The following discussion should be read in conjunction with the consolidated financial information together with the accompanying notes in the Accountants' Reports of our Group, the text of which is set forth in Appendices I to this prospectus, respectively. Our financial information is prepared in conformity with IFRS, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions, including the United States. You should read the whole of the Accountants' Reports of the Group included as Appendices I to this prospectus and not rely merely on the information contained in this section. Unless the context otherwise requires, financial information in this section is described on a consolidated basis.

Unless otherwise specified, references in this section to "2010," "2011" and "2012" are to the years ended December 31, 2010, 2011 and 2012, respectively.

The following discussion contains forward-looking statements that involve risks and uncertainties. Factors that could cause or contribute to such differences include, without limitation, those discussed in "Risk Factors" and "Business" and elsewhere in this prospectus.

OVERVIEW

We are a PRC real estate developer with a nationally recognized brand, "Sunshine 100 (陽光100)." We commenced our business in 1994, and were among the earliest PRC real estate developers to develop large-scale mixed-use business complexes, which typically are combinations of offices, retail shops, hotels, apartments and ancillary facilities, in fast-growing second- and third-tier Chinese cities. We have also been developing multi-functional residential communities, which typically consist of a complementary mix of residential and commercial properties. We believe that second- and third-tier Chinese cities, benefiting from continuous urbanization in China, present growth potential for property development that exceeds the national average.

Since 1994, we have selectively entered 16 cities in China, including nine second-tier cities that are China's regional economic centers (Tianjin, Chongqing, Wuhan, Changsha, Jinan, Nanning, Shenyang, Chengdu and Wuxi) and seven third-tier cities that are important high-growth cities in their respective provinces (Yantai, Dongying, Liuzhou, Guilin, Weifang, Dongguan (via an associated company) and Qingyuan). We typically select second- and third-tier cities with sizeable economies that we believe possess the potential for rapid future growth in the property sector. Most of the cities we have entered have a population of one million or above, a local GDP of RMB200 billion or above and annual total commodity property sales of three million sq.m. or above in terms of GFA. According to China Index Academy, there are approximately 67 second- and third-tier cities in China that meet these criteria, which presents a sizeable pool from which we may select cities to enter.

Through developing mixed-use business complexes that we expect will become local landmarks and form new urban centers and multi-functional residential communities in second- and third-tier Chinese cities, we endeavor to bring a cosmopolitan lifestyle to the affluent local population, in the case of mixed-use business complexes, and the emerging middle class and white-collar professionals, in the case of multi-functional residential communities, in these cities. In addition, we provide property management services to our development projects and own hotels we have developed in select locations.

As of November 30, 2013, we had cumulatively completed development of 8.1 million sq.m. in total GFA. As of the same date, we had, in terms of GFA attributable to us in our 25 current projects, land reserves of 11.7 million sq.m., which included (i) completed and unsold properties and completed properties held for investment of approximately 1.2 million sq.m., (ii) properties under development of approximately 2.4 million sq.m. and (iii) properties held for future development of approximately 8.1 million sq.m., which included an aggregate planned GFA attributable to us of approximately 2.8 million sq.m. for which we had not obtained land use rights certificates. For further details, see "Business—Our Property Development Projects—Overview" beginning on page 146 of this prospectus.

For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2012 and 2013, we recorded revenue of RMB2,932.3 million, RMB2,939.6 million, RMB4,454.6 million, RMB2,212.5 million and RMB2,189.6 million, respectively, and profit for the year/period of RMB270.2 million, RMB60.8 million, RMB384.3 million, RMB22.5 million and RMB74.1 million, respectively.

BASIS OF PRESENTATION

Our consolidated statements of comprehensive income, consolidated balance sheets, consolidated statements of cash flows and consolidated statements of changes in equity as of or for the years ended December 31, 2010, 2011 and 2012 and as of or for the nine months ended September 30, 2012 and 2013, to which the following discussion relates, have been prepared with all intra-Group transactions and balances and unrealized gains and (to the extent there is no evidence of impairment) losses resulting from intra-group transactions eliminated.

KEY FACTORS AFFECTING OUR PERFORMANCE

Our business, results of operations and financial condition are affected by a number of factors, many of which are beyond our control. Some of the key factors include the following:

The PRC Economy and Its Impact on the Property Markets

Our business is heavily dependent on the continued economic growth, urbanization and the resultant demand for properties in China. The key macroeconomic factors in the PRC that we consider to be important to our operations include general economic development, growth in the private sector and government strategic planning. Economic growth, substantially attributable to the private sector and significantly affected by government strategic planning, has boosted the general level of disposable income and the number of middle to upper-middle income households in the PRC, which are our primary target customers. Such growth and the concomitant urbanization have had a significant impact on the PRC property markets, including the cities and regions where we operate, affecting the supply of and demand for properties and property pricing trends. We believe that these factors will continue to significantly impact our operations. The slowdown of the global economy from 2008 to early 2009, including that of China, resulted in a decline in real estate market sentiment, which adversely affected property demand and consequently the average selling prices and rental prices in many areas of China. In 2010, a financial crisis emerged in Europe, triggered by high budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal and Spain, which created concerns about the ability of these European nations to continue to service their sovereign debt obligations. In

2011, Standard & Poor's downgraded the rating for long-term United States debt for the first time in 70 years. More recently, global financial markets and economic conditions, including those in China, have continued to be adversely affected by the ongoing credit crisis in Europe, the credit rating downgrade of United States and heightened volatility in major stock markets. It is difficult to determine the exact impact of any prolonged global economic slowdown and financial crisis on the economy and, derivatively, the property markets in the PRC. Any economic downturn in China generally or, in particular, in the regions where we operate, could adversely affect our business, results of operations and financial condition.

The Regulatory Environment and Measures Affecting the Real Estate Industry in China

Our business has been, and will continue to be, affected by the regulatory environment in China, including, specifically, policies and measures taken by the PRC government on property development and related industries. In recent years, the PRC government has implemented a series of measures to contain the pace of economic growth, particularly the perceived over-heating in the real estate market. While the PRC government may still regard the real estate industry to be important, the PRC government has taken various restrictive measures to discourage speculation and increase the supply of affordable residential properties. From time to time, the PRC government adjusts or introduces macroeconomic policies to encourage or restrict development in the private property sector through regulating, among others, land grants, pre-sales of properties, bank financing, mortgage and taxation. Measures taken by the PRC government to control money supply, credit availability and fixed assets also have a direct impact on our business. The PRC government may introduce initiatives which may affect our access to capital and the means through which we finance our property developments. These and other measures have affected the overall economy in China, with differing effects on various sectors.

More recently, since the first half of 2010, in response to the rising property prices across the country, the PRC government announced new policies and adopted new measures to curtail speculation in the property market and imposed more stringent requirements on the payment of land premiums by property developers. These policies include the abolishment of certain preferential treatment in respect of business tax payable upon transfer of residential properties, increased minimum down-payment for mortgage loans, more stringent requirements on the payment of land premium, further limits on the number of residential properties one household can buy, a trial property tax scheme in Shanghai and Chongqing and a 20% capital gains tax on residential property re-sales. PRC regulatory measures in the real estate industry will continue to impact our business. See "Risk Factors—Risks Relating to the Property Industry in China" and "Appendix V—Summary of Principal PRC Legal and Regulatory Provisions" for more details on the relevant PRC laws and regulations.

Mix of Property Developments

We specialize in two series of property developments, namely, mixed-use business complexes and multi-functional residential communities, and their respective proportions in our property development portfolio have an impact on our results of operations. Historically, our mixed-use business complexes have commanded higher average selling prices and gross margins than our multi-functional residential communities. In 2010, 2011 and 2012 and for the nine months ended September 30, 2012 and 2013, the average selling price of our mixed-use business complexes was RMB6,396.6 per sq.m., RMB9,107.9 per sq.m., RMB10,217.2 per sq.m., RMB9,969.0 per sq.m. and RMB11,633.9 per sq.m., respectively, and the average selling price of our multi-functional residential communities was RMB5,052.0 per sq.m., RMB5,661.2 per sq.m., RMB8,139.6 per sq.m., RMB7,640.7 per sq.m. and RMB7,308.6 per sq.m., respectively, exclusive of car parks. For the same years/periods, the gross margin for our mixed-use business complexes was 39.6%, 33.7%, 41.8%, 26.4% and 46.7%, respectively, and the gross margin for our multi-functional residential communities was 27.8%, 26.7%, 30.0%, 35.9% and 20.7%, respectively. We believe the disparity is determined by the different nature and marketability of the two series of properties, and expect the trend to continue. As a result, our gross margin may improve with proportionally more sales from mixed-use business complexes, and vice versa. Such mix varies from period to period due to a number of reasons, including government-regulated plot ratios, project locations, land size and cost, market conditions and, importantly, our development planning, which may dictate the timing of properties available for sales contribution at any given time. We adjust the mix from time to time according to our development plans.

We have in the past retained, and intend in the future to continue to retain, some investment properties to generate rental income and enjoy the benefit of any appreciation of property value. As a result, our results of operations, including particularly our gross margins, and the sources and amount of cash from operations have varied and may continue to vary significantly from period to period depending on the type and GFA of our completed properties that we decide to rent rather than sell. Our results of operations and cash flows will also vary depending on the market demand at the time we sell or lease our properties, the rental and occupancy rates of our investment properties and the unit selling prices of our residential properties, small retail shops and car parks. The recurring income we receive from, and the occupancy levels of, our investment properties depend on local supply and demand conditions, as well as the type of properties available for leasing at any particular time.

Pre-sale and Progress of Property Development

Pre-sales provide an important source of our operating cash inflow during the course of property development. PRC laws allow us to pre-sell properties before their completion upon obtaining a pre-sale permit from the relevant governmental authorities with the requirement that we use the pre-sale proceeds to develop the same property projects. However, we do not recognize revenue from the pre-sale of a property until the property has been completed and delivered to the purchaser. The progress of property development may affect our ability to commence pre-sale or deliver properties to our customers within the specified time limit and in turn affect the amount and timing of cash inflows or revenue we can recognize from pre-sales. Any reduced cash inflow from pre-sales of our properties will increase our reliance on external financing and will impact our ability to finance our continuing property developments.

Cost of Property Sales

Our results of operations are significantly affected by cost of property sales, which consists primarily of construction costs and costs of land use rights.

Construction cost consists of costs for the design and construction of projects, including primarily payments to third-party contractors and architects and the cost of construction materials and equipment as well as capitalized expenses (including capitalized interests). Construction costs of our projects vary not only according to the floor area and height of the buildings, but also the geology of the construction site. Our construction costs are indirectly affected by price volatility of construction materials such as steel and cement. For the years ended December 31, 2010, 2011 and 2012 and nine months ended September 30, 2013, our construction costs were RMB1,447.4 million, RMB1,481.7 million, RMB2,230.1 million and RMB1,074.0 million, respectively, which represented 76.6%, 74.6%, and 77.4% and 70.1%, respectively, of our total cost of sales.

Costs of land use rights include costs relating to the acquisition of the rights to occupy, use and develop land, and primarily represent land premiums incurred in connection with land grants from the local PRC governments or land acquired in the secondary market. 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 land reserves suitable for development. Our costs of land use rights are affected by a number of factors, including location, timing of acquisition and the plot ratios of the proposed property developments. Costs of land use rights are also affected by our method of acquisition, whether by PRC government-organized tenders, auctions or listings-for-sale, through private sale transactions and cooperative agreements with third parties in the secondary market or through acquisitions of other companies that hold land use rights. Our costs of land use rights are also subject to changes in PRC policies and regulations, which may materially and adversely affect our cash flow and our ability to acquire suitable land for our operations.

Timing and Pricing of the Sale of the Land Use Rights to the Land We Develop on a Primary Basis

Results from our primary land development business are significantly affected by the timing, pricing and outcome of the sale of land use rights to the land we have developed on a primary basis due to different accounting treatments at different stages of development and whether we acquire the land use rights and go on to conduct property development on the land.

Prior to the sale of land use rights by the local land authority through competitive bidding, public auction or listing-for-sale, we do not recognize revenue from primary land development but record cost of primary land development on our balance sheet as "land development for sale." Cost of primary land development includes primarily costs relating to relocation and resettlement of incumbent residents and businesses, costs of demolition of existing structures and construction and costs of building infrastructure such as roads and utilities. Relocation and resettlement costs constitute the most significant part of the cost of primary land development and are incurred at the initial stage of a primary land development project. As a result, we generally record more "land development for sale" in the earlier stage as compared to the later stage of a primary land development project before the land we develop is sold.

If we do not acquire the land use rights at the sale, we recognize revenue at our expected share of the proceeds from the sale from the local government authorities, less cumulative development costs and expected additional costs to completion. If we do acquire the land use rights at the sale and go on to conduct property development on the land, we consolidate the cumulative primary development costs into the cost of the corresponding property development. Therefore, our results of operations may be materially affected by whether or not we are willing or able to acquire the land use rights in the land we have developed on a primary basis.

We conducted primary land development during the Track Record Period primarily in the Chengdu, Guilin and Weifang primary land development projects. See "Business—Our Primary Land Development Projects" on page 183 of this prospectus.

Valuation of Our Investment Properties

We state our investment properties at fair value on our consolidated balance sheets as non-current assets as of each statement date on the basis of valuations by CBRE Limited, an independent property valuer, and record changes in the fair value gains or losses in our consolidated statements of comprehensive income. As of December 31, 2010, 2011 and 2012 and September 30, 2013, the fair value of our investment properties amounted to RMB2,778.7 million, RMB3,188.3 million, RMB3,468.8 million and RMB4,173.1 million, respectively. In 2010, 2011 and 2012 and for the nine months ended September 30, 2012 and 2013, we recorded valuation gains on investment properties of RMB373.3 million, RMB242.4 million, RMB139.3 million, RMB115.0 million and RMB121.3 million, respectively. The fair value of each of our investment properties has fluctuated, and is likely to continue to fluctuate, from time to time in accordance with the prevailing property market conditions. Any decrease in the fair value of our investment properties will adversely affect our profitability. In addition, fair-value gains are unrealized and do not generate any cash inflow to us until such investment properties are disposed of at considerations similar to the valuations. We may therefore experience higher profitability through investment property valuation gains without a corresponding improvement to our liquidity position.

Access to Adequate Financing and Capital Resources

We fund our business operations through both internally generated funds and external financings, including, primarily, bank borrowings, trust financings, financings from other financial institutions and shareholders' contributions. As of December 31, 2010, 2011 and 2012 and September 30, 2013, our outstanding bank and other borrowings amounted to RMB5,716.9 million, RMB7,264.5 million, RMB10,194.4 million and RMB13,041.2 million, respectively. As commercial banks in China link the interest rates on their bank loans to benchmark lending rates published by the PBOC, any increase in such benchmark lending rates will increase the interest costs related to our developments. In addition, as we use trust financing on a substantial scale, our cost of financing is affected by the proportion of trust financing in our overall external financing since trust financing typically costs more than traditional bank borrowing. Our access to capital and cost of financing are also affected by restrictions imposed from time to time by the PRC government on lending for property development.

Seasonality

We typically deliver more properties in the second half of the year than the first half. Accordingly, our results of operations, including revenue and cost of sales, tend to be greater in the second half of the year as compared with the first half.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with IFRS requires us to adopt accounting policies and make judgments, estimates and assumptions that affect amounts reported in our financial statements. In applying these accounting policies, we make subjective and complex judgments, based on experience and other factors, that frequently require estimates about matters that are inherently uncertain. Many of these policies, estimates and related judgments are common in the real estate industry, while others are specific to our businesses and operations. The following sections discuss the accounting policies applied in preparing our financial statements that we believe are most dependent on the application of these judgments and estimates and certain other significant accounting policies.

Revenue Recognition

We measure revenue at the fair value of the consideration received or receivable. We recognize revenue when it is probable that the economic benefits will flow to us and the revenue and costs (if applicable) can be measured reliably. More specifically:

Sale of properties. We recognize revenue from sales of properties when the significant risks and rewards of ownership have been transferred to the buyers, which we consider to be the moment when the properties are completed and delivered to the buyers. Our revenue from sales of properties is exclusive of business tax and deduction of any trade discounts. Deposits and installments received on properties sold prior to the date of revenue recognition are included on our balance sheets as "sales deposits" under current liabilities.

Land development for sale. We recognize revenue from land development for sale, in connection with our primary land development projects, upon the transfer of risks and rewards in connection with the land development for sale and when the amount of revenue can be measured reliably, which we consider to be the moment upon the completion of related works as well as the sale of land.

Property management and hotel operation income. We recognize income from property management and hotel operations over the period in which the services are rendered, exclusive of business tax.

Rental income from operating leases. We recognize rental income from operating leases in profit or loss, exclusive of business tax and net of any incentives, in equal installments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset.

Completed Properties Held for Sale and Properties Under Development

We state completed properties held for sale and properties under development at the lower of cost and net realizable value. Cost includes the attributable cost of land acquisition, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overhead costs and capitalized borrowing costs. We determine net realizable value by reference to our estimates of the selling price based on prevailing market conditions, less estimated costs of completion and, in the case of properties under development, the anticipated costs to completion.

Investment Properties

Investment properties refer to interests in land and buildings we hold to earn rental income and/or for capital appreciation, which include completed investment properties as well as land held for a currently undetermined future use and properties under development that we intend to hold in the future as investment properties.

We state investment properties at fair value, unless they are under development at the balance sheet date and their fair value cannot be reliably measured at that time. We recognize any gain or loss arising from a change in fair value or from the retirement or disposal of investment properties in profit or loss.

Land Development for Sale

We include in the cost of land development for sale the aggregate cost of development, costs of materials and supplies, capitalized borrowing costs on related borrowing funds during the period of development and other costs directly attributable to such land development for sale. We state land development for sale on our balance sheets at the lower of cost and net realizable value. In determining net realizable value we take into account our share of proceeds derived from the sale of land development for sale by government authorities, less costs to completion and costs to be incurred in realizing the revenue derived from the sale of land development for sale based on prevailing market conditions.

Trade and Other Receivables

We recognize trade and other receivables initially at fair value and thereafter at amortized cost using the effective interest method, less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, we state the receivables at cost less allowance for impairment of doubtful debts without amortization.

Trade and Other Payables

We recognize trade and other payables initially at fair value and thereafter at amortized cost unless the effect of discounting would be immaterial, in which case we state them at cost.

CERTAIN CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME ITEMS

Revenue

Our revenue comprises (i) sales of properties, including mixed-use business complexes and multi-functional residential communities, (ii) property management and hotel operation income and (iii) rental income from investment properties. The following table sets forth our revenue by component for the years indicated:

	Year ended December 31,						Nine months ended September 30,			
	2010		2011		2012		2012		2013	
	(RMB in millions, except percentages)									
Sales of properties										
Mixed-use business complexes	1,328.5	45.3%	1,149.8	39.1%	934.5	21.0%	225.5	10.2%	280.6	12.8%
Multi-functional residential communities	1,506.7	51.4%	1,670.1	56.9%	3,338.9	75.0%	1,859.3	84.0%	1,742.6	79.6%
Sub-total	2,835.2	96.7%	2,819.9	96.0%	4,273.4	96.0%	2,084.8	94.2%	2,023.2	92.4%
Property management and hotel operation income	76.3	2.6%	89.3	3.0%	140.4	3.1%	96.5	4.4%	126.2	5.8%
Rental income from investment properties	20.8	0.7%	30.4	1.0%	40.8	0.9%	31.2	1.4%	40.2	1.8%
Total	2,932.3	100.0%	2,939.6	100.0%	4,454.6	100.0%	2,212.5	100.0%	2,189.6	100.0%

Sales of properties. During the Track Record Period, we derived most of our revenue from sales of properties. In 2010, 2011 and 2012 and for the nine months ended September 30, 2012 and 2013, revenue from sales of properties accounted for 96.7%, 96.0%, 96.0%, 94.2% and 92.4%, respectively, of our total revenue.

In 2010, 2011 and 2012 and for the nine months ended September 30, 2012 and 2013, we recognized revenue of RMB1,328.5 million, RMB1,149.8 million, RMB934.5 million, RMB225.5 million and RMB280.6 million, respectively, in connection with sales of an aggregate GFA (excluding car parks) of 195,927 sq.m., 117,837 sq.m., 90,759 sq.m., 22,650 sq.m. and 22,336 sq.m., respectively, of mixed-use business complexes, representing an average selling price (excluding car parks) of RMB6,396.6 per sq.m., RMB9,107.9 per sq.m., RMB10,217.2 per sq.m., RMB9,969.0 per sq.m. and RMB11,633.9 per sq.m., respectively. For the same years, we recognized revenue of RMB1,506.7 million, RMB1,670.1 million, RMB3,338.9 million, RMB1,859.3 million and RMB1,742.6 million, respectively, in connection with sales of an aggregate GFA (excluding car parks) of 288,577 sq.m., 289,154 sq.m., 407,288 sq.m., 241,487 sq.m. and 234,986 sq.m., respectively, of multi-functional residential communities, representing an average selling price (excluding car parks) of RMB5,052.0 per sq.m., RMB5,661.2 per sq.m., RMB8,139.6 per sq.m., RMB7,640.7 per sq.m. and RMB7,308.6 per sq.m., respectively. We expect that our revenue from sale of properties, in particular, sale of mixed-use business complexes, will increase over time as we expand our business.

Property management and hotel operation income. In 2010, 2011 and 2012 and for the nine months ended September 30, 2012 and 2013, our revenue from property management, hotel operation and related services was RMB76.3 million, RMB89.3 million, RMB140.4 million, RMB96.5 million and RMB126.2 million, respectively. We expect that our revenue from property management, hotel operation and related services will increase over time due to the cumulative growth of our portfolio of residential and commercial properties under our management.

Rental income from investment properties. In 2010, 2011 and 2012 and for the nine months ended September 30, 2012 and 2013, our rental income from investment properties was RMB20.8 million, RMB30.4 million, RMB40.8 million, RMB31.2 million and RMB40.2 million, respectively.

Cost of Sales

Our cost of sales comprises (i) cost of property sales and (ii) cost of property management and hotel operation, which correspond to the several components of our revenue. We recognize the cost of sales of our properties for a given period to the extent that revenue from such properties has been recognized in the same period. The table below sets forth our cost of sales by component for the years indicated:

	Year ended December 31,						Nine months ended September 30,			
	2010		2011		2012		2012		2013	
	(RMB in millions, except percentages)									
Cost of property sales										
Mixed-use business complexes	801.8	40.9%	762.3	36.6%	543.9	17.9%	165.9	11.3%	149.5	9.1%
Multi-functional residential communities	1,088.5	55.5%	1,224.6	58.8%	2,336.1	76.8%	1,191.4	81.2%	1,382.0	83.7%
Sub-total	1,890.3	96.4%	1,986.9	95.4%	2,880.0	94.7%	1,357.3	92.5%	1,531.5	92.8%
Cost of property management and hotel operation	70.5	3.6%	95.2	4.6%	162.2	5.3%	109.3	7.5%	119.1	7.2%
Total	1,960.8	100%	2,082.1	100%	3,042.2	100%	1,466.6	100.0%	1,650.6	100.0%

Cost of property sales. Cost of property sales primarily represents the costs we incur directly in connection with our property development activities, which include construction costs, costs of land use rights and capitalized costs (referring to costs that had been capitalized into the relevant properties when they were under development).

Cost of property management and hotel operation. Cost of property management and hotel operation primarily includes property maintenance costs, management fees paid to third-party hotel managers, salaries for employees in our property management and hotel operation and depreciation of the relevant properties.

