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TIMES PROPERTY HOLDINGS LIMITED

時代地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1233)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

INTERIM RESULTS HIGHLIGHTS

- Contracted sales for the Period of RMB13.36 billion, representing an increase of 75.1% as compared with the corresponding period in 2015;
- Revenue for the Period of RMB5,699.1 million, representing an increase of 41.1% as compared with the corresponding period in 2015;
- Profit for the Period of RMB527.9 million, representing an increase of 14.3% as compared with the corresponding period in 2015;
- Profit attributable to the owners of the Company of RMB549.6 million, representing an increase of 20.6% as compared with the corresponding period in 2015;
- Core profit attributable to the owners of the Company (profit for the Period attributable to the owners of the Company excluding changes in fair values of investment properties and the derivative component of the convertible bonds, net of the impact of the related deferred tax) increased to RMB540.4 million, representing an increase of 22.7% as compared with the corresponding period in 2015;
- Gross profit margin and core profit margin attributable to the owners of the Company for the Period of 26.3% and 9.5%, respectively;
- Basic earnings per share for the Period of RMB32 cents, representing an increase of 23.1% as compared with the corresponding period in 2015; and
- Cash and bank balances of RMB9.35 billion as at 30 June 2016.

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Times Property Holdings Limited (“**Times Property**” or the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2016 (the “**Period**”), together with the comparative figures for the corresponding period in 2015 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

| | | Six months ended 30 June | |
|--|-------|--------------------------|------------------------|
| | | 2016 | 2015 |
| | Notes | RMB'000 (Unaudited) | RMB'000 (Unaudited) |
| REVENUE | 5 | 5,699,121 | 4,039,646 |
| Cost of sales | | (4,200,569) | (3,002,763) |
| GROSS PROFIT | | 1,498,552 | 1,036,883 |
| Other income and gains | 5 | 49,635 | 51,550 |
| Selling and marketing costs | | (195,667) | (137,753) |
| Administrative expenses | | (214,386) | (149,972) |
| Other expenses | | (45,941) | (19,651) |
| Finance costs | 7 | (123,127) | (84,786) |
| Share of profits and losses of associates and joint ventures | | (5,317) | (91) |
| PROFIT BEFORE TAX | 6 | 963,749 | 696,180 |
| Income tax expense | 8 | (435,869) | (234,268) |
| PROFIT FOR THE PERIOD | | 527,880 | 461,912 |
| Attributable to: | | | |
| Owners of the Company | | 549,609 | 455,602 |
| Non-controlling interests | | (21,729) | 6,310 |
| | | 527,880 | 461,912 |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | | | |
| Basic — for profit for the period | 9 | RMB32 cents | RMB26 cents |
| Diluted — for profit for the period | 9 | RMB30 cents | RMB25 cents |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

| | Six months ended 30 June | |
|--|--------------------------|----------------|
| | 2016 | 2015 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| PROFIT FOR THE PERIOD | 527,880 | 461,912 |
| OTHER COMPREHENSIVE LOSS | | |
| Other comprehensive loss to be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences on translation of foreign operations | (110,806) | (7,895) |
| OTHER COMPREHENSIVE LOSS FOR THE PERIOD | (110,806) | (7,895) |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 417,074 | 454,017 |
| Attributable to: | | |
| Owners of the Company | 438,803 | 447,707 |
| Non-controlling interests | (21,729) | 6,310 |
| | 417,074 | 454,017 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

| | 30 June 2016 | 31 December 2015 |
|--|--------------------------------|------------------------------|
| <i>Notes</i> | RMB'000 (Unaudited) | RMB'000 (Audited) |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 1,138,370 | 1,005,291 |
| Prepaid land lease payments | 1,352,025 | 1,545,738 |
| Investment properties | 1,306,170 | 1,352,680 |
| Intangible assets | 9,437 | — |
| Goodwill | 28,498 | — |
| Investments in joint ventures | 890,742 | 190,708 |
| Investments in associates | 384,152 | 49,471 |
| Available-for-sale investments | 106,303 | 82,018 |
| Deferred tax assets | 326,846 | 276,951 |
| Prepayments, deposits and other receivables | 52,615 | 612,531 |
| | 5,595,158 | 5,115,388 |
| CURRENT ASSETS | | |
| Properties under development | 24,882,537 | 20,103,866 |
| Completed properties held for sale | 4,031,661 | 3,439,256 |
| Trade receivables | 2,346,769 | 1,977,560 |
| Prepayments, deposits and other receivables | 7,606,294 | 5,619,077 |
| Amounts due from joint ventures | 759,080 | 207,153 |
| Amount due from an associate | 402,610 | 351,610 |
| Tax prepayments | 459,579 | 307,145 |
| Restricted bank deposits | 3,318,512 | 3,907,868 |
| Cash and cash equivalents | 6,027,368 | 4,841,360 |
| | 49,834,410 | 40,754,895 |
| CURRENT LIABILITIES | | |
| Trade payables | 3,697,724 | 3,714,873 |
| Other payables and accruals | 19,093,713 | 14,671,276 |
| Amounts due to joint ventures | 66,367 | — |
| Interest-bearing bank loans and other borrowings | 369,119 | 359,114 |
| Tax payable | 1,018,684 | 1,239,114 |
| | 24,245,607 | 19,984,377 |
| NET CURRENT ASSETS | 25,588,803 | 20,770,518 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 31,183,961 | 25,885,906 |

| | 30 June 2016 | 31 December 2015 |
|--|-------------------------------|-----------------------------|
| | <i>RMB'000</i> (Unaudited) | <i>RMB'000</i> (Audited) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 31,183,961 | 25,885,906 |
| NON-CURRENT LIABILITIES | | |
| Interest-bearing bank loans and other borrowings | 18,369,606 | 15,331,068 |
| Convertible bonds | 287,263 | 277,931 |
| Deferred tax liabilities | 939,887 | 1,018,912 |
| Total non-current liabilities | 19,596,756 | 16,627,911 |
| Net assets | 11,587,205 | 9,257,995 |
| EQUITY | | |
| Equity attributable to owners of the Company | | |
| Share capital | 135,778 | 135,778 |
| Reserves | 7,120,347 | 6,963,950 |
| | 7,256,125 | 7,099,728 |
| Non-controlling interests | 4,331,080 | 2,158,267 |
| Total equity | 11,587,205 | 9,257,995 |

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 14 November 2007 under the name of Times Property (Holdings) Co., Limited as an exempted company with limited liability under the Companies Law, Cap 22 of the Cayman Islands. Pursuant to a special resolution passed on 24 January 2008, the Company's name was changed from Times Property (Holdings) Co., Limited to Times Property Holdings Limited. The registered office address is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

The Company is an investment holding company. During the six months ended 30 June 2016, the Company's subsidiaries were mainly involved in property development, property leasing and property management in the People's Republic of China (the "PRC").

In the opinion of the directors, the immediate holding company of the Company is Asiaciti Enterprise Ltd., which was incorporated in the British Virgin Islands ("BVI") and the ultimate holding company is Renowned Brand Investments Limited ("**Renowned Brand**"), which was incorporated in BVI. Renowned Brand is wholly owned by Mr. Shum Chiu Hung ("**Mr. Shum**"), the founder of the Group.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 11 December 2013.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2016 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Committee.

