii) continue to enhance our well-recognized “Times Property” (時代地產) brand, innovate and improve our project designs, and increase the value of our quality developments; (iii) increase our land reserves in areas with high growth potential at a competitive cost; (iv) capitalize on our standardized operating procedures to achieve healthy growth and operational expansion; and (v) attract, retain and develop a talented workforce through continual training and attractive remuneration packages.

OUR RESULTS OF OPERATIONS

Summary of Consolidated Income Statements

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	(unaudited)				
	(RMB in thousands)				
Revenue	1,547,206	2,466,811	3,197,142	1,817,102	2,362,705
Gross profit	390,837	685,554	908,958	397,973	548,063
Profit before tax	245,608	335,718	621,423	240,888	251,925
Profit for the year/period	165,344	234,871	353,648	162,657	156,693
Attributable to:					
Owners of the Company	165,347	247,169	362,916	167,599	165,946
Non-controlling interests	(3)	(12,298)	(9,268)	(4,942)	(9,253)
	165,344	234,871	353,648	162,657	156,693

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Summary of Consolidated Statements of Financial Position

	As of December 31,			As of June 30, 2013
	2010	2011	2012	
	(RMB in thousands)			
Non-current assets	2,321,118	2,866,394	3,328,463	4,057,114
Current assets	7,886,755	12,901,030	18,757,145	19,452,834
Current liabilities	5,658,532	8,660,853	15,076,533	16,865,846
Net current assets	2,228,223	4,240,177	3,680,612	2,586,988
Non-current liabilities	2,432,374	4,255,534	3,802,962	4,187,867
Net assets	<u>2,116,967</u>	<u>2,851,037</u>	<u>3,206,113</u>	<u>2,456,235</u>

Summary of Consolidated Statements of Cash Flows

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	(unaudited)				
	(RMB in thousands)				
Net cash flows (used in)/generated from operating activities	(261,426)	(363,607)	281,166	(36,989)	(275,523)
Net cash flows used in investing activities . .	(77,468)	(529,735)	(326,969)	(312,191)	(646,304)
Net cash flows generated from financing activities	520,454	895,706	416,583	179,826	295,340
Net increase/(decrease) in cash and cash equivalents	181,560	2,364	370,780	(169,354)	(626,487)
Cash and cash equivalents at the beginning of the year/period	381,882	563,389	565,700	565,700	936,446
Effect of foreign exchange rate changes, net .	(53)	(53)	(34)	(1)	(50)
Cash and cash equivalents at the end of the year/period	<u>563,389</u>	<u>565,700</u>	<u>936,446</u>	<u>396,345</u>	<u>309,909</u>

KEY FINANCIAL RATIOS

The following table sets out a summary of certain financial ratios for the periods or as of the dates indicated:

	As of December 31,			As of June 30, 2013
	2010	2011	2012	
Current ratio	1.4	1.5	1.2	1.2
Net debt-to-adjusted equity ⁽¹⁾ ratio	72.6%	89.0%	116.2%	163.6%
Gearing ratio	125.6%	143.3%	171.6%	224.2%

	Year ended December 31,			Six months ended June 30, 2013
	2010	2011	2012	
Adjusted net profit (RMB in millions) ⁽²⁾	38.7	119.2	271.1	134.0
Gross profit margin	25.3%	27.8%	28.4%	23.2%
Net profit margin	10.7%	9.5%	11.1%	6.6%
Adjusted net profit margin ⁽²⁾	2.5%	4.8%	8.5%	5.7%
Return on equity ⁽³⁾	7.8%	10.5%	13.3%	N/A

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Notes:

- (1) Adjusted equity represents equity attributable to owners of our Company and includes the amounts due to a Director, one of the founders of our Company.
- (2) Adjusted net profit represents profit after tax excluding fair value gains on investment properties, deferred tax related to fair value gains on investment properties, gain on acquisition of subsidiaries and re-measurement of previously held equity interests.
- (3) Return on equity is our profit attributable to the owners of our Company for a full financial year as a percentage of our equity attributable to the owners of our Company as of the end of such year.