Gross Profit

In 2010, 2011 and 2012 and for the nine months ended September 30, 2012 and 2013, we made a gross profit of RMB971.5 million, RMB857.5 million, RMB1,412.4 million, RMB745.9 million and RMB539.0 million, respectively, at a gross profit margin of 33.1%, 29.2%, 31.7%, 33.7% and 24.6%, respectively. Generally, our mixed-use business complexes command higher average selling prices and higher gross profit margins than multi-functional residential communities. For 2010, 2011 and 2012 and for the nine months ended September 30, 2012 and 2013, our gross profit margin from sales of mixed-use business complexes was 39.6%, 33.7%, 41.8%, 26.4% and 46.7%, respectively, as compared to 27.8%, 26.7%, 30.0%, 35.9% and 20.7%, respectively, from sales of multi-functional residential communities.

Valuation Gains on Investment Properties

In 2010, 2011 and 2012 and for the nine months ended September 30, 2012 and 2013, we recorded valuation gains from our investment properties in the amount of RMB373.3 million, RMB242.4 million, RMB139.3 million, RMB115.0 million and RMB121.3 million, respectively.[1] The following table sets forth the respective valuation gain of each investment property we held for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
Project	(RMB in millions)			(RMB in millions)	
Yantai Sunshine 100 City Plaza (Phase I)	115.2	65.5	20.3	12.2	23.4
Liuzhou Sunshine 100 City Plaza	82.3	16.1	25.2	22.2	79.1
Shenyang Sunshine 100 International New Town (Phase II)	39.8	95.1	47.1	41.0	(9.5)
Nanning Sunshine 100 European Garden	45.2	10.8	1.3	1.0	8.5
Tianjin Sunshine 100 International New Town	62.8	26.2	32.6	31.2	7.1
Chongqing Sunshine 100 International New Town	20.5	21.0	9.3	4.8	6.3
Others[2]	7.5	7.7	3.5	2.6	6.4
Total	373.3	242.4	139.3	115.0	121.3

Notes:

(1) For these periods, our profit/(loss) for the year/period was RMB270.2 million, RMB60.8 million, RMB384.3 million, RMB22.5 million and RMB74.1 million, respectively. Excluding the net effect of valuation gains on investment properties (net of tax adjustments), our adjusted net (loss)/profit would be RMB(9.7) million, RMB(121.0) million, RMB279.8 million, RMB(63.7) million and RMB(16.9) million, respectively, with an adjusted net (loss)/profit margin of (0.3)%, (4.1)%, 6.3%, (2.9)% and (0.8)%, respectively. After such adjustments, we would have net losses in the years ended December 31, 2010 and 2011 and the nine months ended September 30, 2012 and 2013, primarily because, as compared with our recognized revenue from properties delivered during the respective year/period, (i) we incurred relatively high financial expenses as we increased borrowings to expand development activities and increase our land reserves and as we incurred fair value losses from the Riverside loans and (ii) our administrative expenses were relatively high.

(2) Including Nanning Sunshine 100 City Plaza (Phase I), Nanning Sunshine 100 Mountainside Garden, Nanning Sunshine 100 Australian Garden, Liuzhou Sunshine 100 Classical Era, Dongying Sunshine 100 City Garden, Yangshuo Sunshine 100 West Street Square and Jinan Sunshine 100 International New Town.

Property values of each of the property/project of the Group are affected by, among other factors, the rate of economic growth, interest rate and political and economic developments in the PRC. In addition, property values of each of the property/projects under development of the Group are also affected by construction costs and the progress of the Group's development of properties.

Valuation methods

As advised by CBRE, set forth below is a summary in relation to the valuation methodologies and assumptions as adopted by CBRE:

The property valuer has adopted two valuation methodologies, namely the direct comparison approach, and the income approach, in valuing the investment properties. The valuation methodologies adopted depend on the nature and status of each property as at the valuation date. The different valuation methodologies adopted are in line with market practice as they are commonly used in valuing similar properties.

The valuation has been made on the assumption that the owner sells the properties concerned on the open market without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the value of the properties. The property valuer has assumed that the owner of the property interest has enforceable title to the property interest, and has free and uninterrupted rights to use the property for the whole of the unexpired term. Furthermore, the property valuer has valued it on the assumption that it is freely disposable and transferable to third parties on the (open) market without paying any additional premium or other onerous payment. The valuation methods adopted for each of our properties as of December 31, 2010, December 31, 2011, December 31, 2012 and September 30, 2013, is set out below:

No	Property	December 31, 2010	December 31, 2011	December 31, 2012	September 30, 2013
1	Chongqing Sunshine 100 International New Town	Direct Comparison and Income Approach	Direct Comparison and Income Approach	Direct Comparison and Income Approach	Direct Comparison and Income Approach
2	Retail, office Floor 15 and Floor 6, Yantai Sunshine 100 City Plaza	Direct Comparison and Income Approach	Direct Comparison and Income Approach	Direct Comparison and Income Approach	Direct Comparison and Income Approach
3	No.5 Building of West Park and Retail 23 and Retail 24 of North Park, Tianjin Sunshine 100 International New Town	Direct Comparison and Income Approach	Direct Comparison and Income Approach	Direct Comparison and Income Approach	Direct Comparison and Income Approach
4	North Park, Underground Retail, Tianjin Sunshine 100 International New Town	Direct Comparison Approach	Direct Comparison Approach	Direct Comparison and Income Approach	Direct Comparison and Income Approach
5	D3, D4 Retail , Shenyang Sunshine 100 International New Town	Direct Comparison Approach	Direct Comparison Approach	Direct Comparison and Income Approach	Direct Comparison and Income Approach
6	D5, D6, D7 Retail, Shenyang Sunshine 100 International New Town	Direct Comparison Approach	Direct Comparison and Income Approach	Direct Comparison and Income Approach	Direct Comparison and Income Approach
7	D13 Kindergarten, Shenyang Sunshine 100 International New Town	Income Approach	Income Approach	Income Approach	Income Approach
8	E11,E12,E13 Retail, E13 Underground Retail, Shenyang Sunshine 100 International New Town	Direct Comparison Approach	Direct Comparison Approach	Direct Comparison Approach	Direct Comparison Approach
9	Various Retail Units, Nanning Sunshine 100 European Garden	Income Approach	Income Approach	Income Approach	Income Approach
10	Various Retail Units, Nanning Sunshine 100 City Plaza	Direct Comparison and Income Approach	Direct Comparison and Income Approach	Direct Comparison and Income Approach	Direct Comparison and Income Approach
11	Kindergarten, Liuzhou Sunshine 100 Classical Era	Income Approach	Direct Comparison Approach	Income Approach	Income Approach
12	Various Retail Units, and a Kindergarten, Liuzhou Sunshine 100 City Plaza	Direct Comparison and Income Approach	Direct Comparison and Income Approach	Direct Comparison and Income Approach	Direct Comparison and Income Approach
13	25# Retail Units, Liuzhou Sunshine 100 City Plaza	Direct Comparison Approach	Direct Comparison Approach	Direct Comparison and Income Approach	Direct Comparison and Income Approach

No	Property	December 31, 2010	December 31, 2011	December 31, 2012	September 30, 2013
14	26# Retail Units, Liuzhou Sunshine 100 City Plaza	Direct Comparison Approach	Direct Comparison Approach	Direct Comparison Approach	Direct Comparison and Income Approach
15	27# Retail Units, Liuzhou Sunshine 100 City Plaza	Direct Comparison Approach	Direct Comparison and Income Approach	Direct Comparison and Income Approach	Direct Comparison and Income Approach
16	Various Retail Units, Guangxi Vantone Air Garden	Direct Comparison and Income Approach	Direct Comparison and Income Approach	Direct Comparison and Income Approach	Direct Comparison and Income Approach
17	Various retail units and clubhouse in Nanning Sunshine 100 Australian Garden	Income Approach	Income Approach	Income Approach	Income Approach
18	Clubhouse in Nanning Sunshine 100 Mountainside Garden	Income Approach and Direct Comparison	Income Approach and Direct Comparison	Income Approach and Direct Comparison	Income Approach and Direct Comparison
19	A kindergarten located in Dongying Sunshine 100 City Garden	Income Approach	Income Approach	Income Approach	Income Approach
20	A kindergarten of Chongqing Sunshine 100 City Plaza	Income Approach	Income Approach	Income Approach	Income Approach
21	A portion of retail podium of Chongqing Sunshine 100 City Plaza	Direct Comparison Approach	Direct Comparison Approach	Direct Comparison Approach	Direct Comparison Approach
22	A hotel, Yangshuo Sunshine 100 West Street Square	N/A	Income Approach	Income Approach	Income Approach
23	A Shopping mall, Jinan Sunshine 100 International New Town	N/A	Direct Comparison and Income Approach	Direct Comparison and Income Approach	Direct Comparison and Income Approach
24	A portion of retail podium of phase 1, Weifang Sunshine 100 City Plaza	N/A	N/A	N/A	Direct Comparison Approach

(i) Direct comparison approach

Under the relevant valuation standards, the property valuer considers to adopt the direct comparison approach as appropriate depending on the availability of the comparable properties. Properties are valued on the assumption that each property can be sold in their existing state subject to existing tenancies or otherwise with the benefit of vacant possession. Where direct comparison approach is adopted, the property valuer has considered the prices realized or current asking prices of selected comparable properties of similar size, character and location, and analyzed and weighed against the advantages and disadvantages of each property in arriving at a fair value.

(ii) Income approach

Under the relevant valuation standards, for the income approach, the property valuer has considered and adopted either the direct capitalization method or term & reversion method as appropriate depending on the nature of the properties.

Under the direct capitalization method, the capital value of a property is determined from its ability to generate rental income and is usually adopted when the property is substantially vacant. Capital value is derived by dividing the potential rental income of the property to be valued by the appropriate capitalization rate. Potential rental income of the property to be valued is determined with reference to the annual prevailing market rent.

Under the term & reversion method, the capital value of a property is determined from the value of its remaining tenancy and its value upon expiration of the tenancy. The value of its remaining tenancy is assessed based on its current rent and the remaining valid lease term. The value upon expiration of the tenancy is determined based on the prevailing market rent and the market yield rate. When deriving the market yield rate, the property valuer has considered the reversionary yield and term yield. Reversionary yield is calculated by dividing annual unit market rental income over unit market value of the comparable properties. As for term yield, it is derived from the yield generated from comparable properties and adjusted downward to reflect the increase in certainty of term income secured and to be received. The method is usually adopted when the property has leased out most of its lettable area to tenants.

Prevailing market rent is the average unit rental of the subject property (including all floors of the subject property). In general, the following major steps will be taken by property valuers to formulate the prevailing market rent used for valuation:

(i) first, to obtain the then available market unit rents of comparable properties of similar size, character and location closest to the respective valuation dates;

(ii) after having taken into account adjustment factors (including location, quality, age, size and building conditions) which they consider appropriate, to derive the average ''daily (or monthly) unit rent'' of a particular floor of the subject property; and

(iii) by applying a ''floor adjustment'' (see note below) to the ''daily (or monthly) unit rent'' of a particular floor of the subject property, to derive the prevailing market rent.

Note: Floor adjustment is made to reflect the difference in values of the different floors within the subject property because of factors such as accessibility and human traffic flow of different floors.

CBRE, the property valuer, confirms that the "daily (or monthly) unit rent" and the prevailing market rent are not different assumptions, but are inputs applied in sequence in the same valuation model for deriving the valuation of the subject property.

Meanwhile, capitalization rate and market yield rate are determined with reference to, inter alia, the achievable selling prices and rental income of comparable properties, etc. In general, capitalization rate is usually applied when the property is substantially vacant. By the time when a property has leased out most of its lettable area to tenants and rental income is generated, market yield rate would usually be applied.

Other assumptions of the income approach as adopted by the property valuers for the investment properties during the Track Record Period are as follows:

As of December 31, 2010

	Market Yield rate (%)	Capitalization rate (%)	Prevailing market rent (RMB/sq.m./day)
Property 1— D3, D4, D5, D6, D7, Shenyang Sunshine 100 International New Town	Retail: N/A Kindergarten: 4.5%~5%	Retail: N/A Kindergarten: N/A	Retail: N/A Kindergarten: 0.46
Property 2— E11, E12, E13, D13 underground retail, Shenyang Sunshine 100 International New Town	N/A	N/A	N/A
Property 3— A kindergarten, Chongqing Sunshine 100 City Plaza	N/A	4.5%	0.81
Property 4— A portion of retail podium of Chongqing Sunshine 100 City Plaza	N/A	N/A	N/A
Property 5— No.A1-1,2,3 retail units, No.A2 retail units and various retail units of Nanbin Cluster of Phase 1, Chongqing Sunshine 100 International New Town	4.5%-5%	5%	2.58
Property 6— A kindergarten, Dongying Sunshine 100 City Garden	3.5%-4%	N/A	0.36

	Market Yield rate (%)	Capitalization rate (%)	Prevailing market rent (RMB/sq.m./day)
Property 7— Various retail units, and a kindergarten, Liuzhou Sunshine 100 City Plaza	Retail: 6.5%-7% Kindergarten: 3.5%-4%	Retail: N/A Kindergarten: N/A	Retail: 1.51 Kindergarten: 2.05
Property 8— A kindergarten, Liuzhou Sunshine 100 Classical Era	3.5%-4%	N/A	0.78
Property 9— A clubhouse, Nanning Sunshine 100 Mountainside Garden	6.5%-7%	N/A	0.94
Property 10— Various retail units, Guangxi Vantone Air Garden	6.5%-7%	N/A	1.16
Property 11— Various retail units and a clubhouse, Nanning Sunshine 100 Australian Garden	5.5%-6%	N/A	1.02-1.81
Property 12— Various retail units of Phase 1, Nanning Sunshine 100 City Plaza	5.5%-6%	N/A	2.74
Property 13— Various retail units, Nanning Sunshine 100 European Garden	N/A	6%	0.95
Property 14— No.5 Building of West Park and Retail 23 and Retail 24 of North Park, Tianjin Sunshine 100 International New Town	6%-6.5%	N/A	3.45~3.73
Property 15— North Park, Underground Retail, Tianjin Sunshine 100 International New Town	N/A	N/A	N/A

	Market Yield rate (%)	Capitalization rate (%)	Prevailing market rent (RMB/sq.m./day)
Property 16— Various retail units and office Floor 15 and Floor 6 in the completed portion of Yantai Sunshine 100 City Plaza	Office: N/A Retail: 4.5%-5%	Office: 5.5%-6% Retail: N/A	Office: 1.41~1.42 Retail: 6.48
Property 17— A shopping mall, Jinan Sunshine 100 International New Town	N/A	N/A	N/A
Property 18— A hotel, Yangshuo Sunshine 100 West Street Square	N/A	N/A	N/A
Property 19— 25#, 26#,27# retail units, Liuzhou Sunshine 100 City Plaza	N/A	N/A	N/A

As of December 31, 2011

	Market Yield rate (%)	Capitalization rate (%)	Prevailing market rent (RMB/sq.m./day)
Property 1— D3, D4, D5, D6, D7, D13, Shenyang Sunshine 100 International New Town	Retail: N/A Kindergarten: 4.5%-5%	Retail: 6% Kindergarten: N/A	Retail: 2.1-2.2 Kindergarten: 0.51
Property 2— E11, E12, E13 underground retail Shenyang Sunshine 100 International New Town	N/A	N/A	N/A
Property 3— A kindergarten, Chongqing Sunshine 100 City Plaza	4%-4.5%	N/A	0.9
Property 4— A portion of retail podium of Chongqing Sunshine 100 City Plaza	N/A	N/A	N/A
Property 5— No.A1-1,2,3 retail units, No.A2 retail units and various retail units of Nanbin Cluster of Phase 1, Chongqing Sunshine 100 International New Town	4.5%-5%	N/A	2.78
Property 6— A kindergarten, Dongying Sunshine 100 City Garden	3.5%-4%	N/A	0.37
Property 7— Various retail units and a kindergarten, Liuzhou Sunshine 100 City Plaza	Retail: 6.5%-7% Kindergarten: 3.5%-4.0%	Retail: 7% Kindergarten: N/A	Retail: 2 Kindergarten: 2.22
Property 8— A kindergarten, Liuzhou Sunshine 100 Classical Era	3.5%-4%	N/A	0.78
Property 9— A clubhouse, Nanning Sunshine 100 Mountainside Garden	6.5%-7%	N/A	0.96
Property 10— Various retail units, Guangxi Vantone Air Garden	6.5%-7%	N/A	1.28

	Market Yield rate (%)	Capitalization rate (%)	Prevailing market rent (RMB/sq.m./day)
Property 11— Various retail units and a clubhouse, Nanning Sunshine 100 Australian Garden	5.5%-6%	N/A	1.08-1.87
Property 12— Various retail units of Phase 1, Nanning Sunshine 100 City Plaza	5.5%-6%	N/A	2. 87
Property 13— Various retail units, Nanning Sunshine 100 European Garden	5.5%-6%	N/A	1.14
Property 14— No.5 Building of West Park and Retail 23 and Retail 24 of North Park, Tianjin Sunshine 100 International New Town	6%-6.5%	N/A	3.48
Property 15— North Park, Underground Retail, Tianjin Sunshine 100 International New Town	N/A	N/A	N/A
Property 16— Various retail units and office Floor 15 and Floor 6 in the completed portion of Yantai Sunshine 100 City Plaza	Office: 5%-5.5% Retail: 4.5%-5%	Office: 5.5% Retail: N/A	Office: 1.42~1.44 Retail: 4.59
Property 17— A shopping mall, Jinan Sunshine 100 International New Town (Excluding Walmart)	4.5%-5%	N/A	4.3
A shopping mall, Jinan Sunshine 100 International New Town (Walmart)	4%~4.5%	N/A	2.03
Property 18— A hotel, Yangshuo Sunshine 100 West Street Square	3.29%-3.79%	N/A	1.03

	Market Yield rate (%)	Capitalization rate (%)	Prevailing market rent (RMB/sq.m./day)
Property 19— 25#, 26# retail units, Liuzhou Sunshine 100 City Plaza	N/A	N/A	N/A
Property 20— 27# retail units, Liuzhou Sunshine 100 City Plaza	N/A	7%	3.35

As of December 31, 2012

	Market Yield rate (%)	Capitalization rate (%)	Prevailing market rent (RMB/sq.m./day)
Property 1— D3, D4, D5, D6, D7, D13, E13 underground retail, Shenyang Sunshine 100 International New Town	Retail: 5.5%-6.0% Kindergarten: 4.5%-5%	Retail: N/A Kindergarten: N/A	Retail: 2.1-2.26 Kindergarten: 0.54
Property 2— E11, E12 and E13, Shenyang Sunshine 100 International New Town	N/A	N/A	N/A
Property 3— A kindergarten, Chongqing Sunshine 100 City Plaza	4%-4.5%	N/A	0.9
Property 4— A portion of retail podium of Chongqing Sunshine 100 City Plaza	N/A	N/A	N/A
Property 5— No.A1-1,2,3 retail units, No.A2 retail units and various retail units of Nanbin Cluster of Phase 1, Chongqing Sunshine 100 International New Town	4.5%-5%	N/A	3.35-5.03
Property 6— A kindergarten, Dongying Sunshine 100 City Garden	3.5%~4%	N/A	0.38
Property 7— Various retail units, And a kindergarten, Liuzhou Sunshine 100 City Plaza	Retail: 6.5%-7% Kindergarten: 3.5%-4.0%	Retail: 7% Kindergarten: N/A	Retail: 1.99-5.23 Kindergarten: 1.99
Property 8— 26# Retail Units, Liuzhou Sunshine 100 City Plaza	N/A	N/A	N/A
Property 9— A kindergarten, Liuzhou Sunshine 100 Classical Era	3.5%-4%	N/A	0.79
Property 10— A clubhouse, Nanning Sunshine 100 Mountainside Garden	6.5%-7%	N/A	0.95

	Market Yield rate (%)	Capitalization rate (%)	Prevailing market rent (RMB/sq.m./day)
Property 11— Various retail units, Guangxi Vantone Air Garden	6.5%-7%	N/A	1.28
Property 12— Various retail units and a clubhouse, Nanning Sunshine 100 Australian Garden	5.5%-6%	N/A	1.05-1.12
Property 13— Various retail units of Phase 1, Nanning Sunshine 100 City Plaza	5.5%-6%	N/A	2.91
Property 14— Various retail units, Nanning Sunshine 100 European Garden	5.5%-6%	N/A	1.11
Property 15— No.5 Building of West Park and Retail 23 and Retail 24 of North Park, Tianjin Sunshine 100 International New Town	6%-6.5%	6.5%	3.49-3.93
Property 16— North Park, Underground Retail, Tianjin Sunshine 100 International New Town	N/A	N/A	N/A
Property 17— Various retail units and office Floor 15 and Floor 6 in the completed portion of Yantai Sunshine 100 City Plaza	Office: 5%-5.5% Retail: 4.5%-5%	Office: N/A Retail: N/A	Office: 1.46-1.48 Retail: 4.35
Property 18— A shopping mall, Jinan Sunshine 100 International New Town (Excluding Walmart)	4.5%-5%	N/A	4.34
A shopping mall, Jinan Sunshine 100 International New Town (Walmart)	4%~4.5%	N/A	2.03
Property 19— A hotel, Yangshuo Sunshine 100 West Street Square	3.29%-3.79%	N/A	1.03~1.04

As of September 30, 2013

	Market Yield rate (%)	Capitalization rate (%)	Prevailing market rent (RMB/sq.m./day)
Property 1— D3, D4, D5, D6, D7, D13, Shenyang Sunshine 100 International New Town	Retail: 5.5%~6% Kindergarten: 4.5%~5%	Retail: N/A Kindergarten: N/A	Retail: 2.14-2.44 Kindergarten: 0.61
Property 2— E11, E12, E13 underground retail, Shenyang Sunshine 100 International New Town	N/A	N/A	N/A
Property 3— A kindergarten, Chongqing Sunshine 100 City Plaza	4%~4.5%	N/A	0.90
Property 4— A portion of retail podium of Chongqing Sunshine 100 City Plaza	N/A	N/A	N/A
Property 5— No.A1-1,2,3 retail units, No.A2 retail units and various retail units of Nanbin Cluster of Phase 1, Chongqing Sunshine 100 International New Town	4.5~5%	N/A	3.56
Property 6— A kindergarten, Dongying Sunshine 100 City Garden	3.5%~4%	N/A	0.39
Property 7— Various retail units, a kindergarten, Liuzhou Sunshine 100 City Plaza	Retail: 6.5%~7% Kindergarten: 3.5%~4%	Retail: N/A Kindergarten: N/A	Retail: 2.74 Kindergarten: 2.30
Property 8— A kindergarten, Liuzhou Sunshine 100 Classical Era	3.5%~4%	N/A	0.85
Property 9— A clubhouse, Nanning Sunshine 100 Mountainside Garden	6.5%~7%	N/A	0.96
Property 10— Various retail units, Guangxi Vantone Air Garden	6.5%~7%	N/A	1.29

	Market Yield rate (%)	Capitalization rate (%)	Prevailing market rent (RMB/sq.m./day)
Property 11— Various retail units and a clubhouse, Nanning Sunshine 100 Australian Garden	5.5%~6%	N/A	1.22-1.28
Property 12— Various retail units of Phase 1, Nanning Sunshine 100 City Plaza	5.5%~6%	N/A	2.90
Property 13— Various retail units, Nanning Sunshine 100 European Garden	5.5%~6%	N/A	1.12
Property 14— A sports clubhouse and a shopping zone in the completed group of Tianjin Sunshine 100 International New Town	6%~6.5%	6.5%	3.53-4.01
Property 15— Various retail units and office Floor 15 and Floor 6 in the completed portion of Yantai Sunshine 100 City Plaza	Office: 5%~5.5% Retail: 4.5%~5%	Office: N/A Retail: N/A	Office: 1.61 Retail: 6.64
Property 16— A shopping mall, Jinan Sunshine 100 International New Town (Excluding Walmart)	4.5-5%	N/A	4.7
A shopping mall, Jinan Sunshine 100 International New Town (Walmart)	4%~4.5%	N/A	2.05
Property 17— A hotel, Yangshuo Sunshine 100 West Street Square	3.29%~3.79%	N/A	1.05
Property 18— 26# retail units, Liuzhou Sunshine 100 City Plaza	N/A	N/A	N/A
Property 19— 25#, 27# retail units, Liuzhou Sunshine 100 City Plaza	N/A	7%	
Property 20— A portion of retail podium of Phase 1, Weifang Sunshine 100 City Plaza	N/A	N/A	N/A

Other Income

Other income primarily includes gain on disposal of subsidiaries and associates and other miscellaneous income.

