You should read the following discussion and analysis in conjunction with our consolidated financial information together with the accompanying notes, set forth in the Accountants' Report included as Appendix I to this prospectus. Our consolidated financial information is prepared in accordance with IFRS, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions, including the United States. You should read the whole of the Accountants' Report included as Appendix I to this prospectus and not rely merely on the information contained in this section.

The following discussion contains certain forward-looking statements that involve risks and uncertainties. Our actual results reported in future periods could differ materially from those discussed in such forward-looking statements. Factors that could cause or contribute to such differences include those discussed in the sections entitled "Risk Factors" and "Business" and elsewhere in this prospectus.

Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

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.

Note:

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

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. To increase our operating efficiency and enhance our cost and quality control, we have standardized and replicated certain themes that we believe to be the most popular among our product offerings. 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.

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)).

Leveraging our strong presence in Guangdong Province, we expanded into neighboring Hunan Province in 2011. We typically select sites located in Emerging Urban Areas. 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 had an aggregate site area of approximately 4,328,327 sq.m. and an aggregate GFA of approximately 11,269,018 sq.m. As of September 30, 2013, approximately 3,016,908 sq.m. of the GFA was completed, approximately 3,697,977 sq.m. of the GFA was under development and approximately 4,554,133 sq.m. of the GFA was held for future development. Our business strategy is to focus on residential project development. Except for certain premises in Times Property Center that are leased to third parties, the property projects we develop are mainly for sale.

In order to maximize investment returns, improve cash flow and obtain sustainable growth, we strive to shorten our project development cycle. We believe this efficient project development practice is crucial to the success of our business operations. In support of this model, we develop our properties through standardized procedures and by creating standardized residential units for each development theme, while catering to the unique consumer preferences of each market. See the section entitled "Business — Our Business — Property Development" in this prospectus for further details.

SUMMARY FINANCIAL INFORMATION

Consolidated Income Statements and Consolidated Statements of Comprehensive Income

The table below sets forth our consolidated income statements and consolidated statements of comprehensive income for the periods indicated:

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
Cost of sales	(1,156,369)	(1,781,257)	(2,288,184)	(1,419,129)	(1,814,642)
Gross profit	390,837	685,554	908,958	397,973	548,063
Other income and gains	196,025	208,908	138,269	69,811	47,442
Selling and marketing costs	(172,925)	(259,226)	(204,279)	(134,886)	(169,488)
Administrative expenses	(111,425)	(182,227)	(145,098)	(67,875)	(130,801)
Other expenses	(27,006)	(84,069)	(34,377)	(3,427)	(8,985)
Finance costs	(33,110)	(39,662)	(42,055)	(20,695)	(34,411)
Share of profits and losses of associates	3,212	6,440	5	(13)	105
Profit before tax	245,608	335,718	621,423	240,888	251,925
Income tax expense	(80,264)	(100,847)	(267,775)	(78,231)	(95,232)
Profit for the year/period	165,344	234,871	353,648	162,657	156,693
Attributable to:					
Owners of the Company	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

Consolidated Statements of Comprehensive Income

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

Consolidated Statements of Financial Position

The table below sets forth our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	(RMB in thousands)			
Non-current assets				
Property, plant and equipment	59,996	72,873	432,936	749,372
Prepaid land lease payments	383,245	1,266,111	1,229,089	1,610,335
Investment properties	1,290,000	1,430,000	1,540,000	1,560,000
Investments in associates	539,079	3,247	42,934	43,039
Deferred tax assets	48,798	94,163	83,504	94,368
Total non-current assets	2,321,118	2,866,394	3,328,463	4,057,114
Current assets				
Inventories	–	–	4,642	–
Prepaid land lease payments	563,210	363,019	265,813	–
Properties under development	3,859,424	6,924,604	9,350,228	13,064,262
Completed properties held for sale	1,205,795	2,195,714	2,641,554	2,925,626
Trade receivables	12,576	18,872	32,546	17,813
Prepayments, deposits and other receivables	874,819	1,562,773	3,580,567	1,487,586
Held-to-maturity investments	–	–	305,700	–
Amount due from the immediate holding company	–	11,408	437,507	22,282
Amount due from the ultimate holding company	6	5	16	16
Amounts due from associates	72,631	60,180	63,880	56,480
Amounts due from directors	11,048	4,000	3,438	–
Available-for-sale investments	4,100	3,100	3,100	12,900
Tax prepayments	110,944	154,116	234,409	319,254
Restricted bank deposits	608,813	1,037,539	897,299	1,236,706
Cash and cash equivalents	563,389	565,700	936,446	309,909
Total current assets	7,886,755	12,901,030	18,757,145	19,452,834

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	(RMB in thousands)			
Current liabilities				
Trade payables	1,564,997	2,039,031	2,872,646	2,930,841
Other payables and accruals	3,382,706	5,202,549	8,718,085	10,839,631
Interest-bearing bank loans and other borrowings	533,689	1,220,697	3,177,263	2,851,992
Amount due to a director	95,588	101,489	101,478	96,885
Tax payable	81,552	97,087	207,061	146,497
Total current liabilities	5,658,532	8,660,853	15,076,533	16,865,846
Net current assets	2,228,223	4,240,177	3,680,612	2,586,988
Total assets less current liabilities	4,549,341	7,106,571	7,009,075	6,644,102
Non-current liabilities				
Interest-bearing bank loans and other borrowings	2,244,705	3,010,943	2,499,536	2,871,064
Deferred tax liabilities	187,669	1,244,591	1,303,426	1,316,803
Total non-current liabilities	2,432,374	4,255,534	3,802,962	4,187,867
Net assets	2,116,967	2,851,037	3,206,113	2,456,235
Equity				
Equity attributable to owners of the Company				
Issued capital	–	–	–	–
Reserves	2,111,095	2,359,815	2,719,726	2,437,602
	2,111,095	2,359,815	2,719,726	2,437,602
Non-controlling interests	5,872	491,222	486,387	18,633
Total equity	2,116,967	2,851,037	3,206,113	2,456,235

Selected Consolidated Statements of Cash Flows

The table below sets forth selected financial information extracted from our consolidated statements of cash flows for the periods indicated:

	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	563,389	565,700	936,446	396,345	309,909

KEY FACTORS AFFECTING OUR BUSINESS, RESULTS OF OPERATIONS AND FINANCIAL POSITION

Our business, results of operations and financial position are affected by a number of factors, many of which are beyond our control. See the section entitled "Risk Factors" in this prospectus. Such factors include, without limitation, the following:

Economic Growth and the State of the Real Estate Market in China, in particular, in Guangdong and Hunan Provinces

Economic growth, urbanization and rising living standards in China have been the key drivers behind increasing market demand for residential properties. Currently, while the real estate industry is regarded by the PRC government as one of China's pillar industries, it is significantly dependent on overall economic growth and the resultant consumer demand for residential properties. Since we target customers in fast-growing urbanizing cities, we believe that urbanization in China and overall economic growth, in particular, in Guangdong and Hunan Provinces, are especially important to our sales and profitability. As such, these factors will continue to have a significant impact on our results of operations.

In addition, our results of operations are subject to the performance of the PRC's real estate market, in particular, the supply and demand for residential properties and pricing trends of mid-market to high-end residential properties in the cities and regions where we operate. Any general economic downturn or downturn in the real estate market, particularly in the regions where we operate, could adversely affect our business, results of operations and financial position. See the section entitled "Risk Factors — Risks relating to the PRC — PRC economic, political and social conditions, as well as governmental policies, could affect our business" in this prospectus.

Regulatory Measures in the Real Estate Industry in China

Policies and measures relating to property development and related industries implemented by the PRC government have a direct impact on our business and results of operations. From time to time, the PRC government adjusts its macro-economic control policies to encourage or restrict development in the property sector by regulating, among other things, land grants, pre-sales of properties, bank financing and taxation. Prior to the second half of 2008, the PRC government took various measures to control money supply, credit availability and fixed asset investment with a view to preventing China's economy from overheating and to achieve more balanced and sustainable economic growth. From the second half of 2008 through the third quarter of 2009, as a result of a global economic downturn, the PRC government adopted measures to encourage consumption in the residential property market and provided support to property developers. Since the fourth quarter of 2009, the PRC government has adjusted some policies to curtail the overheating of the real estate market. These policies include abolishing certain preferential treatment in respect of business tax payable upon the transfer of residential properties, increasing the down payment for mortgage loans, imposing more stringent requirements on the payment of land premium, limiting the number of residential properties a household can buy, and levying a 20% personal income tax on the sale of certain residential properties. PRC regulatory measures in the real estate industry will continue to impact our business. See the section entitled "Regulatory Overview" in this prospectus for more details on relevant PRC laws and regulations. Also see the section entitled "Risk Factors — Risks Relating to Our Businesses — Our business is subject to extensive governmental regulations and policies and, in particular, we are susceptible to policy changes in the PRC property industry" in this prospectus.

Ability to Acquire Suitable Land at Reasonable Cost

Our continuing growth and profitability depend, to a large extent, on our ability to acquire quality land at reasonable cost. Land acquisition costs, which consist of land premium and, where necessary, the costs of demolishing existing buildings and relocating residents, are one of the primary components of our cost of sales for property development. Over the past few years, land premiums in China have generally shown an increase as a result of the growing PRC economy. Based on our current development plans, we believe we have sufficient land reserves for our property developments for the next few years. We believe that if the PRC economy continues to grow, demand for residential properties is likely to remain strong and competition for land reserves suitable for property development will intensify. In addition, the public tender, auction and listing-for-sale practices in respect of the grant of state-owned land use rights are also likely to increase competition for undeveloped land, resulting in higher land acquisition costs. See the section entitled "Risk Factors — Risks Relating to Our Businesses — We may not be able to acquire land reserves of sufficient size in desirable locations and at a commercially acceptable cost in the future" in this prospectus.

Pre-sales

Our ability to sell properties prior to completion, known as the pre-sale of properties, constitutes the most important source of our operating cash inflow during project development. PRC law allows us to pre-sell properties upon the satisfaction of certain requirements and requires us to use the pre-sale proceeds to develop the property projects that are pre-sold. The amount and timing of cash inflows from pre-sales are affected by a number of factors, including timing and other restrictions on pre-sale imposed by the PRC government, market demand for our properties subject to pre-sale and the number of properties we have available for pre-sale. Reduced cash inflows from pre-sales of our properties will increase our reliance on external financing and impact our ability to finance our property developments as well as profitability.

Timing of Property Development

According to our accounting policy for revenue recognition, no revenue is recognized with respect to a property project until it has been completed, sold and delivered to the customers. The development of our property projects may take many months or sometimes years before the commencement of pre-sales or completion and delivery. As market demand fluctuates, the revenue we recognize in a particular period may depend on market conditions at the time a particular project is pre-sold or sold. Moreover, delays in construction, regulatory approval and other processes can adversely affect the timetable of our projects. Given these limitations, timing differences and uncertainties, coupled with the substantial capital requirements of property development, we can undertake only a limited number of projects at any one time. Since the delivery of our properties varies according to our construction timetable, our results of operations are likely to continue to fluctuate in the future. In order to mitigate these fluctuations, we aim to schedule projects so they will be at different stages of development during any particular period.

Change in Product Mix

The average selling prices per sq.m. and gross profit margins of our products vary by the type of properties we develop and sell. Our gross profit margin is affected by the proportion of revenue attributable to our high gross margin products compared to revenue attributable to lower gross margin products. During the Track Record Period, our low-density units, higher-end apartment units (for example, our "Prosperity Series" (成功型) of property development) and retail shops commanded higher average selling prices per sq.m. and gross margins than our mid-market apartment units. In addition, similar properties located in different cities or regions could command different selling prices and thus result in different gross margins. Our properties located in first-tier cities such as Guangzhou typically command higher average selling prices per sq.m. and higher gross profit margins than our properties located in second- or third-tier cities. Our product mix varies from period to period based on a number of factors, including government-regulated plot ratios, project locations, land size and cost, market conditions and our development planning. We adjust our product mix from time to time but may nonetheless be unable to maintain or increase our gross profit margin, which would materially and adversely affect our profitability. See the section entitled "Risk Factors — Risks Relating to Our Businesses — Our profit margin varies with each property development, and we may not be able to sustain our existing profit margin" in this prospectus.

Access to Adequate Financing and Capital Resources

We fund our business operations both through cash flows generated from our business operations and through external financing, primarily including bank loans and trust financings. As of December 31, 2010, 2011 and 2012 and June 30, 2013, our outstanding bank loans and other borrowings amounted to RMB2,778.4 million, RMB4,231.6 million, RMB5,676.8 million and RMB5,723.1 million, respectively.

For bank loans, we are highly susceptible to any regulations or measures adopted by the PBOC that restrict bank lending, particularly those that restrict the ability of real estate developers to obtain financing. Furthermore, since commercial banks in China link the interest rates on their loans to benchmark lending rates published by the PBOC, an increase in such benchmark lending rates may increase our interest costs. For the applicable interest rates of our bank loans in 2010, 2011 and 2012 and the first half of 2013, see the subsection entitled "— Indebtedness and Contingent Liabilities — Borrowings" below. Our access to capital and cost of financing are also affected by restrictions imposed from time to time by the PRC government on bank lending for property developments. See the section entitled "Risk Factors — Risks Relating to Our Businesses — Our financing costs are subject to changes in interest rates" in this prospectus.

From time to time during the Track Record Period, we obtained secured trust financings from a number of trust companies in China. Compared to bank loans, trust financings are more readily obtainable and offer greater flexibility in terms of availability of funds. While drawdowns on bank loans usually depend on actual construction progress, drawdowns on trust financings may be made in full in one or multiple installments as agreed with the relevant trust companies. However, financing costs under these trust financing arrangements are generally higher than those under bank loans. See the section entitled "Business — Financing Provided by Trust Financing Companies" in this prospectus for more details. There is no guarantee that in the future we will be able to enter into these arrangements, if needed, at all or on favorable terms.

Our ability to access capital at reasonable cost may have a significant impact on our results of operations and financial position.

LAT

We are required to pay land appreciation tax, or LAT, on our property developments with respect to the appreciated value of the related land. We paid LAT in an aggregate amount of RMB373.3 million with respect to our pre-sales made during the Track Record Period. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, we made provisions for LAT of RMB3.6 million, RMB18.2 million, RMB123.2 million and RMB27.7 million, respectively. As of the Latest Practicable Date, we had made prepayments and provisions for LAT in compliance with the relevant LAT laws and regulations. However, we cannot assure you that the relevant tax authorities will agree with the basis on which we have calculated our LAT liabilities for provision purposes or that such provisions will be sufficient to cover all LAT obligations that tax authorities may ultimately impose on us. Our financial position may be adversely affected if our LAT liabilities as calculated by the relevant tax authorities are substantially higher than our LAT provisions. See the section entitled "Risk Factors — Risks Relating to Our Businesses — The relevant PRC tax authorities may challenge the basis on which we calculate our LAT obligations" in this prospectus.