These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

They have been prepared under the historical cost convention, except for investment properties, the embedded financial derivative component of the convertible bonds and certain other payables, which have been measured at fair value. The unaudited interim condensed consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective as of 1 January 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("IFRSs", which also include IASs and interpretations) that are relevant to the Group's operation for the preparation of the Group's interim condensed consolidated financial statements:

| | |
|--|---|
| Amendments to IFRS 11 | <i>Joint Arrangements: Accounting for Acquisitions of Interests</i> |
| Amendments to IAS 16 and IAS 38 | <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> |
| Amendments to IAS 16 and IAS 41 | <i>Agriculture: Bearer Plants</i> |
| Amendments to IAS 27 | <i>Equity Method in Separate Financial Statements</i> |
| Amendments to IAS 1 | <i>Disclosure Initiative</i> |
| Amendments to IFRS 10, IFRS12 and IAS 28 | <i>Investment Entities: Applying the Consolidation Exception</i> |
| Annual Improvements 2012-2014 Cycle | <i>Amendments to a number of IFRSs</i> |

The adoption of the above new and amended IFRSs has had no significant financial effect on these interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these interim condensed consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into the following reportable operating segments:

- (a) Property development: Development and sale of properties
- (b) Property leasing: Property leasing (including lease of self-owned properties and sublease of leased properties)
- (c) Property management: Provision of property management services

The property development projects undertaken by the Group during the six months ended 30 June 2016 are all located in the PRC.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit before tax except that interest income, changes in fair value of the derivative component of the convertible bonds, loss on disposal of an associate, finance costs, share of profits and losses of associates and joint ventures, as well as head office and corporate income and expenses are excluded from this measurement.

The Group's revenue from external customers is derived solely from its operations in the PRC. Except for the Group's certain available-for-sale investments amounting to US\$12,000,000 (approximately equivalent to RMB79,803,000) and certain property, plant and equipment of RMB6,656,000, the Group's non-current assets are located in the PRC.

Segment assets exclude investments in joint ventures, investments in associates, available-for-sale investments, deferred tax assets, amounts due from joint ventures, amount due from an associate, tax prepayments, restricted bank deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude amounts due to joint ventures, interest-bearing bank loans and other borrowings, tax payable, convertible bonds, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

During the six months ended 30 June 2016, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

Segment revenue, segment results and other segment information for the six months ended 30 June 2016, and segment assets and liabilities as at 30 June 2016 are presented below:

| Six months ended 30 June 2016 | Property development | Property leasing | Property management | Elimination | Total |
|---|---------------------------------|-----------------------------|--------------------------------|--------------------|------------------|
| (Unaudited) | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Segment revenue | | | | | |
| Sales to external customers | 5,442,189 | 149,308 | 107,624 | – | 5,699,121 |
| Intersegment sales | – | 7,502 | 42,326 | (49,828) | – |
| | 5,442,189 | 156,810 | 149,950 | (49,828) | 5,699,121 |
| Segment results | 1,015,408 | 73,289 | 14,964 | – | 1,103,661 |
| <i>Reconciliation:</i> | | | | | |
| Interest income | | | | | 18,952 |
| Changes in fair value of the derivative component of the convertible bonds | | | | | 2,020 |
| Loss on disposal of an associate | | | | | (10,242) |
| Unallocated corporate expenses | | | | | (22,198) |
| Finance costs | | | | | (123,127) |
| Share of profits and losses of associates and joint ventures | | | | | (5,317) |
| Profit before tax | | | | | <u>963,749</u> |
| Other segment information | | | | | |
| Depreciation | (17,860) | (25,185) | (2,488) | – | (45,533) |
| Fair value gains on investment properties | – | 13,810 | – | – | <u>13,810</u> |

| As at 30 June 2016 (Unaudited) | Property development <i>RMB'000</i> | Property leasing <i>RMB'000</i> | Property management <i>RMB'000</i> | Elimination <i>RMB'000</i> | Total <i>RMB'000</i> |
|-----------------------------------|---|---------------------------------------|--|-------------------------------|-------------------------|
| Segment assets | 40,122,193 | 2,156,525 | 121,567 | – | 42,400,285 |
| <i>Reconciliation:</i> | | | | | |
| Unallocated assets | | | | | <u>13,029,283</u> |
| Total assets | | | | | <u>55,429,568</u> |
| Segment liabilities | 21,353,748 | 361,587 | 196,314 | – | 21,911,649 |
| <i>Reconciliation:</i> | | | | | |
| Unallocated liabilities | | | | | <u>21,930,714</u> |
| Total liabilities | | | | | <u>43,842,363</u> |

Segment revenue, segment results and other segment information for the six months ended 30 June 2015, and segment assets and liabilities as at 31 December 2015 are presented below:

| Six months ended 30 June 2015 (Unaudited) | Property development <i>RMB'000</i> | Property leasing <i>RMB'000</i> | Property management <i>RMB'000</i> | Elimination <i>RMB'000</i> | Total <i>RMB'000</i> |
|--|---|---------------------------------------|--|-------------------------------|-------------------------|
| Segment revenue | | | | | |
| Sales to external customers | 3,849,234 | 114,672 | 75,740 | – | 4,039,646 |
| Intersegment sales | <u>–</u> | <u>5,622</u> | <u>46,680</u> | <u>(52,302)</u> | <u>–</u> |
| | 3,849,234 | 120,294 | 122,420 | (52,302) | 4,039,646 |
| Segment results | 738,940 | 47,822 | 4,139 | – | 790,901 |
| <i>Reconciliation:</i> | | | | | |
| Interest income | | | | | 7,227 |
| Changes in fair value of the derivative component of the convertible bonds | | | | | 5,918 |
| Unallocated corporate expenses | | | | | (22,989) |
| Finance costs | | | | | (84,786) |
| Share of profits and losses of associates | | | | | <u>(91)</u> |
| Profit before tax | | | | | <u>696,180</u> |
| Other segment information | | | | | |
| Depreciation | (9,169) | (25,250) | (138) | – | (34,557) |
| Fair value gains on investment properties | <u>–</u> | <u>12,170</u> | <u>–</u> | <u>–</u> | <u>12,170</u> |

| As at 31 December 2015 (Audited) | Property development | Property leasing | Property management | Elimination | Total |
|-------------------------------------|-------------------------|---------------------|------------------------|----------------|-------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Segment assets | 33,332,536 | 1,996,611 | 29,384 | – | 35,358,531 |
| <i>Reconciliation:</i> | | | | | |
| Unallocated assets | | | | | <u>10,511,752</u> |
| Total assets | | | | | <u>45,870,283</u> |
| Segment liabilities | 17,599,376 | 273,589 | 158,885 | – | 18,031,850 |
| <i>Reconciliation:</i> | | | | | |
| Unallocated liabilities | | | | | <u>18,580,438</u> |
| Total liabilities | | | | | <u>36,612,288</u> |

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the gross proceeds from the sale of properties, gross rental income received and receivables and property management fee income, net of business tax and surcharges during the Period.

An analysis of the Group's revenue, other income and gains is as follows:

| | Six months ended 30 June | |
|---|---------------------------------|------------------|
| | 2016 | 2015 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| <i>Revenue</i> | | |
| Sale of properties | 5,442,189 | 3,849,234 |
| Gross rental income from: | | |
| lease of self-owned properties | 37,890 | 21,830 |
| sublease of leased properties | 111,418 | 92,842 |
| Property management fee income | 107,624 | 75,740 |
| | <u>5,699,121</u> | <u>4,039,646</u> |
| <i>Other income</i> | | |
| Bank interest income | 18,952 | 7,227 |
| Others | 14,853 | 9,919 |
| | <u>33,805</u> | <u>17,146</u> |
| <i>Gains, net</i> | | |
| Fair value gains on investment properties | 13,810 | 12,170 |
| Fair value gains on derivative component of the convertible bonds | 2,020 | 5,918 |
| Foreign exchange gain, net | — | 16,316 |
| | <u>15,830</u> | <u>34,404</u> |
| | <u>49,635</u> | <u>51,550</u> |