Selling Expenses

Selling expenses mainly include promotional expenses relating to sales and rentals of our properties (including advertisements in print media, on billboards and on television, promotional offers made directly to our customers and certain other promotional events, publicity and exhibitions), selling and marketing staff costs and other distribution expenses. Our selling expenses in any period may be affected by the number of newly introduced developments in that period.

Administrative Expenses

Administrative expenses mainly include salaries and benefits for our personnel, service fees, consulting, auditing and litigation expenses, travel expenses and general office expenses.

Other Operating Expenses

Other operating expenses primarily include (i) penalty and compensation we paid to purchasers of certain properties with respect to which we experienced delays in completion of development and delivery or had certain other contractual disputes (see "Risk Factors—Risks Relating to Our Business—We are exposed to contractual and legal risks related to the pre-sale of our properties" on page 57 of this prospectus); (ii) late fees we incurred in making acquisition consideration payables in relation to our acquisition of Hunan Sunshine 100 from Beijing Yinxin and Chongqing Yuneng 100 Real Estate Development Co., Ltd. ("Chongqing Yuneng 100") from Yangpu Huadian Real Estate Co., Ltd.; and (iii) donations we made primarily to social and charitable organizations.

With respect to (ii) above, we have fully paid the consideration for the Hunan Sunshine 100 and the Chongqing Yuneng 100 acquisitions. Our Directors confirm (a) that the late fee rates with respect to the Hunan Sunshine 100 acquisition were determined based on arm's-length negotiation with Beijing Yinxin and consistent with late fee rates contained in acquisition agreements that we entered into with independent third parties around the same time, and, similarly, the late fee rates with respect to the Chongqing Yuneng 100 acquisition were determined based on arm's-length negotiation with Yangpu Huadian Real Estate Co., Ltd., an independent third party; (b) that we did not settle the acquisition considerations earlier because in our business judgment we elected not to do so as the late fees were at a reasonable level from a cost of capital perspective as compared with bank borrowings or trust financings in similar circumstances; and (c) that these business decisions were made in the particular context of the acquisitions, and as a general matter we did not face difficulties in obtaining loans at commercially acceptable rates during the Track Record Period and up to the Latest Practicable Date. As of December 31, 2010, 2011 and 2012 and September 30, 2013, our total loans and borrowings amounted to RMB5,716.9 million, RMB7,264.5 million, RMB10,194.4 million and RMB13,041.2 million, respectively. As of the Latest Practicable Date, we had RMB1,770.2 million in unutilized bank facilities. For a more detailed discussion of our liquidity and capital resources, see “—Liquidity and Capital Resources” beginning on page 323 of this prospectus.

Financial Income

Financial income primarily include interest income on our bank deposits, dividend income on available-for-sale investment in a certain investment trust and net gains in the fair value of the loans from Riverside. See “History, Reorganization and Group Structure—Warburg Pincus Investments—Liaoning Investments—Background” on page 117 of this prospectus.

Financial Expenses

Financial expenses primarily include (i) interest expenses on bank loans and other borrowings (net of those capitalized into properties under development and investment properties under construction) and (ii) net losses in the fair value of the loans from Riverside.

Share of Profits Less Losses of Associates

Our associated companies during the Track Record Period included Chongqing Yuneng Wanyi, Guilin Sunshine 100, GrandChina, Guangxi Jingqi Investment Co., Ltd. and Tianjin Nongken Heyang Investment Co., Ltd. The table below sets forth the shareholding structures of our associates as well as the projects they hold:

Our associates	Our equity interest	Our partner	Project(s)
Chongqing Yuneng Wanyi	30%	Chongqing Yuneng Industrial Group Co., Ltd. (45%) Chongqing Genchang Investment Consultancy Co., Ltd. (7.5%) Chongqing Beizhou Industrial Group Co., Ltd. (7.5%) Yangpu Yuanwang Investment (10%, which we hold on behalf of Yangpu Yuanwang through agreements)	Chongqing Sunshine 100 City Plaza
Guilin Sunshine 100	30%	Guangxi Laomumian (70%)[1]	Guilin Scape
GrandChina	15.89%[2]	Beijing Yinxin (42.66%) Beijing Fudi Real Estate Development Co., Ltd. (15.89%) Shenzhen Tangrong Investment Co., Ltd. (9.27%) Beijing Zhongran North Coal Mine Co., Ltd. (6.62%) Beijing Century Jinlai Energy Investment Co., Ltd. (4.64%) Beijing Junqing Venture Investment Co., Ltd. (5.03%)	N/A
Guangxi Jingqi	49%	Guangxi Sanqi Investment Co., Ltd. (46%) Wuming Hongyi Real Estate Development Co., Ltd. (5%)	Liuzhou Yaobu Classic Town Project Dongguan Songshan Project
Tianjin Nongken Heyang	49%	Tianjin Nongken Honyilian (51%)	N/A
Liaoning Dynasty Wu Nv Shan Bing Wine Sales Co., Ltd	20%	Tianjin Tiangongputao Wine Co., Ltd. (56%) Liaoning Energy Investment (Group) Co., Ltd. (24%)	N/A N/A

Notes:

(1) Guangxi Laomumian is 90%-owned by Chen Meng and 10%-owned by Mo Qingpan, directors of certain of our subsidiaries.

(2) Our equity interest upon acquisition in GrandChina was 20% in 2010, which decreased to 15.89% in 2011.

Income Tax

Our income tax comprises provisions made for EIT (net of deferred tax) and LAT in the PRC. The provision for EIT for our PRC subsidiaries during the Track Record Period was based on the standard rate of 25%. Our effective EIT rate, taking into consideration deferred tax, was 28.8%, 35.7%, 34.4%, 50.5% and

40.9% for 2010, 2011 and 2012 and the nine months ended September 30, 2012 and 2013, respectively. As for the LAT applicable to us, the rates range from 30% to 60% of the appreciation in land value, which is measured as the proceeds from the sales of properties less deductible expenditures including sales charges, borrowing costs and all property development expenditures. Alternatively, local taxation authorities may agree on individualized rates with us based on sales revenue. Accordingly, we made a LAT provision of RMB168.3 million, RMB150.7 million, RMB110.2 million, RMB105.7 million and RMB48.4 million in 2010, 2011 and 2012 and the nine months ended September 30, 2012 and 2013, respectively. Our effective tax rates during the Track Record Period were relatively high, primarily attributable to the effect of fair-value changes in the loans from Riverside, which lowered our profit before taxation but were not deductible for EIT purposes.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth certain items derived from our consolidated statements of comprehensive income for the years indicated:

	Year Ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
	(RMB in millions)				
Revenue	2,932.3	2,939.6	4,454.6	2,212.5	2,189.6
Cost of sales	(1,960.8)	(2,082.1)	(3,042.2)	(1,466.6)	(1,650.6)
Gross profit	971.5	857.5	1,412.4	745.9	539.0
Valuation gains on investment properties	373.3	242.4	139.3	115.0	121.3
Other income	38.3	14.0	7.1	6.6	13.7
Selling expenses	(185.8)	(225.4)	(187.0)	(127.3)	(171.4)
Administrative expenses	(253.5)	(268.3)	(266.1)	(175.8)	(196.1)
Other operating expenses	(52.6)	(51.6)	(63.8)	(26.2)	(21.7)
Profit from operations	891.2	568.6	1,041.9	538.2	284.8
Financial income	11.2	18.0	32.6	21.3	31.1
Financial expenses	(291.3)	(261.8)	(343.4)	(296.0)	(118.9)
Share of profits less losses of associates	5.0	4.2	23.1	(4.5)	10.2
Profit before taxation	616.1	329.0	754.2	259.0	207.2
Income tax	(345.9)	(268.2)	(369.9)	(236.5)	(133.1)
Profit for the year	270.2	60.8	384.3	22.5	74.1
Other comprehensive income					
Valuation surplus on investment properties transferred from property and equipment, net of deferred tax	—	9.8	—	—	—
Net change in fair value of available-for-sale investment, net of deferred tax	(0.3)	0.1	(0.9)	(0.9)	—
Other comprehensive income for the year, net of deferred tax	(0.3)	9.9	(0.9)	(0.9)	—
Total comprehensive income for the year	269.9	70.7	383.3	21.6	74.1
Profit attributable to:					
Equity shareholders of our Company	161.8	24.0	300.9	22.1	93.0
Non-controlling interests	108.4	36.8	83.4	0.4	(18.9)
Profit for the year	270.2	60.8	384.3	22.5	74.1
Total comprehensive income attributable to:					
Equity shareholders of our Company	161.5	33.9	299.9	21.2	93.0
Non-controlling interests	108.4	36.8	83.4	0.4	(18.9)
Total comprehensive income for the year	269.9	70.7	383.3	21.6	74.1
Basic and diluted earnings per share (RMB)	4.15	0.61	7.72	0.57	2.38

Note: The earnings per share for all periods presented have not been adjusted to reflect the proposed capitalization issue.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012

Revenue

Our revenue decreased by 1.0% to RMB2,189.6 million for the nine months ended September 30, 2013 from RMB2,212.5 million for the nine months ended September 30, 2012 primarily due to a decrease in revenue from our sales of properties which was partially offset by increased property management and hotel operation income for the nine months ended September 30, 2013.

Sale of properties. Revenue generated from sales of properties decreased by 3.0% to RMB2,023.2 million for the nine months ended September 30, 2013 from RMB2,084.8 million for the nine months ended September 30, 2012, primarily due to a decrease in the total GFA and average selling prices of properties we delivered for the nine months ended September 30, 2013. Specially, revenue generated from sales of mixed-use business complexes increased by 24.4% to RMB280.6 million for the nine months ended September 30, 2013 from RMB225.5 million for the nine months ended September 30, 2012, primarily due to a 1.4% decrease in GFA delivered (excluding car parks), to 22,336 sq.m. in the nine months ended September 30, 2013 from 22,650 sq.m. in the nine months ended September 30, 2012, and an RMB1,664.9 per sq.m. increase, or 16.7%, in the average selling price (excluding car parks), to RMB11,633.9 per sq.m. in the nine months ended September 30, 2013 from RMB9,969.0 per sq.m. in the nine months ended September 30, 2012; revenue generated from sales of multi-functional residential communities decreased by 6.3% to RMB1,742.6 million in the nine months ended September 30, 2013 from RMB1,859.3 million in the nine months ended September 30, 2012, primarily due to an RMB332.1 per sq.m., or 4.3%, decrease in the average selling price (excluding car parks), to RMB7,308.6 per sq.m. in the nine months ended September 30, 2013 from RMB7,640.7 per sq.m. in the nine months ended September 30, 2012, and an decrease in GFA delivered (excluding car parks), to 234,986 sq.m. in the nine months ended September 30, 2013 from 241,487 sq.m. in the nine months ended September 30, 2012.

The following table compares the revenue, GFA sold and average selling price for each of our revenue-generating property development projects between the nine months ended September 30, 2012 and the nine months ended September 30, 2013:

Project	Revenue[(1)]		GFA Sold[(2)]		Average Selling Price[(3)]	
	Nine months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Nine months ended September 30, 2013
	(RMB in millions)		(thousand sq.m.)		(RMB per sq.m.)	
Mixed-use business complexes						
Liuzhou Sunshine 100 City Plaza . . .	189.9	109.6	18.9	6.6	10,047.6	13,575.8
Yantai Sunshine 100 City Plaza (Phase I)	6.1	—	0.6	—	14,481.1	—
Chongqing Sunshine 100 International New Town	29.5	7.6	3.1	10.9	9,516.1	8,444.4
Weifang Sunshine 100 City Plaza . . .	—	163.4	—	14.9	—	10,966.4
	225.5	280.6	22.6	32.4	9,969.0	11,633.9
Multi-functional residential communities						
Wuxi Sunshine 100 International New Town	397.8	555.0	52.5	75.4	7,577.1	7,358.9
Shenyang Sunshine 100 International New Town (Phase I and II)	778.3	322.3	90.9	32.4	8,541.3	9,336.4
Wuhan Sunshine 100 Lakeside Residence	471.4	508.5	67.5	76.2	6,983.7	6,673.2
Changsha Sunshine 100 International New Town	172.2	204.7	24.3	26.6	6,687.2	7,560.2
Tianjin Sunshine 100 International New Town	5.3	6.4	0.2	0.3	18,500.0	14,000.0
Dongying Sunshine 100 City Garden	34.1	145.1	6.2	24.0	5,500.0	6,045.8
Guangxi Vantone Projects[(4)]	0.2	0.6	—	—		
	1,859.3	1,742.6	241.6	234.9	7,640.7	7,308.6
Total	2,084.8	2,023.2	264	267.3		

Notes:

(1) Including car parks.

(2) Excluding car parks.

(3) Calculated as revenue (excluding car parks) divided by GFA sold (excluding car parks).

(4) Referring to miscellaneous sales from projects developed by Guangxi Vantone, including Nanning Sunshine 100 Australian Garden and Liuzhou Sunshine 100 Classical Era, and excluding Nanning Sunshine 100 City Plaza (Phase I).

Property management and hotel operation income. Revenue generated from property management and hotel operation income increased by 30.8% to RMB126.2 million for the nine months ended September 30, 2013 from RMB96.5 million for the nine months ended September 30, 2012, primarily due to more GFA under our management and an increase in our hotel occupancy rate.

Rental income from investment properties. Revenue generated from rental income from investment properties increased by 28.8% to RMB40.2 million for the nine months ended September 30, 2013 from RMB31.2 million for the nine months ended September 30, 2012, primarily due to more GFA for rental and an increase in rent.

Cost of Sales

Our cost of sales increased by 12.5% to RMB1,650.6 million for the nine months ended September 30, 2013 from RMB1,466.6 million for the nine months ended September 30, 2012. Cost of property sales increased by 12.8% to RMB1,531.5 million for the nine months ended September 30, 2013 from RMB1,357.3 million for the nine months ended September 30, 2012 primarily due to the increase in the capitalization of interests and increased deliveries of properties with greater interior fittings and decorations. Cost of property management and hotel operation increased to RMB119.1 million for the nine months ended September 30, 2013 from RMB109.3 million for the nine months ended September 30, 2012, in line with the increased scale of our hotel and property management operations.

Gross Profit

As a result of the foregoing, our gross profit decreased by 27.7% to RMB539.0 million for the nine months ended September 30, 2013 from RMB745.9 million for the nine months ended September 30, 2012. Our gross profit margin decreased to 24.6% for the nine months ended September 30, 2013 from 33.7% for the nine months ended September 30, 2012 primarily because of a decrease in the proportion of projects with higher gross profit margins for the nine months ended September 30, 2013.

Valuation Gains on Investment Properties

Valuation gains on investment properties increased by 5.5% to RMB121.3 million for the nine months ended September 30, 2013 from RMB115.0 million for the nine months ended September 30, 2012, mainly as a result of the construction of some of the commercial properties of Liuzhou Sunshine 100 City Plaza project were completed for the nine months ended September 30, 2013.

Other Income

Other income increased by 107.6% to RMB13.7 million for the nine months ended September 30, 2013 from RMB6.6 million for the nine months ended September 30, 2012.

Selling Expenses

Selling expenses increased by 34.6% to RMB171.4 million for the nine months ended September 30, 2013 from RMB127.3 million for the nine months ended September 30, 2012, primarily due to increased sales commissions in line with increased contracted sales and increased sales staff for the nine months ended September 30, 2013.

Administrative Expenses

Administrative expenses increased by 11.5% to RMB196.1 million for the nine months ended September 30, 2013 from RMB175.8 million for the nine months ended September 30, 2012, primarily due to an increase in employee salary for the nine months ended September 30, 2013 and launch of pre-sale for our new projects such as Qingyuan Mango Town project and Jinan Sunshine 100 International New Town project.

Other Operating Expenses

Other operating expenses decreased by 17.2% to RMB21.7 million for the nine months ended September 30, 2013 from RMB26.2 million for the nine months ended September 30, 2012, primarily because we received waiver of the late fee from Beijing Yinxin in relation to the Hunan Sunshine 100 acquisition for the nine months ended September 30, 2013.

Financial Income

Financial income increased by 46.0% to RMB31.1 million for the nine months ended September 30, 2013 from RMB21.3 million for the nine months ended September 30, 2012, primarily due to fair value gains from the Riverside loan after the January 2013 restructuring and increased interest income from increased bank deposits for the nine months ended September 30, 2013.

Financial Expenses

Financial expenses decreased by 59.8% to RMB119.0 million for the nine months ended September 30, 2013 from RMB296.0 million for the nine months ended September 30, 2012, primarily because, due to the January 2013 restructuring, we recorded fair value gains from the Riverside loans in the nine months ended September 30, 2013, compared to losses in the nine months ended September 30, 2012.

Share of Profits Less Losses of Associates

We had net shared profits of associates of RMB10.2 million for the nine months ended September 30, 2013 as compared with net shared losses of RMB4.5 million for the nine months ended September 30, 2012.

Profit Before Taxation

As a result of the foregoing factors, we made a profit before taxation of RMB207.2 million for the nine months ended September 30, 2013 as compared with a profit before taxation of RMB259.0 million for the nine months ended September 30, 2012.

Income Tax

Income tax expense decreased by 43.7% to RMB133.1 million for the nine months ended September 30, 2013 from RMB236.5 million for the nine months ended September 30, 2012. Specifically, EIT decreased by 33.8% to RMB122.6 million for the nine months ended September 30, 2013 from RMB185.1 million for the nine months ended September 30, 2012, primarily as expenses not deductible from tax decreased substantially following the restructuring of the Riverside loan for the nine months ended September 30, 2013. See "—Certain Consolidated Statements of Comprehensive Income Items—Income Tax" on page 294 of this prospectus.

Profit for the Period

We made a profit for the period of RMB74.1 million for the nine months ended September 30, 2013 as compared with a profit for the period of RMB22.5 million for the nine months ended September 30, 2012.

Profit Attributable to Equity Shareholders of Our Company

As a result of the foregoing, we made a profit attributable to equity shareholders of our Company of RMB93.0 million for the nine months ended September 30, 2013 as compared with a profit of RMB22.1 million for the nine months ended September 30, 2012.

Loss Attributable to Non-controlling Interests

We made a loss attributable to non-controlling interests of RMB18.9 million for the nine months ended September 30, 2013 as compared with a profit of RMB0.4 million for the nine months ended September 30, 2012.

2012 Compared to 2011

Revenue

Our revenue increased by 51.5% to RMB4,454.6 million in 2012 from RMB2,939.6 million in 2011 primarily due to an increase in revenue from our sales of properties and increased property management and hotel operation income.

Sale of properties. Revenue generated from sales of properties increased by 51.5% to RMB4,273.4 million in 2012 from RMB2,819.9 million in 2011, primarily due to an increase in the total GFA and average selling prices of properties we delivered, as we strategically reviewed market conditions and rolled out more higher value-added properties, particularly in multi-functional residential communities, in 2012. Specially, revenue generated from sales of mixed-use business complexes decreased by 18.7% to RMB934.5 million in 2012 from RMB1,149.8 million in 2011, primarily due to a 23.0% decrease in GFA delivered (excluding car parks), to 90,759 sq.m. in 2012 from 117,837 sq.m. in 2011, and an RMB1,109.3 per sq.m., or 12.2%, increase in the average selling price (excluding car parks), to RMB10,217.2 per sq.m. in 2012 from RMB9,107.9 per sq.m. in 2011; revenue generated from sales of multi-functional residential communities increased by 99.9% to RMB3,338.9 million in 2012 from RMB1,670.1 million in 2011, contributed by a 40.9% increase in GFA delivered (excluding car parks), to 407,288 sq.m. in 2012 from 289,154 sq.m. in 2011, and an RMB2,478.4 per sq.m., or 43.8%, increase in the average selling price (excluding car parks), to RMB8,139.6 per sq.m. in 2012 from RMB5,661.2 per sq.m. in 2011.

The following table compares the revenue, GFA sold and average selling price for each of our revenue-generating property development projects between 2011 and 2012:

Project	Revenue[1]		GFA Sold[2]		Average Selling Price[3]	
	2011	2012	2011	2012	2011	2012
	(RMB in millions)		(thousand sq.m.)		(RMB per sq.m.)	
Mixed-use business complexes						
Nanning Sunshine 100 Upper East Side International	38.2	0.1	3.5	—	10,342.9	—
Nanning Sunshine 100 City Plaza (Phase I)	3.1	—	0.1	—	31,000.0	—
Liuzhou Sunshine 100 City Plaza	704.5	890.2	74.8	86.4	8,673.8	10,258.1
Yantai Sunshine 100 City Plaza (Phase I)	32.2	10.5	2.0	0.6	15,100.0	16,833.3
Chongqing Sunshine 100 International New Town	371.8	33.7	37.3	3.7	9,482.6	8,189.2
	1,149.8	934.5	117.7	90.7	9,107.9	10,217.2
Multi-functional residential communities						
Wuxi Sunshine 100 International New Town	694.7	849.1	121.1	117.1	5,696.9	7,249.4
Shenyang Sunshine 100 International New Town	328.1	818.9	56.8	95.6	5,440.1	8,529.3
Wuhan Sunshine 100 Lakeside Residence	—	624.1	—	86.4	—	7,223.4
Changsha Sunshine 100 International New Town	399.3	504.5	51.6	67.4	7,627.9	7,319.0
Tianjin Sunshine 100 International New Town	23.5	492.5	0.8	31.9	29,000.0[4]	15,159.9[4]
Dongying Sunshine 100 City Garden	206.7	33.7	56.0	7.8	3,693.7	4,337.2
Guangxi Vantone Projects[5]	17.8	16.1	2.9	1.0	5,034.5	15,200.0
	1,670.1	3,338.9	289.2	407.2	5,661.2	8,139.6
Total	2,819.9	4,273.4	406.9	497.9		

Notes:

(1) Including car parks.

(2) Excluding car parks.

(3) Calculated as revenue (excluding car parks) divided by GFA sold (excluding car parks).

(4) The average selling price decreased substantially because we sold relatively little GFA in 2011, but of relatively more expensive properties, whereas in 2012 we sold substantially more GFA, much of which is from less expensive properties.

(5) Referring to miscellaneous sales from projects developed by Guangxi Vantone, including Nanning Sunshine 100 Australian Garden and Liuzhou Sunshine 100 Classical Era.

Property management and hotel operation income. Revenue generated from property management and hotel operation income increased by 57.2% to RMB140.4 million in 2012 from RMB89.3 million in 2011, primarily due to an increase in revenue from our Radisson Blu Hotel Liuzhou, as it opened in August 2011 and operated for the remaining months in 2011 and the full year in 2012.