Price Volatility of Construction Materials

Our results of operations are affected by the price volatility of construction materials such as steel and cement and may have a direct effect on our gross margin. In 2010, 2011 and 2012, the purchasing price indices of building materials for industrial producers in China was 103.8, 108.4 and 108.1, respectively. See the section entitled "Industry Overview — Historical Price Trends of Raw Materials" in this prospectus. For our purchase of key construction materials and facilities such as tiles, electrical wires and cables, lifts, electrical equipment and air-conditioning units, we employ a centralized procurement process to strengthen our bargaining power. Despite the efficiencies and pricing advantages of our volume purchases, any significant increase in the price of construction materials will impact our cost of sales and overall project costs. Furthermore, we typically pre-sell our properties prior to their completion, and we will not be able to pass the increased costs on to our customers if construction costs increase subsequent to the time of such pre-sale. If we cannot successfully pass an increase in the cost of materials to our customers, our profitability will be adversely affected. See the section entitled "Risk Factors — Risks Relating to Our Businesses — If we are not properly insulated from the price volatility of construction materials, our results of operations may be materially and adversely affected when prices of construction materials appreciate substantially" in this prospectus.

Change in Fair Value of Our Investment Properties

Our investment properties consist of commercial units in Times Property Center held for gross rental income. In our consolidated statements of financial position, our investment properties are stated at their fair value as non-current assets at the end of each reporting period on the basis of valuations by the Property Valuer. Gains or losses arising from changes in the fair value of our investment properties are accounted for in our consolidated income statements as gains or losses upon revaluation, which may have a substantial effect on our profit. The valuation of our investment properties involves the exercise of professional judgment and requires the use of certain bases and assumptions. The fair value of our investment properties, as determined at a particular date, might have been higher or lower if the valuer had used a different set of bases or assumptions or if the valuation had been conducted by a different qualified independent professional valuer. In addition, upward revaluation adjustments reflect unrealized capital gains on our investment properties as of the end of the reporting period and do not generate any cash inflow available for our operations or potential dividend distribution to our shareholders. The amounts of fair value adjustments have been, and may continue to be, impacted by prevailing property market conditions in China. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, we had fair value gains on our investment properties of RMB142.0 million, RMB140.0 million, RMB110.0 million and RMB20.0 million, respectively. The decrease in the fair value gains on our investment properties, the commercial units in Times Property Center, for the six months ended June 30, 2013 was in line with the smaller increase in the value of comparable commercial properties nearby in the first half of 2013. We recognized gains from fair value changes in our investment properties during the Track Record Period, but we cannot assure you that similar levels of fair value gain can be sustained in the future. 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" in this prospectus.

Expansion into Other Cities

Our continuing growth depends, to a significant extent, on our ability to expand into other cities. We began our business in Guangzhou and, over the years, have expanded into other cities in Guangdong Province, including Foshan, Zhuhai, Zhongshan and Qingyuan, as well as into Changsha in nearby Hunan Province. Despite our past record of expansion, as we enter new markets, we may not have the same level of familiarity with local contractors, business practices, customs and customer tastes, behavior and preference. If we cannot successfully leverage our experience or understand the property market in any other cities which we target for expansion, our business, results of operations and financial position will be adversely affected.

CRITICAL ACCOUNTING POLICIES

We prepare our consolidated financial statements in accordance with IFRS and under the historical cost convention except for available-for-sale investments, investment properties, and certain payables included in the other payables and accruals, all of which have been measured at fair value. Some of our accounting policies require us to make judgments, estimates and assumptions that affect: (i) the reported amounts of our assets and liabilities at the end of each financial year; (ii) the disclosure of our contingent assets and liabilities at the end of each financial year; and (iii) the reported amounts of revenue and expenses during each financial year.

We continually evaluate these estimates based on our own historical experience, knowledge and assessment of current business and other conditions, and on our expectations regarding the future based on available information and our best assumptions, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ as a consequence of those estimates and expectations. Some of our accounting policies require a higher degree of judgment than others in their application.

When reviewing our financial statements, you should consider: (i) our selection of critical accounting policies; (ii) the judgment and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. We believe the following accounting policies involve the most significant judgment and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

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

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

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

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

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

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

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

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

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

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

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

Properties under Development

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

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

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

Completed Properties Held for Sale

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

Investment Properties

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

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

Any gains or losses on the retirement or disposal of an investment property are recognized in our consolidated income statements in the year/period of the retirement or disposal.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

LAT

We recognize LAT as an expense to the extent that it is probable that we have the obligation to pay the tax to the PRC tax authorities. When we pre-sell properties under development and receive advances from the pre-sale of properties, we make initial payment of LAT on the basis of our pre-sale proceeds in accordance with the requirements of the PRC tax authorities. The actual LAT liabilities are, however, subject to determination by the tax authorities upon completion of the property development projects and recognition of the related revenue. Accordingly, significant judgment is required in determining the amount of the land appreciation and its related taxes. LAT in China is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures, including premiums for land use rights and all other property development expenditures. We make LAT provisions in accordance with relevant PRC laws and regulations as interpreted and enforced by the relevant local tax authorities.

Income Tax

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

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

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

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

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

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

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

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

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

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

DESCRIPTION OF CERTAIN INCOME STATEMENT LINE ITEMS

Revenue

Revenue represents (i) gross proceeds from the sale of properties, (ii) gross rental income and (iii) property management fee income, all of which are net of business tax and surcharges.

The table below sets forth our revenue by operating segment for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
		Percentage of total revenue		Percentage of total revenue		Percentage of total revenue		Percentage of total revenue		Percentage of total revenue
	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(unaudited) (RMB in thousands)	(%)	(RMB in thousands)	(%)
Sale of properties	1,466,334	94.8	2,369,563	96.1	3,090,787	96.7	1,767,709	97.3	2,251,179	95.3
Gross rental income	39,505	2.5	37,881	1.5	38,423	1.2	18,585	1.0	71,670	3.0
Property management fee income	41,367	2.7	59,367	2.4	67,932	2.1	30,808	1.7	39,856	1.7
	1,547,206	**100.0**	**2,466,811**	**100.0**	**3,197,142**	**100.0**	**1,817,102**	**100.0**	**2,362,705**	**100.0**

Sale of properties represents revenue generated from the sale of aggregate GFA of 241,878 sq.m., 292,938 sq.m., 384,348 sq.m. and 267,185 sq.m., respectively, for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013.

Gross rental income represents revenue generated from the lease of Times Property Center and, since January 1, 2013, the sub-leasing business through Guangzhou Zhide and its subsidiaries. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, our gross rental income was RMB39.5 million, RMB37.9 million, RMB38.4 million and RMB71.7 million, respectively. As of December 31, 2010, 2011 and 2012 and June 30, 2013, the occupancy rate of Times Property Center was 98.2%, 96.0%, 95.2% and 97.9%, respectively, and the rent per sq.m. was RMB900.4, RMB865.3, RMB931.2 and RMB1,111.5, respectively. As of June 30, 2013, the occupancy rate of the properties that we sub-leased out through Guangzhou Zhide and its subsidiaries was 68.2%, and the rent per sq.m. was RMB737.6.

Property management fee income represents revenue generated from property management services provided in relation to delivered properties. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, we provided property management services for 17, 20, 24 and 27 project phases, respectively, and our revenue from property management was RMB41.4 million, RMB59.4 million, RMB67.9 million and RMB39.9 million, respectively. Because our pricing strategy involved offering management services at below-market rates to enhance our competitiveness and facilitate the sale of our properties, this segment recorded low levels of gross profit and sometimes gross losses during the Track Record Period. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, this segment recorded a gross profit of RMB0.2 million, a gross loss of RMB5.2 million, a gross loss of RMB1.6 million and a gross profit of RMB30,000, respectively.

As we derive substantially all of our revenue from the sale of properties, our results of operations for a given period depend principally on the price we obtain for the properties we deliver during such period, which in turn depends on the amount of total GFA, the location and type of such properties, and market demand at the time the properties are sold or pre-sold. Conditions in the property markets in which we operate change from period to period and are affected significantly by general economic, political and regulatory developments in the PRC as well as in the regions in which we operate. For further details of the effect these factors may have on our results of operations, see the subsection entitled "— Key Factors Affecting Our Business, Results of Operations and Financial Position" above.

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

	Year ended December 31,									Six months ended June 30,					
	2010			2011			2012			2012			2013		
	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.	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)	(unaudited) (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	1,749,478	228,372	7,661	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	18,231	2,218	8,219	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**	**1,767,709**	**230,590**	**7,666**	**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 such GFA 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.

Residential properties

The average selling price per sq.m. of our residential properties increased steadily during the Track Record Period, driven by (i) the location of the properties (for example, the properties located in Guangzhou and Zhuhai generally commanded higher selling prices than those in other cities, such as Zhongshan and Foshan, and the properties located in prefecture-level cities, such as Foshan, generally commanded higher selling prices than those in county-level cities, such as Zengcheng), and (ii) overall property market conditions, which generally strengthened as a result of the growing PRC economy. The average selling price per sq.m. of our residential properties increased by 10.1%, from RMB7,661 per sq.m. for the six months ended June 30, 2012 to RMB8,431 per sq.m. for the six months ended June 30, 2013, primarily due to the delivery in the first half of 2013 of phase 2 of Ocean Times, located in Guangzhou, and phase 3 of Times Sweet House (Jinshazhou), located in Foshan. The average selling price per sq.m. of those properties was higher than that of phase 1 of Ocean Times, located in Guangzhou, and phase 1 of Times King City (Zengcheng), located in Zengcheng, which were delivered in the first half of 2012. The average selling price per sq.m. of our residential properties increased by 2.1%, from RMB7,868 per sq.m. in 2011 to RMB8,032 per sq.m. in 2012, primarily due to the delivery in 2012 of phase 2 of Ocean Times, located in Guangzhou, and phase 2 of Times Eolia City (Zhuhai), located in Zhuhai. The average selling price per sq.m. of those properties was higher than that of Times Mont Blanc (Zhongshan), located in Zhongshan, and phase 1 of Times Eolia City (Zhuhai), located in Zhuhai, which were delivered in 2011. The average selling price per sq.m. of our residential properties increased by 29.7%, from RMB6,066 per sq.m. in 2010 to RMB7,868 per sq.m. in 2011, primarily due to the delivery in 2011 of Times Mont Blanc (Zhongshan), located in Zhongshan, phase 2 of Times Sweet House (Jinshazhou), located in Foshan, and phase 1 of Times Eolia City (Zhuhai), located in Zhuhai. The average selling price per sq.m. of those properties was higher than that of Times King City (Foshan), located in Foshan, and phase 2 of Times Sweet House (Jinshazhou), located in Foshan, which were delivered in 2010.

Commercial properties

The average selling price per sq.m. of our commercial properties generally declined during the Track Record Period, driven by the location of the properties. Our commercial properties located in Guangzhou and Foshan generally commanded higher selling prices than those in Zhongshan. No commercial properties were delivered in the first half of 2012 and the first half of 2013. The average selling price per sq.m. of our commercial properties decreased by 6.1%, from RMB15,442 per sq.m. in 2011 to RMB14,496 per sq.m. in 2012, primarily due to the delivery in 2012 of the remaining commercial properties in Times Mont Blanc (Zhongshan), located in Zhongshan. The average selling price per sq.m. of those properties was lower than that of the commercial portion of phase 2 of Times Sweet House (Jinshazhou), located in Foshan, which were delivered in 2011. The average selling price per sq.m. of our commercial properties decreased by 12.9%, from RMB17,722 per sq.m. in 2010 to RMB15,442 per sq.m. in 2011, primarily due to the delivery in 2011 of Times Mont Blanc (Zhongshan), located in Zhongshan, and the commercial portion of phase 2 of Times Sweet House (Jinshazhou), located in Foshan. The average selling price per sq.m. of those properties was lower than that of Times Peanut, located in Guangzhou, which were delivered in 2010.

Car parking spaces

The average selling price per sq.m. of our car parking spaces varied during the Track Record Period, driven by (i) the location of the properties (for example, the car parking spaces at properties located in Foshan generally commanded higher selling prices than those at properties in Zhuhai) and (ii) overall property market conditions, which generally strengthened as a result of the growing PRC economy. The average selling price per sq.m. of our car parking spaces decreased by 3.2%, from RMB8,219 per sq.m. for the six months ended June 30, 2012 to RMB7,954 per sq.m. for the six months ended June 30, 2013, primarily due to the delivery in the first half of 2013 of phase 1 of Times Eolia City (Zhuhai), located in Zhuhai. The average selling price per sq.m. of car parking spaces at that property was lower than that of phase 2 of Times Sweet House (Jinshazhou), located in Foshan, which was delivered in the first half of 2012. The average selling price per sq.m. of our car parking spaces decreased by 5.6%, from RMB8,873 per sq.m. in 2011 to RMB8,377 per sq.m. in 2012, primarily due to the delivery in 2012 of car parking spaces in phase 1 of Times Eolia City (Zhuhai), located in Zhuhai. The average selling price per sq.m. of car parking spaces at that property was lower than that of phase 2 of Times Sweet House (Jinshazhou), located in Foshan, which was delivered in 2011. The average selling price per sq.m. of our car parking space increased by 66.7%, from RMB5,322 per sq.m. in 2010 to RMB8,873 per sq.m. in 2011, primarily due to the delivery in 2011 of car parking spaces at Times Mont Blanc (Zhongshan), located in Zhongshan. The average selling price of car parking spaces at this project was higher than at Times King City (Foshan), located in Foshan, which was delivered in 2010.

