



天譽置業（控股）有限公司
SKYFAME REALTY (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)
(Stock code: 00059)

Interim Report

2015

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CORPORATE INFORMATION

Directors

Executive Directors:

YU Pan (*Chairman and Chief Executive Officer*)
WEN Xiaobing (*Deputy Chief Executive Officer*)
JIANG Jing (*appointed on 1 July 2015*)
WONG Lok

Non-executive Directors:

ZHONG Guoxing

Independent Non-executive Directors:

CHOY Shu Kwan
CHENG Wing Keung, Raymond
CHUNG Lai Fong

Company Secretary

CHEUNG Lin Shun

Audit Committee

CHOY Shu Kwan (*Chairman*)
CHENG Wing Keung, Raymond
CHUNG Lai Fong

Remuneration Committee

CHUNG Lai Fong (*Chairman*)
CHOY Shu Kwan
CHENG Wing Keung, Raymond
YU Pan

Nomination Committee

YU Pan (*Chairman*)
CHOY Shu Kwan
CHEUNG Wing Keung, Raymond
CHUNG Lai Fong

Risk Management Committee

WEN Xiaobing (*Chairman*)
CHOY Shu Kwan
CHEUNG Wing Keung, Raymond
CHUNG Lai Fong

Listing Information

Share Listing

Main Board of The Stock Exchange of
Hong Kong Limited, Stock Code: 00059

Bond Listing

The Stock Exchange of Hong Kong Limited
The Company's 0.1% bonds due 2024, Stock Code: 05821
The Company's 0.1% bonds due 2031, Stock Code: 05855

Company's Website

<http://www.tianyudc.com>

Head Office and Principal Place of Business in The PRC

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8 Linhe Zhong Road, Tianhe District,
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Telephone: (86-20) 2208 2888
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Principal Place of Business in Hong Kong

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151 Gloucester Road,
Wanchai, Hong Kong.
Telephone: (852) 2111 2259
Facsimile: (852) 2890 4459

Registered Office

Clarendon House, 2 Church Street,
Hamilton, HM 11, Bermuda.

Principal Share Registrar and Transfer Office

Codan Services Limited
Clarendon House, 2 Church Street,
Hamilton, HM 11, Bermuda.

Branch Share Registrar and Transfer Office

Tricor Abacus Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong.

Principal Bankers

Industrial and Commercial Bank of China Limited
The Bank of East Asia, Limited

Auditor

BDO Limited
Certified Public Accountants

Legal Advisers

Hong Kong Laws:

Sidley Austin
DLA Piper Hong Kong
Vincent T.K. Cheung, Yap & Co.

Bermuda Laws:

Conyers Dill & Pearman

PRC Laws:

廣東泛美律師事務所
(Guangdong Pan American Law Firm)

MANAGEMENT DISCUSSION AND ANALYSIS

A. Business review

The first six months in the year 2015 saw generally a mild recovery in the property sector in the country. Sales of properties turn positive in some regions despite a slowing economy on mainland China in the latest months. The industry's recovery is particularly seen in first-tier cities where both prices and sale volumes demonstrate mild improvements, but situations in the second and third-tier cities are not as good where inventories of completed properties are still a big issue to overcome.

Up till the period-end date, the Group has launched three projects, including Zhoutouzui Project in Guangzhou, Nanning Skyfame Garden Project in Nanning and Yongzhou Project in Hunan, for presales according to the planned development timelines. The pre-sale performance is within the expectation of our management in light of the current market atmosphere. For the six months ended 30 June 2015, contracted sales in aggregate of approximately RMB1.3 billion have been recorded, indicating a 42.8% achievement of the annual forecasted contracted sales of RMB3.0 billion for the whole year. Alongside with these pre-sales, aggregated saleable GFA of 103,600 sq.m in properties in Yongzhou Project have been completed of which properties in saleable GFA of 66,700 sq.m. were handed over to buyers. Sale revenue of RMB113.2 million was recorded for the period.

B. Property Portfolio

1. *Properties under development and land reserves*

Including the new project with planned developable GFA of approximately 1,425,000 sq.m. situated at the riverfront in Nanning which was acquired in a public land auction on 4 February 2015, the Group was undergoing the development of a total of five real estate development projects in mainland China as at 30 June 2015. Up to 21 August 2015, the Group's projects on hand rendered a total GFA of approximately 3,240,000 sq.m., out of which a total saleable GFA of 590,300 sq.m., excluding that for the resettlement housing in the Nanning Skyfame Garden Project, are currently or will be in pre-sale stage in the coming months of 2015.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

B. Property Portfolio *(Continued)*

1. Properties under development and land reserves *(Continued)*

The details about the Group's projects on hand as at 21 August 2015 are summarised below:

Project	Location	Property type	Estimated Project Total GFA (sq.m.) <i>(Note 1)</i>	Actual/estimated completion year	The Group's interest
Zhoutouzui Project	Guangzhou	Residential and commercial	320,000	2016 to 2017	72%
Nanning Skyfame Garden Project	Nanning	Residential, commercial and ancillary facilities	1,176,000	2016 to 2018	80%
Skyfame Nanning ASEAN Maker Town Project (Formerly known as "Nanning Riverside Project")	Nanning	Composite	1,425,000	2018 to 2022	100%
Yongzhou Project	Yongzhou	Residential, commercial and ancillary facilities	207,000 <i>(Note 1)</i>	2014 to 2016	70%
Tianhe Project	Guangzhou	Commercial	112,000	2016	<i>(Note 2)</i>
Total			<u>3,240,000</u>		