Rental income from investment properties. Revenue generated from rental income from investment properties increased by 34.2% to RMB40.8 million in 2012 from RMB30.4 million in 2011, primarily due to increased rental income from Yantai Sunshine 100 City Plaza and Tianjin Sunshine 100 International New Town.

Cost of Sales

Our cost of sales increased by 46.1% to RMB3,042.2 million in 2012 from RMB2,082.1 million in 2011. Cost of property sales increased by 44.9% to RMB2,880.0 million in 2012 from RMB1,986.9 million in 2011 in line with the increase in our GFA delivered and rising construction and land acquisition costs. Cost of property management and hotel operation increased to RMB162.2 million in 2012 from RMB95.2 million in 2011, primarily as our Radisson Blu Hotel Liuzhou operated for only five months in 2011 and for the full year in 2012.

Gross Profit

As a result of the foregoing, our gross profit increased by 64.7% to RMB1,412.4 million in 2012 from RMB857.5 million in 2011. Our gross profit margin increased to 31.7% in 2012 from 29.2% in 2011 primarily because more projects with higher profit margins became available for revenue contribution in 2012 as compared to 2011, including Liuzhou Sunshine 100 City Plaza, Shenyang Sunshine 100 International New Town and Tianjin Sunshine 100 International New Town.

Valuation Gains on Investment Properties

Valuation gains on investment properties decreased by 42.5% to RMB139.3 million in 2012 from RMB242.4 million in 2011, as properties under development typically enjoy more fair-value gains than completed properties and we had, in our stable investment property portfolio, more properties completed from development in 2012 than 2011.

Other Income

Other income decreased by 49.3% to RMB7.1 million in 2012 from RMB14.0 million in 2011, primarily as a result of non-recurring gains from the disposal of two subsidiaries in 2011. We did not dispose of any subsidiaries in 2012.

Selling Expenses

Selling expenses decreased by 17.0% to RMB187.0 million in 2012 from RMB225.4 million in 2011, primarily due to a decrease of RMB20.4 million in expenses relating to constructing and decorating showcase units as well as changes in our sales strategies resulting in a RMB15.3 million decrease in salary and welfare expenses for our sales personnel as we resorted to an increased number of contract sales staff.

Administrative Expenses

Administrative expenses decreased by just 0.8% to RMB266.1 million in 2012 from RMB268.3 million in 2011, primarily as we improved our administrative efficiency following improvements to our management structure.

Other Operating Expenses

Other operating expenses increased by 23.6% to RMB63.8 million in 2012 from RMB51.6 million in 2011, primarily due to a significant increase in charitable donations we made in 2012 to a Chinese affiliate of the International Committee of the Red Cross.

Financial Income

Financial income increased by 81.1% to RMB32.6 million in 2012 from RMB18.0 million in 2011, primarily due to an increase in interest income on bank deposits, which, in turn, was primarily due to a significant increase in our restricted deposits (see "—Certain Consolidated Balance Sheet Items—Restricted Deposits" on page 313 of this prospectus), partially offset by a decrease in dividend income on our available-for-sale investment.

Financial Expenses

Financial expenses increased by 31.2% to RMB343.4 million in 2012 from RMB261.8 million in 2011, primarily due to an increase of RMB148.7 million in interest expenses from increased borrowings to expand our operations and increased net fair value losses of RMB42.5 million from the Riverside loans, which was partially offset by an increase of RMB111.8 million in interests capitalized into properties under development and investment properties under construction.

Share of Profits Less Losses of Associates

Share of profits less losses of associates increased by 450.0% to RMB23.1 million in 2012 from RMB4.2 million in 2011.

Profit Before Taxation

As a result of the foregoing factors, profit before taxation increased by 129.2% to RMB754.2 million in 2012 from RMB329.0 million in 2011.

Income Tax

Income tax expense increased by 37.9% to RMB369.9 million in 2012 from RMB268.2 million in 2011. Specifically, EIT increased by 120.8% to RMB259.7 million in 2012 from RMB117.6 million in 2011, primarily due to an increase in taxable profit; LAT decreased by 26.9% to RMB110.2 million in 2012 from RMB150.7 million in 2011. Our effective income tax rate in 2012 was 49.0%, compared to 81.5% in 2011, primarily due to a lower average LAT rate in 2012 following changes in the LAT collection method for certain projects that we reached with the relevant local governments. See "—Certain Consolidated Statements of Comprehensive Income Items—Income Tax" on page 294 of this prospectus.

Profit for the Year

Profit for the year increased by 532.1% to RMB384.3 million in 2012 from RMB60.8 million in 2011.

Profit Attributable to Equity Shareholders of Our Company

As a result of the foregoing, profit attributable to equity shareholders of our Company increased by 1,153.8% to RMB300.9 million in 2012 from RMB24.0 million in 2011.

Profit Attributable to Non-controlling Interests

Profits attributable to non-controlling interests increased by 126.6% to RMB83.4 million in 2012 from RMB36.8 million in 2011.

2011 Compared to 2010

Revenue

Our revenue increased by 0.2% to RMB2,939.6 million in 2011 from RMB2,932.3 million in 2010 primarily due to increased property management and hotel operation income and rental income from investment properties, partially offset by a slight decrease in revenue from sale of properties.

Sales of properties. Revenue generated from sales of properties decreased by 0.5% to RMB2,819.9 million in 2011 from RMB2,835.2 million in 2010, primarily due to a decrease in total GFA we delivered, partially offset by an increase in the average selling prices, as we strategically reacted to a slow property market by focusing on delivering higher-priced properties, particularly in mixed-use business complexes, in 2011. Specially, revenue generated from sales of mixed-use business complexes decreased by 13.5% to RMB1,149.8 million in 2011 from RMB1,328.5 million in 2010, primarily due to a 39.9% decrease in GFA delivered (excluding car parks), to 117,837 sq.m. in 2011 from 195,927 sq.m. in 2010, despite an RMB2,711.3 per sq.m. increase, or 42.4%, in the average selling price (excluding car parks), to RMB9,107.9 per sq.m. in 2011 from RMB6,396.6 per sq.m. in 2010; revenue generated from sales of multi-functional residential communities increased by 10.8% to RMB1,670.1 million in 2011 from RMB1,506.7 million in 2010, primarily due to an RMB609.2 per sq.m., or 12.1%, increase in the average selling price (excluding car parks), to RMB5,661.2 per sq.m. in 2011 from RMB5,052.0 per sq.m. in 2010, and a slight increase in GFA delivered (excluding car parks), to 289,154 sq.m. in 2011 from 288,577 sq.m. in 2010.

The following table compares the revenue, GFA sold and average selling price for each of our generating property development projects between 2010 and 2011, respectively:

Project	Revenue(1)		GFA Sold(2)		Average Selling Price(3)	
	2010	2011	2010	2011	2010	2011
	(RMB in millions)		(thousand sq.m.)		(RMB per sq.m.)	
Mixed-use business complexes						
Nanning Sunshine 100 Upper East Side International	156.5	38.2	19.6	3.5	6,591.8	10,342.9
Nanning Sunshine 100 City Plaza (Phase I)	7.7	3.1	0.3	0.1	25,666.7	31,000.0
Liuzhou Sunshine 100 City Plaza	908.0	704.5	120.8	74.8	7,119.2	8,673.8
Yantai Sunshine 100 City Plaza (Phase I)	35.4	32.2	3.1	2.0	11,387.1	15,100.0
Chongqing Sunshine 100 International New Town	220.9	371.8	52.1	37.3	4,239.9	9,482.6
	1,328.5	1,149.8	195.9	117.7	6,396.6	9,107.9
Multi-functional residential communities						
Wuxi Sunshine 100 International New Town	395.8	694.7	91.2	121.1	4,339.9	5,696.9
Shenyang Sunshine 100 International New Town	496.6	328.1	101.4	56.8	4,548.3	5,440.1
Changsha Sunshine 100 International New Town	278.2	399.3	44.8	51.6	5,993.3	7,627.9
Tianjin Sunshine 100 International New Town	199.8	23.5	11.4	0.8	17,429.8	29,000.0
Dongying Sunshine 100 City Garden	132.4	206.7	39.6	56.0	3,346.8	3,693.7
Guangxi Vantone Projects(4)	3.9	17.8	0.2	2.9	6,000.0	5,034.5
	1,506.7	1,670.1	288.6	289.2	5,052.0	5,661.2
Total	2,835.2	2,819.9	484.5	406.9		

Notes:

(1) Including car parks.

(2) Excluding car parks.

(3) Calculated as revenue (excluding car parks) divided by GFA sold (excluding car parks).

(4) Referring to miscellaneous sales from projects developed by Guangxi Vantone, including Nanning Sunshine 100 Australian Garden and Liuzhou Sunshine 100 Classical Era.

Property management and hotel operation income. Revenue generated from property management and hotel operation income increased by 17.0% to RMB89.3 million in 2011 from RMB76.3 million in 2010, primarily attributable to an increase of RMB7.7 million in revenue from property management due to more GFA under our management and an increase of RMB5.4 million in revenue from hotel operations in relation to our Radisson Blu Hotel Liuzhou, which opened in August 2011.

Rental income from investment properties. Revenue generated from rental income from investment properties increased by 46.2% to RMB30.4 million in 2011 from RMB20.8 million in 2010, primarily because we commenced leasing of Yantai Sunshine 100 City Plaza in 2011.

Cost of Sales

Our cost of sales increased by 6.2% to RMB2,082.1 million in 2011 from RMB1,960.8 million in 2010. Cost of property sales increased by 5.1% to RMB1,986.9 million in 2011 from RMB1,890.3 million in 2010 primarily in connection with some of our higher-cost, large developments, such as Wuxi Sunshine 100 International New Town and Liuzhou Sunshine 100 City Plaza. Cost of property and hotel management increased to RMB95.2 million in 2011 from RMB70.5 million in 2010 primarily in connection with our then new Radisson Blu Hotel Liuzhou.

Gross Profit

As a result of the foregoing, our gross profit decreased by 11.7% to RMB857.5 million in 2011 from RMB971.5 million in 2010. Our gross profit margin decreased to 29.2% in 2011 from 33.1% in 2010 primarily because fewer projects with higher profit margins became available for revenue contribution in 2011 as compared to 2010.

Valuation Gains on Investment Properties

Valuation gains on investment properties decreased by 35.1% to RMB242.4 million in 2011 from RMB373.3 million in 2010, as properties under development typically enjoy more fair-value gains than completed properties and we had, in our stable investment property portfolio, more properties completed from development in 2011 than 2010.

Other Income

Other income decreased to RMB14.0 million in 2011 from RMB38.3 million in 2010. This decrease was primarily due to non-recurring gains from the disposal of a subsidiary in 2010.

Selling Expenses

Selling expenses increased by 21.3% to RMB225.4 million in 2011 from RMB185.8 million in 2010, primarily due to an increase of RMB18.5 million in largely non-recurring expenses relating to constructing and decorating demonstration units, as well as an increase of RMB17.6 million in salary and welfare expenses of our sales staff.

Administrative Expenses

Administrative expenses increased by 5.8% to RMB268.3 million in 2011 from RMB253.5 million in 2010, primarily due to an increase in salary and welfare expenses.

Other Operating Expenses

Other operating expenses decreased by 1.9% to RMB51.6 million in 2011 from RMB52.6 million in 2010, primarily due to a decrease in compensation we made in relation to delayed payments of demolition fees, partially offset by an increase in compensation we made in relation to delays in delivering properties to some of our customers. See “Risk Factors—Risks Relating to Our Business—We are exposed to contractual and legal risks related to the pre-sale of our properties” on page 57 of this prospectus and “Risk Factors—Risks Relating to Our Business—Our primary land development projects and some property development projects may be materially and adversely affected by difficulties in and costs associated with demolition and resettlement of existing businesses and residents” on page 32 of this prospectus.

Financial Income

Financial income increased by 60.7% to RMB18.0 million in 2011 from RMB11.2 million in 2010, primarily due to an increase in interest income on bank deposits.

Financial Expenses

Financial expenses decreased by 10.1% to RMB261.8 million in 2011 from RMB291.3 million in 2010, primarily due to an increase of RMB210.8 million in interests capitalized into properties under development and investment properties under construction and increased net fair value gains of RMB5.9 million from the Riverside loans, which was partially offset by an increase of RMB209.7 million in interest expenses from increased borrowing.

Share of Profits Less Losses of Associates

Share of profits less losses of associates decreased by 16.0% to RMB4.2 million in 2011 from RMB5.0 million in 2010.

Profit Before Taxation

As a result of the foregoing factors, profit before taxation decreased by 46.6% to RMB329.0 million in 2011 from RMB616.1 million in 2010.

Income Tax

Income tax expense decreased by 22.5% to RMB268.2 million in 2011 from RMB345.9 million in 2010. Specifically, EIT decreased by 33.8% to RMB117.6 million in 2011 from RMB177.6 million in 2010, primarily due to a decrease in taxable profit; LAT decreased by 10.5% from RMB168.3 million in 2010 to RMB150.7 million in 2011. Our effective income tax rate in 2011 was 81.5%, compared to 56.1% in 2010, primarily as a result of lower profit before taxation in 2011 while LAT remained relatively stable. See "—Certain Consolidated Statements of Comprehensive Income Items—Income Tax" on page 294 of this prospectus.

Profit for the Year

Profit for the year decreased by 77.5% to RMB60.8 million in 2011 from RMB270.2 million in 2010.

Profit Attributable to Equity Shareholders of Our Company

As a result of foregoing, profit attributable to equity shareholders of our Company decreased by 85.2% to RMB24.0 million in 2011 from RMB161.8 million in 2010.

Profit Attributable to Non-controlling Interests

Profits attributable to non-controlling interests decreased by 66.1% to RMB36.8 million in 2011 from RMB108.4 million in 2010.

CERTAIN CONSOLIDATED BALANCE SHEET ITEMS

Properties under Development and Completed Properties Held for Sale

Properties under development in our consolidated statements of financial position are accounted for as current assets. Our properties under development amounted to RMB6,850.6 million, RMB9,078.8 million, RMB9,218.0 million and RMB12,382.1 million as of December 31, 2010, 2011 and 2012 and September 30, 2013, respectively. Our properties under development increased during the Track Record Period due to the expansion of our property development activities.

Completed properties held for sale include our completed properties remaining unsold at each of the statement of financial position dates and are included in our consolidated statements of financial position as current assets. As of December 31, 2010, 2011 and 2012 and September 30, 2013, our completed properties held for sale amounted to RMB1,687.9 million, RMB1,701.6 million, RMB2,399.7 million and RMB3,088.3 million, respectively, of which car parks accounted for RMB607.8 million, RMB948.1 million, RMB983.4 million and RMB1,367.2 million, respectively.

Land Development for Sale

Land development for sale as a current asset item on our balance sheets mainly represents the cost of land development for our primary land development projects. Even though we do not have ownership title or land use rights to the land we develop on a primary basis, we are given the right by the relevant PRC local governments to carry out preparation works in respect of land infrastructure. When the respective land parcels are sold by the local governments, we are entitled to receive from the local authorities a proportion of the proceeds from land sales. At the time of sale, we recognize revenue and record the corresponding amount of land development for sale as cost of sales.

As of December 31, 2010, 2011 and 2012 and September 30, 2013, our land development for sale amounted to RMB258.7 million, RMB312.5 million, RMB379.8 million and RMB386.6 million, respectively. The table below sets forth the breakdown for our land development for sale as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB in millions)			
Chengdu Primary Land Development Project	258.7	270.5	268.7	268.7
Guilin Primary Land Development Project	—	18.9	79.6	85.6
Weifang Primary Land Development Project	—	23.1	31.5	32.3
Total	258.7	312.5	379.8	386.6

See "Business—Our Primary Land Development Projects" on page 183 of this prospectus.

Trade and Other Receivables

Our trade and other receivables comprise primarily trade receivables, amounts due from related parties, other receivables and deposits and prepayments. The table below sets forth a breakdown of our trade and other receivables as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB in millions)			(RMB in millions)
Trade receivables	619.9	625.3	661.1	680.4
Amounts due from related parties	549.4	702.9	1,151.5	1,353.1
Other receivables	308.6	507.1	772.3	748.8
Loans and receivables	1,477.9	1,835.3	2,584.9	2,782.3
Deposits and prepayments	794.2	885.3	715.8	905.2
	2,272.1	2,720.6	3,300.7	3,687.5

Trade receivables. As of December 31, 2010, 2011 and 2012 and September 30, 2013, we had trade receivables of RMB619.9 million, RMB625.3 million, RMB661.1 million and RMB680.4 million, respectively. Our trade receivables increased generally over the Track Record Period as we increased our property and land development activities.

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

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB in millions)			(RMB in millions)
Current	5.9	19.2	37.7	47.1
1 to 6 months past due	21.6	8.8	15.1	11.9
6 months to 1 year past due	—	4.9	6.1	13.8
More than 1 year past due	592.4	592.4	602.2	607.6
Amounts past due	614.0	606.1	623.4	633.3
	619.9	625.3	661.1	680.4

Our trade receivables past due as of each of December 31, 2010, 2011 and 2012 were primarily attributable to RMB581.1 million due from the government of Chenghua District, Chengdu in relation to Phase I of our Chengdu Primary Land Development Project. Pursuant to our agreements with the Chenghua district government, if the land parcels underlying the project are auctioned to a third-party developer, we are entitled from the Chenghua district government a portion of the land premium it receives from the sale. In July 2007, the land parcels in Phase I were auctioned to a third-party developer, and we have since received from the Chenghua district government RMB1,927 million, representing a majority of the portion of land premium proceeds we are entitled to under the agreements. The latest settlement payment, in the amount of RMB50 million, was received by us in 2010. During this period, Phase II of the project was completed and we successfully obtained the land use rights to the underlying land in a public auction, on which we are developing the Chengdu Sunshine 100 Mia Center. See "Business—Our Primary Land Development Projects—Chengdu Primary Land Development Project" on page 183 of this prospectus. Our Directors believe that the Chenghua district government as a political subdivision of the PRC government is creditworthy, and therefore the unsettled balance from Phase I is fully recoverable without need for impairment allowance. We have continuously communicated with the Chenghua district government to explore options to settle the balance. Since 2010, we have sent no less than one dozen letters in writing to the Chenghua district government authorities in connection with the unpaid amount from Phase I and demanding its settlement. Our Directors confirm that there was no disagreement or dispute between us and the Chenghua government in respect of Phase I of the Chengdu Primary Land Development, and both parties have continued to explore options to settle the unpaid balance from that phase and in the meantime maintained an amicable business relationship developing the other phases of the project. Furthermore, both parties had the same understanding of the outstanding amount throughout the communications since 2010, but with a view to better protecting our interests, we sought confirmations on the outstanding amount in writing since 2013. On July 2, 2013, the Run-down Neighborhood Redevelopment Office of Chenghua District, Chengdu (成都市成華區危房改造開發辦公室), assigned by the Chenghua district government as its representative to be our counterparty in the relevant primary land development agreements, also issued a statement acknowledging that approximately RMB590.5 million remained unpaid. Zhong Lun Law Firm, our PRC legal advisers, have confirmed to us that we have a legally valid right to, and the Chenghua district government has a legally binding obligation toward, such debt. As Phase III and Phase IV of the Chengdu Primary Land Development Project are ongoing and we intend to participate in the land auctions once primary development is completed, we plan to negotiate with the Chenghua district government towards a plan to settle the outstanding balance left over from Phase I of the project in conjunction with outcome of Phase III and Phase IV of the project once the land auctions have taken place.

Our trade receivable turnover days were 77 days, 78 days and 54 days in 2010, 2011 and 2012, respectively, and would be five days, five days and seven days, respectively, if we excluded the effect of the amount due from the Chenghua district government. We calculate the trade receivables turnover days based on the ending balance of trade receivables divided by revenue for the relevant year multiplied by the number of days in the relevant year. Our trade receivable turnover days were shorter in 2012 as compared to 2010 and 2011 primarily as a result of increased revenue.

Amounts due from related parties. Amounts due from related parties comprise primarily amounts due from our associated companies, non-Group entities under the control of our Original Shareholders (referred to as "entities controlled by the 8 individuals" in note 29 to the Accountants' Report of our Group, the text of which is set forth in Appendix I to this prospectus), entities under the control of Ms. Fan Xiaohua, a Director, one of the Original Shareholders and a Controlling Shareholder, and entities under control of the key management personnel of the Group. The following table sets forth a breakdown of our amounts due from related parties as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB in millions)			(RMB in millions)
Amounts due from:				
Associates	41.0	89.2	145.8	421.5
Entities under control of Original Shareholders	287.4	90.9	239.9	102.0
Entities under control of Ms. Fan Xiaohua	64.4	342.7	680.3	672.6
Entities under significant influence of Mr. Yi Xiaodi	3.0	3.9	5.6	49.0
Entities under control of the key management personnel of the Group	153.4	156.2	79.9	108.0
Member of the key management personnel of the Group	—	20.0	—	—
Total	549.4	702.9	1,151.5	1,353.1

The amounts due from our associates primarily reflect advances we made to certain of our associated companies to help defray costs and expenses relating to the respective projects they develop. See "—Certain Consolidated Statements of Comprehensive Income Items—Share of Profits Less Losses of Associates" on page 294 above. The amounts due from non-Group entities under the control of our Original Shareholders, entities under the control of Ms. Fan Xiaohua and entities under the control of our management primarily reflect the impact from various transactions described further in "—Certain Transactions with Impact on Balance Sheet Items—Transactions with Related Parties" on page 319 below.

As of December 31, 2010, we had amounts due from related parties of RMB549.4 million, including, primarily, (i) RMB182.0 million due from Guangxi New Vantone, controlled by the Original Shareholders; (ii) RMB127.5 million due from Nanning Meizhida, controlled by Mr. Chen Meng, a director of some of our subsidiaries, (iii) RMB105.4 million due from Yangpu Guangsheng, controlled by the Original Shareholders, and (iv) RMB41.5 million due from Guangxi Jiaxiang, controlled by Ms. Fan Xiaohua, and a number of companies controlled by Guangxi Jiaxiang.

As of December 31, 2011, we had amounts due from related parties of RMB702.9 million, including, primarily, (i) RMB212.7 million due from Full Wing Development Limited, controlled by Ms. Fan Xiaohua; and (ii) RMB126.2 million due from Nanning Meizhida; and (iii) RMB108.2 million due from Guangxi Jiaxiang, controlled by Ms. Fan Xiaohua, and a number of companies controlled by Guangxi Jiaxiang.

As of December 31, 2012, we had amounts due from related parties of RMB1,151.5 million, including, primarily, (i) RMB445.8 million due from Guangxi Jiaxiang and a number of companies controlled by

Guangxi Jiaxiang; (ii) RMB212.7 million due from Full Wing Development Limited and (iii) RMB117.1 million due from Yangpu Guangsheng, controlled by the Original Shareholders.

As of September 30, 2013, we had amounts due from related parties of RMB1,353.1 million, including, primarily, (i) RMB41.9 million due from Guangxi Jiaxiang and a number of companies controlled by Guangxi Jiaxiang; (ii) RMB199.1 million from Full Wing Development Limited; and (iii) RMB49.4 million due from Yangpu Guangsheng.

Other receivables. Other receivables comprise primarily amounts from third parties and other, miscellaneous receivable amounts. The following table sets forth a breakdown of our other receivables as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB in millions)			(RMB in millions)
Other receivables:				
Amount due from third parties	193.6	416.5	644.7	504.9
Staff advance and borrowings	12.1	14.2	9.8	27.0
Utility prepaid for suppliers/customers/tenants	49.8	39.3	33.7	47.0
Amount due from government authorities	0.2	0.5	21.8	113.8
Financial asset	—	2.0	10.5	0.5
Others	48.0	34.6	45.8	55.6
Consideration receivable from disposal of a jointly controlled entity, an associate and subsidiaries	4.9	—	6.0	—
Total	308.6	507.1	772.3	748.8

Some material amounts due from third parties reflect impact from various transactions described further in "—Certain Transactions with Impact on Balance Sheet Items—Transactions with Third Parties" on page 320 below.