Cost of Sales

Cost of sales primarily consists of costs incurred for our property development activities, which are land acquisition costs, construction costs and capitalized finance costs. Our cost of sales also includes the costs relating to our property leasing (including sub-leasing) and property management services, which consist of costs relating directly to such business activities, such as repairs and maintenance arising from rental-earning properties and staff costs associated with our property management companies. The table below sets forth a breakdown of our cost of sales for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2010		2011		2012		2012		2013	
	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(RMB in thousands)	(%)	(unaudited) (RMB in thousands)	(%)	(RMB in thousands)	(%)
Cost of properties sold										
Land acquisition costs	255,221	22.1	434,877	24.4	420,479	18.4	245,829	17.3	344,593	19.0
Construction costs	814,983	70.4	1,178,837	66.2	1,649,003	72.1	1,060,180	74.8	1,272,056	70.1
Capitalized finance costs	42,828	3.7	98,979	5.6	145,124	6.3	77,930	5.5	117,790	6.5
Subtotal	**1,113,032**	**96.2**	**1,712,693**	**96.2**	**2,214,606**	**96.8**	**1,383,939**	**97.6**	**1,734,439**	**95.6**
Direct operating expenses (including repairs and maintenance) arising from rental-earning properties	2,199	0.2	3,998	0.2	4,084	0.2	1,921	0.1	40,377	2.2
Cost of property management services provided	41,138	3.6	64,566	3.6	69,494	3.0	33,269	2.3	39,826	2.2
Total	**1,156,369**	**100.0**	**1,781,257**	**100.0**	**2,288,184**	**100.0**	**1,419,129**	**100.0**	**1,814,642**	**100.0**

The table below sets forth a sensitivity analysis relating to our construction costs, illustrating, for the periods indicated, what the impact on our profit before income tax would have been if our construction costs had been 5% higher or lower:

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
Increase/(decrease) on profit before income tax:					
If construction costs had been 5% higher					
In thousands of RMB	(40,749)	(58,942)	(82,450)	(53,009)	(63,603)
As a percentage of total profit before tax	(17%)	(18%)	(13%)	(22%)	(25%)
If construction costs had been 5% lower					
In thousands of RMB	40,749	58,942	82,450	53,009	63,603
As a percentage of total profit before tax	17%	18%	13%	22%	25%

Cost of properties sold

Land Acquisition Costs

Land acquisition costs relate to the acquisition of rights to occupy, use and develop land, and primarily include land premiums incurred in connection with land grants from the PRC government or land obtained in the secondary market by cooperative arrangement, corporate acquisition or otherwise. Land acquisition costs also include any demolition and resettlement costs that we may be required to pay. Our land acquisition costs are influenced by a number of factors, including the location of the property, the timing of the acquisition, the project's plot ratios, the method of acquisition and changes in PRC regulations.

Construction Costs

Construction costs include all of the costs for the design and construction of a project, including payments to third-party contractors and designers and costs of construction materials. Our construction material costs fluctuate as a result of changes in the prices of key construction materials, including steel, cement and other key building materials. Despite our cost control measures, we are still subject to general increases in the prices of construction materials, and we expect the current trend of increasing prices for construction materials to continue in the near future, which in turn will likely increase our construction costs. See the section entitled "Risk Factors — Risks Relating to Our Businesses — If we are not properly insulated from the price volatility of construction materials, our results of operations may be materially and adversely affected when prices of construction materials appreciate substantially" in this prospectus.

Capitalized Finance Costs

We capitalize a portion of our finance costs to the extent that such costs are directly attributable to the acquisition and construction of a project. For any given project, the finance costs incurred after construction on the project is completed are not capitalized but are instead accounted for as finance costs in the period in which they are incurred.

Direct operating expenses (including repairs and maintenance) arising from rental-earning properties

Direct operating expenses arising from rental-earning properties primarily includes the repair and maintenance costs for our rental-earning properties, as well as fees and costs associated with the management of our rental-earning properties. Such direct operating expenses are recognized when such costs are incurred.

Cost of property management services provided

Cost of property management services provided primarily includes staff costs associated with our property management companies and other costs associated with the management of the properties that we have developed.

Gross Profit

Our gross profit for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 was RMB390.8 million, RMB685.6 million, RMB909.0 million and RMB548.1 million, respectively, and our gross profit margin was 25.3%, 27.8%, 28.4% and 23.2%, respectively, for the corresponding periods. The decrease in our gross profit margin in the first half of 2013 as compared to that in 2012 was primarily due to the fact that the increases in both our construction costs per sq.m. and our land acquisition costs per sq.m. were larger than the increase in the average selling price per sq.m. of the properties we delivered. The general increases in our gross profit margins in 2010, 2011 and 2012 were driven primarily by (i) the completion and delivery in 2011 of Times Mont Blanc (Zhongshan) located in Zhongshan, phase 1 of Ocean Times located in Guangzhou and phase 1 of Times Eolia City (Zhuhai) located in Zhuhai, and, in 2012, phase 2 of Ocean Times located in Guangzhou and phase 2 of Times Eolia City (Zhuhai) located in Zhuhai, all of which were projects with relatively higher average selling prices per sq.m. as compared with the properties delivered in the preceding years, coupled with (ii) the standardization of our products and the centralization of our procurement process, both of which helped us to control development and construction costs.

Other Income and Gains

Other income and gains primarily comprise bank interest income, other interest income, exchange gain, fair value gain on investment properties and gains on acquisition of subsidiaries. Gains on acquisition of subsidiaries represents the excess of the fair value of the net assets of subsidiaries acquired over the aggregate of the consideration transferred. Our other interest income of RMB12.3 million in 2012 was in relation to our short-term investment in certain Renminbi-denominated wealth management products. See the subsection entitled "— Results of Operations — 2012 compared to 2011" below. We have adopted investment and treasury policies and internal control measures to review and monitor our investment risks. We consider the profits expected to be generated and the risks expected to be involved before we make any investment. For each investment that we decide to make, we aim to maintain its value by setting up a working team, which comprises business, finance and legal staff, and keeping a register to monitor the performance of the investment. We also maintain detailed accounting records of each investment and review the investments on a regular basis.

The following table sets forth our other income and gains for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2010	**2011**	**2012**	**2012**	**2013**
				(unaudited)	
			(RMB in thousands)		
Other income					
Bank interest income	3,372	7,795	9,055	5,510	3,451
Other interest income	6,968	–	12,321	4,565	3,139
Others					
Penalty income	1,540	919	2,648	1,472	860
Temporary rental income	715	926	1,519	573	236
Exchange gain, net	–	2,272	2,702	–	9,064
Others	1,451	1,460	2,168	691	1,593
Subtotal	3,706	5,578	9,037	2,736	11,753
	14,046	**13,373**	**30,413**	**12,811**	**18,343**
Gains					
Gains on acquisition of subsidiaries	20,134	58,073	–	–	7,685
Gain on deregistration or disposal of subsidiaries	1,672	–	–	–	1,414
Fair value gains on investment properties	142,000	140,000	110,000	57,000	20,000
Fair value changes in certain other payables to fellow investors/the non-controlling shareholders	18,173	(2,538)	(2,144)	–	–
Subtotal	181,979	195,535	107,856	57,000	29,099
	196,025	**208,908**	**138,269**	**69,811**	**47,442**

Selling and Marketing Costs

Selling and marketing costs comprise primarily advertising and promotion expenses, including expenses for advertisements on television, in newspapers and magazines, and on billboards and for promotion offers made directly to our customers. Selling and marketing costs also include sales commissions paid to independent third-party sales agents and staff costs in relation to our selling and marketing staff.

The following table sets forth our selling and marketing costs for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
				(unaudited)	
	(RMB in thousands)				
Staff costs	5,808	11,202	13,731	7,961	11,258
Office expenses	2,698	4,330	5,474	4,334	5,760
Sales commissions	14,954	30,165	42,408	25,915	28,233
Advertising and promotion expenses	145,089	208,640	139,547	95,453	121,945
Entertainment expenses	163	161	294	44	1,022
Others	4,213	4,728	2,825	1,179	1,270
Total	**172,925**	**259,226**	**204,279**	**134,886**	**169,488**

Administrative Expenses

Administrative expenses comprise primarily costs arising from the administration departments of our project companies, such as utility charges, administrative staff costs, transportation and entertainment expenses, rental expenses, general office expenses, legal and professional expenses, other taxes, depreciation and amortization and rental expenses for properties to be sub-leased.

The following table sets forth our administrative expenses for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
				(unaudited)	
	(RMB in thousands)				
Staff costs	34,245	58,886	48,843	23,576	35,384
Office expenses	12,994	22,593	17,500	7,618	11,169
Legal and professional fees	14,911	15,824	9,110	4,273	12,507
Depreciation and amortization	9,271	14,957	16,454	7,826	18,429
Transportation and entertainment expenses	25,431	43,546	20,584	12,099	9,814
Bank charges	4,135	5,307	3,947	1,651	2,786
Tax expenses	12,489	16,643	21,866	9,773	15,442
Provision for other receivables	(5,000)	1,000	–	–	(1,000)
Rental expenses for properties to be sub-leased	–	–	–	–	20,228
Others	2,949	3,471	6,794	1,059	6,042
Total	**111,425**	**182,227**	**145,098**	**67,875**	**130,801**

Other Expenses

Other expenses during the Track Record Period comprised primarily (i) donations we made to social and charitable organizations, including China Overseas–Educated Scholars Development Foundation (中國留學人才發展基金會) (which has the Ministry of Civil Affairs of the PRC as its registration administration organ and the United Front Work Department of Communist Party of China as its business unit) and Guangzhou Times Property Charity Fund (時代地產公益基金會) (a charitable organization registered with the Department of Civil Affairs of Guangdong Province, which was established by Times Development Group, our connected person, in 2007 and primarily serves the underprivileged, such as aged or disabled people, orphans and people suffering from natural disasters, as its main targeted beneficiaries), and (ii) a loss recorded due to an accounting treatment in relation to the re-measurement of the fair value of our previously held 69.3% equity interest in Guangzhou Nanying on April 11, 2011, when we increased our equity interest in Guangzhou Nanying to 99%. See Note 16 to the Accountants' Report in Appendix I to this prospectus for further details.

The following table sets forth our other expenses for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
				(unaudited)	
	(RMB in thousands)				
Donation and sponsorship	21,305	34,179	29,927	364	6,534
Fines	4,049	700	1,663	–	1,427
Compensation	693	254	688	151	26
Re-measurement of previously held equity interest	–	47,378	–	–	–
Exchange loss, net	–	–	–	2,287	–
Others	959	1,558	2,099	625	998
Total	**27,006**	**84,069**	**34,377**	**3,427**	**8,985**

Finance Costs

Finance costs comprise primarily interest costs on bank loans and other borrowings net of capitalized borrowing costs relating to properties under development to the extent that such costs are directly attributable to the acquisition and construction of a project or project phase. The capitalization of borrowing costs relating to property under development commences when the construction of a property starts and ceases when the construction work is completed. See the subsection entitled "— Critical Accounting Policies — Borrowing Costs" above. Since the construction period for a project or project phase does not necessarily coincide with the repayment period of the relevant loan, not all of the interest costs related to a project or project phase can be capitalized. As a result, our finance costs fluctuate from period to period depending on the level of outstanding indebtedness and the interest rates on such indebtedness, as well as the amount of capitalized borrowing costs, and the timing of the capitalization of such costs, within the reporting period.

The following table sets forth our finance costs for the periods indicated:

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

The weighted average effective interest rate for our bank loans and other borrowings for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 was 6.26%, 8.70%, 9.67% and 9.48%, respectively.

Income Tax Expense

Income tax expense consists primarily of PRC corporate income tax expense and LAT expense of our PRC subsidiaries. The following table sets forth our tax for the periods indicated:

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

Our effective tax rate for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 was 32.7%, 30.0%, 43.0% and 37.8%, respectively. The comparatively higher tax rate in 2012 and the first half of 2013 as compared to 2011 and 2010 was primarily due to the higher LAT rate we were subject to in 2012 and the first half of 2013 in relation to phase 2 of Ocean Times and Times Sweet House (Jinshazhou), respectively, both of which are residential developments that includes townhouses, which are subject to a higher LAT rate than high-rise apartment buildings.

Non-controlling Interests

Non-controlling interests mainly represent the portion of our net profit or loss of our non-wholly owned subsidiaries that is attributable to their non-controlling shareholders.

RESULTS OF OPERATIONS

The table below summarizes our consolidated income statements for the periods indicated:

	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
Cost of sales	(1,156,369)	(1,781,257)	(2,288,184)	(1,419,129)	(1,814,642)
Gross profit	390,837	685,554	908,958	397,973	548,063
Other income and gains	196,025	208,908	138,269	69,811	47,442
Selling and marketing costs	(172,925)	(259,226)	(204,279)	(134,886)	(169,488)
Administrative expenses	(111,425)	(182,227)	(145,098)	(67,875)	(130,801)
Other expenses	(27,006)	(84,069)	(34,377)	(3,427)	(8,985)
Finance costs	(33,110)	(39,662)	(42,055)	(20,695)	(34,411)
Share of profits and losses of associates	3,212	6,440	5	(13)	105
Profit before tax	245,608	335,718	621,423	240,888	251,925
Income tax expense	(80,264)	(100,847)	(267,775)	(78,231)	(95,232)
Profit for the year/period	165,344	234,871	353,648	162,657	156,693
Attributable to:					
Owners of the Company	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

Six months ended June 30, 2013 compared to six months ended June 30, 2012

Revenue. Our revenue increased by RMB545.6 million, or 30.0%, to RMB2,362.7 million for the six months ended June 30, 2013 from RMB1,817.1 million for the six months ended June 30, 2012. This increase was primarily due to an increase in revenue from the sale of properties as described below.

The table below sets forth, for the periods indicated, our revenue from the sale of properties by type of property and revenue from other sources:

	Six months ended June 30, 2012			Six months ended June 30, 2013		
	Revenue	**GFA delivered[(1)]**	**Average selling price per sq.m.**	**Revenue**	**GFA delivered[(1)]**	**Average selling price per sq.m.**
	(unaudited) (RMB in thousands)	**(sq.m.)**	**(RMB)**	**(RMB in thousands)**	**(sq.m.)**	**(RMB)**
Sales of properties						
Residential	1,749,478	228,372	7,661	2,227,117	264,160	8,431
Car park	18,231	2,218	8,219	24,062	3,025	7,954
Sub-total	1,767,709	230,590	7,666	2,251,179	267,185	8,426
Gross rental income	18,585			71,670		
Property management fee income	30,808			39,856		
Total	**1,817,102**			**2,362,705**		

Note:

(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 such GFA during the Track Record Period.

Revenue from the sale of properties increased by 27.4% to RMB2,251.2 million for the six months ended June 30, 2013 from RMB1,767.7 million for the six months ended June 30, 2012, due to an increase in total GFA delivered and an increase in the average selling price per sq.m. of properties delivered.

The GFA of properties delivered increased by 36,595 sq.m., or 15.9%, to 267,185 sq.m. in the first half of 2013 from 230,590 sq.m. in the first half of 2012. This increase was primarily attributable to the completion and delivery of phase 2 of Ocean Times and phase 3 of Times Sweet House (Jinshazhou). The average selling price per sq.m. of properties delivered rose by 9.9% to RMB8,426 in the first half of 2013 from RMB7,666 in the first half of 2012. This increase was primarily attributable to the higher average selling price per sq.m. of the properties listed above in comparison with the average selling price per sq.m. of the properties delivered in the first half of 2012, as a consequence of these two properties being located in cities generally commanding higher selling prices than other cities.

Gross rental income increased by 285.6% to RMB71.7 million for the six months ended June 30, 2013 from RMB18.6 million for the six months ended June 30, 2012. This significant increase was primarily due to the fact that we acquired Guangzhou Zhide in December 2012 and engaged in the sub-leasing business through Guangzhou Zhide and its subsidiaries, including Zhide Technology and Guangzhou Guangdechang, from which we recognized rental income of RMB50.5 million in the first half of 2013.