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

| | Six months ended 30 June | |
|--|---------------------------------|-----------------------|
| | 2016 | 2015 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| Cost of properties sold | 4,046,878 | 2,875,932 |
| Direct operating expenses (including repairs and maintenance) arising on rental-earning self-owned properties | 2,517 | 1,221 |
| Direct operating expenses (including rental and depreciation of leasehold improvements) arising on subleasing business | 66,711 | 59,698 |
| Cost of property management service provided | 84,463 | 65,912 |
| | 4,200,569 | 3,002,763 |
| Depreciation | 45,533 | 38,229 |
| Changes in fair value of investment properties | (13,810) | (12,170) |
| Employee benefit expense (including directors' remuneration): | | |
| Wages and salaries | 154,906 | 146,203 |
| Pension scheme contributions | 12,837 | 11,121 |
| Less: Amount capitalised in properties under development | (78,160) | (95,490) |
| | 89,583 | 61,834 |
| Minimum lease payments under operating leases regarding office premises and leased properties for subleasing business | 48,087 | 33,676 |
| Foreign exchange loss/(gain), net | 14,000 | (16,316) |
| Loss on disposal of an associate | 10,242 | — |
| Loss/(gain) on disposal of items of property, plant and equipment | 795 | (99) |
| Changes in fair value of the derivative component of the convertible bonds | (2,020) | (5,918) |

7. FINANCE COSTS

| | Six months ended 30 June | |
|----------------------------|---------------------------------|-----------------------|
| | 2016 | 2015 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| Interest expense | 789,072 | 640,422 |
| Less: Interest capitalised | (665,945) | (555,636) |
| | 123,127 | 84,786 |

8. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and BVI, the entities of the Group which were incorporated in the Cayman Islands and BVI are not subject to any income tax. The Group was not liable for income tax in Hong Kong as the Group did not have any assessable income currently arising in Hong Kong during the six months ended 30 June 2016.

PRC corporate income tax

The PRC corporate income tax (“CIT”) in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the six months ended 30 June 2016, based on the existing legislation, interpretations and practices in respect thereof. Except for Guangzhou Ruixian Landscaping Co., Ltd. (“**Guangzhou Ruixian**”), Guangzhou Fengdu Trading Co., Ltd. (“**Guangzhou Fengdu**”) and Guangzhou Zhuorui Trading Co., Ltd. (“**Guangzhou Zhuorui**”), other subsidiaries of the Group operating in Mainland China are subject to the CIT rate of 25% for the six months ended 30 June 2016. CIT for Guangzhou Ruixian, Guangzhou Fengdu and Guangzhou Zhuorui is levied on a deemed basis on a rate of 2.75%, 2.50% and 2.50% of their respective revenue amounts.

PRC land appreciation tax

According to the requirements of the Provisional Regulations of the PRC on Land Appreciation Tax (“**LAT**”) (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994 and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights and buildings in the PRC (being the proceeds of sales of properties less deductible expenditures including borrowing costs and property development expenditures) is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation of land value with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

During the Period, the Group estimated and made provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the LAT determined by the tax authorities might be different from the basis on which the provision for LAT is calculated.

| | Six months ended 30 June | |
|---------------------------------|--------------------------|----------------|
| | 2016 | 2015 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Current: | | |
| CIT | 257,839 | 206,923 |
| LAT | 309,309 | 71,497 |
| Deferred | (131,279) | (44,152) |
| Total tax charge for the Period | <u>435,869</u> | <u>234,268</u> |

9. EARNINGS PER SHARE

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of 1,722,960,000 (Six months ended 30 June 2015: 1,722,960,000) in issue during the Period.

| | Six months ended 30 June | |
|--|---------------------------------|-------------|
| | 2016 | 2015 |
| | (Unaudited) | (Unaudited) |
| Profit attributable to ordinary equity holders of the Company (RMB'000) | 549,609 | 455,602 |
| Weighted average number of ordinary shares in issue (in thousands) | 1,722,960 | 1,722,960 |
| Basic earnings per share (RMB cents per share) | 32 | 26 |

The diluted earnings per share amount is calculated by adjusting the profit attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares into ordinary shares. The Company's dilutive potential ordinary shares are derived from the convertible bonds. In calculating the diluted earnings per share, the convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expenses charged to the interim condensed consolidated statement of profit or loss and changes in fair value of the derivative component of the convertible bonds less the tax effect, if applicable.

| | Six months ended 30 June | |
|---|---------------------------------|-------------|
| | 2016 | 2015 |
| | (Unaudited) | (Unaudited) |
| Profit attributable to ordinary equity holders of the Company (RMB'000) | 549,609 | 455,602 |
| Interest expenses charged to the interim condensed consolidated statement of profit or loss for the Period (RMB'000) | — | — |
| Changes in fair value of the derivative component of the convertible bonds (RMB'000) | (2,020) | (5,918) |
| Profit used to determine diluted earnings per share (RMB'000) | 547,589 | 449,684 |
| Weighted average number of ordinary shares in issue (in thousands) | 1,722,960 | 1,722,960 |
| Assumed conversion of convertible bonds (in thousands) | 110,857 | 110,857 |
| Weighted average number of ordinary shares for diluted earnings per share (in thousands) | 1,833,817 | 1,833,817 |
| Diluted earnings per share (RMB cents per share) | 30 | 25 |

10. DIVIDENDS

The proposed 2015 final dividend of RMB15.63 cents per share, totalling RMB269,374,000, was approved by the Company's shareholders at the annual general meeting on 27 May 2016. It was recorded in "other payables and accruals" in the interim condensed consolidated statement of financial position and was subsequently distributed in July 2016.

The board of directors has resolved not to pay an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

11. TRADE RECEIVABLES

The Group's trade receivables mainly arise from the sale of properties. Considerations in respect of the properties sold are payable by the purchasers in accordance with the terms of the related sale and purchase agreements. Trade receivables are non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values due to their short-term maturity.

An aged analysis of the trade receivables at the end of the period is as follows:

| | 30 June 2016 | 31 December 2015 |
|-----------------|-------------------------|---------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Audited) |
| Within 3 months | 898,811 | 1,047,645 |
| 4 to 6 months | 234,679 | 240,718 |
| 7 to 12 months | 802,905 | 468,548 |
| Over 1 year | 410,374 | 220,649 |
| | <u>2,346,769</u> | <u>1,977,560</u> |

The balances of the trade receivables as at 30 June 2016 and 31 December 2015 were neither past due nor impaired and related to a large number of diversified customers for whom there was no recent history of default.

12. TRADE PAYABLES

An aged analysis of the trade payables at the end of the reporting period, based on invoice date, is as follows:

| | 30 June 2016 | 31 December 2015 |
|---------------|-------------------------|---------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Audited) |
| Within 1 year | 3,241,361 | 3,147,891 |
| Over 1 year | 456,363 | 566,982 |
| | <u>3,697,724</u> | <u>3,714,873</u> |

The trade payables are unsecured, non-interest-bearing and repayable within the normal operating cycle or on demand.

The fair values of trade payables at the end of reporting period approximated to their corresponding carrying amounts due to their relatively short terms maturity.

BUSINESS REVIEW

Overview

For the six months ended 30 June 2016, the Group recorded a revenue of RMB5,699.1 million, representing an increase of 41.1% when compared with that for the six months ended 30 June 2015. Profit for the six months ended 30 June 2016 amounted to RMB527.9 million, representing an increase of 14.3% when compared with that for the six months ended 30 June 2015. The core profit attributable to the owners of the Company for the six months ended 30 June 2016, excluding changes in fair values of investment properties and the derivative component of the convertible bonds, net of the impact of the related deferred tax, increased to RMB540.4 million, representing an increase of 22.7% when compared with that for the six months ended 30 June 2015. Profit attributable to the owners of the Company amounted to RMB549.6 million, representing an increase of 20.6% as compared to that for the six months ended 30 June 2015. Basic earnings per share and diluted earnings per share for the six months ended 30 June 2016 were RMB32 cents (for the six months ended 30 June 2015: RMB26 cents) and RMB30 cents (for the six months ended 30 June 2015: RMB25 cents), respectively.

Property Development

The Group focuses on the major core cities in the Pearl River Delta area. As at 30 June 2016, the Group had in total 45 major projects on various stages, including 44 projects in major cities of Guangdong Province, namely, Guangzhou, Foshan, Zhongshan, Zhuhai, Dongguan and Qingyuan and 1 project in Changsha, Hunan Province. For the six months ended 30 June 2016, the Group's contracted sales⁽¹⁾ amounted to approximately RMB13.36 billion with total GFA of approximately 1,198,000 sq.m.. The Group focuses on its projects on peripheral facilities, seeking to enhance customers' experience in art and to fulfill needs of the middle to upper class households.