Deposits and prepayments. Deposits and prepayments comprise primarily prepaid land cost, prepaid construction cost and "tax recoverable," which refers to prepaid business tax. Our deposits and prepayments increased to RMB885.3 million as of December 31, 2011 from RMB794.2 million as of December 31, 2010, primarily due to an increase in tax recoverable, partially offset by a decrease in prepaid construction cost. Our deposits and prepayments decreased to RMB715.9 million as of December 31, 2012 from RMB885.3 million as of December 31, 2011, primarily due to a decrease in tax recoverable. Our deposits and prepayments increased to RMB905.2 million as of September 30, 2013 from RMB715.9 million as of December 31, 2012, primarily due to increased prepaid business taxes and prepaid construction fees for the nine months ended September 30, 2013.

Restricted Deposits

Our restricted deposits are required primarily as guarantees for (i) mortgage loans taken out by purchasers of our properties; (ii) our payment of demolition fees, in the context of our primary land development and some property development projects, to residents being re-settled; (iii) bank loans; (iv) our payment of fees to certain construction contractors as required by a PRC government regulation; (v) our payment of wages to rural migrant workers as required local PRC government regulations; and (vi) our settlement of bills payable in relation to our payment of construction fees to certain contractors. The table below sets forth a breakdown of our restricted deposits as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB in millions)			
Non-current:				
Guarantee for mortgage loans	37.9	24.7	42.0	54.4
Guarantee for demolition fees	61.0	71.1	71.2	41.3
Guarantee for loans and borrowings	33.4	561.1	1.2	—
Guarantee for construction fees	20.2	13.6	—	—
Guarantee for rural migrant workers' wages	9.7	10.0	0.6	—
Restricted cash related to pre-sale proceeds received	7.3	11.3	6.3	5.2
	169.5	691.8	121.3	100.9
Current:				
Guarantee for mortgage loans	65.2	80.7	52.7	68.2
Guarantee for bills payable	—	36.4	13.0	13.5
Guarantee for loans and borrowings	177.7	246.1	1,311.1	1,613.6
Guarantee for construction fees	—	8.9	26.5	21.7
Litigation deposits	9.9	—	—	—
Restricted cash related to pre-sale proceeds received	63.1	97.4	114.5	105.5
	315.9	469.5	1,517.8	1,822.5
Total	485.5	1,161.3	1,639.1	1,923.4

Trade and Other Payables

Our trade and other payables comprise primarily trade payables, amounts due to related parties and other payables. The table below sets forth a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB in millions)			
Trade payables	1,745.7	2,163.8	2,551.6	2,848.8
Amounts due to related parties	303.8	792.5	582.8	719.8
Other payables	1,079.2	1,254.4	1,375.1	1,083.8
Financial liabilities measured at amortized cost	3,128.7	4,210.7	4,509.5	4,652.4
Receipts in advance	9.8	16.4	19.1	60.4
Other taxes payable	89.9	100.7	85.0	90.8
	3,228.4	4,327.8	4,613.6	4,803.6
Less:				
non-current portion of trade payables	627.9	704.4	768.6	784.3
non-current portion of other payables	47.2	104.8	104.8	104.8
	2,553.3	3,518.6	3,740.2	3,914.5

Trade Payables. Trade payables comprise primarily land cost payables to local governments and construction cost payables to external contractors. As of December 31, 2010, 2011 and 2012 and September 30, 2013, we had trade payables of RMB1,745.7 million, RMB2,163.8 million, RMB2,551.6 million and RMB2,848.8 million, respectively. Our trade payables increased as we expanded our land reserves and increased development activities.

The table below sets forth an aging analysis of our trade payables as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB in millions)			
Due within 1 year or on demand	1,117.8	1,459.5	1,783.0	2,064.5
Due after 1 year but within 2 years	151.2	411.2	355.8	322.6
Due after 2 years but within 5 years	476.7	293.1	412.8	461.7
	1,745.7	2,163.8	2,551.6	2,848.8

Our trade payables turnover days were 325 days, 379 days and 306 days in 2010, 2011 and 2012, respectively. We calculate the trade payables turnover days based on the ending balance of trade payables divided by cost of sales for the relevant year multiplied by the number of days in the relevant year. Most of our trade payables during the Track Record Period were due to construction contractors. The trade payable turnover days were relatively long, as our contractors are typically paid according to milestones in construction and the construction periods of our projects were relatively long. Typically, 80% of a contract price is paid to our contractor during the construction period according to pre-agreed milestones and on approximately two weeks' notice from the contractor, 15% is paid at the completion of construction and 5% is paid at the end of the warranty period, which ranges from two years to five years.

Amounts due to related parties. Amounts due to related parties comprise primarily amounts due to our associated companies, non-Group entities under the control of our Original Shareholders (referred to as "entities controlled by the 8 individuals" in note 29 to the Accountants' Report of our Group, the text of which is set forth in Appendix I to this prospectus), entities under the control of Ms. Fan Xiaohua, a Director, one of the Original Shareholder and Controlling Shareholder, entities under the significant influence of Mr. Yi Xiaodi and entities under the control of the key management personnel of the Group. The following table sets forth a breakdown of our amounts due to related parties as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB in millions)			(RMB in millions)
Amounts due to:				
Associates	3.4	41.0	27.8	11.2
Entities under control of Original Shareholders	92.3	142.9	117.3	248.7
Entities under control of Ms. Fan Xiaohua	92.3	375.9	342.2	384.4
Entities under significant influence of Mr. Yi Xiaodi	115.0	90.6	94.5	74.9
Entities under control of the key management personnel of the Group	0.8	142.1	1.0	0.6
Total	303.8	792.5	582.8	719.8

The amounts due to associates reflect their repayment of advances we made to them to help defray costs and expenses relating to the projects they develop. The amounts due to non-Group entities under the control of our Original Shareholders, entities under the control of Ms. Fan Xiaohua, entities under the significant influence of Mr. Yi Xiaodi and entities under the control of the key management personnel of the Group primarily reflect the impact from various transactions described further in "—Certain Transactions with Impact on Balance Sheet Items" on page 318 below.

As of December 31, 2010, we had amounts due to related parties of RMB303.8 million, including, primarily, (i) RMB115.1 million due to Beijing Yinxin, under the significant influence of our Original Shareholders; (ii) RMB92.3 million due to Guangxi New Vantone; and (iii) RMB35.4 million due to a number of companies controlled by Guangxi Jiaxiang.

As of December 31, 2011, we had amounts due to related parties of RMB792.5 million, including, primarily, (i) RMB221.1 million due to Chengdu Huaping, a third party in 2010 and a related party controlled by Ms. Fan Xiaohua in 2011 and 2012; (ii) RMB98.1 million due to a number of companies controlled by Guangxi Jiaxiang; (iii) RMB142.2 million due to Nanning Meizhida; (iv) RMB93.0 million due to Guangxi New Vantone; and (v) RMB90.6 million to Beijing Yinxin.

As of December 31, 2012, we had amounts due to related parties of RMB582.8 million, including, primarily (i) RMB221.1 million due to Chengdu Huaping; (ii) RMB94.6 million to Beijing Yinxin; (iii) RMB66.2 million to Oceanic Global Investment Holdings Ltd.; and (iv) RMB48.5 million to Guangxi New Vantone.

As of September 30, 2013, we had amounts due to related parties of RMB719.8 million, including, primarily, (i) RMB16.1 million due to a number of companies controlled by Guangxi Jiaxiang; (ii) RMB170.4 million to Guangxi New Vantone; (iii) RMB221.2 million to Chengdu Huaping; (iv) RMB74.9 million to Beijing Yinxin; and (v) RMB9.2 million to Yangpu Guangsheng.

Other payables. Other payables comprise primarily interest-free advances from third parties and other, miscellaneous receivables incurred in the normal course of our operations. The following table sets forth a breakdown of our other payables as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB in millions)			
Other payables:				
Interest-free advances from third parties	513.3	292.0	449.5	175.3
Staff salary and welfare payables	54.6	51.2	58.8	18.3
Withholding expenses	59.5	60.4	60.8	51.4
Deposits payable	33.8	47.9	50.6	62.5
Rental payable	15.1	16.7	20.3	7.8
Interest payable	39.7	75.8	73.0	120.6
Contract retention payables	94.8	25.3	18.6	10.5
Provision for contingent liabilities	42.1	17.8	33.3	—
Others	56.5	54.2	24.3	91.7
Consideration payables for acquisition of subsidiaries and non-controlling interests	169.7	613.1	585.9	545.8
Total	1,079.1	1,254.4	1,375.1	1,083.9

Some material amounts due to third parties reflect impact from various transactions described further in "—Certain Transactions with Impact on Balance Sheet Items—Transactions with Third Parties" on page 320 below.

Receipts in advance. Our receipts in advance represent primarily deposits for property management fees and rental fees.

Other taxes payable. Other taxes payable represent primarily business tax payable in the PRC. Our other taxes payable increased to RMB100.7 million as of December 31, 2011 from RMB89.8 million as of December 31, 2010, and decreased to RMB85.0 million as of December 31, 2012, and increased to RMB90.8 million as of September 30, 2013.

Sales Deposits

Sales deposits represent proceeds we received on property sales that have not been recognized as revenue in accordance with our revenue recognition policy. As of December 31, 2010, 2011 and 2012 and September 30, 2013, we had sales deposits of RMB4,213.1 million, RMB5,134.7 million, RMB4,361.5 million and RMB6,578.7 million, respectively, in line with our property development and sales schedule.

Certain Transactions with Impact on Balance Sheet Items

During the Track Record Period, we conducted a number of transactions with related and other parties that had a material impact on certain balance sheet items as described in "—Trade and Other Receivables" and "—Trade and Other Payables" above. Except as disclosed in detail below under paragraphs headed "Advances to Nanning Meizhida and Guangxi Laomumian," "Qingyuan Acquisition" and "Shenyang Golf Mansion Acqusition," which involve amounts incurred in relation to commercial activities in our normal course of business and expected to be settled following certain follow-up business actions, all amounts due from or to related parties or independent third parties described below have been settled or will be fully settled before Listing.

Some of these transactions involve interest-free cash advances. Our Directors confirm that we did not enter into any of such interest-free cash advance transactions due to any insufficiency of our working capital position. We provided interest-free cash advances to certain related parties and third parties controlled by business acquaintances of our management because we also received interest-free advances from them. These transactions were meant to be *ad hoc*, honor-based business favors to maintain good relationships with each other, and were made in the past when we did not have sophisticated internal controls. We had terminated such practices as of October 2013 and have since enhanced our internal controls. See "Business—Legal Proceedings and Compliance" beginning on page 199 of this prospectus.

In compliance with our borrowing agreements with commercial banks and trust companies, we did not use proceeds from bank loans and trust financings to provide cash advances to these related parties and third parties.

The following table demonstrates the total amounts of such exchanges during the Track Record Period:

	For the year ended December 31,			For the nine months ended
	2010	2011	2012	September 30, 2013
	(RMB in millions)			
Related parties				
Advances to	752.5	835.1	1,544.2	1,694.3
Advances from	721.6	1,426.8	729.2	1,492.7
Third parties				
Advances to	697.3	612.2	804.2	1,129.3
Advances from	695.6	608.4	794.4	1,080.3

As of the Latest Practicable Date, all of such advances had been settled, except approximately RMB29.4 million due from Beijing Yinxin, a related party, which we expect to fully settle by Listing, and approximately RMB36.8 million due from Guangxi Laomumian, another related party, which is a prepayment under the Guilin Call Option agreement (see page 227 of the prospectus) and therefore will not be repaid before the Listing.

If the interest-free advances from related parties to us carried interest with rates charged on normal commercial terms, we would still be able to meet the profits test under Listing Rules 8.05(1)(a).

Transactions with Related Parties

Advances to and from Guangxi New Vantone and Yangpu Guangsheng. During the Track Record Period, from time to time, we made advances to and received repayments from Guangxi New Vantone and Yangpu Guangsheng, non-Group PRC entities wholly owned by the Original Shareholders. In 2010, 2011 and 2012 and the nine months ended September 30, 2013, we made total advances to Guangxi New Vantone and Yangpu Guangsheng of RMB177.7 million, RMB238.6 million, RMB40.3 million and RMB15.5 million, respectively, and received from them repayment of RMB165.5 million, RMB37.6 million, RMB172.2 million and RMB92.3 million, respectively. Accordingly, as of December 31, 2010, 2011 and 2012 and September 30, 2013, the net outstanding balance of such advances was RMB195.1 million, RMB(5.9) million, RMB126.1 million and RMB57.6 million, respectively. Such advances were interest-free and unsecured, had no fixed term of repayment and made with a view to better managing our liquidity. We have terminated this practice and settled all balances before Listing.

Advances to and from Guangxi Jiaxiang and affiliates. During the Track Record Period, from time to time, we made advances to and received repayments from Guangxi Jiaxiang, which is 60%-owned by Fan Xiaohua, a Director, one of the Original Shareholders and a Controlling Shareholder, and 40%-owned by Ms. Liu Chaohui, one of the Original Shareholders and a Controlling Shareholder. We conducted similar transactions with a number of other non-Group PRC entities controlled by Guangxi Jiaxiang. As of December 31, 2010, 2011 and 2012 and September 30, 2013, the total net outstanding balance of such advances was RMB6.1 million, RMB10.2 million, RMB391.0 million and RMB370.7 million, respectively. Such advances were interest-free and unsecured, had no fixed term of repayment and made with a view to better managing our liquidity. We have terminated this practice and settled all balances before Listing.

Receivable from Full Wing Development Limited. In 2011, Full Wing Development Limited, an offshore entity controlled by Ms. Fan Xiaohua, acquired Genius City, an affiliate of WP IX. See "History, Reorganization and Group Structure—Warburg Pincus Investments" on page 115 of this prospectus. At the request of Full Wing Development Limited, we paid the U.S.-dollar equivalent of RMB212.7 million towards the acquisition consideration. The balance has been fully settled before Listing.

Amounts owed to Beijing Yinxin. During the Track Record Period, we owed certain amounts to Beijing Yinxin, 49%-owned by the Original Shareholders and 51%-owned by Yan Kuang, primarily due to (i) rental payable associated with office space we leased from Beijing Yinxin (see "Connected Transactions—A. Continuing connected transactions exempt from the reporting, annual review, announcement and independent shareholders' approval requirements—3. Property lease by Beijing Yinxin to us for commercial and residential use" on page 230 in this prospectus) and (ii) acquisition consideration payable in connection with Changsha Sunshine 100. As of December 31, 2010, 2011 and 2012 and September 30, 2013, the net outstanding balance of our amount due to Beijing Yinxin was RMB115.1 million, RMB90.1 million, RMB92.1 million and RMB25.9 million, respectively. We expect to fully settle the balance before Listing.

Advances to Nanning Meizhida and Guangxi Laomumian. During the Track Record Period, we made advances to Nanning Meizhida and Guangxi Laomumian, non-Group PRC entities under the control of Mr. Chen Meng, a director of a number of our subsidiaries. As of December 31, 2010, 2011 and 2012 and

September 30, 2013, the total net outstanding balance of such advances was RMB152.7 million, RMB14.0 million, RMB78.9 million and RMB107.4 million, respectively. Such advances were interest-free and unsecured and had no fixed term of repayment plan. Nanning Meizhida holds a 25% minority interest in Liuzhou Sunshine 100, the project company holding our Liuzhou Sunshine 100 City Plaza development in which we hold a 75% majority interest. Guangxi Laomumian holds the 70% majority interest in Guilin Sunshine 100, our 30%-owned associated company that holds Guilin Scape. It also holds a 25% interest in our 51%-owned Nanning Sunshine 100 Upper East Side International. The advances to Nanning Meizhida and Guangxi Laomumian represent prepaid dividends from Liuzhou Sunshine 100 City Plaza and Nanning Sunshine 100 Upper East Side International and prepaid consideration for our proposed acquisition of further interests in Guilin Scape. Of which, the amount of RMB34,780,000 is a prepayment under the Guilin Call Option agreement (see page 227 of the prospectus) and therefore will not be repaid before the Listing.

Payable to Chengdu Huaping. In 2011, Chengdu Huaping made a payment of RMB221.1 million to us. Chengdu Huaping was an independent third party in 2010. Its parent company Genius City was acquired by Full Wing Development Limited, controlled by Ms. Fan Xiaohua, in 2011 and Chengdu Huaping became our related party. The balance has been fully settled before Listing.

Transactions with Third Parties

Qingyuan Acquisition. In 2011, we acquired the project companies relating to the Qingyuan Mango Town project from Luen Thai Land Limited, or Luen Thai. Upon acquisition, these project companies owed certain intra-group debts, of approximately RMB156.6 million, to certain other subsidiaries of Luen Thai, which we assumed on our books by virtue of the acquisition. Luen Thai agreed to pay the amount to us to settle the debts by way of injecting additional registered capital in the project companies. We expect that the balance will be settled by September 30, 2014, which is the end of the registered capital payment period for the project companies as confirmed by the relevant local SAIC authority.

Payables to Shengli Oil Field Shengxing Group Co., Ltd. In 2006, we acquired Dongying Shengxing from Shengli Oil Field Shengxing Group Co., Ltd. Dongying Shengxing had certain indebtedness which we by agreement did not assume but would repay Shengli Oil Field Shengxing Group Co., Ltd. over time according to the schedule of the underlying property development. As of December 31, 2010, 2011 and 2012, the net outstanding balance of such payables was RMB64.8 million, RMB65.8 million and RMB53.8 million, respectively. The balance has been fully settled as of July 22, 2013.

Advances to and from Guangxi Weidaxin and Chongqing Zhengheng. Since 2011, we made cash advances to and received partial repayments from Guangxi Weidaxin, owned by a business acquaintance of our management. We also received cash advances from and made partial repayments to Chongqing Zhengheng, a former subsidiary we sold to Guangxi Weidaxin during the Reorganization. As of December 31, 2011 and 2012 and September 30, 2013, the net outstanding balance of such advances was RMB4.8 million, RMB(49.7) million and RMB56.0 million, respectively. Such advances were interest-free and unsecured, had no fixed term of repayment and were made for the propose of providing working capital assistance as requested by such business acquaintance of our management. These were meant to be *ad hoc*, honor-based favors, providing temporary liquidity exchanges. We have terminated this practice and settled all balances with Guangxi Weidaxin as of July 31, 2013 and with Chongqing Zhengheng before Listing.

Advances to Guangxi Yihuida. Since 2012, we made cash advances to and received partial repayments from Guangxi Yihuida, owned by a business acquaintance of our management. As of December 31, 2012 and September 30, 2013, the outstanding balance of such advances was RMB84.7 million and RMB0.2 million, respectively. Such advances were interest-free and unsecured, had no fixed term of repayment and were made for the purpose of providing working capital assistance as requested by such business acquaintance of our management. These were meant to be *ad hoc*, honor-based favors, providing temporary liquidity exchanges. We have terminated this practice and settled all balances as of July 31, 2013.

Shenyang Golf Mansion Acquisition. In 2010, we acquired additional interests in Yingda Weihua, which holds the Shenyang Golf Mansion, from its shareholders, Xiong Ying and Wang Dawei. Xiong Ying and Wang Dawei advanced approximately RMB96.9 million of resettlement fees, RMB14.0 million out of which was subsequently contributed to Yingda Weihua as registered capital and RMB82.92 million out of which was deemed as a shareholder loan to Yingda Weihua. Xiong Ying and Wang Dawei agreed with us that Yingda Weihua would not be required to pay the shareholder loan unless we received the relevant invoices for the resettlement fees. We have not received the invoices, and have not been required to repay the amount. As of December 31, 2010, 2011 and 2012 and September 30, 2013, the outstanding balance Yingda Weihua owed Xiong Ying and Wang Dawei was RMB82.9 million, RMB67.8 million, RMB62.5 million and RMB14.8 million, respectively. We expect that the balance will be settled when we receive the invoices, which we expect to be no later than December 31, 2014.

Views of PRC Legal Advisers

Pursuant to the General Rules on Loans (貸款通則), promulgated by the PBOC on June 28, 1996, an enterprise in the PRC is not allowed to lend without the PBOC's permission, and the PBOC may impose a fine on the lender in an amount not to exceed five times the income the lender derives from any unpermitted lending. According to Zhong Lun Law Firm, our PRC legal advisers, our various cash advances to related and third parties as described above breached this requirement by the PBOC. Our Directors confirm, however, that (i) all of such loans were interest-free from which we did not derive any income; (ii) all of such loans will be terminated with the balances settled by Listing; and (iii) we have not been subject to any sanctions by the PBOC for our involvement in these loan transactions. Based on these confirmations, Zhong Lun Law Firm, our PRC legal advisers, are of the view that, since we have not derived any interest income from the loan transactions, we would not be subject to fines by PBOC and therefore our past involvement in these loan transactions would not have a material adverse effect on our business. Zhong Lun Law Firm have also advised us that we will not be subject to any fines by PBOC as a result of advances we have received, as the regulation binds the lender, not the borrower.

Unrecognized Deferred Tax Assets

We recognize deferred tax assets to the extent that it is probable that future taxable profits will be available against which the assets can be utilized. During the Track Record Period, we did not recognize deferred tax assets in respect of cumulative tax losses in certain of our Group companies as it was not probable that future taxable profits against which the losses could be utilized would be available to these subsidiaries.

Such unrecognized deferred tax assets amounted to RMB101.5 million, RMB119.8 million, RMB208.5 million and RMB279.4 million as of December 31, 2010, 2011 and 2012 and September 30, 2013, respectively. The relevant Group companies could be broadly categorized as follows:

- *Early in development*. Group companies in this category hold proposed projects that are preliminary in nature or which development plan has stalled. Therefore, these subsidiaries have no foreseeable future income to compensate for costs incurred.
- *End of development*. Group companies in this category hold projects where the saleable units are substantially sold out. Therefore, they do not have foreseeable future income to compensate for costs incurred.
- *New business*. Group companies in this category hold new businesses, most notably hotel management, where initial costs are high and future revenues are not certain.
- *Property management companies*. It is our business strategy to provide property management services to enhance the value and image of the properties we develop and not attempt to charge management fees on a break-even level. These Group companies therefore are and are expected to continue to be loss-making.
- *Holding companies*. These Group companies hold investments in other Group companies and do not generate revenue to compensate for their costs and expenses.

The increase in such unrecognized deferred tax assets during the Track Record Period, particularly since 2011, was primarily attributable to the third category of Group companies, as we established Liuzhou Lisheng and Guangxi Lijin, which are hotel management and asset holding companies, in 2011 and incurred substantial initial costs. To a less extent, the increase was also contributed by the fifth category of Group companies, as the Company and Keyasia had increased interest expenses from borrowings from 2012.