Property management fee income increased by 29.4% to RMB39.9 million for the six months ended June 30, 2013 from RMB30.8 million for the six months ended June 30, 2012, primarily due to an increase in the number of property phases that we managed.

Cost of sales. Our cost of sales increased by RMB395.5 million, or 27.9%, to RMB1,814.6 million for the six months ended June 30, 2013 from RMB1,419.1 million for the six months ended June 30, 2012. This increase was primarily due to (i) a rise in the total GFA of properties delivered, which resulted in higher land acquisition costs and construction costs, and (ii) an increase in direct operating expenses (including repairs and maintenance) arising from rental-earning properties, as a result of the operating expenses incurred in relation to our sub-leasing business that we conducted through Guangzhou Zhide, a subsidiary we acquired in December 2012, and its subsidiaries.

Gross profit. As a result of the foregoing, our gross profit increased by RMB150.1 million, or 37.7%, to RMB548.1 million for the six months ended June 30, 2013 from RMB398.0 million for the six months ended June 30, 2012, while our gross profit margin increased to 23.2% for the six months ended June 30, 2013 from 21.9% for the six months ended June 30, 2012.

Other income and gains. Other income and gains decreased by RMB22.4 million, or 32.0%, to RMB47.4 million for the six months ended June 30, 2013 from RMB69.8 million for the six months ended June 30, 2012. This decrease was primarily attributable to a decrease in fair value gains on our investment properties, i.e., the commercial units in Times Property Center, which was in line with the smaller increase in the capital value of comparable commercial properties nearby in the first half of 2013, which was partially offset by (i) an increase in exchange gain, as a result of appreciation of Renminbi, in relation to our distribution of dividends of approximately RMB442.4 million to Asiaciti Enterprises on June 6, 2013 to offset the debt owed to us by Asiaciti Enterprises, and (ii) a one-time gain on bargain purchase in relation to our acquisition of Zhuhai Guoji.

Selling and marketing costs. Our selling and marketing costs increased by RMB34.6 million, or 25.7%, to RMB169.5 million for the six months ended June 30, 2013 from RMB134.9 million for the six months ended June 30, 2012. This increase was primarily due to an increase in the number of properties for which we commenced pre-sales and the fact that we commenced pre-sales in new geographic markets, for example, in relation to Times King City (Qingyuan), which was our first property project in Qingyuan, all of which resulted in more sales, marketing and advertising activities, as well as an increase in sales commission paid in relation to the higher total GFA we delivered in the first half of 2013.

Administrative expenses. Our administrative expenses increased by RMB62.9 million, or 92.7%, to RMB130.8 million for the six months ended June 30, 2013 from RMB67.9 million for the six months ended June 30, 2012. The increase was primarily due to our acquisition of Guangzhou Zhide in December 2012 and the commencement of our sub-leasing business through Guangzhou Zhide and its subsidiaries, which resulted in an increase in our staff costs, office expenses, depreciation and amortization and rental expenses for properties to be sub-leased. We also incurred higher legal and professional fees in the first half of 2013 in relation to the Listing.

Other expenses. Our other expenses significantly increased by RMB5.6 million, or 162.2%, to RMB9.0 million for the six months ended June 30, 2013 from RMB3.4 million for the six months ended June 30, 2012. This increase was primarily due to an increase in donations and sponsorship we made.

Finance costs. Our finance costs increased by RMB13.7 million, or 66.3%, to RMB34.4 million for the six months ended June 30, 2013 from RMB20.7 million for the six months ended June 30, 2012. This increase was primarily due to higher interest expenses as a result of an increase in borrowings to finance our property development activities, which was partially offset by an increase in interest capitalized for properties under development for sale.

Share of profits and losses of associates. Our share of profits of associates was RMB105,000 for the six months ended June 30, 2013, and our share of losses of associates was RMB13,000 for the six months ended June 30, 2012. The share of profits for the six months ended June 30, 2013 was largely a consequence of a decrease in losses of Guangzhou Hongwei, an associate in which we had a 30% equity interest, and an increase in profit generated by Guangzhou Baiyun, an associate in which we had a 20% equity interest.

Income tax expense. Our income tax expense increased by RMB17.0 million, or 21.7%, to RMB95.2 million for the six months ended June 30, 2013 from RMB78.2 million for the six months ended June 30, 2012, primarily due to an increase in profit that was subject to tax. Our effective tax rate rose to 37.8% in the first half of 2013 from 32.4% in the first half of 2012, primarily due to the higher LAT rate we were subject to in the first half of 2013 in relation to Times Sweet House (Jinshazhou), which is a residential development that includes townhouses, which are subject to a higher LAT rate than high-rise apartment buildings.

Profit for the period. As a result of the foregoing, our profit decreased by RMB6.0 million, or 3.7%, to RMB156.7 million for the six months ended June 30, 2013 from RMB162.7 million for the six months ended June 30, 2012. Our net profit margin decreased to 6.6% in the first half of 2013 from 9.0% in the first half of 2012, primarily due to (i) an increase in our selling and marketing costs as explained above and (ii) an increase in administrative expenses due to our acquisition of Guangzhou Zhide in December 2012 and the commencement of our sub-lease business.

Profit attributable to non-controlling interests. We recorded losses attributable to our non-controlling shareholders of RMB9.3 million for the six months ended June 30, 2013, primarily due to losses attributable to Guangzhou Dafushi Investment Co., Ltd., Guangzhou Xiandai Investment Co., Ltd., Guangzhou Jiada Investment Consulting Co., Ltd., Zhuhai Special Economic Zone Nanying Industrial Co., Ltd. Guangzhou Office, Foshan Meiguiyuan and Foshan Huaye. We recorded losses attributable to our non-controlling shareholders of RMB4.9 million for the six months ended June 30, 2012, primarily due to losses attributable to Guangzhou Dafushi Investment Co., Ltd., Zhuhai Special Economic Nanying Industrial Co., Ltd., Guangzhou Branch, Foshan Meiguiyuan and Foshan Huaye.

Profit attributable to owners of our Company. As a result of the foregoing, profit attributable to owners of our Company decreased by RMB1.7 million, or 1.0%, to RMB165.9 million for the six months ended June 30, 2013 from RMB167.6 million for the six months ended June 30, 2012.

2012 compared to 2011

Revenue. Our revenue increased by RMB730.3 million, or 29.6%, to RMB3,197.1 million in 2012 from RMB2,466.8 million in 2011. This increase was primarily due to an increase in revenue from the sale of properties as described below.

The table below sets forth, for the years indicated, our revenue from the sale of properties by type of property and revenue from other sources:

	2011			2012		
	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)
Sales of properties						
Residential	2,198,788	279,442	7,868	3,042,447	378,778	8,032
Commercial	119,858	7,762	15,442	3,856	266	14,496
Car park	50,745	5,719	8,873	44,434	5,304	8,377
Others[2]	172	15	11,467	50	–	–
Sub-total	2,369,563	292,938	8,089	3,090,787	384,348	8,042
Gross rental income	37,881			38,423		
Property management fee income	59,367			67,932		
Total	2,466,811			3,197,142		

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 such GFA 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.

Revenue from the sale of properties increased by 30.4% to RMB3,090.8 million in 2012 from RMB2,369.6 million in 2011, primarily due to an increase of 91,410 sq.m. in total GFA delivered.

Gross rental income slightly increased by 1.4% to RMB38.4 million in 2012 from RMB37.9 million in 2011. This increase in gross rental income was primarily due to an increase in the rent per sq.m. to RMB931.2 in 2012 from RMB865.3 in 2011, partially offset by a decrease in the occupancy rate of Times Property Center to 95.2% as of December 31, 2012 from 96.0% as of December 31, 2011.

Property management fee income increased by 14.4% to RMB67.9 million in 2012 from RMB59.4 million in 2011, primarily due to an increase in the number of properties that we managed.

Cost of sales. Our cost of sales increased by RMB506.9 million, or 28.5%, to RMB2,288.2 million in 2012 from RMB1,781.3 million in 2011. This increase was primarily due to a rise in the total GFA of delivered properties, which resulted in higher construction costs and land acquisition costs.

Gross profit. As a result of the foregoing, including the factors listed under "— Description of Certain Income Statement Line Items — Gross Profit," our gross profit increased by RMB223.4 million, or 32.6%, to RMB909.0 million in 2012 from RMB685.6 million in 2011, while our gross profit margin slightly increased to 28.4% in 2012 from 27.8% in 2011.

Other income and gains. Other income and gains decreased by RMB70.6 million, or 33.8%, to RMB138.3 million in 2012 from RMB208.9 million in 2011. This decrease was primarily attributable to the absence of any gain on bargain purchase in 2012, in contrast with a one-time gain on bargain purchase of approximately RMB58.1 million in 2011 in relation to our acquisition of a 29.7% equity interest in Guangzhou Nanying by which we increased our shareholding interest in Guangzhou Nanying to 99%. The absence of such a one-time gain in 2012 was partially offset by an increase in other interest income of RMB12.3 million in relation to our held-to-maturity investments of RMB305.7 million in 2012, which were short-term investments in certain Renminbi denominated wealth management products sold by a reputable PRC bank with a determinable expected interest rate and maturity period within one year and was pledged to the same bank as a security for one of our bank loans. In April 2013, the bank loan was settled by offsetting the amount owed against such short-term investments.

Selling and marketing costs. Our selling and marketing costs decreased by RMB54.9 million, or 21.2%, to RMB204.3 million in 2012 from RMB259.2 million in 2011. The decrease in selling and marketing costs was primarily due to a decline in advertising and marketing costs in 2012 following the higher advertising and marketing costs we incurred in 2011 with respect to our expansion to Panyu, Guangdong Province and Changsha, Hunan Province that year. This decline in advertising and marketing costs in 2012 was partially offset by an increase in sales commission in relation to the higher total GFA we delivered in 2012.

Administrative expenses. Our administrative expenses decreased by RMB37.1 million, or 20.4%, to RMB145.1 million in 2012 from RMB182.2 million in 2011. We incurred higher administrative expenses in 2011 primarily due to our expansion to Panyu, Guangdong Province and Changsha, Hunan Province that year, which resulted in an increase in our staff costs, office expenses and traveling expenses.

Other expenses. Our other expenses decreased by RMB49.7 million, or 59.1%, to RMB34.4 million in 2012 from RMB84.1 million in 2011, primarily as a result of a one-time loss in 2011, representing the re-measurement of the fair value of our previously held 69.3% equity interest in Guangzhou Nanying at the date we increased that interest to 99%. See Note 16 to the Accountants' Report in Appendix I to this prospectus for further details.

Finance costs. Our finance costs increased by RMB2.4 million, or 6.0%, to RMB42.1 million in 2012 from RMB39.7 million in 2011. This increase was primarily due to higher interest expenses as a result of an increase in borrowing to finance our property development activities, which was partially offset by an increase in interest capitalized for properties under development for sale.

Share of profits and losses of associates. Our share of profits and losses of associates in 2012 and 2011 was RMB5,000 and RMB6.4 million, respectively. The decline from 2011 to 2012 was largely a consequence of an increase in our shareholding interests in Guangzhou Nanying to 99% in April 2011, which enabled us to consolidate the results of Guangzhou Nanying with ours in 2012 and hence eliminated any further separately recorded share of profits and losses of Guangzhou Nanying after that date.

Income tax expense. Our income tax expense increased by RMB167.0 million, or 165.5%, to RMB267.8 million in 2012 from RMB100.8 million in 2011, primarily due to an increase in profit before tax. Our effective tax rate rose to 43.0% in 2012 from 30.0% in 2011, primarily due to the higher LAT rate we were subject to in 2012 in relation to phase 2 of Ocean Times, which is a residential development that includes townhouses which are subject to a higher LAT rate than high-rise apartment buildings.

Profit for the year. As a result of the foregoing, our profit increased by RMB118.8 million, or 50.6%, to RMB353.6 million in 2012 from RMB234.9 million in 2011. Our net profit margin increased to 11.1% in 2012 from 9.5% in 2011, primarily due to a decrease in selling and marketing costs and administrative expenses, partially offset by an increase in income tax expenses.

Profit attributable to non-controlling interests. We recorded losses attributable to our non-controlling shareholders of RMB9.3 million and RMB12.3 million in 2012 and 2011, respectively, primarily due to losses attributable to Foshan Meigui Huaye and Foshan Meiguiyuan.

Profit attributable to owners of our Company. As a result of the foregoing, profit attributable to owners of our Company increased by RMB115.7 million, or 46.8%, to RMB362.9 million in 2012 from RMB247.2 million in 2011.

2011 compared to 2010

Revenue. Our revenue increased by RMB919.6 million, or 59.4%, to RMB2,466.8 million in 2011 from RMB1,547.2 million in 2010. This increase was primarily due to an increase in revenue from the sale of properties.

The table below sets forth, for the years indicated, our revenue from the sale of properties by type of project and revenue from other sources:

	2010			2011		
	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)
Sales of properties						
Residential	1,385,872	228,461	6,066	2,198,788	279,442	7,868
Commercial	13,274	749	17,722	119,858	7,762	15,442
Car park	66,872	12,566	5,322	50,745	5,719	8,873
Others[2]	316	102	3,098	172	15	11,467
Sub-total	1,466,334	241,878	6,062	2,369,563	292,938	8,089
Gross rental income	39,505			37,881		
Property management fee income	41,367			59,367		
Total	1,547,206			2,466,811		

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 such GFA 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, minus 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.

Revenue from the sale of properties increased by 61.6% to RMB2,369.6 million in 2011 from RMB1,466.3 million in 2010, due to an increase in total GFA delivered and an increase in the average selling price per sq.m. of properties delivered.

The GFA of properties delivered increased by 51,060 sq.m., or 21.1%, to 292,938 sq.m. in 2011 from 241,878 sq.m. in 2010. This increase in total GFA delivered was primarily attributable to the completion and delivery of phase 2 of Times Sweet House (Jinshazhou), phase 2 of Times City, Times Mont Blanc (Zhongshan) and phase 1 of Times Eolia City (Zhuhai). The average selling price per sq.m. of properties delivered rose by 33.4% to RMB8,089 in 2011 from RMB6,062 in 2010. This increase was primarily attributable to the higher average selling price per sq.m. of the properties listed above in comparison with the average selling price per sq.m. of the properties delivered in 2010, as a consequence of these four developments being located in cities generally commanding higher selling prices than other cities.

Gross rental income decreased by 4.1% to RMB37.9 million in 2011 from RMB39.5 million in 2010, primarily due to a decrease in the GFA of Times Property Center leased to others, as well as a decline in the occupancy rate of Times Property Center to 96.0% as of December 31, 2011 from 98.2% as of December 31, 2010.

Property management fee income increased by 43.5% to RMB59.4 million in 2011 from RMB41.4 million in 2010. This increase was primarily due to an increase in the number of properties that we managed.