Note:

- (1) Project total developable GFAs presented here represent the total GFA developable in the project, including the area sold and delivered in the period and previous years. The developable GFA in Yongzhou Project includes 33.8% of developable GFA which has been sold and delivered up to 30 June 2015.
- (2) Equity interests in the project was sold in 2010 and the Group resumes the role as the project manager of the project. Revenue and costs associated with the disposal will only be recognized in the consolidated profit or loss of the Company upon completion of the project.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

B. Property Portfolio *(Continued)*

1. Properties under development and land reserves *(Continued)*

Zhoutouzui Project

The project, named "Skyfame Byland" ("天譽半島"), is held by a sino-foreign cooperative joint venture enterprise which is jointly controlled by the Company and a third party, Guangzhou Port Group Co., Limited (廣州港集團有限公司, "Port Authority"), an original user of the land who is entitled to share 28% in developable GFA of the completed properties pursuant to a joint venture agreement entered into in 2001. The legal title over the remaining 72% of the completed properties rests with the Group.

The site, opposite to the renowned White Swan Hotel, offers a full waterfront view of the Pearl River. The project, situated on a site of 43,609 sq.m., will be a mixed-use development with a total developable GFA of approximately 320,000 sq.m., consisting of 7 towers comprising residential apartments, offices, serviced apartments, and municipal and other facilities, underground car parking facilities and supporting commercial facilities.

Up to 25 July 2015, Tower A1, A4, A6 and A7 have been roofed and the remaining towers will be roofed by end of 2015. The management expects that Tower A4, A5, A6 and A7 will be completed and started to be delivered to buyers in 2016 and early 2017, whilst Tower A2 and A3 delivered in mid-2017. Other than the serviced apartments in Tower A1 that are currently planned to be held for long-term leasing, the residential units in other towers (with the exception of a total saleable GFA of approximately 81,000 sq.m. in Tower A4 and A5 and some car parking spaces that are to be handed over to the Port Authority) are expected to be pre-sold in 2015 and years onwards. Pre-sale of residential units in tower A6 and A7 commenced in January 2015. Up to 25 July 2015, contracted sales of approximately RMB912.3 million (total saleable GFA of approximately 26,800 sq.m.) have been made and deposits for contracted sales of RMB768.6 million received.

Tianhe Project

The project, consisting of a developable GFA of approximately 112,000 sq.m. in two twin towers, is a mixed-use development that comprises a hotel, serviced apartments and offices situated in Tianhe District, which is a commercial business hub in central Guangzhou. As of 25 July 2015, the curtain walls of the two towers and the office show flats were completed and currently interior decoration works are being carried out and electrical and mechanical appliances being installed.

Pursuant to an agreement entered into with Hainan Airline Hotel Holdings Group Co., Limited (海航酒店控股集團有限公司) ("HNA Hotel") as the purchaser in 2010, the equity interest in the project was sold to HNA Hotel at a gross consideration of RMB1.09 billion before deduction of finance and other costs that are to be borne by the Group. According to the disposal agreement, construction costs are to be borne by HNA Hotel whilst the Group resumes the role of a project manager and is responsible for the due completion of the properties at an agreed timeline of development and any overruns in construction costs.

Given the current progress of the development, the Directors expect that the project will be completed before mid-2016 and the sale transaction entered into in 2010 will then be fully recorded in the accounts of the Group. With our current assessment of the costs to be borne by the Group, an estimated gain of approximately RMB201.8 million will be recognised upon completion of the project.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

B. Property Portfolio *(Continued)*

1. Properties under development and land reserves *(Continued)*

Yongzhou Project

Under the framework agreement entered into with the city government of Yongzhou, Hunan province in 2011, two subsidiaries of the Group are contracted to develop the Yongzhou Project that offers a total site area of 1,000 mu on which a total developable GFA of about 1.6 million sq.m. is to be developed into residential, commercial complexes and street-front shops. As a condition to the grant of development rights, the project company is also obliged to manage the remodelling works of some scenic spots in Donshan District of Yongzhou.

The first phase of the Project, named as “Tianyu-huafu” (“天譽•華府”), features a residential development of villas, apartments and retail shops with a total saleable GFA of approximately 197,800 sq.m. on a 106-mu site. As of 25 July 2015, 6 towers of high-rise apartments and underground car park spaces of saleable GFA of 94,200 sq.m. are under construction, and saleable GFA of approximately 36,900 sq.m. of villas, retail shops and 3 towers of high-rise apartments have been completed but unsold. An aggregated saleable GFA of approximately 66,700 sq.m., mainly of apartments, have been sold and delivered to buyers since the start of the delivery of properties in May 2014 up to 30 June 2015 and the revenue for properties sold of GFA of approximately 30,700 sq.m. was recognized in the operating results of the Group for the financial year ended 31 December 2014 and revenue in respect of the other GFA 36,000 sq.m. recognized in the current interim period, whilst saleable GFA of approximately 130,800 sq.m. remains unsold up to 30 June 2015, for which up to 25 July 2015, sale contracts have been made in respect of saleable GFA of approximately 55,100 sq.m. for properties under construction which will be expected to be delivered in late 2015 and 2016 at contracted sale proceeds totalling RMB203.6 million.