Note 1: Contracted sales is summarised based on sale and purchase agreements and purchase confirmation agreements.

The table below illustrates the contracted sales achieved by the Group by region for the six months ended 30 June 2016:

| Region | Available for sale project numbers | Contracted sales area (sq. m.) | Contracted sales amount (RMB million) | Percentage of total (%) |
|---------------|---|---|--|--|
| Guangzhou | 9 | 197,000 | 2,675 | 20.0 |
| Foshan | 8 | 342,000 | 3,918 | 29.3 |
| Zhuhai | 6 | 441,000 | 5,392 | 40.4 |
| Zhongshan | 3 | 23,000 | 174 | 1.3 |
| Qingyuan | 2 | 94,000 | 621 | 4.7 |
| Changsha | 1 | 101,000 | 580 | 4.3 |
| Total | 29 | 1,198,000 | 13,360 | 100.0 |

Properties for Leasing and Sub-leasing

As at 30 June 2016, the Group held a GFA of approximately 32,305 sq.m. and 277 car parking spaces at Times Property Center for rental purposes and the GFA for Guangzhou Zhide Commercial Management Co., Ltd. and its subsidiary for sub-leasing purposes was approximately 278,994 sq.m.. For the six months ended 30 June 2016, the rental income amounted to RMB149.3 million, contributing to 2.6% of the total turnover of the Group.

Property Management Services

Property management fee income represents revenue generated from property management services provided in relation to properties delivered by the Group. For the six months ended 30 June 2016, the Group provided property management services for 42 project phases. The Group's revenue from property management services increased from RMB75.7 million for the six months ended 30 June 2015 to RMB107.6 million for the six months ended 30 June 2016. This increase was primarily due to the increase in the number of project phases that the Group managed with the delivery of the properties we made for the six months ended 30 June 2016.

Land Reserves

As at 30 June 2016, the Group had total land reserves of approximately 12.1 million sq.m., which the Group believes will be sufficient to support the Group's development need for the next three to five years. The table below sets forth the information on land reserves in major cities that the Group has established footholds:

| Region | Total land reserves | |
|-----------|---------------------|--------------|
| | (sq.m.) | (%) |
| Guangzhou | 2,317,856 | 19.1 |
| Foshan | 2,751,203 | 22.7 |
| Zhuhai | 1,793,740 | 14.8 |
| Zhongshan | 111,479 | 0.9 |
| Qingyuan | 3,228,684 | 26.6 |
| Changsha | 1,740,761 | 14.4 |
| Dongguan | 185,864 | 1.5 |
| Total | <u>12,129,587</u> | <u>100.0</u> |

The following table sets forth the GFA breakdown of the Group's land reserves by planned use as at 30 June 2016:

| Planned Use | Total land reserves | |
|---------------|---------------------|--------------|
| | (sq.m.) | (%) |
| Residential | 8,692,855 | 71.7 |
| Commercial | 913,944 | 7.5 |
| Others (Note) | <u>2,522,788</u> | <u>20.8</u> |
| Total | <u>12,129,587</u> | <u>100.0</u> |

Note: Others mainly comprises car parks and ancillary facilities.

Portfolio of Property Development Projects

The table below is a summary of the portfolio of property development projects as at 30 June 2016⁽¹⁾:

| Project | Project type | Actual/ Expected completion dates | Site area (sq.m.) | Completed | | Under development/ future development | | Pre-sold (sq.m.) | Ownership interest ⁽⁵⁾ (%) |
|--|----------------------------|--|----------------------|--|--|--|--|---------------------|---|
| | | | | GFA for sale ⁽²⁾⁽⁴⁾ (sq.m.) | Other GFA ⁽³⁾ (sq.m.) | GFA ⁽⁴⁾ (sq.m.) | Other GFA ⁽³⁾ (sq.m.) | | |
| Guangzhou | | | | | | | | | |
| Times Bund | Residential and commercial | 2013-2016 | 92,123 | 7,146 | 61,685 | - | - | 4,783 | 99 |
| Ocean Times | Residential and commercial | 2011-2015 | 354,156 | 26,920 | 61,693 | - | - | 49,804 | 100 |
| Times Peanut II | Residential and commercial | 2014 | 32,891 | 1,219 | 28,565 | - | - | 25,184 | 100 |
| Times King City (Guangzhou) | Residential and commercial | 2014-2015 | 60,238 | - | 43,970 | - | - | 43,812 | 100 |
| Guangzhou Tianhe Project (Pige Factory Project) | Industrial ⁽⁶⁾ | Pending | - | - | - | - | - | - | 51 |
| Guangzhou Tiansi Project (Qingchu Shiliu Gang Project) | Industrial ⁽⁷⁾ | Pending | - | - | - | - | - | - | 70 |
| Guangzhou Wuyang Paint Factory Project | Apartment and commercial | 2015 | 17,480 | 912 | 14,115 | - | - | 5,289 | 50 |
| Times Cloud Atlas (Guangzhou) | Residential and commercial | 2016 | 45,593 | - | 9,312 | 84,082 | 48,078 | 141,091 | 100 |
| Time Bridges (Zengcheng) | Residential and commercial | 2017 | 93,756 | - | - | 210,487 | 100,906 | 107,254 | 100 |
| Luogang Kaiyuan Road Project | Residential and commercial | 2017 | 70,648 | - | - | 200,211 | 76,798 | 147,125 | 51 |
| Nansha Times Long Island Project | Residential and commercial | 2016-2018 | 71,310 | - | - | 227,522 | 76,877 | 84,115 | 60 |
| Guangzhou Huadu Jinghu Avenue Project | Residential and commercial | 2018 | 29,959 | - | - | 78,311 | 17,622 | - | 100 |
| Guangzhou Panyu Shiqiao Project (Times Park Laurel) | Residential and commercial | 2018 | 45,537 | - | - | 154,666 | 59,060 | - | 60 |
| Zengjiang Project (Zengcheng) | Residential and commercial | 2018 | 64,374 | - | - | 157,254 | 81,214 | - | 60 |
| Huangpu Chemical | Commercial | 2019 | 18,279 | - | - | 82,256 | - | - | 49 |
| B2-2 land parcel, Sino-Singapore Knowledge City ⁽⁹⁾ | Residential | 2018-2019 | 61,145 | - | - | 138,092 | - | - | 75 |
| B2-1 land parcel, Sino-Singapore Knowledge City ⁽⁹⁾ | Residential | 2018-2019 | 103,890 | - | - | 268,883 | - | - | 75 |
| Foshan | | | | | | | | | |
| Times King City (Shunde) | Residential and commercial | 2016-2017 | 125,782 | 18,107 | 32,656 | 240,953 | 56,571 | 178,543 | 100 |
| Times City (Phase I to VI) | Residential and commercial | 2010-2017 | 505,776 | 4,574 | 94,038 | 213,974 | 87,418 | 217,726 | 100 |
| Foshan Stainless Steel Factory Project | Residential and commercial | 2016 | 12,860 | - | - | 32,422 | 8,644 | 32,124 | 100 |