Cost of sales. Our cost of sales increased by RMB624.9 million, or 54.0%, to RMB1,781.3 million in 2011 from RMB1,156.4 million in 2010. This increase was primarily due to a rise in the total GFA of completed and delivered properties, which resulted in higher construction costs and land acquisition costs.

Gross profit. As a result of the foregoing, including the factors listed under "— Description of Certain Income Statement Line Items — Gross Profit," our gross profit increased by RMB294.7 million, or 75.4%, to RMB685.6 million in 2011 from RMB390.8 million in 2010, and our gross profit margin rose to 27.8% in 2011 from 25.3% in 2010.

Other income and gains. Other income increased by RMB12.9 million, or 6.6%, to RMB208.9 million in 2011 from RMB196.0 million in 2010. This increase was primarily attributable to a one-time gain on bargain purchase in relation to our acquisition of 29.7% of Guangzhou Nanying, which was partially offset by a decrease in fair value changes attributable to our non-controlling shareholder based on the assets it owned in Guangzhou Nanying, which were measured by an Independent Third Party by reference to the prevailing market value. See the subsection entitled "— Description of Selected Statements of Financial Position Items — Other payables and accruals" below for further details on "other payables to fellow investors/non-controlling shareholders."

Selling and marketing costs. Our selling and marketing costs increased by RMB86.3 million, or 49.9%, to RMB259.2 million in 2011 from RMB172.9 million in 2010. This increase was primarily due to higher sales, marketing and advertising activities resulting from our expansion to Panyu, Guangdong Province and Changsha, Hunan Province, as well as an increase in sales commission paid in relation to the higher total GFA we delivered in 2011.

Administrative expenses. Our administrative expenses increased by RMB70.8 million, or 63.5%, to RMB182.2 million in 2011 from RMB111.4 million in 2010. This increase was primarily due to a rise in staff costs as a result of our expansion to Panyu, Guangdong Province and Changsha, Hunan Province.

Other expenses. Our other expenses increased by RMB57.1 million, or 211.3%, to RMB84.1 million in 2011 from RMB27.0 million in 2010, primarily as a result of a one-time loss, representing the re-measurement of the fair value of the previously held 69.3% equity interests in Guangzhou Nanying at the acquisition date.

Finance costs. Our finance costs increased by RMB6.6 million, or 19.8%, to RMB39.7 million in 2011 from RMB33.1 million in 2010, primarily due to higher interest expense as a result of an increase in borrowing to fund our property development activities, which was partially offset by an increase in interest capitalized in relation to properties under development for sale.

Share of profits and losses of associates. Our share of profits and losses of associates in 2011 and 2010 was RMB6.4 million and RMB3.2 million, respectively. We recognized a higher share of profits of associates in 2011 as compared to 2010, primarily due to an increase in our share of profits of Guangzhou Nanying before it became our 99% owned subsidiary in April 2011.

Income tax expense. Our income tax expense increased by RMB20.6 million, or 25.6%, to RMB100.8 million in 2011 from RMB80.3 million in 2010, primarily due to an increase in profit before tax. Our effective tax rate in 2010 and 2011 was 32.7% and 30.0%, respectively. The decline in our effective tax rate in 2011 compared to 2010 was primarily due to an increase in income not subject to tax and LAT, partially offset by a decrease in expenses not deductible for tax and a decrease in tax losses not recognized.

Profit for the year. As a result of the foregoing, our profit increased by RMB69.5 million, or 42.0%, to RMB234.9 million in 2011 from RMB165.3 million in 2010. Our net profit margin decreased to 9.5% in 2011 from 10.7% in 2010, primarily due to an increase in selling and marketing costs, administrative expenses and other expenses as a result of our expansion to new geographic markets, including Panyu, Guangdong Province and Changsha, Hunan Province.

Profit attributable to non-controlling interests. We recorded losses attributable to our non-controlling shareholders of RMB12.3 million and RMB3,000, respectively, in 2011 and 2010. These losses were primarily due to losses to Foshan Meigui Huaye and Foshan Meiguiyuan in 2011, and losses attributable to Guangzhou Dafushi and attributable to Guangzhou Hengde Investments in 2010.

Profit attributable to owners of our Company. As a result of the foregoing, profit attributable to owners of our Company increased by RMB81.8 million, or 49.5%, to RMB247.2 million in 2011 from RMB165.3 million in 2010.

DESCRIPTION OF SELECTED STATEMENTS OF FINANCIAL POSITION ITEMS

Net Current Assets

	As of December 31,			As of June 30,	As of September 30,
	2010	2011	2012	2013	2013
					(unaudited)
	(RMB in thousands)				
Current assets					
Inventories	–	–	4,642	–	–
Prepaid land lease payments	563,210	363,019	265,813	–	–
Properties under development	3,859,424	6,924,604	9,350,228	13,064,262	14,855,895
Completed properties held for sale	1,205,795	2,195,714	2,641,554	2,925,626	2,089,055
Trade receivables	12,576	18,872	32,546	17,813	31,528
Prepayments, deposits and other receivables	874,819	1,562,773	3,580,567	1,487,586	2,077,162
Held-to-maturity investments	–	–	305,700	–	–
Amount due from the immediate holding company	–	11,408	437,507	22,282	–
Amount due from the ultimate holding company	6	5	16	16	–
Amounts due from associates	72,631	60,180	63,880	56,480	66,980
Amounts due from directors	11,048	4,000	3,438	–	–
Available-for-sale investments	4,100	3,100	3,100	12,900	3,100
Tax prepayments	110,944	154,116	234,409	319,254	328,559
Restricted bank deposits	608,813	1,037,539	897,299	1,236,706	1,074,368
Cash and cash equivalents	563,389	565,700	936,446	309,909	560,617
Total current assets	7,886,755	12,901,030	18,757,145	19,452,834	21,087,264
Current liabilities					
Trade payables	1,564,997	2,039,031	2,872,646	2,930,841	2,922,935
Other payables and accruals	3,382,706	5,202,549	8,718,085	10,839,631	11,871,710
Interest-bearing bank loans and other borrowings	533,689	1,220,697	3,177,263	2,851,992	1,745,862
Amount due to a director	95,588	101,489	101,478	96,885	–
Tax payable	81,552	97,087	207,061	146,497	180,895
Total current liabilities	5,658,532	8,660,853	15,076,533	16,865,846	16,721,402
Net current assets	2,228,223	4,240,177	3,680,612	2,586,988	4,365,862

Properties under Development and Completed Properties Held for Sale

Properties under development in our consolidated statements of financial position are accounted for as current assets. The value of our properties under development totaled approximately RMB3,859.4 million, RMB6,924.6 million, RMB9,350.2 million and RMB13,064.3 million, respectively, as of December 31, 2010, 2011 and 2012 and June 30, 2013. The increase in the aggregate value of our properties under development during the Track Record Period was primarily due to the increase in the number of our properties under development and the construction progress of our projects. In 2010, we commenced construction of six projects. In 2011, we completed the construction of two projects from 2010 and commenced construction of six new projects, five of which were commenced in the second half of the year. In 2012, other than the seven projects still under development from 2011, we commenced construction of three new projects. In the first half of 2013, other than the nine projects still under development from 2012, we commenced construction of ten new projects.

Completed properties held for sale comprise our completed properties remaining unsold as of the end of each reporting period and are included in our consolidated statements of financial position as current assets. As of December 31, 2010, 2011 and 2012 and June 30, 2013, our completed properties held for sale amounted to approximately RMB1,205.8 million, RMB2,195.7 million, RMB2,641.6 million and RMB2,925.6 million, respectively.

Trade Receivables

Our trade receivables mainly arise from the sale of properties. The purchase price of properties sold is payable by each purchaser in accordance with the terms of the related sale and purchase agreement. Our credit policy for our customers who purchase property from us is reflected in our sale and purchase agreements with our customers. Our customers who purchase properties from us generally pay non-refundable initial deposits at or prior to signing the sale and purchase agreements. These customers can choose to settle the outstanding amounts by a lump-sum payment, installment payments or mortgage loans. If these customers need to apply for bank mortgage loans, they will generally make additional down payments when they sign the sale and purchase agreements and subsequently apply for mortgage loans for the remaining purchase prices. Our trade receivables outstanding as of December 31, 2010, 2011 and 2012 and June 30, 2013 were mainly attributable to installment payments to be made by customers and mortgage payments to be made by mortgagee banks for the amounts outstanding under sale and purchase agreements.

We had trade receivables of RMB12.6 million, RMB18.9 million, RMB32.5 million and RMB17.8 million, respectively, as of December 31, 2010, 2011 and 2012 and June 30, 2013. The decrease in our trade receivables as of June 30, 2013 compared to as of December 31, 2012 was primarily due to our adoption of measures to accelerate the settlement of trade receivables in the first half of 2013. For example, we set up a working team in the end of 2012 to monitor the settlement of our trade receivables by liaising with our customers in relation to unsettled payments for the properties they had purchased. The increase in our trade receivables in 2012 compared to 2011 was primarily due to (i) an increase in settlement by installment payments as a result of stringent residential mortgage policies being issued in the PRC in 2012, which in turn caused an increase in the aggregate amount outstanding of the purchase price of our properties, and (ii) an increase in the total GFA we delivered. The increase in our trade receivables as of December 31, 2011 compared to that as of December 31, 2010 was primarily due to an increase in the total GFA we delivered.

Our trade receivables turnover days were three days, two days, three days and two days, respectively, in 2010, 2011 and 2012 and the six months ended June 30, 2013. We calculate our trade receivables turnover days by averaging the trade receivables as of the beginning and as of the end of a particular year or period, dividing such average by the revenue during the year or period, and multiplying by 365 (or 180, in the case of the six months ended June 30, 2013).

The following is an aging analysis of our trade receivables as of the dates indicated:

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

In general, the credit term for our customers to settle the initial down payment is within seven days of the execution of the sale and purchase agreement. As of September 30, 2013, approximately 58.4% of our trade receivables as of June 30, 2013 had been subsequently settled.

Prepayments, Deposits and Other Receivables

We had total prepayments, deposits and other receivables of RMB874.8 million, RMB1,562.8 million, RMB3,580.6 million and RMB1,487.6 million, respectively, as of December 31, 2010, 2011 and 2012 and June 30, 2013. Our prepayments, deposits and other receivables consist of deposits and other receivables, prepayments for leasehold land, and other prepayments. The table below sets forth a breakdown of our prepayments, deposits and other receivables as of the dates indicated:

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

Our prepayments for leasehold land are recorded as such while the relevant land use right certificates are pending approval. Our prepayments for leasehold lands decreased by RMB1,298.1 million, or 75.0%, to RMB432.6 million as of June 30, 2013 from RMB1,730.8 million as of December 31, 2012, primarily due to the fact that we obtained land use rights certificates for six parcels of land in relation to Ocean Times, Times King City (Qingyuan), Times Peanut II, Times Cloud Atlas (Foshan), Zhuhai Pingsha Project and Times King City (Guangzhou), all of which commenced construction in the first half of 2013, and as a result, the amount of the prepayments for these six parcels of land were transferred to properties under development as current assets in our consolidated financial statements. Our prepayments for leasehold lands significantly increased by RMB1,259.0 million, or 266.9%, to RMB1,730.8 million as of December 31, 2012 from RMB471.8 million in 2011, primarily due to our prepayment for the acquisition of four parcels of land in 2012 in relation to Times Peanut II, Times Cloud Atlas (Foshan), Times King City (Zhuhai) and Times King City (Guangzhou). Our prepayments for leasehold land increased by RMB45.1 million, or 10.6%, to RMB471.8 million as of December 31, 2011 from RMB426.7 million as of December 31, 2010, primarily due to an increase in our prepayment for the acquisition of parcels of land in 2011 in relation to Ocean Times and Times King City (Qingyuan).

Our deposits and other receivables primarily include (i) receivables that were owed to our project companies by former owners before our acquisition of the companies, (ii) a deposit of RMB330.0 million that we made to guarantee one installment payment to be made by Asiaciti Enterprises under loans it received from the Investors (which deposit was released in May 2013), and (iii) advances to independent contractors.

Our deposits and other receivables decreased by RMB805.2 million, or 66.5%, to RMB405.3 million as of June 30, 2013 from RMB1,210.5 million as of December 31, 2012. This decrease was primarily due to (i) the settlement of receivables of approximately RMB418.6 million as a consequence of consolidating Guangzhou Nanying's assets into our Group upon our acquisition of Guangzhou Nanying in April 2011, and (ii) the release of the RMB330.0 million deposit that we made to guarantee one installment payment under the loans that Asiaciti Enterprises received from the Investors. Our deposits and other receivables increased by RMB394.0 million, or 48.2%, to RMB1,210.5 million as of December 31, 2012 from RMB816.5 million as of December 31, 2011, primarily due to the deposit of RMB330.0 million that we made to guarantee one installment payment under the loans that Asiaciti Enterprises received from the Investors. Our deposits and other receivables increased significantly by RMB536.8 million, or 191.9%, to RMB816.5 million as of December 31, 2011 from RMB279.7 million as of December 31, 2010, primarily due to an increase in receivables of approximately RMB416.9 million as a consequence of consolidating Guangzhou Nanying's assets into our Group upon our acquisition of Guangzhou Nanying in April 2011 (which amount was fully settled by June 30, 2013).

Our other prepayments consist of tax prepayments, prepaid construction costs, prepaid sales commission, prepaid advertising expenses and prepaid costs relating to the acquisition of project companies. The table below sets forth these prepayments as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	(RMB in thousands)			
Prepaid business tax and surcharges	91,624	150,112	339,430	464,346
Prepaid construction costs	33,000	81,000	81,000	81,000
Prepaid sales commission	23,756	44,397	71,865	87,475
Prepaid advertising expenses	–	–	5,000	16,855
Prepaid acquisition cost of project companies	20,000	–	143,039	–
Total	**168,380**	**275,509**	**640,334**	**649,676**

Our other prepayments increased by RMB9.3 million, or 1.5%, to RMB649.7 million as of June 30, 2013 from RMB640.3 million as of December 31, 2012. Our other prepayments increased by RMB364.8 million, or 132.4%, to RMB640.3 million as of December 31, 2012 from RMB275.5 million as of December 31, 2011, and increased by RMB107.1 million, or 63.6%, to RMB275.5 million as of December 31, 2011 from RMB168.4 million as of December 31, 2010. These increases were primarily due to increases in the pre-sale of properties, which contributed to increases in our prepayments for corporate income tax, LAT and sales commission.

Trade Payables

Our trade payables consist of payables to third parties, such as suppliers and contractors. We had trade payables of RMB1,565.0 million, RMB2,039.0 million, RMB2,872.6 million and RMB2,930.8 million, respectively, as of December 31, 2010, 2011 and 2012 and June 30, 2013. The increase in our trade payables was generally in line with the expansion of our property development operations during the Track Record Period.