LIQUIDITY AND CAPITAL RESOURCES

Borrowings

The following table shows our borrowings as of the dates indicated:

	As of December 31,			As of
	2010	2011	2012	June 30, 2013
	(RMB in thousands)			
Current				
Bank loans	353,689	780,697	2,420,449	1,636,212
Other borrowings	180,000	440,000	756,814	1,215,780
Non-current				
Bank loans	1,794,249	2,501,215	1,878,272	2,771,064
Other borrowings	450,456	509,728	621,264	100,000
Total	<u>2,778,394</u>	<u>4,231,640</u>	<u>5,676,799</u>	<u>5,723,056</u>

Capital Resources

Property development requires substantial capital investment for land acquisition and construction, and it may take many months or years before positive cash flow can be generated. To date, we have funded our growth principally from cash generated from our operations, borrowings from banks, trust financings and capital contributions from our shareholders. Our financing methods vary from project to project and are subject to limitations imposed by PRC regulations and monetary policies. We had negative cash flows from operating activities of RMB261.4 million, RMB363.6 million and RMB275.5 million, respectively, for the years ended December 31, 2010 and 2011 and the six months ended June 30, 2013, primarily due to an increase in capital expenditure for properties under development in the respective periods as a result of our business expansion. We recorded positive net operating cash flows of RMB281.2 million for the year ended December 31, 2012. As of December 31, 2010, 2011 and 2012 and June 30, 2013, our aggregate cash and bank balances amounted to RMB1,172.2 million, RMB1,603.2 million, RMB1,833.7 million and RMB1,546.6 million, respectively.

Taking into account our current project development schedules, sales and pre-sales status, property service management and property leasing status, estimated net proceeds from the Global Offering and bank facilities and other borrowings, our Directors confirm that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this prospectus. For further information, see the section entitled “Financial Information — Capital Resources” on page 422 of this prospectus.

SHARE OPTION SCHEME

We have adopted the Share Option Scheme. For details of the Share Option Scheme, see the section entitled “Statutory and General Information — D. Share Option Scheme” on page V-20 in Appendix V to this prospectus.

SUMMARY

DIVIDEND POLICY

We declared a special dividend of approximately RMB442.4 million to Asiaciti Enterprises on June 6, 2013 to offset the debt owed to us by Asiaciti Enterprises. On September 16, 2013, we declared further dividends out of our distributable reserves in accordance with the applicable laws of the Cayman Islands in favor of Asiaciti Enterprises in the amount of approximately US\$70.2 million to offset the amounts owed to us by Asiaciti Enterprises. For further information, see the section entitled “Financial Information — Indebtedness and Contingent Liabilities — Exchangeable Notes and Restructuring Deed” on page 429 of this prospectus. In the future, the amount of dividends actually distributed to our Shareholders will depend upon our earnings and financial condition, operating requirements and capital requirements, and any other conditions that our Directors may deem relevant, and will be subject to the approval of our Shareholders. For further information, see the section entitled “Financial Information — Dividends and Distributable Reserves” on page 432 of this prospectus.

RECENT DEVELOPMENTS

Our recent developments subsequent to June 30, 2013 and up to the Latest Practicable Date were as follows:

We purchased new sites for development in Baiyun District (白雲區), Guangzhou, and in Nanhai District (南海區), Foshan, respectively. For further information, see the section entitled “Business — Description of Our Projects” starting on page 227 of this prospectus.

On November 19, 2013, we entered into a land grant contract with the relevant government authority and acquired a parcel of land located in Xishadong in Shiqi District (石岐區細沙東), Zhongshan, Guangdong Province, with a total site area of 46,667 sq.m. for RMB200.0 million to be developed as our Zhongshan Shiqi Project. This parcel of land is designated for residential and commercial use. As of the Latest Practicable Date, we had made a payment of RMB36.4 million for this parcel of land and had an outstanding land premium of RMB163.6 million.

We recorded unaudited revenue and gross profit of approximately RMB3,891.5 million and RMB987.4 million, respectively, for the nine months ended September 30, 2013. Our unaudited gross profit margin was 25.4% for the corresponding period, which represented a slight increase as compared to the gross profit margin of 23.2% for the six months ended June 30, 2013.