| Project | Project type | Actual/ Expected completion dates | Site area (sq.m.) | Completed | | Under development/ future development | | Pre-sold (sq.m.) | Ownership interest ⁽⁵⁾ (%) |
|---|----------------------------|--|----------------------|--|--|--|--|---------------------|---|
| | | | | GFA for sale ⁽²⁾⁽⁴⁾ (sq.m.) | Other GFA ⁽³⁾ (sq.m.) | GFA ⁽⁴⁾ (sq.m.) | Other GFA ⁽³⁾ (sq.m.) | | |
| Times Cloud Atlas (Foshan) | Residential and commercial | 2014-2015 | 58,149 | – | 477 | 99,326 | 44,412 | 106,919 | 100 |
| Times King City (Foshan) Phase IV | Residential and commercial | 2015 | 34,308 | 2,125 | 26,775 | – | – | 28,170 | 100 |
| Foshan Denghu Project | Residential and commercial | 2017 | 20,464 | – | – | 61,634 | 25,168 | 76,080 | 100 |
| Times Prime (Foshan) | Residential and commercial | 2016 | 17,148 | – | – | 44,543 | 10,930 | 51,190 | 100 |
| Times Riverbank (Michong Project) | Residential and commercial | 2017 | 64,697 | – | – | 253,297 | 75,007 | 153,503 | 51 |
| Times Xianghai Shore (Foshan) (North of Lujing Road East Project) | Residential and commercial | 2017 | 51,457 | – | – | 179,534 | 47,989 | – | 60 |
| Haisan Road Project | Residential and commercial | 2018 | 35,383 | – | – | 88,347 | 30,090 | – | 100 |
| Times Riverbank Phase II (Michong Project 2) | Residential and commercial | 2019 | 111,658 | – | – | 447,855 | 108,678 | – | 75 |
| Sanshui Baiyingda Project | Residential and commercial | 2018-2019 | 105,553 | – | – | 325,659 | 90,000 | – | 100 |
| Zhuhai | | | | | | | | | |
| Zhuhai Jingrun Project | Residential and commercial | 2013-2014 | 51,003 | 94 | 7,226 | – | – | 5,532 | 100 |
| Times Harbor (Zhuhai) | Residential and commercial | 2015 | 81,393 | – | 29,450 | – | – | 6,594 | 100 |
| Phase I of Times King City (Zhuhai) | Residential and commercial | 2015 | 52,950 | 4,750 | 23,946 | – | – | 9,643 | 100 |
| Phase II, III and IV of Times King City (Zhuhai) | Residential and commercial | 2016-2017 | 198,204 | 190 | 35,136 | 228,037 | 53,347 | 276,973 | 100 |
| The Shore (Zhuhai) | Residential and commercial | 2016-2017 | 119,169 | – | – | 297,935 | 68,228 | 306,661 | 100 |
| Baoli Xiangbin Huayuan Project (Jinwan Airport City Project) | Residential and commercial | 2018 | 77,206 | – | – | 193,016 | 54,913 | 131,641 | 49 |
| Zhuhai Baisheng | Industrial ⁽⁸⁾ | Pending | 100,331 | – | – | – | – | – | 100 |
| West of Tin Ka Ping Secondary School, Zhuhai | Residential and commercial | 2018-2019 | 85,363 | – | – | 217,902 | 49,297 | – | 63 |
| Zhuhai Qingwan Lakeside Project (Zhuhai Jinwan New Project) | Residential and commercial | 2018 | 53,963 | – | – | 115,180 | 27,676 | – | 100 |
| Zhuhai Hongqiao Project (Phase V of Times King City (Zhuhai)) | Residential and commercial | 2018 | 17,791 | – | – | 38,870 | 14,658 | – | 100 |
| Shizimen Project (Zhuhai) | Residential and commercial | 2019 | 60,138 | – | – | 191,112 | 142,777 | – | 50 |

| Project | Project type | Actual/ Expected completion dates | Site area (sq.m.) | Completed | | Under development/ future development | | Pre-sold (sq.m.) | Ownership interest ⁽⁵⁾ (%) |
|-------------------------------|----------------------------|--|----------------------|--|--|--|--|---------------------|---|
| | | | | GFA for sale ⁽²⁾⁽⁴⁾ (sq.m.) | Other GFA ⁽³⁾ (sq.m.) | GFA ⁽⁴⁾ (sq.m.) | Other GFA ⁽³⁾ (sq.m.) | | |
| Zhongshan | | | | | | | | | |
| Times King City (Zhongshan) | Residential and commercial | 2013-2015 | 101,821 | 39,164 | 45,248 | - | - | - | 100 |
| Times Cloud Atlas (Zhongshan) | Residential and commercial | 2015-2016 | 46,667 | 223 | 26,844 | - | - | 19,289 | 100 |
| Qingyuan | | | | | | | | | |
| Times King City (Qingyuan) | Residential and commercial | 2014-2019 | 301,368 | 5,484 | 57,778 | 734,746 | 176,167 | 144,336 | 100 |
| Times Garden (Qingyuan) | Residential and commercial | 2016 | 70,650 | 64,091 | 22,403 | 65,145 | 25,218 | 98,307 | 100 |
| Fogang Shilian Project | Residential and commercial | Pending | 551,087 | - | - | 1,090,746 | 43,896 | - | 100 |
| Fogang Huanghua Lake Project | Residential and commercial | Pending | 477,020 | - | - | 943,010 | - | - | 100 |
| Changsha | | | | | | | | | |
| Times King City (Changsha) | Residential and commercial | 2013-2021 | 495,917 | 236 | 22,501 | 1,484,335 | 233,689 | 261,901 | 100 |
| Dongguan | | | | | | | | | |
| Dongguan Hengli Project | Residential and commercial | 2018 | 55,792 | - | - | 158,734 | 27,130 | - | 100 |
| Total | | | <u>5,302,447</u> | <u>175,235</u> | <u>643,818</u> | <u>9,348,076</u> | <u>1,962,458</u> | <u>2,713,589</u> | |

Notes:

- (1) The table above includes properties for which (i) the Group has obtained the relevant land use rights certificate(s), but have not obtained the requisite construction permits; or (ii) the Group has signed a land grant contract with the relevant government authority, but have not obtained the land use rights certificate(s). The figures for total and saleable GFA are based on figures provided in the relevant governmental documents, such as the property ownership certificates, the construction work planning permits, the pre-sale permits, the construction land planning permits or the land use rights certificate. The categories of information are based on our internal records.
- (2) Certain completed projects have no GFA available for sale by the Group as all saleable GFA have been sold, pre-sold or rented out.
- (3) "Other GFA" mainly comprises car parks and ancillary facilities.
- (4) "GFA for sale" and "GFA under development and GFA held for future development" are derived from the Group's internal records and estimates.
- (5) "Ownership interest" is based on the Group's effective ownership interest in the respective project companies.

- (6) The Group is in the process of applying for the conversion of the land use for Guangzhou Tianhe Project from industrial use to residential and commercial use.
- (7) The Group is in the process of applying for the conversion of the land use for Guangzhou Tiansi Project from industrial use to residential and commercial use.
- (8) The Group is in the process of applying for the conversion of the land use for Zhuhai Baisheng to residential and commercial use.
- (9) The Group is in the course of acquiring the land parcels as at 30 June 2016. Such projects have been managed by the Group.

Acquisitions of Land Parcels for the six months ended 30 June 2016

The Group continued to expand its land reserves through various channels, including participations in public land auctions, urban redevelopment projects, primary development, cooperation, and through acquisition of project companies.

For the six months ended 30 June 2016, the Group acquired five parcels of land in Guangzhou, Foshan, Zhuhai and Dongguan and the land acquisition costs amounted to a total of approximately RMB11,766 million.

| Location | Number of projects | Site area (sq. m.) | Expected total GFA (sq. m.) | Total land costs (RMB million) |
|--------------|-----------------------|-----------------------|-----------------------------------|--------------------------------------|
| Guangzhou | 2 | 159,980 | 395,502 | 1,641 |
| Zhuhai | 1 | 60,138 | 258,593 | 2,804 |
| Foshan | 1 | 111,658 | 418,717 | 6,406 |
| Dongguan | 1 | 55,792 | 167,376 | 915 |
| Total | 5 | 387,568 | 1,240,188 | 11,766 |

Market Review

During the first half of 2016, given loosening credit policies, downward adjustments to the down payments of the property prices and the reduction in stamp duty rates in the cities without the home purchase restrictions, the property market continued to heat up. Property prices went up along with the sales volume of the properties. According to the figures from the National Bureau of Statistics, from January to June 2016, the area of commercial properties in China sold reached 643.02 million sq.m., representing an increase of 27.9% as compared with the same period last year. The sales of the commercial properties amounted to RMB4,868.2 billion, representing an increase of 42.1% as compared with the same period last year.

