THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Times Property Holdings Limited** (the "**Company**"), you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

时代地产

TIMES PROPERTY

生 活 艺 术 家

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)

(1) MAJOR TRANSACTION INVOLVING AN ACQUISITION OF 75% EQUITY INTEREST IN A PROJECT COMPANY AND (2) POSSIBLE MAJOR TRANSACTIONS INVOLVING THE GRANT OF THE PUT OPTIONS

30 September 2016

CONTENTS

DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context indicates otherwise:

"1st Acquisition"	the acquisition of a 75% equity interest of the 1st Project Company by the Purchaser
"2nd Acquisition"	the acquisition of a 75% equity interest of the 2nd Project Company by the Purchaser
"1st Acquisition Agreement"	the agreement dated 24 June 2016 entered into between the Purchaser and the 1st Vendor in relation to the 1st Acquisition
"2nd Acquisition Agreement"	the agreement dated 30 June 2016 entered into between the Purchaser and the 2nd Vendor in relation to the 2nd Acquisition
"1st Completion"	completion of the 1st Acquisition
"2nd Completion"	completion of the 2nd Acquisition
"1st Co-operation Agreement"	the agreement dated 24 June 2016 entered into between the Purchaser and the 1st Vendor
"2nd Co-operation Agreement"	the agreement dated 30 June 2016 entered into between the Purchaser and the 2nd Vendor
"1st Project Company"	廣州星勝房地產開發有限公司 (Guangzhou Xingsheng Real Estate Development Company Limited*), a company established in the PRC with limited liability
"2nd Project Company"	天韻(廣州)房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd*), a company established in the PRC with limited liability
"1st Put Option"	the option granted by the Purchaser to the 1st Vendor pursuant to which the 1st Vendor has the right to dispose of all but not part of its entire equity interest in the 1st Project Company to the Purchaser as particularised in the section headed "The 1st Put Option" in this circular
"2nd Put Option"	the option granted by the Purchaser to the 2nd Vendor pursuant to which the 2nd Vendor has the right to dispose of all but not part of its entire equity interest in the 2nd Project Company to the Purchaser as particularised in the section headed "The 2nd Put Option" in this circular

"1st Vendor"	Duxton Investment And Development Pte. Ltd., a company incorporated in Singapore with limited liability
"2nd Vendor"	Optima Investment & Development Pte. Ltd., a company incorporated in Singapore with limited liability
"Acquisitions"	the 1st Acquisition and the 2nd Acquisition
"Board"	the board of Directors of the Company
"Business Day"	a day excluding Saturdays, Sundays and public holidays in the PRC, Hong Kong and Singapore
"Commerce Bureau"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Company"	Times Property Holdings Limited (時代地產控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability and the shares of which are listed on the Stock Exchange
"connected person"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Land B2-1"	a parcel of the land designated as ZSCN-B2-1 located in the Southern Start-up Area of Sino-Singapore Guangzhou Knowledge City, the PRC
"Land B2-2"	a parcel of the land designated as ZSCN-B2-2 located in the Southern Start-up Area of Sino-Singapore Guangzhou Knowledge City, the PRC
"Latest Practicable Date"	26 September 2016, being the latest practicable date prior to the publication of this circular for ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	30 July 2016 under both the 1st Acquisition Agreement and the 2nd Acquisition Agreement

"PRC"	the People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this circular
"Purchaser"	廣州市時創房地產開發有限公司 (Guangzhou Times Shichuang Real Estate Development Company Limited*), a company established in the PRC with limited liability and is wholly owned by the Company
"Project Companies"	the 1st Project Company and the 2nd Project Company
"Put Options"	the 1st Put Option and the 2nd Put Option
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)
"Shares"	shares of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Singapore"	the Republic of Singapore
"sq. m."	square metres
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Transaction Tax"	tax (including but not limited to stamp duty and withholding tax) payable by, as the case may be, the 1st Vendor in relation to the 1st Acquisition, or the 2nd Vendor in relation to the 2nd Acquisition in accordance, with the relevant laws and regulations of the PRC
%	per cent.

* *The English name is a translation of its Chinese name and is included in this circular for identification purpose only.*

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)

Executive Directors:
Mr. Shum Chiu Hung
(Chairman and Chief Executive Officer)
Mr. Guan Jianhui
Mr. Bai Xihong
Mr. Li Qiang
Mr. Cen Zhaoxiong
Mr. Niu Jimin

Independent Non-executive Directors:
Mr. Jin Qingjun
Ms. Sun Hui
Mr. Wong Wai Man

Registered Office:
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

Principal Place of Business in the PRC:
36/F-38/F, Times Property Center
410-412 Dongfeng Road
Guangzhou
Guangdong Province
PRC

Principal Place of Business in Hong Kong:
Suites 4706-4707
47/F, Two Exchange Square
8 Connaught Place
Central, Hong Kong

30 September 2016

To the Shareholders

Dear Sir/Madam,

(1) MAJOR TRANSACTION INVOLVING AN ACQUISITION OF 75% EQUITY INTEREST IN A PROJECT COMPANY AND (2) POSSIBLE MAJOR TRANSACTIONS INVOLVING THE GRANT OF THE PUT OPTIONS

INTRODUCTION

The Board announced that:

i. on 24 June 2016 (after trading hours of the Stock Exchange), the Purchaser and the 1st Vendor entered into the 1st Acquisition Agreement; and

ii. on 30 June 2016 (after trading hours of the Stock Exchange), the Purchaser and the 2nd Vendor entered into the 2nd Acquisition Agreement.

The purpose of this circular is to provide you with the information relating to, among other things, further details regarding the details of the Acquisitions, the Put Options, and other information as required under the Listing Rules.

THE 1ST ACQUISITION AGREEMENT

On 24 June 2016 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, and the 1st Vendor entered into the 1st Acquisition Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the 1st Vendor and its ultimate beneficial owner is independent of the Company and connected persons of the Company.

Subject matter

The Purchaser has conditionally agreed to acquire, and the 1st Vendor has conditionally agreed to sell, a 75% equity interest in the 1st Project Company.

As at the date of the 1st Acquisition Agreement, the 1st Project Company is 100% owned by the 1st Vendor. Upon the 1st Completion, the 1st Project Company will be re-registered as a Sino-foreign joint venture entity, and owned as to 75% by the Purchaser and as to 25% by the 1st Vendor.

As at the date of the 1st Acquisition Agreement, the 1st Project Company has a registered capital of RMB250 million, of which RMB160 million has been paid up. It has obtained the land use rights of Land B2-2, which has a site area of 61,145 sq. m..

Consideration

The consideration for the 1st Acquisition is RMB383 million, payable as follows:

i. within 12 Business Days after the signing of the 1st Acquisition Agreement, the Purchaser will pay 70% of the consideration (that is RMB268.1 million) less the Transaction Tax to an overseas bank account designated by the 1st Vendor; and

ii. within 30 Business Days after the signing of the 1st Acquisition Agreement, the Purchaser will pay the remaining 30% of the consideration (that is RMB114.9 million) to the overseas bank account designated by the 1st Vendor.

The total consideration was determined by the parties after arm's length negotiations with reference to the valuation of Land B2-2 Company and other factors as set out in the paragraph headed "Reasons for and Benefits of the 1st Acquisition and the 2nd Acquisition" below. The consideration will be funded by internal resources of the Group.

Guarantee

The Company has agreed to provide a guarantee in favour of the 1st Vendor with respect to all the obligations of the Purchaser under the 1st Acquisition Agreement.

The Purchaser has agreed to procure a bank guarantee in relation to 70% of the consideration in favour of the 1st Vendor with respect to the obligations of the Purchaser under the 1st Acquisition Agreement. The abovementioned bank guarantee will terminate upon the payment of 70% of the consideration by the Purchaser.

As at the Latest Practicable Date, the consideration has been settled and the abovementioned bank guarantee has been released.

Conditions precedent

1st Completion is conditional upon satisfaction of the following conditions:

i. approval having been obtained from the Commerce Bureau in relation to, among others, the 1st Acquisition Agreement and the 1st Co-operation Agreement and from the Commercial Bureau the updated registration certificate of the 1st Project Company registering the 1st Project Company as a Sino-foreign joint venture entity;

ii. the 1st Project Company having obtained a new business registration licence from the Commercial Bureau; and

iii. the Purchaser having provided or having procured the provision of the Guarantee and the Bank Guarantee.

As at the Latest Practicable Date, all of the above conditions have been satisfied and completion took place on 7 July 2016.

1st Completion will take place on the day when all the above conditions are satisfied. If the above conditions cannot be satisfied on or before the Long Stop Date (or other date as both parties to the 1st Acquisition Agreement may agree), then the 1st Acquisition Agreement will terminate. If the 1st Acquisition Agreement were terminated due to default by the Purchaser, then the 1st Vendor may claim compensation in the amount of 20% of the consideration from the Purchaser.

THE 1ST CO-OPERATION AGREEMENT

On 24 June 2016 (after trading hours of the Stock Exchange), the parties to the 1st Acquisition Agreement also entered into the 1st Co-operation Agreement in relation to the management of the 1st Project Company. The principal terms of the 1st Co-operation Agreement are set out below:

Objective

The objective of the 1st Project Company is to develop Land B2-2 and its scope of business will be the development, construction, sale, management and lease of residential properties and related facilities on Land B2-2.

Capital contribution

The registered capital of the 1st Project Company is RMB250 million, RMB160 million of which has been paid up.

Upon 1st Completion, the 1st Project Company will be owned as to 75% by the Purchaser and as to 25% by the 1st Vendor.

With respect to the unpaid registered capital amount of RMB90 million, each of the 1st Vendor and the Purchaser will make capital contribution based on the actual capital requirement of the 1st Project Company in proportion to their respective shareholdings in the 1st Project Company upon the 1st Project Company giving not less than 90 days' notice for capital contribution (the "**Capital Commitment**"). If either of them does not provide the required capital contribution, the non-defaulting party may elect to make up the shortfall and the defaulting party will pay an interest at the rate of 10% per annum on such capital contribution provided by the non-defaulting party.

Term

The 1st Co-operation Agreement has a term of 30 years from the date of establishment of the 1st Project Company (the "**Term of 1st Co-operation Agreement**").

Board composition

The board of directors of the 1st Project Company will consist of five directors, three of whom will be appointed by the Purchaser, and the remaining two directors will be appointed by the 1st Vendor. The chairman of the board of the 1st Project Company will be nominated by the Purchaser while the vice-chairman of the board of the 1st Project Company will be nominated by the 1st Vendor.

Restrictions on equity transfers

During the Term of 1st Co-operation Agreement, except with the prior written consent of the 1st Vendor, the Company will remain in control of at least 50% equity interest of the Purchaser and the Purchaser will not transfer its equity interest in the 1st Project Company to any third party. Having considered that (i) the development of Land B2-2 leverage on the Company's expertise and experience in property development; and (ii) the change of control clause does not restrict the Company from disposing less than 50% of its interest in the Purchaser, the directors consider the above change of control restriction is fair and reasonable and in the interests of the Company and its shareholders as a whole.

The 1st Vendor will not transfer, except with the prior written consent of the Purchaser, part or all of its equity interest in the 1st Project Company to any third party. The Purchaser will have a right of first refusal to purchase all but not part of the 1st Vendor's equity interest.

The 1st Put Option

The 1st Vendor will have the right, upon written notice to the Purchaser, to require the Purchaser to purchase all but not part of its equity interest in the 1st Project Company on or after (i) the third anniversary of the date of the 1st Co-operation Agreement; or (ii) the date on which contracts for the sale of at least 90% of the total saleable area of Land B2-2 have been entered into. The consideration payable by the Purchaser will be the fair market value of the 1st Vendor's equity interest as determined by an independent valuer appointed by both parties.

Management

The 1st Project Company will enter into a management agreement with the Purchaser or an associated company of the Purchaser in relation to the development of Land B2-2. The monthly management fee payable by the 1st Project Company will be RMB0.2 million and the aggregate management fee will not exceed RMB8 million.

Distribution of profit

Profit after taxation available for distribution (after deduction of the reserve fund (儲備基金), enterprise development fund (企業發展基金) and employee bonus and welfare fund (職工獎勵及福利基金) will be distributed to the parties in proportion to their respective shareholdings in the 1st Project Company.

THE 2ND ACQUISITION AGREEMENT

On 30 June 2016 (after trading hours of the Stock Exchange), the Purchaser, a wholly owned subsidiary of the Company, and the 2nd Vendor entered into the 2nd Acquisition Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the 2nd Vendor and its ultimate beneficial owner is independent of the Company and connected persons of the Company.

Subject matter

The Purchaser has conditionally agreed to acquire, and the 2nd Vendor has conditionally agreed to sell, a 75% equity interest in the 2nd Project Company.

As at the date of the 2nd Acquisition Agreement, the 2nd Project Company is 100% owned by the 2nd Vendor. Upon Completion, the 2nd Project Company will be owned as to 75% by the Purchaser and as to 25% by the 2nd Vendor.

As at the date of the 2nd Acquisition Agreement, the 2nd Project Company has a registered capital of RMB516,153,515, which has been fully paid. The 2nd Project Company has obtained the land use rights of Land B2-1, which has a site area of 103,890 sq. m..

Consideration

The consideration for the 2nd Acquisition is RMB880 million, and is payable as follows:

i. within 12 Business Days after the signing of the 2nd Acquisition Agreement, the Purchaser will pay 70% of the consideration (that is RMB616 million) less the Transaction Tax to an overseas bank account designated by the 2nd Vendor; and

ii. within 30 Business Days after the signing of the 2nd Acquisition Agreement, the Purchaser will pay the remaining 30% of the consideration (that is RMB264 million) to the overseas bank account designated by the 2nd Vendor.

The total consideration was determined by the parties after arm's length negotiations with reference to the valuation of Land B2-1 and other factors as set out in the paragraph headed "Reasons for and Benefits of the 2nd Acquisition" below. The consideration will be funded by internal resources of the Group.

Guarantee

The Company has agreed to provide a guarantee in favour of the 2nd Vendor with respect to all the obligations of the Purchaser under the 2nd Acquisition Agreement.

The Purchaser has agreed to procure a bank guarantee in relation to 70% of the consideration in favour of the 2nd Vendor with respect to the obligations of the Purchaser under the 2nd Acquisition Agreement. The abovementioned bank guarantee will terminate upon the payment of 70% of the consideration by the Purchaser.

As at the Latest Practicable Date, the consideration has been settled and the abovementioned bank guarantee has been released.

Conditions precedent

Completion is conditional upon satisfaction of the following conditions:

i. approval having been obtained from the Commerce Bureau in relation to, among others, the 2nd Acquisition Agreement and the 2nd Co-operation Agreement and a new certificate of approval having been obtained from the Commerce Bureau allowing for investment by a foreign enterprise in relation to the 2nd Project Company;

ii. the 2nd Project Company having obtained a new business registration licence from the relevant authority;

iii. the Purchaser having provided or having procured the provision of the Guarantee and the Bank Guarantee;

iv. all third parties' consents and approvals required under the applicable laws or contracts which the 2nd Vendor or the 2nd Project Company is a party to in respect of the 2nd Acquisition Agreement and the transactions contemplated thereunder having been obtained.

As at the Latest Practicable Date, all of the above conditions have been satisfied and took place on 14 July 2016.

Completion will take place on the day when all the above conditions are satisfied (provided that the 2nd Vendor has received payment of 70% of the consideration less Transaction Tax by the Purchaser). If the above conditions cannot be satisfied on or before the Long Stop Date (or such other date as both parties to the 2nd Acquisition Agreement may agree), then the 2nd Acquisition Agreement will terminate. If the 2nd Acquisition Agreement were terminated due to default by the Purchaser, then the 2nd Vendor may claim compensation in the amount of 20% of the consideration from the Purchaser.