Nanning Skyfame Garden Project

The project is situated in Wuxiang New District (五象新區), a new zone in Nanning, Guangxi province. Commenced construction since the Group acquired the land use right from a land auction in the first quarter of 2014, the project is being developed into a residential district, namely “Nanning Skyfame Garden” (“南寧天譽花園”), with a total developable GFA of approximately 1,176,000 sq.m., consisting of developable GFA of approximately 887,000 sq.m. for residential and retail properties and other facilities for sale and a total GFA of approximately 289,000 sq.m. of residential and commercial units for compensated housing for the resettlement of the original occupants. The project is divided into five zones, named Zone 3, 4, 5, 6 and 7.

As of 25 July 2015, all zones are under construction. Out of a total 62 towers, 8 towers have been roofed. Pre-sales of property units in Zone 3 and 5 of saleable GFA of approximately 183,000 sq.m. to individual and group buyers have commenced and contracted sales totaling approximately RMB587.3 million, representing 54.8% in saleable GFA under pre-sales, have been made up to 25 July 2015 and handing-over to buyers is scheduled to commence in the fourth quarter of 2016. The management also plans to commence pre-sales of some areas in Zone 3, 4 and 5 with scheduled physical delivery to buyers by phases through late 2016 to 2018. Saleable GFA of 289,000 sq.m. in Zone 4, 6 and 7 will be delivered to original land occupants for resettlement housing for which sale proceeds totaling RMB993.2 million have been received from the city government. The management expects the resettlement properties starts to be delivered in 2016 and 2017. In addition to the deposits received from city government, deposits of approximately RMB140.6 million have been received from interested potential buyers.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

B. Property Portfolio *(Continued)*

1. Properties under development and land reserves *(Continued)*

Skyfame Nanning ASEAN Maker Town Project (Formerly known as "Nanning Riverside Project")

In February 2015, the Group succeeded in a public auction for the land use rights of three land plots of site area of 194,221 sq. m. (equivalent to 291.33 mu) located at the north of Wuxiang Da Road, Wuxiang New Zone (五象新區), Liangqing District, Nanning. Guangxi, the People's Republic of China at an aggregate consideration of approximately RMB705.0 million. The development is planned to be a composite project, which will become a landmark in Wuxiang New District, that comprises residential and commercial properties of shopping mall, a skyscraper with a planned height of approximately 530 meter, hotel, A-class offices, car parks for sale and leasing and other ancillary facilities with a planned total developable GFA of approximately 1,425,000 sq.m..

The project is divided into east and west zone and will be developed in phases. East zone consists of A-class offices, a skyscraper, a hotel and retail properties while west zone consists of residential and retail properties. Preliminary development works have been commenced. Construction works are expected to be completed in the years from 2018 to 2022.

2. Investment properties

The Group also holds two investment properties for regular leasing income with details as follows:

A 17,300 sq.m. commercial podium at Tianyu Garden Phase II in Tianhe District, Guangzhou is 94.3% occupied as at 30 June 2015. The occupancy rate has recovered when new tenancies were entered into upon the expiry of old leases. The Directors consider the properties are fairly stated in the statement of financial position of the Group as of 30 June 2015 at directors' estimated open market values totaling RMB447.0 million.

A 14,500 sq.ft. office premise at AXA Centre in Wanchai, Hong Kong of which GFA of 8,700 sq. ft. are leased to third party tenants and the other 5,800 sq. ft. for self-use. The Directors consider the property is fairly stated in the statement of financial position of the Group as of 30 June 2015 at directors' estimated open market value of approximately RMB109.5 million (approximately HK\$138.8 million).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

C. Business Outlook

In the latest months in the six months ended 30 June 2015, signs of rebounds in property markets in tier-1 cities were obvious as a result of multiple stimulus taken by the central government to boost the economic growth of the country which include easing banking policies on mortgage loans. The recent improvements in the mainland china housing market suggest that these policy measures being implemented start to work. However, it has been seen in the mass market with a tepid recovery while large size property units remain stagnant. The uptick in house prices in Shenzhen and Shanghai, and signs of stabilization in Beijing (though the upturns in Guangzhou market has yet to be seen) is very good news to the market players. The management believes that the central government will roll out supportive financial and administrative policies that support the demand for upgraded housing that will favor larger-sized properties. We expect the Guangzhou market, where our current business focus is, will follow the track of recovery.

