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 has been prepared in conformity with HKFRS, 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 below. 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 a property developer in the PRC focusing on the residential property market, and our products are primarily targeted at first-time homebuyers and upgraders. In 2012, we were ranked as the 46th-largest property developer in the PRC by sales.(1) We have developed residential property projects in 11 cities in economically prosperous and emerging regions of the PRC, such as Guangdong and Guangxi Provinces, the Chengdu-Chongqing economic region and Hainan Province.

As of October 31, 2013, our Group and, prior to the commencement of the Reorganization, our predecessors had completed a total of 54 projects with a total GFA of over 7,160,000 sq.m. We have a land bank comprising land we acquired at competitive prices, and we strive to build our land bank by establishing and expanding our presence in economic regions which we believe hold high growth potential. As of October 31, 2013, we had 70 projects at various stages of development in 11 cities and a land bank with an aggregate GFA of 11.2 million sq.m., primarily comprising residential property projects with ancillary retail shops, as well as an office property project where our headquarters is located. For details of our property projects, please see the section entitled "Business—Our Property Projects" in this prospectus. We believe our current land bank will be sufficient to meet our development needs for the next five to six years, based on our current projections and our historical sales and land development records.

We have established a replicable property development process, which is supported by our in-house departments and subsidiaries specializing in design and planning, construction, decoration, procurement, sales, customer services and each other major step in the property development process. We leverage our ability to build projects through our own construction subsidiary, centralized and strategic procurement, quick development operation model and cost control over the whole property development process to optimize our costs, shorten development cycles, improve cash flow and maintain profitability. In 2010, 2011 and 2012 and the six months ended June 30, 2013, we achieved net profit margins (excluding changes in fair value of investment properties and the relevant deferred taxes) of 14.5%, 17.7%, 17.9% and 12.3%, respectively.

We have experienced significant growth in recent years. In 2010, 2011, 2012 and the six months ended June 30, 2013, our turnover was RMB2,851.7 million, RMB3,447.5 million,

Note:

(1) The ranking is based on China Index Academy's evaluation of the largest property developers in the PRC by sales in 2012.

RMB6,587.7 million and RMB3,332.2 million, respectively, our net profit was RMB939.6 million, RMB1,263.2 million, RMB1,817.0 million and RMB442.3 million, respectively, and we recorded contracted sales of RMB3,031.9 million, RMB4,466.6 million, RMB9,737.2 million and RMB5,787.6 million, respectively.

We have developed a diversified product portfolio which includes high-rise residential apartments and low-rise garden apartments, among others, catering to the residential property markets. We have developed two distinctive product styles, namely neoclassical and art deco, each of which comprises standardized designs for facades, interior designs and landscaping, as well as standardized parts and materials. We leverage our quick development operation model and our standardized control over each step of our property development process to ensure product and service quality and to support our future development and profitability.

BASIS OF PREPARATION

Our Company was incorporated in the Cayman Islands with limited liability on May 14, 2010. In preparation for the Global Offering, our Group underwent the Reorganization, as detailed in the section entitled "History and Reorganization" in this prospectus. As a result of the Reorganization, our Company became the ultimate holding company of various companies controlled by Mr. Ji in the Cayman Islands, the British Virgin Islands, Hong Kong and the PRC, which were principally engaged in investment holding, property development, property leasing and construction.

As all of the companies now constituting the Group were ultimately controlled by Mr. Ji both before and after the completion of the Reorganization, the Reorganization has been treated as a business combination under common control for accounting purposes, and the financial information of our Group for 2010, 2011, 2012 and the six months ended June 30, 2013 (the "Financial Information") has been prepared using the principles of merger accounting. The Financial Information of the Group has been prepared as if the Group was always in existence in its current form for the entire Track Record Period. The net assets of the companies involved in the Reorganization are consolidated using the existing book values from the controlling party's perspective.

For more information on the basis of preparation of the Financial Information included herein, please see the Accountants' Report included as Appendix I to this prospectus.

SUMMARY FINANCIAL INFORMATION

Consolidated Income Statements and Statements of Comprehensive Income

The table below sets forth selected financial information extracted from our consolidated income statements and consolidated statements of comprehensive income for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Turnover	2,851,659	3,447,474	6,587,660	1,566,418	3,332,205
Direct costs	(2,070,466)	(2,062,001)	(4,027,359)	(941,799)	(2,307,004)
Gross profit	781,193	1,385,473	2,560,301	624,619	1,025,201
Other revenue	16,168	16,801	33,775	15,267	11,336
Other net (loss)/income	(197)	11,316	522	(16)	(4,872)
Selling and marketing expenses	(63,058)	(148,460)	(205,686)	(59,425)	(125,916)
Administrative expenses	(123,708)	(207,606)	(280,059)	(122,776)	(184,558)
Net increase in fair value of investment properties(1)	695,779	863,715	836,652	395,945	40,506
Profit from operations	1,306,177	1,921,239	2,945,505	853,614	761,697
Finance costs	(5,047)	(96,284)	(170,218)	(86,251)	(63,501)
Profit before taxation	1,301,130	1,824,955	2,775,287	767,363	698,196
Income tax	(361,509)	(561,801)	(958,318)	(251,938)	(255,937)
Profit for the year/period	939,621	1,263,154	1,816,969	515,425	442,259
Attributable to:					
—Equity shareholders of the Company	926,251	1,247,583	1,794,068	512,185	435,386
—Non-controlling interests	13,370	15,571	22,901	3,240	6,873
Profit for the year/period	939,621	1,263,154	1,816,969	515,425	442,259
Other comprehensive income for the year/period (after tax and reclassification adjustments)					
Exchange differences on translation of financial statements of overseas entities	4	24,226	(67)	(2,810)	9,678
Total comprehensive income for the year/period	939,625	1,287,380	1,816,902	512,615	451,937
Attributable to:					
—Equity shareholders of the Company	926,255	1,271,809	1,794,001	509,375	445,064
—Non-controlling interests	13,370	15,571	22,901	3,240	6,873
Total comprehensive income for the year/period	939,625	1,287,380	1,816,902	512,615	451,937

Note:

(1) Increases in fair value of investment properties are unrealized capital gains. Our results of operations have in the past been affected by adjustments in the estimated fair value of our investment properties and may continue to be affected by such adjustments in the future. Please see the section entitled "—Key Factors Affecting Our Results of Operations—Changes in Estimated Fair Value of Our Investment Properties" in this prospectus.

Selected Consolidated Balance Sheets Items

The table below sets forth selected financial information extracted from our consolidated balance sheets as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	2,097,201	3,187,487	4,075,690	4,138,818
Current assets	9,986,814	13,405,167	17,973,466	21,096,505
Current liabilities	5,938,292	9,596,124	13,021,807	15,501,067
Net current assets	4,048,522	3,809,043	4,951,659	5,595,438
Total assets less current liabilities	6,145,723	6,996,530	9,027,349	9,734,256
Non-current liabilities	4,449,058	4,673,171	4,876,588	5,146,637
NET ASSETS	1,696,665	2,323,359	4,150,761	4,587,619
CAPITAL AND RESERVES				
Share capital	412,050	—	—	—
Reserves	1,268,676	2,291,849	4,092,780	4,522,765
Total equity attributable to equity shareholders of the Company	1,680,726	2,291,849	4,092,780	4,522,765
Non-controlling interests	15,939	31,510	57,981	64,854
TOTAL EQUITY	1,696,665	2,323,359	4,150,761	4,587,619

Selected Consolidated Cash Flow Statements Data

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

	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Net cash (used in)/generated from operating activities	(40,843)	501,243	1,648,151	159,068	(910,540)
Net cash (used in)/generated from investing activities	(221,637)	(124,380)	18,026	(10,646)	(5,351)
Net cash generated from/(used in) financing activities	156,722	(317,865)	(89,019)	565,905	693,778
Net (decrease)/increase in cash and cash equivalents	(105,758)	58,998	1,577,158	714,327	(222,113)
Effect of foreign exchange rate changes	(41)	(139)	29	64	(27)
Cash and cash equivalents at the beginning of the year/period	1,006,621	900,822	959,681	959,681	2,536,868
Cash and cash equivalents at the end of year/period	900,822	959,681	2,536,868	1,674,072	2,314,728

Key Financial Metrics

The table below sets forth a summary of our key financial metrics during the Track Record Period:

Financial metric	Formula	As of/for the year ended December 31, 2010	2011	2012	As of/for the six months ended June 30, 2013
Profitability:					
1. Growth					
a. Turnover growth		56.8%	20.9%	91.1%	112.7%
b. Net profit growth[(1)]		145.3%	47.9%	92.8%	87.1%
2. Profit margins					
a. Gross profit margin	Gross profit ÷ turnover x 100%	27.4%	40.2%	38.9%	30.8%
b. Net profit margin before interest expenses and tax	Profit from operations ÷ turnover x 100%	45.8%	55.7%	44.7%	22.9%
c. Net profit margin	Profit for the year/period ÷ turnover x 100%	32.9%	36.6%	27.6%	13.3%
d. Net profit margin (excluding changes in fair value of investment properties and the relevant deferred taxes)[(2)]	Profit for the year/period (excluding changes in fair value of investment properties and the relevant deferred taxes)[(3)] ÷ turnover x 100%	14.5%	17.7%	17.9%	12.3%
3. Rates of return					
a. Return on equity	Profit for the year/period ÷ total equity as of end of year/period x 100%	55.4%	54.4%	43.8%	N/A[(4)]
b. Return on total assets	Profit for the year/period ÷ total assets as of end of year/period x 100%	7.8%	7.6%	8.2%	N/A[(4)]
Liquidity:					
Current ratio	Current assets ÷ current liabilities	1.7	1.4	1.4	1.4
Capital adequacy:					
a. Net debt to equity ratio	Net debt[(5)] ÷ total equity	2.5	2.2	1.0	1.2
b. Interest coverage	Profit from operations ÷ interest on bank loans and other borrowings	5.2	5.6	6.0	3.1
c. Gearing ratio	Bank and other loans ÷ total equity	3.1	2.6	1.6	1.8

Notes:

(1) Before changes in fair value of investment properties and the relevant deferred taxes.

(2) Net profit margin (excluding changes in fair value of investment properties and the relevant deferred taxes) is defined as profit for the year/period (excluding changes in fair value of investment properties and the relevant deferred taxes) divided by turnover multiplied by 100%.

(3) Profit for the year/period (excluding changes in fair value of investment properties and the relevant deferred taxes) is defined as profit for the year/period less net increase in fair value of investment properties plus deferred tax recognized on the revaluation of investment properties for that year/period.

(4) Figures for the six months ended June 30, 2013 are not comparable to full year figures.

(5) Net debt is defined as all borrowings net of cash and cash equivalents.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations are affected by a number of factors, many of which may be beyond our control, including those factors described in the section entitled "Risk Factors" in this prospectus and those described below.

The Performance of National and Local Economies and the Property Markets in China

Substantially all of our turnover during the Track Record Period was generated from operations relating to residential property markets in the PRC, and in Guangdong and Guangxi Provinces in particular. The performance of these markets has been closely tied to macroeconomic factors, including rates of economic growth and urbanization, as well as fluctuations in the demand for residential properties. The growth of our business and results of operations have, as a result, been driven to a significant extent by GDP growth and increasing urbanization in the PRC generally, and in Guangdong and Guangxi Provinces in particular.

Since 2010, global economic growth has slowed on fears that the sovereign debt crisis of certain eurozone countries would deepen, resulting in uncertainty with regard to China's economic growth, which affected the PRC property development industry. In 2012, there were renewed signs of uncertainty with regard to China's economic growth. For more information, please see the section entitled "Industry Overview" in this prospectus. If China's economic slowdown or the global economic slowdown continues or becomes more severe than we currently anticipate, our business prospects, revenues, cash flows and financial condition could be materially and adversely affected.

Governmental Policies and Regulations in the PRC relating to the Property Development Industry

Governmental policies and regulations in the PRC relating to property development and related industries have a direct impact on our business and results of operations, including policies and regulations relating to:

- land acquisition;
- pre-sales;
- the availability of mortgage financing;
- the availability of capital through loans or other sources;
- the transfer of land use rights and completed properties;
- tax;
- planning and zoning; and
- building design and construction.

From time to time the PRC government adjusts its macroeconomic control policies to encourage or restrict development in the private property sector through regulations relating to, among other things, land grants, pre-sales of properties, bank financing and taxation.

In recent years, the PRC government has implemented a series of measures with a view to managing the growth of the economy, including various restrictive measures to discourage speculation in the property market and to increase the supply of affordable residential properties. These policies have led, and may continue to lead, to changes in market conditions, including changes in price stability, costs of ownership, costs of development and the balance of supply and demand in respect of residential properties. Measures taken by the PRC government to control money supply, credit availability and fixed assets also have a direct impact on our business and results of operations. The PRC government may introduce further initiatives that affect our access to capital and the means by which we finance our property development business. See the section entitled "Laws and Regulations relating to the Industry" in this prospectus for more details on the relevant PRC laws and regulations.

Changes in the economic or regulatory environment in the PRC in general or in the cities and regions in which we operate may affect the selling price of our properties as well as the time it will take us to pre-sell or sell the properties we have developed. Lower selling prices, without a corresponding decrease in costs, will adversely affect our gross profit and reduce cash flow generated from the sales of our properties, which may increase our reliance on external financing and negatively impact our ability to finance the continuing growth of our business. A prolonged selling period will increase our selling and distribution costs as well as reduce the cash flow generated from the sales of our properties for a particular period. On the other hand, higher selling prices and a shorter selling period may increase our gross profit, reduce our selling and distribution costs and increase our cash flow for a particular period to enable us to fund the continuing growth of our business.

For additional information, please see the sections entitled "Risk Factors—Risks relating to Property Development in the PRC" and "Industry Overview—Overview for the PRC Property Market—Recent Developments in the PRC Property Market" in this prospectus.

Access to and Cost of Financing

Property development requires substantial capital investment for land acquisition and construction, and it may take many months or years before positive cash flows can be generated from a project. During the Track Record Period, we primarily used internal funds (including proceeds from the re-sale and sales of our projects) to acquire land for our project, and a combination of internal funds and bank loans to fund the construction of our projects. Please see the section entitled "—Liquidity and Capital Resources" in this prospectus.

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 development. We are highly susceptible to the effects of any regulations or measures adopted by the PBOC that restrict bank lending, particularly those that restrict the ability of property developers to obtain lending. Moreover, a substantial portion of our purchasers depend on mortgage financing to purchase our properties. Regulations or measures adopted by the PRC government that are intended to restrict the ability of purchasers to obtain mortgages, that limit their ability to resell their properties or that increase the cost of mortgage financing may decrease market demand for our properties and adversely affect our sales revenue.

As commercial banks in China link the interest rates on their loans to PBOC benchmark interest rates, any increase in such benchmark interest rates will increase our finance costs. For further information, please see the section entitled "Risk Factors—Risks relating to Our Business—

Adjustments by the PBOC to the benchmark one-year lending rate and reserve requirement ratios may increase our finance costs and the finance costs of our customers" in this prospectus.

We expect that any increases in interest rates will increase our borrowing costs in general and the financing cost of leveraged property buyers and, as a result, may delay potential purchasers from making a purchase. The effect of any increases in interest rates on our borrowing costs will not be immediately apparent due to our capitalization of borrowing costs. Upon completion of a project and once the property has been delivered to buyers, the capitalized interest expenses of the relevant property are recognized as direct costs on our consolidated income statements. As of June 30, 2013, the amounts of capitalized borrowing costs included in our consolidated balance sheets as properties under development and completed properties held for sales were RMB284.7 million and RMB140.7 million, respectively. As a result, such capitalized borrowing costs have impacted our results during the Track Record Period and may adversely affect our Group's gross and net profit margins upon the sales of such properties. For illustrative purposes only, the following table shows the sensitivity of our gross profit margin of the sales of properties segment during the Track Record Period with regard to changes in our capitalized costs, assuming all other variables held constant:

	Changes in gross profit margin of sales of properties segment			
	For the year ended December 31,			For the six months ended June 30,
	2010	2011	2012	2013
Changes in capitalized costs				
+30%	-1.4%	-1.0%	-1.5%	-1.8%
+20%	-1.0%	-0.7%	-1.0%	-1.2%
+10%	-0.5%	-0.3%	-0.5%	-0.6%
-10%	0.5%	0.3%	0.5%	0.6%
-20%	1.0%	0.7%	1.0%	1.2%
-30%	1.4%	1.0%	1.5%	1.8%

Please also see the section entitled "Risk Factors—Risk relating to Our Business—We may not be able to obtain adequate funding or capital on commercially favorable terms for land acquisitions or property developments" in this prospectus.

Income Tax

CIT

We are subject to CIT in China. Effective from January 1, 2008, all enterprises with operations in China, including our PRC subsidiaries, are subject to a uniform income tax rate of 25%. Certain of our subsidiaries incorporated in Shenzhen and Shantou previously enjoyed preferential tax rates which were gradually phased out and those subsidiaries became subject to the uniform tax rate beginning in 2013. Significant judgment is required in determining the provision for income tax. If the final tax applicable is different from the provisions, such difference will impact the income tax and deferred tax provision in the period in which the determination is made, which can have a significant effect on our results of operations.

LAT

Under PRC tax laws and regulations, our income from the sales of land use rights and buildings or related facilities is subject to LAT. LAT is payable at progressive rates ranging from 30% to 60% of the appreciation in value as defined in the relevant tax laws.

In 2010, 2011, 2012 and the six months ended June 30, 2013 we made LAT provisions of RMB62.1 million, RMB138.9 million, RMB334.1 million and RMB102.3 million, respectively. In the same periods, we made LAT payments of RMB46.0 million, RMB89.7 million, RMB171.1 million and RMB111.2 million, respectively. The provision for LAT is made based on our management's best estimates according to their understanding of the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to determination by the tax authorities upon the completion of the property development projects and could be different from the amounts that were initially recorded, and any such differences will impact our profits after tax and deferred tax provision in the periods in which such taxes are finalized with the relevant tax authorities.

