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TIMES CHINA HOLDINGS LIMITED

時代中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1233)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

INTERIM RESULTS HIGHLIGHTS

- Contracted sales for the Period of RMB32.57 billion, representing an increase of 4.3% as compared with the corresponding period in 2019;
- Turnover for the Period of RMB14,924.5 million, representing a decrease of 6.4% as compared with the corresponding period in 2019;
- Profit for the Period of RMB1,810.8 million, representing an increase of 6.5% as compared with the corresponding period in 2019;
- Profit attributable to the owners of the Company for the Period of RMB1,536.6 million, representing a decrease of 3.6% as compared with the corresponding period in 2019;
- Core net profit for the Period^{Note 1} of RMB1,829.9 million, representing an increase of 1.3% as compared with the corresponding period in 2019;
- Gross profit margin and core net profit margin attributable to the owners of the Company for the Period of 26.9% and 10.4%, respectively; and
- Cash and bank balances of RMB34.53 billion as at 30 June 2020.

Note 1: Excluding changes in fair value of self-owned investment properties, and net of the impact of related deferred tax, changes in fair value of derivative financial instruments and loss on impairment of goodwill.

RESULTS

The board (the “Board”) of directors (the “Directors”) of Times China Holdings Limited (“Times China” or the “Company”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2020 (the “Period”), together with the comparative figures for the corresponding period in 2019 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
	Notes	RMB'000 (Unaudited)	RMB'000 (Unaudited)
REVENUE	5	14,924,520	15,942,514
Cost of sales		(10,902,663)	(10,755,309)
GROSS PROFIT		4,021,857	5,187,205
Other income and gains	5	1,194,388	387,331
Selling and marketing costs		(517,000)	(545,585)
Administrative expenses		(700,323)	(720,482)
Other expenses		(175,640)	(332,142)
Finance costs	7	(543,630)	(432,188)
Share of profits and losses of associates and joint ventures		(233,211)	146,359
PROFIT BEFORE TAX	6	3,046,441	3,690,498
Income tax expense	8	(1,235,643)	(1,990,628)
PROFIT FOR THE PERIOD		1,810,798	1,699,870
Attributable to:			
Owners of the Company		1,536,559	1,593,874
Non-controlling interests		274,239	105,996
		1,810,798	1,699,870

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020	2019
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted – for profit for the period	10	RMB79 cents	RMB85 cents
PROFIT FOR THE PERIOD		1,810,798	1,699,870
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Cash flow hedges:			
Effective portion of changes in fair value of derivative financial instruments arising during the periods		(63,460)	–
Share of other comprehensive loss of a joint venture		(15,446)	(730)
Exchange differences on translation of foreign operations		(326,945)	(48,838)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		(405,851)	(49,568)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Net loss on equity investments designated at fair value through other comprehensive loss		(10,211)	(4,595)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		(10,211)	(4,595)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		(416,062)	(54,163)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,394,736	1,645,707
Attributable to:			
Owners of the Company		1,120,497	1,539,711
Non-controlling interests		274,239	105,996
		1,394,736	1,645,707

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	30 June 2020	31 December 2019
<i>Note</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	1,124,001	1,096,102
Inventories of properties	1,499,799	1,518,010
Right-of-use assets	114,901	138,186
Investment properties	4,363,349	3,489,209
Goodwill	78,407	88,526
Other intangible assets	145,980	142,927
Interests in joint ventures	7,557,224	7,587,048
Interests in associates	2,510,347	2,520,090
Equity investments designated at fair value through other comprehensive income	441,183	434,207
Deferred tax assets	1,974,015	1,678,601
Prepayments, deposits and other receivables	1,400,580	1,148,838
Total non-current assets	21,209,786	19,841,744
CURRENT ASSETS		
Inventories of properties	62,781,378	61,460,980
Trade receivables	5,472,339	6,101,701
Contract assets	232,682	210,434
Contract costs	783,053	619,341
Prepayments, deposits and other receivables	34,723,521	31,830,195
Amounts due from joint ventures	7,030,785	8,423,080
Amounts due from associates	2,779,319	1,874,858
Tax prepayments	1,634,996	1,456,341
Restricted bank deposits	3,369,091	3,404,545
Cash and cash equivalents	31,163,579	25,874,865
Total current assets	149,970,743	141,256,340

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

As at 30 June 2020

		30 June 2020	31 December 2019
	Note	RMB'000 (Unaudited)	RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables	12	16,276,797	14,470,947
Other payables and accruals		23,839,157	20,481,285
Contract liabilities		18,890,404	21,579,362
Amounts due to joint ventures		7,716,075	4,950,359
Amounts due to associates		175,714	–
Interest-bearing bank and other borrowings and interest payable		25,366,546	19,454,013
Lease liabilities		49,979	51,959
Tax payable		7,459,989	7,014,368
		99,774,661	88,002,293
NET CURRENT ASSETS		50,196,082	53,254,047
TOTAL ASSETS LESS CURRENT LIABILITIES		71,405,868	73,095,791
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings and interest payable		34,575,532	34,663,066
Derivative financial instruments		72,402	–
Other long-term payables		76,590	134,934
Lease liabilities		1,530,427	1,174,471
Deferred tax liabilities		1,080,739	1,418,965
		37,335,690	37,391,436
Total non-current liabilities		37,335,690	37,391,436
Net assets		34,070,178	35,704,355
EQUITY			
Equity attributable to owners of the Company			
Share capital		154,528	154,528
Reserves		17,668,405	18,932,706
		17,822,933	19,087,234
Non-controlling interests		16,247,245	16,617,121
Total equity		34,070,178	35,704,355

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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. Pursuant to a special resolution passed on 15 January 2018, the Company's name was changed from Times Property Holdings Limited to Times China Holdings Limited. The registered office address is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands.

The Company is an investment holding company. During the six months ended 30 June 2020, the Company's subsidiaries were mainly involved in property development, urban redevelopment business and property leasing in the People's Republic of China (the "PRC").

In the opinion of the Directors, the immediate holding company of the Company is Asiaciti Enterprises 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 interim condensed consolidated financial information for the six months ended 30 June 2020 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*.

This interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

The adoption of the above new and amended IFRSs has had no significant financial effect on the interim condensed consolidated financial information and there have been no significant changes to the accounting policies applied in the interim condensed consolidated financial information.

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) Urban redevelopment business: Sale of land held for development and other related activities
- (c) Property leasing: Property leasing (including the leasing of self-owned properties and subleasing of leased properties) and other related activities
- (d) Property management: Provision of property management services

Upon the spin-off of Times Neighborhood Holdings Limited ("Times Neighborhood") on 19 December 2019, which was previously of the reportable segment of property management, the Group has the remaining three reportable segments of property development, urban redevelopment business and property leasing.

The property development projects undertaken by the Group during the six months ended 30 June 2020 are all located in Mainland China.

Six months ended	Property	Urban	Property		Total
30 June 2020	development	redevelopment	leasing	Elimination	
(Unaudited)	RMB'000	business	RMB'000	RMB'000	RMB'000
		RMB'000			
Segment revenue					
Sales to external customers	14,712,764	–	211,756	–	14,924,520
Intersegment sales	–	–	25,395	(25,395)	–
	14,712,764	–	237,151	(25,395)	14,924,520
Segment results	2,761,094	812,202	53,999	–	3,627,295
<i>Reconciliation:</i>					
Bank interest income					167,872
Unallocated corporate expenses					(42,134)
Finance costs (other than interest on lease liabilities)					(473,381)
Share of profits and losses of associates and joint ventures					(233,211)
Profit before tax					3,046,441

Six months ended	Property	Urban	Property	Property		Total
30 June 2019	development	redevelopment	leasing	management	Elimination	
(Unaudited)	RMB'000	business	RMB'000	RMB'000	RMB'000	RMB'000
		RMB'000				
Segment revenue						
Sales to external customers	14,763,319	641,124	205,427	332,644	–	15,942,514
Intersegment sales	10,236	–	22,852	106,439	(139,527)	–
	14,773,555	641,124	228,279	439,083	(139,527)	15,942,514
Segment results	3,245,920	533,879	45,889	40,110	–	3,865,798
<i>Reconciliation:</i>						
Bank interest income						158,786
Unallocated corporate expenses						(100,114)
Finance costs (other than interest on lease liabilities)						(380,331)
Share of profits and losses of associates and joint ventures						146,359
Profit before tax						3,690,498

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2020 and 31 December 2019, respectively.