From the perspective of the Company, moving from the year 2015 and onwards, the operation will bring positive free cash flow from operation to the Group when most of the projects, other than the newly acquired project at the riverside of Nanning, are being put up for sale. In 2015, there will be an aggregate volume of properties in approximately saleable GFA of 720,900 sq.m. on sale, with an expected contract sales of RMB3.0 billion for the year 2015 for which, depending on the scheduled timing of delivery of these presold properties, the revenue relating to these presale contracts will be recognized in the profit and loss of the Group during the years from 2016 and up to 2018. Amongst, Zhoutouzui Project, being a luxurious upmarket residential project in Guangzhou and the sizeable high-end residential development in Nanning Skyfame Garden Project no doubt will provide the Group with a big advancement in the Group's liquidity. Our Group can ride on the stronger asset backing position which will enhance the Group's ability to finance new land acquisitions. These two projects are expected to be completed in 2016 and 2017, coupled with the completion of Tianhe Project in Guangzhou in early 2016, there will undoubtedly introduce a promising breakthrough in the earnings of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

D. Financial Review

Sales Turnover and Margins

Property sales of the Group are the largest income earner, constituting 85.7% of total revenue for the period (2014: 81.0%). During the period, the Group's "Tianyu-huafu" development in Yongzhou, Hunan province delivered properties of approximately 36,000 sq.m. in GFA of mostly high-rise residential apartments, retail and commercial properties, recognizing a total revenue of RMB113.2 million to the Group. In the corresponding period last year, revenue of RMB85.8 million was recorded for sales of 26,200 sq.m. in GFA for the low-rise apartments in the same project and in Guiyang Project.

The effect on gross margin on the commercial properties that command higher selling prices was outweighed by the low-priced apartments sold during the period. The apartments were sold at RMB2,844 per sq.m., slightly below the carrying costs of RMB3,059 per sq.m.. The overall gross margin of property sales for the period is 0.94% (2014: 8.1%). The low pricing of apartments in Yongzhou Project reflects the management's strategy to sell the unsold inventories in the region where demand in the property market has turned low. Added to a provision of RMB8.6 million for impairment loss of the unsold apartments that are marked to the current realizable value, the gross margin of property sales for the period dropped to a loss of RMB7.6 million.

The leasing of properties at the commercial podium at Tianyu Garden Phase II in Guangzhou and offices at AXA Centre in Wanchai, Hong Kong, the Group's secondary line of business, contributed a total revenue of RMB9.6 million (2014: RMB8.6 million), an increase of 11.7% from last period. The leasing income for the period improved in line with the higher occupancy of the premises. The occupancy rate of the commercial podium at Tianyu Garden Phase II and AXA Centre is respectively 94.3% and 100% as at 30 June 2015. The leasing income has been a stable contributor both in revenue and margin. The gross margin of this income stream is 89.3% (2014: 79.4%).

The property management company acquired by the Group in early 2014 provides a relative stable income of RMB9.3 million for the period (2014: RMB11.5 million). The drop in income was explained by the disposal of the property management company for the Guiyang Project since its disposal by the Group in November 2014. The operation enjoys a margin of 70.9% (2014: 82.5%).

Due to the higher proportion of property sales, which are with lower margins, to total revenue for the period, the overall gross margin of the Group for the period is 5.7%, which is lower than the 22.0% for 2014.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

D. Financial Review *(Continued)*

Operating Expenses

As a result of the launching of pre-sale marketing activities for Nanning Skyfame Garden Project and Zhoutouzui Project, sales and marketing expenses, consisting of mainly advertising, promotions and agent commission, surged 153.7% to RMB21.6 million. Administrative and other operating expenses amounting to RMB53.0 million, increased 19.1% from last period. Staff costs, being the biggest expense item constituting 42.0% of total operating expenses, amounted to RMB31.4 million, representing a 25.5% rise from last period due to the recruitment of staff at senior levels for business needs. Total staff costs incurred during the period amounted to RMB47.0 million (2014: RMB36.6 million), of which RMB15.6 million were capitalized as development costs of properties under development.

Finance Costs

The Group's additional borrowings in the period were mostly utilized to finance the acquisition of land in Nanning and construction of projects. Finance costs, including arrangement fees, incurred during the period rose 21.6% to RMB143.0 million. Most finance costs incurred were capitalized as costs of those projects under development whilst only RMB2.1 million was charged against the operating results for the period. The Group's annualized blended borrowing costs is 11.3%.

Non-operating Items

Non-operating items include mainly the increase of RMB16.7 million in the fair values of the derivative financial liabilities embedded in the rights attached to the Company's exchangeable bonds of HK\$298 million issued to a bondholder in 2013.

Taxation

Provision in taxation included a provision of RMB2.6 million made for land appreciation tax in the sales of villas and commercial properties in Yongzhou Project and provision for corporate income taxes.