Recent Acquisition of a Major Subsidiary by Asset

In May 2013, as part of the Reorganization, we acquired a 49% interest in Jinan Sunshine 100 for an aggregate consideration of RMB300,000,000, which became an associated company to our Group. On August 29, 2013, Yan Kuang, which held the other 51% interest in Jinan Sunshine 100, transferred its 51% interest to an affiliate, Yan Kuang Donghua Group Co., Ltd. This transfer was part of an internal reorganization by Yan Kuang, a large state-owned mining company in China, to consolidate non-mining businesses (including the real estate business engaged in by Jinan Sunshine 100) and delegate them more managerial autonomy. On August 31, 2013, Yan Kuang Donghua Group Co., Ltd. issued us a notice stating that, as of September 1, 2013, it would vote in line with us in shareholders' and board of directors meetings of Jinan Sunshine 100, thereby giving us the power to direct the affairs of Jinan Sunshine 100. The commercial intention of the notice was that we would direct the business of Jinan Sunshine 100 and Yan Kuang Donghua Group Co., Ltd. would act as an investor. Accordingly, we started to account for Jinan Sunshine 100 as our subsidiary as of September 1, 2013, and Jinan Sunshine 100 and its one subsidiary became part of our Group as of the same date. Yan Kuang Donghua Group Co., Ltd. has confirmed to us that it has treated Jinan Sunshine 100 as an associated company as of September 1, 2013.

LIQUIDITY AND CAPITAL RESOURCES

Net Current Assets

The following table shows our current assets, current liabilities and net current assets as of the date indicated:

	As of December 31,			As of September 30,	As of December 31,	As of January 31,
	2010	2011	2012	2013	2013	2014*
	(RMB in millions)					
Current assets:						
Properties under development and completed properties held for sale	8,538.5	10,780.5	11,617.7	15,470.4	15,203.6	15,457.6
Land development for sale	258.7	312.5	379.8	386.6	695.0	719.4
Trade and other receivables	2,272.1	2,720.6	3,300.7	3,687.5	2,826.8	2,826.8
Restricted deposits	315.9	469.5	1,517.8	1,822.5	1,704.8	1,776.8
Cash and cash equivalents	577.0	563.7	1,108.3	1,371.6	1,309.6	851.3
	11,962.2	14,846.8	17,924.3	22,738.6	21,775.8	21,631.8
Current liabilities:						
Loans and borrowings	3,568.7	3,863.9	6,752.0	5,927.0	5,963.3	6,026.4
Trade and other payables	2,553.3	3,518.6	3,740.2	3,914.5	4,270.3	4,247.3
Contract retention payables	36.1	57.2	63.5	62.7	93.8	90.3
Sales deposits	4,213.1	5,134.7	4,361.5	6,578.7	4,377.9	4,592.2
Current tax liabilities	731.5	770.8	710.0	680.0	694.1	740.5
	11,102.7	13,345.2	15,627.2	17,162.9	15,399.6	15,696.7
Net current assets	859.5	1,501.6	2,297.1	5,575.7	6,376.2	5,935.1

* *Latest practicable date for net current assets disclosure purposes.*

Cash Flow

The following table presents selected cash flow data from our consolidated cash flow statements for the years indicated.

	Year ended December 31,			Nine months ended September 30,
	2010	2011	2012	2013
	(RMB in millions)			(RMB in millions)
Operating cash flow before movements in working capital[1]	503.9	341.9	926.4	186.4
Movements in working capital				
(Increase)/decrease in properties under development and completed properties held for sale	(1,454.0)	(594.7)	88.2	(1,524.3)
Increase in land development for sale	(3.4)	(53.8)	(67.2)	(6.9)
Decrease/(increase) in trade and other receivables	133.8	(255.0)	(290.9)	231.0
Decrease/(increase) in restricted deposits	140.5	(79.8)	27.2	17.1
Increase/(decrease) in trade and other payables and contract retention payables	160.6	139.9	192.6	(533.1)
Increase/(decrease) in sales deposits	912.5	921.7	(773.3)	1,370.4
Cash generated from operations	393.9	420.2	103.0	(259.4)
Income tax paid	(434.6)	(244.7)	(315.3)	(236.2)
Net cash (used in)/generated from operating activities	(40.7)	175.5	(212.3)	(495.6)
Net cash used in investing activities	(511.6)	(295.6)	(496.6)	(558.7)
Net cash generated from financing activities	530.7	106.8	1,253.5	1,317.6
Net (decrease)/increase in cash and cash equivalents	(21.6)	(13.3)	544.6	263.3
Cash and cash equivalents at January 1	598.6	577.0	563.7	1,108.3
Cash and cash equivalents at December 31/September 30	577.0	563.7	1,108.3	1,371.6

Note:

(1) Represents profit before taxation as adjusted for depreciation, valuation gains on investment properties, financial expenses, financial income, gain on disposal of subsidiaries and associates, net loss on disposal of property and equipment and share of profits less losses of associates.

Net Cash (Used in)/Generated from Operating Activities

Our cash used in operations principally comprises payments for our property development activities and land acquisitions. Our cash generated from operations is principally from proceeds received from pre-sales and sales of our properties.

In the nine months ended September 30, 2013, our net cash used in operating activities was RMB495.6 million, attributable to income tax paid of RMB236.2 million and cash used in operations of RMB259.4 million. Operating cash flow before movements in working capital was RMB186.4 million. Movements in working capital contributed to a net cash outflow of RMB445.8 million, comprising primarily (i) an increase in properties under development and completed properties held for sale of RMB1,524.3 million and (ii) a decrease in trade and other payables of RMB533.1 million, partially offset by an increase in sales deposits of RMB1,370.4 million as we pre-sold more properties.

In 2012, our net cash used in operating activities was RMB212.3 million, attributable to income tax paid of RMB315.3 million, partially offset by cash generated from operations of RMB103.0 million. Operating cash flow before movements in working capital was RMB926.4 million. Movements in working capital contributed to a net cash outflow of RMB823.4 million, comprising primarily (i) a decrease in sales deposits of RMB773.3 million as we increased deliveries of properties and (ii) an increase in trade and other receivables of RMB290.9 million.

In 2011, our net cash generated from operating activities was RMB175.5 million, attributable to cash generated from operations of RMB420.2 million, partially offset by income tax paid of RMB244.7 million. Operating cash flow before movements in working capital was RMB341.9 million. Movements in working capital contributed to a net cash inflow of RMB78.3 million, comprising primarily (i) an increase in trade and other payables of RMB139.9 million, and (ii) an increase in sale deposits of RMB921.7 million, partially offset by (i) an increase in properties under development and completed properties held for sale of RMB594.7 million and (ii) an increase in trade and other receivables of RMB255.0 million.

In 2010, our net cash used in operating activities was RMB40.7 million, attributable to cash generated from operations of RMB393.9 million, partially offset by income tax paid of RMB434.6 million. Operating cash flow before movements in working capital was RMB503.9 million. Movements in working capital contributed to a net cash outflow of RMB110.0 million, comprising primarily (i) an increase in properties under development and completed properties held for sale of RMB1,454.0 million, partially offset by (i) an increase in sale deposits of RMB912.5 million, and (ii) an increase in trade and other payables of RMB160.6 million.

Net Cash Used in Investing Activities

Our cash used in investing activities primarily reflects the construction of investment properties, the acquisition of property and equipment, acquisition of subsidiaries and advances to related parties. Our cash generated from investing activities primarily reflects the disposal of subsidiaries, the liquidation and disposal of associates and repayment of advances to related parties.

In the nine months ended September 30, 2013, our net cash used in investing activities was RMB558.7 million, which primarily represented advances to related parties of RMB800.8 million and repayment of advances to related parties of RMB297.8 million.

In 2012, our net cash used in investing activities was RMB496.6 million, which primarily represented (i) advances to related parties of RMB591.6 million (ii) payment for acquisition of investment properties of RMB109.4 million, partially offset by (i) proceeds received from the disposal of financial assets of RMB100.0 million and (ii) repayment of advances to related parties of RMB142.3 million.

In 2011, our net cash used in investing activities was RMB295.6 million, which primarily represented (i) advances to related parties of RMB196.8 million, (ii) net cash outflow arising from acquisition of subsidiaries of RMB196.6 million (iii) payment for acquisition of investment property of RMB74.4 million, partially offset by repayment of advances to related parties of RMB158.2 million.

In 2010, our net cash used in investing activities was RMB511.6 million, which primarily represented (i) payment for acquisition of property and equipment of RMB262.6 million and (ii) payment for acquisition of investment property of RMB127.8 million, partially offset by repayment of advances to related parties of RMB156.6 million.

For more descriptions of advances to related parties and their repayment, see "—Certain Consolidated Balance Sheet Items—Certain Transactions with Impact on Balance Sheet Items—Transactions with Related Parties" beginning on page 319 above.

Net Cash Generated from Financing Activities

Our cash generated from financing activities are mainly from loans and other borrowings. Our cash used in financing activities mainly reflects interest payments and repayment of bank loans.

In the nine months ended September 30, 2013, our net cash generated from financing activities was RMB1,317.6 million, which was primarily attributable to (i) proceeds from loans and borrowings of RMB7,197.9 million and (ii) advances from related parties of RMB499.3 million, partially offset by (i) repayment of loans and borrowings of RMB5,457.7 million, (ii) interest paid of RMB609.7 million and (iii) an increase in restricted deposits of RMB301.3 million.

In 2012, our net cash generated from financing activities was RMB1,253.5 million, which was primarily attributable to proceeds from loans and borrowings of RMB5,609.3 million, partially offset by (i) repayment of loans and borrowings of RMB2,888.3 million, (ii) interest paid of RMB750.2 million (iii) repayment of advances to related parties of RMB116.9 million and (iv) an increase in restricted deposits of RMB505.1 million.

In 2011, our net cash generated from financing activities was RMB106.8 million, which was primarily attributable to (i) proceeds from loans and borrowings of RMB4,375.7 million and (ii) proceeds from advances from related parties of RMB214.4 million, partially offset by (i) repayment of loans and borrowings of RMB2,994.6 million, (ii) interest paid in the amount of RMB838.8 million and (iii) an increase in restricted deposits of RMB596.1 million.

In 2010, our net cash generated from financing activities was RMB530.7 million, which was primarily attributable to proceeds from loans and borrowings of RMB3,288.3 million, partially offset by (i) repayment of loans and borrowings of RMB1,660.3 million and (ii) interest paid of RMB896.9 million.

Capital Resources and Working Capital Sufficiency

Property developments require substantial capital investment for land acquisition and construction and it may take many months or years before positive cash flows can be generated. To date, we have funded our growth principally from internal funds, bank loans, trust loans, loans from related parties and third parties and capital contributions from Shareholders. Our financing methods vary from project to project and are subject to limitations imposed by PRC regulations and monetary policies.

In the near future, we plan to fund our capital expenditure (including primarily land acquisition costs and construction costs) from a combination of (i) a portion of our cash receipts from sales of properties and rental income and (ii) external loans and borrowings. After Listing, we also plan to use approximately 30%, or HK$621.5 million, of the net proceeds from this Global Offering to finance the development of our existing projects. The table below sets forth the planned capital expenditure (excluding capitalized interest) of the Group, separating projects under development and projects held for future development, and our proposed sources of funding, for the periods indicated. In most of the quarter periods below, our Directors believe that our actual cash receipts alone will be greater than the total capital expenditure required. In order to better utilize our capital resources, however, our Directors plan to use just a portion of our cash receipts for each period to fund a majority of the capital expenditure requirements for the same period, and utilize external loans and borrowings, as well as net proceeds from this Global Offering when available, to fund the rest. Our Directors believe that, for each period identified below, our actual cash receipts will exceed the designation in the table below, based on assumptions consistent with those for our profit estimate set out in Appendix III to this prospectus, and that we will have external borrowing capacity greater than specified in the table below. This plan is subject to adjustment in accordance with our overall financial condition and the progress of our development projects.

Three months ended December 31, 2013

	Fourth quarter (RMB in millions)
Planned capital expenditures	
Projects under development	1,809
Land acquisition cost	739
Construction cost	1,070
Projects held for future development	32
Land acquisition cost	32
Construction cost	—
Total	1,841
Land acquisition cost	771
Construction cost	1,070
Planned sources of funding	
Cash receipts from sales of properties and rental income[(1)]	1,227
Loans and borrowings	614
Total	1,841[(2)]

Year ending December 31, 2014

	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(RMB in millions)				
Planned capital expenditures					
Projects under development	1,131	1,698	1,537	1,440	5,806
Land acquisition cost	434	326	—	—	760
Construction cost	697	1,372	1,537	1,440	5,046
Projects held for future development	103	375	733	33	1,243
Land acquisition cost	103	350	700	—	1,153
Construction cost	—	25	33	33	90
Total	1,234	2,072	2,270	1,473	7,049
Land acquisition cost	538	676	700	—	1,914
Construction cost	697	1,397	1,570	1,473	5,136
Planned sources of funding					
Cash receipts from sales of properties and rental income(1)	723	1,282	1,413	882	4,299
Loans and borrowings	411	691	757	491	2,350
Net proceeds of the Global Offering(3)	100	100	100	100	400
Total	1,234	2,072	2,270	1,473	7,049(4)

Notes:

(1) Based on assumptions consistent with those for our profit estimate set out in Appendix III to this prospectus.

(2) Of which the total forecasted land, demolition and construction costs amounting to RMB1,841 million to be paid during the three months ended December 31, 2013, RMB1,070 million was contracted to be paid.

(3) Assuming the Listing has completed.

(4) Of which the total forecasted land, demolition and construction costs amounting to RMB7,049 million to be paid during the year ending December 31, 2014, the Directors forecast RMB4,288 million is contracted to be paid.

As of September 30, 2013, the total commitments in respect of properties under development and investment properties under construction of our Group amounted to RMB7,333.4 million.

The Board of Directors is satisfied, after due and careful enquiry by taking into account the estimated net proceeds from this Global Offering, available banking facilities and cash flow from our operations, that we have sufficient working capital for our present requirements, which include at least the next 12 months starting from the date of this prospectus.

We intend to continue to fund our future development and debt servicing costs from existing financial resources and cash generated from operations. We may also raise additional funds through debt or equity offerings or sales or other dispositions of assets in the future to finance all or a portion of our future development, for debt servicing or for other purposes. Our ability to obtain adequate financing to satisfy our debt service requirements may be limited by our financial condition and results of operations and the liquidity of international and domestic financial markets. Any failure by us to achieve timely rollover, extension or refinancing of our short-term debt may result in our inability to meet our obligations in connection with debt service, accounts payable and/or other liabilities when they become due and payable.

Indebtedness

Loans and Borrowings

The following table sets forth the composition of our loans and borrowings as of the date indicated:

	As of December 31,			As of September 30,	As of December 31,
	2010	2011	2012	2013	2013*
	(RMB in millions)				
Non-current:					
Loans from Riverside	1,447.1	1,147.2	933.5	560.2	587.2
Loans from Hangzhou Industrial and Commerce Trust	—	—	—	37.3	22.3
	1,447.1	1,147.2	933.5	597.5	609.5
Bank loans—secured	2,570.2	3,001.1	3,363.7	3,801.2	4,505.6
Loans from other financial institutions—secured	663.7	2,497.9	4,009.0	5,085.9	3,523.4
Loans from third parties					
—secured	276.9	140.1	137.1	33.1	1,298.3
—unsecured	—	—	30.0	706.0	345.7
	3,510.8	5,639.1	7,539.8	9,626.2	9,673.0
Less:					
Current portion of long-term loans and borrowings:					
—Loans from Riverside	1,447.0	1,147.2	933.5	560.3	466.7
—Bank loans	952.7	1,137.1	2,358.4	1,156.1	491.0
—Loans from other financial institutions	170.0	1,093.3	1,601.9	1,329.9	1,259.9
—Loans from third parties	240.0	8.1	137.1	63.2	29.9
	2,809.7	3,385.7	5,030.9	3,109.4	2,247.5
Total non-current loans and borrowings	2,148.2	3,400.6	3,442.4	7,114.2	8,035.0
Current:					
Bank loans					
—secured	187.6	251.3	1,085.5	1,730.0	1,486.5
Loans from other financial institutions					
—secured	119.5	—	209.8	230.0	886.7
Loans from related parties					
—unsecured	20.8	20.8	80.8	80.8	20.8
—secured	—	15.0	154.1	20.0	—
Loans from third parties					
—unsecured	151.0	91.0	145.0	709.1	938.2
—secured	280.0	100.2	46.0	47.6	—
	758.9	478.3	1,721.2	2,817.5	3,332.2
Current portion of long-term loans and borrowings	2,809.8	3,385.6	5,030.8	3,109.4	2,247.5
Total short-term loans and borrowings	3,568.7	3,863.9	6,752.0	5,927.0	5,579.7
Total loans and borrowings	5,716.9	7,264.5	10,194.4	13,041.2	13,614.7

* *Latest practicable date for indebtedness disclosure purposes.*

Some of our loans and borrowings are secured by our properties under development, completed properties held for sale, investment properties, restricted deposits and other assets. The following table sets forth a breakdown of such assets as security as of the dates indicated:

	As of December 31,			As of September 30, 2013
	2010	2011	2012	
	(RMB in millions)			(RMB in millions)
Property and equipment	327.1	294.6	306.4	290.6
Investment properties	1,224.5	1,446.6	559.9	1,310.2
Properties under development and completed properties held for sale	2,733.9	2,581.2	4,724.9	4,598.9
Unlisted available-for-sale investment	51.2	—	—	—
Restricted deposits	211.1	807.2	1,312.3	1,613.6
	4,547.8	5,129.6	6,903.5	7,813.3

In addition, certain loans and borrowings, in the amount of RMB1,947.9 million, RMB2,733.8 million, RMB3,712.6 million and RMB3,418.7 million as of December 31, 2010, 2011 and 2012 and September 30, 2013, respectively, were secured by a charge over the shares of 14 of our subsidiaries.

Furthermore, certain loans, in the amount of RMB60.0 million, RMB850.0 million and RMB1,080.8 million as of December 31, 2010, 2011 and 2012, respectively, were guaranteed by Mr. Yi Xiaodi and his spouse. As of December 31, 2010, 2011 and 2012, loans from a third party in the amount of RMB228.1 million, RMB1.3 million and RMB1.3 million, respectively, were secured by a charge over the investment in Jinan Sunshine 100, then treated as an entity under significant influence of Mr. Yi Xiaodi, held by two entities controlled by the Original Shareholders. The personal guarantees by Mr. Xiaodi and his spouse have been released as of the date of this prospectus.

Some of our outstanding indebtedness carries various covenants that obligate some of our subsidiaries to, for example, maintain certain financial ratios or obtain the lender's consent before providing guarantees or creating new encumbrances on assets that may affect their ability to repay the indebtedness, among others. As of December 31, 2010, 2011, 2012 and the nine months ended September 30, 2013, our loans and borrowings of RMB305.0 million, RMB110.0 million, RMB97.0 million and RMB290.6 million, or 5.3%, 1.5%, 1.0% and 2.2% of our loans and borrowings as of the same dates, respectively, all relating to loans taken out by our certain PRC subsidiaries from certain PRC banks for project development purposes, were re-classified as loans and borrowings payable on demand, as the relevant loan agreements contained indebtedness ratio requirements on the respective PRC subsidiaries, which the relevant PRC subsidiaries did not meet for the relevant periods primarily because these periods were particularly capital intensive and the underlying projects had not started to generate sufficient profit. We have sent the financial statements of our relevant subsidiaries to the relevant banks on a routine basis. During the Track Record Period, we did not receive any actual demand from the relevant banks to repay any amounts under these loans on an accelerated basis, and repaid some of the loans involved as scheduled; we did not experience any cross-default of our other indebtedness triggered by such re-classification, either. As of the Latest Practicable Date, we had approximately RMB215.2 million in this nature remained outstanding, and our Directors confirm that we had not received any demand from the relevant banks for any early repayment of this amount. Our Directors confirm that, even if the relevant banks demanded early repayment of part or all of this amount, our financial resources would be sufficient to meet such repayment obligations, since, among other things, as of January 31, 2014, we had approximately RMB851.3 million in cash and cash equivalents and, as of the Latest Practicable Date, we had approximately RMB1,770.2 million in unutilized bank facilities. Save as disclosed above, our Directors confirm that we complied with the financial and other covenants in our debt agreements in all material respects during the Track Record Period.

The following table sets forth the repayment terms of our bank loans:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB in millions)			
Within 1 year or on demand	3,568.7	3,863.9	6,752.0	5,927.0
After 1 year but within 2 years	1,065.7	3,026.5	2,021.8	5,041.7
After 2 years but within 5 years	1,038.8	341.4	331.7	1,313.8
After 5 years	43.7	32.7	1,088.9	758.7
	2,148.2	3,400.6	3,442.5	7,114.2
	5,716.9	7,264.5	10,194.4	13,041.2

The following table shows the interest rates for our borrowings (other than the Riverside and Hangzhou Industrial and Commerce Trust loans) for the period indicated:

	For the year ended December 31,			For the nine months ended September 30,
	2010	2011	2012	2013
Long-term				
Bank loans	5.40%-6.63%	2.71%-10.56%	2.83%-10.64%	6.15%-10.46%
Loans from other financial institutions	10.52%-15.30%	13.30%-16.00%	11.00%-16.00%	7.5%-14.64%
Loans from third parties	10.00%-15.00%	9.30%-15.00%	10.00%-15.00%	6.15%-15.00%
Short-term				
Bank loans	5.31%	4.03%-14.70%	3.5%-11.00%	3.50%-13.00%
Loans from other financial institutions	14.00%	—	17.4%	12.00%
Loans from related parties	10.00%	10.00%	3%-10.00%	3.50%-10.00%
Loans from third parties	10.00%-24.00%	7.1%-20.00%	12.00%-20.00%	6.15%-20.00%

As of the Latest Practicable Date, we had aggregate bank facilities of RMB4,000.0 million, of which RMB2,229.8 million was utilized and RMB1,770.2 million remained un-utilized. Our Directors confirm that we will be able to utilize the un-utilized bank facilities by following customary procedures of the relevant lending banks and are not subject to unusual restrictions or conditions. Except as set forth above and for the Global Offering, our Directors have confirmed that our Group currently has no material external debt financing in place and is not likely to raise any material external debt financing in the near future outside our ordinary course of business.