Although we believe our provisions have been made in material compliance with LAT laws and regulations, they may or may not be sufficient to cover future LAT payments. Please see the section entitled "Risk Factors—Risks relating to Our Business—PRC tax authorities may challenge the basis on which we calculate our LAT obligations" in this prospectus.

Fluctuations in Results relating to the Timing of Completion of Our Property Developments

The number of property developments that a property developer can undertake during any particular period is limited due to the substantial amount of capital required to fund land acquisitions and to pay for the cost of construction, as well as by its management resources. Property developments may take many months, or possibly years, before any pre-sale takes place and even longer to complete. While the pre-sale of a property generates positive cash flow for us in the period in which it is made, pursuant to HKFRS, we only recognize revenue upon the delivery of our properties, which takes place approximately six to 30 months after the commencement of pre-sales of our properties. Please see the section entitled "—Critical Accounting Policies—Revenue Recognition" in this prospectus for further information. Since the delivery of our properties varies according to our construction timetable, our results of operations may vary significantly from period to period depending on the aggregate GFA delivered and the timing of the delivery of the properties that we sell. Periods in which we deliver more aggregate GFA typically generate a higher level of revenue. Periods in which we pre-sell a large amount of GFA, however, may not generate a correspondingly high level of revenue if the properties pre-sold are not delivered within the same period. The effect of the timing of project delivery on our operational results is accentuated by the fact that we can only undertake a limited number of projects during any particular period. As a result, our results of operations may fluctuate in the future.

Changes in Estimated Fair Value of Our Investment Properties

Our results of operations have in the past been affected by adjustments in the estimated fair value of our investment properties and may continue to be affected by such adjustments in the future. In 2010, 2011, 2012 and the six months ended June 30, 2013, we recognized net increases in fair value of investment properties of RMB695.8 million, RMB863.7 million, RMB836.7 million and RMB40.5 million, respectively, which represented 53.5%, 47.3%, 30.1% and 5.8%, respectively, of our profit before taxation in those periods. Our net profit margins (excluding changes in fair value of investment properties and the relevant deferred taxes) in 2010, 2011 and 2012 and the six months ended June 30, 2013 were 14.5%, 17.7%, 17.9% and 12.3%, respectively. In accordance with HKFRS, we are required to reassess the fair value of our investment properties on each reporting date, and we include the gains or losses arising from changes in the estimated fair value of such investment properties in our income statement in the period in which they arise. Pursuant to HKAS 40, the value of our investment properties may be recognized by using either the fair value model or the cost model. We state the value of our investment properties at their estimated fair value because we are of the view that periodic estimated fair value adjustments in accordance with prevailing market conditions provide a more up-to-date picture of the value of our investment properties. The fair values of our investment properties are based on valuations of such properties conducted by our independent property valuer, using property valuation techniques involving certain assumptions about market conditions. Please see the section entitled "—Description of Selected Income Statement Line Items—Net Increase in Fair Value of Investment Properties" in this prospectus and the Property Valuation Report in Appendix III to this prospectus for more details.

Investors should be aware that the increases in fair value of investment properties included in our consolidated income statements reflect unrealized capital gains in the estimated fair value of our investment properties at the relevant reporting date and do not constitute profit generated from our operations or generate any actual cash inflow to us unless and until such investment properties are sold at or above such estimated fair values. Favorable or unfavorable changes in the assumptions of market conditions used by our independent property valuer would result in changes to the fair value of our investment properties and corresponding adjustments to the amount of gains or losses reported in our income statement in the future. The amounts of revaluation adjustments have been, and may continue to be, significantly affected by the prevailing property markets and may fluctuate significantly. Please see the section entitled "Risk Factors—Risks relating to Our Business—Our property valuation may differ materially from the actual realizable value of our properties, which is subject to change" in this prospectus.

Land Acquisition Costs

To have a steady stream of properties available for sale and to achieve continuous growth in the long term, we need to replenish and increase suitable land reserves at commercially acceptable prices. The cost of acquiring land has a direct and substantial effect on our gross margins. We expect competition among property developers for suitable land reserves to remain intense, which affects land prices.

Our costs of land use rights are influenced by a number of factors, including the location of the property, the timing of the acquisition, as well as the project's plot ratios. Costs of land use rights are also affected by our method of acquisition. For example, the public tender, auction and listing-for-sale practice in respect of the grant of state-owned construction land use rights is likely to increase competition for available land and to increase land acquisition costs.

In November 2007, the PRC government introduced regulations to increase the transparency related to the grant of state-owned land use rights for residential and commercial property developments through competitive processes administered by local governments, including public tenders, auctions or listing-for-sale. Under such regulations, land use rights certificates are no longer separately issued according to the proportion of the land premium paid. Instead, land use rights certificates are not issued until the land premium has been fully paid up pursuant to the land grant contract. Furthermore, in November 2009, five PRC regulatory agencies promulgated the Notice on Strengthening of Land Grant Revenues and Expenditures (《關於進一步加強土地出讓收支管理的通知》), which raised the minimum down-payment of land premium to 50% and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions. These regulations are expected to be an additional factor increasing the difficulty of acquiring land and contributing to higher land acquisition costs. For further details of the relevant PRC regulations, please see the section entitled "Industry Overview—Overview for the PRC Property Market—Recent Developments in the PRC Property Market" in this prospectus.

Construction Costs

Another key component of our direct costs are construction costs, which consist of all costs for the design and construction of a project, including, primarily, the cost of construction materials and equipment and payments to contractors. The construction costs of our projects vary not only according to the floor area and height of the buildings, but also according to the geology of the construction site. Historically, construction materials costs have been a principal driver of the construction costs of our property developments. Construction costs fluctuate as a result of changes in the prices of key construction materials such as steel and concrete. Construction costs have a direct effect on our gross margin. For illustrative purposes only, the following table shows the sensitivity of the gross profit margin of our sales of properties segment during the Track Record Period with regard to changes in steel and concrete costs recognized as our direct costs during the same period, assuming all other variables held constant:

	Changes in gross profit margin of sales of properties segment			
	For the year ended December 31,			For the six months ended June 30,
	2010	2011	2012	2013
+30% change in steel/concrete costs	-1.8%/-1.0%	-1.6%/-0.9%	-1.3%/-0.8%	-1.4%/-0.8%
+20% change in steel/concrete costs	-1.2%/-0.7%	-1.1%/-0.6%	-0.9%/-0.5%	-0.9%/-0.5%
+10% change in steel/concrete costs	-0.6%/-0.3%	-0.5%/-0.3%	-0.4%/-0.3%	-0.5%/-0.3%
-10% change in steel/concrete costs	0.6%/0.3%	0.5%/0.3%	0.4%/0.3%	0.5%/0.3%
-20% change in steel/concrete costs	1.2%/0.7%	1.1%/0.6%	0.9%/0.5%	0.9%/0.5%
-30% change in steel/concrete costs	1.8%/1.0%	1.6%/0.9%	1.3%/0.8%	1.4%/0.8%

We manage the procurement of base construction materials in-house based on their market prices, and generally do not cap the prices of such materials in our procurement contracts. As a result, we are subject to the risks of short-term price fluctuations and long-term movements in the prices of our construction materials. Our profitability may suffer if we cannot pass on any resulting increases in our costs to our customers. Furthermore, as we typically pre-sell our properties prior to their completion, we may not be able to pass on any increases in our costs to our customers where construction costs increase subsequent to such pre-sales.

Expansion into Other Cities

The further expansion of our operations into new cities may impose higher demands on our management's resources and affect our profit margins. During the Track Record Period, we commenced one project in each of Chengdu, Sichuan Province and Lingshui, Hainan Province, our first two property development projects outside of Guangdong and Guangxi Provinces. In addition, we plan to increase our investments in the Chengdu-Chongqing economic region and monitor opportunities for expansion into the Bohai Bay economic region of northeast China and other high-growth regions in China. As our target customers are first-time buyers and upgraders of residential properties, we believe the current economic uncertainty in the PRC will not materially affect our business. However, as the PRC property development industry is highly competitive and localized, we may not be able to compete effectively in these or other new markets with the established local property developers or national property developers with greater resources. These competitors may have better access to information and knowledge of the market. As such, the level of profitability which we will be able to achieve in such markets is uncertain.

Project Companies Not Included in Our Financial Information

The Accountants' Report included in Appendix I to this prospectus does not include financial information relating to the Foshan Project Companies, which formed part of the business of and contributed revenues to our predecessors' group but do not form part of our Group. Although the Foshan Project Companies were not injected into our Group as part of the Reorganization, our management devoted significant attention to the planning and development of these projects as part of our predecessors' group, and these project companies recorded significant revenues and profits in 2010. For further information, please see the section entitled "Relationship with Our Controlling Shareholders" in this prospectus.

CRITICAL ACCOUNTING POLICIES

The discussion and analysis of our operating results and financial condition are based on our audited consolidated financial statements, which have been prepared in accordance with HKFRS. Our operating results and financial condition are sensitive to accounting methods, assumptions and estimates. The assumptions and estimates we have used have been based on our industry experience and various factors including our management's expectations of future events which they believe to be reasonable. Actual results may differ from these estimates and assumptions. During the Track Record Period, there were no significant changes in our assumptions and estimates, and we will continuously assess our assumptions and estimates going forward.

The selection of critical accounting policies, the estimates and judgments and other uncertainties affecting application of other policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing our consolidated financial statements. Our significant accounting policies are summarized in Section B Note 1 in the Accountants' Report in Appendix I to this prospectus. We believe that the following critical accounting policies involved the most significant estimates and judgments in the preparation of our consolidated financial statements.

Revenue Recognition

Revenue is recognized when it is probable that the economic benefits will flow to our Group and when the revenue and costs, if applicable, can be measured reliably, on the following basis:

(i) sales of completed properties: when the significant risks and rewards of ownership have been transferred to the purchasers, which is when the construction of the relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the respective sales contracts and the collectability of related receivables is reasonably assured;

(ii) rental income: in equal installments over the periods covered by the respective lease terms, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset; lease incentives granted are recognized in our consolidated income statements as an integral part of the aggregate net lease payments available and contingent rentals are recognized as income in the accounting period in which they are earned; and

(iii) construction income: when the outcome of a construction contract can be estimated reliably, income from a fixed price contract is recognized using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract, and when the outcome of a construction contract cannot be estimated reliably, income is recognized only to the extent of contract costs incurred that are likely to be recoverable.

Direct Costs of Completed Properties for Sales

We recognize the direct costs of our properties for a given period to the extent that revenue from the sales of such properties has been recognized in such period. Prior to the recognition of revenue from such sales, completed properties held for sales are included in our consolidated balance sheets at the lower of cost and net realizable value.

Direct costs for each property sold include the specific development cost of the property, including, primarily, land premium, construction and other development costs, but exclude selling and marketing expenses and administrative expenses.

Properties under Development for Sale and Completed Properties for Sale

Properties classified under inventories on our consolidated balance sheets as properties under development for sale are intended to be held for sale after completion. These properties are stated at the lower of cost and net realizable value and the line item properties under development for sale also includes land premium, development costs and capitalized borrowing costs incurred during the construction period. Upon completion, the properties are classified under inventories as completed properties for sale.

During construction, development costs of properties to be sold are recorded under inventories on our consolidated balance sheets as properties under development for sale and are transferred to our consolidated income statement upon recognition of the revenue from the sales of completed properties. Before the final settlement of the development costs and other costs relating to the sales of properties, these costs are accrued by our Group in amounts based on our management's estimates.

When constructing properties, we typically divide the development projects into phases. Costs directly related to the construction of a particular phase are recorded as costs of that phase. Costs that are common to multiple phases are allocated to individual phases in proportion to the saleable area.

Properties classified under inventories as completed properties for sale are stated at the lower of cost and net realizable value. Cost of completed properties for sale is determined by an apportionment of total land premium and development costs attributable to the unsold properties. Net realizable value is the estimated selling price, based on prevailing market conditions, less costs to be incurred in selling the property.

Investment Properties

Investment properties, including investment properties under development, are interests in land and buildings held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs (if any). Subsequent to initial recognition, investment properties are stated at fair value. The valuations of our investment properties are carried out by DTZ Debenham Tie Leung Limited, an independent firm of professional surveyors, by using a direct comparison approach assuming sales of each of such properties in its existing state with the benefit of vacant possession and on a market value basis determined based on comparable market sales transactions as available in the relevant market and, where appropriate, on the basis of capitalization of the net rental income derived from the existing tenancy agreements and making allowance for the reversionary income potential of the relevant properties. For more information on the valuation methods, please see the section entitled "—Description of Selected Income Statement Line Items—Net Increase in Fair Value of Investment Properties" in this prospectus and the section entitled "Method of Valuation" in Appendix III to this prospectus.

Gains or losses arising from changes in the fair values of investment properties are included in the income statements in the periods in which they arise. Any gains or losses arising from the retirement or disposal of an investment property are recognized in the income statement in the period of the retirement or disposal.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, namely, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs is suspended or ceased when the assets are substantially ready for their intended use or sale or when the development of such assets has been interrupted. Other borrowing costs are expensed in the period in which they are incurred.

Income Tax

We are subject to CIT and LAT in China. For details, please see the section entitled "—Key Factors Affecting Our Results of Operations—Income Tax" in this prospectus.

Deferred Tax

Deferred tax assets and liabilities arise from deductible and taxable temporary differences, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Deferred tax assets in respect of tax losses carried forward are recognized and measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. In determining the carrying amounts of deferred tax assets, we estimate future taxable profits, and such estimation involves a number of assumptions relating to the operating environment of our Group and requires a significant level of judgment exercised by our Directors. Any change in these assumptions and judgments would affect the carrying amounts of deferred tax assets to be recognized, and hence our net profit, in future periods.

DESCRIPTION OF SELECTED INCOME STATEMENT LINE ITEMS

Turnover

Turnover represents revenue earned during the Track Record Period from the sales of properties, rental income and construction income, attributable to our property development, property leasing and construction contracts operating segments, respectively, net of business tax and other sales-related taxes and discounts allowed. Further details on these operating segments are set forth in the section entitled "—Segment Reporting" in this prospectus.

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

	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Turnover					
Sales of properties					
—Residential	2,177,054	2,840,517	5,034,435	1,224,728	2,604,755
—Retail	294,066	281,085	1,072,734	231,658	231,588
—Others	44,280	51,075	189,569	12,577	131,137
	2,515,400	3,172,677	6,296,738	1,468,963	2,967,480
Rental income	1,442	25,692	55,384	28,953	28,619
Construction income	334,817	249,105	235,538	68,502	336,106
Total	2,851,659	3,447,474	6,587,660	1,566,418	3,332,205

Sales of properties represents income generated from the sales of residential properties and retail shops. Consistent with industry practice in the PRC, after satisfying the conditions for pre-sales set forth in PRC laws and regulations, we often enter into sales contracts with customers while the relevant properties are still under development. Typically there is a difference of between six and 30 months from the time we commence pre-selling properties under development to the completion and delivery of the properties. We do not recognize any revenue from the pre-sales of our properties until such properties are delivered, even though the purchase price for a property is usually paid in stages prior to the delivery of the property. Before the delivery of pre-sold properties, deposits and purchase payments or portions thereof received from our customers are recorded as receipts in advance, which is a current liability on our consolidated balance sheets.

Rental income represents recurring income generated from our investment properties, which has been historically generated from operating leases relating to the office units and retail shops developed and held by us as part of our property development projects.

Construction income represents income from the construction of residential and office buildings and public facilities, such as hospitals and schools. As a part of our predecessors' group prior to the Reorganization, Logan Construction, our subsidiary, acted as general contractor for various of our predecessors' businesses for the construction of non-residential projects, such as public facilities, during the Track Record Period. As a result, in 2010, 2011, 2012 and the six months ended June 30, 2013, we derived 71.5%, 96.0%, 100% and 100% of our construction income from related companies, respectively. For further information on our construction business, please see the section entitled "Business—Construction Business" in this prospectus.

As we derived the majority of our turnover during the Track Record Period from the sales of properties, our results of operations for a given period depended upon the amount of total saleable

GFA, location and type of properties we completed and delivered during such period and the market demand and the price we obtained for such properties at the time they were 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 the regions in which we operate. For further details of the effect these factors may have on our results of operations, please see the section entitled "—Key Factors Affecting Our Results of Operations" in this prospectus.

The table below sets forth a breakdown of our total saleable GFA delivered and ASP per sq.m. by type for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2010		2011		2012		2012		2013	
	Total saleable GFA delivered	ASP per sq.m.(1)	Total saleable GFA delivered	ASP per sq.m.(1)	Total saleable GFA delivered	ASP per sq.m.(1)	Total saleable GFA delivered	ASP per sq.m.(1)	Total saleable GFA delivered	ASP per sq.m.(1)
	sq.m.	*RMB*	*sq.m.*	*RMB*	*sq.m.*	*RMB*	*sq.m.*	*RMB*	*sq.m.*	*RMB*
Residential	438,628	4,963	502,460	5,653	813,622	6,188	242,177	5,057	402,547	6,471
Retail	17,385	16,914	8,227	34,166	25,297	42,405	9,152	25,315	10,191	22,725
Total	456,013		510,687		838,919		251,329		412,738	

Note:

(1) ASP per sq.m. is calculated as the amount of revenue from the sales of properties derived from the relevant amount of total saleable GFA delivered, which does not include car parks, after deducting sales and other taxes, divided by the relevant amount of total saleable GFA delivered.