Our trade payables turnover days were 339 days, 369 days, 392 days and 288 days in 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. We calculate our trade payables turnover days by averaging the trade payables as of the beginning and as of the end of a particular year or period (which are affected by the scale of and construction cost incurred for our property development activities conducted during the relevant period), dividing such average by our cost of sales for the year or period (which is affected by our properties completed and delivered during the period), and multiplying by 365 (or 180, in the case of the six months ended June 30, 2013). Our trade payables turnover days decreased in the first half of 2013, primarily due to the fact that our contractors accelerated the construction of property projects to meet delivery schedules, which resulted in the acceleration of the settlement of our trade payments in the first half of 2013. Our trade payables turnover days were relatively high in 2010, 2011 and 2012, primarily due to relatively high construction costs as a result of the large scale of our development activities conducted during these years. In addition, we have maintained long-term relationships with our major contractors, some of which have been flexible on a case-by-case basis with respect to the credit terms granted to us. We make payments to our contractors based on the construction progress of our development projects. We are generally required to pay a certain percentage of the total contract price, ranging from approximately 70% to 97%, once the relevant project has reached certain payment milestones, such as completion of construction, inspection of the completed construction and clearance of the completed construction. We hold approximately 3% to 5% of the total contract price as a warranty deposit and usually pay this amount upon the expiration of the warranty period of the construction, which is typically two years after construction is completed. The increase in our trade payables turnover days in 2010, 2011 and 2012 was primarily due to the combined effect of changes in the number of our properties completed and delivered and in the number of projects on which construction was started or on-going during the respective periods, as well as the flexibility of the credit terms granted to us.

The following is an aging analysis of our trade payables as of the dates indicated:

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

Other Payables and Accruals

We had other payables and accruals of RMB3,382.7 million, RMB5,202.5 million, RMB8,718.1 million and RMB10,839.6 million, respectively, as of December 31, 2010, 2011 and 2012 and June 30, 2013. The composition of our other payables and accruals was as follows as of the dates indicated:

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

Deposits received and receipts in advance represents proceeds from the pre-sale of properties. We do not recognize these proceeds from the pre-sale of properties as revenue until we have completed construction and delivered the relevant properties to the purchasers. As of December 31, 2010, 2011 and 2012 and June 30, 2013, our aggregate deposits received and receipts in advance from the pre-sale of properties amounted to RMB2,556.4 million, RMB4,097.5 million, RMB7,342.1 million and RMB9,385.6 million, respectively. The increase in deposits received and receipts in advance as of June 30, 2013 as compared to the amount as of December 31, 2012 was primarily in relation to phase 2 of Times Bund, Zhuhai Jingrun Project (phase 4 of Times Eolia City), phase 2 of Times King City (Changsha) and phase 3 of Times City in the first half of 2013. The increase in deposits received and receipts in advance as of December 31, 2012 as compared to December 31, 2011 was primarily in relation to phase 1 of Times Bund, phase 3 of Times Sweet House (Jinshazhou), phase 1 of Times King City (Zhongshan) and phase 1 of Times King City (Changsha) in 2012. The increase in deposits received and receipts in advance in 2011 as compared to 2010 was primarily in relation to phase 2 of Ocean Times, phase 2 of Times Eolia City (Zhuhai), phase 2 of Times King City (Zengcheng) and phase 2 of Times City in 2011.

Payables for acquisition of project companies represents amounts owed to the former owners of project companies in relation to our acquisition of the companies. As of December 2010, 2011 and 2012 and June 30, 2013, our aggregate payables for acquisition of project companies amounted to RMB307.9 million, RMB239.9 million, RMB528.3 million and RMB1,016.0 million, respectively. The increase in this item as of June 30, 2013 as compared to the amount as of December 31, 2012 was primarily due to (i) a RMB180.8 million increase in the consideration outstanding in relation to Times Peanut II, which was payable to the former owners of Guangzhou Tianlang, and (ii) RMB269.0 million of consideration outstanding in relation to our acquisition of Changsha Meiguiyuan. The increase in this item as of December 31, 2012 as compared to the amount as of December 31, 2011 was primarily due to the receipt of a land compensation payment of RMB429.2 million from Guangzhou Land Development Center under the provincial government's "Urban Redevelopment" policies, which was payable to the former owners of Guangzhou Tianlang for their redevelopment of an old factory. See the section entitled "Regulatory Overview — Land Grants — Urban Redevelopment" in this prospectus for further details regarding "Urban Redevelopment" policies. Pursuant to the land acquisition arrangements with those former owners, land compensation that we receive from Guangzhou Land Development Center should be paid to them as part of the land acquisition consideration. In this regard, the land compensation payment that we received from Guangzhou Land Development Center was recorded as a current liability in our consolidated financial statements. As of September 30, 2013, the payable balance had not been settled. The decrease in payables for acquisition of project companies as of December 31, 2011 as compared to the amount as of December 31, 2010 was primarily due to a decrease in consideration outstanding in relation to our acquisition of Zhongshan Wanlian in 2010 (which was settled in 2011).

Accruals and other payables primarily include items such as deposits from independent contractors, payables to a former shareholder of Changsha Meiguiyuan, employee benefits payable and miscellaneous taxes payable to local government authorities on behalf of our customers, such as deed tax and stamp duty. As of December 31, 2010, 2011 and 2012 and June 30, 2013, our aggregate accruals and other payables amounted to RMB369.3 million, RMB765.9 million, RMB741.3 million and RMB277.2 million, respectively. The decrease in accruals and other payables as of June 30, 2013 as compared to the amount as of December 31, 2012 was primarily due to (i) repayment of the deposits we received from some of our major contractors to secure their performance in relation to various construction projects, and (ii) a decrease in payables to a former shareholder of Changsha Meiguiyuan in relation to a shareholder's loan used as working capital of Changsha Meiguiyan (which was settled in May 2013), all of which was partially offset by an increase in accrued advertising and promotion expenses. The decrease in accruals and other payables as of December 31, 2012 as compared to the amount as of December 31, 2011 was primarily due to a decrease in outstanding payments owed to a third party (which were settled in August 2012) and a decrease in accrued advertising and promotion expenses, which were partially offset by an increase in the deposits we received from some of our major contractors to secure their performance in relation to various construction projects (which were repaid by June 30, 2013). The increase in accruals and other payables as of December 31, 2011 as compared to the amount as of December 31, 2010 was primarily due to an increase in the deposits we received from one of our major contractors to secure its performance in relation to various construction projects, payables to a former shareholder of Changsha Meiguiyuan in relation to a shareholder's loan used as working capital of Changsha Meiguiyuan (which was settled in May 2013) and accrued advertising and promotion expenses.

Our other payables to fellow investors/the non-controlling shareholders as of December 31, 2010 mainly include payables to the former shareholders of Guangzhou Nanying representing the value of certain assets (mainly properties), the economic benefits of which belong to such former shareholders. Guangzhou Nanying became our subsidiary in April 2011, upon our acquisition of a further 29.7% equity interest in the company. The balances as of December 31, 2011 and 2012 and as of June 30, 2013 mainly represented payables in connection with the remaining properties of Guangzhou Nanying owed to one of our non-controlling shareholders, which was one of the former shareholders of Guangzhou Nanying. Our other payables to fellow investors/the non-controlling shareholders also include amounts payable to the non-controlling shareholders of our project companies, including Changsha Meiguiyuan, Guangzhou Tiansi and Zhuhai Guoji. As of December 31, 2010, 2011 and 2012 and June 30, 2013, our other payables to fellow investors/the non-controlling shareholders amounted to RMB149.1 million, RMB99.2 million, RMB106.4 million and RMB160.8 million, respectively.

During the Track Record Period, we did not have any material defaults in the payment of our trade and non-trade payables.

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,
	2010	**2011**	**2012**	**2013**
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 of December 31,			Six months ended June 30,	
	2010	**2011**	**2012**	**2012**	**2013**
				(unaudited)	
Net profit (RMB in millions) . .	165.3	234.9	353.6	162.7	156.7
Net profit margin	10.7%	9.5%	11.1%	9.0%	6.6%
Return on equity[(2)]	7.8%	10.5%	13.3%	N/A	N/A

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) 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.

Current Ratio

Our current ratio is derived by dividing our current assets by our current liabilities as of the end of each financial period.

As of the end of each financial period during the Track Record Period, our current ratio consistently ranged between 1.2 and 1.5 times. Our current ratio remained the same as of June 30, 2013 and as of December 31, 2012. Our current ratio decreased from December 31, 2011 to December 31, 2012, primarily due to a greater increase in our current liabilities than in our current assets. Our current liabilities increased as more existing borrowings became due within one year and we borrowed more to finance construction-related activities and the purchase of additional property or other assets. Our current ratio increased from December 31, 2010 to December 31, 2011, primarily due to a greater increase in our current assets than in our current liabilities. The increase in our current assets was driven by increases in properties under development and completed properties held for sale, while the increase in our current liabilities was more modest, largely as a result of our increased utilization of long-term borrowings compared to short-term borrowings for the financing of our property development activities.

Net Debt-to-Adjusted Equity Ratio

Our net debt-to-adjusted equity ratio is our total bank loans and other borrowings less cash and bank balances as a percentage of total adjusted equity as of the end of each year.

The primary reason for the general increase in our net debt-to-adjusted equity ratio in 2010, 2011 and 2012 was an increase in our total bank loans and other borrowings over these years to support the growth of our property development business. Our net debt-to-adjusted equity ratio further increased as of June 30, 2013, mainly due to the decrease in our total equity as a result of the acquisition of non-controlling interests for RMB468.9 million and a dividend distribution of approximately RMB442.4 million, while our total debt remained at a similar level as compared to the amount as of December 31, 2012.

Gearing Ratio

Our gearing ratio is our total bank loans and other borrowings as a percentage of total adjusted equity as of the end of each financial period.

The reasons for the fluctuations in our gearing ratio as of the end of each year during the Track Record Period are similar to those for changes in our net debt-to-adjusted equity ratio as set forth above.

Net Profit and Net Profit Margin

Our net profit generally increased in 2010, 2011 and 2012, which was in line with the increases in our gross profit for the corresponding periods. Our net profit declined in the first half of 2013 as compared to that in the first half of 2012, primarily due to a larger increase in selling and marketing costs, administrative expenses and income tax expenses than the increase in gross profit. See the section entitled "— Results of Operations" above for further details of the reasons for the increases in our net profit.

Our net profit margin is calculated by dividing our profit for the year or period by revenue. Our net profit margin is affected by a number of factors, including, among other things, selling and marketing costs and administrative expenses. When we are expanding into new markets in the PRC or are commencing pre-sales of projects, we increase our staff numbers and strengthen our promotion efforts to enhance our brand awareness in the new markets or to increase our sales of the relevant projects, which results in higher selling and marketing costs and administrative expenses. Our net profit margins in 2011 and the six months ended June 30, 2013 were relatively low compared to the margins in 2010 and 2012, primarily due to our expansion into Panyu, Guangdong Province and Changsha, Hunan Province in 2011 and our commencement of pre-sales of our first project in Qingyuan in the first half of 2013, both of which resulted in higher selling and marketing costs and administrative expenses in the relevant year or period.

Return on Equity

Our return on equity is our profit attributable to the owners of our Company as a percentage of our equity attributable to the owners of our Company for each financial year.

The reasons for the general increase in our return on equity in 2010, 2011 and 2012 are similar to those for the general increase in our profit attributable to our equity owners during the Track Record Period as described in the subsections entitled "— 2012 compared to 2011" and "— 2011 compared to 2010" above.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The table below summarizes our consolidated statements of cash flows for the periods indicated:

	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 flows used in or generated from operating activities

Our cash used in operating activities principally comprises payments made in relation to our property development activities and land acquisitions. Our cash generated from operating activities is principally proceeds received from pre-sales and sales of our properties, gross rental income from the leasing of our rental-earning properties, and property management fee income from the property management services we provide.

For the six months ended June 30, 2013, we had cash flows generated from operating activities, before changes in working capital, of RMB279.4 million and net cash flows used in operating activities of RMB275.5 million. The difference of RMB554.9 million was primarily attributable to (i) an increase in properties under development of RMB3,178.9 million in connection with Times King City (Qingyuan), Ocean Times, Times Peanut II, Times Bund, Times Cloud Atlas (Foshan), Times King City (Guangzhou) and Zhuhai Guoji Project, (ii) an increase in restricted bank deposits relating to operating activities of RMB339.4 million (see the subsection entitled "— Restricted Bank Deposits" below for further details of this item), (iii) an increase in completed properties held for sale of RMB284.1 million in connection with Times Sweet House (Jinshazhou) and Times Eolia City (Zhuhai), (iv) interest paid of RMB270.0 million, (v) corporate income tax paid of RMB139.2 million, (vi) a decrease in trade payables of RMB108.8 million, (vii) an increase in prepaid land lease payments of RMB107.4 million, and (viii) the payment of land appreciation tax in an amount of RMB107.4 million, all of which was partially offset by (i) a decrease in prepayments, deposits and other receivables of RMB2,304.6 million, primarily due to the fact that we obtained land use right certificates for six parcels of land in relation to Ocean Times, Times King City (Qingyuan), Times Peanut, Times Cloud Atlas (Foshan), Zhuhai Pingsha Project and Times King City (Guangzhou), and as a result, the balances of the prepayments for these parcels were transferred to properties under development in our consolidated financial statements, and (ii) an increase in other payables and accruals of RMB1,642.1 million in connection with the commencement of pre-sales of phase 2 of Times Bund, the Zhuhai Jingrun Project (phase 4 of Times Eolia City), phase 2 of Times King City (Changsha) and phase 3 of Times City in the first half of 2013.

In 2012, we had cash flows generated from operating activities, before changes in working capital, of RMB553.0 million and net cash flows generated from operating activities of RMB281.2 million. The difference of RMB271.8 million was primarily attributable to (i) an increase in prepayments, deposits and other receivables of RMB1,410.4 million in connection with our acquisition of land for projects mainly including Times Peanut II, Times Cloud Altas (Foshan) and Times King City (Zhuhai), (ii) an increase in properties under development of RMB1,195.1 million in connection with Times Bund and other projects, (iii) interest paid of RMB459.7 million, (iv) an increase in completed properties held for sale of RMB445.8 million in connection with Times Eolia City (Zhuhai) and Times King City (Zengcheng) and (v) LAT paid of RMB141.6 million, all of which was partially offset by an increase in other payables and accruals of RMB2,869.4 million, an increase in trade payables of RMB316.3 million as a result of increased property development activities, and a decrease in restricted bank deposits of RMB140.2 million.