The sales of properties in the markets of Pearl River Delta Metropolitan Area, the focus of the Group's development, remained active. During the first half of 2016, the sales volume of newly built commercial residential properties in Guangdong Province amounted to RMB641.0 billion, representing an increase of 58.4% as compared with the same period last year, and the area sold reached 60.56 million sq.m., representing an increase of 38.4% as compared with

the same period last year. For the same period, the Group recorded a significant increase in the sales of residential properties in the cities in which it had foothold, among which the sales of commercial residential properties in Guangzhou reached RMB118.94 billion, representing an increase of 33.8% as compared with the same period last year, and the area sold were 7.58 million sq.m., representing an increase of 22.1% as compared with the same period last year.

The Group actively grasped the momentum of the market and implemented proactive marketing strategies to drive the steady growth of its results. As at 30 June 2016, the Group's contracted sales amounted to RMB13.36 billion, representing an increase of 75.1% as compared with the same period last year, and sales area of 1.198 million sq.m., representing an increase of 34.8% as compared with the same period last year.

Prospect and Strategy

Looking forward to the second half of the year, we expect that the government policies will remain unchanged and the local governments will introduce targeted policies based on the number of unsold properties and the extent of increase in property prices and land prices. It is expected that the monetary policies and liquidity will remain loose for the second half of the year, but the financial leverage for the industry may be tightened. Given that the number of unsold properties in the key first and second-tier cities decreased to a more reasonable level, we are optimistic about the housing sales market for the second half of the year. It is expected that there is still room for the increase in property prices and land prices during the second half of the year and the sales volume and the prices of the residential properties will hit a record high throughout the year.

The Group will continue to focus on River Delta Metropolitan Area radiated from Guangzhou and Shenzhen, and expand its foothold in other cities with high growth potential. Meanwhile, the Group will insist on the implementation of rational investment strategies and proactively and progressively participate in urban renewal and renovation projects. With regard to the sale efforts, the Group will actively stimulate its sales so as to increase its profitability and achieve a better cash inflow. With regard to the financial strategy, the Group will pay close attention to market risks, strengthen its cash flow management and maintain a reasonable financial leverage.

Urban development brings vast opportunities for the growth of enterprises. In the future, the Company will actively extend its business to the provision of community services, home offices and the operation of creative office parks while strengthening its core business in order to bring new driving force for the growth of the Company.

Financial Review

Revenue

The Group's revenue is primarily generated from property development, property leasing and sub-leasing and property management services, which contributed approximately 95.5%, 2.6% and 1.9% of the revenue for the six months ended 30 June 2016, respectively. The Group's revenue increased by RMB1,659.5 million, or 41.1%, to RMB5,699.1 million for the six months ended 30 June 2016 from RMB4,039.6 million for the six months ended 30 June 2015. This increase was primarily attributable to the increase in revenue from the sale of properties.

The table below sets forth the Group's revenue by operating segment as indicated:

| | For the six months ended 30 June 2016 | | For the six months ended 30 June 2015 | |
|-----------------------|--|--------------|--|--------------|
| | (RMB million) | (%) | (RMB million) | (%) |
| Sales of properties | 5,442.2 | 95.5 | 3,849.2 | 95.3 |
| Rental income | 149.3 | 2.6 | 114.7 | 2.8 |
| Management fee income | 107.6 | 1.9 | 75.7 | 1.9 |
| | 5,699.1 | 100.0 | 4,039.6 | 100.0 |

Property development

The Group's revenue from sales of properties increased by RMB1,593.0 million, or 41.4%, to RMB5,442.2 million for the six months ended 30 June 2016 from RMB3,849.2 million for the six months ended 30 June 2015. The increase was primarily due to the increase in delivered total GFA from approximately 488,478 sq.m. for the six months ended 30 June 2015 to approximately 661,540 sq.m. for the six months ended 30 June 2016. The projects that contributed substantially to the Group's revenue for the six months ended 30 June 2016 mainly include Times Cloud Atlas (Guangzhou), Times Bund Phase III, Times City (Foshan) Phase IV, Times King City (Shunde) Phase I, Times Cloud Atlas (Zhongshan), Times King City (Zhuhai) Phase II, Times King City (Qingyuan) Phase II and Times Garden (Qingyuan) Phase I.

Property leasing and sub-leasing

The Group's gross rental income increased by RMB34.6 million, or 30.2%, to RMB149.3 million for the six months ended 30 June 2016 from RMB114.7 million for the six months ended 30 June 2015. The increase was primarily due to the increase in the rental income and occupancy rate for the Period.

Property management services

The Group's revenue from property management services increased by RMB31.9 million, or 42.1%, to RMB107.6 million for the six months ended 30 June 2016 from RMB75.7 million for the six months ended 30 June 2015. The increase was primarily attributable to the increase in the number of project phases and area that the Group managed.

Cost of sales

The Group's cost of sales increased by RMB1,197.8 million, or 39.9%, to RMB4,200.6 million for the six months ended 30 June 2016 from RMB3,002.8 million for the six months ended 30 June 2015. The increase was primarily attributable to increase in the total GFA of properties delivered as compared with the corresponding period in 2015, which led to the increase in the cost of property sales.

Gross profit and gross profit margin

The Group's gross profit increased by RMB461.7 million, or 44.5%, to RMB1,498.6 million for the six months ended 30 June 2016 from RMB1,036.9 million for the six months ended 30 June 2015. For the six months ended 30 June 2016, the Group's gross profit margin increased to 26.3% from 25.7% for the six months ended 30 June 2015. The increase was primarily due to increase in recognised income from products with higher gross profit margin as compared with the corresponding period in 2015.

Other income and gains

The Group's other income and gains decreased to RMB49.6 million for the six months ended 30 June 2016 from RMB51.6 million for the six months ended 30 June 2015 which is primarily attributable to the decrease in fair value gains of derivative component of the convertible bonds.

Selling and marketing costs

The Group's selling and marketing costs increased by RMB57.9 million, or 42.0%, to RMB195.7 million for the six months ended 30 June 2016 from RMB137.8 million for the six months ended 30 June 2015. The increase was mainly attributable to the increase in scale of sales of the Group.

Administrative expenses

The Group's administrative expenses increased by RMB64.4 million, or 42.9%, to RMB214.4 million for the six months ended 30 June 2016 from RMB150.0 million for the six months ended 30 June 2015, which was primarily due to the increase in the number of middle and senior officers as the result of the employment of high-calibre talents.

Other expenses

The Group's other expenses increased by RMB26.2 million, or 133.0%, to RMB45.9 million for the six months ended 30 June 2016 from RMB19.7 million for the six months ended 30 June 2015. The increase was primarily due to the increase of donation and exchange loss.

Finance costs

The Group's finance costs increased to RMB123.1 million for the six months ended 30 June 2016 from RMB84.8 million for the six months ended 30 June 2015. The increase was mainly due to the Group's finance costs relating to land acquisition and expansion of property development.

Income tax expenses

The Group's income tax expenses increased by RMB201.6 million, or 86.0%, to RMB435.9 million for the six months ended 30 June 2016 from RMB234.3 million for the six months ended 30 June 2015. The increase was primarily attributable to the increase in the Group's taxable profit for the six months ended 30 June 2016.

Profit of the Company

The Company's profit increased by RMB66.0 million, or 14.3%, to RMB527.9 million for the six months ended 30 June 2016 from RMB461.9 million for the six months ended 30 June 2015.

Profit attributable to the owners of the Company

Profit attributable to the owners of the Company increased by RMB94.0 million, or 20.6%, to RMB549.6 million for the six months ended 30 June 2016 from RMB455.6 million for the six months ended 30 June 2015. Basic earnings per share and diluted earnings per share for the six months ended 30 June 2016 were RMB32 cents (for the six months ended 30 June 2015: RMB26 cents) and RMB30 cents (for the six months ended 30 June 2015: RMB25 cents), respectively.