Losses Attributable to Shareholders

The low turnover but high operating costs has negatively impacted the operating results of the Company for the period. The Company incurred a consolidated after-tax loss of RMB77.2 million of which losses of RMB70.3 million were attributable to the shareholders of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**D. Financial Review** (Continued)**Liquidity and Financial Resources**

1. Asset Base

	Changes	30 June 2015 RMB'000	31 December 2014 RMB'000
Total assets	25.3%	8,675,166	6,924,966
Net assets	-4.5%	1,658,266	1,735,614

Properties under development, with total carrying costs of RMB5,337.1 million, is the biggest asset category constituting 61.5% of the total assets of the Group. Other assets include interests in Tianhe Project of RMB788.6 million, investment properties with fair market values totaling RMB556.5 million, properties for self-use, plant and equipment of RMB266.1 million, restricted cash and pledged deposits of RMB480.9 million, cash and cash equivalents of RMB326.7 million, investment fund of RMB200.0 million, and the remaining include properties held for sale in Yongzhou Project, trade deposits and receivables and balance of sale consideration receivable from HNA Hotel in respect of the disposal of the equity interest in Tianhe Project. Total assets, in aggregate of RMB8,675.2 million, increase in pace with the additional investment costs put in the development projects during the period.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

D. Financial Review *(Continued)*

Liquidity and Financial Resources *(Continued)*

2. Capital structure and liquidity

The indebtedness of the Group aggregates to RMB2,619.8 million at the period-end date, representing an increase of RMB344.9 million when compared with the last year-end. It also includes money market loans of RMB472.6 million due to two banks which are guaranteed by letter of credits issued by banks being backed up by cash deposits of RMB301.8 million and an investment asset of RMB200.0 million placed in banks and a financial institution. Excluding such backed-up loans, the indebtedness of the Group amounted to RMB2,147.2 million at the period-end, an increase of RMB345.2 million from last year-end. The increase is led by the increased borrowings to meet with the construction costs of the Group's ongoing projects and the land costs of the new project in Nanning acquired during the period. The details and maturity profile of the indebtedness are illustrated as follows:

	Within one year	1 to 2 years	2 to 5 years	Over 5 years	Total carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank and other borrowings					
– Secured bank borrowings	728,294	391,592	9,358	49,613	1,178,857
– Other secured borrowings	782,933	–	–	–	782,933
– Unsecured borrowings	528,776	–	–	112,461	641,237
	<u>2,040,003</u>	<u>391,592</u>	<u>9,358</u>	<u>162,074</u>	<u>2,603,027</u>
Derivative financial liabilities	16,759	–	–	–	16,759
	<u>2,056,762</u>	<u>391,592</u>	<u>9,358</u>	<u>162,074</u>	<u>2,619,786</u>

The gearing ratio, calculated as total indebtedness net of cash and cash equivalents (the “**Net Debt**”) divided by the equity attributable to shareholders of the Company plus Net Debt), is 54.8% at the period-end date (31 December 2014: 51.0%). The increase in the gearing ratio reflects the rise in the Group's indebtedness to finance the development and land costs of development projects. As most of the projects are going into sale or pre-sale stages, the Group will have sufficient liquidity to serve the commitments of its debts.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)**D. Financial Review** (Continued)**Liquidity and Financial Resources** (Continued)

2. Capital structure and liquidity (Continued)

	Changes	30 June 2015 RMB'000	31 December 2014 RMB'000
Current assets			
Properties under development	39.4%	5,337,061	3,828,284
Properties under Tianhe Project	–	788,602	–
Properties held for sale	22.0%	153,108	125,526
Consideration receivable	–	105,000	–
Trade and other receivables	-4.2%	447,651	467,037
Short-term investments	-18.0%	200,000	244,000
Restricted and pledged deposits	43.6%	480,928	334,844
Cash and cash equivalents	62.5%	326,702	201,105
<i>Sub-total (A)</i>	50.7%	7,839,052	5,200,796
Current liabilities			
Trade and other payables	275.6%	859,282	228,774
Properties pre-sale deposits	62.0%	2,366,681	1,461,340
Bank and other borrowings			
– current portion	61.0%	2,101,926	1,305,610
Derivative financial liabilities	52271.9%	16,759	32
Consideration from disposal of Tianhe Project	–	990,360	–
Income tax payable	-81.3%	12,131	64,971
<i>Sub-total (B)</i>	107.4%	6,347,139	3,060,727
Net current assets (A-B)	-30.3%	1,491,913	2,140,069
Current ratios (A/B)	-27.1%	1.24	1.70

Current assets, totaling RMB7,839.1 million as at the period-end date, show a 50.7% increase than that on last year-end date. The increase in current assets is mainly due to the increased development costs incurred in projects and the increase in cash received from presales.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

D. Financial Review *(Continued)*

Liquidity and Financial Resources *(Continued)*

2. Capital structure and liquidity *(Continued)*

Total current liabilities at the current period-end amounted to RMB6,347.1 million, representing an increase of 107.4% from last year-end date. The increase in current liabilities is mainly due to the reclassification of sale consideration received from the buyer of the Tianhe Project to current liabilities when the project is scheduled for completion in early 2016, and the increased pre-sale deposits and borrowings that become repayable within one year.

The current ratio, being 1.24 times at the period-end (31 December 2014: 1.70 times), indicates theoretically a tightened liquidity position as a result of the increased current liabilities as at 30 June 2015. The increase in current liabilities mainly due to pre-sale proceeds of RMB2,366.7 million which were increased by RMB905.3 million and the considerations received by phases from a purchaser totaling RMB990.0 million for the disposal of the equity interests in Tianhe Project which was reclassified from long-term liabilities to current liabilities during the period as the project is due to be delivered before mid-2016. Under this perspective, the short-term indebtedness that needs refinancing can be sufficiently served by the realization of current assets of the Group. Having said, the management will carefully monitor the liquidity position of the Group from time to time to ensure controllable measures are taken to make available financial resources to meet with the maturing liabilities, and close attention is being taken to ensure the due delivery of properties to fulfill the commitments of pre-sale contracts. In addition, the management we make special efforts in marketing properties that are on the schedule of presale with an objective of turning properties into cash.