THE 2ND CO-OPERATION AGREEMENT

On 30 June 2016 (after trading hours of the Stock Exchange), the parties to the 2nd Acquisition Agreement also entered into the 2nd Co-operation Agreement in relation to the management of the 2nd Project Company. The principal terms of the 2nd Co-operation Agreement are set out below:

Objective

The objective of the 2nd Project Company is to develop Land B2-1 and its scope of business will be the development, construction, sale, management and lease of residential related facilities on Land B2-1.

Capital contribution

The registered capital of the 2nd Project Company is RMB516,153,515 which has already been fully paid up as at the Latest Practicable Date. Upon Completion, the 2nd Project Company will be owned as to 75% by the Purchaser and as to 25% by the 2nd Vendor.

Term

The 2nd Co-operation Agreement has a term of 30 years from the date of establishment of the 2nd Project Company (the "**Term of 2nd Co-operation Agreement**").

Board composition

The board of directors of the 2nd Project Company will consist of five directors, three of whom will be appointed by the Purchaser, and the remaining two directors will be appointed by the 2nd Vendor. The chairman of the board of the 2nd Project Company will be nominated by the Purchaser while the vice-chairman of the board of the 2nd Project Company will be nominated by the 2nd Vendor.

Restrictions on equity transfers

During the Term of 2nd Co-operation Agreement, except with the prior written consent of the 2nd Vendor, the Company will remain in control of at least 50% equity interest of the Purchaser and the Purchaser will not transfer its equity interest in the 2nd Project Company to any third party.

Having considered that (i) the development of Land B2-1 leverage on the Company's expertise and experience in property development; and (ii) the change of control clause does not restrict the Company from disposing less than 50% of its interest in the Purchaser, the Directors consider the above change of control restriction is fair and reasonable and in the interests of the Company and its shareholders as a whole.

The 2nd Vendor will not transfer, except with the prior written consent of the Purchaser, part or all of its equity interest in the 2nd Project Company to any third party. The Purchaser will have a right of first refusal to purchase all but not part of the 2nd Vendor's equity interest.

The 2nd Put Option

The 2nd Vendor will have the right, upon written notice to the Purchaser, to require the Purchaser to purchase all but not part of its equity interest in the 2nd Project Company on or after (i) the third anniversary of the date of the 2nd Co-operation Agreement; or (ii) the date on which contracts for the sale of at least 90% of the total saleable area of Land B2-1 have been entered into. The consideration payable by the Purchaser will be the fair market value of the 2nd Vendor's equity interest as determined by an independent valuer appointed by both parties.

Management

The 2nd Project Company will enter into a management agreement with the Purchaser or an associated company of the Purchaser in relation to the development of Land B2-1. The monthly management fee payable by the 2nd Project Company upon commencement of the development of Land B2-1 will be RMB0.2 million and the aggregate management fee will not exceed RMB8.0 million.

Distribution of profit

Profit after taxation available for distribution (after deduction of the reserve fund (儲備基金), enterprise development fund (企業發展基金) and employee bonus and welfare fund (職工獎勵及福利基金) will be distributed to the parties in proportion to their respective shareholdings in the 2nd Project Company.

Decisions of the Project Companies requiring unanimous consents

The following business decisions require the unanimous consent of both parties to the relevant 1st Co-operation Agreement and the 2nd Co-operation Agreement:

a. the amendment of the articles of association of the relevant Project Company;

b. the split, merger and change of form of the Project Company;

c. the change in the registered capital of the Project Company;

d. the cessation or dissolution of the Project Company;

e. the decision in relation to operating direction and investment plans;

f. election and change of directors, and determination of the remunerations of the directors;

g. election and change of supervisors and determination of the remunerations of the supervisors;

h. review and approval of the supervisors' reports;

i. review and approval of annual budgets;

j. review and approval of proposals of distribution of profits and making up for losses;

k. issuance of corporate bonds;

l. any transfer (including creation of encumbrance) of equity interest to third parties; and

m. any loans to and from shareholders or their connected parties and transactions between the Company and its shareholders or their respective connected parties.

INFORMATION ON THE PARTIES

(1) The 1st Vendor and the 1st Project Company

The 1st Vendor is an investment holding company incorporated in Singapore. It is ultimately owned by Ascendas-Singbridge Pte Ltd., which is principally engaged in the development and construction of various urbanization projects such as towns, complexes, and business parks and industrial parks.

The 1st Project Company was established on 5 August 2015 as a foreign owned enterprise. Since establishment, other than holding of Land B2-2, the 1st Project Company has no other business operations. Based on the financial information of the 1st Project Company prepared in accordance with the International Financial Reporting Standards as at 30 June 2016, the 1st Project Company recorded a loss of RMB164,000 for the six months ended 30 June 2016.

Based on the financial information of the 1st Project Company prepared in accordance with the International Financial Reporting Standards, the total asset value and the net asset value of the 1st Project Company as at 30 June 2016 were RMB159,543,000 and RMB159,836,000, respectively.

(2) The 2nd Vendor and The 2nd Project Company

The 2nd Vendor is an investment holding company incorporated in Singapore. It is ultimately controlled by Ascendas-Singbridge Pte Ltd., which is principally engaged in the development and construction of various urbanization projects such as towns, complexes, and business parks and industrial parks.

The Target Company was established on 8 February 2012 as a foreign owned enterprise. Since establishment, other than holding of Land B2-1, the 2nd Project Company has no other business operations.

The financial information of the 2nd Project Company prepared in accordance with the International Financial Reporting Standards for the financial years ended 31 December 2014 and 31 December 2015, respectively, is as follows:

	For the financial year ended 31 December 2014	**For the financial year ended 31 December 2015**
	RMB'000	*RMB'000*
	(audited)	(audited)
Revenue	Nil	Nil
Net loss before taxation	13,636	14,586
Net loss after taxation	10,240	10,947

The total assets and the net asset value of the 2nd Project Company as at 31 December 2015 were RMB886,975,164 and RMB483,523,989, respectively.

Appendix IIB sets out further financial details of the 2nd Project Company. For the avoidance of doubt, the related party transactions listed in pages 66 to 67 of Appendix IIB were all one-off transactions and since the completion of the 2nd Acquisition, no transactions have been carried out with any related parties of the 2nd Project Company.

REASONS FOR AND BENEFITS OF THE 1ST ACQUISITION AND THE 2ND ACQUISITION

The Group is one of the top 100 property developers in the PRC and is principally engaged in property development, property leasing and property management, focusing on the development of mid to high-end market residential properties.

(1) The 1st Acquisition

Land B2-2 is situated in the Sino-Singapore Guangzhou Knowledge City of the PRC. The Sino-Singapore Guangzhou Knowledge City is a Sino-Singapore collaboration to serve as a strategic development platform and a model for economic transformation and industrial upgrading.

The transactions contemplated under the 1st Acquisition Agreement and the 1st Co-operation Agreement present the Group with the opportunity to pursue its growth strategy of seeking and grasping development opportunities continuously in real estate markets in the PRC. The Directors consider that the 1st Acquisition could further strengthen its property development businesses in Guangzhou, the PRC. The Directors are optimistic about the prospect of the property market in Guangzhou.

The Directors consider that the terms of the 1st Acquisition Agreement (including the consideration for the 1st Acquisition) and the 1st Co-operation Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

(2) The 2nd Acquisition

Land B2-1 is situated in the Sino-Singapore Guangzhou Knowledge City of the PRC. The Sino-Singapore Guangzhou Knowledge City is a Sino-Singapore collaboration to serve as a strategic development platform and a model for economic transformation and industrial upgrading.

The transactions contemplated under the 2nd Acquisition Agreement and the 2nd Co-operation Agreement present the Group with the opportunity to pursue its growth strategy of seeking and grasping development opportunities continuously in real estate markets in the PRC. Given that the Purchaser has already entered into 1st Acquisition, the Directors consider that the 2nd Acquisition could further strengthen its property development businesses in Guangzhou, the PRC.

The Directors are optimistic about the prospect of the property market in Guangzhou. The Directors consider that the terms of the 2nd Acquisition Agreement (including the consideration for the 2nd Acquisition) and the 2nd Co-operation Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, parties to the 1st Co-operation Agreement and the 2nd Co-operation Agreement were in the process of discussing and laying out detailed development plans with respect to the development of Land B2-1 and Land B2-2 in accordance with the terms and conditions of the 1st Co-operation Agreement and the 2nd Co-operation Agreement. It is currently expected that:

	Target dates in respect of Land B2-1	**Expected dates in respect of Land B2-2**
Commencement of construction	30 December 2016	30 June 2017
Pre-sale of properties	30 October 2017	30 April 2018
Completion of construction	30 June 2019	30 December 2019

LISTING RULES IMPLICATIONS

(1) Discloseable transaction – the 1st Acquisition

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the 1st Acquisition (taking into account the Capital Commitment) exceed 5%, but are all less than 25%, the 1st Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

(2) Possible major transaction – the grant of the 1st Put Option

The 1st Put Option is exercisable at the discretion of the 1st Vendor with the exercise price to be determined based on the fair market value of the 1st Project Company at the time of exercise. As the monetary value of the exercise price is not known at the time of grant of the 1st Put Option, the grant of the 1st Put Option will be classified as at least a major transaction for the Company pursuant to Rule 14.76(1) of the Listing Rules. The grant of the 1st Put Option is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval may be obtained by written Shareholders' approval without the need of convening a general meeting if (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the 1st Put Option; and (ii) written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at general meetings to approve the 1st Put Option.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders is materially interested in the 1st Put Option. As such, no Shareholder is required to abstain from voting if an extraordinary general meeting were to be convened to approve the 1st Put Option.

As at the date of the 1st Acquisition Agreement, Asiaciti Enterprises Ltd. ("**Asiaciti**") is interested in 1,195,072,000 Shares, representing approximately 69.36% of the total number of Shares in issue. Asiaciti has no interest in the 1st Put Option. Accordingly, the Company has relied on the written approval from Asiaciti in relation to the 1st Put Option and no extraordinary general meeting of the Company will be convened for the purpose of approving the 1st Put Option pursuant to Rule 14.44 of the Listing Rules.

(3) Major transaction – the 2nd Acquisition

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the 2nd Acquisition, on a standalone basis, exceed 5%, but are all less than 25%, the 2nd Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. As the vendors with respect to the 1st Acquisition and the 2nd Acquisition are ultimately controlled by Ascendas-Singbridge Pte Ltd., and the two transactions were entered into within a twelve month period, the 1st Acquisition and the 2nd Acquisition would need to be aggregated in accordance with Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the 2nd Acquisition when aggregated with the 1st Acquisition are more than 25% but all applicable percentage ratios are less than 100%, the 2nd Acquisition constitutes a major transaction for the Company and is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

(4) Possible major transaction – the grant of the 2nd Put Option

The 2nd Put Option is exercisable at the discretion of the 2nd Vendor with the exercise price to be determined based on the fair market value of the 2nd Project Company at the time of exercise of the 2nd

Put Option. As the monetary value of the exercise price is not known at the time of grant of the 2nd Put Option, the grant of the 2nd Put Option will be classified as at least a major transaction for the Company pursuant to Rule 14.76(1) of the Listing Rules. The grant of the 2nd Put Option is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Rule 14.76(1) of the Listing Rules provides that where on the grant of an option, the actual monetary value of each of the premium, the exercise price, the value of the underlying assets and the profits and revenue attributable to such assets cannot be determined, will result in the transaction being classified as at least a major transaction.

The exercise price of the Put Options will be determined with reference to the fair market value of the respective Project Companies. Based on the information available to the Company, the Company expects that the aggregate development costs for the properties to be constructed on Land B2-1 and Land B2-2 to be approximately RMB2 billion which the Company intends to fund from its own internal resources, borrowings or future fund raising activities. Based on the market capitalisation of approximately RMB4.5 billion of the Company on the date when the 1st Acquisition Agreement and 2nd Acquisition Agreement were signed, the Put Options, when aggregated, would only be classified as a major transaction if the then fair market value of the Put Options were valued at less than approximately RMB3,250,929,483 (the "**Maximum Fair Market Value**"). The Company expects that the fair market value of the Put Options, when aggregated, will be less than approximately RMB3,250,929,483 having considered that (i) each of the Put Options is only exercisable on or after: (a) the date on which contracts for the sale of at least 90% of the total saleable area have been entered into; or (b) the third anniversary of the date of the relevant co-operation agreement; and (ii) during the term of the co-operation, all the profit after taxation after making up for the loss (if any) in the previous financial year of each of the project companies will be distributed; and (iii) the total initial cost (the "**Total Initial Cost**") of the Acquisitions (taking into account the initial consideration and the capital contribution of Land B2-2) is approximately RMB1.33 billion. Accordingly, the land cost (the "**Land Cost**") is estimated to be approximately RMB1.77 billion taking into account the 25% holding of the Vendors and the total cost (after taking into account the investment cost of RMB2 billion) will be approximately RMB3.77 billion (the "**Total Cost**"). In the scenario (a) where the Put Options were exercised when no part of Land B2-2 or Land B2-1 had been sold and no profits had been distributed, the value of the options equals the 1st Vendor's interest (25%) in Land B2-1 and Land B2-2. The Maximum Fair Market Value implies the total value of the Lands to be RMB13,003,717,931 (the Maximum Fair Market Value divided by 0.25), which values the Lands to be approximately 3.45 times of the Total Cost. If the Put Options were exercised when the properties on the Lands could not be sold, under such market conditions, it is unlikely that the value of the Lands would be worth a multiple of more than 3 times of the Total Cost; and (b) where the Put Options were exercised after 90% of the saleable area of the Lands were sold and profits had been distributed pursuant to the Acquisition Agreement, the value of the Put Options is the Vendor's interest (25%) in the remaining 10% Lands. The Maximum Fair Market Value implies the total value of the Lands to be RMB130,037,179,306 (the Maximum Fair Market Value divided by 0.25 divided by 0.1), which values the Lands to be 34.46 times the Total Cost. If the Put Options were exercised when 90% of the of the saleable area of the Lands were sold, even if the properties sold well, the Company considers that it is highly unlikely that the Lands would be valued at nearly 30 times of the Total Cost.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval may be obtained by written Shareholders' approval without the need of convening a general meeting if (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the 2nd Acquisition or the 2nd Put Option; and (ii) written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at general meetings to approve the 2nd Acquisition and the 2nd Put Option.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders is materially interested in the 2nd Acquisition or the 2nd Put Option. As such, no Shareholder is required to abstain from voting if an extraordinary general meeting were to be convened to approve the 2nd Acquisition and the 2nd Put Option.

As at the date of the 2nd Acquisition Agreement, Asiaciti is interested in 1,195,072,000 Shares, representing approximately 69.36% of the total number of Shares in issue. Asiaciti has no interest in the 2nd Acquisition or the 2nd Put Option. Accordingly, the Company has relied on the written approval from Asiaciti to approve the 2nd Acquisition and the 2nd Put Option and no extraordinary general meeting of the Company will be convened for the purpose of approving the 2nd Acquisition and the 2nd Put Option pursuant to Rule 14.44 of the Listing Rules.