In 2010, Grand Joy Palace contributed the largest portion of our turnover from the sales of properties, with 105,091 sq.m. of total saleable GFA delivered at an ASP of RMB10,401 per sq.m. In 2011, Provence contributed the largest portion of our turnover from the sales of properties, with 178,471 sq.m. of total saleable GFA delivered at an ASP of RMB4,852 per sq.m. In 2012, Grand View contributed the largest portion of our turnover from the sales of properties, with 157,264 sq.m. of total saleable GFA delivered at an ASP of RMB6,226 per sq.m. In the six months ended June 30, 2013, Palm Waterfront contributed the largest portion of our turnover from the sales of properties, with 100,501 sq.m. of total saleable GFA delivered at an ASP of RMB8,903 per sq.m.

Our retail saleable GFA delivered in the six months ended June 30, 2013 had an ASP of RMB22,725 per sq.m., as compared to RMB42,405 per sq.m. for that delivered in 2012. This decrease was primarily due to Logan Century Center, which had a relatively high ASP, contributing a significant portion of our turnover from the sales of retail properties in 2012, while the retail saleable GFA we delivered in the six months ended June 30, 2013 came from other projects as sales of the retail properties in Logan Century Center was completed in 2012.

Direct Costs

The principal components of direct costs are the cost of completed properties sold, which consists of land premium, development costs and capitalized borrowing costs during the period of construction, the cost of rental income and the cost of construction income. We recognize the cost of completed properties sold for a given period to the extent that revenue from the sales of such properties has been recognized in such period. Please see the sections entitled "—Key Factors Affecting Our Results of Operations—Construction Costs" and "—Key Factors Affecting Our Results of Operations—Land Acquisition Costs" in this prospectus.

The table below sets forth information relating to our direct costs for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost of properties sold					
—Land premium	(493,481)	(517,619)	(856,365)	(189,084)	(474,043)
—Development costs	(1,177,708)	(1,220,886)	(2,664,472)	(645,629)	(1,371,463)
—Capitalized borrowing costs	(120,172)	(106,645)	(304,733)	(46,333)	(176,592)
Cost of rental income	(276)	(57)	(1,219)	(673)	(551)
Cost of construction income	(278,829)	(216,794)	(200,570)	(60,080)	(284,355)
Total direct costs	(2,070,466)	(2,062,001)	(4,027,359)	(941,799)	(2,307,004)
Total saleable GFA delivered (sq.m.)	456,013	510,687	838,919	251,329	412,738
Total number of car parks sold	552	667	1,399	142	1,026

Cost of properties sold

Land premium

Land premium includes costs relating to the acquisition of rights to occupy, use and develop land, including costs incurred in connection with a land grant from the PRC government or land obtained in the secondary market by transfer, cooperative arrangement or corporate acquisition, the applicable deed tax associated with the acquisition of land, resettlement costs and other land-related taxes and government surcharges. Our land acquisition costs are influenced by a number of factors, including the location of the property, market conditions, the project's plot ratios, the approved use of the land and our method of acquisition, whether through PRC government-organized tenders, auctions or listings-for-sale, through private sales transactions or through the acquisition of other companies that hold land use rights. Land acquisition costs are also affected by changes in PRC regulations.

Development costs

Development costs include all of the costs for the design and construction of a project, including payments to independent contractors and designers and the cost of materials and equipment, government fees and charges and construction management.

Cost of materials is a particularly significant component of our development costs. Development costs fluctuate as a result of changes in the prices of key construction materials, including concrete, iron, steel and other key building materials. Despite our cost control measures, we are still subject to general increases in the price 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 increase our construction costs. Please see the section entitled "Risk Factors—Risks relating to Our Business—Our profit margin is sensitive to fluctuations in construction costs" in this prospectus.

Capitalized borrowing costs

We capitalize a portion of our cost of borrowing (including interest expense) to the extent that such costs are directly attributable to the construction of a particular project. In general, we capitalize borrowing costs incurred from the commencement of the planning and design of a project, which predate the receipt of a permit for commencement of construction work, until the physical completion of construction. For any given project, the borrowing costs incurred after completing the construction of a project are not capitalized but are instead expensed in our consolidated income statements as finance costs in the period in which they are incurred. Where the duration of a loan extends beyond the time of the completion of the project, we are unable to capitalize the total interest costs related to the project in the year of completion. Fluctuations in the amount and timing of capitalization from period to period may affect our finance costs.

Most of our borrowing costs have been capitalized and recorded under inventories on our consolidated balance sheets as properties under development for sale or completed properties for sale rather than being expensed in our income statement at the time they were incurred. As of June 30, 2013, the amount of capitalized borrowing costs included on our consolidated balance sheets as properties under development for sale and completed properties for sale was RMB284.7 million and RMB140.7 million, respectively. Please see the section entitled "—Key Factors Affecting Our Results of Operations—Access to and Cost of Financing" in this prospectus.

Cost of rental income

Costs related to our rental operations primarily include our maintenance costs for the leased properties developed by us and management fees we pay to third parties for the management of our investment properties. The costs of our rental income are recognized as such costs are incurred.

Cost of construction income

Costs related to our construction contracts segment primarily consist of construction materials and labor.

Gross Profit

Gross profit represents turnover less direct costs. We believe that we were able to achieve our gross profit margins during the Track Record Period primarily because (i) we followed a careful project selection and land acquisition process to acquire competitively priced land and (ii) we acted as general contractor for a majority of our projects, which helped lower our construction costs.

The table below sets forth our Group's gross profit, gross profit margin and reportable segment profit (adjusted EBITDA) by operating segment for the periods indicated:

	For the year ended December 31,									For the six months ended June 30,					
	2010			2011			2012			2012			2013		
	Gross profit	Gross profit margin	Reportable profit (adjusted EBITDA)[(1)]	Gross profit	Gross profit margin	Reportable profit (adjusted EBITDA)[(1)]	Gross profit	Gross profit margin	Reportable profit (adjusted EBITDA)[(1)]	Gross profit	Gross profit margin	Reportable profit (adjusted EBITDA)[(1)]	Gross profit	Gross profit margin	Reportable profit (adjusted EBITDA)[(1)]
	RMB'000	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*	*RMB'000*	*RMB'000* (*Unaudited*)	*%*	*RMB'000* (*Unaudited*)	*RMB'000*	*%*	*RMB'000*
Sales of properties	724,039	28.8%	587,541	1,327,527	41.8%	1,098,146	2,471,168	39.2%	2,114,429	587,917	40.0	458,741	945,382	31.9%	753,120
Rental income	1,166	80.9%	1,165	25,635	99.8%	25,634	54,165	97.8%	54,165	28,280	97.7	28,280	28,068	98.1%	28,068
Construction income	55,988	16.7%	40,774	32,311	13.0%	(23,220)	34,968	14.8%	10,874	8,422	12.3	4,126	51,751	15.4%	27,100
Total	781,193	27.4%	629,480	1,385,473	40.2%	1,100,560	2,560,301	38.9%	2,179,468	624,619	39.9%	491,147	1,025,201	30.8%	808,288

Note:

(1) The measure used for reporting segment profit is "adjusted EBITDA," i.e., adjusted earnings before interest, taxes, depreciation and amortization. To arrive at "adjusted EBITDA," inter-segment revenue is first deducted, and the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

Other Revenue

Other revenue primarily consists of bank interest income, government subsidies (which, during the Track Record Period, primarily consisted of one-off subsidies received from the local government in Nanning to encourage property development activities), forfeited deposits and design fee income.

Other Net (Loss)/Income

During the Track Record Period, other net (loss)/income primarily consisted of net losses and gains on the disposal of fixed assets.

Selling and Marketing Expenses

Selling and marketing expenses primarily consist of the rental expenses for our sales offices, selling and marketing staff costs (which include salaries and benefits), the property management expenses of our sales offices, advertising and promotional expenses, commissions paid to external sales agents and other selling and marketing expenses.

Administrative Expenses

Administrative expenses consist of the components set forth in the table below, which includes a breakdown of our administrative expenses for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Staff costs	54,500	102,849	137,446	68,626	88,514
Directors' emoluments	2,818	5,235	6,856	2,767	3,501
Auditors' remuneration	1,021	1,664	3,550	841	1,080
Bank charges	3,112	4,174	4,289	1,916	4,505
Consultancy fee	1,822	5,580	5,624	1,355	10,712
Depreciation	6,778	9,214	15,138	6,247	8,497
Donations	895	267	1,558	1,500	3,731
Other taxes and levies	3,999	8,134	8,446	3,372	7,755
Operating lease expenses	6,858	4,437	9,702	5,049	5,096
Office expenses	5,654	12,165	18,516	8,363	12,385
Entertainment	5,394	10,305	11,174	3,588	12,805
Traveling	6,151	13,758	11,811	5,735	5,110
Repair and maintenance	666	1,022	4,836	1,345	3,486
Telecommunications	1,746	3,594	3,647	1,447	1,452
Utilities	780	1,206	3,141	985	552
Motor vehicle expenses	3,040	5,286	6,110	2,553	2,882
Others	18,474	18,716	28,215	7,087	12,495
	123,708	207,606	280,059	122,776	184,558

During the Track Record Period, our administrative expenses generally increased in line with the growth of our business.

Net Increase in Fair Value of Investment Properties

We adopted the income capitalization method for the valuation of our completed investment properties by capitalizing the rental income derived from the existing tenancies with due provisions for the reversionary income potential of the properties. The investment properties under development have been valued on the basis that the properties will be developed and completed in accordance with our development plans. For our investment properties under development, we have adopted the direct comparison approach, which makes references to comparable sales evidence as available in the relevant market, with adjustments for development costs to be expended to complete the properties. The table below sets forth the key assumptions used for valuing our investment properties for the periods indicated:

	Key Assumptions									
	Approximate market monthly rental rate					Capitalization rate				
	For the year ended December 31,			For the six months ended June 30,		For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013	2010	2011	2012	2012	2013
	(RMB/sq.m.)	*(RMB/sq.m.)*	*(RMB/sq.m.)*	*(RMB/sq.m.)*	*(RMB/sq.m.)*					
Completed investment properties										
Provence(4)										
Phase 2 —ancillary retail units	56-74	60-80	84-112	75-100	84-112	6.0%	6.0%	6.0%	6.0%	6.0%
Phase 5— kindergarten	—	33	33	33	33	—	6.0%	6.0%	6.0%	6.0%
Landscape Residence(5) . . .	79-121	84-129	86-132	84-129	88-135	6.0%	6.0%	6.0%	6.0%	6.0%
Logan Century Center(6)										
High-rise office buildings and ancillary retail units	117-129	195-215	238-264	220-244	238-264	4.25%-4.5%	4.25%-4.5%	4.25%-4.5%	4.25%-4.5%	4.25%-4.5%
Shenzhen Sky Palace (Phase 1)(7)	170	177	230	196	230	5.0%	5.0%	5.0%	5.0%	5.0%
Logan City (Phase 1—Group 2)(8)	—	—	51-79	—	53-81	—	—	6.0%	— (1)	6.0%
Seaward Sunshine—Commercial Building(9)	—	—	105-176	—	111-185	—	—	5.0%	— (2)	5.0%
Easy Life(10)	—	—	250	—	250	—	—	6.0%	— (2)	6.0%

	Unit rate(3)				
	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
	(RMB/sq.m.)	*(RMB/sq.m.)*	*(RMB/sq.m.)*	*(RMB/sq.m.)*	*(RMB/sq.m.)*
Investment properties under development					
Logan City(11)					
Phase 1—Group 1—Ancillary Entertainment Building	11,000	13,500	16,500	15,500	16,500
Phase 1—Group 2	8,200	9,800	—	11,000	—
Nanning Grand Riverside Bay (Phase 1—Under Development Portion and Phase 2)(12)	8,500	9,400	15,000	13,000	17,000

Notes:

(1) The construction of Logan City (Phase 1—Group 2) was completed in December 2012.

(2) Seaward Sunshine—Commercial Building and Easy Life did not have investment properties in the first half of 2012.

(3) Unit rates are assumed on the basis that the properties had been completed as of the dates indicated.

(4) In undertaking its valuation, DTZ Debenham Tie Leung Limited ("DTZ"), an independent property valuer, has made references to various pieces of leasing evidence as available in the relevant market. The monthly rental rates of such leasing evidence of retail

premises gathered for valuation of the property in 2010, 2011 and 2012 and for the six months ended June 30, 2012 and 2013 range from approximately RMB50 per sq.m. to RMB100 per sq.m., RMB50 per sq.m. to RMB100 per sq.m., RMB67 per sq.m. to RMB130 per sq.m., RMB50 per sq.m. to RMB100 per sq.m. and RMB67 per sq.m. to RMB130 per sq.m., respectively. The monthly rental rates of such leasing evidence of kindergarten premises gathered for valuation of the property in 2011 and 2012 and for the six months ended June 30, 2012 and 2013 range from approximately RMB30 per sq.m. to RMB36 per sq.m., RMB30 per sq.m. to RMB36 per sq.m., RMB30 per sq.m. to RMB36 per sq.m. and RMB30 per sq.m. to RMB36 per sq.m., respectively. DTZ has gathered and analyzed available information regarding sales evidence in the relevant market and noted that the capitalization rates implied in those cases are generally within the range from 5.7% to 6.5% for retail premises. DTZ adopted the same capitalization rate for the retail portion and kindergarten portion of the property as both of these portions are ancillary units within the development.

(5) In undertaking its valuation, DTZ has made references to various pieces of leasing evidence as available in the relevant market. The monthly rental rates of such leasing evidence of retail premises gathered for valuation of the property in 2010, 2011 and 2012 and for the six months ended June 30, 2012 and 2013 range from approximately RMB75 per sq.m. to RMB124 per sq.m., RMB80 per sq.m. to RMB150 per sq.m., RMB80 per sq.m. to RMB153 per sq.m., RMB80 per sq.m. to RMB150 per sq.m. and RMB85 per sq.m. to RMB152 per sq.m., respectively. DTZ has gathered and analyzed available information regarding sales evidence in the relevant market and noted that the capitalization rates implied in those cases are generally within the range from 5.9% to 6.3% for retail premises.

(6) In undertaking its valuation, DTZ has made references to various pieces of leasing evidence as available in the relevant market. The monthly rental rates of such leasing evidence of office premises gathered for valuation of the property in 2010, 2011 and 2012 and for the six months ended June 30, 2012 and 2013 range from approximately RMB80 per sq.m. to RMB185 per sq.m., RMB190 per sq.m. to RMB230 per sq.m., RMB240 per sq.m. to RMB280 per sq.m., RMB190 per sq.m. to RMB230 per sq.m. and RMB210 per sq.m. to RMB280 per sq.m., respectively. The monthly rental rates of such leasing evidence of retail premises in 2010, 2011 and 2012 and for the six months ended June 30, 2012 and 2013 range from approximately RMB107 per sq.m. to RMB130 per sq.m., RMB148 per sq.m. to RMB260 per sq.m., RMB260 per sq.m. to RMB300 per sq.m., RMB148 per sq.m. to RMB260 per sq.m. and RMB240 per sq.m. to RMB350 per sq.m., respectively. DTZ has gathered and analyzed available information regarding sales evidence in the relevant market and noted that the capitalization rates implied in those cases are generally within the range from 3.9% to 4.2% for office premises and 4.2% to 4.8% for retail premises.

(7) In undertaking its valuation, DTZ has made references to various pieces of leasing evidence as available in the relevant market. The monthly rental rates of such leasing evidence of retail premises gathered for valuation of the property in 2010, 2011 and 2012 and for the six months ended June 30, 2012 and 2013 range from approximately RMB164 per sq.m. to RMB212 per sq.m., RMB148 per sq.m. to RMB230 per sq.m., RMB260 per sq.m. to RMB300 per sq.m., RMB148 per sq.m. to RMB230 per sq.m. and RMB200 per sq.m. to RMB350 per sq.m., respectively. DTZ has gathered and analyzed available information regarding sales evidence in the relevant market and noted that the capitalization rates implied in those cases are generally within the range from 4.8% to 5.1% for retail premises.

(8) In undertaking its valuation, DTZ has made references to various pieces of leasing evidence as available in the relevant market. The monthly rental rates of such leasing evidence of retail premises gathered for valuation of the property in 2012 and for the six months ended June 30, 2013 range from approximately RMB30 per sq.m. to RMB81 per sq.m. and RMB30 per sq.m. to RMB81 per sq.m., respectively. DTZ has gathered and analyzed available information regarding sales evidence in the relevant market and noted that the capitalization rates implied in those cases are generally within the range from 5.6% to 6% for retail premises.

(9) In undertaking its valuation, DTZ has made references to various pieces of leasing evidence as available in the relevant market. The monthly rental rates of such leasing evidence of retail premises gathered for valuation of the property in 2012 and for the six months ended June 30, 2013 range from approximately RMB120 per sq.m. to RMB200 per sq.m. and RMB110 per sq.m. to RMB220 per sq.m., respectively. DTZ has gathered and analyzed available information regarding sales evidence in the relevant market and noted that the capitalization rates implied in those cases are generally within the range from 4.6% to 5.5% for retail premises.

(10) In undertaking its valuation, DTZ has made references to various pieces of leasing evidence as available in the relevant market. The monthly rental rates of such leasing evidence of retail premises gathered for valuation of the property in 2012 and for the six months ended June 30, 2013 range from approximately RMB200 per sq.m. to RMB280 per sq.m. and RMB250 per sq.m. to RMB280 per sq.m., respectively. DTZ has gathered and analyzed available information regarding sales evidence in the relevant market and noted that the capitalization rates implied in those cases are generally within the range from 5.9% to 6% for retail premises.