As at 30 June 2020	Property development	Urban redevelopment business	Property leasing	Elimination	Total
(Unaudited)	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment assets	94,860,339	12,236,598	5,613,854	–	112,710,791
<i>Reconciliation:</i>					
Unallocated assets					58,469,738
Total assets					171,180,529
As at 31 December 2019					
(Audited)					
Segment assets	93,267,674	10,136,828	4,429,268	–	107,833,770
<i>Reconciliation:</i>					
Unallocated assets					53,264,314
Total assets					161,098,084
As at 30 June 2020					
(Unaudited)					
As at 30 June 2020	Property development	Urban redevelopment business	Property leasing	Elimination	Total
(Unaudited)	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment liabilities	56,489,647	854,741	3,235,085	–	60,579,473
<i>Reconciliation:</i>					
Unallocated liabilities					76,530,878
Total liabilities					137,110,351
As at 31 December 2019					
(Audited)					
Segment liabilities	54,944,937	740,570	2,072,517	–	57,758,024
<i>Reconciliation:</i>					
Unallocated liabilities					67,635,705
Total liabilities					125,393,729

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>	14,712,764	15,737,087
<i>Revenue from other sources</i>		
Gross rental income from:		
Leases of self-owned properties	12,198	13,830
Subleases of leased properties	199,558	191,597
	14,924,520	15,942,514

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2020

The Group's revenue from contracts with customers is derived from sale of properties to external customers of property development segment in Mainland China, the revenue from contracts with customer is recognised at a point in time with goods transferred.

For the six months ended 30 June 2019

Segments	Property development	Urban redevelopment business	Property management	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Type of goods or services				
Sale of properties	14,763,319	–	–	14,763,319
Urban redevelopment income	–	641,124	–	641,124
Property management fee income	–	–	332,644	332,644
Total revenue from contracts with customers	14,763,319	641,124	332,644	15,737,087
Geographical market				
Mainland China	14,763,319	641,124	332,644	15,737,087
Timing of revenue recognition				
Goods transferred at a point in time	14,763,319	641,124	–	15,404,443
Services transferred over time	–	–	332,644	332,644
Total revenue from contracts with customers	14,763,319	641,124	332,644	15,737,087

Set out below is the reconciliation of the revenue from contracts with customer to the amounts disclosed in the segment information:

Segments	Property development <i>RMB'000</i>	Urban redevelopment business <i>RMB'000</i>	Property management <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with customers				
External customers	14,763,319	641,124	332,644	15,737,087
Intersegment sales	10,236	–	106,439	116,675
	14,773,555	641,124	439,083	15,853,762
Eliminations	(10,236)	–	(106,439)	(116,675)
Total revenue from contracts with customers	14,763,319	641,124	332,644	15,737,087

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

	Six months ended 30 June	
	2020 <i>RMB'000</i> (Unaudited)	2019 <i>RMB'000</i> (Unaudited)
<i>Other income</i>		
Bank interest income	167,872	158,786
Interest income from third parties and joint ventures	66,018	8,404
Consultation fee income	37,747	–
Management fee income	18,730	57,759
Compensation income	–	24,396
Write-off of trade payables	–	49,816
Others	46,786	55,846
	337,153	355,007
<i>Gains, net</i>		
Remeasurement of the pre-existing interests in an associate	311,900	–
Gain on bargain purchase of a subsidiary	500,060	–
Gain on deemed disposal of a subsidiary	38,925	9,766
Gain on disposal of financial assets at fair value through profit or loss	82	1,263
Fair value gains on investment properties	–	11,023
Foreign exchange gain, net	6,268	10,272
	857,235	32,324
	1,194,388	387,331

6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cost of properties sold	10,840,584	10,350,654
Cost of urban redevelopment business	–	96,524
Direct operating expenses (including repairs and maintenance) arising on leasing of self-owned properties	695	4,325
Cost of subleasing of leased properties	61,384	61,738
Cost of property management services provided	–	242,068
	10,902,663	10,755,309
Depreciation of property, plant and equipment	58,821	83,072
Depreciation of other right-of-use assets	28,775	12,158
Amortisation of other intangible assets	6,894	8,769
Changes in fair value of self-owned investment properties	742	(11,023)
Employee benefit expense (including Directors' remuneration):		
Wages and salaries	885,972	599,029
Pension scheme contributions	63,091	82,101
Less: Amount capitalised in properties under development	(290,829)	(245,239)
	658,234	435,891
Minimum lease payments under operating leases regarding office premises and leased properties for subleasing business	232	1,683
Foreign exchange difference, net	(6,268)	(10,272)
Loss on disposal of items of property, plant and equipment	317	96
Gain on deemed disposal of a subsidiary	(38,925)	(9,766)
Gain on bargain purchase of a subsidiary	(500,060)	–
Reassessment of the pre-existing interests in an associate	(311,900)	–
Impairment losses on financial assets	27,877	18,531
Impairment of goodwill	10,119	124,268
Changes in fair value of derivative financial instruments	8,396	–

7. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest expense	2,296,372	2,001,636
Interest expense arising from revenue contracts	219,686	98,786
Interest on lease liabilities	70,249	51,857
Total interest expense on financial liabilities not at fair value through profit or loss	2,586,307	2,152,279
Less: Interest capitalised	(2,042,677)	(1,720,091)
	543,630	432,188

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.

Hong Kong profits tax

The statutory rate of Hong Kong profits tax was 16.5% on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax was made as the Group had no assessable profits arising in Hong Kong during the current and prior period.

PRC corporate income tax (“CIT”)

The Group’s income tax provision in respect of its operations in mainland China has been calculated at the applicable tax rates on the taxable profits for both years, based on the existing legislation, interpretations and practices in respect thereof. Certain of the Group’s PRC subsidiaries enjoyed a preferential CIT rate of 15% during both years.

PRC land appreciation tax (“LAT”)

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of completed properties less deductible expenditures including cost of land, borrowing costs and relevant property development expenditures, and is included in profit or loss as income tax expense.

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current:		
CIT	1,333,236	1,320,820
LAT	581,726	1,249,518
Deferred	(679,319)	(579,710)
Total tax charge for the period	<u>1,235,643</u>	<u>1,990,628</u>

9. DIVIDENDS

The proposed 2019 final dividend of RMB84.45 cents per share, totalling RMB1,639,865,000, was approved by the Company’s shareholders at the annual general meeting on 15 May 2020. It was recorded in “other payables and accruals” in the interim condensed consolidated statement of financial position and was subsequently distributed in July 2020.

The Board has resolved not to pay an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of 1,941,817,000 (six months ended 30 June 2019: 1,870,812,000) in issue during the period. There were no dilutive potential ordinary shares during six months ended 30 June 2020 and 2019.

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
Profit attributable to ordinary equity holders of the Company (RMB'000)	1,536,559	1,593,874
Weighted average number of ordinary shares in issue (in thousand)	1,941,817	1,870,812
Basic and diluted earnings per share (RMB cents per share)	79	85

11. TRADE RECEIVABLES

Trade receivables are mainly arisen from sales of completed properties, urban redevelopment business, property leasing and construction services. Considerations in respect of the completed properties sold are payable by the purchasers in accordance with the terms of the related sale and purchase agreements; receivables from urban redevelopment business are payable by government in accordance with urban redevelopment contracts; rentals in respect of investment properties are generally received in advance; and construction services fees are generally granted a credit term of three months to nine months.

	30 June 2020	31 December 2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables	5,537,782	6,155,762
Impairment	(65,443)	(54,061)
	5,472,339	6,101,701

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2020	31 December 2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 3 months	3,789,832	4,398,144
4 to 6 months	908,803	305,113
7 to 12 months	360,183	575,916
Over 1 year	413,521	822,528
	5,472,339	6,101,701

12. TRADE AND BILLS PAYABLES

The ageing analysis of the trade and bills payables is as follows:

	30 June 2020	31 December 2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 1 year	14,799,483	13,306,676
Over 1 year	1,477,314	1,164,271
	16,276,797	14,470,947

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

BUSINESS REVIEW

Overview

For the six months ended 30 June 2020, the Group recorded a revenue of RMB14,924.5 million, representing a decrease of 6.4% when compared with the same period for the six months ended 30 June 2019. Profit for the six months ended 30 June 2020 amounted to RMB1,810.8 million, representing an increase of 6.5% when compared with that for the six months ended 30 June 2019. The core net profit for the six months ended 30 June 2020 (excluding changes in fair value of self-owned investment properties, and net of the impact of related deferred tax, changes in fair value of derivative financial instruments and loss on impairment of goodwill) increased to RMB1,829.9 million, representing an increase of 1.3% when compared with that for the six months ended 30 June 2019. Profit attributable to the owners of the Company amounted to RMB1,536.6 million, representing a decrease of 3.6% as compared to that for the six months ended 30 June 2019. Basic and diluted earnings per share for the six months ended 30 June 2020 were RMB79 cents (for the six months ended 30 June 2019: RMB85 cents).