FINANCIAL EFFECT OF THE ACQUISITIONS, THE CAPITAL COMMITMENT AND THE EXERCISE OF THE PUT OPTIONS

Upon the 1st Completion, the 1st Project Company will be owned as to 75% by the Purchaser and as to 25% by the 1st Vendor. Upon 2nd Completion, the 2nd Project Company will be owned as to 75% by the Purchaser and as to 25% by the 2nd Vendor. Pursuant to the share transfer agreement entered into between the Group and the 1st Vendor and according to the articles of association and co-operation agreement of 1st Project Company, the Group and the 1st Vendor have joint control of 1st Project Company; the decisions about the relevant activities of 1st Project Company as set out in page 12 to this circular require the unanimous consent of the Group and the 1st Vendor. Pursuant to the share transfer agreement entered into between the Group and the 2nd Vendor and according to the articles of association and co-operation agreement of 2nd Project Company, the Group and the 2nd Vendor have joint control of 2nd Project Company; the decisions about the relevant activities of 2nd Project Company as set out in page 12 to this circular require the unanimous consent of the Group and the 2nd Vendor. Each of the investment in 1st Project Company and investment in 2nd Project Company will be treated as an investment in a joint venture of the Group, respectively. Each of the 1st Project Company and the 2nd Project Company will be equity accounted for in the financial statements of the Group and its financial results will not be consolidated into the financial statements of the Group.

As set out in Appendix III to this circular, the Unaudited Pro Forma Consolidated Statement of the Financial Position of the Enlarged Group illustrates the effect of the completion of the 1st Acquisition and 2nd Acquisition. Assuming that the 1st Acquisition and 2nd Acquisition had been completed on 30 June 2016, upon the completion of the 1st Acquisition and 2nd Acquisition, the consolidated total non-current assets of the Enlarged Group as at that date would have increased from approximately RMB5,595,158,000 to approximately RMB6,859,435,000, and the consolidated total current assets of the Enlarged Group as at that date would have decreased from approximately RMB49,834,410,000 to approximately RMB48,570,133,000. The increase of the Enlarged Group's total non-current assets and the decrease of the Enlarged Group's total current assets are due to the recognition of the investment costs in the 1st Project Company and 2nd Project Company, and the payment of cash considerations of the 1st Acquisition and 2nd Acquisition, respectively. The consolidated total assets, total liabilities and net assets of the Enlarged Group as at 30 June 2016 would have kept the same as the historical unaudited interim condensed consolidated statement of financial position of the Group as at that date.

Upon the completion of the 1st Acquisition and 2nd Acquisition, each of the 1st Vendor and the Group would have to make capital contribution to the 1st Project Company based on the actual capital requirement of the 1st Project Company in proportion to their respective shareholdings in the 1st Project Company, with respect to the unpaid registered capital amount of RMB90 million, and the Group would have paid the considerations of RMB383 million and RMB880 million for the 1st Acquisition and 2nd Acquisition, respectively, the Enlarged Group's total capital commitments would have decreased from approximately RMB11,721,567,000 to approximately RMB10,526,067,000 as at 30 June 2016. Details of the capital contribution of the 1st Project Company are set out in page 7 to this circular.

Upon the exercise of the 1st Put Option, the 1st Vendor will require the Purchaser to purchase all but not part of its equity interest in the 1st Project Company. The Purchaser will own 100% of the equity interest in the 1st Project Company, the 1st Project Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group. The actual financial effect to the Group in relation to the exercise of the 1st Put Option will be determined by the actual exercise price to be calculated based on the then fair market value of the 1st Vendor's equity interest as determined by an independent valuer appointed by the Purchaser and the 1st Vendor.

Upon the exercise of the 2nd Put Option, the 2nd Vendor will require the Purchaser to purchase all but not part of its equity interest in the 2nd Project Company. The Purchaser will own 100% of the equity interest in the 2nd Project Company, the 2nd Project Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group. The actual financial effect to the Group in relation to the exercise of the 2nd Put Option will be determined by the actual exercise price to be calculated based on the then fair market value of the 2nd Vendor's equity interest as determined by an independent valuer appointed by the Purchaser and the 2nd Vendor.

RECOMMENDATION

The Directors, including the independent non-executive Directors, are of the view that the terms of the 2nd Acquisition Agreement, the Put Options and the transactions contemplated thereunder are fair and reasonable and in the interest of the Group and the Shareholders as a whole. Accordingly, should resolutions be put at a general meeting of the Company for the Shareholders to consider the 2nd Acquisition Agreement, the Put Options and the transactions contemplated thereunder, the Directors would recommend the Shareholders to vote in favour of such resolutions.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

FINANCIAL INFORMATION OF THE GROUP

1. FINANCIAL INFORMATION OF THE GROUP FOR THE THREE FINANCIAL YEARS ENDED 31 DECEMBER 2015 AND THE PERIOD ENDED 30 JUNE 2016

Financial information of the Group for the three years ended 31 December 2013, 2014 and 2015 are disclosed on pages 98 to 244 of the annual report of the Company for the year ended 31 December 2013, pages 90 to 220 of the annual report of the Company for the year ended 31 December 2014 and pages 90 to 224 of the annual report of the Company for the year ended 31 December 2015 and pages 42 to 108 of the interim report of the Company for the period ended 30 June 2016, all of which are published on the website of the Stock Exchange at www.hkexnews.hk, and the website of the Company at http://www.timesgroup.cn. Quick links to the annual reports and interim report of the Company are set out below:

Annual report of the Company for the year ended 31 December 2013:
http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0324/LTN20140324069.pdf

Annual report of the Company for the year ended 31 December 2014:
http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0309/LTN20150309206.pdf

Annual report of the Company for the year ended 31 December 2015:
http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0419/LTN20160419754.pdf

Interim Report of the Company for the period ended 30 June 2016:
http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0906/LTN201609061122.pdf

2. INDEBTEDNESS STATEMENT

Interest-bearing bank loans and other borrowings

The Group had aggregate interest-bearing borrowings (including senior notes and corporate bonds but excluding convertible bonds) of approximately RMB19,179.0 million as at 31 August 2016. Borrowings that are due within one year increased from RMB369.1 million as at 30 June 2016 to RMB1,924.9 million as at 31 August 2016, and approximately RMB17,001.9 million of borrowings are due within two to five years and approximately RMB252.2 million of borrowings are due in over five years.

Details of the corporate bonds and senior notes 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 (the "RMB 7.88% Non-Public Domestic Corporate Bonds due 2019") in a principal amount of RMB3,000 million with 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 the Shenzhen Stock Exchange.

(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. RMB7.85% Non-Public Domestic Corporate Bonds due 2018 are listed on the 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 the 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) 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.

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 due 2019 (approximately equivalent to RMB308,369,000) (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 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. The net proceeds from issuance of the Bonds of HK$383,668,000 (equivalent to RMB306,213,000) were received on 25 July 2014. As at 31 August 2016, the debt component the Bonds amounted to HK$271.7 million (equivalent to RMB234.0 million).

Financial guarantee

As at 31 August 2016, the outstanding guarantee mortgage loans that domestic banks provided to purchasers of the Group's properties amounted to approximately RMB15,984.8 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.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account (i) the internal resources available to the Group; (ii) the presently available banking and other facilities, and in the absence of unforeseen circumstances, the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of publication of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material change in the financial or trading position or outlook of the Group since 31 December 2015, the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS

Financial Prospect

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. As disclosed in the 2016 interim report of the Company, 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.

Trading Prospect

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.

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from our independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

30 September 2016

The Directors
Times Property Holdings Limited
Suites 4706-4707, 47/F
Two Exchange Square
8 Connaught Place
Central
Hong Kong

Dear Sirs,

We set out below our report on the financial information of 廣州星勝房地產開發有限公司 (Guangzhou Xingsheng Real Estate Development Company Limited*) (the "Target Company") comprising the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Company for the period from 5 August 2015 (date of establishment) to 31 December 2015 and the six months ended 30 June 2016 (the "Relevant Periods"), and the statements of financial position of the Target Company as at 31 December 2015 and 30 June 2016, together with the notes thereto (the "Financial Information"), prepared on the basis of preparation set out in Note 2.1 of Section II below, for inclusion in the circular of Times Property Holdings Limited (the "Company") dated 30 September 2016 (the "Circular") in connection with the Company's proposed acquisition of 75% equity interests of the Target Company.

The Target Company is a limited liability company established in the People's Republic of China (the "PRC") on 5 August 2015. As at the date of this report, the Target Company is principally engaged in property development in the PRC.

The Target Company during the Relevant Periods has adopted 31 December as its financial year end date and its statutory financial statements were prepared in accordance with the relevant accounting principles applicable to enterprises established in Mainland China (the "PRC GAAP"). Details of the statutory auditor during the Relevant Periods are set out in Note 1 of Section II below.

For the purpose of this report, the directors of the Target Company (the "Directors") have prepared the financial statements of the Target Company for each of the Relevant Periods (the "Underlying Financial Statements") in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). The Underlying Financial Statements for the period from 5 August 2015 (date of establishment) to 31 December 2015 and the six months ended 30 June 2016 were audited by us in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

Directors' responsibility

The Directors are responsible for the preparation of the Underlying Financial Statements and the Financial Information that give a true and fair view in accordance with IFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements and the Financial Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

It is our responsibility to form an independent opinion on the Financial Information and to report our opinion thereon to you.

For the purpose of this report, we have examined the Underlying Financial Statements and have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report and on the basis of preparation set out in Note 2.1 of Section II below, the Financial Information gives a true and fair view of financial position of the Target Company as at 31 December 2015 and 30 June 2016, and of the financial performance and cash flows of the Target Company for each of the Relevant Periods.

I. FINANCIAL INFORMATION

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Period from 5 August 2015 (date of establishment) to 31 December 2015	Six months ended 30 June 2016
		RMB'000	*RMB'000*
Revenue	4	–	–
Other income	5	–	17
Administrative expenses		–	(236)
LOSS BEFORE TAX	6	–	(219)
Income tax expense	8	–	55
LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		–	(164)

STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2015 RMB'000	As at 30 June 2016 RMB'000
NON-CURRENT ASSETS			
Deferred tax assets	9	–	55
Total non-current assets		–	55
CURRENT ASSETS			
Prepaid land lease payment	10	–	150,381
Prepayments		–	69
Cash and cash equivalents	11	–	9,338
Total current assets		–	159,788
CURRENT LIABILITIES			
Other payables and accruals		–	7
NET CURRENT ASSETS		–	159,781
TOTAL ASSETS LESS CURRENT LIABILITIES		–	159,836
Net assets		–	159,836
EQUITY			
Share capital	12	–	160,000
Accumulated losses		–	(164)
Total equity		–	159,836

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*
At 5 August 2015 (date of establishment)	–	–	–
Loss for the period and total comprehensive loss for the period	–	–	–
At 31 December 2015 and 1 January 2016	–	–	–
Capital contribution *(note 12)*	160,000	–	160,000
Loss for the period and total comprehensive loss for the period	–	(164)	(164)
At 30 June 2016	160,000	(164)	159,836

STATEMENTS OF CASH FLOWS

	Notes	Period from 5 August 2015 (date of establishment) to 31 December 2015 RMB'000	Six months ended 30 June 2016 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		–	(219)
Adjustment for:			
Bank interest income	5	–	17
		–	(236)
Increase in prepaid land lease payment	10	–	(150,381)
Increase in prepayments		–	(69)
Increase in other payables and accruals		–	7
Cash used in operations		–	(150,679)
Interest received		–	17
Net cash flows used in operating activities		–	(150,662)
CASH FLOWS FROM AN FINANCING ACTIVITY			
Capital contribution		–	160,000
Net cash flows generated from an financing activity		–	160,000
NET INCREASE IN CASH AND CASH EQUIVALENTS		–	9,338
Cash and cash equivalents at beginning of the period		–	–
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		–	9,338
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	11	–	9,338

II. NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Target Company is a limited liability company established in the PRC. The registered office of the Target Company is located at Room A418, No.3 Guangpu East Road, High Technology Industrial Development Zone, Guangzhou, Guangdong Province, the PRC.

During the Relevant Periods, the principal activity of the Target Company is property development in the PRC.

In the opinion of the directors of the Target Company, the immediate holding company is Duxton Investment And Development Pte. Ltd., which was incorporated in the Republic of Singapore (the "Singapore") and the ultimate holding company is Temasek Holdings (Private) Limited, which was incorporated in Singapore.

The statutory financial statements of the Target Company for the year ended 31 December 2015 prepared under the relevant accounting principles applicable to enterprises established in Mainland China (the "PRC GAAP") were audited by 廣州浩楓會計師事務所有限公司 (Guangzhou Haofeng Certified Public Accountants), certified public accountants registered in the PRC.

2.1 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with International Financial Reporting Standards (which comprise all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the IASB, and the accounting principles generally accepted in Hong Kong. All IFRSs effective for the accounting period commencing from 1 January 2016, together with the relevant transitional provisions, have been early adopted by the Target Company in the preparation of the Financial Information throughout the Relevant Periods.

The Financial Information has been prepared under the historical cost convention, and is presented in Renminbi ("RMB"), which is the functional currency of the Target Company, and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Target Company has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Financial Information. The Target Company is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application.

IFRS 9	*Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 15	*Revenue from Contracts with Customers*[2]
IFRS 16	*Leases*[3]
Amendments to IAS 7	*Disclosure Initiative*[1]
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 No mandatory effective date yet determined but is available for adoption

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Target Company if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Target Company;

(ii) has significant influence over the Target Company; or

(iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Target Company are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Target Company are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the Target Company or is a member of the key management personnel of the Target Company (or of a parent of the Target Company); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Target Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Target Company only had financial assets classified as "loans and receivables" during the Relevant Periods.

Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Target Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Target Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Target Company has transferred substantially all the risks and rewards of the asset, or (b) the Target Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Target Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Target Company continues to recognise the transferred asset to the extent of the Target Company's continuing involvement. In that case, the Target Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Target Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Target Company could be required to repay.

Impairment of financial assets

The Target Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Target Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Target Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Target Company.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to administrative expenses in the statement of profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or loans and other borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and other borrowings, net of directly attributable transaction costs.

The Target Company's financial liabilities are classified as loans and other borrowings and include other payables and accruals.

Subsequent measurement

After initial recognition, loans and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Prepaid land lease payments

Prepaid land lease payments, representing prepayments for leasehold land for development for future sale in the ordinary course of business, are stated at lower of cost and net realisable value, of which those within normal operating cycle are classified as current assets, while those out of the normal operating cycle are classified as non-current assets.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Target Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Income tax

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

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

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING ESTIMATES

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(a) PRC corporate income tax

The Target Company is subject to corporate income tax ("CIT") in Mainland China. Due to the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provision in the period in which the differences realise. Further details are given in notes 8 and 9 of this section.

(b) Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. REVENUE

The Target Company did not generate any revenue during the Relevant Periods.

5. OTHER INCOME

An analysis of other income is as follows:

	Period from 5 August 2015 (date of establishment) to 31 December 2015	Six months ended 30 June 2016
	RMB'000	*RMB'000*
Bank interest income	–	17

6. LOSS BEFORE TAX

The Target Company's loss before tax is arrived at after crediting:

	Period from 5 August 2015 (date of establishment) to 31 December 2015	Six months ended 30 June 2016
	RMB'000	*RMB'000*
Bank interest income	–	17

7. DIRECTORS' REMUNERATION

No directors received any fees or emoluments in respect of their service rendered to the Target Company during the Relevant Periods.

8. INCOME TAX EXPENSE

The Target Company is subject to income tax on profits arising in or derived from the jurisdictions in which the Target Company is domiciled and operates. The Target Company was not liable for income tax in Hong Kong as the Target Company did not have any assessable income arising in Hong Kong for the Relevant Periods.

PRC CIT

The PRC CIT in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for each of the Relevant Periods, based on the existing legislation, interpretations and practices in respect thereof. Subject to the PRC Income Tax Law and the respective regulations, the statutory tax rate of the Target Company in respect of its operation in Mainland China is 25%.