In 2011, we had cash flows generated from operating activities, before changes in working capital, of RMB229.2 million and net cash flows used in operating activities of RMB363.6 million. The difference of RMB592.8 million was primarily attributable to (i) an increase in properties under development of RMB956.1 million in connection with Times City and other projects, (ii) an increase in completed properties held for sale of RMB759.3 million in connection with our projects, mainly Times Mont Blanc (Zhongshan) and Ocean Times, (iii) an increase in restricted bank deposits of RMB428.7 million, (iv) an increase in prepayments, deposits and other receivables of RMB311.0 million in connection with our acquisition of land for Ocean Times and our advances to one of our contractors and (v) interest paid of RMB304.2 million, all of which were partially offset by an increase in other payables and accruals of RMB1,513.2 million and a decrease in prepaid land lease payments of RMB508.3 million.

In 2010, we had cash flows generated from operating activities, before changes in working capital, of RMB87.5 million and net cash flows used in operating activities of RMB261.4 million. The difference of RMB348.9 million was primarily attributable to (i) an increase in properties under development of RMB1,309.5 million in connection with Times Mont Blanc (Zhongshan), Times King City (Zhongshan), Ocean Times and other projects, (ii) an increase in restricted bank deposits of RMB535.2 million, (iii) an increase in completed properties held for sale of RMB414.0 million in connection with phase 2 of Times Sweet House (Jinshazhou) and other projects and (iv) an increase in prepayments, deposits and other receivables of RMB276.5 million in connection with our acquisition of land for Ocean Times, Times King City (Qingyuan) and other projects, partially offset by an increase in other payables and accruals of RMB1,759.2 million and an increase in trade payables of RMB789.8 million as a result of increased property development activities.

Cash flows used in investing activities

For the six months ended June 30, 2013, our net cash flows used in investing activities were RMB646.3 million, which was primarily attributable to the acquisition of subsidiaries totaling RMB253.5 million, the acquisition of a non-controlling interest in Changsha Meiguiyuan of RMB200.5 million and purchases of items of property, plant and equipment totaling RMB178.3 million in connection with the refurbishment of premises that we leased before sub-leasing them to external tenants.

In 2012, our net cash flows used in investing activities were RMB327.0 million, which was primarily attributable to an increase in the purchase of held-to-maturity investments of RMB305.7 million, and the purchase of property, plant and equipment of RMB17.8 million.

In 2011, our net cash flows used in investing activities were RMB529.7 million, which was primarily attributable to acquisitions of subsidiaries totaling RMB488.1 million and purchases of property, plant and equipment totaling RMB27.7 million.

In 2010, our net cash flows used in investing activities were RMB77.5 million, which was primarily attributable to acquisitions of subsidiaries of RMB50.1 million and purchases of property, plant and equipment totaling RMB35.5 million.

Cash flows generated from financing activities

During the Track Record Period, our cash flows from financing activities were mainly generated from bank loans and other borrowings used to finance our project development activities. Our cash inflows from financing activities were mainly offset by repayments of bank loans and other borrowings.

For the six months ended June 30, 2013, our net cash flows generated from financial activities were RMB295.3 million, which was primarily attributable to new bank loans and other borrowings of RMB1,603.0 million, partially offset by repayments of bank loans and other borrowings of RMB1,269.2 million.

In 2012, our net cash flows generated from financing activities were RMB416.6 million, which was primarily attributable to new bank loans and other borrowings of RMB3,164.6 million, partially offset by repayments of bank loans and other borrowings of RMB2,318.5 million and payments of RMB437.5 million made on behalf of Asiaciti Enterprises, our immediate holding company, which were then owed to us.

In 2011, our net cash flows generated from financing activities were RMB895.7 million, which was primarily attributable to new bank loans and other borrowings of RMB3,085.8 million, partially offset by repayment of bank loans and other borrowings of RMB2,178.5 million.

In 2010, our net cash flows generated from financing activities were RMB520.5 million, which was primarily attributable to new bank loans and other borrowings of RMB1,960.0 million, partially offset by repayment of bank loans and other borrowings of RMB1,442.5 million.

Restricted Bank Deposits

Under relevant PRC laws and regulations, some of our project companies are required to place a certain amount of pre-sale proceeds in designated bank accounts as guarantee deposits for construction of the relevant properties. These guarantee deposits may only be used for payments to construction contractors in the project development process and for other construction-related payments, such as the purchase of materials. The remaining guarantee deposits are released when the certificates of completion for the relevant properties have been obtained. In addition, a portion of our bank deposits represented loan proceeds in the monitoring accounts designated by the banks, in which case the use of the restricted bank deposits, subject to the banks' approval, is restricted to the purposes as set out in the relevant loan agreements. As of December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, our restricted bank deposits were RMB608.8 million, RMB1,037.5 million, RMB897.3 million and RMB1,236.7 million, respectively.

CAPITAL RESOURCES

Property developments require 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 shareholders. Our financing methods vary from project to project and are subject to limitations imposed by PRC regulations and monetary policies. We recorded negative net cash flows from operating activities of approximately 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. Our negative net cash flows from operating activities were primarily attributable to the long-term and capital-intensive nature of property development, our land acquisitions and our continued business expansion during the Track Record Period. 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.

We believe that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this prospectus, and we intend to fund them primarily with proceeds from the following sources of cash inflow:

- *Proceeds from our pre-sale activities* — In 2012, we recorded contracted sales of RMB6,395.6 million. For the nine months ended September 30, 2013, we recorded contracted sales of RMB5,670.5 million. We expect that for the next 12 months from the date of this prospectus, pre-sales will commence at various new property project phases based on our project plans, which will generate additional cash inflow.

- *Proceeds from bank and other borrowings* — As of June 30, 2013, we did not have unutilized bank facilities. From July 1, 2013 to September 30, 2013, we had additional bank loans and other borrowings of approximately RMB3,134.0 million. Depending on our development needs, we may obtain further bank loans and other borrowings going forward to fund the construction of our projects in line with our past practice.

- *Net proceeds from the Global Offering* — We estimate that our net proceeds from the Global Offering will be HK$1,548.2 million (assuming the Over-allotment Option is not exercised and the Offer Price is HK$3.85 per Share, being the mid-point of the Offer Price range stated in this prospectus). For further information, see the section entitled "Future Plans and Use of Proceeds — Use of Proceeds" in this prospectus.

- *Proceeds from our rental income and property management* — We plan to hold our current investment properties and continue our sub-leasing business, which we expect will continue to generate rental income. In addition, we plan to continue to provide property management services to our customers. We expect, however, that consistent with our performance during the Track Record Period, income generated from our rental income and property management services will not constitute major sources of our cash flow.

We carefully consider our position and ability to obtain further financing when making significant capital commitments and arranging payment for land acquisition costs and construction costs. Given suitable conditions, we intend to raise additional funds through debt or equity.

In addition, we seek to manage our future cash flow and reduce our exposure to unexpected adverse changes in economic conditions in a number of ways, including by adjusting our development schedule to ensure that we have available resources to finance our projects, implementing cost control measures, and renegotiating payment terms with counterparties in certain contractual land acquisition arrangements, as necessary. We have conducted a sensitivity analysis relating to our pre-sale proceeds for the period from October 1, 2013 to December 31, 2014 and evaluated the potential effect on our Group's working capital position. Based on our current estimate and consideration of our historical performance and subject to certain assumptions, even if there were a decrease of up to 25% in the estimated contracted average selling price or the estimated contracted GFA for the period from October 1, 2013 to December 31, 2014, barring the occurrence of any exceptional circumstances, such as a material adverse change in macroeconomic or market conditions, introduction of more stringent governmental policies or regulations, or significant delays in the development schedules which, individually or together, are beyond our Directors' control and their current expectations, we believe that we can still maintain a positive cash balance for the next 12 months from the date of this prospectus.

Our ability to obtain adequate financing may be limited by our financial condition and results of operations and the liquidity of international and domestic financial markets. For further information, see the sections entitled "Risk Factors — Risks Relating to Our Businesses — Our business is heavily dependent on the growth of the real estate market in the PRC and, in particular, Guangdong and Hunan provinces" and "Risk Factors — Risks Relating to Our Businesses — Our business is subject to extensive governmental regulations and policies and, in particular, we are susceptible to policy changes in the PRC property industry" in this prospectus.

INDEBTEDNESS AND CONTINGENT LIABILITIES

Borrowings

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

	As of December 31,			As of June 30,	As of September 30,
	2010	2011	2012	2013	2013
					(unaudited)
	(RMB in thousands)				
Current					
Bank loans — unsecured	70,000	159,200	289,284	105,442	105,305
Bank loans — secured	283,689	621,497	2,131,165	1,530,770	1,185,567
Other borrowings — unsecured	–	170,000	76,000	–	–
Other borrowings — secured	180,000	270,000	680,814	1,215,780	454,990
Subtotal	533,689	1,220,697	3,177,263	2,851,992	1,745,862
Non-current					
Bank loans — unsecured	196,060	477,479	123,674	25,000	38,620
Bank loans — secured	1,598,189	2,023,736	1,754,598	2,746,064	4,275,926
Other borrowings — secured	450,456	509,728	621,264	100,000	750,000
Subtotal	2,244,705	3,010,943	2,499,536	2,871,064	5,064,546
Total	**2,778,394**	**4,231,640**	**5,676,799**	**5,723,056**	**6,810,408**

Our total outstanding bank loans amounted to RMB2,147.9 million, RMB3,281.9 million, RMB4,298.7 million and 4,407.3 million, respectively, as of December 31, 2010, 2011 and 2012 and June 30, 2013. Our total outstanding borrowings from other financial institutions, including trust financing companies, amounted to RMB630.5 million, RMB949.7 million, RMB1,378.1 million and RMB1,315.8 million, respectively, as of December 31, 2010, 2011 and 2012 and June 30, 2013. The increase in our bank loans and other borrowings during the Track Record Period was primarily due to the expansion of our business operations, which in turn increased our financing requirements.

The following table shows the interest rates applicable to our borrowings for the periods indicated:

	Year ended December 31,			Six months ended June 30, 2013	Nine months ended September 30, 2013
	2010	2011	2012		
Current					
Bank loans — unsecured .	5.3%-5.8%	6.9%-9.0%	6.5%-6.9%	6.6%-11.0%	6.6%-11.0%
Bank loans — secured . .	5.4%-6.7%	5.3%-9.3%	3.9%-9.3%	5.4%-8.0%	5.4%-8.0%
Other borrowings — unsecured	–	20.0%	5.0%	–	–
Other borrowings — secured	11.0%	4.9%	10.6%-12.9%	10.6%-13.0%	6.9%-13.0%
Non-current					
Bank loans — unsecured .	5.4%	6.9%-7.0%	6.8%-11.0%	6.8%	6.8%
Bank loans — secured . .	5.1%-6.2%	5.3%-9.3%	5.9%-9.3%	5.9%-7.4%	5.9%-7.7%
Other borrowings — secured	4.9%	5.4%-12.8%	10.6%-13.0%	11.5%	11.7%-13.0%

Our subsidiaries have entered into long-term bank loans with a number of PRC commercial banks to finance the development of our projects. As of June 30, 2013, we had bank loans with an aggregate outstanding amount of RMB4,407.3 million, all of which had been utilized. Most of our bank loans will mature within five years.

Under the terms of our loan agreements, we are typically required to use the bank loans only for the purposes for which they were granted, and we are obliged to provide the lending banks with our monthly financial statements and allow them to access information regarding our application for other bank loans, financial activities and business operations from time to time. The terms of our bank loans typically range from two to three years to coincide with our project development cycle. We are typically required under our loan agreements to apply the pre-sale proceeds of the project in relation to which the bank loan was made only towards the settlement of the construction and other costs of that project. We are also required to deposit the pre-sale proceeds into designated bank accounts at the lending bank and make progressive repayments according to the sales progress of the project. Each time we draw down our bank loans, we are required to provide the lending bank with information which evidences our planned use of the money, such as invoices from suppliers and construction contracts. We are normally required to start repaying the loans once we have pre-sold a specific proportion of the GFA under development in the relevant project and to fully repay the loans once we have pre-sold up to a higher proportion of the GFA under development.

As of December 31, 2010, 2011 and 2012 and June 30, 2013, our total outstanding borrowings under trust financing arrangements amounted to RMB630.5 million, RMB779.7 million, RMB1,015.8 million and RMB1,028.4 million, respectively. For information on our trust financing arrangements, see the section entitled “Business — Financing Provided by Trust Financing Companies” in this prospectus.

The table below sets forth the maturity profiles of our bank loans and other borrowings as of the dates indicated:

	As of December 31,			As of June 30,	As of September 30,
	2010	2011	2012	2013	2013
					(unaudited)
	(RMB in thousands)				
Bank loans repayable:					
Within one year	353,689	780,697	2,420,449	1,636,212	1,290,871
In the second year	304,500	1,812,638	1,299,553	983,875	1,904,652
In the third to fifth years	1,355,383	597,577	532,719	1,775,689	2,191,894
Beyond five years	134,366	91,000	46,000	11,500	218,000
Subtotal	2,147,938	3,281,912	4,298,721	4,407,276	5,605,417
Other borrowings repayable:					
Within one year	180,000	440,000	756,814	1,215,780	454,991
In the second year	274,631	509,728	621,264	100,000	750,000
In the third to fifth years	175,825	–	–	–	–
Subtotal	630,456	949,728	1,378,078	1,315,780	1,204,991
Total	**2,778,394**	**4,231,640**	**5,676,799**	**5,723,056**	**6,810,408**

Commercial banks and trust financing companies in China typically require guarantees or security for our bank loans and trust financing arrangements. As of December 31, 2010, 2011 and 2012 and June 30, 2013, our outstanding bank loans and trust financing arrangements were secured by our completed properties held for sale, properties under development, investment properties, held-to-maturity investment and prepaid land lease payments with an aggregate carrying value of RMB3,229.4 million, RMB3,006.9 million, RMB3,770.1 million and RMB4,891.4 million, respectively. As of June 30, 2013, certain of our bank loans and other borrowings, amounting to RMB1,218.6 million, were secured by personal guarantees and assets provided by Mr. Shum; certain of our bank loans and other borrowings, amounting to RMB386.9 million, were secured by the shares of Zhongshan Tianyue, our wholly owned subsidiary; certain of our bank loans and other borrowings, amounting to RMB109.9 million, were secured by a personal guarantee provided by Mr. Cen; certain of our bank loans and other borrowings, amounting to RMB20.0 million, were secured by personal assets of Ms. Liang Yuchong, the spouse of Mr. Cen; and certain of our bank loans and other borrowings, amounting to RMB120.0 million, were secured by a personal guarantee provided by Ms. Li. We are required to maintain property damage insurance in respect of the properties secured under our loan agreement in favor of the lending banks. As we are generally required to repay our bank loans and other borrowings using pre-sale and sale proceeds, we typically fully settle the outstanding amounts of the loans prior to the due date and do not normally roll over our bank loans.