Subsequent to the period-end date on 3 July 2015, the Company and a subsidiary of the lender HK\$298 million loan (the "**Lender**") entered into (i) a facility agreement pursuant to which the Lender has agreed to make available to the Company a two-year secured term loan in an aggregate amount of HK\$560.0 million (the "**Secured Loan**") and (ii) a subscription agreement pursuant to which the Lender agreed to subscribe and pay for a secured two-year convertible bonds to be issued by the Company in an aggregate principal amount of HK\$40.0 million (the "**Convertible Bonds**"). The Secured Loan was drawn down and the Convertible Bonds issued on 23 July 2015 with a total net proceed of HK\$564.0 million (approximately RMB444.8 million) received. The proceeds were totally utilized to repay an unsecured loan and accrued interests, and partially a money market loan. The Secured Loan and Convertible Bonds are secured by a legal charge over the shares of a subsidiary holding the indirect interests in Zhoutouzui Project.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

D. Financial Review *(Continued)*

Liquidity and Financial Resources *(Continued)*

3. *Borrowings and pledge of assets*

The land and construction works-in-progress in Zhoutouzui Project and Yongzhou Project, the commercial units at AXA Centre and office premises at HNA Tower, and certain units at the commercial podium in Tianyu Garden Phase II are mortgaged in favour of commercial banks and the beneficiary of a trust to secure for financing facilities granted to the Group for its general working capital. In addition, all the issued shares of Guangzhou Zhoutouzui Development Limited, a subsidiary holding the equity interest in Zhoutouzui Project, are charged as security in favor of the exchangeable bonds issued to a financial institution in 2013 and a loan facility granted by a fellow subsidiary of the bondholder in early July 2015. As at 30 June 2015, the outstanding balances of these secured indebtedness amounted to RMB1,978.5 million whilst the pledged assets and the underlying assets represented by these securities carried an aggregated realizable value of estimated at approximately RMB8,769.9 million measured by open market values as at 30 June 2015. The securities provide sufficient leverage to the creditors. The Group is well backed by sufficient assets in its indebtedness.

E. Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2015 (31 December 2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

F. Treasury Management

The Group is principally engaged in property development activities which are all conducted in the PRC and denominated in RMB, the functional currency of the Company's principal subsidiaries. At the same time, certain financing, property leasing, investment holding and administrative activities of the Group are carried out and denominated in HK or US dollars.

During the period and up to the period-end date, RMB fluctuates in mild extent in both directions against HK and US dollars. Foreign exchange gains totally RMB1.8 million were realized when foreign transactions were transacted in Hong Kong dollars. Exchange differences arising from the consolidation of assets and liabilities of subsidiaries operated in Hong Kong as at 30 June 2015 results to an exchange loss of RMB0.6 million. The loss is charged against the exchange reserve that forms part of the equity of the Company.

However, the recent volatility of the exchange rate of RMB in early August 2015 where it depreciated at a time by nearly 4% against HK and US dollars alerted the management about the possible adverse impacts of the depreciation of RMB against HK or US dollars in which the offshore foreign currency indebtedness of approximately RMB1,045.3 million as at 30 June 2015, representing 39.9% of the Group's total indebtedness, are denominated. The management will take active control measures to hedge against exchange risks and hence relieve the Group's exchange exposure. In addition, it is the Group's policy not to enter into derivative activities for speculative objectives.

G. Employees

The Group recruits suitable staff in capable caliber to fill vacancies created as a result of the growing business. As at 30 June 2015, including three executive directors of the Company, the Group employed a total of full-time 616 staff, of which 172 work in site offices, 159 in the head office in Guangzhou and Hong Kong for central management and supporting work in the property development business and 285 full-time staff in the property management offices in Guangdong, Hunan provinces and Nanning city. Employees are remunerated according to qualifications experience, job nature and performance. They are incentivized by bonuses benchmarked on performance targets and options to acquire shares of the Company. Besides, training programs are offered to management trainees and staff at all levels. Remuneration packages are aligned with job markets in the business territories where the staff are located.