	Period from 5 August 2015 (date of establishment) to 31 December 2015	Six months ended 30 June 2016
	RMB'000	*RMB'000*
Deferred and total tax charge for the period	–	(55)

9. DEFERRED TAX ASSETS

The movements in deferred tax assets during the Relevant Periods are as follows:

	Tax losses	Accruals and other deductible temporary differences	Total
	RMB'000	*RMB'000*	*RMB'000*
At 5 August 2015 (date of establishment)	–	–	–
Deferred tax credited to the statement of profit or loss during the period	–	–	–
At 31 December 2015 and at 1 January 2016	–	–	–
Deferred tax credited to the statement of profit or loss during the period	53	2	55
At 30 June 2016	53	2	55

10. PREPAID LAND LEASE PAYMENT

	Period from 5 August 2015 (date of establishment) to 31 December 2015	Six months ended 30 June 2016
	RMB'000	*RMB'000*
Carrying amount at beginning of the period	–	–
Additions during the period	–	150,381
Carrying amount at end of the period	–	150,381
Less: Current portion	–	(150,381)
Non-current portion	–	–

The leasehold land is situated in Mainland China and is held under a long term lease, the construction on which has not yet commenced. Balances will be transferred to properties under development when construction commences.

11. CASH AND CASH EQUIVALENTS

	As at 31 December 2015	As at 30 June 2016
	RMB'000	*RMB'000*
Cash and bank balances	–	9,338

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of the cash and bank balances approximate to their fair values. The bank balances are deposited with creditworthy banks with no recent history of default.

12. SHARE CAPITAL

	As at 31 December 2015	As at 30 June 2016
	RMB'000	*RMB'000*
Registered and paid-up capital	–	160,000

The capital contribution has been verified by a certified public accountant registered in the PRC.

13. COMMITMENTS

The Target Company had the following capital commitments as at the end of each of the Relevant Periods:

	As at 31 December 2015	As at 30 June 2016
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Leasehold land	146,001	–
Properties under development	–	480
	146,001	480

14. RELATED PARTY TRANSACTIONS

The Target Company had the following material transactions with related parties during the Relevant Periods:

	Period from 5 August 2015 (date of establishment) to 31 December 2015	Six months ended 30 June 2016
	RMB'000	*RMB'000*
Acquisition of leasehold land from a company which is jointly controlled by the ultimate holding company of the Target Company	–	146,001

The directors of the Target Company consider that the acquisition of the leasehold land was conducted on mutually-agreed terms and in the ordinary course of the Target Company's business.

15. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Financial assets

	Loans and receivables	
	As at 31 December 2015	As at 30 June 2016
	RMB'000	*RMB'000*
Cash and cash equivalents	–	9,338

Financial liabilities

	Financial liability at amortised cost	
	As at 31 December 2015	As at 30 June 2016
	RMB'000	*RMB'000*
Financial liabilities included in other payables and accruals	–	7

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of financial assets included in cash and cash equivalents and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Company's principal financial instruments comprise cash and cash equivalents, financial liabilities included in other payables and accruals. The main purpose of these financial instruments is to raise finance for the Target Company's operations.

It is, and has been, throughout the Relevant Periods, the Target Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Target Company's financial instruments are credit risk and liquidity risk. The director of the Target Company reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Credit risk

The Target Company has no concentration of credit risk. The Target Company's cash and cash equivalents are all deposited with state-owned banks in Mainland China.

The carrying amounts of cash and cash equivalents included in the statements of financial position represent the Target Company's maximum exposure to credit risk in relation to its financial assets. The Target Company has no other financial assets which carry significant exposure to credit risk.

(b) Liquidity risk

Management of the Target Company aims to maintain sufficient cash and credit lines to meet its liquidity requirements. The Target Company finances its working capital requirements through a combination of funds generated from operations and the Target Company's shareholder's contribution.

The Target Company's financial liabilities included in other payables and accruals as at the end of each of the Relevant Periods were repayable on demand.

Capital management

The primary objectives of the Target Company's capital management are to safeguard the Target Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the owner's value.

The Target Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Target Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the Relevant Periods.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 30 June 2016.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The English name of Chinese entity marked with "" is translation of its Chinese name and is included in this circular for identification purpose only, and should not be regarded as its official English translation. In the event of any inconsistency, the Chinese name prevails.*

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from our independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

EY 安永

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

30 September 2016

The Directors
Times Property Holdings Limited
Suites 4706-4707, 47/F
Two Exchange Square
8 Connaught Place
Central
Hong Kong

Dear Sirs,

We set out below our report on the financial information of 天韻(廣州)房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd.) (the "Target Company") comprising the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Company for each of the years ended 31 December 2013, 2014 and 2015, and the six months ended 30 June 2016 (the "Relevant Periods"), and the statements of financial position of the Target Company as at 31 December 2013, 2014 and 2015 and 30 June 2016, together with the notes thereto (the "Financial Information"), and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Target Company for the six months ended 30 June 2015 (the "Interim Comparative Information"), prepared on the basis of preparation set out in Note 2.1 of Section II below, for inclusion in the circular of Times Property Holdings Limited (the "Company") dated 30 September 2016 (the "Circular") in connection with the Company's proposed acquisition of 75% equity interests of the Target Company.

The Target Company is a limited liability company established in the People's Republic of China (the "PRC") on 8 February 2012. As at the date of this report, the Target Company is principally engaged in property development in the PRC.

The Target Company during the Relevant Periods has adopted 31 December as its financial year end date and its statutory financial statements were prepared in accordance with the relevant accounting principles applicable to enterprises established in Mainland China (the "PRC GAAP"). Details of the statutory auditors during the Relevant Periods are set out in Note 1 of Section II below.

For the purpose of this report, the directors of the Target Company (the "Directors") have prepared the financial statements of the Target Company for each of the Relevant Periods (the "Underlying Financial Statements") in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). The Underlying Financial Statements for each of the years ended 31 December 2013, 2014 and 2015, and the six months ended 30 June 2016 were audited by us in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

Directors' responsibility

The Directors are responsible for the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that give a true and fair view in accordance with IFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have examined the Underlying Financial Statements and have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

We have also performed a review of the Interim Comparative Information in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report and on the basis of preparation set out in Note 2.1 of Section II below, the Financial Information gives a true and fair view of financial position of the Target Company as at 31 December 2013, 2014, 2015 and 30 June 2016, and of the financial performance and cash flows of the Target Company for each of the Relevant Periods.

Review conclusion in respect of the Interim Comparative Information

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

I. FINANCIAL INFORMATION

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
		2013	2014	2015	2015	2016
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Revenue	4	–	–	–	–	93,533
Cost of sales		–	–	–	–	(62,162)
Gross profit		–	–	–	–	31,371
Other income and gains	4	1,794	898	2,328	1,442	213
Selling and marketing costs		(850)	(6,075)	(6,456)	(1,840)	(4,605)
Administrative expenses		(8,032)	(8,204)	(10,458)	(5,213)	(5,049)
Other expenses		(20)	(255)	–	–	–
(LOSS)/PROFIT BEFORE TAX	5	(7,108)	(13,636)	(14,586)	(5,611)	21,930
Income tax expense	8	1,752	3,396	3,639	1,401	(9,447)
(LOSS)/PROFIT FOR THE YEAR/PERIOD		(5,356)	(10,240)	(10,947)	(4,210)	12,483
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR/PERIOD		(5,356)	(10,240)	(10,947)	(4,210)	12,483

STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 30 June
		2013	**2014**	**2015**	**2016**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	9	1,480	2,120	1,637	1,479
Deferred tax assets	10	3,607	7,003	10,642	6,473
Total non-current assets		5,087	9,123	12,279	7,952
CURRENT ASSETS					
Properties under development	11	461,855	578,456	786,792	674,049
Completed properties held for sale	12	–	–	–	102,325
Prepayments, deposits and other receivables	13	1,854	7,175	13,792	13,869
Amount due from a related party	23(b)	250	–	–	–
Tax prepayments	14	–	1,434	2,784	–
Restricted bank deposits	15	–	29,954	20,876	52,069
Cash and cash equivalents	15	96,388	79,557	50,453	46,985
Total current assets		560,347	696,576	874,697	889,297
CURRENT LIABILITIES					
Trade payables	16	54,633	48,440	107,616	89,169
Other payables and accruals	17	5,462	77,726	154,694	197,971
Interest-bearing bank loans	18	–	920	141,141	113,550
Amount due to the immediate holding company	23(b)	34,720	–	–	–
Amount due to a related party	23(b)	–	–	–	214
Tax payable	14	–	–	–	337
Total current liabilities		94,815	127,086	403,451	401,241
NET CURRENT ASSETS		465,532	569,490	471,246	488,056
TOTAL ASSETS LESS CURRENT LIABILITIES		470,619	578,613	483,525	496,008

		As at 31 December			As at 30 June
		2013	2014	2015	2016
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES					
Interest-bearing bank loans	18	–	84,141	–	–
Net assets		470,619	494,472	483,525	496,008
EQUITY					
Share capital	19	482,061	516,154	516,154	516,154
Accumulated losses		(11,442)	(21,682)	(32,629)	(20,146)
Total equity		470,619	494,472	483,525	496,008

STATEMENTS OF CHANGES IN EQUITY

	Share capital	**Accumulated losses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2013	289,000	(6,086)	282,914
Loss for the year and total comprehensive loss for the year	–	(5,356)	(5,356)
Capital contribution *(note 19)*	193,061	–	193,061
At 31 December 2013 and 1 January 2014	482,061	(11,442)	470,619
Loss for the year and total comprehensive loss for the year	–	(10,240)	(10,240)
Capital contribution *(note 19)*	34,093	–	34,093
At 31 December 2014 and 1 January 2015	516,154	(21,682)	494,472
Loss for the year and total comprehensive loss for the year	–	(10,947)	(10,947)
At 31 December 2015 and 1 January 2016	516,154	(32,629)	483,525
Profit for the period and total comprehensive income for the period	–	12,483	12,483
At 30 June 2016	516,154	(20,146)	496,008

	Share capital	**Accumulated losses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2015 (audited)	516,154	(21,682)	494,472
Loss for the period and total comprehensive loss for the period	–	(4,210)	(4,210)
At 30 June 2015 (unaudited)	516,154	(25,892)	490,262

STATEMENTS OF CASH FLOWS

		Years ended 31 December			Six months ended 30 June	
		2013	2014	2015	2015	2016
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES						
(Loss)/profit before tax:		(7,108)	(13,636)	(14,586)	(5,611)	21,930
Adjustments for:						
Bank interest income	4	(946)	(810)	(1,725)	(1,268)	(211)
Depreciation	9	218	400	517	281	199
		(7,836)	(14,046)	(15,794)	(6,598)	21,918
(Increase)/decrease in properties under development		(450,754)	(112,770)	(202,369)	(52,260)	116,454
Increase in completed properties held for sale		–	–	–	–	(102,325)
(Increase)/decrease in prepayments, deposits and other receivables		(1,550)	(5,321)	(6,617)	(447)	(77)
(Increase)/decrease in an amount due from a related party		(250)	250	–	–	–
Increase/(decrease) in trade payables		53,276	(6,193)	59,176	5,771	(18,447)
(Decrease)/increase in other payables and accruals		(9,888)	72,092	76,920	15,490	43,341
Increase/(decrease) in an amount due to the immediate holding company		34,720	(34,720)	–	–	–
Increase in an amount due to a related party		–	–	–	–	214
(Increase)/decrease in restricted bank deposits relating to operating activities		–	(29,954)	9,078	21,099	(31,193)
Cash (used in)/generated from operations		(382,282)	(130,662)	(79,606)	(16,945)	29,885
Interest received		946	810	1,725	1,268	211
Interest paid		–	(3,659)	(5,919)	(2,379)	(3,775)
Land appreciation tax paid		–	(1,434)	(1,350)	(365)	(2,157)
Net cash flows (used in)/generated from operating activities		(381,336)	(134,945)	(85,150)	(18,421)	24,164
CASH FLOWS FROM AN INVESTING ACTIVITY						
Purchase of items of property, plant and equipment		(204)	(1,040)	(34)	(26)	(41)
Net cash flows used in investing activity		(204)	(1,040)	(34)	(26)	(41)

		Years ended 31 December			Six months ended 30 June	
		2013	2014	2015	2015	2016
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital contribution	19	193,061	34,093	–	–	–
New interest-bearing bank loans		–	85,061	57,000	–	9,000
Repayment of interest-bearing bank loans		–	–	(920)	(350)	(36,591)
Net cash flows generated from/ (used in) financing activities		193,061	119,154	56,080	(350)	(27,591)
NET INCREASE IN CASH AND CASH EQUIVALENTS		(188,479)	(16,831)	(29,104)	(18,797)	(3,468)
Cash and cash equivalents at beginning of the year/period		284,867	96,388	79,557	79,557	50,453
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD		96,388	79,557	50,453	60,760	46,985
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	15	96,388	109,511	71,329	69,616	99,054
Less: Restricted bank deposits	15	–	(29,954)	(20,876)	(8,856)	(52,069)
Cash and cash equivalents	15	96,388	79,557	50,453	60,760	46,985

II. NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Target Company is a limited liability company established in the PRC on 8 February 2012. The registered office of the Target Company is located at Room 308, No.115 Jiufo Jianshe Road, Sino-Singapore Guangzhou Knowledge City, Guangzhou, Guangdong Province, the PRC.

During the Relevant Periods, the principal activity of the Target Company is property development in the PRC.

In the opinion of the directors of the Target Company, the immediate holding company is Optima Investment & Development Pte. Ltd. ("Optima Investment & Development"), which was incorporated in the Republic of Singapore (the "Singapore") and the ultimate holding company is Temasek Holdings (Private) Limited, which was incorporated in Singapore.

The statutory financial statements of the Target Company for each of the years ended 31 December 2013, 2014, and 2015 prepared under the PRC GAAP were audited by 廣州浩楓會計師事務所有限公司 (Guangzhou Haofeng Certified Public Accountants), certified public accountants registered in the PRC.

2.1 BASIS OF PREPARATION

The Financial Information and the Interim Comparative Information have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which comprise all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the IASB, and the accounting principles generally accepted in Hong Kong. All IFRSs effective for the accounting period commencing from 1 January 2016, together with the relevant transitional provisions, have been early adopted by the Target Company in the preparation of the Financial Information throughout the Relevant Periods.

The Financial Information and the Interim Comparative Information have been prepared under the historical cost convention, and is presented in Renminbi ("RMB"), which is the functional currency of the Target Company, and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Target Company has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Financial Information. The Target Company is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application.

IFRS 9	*Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 15	*Revenue from Contracts with Customers*[2]
IFRS 16	*Leases*[3]
Amendments to IAS 7	*Disclosure Initiative*[1]
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 No mandatory effective date yet determined but is available for adoption

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Target Company if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Target Company;

(ii) has significant influence over the Target Company; or

(iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Target Company are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Target Company are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the Target Company or is a member of the key management personnel of the Target Company (or of a parent of the Target Company); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the year/period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Target Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Furniture, fixtures and office equipment	18% – 30%
Motor vehicles	22.5%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year/period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than properties under development, completed properties held for sale, financial assets and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the year/period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior reporting periods. A reversal of such an impairment loss is credited to the statements of profit or loss in the year/period in which it arises.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Target Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Target Company only had financial assets classified as loans and receivables during the Relevant Periods.

Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Target Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Target Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Target Company has transferred substantially all the risks and rewards of the asset, or (b) the Target Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Target Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Target Company continues to recognise the transferred asset to the extent of the Target Company's continuing involvement. In that case, the Target Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Target Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Target Company could be required to repay.