We recorded unaudited revenue from the sale of properties of approximately RMB3,705.6 million and GFA delivered of approximately 471,495 sq.m. for the nine months ended September 30, 2013. The average selling price per sq.m. of our properties was RMB7,859 for the nine months ended September 30, 2013, which represented a 6.7% decrease as compared to the average selling price per sq.m. of our properties of RMB8,426 for the six months ended June 30, 2013. This decrease was primarily due to the decline in average selling price for the properties delivered from July 2013 to September 2013, which properties were mainly located in second-tier cities, such as Zengcheng, Foshan and Zhuhai, as compared to the first half of 2013 when most of the properties delivered were located in Guangzhou, a city generally commanding higher selling prices than second-tier cities.

As of September 30, 2013, we had settled RMB10.4 million, or 58.4%, of our accounts receivable as of June 30, 2013.

As of September 30, 2013, we had repaid RMB2,029.3 million, or 35.5%, of our bank loans and other borrowings as of June 30, 2013. We had additional bank loans and other borrowings of approximately RMB3,134.0 million during the period from July 1, 2013 to September 30, 2013. From October 1, 2013 to the Latest Practicable Date, we entered into two additional trust financing arrangements. For further information, see the section entitled “Business — Financing Provided by Trust Financing Companies — Trust Financing Arrangements Entered into by Our Group” starting on page 280 of this prospectus.

Our Directors confirm that the recent real estate-related austerity measures implemented by the PRC government have had no material impact on our Group’s operations and financial condition.

Our Directors confirm that, saved as disclosed in this prospectus, up to the date of this prospectus, there has not been any material adverse change in our financial or trading position or the prospects of our Company since June 30, 2013.

SUMMARY

OFFER STATISTICS⁽¹⁾

	<u>Based on Offer Price of HK\$3.20</u>	<u>Based on Offer Price of HK\$4.50</u>
Market capitalization of our Shares ⁽²⁾ . .	HK\$5,513.5 million	HK\$7,753.3 million
Unaudited pro forma adjusted net tangible asset value per Share ⁽³⁾	HK\$2.53	HK\$2.85

Notes:

- (1) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised.
- (2) The calculation of market capitalization is based on 430,740,000 Shares expected to be in issue immediately after completion of the Global Offering.
- (3) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to in the section entitled “Financial Information — Unaudited Pro Forma Adjusted Net Tangible Assets” on page 433 of this prospectus and on the basis of a total of 1,722,960,000 Shares in issue immediately following the Global Offering.

USE OF PROCEEDS

The net proceeds of the Global Offering we expect to receive (after deduction of underwriting fees and estimated expenses payable by us in relation to the Global Offering) are estimated to be approximately HK\$1,548.2 million, assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK\$3.85 per Offer Share, being the midpoint of the Offer Price range stated in this prospectus. We intend to use these proceeds for the following purposes:

- (a) approximately HK\$877.8 million, or approximately 56.7% of the net proceeds, for financing new and existing projects, including the land acquisition and construction costs of potential development projects. We will focus on the acquisition of new land and the development of new projects in our existing markets and other cities in Guangdong Province with high growth potential, and will continue to acquire land primarily through government-organized auctions and the listing-for-sale process, by acquiring equity interests in project companies that hold land use rights and by participating in the “Urban Redevelopment” policies. As of the Latest Practicable Date, our Directors confirm that, save as disclosed, we had not identified any target land parcels for development for our use of net proceeds from the Global Offering. For details of our project selection process, see the section entitled “Business — Project Development Management — Times Property Standardized Operational and Management System — Site Selection and Market Evaluation” starting on page 288 of this prospectus;
- (b) up to approximately HK\$515.6 million, or approximately 33.3% of the net proceeds, for settling part of the outstanding installments under the Restructuring Deed; and
- (c) approximately HK\$154.8 million, or 10% of the net proceeds, for working capital and other general corporate purposes.