(11) In undertaking its valuation, DTZ has made references to available information regarding sales evidence in the relevant market. The price of such sales evidence of retail premises gathered for valuation of the property in 2010, 2011 and 2012 and for the six months ended June 30, 2012 and 2013 range from RMB8,000 per sq.m. to RMB13,100 per sq.m., RMB6,800 per sq.m. to RMB15,900 per sq.m., RMB13,000 per sq.m. to RMB25,000 per sq.m., RMB6,800 per sq.m. to RMB15,900 per sq.m. and RMB13,000 per sq.m. to RMB25,000 per sq.m., respectively.

(12) In undertaking its valuation, DTZ has made references to available information regarding sales evidence in the relevant market. The price of such sales evidence of retail premises gathered for valuation of the property in 2010, 2011 and 2012 and for the six months ended June 30, 2012 and 2013 range from RMB11,700 per sq.m. to RMB12,300 per sq.m., RMB12,000 per sq.m. to RMB18,000 per sq.m., RMB15,000 per sq.m. to RMB21,600 per sq.m., RMB12,000 per sq.m. to RMB18,000 per sq.m. and RMB15,000 per sq.m. to RMB21,600 per sq.m., respectively.

Based on the foregoing, we have been advised by DTZ that it believes that (i) the market monthly rental rate assumptions used are reasonable and consistent with the information on leasing rates in the relevant markets (which DTZ has collected and analyzed and, with respect to which, it has made certain adjustments), (ii) the capitalization rate assumptions are reasonable considering the information available with respect to the capitalization rates of comparable properties which DTZ collected and analyzed after due adjustments, and (iii) the unit rate assumptions are reasonable and consistent with sales evidence of retail premises which DTZ collected and analyzed after due adjustments.

The table below sets forth a breakdown of the GFA and fair value of our investment properties by project as of the dates indicated:

	As of December 31,			As of June 30,	As of December 31,			As of June 30,
	2010	2011	2012	2013	2010	2011	2012	2013
	(sq.m)	*(sq.m)*	*(sq.m)*	*(sq.m)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Provence	7,941(1)	10,655(1)	10,655(1)	10,655(1)	65,000	80,000	97,000	97,000
Landscape Residence	3,947(1)	3,947(1)	3,793(1)	3,335(1)	68,000	68,000	66,000	60,000
Shenzhen Sky Palace	6,922(1)	6,922(1)	7,021(1)	7,021(1)	270,000	280,000	368,000	368,000
Logan Century Center	43,408(1)	42,646(1)	42,361(1)	42,361(1)	1,280,000	2,000,000	2,380,000	2,380,000
Logan City	33,388(2)	33,388(2)	28,615(2)	27,850(2)	125,000	307,000	408,000	400,000
Nanning Grand Riverside Bay	22,369(3)	22,369(3)	23,607(3)	23,607(3)	84,000	140,000	290,000	340,000
Easy Life	—	—	543(1)	543(1)	—	—	22,000	22,000
Seaward Sunshine—Commercial Building	—	—	3,340(1)	3,340(1)	—	—	105,000	110,000
Total	117,975	119,927	119,935	118,712	1,892,000	2,875,000	3,736,000	3,777,000

Notes:

(1) Figures represent GFA of completed investment properties.

(2) As of December 31, 2010, 2011 and 2012 and June 30, 2013, Logan City had completed investment properties of nil, nil 8,665 sq.m. and 7,900 sq.m., respectively, and investment properties under development of 33,388 sq.m., 33,388 sq.m., 19,950 sq.m. and 19,950 sq.m., respectively.

(3) Figures represent GFA of investment properties under development.

During the Track Record Period, increases in the fair value of our investment properties accounted for a significant portion of our profit before taxation. Our results of operations may continue to be affected by adjustments in the estimated fair value of our investment properties. Increases in fair value of investment properties reflect unrealized capital gains in the estimated fair value of our investment properties at the relevant reporting date and do not constitute profit generated from our operations. Please see the section entitled "Risk Factors—Risks relating to Our Business—Changes in the fair value of our investment properties may have a significant impact on our results of operations" in this prospectus.

We recognize changes in the fair value of our investment properties, including investment properties under development, on our consolidated income statements, unless their fair value cannot be reliably determined at that time. Please see the sections entitled "—Critical Accounting Policies—Investment Properties" and "—Key Factors Affecting Our Results of Operations—Changes in Estimated Fair Value of Our Investment Properties" in this prospectus.

The table below sets forth the changes in the fair value of our investment properties during the Track Record Period:

	Investment properties	Investment properties under development	Sub-total
	RMB'000	*RMB'000*	*RMB'000*
Cost of valuation			
As of January 1, 2010	274,000	711,000	985,000
Additions	—	211,221	211,221
Transfer to investment properties	823,078	(823,078)	—
Transfer to other land and buildings	—	—	—
Disposals	—	—	—
Surplus on revaluation	585,922	109,857	695,779
As of December 31, 2010 and January 1, 2011	1,683,000	209,000	1,892,000
Additions	20,081	133,240	153,321
Transfer to investment properties	172,329	(172,329)	—
Transfer from inventories	8,938	—	8,938
Disposals	(22,268)	—	(22,268)
Transfer to non-current assets classified as held for sales	(20,706)	—	(20,706)
Surplus on revaluation	816,626	47,089	863,715
As of December 31, 2011 and January 1, 2012	2,658,000	217,000	2,875,000
Additions	9,635	41,496	51,131
Transfer to investment properties	138,570	(138,570)	—
Transfer from inventories	32,477	—	32,477
Disposals	(59,260)	—	(59,260)
Surplus on revaluation	766,578	70,074	836,652
As of December 31, 2012 and January 1, 2013	3,546,000	190,000	3,736,000
Additions	6,023	11,953	17,976
Transfer to investment properties	20,679	(20,679)	—
Disposals	(17,482)	—	(17,482)
Surplus on revaluation	31,780	8,726	40,506
As of June 30, 2013	3,587,000	190,000	3,777,000

The table below sets forth a breakdown of the net changes in the fair value of our investment properties by project for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Provence	6,000	6,062	17,000	10,000	—
Landscape Residence	14,130	—	271	(4,000)	1,661
Shenzhen Sky Palace	55,000	10,000	78,365	30,000	—
Logan Century Center	510,792	742,893	380,000	200,000	—
Logan City	54,140	79,456	137,312	76,465	1,564
Nanning Grand Riverside Bay	55,717	25,304	129,182	83,480	32,612
Easy Life	—	—	19,449	—	(235)
Seaward Sunshine	—	—	75,073	—	4,904
Total	695,779	863,715	836,652	395,945	40,506

The relevant deferred tax liability for these fair value gains recognized under income tax expenses was RMB169.3 million, RMB211.6 million, RMB197.8 million and RMB6.8 million in 2010, 2011, 2012 and the six months ended June 30, 2013, respectively. The net increases in fair value of our investment properties (net of deferred tax) represented 56.0%, 51.6%, 35.2% and 7.6% of our profit in 2010, 2011, 2012 and the six months ended June 30, 2013, respectively.

Pursuant to HKFRS, fair value changes in our investment properties are reflected on our income statement once we determine that the relevant properties are held for investment, regardless of whether they are under development or completed in such period. The increases in fair value of our investment properties during the Track Record Period were mainly due to the continuous improvement of surrounding shopping and community facilities. Our investment properties' fair value also increased as the overall projects progressed towards completion, or as certain phases of them were completed, especially with respect to Logan City and Nanning Grand Riverside Bay. This is primarily due to the direct comparison method adopted for valuing our investment properties under development, which makes adjustments for development costs still to be expended to complete the properties. When such properties move towards completion, the development costs to be expended would decrease, thereby increasing their overall valuation.

The valuation of the investment properties at Logan Century Center had the most significant effect on our net increase in fair value of investment properties during the Track Record Period. Logan Century Center was completed in June 2010, and our net increase in fair value of investment properties attributable to Logan Century Center amounted to RMB510.8 million in 2010. The net increase in fair value of Logan Century Center's investment properties in 2011 was RMB742.9 million, which was primarily due to two subway lines in its vicinity becoming operational in 2011, improving its transportation convenience and the market rental rates in the area. In 2012, a department store in the near Logan Century Center commenced operation, driving up the market rental rates in the region and contributed to the net increase in the fair value of Logan Century Center's investment properties of RMB380.0 million for 2012. Without comparable drivers in the six months ended June 30, 2013, the market rental rates in the vicinity of Logan Century Center did not experience significant changes, and, as a result, investment properties at Logan Century Center did not have an increase in fair value during the same period, leading to a lower net increase in our total fair value of investment properties during the same period.

Finance Costs

Finance costs primarily consist of interest costs net of capitalized borrowing costs relating to properties under development. Not all of the interest costs related to a project can be capitalized. As a result, our finance costs may fluctuate from year to year depending on the level of interest costs that are capitalized within the reporting period as well as the amount of outstanding principal and interest rates. Finance costs also include other borrowing costs which primarily consist of arrangement fees paid in connection with certain of our bank and related party loans. For more information, please see the section entitled "—Description of Selected Income Statement Line Items—Direct Costs—Cost of Properties Sold—Capitalized borrowing costs" in this prospectus.

Income Tax

Our income tax expenses for a given period include provisions made for CIT and LAT during the period and movements in deferred tax assets and liabilities. No provision for Hong Kong profits tax has been made during the Track Record Period as our Group did not generate any assessable profits arising in Hong Kong. Please see the section entitled "—Key Factors Affecting our Results of Operations—Income Tax—CIT" in this prospectus.

The following table sets forth our income tax expense for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Current tax					
Provision for CIT for the year/period	190,840	305,899	454,628	109,925	170,127
Provision for LAT for the year/period	62,068	138,896	334,116	70,864	102,255
Provision for withholding tax for the year/period	—	4,500	—	—	—
	252,908	449,295	788,744	180,789	272,382
Deferred tax	108,601	112,506	169,574	71,149	(16,445)
	361,509	561,801	958,318	251,938	255,937

Profit for the Year/Period attributable to Non-controlling Interests

Non-controlling interests mainly represent the 9% equity interest in Logan Construction held by Logan Real Estate. We had profit attributable to non-controlling interests of RMB13.4 million, RMB15.6 million, RMB22.9 million and RMB6.9 million in 2010, 2011, 2012 and the six months ended June 30, 2013, respectively, representing 1.4%, 1.2%, 1.3% and 1.6% of our profit in the same periods.

Exchange Differences on Translation of Financial Statements of Overseas Entities

The functional currencies of certain of our subsidiaries are currencies other than Renminbi. As of each of the reporting dates, the assets and liabilities of these entities were translated into the presentation currency of our Group, Renminbi, at the exchange rates prevailing at the relevant reporting date, and their income statements were translated into Renminbi at the exchange rates approximating the foreign exchange rates prevailing at the dates of the transactions. The resulting exchange differences are included in the exchange reserve. On disposal of a foreign entity, the cumulative amount recognized in the exchange reserve relating to that particular foreign operation is reclassified from equity to profit or loss.

SEGMENT REPORTING

Our Group's business is organized into three operating segments, namely property development, property leasing and construction contracts. Our property development segment includes the development and sales of residential properties and retail shops. Our property leasing segment leases office units and retail shops to generate rental income and to hold as investments for long-term capital appreciation. Our construction contracts segment constructs residential and non-residential projects, such as office buildings and public facilities.

The table below sets forth our Group's turnover by operating segment for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Sales of properties					
—Residential	2,177,054	2,840,517	5,034,435	1,224,728	2,604,755
—Retail	294,066	281,085	1,072,734	231,658	231,588
—Others	44,280	51,075	189,569	12,577	131,137
	2,515,400	3,172,677	6,296,738	1,468,963	2,967,480
Rental income	1,442	25,692	55,384	28,953	28,619
Construction income	334,817	249,105	235,538	68,502	336,106
Total	2,851,659	3,447,474	6,587,660	1,566,418	3,332,205

During the Track Record Period, substantially all of our revenue and cash inflow were derived from the property development and construction contract segments. The table below sets forth certain data with respect to our property development segment for the periods indicated which we have derived from our internal records and the Accountants' Report included as Appendix I to this prospectus:

	As of/for the year ended December 31,			As of/for the six months ended
	2010	2011	2012	June 30, 2013
Receipts in advance (RMB'000)	2,652,297	3,937,220	6,360,457	8,815,523
Sales of properties recognized (RMB'000)	2,515,400	3,172,677	6,296,738	2,967,480
Total saleable GFA delivered (sq.m.)	456,013	510,687	838,919	412,738

SIX MONTHS ENDED JUNE 30, 2013 COMPARED TO SIX MONTHS ENDED JUNE 30, 2012

Turnover

Our turnover increased by RMB1,765.8 million, or 112.7%, to RMB3,332.2 million for the six months ended June 30, 2013 from RMB1,566.4 million for the six months ended June 30, 2012, primarily due to an increase in revenue from the sales of properties as described below, which was in turn primarily due to an increase in total saleable GFA delivered.

The table below sets forth a breakdown of our revenue from the sales of properties, total saleable GFA delivered and ASP per sq.m. by type for the periods indicated:

	For the six months ended June 30,					
	2012 (Unaudited)			2013		
	Revenue from the sales of properties	Total saleable GFA delivered	ASP per sq.m.(1)	Revenue from the sales of properties	Total saleable GFA delivered	ASP per sq.m.(1)
	RMB'000	*sq.m.*	*RMB*	*RMB'000*	*sq.m.*	*RMB*
Residential	1,224,728	242,177	5,057	2,604,755	402,547	6,471
Retail	231,658	9,152	25,315	231,588	10,191	22,725
Others(2)	12,577	N/A	N/A	131,137	N/A	N/A
Total	1,468,963	251,329		2,967,480	412,738	

Notes:

(1) ASP per sq.m. is calculated as the amount of revenue from the sales of properties derived from the relevant amount of total saleable GFA delivered, which does not include car parks, after deducting sales and other taxes, divided by the relevant amount of total saleable GFA delivered.

(2) Others include car parks.

The table below sets forth a breakdown of the revenue from the sales of properties by project for the periods indicated:

Project	For the six months ended June 30, 2012 (Unaudited)					For the six months ended June 30, 2013				
	Revenue from the sales of properties	Percentage of revenue from the sales of properties	Total saleable GFA delivered	No. of car parks sold	ASP per sq.m.(1)	Revenue from the sales of properties	Percentage of revenue from the sales of properties	Total saleable GFA delivered	No. of car parks sold	ASP per sq.m.(1)
	RMB'000	*(%)*	*sq.m.*	*Unit*	*RMB*	*RMB'000*	*(%)*	*sq.m.*	*Unit*	*RMB*
Grasse Vieille Ville	67,291	4.6	12,925	—	5,206	13,004	0.4	1,313	109	4,485
Provence	237,323	16.2	35,437	120	6,394	113,481	3.8	8,436	34	12,909
Landscape Residence	—	0.0	—	—	—	—	0.0	—	—	—
Fragrant Valley	81,062	5.5	6,399	—	12,668	70,596	2.4	4,983	—	14,167
Palm Waterfront	118,704	8.1	17,578	—	6,753	894,796	30.2	100,501	—	8,903
Huizhou Sky Palace	—	0.0	—	—	—	153,798	5.2	42,822	—	3,592
Sunshine Castle	—	0.0	—	—	—	171,946	5.8	17,519	—	9,815
Easy Life	—	0.0	—	—	—	61,107	2.1	2,898	49	18,666
Grand View	176,467	12.0	28,986	—	6,088	167,626	5.6	21,145	44	6,633
Imperial Summit Sky Villa	—	0.0	—	—	—	—	0.0	—	—	—
Flying Dragon Garden	626,863	42.7	144,132	—	4,349	89,846	3.0	1,269	773	4,815
Nanning Grand Riverside Bay	—	0.0	—	—	—	731,629	24.7	124,462	—	5,878
Seaward Sunshine	—	0.0	—	—	—	—	0.0	—	—	—
Logan City	30,183	2.1	2,914	—	10,358	493,015	16.6	87,158	—	5,657
Shenzhen Sky Palace	137	0.0	—	1	—	—	0.0	—	—	—
Grand Joy Palace	9,425	0.6	492	21	15,721	6,636	0.2	232	17	23,034
Logan Century Center	121,508	83	2,466	—	49,271	—	0.0	—	—	—
Total	1,468,963	100.0	251,329	142		2,967,480	100.0	412,738	1,026	

Note:

(1) ASP per sq.m. is calculated as the amount of revenue from the sales of properties derived from the relevant amount of total saleable GFA delivered, which does not include car parks, after deducting sales and other taxes, divided by the relevant amount of total saleable GFA delivered.

Revenue from the sales of properties increased by RMB1,498.5 million, or 102.0%, to RMB2,967.5 million for the six months ended June 30, 2013 from RMB1,469.0 million for the six months ended June 30, 2012, primarily due to the increase in total saleable GFA delivered. The increase in total saleable GFA delivered was primarily attributable to the commencement of deliveries of residential units in Nanning Grand Riverside Bay in the second half of 2012, and the commencement of deliveries of residential units in Huizhou Sky Place and Sunshine Castle in the first half of 2013, and partially offset by a decrease in the residential units delivered in Flying Dragon Garden.

Construction income increased by RMB267.6 million to RMB336.1 million for the six months ended June 30, 2013 from RMB68.5 million for the six months ended June 30, 2012, primarily due to the commencement of construction activities at our related parties' projects in Fangchenggang and Shantou to which we provide construction services. Please see the section entitled "Connected Transactions" in this prospectus.

Rental income decreased slightly by RMB0.4 million, or 1.4%, to RMB28.6 million for the six months ended June 30, 2013 from RMB29.0 million for the six months ended June 30, 2012.

Direct Costs

Our direct costs increased by RMB1,365.2 million to RMB2,307.0 million for the six months ended June 30, 2013 from RMB941.8 million for the six months ended June 30, 2012, which was primarily due to (i) an increase in total saleable GFA delivered and (ii) an increase in direct costs for the units delivered.