Property Development

The Group focuses on the major core cities in the Pearl River Delta region. As at 30 June 2020, the Group had 130 major projects in various stages in total, including 121 projects in major cities of Guangdong Province, namely Guangzhou, Foshan, Jiangmen, Dongguan, Huizhou, Zhuhai, Zhongshan, Qingyuan, Zhaoqing, Shantou, Shanwei and Heyuan, 5 projects in Changsha, Hunan Province, 1 project in Wuhan, Hubei Province, 2 projects in Chengdu, Sichuan Province and 1 project in Hangzhou, Zhejiang Province. For the six months ended 30 June 2020, the Group's contracted sales⁽¹⁾ amounted to approximately RMB32.57 billion with a total GFA of approximately 2,342,000 sq.m.. The Group focuses on its projects in respect of peripheral facilities, seeking to enrich customers' experience in arts 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 2020:

Project	Number of available for sale projects	Aggregate saleable area this year (sq. m.)	Aggregate sales amount this year (RMB million)	Aggregate average sales price this year (RMB/sq. m.)
Guangzhou	33	469,000	8,337	17,776
Foshan	36	702,000	9,432	13,436
Jiangmen	5	37,000	339	9,162
Zhuhai	20	184,000	2,546	13,837
Zhongshan	8	52,000	676	13,000
Qingyuan	15	168,000	1,464	8,714
Changsha	9	308,000	3,897	12,653
Huizhou	6	72,000	771	10,708
Dongguan	8	188,000	3,453	18,367
Zhaoqing	1	49,000	432	8,816
Chengdu	1	27,000	372	13,778
Shantou	1	35,000	393	11,229
Shanwei	1	12,000	94	7,833
Heyuan	1	39,000	360	9,231
Total	145	2,342,000	32,566	13,905

Urban Redevelopment Business

As of 30 June 2020, there were over 150 urban redevelopment projects in aggregate, with a potential total GFA of approximately 52 million sq.m..

Properties for Leasing and Sub-leasing

As at 30 June 2020, the Group held a GFA of approximately 46,138 sq.m. and 204 car parking spaces at Times Property Center and a GFA of approximately 36,447 sq.m. at Block No. 26 of Times King City (Zhongshan) for rental purposes, and the GFA for Guangzhou Times Commercial Management Co., Ltd. and its subsidiaries for sub-leasing purposes was approximately 619,633 sq.m.. For the six months ended 30 June 2020, the Group's rental income amounted to RMB211.7 million, accounting for 1.4% of its total revenue.

Property Management Services

Property management fee income is derived from revenue generated from property management services provided in relation to properties delivered before the spin-off of Times Neighborhood. For the six months ended 30 June 2020, no new income from the property management services was recorded by the Group primarily due to the spin-off of Times Neighborhood which is principally engaged in the provision of property management services.

Land Reserves

As at 30 June 2020, the Group had total land reserves of approximately 21.8 million sq.m., which the Group believes will be sufficient to support its development need for the next three to five years. The table below sets forth the information on land reserves in major cities where the Group has established footholds:

Region	Total land reserves	
	(sq.m.)	(%)
Guangzhou	4,164,625	19.1
Foshan	2,755,651	12.6
Jiangmen	1,977,177	9.1
Zhuhai	809,207	3.7
Zhongshan	1,069,558	4.9
Qingyuan	5,189,090	23.8
Changsha	1,306,453	6.0
Dongguan	1,377,569	6.3
Huizhou	1,249,714	5.7
Chengdu	289,471	1.3
Zhaoqing	670,122	3.1
Shantou	182,690	0.8
Shanwei	163,491	0.8
Hangzhou	93,714	0.4
Heyuan	210,103	1.1
Wuhan	286,720	1.3
Total	<u>21,795,355</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 2020:

Planned Use	Total land reserves	
	(sq.m.)	(%)
Residential	13,971,095	64.1
Commercial	2,070,571	9.5
Others (Note)	5,753,689	26.4
Total	<u>21,795,355</u>	<u>100.0</u>

Note: 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 2020⁽¹⁾:

Project	Project type	Actual/ expected completion dates	Site area (sq.m.)	Completed		Under development/ future development		Ownership interest ⁽⁵⁾ (%)
				GFA for sale ⁽²⁾⁽⁴⁾ (sq.m.)	Other GFA ⁽³⁾ (sq.m.)	GFA for sale ⁽⁴⁾ (sq.m.)	Other GFA ⁽³⁾ (sq.m.)	
Guangzhou								
Times Bund	Residential and commercial	2013-2016	92,123	-	30,520	-	-	99
Ocean Times	Residential and commercial	2011-2015	354,156	11,325	23,170	-	-	91
Guangzhou Tianhe Project (Pige Factory Project)	Industrial	Pending	-	-	-	-	-	70
Guangzhou Tiansi Project (Qingchu Shiliu Gang Project)	Industrial	Pending	-	-	-	-	-	42
Yun Du Hui	Apartment and commercial	2015	17,480	-	35	-	-	50
Times Cloud Atlas (Guangzhou)	Residential and commercial	2016	45,593	-	6,160	-	-	100
Times Bridges (Zengcheng)	Residential and commercial	2017	93,756	-	91,350	-	-	100
Times Centralpark Living (Guangzhou)	Residential and commercial	2017	70,648	-	74,199	-	-	100
Nansha Times Long Island Project	Residential and commercial	2016-2018	71,310	193	6,973	-	-	100
Times Cloud Port (Huadu)	Residential and commercial	2020	29,959	-	-	85,653	24,120	100
Times Park Laurel (Guangzhou)	Residential and commercial	2018	45,537	8,660	39,290	-	-	100
Times Aerobic City (Guangzhou)	Residential and commercial	2018	64,374	9,185	69,078	-	-	95
Huangpu Chemical	Commercial	2022	18,279	-	-	81,797	27,504	45
B2-2 land parcel, Sino-Singapore Knowledge City	Residential and commercial	2019	61,145	9,771	9,316	-	42,906	100
B2-1 land parcel, Sino-Singapore Knowledge City	Residential and commercial	2016-2019	103,890	4,392	987	-	-	100
Times Cambridge (Huadu)	Residential and commercial	2017-2018	31,665	6,367	2,122	-	-	100
Project of Shigang Road, Haizhu District	Residential and commercial	2021	20,211	-	-	55,768	29,100	60
Times Fairy Land	Residential and commercial	2019	20,076	4,729	-	-	17,483	91
Times Forture	Residential and commercial	2018	20,177	27,606	-	-	33,356	100
Times The Shore	Residential and commercial	2020	53,985	10,763	51,058	-	-	60
Project of Qinghe East Road, Panyu, Guangzhou	Residential and commercial	2021	27,256	-	-	88,955	32,130	31
Times Elegance (Zengcheng)	Residential and commercial	2020	24,825	-	-	84,842	26,965	52
Tendering, Auction or Listing Project of Jiuhe Village (for the land parcel on the North), Times Realm (Guangzhou)	Residential and commercial	2020	90,976	-	-	302,549	126,020	51

Project	Project type	Actual/ expected completion dates	Site area (sq.m.)	Completed		Under development/ future development		Ownership interest ⁽⁵⁾ (%)
				GFA for sale ⁽²⁾⁽⁴⁾ (sq.m.)	Other GFA ⁽³⁾ (sq.m.)	GFA for sale ⁽⁴⁾ (sq.m.)	Other GFA ⁽³⁾ (sq.m.)	
Tendering, Auction or Listing Project of Jiuhe Village (for the land parcel on the South), Times Realm (Guangzhou)	Residential and commercial	2021	31,509	-	-	98,138	52,970	70
Times City (Guangzhou)	Residential and commercial	2021-2027	178,038	-	-	575,098	175,534	51
Times Yunlai (Guangzhou)	Residential and commercial	2021	67,695	-	-	177,958	77,442	70
Times Longhu Yunlai	Residential and commercial	2021	81,178	-	-	186,780	52,530	49
Project of Times China Bay Area Headquarter, Nansha District, Guangzhou	Commercial	2025	11,447	-	-	129,352	29,868	78
Times Realm (Guangzhou)	Residential and commercial	2022	44,995	-	-	129,319	40,145	30
Times Impression (Guangzhou)	Residential and commercial	2021	102,948	-	-	442,775	123,000	75
Times Classic (Zengcheng)	Residential and commercial	2022	77,530	-	-	242,979	74,340	32
Foshan								
Times King City (Shunde)	Residential and commercial	2016-2017	125,782	-	31,570	-	-	100
Times City (Foshan)	Residential and commercial	2010-2017	505,776	-	92,817	-	-	100
Times City (Foshan) Phases V and VI	Residential and commercial	2016	12,860	-	3,084	-	-	100
Times Cloud Atlas (Foshan)	Residential and commercial	2015-2016	58,149	-	23,870	-	-	100
Times King City (Foshan) Phase IV	Residential and commercial	2015	34,308	-	355	-	-	100
Goden Lotus (Foshan)	Residential and commercial	2017	20,464	-	2,310	-	-	100
Times Prime (Foshan)	Residential and commercial	2016	17,148	-	910	-	-	100
Times Riverbank (Foshan)	Residential and commercial	2017	64,697	-	15,805	-	-	100
Times The Shore (Foshan)	Residential and commercial	2017	51,457	-	7,753	-	-	100
Times Classic (Foshan)	Residential and commercial	2018	35,383	-	15,342	-	-	100
Times Riverbank (Foshan) Phase II	Residential and commercial	2018-2019	111,658	36,785	82,512	-	23,455	75
Ocean Times (Foshan) Phase I	Residential and commercial	2018	105,553	4,072	29,924	-	-	91
Timing Home	Residential and commercial	2019	40,794	32,143	39,146	-	-	51
Ocean Times (Foshan) Phase II	Residential and commercial	2019	89,927	23,391	69,038	-	-	100
Mt. Tittlis (Foshan)	Residential and commercial	2019	117,893	27,189	54,017	-	-	90
Project of Juxian, Nanshan, Sanshui, Foshan	Residential and commercial	2020	49,125	12,609	36,304	-	-	91
Project of Aoli Garden, Datang, Sanshui, Foshan	Residential and commercial	2018-2019	91,760	12,780	363	-	64,180	80
Project of Xinya, Nanhai, Foshan	Residential and commercial	2020	41,772	-	-	158,713	29,010	60
Times Starry Mansion (Foshan)	Residential and commercial	2018-2019	37,835	-	35,132	-	-	75
Times Merchants Tianxi (Foshan)	Residential and commercial	2021	43,518	-	-	140,174	33,750	50