Impairment of financial assets

The Target Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Target Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Target Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Target Company.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to administrative expenses in the statement of profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or loans and other borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and other borrowings, net of directly attributable transaction costs.

The Target Company's financial liabilities are classified as loans and other borrowings and include trade payables, financial liabilities included in other payables and accruals, an amount due to the intermediate holding company, an amount due to a related party and interest-bearing bank loans.

Subsequent measurement

After initial recognition, loans and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Properties under development

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

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

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

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and building costs attributable to unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Target Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Revenue recognition

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

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

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

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

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

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

Revenue from the sale of completed properties is recognised upon the signing of the property handover letter, which is taken to be the point in time when the risks and rewards of ownership of the property have been passed to the buyer.

Deposits and instalments received in respect of properties sold prior to the date of revenue recognition are included in the statement of financial position under current liabilities.

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

Borrowing costs

Borrowing costs are expensed in the statements of profit or loss in the year/period in which they are incurred, except to the extent that they are capitalised as the costs directly attributable to the financing of the construction of a qualifying asset. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statements of profit or loss.

Income tax

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

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

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING ESTIMATES

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(a) PRC corporate income tax

The Target Company is subject to corporate income tax ("CIT") in Mainland China. Due to the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provision in the period in which the differences realise. Further details are given in notes 8 and 10 of this section.

(b) PRC land appreciation tax

The Target Company is subject to land appreciation tax ("LAT") in Mainland China. The provision for land appreciation tax is based on management's best estimates according to its understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual land appreciation tax liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Target Company has not finalised its land appreciation tax calculations and payments with the tax authorities for certain property development projects.

The final outcome could be different from the amounts that were initially recorded, and any differences will impact the land appreciation tax expenses and the related provision in the period in which the differences realise. Further details are given in notes 8 and 10 of this section.

(c) Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(d) Recognition and allocation of construction costs on properties under development

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties held for sale upon completion. Apportionment of these costs will be recognised in the statement of profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Target Company based on management's best estimate.

When developing properties, the Target Company may divide the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated saleable area of the entire project.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Target Company's turnover, represents the gross proceeds from the sale of properties, net of business tax and surcharges during the Relevant Periods.

An analysis of revenue, other income and gains is as follows:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue					
Sale of properties	–	–	–	–	93,533
Other income and gains					
Bank interest income	946	810	1,725	1,268	211
Foreign exchange gain, net	848	–	–	–	–
Others	–	88	603	174	2
	1,794	898	2,328	1,442	213

5. (LOSS)/PROFIT BEFORE TAX

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

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cost of properties sold	–	–	–	–	62,162
Advertising and promotion expenses	164	3,972	4,669	1,200	2,655
Depreciation	218	400	517	281	199
Auditors' remuneration	12	10	11	5	10
Employee benefit expense					
Wages and salaries	15,845	12,240	13,850	6,736	7,685
Pension scheme contributions	431	463	555	269	260
Less: Amount capitalised in properties under development	(10,979)	(7,338)	(8,101)	(3,908)	(4,176)
	5,297	5,365	6,304	3,097	3,769
Foreign exchange (gains)/losses, net	(848)	235	–	–	–

6. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Interest expense	–	3,831	5,967	2,832	3,711
Less: Interest capitalised	–	(3,831)	(5,967)	(2,832)	(3,711)
	–	–	–	–	–

7. DIRECTORS' REMUNERATION

No directors received any fees or emoluments in respect of their services rendered to the Target Company during the Relevant Periods.

8. INCOME TAX EXPENSE

The Target Company is subject to income tax on profits arising in or derived from the jurisdictions in which the Target Company is domiciled and operates. The Target Company was not liable for income tax in Hong Kong as the Target Company did not have any assessable income arising in Hong Kong for the Relevant Periods.

PRC CIT

The PRC CIT in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for each of the Relevant Periods, based on the existing legislation, interpretations and practices in respect thereof. The Target Company is subject to the PRC CIT rate of 25% during the Relevant Periods.

PRC LAT

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值税暫行條例) 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税暫行條例實施細則) 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 Relevant Periods, the Target Company 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.

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Current:					
LAT	–	–	–	–	5,278
Deferred *(note 10)*	(1,752)	(3,396)	(3,639)	(1,401)	4,169
Total tax charge/(credit) for the year/period	(1,752)	(3,396)	(3,639)	(1,401)	9,447

A reconciliation of the tax expense applicable to (loss)/profit before tax using the PRC statutory tax rate to the tax expense at the effective tax rate, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2013	2014	2015	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
(Loss)/profit before tax	(7,108)	(13,636)	(14,586)	(5,611)	21,930
Tax at the PRC statutory tax rate of 25%	(1,777)	(3,409)	(3,647)	(1,403)	5,483
Expenses not deductible for tax	25	13	8	2	6
Provision for LAT	–	–	–	–	5,278
Tax effect of LAT	–	–	–	–	(1,320)
Tax charge/(credit) at the Target Company's effective rate for the Relevant Periods	(1,752)	(3,396)	(3,639)	(1,401)	9,447

9. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and office equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2013			
At 1 January 2013:			
Cost	1,514	–	1,514
Accumulated depreciation	(20)	–	(20)
Net carrying amount	1,494	–	1,494
At 1 January 2013, net of accumulated depreciation	1,494	–	1,494
Additions of cost	204	–	204
Depreciation provided during the year	(218)	–	(218)
At 31 December 2013, net of accumulated depreciation	1,480	–	1,480
At 31 December 2013:			
Cost	1,718	–	1,718
Accumulated depreciation	(238)	–	(238)
Net carrying amount	1,480	–	1,480
31 December 2014			
At 1 January 2014:			
Cost	1,718	–	1,718
Accumulated depreciation	(238)	–	(238)
Net carrying amount	1,480	–	1,480
At 1 January 2014, net of accumulated depreciation	1,480	–	1,480
Additions of cost	935	105	1,040
Depreciation provided during the year	(380)	(20)	(400)
At 31 December 2014, net of accumulated depreciation	2,035	85	2,120
At 31 December 2014:			
Cost	2,653	105	2,758
Accumulated depreciation	(618)	(20)	(638)
Net carrying amount	2,035	85	2,120

	Furniture, fixtures and office equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2015			
At 1 January 2015:			
Cost	2,653	105	2,758
Accumulated depreciation	(618)	(20)	(638)
Net carrying amount	2,035	85	2,120
At 1 January 2015, net of accumulated depreciation	2,035	85	2,120
Additions of cost	34	–	34
Disposal of cost	(2)	–	(2)
Depreciation provided during the year	(494)	(23)	(517)
Disposal of accumulated depreciation	2	–	2
At 31 December 2015, net of accumulated depreciation	1,575	62	1,637
At 31 December 2015:			
Cost	2,685	105	2,790
Accumulated depreciation	(1,110)	(43)	(1,153)
Net carrying amount	1,575	62	1,637
30 June 2016			
At 1 January 2016:			
Cost	2,685	105	2,790
Accumulated depreciation	(1,110)	(43)	(1,153)
Net carrying amount	1,575	62	1,637
At 1 January 2016, net of accumulated depreciation	1,575	62	1,637
Additions of cost	41	–	41
Disposal of cost	(5)	–	(5)
Depreciation provided during the period	(187)	(12)	(199)
Disposal of accumulated depreciation	5	–	5
At 30 June 2016, net of accumulated depreciation	1,429	50	1,479
At 30 June 2016:			
Cost	2,721	105	2,826
Accumulated depreciation	(1,292)	(55)	(1,347)
Net carrying amount	1,429	50	1,479

10. DEFERRED TAX ASSETS

The movements in deferred tax assets during the Relevant Periods are as follows:

	Provision for LAT	Tax losses	Accruals and other deductible temporary differences	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2013	–	955	900	1,855
Deferred tax credited/(charged) to statement of profit or loss during the year	–	1,825	(73)	1,752
At 31 December 2013 and at 1 January 2014	–	2,780	827	3,607
Deferred tax credited/(charged) to the statement of profit or loss during the year	–	3,642	(246)	3,396
At 31 December 2014 and at 1 January 2015	–	6,422	581	7,003
Deferred tax credited/(charged) to the statement of profit or loss during the year	–	4,044	(405)	3,639
At 31 December 2015 and at 1 January 2016	–	10,466	176	10,642
Deferred tax credited/(charged) to the statement of profit or loss during the period	84	(4,885)	632	(4,169)
At 30 June 2016	84	5,581	808	6,473

11. PROPERTIES UNDER DEVELOPMENT

	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Properties under development expected to be recovered:				
Within one year	–	–	543,898	445,122
After one year	461,855	578,456	242,894	228,927
	461,855	578,456	786,792	674,049

The Target Company's properties under development are all located in Mainland China and situated on leasehold land with long term leases.

At 31 December 2014, 2015 and 30 June 2016, certain of the Target Company's properties under development were pledged to banks to secure the interest-bearing bank loans granted to the Target Company (note 18(a)).

12. COMPLETED PROPERTIES HELD FOR SALE

The Target Company's completed properties held for sale are located in Mainland China. All completed properties held for sale are stated at the lower of cost and net realisable value.

At 30 June 2016, certain of the Target Company's completed properties held for sale were pledged to banks to secure the interest-bearing bank loans granted to the Target Company (note 18(a)).

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits and other receivables	1,247	2,658	5,054	5,242
Prepayments	607	4,517	8,738	8,627
	1,854	7,175	13,792	13,869

Prepayments, deposits and other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

14. TAX PREPAYMENTS AND TAX PAYABLES

	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax prepayments				
Prepaid LAT	–	1,434	2,784	–
Tax payable				
LAT payable	–	–	–	337

15. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	96,388	109,511	71,329	99,054
Less: Restricted bank deposits *(note)*	–	(29,954)	(20,876)	(52,069)
Cash and cash equivalents	96,388	79,557	50,453	46,985
Denominated in RMB	96,388	79,557	50,453	46,985

Note: Pursuant to the relevant regulations in the PRC, the Target Company is required to place certain amounts of pre-sale proceeds received in designated bank accounts for specific use. As at 31 December 2014 and 2015 and 30 June 2016, such restricted cash amounted to RMB29,954,000, RMB20,876,000 and RMB52,069,000, respectively.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The carrying amounts of the cash and cash equivalents and restricted bank deposits approximate to their fair values. The cash at banks and restricted bank deposits are deposited with creditworthy banks with no recent history of default.

16. TRADE PAYABLES

An aged analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	54,633	48,440	107,616	89,169

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

The fair values of trade payables as at the end of each of the Relevant Periods approximate to their corresponding carrying amounts due to their relatively short term maturity.

17. OTHER PAYABLES AND ACCRUALS

	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances from customers	–	72,495	149,775	191,798
Accruals and other payables	5,462	5,059	4,699	6,017
Interest payable	–	172	220	156
	5,462	77,726	154,694	197,971

18. INTEREST-BEARING BANK LOANS

	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Bank loans – secured	–	920	141,141	113,550
Non-current				
Bank loans – secured	–	84,141	–	–
	–	85,061	141,141	113,550
Analysed into:				
Within one year	–	920	141,141	113,550
In the second year	–	84,141	–	–
	–	85,061	141,141	113,550

Notes:

(a) The Target Company's interest-bearing bank loans are secured by mortgages over the Target Company's properties under development situated in Guangzhou, which had an aggregate carrying value as at 31 December 2014, 31 December 2015 and 30 June 2016 respectively amounting to RMB292,471,000, RMB454,089,000 and RMB186,679,000, while mortgages over the Target Company's completed properties held for sale had an aggregate carrying value as at 30 June 2016 amounting to RMB52,338,000.

(b) The average effective interest rate (per annum) of the Target Company's interest-bearing bank loans for the years ended 31 December 2014, 2015 and the six months ended 30 June 2016 were 6.76%, 6.31% and 5.06%, respectively.

(c) All the interest-bearing bank loans are denominated in RMB.

(d) Except for interest-bearing bank loans acquired in the year ended 31 December 2014 bearing fixed interest rates, the interest-bearing bank loans acquired in the year ended 31 December 2015 and the six months ended 30 June 2016 bear interest at floating rates.

19. SHARE CAPITAL

	As at 31 December			As at 30 June
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Registered and paid-up capital	482,061	516,154	516,154	516,154

The capital contributions have been verified by a firm of certified public accountants registered in the PRC.

During the years ended 31 December 2013 and 2014, additional paid-up capitals of RMB193,061,000 and RMB34,093,000 were injected by the immediate holding company of the Target Company, respectively.

20. CONTINGENT LIABILITIES

As at the end of each of the Relevant Periods, the Target Company provided guarantees in respect of the mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Target Company's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Target Company is responsible to repay the outstanding mortgage principal together with the accrued interest and penalty owed by the defaulted purchasers to the banks, and the Target Company is entitled to take over the legal titles and possession of the related properties. The Target Company's guarantee periods start from the dates of grant of the relevant mortgage loans and end upon the issuance of real estate ownership certificates which is generally within one to two years after the purchasers have taken possession of the relevant properties.

The amount of guarantees given to banks for mortgage facilities granted to the purchasers of the Target Company's properties as at the end of each of the Relevant Periods is as follows:

	As at 31 December			As at 30 June
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guarantees in respect of the mortgage facilities for certain purchasers of the Target Company's properties	–	–	2,850	7,738

The directors of the Target Company consider that in the case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalty, therefore no provision has been made in the Financial Information for the guarantees.

21. COMMITMENTS

The Target Company had the following capital commitments as at the end of each of the Relevant Periods:

	As at 31 December			As at 30 June
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
Properties under development	230,831	101,374	117,764	131,286

22. PLEDGE OF ASSETS AND SHARES

Details of the Target Company's assets pledged for the interest-bearing bank loans are included in note 18 of this section.

23. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions disclosed elsewhere in the Financial Information, the Target Company had the following material transactions with related parties during the Relevant Periods:

	31 December			30 June	
	2013	**2014**	**2015**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Acquisition of leasehold land from a company which is jointly controlled by the ultimate holding company of the Target Company *(note i)*	283,941	–	–	–	–
Purchases of professional services from the immediate holding company of the Target Company *(note ii)*	37,820	10,202	–	–	–
Purchases of professional services from a fellow subsidiary of the Target Company *(note ii)*	5,142	1,878	652	215	414
Purchases of professional services from a company which is one of the shareholders of the immediate holding company of the Target Company *(note ii)*	–	–	387	387	–

Notes:

(i) The directors of the Target Company consider that the purchase of the leasehold land was conducted on mutually-agreed terms and in the ordinary course of the Target Company's business.

(ii) The directors of the Target Company consider that the purchases of professional services (including consulting services of project design and management) were made according to the published prices and conditions similar to those offered to the major customers of the supplier, except that interest was not charged on overdue balances.

(b) Outstanding balances with a related party:

The Target Company's balances with a related party are unsecured, interest free and have no fixed terms of repayment.

24. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Financial assets

	Loans and receivables			
	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments, deposits and other receivables	1,247	2,658	5,054	5,242
Amount due from a related party	250	–	–	–
Restricted bank deposits	–	29,954	20,876	52,069
Cash and cash equivalents	96,388	79,557	50,453	46,985
	97,885	112,169	76,383	104,296

Financial liabilities

	Financial liabilities at amortised cost			
	As at 31 December			As at 30 June
	2013	2014	2015	2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	54,633	48,440	107,616	89,070
Financial liabilities included in other payables and accruals	5,462	5,231	4,919	6,173
Amount due to the immediate holding company	34,720	–	–	–
Amount due to a related party	–	–	–	214
Interest-bearing bank loans	–	85,061	141,141	113,550
	94,815	138,732	253,676	209,106

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of financial assets included in prepayments, deposits and other receivables, an amount due from a related party, restricted bank deposits, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals, an amount due to the immediate holding company, an amount due to a related party and interest-bearing bank loans approximate to their carrying amounts largely due to the short term maturities of these instruments.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Company's principal financial instruments mainly include financial assets included in prepayments, deposits and other receivables, an amount due from a related party, restricted bank deposits, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals, an amount due to the immediate holding company, an amount due to a related party and interest-bearing bank loans. The main purpose of these financial instruments is to raise finance for the Target Company's operations.