Gross Profit

As a result of the foregoing, our gross profit increased by RMB400.6 million, or 64.1%, to RMB1,025.2 million for the six months ended June 30, 2013 from RMB624.6 million for the six months ended June 30, 2012. Our gross profit margin decreased to 30.8% for the six months ended June 30, 2013 from 39.9% for the six months ended June 30, 2012, primarily attributable to the deliveries of units with lower profit margins in Nanning Grand Riverside Bay in the six months ended June 30, 2013, which accounted for 30.2% of the total saleable GFA delivered during such period, as compared to the deliveries of units with higher profit margins in Provence and Flying Dragon in the six months ended June 30, 2012, which together accounted for 71.4% of the total saleable GFA delivered during such period.

Other Revenue

Our other revenue decreased by RMB3.9 million, or 25.8%, to RMB11.3 million for the six months ended June 30, 2013 from RMB15.3 million for the six months ended June 30, 2012, primarily due to a decrease in design fee income by RMB4.5 million to RMB0.8 million for the six months ended June 30, 2013 from RMB5.3 million for the six months ended June 30, 2012 due to the revenue generated from design services we provided to a related party, Guangxi King Kerry, in the six months ended June 30, 2012 in relation to the Fangchenggang Projects being more than the design services revenue generated in the six months ended June 30, 2013, partially offset by an increase in bank interest income by RMB2.5 million to RMB5.3 million for the six months ended June 30, 2013 from RMB2.8 million for the six months ended June 30, 2012.

Other Net Loss

Our other net loss amounted to RMB4.9 million for the six months ended June 30, 2013 and a negligible amount for the six months ended June 30, 2012, primarily due to one-off losses on disposal of fixed assets of RMB4.1 million for the six months ended June 30, 2013.

Selling and Marketing Expenses

Our selling and marketing expenses increased by RMB66.5 million to RMB125.9 million for the six months ended June 30, 2013 from RMB59.4 million for the six months ended June 30, 2012. This increase was in line with the increase in our turnover from the sales of properties.

Administrative Expenses

Our administrative expenses increased by RMB61.8 million, or 50.3%, to RMB184.6 million for the six months ended June 30, 2013 from RMB122.8 million for the six months ended June 30, 2012, primarily due to an increase in our administrative staff costs to support our overall business growth.

Net Increase in Fair Value of Investment Properties

The net increase in fair value of our investment properties amounted to RMB40.5 million for the six months ended June 30, 2013 and RMB395.9 million for the six months ended June 30, 2012. The net increase for the six months ended June 30, 2013 was primarily due to the net increase in the fair value of investment properties in Nanning Grand Riverside Bay.

Finance Costs

Our finance costs decreased by RMB22.8 million, or 26.4%, to RMB63.5 million for the six months ended June 30, 2013 from RMB86.3 million in for the six months ended June 30, 2012, primarily due to the refinancing of our previous offshore borrowings through the Hang Seng Bank Facility Agreements, which had lower interest rates than the refinanced borrowings, during the six months ended June 30, 2013.

Profit before Taxation

As a result of the foregoing, our profit before taxation decreased by RMB69.2 million, or 9.0%, to RMB698.2 million for the six months ended June 30, 2013 from RMB767.4 million for the six months ended June 30, 2012.

Income Tax

Our income tax increased by RMB4.0 million, or 1.6%, to RMB255.9 million for the six months ended June 30, 2013 from RMB251.9 million for the six months ended June 30, 2012, primarily due to an increase in our profit before tax generated by our sales of properties and construction income segments.

Profit for the Period

As a result of the foregoing, our profit for the period decreased by RMB73.1 million, or 14.2%, to RMB442.3 million for the six months ended June 30, 2013 from RMB515.4 million for the six months ended June 30, 2012.

2012 COMPARED TO 2011

Turnover

Our turnover increased by RMB3,140.2 million, or 91.1%, to RMB6,587.7 million in 2012 from RMB3,447.5 million in 2011, primarily due to an increase in revenue from the sales of properties as described below, which was in turn primarily due to an increase in total saleable GFA delivered.

The table below sets forth a breakdown of our revenue from the sales of properties, total saleable GFA delivered and ASP per sq.m. by type for the periods indicated:

	For the year ended December 31,					
	2011			2012		
	Revenue from the sales of properties	Total saleable GFA delivered	ASP per sq.m.(1)	Revenue from the sales of properties	Total saleable GFA delivered	ASP per sq.m.(1)
	RMB'000	*sq.m.*	*RMB*	*RMB'000*	*sq.m.*	*RMB*
Residential	2,840,517	502,460	5,653	5,034,435	813,622	6,188
Retail	281,085	8,227	34,166	1,072,734	25,297	42,405
Others(2)	51,075	N/A	N/A	189,569	N/A	N/A
Total	3,172,677	510,687		6,296,738	838,919	

Notes:

(1) ASP per sq.m. is calculated as the amount of revenue from the sales of properties derived from the relevant amount of total saleable GFA delivered, which does not include car parks, after deducting sales and other taxes, divided by the relevant amount of total saleable GFA delivered.

(2) Others include car parks.

The table below sets forth a breakdown of the revenue from the sales of properties by project for the periods indicated:

	For the year ended December 31, 2011					For the year ended December 31, 2012				
Project	Revenue from the sales of properties	Percentage of revenue from the sales of properties	Total saleable GFA delivered	No. of car parks sold	ASP per sq.m.(1)	Revenue from the sales of properties	Percentage of revenue from the sales of properties	Total saleable GFA delivered	No. of car parks sold	ASP per sq.m.(1)
	RMB'000	*(%)*	*sq.m.*	*Unit*	*RMB*	*RMB'000*	*(%)*	*sq.m.*	*Unit*	*RMB*
Grasse Vieille Ville	685,442	21.6	123,119	—	5,567	117,591	1.9	20,128	251	4,952
Provence	907,560	28.6	178,471	560	4,852	818,399	13.0	137,352	253	5,787
Landscape Residence	66,707	2.1	4,262	—	15,652	—	—	—	—	—
Fragrant Valley	211,417	6.7	14,537	—	14,543	276,081	4.4	20,702	—	13,336
Palm Waterfront	326,967	10.3	54,614	—	5,987	529,253	8.4	57,726	—	9,168
Easy Life	—	—	—	—	—	815,471	13.0	62,798	92	12,771
Grand View	548,053	17.3	89,599	—	6,117	1,089,911	17.3	157,264	555	6,226
Flying Dragon Garden	170,063	5.4	37,795	—	4,500	755,297	12.0	165,198	194	4,454
Nanning Grand Riverside Bay	—	—	—	—	—	398,831	6.3	68,650	—	5,810
Logan City	14,140	0.4	1,440	—	9,821	754,447	12.0	138,916	—	5,431
Shenzhen Sky Palace	755	0.0	—	6	—	954	0.0	—	8	—
Grand Joy Palace	76,008	2.4	4,276	101	15,726	21,765	0.3	1,059	46	17,156
Logan Century Center	165,565	5.2	2,574	—	64,331	718,738	11.4	9,126	—	78,754
Total	3,172,677	100.0	510,687	667		6,296,738	100.0	838,919	1,399	

Note:

(1) ASP per sq.m. is calculated as the amount of revenue from the sales of properties derived from the relevant amount of total saleable GFA delivered, which does not include car parks, after deducting sales and other taxes, divided by the relevant amount of total saleable GFA delivered.

Revenue from the sales of properties increased by RMB3,124.0 million, or 98.5%, to RMB6,296.7 million in 2012 from RMB3,172.7 million in 2011, primarily due to the increase in total saleable GFA delivered.

The increase in total saleable GFA delivered was primarily attributable to the commencement of deliveries of residential units in Flying Dragon Garden, Grand View, Easy Life and Palm Waterfront, and partially offset by the decrease in deliveries of units in Grasse Vieille Ville and Provence.

Rental income increased by RMB29.7 million, or 115.6%, to RMB55.4 million in 2012 from RMB25.7 million in 2011, primarily attributable to the lease of office space in Logan Century Center to Shenzhen Tencent Computer System Co., Ltd., which commenced in 2011 and is expected to expire in 2016.

Construction income decreased by RMB13.6 million, or 5.5%, to RMB235.5 million in 2012 from RMB249.1 million in 2011, primarily due to the completion of the construction of Peach Blossom Bay in 2011.

Direct Costs

Our direct costs increased by RMB1,965.4 million, or 95.3%, to RMB4,027.4 million in 2012 from RMB2,062.0 million in 2011, which was in line with the increase in revenue from the sales of properties.

Gross Profit

As a result of the foregoing, our gross profit increased by RMB1,174.8 million, or 84.8%, to RMB2,560.3 million in 2012 from RMB1,385.5 million in 2011. Our gross profit margin decreased slightly to 38.9% in 2012 from 40.2% in 2011, primarily attributable to our sales of properties with relatively low profit margins in 2012, such as Grand View.

Other Revenue

Our other revenue increased by RMB17.0 million, or 101.2%, to RMB33.8 million in 2012 from RMB16.8 million in 2011, primarily due to (i) an increase in design fee income by RMB7.6 million to RMB9.1 million in 2012 from RMB1.4 million in 2011 in connection with the design services we provided primarily in relation to the Fangchenggang Projects, (ii) an increase in forfeited deposits by RMB5.7 million to RMB7.9 million in 2012 from RMB2.1 million in 2011, which was primarily due to the forfeiture of deposits by potential purchasers with whom we had not yet entered into sales contracts before pre-sales commenced as a result of their inability to obtain mortgage loans because of banks' increasing scrutiny of mortgage applications and (iii) construction management service income of RMB2.9 million in relation to the Fangchenggang Projects. For more information regarding services we provide in relation to the Fangchenggang Projects, see the section entitled "Connected Transactions" in this prospectus.

Other Net Income

Our other net income amounted to RMB0.5 million in 2012 and RMB11.3 million in 2011, primarily due to one-off gains on the disposal of certain commercial units in Logan Century Center in 2011.

Selling and Marketing Expenses

Our selling and marketing expenses increased by RMB57.2 million, or 38.6%, to RMB205.7 million in 2012 from RMB148.5 million in 2011. This increase was in line with the increase in turnover from the sales of properties.

Administrative Expenses

Our administrative expenses increased by RMB72.5 million, or 34.9%, to RMB280.1 million in 2012 from RMB207.6 million in 2011, primarily due to an increase in our salary expenses as we increased our administrative headcount in connection with the expansion of our operations.

Net Increase in Fair Value of Investment Properties

The net increase in fair value of our investment properties amounted to RMB836.7 million in 2012 and RMB863.7 million in 2011. The increase in 2012 was primarily due to the continuous improvement of shopping and community facilities in the relevant properties, and certain phases of Logan City and Nanning Grand Riverside Bay being completed.

Finance Costs

Our finance costs increased by RMB73.9 million, or 76.7%, to RMB170.2 million in 2012 from RMB96.3 million in 2011, primarily due to the interest on certain project loans ceasing to be capitalized following the completion of the relevant property projects and the interest of overseas loan not being capitalized.

Profit before Taxation

As a result of the foregoing, our profit before taxation increased by RMB950.3 million, or 52.1%, to RMB2,775.3 million in 2012 from RMB1,825.0 million in 2011.

Income Tax

Our income tax increased by RMB396.5 million, or 70.6%, to RMB958.3 million in 2012 from RMB561.8 million in 2011, primarily due to increases in revenue from the sales of properties and profit from the properties we delivered, which contributed to an increase in our provisions for CIT and LAT.

Profit for the Year

As a result of the foregoing, our profit for the year increased by RMB553.8 million, or 43.8%, to a profit for the year of RMB1,817.0 million in 2012 from profit for the year of RMB1,263.1 million in 2011.

2011 COMPARED TO 2010

Turnover

Our turnover increased by RMB595.8 million, or 20.9%, to RMB3,447.5 million in 2011 from RMB2,851.7 million in 2010, primarily due to an increase in revenue from the sales of properties as described below, which was in turn primarily due to increases in the total saleable GFA delivered and ASP per sq.m. sold. The table below sets forth a breakdown of our revenue from the sales of properties, total saleable GFA delivered and ASP per sq.m. by type for the periods indicated:

	For the year ended December 31,					
	2010			2011		
	Revenue from the sales of properties	Total saleable GFA delivered	ASP per sq.m.(1)	Revenue from the sales of properties	Total saleable GFA delivered	ASP per sq.m.(1)
	RMB'000	*sq.m.*	*RMB*	*RMB'000*	*sq.m.*	*RMB*
Residential	2,177,054	438,628	4,963	2,840,517	502,460	5,653
Retail	294,066	17,385	16,914	281,085	8,227	34,166
Others(2)	44,280	N/A	N/A	51,075	N/A	N/A
Total	2,515,400	456,013		3,172,677	510,687	

Notes:

(1) ASP per sq.m. is calculated as the amount of revenue from the sales of properties derived from the relevant amount of total saleable GFA delivered, which does not include car parks, after deducting sales and other taxes, divided by the relevant amount of total saleable GFA delivered.

(2) Others include car parks.

The table below sets forth a breakdown of the revenue from the sales of properties by project for the periods indicated:

	For the year ended December 31, 2010					For the year ended December 31, 2011				
Project	Revenue from the sales of properties	Percentage of revenue from the sales of properties	Total saleable GFA delivered	No. of car parks sold	ASP per sq.m.(1)	Revenue from the sales of properties	Percentage of revenue from the sales of properties	Total saleable GFA delivered	No. of car parks sold	ASP per sq.m.(1)
	RMB'000	*(%)*	*sq.m.*	*Unit*	*RMB*	*RMB'000*	*(%)*	*sq.m.*	*Unit*	*RMB*
Grasse Vieille Ville	290,671	11.6	68,101	—	4,269	685,442	21.6	123,119	—	5,567
Provence	690,333	27.4	171,519	422	3,836	907,560	28.6	178,471	560	4,852
Landscape Residence	429,454	17.1	111,302	—	3,858	66,707	2.1	4,262	—	15,652
Fragrant Valley	—	—	—	—	—	211,417	6.7	14,537	—	14,543
Palm Waterfront	—	—	—	—	—	326,967	10.3	54,614	—	5,987
Grand View	—	—	—	—	—	548,053	17.3	89,599	—	6,117
Flying Dragon Garden	—	—	—	—	—	170,063	5.4	37,795	—	4,500
Logan City	—	—	—	—	—	14,140	0.4	1,440	—	9,821
Shenzhen Sky Palace	3,231	0.1	—	28	—	755	0.0	—	6	—
Grand Joy Palace	1,101,711	43.8	105,091	102	10,401	76,008	2.4	4,276	101	15,726
Logan Century Center	—	—	—	—	—	165,565	5.2	2,574	—	64,331
Total	2,515,400	100.0	456,013	552		3,172,677	100.0	510,687	667	

Note:

(1) ASP per sq.m. is calculated as the amount of revenue from the sales of properties derived from the relevant amount of total saleable GFA delivered, which does not include car parks, after deducting sales and other taxes, divided by the relevant amount of total saleable GFA delivered.

Revenue from the sales of properties increased by RMB657.3 million, or 26.1%, to RMB3,172.7 million in 2011 from RMB2,515.4 million in 2010, primarily due to an increase in total saleable GFA delivered and ASP per sq.m. sold.

The increase in total saleable GFA delivered was attributable primarily to an increase in saleable GFA delivered of units in Grasse Vieille Ville and the commencement of deliveries of units in Palm Waterfront, Grand View and Flying Dragon Garden recognized in 2011, partially offset by a decrease in saleable GFA delivered of units in Landscape Residence and Grand Joy Palace.

Rental income increased substantially to RMB25.7 million in 2011 from RMB1.4 million in 2010, primarily attributable to the lease of office space in Logan Century Center to Shenzhen Tencent Computer System Co., Ltd., which commenced in 2011.

Construction income decreased by RMB85.7 million, or 25.6%, to RMB249.1 million in 2011 from RMB334.8 million in 2010, primarily due to the substantial completion of construction activities at Golden Bay Garden, revenue from which is recognized as construction income, as we developed this project for sales to a local government. For further information, please see the section entitled "Business—Our Property Projects—Description of Our Projects—Golden Bay Garden" in this prospectus.

Direct Costs

Our direct costs decreased by RMB8.5 million, or 0.4%, to RMB2,062.0 million in 2011 from RMB2,070.5 million in 2010, despite the 20.9% increase in our turnover over the same period. This was primarily due to a substantial portion of total saleable GFA delivered in 2010 consisting of limited-price residential units of Landscape Residence, which have lower gross profit margins, and a greater proportion of total saleable GFA delivered in 2011 consisting of relatively higher profit margin projects, such as Palm Waterfront, Grand View, Flying Dragon Garden and Logan Century Center.

Gross Profit

As a result of the foregoing, our gross profit increased by RMB604.3 million, or 77.4%, to RMB1,385.5 million in 2011 from RMB781.2 million in 2010. Our gross profit margin increased to 40.2% in 2011 from 27.4% in 2010, primarily due to the decreasing proportion of our sales of properties arising from deliveries of units in Landscape Residence, which consists of limited-price residential apartments with lower gross profit margins.

Other Revenue

Our other revenue increased by RMB0.6 million, or 3.9%, to RMB16.8 million in 2011 from RMB16.2 million in 2010.

Other Net (Loss)/Income

We recorded other net income of RMB11.3 million in 2011 and other net loss of RMB0.2 million in 2010, primarily due to gains on the disposal of certain commercial units in Logan Century Center in 2011.

Selling and Marketing Expenses

Our selling and marketing expenses increased by RMB85.4 million, or 135.4%, to RMB148.5 million in 2011 from RMB63.1 million in 2010. This increase was primarily attributable to increased selling and marketing expenses with respect to Flying Dragon Garden, Logan City and Logan Century Center.