Project	Project type	Actual/ expected completion dates	Site area (sq.m.)	Completed		Under development/ future development		Ownership interest ⁽⁵⁾ (%)
				GFA for sale ⁽²⁾⁽⁴⁾ (sq.m.)	Other GFA ⁽³⁾ (sq.m.)	GFA for sale ⁽⁴⁾ (sq.m.)	Other GFA ⁽³⁾ (sq.m.)	
Times Realm (Foshan)	Residential and commercial	2021	67,579	-	-	232,995	54,270	70
Baoli • Times (Foshan)	Residential and commercial	2021	48,498	-	-	142,964	33,780	49
Baoli Times Tianbo (Foshan)	Residential and commercial	2021	120,487	-	-	502,960	3,480	33
Times Memory (Foshan)	Residential and commercial	2021-2022	62,063	-	-	260,916	57,629	100
Foshan Dali Yanjiang Road Project	Residential and commercial	2021	36,313	-	-	99,975	27,420	80
Hexiquan Project in Shuitou Industrial Zone, Nanhai, Foshan	Residential and commercial	2021	12,688	-	-	31,815	8,628	33
Times Memory (Foshan)	Residential and commercial	2022	38,654	-	-	128,996	31,320	100
Jiangmen								
Times King City (Heshan)	Residential and commercial	2019-2020	120,804	85,987	1,232	10,019	70,258	70
Lake Forest	Residential and commercial	2020-2021	316,980	-	-	429,430	100,620	51
Central Park Living	Residential and commercial	2019	90,034	9,726	3,029	3,029	39,562	100
Times Horizon (Heshan)	Residential and commercial	2020-2021	49,735	197	-	116,155	30,600	90
Central Park Living (Heshan) Phase II	Residential and commercial	2020-2021	119,153	-	-	279,152	56,180	91
Times Elegance (Heshan)	Residential and commercial	2021	187,782	-	-	491,262	123,930	51
Times King City (Jiangmen)	Residential and commercial	2020	34,674	-	-	100,559	26,250	51
Zhuhai								
Eolia City (Zhuhai) Phase VI	Residential and commercial	2013-2014	51,003	-	525	-	-	100
Times Harbor (Zhuhai)	Residential and commercial	2015	81,393	-	8,750	-	-	100
Times King City (Zhuhai) Phase I	Residential and commercial	2015	52,950	-	6,615	-	-	100
Times King City (Zhuhai) Phases II, III and IV	Residential and commercial	2016-2017	198,204	-	3,708	-	-	100
Times The Shore (Zhuhai)	Residential and commercial	2016-2017	119,169	-	41,160	-	-	100
Baoli Xiangbin Huayuan Project	Residential and commercial	2017	77,206	-	14,700	-	-	49
Zhuhai Baisheng	Industrial	Pending	100,331	-	-	-	-	100
West of Tin Ka Ping Secondary School, Zhuhai	Residential and commercial	2018	85,363	1,708	49,318	-	-	100
Times Eolia City (Zhuhai)	Residential and commercial	2018	53,963	-	37,971	-	-	60
Times King City (Zhuhai) Phase V	Residential and commercial	2018	17,791	-	13,112	-	-	80

Project	Project type	Actual/ expected completion dates	Site area (sq.m.)	Completed		Under development/ future development		Ownership interest ⁽⁵⁾ (%)
				GFA for sale ⁽²⁾⁽⁴⁾ (sq.m.)	Other GFA ⁽³⁾ (sq.m.)	GFA for sale ⁽⁴⁾ (sq.m.)	Other GFA ⁽³⁾ (sq.m.)	
Top Plaza	Residential and commercial	2019-2021	60,138	63,735	40,597	137,608	30,510	50
West of Heyi Road (Middle), Baijiao Township, Doumen District, Zhuhai	Residential and commercial	2020	20,000	-	-	41,202	9,504	51
Times Horizon II	Residential and commercial	2020	11,393	-	-	29,179	8,353	50
Times Horizon III	Residential and commercial	2021	23,712	-	-	61,276	18,691	50
Times Horizon I	Residential	2020	9,540	-	-	24,054	6,693	38
Times Horizon IV	Residential and commercial	2021	48,432	-	-	127,999	32,239	38
Zhongshan								
Times King City (Zhongshan)	Residential and commercial	2013-2015	101,821	-	33,775	-	-	100
Times Cloud Atlas (Zhongshan)	Residential and commercial	2015-2016	46,667	-	567	-	-	100
Jin Sha Project (Zhongshan)	Residential and commercial	2020-2021	132,290	-	-	420,154	93,630	71
Sanxi Village Project (Zhongshan)	Residential and commercial	2019	39,351	4,533	5,886	-	23,738	91
Baoyi Project (Zhongshan)	Residential and commercial	2020	26,256	1,470	4,730	-	16,504	100
Jieyue Project of Times North Shore (Zhongshan)	Residential and commercial	2019	25,672	47,650	4,398	-	14,705	91
Guanfu Project of Times North Shore (Zhongshan)	Residential and commercial	2020	24,328	-	-	64,113	-	91
Project of Qijiang New Town, Zhongshan ⁽⁷⁾	Residential and commercial	2023-2024	87,272	-	-	264,825	68,880	51
Qingyuan								
Times King City (Qingyuan)	Residential and commercial	2014-2019	301,368	45,992	91,720	-	-	100
Times Garden (Qingyuan) Phase I	Residential and commercial	2016	70,650	-	33,086	-	-	100
Times Garden (Qingyuan) Phase II	Residential and commercial	2019-2020	84,440	13,112	29,798	41,522	48,128	100
Fogang Shilian Project	Residential and commercial	2026	551,087	-	-	1,090,746	43,896	100
Fogang Huanghua Lake Project	Residential and commercial	2021-2023	477,020	-	-	1,067,304	210,960	100
Times The Shore (Qingyuan) Jiada Feilai Lake Project	Residential and commercial	2021-2023	91,127	-	-	337,246	98,030	100
Times The Shore (Qingyuan) Wanda West Project	Residential and commercial	2019	68,840	10,665	80,632	-	-	90
Times King City (Qingyuan) Phase IX (Heshun Project)	Residential and commercial	2019	42,214	5,654	51,740	-	-	100
Fogang Songfeng Project (Qingyuan)	Residential and commercial	2021-2022	118,164	-	-	374,527	95,490	70