The board of directors (the “**Board**”) of Skyfame Realty (Holdings) Limited (the “**Company**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2015, together with comparative figures for the corresponding period of 2014.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Revenue	3	132,134	105,922
Cost of sales and services		(124,545)	(82,606)
Gross profit		7,589	23,316
Other income and gain, net		1,974	30
Sales and marketing expenses		(21,577)	(8,505)
Administrative and other expenses		(53,015)	(44,518)
Fair value changes in derivative financial liabilities		(16,727)	(3,111)
Impairment loss on goodwill		–	(1,209)
Impairment loss on disposal of a subsidiary, net of tax		–	(13,885)
Finance costs	4	(2,115)	(1)
Finance income	4	10,161	913
Loss before income tax	5	(73,710)	(46,970)
Income tax expense	6	(3,464)	(4,653)
LOSS FOR THE PERIOD		(77,174)	(51,623)
Other comprehensive income:			
Exchange differences arising on foreign operations		(593)	(451)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(77,767)	(52,074)
Loss for the period attributable to:			
– Owners of the Company		(70,340)	(48,261)
– Non-controlling interests		(6,834)	(3,362)
		(77,174)	(51,623)
Total comprehensive income for the period attributable to:			
– Owners of the Company		(70,933)	(48,712)
– Non-controlling interests		(6,834)	(3,362)
		(77,767)	(52,074)
Loss per share	7		
– Basic		(RMB0.0317)	(RMB0.0218)
– Diluted		(RMB0.0317)	(RMB0.0218)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	266,068	271,993
Investment properties	9	556,492	556,533
Properties under Tianhe project		–	777,090
Goodwill		13,554	13,554
Consideration receivable	10	–	105,000
		836,114	1,724,170
Current assets			
Properties under development		5,337,061	3,828,284
Properties under Tianhe project		788,602	–
Properties held for sale		153,108	125,526
Consideration receivable	10	105,000	–
Trade and other receivables	11	447,651	467,037
Short term investments	12	200,000	244,000
Restricted and pledged deposits	13	480,928	334,844
Cash and cash equivalents		326,702	201,105
		7,839,052	5,200,796
Current liabilities			
Trade and other payables	14	859,282	228,774
Properties pre-sale deposits		2,366,681	1,461,340
Bank and other borrowings – current portion	16	2,101,926	1,305,610
Derivative financial liabilities	16	16,759	32
Consideration from disposal of Tianhe project	17	990,360	–
Income tax payable		12,131	64,971
		6,347,139	3,060,727
Net current assets		1,491,913	2,140,069
Total assets less current liabilities		2,328,027	3,864,239
Non-current liabilities			
Bank and other borrowings – non-current portion	16	501,101	969,217
Consideration from disposal of Tianhe project	17	–	990,360
Deferred tax liabilities		168,660	169,048
		669,761	2,128,625
Net assets		1,658,266	1,735,614
Capital and reserves			
Share capital	18	21,068	21,068
Reserves		1,618,472	1,688,986
Equity attributable to owners of the Company		1,639,540	1,710,054
Non-controlling interests		18,726	25,560
Total equity		1,658,266	1,735,614

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

		Attributable to owners of the Company												
		Share capital	Share premium	Contributed surplus reserve	Share-based payment reserve	Property revaluation reserve	Merger reserve	Statutory reserves	Foreign exchange reserve	Other/capital reserve	Retained profits	Sub-total	Non-controlling interests	Total
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2015														
<i>(Unaudited)</i>														
	At 31 December 2014 (Audited) and 1 January 2015	21,068	1,507,182	16,116	12,152	34,499	(293,095)	6,471	(412)	743	405,330	1,710,054	25,560	1,735,614
	Loss for the period	-	-	-	-	-	-	-	-	(70,340)	(70,340)	(6,834)	(77,174)	
	Other comprehensive income	-	-	-	-	-	-	(593)	-	-	(593)	-	(593)	
	Total comprehensive income for the period	-	-	-	-	-	-	(593)	-	(70,340)	(70,933)	(6,834)	(77,767)	
	Reallocation of lapsed options from share-based payment reserve to retained profits	-	-	-	(577)	-	-	-	-	577	-	-	-	
	Recognition of equity-settled share-based payment expenses	-	-	-	419	-	-	-	-	-	419	-	419	
	At 30 June 2015 (Unaudited)	21,068	1,507,182	16,116	11,994	34,499	(293,095)	6,471	(1,005)	743	335,567	1,639,540	18,726	1,658,266
Six months ended 30 June 2014														
<i>(Unaudited)</i>														
	At 31 December 2013 (Audited) and 1 January 2014	21,068	1,507,182	16,116	13,505	34,499	(293,095)	6,471	(87)	7,351	536,971	1,849,981	75,668	1,925,649
	Loss for the period	-	-	-	-	-	-	-	-	(48,261)	(48,261)	(3,362)	(51,623)	
	Other comprehensive income	-	-	-	-	-	-	(451)	-	-	(451)	-	(451)	
	Total comprehensive income for the period	-	-	-	-	-	-	(451)	-	(48,261)	(48,712)	(3,362)	(52,074)	
	Reallocation of lapsed options from share-based payment reserve to retained profits	-	-	-	(1,934)	-	-	-	-	1,934	-	-	-	
	Recognition of equity-settled share-based payment expenses	-	-	-	535	-	-	-	-	-	535	-	535	
	Arising on acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	112	112	
	At 30 June 2014 (Unaudited)	21,068	1,507,182	16,116	12,106	34,499	(293,095)	6,471	(538)	7,351	490,644	1,801,804	72,418	1,874,222