Administrative Expenses

Our administrative expenses increased by RMB83.9 million, or 67.8%, to RMB207.6 million in 2011 from RMB123.7 million in 2010, primarily due to an increase in our salary expenses as we increased our administrative headcount in connection with the expansion of our operations.

Net Increase in Fair Value of Investment Properties

The net increase in the fair value of our investment properties amounted to RMB863.7 million in 2011 and RMB695.8 million in 2010. This increase in 2011 was primarily attributable to two subway lines in the vicinity of Logan Century Center becoming operational, improving its transportation convenience.

Finance Costs

Our finance costs increased significantly by RMB91.2 million to RMB96.3 million in 2011 from RMB5.0 million in 2010, primarily due to the interest on certain project loans ceasing to be capitalized following the completion of the relevant property projects, as well as the interest on a bank loan in connection with the acquisition of Shenzhen Youkaisi as part of the Reorganization, as further described in the section entitled "History and Reorganization" in this prospectus.

Profit before Taxation

As a result of the foregoing, our profit before taxation increased by RMB523.9 million, or 40.3%, to RMB1,825.0 million in 2011 from RMB1,301.1 million in 2010.

Income Tax

Our income tax increased by RMB200.3 million, or 55.4%, to RMB561.8 million in 2011 from RMB361.5 million in 2010, primarily due to increases in revenue from the sales of properties and the corresponding profit before taxation, which contributed to an increase in our provisions for CIT and LAT.

Profit for the Year

As a result of the foregoing, our profit for the year increased by RMB323.6 million, or 34.4%, to RMB1,263.2 million in 2011 from RMB939.6 million in 2010.

DESCRIPTION OF SELECTED CONSOLIDATED BALANCE SHEET ITEMS

Trade and Other Receivables

The table below sets forth a breakdown of our trade and other receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	2,060	165,466	171,860	228,207
Amounts due from customers for contract work	254,598	—	—	—
Prepayments and other receivables	318,796	372,726	468,884	567,903
Land deposits	588,694	—	1,095,576	846,366
Amounts due from related companies[(1)]	61,384	178,977	152,770	172,087
Total	1,225,532	717,169	1,889,090	1,814,563

Note:

(1) The amounts due from related companies are interest-free, unsecured and recoverable on demand.

Our trade receivables and amounts due from customers for contract work primarily relate to (i) construction services provided by our subsidiary, Logan Construction, as general contractor for various projects for our related companies and external customers and (ii) outstanding purchase price for our properties. Our construction customers in general pay us in installments, and each installment generally becomes payable within 30 days upon the construction work reaching a specified performance benchmark. Value of construction work performed before reaching a performance benchmark is recorded as amounts due from customers for contract work, while trade receivables represent amounts due from our construction customers under installment invoices in relation to the satisfaction of performance benchmarks. Our trade receivables increased to RMB165.5 million as of December 31, 2011 from RMB2.1 million as of December 31, 2010, primarily due to the receivable of RMB149.8 million under a contract with the Daya Bay Relocation Office relating to Golden Bay Garden, which we agreed to develop for sale solely to the Daya Bay Relocation Office. As of June 30, 2013, RMB9.8 million of such RMB149.8 million remained outstanding, and as we have been in active settlement procedures with the Daya Bay Relocation Office, we believe that we will be able to collect such outstanding receivables from the Daya Bay Relocation Office, a governmental entity. Our trade receivables increased to RMB171.9 million as of December 31, 2012 from RMB 165.5 million as of December 31, 2011, primarily due to outstanding purchase price for properties at Logan City. Since the last quarter of 2012, banks in Huizhou started tightening their practice of releasing mortgage amounts to reduce their credit exposure. Although those banks had entered into mortgage loan agreements with purchasers of properties at Logan City, they requested delays to release the mortgage amounts to our Group to settle the outstanding property sales proceeds. Given those banks are with sound credit ratings (mainly China Construction Bank, Industrial and Commercial Bank of China and Agricultural Bank of China), have a good track record of trading with our Group and have no recent history of default, we selectively extended our credit terms for them. Such receivables amounted to RMB144.7 million as of December 31, 2012, and 88.5% of which had been settled as of June 30, 2013. Our trade receivables increased to RMB228.2 million as of June 30, 2013 from RMB171.9 million as of December 31, 2012, primarily due to outstanding purchase price for Logan City as we continued our practice to selectively extend credit terms to banks. Our amounts due from customers for contract work as of December 31, 2010 primarily consisted of amounts due under the contract relating to Golden Bay Garden before our construction reached the specified performance benchmark. For more information on our agreement to develop Golden Bay Garden, see the section entitled "Business—Our Property Projects—Description of Our Projects—Golden Bay Garden" in this prospectus.

Our trade receivables turnover days were 1.1 days, 8.9 days, 9.4 days and 10.9 days in 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. We calculate the trade receivables turnover days by first averaging the trade receivables as of the beginning and as of the end of a particular period, dividing such average by the turnover during such period, and multiplying by the number of days for the relevant period (365 days for each of 2010, 2011 and 2012 and 181 days for the six months ended June 30, 2013). Our trade receivables turnover days increased throughout the Track Record Period primarily due to an increase in average balance of trade receivables during the Track Record Period for reasons discussed above. The following is an aging analysis of trade receivables of our Group based on the invoice date as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current or less than one month overdue	2,060	165,466	162,076	197,710
More than one month overdue and up to three months overdue	—	—	—	—
More than three months overdue and up to six months overdue	—	—	—	—
More than six months overdue and up to one year overdue	—	—	—	20,713
More than one year overdue	—	—	9,784	9,784
	2,060	165,466	171,860	228,207

As of October 31, 2013, approximately 28.4% of our trade receivables as of June 30, 2013 had been settled.

Our prepayments and other receivables increased to RMB372.7 million as of December 31, 2011 from RMB318.8 million as of December 31, 2010 due to the increase in prepayments of sales and other taxes, in line with increased sales during 2011. Our prepayments and other receivables increased to RMB468.9 million as of December 31, 2012 from RMB372.7 million as of December 31, 2011 as a result of increased sales and refundable land auction deposits in 2012. Our prepayments and other receivables increased to RMB567.9 million as of June 30, 2013 from RMB468.9 million as of December 31, 2012, primarily due to the increase in prepayments of sales and other taxes.

As of December 31, 2011, our land deposits decreased to nil because we received all parcels of land for which we had paid land deposits. As of December 31, 2012, our land deposits increased to RMB1,095.6 million due to our payment of land deposits for the acquisition of four parcels of land in 2012, which was completed in the six months ended June 30, 2013. As of June 30, 2013, our land deposits amounted to RMB846.4 million due to our payment of land deposits for the acquisition of two parcels of land in the first half of 2013.

Our amounts due from related companies increased to RMB179.0 million as of December 31, 2011 from RMB61.4 million as of December 31, 2010 primarily because of new advances we extended to Nanning Logan Century Property Co., Ltd. and Huizhou Daya Bay Investment Co., Ltd. Our amounts due from related companies decreased to RMB152.8 million as of December 31, 2012 from RMB179.0 million as of December 31, 2011 because of repayments by the relevant related companies in 2012. Our amounts due from related companies increased to RMB172.1 million as of June 30, 2013 from RMB152.8 million as of December 31, 2012, primarily due to the construction services we provided in relation to the Fangchenggang Projects. These amounts were attributable to Logan Construction, our construction subsidiary, which acted as general contractor for various of our predecessors' businesses for the construction of non-residential projects, such as public facilities, including schools and hospitals, during the Track Record Period. For further details, please see the section entitled "Business—Construction Business" in this prospectus.

Trade and Other Payables

Trade and other payables consist of the amounts set forth in the table below, which includes a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,			As of June 30, 2013
	2010	2011	2012	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	778,055	1,298,088	1,787,644	1,891,182
Other payables and accrued charges	209,173	528,499	355,078	286,544
Customer deposits received	257,565	29,743	3,918	31,498
Rental and other deposits received	75	8,537	9,864	9,475
Receipts in advance	2,652,297	3,937,220	6,360,457	8,815,523
Deposits for sales of investment properties	—	14,386	—	—
Other loans(1)	302,050	288,596	604,096	695,000
Amounts due to related companies(2)	865,800	1,598,885	1,388,076	269,343
Amounts due to related parties(2)	4,680	17,431	—	—
Amounts due to a non-controlling shareholder(2)	—	—	56,827	56,827
Amounts due to Ms. Kei(2)	10,211	9,728	—	—
Amount due to Mr. Ji(2)	—	11,998	—	7
Total	5,079,906	7,743,111	10,565,960	12,055,399

Notes:

(1) For more information about our other loans, see the section entitled "—Indebtedness and Contingent Liabilities—Borrowings" in this prospectus.

(2) The amounts due to related companies, related parties, a non-controlling shareholder, Ms. Kei and Mr. Ji at the relevant dates were interest-free and unsecured obligations and repayable by us on demand.

Trade payables mainly represent payables to our suppliers, which are generally construction material suppliers, equipment suppliers and construction contractors or subcontractors. Our suppliers typically grant us credit terms between 30 to 180 days. In addition, we generally retain 5% of the contracted amounts at contract completion for quality assurance purpose. We are entitled to deduct from such amount if we find defects within a specified period, which can be up to 24 months, and after such period expires we remit the remaining amount to our suppliers. Our trade payables grew during the Track Record Period due to our overall business growth. Our trade payables turnover days were 100.6 days, 183.8 days, 140.0 days and 144.3 days in 2010, 2011, 2012 and the six months ended June 30, 2013, respectively. We calculate the trade payables turnover days by first averaging the trade payables as of the beginning and as of the end of a particular period, dividing such average by the direct cost during such period, and multiplying by the number of days for the relevant period (365 days for each of 2010, 2011 and 2012 and 181 days for the six months ended June 30, 2013). Approximately 9.6% of our trade payables which were outstanding as of June 30, 2013 had been settled as of the Latest Practicable Date.

Customer deposits received represent deposits received from potential purchasers with whom we have not yet entered into sales contracts before pre-sales commenced. Customer deposits received decreased significantly from RMB257.6 million as of December 31, 2010 to RMB29.7 million as of December 31, 2011, as the deposits from potential purchasers of units in the property were transferred from customer deposits received to receipts in advance when they executed sales contracts. Customer deposits received decreased significantly from RMB29.7 million as of December 31, 2011 to RMB3.9 million as of December 31, 2012 primarily due to the increase in execution of sales contracts. Customer deposits received increased significantly to RMB31.5 million as of June 30, 2013 from RMB3.9 million as of December 31, 2012, primarily due to customer deposits received in relation to Seaward Sunshine.

Receipts in advance represent deposits received from potential purchasers with whom we have entered into sales contracts after pre-sales commenced. Receipts in advance as of December 31, 2010 and 2011 primarily consisted of pre-sales of units in Provence. Receipts in advance of RMB6,360.5 million as of December 31, 2012 primarily consisted of pre-sales of units in Seaward Sunshine and Provence. Receipts in advance of RMB8,815.5 million as of June 30, 2013 primarily consisted of pre-sales of units in Seaward Sunshine and Provence.

Amounts due to related companies decreased to RMB269.3 million as of June 30, 2013 from RMB1,388.1 million as of December 31, 2012, primarily due to our repayment of amounts due to related companies in the first half of 2013 funded by our internally generated cash and our borrowings under PRC bank loans.

Amounts due to a non-controlling shareholder of RMB56.8 million as of June 30, 2013 consisted of amounts due to Guangdong Nanhai Luonan Ceramics Enterprises Group (廣東南海羅南陶瓷企業集團), our non-controlling shareholder, which we plan to settle by the end of 2013.

The table below sets forth an aging analysis of our trade payables as of the dates indicated, based on the due dates stated on the relevant invoices:

	As of December 31,			As of June 30, 2013
	2010	2011	2012	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than one month or on demand	215,513	730,173	813,305	352,629
One to three months	208,282	250,874	154,546	287,971
Three to six months	117,258	104,748	199,980	582,507
Six months to one year	70,879	35,945	398,355	507,944
Over one year	166,123	176,348	221,458	160,131
Total	778,055	1,298,088	1,787,644	1,891,182

Inventories

The table below sets forth our inventories as of the dates indicated:

	As of December 31,			As of June 30, 2013
	2010	2011	2012	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Construction				
Raw materials	29,054	10,679	11,867	5,195
Property development				
Properties held for development for sales	1,461,549	1,813,323	2,977,932	4,779,900
Properties under development for sales	5,263,834	8,232,878	7,781,690	9,584,979
Completed properties for sale	1,014,584	1,520,082	2,502,035	1,697,897
Sub-total	7,739,967	11,566,283	13,261,657	16,062,776
Total	7,769,021	11,576,962	13,273,524	16,067,971

Our property development inventory increased during the Track Record primarily due to (i) the expansion of our business to new locations in the PRC, and (ii) an increase in properties held for development and under development in line with our overall business growth. Based on our experience, we expect that property development inventories can generate turnover in two to three years in general. We recognize and record the sales of completed properties on a quarterly basis. As of October 31, 2013, approximately 26.8% of our completed properties for sale as of June 30, 2013 were sold.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

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

	For the year ended December 31,			For the six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Selected cash flow statement data					
Net cash (used in)/generated from operating activities	(40,843)	501,243	1,648,151	159,068	(910,540)
Net cash (used in)/generated from investing activities	(221,637)	(124,380)	18,026	(10,646)	(5,351)
Net cash generated from/(used in) financing activities	156,722	(317,865)	(89,019)	565,905	693,778
Net (decrease)/increase in cash and cash equivalents	(105,758)	58,998	1,577,158	714,327	(222,113)

Net cash (used in)/generated from operating activities

For the six months ended June 30, 2013, our net cash used in operating activities was RMB910.5 million, which was primarily attributable to an increase in inventories of RMB2,595.9 million, primarily due to (i) the increase in our properties under development for sale in Foshan Joy Palace, Logan City and Nanning Grand Riverside Bay and (ii) our land premium paid, partially offset by an increase in trade and other payables of RMB1,400.7 million, primarily attributable to an increase in pre-sale activities for Seaward Sunshine and Nanning Grand Riverside Bay.

In 2012, our net cash generated from operating activities was RMB1,648.2 million, which was primarily attributable to (i) operating profit before changes in working capital of RMB2,115.5 million, and (ii) an increase in trade and other payables of RMB2,521.7 million, primarily attributable to an increase in pre-sale activities for Imperial Summit Sky Villa, Chengdu Sky Palace and Seaward Sunshine, and partially offset by an increase in inventories of RMB1,374.3 million, primarily attributable to the increase in our properties held for development for sale in Grasse Vieille Ville, Provence, Nanning Grand Riverside Bay, Seaside Dragon Bay and Logan City and the increase in trade and other receivables of RMB1,171.9 million, primarily attributable to land deposits paid to acquire land parcels.

In 2011, our net cash generated from operating activities was RMB501.2 million, which was primarily attributable to (i) the operating profit before changes in working capital of RMB1,049.8 million, (ii) a decrease in trade and other receivables of RMB508.4 million, primarily attributable to the receipt of the proceeds for construction of Golden Bay Garden, and (iii) an increase in trade and other payables of RMB2,768.0 million, primarily attributable to an increase in pre-sale activities for Easy Life, Flying Dragon Garden and Nanning Grand Riverside Bay, and partially offset by an increase in inventories of RMB3,483.9 million, primarily attributable to the increase in our properties held for development for sale in Logan City, Chengdu Sky Palace and Seaside Dragon Bay.

In 2010, our net cash used in operating activities was RMB40.8 million, which was primarily attributable to an increase in inventories of RMB2,486.6 million, primarily attributable to an increase in our properties held for development for sale in Palm Waterfront, Huizhou Grand Riverside Bay, Imperial Summit Sky Villa, Flying Dragon Garden and Nanning Grand Riverside Bay, partially offset by (i) operating profit before changes in working capital of RMB613.2 million, and (ii) an increase in trade and other payables of RMB1,361.2 million, primarily attributable to an increase in pre-sale activities for Provence, Palm Waterfront and Grand View.

Net cash (used in)/generated from investing activities

For the six months ended June 30, 2013, our net cash used in investing activities was RMB5.4 million, which was primarily attributable to (i) addition to investment properties under development of RMB12.0 million, primarily for Nanning Grand Riverside Bay and (ii) addition to other fixed assets of RMB9.5 million, primarily due to purchases for fixed assets, such as vehicles, to support our overall business growth, partially offset by proceeds from disposal of investment properties of RMB13.4 million, primarily for Logan City.

In 2012, our net cash generated from investing activities was RMB18.0 million, which was primarily attributable to proceeds from disposal of investment properties of RMB60.0 million, primarily in connection with Logan City and Landscape Residence, partially offset by addition to investment properties under development of RMB41.5 million, primarily for Nanning Grand Riverside Bay.

In 2011, our net cash used in investing activities was RMB124.4 million, which was primarily attributable to an addition to investment properties under development of RMB133.2 million, primarily for Logan City.

In 2010, our net cash used in investing activities was RMB221.6 million, which was primarily attributable to an addition to investment properties under development of RMB211.2 million, primarily for Logan Century Center.

Net cash generated from/(used in) financing activities

For the six months ended June 30, 2013, our net cash generated from financing activities was RMB693.8 million, which was mainly attributable to proceeds from new bank and other loans of RMB3,719.7 million, partially offset by (i) repayment of bank and other loans of RMB2,271.3 million and (ii) an increase in pledged deposits of RMB469.2 million as securities in respect of our bank loans and mortgage loan facilities granted by banks to purchasers of our properties.