Project	Project type	Actual/ expected completion dates	Site area (sq.m.)	Completed		Under development/ future development		Ownership interest ⁽⁵⁾ (%)
				GFA for sale ⁽²⁾⁽⁴⁾ (sq.m.)	Other GFA ⁽³⁾ (sq.m.)	GFA for sale ⁽⁴⁾ (sq.m.)	Other GFA ⁽³⁾ (sq.m.)	
Times The Shore II (Qingyuan) Hengda Feilai Lake Project	Residential and commercial	2019-2021	133,102	5,773	286	500,083	62,564	100
Feilai South Road Project (Qingyuan)	Residential and commercial	2022	23,137	-	-	73,278	29,052	100
Times Sweet (Qingyuan)	Residential and commercial	2019-2020	28,620	-	-	62,781	34,384	100
Xinteng Project (Qingyuan)	Residential and commercial	2021-2022	123,987	-	-	362,487	94,260	75
Project of Hengfeng (Qingyuan)	Residential and commercial	2021	53,164	-	-	146,974	46,920	100
Changsha								
Times King City (Changsha)	Residential and commercial	2013-2021	649,862	34,222	89,078	308,181	145,143	100
Times Prime (Changsha)	Residential and commercial	2020	48,017	-	-	149,915	34,574	55
Times Memory (Changsha)	Residential and commercial	2021	39,722	-	-	99,879	22,005	60
Times Mt. Tittlis (Meixi)	Residential and commercial	2021	71,041	-	-	303,413	52,235	60
Project of Huangtuling, Yuhua District, Changsha	Commercial	2022	8,848	-	-	56,388	11,420	80
Dongguan								
Times King City (Dongguan)	Residential and commercial	2018	55,792	1,845	692	-	-	100
Times Realm (Dongguan)	Residential and commercial	2018-2020	79,190	13,853	39,120	-	-	80
Times Thriving City (Dongguan)	Residential and commercial	2018-2020	42,519	5,724	16,357	-	-	100
Acquisition Project of Xiaohe Road, Daoqiang Town (Dongguan)	Residential and commercial	2019-2021	56,298	5,505	20,345	122,391	19,075	60
Project of Luwu Village, Changping Town (Dongguan)	Residential and commercial	2019-2020	26,345	59,102	-	20,799	23,791	17
Shipai Town Project (Dongguan)	Residential and commercial	2019-2021	95,977	82,190	-	147,771	56,049	13
Project of Douchizhou, Zhongtang Town, Dongguan	Residential and commercial	2021	22,451	-	-	68,007	19,269	70
Project of Land Parcel II of Douchizhou, Zhongtang Town, Dongguan	Residential and commercial	2021	38,096	-	-	98,075	29,623	49
Project of Dingshan, Houjie Town, Dongguan ⁽⁶⁾	Residential and commercial	2023	69,524	-	-	211,543	62,580	33
Land Parcel 014 of Douchizhou, Zhongtang Town, Dongguan	Residential and commercial	2022	41,837	-	-	114,089	28,260	51
Land Parcel 016 of Douchizhou, Zhongtang Town, Dongguan	Residential and commercial	2022	27,572	-	-	89,134	22,380	49
Huizhou								
Desai Land Parcel of Gutang'ao	Residential and commercial	2020-2021	284,414	-	-	675,966	167,100	49
Golden Totus (Huizhou)	Residential and commercial	2020	23,459	-	-	77,092	25,796	80
Vantin Casa (Huiyang)	Residential and commercial	2020	71,274	-	-	96,821	39,767	100

Project	Project type	Actual/ expected completion dates	Site area (sq.m.)	Completed		Under development/ future development		Ownership interest ⁽⁵⁾ (%)
				GFA for sale ⁽²⁾⁽⁴⁾ (sq.m.)	Other GFA ⁽³⁾ (sq.m.)	GFA for sale ⁽⁴⁾ (sq.m.)	Other GFA ⁽³⁾ (sq.m.)	
Sanhe Road Housing Estate (Huizhou)	Residential and commercial	2021-2022	62,000	-	-	130,932	36,240	80
Chengdu								
Times Elegance (Chengdu)	Residential and commercial	2020	30,429	-	-	68,241	22,338	100
Times Realm (Chengdu)	Residential and commercial	2021-2022	38,338	-	-	143,450	55,442	70
Zhaoqing								
Times Bund (Zhaoqing)	Residential and commercial	2020	59,677	-	-	186,855	45,378	50
Project of Fenghuang Avenue, Zhaoqing New District	Residential and commercial	2022	51,385	-	-	189,163	33,247	51
Project of Yaosha Village, Zhenshan, Sihui City	Residential and commercial	2022-2023	59,394	-	-	192,143	23,336	50
Shantou								
Times Horizon (Shantou)	Residential and commercial	2021	36,230	-	-	151,010	31,680	100
Shanwei								
Times Riverbank (Haifeng)	Residential and commercial	2021	27,612	-	-	128,075	35,416	100
Hangzhou								
Times Realm (Hangzhou)	Residential and commercial	2021	26,861	-	-	74,712	19,002	80
Heyuan								
Times King City (Heyuan)	Residential and commercial	2021	44,470	-	-	161,983	48,120	60
Wuhan								
Times Helenbergh Memory (Wuhan)	Residential and commercial	2021-2022	78,037	-	-	196,600	90,120	50
			<u>10,841,900</u>	<u>740,603</u>	<u>1,667,437</u>	<u>15,301,063</u>	<u>4,086,252</u>	

Notes:

- (1) The table above includes properties for which (i) the Group has obtained the relevant land use rights certificate(s), but has not obtained the requisite construction permits, or (ii) the Group has signed a land grant contract with the relevant government authority, but has 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) As of 30 June 2020, the industrial and commercial registration for ownership interest of Project of Dingshan, Houjie Town, Dongguan has not been altered.
- (7) As of 30 June 2020, the acquisition of Project of Qijiang New Town, Zhongshan has not completed.

Acquisitions of land parcels for the six months ended 30 June 2020

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

For the six months ended 30 June 2020, the Group acquired 7 parcels of land in Foshan, Changsha and Dongguan, and the land acquisition costs amounted to a total of approximately RMB4,264 million.

Location (City) of projects	Number of projects	Expected total GFA <i>(sq.m.)</i>	Expected total GFA (attributable to the Company) <i>(sq.m.)</i>	Total land costs (attributable to the Company) <i>(RMB million)</i>
Foshan	3	328,154	275,578	2,261
Changsha	1	67,808	54,247	281
Dongguan	3	527,987	217,701	1,722
Total	7	923,949	547,526	4,264

MARKET REVIEW

As of 30 June 2020, although fewer transactions were noted across the real estate industry under the impact of the COVID-19, the decrease in transaction volume narrowed whilst price in general continued to rise due to the fairly quick recovery in market. According to the National Bureau of Statistics, the saleable area of commercial properties reached 694.04 million sq.m. nationwide, which slid 8.4% on a year-on-year basis, representing a decrease of 6.6 percentage points in growth rate compared with that of the corresponding period of last year. The market continued to recover, with year-on-year growth of 2.14% in June. The transaction volume of commercial properties reached RMB6,689.5 billion, which decreased by 5.4 percentage points on a year-on-year basis, representing a decrease of 11 percentage points in growth rate compared with that of the corresponding period of last year. The growth rate in June was 8.98% on a year-on-year basis. The average sales price of commercial properties was RMB9,638/sq.m., which increased by 3.32% on a year-on-year basis, representing a decrease of 4.18 percentage points in growth rate compared with that of the corresponding period of last year.

To support the macro-economy and local employment, local governments have implemented a series of relief measures to ease the operational pressure on real estate enterprises. In terms of austerity, the central government continued to set the target of “stable land prices, housing prices and market expectations”. The austerity measures of local governments were partially loosened. Austerity measures of some cities were implemented through adjustment to talent structure policy. The overall environment for industry policy was stable.

Under the impact of the COVID-19 worldwide, various countries have started an easing cycle to maintain sufficient liquidity. Nonetheless, financial policies concerning the real estate remain consistent and stable, and the funds flowing to the property industry remained constrained. In the first half of the year, the medium- to long-term loans from residents increased by 1.82% cumulatively on a year-on-year basis, which was far below the increase of new loans in Renminbi by 25.04%.

Transactions in land market have generally slowed down but the land price continued to rise with high transaction volume in the core urban areas. According to China Index Academy, the area of residential land supply nationwide increased by 3.8% during the period of January to June on a year-on-year basis, higher than the increase of the transaction area, which was -8% on a year-on-year basis. The area of residential land transaction for top five major cities increased by 1.8% on a year-on-year basis, significantly higher than the increase of the transaction area nationwide. The price of the floor area of residential land transactions nationwide was RMB5,209/sq.m., representing a year-on-year increase of 13.7%.

Prospects

Looking forward to the second half of 2020, the monetary policy will be more precisely targeted and fiscal policy will remain aggressive for China. The property industry is still an important cornerstone of domestic economic growth and policy related to this industry shall remain stable in general. Local governments will continue to carry out targeted policy for respective cities to stabilize market expectations and maintain reasonable growth of real estate investment. The global monetary policy is loose with abundant liquidity. The domestic financial policies for real estate industry will remain stable. The demand for individual housing loans will increase steadily, while mortgage rate remains stable. The impact of the pandemic will weaken but not entirely subside, and recovery momentum of market transaction in the industry is expected to maintain. Divergence will be even more apparent in the performance of regional markets. With the prominent performance of sound infrastructure and public administration in big cities during the pandemic outbreak, the value of the core economic circle further stands out.