Liquidity, Financial and Capital Resources

Cash position

As at 30 June 2016, the carrying balance of the Group's cash and bank balances was approximately RMB9,345.9 million (31 December 2015: RMB8,749.2 million), representing an increase of 6.8% when compared with that of 31 December 2015. Under relevant PRC laws and regulations, some of the Group's project companies are required to place a certain amount of pre-sale proceeds in designated bank accounts as guarantee deposits for construction of the relevant properties. These guarantee deposits may only be used for payments to construction contractors in the project development process and for other construction-related payments, such as purchase of materials. The remaining guarantee deposits are released when certificates of completion for the relevant properties have been obtained. In addition, a portion of the Group's bank deposits represented loan proceeds in the monitoring accounts designated by the banks, in which case the use of the restricted bank deposits, subject to the banks' approval, is restricted to the purposes as set out in the relevant loan agreements. The remaining restricted deposits were primarily guarantee deposits for the construction workers in accordance with certain local requirements. As at 30 June 2016, the Group's restricted bank deposits was RMB3,318.5 million (31 December 2015: RMB3,907.9 million).

Borrowings and pledged assets

The Group had aggregate interest-bearing borrowings (excluding convertible bonds) of approximately RMB18,738.7 million as at 30 June 2016. Borrowings that are due within one year increased from RMB359.1 million as at 31 December 2015 to RMB369.1 million as at 30 June 2016, and approximately RMB18,097.0 million of borrowings are due within two to five years and approximately RMB272.6 million of borrowings are due in over five years. As at 30 June 2016, the Group's outstanding loans were secured by certain property, plant and equipment, completed properties held for sale, properties under development, investment properties and prepaid land lease payments with carrying values of approximately RMB360.0 million, RMB403.4 million, RMB1,762.8 million, RMB1,306.2 million and RMB37.3 million, respectively.

Details of the equity or debt securities issued by the Company and/or its subsidiaries are set out below:

(a) RMB 7.88% Non-Public Domestic Corporate Bonds due 2019

On 18 January 2016, Guangzhou Times Property Group Co., Ltd. (“**Guangzhou Times**”), a wholly-owned subsidiary of the Company, issued non-public domestic corporate bonds for a term of three years (the “**RMB 7.88% Non-Public Domestic Corporate Bonds due 2019**”) in a principal amount of RMB3,000 million with an annual coupon rate of 7.88% and an option to redeem by Guangzhou Times at the end of the second year. RMB 7.88% Non-Public Domestic Corporate Bonds due 2019 are listed on Shenzhen Stock Exchange. The Group intends to apply the proceeds from the issue of the domestic bonds for general working capital purposes. Such issue of the domestic bonds will be beneficial in optimizing the debt structure of the Group and further improving the fund position of the Group.

(b) RMB 7.85% Non-Public Domestic Corporate Bonds due 2018

On 26 October 2015, Guangzhou Times issued 7.85% non-public domestic corporate bonds due 2018 (the “**RMB 7.85% Non-Public Domestic Corporate Bonds due 2018**”) in a principal amount of RMB3,000,000,000 at 100% of the principal amount of such bonds. RMB 7.85% Non-Public Domestic Corporate Bonds due 2018 are listed on Shanghai Stock Exchange and bear interest from and including 26 October 2015 at the rate of 7.85% per annum, payable annually in arrears.

(c) RMB 6.75% Public Domestic Corporate Bonds due 2020

On 10 July 2015, Guangzhou Times issued 6.75% public domestic corporate bonds due 2020 (the “**RMB 6.75% Public Domestic Corporate Bonds due 2020**”) in a principal amount of RMB2,000,000,000 at 100% of the principal amount of such bonds. Guangzhou Times shall be entitled to increase the coupon rate after the end of the third year and the investors shall be entitled to sell back the bonds. RMB 6.75% Public Domestic Corporate Bonds due 2020 are listed on Shanghai Stock Exchange and bear interest from and including 15 July 2015 at the rate of 6.75% per annum, payable annually in arrears.

(d) USD 11.45% Senior Notes due 2020

On 5 March 2015, the Company issued 11.45% senior notes due 2020 (the “**USD 11.45% Senior Notes due 2020**”) in a principal amount of USD280,000,000 (approximately equivalent to RMB1,722,784,000) at 99.35% of the principal amount of such notes. USD 11.45% Senior Notes due 2020 are listed on the Stock Exchange and bear interest from and including 5 March 2015 at the rate of 11.45% per annum, payable semi-annually in arrears.

(e) RMB 10.375% Senior Notes due 2017

On 16 July 2014, the Company issued 10.375% senior notes due 2017 (the “**Senior Notes July 2014**”) in an aggregate principal amount of RMB900,000,000 at 100% of the principal amount of such notes. On 14 October 2014, the Company issued additional 10.375% senior notes due 2017 in a principal amount of RMB600,000,000 at 100.125% of the principal amount of such notes (the “**Senior Notes October 2014**”). Senior Notes July 2014 and Senior Notes October 2014 were consolidated and formed a single series which are referred to as the “**RMB 10.375% Senior Notes due 2017**”. The RMB 10.375% Senior Notes due 2017 are listed on the Stock Exchange and bear interest from and including 16 July 2014 at the rate of 10.375% per annum, payable semi-annually in arrears.

(f) Convertible Bonds

On 7 July 2014, the Company entered into a subscription agreement with Schiavona Investment Holdings Ltd., pursuant to which the Company conditionally agreed to issue convertible bonds in an aggregate principal amount of HKD388,000,000 (approximately equivalent to RMB308,369,000) due 2019 (the “**Bonds**”) at the price of 100% of their principal amount. The Bonds bear interest at the rate of 8% per annum and payable quarterly in arrears. Subject to the terms of the Bonds, the bondholders have the right to convert their Bonds into shares (the “**New Shares**”) to be allotted and issued by the Company upon conversion of the Bonds at any time during the conversion period. The Bonds are jointly and severally guaranteed by certain subsidiaries of the Group. The Company intends to use the net proceeds for refinancing, redemption or other repayment of existing financial indebtedness. The initial conversion price is HKD3.50, representing a premium of approximately 12.9% of the closing price of HKD3.10 per share as quoted on the Stock Exchange on 7 July 2014. Based on the initial conversion price of HKD3.50 and assuming full conversion of the Bonds at the initial conversion price, the Bonds will be convertible into 110,857,142 New Shares, with the aggregate nominal value of HKD11,085,714.2, representing approximately 6.05% of the ordinary share capital of the Company, as enlarged by the issue of New Shares. On 25 July 2014, the Company issued the Bonds when all of the conditions precedent under the subscription agreement were satisfied. Further details of the Bonds are set forth in the announcement of the Company dated 7 July 2014.

(g) USD 12.625% Senior Notes due 2019

On 21 March 2014, the Company issued 12.625% senior notes due 2019 in a principal amount of USD225,000,000 (approximately equivalent to RMB1,383,188,000) at 99.278% of the principal amount of such notes (the “**Senior Notes March 2014**”). On 2 May 2014, the Company issued additional 12.625% senior notes due 2019 in a principal amount of USD80,000,000 (approximately equivalent to RMB492,640,000) at 100.125% of the principal amount of such notes (the “**Senior Notes May 2014**”). The Senior Notes March 2014 and Senior Notes May 2014 were consolidated and formed a single series which are referred to as the “**USD 12.625% Senior Notes due 2019**”. The USD 12.625% Senior Notes due 2019 are listed on the Stock Exchange and bear interest from and including 21 March 2014 at the rate of 12.625% per annum, payable semi-annually in arrears.

Net current assets and current ratio

As at 30 June 2016, the Group's net current assets amounted to approximately RMB25,588.8 million (31 December 2015: approximately RMB20,770.5 million). As at 30 June 2016, the Group's current ratio, calculated as current assets divided by current liabilities, was approximately 2.1 times as compared with 2.0 times as at 31 December 2015.

Gearing ratio

As at 30 June 2016, the Group's net debts (total interest-bearing bank loans and other borrowings, including debt component of the convertible bonds, net of cash and bank balances) over net assets was 83.0% (31 December 2015: 77.3%).