In 2012, our net cash used in financing activities was RMB89.0 million, which was mainly attributable to (i) repayment of bank loans of RMB2,857.6 million and (ii) interest and other borrowing costs paid of RMB501.1 million, partially offset by proceeds from new bank loans of RMB3,136.3 million.

In 2011, our net cash used in financing activities was RMB317.9 million, which was primarily attributable to (i) repayment of bank loans of RMB2,586.2 million, (ii) interest and other borrowing costs paid of RMB441.3 million, (iii) dividends paid to the ultimate shareholder of RMB105.0 million which were declared before the beginning of the Track Record Period, and (iv) cash distributed to the ultimate shareholder in connection with the Reorganization of RMB800.7 million, partially offset by proceeds from new bank loans of RMB3,467.1 million.

In 2010, our net cash generated from financing activities was RMB156.7 million, which consisted primarily of proceeds from new bank loans of RMB1,902.3 million, partially offset by (i) repayment of bank loans of RMB1,226.0 million, (ii) a cash distributed to the ultimate shareholder in connection with the Reorganization of RMB301.5 million and (iii) dividends paid to the ultimate shareholder of RMB340.7 million.

Key Financial Metrics

Our current ratio as of December 31, 2010, 2011 and 2012 and June 30, 2013 was 1.7, 1.4, 1.4 and 1.4, respectively, calculated by dividing our current assets by our current liabilities as of the applicable dates. The decrease in our current ratio from 1.7 as of December 31, 2010 to 1.4 as of December 31, 2011 was primarily due to (i) an increase in our trade and other payables, (ii) an increase in our bank loans, and (iii) a decrease in our trade and other receivables, partially offset by an increase in our inventories. Our current ratio remained stable at 1.4 as of December 31, 2011 and 2012 and June 30, 2013.

Our gearing ratio as of December 31, 2010, 2011 and 2012 and June 30, 2013 was 3.1, 2.6, 1.6 and 1.8, respectively. Our gearing ratio decreased to 2.6 as of December 31, 2011 from 3.1 as of December 31, 2010, primarily due to an increase in our total equity by 36.9% to RMB2,323.4 million as of December 31, 2011 from RMB1,696.7 million as of December 31, 2010. Such increase was primarily driven by the sales of properties in 2011 of RMB3,172.7 million. Our gearing ratio decreased to 1.6 as of December 31, 2012 from 2.6 as of December 31, 2011, primarily due to our total equity increased by 78.6% to RMB4,150.8 million as of December 31, 2012 from RMB2,323.4 million as of December 31, 2011. Such increase was primarily driven by the sales of properties in 2012 of RMB6,296.7 million. Our gearing ratio increased to 1.8 as of June 30, 2013 from 1.6 as of December 31, 2012, primarily due to an increase in bank and other loans from RMB6,618.3 million as of December 31, 2012 to RMB8,048.5 million as of June 30, 2013 to fund our operations.

Our net profit margins (excluding changes in fair value of investment properties and the relevant deferred taxes) in 2010, 2011 and 2012 and the six months ended June 30, 2013 were 14.5%, 17.7%, 17.9% and 12.3%, respectively. Our net profit margin for the six months ended June 30, 2013 decreased to 12.3% primarily due to an increase in the proportion of deliveries coming from lower profit-margin units, mainly from Nanning Grand Riverside Bay, which accounted for 30.2% of the total saleable GFA delivered during such period, in the six months ended June 30, 2013.

INDEBTEDNESS AND CONTINGENT LIABILITIES

Borrowings

The table below sets forth our outstanding bank loans as of December 31, 2010, 2011 and 2012 and June 30, 2013:

	As of December 31,			As of June 30,
	2010	**2011**	**2012**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans				
—secured	3,585,509	4,861,225	4,690,011	7,189,138
—unsecured	1,292,716	874,285	1,324,224	164,377
Total	4,878,225[(1)]	5,735,510[(2)]	6,014,235[(3)]	7,353,515[(4)]

Notes:

(1) Bearing interest rates ranging from 4.1% to 6.6% per annum.

(2) Bearing interest rates ranging from 4.9% to 10.3% per annum.

(3) Bearing interest rates ranging from 2.0% to 9.3% per annum.

(4) Bearing interest rates ranging from 2.0% to 9.3% per annum.

Our bank loans increased steadily over the Track Record Period in line with the increase in our property development activities. As of June 30, 2013, our principal bank loans were obtained from banks such as Industrial and Commercial Bank of China, Agricultural Bank of China, China Construction Bank, Bank of China and Hang Seng Bank, and we had unutilized banking facilities of RMB1,042.5 million.

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

	As of December 31,			As of June 30, 2013
	2010	2011	2012	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans repayable				
Within one year and included in current liabilities	709,000	1,557,500	1,831,000	2,907,370
After one year and included in non-current liabilities:				
After one year but within two years	2,405,300	1,455,780	2,431,580	1,282,500
After two years but within five years	1,722,000	2,140,245	1,072,000	2,511,800
After five years	41,925	581,985	679,655	651,845
	4,169,225	4,178,010	4,183,235	4,446,145
Total	4,878,225	5,735,510	6,014,235	7,353,315

Our secured and unsecured bank loans are denominated in Renminbi, Hong Kong dollars and U.S. dollars. Our bank loans bear interest at fixed and floating interest rates. The carrying amounts of our bank loans approximate their fair values. Our secured bank loans were primarily secured by investment properties, investment properties under development, properties under development for sale, completed properties and other land and buildings.

During the Track Record Period, we did not experience any material difficulties in renewing our borrowings. In addition, our bank loans generally include covenants relating to the status of our property development projects, as are commonly found in loan agreements for property development projects in the PRC, the breach of which would result in the relevant bank loans becoming payable on demand.

In addition, as of December 31, 2010, 2011 and 2012 and June 30, 2013, we had other loans of RMB302.1 million, RMB288.6 million, RMB604.1 million and RMB695.0 million, respectively. Although we have not experienced any difficulty in obtaining bank loans necessary to fund our developments, we also utilize loans from trust companies with a view to diversifying our financing sources, given the recent policy and regulatory developments that are designed to increase difficulties for property developers to obtain bank loans. We believe this is in line with the industry practice. As of June 30, 2013, we had outstanding borrowings under three other loans to fund our general operations, and details of such loans are set forth below:

Lending trust company	Borrower	Facility amount	Execution date and maturity date	Annual interest rate	Mortgaged assets	Repayment status
		(RMB'000)				
China Railway Trust Co., Ltd.	Logan Construction	140,000[1]	September 1, 2011; May 17, 2013	15%	Land use rights to 94,766 sq.m. in Huizhou, Guangdong Province granted by Dongzhen Property	Fully repaid
China Railway Trust Co., Ltd.	Logan Construction	170,000[2]	September 1, 2011; April 30, 2013	15%	Land use rights to 108,943 sq.m. in Huizhou, Guangdong Province granted by Dongzhen Property	Fully repaid
China Industrial International Trust Limited	Logan Construction	100,000	May 1, 2012[3]; May 8, 2013	9.5%	N/A	Fully repaid
Western Trust Co., Ltd.	Nanning Jinjun	200,000	October 20, 2012; October 21, 2014	7.05%	N/A	Expected to be fully repaid on or before the maturity date
China Railway Trust Co., Ltd.	Chengdu Property	195,000	January 6, 2013; October 15, 2014	11.3%	Buildings under development of approximately 43,219 sq.m. and parks under development of approximately 41,510 sq.m. in Chengdu, Sichuan Province granted by Chengdu Property	Expected to be fully repaid on or before the maturity date
Dalian Huaxin Trust Co., Ltd.	Huizhou Property	300,000	May 31, 2013; May 30, 2015	9%	N/A	Expected to be fully repaid on or before the maturity date

Notes:

(1) Logan Construction owned amounts receivable of RMB140.0 million due from Shenzhen Youkaisi, which were transferred to the lender with an obligation to fully repurchase by May 17, 2013.

(2) Logan Construction owned amounts receivable of RMB170.0 million due from Shenzhen Youkaisi, which were transferred to the lender with an obligation to fully repurchase by April 30, 2013.

(3) This facility was utilized on May 15, 2012.

From July 1, 2013 up to the Latest Practicable Date, Nanning Property had obtained an additional other loan facility of RMB130.0 million from Bohai International Trust Co., Ltd., at the interest rate of 9.5% per annum. We drew down the entire facility in November 2013. Under the loan agreement, we repay in quarterly installments, the last of which is due in September 2015. We also have an option to fully repay the borrowing in November 2014 without penalty. This borrowing is secured by buildings of approximately 7,941 sq.m. in Nanning, Guangxi Province granted by Nanning Property.

In general, the interest rates of our other loans from trust companies are higher than those of our bank loans. In addition, while banks generally do not accept transferred equity interests to secure repayment obligations, trust companies are generally more flexible in accepting different types of security. For instance, in the past, we transferred equity interests in a project subsidiary to the lending trust company to secure our loan with it, which were transferred back to us when we repaid the loan. Our currently effective loans with trust companies do not have such equity transferring feature.

Some of our other loans may require guarantees, such as those provided by Guangdong Logan (Group). Our other loans may include customary covenants, such as allowing lenders' ongoing supervision of our operational and financial conditions, prohibition against using the borrowings for investment purposes, and requirements to notify the lenders in the event of material adverse changes in our operations and financial conditions. In the event of default, we may be required to make immediate repayments of loans, pay a penalty or indemnify the lenders. Our PRC legal advisor, Haiwen & Partners, is of the opinion that our trust loan agreements set forth above in effect as of the Latest Practicable Date are in compliance with the applicable PRC laws and regulations in all material respects.

We regularly monitor our compliance with covenants under our bank and other loans, and our Directors have confirmed that, during the Track Record Period and as of the Latest Practicable Date, we had not breached any of these covenants or defaulted on any debt service obligations and were not aware of any existing circumstances that would render us unable to service or renew our indebtedness.

Hang Seng Bank Facility Agreements

In November 2012, we entered into a loan facility agreement with Hang Seng Bank Limited ("Hang Seng Bank"), pursuant to which we were granted a revolving loan facility of US$23.1 million ("Hang Seng US$ Facility"). In January 2013, we entered into another loan facility agreement with Hang Seng Bank, pursuant to which we were granted a term loan facility of HK$360.0 million ("Hang Seng HK$ Facility"). The Hang Seng Bank Facility Agreements were further amended in April 2013. We applied the amounts borrowed under the Hang Seng Bank Facility Agreements to replace our previous offshore borrowings, which carried higher finance costs and were utilized by us to settle the acquisition consideration in relation to the entire equity interest in Shenzhen Youkaisi. See the section entitled "History and Reorganization—Our Corporate Reorganization—Acquisition of Shenzhen Youkaisi, Yuen Ming Investments and Noble Rhythm 25% Acquisition" in this prospectus. As of June 30, 2013, the Hang Seng US$ Facility and the Hang Seng HK$ Facility had been fully drawn down, and we had outstanding amount of RMB429.8 million under the Hang Seng Bank Facility Agreements.

The Hang Seng US$ Facility carries an interest rate of the higher of London Interbank Offered Rate plus 1.75% per annum and Hang Seng Bank's cost of funds, and is due in November 2014, while the Hang Seng HK$ Facility carries an interest rate of the higher of Hong Kong Interbank Offered Rate plus 1.25% per annum and Hang Seng Bank's cost of funds, and is due in January 2015. As security, we obtained standby letters of credit from a PRC bank in favor of Hang Seng Bank, which in term were secured by our onshore deposits in Renminbi. We record such deposits as pledged deposits, and our pledged deposits pledged to secure the above-mentioned letters of credit amounted to RMB146.5 million and RMB439.5 million as of December 31, 2012 and June 30, 2013, respectively. Under the Hang Seng Bank Facility Agreements, we have undertaken not to directly or indirectly remit any drawdown proceeds into the PRC for any purposes. In addition, amounts outstanding under the Hang Seng Bank Facility Agreements are secured by pledged deposits equal to 100% of the amounts drawn down under the loan facilities given by us to Hang Seng Bank (China) Limited, which will be released upon the repayment of the loan facilities. Ms. Kei has agreed to remain the majority shareholder of Kam Wang and Shenzhen Youkaisi as long as such loan facilities remain outstanding. Each loan facility under the Hang Seng Bank Facility Agreements is repayable on demand, and we are required to fully repay all outstanding amounts no later than one year of initial drawdown date. Except for the aforementioned, the Hang Seng Bank Agreements are not subject to any uncommon conditions or covenants.

We plan to use a portion of the net proceeds to us from the Global Offering to fully repay the aggregate amount outstanding under the Hang Seng Bank Loan Facilities. For further information, please see the section entitled "Future Plans and Use of Proceeds" in this prospectus.

Guarantees

In the ordinary course of our business, we arrange mortgage loans for certain purchasers of our properties and provide guarantees and pledged deposits to the relevant financial institutions to secure the repayment of these mortgage loans. These guarantees and pledged deposits commence on the date of the grant of the relevant mortgage and are released upon the earlier of (i) the issuance of the real estate ownership certificate, or (ii) the satisfaction of the mortgage loan by the purchaser of the relevant property.

Pursuant to the terms of each guarantee, upon a default in mortgage payments by the purchasers, we become responsible for repaying the outstanding mortgage principal together with accrued interest and penalty owed by the defaulting purchaser to the bank and we are entitled to take over the legal title and possession of the related property.

As of December 31, 2010, 2011 and 2012 and June 30, 2013, the aggregate value of the mortgage loans that we guaranteed were RMB687.8 million, RMB1,743.9 million, RMB1,564.5 million and RMB2,343.2 million, respectively. During the Track Record Period and up to the Latest Practicable Date, we encountered 40 incidents of default by purchasers for whom we had guaranteed mortgage loans, which involved an aggregated default payment of RMB1.4 million. We believe such amount is immaterial, as compared to the aggregate value of the mortgage we guaranteed during the Track Record Period.

Pledges

As described above, we provide pledged deposits to the relevant financial institutions to secure the repayment of mortgage loans that we arrange for certain purchasers of our properties, which are released upon the earlier of (i) the issuance of the real estate ownership certificate, or (ii) the satisfaction of the mortgage loan by the purchaser of the relevant property. Such pledged deposits are restricted from being used or transferred before the repayment of the respective bank loans. As of December 31, 2010, 2011 and 2012 and June 30, 2013, such pledged deposits amounted to

RMB13.9 million, RMB13.7 million, RMB14.2 million and RMB20.4 million, respectively. As of December 31, 2010, 2011 and 2012 and June 30, 2013, we had pledged deposits as securities in respect of our bank loans of nil, nil, RMB176.5 million and RMB639.5 million, respectively.

Indebtedness

As of October 31, 2013, being the latest practicable date for the purpose of determining our indebtedness, our indebtedness was as follows:

- We had total outstanding bank loans of RMB7,652.3 million (including the outstanding amount of RMB427.5 million under the Hang Seng Bank Facility Agreements), of which (i) RMB6,036.3 million was secured, primarily by our interests in our projects' land and buildings, and (ii) RMB1,616.0 million was unsecured. These bank loans had interest rates ranging from 2.0% to 9.3% per annum, and RMB2,445.8 million was repayable within one year. We had unutilized banking facilities of RMB1,385.0 million.
- We had total outstanding other loans from non-banking financial institutions of RMB825.0 million, of which (i) RMB325.0 million was secured, primarily by our interests in our projects' land and buildings, and (ii) RMB500.0 million was unsecured. These other loans had interest rates ranging from 7.05% to 11.3% per annum, and RMB395.0 million was repayable within one year.
- We provided guarantees and pledged deposits to financial institutions to secure mortgage loans granted to purchasers of our properties, which amounted to RMB2,581.0 million and RMB22.1 million, respectively. In addition, we had bank deposits of RMB639.5 million pledged as securities in respect of our bank loans.

NET CURRENT ASSETS

The table below sets forth the breakdown of our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of June 30, 2013	As of October 31, 2013
	2010	2011	2012		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Current assets					
Inventories	7,769,021	11,576,962	13,273,524	16,067,971	19,029,151
Trade and other receivables	1,225,532	717,169	1,889,090	1,814,563	1,869,680
Tax recoverable	38,559	76,390	59,863	219,303	397,426
Restricted and pledged deposits	52,880	54,259	214,121	679,940	677,125
Cash and cash equivalents	900,822	959,681	2,536,868	2,314,728	1,869,779
Non-current assets classified as held for sales	—	20,706	—	—	—
	9,986,814	13,405,167	17,973,466	21,096,505	23,843,161
Current liabilities					
Trade and other payables	5,079,906	7,743,111	10,565,960	12,055,399	13,924,384
Bank loans	709,000	1,557,500	1,831,000	2,907,370	2,445,755
Tax payable	149,386	295,513	624,847	538,298	629,174
	5,938,292	9,596,124	13,021,807	15,501,067	16,999,313
Net current assets	4,048,522	3,809,043	4,951,659	5,595,438	6,843,848

As of December 31, 2010, 2011 and 2012, June 30, 2013 and October 31, 2013, we had net current assets of RMB4,048.5 million, RMB3,809.0 million, RMB4,951.7 million, RMB5,595.4

million and RMB6,843.8 million, respectively. We recorded net current assets during the Track Record Period and up to October 31, 2013 primarily due to our property development inventories, amounting to RMB7,740.0 million, RMB11,566.3 million, RMB13,261.7 million, RMB16,062.8 million and RMB19,027.4 million as of December 31, 2010, 2011 and 2012, June 30, 2013 and October 31, 2013, respectively.

The key components of our current assets as of October 31, 2013 included property development inventories of RMB19,027.4 million, cash and cash equivalents of RMB1,869.8 million and trade and other receivables of RMB1,869.7 million. The key components of our current liabilities as of October 31, 2013 included trade and other payables of RMB13,924.4 million and bank loans of RMB2,445.8 million.