Trust financing

During the Track Record Period, we obtained trust financing to fund some of our property development projects. The following table sets forth select information on our trust financings:

Item	Trust company	Effective annual interest rate	End date	Share of project company pledged/ transferred	Veto right to trust company	Principal balance as of December 31, 2010	2011	2012	Principal balance as of September 30, 2013
						(RMB in millions)			(RMB in millions)
Chengdu Sunshine 100 Mia Center									
1	Bank of Communications International Trust Co., Ltd.	11.3%	September 10, 2011	N/A	No	110.0	—	—	—
2	China Railway Trust Co., Ltd.	13.6%	February 15, 2013	50%*	Yes	—	200.0	—	—
3	China Railway Trust Co., Ltd.	13.3%	March 29, 2013	50%*	Yes	—	200.0	200.0	—
Sub-total						110.0	400.0	200.0	—
Liuzhou Sunshine 100 City Plaza									
5	Hangzhou Industrial and Commerce Trust	15.3%	March 20, 2011	N/A	No	60.0	—	—	—
6	China Foreign Economy and Trade Trust Co., Ltd.	13.5%	April 1, 2012	N/A	No	194.0	194.0	—	—
Sub-total						254.0	194.0	—	—
Changsha Sunshine 100 International New Town									
7	Hunan Trust and Investment Co., Ltd.	13.5%	June 17, 2012	13%*	No	99.7	99.6	—	—
8	Hangzhou Industrial and Commerce Trust	13.8%	January 15, 2014	N/A	No	—	—	170.0	160.0
9	China Foreign Economy and Trade Trust Co., Ltd.	12.5%	September 14, 2014	N/A	No	—	—	—	550.0
Sub-total						99.7	99.6	170.0	710.0
Wuhan Sunshine 100 Lakeside Residence									
10	Zhongrong International Trust	14.0%	February 10, 2011	54.44%** 45.56%*	Yes	119.5	—	—	—
11	Sichuan Trust Co., Ltd.	14.7%	April 21, 2013	48.93%** 51.07%*	Yes	—	290.0	328.0	—
12	Minsheng Trust	10.5%	September 17, 2015	N/A	No	—	—	—	102.7
13	Mingsheng Trust	12%	September 18, 2015	N/A	No	—	—	—	—
Sub-total						119.5	290.0	328.0	102.7
Yantai Sunshine 100 City Plaza (Phase I)									
14	Hangzhou Industrial and Commerce Trust	14.6%	March 25, 2016	30%** 70%*	Yes	—	—	—	445.8
15	Hangzhou Industrial and Commerce Trust	14.6%	March 25, 2016	30%** 70%*	Yes	—	—	—	—
Sub-total									445.8
Weifang Sunshine 100 City Plaza									
16	Hangzhou Industrial and Commerce Trust	13.9%	March 25, 2015	50%*	Yes	—	—	—	250.4
17	Hangzhou Industrial and Commerce Trust	13.9%	March 25, 2016	30%**	Yes	—	—	—	65.2
Sub-total						—	—	—	315.6

Item	Trust company	Effective annual interest rate	End date	Share of project company pledged/ transferred	Veto right to trust company	Principal balance as of December 31, 2010	2011	2012	Principal balance as of September 30, 2013
						(RMB in millions)			(RMB in millions)
Chongqing Sunshine 100 International New Town									
18	China Foreign Economy and Trade Trust Co., Ltd.	14.0%	February 28, 2013	N/A	No	—	170.0	170.0	—
19	China Industrial International Trust Limited	11.0%	September 28, 2013	N/A	No	—	—	230.1	—
20	China Industrial International Trust Limited	11.0%	September 28, 2014	N/A	No	—	—	169.9	169.9
21	Zhongrong International Trust	15.0%	February 28, 2015	72%** 18%*	Yes	—	—	—	400
22	Zhongrong International Trust	14.0%	July 14, 2015	10%		—	—	—	300
23	Zhongrong International Trust	14%	July 15, 2015	N/A	Yes	—	—	—	—
Sub-total						—	170.0	570.0	869.9
Shenyang Sunshine 100 Golf Mansion									
24	Sichuan Trust Co., Ltd.	15.5%	March 18, 2013	66.67%** 18%*	Yes	—	94.6	213.0	—
Shenyang Sunshine 100 International New Town									
25	China Foreign Economy and Trade Trust Co., Ltd.	14.0%	May 8, 2014	N/A	No	—	—	430.8	450
26	Gansu Trust	11.0%	August 29, 2015	N/A		—	—	—	400
									850
Wuxi Sunshine 100 International New Town									
27	Beijing International Trust Co., Ltd.	15.0%	July 31, 2012	49%** 51%*	Yes	—	599.7	—	—
28	Beijing International Trust Co., Ltd.	12.0%	July 30, 2014	N/A		—	—	—	230
29	Beijing International Trust	12%	July 30, 2014	N/A	No	—	—	—	—
30	New China Trust Co., Ltd	14%	November 20, 2015	100%	No	—	—	—	—
Dongying Sunshine 100 City Garden									
31	China Foreign Economy and Trade Trust Co., Ltd.	14.0%	January 24, 2012	N/A	No	200.0	200.0	—	—
Total						783.2	2,047.9	1,911.8	3,524.0

* Pledged

** Transferred

† Amount measured at fair value and not included under "Loans from other financial institutions" in the notes to our financial statements

Some of our trust loans were also secured by various forms of assets and/or supported by our guarantees in addition to the share pledges and transfers indicated in the table above.

The trust financing companies we have cooperated with are reputable and well-established institutions in the PRC and are independent third parties to us. We use trust financing as a supplement to bank loans primarily to finance our property development projects. We carried increasing trust financing during the Track Record Period as trust loans, compared with bank loans, offer greater flexibility in terms and structures and more favorable timing in draw-downs and repayments, even though they typically cost more. For example, bank loans in the PRC typically are only available for drawdown once a project receives a permit for commencement of construction works, whereas our development strategies, particularly those relating to multifunctional residential communities, determine that we require substantial capital resources to acquire land parcels on a large scale before they reach the development stage according to our phased development schedule and pursuant to PRC land regulations. Also, security eligible for bank loans in the PRC is typically limited to assets underlying development projects being financed, whereas trust loans could be obtained on the strength of secured assets not directly linked to the projects in which loan proceeds will be used. As of September 30, 2013, we had a total principal amount of RMB3,524.0 million of trust financing outstanding, accounting for approximately 27.0% of our total borrowings. Therefore, we do not believe that we are dependent on trust financing for the capital needs in our development projects on an overall basis. As of January 31, 2014, we had approximately RMB851.3 million in cash and cash equivalents and, as of the Latest Practicable Date, we had approximately RMB1,770.2 million in unutilized bank facilities. We, however, recognize that, under our current development model, trust financing has become a necessary and substantial component of our external financing particularly in the early stages of property development due to its flexibility and availability, and intend to continue to utilize trust financing where appropriate. As of December 31, 2010, 2011 and 2012 and September 30, 2013, the total amount of trust financing outstanding accounted for 13.7%, 28.2%, 18.8% and 27.0% of our total borrowings, respectively. Nevertheless, we plan to closely monitor and manage the proportion of trust financing in our overall indebtedness taking into consideration our liquidity, funding costs and funding requirements as demanded by our development schedule. After the Global Offering, we intend to broadly explore various forms of equity and/or debt financing and gradually reduce the proportion of trust financing in our total external financing.

The terms and covenants of our trust loans vary, largely depending on whether our equity interests in the borrowing project companies are (i) pledged or (ii) transferred to the trust companies as security.

Types of our secured trust financings

Our secured trust financings are broadly categorized into:

- Type (i) trust financing arrangements which involve a pledge of the equity interest held by us in the relevant project subsidiary, or
- Type (ii) trust financing arrangements which involve a transfer of equity interest, and a pledge of the remaining equity interest held by us, in the relevant project subsidiary to the trust company.

These secured trust financings also generally involve other security and/or guarantees:

- corporate and/or shareholders' guarantees; and/or
- pledge of land use rights of the relevant property project; and/or
- other security in the form of an assignment of rental income, sales revenue and other income generated from the relevant project company or an assignment of shareholders' loan.

We generally apply the fund obtained from each secured trust financing arrangement to the project undertaken by the relevant borrowing subsidiary unless the relevant trust company otherwise agrees. At maturity, and upon satisfaction of the terms for the repayment of the secured trust financings, the relevant corporate and/or shareholders' guarantees and project liens are released and, as the case may be, the pledge of the equity interest in the relevant project subsidiary is released and/or the minority interest in the relevant project subsidiary is repurchased from the trust company.

Key terms of type (i) trust financing arrangement

For the trust loans in which our equity interests are pledged, the trust companies do not have the right to participate in the project companies' board or shareholders' meetings or have veto rights in any form, except for the trust financing of our Chengdu Sunshine 100 Mia Center project financed by China Railway Trust Co., Ltd., who has the right to appoint an independent director to the project company and enjoys a veto right regarding material non-operational decisions by its board. Since, under the terms of this type of trust financing arrangements, the trust companies typically can only exercise ordinary creditors' rights and do not have veto rights relating to operational matters in the ordinary course of business of the project companies, we believe that such arrangements will not affect our control over the borrowing subsidiaries. The pledged interests will be released upon repayment of the principal of, and any other amount due under, such trust loans.

Key terms of type (ii) trust financing arrangement

Board representation

Through equity participation in the project companies, the trust financing companies[(1)] (as trustees of the respective trust funds) are entitled to appoint a certain number of directors to the boards of our project companies. Typically, at least a two-thirds (2/3) board majority is required for certain important matters such as material disposal of assets, external borrowings exceeding a specific threshold, key construction planning changes and budgeting. Out of all the type (ii) arrangements, we retain a majority of the board seats in all of the relevant project companies. As of the Latest Practicable Date, we have not experienced any disagreement with the trust financing companies and there has been no dissenting vote cast by any of the board representatives appointed by the trust financing companies.

Security

As security for the performance of our project companies under our trust financing arrangements, we provided guarantees, share pledges and fixed assets mortgages to some trust financing companies.

Fixed income return

Our PRC legal advisers have advised us that under the terms of the type (ii) agreements we have entered into, the trust financing companies (as trustees of the respective trust funds) do not in any circumstances enjoy any investment return other than that of the pre-determined fixed income return. We remain fully accountable

Note :

(1) China Railway Trust Co., Ltd., which provided project finance for our Chengdu Sunshine 100 Mia Center project, enjoyed a right to appoint an independent director to the project company and a veto right regarding material non-operation decisions by its board, but did not have equity participation.

for the profits and losses of our project companies. Neither the trust funds nor the trust financing companies (as trustees of the respective trust funds) would assume any risks or enjoy any benefits other than the fixed income return that was pre-determined through arm's length negotiation. Our Directors have confirmed that the rates of fixed income return provided to the trust financing companies under our type (ii) arrangements are within the range of market rates.

Right and obligation to repurchase

As advised by our PRC legal advisers, there are four types of repurchase clauses in type (ii) arrangements where: (1) the Company has the right and obligation to repurchase the equity interests and the trust financing companies have the obligation to transfer such equity interests back to the Company, such as the trust financing arrangement for Yantai Sunshine 100 City Plaza project with Hangzhou Industrial and Commerce Trust; (2) the Company has the right to repurchase the equity interests and the trust financing companies have the obligation to transfer such equity interests back to the Company, such as the trust financing arrangement for Wuhan Sunshine 100 Lakeside Residence project with Zhongrong International Trust; (3) the trust financing companies have the right to request the Company to repurchase the equity interests, and the Company has the obligation to repurchase such equity interests from the trust financing companies as requested, such as the trust financing arrangement for Chongqing Sunshine 100 International New Town project with Zhongrong International Trust; and (4) the Company has the preemptive right during repurchase process, such as the trust financing arrangement for Wuxi Sunshine 100 International New Town project for Beijing International Trust Co., Ltd.

Management of the project companies

During the term of the type (ii) arrangements, we retain the rights in respect of the day-to-day operation and management of our project companies and their businesses. During the Track Record Period, none of the trust financing companies actively participated or intervened in the day-to-day operations and management of any of our project companies.

Veto right

The circumstances in which the trust companies can exercise veto rights typically include the following, among others:

- Amendments to articles of association;
- Changes to registered capital or shareholding;
- Declarations of dividends or other distributions;
- Provisions of guarantees or asset pledges supporting related-party or third-party debt;
- Acquisition of equity interests or making equity investments in other companies;
- Disposition of assets over a certain threshold not in the ordinary course of business;
- Incurrence of indebtedness from external financing;

- Appointment of key members of management; and
- Entering into material transactions over certain thresholds or that may undermine the company's ability to perform its obligations under the trust loan.

Such veto rights are consistent with customary protection given to the creditors under secured borrowing transactions. During the Track Record Period and up to the Latest Practicable Date, none of the board representatives of the relevant trust financing companies has exercised its veto rights or the unilateral revocation rights. We believe that veto rights of the relevant trust financing companies will not affect our control over the borrowing subsidiaries.

Accounting treatment. For the accounting basis that the borrowing project companies with respect to which we pledged or transferred equity interests to trust companies remained our subsidiaries under the relevant accounting standards, see from page I-55 to page I-57 of this prospectus.

The following tables sets forth select information on our trust financings arranged since September 30, 2013 and up to the Latest Practicable Date:

Item	Project	Trust company	Effective annual interest rate	End date	Share of project company pledged/ transferred	Veto right to trust company	Principal amount
							(RMB in millions)
1	Chengdu Sunshine 100 Mia Center	China Foreign Economy and Trade Trust Co., Ltd.	14%	October 14, 2015	49%** 51%*	Yes	550.0
2	Wuxi Sunshine 100 International New Town	New China Trust Co., Ltd.	14%	November 20, 2015	100%*	No	87.0
3	Shenyang Sunshine 100 International New Town	Hangzhou Industrial and Commerce Trust	12.5%	April 27, 2015	N/A	No	270.0
Total							907.0

* Pledged

** Transferred

Save as disclosed in this prospectus, we did not have any bank overdrafts or other similar indebtedness, hire purchases commitments or authorized debentures as of the Latest Practicable Date.

Other financing from other financial institutions

In addition to trust financing, our "loans from other financial institutions" also include financings from three other financial institutions that are not trust companies: China Cinda Asset Management Co., Ltd., Tianjin Nongken Hongyilian and Wanjia Gongying Assets Management Co., Ltd. The following table sets forth details of our financings from these three institutions:

Item	Effective annual interest rate	End date	Principal balance as of December 31, 2010	2011	2012	Principal balance as of September 30, 2013	Security
			(RMB in millions)			(RMB in millions)	
China Cinda Asset Management Co., Ltd.							
1.	17.40%	September 30, 2013	—	—	209.8	—	Equity interest in certain project
2.	12.42%	April 30, 2015	—	—	—	—	Equity interest and assets in certain project
3.	17.04%	September 29, 2013	—	—	—	—	Equity interest and assets in certain project
4.	16.00%	September 28, 2013	—	—	450.0	—	Assets in certain project
5.	12.42%	December 11, 2014	—	450.0	580.0	549.8	Equity interest and assets in certain project
Sub-total				450.0	1,239.8	549.8	
Tianjin Nongken Hongyilian							
6.	11.00%	December 31, 2018	—	—	456.2	508.3	Equity interest in certain project
7.	12.00%	December 31, 2018	—	—	200.0	221.0	Equity interest in certain project
8.	12.00%	December 31, 2018	—	—	300.0	300.0	Equity interest in certain project
9.	12.00%	December 31, 2018	—	—	111.0	—	Equity interest in certain project
Sub-total				—	1,067.2	1,029.3	
Wanjia Gongying Assets Management Co., Ltd.							
10.	7.5%	September 30, 2016	—	—	—	250	Assets in certain project
Total				450.0	2,307.0	1,829.1	

Contingent Liabilities

Our contingent liabilities primarily comprise guarantees we provide to PRC banks in respect of the mortgage loans provided by the banks to purchasers of our properties. The guarantees are typically released the title deeds of the respective properties are pledged to the banks as security to continue to support the mortgage loans, which generally takes place within one year after the properties are delivered to the purchasers.

The following table shows our total contingent liabilities as of the date indicated:

	As of December 31, 2010	2011	2012	As of September 30, 2013
	(RMB in millions)			
Mortgage guarantees	3,304.4	2,962.6	3,041.5	4,149.1

In addition, we also provide various quality warranties to buyers of our properties, of terms between one to five years, in accordance with the relevant PRC laws and regulations. Such warranties are covered by back-to-back warranties provided to us by the respective construction contractors. We have, from time to time, also been party to lawsuits and other legal proceedings in the normal course of business. Even though the magnitude of such legal contingencies cannot be determined at present, our Directors believe that any resulting liability would not have a material adverse effect on our financial position, liquidity or operating results.

Off-balance Sheet Commitments and Arrangements

Except for the contingent liabilities described above, we have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our Shares and classified as shareholder's equity, or that are not reflected in our consolidated financial statements. We do not have any variable interests 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.

The Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of our Group since September 30, 2013.

SUMMARY OF KEY FINANCIAL RATIOS

	Year ended December 31,			Nine months ended September 30,
	2010	**2011**	**2012**	**2013**
Profitability ratios				
Revenue growth(1)	N/A	0.2%	51.5%	(1.0)%
Net profit growth(2)	N/A	(77.5)%	532.3%	229.1%
Gross margin(3)	33.1%	29.2%	31.7%	24.6%
Net profit margin before interest and tax(4)	33.4%	26.6%	30.8%	22.2%
Net profit margin(5)	9.2%	2.1%	8.6%	3.4%
Return on equity(6)	19.8%	4.2%	20.9%	4.4%
Return on total assets(7)	1.7%	0.3%	1.7%	0.4%

	As of December 31,			As of September 30,
	2010	**2011**	**2012**	**2013**
Liquidity ratios				
Current ratio(8)	107.7%	111.3%	114.7%	132.5%
Quick ratio(9)	92.5%	98.5%	99.3%	114.5%
Capital adequacy ratios				
Gearing ratio(10)	36.0%	36.9%	45.3%	45.8%
Debt to equity ratio(11)	3.60	4.06	4.22	4.42
Interest coverage ratio(12)	2.70	1.73	2.22	1.74

Notes:

(1) The calculation of revenue growth is based on revenue for the period divided by revenue for the previous period, minus one and multiplied by 100%.

(2) The calculation of net profit growth is based on net profit for the period divided by net profit for the previous period, minus one and multiplied by 100%.

(3) The calculation of gross margin is based on gross profit divided by revenue and multiplied by 100%.

(4) The calculation of net profit margin before interest and tax is based on net profit before taxation less financial expenses and capitalized interest expense under cost of sales of RMB72.0 million, RMB191.1 million, RMB274.5 million and RMB160.8 million for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, respectively, divided by revenue and multiplied by 100%.

(5) The calculation of net profit margin is based on net profit divided by revenue and multiplied by 100%.

(6) The calculation of return on equity is based on profit for the period divided by total equity and multiplied by 100%, and further multiplied by 2 so as to be comparable with annual result.

(7) The calculation of return on total assets is based on net profit divided by total assets and multiplied by 100%, and further multiplied by 2 so as to be comparable with annual result.

(8) The calculation of current ratio is based on current assets divided by current liabilities.

(9) The calculation of quick ratio is based on current assets less completed properties held for sale divided by current liabilities.

(10) The calculation of gearing ratio is based on total borrowings divided by total assets and multiplied by 100%.

(11) The calculation of debt to equity ratio is based on total borrowings less cash and cash equivalents and current and non-current restricted deposits as guarantees for loans and borrowings and bills payable divided by total equity.

(12) The calculation of interest coverage ratio is based on profit before taxation less financial expenses and capitalized interest expense under cost of sales of RMB72.0 million, RMB191.1 million, RMB274.5 million and RMB160.8 million for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, respectively, divided by such financial expenses and capitalized interest expense under cost of sales.

Please refer to "—Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012," "—2012 Compared to 2011" and "—2011 Compared to 2010" above for a discussion of the factors affecting revenue growth, net profit growth and gross and net profit margins during the respective periods.

Return on Equity and Return on Total Assets

For 2010, 2011 and 2012 and the nine months ended September 30, 2013, our return on equity amounted to 19.8%, 4.2%, 20.9% and 4.4%, respectively, and our return on total assets amounted to 1.7%, 0.3%, 1.7% and 0.4%, respectively. The fluctuation was generally in line with that in our net profit over the same years.

Current Ratio

As of December 31, 2010, 2011 and 2012 and September 30, 2013, our current ratio amounted to 107.7%, 111.3%, 114.7% and 132.5%, respectively. Our current ratio increased moderately during the Track Record Period primarily due to a faster increase rate in our current asset such as properties under construction as compared to the increase rate in our current liabilities for the nine months ended September 30, 2013.

Quick Ratio

As of December 31, 2010, 2011 and 2012 and September 30, 2013, our quick ratio amounted to 92.5%, 98.5%, 99.3% and 114.5%, respectively. Our quick ratio generally increased during the Track Record Period primarily due to a faster increase rate in our current asset such as properties under construction as compared to the increase rate in our current liabilities for the nine months ended September 30, 2013.

Gearing Ratio

As of December 31, 2010, 2011 and 2012 and September 30, 2013, our gearing ratio amounted to 36.0%, 36.9%, 45.3% and 45.8%, respectively. The increase in gearing ratio from December 31, 2011 to December 31, 2012 was due to the increase of borrowings in 2012. The general increasing trend was mainly due to increasing borrowings.

Debt to Equity Ratio

As of December 31, 2010, 2011 and 2012 and September 30, 2013, our debt to equity ratio amounted to 3.60, 4.06, 4.22 and 4.42, respectively. Our debt to equity ratio generally increased during the Track Record Period as we obtained more borrowings to fund our development projects.

Interest Coverage Ratio

As of December 31, 2010, 2011 and 2012 and September 30, 2013, our interest coverage ratio amounted to 2.70, 1.73, 2.22 and 1.74, respectively. The fluctuation was generally in line with that in our profit before interest and tax expenses and financial expenses over the same years.

CAPITAL EXPENDITURES AND COMMITMENTS

In 2010, 2011 and 2012 and for the nine months ended September 30, 2012 and 2013, we incurred capital expenditures (including capitalized interest) in the amounts of RMB405.8 million, RMB191.2 million, RMB175.6 million, RMB102.7 million and RMB65.0 million, respectively, comprising primarily expenditures for investment properties and offices.

As of December 31, 2010, 2011 and 2012 and September 30, 2013, we had the following commitments in respect of properties under development and investment properties under construction not provided for:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB in millions)			(RMB in millions)
Contracted for				
Chengdu Sunshine 100 Mia Center	—	107.1	142.3	—
Shenyang Sunshine 100 International New Town (Phase I, II & III)	219.7	363.0	184.1	—
Wuhan Sunshine 100 Lakeside Residence	72.0	360.5	215.4	191.7
Chongqing Sunshine 100 International New Town	45.8	—	25.8	—
Wuxi Sunshine 100 International New Town	337.0	227.9	578.2	343.0
Tianjin Sunshine 100 International New Town	99.6	79.2	—	—
Dongying Sunshine 100 City Garden.	99.5	237.1	242.3	39.4
Liuzhou Sunshine 100 City Plaza	45.9	128.2	47.9	18.9
Shenyang Sunshine 100 Golf Mansion	—	83.1	23.0	41.6
Changsha Sunshine 100 International New Town	88.5	410.6	148.3	—
Weifang Sunshine 100 City Plaza	3.2	220.6	308.0	266.5
Guilin Lijiang Project	—	—	—	0.4
Qingyuan Mango Town	—	—	—	293.7
Jinan Sunshine 100 International New Town	—	—	—	351.8
	1,011.2	2,217.3	1,915.3	1,547.0
Approved but not contracted for				
Chengdu Sunshine 100 Mia Center	—	292.3	56.2	—
Shenyang Sunshine 100 International New Town (Phase I, II & III)	688.4	957.0	973.3	1,382.3
Wuhan Sunshine 100 Lakeside Residence	69.2	475.6	322.6	390.4
Chongqing Sunshine 100 International New Town	113.5	—	5.9	987.2
Wuxi Sunshine 100 International New Town	620.5	764.8	1,504.1	1,427.2
Tianjin Sunshine 100 International New Town	239.3	207.4	—	—
Dongying Sunshine 100 City Garden.	237.2	146.9	124.5	475.7
Liuzhou Sunshine 100 City Plaza	398.2	321.6	73.5	53.0
Shenyang Sunshine 100 Golf Mansion	—	276.4	319.2	214.4
Changsha Sunshine 100 International New Town	315.9	515.3	575.6	604.9
Weifang Sunshine 100 City Plaza	635.3	499.7	296.6	62.2
Qingyuan Mango Town	—	—	—	182.1
Jinan Sunshine 100 International New Town	—	—	—	7.0
	3,317.5	4,457.0	4,251.5	5,786.4
Total	4,328.7	6,674.3	6,166.8	7,333.4

As of December 31, 2010, 2011 and 2012 and September 30, 2013, we had the following capital commitments to associates which is not included above:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB in millions)			(RMB in millions)
Contract for				
Dongguan Songshan Project	—	—	29.6	18.9
Liuzhou Yaobu Classic Town	—	—	65.0	50.8
Chongqing Sunshine 100 City Plaza	112.1	78.4	3.0	—
	112.1	78.4	97.6	69.7
Approved but not contracted for				
Dongguan Songshan Project	—	—	5.2	5.1
Liuzhou Yaobu Classic Town	—	—	34.3	194.8
Chongqing Sunshine 100 City Plaza	111.3	39.2	—	—
	111.3	39.2	39.5	199.9
Total	223.4	117.6	137.1	269.6

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

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB in millions)			(RMB in millions)
Within 1 year	32.8	24.5	23.7	14.2
After 1 year but within 5 years	58.0	23.7	47.2	34.5
After 5 years	4.2	2.7	17.3	13.0
	95.0	50.8	88.2	61.7

PROPERTY INTERESTS

The following table sets forth the reconciliation of our properties from the consolidated financial statements as of September 30, 2013 to the Property Valuation in Appendix IV to this prospectus as of November 30, 2013, prepared by CBRE Limited.