Financial guarantee

As at 30 June 2016, the outstanding guarantee mortgage loans that domestic banks provided to purchasers of the Group's properties amounted to approximately RMB14,655.8 million (31 December 2015: approximately RMB11,819.0 million). These guarantees are released upon the earlier of (i) the relevant certificates of registration of mortgage or the certificates of other interests with respect to the relevant properties being delivered to the mortgagor banks; and (ii) the settlement of mortgage loans between the mortgagor banks and the purchasers of the Group's projects. If a purchaser defaults on a mortgage loan before the guarantees are released, the Group may have to repurchase the underlying property by paying off mortgage. If the Group fails to do so, the mortgagor bank may auction the underlying property and recover any additional amount outstanding from the Group as the guarantor of the mortgage loans. In line with industry practices, the Group do not conduct independent credit reviews of our customers but rely on the credit reviews conducted by the mortgagor banks.

Foreign currency

The Group mainly operates in the PRC and conducts its operations mainly in Renminbi. The Group will closely monitor the fluctuations of the Renminbi exchange rate and give prudent consideration as to entering into any currency swap arrangement as and when appropriate for hedging corresponding risks. As at 30 June 2016, the Group has not engaged in hedging activities for managing foreign exchange rate risk.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

On 15 April 2016, Guangzhou Times Zichen Investment Co., Ltd., a wholly-owned subsidiary of the Company, acquired 49% equity interests in Guangzhou Huangpu Chemical Co., Ltd. (“**Guangzhou Huapu**”) at a consideration of approximately RMB381.3 million. Guangzhou Huapu holds the entire interests in a parcel of land located in Huangpu East Road, Huangpu District in Guangzhou and the land and port facilities located in Huangpu District in Guangzhou. The construction of the project with the site area of 22,495 sq.m. for commercial use (or a gross floor area of 82,256 sq.m. measured based on plot ratio) and the site area of 59,374 sq.m. for residential use (or a gross floor area of 144,531 sq.m. measured based on plot ratio) have not yet been commenced as at the date of this announcement. The Directors are reasonably optimistic about the prospects of such investment in view of the prospects of the property market in the first-tier cities in the Mainland China as set forth in the section headed “Business Review – Prospect and Strategy” in this announcement.

Save as disclosed in this announcement, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year, nor was there any plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

Significant events affecting the Group after the reporting period

- (a) On 24 June 2016, Guangzhou Times Shichuang Real Estate Development Company Limited, a wholly-owned subsidiary of the Company, entered into an acquisition agreement with Duxton Investment and Development Pte. Ltd. (“**Duxton Investment**”), an independent third party, to acquire 75% equity interests in Guangzhou Xingsheng Real Estate Development Company Limited (“**Guangzhou Xingsheng**”) at a consideration of approximately RMB383 million. Guangzhou Xingsheng holds the entire interests in a parcel of land designated as ZSCN-B2-2 with a site area of 61,145 sq.m.. The consideration of such acquisition will be funded by internal resources of the Group. Subject to the approval of the shareholders of the Company (the “**Shareholders**”), Duxton Investment has the right to dispose all but not part of its entire equity interests in Guangzhou Xingsheng upon fulfilment of certain conditions as set forth in the announcement of the Company dated 24 June 2016.
- (b) On 30 June 2016, Guangzhou Times Shichuang Real Estate Development Company Limited, a wholly-owned subsidiary of the Company, entered into an acquisition agreement with Optima Investment & Development Pte. Ltd. (“**Optima Investment**”), an independent third party, to acquire 75% equity interests in Tianyun (Guangzhou) Real Estate Development Company Limited (“**Tianyun (Guangzhou)**”) at a consideration of approximately RMB880 million. Tianyun (Guangzhou) holds the entire interests in a parcel of land designated as ZSCN-B2-1 with a site area of 103,890 sq.m. and a gross floor area of 268,883 sq.m. based on plot ratio. The consideration of such acquisition will be funded by internal resources of the Group. Subject to the approval of the Shareholders, Optima Investment has the right to dispose all but not part of its entire equity interests in Tianyun (Guangzhou) upon fulfilment of certain conditions as set forth in the announcement of the Company dated 30 June 2016.

Employees and remuneration policy

As at 30 June 2016, the Group had approximately 4,102 employees (31 December 2015: approximately 4,219 employees). The remunerations of the employees are commensurate with their performance, skills, knowledge, experience and the market trend. Employee benefits provided by the Group include provident fund schemes, medical insurance scheme, unemployment insurance scheme and housing provident fund. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustments that accommodate the pay levels in the industry. In addition to basic salaries, the employees may be offered with discretionary bonuses and cash awards based on individual performances. The Group also provides training programs for the employees with a view to constantly upgrading their skills and knowledge. Further, the Group adopted the share option scheme on 19 November 2013 (the “**Share Option Scheme**”) as incentives or rewards for the employees’ contributions to the Group. Further information of the Share Option Scheme is available in the Company’s annual report for the year ended 31 December 2015. For the six months ended 30 June 2016, the Group’s employee benefit expense (excluding Directors’ remuneration) of approximately RMB162.0 million (for the year ended 31 December 2015: RMB349.7 million).

INTERIM DIVIDEND

The Director do not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the listing of the Company (after deducting underwriting fees and related expenses) amounted to approximately HKD1,477.4 million, which shall be applied in compliance with the intended use of proceeds as set out in the section headed “Future plans and use of proceeds” of the Company’s prospectus dated 29 November 2013 (the “**Prospectus**”), of which approximately 33.3% of the net proceeds were utilised for settling part of the outstanding installments under the Restructuring Deed (as defined in the Prospectus) and approximately 55.1% of the net proceeds were utilised for financing new and existing projects, including the land acquisition and construction costs of potential development projects.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as its own code of corporate governance. The Company has been conducting its business according to the principles of the CG Code as set out in Appendix 14 to the Listing Rules.

In accordance with the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Shum Chiu Hung currently assumes the roles of both the chairman and the chief executive officer of the Company. Mr. Shum is one of the founders of the Group and has extensive experience in property development. The Board believes that by holding both roles, Mr. Shum will be able to provide the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies of the Group. As such, the structure is beneficial to the business prospects of the Group. Furthermore, the Directors had regular discussions in relation to major matters affecting the operations of the Group and the Group has an effective risk management and internal control systems in place for providing adequate checks and balances. Based on the foregoing, the Board believes that a balance of power and authority has been and will be maintained.

Throughout the six months ended 30 June 2016, the Company complied with all code provisions set out in the CG Code, with the exception of code provision A.2.1 above.

Model Code for Securities Transactions

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) of Appendix 10 to the Listing Rules. Specific enquiry has been made to all Directors and the Directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2016.

The Company has its own code of conduct regarding employees’ securities transactions on terms no less exacting than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of inside information of the Company in respect of their dealings in the Company’s securities.

Audit Committee and Review of Financial Statements

The Audit Committee has reviewed the interim report and the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2016 in conjunction with the Company's management. The Audit Committee has also reviewed the effectiveness of the risk management and internal control systems of the Company and considers the risk management and internal control systems to be effective and adequate.

Purchase, Sale or Redemption of the Company's Listed Securities

Save as disclosed in this announcement, there was no purchase, sale and redemption of any listed securities of the Company by the Company or any of its subsidiaries during the six months ended 30 June 2016.

PUBLICATION OF THE INTERIM RESULTS AND 2016 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.timesgroup.cn>), and the 2016 interim report containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Times Property Holdings Limited
Shum Chiu Hung
Chairman

Hong Kong, 3 August 2016

As at the date of this announcement, the executive Directors are Mr. Shum Chiu Hung, Mr. Guan Jianhui, Mr. Bai Xihong, Mr. Li Qiang, Mr. Cen Zhaoxiong and Mr. Niu Jimin; and the independent non-executive Directors are Mr. Jin Qingjun, Ms. Sun Hui and Mr. Wong Wai Man.