CAPITAL COMMITMENTS AND CONTRACTUAL OBLIGATIONS

During the Track Record Period, our commitments that were contracted for mainly represented amounts we were liable for under relevant contracts in connection with development expenditures for our properties under development, while commitments that were authorized but not contracted for mainly represented budgeted amounts that our management had authorized in connection with future investment and properties held for future development.

The table below sets forth our capital commitments as of the dates indicated:

	As of December 31,			As of June 30, 2013
	2010	2011	2012	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for	3,350,813	2,622,509	2,497,505	3,502,571
Authorized but not contracted for	18,376,818	14,853,955	15,851,589	16,994,643
Total(1)	21,727,631	17,476,464	18,349,094	20,497,214

Note:

(1) Amount includes (i) our estimated further development costs to complete our property development projects, (ii) land costs that have been contracted for, and (iii) capital commitments in connection with our construction business.

Our capital commitments include our estimated further development costs to complete our property development projects, which amounted to RMB18,493.5 million as of October 31, 2013. Logan City is our largest property development project, and the estimated remaining construction costs of this project accounted for a substantial portion of our capital commitments as of the same date. For a breakdown of the portion of our capital commitments relating to construction costs by project, please see the section entitled "Business—Our Property Projects—Overview" in this prospectus.

The table below summarizes our major near-term expected payments (including payments for our capital commitments and contractual obligations) based on our current project plans, target costs and internal estimates as of June 30, 2013, which are subject to change:

	Expected payments		
	For the six months ending December 31, 2013	For the year ending December 31,	
		2014	2015
	RMB'000	*RMB'000*	*RMB'000*
Development costs(1)	2,740,534	6,511,967	7,163,164
Trade payables	1,223,107	668,075	—
Payment for land premium(2)	316,912	—	—
Repayment of bank and other loans	2,198,333	1,719,420	—

Notes:

(1) Development costs represent amounts we expect to expend to develop our property projects.

(2) Payment for land premium includes (i) contracted and budgeted costs to obtain land use rights and (ii) a land auction deposit.

In addition, under various agreements, we were obligated to make future cash payments in fixed amounts. The table below summarizes these contractual obligations by maturity, including interest payments calculated using contractual rates or, if floating, based on rates as of June 30, 2013:

	Payments due by period				
	Within one year or on demand	More than one year but less than two years	More than two years but less than five years	More than five years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	3,358,647	1,575,394	2,864,429	1,019,901	8,818,371
Trade payables	1,731,051	160,131	—	—	1,891,182
Other payables and accrued charges	286,544	—	—	—	286,544
Other loans	64,012	729,434	—	—	793,446
Amounts due to related companies	269,343	—	—	—	269,343
Amounts due to a non-controlling shareholder	56,827	—	—	—	56,827
Amount due to the founder	7	—	—	—	7
	5,766,431	2,464,959	2,864,429	1,019,901	12,115,720

OPERATING LEASES

As Lessee

We lease office space under various operating leases. The leases typically have an initial term of one to four years with options for renewal, at which time all terms are re-negotiated.

During the Track Record Period, our minimum lease payments for land and buildings charged on our consolidated income statements were RMB6.9 million, RMB4.4 million, RMB9.7 million and RMB5.1 million in 2010, 2011, 2012 and the six months ended June 30, 2013, respectively.

The table below summarizes amounts that we were committed to pay under our operating leases as of the dates indicated:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	3,181	10,451	9,063	8,175
After one year but within five years	4,515	20,376	12,136	8,461
Total	7,696	30,827	21,199	16,636

As of June 30, 2013, none of the properties sold by us during the Track Record Period were leased back to us.

As Lessor

We also lease out a number of building facilities under operating leases, consisting primarily of retail shops attached to some of our property development projects and office space. The leases typically have terms of three to 15 years with options for renewal, at which time all terms are re-negotiated. The table below summarizes the aggregate receivables from our non-cancellable operating leases as of the following dates:

	As of December 31,			As of June 30, 2013
	2010	2011	2012	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	1,601	53,198	58,855	60,281
After one year but within five years	7,765	215,035	183,812	157,466
After five years	19,128	16,990	14,938	14,478
Total	28,494	285,223	257,605	232,225

The decrease in receivables from operating leases from RMB285.2 million as of December 31, 2011 to RMB257.6 million as of December 31, 2012 and further to RMB232.2 million as of June 30, 2013 was primarily attributable to a decrease in the remaining lease period under the tenancy agreement with Shenzhen Tencent Computer System Co., Ltd. for the lease of office space in Logan Century Center, which is expected to expire in 2016. The significant increase in receivables from operating leases from RMB28.5 million as of December 31, 2010 to RMB285.2 million as of December 31, 2011 was primarily due to this tenant commencing the lease in 2011.

WORKING CAPITAL

The property development business in the PRC is capital intensive. During the Track Record Period, our liquidity requirements arose principally from the acquisition of land for and development of our property development projects. We primarily use internal funds (including proceeds from the re-sale and sales of our projects) to acquire land for our project, and a combination of internal funds and bank loans to fund the construction of our projects.

We believe that our capital commitments and contractual obligations are manageable, and we intend to fund them primarily with proceeds from the following sources of cash:

- *Proceeds from our pre-sale activities*. In 2012, we recorded contracted sales of RMB9,737.2 million. In the 10 months ended October 31, 2013, we recorded contracted sales of RMB9,468.0 million, which we expected to receive within three months of the contracted sales based on our experience. In addition, based on our project plans, we expect that pre-sales will commence at 10 property projects in two months ending December 31, 2013 and in 2014, which will generate additional cash flow.
- *Proceeds from bank and other borrowings*. Our unutilized banking facilities amounted to RMB1,385.0 million as of October 31, 2013, and we plan to obtain additional bank and other loans going forward to fund the construction of our projects in line with our past practice.
- *Net proceeds from the Global Offering*. We estimate our net proceeds from the Global Offering to be approximately HK$1,619.7 million (assuming the Over-allotment Option is not exercised and an Offer Price of HK$2.30 per Share, being the mid-point of the Offer Price range stated in this prospectus).
- *Proceeds from our rental income and construction contracts.* We plan to hold our current investment properties, which will continue to generate rental income. Our properties which are scheduled to be completed going forward will also contain investment

properties. In addition, we will continue to provide construction services to our related parties. We expect, however, that consistent with our performance during the Track Record Period, income generated from our rental income and construction contracts will not constitute major sources of our cash flow.

Taking into account our capital commitments and contractual obligations, our current project development schedules, our sale and pre-sale status, our estimated net proceeds from the Global Offering and other factors described above, our Directors confirm that we have sufficient working capital for our operations for at least 12 months from the date of this prospectus. Our Directors further confirm that, based on our current projections, we would still have sufficient working capital for our operations for at least 12 months from the date of this prospectus, assuming that we had no additional bank or other borrowings and experienced a decrease of up to 20% in the ASP and a decrease of up to 20% in the sales volume of our properties during such period.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into various transactions with our related parties.

Our key related party transactions during the Track Record Period primarily related to the construction services we provided to our related companies through Logan Construction. See the section entitled "Business—Construction Business" in this prospectus. In 2010, 2011 and 2012 and the six months ended June 30, 2013, such construction contracts income amounted to RMB239.2 million, RMB239.3 million, RMB235.5 million and RMB336.1 million, respectively. For more information on our future construction services to the related parties, see the section entitled "Connected Transactions—Overview—Continuing Connected Transactions which are subject to the Reporting, Annual Review Announcement and Independent Shareholders' Approval Requirements—Master Construction Services Agreement" in this prospectus.

We provided securities against our related companies' bank and other loans during the Track Record Period, which will be released before Listing. The table below sets forth the amounts of such securities as of the indicated dates:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets pledged against bank and other loans of related companies	84,222	439,144	234,139	234,139
Guarantees against related companies' bank and other loans	230,000	260,000	260,000	40,000

We benefited from securities provided by our related parties, related companies, Ms. Kei and Mr. Ji against bank and other loans we obtained during the Track Record Period, which will be released before Listing. The table below sets forth the amounts of such securities as of the indicated dates:

	As of December 31,			As of June 30,
	2010	2011	2012	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets pledged against our Group's bank loans	—	—	540,000	470,000
Guarantees against our Group's bank and other loans	4,836,300	6,007,885	6,300,910	7,511,739

For more information on our material related party transactions, see Note 28 in the Accountants' Report in Appendix I to this prospectus. Our Directors confirm that all related party transactions during the Track Record Period were conducted on normal commercial terms and on an arm's-length basis, and that their terms were fair, reasonable and in the interest of our Shareholders. Our Directors believe that our related party transactions did not materially distort our financial performance during the Track Record Period, or make our historical results not reflective of our future performance.

LISTING EXPENSES

We have incurred listing expenses of RMB12.2 million over the Track Record Period, which have been charged as administrative expenses on our consolidated income statements. We expect to incur further listing expenses of RMB50.2 million (excluding underwriting commissions), which will be presented on our consolidated income statements for 2013.

LEGAL CONTINGENCIES

In the normal course of business, we are involved in lawsuits and other proceedings. While the outcomes of such lawsuits and other proceedings cannot be determined at present, we believe that liabilities resulting from these proceedings, if any, will not have a material adverse effect on our business, financial position, results of operations or prospects.

OFF-BALANCE SHEET TRANSACTIONS

Except for the contingent liabilities set forth above, as of the Latest Practicable Date, (i) we had not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties; (ii) we did not have a retained or contingent interest in assets transferred to an unconsolidated entity or a similar arrangement that serves as credit, liquidity or market risk support to such entity for such assets; (iii) we had not entered into any derivative contracts that are indexed to our Shares and classified as shareholders' equity, or that are not reflected in our consolidated financial statements; and (iv) we did not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

DISCLAIMER

Except as disclosed in the section entitled "—Indebtedness and Contingent Liabilities" in this prospectus, as of October 31, 2013, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, pledges, debentures, loan capital, bank loans or overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, acceptance liabilities or acceptance credits, guarantees or any other material contingent liabilities. Our Directors confirm that there has been no material change in our indebtedness since October 31, 2013.

MARKET RISKS

Market risk is the risk of loss related to adverse changes in the market prices of financial instruments, including interest rates and foreign exchange rates. We are exposed to various types of market risk in the ordinary course of business, including changes in interest rates and foreign exchange rates. We maintain our accounting records and prepare our financial statements in Renminbi.

Our assets are predominantly in the form of investment properties, investment properties under development, completed properties held for sale, properties under development for sale and properties held for development for sale. In the event of a severe downturn in the property market, the value of these assets may not be readily realizable.

Credit Risk

We are exposed to credit risk primarily arising from bank deposits and trade and other receivables. Our management has policies to continuously monitor the exposures to these credit risks. In addition, we have policies in place to ensure that sales of properties are made to buyers with appropriate financial strength and with the appropriate percentage of down payment. The credit risk of our other financial assets, which mainly comprise bank deposits and trade and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of each of these instruments on our balance sheets.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash from operating activities and the availability of funding through an adequate amount of committed credit facilities. We have a policy to regularly monitor our current and expected liquidity requirements and our compliance with the financial covenants pursuant to our borrowings to ensure that we maintain sufficient reserves of cash and have adequate committed credit lines available. For further details of the maturity dates of our financial liabilities as June 30, 2013, please see Note 3(b) in the Accountants' Report in Appendix I to this prospectus.

Interest Rate Risk

We are exposed to interest rate risks, primarily relating to our bank borrowings with floating interest rates, which were RMB4,878.2 million, RMB5,735.5 million, RMB6,014.2 million and RMB7,353.5 million as of December 31, 2010, 2011 and 2012 and June 30, 2013, respectively. We undertake debt obligations to support our property development and general working capital needs. Upward fluctuations 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. Our net profit is also affected by changes in interest rates due to the impact such changes have on interest income from our bank deposits.

An increase in interest rates may also adversely affect our prospective purchasers' ability to obtain financing and depress overall housing demand in China. For further information, please see the section entitled "Risk Factors—Risks relating to Property Development in the PRC—Adjustments by the PBOC to the benchmark one-year lending rate and reserve requirement ratios may increase our finance costs and the finance costs of our customers" in this prospectus.

Commodities Risk

We are exposed to fluctuations in the prices of raw materials for our property developments, primarily steel and concrete. 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 could have a significant impact on our results of operations.

Foreign Exchange Risk

We conduct our operation in the PRC and most of our transactions are settled in Renminbi. Our foreign exchange risk arises primarily from the exposure to fluctuations of the Renminbi against the Hong Kong dollar as a result of our investment in the PRC and certain general administrative expenses settled in Hong Kong dollars. In addition, Renminbi is not freely convertible and the conversion of Renminbi into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. On July 21, 2005, the PRC government changed its policy of pegging the value of Renminbi to the U.S. dollar. Under this policy, Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. The PRC government may take further actions that could cause future exchange rates to vary significantly from current or historical exchange rates.

A depreciation in Renminbi would adversely affect the value of any dividends we pay to our Shareholders outside the PRC and would also result in an increase in the price of goods with imported content which we source from our suppliers. An appreciation in Renminbi, however, would adversely affect the value of the proceeds we will receive from the Global Offering or any capital contributions in foreign currency if they are not converted into Renminbi in a timely manner.

We do not have a foreign currency hedging policy. However, our Directors monitor our foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting a foreign currency hedging policy in the future.

DIVIDENDS AND DISTRIBUTABLE RESERVES

Dividends

Subject to the Companies Law, we, through a general meeting, may declare final dividends in any currency, but no dividend may be declared in excess of the amount recommended by our Board. Our Articles provide that dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits 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 may be authorized for this purpose in accordance with the Companies Law.

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 many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRS. 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 bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future.

Our Company did not declare any dividends during the Track Record Period. In the absence of circumstances which might affect the amount of available distributable reserves, whether by losses or otherwise, our Directors currently intend to distribute to our Shareholders in the six months ending June 30, 2014 approximately 20% of any net distributable profits derived during the year ending December 31, 2013, excluding changes in fair value of investment properties. However, we will re-evaluate our dividend policy annually, and the amount of dividends actually distributed to our Shareholders in the future 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. There is no assurance that dividends of any amount will be declared or distributed each year or in any given year. Our Directors will declare dividends, if any, in Hong Kong dollars with respect to Shares on a per Share basis and will pay such dividends in Hong Kong dollars.

Distributable Reserves

As of June 30, 2013, our Company did not have any distributable reserves.

PROPERTY INTERESTS

Details relating to our property interests are set out in Appendix III to this prospectus. DTZ Debenham Tie Leung Limited, an independent property valuer, has valued our property interests as of October 31, 2013. The full text of their letters, summary of valuation and valuation certificates.

The following table sets forth the reconciliation between the net book value of our properties as of June 30, 2013, as extracted from the Accountant's Report in Appendix I to this prospectus, and their value as of October 31, 2013, as stated in the Property Valuation in Appendix III to this prospectus.

	RMB'000
Net book value of our properties as of June 30, 2013	
—Investment properties	3,587,000
—Investment properties under development	190,000
—Other land and buildings	28,656
—Properties held under development for sales	9,584,979
—Properties held for sales	1,697,897
—Properties held for development for sales	4,779,900
Net book value of our properties as of June 30, 2013	**19,868,432**
Add: Fair value gain of investment properties during the period from July 1, 2013 to October 31, 2013 (unaudited)	19,754
Add: Additions during the period from July 1, 2013 to October 31, 2013 (unaudited)	3,711,088
Add: Disposal during the period from July 1, 2013 to October 31, 2013 (unaudited)	(1,086,439)
Less: Depreciation of buildings held for own use during the period from July 1, 2013 to October 31, 2013 (unaudited)	(515)
Net book value of our properties as of October 31, 2013 (unaudited)	22,512,320
Less: Properties with no commercial value (unaudited)	(39,141)
Net valuation surplus, before income tax and LAT (unaudited)	13,813,121
Valuation of properties as of October 31, 2013 (unaudited)	36,286,300
Less: attributable to non-controlling interest (unaudited)	(440,300)
Valuation of properties attributable to our Group as of October 31, 2013 as set forth in the Property Valuation Report in Appendix III to this prospectus (unaudited)	**35,846,000**

UNAUDITED PRO FORMA 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 consolidated net tangible assets as of the June 30, 2013 as if it had taken place on June 30, 2013.

The unaudited pro forma statement of adjusted 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 in Appendix I to this prospectus.

	Consolidated net tangible assets as of June 30, 2013	Estimated net proceeds from the Global Offering	Unaudited pro forma net tangible assets	Unaudited pro forma net tangible asset value per Share	
	RMB'000(1)	*RMB'000*(2)	*RMB'000*	*RMB*	*HK$*(3)
Based on an Offer Price of HK$2.10	4,587,619	1,169,737	5,757,356	1.15	1.47
Based on an Offer Price of HK$2.50	4,587,619	1,400,173	5,987,792	1.20	1.52

Notes:

(1) The consolidated net tangible asset value of our Group as of June 30, 2013 is compiled based on the consolidated financial information included in the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$2.10 or HK$2.50, being the low or high end of the stated Offer Price range, translated into Renminbi at the exchange rate of RMB0.7858 to HK$1.00, after deducting of the underwriting fees and other listing-related expenses (excluding approximately RMB12.2 million listing expenses which have been accounted for prior to June 30, 2013) payable by our Group.

(3) The unaudited pro forma net tangible asset value per Share, translated into Hong Kong dollar at the exchange rate of HK$1.00 to RMB0.7858, is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 5,000,000,000 Shares (including Shares in issue as of June 30, 2013, and Shares that may be issued under the Capitalization Issue and the Global Offering) were in issue immediately following the completion of the Global Offering. It does not take into account of any Shares that may be issued upon the exercise of the Over-allotment Option.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that there has been no material adverse change in our financial or trading position or prospects of our Company since 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.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.