It is, and has been, throughout the Relevant Periods under review, the Target Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Target Company's financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Interest rate risk

The Target Company's exposure to the risk of changes in market interest rates relates primarily to the Target Company's interest-bearing bank loans bearing floating interest rates. The Target Company has not used any interest rate swaps to hedge its interest rate risk.

The Target Company's interest-bearing bank loans as at 31 December 2015 and 30 June 2016 were with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Target Company's properties under development (through the impact of floating rate interest-bearing bank loans) during the Relevant Periods. There was no impact on the Target Company's profit before tax or other equity.

Increase/(decrease) on properties under development

	As at 31 December			As at 30 June
	2013	**2014**	**2015**	**2016**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
If 100 basis points decrease in interest rates				
Properties under development	–	–	(1,411)	(568)
If 100 basis points increase in interest rates				
Properties under development	–	–	1,411	568

(b) Credit risk

The Target Company has no concentration of credit risk. The Target Company's cash and cash equivalents are mainly deposited with state-owned banks in Mainland China.

The carrying amounts of financial assets included in prepayments, deposits and other receivables and cash and cash equivalents included in the statements of financial position represent the Target Company's maximum exposure to credit risk in relation to its financial assets. The Target Company has no other financial assets which carry significant exposure to credit risk.

The Target Company has arranged bank financing for certain purchasers of its property units and provided guarantees to secure the obligations of these purchasers for repayments. A detailed disclosure of these guarantees is made in note 20 of this section.

(c) Liquidity risk

Management of the Target Company aims to maintain sufficient cash and cash equivalents, and the Target Company has available funding through an adequate amount of committed credit facilities to meet its construction commitments.

The table below summarises the maturity profile of the Target Company's financial liabilities as at the end of each of the Relevant Periods based on contractual undiscounted payments including interest payments computed using contractual rates or, if floating, based on rates current at the end of the Relevant Periods:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2013					
Trade payables	54,633	–	–	–	54,633
Financial liabilities included in other payables and accruals	5,462	–	–	–	5,462
Amount due to the immediate holding company	34,720	–	–	–	34,720
	94,815	–	–	–	94,815

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2014					
Trade payables	48,440	–	–	–	48,440
Financial liabilities included in other payables and accruals	5,231	–	–	–	5,231
Interest-bearing bank loans	–	1,408	5,144	89,773	96,325
	53,671	1,408	5,144	89,773	149,996
At 31 December 2015					
Trade payables	107,616	–	–	–	107,616
Financial liabilities included in other payables and accruals	4,919	–	–	–	4,919
Interest-bearing bank loans	–	1,831	146,634	–	148,465
	112,535	1,831	146,634	–	261,000
At 30 June 2016					
Trade payables	89,169	–	–	–	89,169
Financial liabilities included in other payables and accruals	6,173	–	–	–	6,173
Amount due to a related party	214	–	–	–	214
Interest-bearing bank loans	–	1,401	114,951	–	116,352
	95,556	1,401	114,951	–	211,908

Capital management

The primary objectives of the Target Company's capital management are to safeguard the Target Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the owner's value.

The Target Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Target Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 30 June 2016.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The information set out in this appendix does not form part of the financial information of the Group, as set out in "Appendix I-Financial information of the Group" to this circular, and the accountants' reports prepared by the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, set out in Appendix IIA and Appendix IIB to this Circular, respectively, and are included to herein for information only.

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(i) Basis of preparation of the unaudited pro forma financial information of the Enlarged Group

To provide additional financial information, the unaudited pro forma statement of assets and liabilities (the ''Unaudited Pro Forma Financial Information") of the Enlarged Group (being the Company and its subsidiaries (collectively referred to as the "Group") together with 廣州星勝房地產開發有限公司 (the "1st Project Company") and 天韻（廣州）房地產開發有限公司 (the "2nd Project Company") (collectively referred to as the "Target Companies") as at 30 June 2016 has been prepared based on:

(a) the historical unaudited interim condensed consolidated statement of financial position of the Group as at 30 June 2016 which has been extracted from the interim report for the six months ended 30 June 2016 of the Company;

(b) after taking into account of the unaudited pro forma adjustments as described in the notes thereto to demonstrate how the acquisitions might have affected the historical financial information in respect of the Group as if the acquisitions of 75% equity interests of the Target Companies had been completed on 30 June 2016.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared using accounting policies consistent with that of the Group, as set out in the published annual report of the Company for the year ended 31 December 2015 and interim report of the Company for the six months ended 30 June 2016.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the financial information of the Group as set out in the published interim report of the Company for the six months ended 30 June 2016, the accountants' reports on each of the Target Companies as set out in Appendix IIA and Appendix IIB, respectively, to this Circular, the Company's announcements dated 24 June 2016 and 30 June 2016, respectively, and other financial information included elsewhere in this Circular.

The Unaudited Pro Forma Financial Information of the Enlarged Group is prepared by the directors of the Company for illustrative purposes only, and is based on a number of assumptions, estimates and currently available information. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information of the Enlarged Group may not give a true picture of the financial position of the Enlarged Group had the acquisitions been completed as at 30 June 2016 or at any future date.

(ii) Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group

	The Group as at 30 June 2016	Unaudited Pro Forma Adjustments		Unaudited Pro Forma Enlarged Group as at 30 June 2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
		Note 1	*Note 2*	
NON-CURRENT ASSETS				
Property, plant and equipment	1,138,370	–	–	1,138,370
Prepaid land lease payments	1,352,025	–	–	1,352,025
Investment properties	1,306,170	–	–	1,306,170
Intangible assets	9,437	–	–	9,437
Goodwill	28,498	–	–	28,498
Investments in joint ventures	890,742	383,365	880,912	2,155,019
Investments in associates	384,152	–	–	384,152
Available-for-sale investments	106,303	–	–	106,303
Deferred tax assets	326,846	–	–	326,846
Prepayments, deposits and other receivables	52,615	–	–	52,615
Total non-current assets	5,595,158	383,365	880,912	6,859,435
CURRENT ASSETS				
Properties under development	24,882,537	–	–	24,882,537
Completed properties held for sale	4,031,661	–	–	4,031,661
Trade receivables	2,346,769	–	–	2,346,769
Prepayments, deposits and other receivables	7,606,294	–	–	7,606,294
Amounts due from joint ventures	759,080	–	–	759,080
Amount due from an associate	402,610	–	–	402,610
Tax prepayments	459,579	–	–	459,579
Restricted bank deposits	3,318,512	–	–	3,318,512
Cash and cash equivalents	6,027,368	(383,365)	(880,912)	4,763,091
Total current assets	49,834,410	(383,365)	(880,912)	48,570,133

	The Group as at 30 June 2016	Unaudited Pro Forma Adjustments		Unaudited Pro Forma Enlarged Group as at 30 June 2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
		Note 1	*Note 2*	
CURRENT LIABILITIES				
Trade payables	3,697,724	–	–	3,697,724
Other payables and accruals	19,093,713	–	–	19,093,713
Amounts due to joint ventures	66,367	–	–	66,367
Interest-bearing bank loans and other borrowings	369,119	–	–	369,119
Tax payable	1,018,684	–	–	1,018,684
Total current liabilities	24,245,607	–	–	24,245,607
NET CURRENT ASSETS	25,588,803	(383,365)	(880,912)	24,324,526
TOTAL ASSETS LESS CURRENT LIABILITIES	31,183,961	–	–	31,183,961
NON-CURRENT LIABILITIES				
Interest-bearing bank loans and other borrowings	18,369,606	–	–	18,369,606
Convertible bonds	287,263	–	–	287,263
Deferred tax liabilities	939,887	–	–	939,887
Total non-current liabilities	19,596,756	–	–	19,596,756
Net assets	11,587,205	–	–	11,587,205
Equity				
Equity attributable to owners of the Company				
Share capital	135,778	–	–	135,778
Reserves	7,120,347	–	–	7,120,347
	7,256,125	–	–	7,256,125
Non-controlling interests	4,331,080	–	–	4,331,080
Total equity	11,587,205	–	–	11,587,205

(iii) Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group

1. Pursuant to the share transfer agreement entered into between the Group and Duxton Investment And Development Pte. Ltd. (the immediate holding company of the 1st Project Company, the "1st Vendor") and in accordance with the articles of association and co-operation agreement of the 1st Project Company, the Group and the 1st Vendor have joint control over the 1st Project Company; the decisions about the relevant activities of the 1st Project Company as set out on page 12 to this Circular require the unanimous consent of the Group and the 1st Vendor. Investment in the 1st Project Company is, therefore, treated as an investment in a joint venture of the Group and equity method is applied. The pro forma adjustment represents recognition of the Group's investment in the 1st Project Company as an investment in a joint venture, which comprises the aggregate consideration of RMB383,000,000 paid to the 1st Vendor and the transaction costs including legal and professional fees, printing costs and other related expenses to be borne by the Group of approximately RMB365,000 incurred in connection with this acquisition.

   According to International Accounting Standard 28 Investments in Associates and Joint Ventures (the "IAS 28"), an investment is accounted for using the equity method from the date on which it becomes an associate or a joint venture. On acquisition of the investment, any difference between the cost of the investment and the entity's share of net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

   (a) Goodwill relating to an associate or a joint venture is included in the carrying amount of the investment. Amortization of that goodwill is not permitted.

   (b) An excess of the equity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the equity's share of the associate or joint venture's profit or loss in the period in which the investment is required.

   The Directors of the Company have considered the difference between the carrying amount of the investment cost in the 1st Project Company and the 75% share of the net fair value of identifiable assets and liabilities of the 1st Project Company as at 30 June 2016, which were estimated by the Directors of the Company based on the valuation performed by DTZ Cushman & Wakefield Limited, an independent firm of professionally qualified valuers engaged by the Company. The valuation report was set out in Appendix IV to this Circular.

The following table illustrates the reconciliation of the carrying amount of the investment cost in the 1st Project Company:

	RMB'000
Market value of the properties held for development *(note 1)*	710,000
Less: Carrying amount of the properties held for development *(note 2)*	(150,381)
	559,619
Deferred tax impact	(327,692)
Fair value adjustment *(note 3)*	231,927
Carrying amount of the net assets of the 1st Project Company *(note 2)*	159,836
The net fair value of the identifiable assets and liabilities of the 1st Project Company	**391,763**
Proportion of the Group's ownership	75%
The Group's share of the net fair value of the identifiable assets and liabilities of the 1st Project Company	293,822
Goodwill on acquisition	89,543
Carrying amount of the investment cost in the 1st Project Company	**383,365**

Note:

1. The market value is extracted from the valuation report as set out in Appendix IV to this Circular.
2. The carrying amounts of such balances were extracted from the accountants' report of the 1st Project Company as set out in Appendix IIA to this Circular.
3. The fair value adjustment for the identifiable assets and liabilities of the 1st Project Company arose from the appreciation on the properties held for development.

Since the net fair value of the identifiable assets and liabilities of the 1st Project Company at the actual completion date of this acquisition may substantially different from the net fair value used in the preparation of this Unaudited Pro Forma Financial Information of the Enlarged Group, the final amounts of the net fair value of the identifiable assets and liabilities of the 1st Project Company, goodwill and the carrying amount of the investment cost in the 1st Project Company to be recognised in connection with this acquisition may be different from the amounts presented here and the differences may be significant.

With respect to the 1st Put Option as defined in the section of Definitions of this Circular, its exercise price will be determined with reference to the fair market value of the 1st Project Company at the exercise date, the Directors of the Company are of the view that the value of the 1st Put Option is minimal at the actual completion date of this acquisition.

2. Pursuant to the share transfer agreement entered into between the Group and Optima Investment & Development Pte. Ltd. (the immediate holding company of the 2nd Project Company, the "2nd Vendor") and in accordance with the articles of association and co-operation agreement of the 2nd Project Company, the Group and the 2nd Vendor have joint control over the 2nd Project Company; the decisions about the relevant activities of the 2nd Project Company as set out on page 12 to this Circular require the unanimous consent of the Group and the 2nd Vendor. Investment in the 2nd Project Company is, therefore, treated as an investment in a joint venture of the Group and equity method is applied. The pro forma adjustment represents recognition of the Group's investment in the 2nd Project Company as an investment in a joint venture, which comprises the aggregate consideration of RMB880,000,000 paid to the 2nd Vendor and the transaction costs including legal and professional fees, printing costs, and other related expenses to be borne by the Group of approximately RMB912,000 incurred in connection with this acquisition.

According to IAS 28, details of which have been set out in note 1 above, the Directors of the Company have considered the difference between the carrying amount of the investment cost in the 2nd Project Company and the 75% share of the net fair value of identifiable assets and liabilities of the 2nd Project Company as at 30 June 2016, which were estimated by the Directors of the Company based on the valuation performed by DTZ Cushman & Wakefield Limited, an independent firm of professionally qualified valuers engaged by the Company. The valuation report was set out in Appendix IV to this Circular.

The following table illustrates the reconciliation of the carrying amount of the investment cost in the 2nd Project Company:

	RMB'000
Market value of the properties held for sale and properties held for development *(note 1)*	1,681,000
Less: Carrying amount of the properties held for sale and properties held for development *(note 2)*	(776,374)
	904,626
Deferred tax impact	(424,203)
Fair value adjustment *(note 3)*	480,423
Carrying amount of the net assets of the 2nd Project Company *(note 2)*	496,008
The net fair value of the identifiable assets and liabilities of the 2nd Project Company	**976,431**
Proportion of the Group's ownership	75%
The Group's share of the net fair value of the identifiable assets and liabilities of the 2nd Project Company	732,323
Goodwill on acquisition	148,589
Carrying amount of the investment cost in the 2nd Project Company	**880,912**

Note:

1. The market value is extracted from the valuation report as set out in Appendix IV to this Circular.

2. The carrying amounts of such balances were extracted from the accountants' report of the 2nd Project Company as set out in Appendix IIB to this Circular.

3. The fair value adjustment for the identifiable assets and liabilities of the 2nd Project Company arose from the appreciation on the properties held for sale and properties held for development.

Since the net fair value of the identifiable assets and liabilities of the 2nd Project Company at the actual completion date of this acquisition may substantially different from the net fair value used in the preparation of this Unaudited Pro Forma Financial Information of the Enlarged Group, the final amounts of the net fair value of the identifiable assets and liabilities of the 2nd Project Company, goodwill and the carrying amount of the investment cost in the 2nd Project Company to be recognised in connection with this acquisition may be different from the amounts presented here and the differences may be significant.

With respect to the 2nd Put Option as defined in the section of Definitions of this Circular, its exercise price will be determined with reference to the fair market value of the 2nd Project Company at the exercise date, the Directors of the Company are of the view that the value of the 2nd Put Option is minimal at the actual completion date of this acquisition.

(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this circular, in respect of the unaudited pro forma financial information of the Enlarged Group as set out in section A of Appendix III to this circular.