The Group will insist on the quality of growth, while maintaining the balance of growth, benefits and risks. We will ensure the steady development of residential development business, further enhance the competitive advantages of urban redevelopment business, and actively develop industrial and commercial property business.

We will maintain prudent investment strategies, and proactively engage in urban redevelopment and renewal, ensuring that there are sufficient and quality land reserves. We will continue to deepen our presence across the Guangdong-Hong Kong-Macau Greater Bay Area, significantly increase the market share in regions where we operate, gradually extending the layout across cluster of cities with high growth potential along the Yangtze River Delta, Chengdu-Chongqing, and the mid-stream of the Yangtze River.

We will adhere to the aggressive sales strategies, strengthen our cash flow management and increase the capital turnover rate.

FINANCIAL REVIEW

Revenue

The Group's revenue is primarily generated from property development, urban redevelopment business and property leasing and sub-leasing, which contributed approximately 98.6%, 0.0% and 1.4% respectively of the revenue for the six months ended 30 June 2020. The Group's revenue decreased by RMB1,018.0 million, or 6.4%, to RMB14,924.5 million for the six months ended 30 June 2020 from RMB15,942.5 million for the six months ended 30 June 2019. Such decrease was primarily attributable to the decrease in revenue from urban redevelopment business.

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

	For the six months ended 30 June 2020		For the six months ended 30 June 2019	
	(RMB million)	(%)	(RMB million)	(%)
Sales of properties	14,712.8	98.6	14,763.4	92.6
Urban redevelopment business	0.0	0.0	641.1	4.0
Rental income	211.7	1.4	205.4	1.3
Property management fee income	0.0	0.0	332.6	2.1
	<u>14,924.5</u>	<u>100.0</u>	<u>15,942.5</u>	<u>100.0</u>

Property development

The Group's revenue from sales of properties decreased by RMB50.6 million, or 0.3%, to RMB14,712.8 million for the six months ended 30 June 2020 from RMB14,763.4 million for the six months ended 30 June 2019. Overall, the income remained stable. The projects that contributed substantially to the Group's revenue for the six months ended 30 June 2020 mainly include Times The Shore (Guangzhou), Times Riverbank (Foshan) Phase II and Times King City (Heshan).

Urban redevelopment business

As of 30 June 2020, there were over 150 urban redevelopment projects in aggregate, with a potential total GFA of approximately 52 million sq.m..

Property leasing and sub-leasing

The Group's gross rental income increased by RMB6.3 million, or 3.1%, to RMB211.7 million for the six months ended 30 June 2020 from RMB205.4 million for the six months ended 30 June 2019. The increase was primarily due to the rise in occupancy rate during the Period.

Property management services

For the six months ended 30 June 2020, no new income from the property management services was recorded by the Group, primarily attributable to the spin-off of Times Neighborhood which is principally engaged in the provision of property management services.

Cost of sales

The Group's cost of sales increased by RMB147.4 million, or 1.4%, to RMB10,902.7 million for the six months ended 30 June 2020 from RMB10,755.3 million for the six months ended 30 June 2019. The increase was primarily attributable to the increase in the unit cost of property sales during the Period as compared with the corresponding period in 2019, resulting in the increase in the cost of property sales.

Gross profit and gross profit margin

The Group's gross profit decreased by RMB1,165.4 million, or 22.5%, to RMB4,021.8 million for the six months ended 30 June 2020 from RMB5,187.2 million for the six months ended 30 June 2019. For the six months ended 30 June 2020, the Group's gross profit margin decreased to 26.9% from 32.5% for the six months ended 30 June 2019. The decrease was primarily due to the decrease in the proportion of recognised income from products with higher gross profit margin as compared with the corresponding period in 2019.

Other income and gains

The Group's other income and gains increased to RMB1,194.4 million for the six months ended 30 June 2020 from RMB387.3 million for the six months ended 30 June 2019, which was primarily attributable to the breakthrough result attained in urban redevelopment business, bringing premium income after the successful transformation of Guangzhou Hongwei project.

Selling and marketing costs

The Group's selling and marketing costs decreased by RMB28.6 million, or 5.2%, to RMB517.0 million for the six months ended 30 June 2020 from RMB545.6 million for the six months ended 30 June 2019. The decrease was mainly due to the strict control over the marketing expenses of the Group.

Administrative expenses

The Group's administrative expenses decreased by RMB20.2 million, or 2.8%, to RMB700.3 million for the six months ended 30 June 2020 from RMB720.5 million for the six months ended 30 June 2019. The decrease was primarily attributable to the strict control over the administrative expenses of the Group.

Other expenses

The Group's other expenses decreased by RMB156.5 million, or 47.1%, to RMB175.6 million for the six months ended 30 June 2020 from RMB332.1 million for the six months ended 30 June 2019. The decrease was primarily due to the decrease in impairment of goodwill.

Finance costs

The Group's finance costs increased to RMB543.6 million for the six months ended 30 June 2020 from RMB432.2 million for the six months ended 30 June 2019. The increase was primarily due to the increase in the amount of bank facilities for the Group's land acquisition and expansion of property development.

Income tax expense

The Group's income tax expenses decreased by RMB755.0 million, or 37.9%, to RMB1,235.6 million for the six months ended 30 June 2020 from RMB1,990.6 million for the six months ended 30 June 2019. The decrease was primarily attributable to the decrease in the Group's taxable profit and the income for the six months ended 30 June 2020.

Profit for the Period

The Group's profit for the Period increased by RMB110.9 million, or 6.5%, to RMB1,810.8 million for the six months ended 30 June 2020 from RMB1,699.9 million for the six months ended 30 June 2019. Basic and diluted earnings per share for the six months ended 30 June 2020 were RMB79 cents (for the six months ended 30 June 2019: RMB85 cents).

Profit attributable to the owners of the Company

Profit attributable to the owners of the Company decreased by RMB57.3 million, or 3.6%, to RMB1,536.6 million for the six months ended 30 June 2020 from RMB1,593.9 million for the six months ended 30 June 2019. Core net profit attributable to the owners of the Company decreased by RMB145.5 million, or 8.5%, to RMB1,555.6 million for the six months ended 30 June 2020 from RMB1,701.1 million for the six months ended 30 June 2019.

Liquidity, Financial and Capital Resources

Cash position

As at 30 June 2020, the carrying balance of the Group's cash and bank deposits was approximately RMB34,532.7 million (31 December 2019: RMB29,279.4 million), representing an increase of 17.9% when compared with that of 31 December 2019. 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 regulatory accounts designated by the banks, in which case the use of the restricted bank deposits, subject to the banks' approval, is restricted to the purposes as set out in the relevant loan agreements. As at 30 June 2020, the amount of the Group's restricted bank deposits was RMB3,369.1 million (31 December 2019: RMB3,404.5 million).

Borrowings and pledged assets

The Group had aggregate interest-bearing bank loans and other borrowings (excluding interests payables) of approximately RMB58,722.2 million as at 30 June 2020. Borrowings that are due within one year increased from RMB18,597.7 million as at 31 December 2019 to RMB24,146.6 million as at 30 June 2020, and approximately RMB33,888.7 million of borrowings are due within two to five years and approximately RMB686.9 million of borrowings are due in over five years. As at 30 June 2020, the Group's outstanding loans were secured partially by part of the investment properties, inventories of properties, the property, plant and equipment and trade receivables with a carrying value of approximately RMB577.3 million, RMB7,607.2 million, RMB480.7 million and RMB3,359.9 million, respectively. As at 30 June 2020, equity interests of certain subsidiaries of the Group were pledged as security for certain of the Group's interest-bearing bank and other borrowings.

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

(a) RMB 5.24% Public Domestic Corporate Bonds due 2025

On 26 May 2020, Guangzhou Times Holdings Group Co., Ltd.* (廣州市時代控股集團有限公司) ("Guangzhou Times", formerly known as Guangzhou Times Property Group Co., Ltd* (廣州市時代地產集團有限公司)) issued 5.24% public domestic corporate bonds due 2025 (the "RMB 5.24% Public Domestic Corporate Bonds due 2025") in a principal amount of RMB2,500,000,000. Guangzhou Times shall be entitled to increase the coupon rate at the end of the third year and the investors shall be entitled to sell back the bonds. RMB 5.24% Public Domestic Corporate Bonds due 2025 are listed on the Shanghai Stock Exchange and bear interest from and including 27 May 2020 at the rate of 5.24% per annum, payable annually in arrears.

(b) USD 6.00% Senior Notes due 2021

On 6 May 2020, the Company issued 6.00% senior notes due 2021 in a principal amount of USD200,000,000 (equivalent to approximately RMB1,428,026,000) (the “USD 6.00% Senior Notes due 2021”). The USD 6.00% Senior Notes due 2021 are listed on the Stock Exchange and bear interest from and including 6 May 2020 at the rate of 6.00% per annum, payable semi-annually in arrears.