Our Directors intend to apply the additional net proceeds we will receive if the Over-allotment Option is exercised in full, assuming an Offer Price of HK\$3.85 per Offer Share, being the midpoint of the Offer Price range, on a pro rata basis to the purposes described above.

If the Offer Price is fixed at HK\$4.50, being the high end of the stated Offer Price range, our net proceeds will be increased by approximately HK\$280.0 million, as compared to the net proceeds that we would receive with the Offer Price fixed at the mid-point of the indicative range. Our Directors currently intend to apply any additional net proceeds on a pro rata basis to the purposes described above.

To the extent that the net proceeds from the Global Offering are not immediately applied to the above purposes, we will deposit the net proceeds into short-term demand deposits and/or money market instruments.

EXCHANGEABLE NOTES AND RESTRUCTURING DEED

On January 9, 2008, the Investors extended loans to one of our Controlling Shareholders, Asiaciti Enterprises, in an aggregate principal amount of US\$200 million (approximately RMB1,440 million). As consideration for these loans, Asiaciti Enterprises issued to the

SUMMARY

Investors the Exchangeable Notes in an aggregate principal amount of US\$200 million. All of the proceeds of the Exchangeable Notes was provided to us for use in our business. See the section entitled “History and Corporate Structure — Pre-IPO Investment and Debt Restructuring” on page 189 of this prospectus for further details of the Exchangeable Notes and the Restructuring Deed.

On several occasions, we made payments on behalf of Asiaciti Enterprises primarily in connection with the Exchangeable Notes. As of June 30, 2013, these payments totaled RMB460.0 million. To offset the debt owed to us by Asiaciti Enterprises for such payments, we declared a special dividend of approximately RMB442.4 million to Asiaciti Enterprises on June 6, 2013.

Under the terms of the Restructuring Deed dated July 13, 2013, we have assumed the remaining portion of the debt owed to the Investors and will make further payments, totalling approximately US\$86.0 million, in the following installments: US\$24.3 million on January 15, 2014, US\$31.7 million on March 15, 2014 and US\$30.0 million on May 15, 2014. On September 16, 2013, we declared a further special dividend of approximately US\$70.2 million to Asiaciti Enterprises, an amount which, when coupled with the approximately US\$15.7 million we owed to Asiaciti Enterprises, offset the amounts that Asiaciti Enterprises owed to us as a result of the novation under the Restructuring Deed. There was no gain or loss recognized by our Company from the assumption of liability under the novation.

RISK FACTORS

There are certain risks relating to an investment in our Offer Shares. Some of the particular risks in investing in our Offer Shares are further described in the section entitled “Risk Factors” of this prospectus. These can be categorized into (i) risks relating to our businesses, (ii) risks relating to the real estate industry in the PRC, (iii) risks relating to the PRC, and (iv) risks relating to the Global Offering.

We believe a few of the more significant risks relating to our business include:

- Our business is heavily dependent on the growth of the real estate market in the PRC and, in particular, in Guangdong and Hunan Provinces.
- Our business is subject to extensive governmental regulations and policies and, in particular, we are susceptible to policy changes in the PRC property industry.
- If we are unable to comply with the restrictions and covenants and meet the payment schedule under the Restructuring Deed, a termination event (as defined under the Restructuring Deed) could be triggered and there could be a default under the terms of the Restructuring Deed, which could cause repayment of our debt to be accelerated, payment of liquidated damages (in an amount which will yield an internal rate of return of 20% per annum on all avoided, reduced or unpaid installments under the Restructuring Deed) and enforcement of mortgages over the shares of our offshore subsidiaries.
- Our profit margin varies with each property development, and we may not be able to sustain our existing profit margin, which may be affected by a number of factors, including (i) product mix, (ii) selling price and (iii) cost of development.
- We had negative net operating cash flows for the years ended December 31, 2010 and 2011 and the six months ended June 30, 2013. If we are unable to meet our payment obligations, our business, financial condition and results of operations may be materially and adversely affected.
- We may not be able to acquire land reserves of sufficient size in desirable locations and at a commercially acceptable cost in the future.