EY 安永

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

30 September 2016

The Directors
Times Property Holdings Limited
Suites 4706-4707, 47/F
Two Exchange Square
8 Connaught Place
Central
Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Times Property Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), 廣州星勝房地產開發有限公司 (Guangzhou Xingsheng Real Estate Development Company Limited*) and 天韻(廣州)房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd.) (collectively, the "Target Companies") (the Group and the Target Companies are collectively referred to as the "Enlarged Group") by the directors of the Company (the "Directors") for illustrative purpose only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2016 and related notes (the "Unaudited Pro Forma Financial Information") set out on pages 72 to 78 of the circular issued by the Company dated 30 September 2016 (the "Circular"), in connection with the proposed acquisitions of 75% equity interests in the Target Companies (the "Acquisitions"). The applicable criteria of the basis on which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages 72 to 78 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Acquisitions on the Group's financial position as at 30 June 2016 as if the Acquisitions had taken place at 30 June 2016. As part of this process, the information about the Group's financial position has been extracted by the Directors from the Group's interim condensed consolidated financial statements for the six months ended 30 June 2016 as set out in the interim report of the Company dated 3 August 2016. The financial information of the Target Companies used in the Unaudited Pro Forma Financial Information is based on the financial information of each of the Target Companies as set out in their respective accountants' reports included in Appendix IIA, Appendix IIB to the Circular.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* issued by the HKICPA, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Acquisitions on unadjusted financial information of the Group as if the Acquisitions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisitions would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Acquisitions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the Acquisitions in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The English name of Chinese entity marked with "" is translation of its Chinese name and is included in this circular for identification purpose only, and should not be regarded as its official English translation. In the event of any inconsistency, the Chinese name prevails.*

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this Circular received from DTZ Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of values of the property interests held by 1st Project Company and 2nd Project Company as at 30 June 2016.

DTZ CUSHMAN & WAKEFIELD
戴德梁行

16/F
Jardine House
1 Connaught Place
Central
Hong Kong

30 September 2016

The Directors
Times Property Holdings Limited
Suites 4706-4707
47/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

Dear Sirs,

Instructions, Purpose & Valuation Date

In accordance with the instructions from Times Property Holdings Limited (the "Company") for us to value the property interests held by 廣州星勝房地產開發有限公司 (Guangzhou Xingsheng Real Estate Development Company Limited) (the "1st Project Company") and 天韻(廣州)房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd.) (the "2nd Project Company") in the People's Republic of China (the "PRC") (as more particularly described in the attached valuation certificates), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such property interests as at 30 June 2016.

Definition of Market Value

Our valuations of each of the properties represent its Market Value. The definition of Market Value adopted in The HKIS Valuation Standards 2012 Edition follows the International Valuation Standards published by the International Valuation Standards Council ("IVSC"). Market Value is defined by the IVSC as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Valuation Basis and Assumptions

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of the Hong Kong Limited, The Codes on Takeovers and Mergers issued by the Securities and Futures Commission and The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors.

Our valuations exclude any estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuations of the properties in the PRC, we have assumed that, unless otherwise stated, the transferable land use rights of the properties for their respective terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Company regarding the title to each of the properties and the interests of the Company in the properties. In valuing the properties, we have assumed that the Company has an enforceable title to each of the properties and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired land use term as granted.

In respect of the properties situated in the PRC, the status of titles and grant of major certificates, approvals and licenses, in accordance with the information provided by the Company are set out in the notes of the respective valuation certificate.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Method of Valuation

In valuing property No. 2, which is held by the 2nd Project Company for sale in the PRC, we have used the direct comparison approach assuming sale of these properties in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market.

In valuing property Nos. 1 and 3, which are held by the 1st Project Company and 2nd Project Company respectively for future development in the PRC, we have valued them on the basis that they will be developed and completed in accordance with the latest development proposals provided to us by the Company (if any). We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been or will be obtained without onerous conditions or delays. We have also assumed that the design and construction of the developments are in compliance with the local planning and other relevant regulations and have been or will be approved by the relevant authorities. In arriving at our valuations, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs as well as the costs that will be expended to complete the developments.

Sources of Information

We have been provided by the Company with extracts of documents in relation to the titles to the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Company and its legal adviser, Commerce & Finance Law Office (通商律師事務所) regarding the title to each of the properties and the interests of the Company in the properties. We have accepted advice given by the Company on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, number of car parking spaces, particulars of occupancy, site and floor areas, interest attributable to the Company and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificates are based on information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuations. We were also advised by the Company that no material facts have been omitted from the information provided.

Title Investigation

We have been provided with extracts of documents relating to the titles of the properties in the PRC, but no searches have been made in respect of the properties. We have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties in the PRC and we have therefore relied on the advice given by the Company regarding the owner's interests in the PRC properties.

Site Inspection

Our DTZ Guangzhou Office valuer, Andy He (10 years' experience in the valuation of properties in the PRC), Member of Royal Institution of Chartered Surveyors (皇家特許測量師學會會員) ("MRICS") and Member of China Institute of Real Estate Appraisers and Agents (中國房地產估價師與房地產經紀人學會會員) ("MCIREA") have inspected the exterior and, whenever possible, the interior of the properties in August, 2016. However, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations is prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period. No structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the properties and we have assumed that the area shown on the documents handed to us are correct.

Currency

Unless otherwise stated, all sums stated in our valuations are in Renminbi, the official currency of the PRC.

We enclose herewith a summary of our valuations and our valuation certificates.

Yours faithfully,
for and on behalf of
DTZ Cushman & Wakefield Limited
Andrew K.F. Chan
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc., M.H.K.I.S.
Regional Director

Note: Mr. Andrew K. F. Chan is a Registered Professional Surveyor who has over 29 years of experience in the valuation of properties in the PRC.

SUMMARY OF VALUATIONS

Property		Market value in existing state as at 30 June 2016 *(RMB)*	Interest attributable to the acquiring interest of the 1st Project Company *(%)*	Market value in existing state attributable to the acquiring interest of the 1st Project Company as at 30 June 2016 *(RMB)*
Group I – Property held by 1st Project Company for future development in the PRC				
1.	Development site, Lot No. ZSCN-B2-2, west of Jiulong Avenue, Jiulong Town, Southern Start-up Area of Sino-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, Guangdong Province, the PRC	710,000,000	75	532,500,000
	Sub-total of Group I:	**710,000,000**		**532,500,000**

	Property	Market value in existing state as at 30 June 2016	Interest attributable to the acquiring interest of the 2nd Project Company	Market value in existing state attributable to the acquiring interest of the 2nd Project Company as at 30 June 2016
		(RMB)	*(%)*	*(RMB)*
Group II – Properties held by 2nd Project Company in the PRC				
Property held by 2nd Project Company for sale in the PRC				
2.	The unsold portion of Block Nos. T17 to T21 of a residential development known as時代天韻, Lot No. ZSCN-B2-1, west of Jiulong Avenue, Jiulong Town, Southern Start-up Area of Sino-Singapore, Guangzhou Knowledge City, Huangpu District, Guangzhou, Guangdong Province, the PRC	646,000,000	75	484,500,000
Property held by 2nd Project Company for future development in the PRC				
3.	Remaining development site of Lot No. ZSCN-B2-1, west of Jiulong Avenue, Jiulong Town, Southern Start-up Area of Sino-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, Guangdong Province, the PRC	1,035,000,000	75	776,250,000
	Sub-total of Group II:	**1,681,000,000**		**1,260,750,000**
	Grand total of Groups I to II:	**2,391,000,000**		**1,793,250,000**

VALUATION CERTIFICATE

Group I – Property held by 1st Project Company for future development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2016
1.	Development site, Lot No. ZSCN-B2-2, west of Jiulong Avenue, Jiulong Town, Southern Start-up Area of Sino-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, Guangdong Province, the PRC	The property comprises a parcel of residential development site with a site area of 61,145.00 sq m. As advised by the Company, a proposed residential development will be developed on the property with a total planned plot ratio gross floor area of 165,091.50 sq m. The property is held with land use rights for a term due to expire on 20 December 2082 for residential use.	As at the valuation date, the property was bare land.	RMB710,000,000 75% interest attributable to the acquiring interest of the 1st Project Company RMB532,500,000

Notes:

(1) According to State-owned Land Use Rights Certificate No. (2016) 06600046 issued by 廣州市人民政府 (People's Government of Guangzhou Municipality), on 30 March 2016 the land use rights of the property comprising a site area of 61,145.00 sq m, have been vested in 廣州星勝房地產開發有限公司 (Guangzhou Xingsheng Real Estate Development Company Limited) for residential use with a term due to expire on 20 December 2082 for residential use.

(2) According to Grant Contract of Land Use Rights No. 4401162012B00641 dated 21 December 2012, the land use rights of a land parcel with a site area of 61,145.00 sq m have been granted to 廣州知識城投資開發有限公司 (Guangzhou Knowledge City Investment and Development Company Limited) with a maximum plot ratio of 2.7 for residential use.

According to the Grant Contract, the commencement date and completion date of construction are stated as 21 December 2013 and 21 December 2016 respectively. However application for extension of the commencement date and completion date of construction had been made to the local authorities on 22 June 2016 for extending the commencement date and completion date of construction to 21 September 2017 and 21 December 2020 respectively.

(3) According to Transfer Contract of Land Use Rights No. SSGKCID-PD-TD-2015-001 dated 3 June 2015, 廣州知識城投資開發有限公司 (Guangzhou Knowledge City Investment and Development Company Limited) (Party A) agreed to transfer the land use rights of a land parcel with a site area of 61,145.00 sq m to 廣州星勝房地產開發有限公司 (Guangzhou Xingsheng Real Estate Development Company Limited) (Party B) for a consideration of RMB146,000,500.

(4) According to Acquisition Agreement of 75% shares of 廣州星勝房地產開發有限公司 (Guangzhou Xingsheng Real Estate Development Company Limited) entered into between Duxton Investment And Development Pte. Ltd. (Party A) and 廣州市時創房地產開發有限公司 (Party B) on 24 June 2016, Party A agreed to transferred 75% share of 廣州星勝房地產開發有限公司 (Guangzhou Xingsheng Real Estate Development Company Limited) to Party B for a consideration of RMB383,000,000.

According to Co-operation Agreement of 廣州星勝房地產開發有限公司 (Guangzhou Xingsheng Real Estate Development Company Limited) entered into between Duxton Investment And Development Pte. Ltd. (Party A) and 廣州市時創房地產開發有限公司 (Party B) on 24 June 2016, profit in operation after taxation available for distribution (after deduction of the reserve fund (儲備基金), enterprise development fund (企業發展基金) and employee bonus and welfare fund (職工獎勵及福利基金) will be distributed to the parties in proportion to their respective shareholdings in the 廣州星勝房地產開發有限公司 (Guangzhou Xingsheng Real Estate Development Company Limited).

(5) According to Business License No. 914401163364386207 dated 7 July 2016, 廣州星勝房地產開發有限公司 (Guangzhou Xingsheng Real Estate Development Company Limited) was established on 5 August 2015 as a limited liability company with a registered capital of RMB250,000,000 for a valid operation period from 5 August 2015 to 5 August 2035.

(6) We have been provided with a legal opinion on the property prepared by the Company's PRC legal adviser, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 廣州星勝房地產開發有限公司 (Guangzhou Xingsheng Real Estate Development Company Limited) is the legal land user of the property;

(iii) 廣州星勝房地產開發有限公司 (Guangzhou Xingsheng Real Estate Development Company Limited) have the rights to freely lease, transfer, mortgage and dispose of the land use rights provided that where any of the property has been mortgaged, the company has to discharge the mortgage or obtain the mortgagee's consent in advance

(7) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Company are as follows:

State-owned Land Use Rights Certificate	Yes
Grant Contract of State-owned Land Use Rights	Yes
Transfer Contract of State-owned Land Use Rights	Yes
Business License	Yes

VALUATION CERTIFICATE

Group II – Property held by 2nd Project Company for sale in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2016
2.	The unsold portion of Block Nos. T17 to T21 of a residential development known as Times Horizon (時代天韻), Lot No. ZSCN-B2-1, west of Jiulong Avenue, Jiulong Town, Southern Start-up Area of Sino-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, Guangdong Province, the PRC	The property comprises the unsold portion of the development known as Times Horizon erected on a parcel of land with a site area of 103,890.00 sq m. The property is located in Block Nos. T17 to T21 of Times Horizon completed in 2016 with a total gross floor area of 81,282.19 sq m with details as follows **Use** / **Gross floor area** *(sq m)* Residential 57,651.72 Retail 152.27 Carpark (631 lots) 23,478.20 Total 81,282.19 The property is held with land use rights for a term due to expire on 20 September 2080 for residential use.	As at the valuation date, the property was vacant.	RMB646,000,000 75% interest attributable to the acquiring interest of the 2nd Project Company RMB484,500,000

Notes:

(1) According to State-owned Land Use Rights Certificate No. (2013) 05000026 issued by 廣州市人民政府 (People's Government of Guangzhou Municipality) on 7 March 2013, the land use rights of the property comprising a site area of 103,890.00 sq m, have been vested in 天韻(廣州)房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd.) for residential use with a term due to expire on 20 September 2080 for residential use.

(2) According to Grant Contract of Land Use Rights dated 21 September 2010, the land use rights of a land parcel with a site area of 121,980.00 sq m have been granted to 廣州知識城投資開發有限公司 (Guangzhou Knowledge City Investment and Development Company Limited) with a maximum plot ratio of 2.7 for residential use.

(3) According to Transfer Contract of Land Use Rights dated 3 September 2012, 廣州知識城投資開發有限公司 (Guangzhou Knowledge City Investment and Development Company Limited)(Party A) agreed to transfer the land use rights of a land parcel with a site area of 103,890.00 sq m to 天韻(廣州)房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd.) (Party B) for a consideration of RMB283,940,600.

(4) According to Acquisition Agreement of 75% shares of 天韻(廣州)房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd.) entered into between Optima Investment & Development Pte. Ltd. (Party A) and 廣州市時創房地產開發有限公司 (Party B) on 30 June 2016, Party A agreed to transferred 75% share of 天韻(廣州)房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd.) to Party B for a consideration of RMB880,000,000.

According to Co-operation Agreement of 天韻(廣州)房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd.) entered into between Optima Investment & Development Pte. Ltd. (Party A) and 廣州市時創房地產開發有限公司 (Party B) on 30 June 2016, profit in operation after taxation available for distribution (after deduction of the reserve fund (儲備基金), enterprise development fund (企業發展基金) and employee bonus and welfare fund (職工獎勵及福利基金) will be distributed to the parties in proportion to their respective shareholdings in the 天韻(廣州)房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd.).

(5) According to Planning Permit for Construction Use of Land issued by 廣州開發區規劃和國土資源管理局 (Planning and Land Resource Administration Bureau of Guangzhou Development District), on 12 March 2013 the construction site of a parcel of land with a site area of 103,890.00 sq m, is in compliance with the urban planning requirements.

(6) According to Planning Permit for Construction Works No. (2013)91 issued by 廣州開發區規劃和國土資源管理局 (Planning and Land Resource Administration Bureau of Guangzhou Development District) on 17 May 2013, the construction works of Zone 1A comprising 5 residential buildings namely Block Nos. T17 to T21 and a basement with a total planned gross floor area of 93,022.00 sq m are in compliance with the urban planning requirements and have been approved.

(7) According to Permit for Commencement of Construction Works No. (2013)119 issued by 廣州開發區建設和市政園林局 (Construction and Municipal Gardens Bureau of Guangzhou Development District) dated 19 August 2013, the commencement of the construction works of Zone 1A comprising 5 residential buildings namely Block Nos. T17 to T21 and a basement with a total gross floor area of 93,022.00 sq m was permitted.

(8) According to three Pre-sale Permits of Commodity Property Nos. 20150782, 20140327 and 20160104 issued by 廣州市國土資源和房屋管理局 (Guangzhou Municipal Land Resources and Housing Administrative Bureau), 554 residential units with a total gross floor area of 65,425.79 and 4 retail units with a total gross floor area of 152.27 sq m have been permitted to be pre-sold.