	RMB (in millions)
Valuation of properties as of November 30, 2013, as set out in the Property Valuation in Appendix IV to this prospectus	34,762.2
Less: valuation of properties held by the jointly controlled entities	(2,761.3)
Net book value as of September 30, 2013:	
Property, plant and equipment (excluding motor vehicles and office equipment)	719.8
Property under development	15,470.4
Investment properties	4,173.1
Total	20,363.3
Add: Additions during the period from September to November	1,292.4
Less: Disposal during the period from September to November.	(0.9)
Less: Depreciation of buildings held for self use during the period from September to November	(7.3)
Less: Transfer to cost of sales	(552.9)
Net book value of properties of our Group as of November, as set out in the Property Valuation in Appendix IV to this prospectus	21,094.6
Revaluation surplus, before corporate income tax and LAT	10,906.3

MARKET RISK

Credit Risk

Our credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. We perform credit evaluations on all customers requiring credit over a certain amount, and we generally would not release the property ownership certificates to the buyers before they finally settle the selling price.

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when we have significant exposure to individual customers. The receivable from Chenghua government, our largest customer accounted for 26%, 21%, 18% and 16% of our total trade and other receivables as at December 31, 2010, 2011 and 2012 and September 30, 2013, respectively.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheets after deducting any impairment allowance. Except for the financial guarantees given by us as set out in this prospectus, we do not provide any other guarantees which would expose us to credit risk.

Liquidity Risk

Historically, we relied to a great extent on proceeds received from pre-sale of property units to fund its development and construction of real estate projects. As there is no assurance that proceeds received from future pre-sales of our current real estate projects will be sufficient to meet our needs, our operating plan requires it to raise additional funds to finance the development and construction of its current real estate projects. If we are unable to raise additional equity or debt financing, our expansion plans and operations might need to be curtailed.

Our policy is to regularly monitor current and expected liquidity requirements and our compliance with lending covenants to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirement in the short and longer term.

Interest Rate Risk

We are exposed to interest rate risks, primarily relating to our bank borrowings subject to negotiation on annual basis. As at December 31, 2010, 2011 and 2012 and September 30, 2013, the annual interest rates of our deposits at bank ranged from 0.36% to 3.87%, 0.50% to 3.10%, 0.35% to 2.85% and 0.35% to 2.85%, 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 fluctuations in the fair value of our debt obligations. In 2007, the PBOC increased the one-year lending rate six times from 6.12% to 7.47%. Beginning in 2008, the PBOC decreased the benchmark one-year lending rate five times, from 7.47% to 5.31%. The benchmark one-year lending rate applicable in 2009 remained at 5.31%, and was increased to 5.81%, 6.56% and 6.00% in 2010, 2011 and 2012, respectively. We do not currently use any derivative instruments to modify the nature of our debt so as to manage our interest rate risk. However, our management will consider hedging significant interest rate exposure should the need arise.

An increase in interest rates may also adversely affect our prospective purchasers' ability and cost to obtain financing and depress the overall housing demand in China. On September 27, 2007, the PBOC raised the relevant PBOC benchmark interest rate to 7.83%, 27 basis points higher than the previously benchmark interest rate, and the minimum property mortgage loan rate over property mortgages with a term over five years was 6.6555%. On October 27, 2008, the PBOC reduced the minimum mortgage loan interest rate to 70% of the relevant PBOC benchmark interest rate. As of September 30, 2013, the minimum property mortgage loan interest rate for property mortgages with a term over five years was 4.585%.

As of December 31, 2010, 2011 and 2012 and September 30, 2013, we estimated that a general increase/ decrease of 100 basis points in interest rates for loans and borrowings, with all other variables held constant, would decrease/increase our profit after tax and retained profits by approximately RMB0.7 million, RMB4.5 million, RMB9.0 million and RMB11.6 million, respectively, and would increase/decrease our properties under development and completed properties held for sale, and investment properties, property and equipment and land development for sale, by approximately RMB24.8 million, RMB34.2 million, RMB32.9 million and RMB37.7 million, respectively.

Commodities Risk

We are exposed to fluctuations in the prices of raw materials, primarily steel and cement, for our property developments. We procure the raw materials, such as cement and steel, and therefore we bear the risks of fluctuation in the costs of these materials. We currently do not engage and do not expect to engage in commodities hedging activities in the future.

Foreign Exchange Rate Risk

Substantially all of our revenues and expenses are denominated in Renminbi. Subsequent to this offering, a depreciation of Renminbi would adversely affect the value of any dividends we pay to our offshore Shareholders. In addition, we are subject to foreign exchange risk on cash and cash equivalents denominated in currencies other than Renminbi or U.S. dollar. Depreciation or appreciation of the RMB and USD against foreign currencies can affect our results. We currently do not have a foreign currency hedging policy. Our obligations under these transactions may be secured by cash or other collateral. Because Renminbi is not freely convertible, our ability to reduce the foreign exchange risk is limited. Please refer to "Risk Factors—Risks Relating to Doing Business in China—Fluctuations in the value of the Renminbi may adversely affect our business and the value of distributions by our PRC subsidiaries" for additional risk disclosure.

Inflation

According to the National Bureau of Statistics of China, China's overall national inflation rate, as represented by the general consumer price index, was 3.3%, 5.4% and 2.6% in 2010, 2011 and 2012, respectively. Deflation could negatively affect our business as it might be a disincentive for prospective property purchasers to make purchases.

Listing Expenses

Our listing expenses mainly comprise of professional fees paid to the Joint Global Coordinators, property valuer, legal advisers and the reporting accountants, etc. for their services rendered in relation to the Listing and the Global Offering. As of September 30, 2013, we had incurred listing expenses of RMB12 million, RMB3 million of which we recognized as prepayment and the remaining RMB9 million was recorded as expense in our consolidated statement of comprehensive income for the Track Record Period. The total amount of listing expenses is estimated to be approximately RMB101.0 million (based on the mid-point of our indicative price range for Global Offering), of which approximately RMB75.2 million is expected to be capitalized upon Listing and the remaining RMB25.8 million is expected be recognized as expenses in our consolidated statements of comprehensive income. Our Directors do not expect expenses to be incurred after the Track Record Period to have a material adverse impact on our financial results for the year ended December 31, 2013.

PROFIT ESTIMATE FOR THE YEAR ENDED DECEMBER 31, 2013

We have prepared the following profit estimate for the year ended December 31, 2013. This profit estimate is based on accounting policies consistent with those adopted for the purpose of the Accountants' Report of our Group, the text of which is set forth in Appendix I to this prospectus, and the bases set forth in Appendix III to this prospectus. You should read these bases when you analyze our profit estimate.

	RMB (in millions, except per Share data)
Estimate consolidated profit attributable to the equity shareholders of our Company(1)	not less than 553.0
Estimate fair value gains on investment properties (net of deferred tax and non-controlling interests)	146.6
Estimate consolidated profit attributable to the equity shareholders of our Company (excluding fair value gains)	not less than 406.4
Estimate earnings per Share	
Unaudited *pro forma* fully diluted(2)	not less than RMB0.28 (approximately HK$0.35)

Notes:

(1) The bases on which the above profit estimate for the year ended December 31, 2013 has been prepared are summarized in Appendix III to this prospectus. The unaudited estimate of consolidated profit attributable to equity shareholders for the year ended December 31, 2013 has been prepared by the Directors based on accounting policies consistent in all material respects with those adopted for the purpose of the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

(2) The calculation of the estimate earning per Share on a *pro forma* fully diluted basis is based on the estimate consolidated profit attributable to equity shareholders of the Company for the year ended December 31, 2013, assuming that a total of 2,000,000,000 Shares had been in issue throughout the year. The calculation of the estimate earning per Share on a *pro forma* fully diluted basis does not take into account any Shares which may be issued upon any exercise of the Over-allotment Option and the options granted under the Share Option Scheme of the Company. The unaudited *pro forma* estimate earnings per Share is converted into Hong Kong dollars at an exchange rate of RMB0.78755 to HK$1.00. No representation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

SENSITIVITY ANALYSIS

The following table is for illustrative purposes and sets out the sensitivity of the estimate consolidated net profit attributable to our equity shareholders to the variations of forecast floor areas of properties sold recognized as revenue, forecast unit cost of properties sold and forecast valuation gains on investment properties for the year ended December 31, 2013.

	Revenue	**Profit attributable to equity shareholders of the Company**
	RMB'000	**RMB'000**
Estimate	5,686,783	552,990
Variations of forecast floor areas of properties sold recognized as revenue		
(a) 5% decrease	5,402,444	492,550
(b) 10% decrease	5,118,105	432,110
(c) 15% decrease	4,833,766	371,671
(d) 20% decrease	4,549,426	311,231

	Cost of properties sold	Profit/(loss) attributable to equity shareholders of the Company
	RMB'000	RMB'000
Estimate	4,075,047	552,990
Variations in forecast unit cost of properties sold		
(a) 5% increase	4,278,799	400,177
(b) 10% increase	4,482,552	247,364
(c) 15% increase	4,686,304	94,549
(d) 20% increase	4,890,056	(58,264)

	Valuations gains on investment properties	Profit attributable to Equity shareholders of the Company
	RMB'000	RMB'000
Estimate	221,024	552,990
Variations in forecast valuation gains on investment properties		
(a) 5% decrease	209,973	545,658
(b) 10% decrease	198,922	538,327
(c) 15% decrease	187,870	530,993
(d) 20% decrease	176,819	523,661

We adopt a 5%, 10%, 15% and 20% range of increment/decrement to the base case in the sensitivity analysis above in respect of the variation of forecast floor areas of properties sold recognized as revenue and forecast unit cost of properties sold and valuation gains on investment properties for the year ended December 31, 2013. During the Track Record Period and two months ended November 30, 2013, the largest deviation of actual floor areas of properties sold recognized as revenue, unit cost properties sold and valuation gains on investment properties from our estimate was less than 20%, therefore the Directors are of the view that the 5%, 10%, 15%, 20% range used in the profit estimate is reasonable. The above sensitivity analysis is intended to be for reference only and not meant to be exhaustive. While we have considered for the purposes of the profit estimate what we believe is the best estimate of floor areas of properties sold, unit cost of properties sold and valuation gains on investment properties for the year ended December 31, 2013, floor areas of properties sold, unit cost of properties sold and valuation gains on investment properties at the relevant time may differ materially from our estimate and are dependent on market conditions and other factors which are beyond our control. We have not included a sensitivity analysis of our profit estimate based on the average selling prices of our properties, as the relevant properties had been pre-sold and the selling prices are generally not subject to change.

SENSITIVITY ANALYSIS ON HISTORICAL RESULTS

For the illustrative purposes only, the following table shows the sensitivity of our revenue/cost of properties sold/profit attributable to equity shareholders of the Company during the Track Record Period with regard to changes in floor areas of properties sold recognized as revenue/selling price/unit cost of properties sold:

Changes in floor areas of properties sold recognized as revenue	Revenue			
	For the year ended December 31,			For the nine months ended September 30,
	2010	2011	2012	2013
	RMB in millions			
+20%	3,499.3	3,503.6	5,309.3	2,594.2
+15%	3,357.6	3,362.6	5,095.6	2,493.0
+10%	3,215.8	3,221.6	4,882.0	2,391.9
+5%	3,074.0	3,080.6	4,668.3	2,290.7
0%	2,932.3	2,939.6	4,454.6	2,189.6
-5%	2,790.5	2,798.6	4,240.9	2,088.4
-10%	2,648.8	2,657.6	4,027.3	1,987.3
-15%	2,507.0	2,516.6	3,813.6	1,886.1
-20%	2,365.2	2,375.6	3,599.9	1,784.9

Changes in floor areas of properties sold recognized as revenue	Profit attributable to equity shareholders of the Company			
	For the year ended December 31,			For the nine months ended September 30,
	2010	2011	2012	2013
	RMB in millions			
+20%	231.2	82.9	450.6	162.5
+15%	213.8	70.6	412.9	145.1
+10%	196.4	58.4	375.3	127.7
+5%	178.9	46.1	337.6	110.4
0%	161.5	33.9	300.0	93.0
-5%	144.1	21.6	262.3	75.6
-10%	126.7	9.4	224.7	58.2
-15%	109.2	(2.9)	187.0	40.9
-20%	91.8	(15.2)	149.4	23.5

Changes in selling price	Revenue			
	For the year ended December 31,			For the nine months ended September 30,
	2010	2011	2012	2013
	RMB in millions			
+20%	3,499.3	3,503.6	5,309.3	2,594.2
+15%	3,357.6	3,362.6	5,095.6	2,493.0
+10%	3,215.8	3,221.6	4,882.0	2,391.9
+5%	3,074.0	3,080.6	4,668.3	2,290.7
0%	2,932.3	2,939.6	4,454.6	2,189.6
-5%	2,790.5	2,798.6	4,240.9	2,088.4
-10%	2,648.8	2,657.6	4,027.3	1,987.3
-15%	2,507.0	2,516.6	3,813.6	1,886.1
-20%	2,365.2	2,375.6	3,599.9	1,784.9

Changes in selling price	Profit attributable to equity shareholders of the Company			
	For the year ended December 31,			For the nine months ended September 30,
	2010	2011	2012	2013
	RMB in millions			
+20%	339.6	175.7	651.1	359.7
+15%	295.1	140.3	563.3	293.0
+10%	250.6	104.8	475.5	226.3
+5%	206.0	69.3	387.7	159.7
0%	161.5	33.9	300.0	93.0
-5%	117.0	(1.6)	212.2	26.3
-10%	72.5	(37.0)	124.4	(40.4)
-15%	27.9	(72.5)	36.6	(107.0)
-20%	(16.6)	(108.0)	(51.1)	(173.7)

Changes in unit cost of properties sold	Cost of properties sold			
	For the year ended December 31,			For the nine months ended September 30,
	2010	2011	2012	2013
	RMB in millions			
+20%	2,338.8	2,479.5	3,618.2	1,956.8
+15%	2,244.3	2,380.1	3,474.2	1,880.2
+10%	2,149.8	2,280.8	3,330.2	1,803.7
+5%	2,055.3	2,181.4	3,186.2	1,727.1
0%	1,960.8	2,082.1	3,042.2	1,650.5
-5%	1,866.3	1,982.7	2,898.2	1,574.0
-10%	1,771.7	1,883.4	2,754.2	1,497.4
-15%	1,677.2	1,784.0	2,610.2	1,420.8
-20%	1,582.7	1,684.7	2,466.2	1,344.2

Changes in unit cost of properties sold	Profit attributable to equity shareholders of the Company			
	For the year ended December 31,			For the nine months ended September 30,
	2010	2011	2012	2013
	RMB in millions			
+20%	42.8	(66.1)	63.3	(108.9)
+15%	72.4	(41.1)	122.5	(58.4)
+10%	102.1	(16.1)	181.7	(7.9)
+5%	131.8	8.9	240.8	42.5
0%	161.5	33.9	300.0	93.0
-5%	191.2	58.9	359.1	143.5
-10%	220.9	83.8	418.3	193.9
-15%	250.6	108.8	477.4	244.4
-20%	280.3	133.8	536.6	294.9

DIVIDENDS

Our Company did not declare or pay any dividend in during the Track Record Period.

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

Future dividend payments will also depend upon the availability of dividends we will receive from our subsidiaries in China. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign investment enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our PRC subsidiaries may also be subject to any restrictive covenants in bank credit facilities or loan agreements, convertible bond instruments or other agreements that we or they may enter into in the future.

The amount of dividend actually distributed to our Shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to approval of our shareholders. Our Board has an absolute discretion to recommend any dividend for any year, and there is no assurance that dividends of any amount will be declared or distributed in any future year. We currently intend to make approximately 20% to 30% of our distributable profits for potential distribution to our Shareholders.

DISTRIBUTABLE RESERVES

As of September 30, 2013, we had no reserves available for distribution to our equity holders.

NO MATERIAL ADVERSE CHANGE

There was no interruption in our business that may have or has had a significant effect on our financial condition in the last 12 months. Our Directors are not aware of any material adverse change in our financial or trading position since September 30, 2013 (being the date as of which our latest consolidated financial statements were prepared as set out in the Accountants' Report of our Group in Appendix I to the prospectus).

Our Directors confirmed that we have not experienced any withdrawal of banking facilities, requests for early payment of outstanding bank loans or increase in the amount of pledge(s), cancellation of orders, bankruptcy or default of customers or suppliers which have had a material adverse impact on our business operations.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

According to Rule 13.17 of the Listing Rules, a general disclosure obligation will arise where the controlling shareholder of the company has pledged its interest in shares of the company to secure debts of the company or to secure guarantees or other support of obligations of the company.

Save as disclosed in this prospectus, our directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure obligation under Rules 13.13 to 13.19 of the Listing Rules.

UNAUDITED PRO FORMA NET TANGIBLE ASSETS

The following unaudited *pro forma* statement of our adjusted net tangible assets is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Offering on the net tangible assets of the Group attributable to the equity owners of the Company as of September 30, 2013 as if the Offering had taken place on that date.

This *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 the financial position of the Group had the Offering been completed as of September 30, 2013 or at any future date.

	Consolidated net tangible assets attributable to the equity owners of Company as of September 30, 2013(1)	Estimated net proceeds from the Offering(2)(5)	Estimated impact to net tangible assets upon the conversion of the Loans from Riverside(3)	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per share(4)	Unaudited pro forma adjusted net tangible assets per share
	RMB in thousands	**RMB in thousands**	**RMB in thousands**	**RMB in thousands**	**RMB**	**HK$(5)**
Based on an offer price of HK$4.00 per share	1,413,001	1,488,514	310,511	3,212,026	1.61	2.04
Based on an offer price of HK$4.80 per share	1,413,001	1,792,509	310,511	3,516,021	1.76	2.23

Notes:

(1) The consolidated net tangible assets attributable to equity owners of the Company as of September 30, 2013 is based on the consolidated net assets attributable to the equity owners of the Company of RMB1,413,001 as of September 30, 2013.

(2) The estimated net proceeds from the Offering are based on the offer prices of HK$4.00 and HK$4.80 per share, being the low and high ends of the stated offer price range, after deduction of the underwriting fees and other related expenses payable by the Company and does not take into account any Shares which may be issued upon the exercise of the Over-allotment Option and the options granted under the Share Option Scheme of the Company.

(3) Upon the Offering, part of the outstanding balance of the Loans from Riverside will be automatically converted into the Company's shares at the offer price, the carrying amount of which recorded as a liability of the Company will be transferred to the Company's equity.

(4) The unaudited *pro forma* including adjusted net tangible assets per Share are arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 2,000,000,000 shares are expected to be in issue following the Offering, but do not take into account any Shares which may be issued upon the exercise of the Over-allotment Option and the options granted under the Share Option Scheme of the Company.

(5) For purposes of the estimated net proceeds of the Offering and the unaudited *pro forma* adjusted net tangible assets per Share are converted into RMB and Hong Kong dollars at an exchange rate of RMB0.78755 to HK$1.00. No representation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(6) The Group's property interests as at November 30, 2013 have been valued by CB Richard Ellis Ltd., an independent property valuer. The above pro forma statement of adjusted net tangible assets does not take into account the surplus arising from the revaluation of the Group's property interests amounting to approximately RMB313,699,000. Revaluation surplus has not been recorded in the historical financial information of the Group and will not be recorded in the consolidated financial statements of the Group for the year ended December 31, 2013 as the Group's property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. If the valuation surplus were recorded in the Group's financial statements, additional annual depreciation and amortization of approximately RMB5,882,000 would be charged against the profit for the year ended December 31, 2013.

(7) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to September 30, 2013.

ACQUISITION OF RIVERSIDE

Sunmode entered into an agreement in relation to the Acquisition on January 14, 2014. The Acquisition was completed on the same date. Riverside is an investment holding company and its main asset was a 75% equity interest in Liaoning Sunshine 100 prior to the Acquisition. In addition, Sunmode pledged all its shares in Riverside to Riverside Holdings A and Riverside Holdings B on January 14, 2014, as security over all its obligations under the First Amended and Restated Liaoning Agreement (as amended). The shares will be released from this pledge immediately prior to the Listing Date.

The Consideration

The consideration for the Acquisition is the aggregate of US$26,137,087 and the US dollar equivalent of RMB100,000,000, which was determined after arm's length negotiations between the parties. As disclosed on page I-54 of this Prospectus, the 75% equity interest in Liaoning Sunshine 100 was transferred to Riverside by the Group as part of the financing arrangement between affiliates of Warburg Pincus and the Group. Riverside's holding of a 75% equity interest in Liaoning Sunshine 100 is in substance from business perspective a security for such financing from affiliates of Warburg Pincus. The Acquisition and the payment of the consideration are therefore in substance from business perspective the unwinding of the financing arrangement and the release of security created previously. The amount of the consideration for the Acquisition is part of the remaining balance of the total amount outstanding under such financing arrangement.

Reasons for the Acquisition

The 75% equity interest in Liaoning Sunshine 100 currently held by Riverside was previously transferred to Riverside by the Group as part of the financing arrangement between affiliates of Warburg Pincus and the Group. Riverside's holding of a 75% equity interest in Liaoning Sunshine 100 is in substance from business perspective the security for such financing from affiliates of Warburg Pincus. Pursuant to the Second Amended and Restated Liaoning Agreement dated July 11, 2013, Riverside 100 Holdings A LLC and Riverside 100 Holdings B LLC shall transfer their respective shareholdings in Riverside to the Company, provided that no material breach (such breaches include the repayment of the financing) has occurred pursuant to such agreement. The Acquisition and the payment of the consideration for the Acquisition are therefore in substance from business perspective the unwinding of such financing arrangement and the release of security created previously.

Key Financial Figures of Riverside

Given that the Acquisition is immaterial to our Group, our Company has applied to the Stock Exchange and the Stock Exchange has granted a waiver from strict compliance with the requirements of Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in relation to the Acquisition. As an alternative disclosure, the key financial figures of Riverside for the two prior financial years, which are set out in the audited financial statements of Riverside provided by Riverside to the Company, are set out below.

	Year ended March 31,	
	2013	**2012**
Total assets	US$ 69,414,479	US$150,206,973
Net (loss)/income	US$(50,699,953)	US$ 22,382,547

We understand from Riverside that the above net loss of Riverside was incurred in light of a change in valuation of Riverside's debt investment in Liaoning Sunshine 100.

Our reporting accountant has not audited or reviewed the above mentioned financial statements of Riverside. Adjustments may arise if these financial statements had been audited or reviewed by our reporting accountant.

Key Financial Figures of Liaoning Sunshine 100

Shenyang Sunshine 100 International New Town is the only project developed by Liaoning Sunshine 100. The key financial figures of Liaoning Sunshine 100 for the two latest available financial years are set out below.

	Year ended December 31	
	2012	**2011**
Total assets	RMB4,137,786,657	RMB2,992,048,079
Net profit	RMB129,362,741	RMB68,222,434

The financial results of Liaoning Sunshine 100 have been consolidated into the Group's accounts during the Track Record Period as included in the Accountants' Report of the Group, the text of which is set out in Appendix I to this Prospectus.