Certain of our bank loans and trust financing arrangements are subject to a number of customary restrictive covenants, such as restrictions on change of control and disposition of material assets, as well as financial ratios, such as the debt ratio, with which we must comply. For further information, see the section entitled "Risk Factors — Risks Relating to Our Businesses — We maintain a certain level of indebtedness and may incur additional indebtedness in the future, and any default under any of our loan or financing arrangements could result in enforcement against the security we have granted, which could materially and adversely affect our ownership of our PRC project companies and our ability to continue our operations" in this prospectus. Our Directors have confirmed that they are not aware of any material breach, during the Track Record Period, of any of the restrictive covenants and financial ratios contained in our bank loans and trust financing arrangements.

Except as described above, we did not have any other outstanding loan capital, debt securities, indebtedness, debentures, bank overdrafts, liabilities under acceptance or acceptance credits of hire purchase commitments as of June 30, 2013.

As of the Latest Practicable Date, all guarantees provided by the Controlling Shareholders had been released.

During the period from July 1, 2013 to September 30, 2013, we had additional bank loans and other borrowings of approximately RMB3,134.0 million. As of September 30, 2013, we had four outstanding trust financing arrangements with an aggregate outstanding amount of approximately RMB1,111.3 million. In October 2013, we entered into an additional trust financing arrangement under which we are required to transfer our equity interests in Guangzhou Zhuorui, pledge our equity interest in Zhuhai Jiayu and provide guarantees to secure the trust financing, in addition to the customary restrictive covenants mentioned above. This trust financing arrangement had not been utilized as of the Latest Practicable Date. In November 2013, we entered into and fully utilized a trust financing arrangement in an aggregate amount of RMB215.2 million under which we are required to pledge our equity interest in Changsha Meiguiyuan and provide guarantees to secure the trust financing. For further information, see the section entitled "Business — Financing Provided by Trust Financing Companies — Trust Financing Arrangements Entered into by Our Group."

We confirm that, other than as disclosed in this prospectus, there has been no material change in our indebtedness from June 30, 2013 up to the Latest Practicable Date.

Contingent Liabilities

We make arrangements with various PRC banks to provide mortgage facilities to purchasers of our properties. In line with industry practice, we are required to provide guarantees to these banks in respect of mortgages provided to our customers. These guarantees are released upon the earlier of (i) the relevant certificates of registration of mortgage or the certificates of other interests with respect to the relevant properties being delivered to the mortgagee banks and (ii) the settlement of mortgage loans between the mortgagee banks and the purchasers of our projects. If a purchaser defaults on a mortgage loan before the relevant guarantee is released, we may be required to repurchase the underlying property by paying off the mortgage loan and any accrued interest. If we fail to do so, the mortgagee bank will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds from the auction. In line with industry practice, we do not conduct independent credit reviews on our customers but rely on the credit reviews conducted by the mortgagee banks. As of December 31, 2010, 2011, 2012 and June 30, 2013, the outstanding guarantees we had given in relation to mortgage loans of purchasers of our properties were approximately RMB1,217.0 million, RMB1,710.5 million, RMB3,210.2 million and RMB3,548.3 million, respectively.

In connection with this Global Offering, our Controlling Shareholders have agreed to indemnify us against any losses, claims, liabilities and expenses arising out of, or relating to, (i) guarantees entered into by us prior to the date of the Global Offering in respect of indebtedness incurred by affiliates controlled by our Controlling Shareholders that are not part of our Group and (ii) guarantees entered into by us that are not on normal commercial terms or in our ordinary course of business in respect of indebtedness incurred by third parties.

We confirm that, there has been no material change in our contingent liabilities from June 30, 2013 up to the Latest Practicable Date.

Legal Contingencies

In the normal course of business, we may be involved in lawsuits and other proceedings. While the outcomes of the lawsuits or other proceedings currently underway cannot be determined at present, we believe that no liabilities resulting from these proceedings will have a material adverse effect on our financial position, liquidity, or results of operations.

Contractual Obligations

We have various contractual obligations, some of which are required to be recorded as liabilities in our consolidated financial statements, including long-term and short-term loans. Others, specifically operating lease arrangements, capital commitments and contingent liabilities, are not generally required to be recognized as liabilities in our consolidated financial statements.

The following table sets forth our contractual commitments as of the dates indicated:

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

As of December 31, 2010, 2011 and 2012 and June 30, 2013, our total future minimum lease payments under non-cancellable operating leases were payable as follows:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	(RMB in thousands)			
Within one year	1,824	4,039	81,592	79,759
In the second to fifth years	4,194	2,538	313,311	299,754
After five years	–	–	1,039,002	985,413
	6,018	**6,578**	**1,433,905**	**1,364,926**

We expect to continue to rely on the proceeds from our property sales and pre-sales, as well as new bank loans, as the principal sources of funding to finance our contractual obligations.

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 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" in 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 totalled 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, after the full payment of the first and second installments by the Obligors, we will assume all 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 us from the assumption of liability under the novation.

Capital Expenditure

We incurred capital expenditure of RMB35.5 million, RMB27.7 million, RMB17.8 million and RMB349.0 million, respectively, for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013. Our capital expenditure is primarily related to the purchase of property, plant and equipment. The significant increase in our capital expenditure for the six months ended June 30, 2013 was in connection with our refurbishment of the premises that we leased before we sub-leased them to tenants. Our currently planned capital expenditure for the rest of 2013 is RMB102.2 million, which relates principally to the refurbishment of premises that we lease before sub-leasing them to tenants. Generally our capital expenditure does not include equipment used in the construction of our projects, which typically is provided by the contractors we engage to carry out work on the projects.

Off-Balance Sheet Commitments and Arrangements

Except for the contingent liabilities disclosed, we do not have any off-balance sheet arrangements that we believe have, or are reasonably likely to have, a current or future material effect on our financial position, revenue or expenses, results of operations, liquidity, capital expenditure or capital resources.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

We are exposed to various types of market risks in the normal course of our business, including interest rate risk, commodity risk, foreign exchange risk and inflation.

Interest Rate Risk

We are exposed to interest rate risk, primarily in relation to our bank loans bearing floating interest rates, which totaled RMB4,371.3 million as of June 30, 2013. We borrow funds to support our property development and general working capital needs. Upward movements in interest rates increase the cost of our financing. Fluctuations in interest rates can also lead to significant fluctuations in the fair values of our debt obligations. We currently do not use any derivative instruments to hedge our interest rate risk. Please refer to the interest rate risk table in Note 40 to the Accountants' Report in Appendix I to this prospectus for a sensitivity analysis with respect to interest rate fluctuations during the Track Record Period.

An increase in interest rates may also adversely affect our prospective customers' ability and cost to obtain financing, which in turn may depress the overall housing demand in China. Higher interest rates may adversely affect our revenue and profit. The PBOC benchmark one-year lending rate in China (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 was 5.81%, 6.56%, 6.00% and 6.00%, respectively.

Commodity Risk

We are exposed to fluctuations in the prices of raw materials for our property developments, particularly steel and cement. We currently do not and do not expect to engage in commodities hedging activities. We purchase most of our supplies of steel and concrete at market prices. As a result, fluctuations in the prices of our construction materials will have an impact on our business, results of operations and financial position.

Foreign Exchange Risk

We mainly operate in the PRC. Our functional currency and the currency in which we denominate and settle substantially all of our transactions is Renminbi. Any depreciation of Renminbi would adversely affect the value of any dividends we pay to our shareholders outside of the PRC. We currently do not engage in hedging activities designed or intended to manage foreign exchange risk. See the section entitled "Risk Factors — Risks Relating to the PRC — Governmental control of currency conversion may affect the value of your investment" in this prospectus. Renminbi is not a freely convertible currency; the conversion of Renminbi into foreign currencies is subject to rules and regulations of foreign currency exchange control promulgated by the PRC government. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of Renminbi to the U.S. dollar. Under the new policy, Renminbi is permitted to fluctuate within a narrow and managed band against a basket of foreign currencies. The PRC government may take further actions that could cause future exchange rates to vary significantly from current or historical exchange rates.

Inflation

According to the National Bureau of Statistics of China, China's overall national inflation rate, as represented by the general consumer price index, was approximately 3.3%, 5.4% and 2.6%, respectively, for the years ended December 31, 2010, 2011 and 2012. Recent inflation and deflation have not materially affected our business, despite relatively significant increases in inflation since January 2013. Deflation could adversely affect our business, as it might be a disincentive for prospective purchasers to purchase our properties.

DIVIDENDS AND DISTRIBUTABLE RESERVES

As of June 30, 2013, the distributable reserves of our Company amounted to RMB781.9 million.

Subject to the Companies Law, through a general meeting we may declare dividends in any currency, but no dividend may be declared in excess of the amount recommended by our Board. Our Memorandum and Articles of Association provide that dividends may be declared and paid out of our profit, realized or unrealized, or from any reserve set aside from profit which our Directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of our share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law and our Memorandum and Articles of Association.

Our Board will declare dividends, if any, in Hong Kong dollars with respect to our Shares on a per-Share basis and will pay such dividends in Hong Kong dollars. The amount of dividends actually distributed to our Shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders.

Future dividend payments will also depend upon the availability of dividends received from our subsidiaries in China. PRC laws require that dividends be paid only out of net profit, calculated in accordance with PRC accounting principles, which differ in certain aspects from the generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign-invested enterprises to set aside part of their net profits as statutory reserves, which are not available for distribution as cash dividends. Furthermore, distributions from our subsidiaries may be restricted if they incur debts or losses or as a result of any restrictive covenants in our bank credit facilities, or other agreements that we or our subsidiaries may enter into in the future.

During the Track Record Period, we did not distribute any dividends to our shareholders. 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.

Our Board currently intends, subject to the above limitations, and in the absence of any circumstances which might reduce the amount of available distributable reserves, whether by losses or otherwise, to distribute to our Shareholders no less than 20% of any distributable profit (excluding changes in fair value of investment properties and the impact of related deferred tax) for the year ended December 31, 2013 and for each financial year after our Global Offering. However, we will reevaluate our dividend policy annually. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year.

LISTING EXPENSES

We had incurred listing expenses of RMB14.8 million as of September 30, 2013. We expect to incur further listing expenses amounting to RMB72.2 million in 2013. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the year ending December 31, 2013.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of our net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is set out here to illustrate the effect of the Global Offering on our net tangible assets as of June 30, 2013 as if it had taken place on June 30, 2013.

The unaudited pro forma statement of net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of our consolidated net tangible assets as of June 30, 2013 or any future date following the Global Offering. It is prepared based on our consolidated net assets as of June 30, 2013 as set out in the Accountants' Report in Appendix I to this prospectus and adjusted as described below. The unaudited pro forma statement of net tangible assets does not form part of the Accountants' Report as set out in Appendix I to this prospectus.

	Audited consolidated net tangible assets of our Group attributable to owners of our Company as of June 30, 2013	**Estimated net proceeds from the Global Offering**	**Unaudited adjusted net tangible assets of our Group**	**Unaudited pro forma adjusted net tangible assets per Share**	
	(RMB in thousands)	**(RMB in thousands)**	**(RMB in thousands)**	**(RMB)**	**(HKD)**
Based on an Offer Price of HK$3.20 per Share .	2,437,602	1,001,957	3,439,559	2.00	2.53
Based on an Offer Price of HK$4.50 per Share .	2,437,602	1,444,278	3,881,880	2.25	2.85

Note:

(1) Our audited consolidated net tangible assets as of June 30, 2013, which is extracted from the Accountants' Report set out in Appendix I to this prospectus, is equal to the audited consolidated net tangible assets attributable to owners of our Company of RMB2,437,602,000 as of June 30, 2013. If the dividend declaration as of September 16, 2013 in favor of Asiaciti Enterprises in the amount of US$70,219,919.81 (equivalent to approximately RMB431,485,000) to offset the amounts owed to us by Asiaciti Enterprises (details of which are disclosed in the section entitled "Financial Information — Indebtedness and Contingent Liabilities — Exchangeable Notes and Restructuring Deed") had been made before June 30, 2013, our consolidated net tangible assets attributable to owners of our Company would have been approximately RMB2,006,117,000.

The estimated net proceeds from the Global Offering are based on the number of Offer Shares and the relevant indicative offer price, after deduction of underwriting fees and related expenses payable by us.

We calculated our unaudited pro forma net tangible assets per Share with the adjustments referred to in the preceding paragraph and on the basis that a total of 1,722,960,000 Shares would be in issue immediately following the completion of the Global Offering, and without taking account of any Shares which may be allotted and issued or purchased by us pursuant to the general mandates granted to our Directors for the allotment and issue or purchase of Shares as referred to in the section entitled "Share Capital" in this prospectus.

NO MATERIAL ADVERSE CHANGE

We confirm that there has not been any material adverse change in our financial or trading position or the prospects of our Company from June 30, 2013, being the date of the latest audited consolidated financial statements of our Company as set out in the Accountants' Report in Appendix I to this prospectus up to the date of this prospectus.

RELATED-PARTY TRANSACTIONS

With respect to the related-party transactions set out in the Accountants' Report in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms and/or on terms not less favorable than terms available from Independent Third Parties, which are considered fair, reasonable and in the interest of our shareholders as a whole.

PROPERTY INTERESTS AND PROPERTY VALUATION

DTZ Debenham Tie Leung Limited, an independent property valuer, has valued our property interests as of September 30, 2013 and is of the opinion that the aggregate value of the property in which we had an interest as of such date was RMB25,745.6 million, and the value attributable to our Group was RMB25,094.7 million. The full text of the letter, summary of valuation and valuation certificates with regard to our property interests are set out in "Appendix III — Property Valuation Report" to this prospectus.

The statement below shows the reconciliation of aggregate amounts of certain properties reflected in the audited consolidated financial information as of June 30, 2013 as set out in "Appendix I — Accountants' Report" to this prospectus with the valuation of these properties as of September 30, 2013 as set out in "Appendix III — Property Valuation Report" to this prospectus.

	(RMB in thousands)
Net book value of the following properties as of June 30, 2013	
— Properties under development	13,064,262
— Completed properties held for sale	2,925,626
— Leasehold land and buildings included in property, plant and equipment	21,005
— Investment property	1,560,000
— Prepaid land lease payments	1,610,335
	19,181,228
Add: Additions during the period from July 1, 2013 to September 30, 2013	2,054,348
Add: Fair value gains on investment property during the period from July 1, 2013 to September 30, 2013	20,000
Less: Disposal during the period from July 1, 2013 to September 30, 2013	(1,039,285)
Less: Depreciation during the period from July 1, 2013 to September 30, 2013	(48)
Net book value of the properties as of September 30, 2013	20,216,243
Net valuation surplus	5,529,357
Market value of properties as of September 30, 2013 as set out in the Property Valuation Report in Appendix III to this prospectus	**25,745,600**

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules had we been required to comply with such rules as of such date.