(c) RMB 5.10% Public Domestic Corporate Bonds due 2025

On 26 March 2020, Guangzhou Times issued 5.10% public domestic corporate bonds due 2025 in a principal amount of RMB1,550,000,000 (the “RMB 5.10% Public Domestic Corporate Bonds due 2025”). Guangzhou Times shall be entitled to increase the coupon rate at the end of the third year and the investors shall be entitled to sell back the bonds. RMB 5.10% Public Domestic Corporate Bonds due 2025 are listed on the Shanghai Stock Exchange and bear interest from and including 30 March 2020 at the rate of 5.10% per annum, payable annually in arrears.

(d) RMB 6.30% Public Domestic Corporate Bonds due 2027

On 26 March 2020, Guangzhou Times issued 6.30% public domestic corporate bonds due 2027 in a principal amount of RMB950,000,000 (the “RMB 6.30% Public Domestic Corporate Bonds due 2027”). Guangzhou Times shall be entitled to increase the coupon rate at the end of the fifth year and the investors shall be entitled to sell back the bonds. RMB 6.30% Public Domestic Corporate Bonds due 2027 are listed on the Shanghai Stock Exchange and bear interest from and including 30 March 2020 at the rate of 6.30% per annum, payable annually in arrears.

(e) RMB 5.00% Public Domestic Corporate Bonds due 2025

On 21 February 2020, Guangzhou Times issued 5.00% public domestic corporate bonds due 2025 in a principal amount of RMB740,000,000 (the “RMB 5.00% Public Domestic Corporate Bonds due 2025”). Guangzhou Times shall be entitled to increase the coupon rate at the end of the third year and the investors shall be entitled to sell back the bonds. RMB 5.00% Public Domestic Corporate Bonds due 2025 are listed on the Shanghai Stock Exchange and bear interest from and including 24 February 2020 at the rate of 5.00% per annum, payable annually in arrears.

(f) RMB 6.20% Public Domestic Corporate Bonds due 2027

On 21 February 2020, Guangzhou Times issued 6.20% public domestic corporate bonds due 2027 in a principal amount of RMB575,000,000 (the “RMB 6.20% Public Domestic Corporate Bonds due 2027”). Guangzhou Times shall be entitled to increase the coupon rate at the end of the fifth year and the investors shall be entitled to sell back the bonds. RMB 6.20% Public Domestic Corporate Bonds due 2027 are listed on the Shanghai Stock Exchange and bear interest from and including 24 February 2020 at the rate of 6.20% per annum, payable annually in arrears.

(g) USD 6.75% Senior Notes due 2023

On 16 July 2019, the Company issued 6.75% senior notes due 2023 in a principal amount of USD400,000,000 (equivalent to approximately RMB2,754,133,000) (the “USD 6.75% Senior Notes issued in July 2019”). On 4 September 2019, the Company issued 6.75% senior notes due 2023 in a principal amount of USD100,000,000 (equivalent to approximately RMB714,940,000) (the “USD 6.75% Senior Notes issued in September 2019”). The USD 6.75% Senior Notes issued in July 2019 and the USD 6.75% Senior Notes issued in September 2019 were consolidated and formed a single series which are referred to as the “USD 6.75% Senior Notes due 2023”. The USD 6.75% Senior Notes due 2023 are listed on the Stock Exchange and bear interest from and including 16 July 2019 at the rate of 6.75% per annum, payable semi-annually in arrears.

(h) RMB 6.80% Public Domestic Corporate Bonds due 2024

On 6 June 2019, Guangzhou Times issued 6.80% public domestic corporate bonds due 2024 in a principal amount of RMB500,000,000 (the “RMB 6.80% Public Domestic Corporate Bonds due 2024”). RMB 6.80% Public Domestic Corporate Bonds due 2024 are listed on the Shanghai Stock Exchange and bear interest from and including 10 June 2019 at the rate of 6.80% per annum, payable annually in arrears.

(i) USD 7.625% Senior Notes due 2022

On 21 February 2019, the Company issued 7.625% senior notes due 2022 in a principal amount of USD500,000,000 (equivalent to approximately RMB3,348,725,000) (the “USD 7.625% Senior Notes due 2022”). USD 7.625% Senior Notes due 2022 are listed on the Stock Exchange and bear interest from and including 21 February 2019 at the rate of 7.625% per annum, payable semi-annually in arrears.

(j) RMB 7.50% Non-Public Domestic Corporate Bonds due 2022

On 24 January 2019, Guangzhou Times issued 7.50% non-public domestic corporate bonds due 2022 in a principal amount of RMB1,100,000,000 (“RMB 7.50% Non-Public Domestic Corporate Bonds due 2022”). Guangzhou Times is entitled to adjust coupon rate at the end of the second year, while investors are entitled to sell back. RMB 7.50% Non-Public Domestic Corporate Bonds due 2022 are listed on the Shanghai Stock Exchange and bear interest from and including 25 January 2019 at the rate of 7.50% per annum, payable annually in arrears.

(k) RMB 7.50% Public Domestic Corporate Bonds due 2021

On 7 December 2018, Guangzhou Times issued 7.50% public domestic corporate bonds due 2021 in a principal amount of RMB1,100,000,000 (“RMB 7.50% Public Domestic Corporate Bonds due 2021”). Guangzhou Times is entitled to adjust coupon rate at the end of the second year, while investors are entitled to sell back. RMB 7.50% Public Domestic Corporate Bonds due 2021 are listed on the Shanghai Stock Exchange and bear interest from and including 10 December 2018 at the rate of 7.50% per annum, payable annually in arrears.

(l) RMB 8.10% Public Domestic Corporate Bonds due 2023

On 7 December 2018, Guangzhou Times issued 8.10% public domestic corporate bonds due 2023 in a principal amount of RMB1,900,000,000 (“RMB 8.10% Public Domestic Corporate Bonds due 2023”). Guangzhou Times is entitled to adjust coupon rate at the end of the third year, while investors are entitled to sell back. RMB 8.10% Public Domestic Corporate Bonds due 2023 are listed on the Shanghai Stock Exchange and bear interest from and including 10 December 2018 at the rate of 8.10% per annum, payable annually in arrears.

(m) USD 10.95% Senior Notes due 2020

On 27 November 2018, the Company issued 10.95% senior notes due 2020 in a principal amount of USD300,000,000 (equivalent to approximately RMB2,087,726,000) (“USD 10.95% Senior Notes due 2020”). USD 10.95% Senior Notes due 2020 are listed on the Stock Exchange and bear interest from and including 27 November 2018 at the rate of 10.95% per annum, payable semi-annually in arrears.

(n) RMB 8.40% Non-Public Domestic Corporate Bonds II due 2021

On 17 October 2018, Guangzhou Times issued 8.40% non-public domestic corporate bonds due 2021 in a principal amount of RMB1,700,000,000 (“RMB 8.40% Non-Public Domestic Corporate Bonds II due 2021”). Guangzhou Times is entitled to adjust coupon rate at the end of the second year, while investors are entitled to sell back. RMB 8.40% Non-Public Domestic Corporate Bonds II due 2021 are listed on the Shanghai Stock Exchange and bear interest from and including 17 October 2018 at the rate of 8.40% per annum, payable annually in arrears.

(o) RMB 8.40% Non-Public Domestic Corporate Bonds I due 2021

On 20 August 2018, Guangzhou Times issued 8.40% non-public domestic corporate bonds due 2021 in a principal amount of RMB2,200,000,000 (“RMB 8.40% Non-Public Domestic Corporate Bonds I due 2021”). Guangzhou Times is entitled to adjust coupon rate at the end of the second year, while investors are entitled to sell back. RMB8.40% Non-Public Domestic Corporate Bonds I due 2021 are listed on the Shanghai Stock Exchange and bear interest from and including 20 August 2018 at the rate of 8.40% per annum, payable annually in arrears.

(p) USD 7.85% Senior Notes due 2021

On 4 June 2018, the Company issued 7.85% senior notes due 2021 in a principal amount of USD450,000,000 (equivalent to approximately RMB2,884,954,000) (the “USD 7.85% Senior Notes due 2021”). The USD 7.85% Senior Notes due 2021 are listed on the Stock Exchange and bear interest from and including 4 June 2018 at the rate of 7.85% per annum, payable semi-annually in arrears.

(q) USD 6.25% Senior Notes due 2021

On 17 January 2018, the Company issued 6.25% senior notes due 2021 in a principal amount of USD500,000,000 (equivalent to approximately RMB3,296,573,000) (the “USD 6.25% Senior Notes due 2021”). The USD 6.25% Senior Notes due 2021 are listed on the Stock Exchange and bear interest from and including 17 January 2018 at the rate of 6.25% per annum, payable semi-annually in arrears.