(9) According to Planning Check and Acceptance Certificate No. (2016)3 issued by 廣州開發區國土資源和規劃局中新廣州知識城分局 (Sino-Singapore Guangzhou Knowledge City Sub-bureau of Guangzhou Development District Land Resources and Planning Bureau) on 26 May 2016, the construction works of Zone 1A comprising 5 residential buildings namely Block Nos. T17 to T21 and a basement has been completed in compliance with the urban planning requirements.

(10) As advised by the Company, 189 residential units of the property with a total gross floor area of approximately 24,103.42 sq m has been pre-sold for a consideration of RMB278,836,045. In the course of our valuation, we have taken into account the above contracted selling price of the pre-sold portion.

(11) According to Business License No. 914401165895161996 dated 14 July 2016, 天韻(廣州)房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd.) was established on 8 February 2012 as a limited liability company with a registered capital of RMB516,153,515 for a valid operation period from 8 February 2012 to 7 February 2042.

(12) We have been provided with a legal opinion on the property prepared by the Company's PRC legal adviser, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 天韻(廣州)房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd.) is the legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) Portion of the property is subject to a mortgage in favour of China Merchants Bank. Under such mortgage contract, 天韻(廣州)房地產開發有限公司(Horizon (Guangzhou) Property Development Co., Ltd.) cannot lease, transfer, mortgage and dispose of the property without prior consent from the mortgagee; and

(iv) 天韻（廣州）房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd.) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, 天韻(廣州)房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd.) has to discharge the mortgage or obtain the mortgagee's consent in advance.

(13) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Company are as follows:

State-owned Land Use Rights Certificate	Yes
Grant Contract of State-owned Land Use Rights	Yes
Transfer Contract of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit of Commodity Property	Yes
Planning Check and Acceptance Certificate	Yes
Business License	Yes

VALUATION CERTIFICATE

Group II – Property held by 2nd Project Company for future development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2016
3.	Remaining development site of Lot No. ZSCN-B2-1, west of Jiulong Avenue, Jiulong Town, Southern Start-up Area of Sino-Singapore Guangzhou Knowledge City, Huangpu District, Guangzhou, Guangdong Province, the PRC	The property comprises the remaining development site of a parcel of land with a site area of 103,890.00 sq m. As advised by the Company, a proposed residential development will be developed on the property with a total planned plot ratio gross floor area of 207,051.00 sq m. The property is held with land use rights for a term due to expire on 20 September 2080 for residential use.	As at the valuation date, the property was bare land.	RMB1,035,000,000 75% interest attributable to the acquiring interest of the 2nd Project Company RMB776,250,000

Notes:

(1) According to State-owned Land Use Rights Certificate No. (2013) 05000026 issued by 廣州市人民政府 (People's Government of Guangzhou Municipality) on 7 March 2013, the land use rights of the property comprising a site area of 103,890.00 sq m, have been vested in 天韻(廣州)房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd.) for residential uses with a term due to expire on 20 September 2080 for residential use.

(2) According to Grant Contract of Land Use Rights dated 21 September 2010, the land use rights of a land parcel with a site area of 121,980.00 sq m have been granted to 廣州知識城投資開發有限公司 (Guangzhou Knowledge City Investment and Development Company Limited) with maximum plot ratio of 2.7 for residential use.

(3) According to Transfer Contract of Land Use Rights dated 3 September 2012, 廣州知識城投資開發有限公司 (Guangzhou Knowledge City Investment and Development Company Limited) (Party A) agreed to transfer the land use rights of a land parcel with a site area of 103,890.00 sq m to 天韻(廣州)房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd.) (Party B) for a consideration of RMB283,940,000.

(4) According to Acquisition Agreement of 75% shares of 天韻(廣州)房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd.) entered into between Optima Investment & Development Pte. Ltd. (Party A) and 廣州市時創房地產開發有限公司 (Party B) on 30 June 2016, Party A agreed to transferred 75% share of 天韻(廣州)房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd.) to Party B for a consideration of RMB880,000,000.

According to Co-operation Agreement of 天韻(廣州)房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd.) entered into between Optima Investment & Development Pte. Ltd. (Party A) and 廣州市時創房地產開發有限公司 (Party B) on 30 June 2016, profit in operation after taxation available for distribution (after deduction of the reserve fund (儲備基金), enterprise development fund (企業發展基金) and employee bonus and welfare fund (職工獎勵及福利基金) will be distributed to the parties in proportion to their respective shareholdings in the 天韻(廣州)房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd.).

(5) According to Planning Permit for Construction Use of Land issued by 廣州開發規劃和國土資源管理局 (Planning and Land Resource Administration Bureau of Guangzhou Development District), on 12 March 2013 the construction site of a parcel of land with a site area of 103,890.00 sq m, is in compliance with the urban planning requirements.

(6) According to Business License No. 914401165895161996 dated 14 July 2016, 天韻(廣州)房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd.) was established on 8 February 2012 as a limited liability company with a registered capital of RMB516,153,515 for a valid operation period from 8 February 2012 to 7 February 2042.

(7) We have been provided with a legal opinion on the property prepared by the Company's PRC legal adviser, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 天韻(廣州)房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd.) is the legal land user of the property; and

(iii) 天韻(廣州)房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd.) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, 天韻(廣州)房地產開發有限公司 (Horizon (Guangzhou) Property Development Co., Ltd.) has to discharge the mortgage or obtain the mortgagee's consent in advance.

(8) The status of title and grant of major approvals and licenses in accordance with the information provided to us by the Company are as follows:

State-owned Land Use Rights Certificate	Yes
Grant Contract of State-owned Land Use Rights	Yes
Transfer Contract of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Business License	Yes

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in the compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests in Shares

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which the Directors and chief executive were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") of the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

(i) Interest in Shares of the Company

Name of Director	**Nature of interest**	**Number of securities**[1]	**Approximate percentage of shareholding**
Shum Chiu Hung[2]	Interest in a controlled corporation[2]	1,195,072,000(L)	69.36%
Guan Jianhui[3]	Interest of spouse	3,276,000(L)	0.19%
	Beneficial owner	43,074,000(L)	2.50%
Bai Xihong[4]	Interest of spouse	2,017,000(L)	0.12%
	Beneficial owner	43,074,000(L)	2.50%
Li Qiang	Beneficial owner	2,880,000(L)	0.17%
Cen Zhaoxiong	Beneficial owner	1,318,000(L)	0.08%

Notes:

1. The letter "L" denotes long position in such securities.

2. As at the Latest Practicable Date, Mr. Shum Chiu Hung is deemed to be interested in 1,195,072,000 Shares, representing approximately 69.36% of the issued Shares. 1,195,072,000 Shares were held by Asiaciti, which is 60% and 40% owned as to by Renowned Brand Investments Limited ("**Renowned Brand**") and East Profit Management Limited ("**East Profit**"), respectively. Renowned Brand is wholly-owned by Mr. Shum Chiu Hung.

3. As at the Latest Practicable Date, Ms. Chen Jie Yan, the spouse of Mr. Guan Jianhui is interested in 3,276,000 Shares. Mr. Guan Jianhui is deemed to be interested in those Shares.

4. As at the Latest Practicable Date, Ms. Wan Zhi Ning, the spouse of Mr. Bai Xihong is interested in 2,017,000 Shares. Mr. Bai Xihong is deemed to be interested in those Shares.

(ii) Interest in Associated Corporations of the Company

Name of Director	Associated Corporation	Nature of interest	Number of securities	Approximate percentage in the registered capital of the associated corporation
Shum Chiu Hung[1]	Asiaciti	Interest in a controlled corporation	120	60%
Shum Chiu Hung	Renowned Brand	Beneficial owner	1	100%

Note:

1. Asiaciti is owned as to 60% by Renowned Brand which is in turn wholly owned by Mr. Shum Chiu Hung.

(iii) Interest in debentures

Name of Director	Nature of interest	Principal amount of debentures	Unit size of debentures
Shum Chiu Hung[1]	Interest of spouse	USD5,000,000	1,000

Note:

1. The USD5,000,000 debentures are held by Ms. Li Yiping, the spouse of Mr. Shum Chiu Hung. Mr. Shum Chiu Hung is deemed to be interested in these debentures. The debentures bore interest at a rate of 12.625% per annum payable semi-annually, matured on 21 March 2019.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company, had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which the Directors and chief executive were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company, or were required, pursuant to the Model Code of the Listing Rules to be notified to the Company and the Stock Exchange.

(b) Directors' service contracts

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group or any associated company of the Company (excluding contracts expiring or determinable within one year without payment of compensation other than statutory compensation).

(c) Interests in assets

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest, direct or indirect, in any assets which has been, since 31 December 2015, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

(d) Interests in contract or arrangement

As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the date of this circular and which is significant in relation to the business of the Group.

(e) Directors' interests in competing businesses

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company under section 336 of the SFO, the persons other than a Director or chief executive of the Company who had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Long positions in the Shares of the Company

Name	Capacity/Nature of interest	Number of securities[1]	Approximate percentage of shareholding
Li Yiping[2]	Interest in a controlled corporation	1,195,072,000(L)	69.36%
Asiaciti[2]	Beneficial owner	1,195,072,000(L)	69.36%
Renowned Brand[3]	Interest in a controlled corporation	1,195,072,000(L)	69.36%
East Profit[3]	Interest in a controlled corporation	1,195,072,000(L)	69.36%
FIG Corp.[4][9]	Interest in a controlled corporation	110,857,142(L)	6.43%
Fortress Asian Investment Holdings L.P.[5][6][9]	Interest in a controlled corporation	110,857,142(L)	6.43%
Fortress IFC Asian Investment Holdings GP LLC[5][6][7][9]	Interest in a controlled corporation	110,857,142(L)	6.43%
Fortress IFC Asian Investments Holdings L.P.[6][9]	Interest in a controlled corporation	110,857,142(L)	6.43%
Fortress Investment Group LLC[4][9]	Interest in a controlled corporation	110,857,142(L)	6.43%
Fortress Japan Opportunity II GP L.P.[8][9]	Interest in a controlled corporation	110,857,142(L)	6.43%
Fortress Japan Opportunity II GP LLC[4][8][9]	Interest in a controlled corporation	110,857,142(L)	6.43%
Fortress Japan Opportunity Fund II (Dollar) Holdings L.P.[5][7][8][9]	Interest in a controlled corporation	110,857,142(L)	6.43%

Name	Capacity/Nature of interest	Number of securities[1]	Approximate percentage of shareholding
Fortress Japan Opportunity Fund II (Yen A) Holdings L.P.[5][7][8][9]	Interest in a controlled corporation	110,857,142(L)	6.43%
Fortress Operating Entity I L.P.[4][9]	Interest in a controlled corporation	110,857,142(L)	6.43%
Hybrid GP Holdings LLC[4][9]	Interest in a controlled corporation	110,857,142(L)	6.43%
Schiavona Investment Holdings Ltd.[6][9]	Beneficial owner	110,857,142(L)	6.43%

Notes:

1. The letter "L" denotes long position in such securities.

2. As at the Latest Practicable Date, Ms. Li Yiping, the spouse of Mr. Shum Chiu Hung, is deemed to be interested in 1,195,072,000 Shares, representing approximately 69.36% of the issued Shares. 1,195,072,000 Shares were held by Asiaciti, which is 60% and 40% owned as to by Renowned Brand and East Profit, respectively. East Profit is wholly-owned by Ms. Li Yiping.

3. Renowned Brand and East Profit held 60% and 40% equity interest respectively in Asiaciti. As such, it is deemed to be interested in the 1,195,072,000 Shares held by Asiaciti.

4. Fortress Japan Opportunity II GP LLC was wholly owned by Hybrid GP Holdings LLC, which was in turn wholly owned by Fortress Operating Entity I L.P.. Fortress Operating Entity I L.P. was owned as to 0.01% by FIG Corp. as general partner, which was in turn wholly owned by Fortress Investment Group LLC.

5. Fortress Asian Investment Holdings L.P. was owned as to 0.01% by Fortress IFC Asian Investment Holdings GP LLC as general partner, 34.34% by Fortress Japan Opportunity Fund II (Yen A) Holdings L.P. and 44.42% by Fortress Japan Opportunity Fund II (Dollar) Holdings L.P., respectively.

6. Schiavona Investment Holdings Ltd. was wholly owned by Fortress IFC Asian Investments Holdings L.P., which was in turn owned as to 74.99% by Fortress Asian Investment Holdings L.P. and 0.01% by Fortress IFC Asian Investment Holdings GP LLC as general partner, respectively.

7. Fortress IFC Asian Investment Holdings GP LLC was owned as to 34.34% by Fortress Japan Opportunity Fund II (Yen A) Holdings L.P. and 44.42% by Fortress Japan Opportunity Fund II (Dollar) Holdings L.P., respectively.

8. Each of Fortress Japan Opportunity Fund II (Yen A) Holdings L.P. and Fortress Japan Opportunity Fund II (Dollar) Holdings L.P. was owned as to 0.01 % by Fortress Japan Opportunity II G P L. P. as general partner, which was in turn owned as to 0.01% by Fortress Japan Opportunity II GP LLC as general partner.

9. Capitalised terms used in this paragraph shall have the same meanings as those defined in the announcement of the Company dated 7 July 2014. These Shares are the underlying Shares to be issued upon the full conversion of the Bonds. Completion of the subscription of the Bonds at the principal amount of HKD388,000,000 took place on 25 July 2014. As at the date of this circular, the Company has not been notified by the noteholder of its intention to convert the Bonds.

Save as disclosed above, the Directors and the chief executive of the Company were not aware that there was any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group or had any share options in respect of such capital.

As at the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business, were entered into by members of the Group within the two years immediately preceding the Latest Practicable Date which are, or may be material:

(a) the 1^{st} Acquisition Agreement;

(b) the 2^{nd} Acquisition Agreement;

(c) the 1^{st} Co-operation Agreement; and

(d) the 2^{nd} Co-operation Agreement.

5. LITIGATION

As at the Latest Practicable Date, there was no litigation or claim of material importance that is known to the Directors to be pending or threatening against the Company or any of its subsidiaries.

6. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given its opinions or advices which are contained in this circular:

Name	Qualification
DTZ Cushman & Wakefield Limited	Independent property valuer
Ernst & Young	Certified public accountants

As at the Latest Practicable Date, each of the above experts did not have any direct or indirect interest in any asset which had been acquired, disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2015, the date to which the latest audited financial statements of the Group was made up; and was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

7. MISCELLANEOUS

(a) The registered office of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and the principal place of business of the Company in Hong Kong is at Suites 4706-4707, 47/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

(b) The Company's Hong Kong share registrar and transfer office is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(c) The joint company secretaries of the Company are Mr. Lui Wai Pang and Ms. Lai Siu Kuen. Mr. Lui Wai Pang is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Ms. Lai Siu Kuen is a fellow member of the Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom.

(d) The English text of this circular shall prevail over the Chinese text.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong during normal business hours on any weekdays during the period of 14 days from the date of this circular:

(a) the amended and restated memorandum and articles of association of the Company;

(b) the written consent referred to in the paragraph headed "Expert's qualification and consent" in this Appendix;

(c) the annual reports of the Company for the two years ended 31 December 2014 and 2015 and the interim report of the Company for the period ended 30 June 2016;

(d) each of the material contracts set out under the paragraph headed "Material Contracts" in this Appendix;

(e) the accountant's reports as set out in Appendix IIA, IIB and III to this circular;

(f) the property valuation report as set out in Appendix IV to this circular; and

(g) this circular.