(r) USD 6.6% Senior Notes due 2023

On 30 November 2017, the Company issued 6.6% senior notes due 2023 in a principal amount of USD300,000,000 (equivalent to approximately RMB1,981,020,000) (the “USD 6.6% Senior Notes due 2023”). The USD 6.6% Senior Notes due 2023 are listed on the Stock Exchange and bear interest from and including 30 November 2017 at the rate of 6.6% per annum, payable semi-annually in arrears.

(s) RMB 8.2% Non-Public Domestic Corporate Bonds due 2022

On 8 September 2017, Guangzhou Times issued 8.2% non-public domestic corporate bonds due 2022 in a principal amount of RMB1,100,000,000 (the “RMB 8.2% Non-Public Domestic Corporate Bonds due 2022”). Guangzhou Times is entitled to adjust coupon rate at the end of the third year, while investors are entitled to sell back. RMB 8.2% Non-Public Domestic Corporate Bonds due 2022 are listed on the Shanghai Stock Exchange and bear interest from and including 8 September 2017 at the rate of 8.2% per annum, payable annually in arrears.

(t) RMB 7.20% Non-Public Domestic Corporate Bonds due 2020

On 8 September 2017, Guangzhou Times issued 7.75% non-public domestic corporate bonds due 2020 in a principal amount of RMB500,000,000 (the “RMB 7.75% Non-Public Domestic Corporate Bonds due 2020”). Guangzhou Times is entitled to adjust coupon rate at the end of the second year, while investors are entitled to sell back. RMB 7.75% Non-Public Domestic Corporate Bonds due 2020 are listed on the Shanghai Stock Exchange and bear interest from and including 8 September 2017 at the rate of 7.75% per annum, payable annually in arrears. From 8 September 2019, the interest rate of the bonds decreased from 7.75% per annum to 7.20% per annum (the “RMB7.20% Corporate Bonds due 2020”).

(u) USD 5.75% Senior Notes due 2022

On 26 April 2017, the Company issued 5.75% senior notes due 2022 in a principal amount of USD225,000,000 (equivalent to approximately RMB1,549,013,000) (the “USD 5.75% Senior Notes due 2022”). USD 5.75% Senior Notes due 2022 are listed on the Stock Exchange and bear interest from and including 26 April 2017 at the rate of 5.75% per annum, payable semi-annually in arrears.

(v) USD 6.25% Senior Notes due 2020

On 23 January 2017, the Company issued 6.25% senior notes due 2020 in a principal amount of USD375,000,000 (equivalent to approximately RMB2,571,450,000) (the “USD 6.25% Senior Notes due 2020”). USD 6.25% Senior Notes due 2020 are listed on the Stock Exchange and bear interest from and including 23 January 2017 at the rate of 6.25% per annum, payable semi-annually in arrears. The Company repaid all the principal and interest on 20 January 2020.

(w) RMB 7.50% Public Domestic Corporate Bonds due 2020

On 10 July 2015, Guangzhou Times issued 6.75% public domestic corporate bonds due 2020 in a principal amount of RMB2,000,000,000 (the “RMB 6.75% Public Domestic Corporate Bonds due 2020”). Guangzhou Times shall be entitled to increase the coupon rate at 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 the Shanghai Stock Exchange and bear interest from and including 10 July 2015 at the rate of 6.75% per annum, payable annually in arrears. In June 2018, holders of RMB 6.75% Public Domestic Corporate Bonds due 2020 have registered to sell back 1,843,920 bonds at a price of RMB100 each. The Group has subsequently redeemed the registered sell back bank bonds of RMB184,392,000 in July 2018. On 10 July 2018, Guangzhou Times adjusted the coupon rate of the bonds to 7.50% (the “RMB 7.50% Public Domestic Corporate Bonds due 2020”).

Contingent liabilities

As at 30 June 2020, the outstanding guarantee mortgage loans that domestic banks provided to purchasers of the Group’s properties amounted to approximately RMB30,884.4 million (31 December 2019: approximately RMB24,026.4 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 does not conduct independent credit reviews of our customers but rely on the credit reviews conducted by the mortgagor banks.

As at 30 June 2020, the Group had provided guarantees in respect of certain bank loans of approximately RMB6,910,770,000 (31 December 2019: approximately RMB4,034,181,000) for its joint ventures and associates.

Foreign currency risks

The Group mainly operates in the PRC and conducts its operations mainly in RMB. The Group will closely monitor the fluctuations of the RMB 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 2020, the Group had not engaged in hedging activities for managing foreign exchange rate risk.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates primarily arose from the Group's bank loans bearing interest at floating interest rates. The Group's policy is to manage its interest cost by using fixed rate and floating-rate debt. To manage such hybrid asset in a cost-effective manner, the Group has entered into interest rate swaps, in which the Group agreed to swap, at specified intervals, the difference between the fixed rate and the floating rate calculated with reference to the agreed notional principal. It has been the Group's policy that all derivatives transactions are for risk management purposes only and the Group did not hold any derivatives for speculative purposes at the end of the Period. As at 30 June 2020, after including the effect of interest rate swaps, approximately 86.1% of the Group's borrowings bear interest at fixed rate.

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

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 Period, nor were there any plans authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

Events After the Period

On 8 July 2020, the Company issued 6.75% senior notes due 2025 in a principal amount of USD300,000,000 (equivalent to approximately RMB2,092,787,000) (the "USD 6.75% Senior Notes due 2025"). The USD 6.75% Senior Notes due 2025 are listed on the Stock Exchange and bear interest from and including 8 July 2020 at the rate of 6.75% per annum, payable semi-annually in arrears. Further details have been set out in the related announcements of the Company dated 30 June 2020.

On 16 July 2020, Guangzhou Times issued public domestic corporate bonds at a par value of RMB1,600,000,000 in the PRC with a term of five years at the coupon rate of 5.94% per annum (the "RMB5.94% Public Domestic Corporate Bonds due 2025"). Guangzhou Times is entitled to adjust coupon rate at the end of the third year, while investors are entitled to sell back. The RMB5.94% Public Domestic Corporate Bonds due 2025 are non-guaranteed and are listed on the Shanghai Stock Exchange. Further details have been set out in the related announcement of the Company dated 20 July 2020.

On 3 August 2020, Guangzhou Times issued non-public domestic corporate bonds at a par value of RMB500,000,000 in the PRC with a term of four years at the coupon rate of 5.68% per annum (the "RMB5.68% Non-Public Domestic Corporate Bonds due 2024"). Guangzhou Times is entitled to adjust coupon rate at the end of the second year, while investors are entitled to sell back. The RMB5.68% Non-Public Domestic Corporate Bonds due 2024 are non-guaranteed and are listed on the Shanghai Stock Exchange. Further details have been set out in the related announcement of the Company dated 6 August 2020.

Save as disclosed above, the Group did not have any other material event after the Period.

Employees and Remuneration Policy

As at 30 June 2020, the Group had 6,421 employees (31 December 2019: 5,955 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 scheme, 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 2019. For the six months ended 30 June 2020, the Group’s employee benefit expense (excluding Directors’ remuneration) was approximately RMB939.9 million (for the six months ended 30 June 2019: RMB658.5 million).

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: 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 set out in the section headed “Future plans and use of proceeds” of the prospectus of the Company 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 our shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as its own code of corporate governance.

The Company has been conducting its business according to the principles of the CG Code set out in Appendix 14 to the Listing Rules. Save for the deviation disclosed in this announcement, in the opinion of the Directors, the Company has complied with all the code provisions as set out in the CG Code for the six months ended 30 June 2020.

The code provision A.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Shum 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 have 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.

Compliance with Code of Conduct Regarding Directors' Securities Transactions

The Company has also 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") as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code for the six months ended 30 June 2020.

The Company has also adopted a code for dealing in the Company's securities by relevant employees, who are likely to be in possession of inside information in relation to the Company or its securities, on no less exacting terms than the required standard set out in the Model Code.

Audit Committee and Review of Financial Statements

The Board has established the audit committee of the Company (the "Audit Committee") which comprises three independent non-executive Directors, namely Mr. Wong Wai Man (chairman), Mr. Jin Qingjun and Ms. Sun Hui.

The Audit Committee has reviewed the Group's interim report and the unaudited condensed consolidated interim results for the six months ended 30 June 2020 in conjunction with the Company's management. The Audit Committee has also reviewed the effectiveness of the risk management and the 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 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 2020.

PUBLICATION OF THE INTERIM RESULTS AND 2020 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 (www.timesgroup.cn), and the 2020 interim report containing all the information required by the Listing Rules will be despatched to our shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 17 August 2020

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. Shum Siu Hung and Mr. Niu Jimin; and the independent non-executive Directors are Mr. Jin Qingjun, Ms. Sun Hui and Mr. Wong Wai Man.

* *For identification purpose only*