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Operating activities		
Cash from/(used in) operations	58,269	(986,239)
Income tax paid	(56,692)	(3,518)
Other borrowing costs paid	(23,982)	(9,885)
Interest paid	(349,982)	(70,930)
	<hr/>	<hr/>
Net cash used in operating activities	(372,387)	(1,070,572)
	<hr/>	<hr/>
Investing activities		
Net cash inflow arising from the acquisition of a subsidiary	–	7,541
Purchase of property, plant and equipment	(2,193)	(5,555)
Disposal of short term investments	44,000	–
(Increase)/decrease in restricted and pledged deposits	(146,084)	46,153
Other investing activities	5,290	913
	<hr/>	<hr/>
Net cash (used in)/from investing activities	(98,987)	49,052
	<hr/>	<hr/>
Financing activities		
New bank and other borrowings	777,625	1,060,419
Repayment of bank and other borrowings	(180,057)	(98,108)
Loan advance from a related company	–	30,000
Repayment of loans from non-controlling shareholders of a subsidiary	–	(12,542)
	<hr/>	<hr/>
Net cash from financing activities	597,568	979,769
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	126,194	(41,751)
Effect of foreign exchange rate changes	(597)	217
Cash and cash equivalents at beginning of period	201,105	300,516
	<hr/>	<hr/>
	326,702	258,982
	<hr/>	<hr/>
Less: Balance classified as assets held for sale	–	(16,361)
	<hr/>	<hr/>
Cash and cash equivalents at end of period		
– Cash and bank balances	326,702	242,621
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements for the six months ended 30 June 2015 (the “**Interim Financial Statements**”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The Interim Financial Statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2014.

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

2. SEGMENT REPORTING

In a manner consistent with the way in which information is reported internally for the purposes of resource allocation and performance assessment, the Group is currently organised into three operating divisions – property development, property investment and property management services. As management of the Group considers that nearly all consolidated revenue are attributable to the markets in the People’s Republic of China (“**PRC**”) and consolidated non-current/current assets are substantially located in the PRC, no geographical information is presented. The Group’s reportable segments are as follows:

Property development	–	Property development and sale of properties
Property investment	–	Property leasing
Property management	–	Provision property management services

The Group’s senior executive management monitors the results attributable to each reportable segment on the basis that revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses directly incurred by those segments. In addition to the segment performance in terms of segment results, management also provides other segment information concerning depreciation and amortisation, write-down of properties under development and properties held for sale, impairment loss on trade and other receivables, additions to properties under development and capital expenditure.

Segment assets/liabilities include all assets/liabilities attributable to those segments with the exception of short-term investments, cash and bank balances, unallocated corporate assets, unallocated bank and other borrowings, derivative financial liabilities and tax payable. Investment properties are included in segment assets but the related fair value changes in investment properties are excluded from segment results because the Group’s senior executive management considers that they are not generated from operating activities.

2. SEGMENT REPORTING (Continued)

Information regarding the Group's reportable segments as provided to the Group's senior executive management for the purposes of resource allocation and assessment of segment performance in the Interim Financial Statements is set out below:

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Total RMB'000
Six months ended 30 June 2015 (Unaudited)				
Segment revenue				
Reportable segment revenue	113,280	13,616	14,896	141,792
Elimination of intra-segment revenue	–	(4,060)	(5,598)	(9,658)
Consolidated revenue from external customers	113,280	9,556	9,298	132,134
Segment results				
<i>Reconciliation:</i>				
Unallocated corporate net expenses				(14,172)
				(65,029)
Fair value changes in derivative financial liabilities				(16,727)
Finance costs				(2,115)
Finance income				10,161
Consolidated loss before income tax				(73,710)
Other segment information:				
Depreciation and amortisation	(607)	(449)	(863)	(1,919)
Write-down of properties under development and properties held for sale	(8,637)	–	–	(8,637)
Impairment loss on trade and other receivables	–	(6)	(43)	(49)
Additions to properties under Tianhe project	11,511	–	–	11,511
Additions to properties under development	1,516,201	–	–	1,516,201
Capital expenditure	1,207	–	75	1,282
As at 30 June 2015 (Unaudited)				
Assets and liabilities				
Assets				
Reportable segment assets	6,993,601	567,731	47,258	7,608,590
<i>Reconciliation:</i>				
Short term investments				200,000
Cash and cash equivalents				326,702
Unallocated restricted and pledged deposits				301,777
Unallocated corporate assets				
– Leasehold land and building				213,936
– Other corporate assets				24,161
Consolidated total assets				8,675,166
Liabilities				
Reportable segment liabilities	5,010,571	10,606	513,131	5,534,308
<i>Reconciliation:</i>				
Income tax payable				12,131
Deferred tax liabilities				168,660
Derivative financial liabilities				16,759
Unallocated bank and other borrowings				1,233,566
Unallocated corporate liabilities				51,476
Consolidated total liabilities				7,016,900

2. SEGMENT REPORTING (Continued)

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Total RMB'000
Six months ended 30 June 2014 (Unaudited)				
Segment revenue				
Reportable segment revenue	88,072	9,200	14,458	111,730
Elimination of inter-segment revenue	–	(2,888)	(2,920)	(5,808)
Consolidated revenue from external customers	88,072	6,312	11,538	105,922
Segment results				
	(23,303)	1,145	4,304	(17,854)
<i>Reconciliation:</i>				
Unallocated corporate net expenses				(11,823)
				(29,677)
Fair value changes in derivative financial liabilities				(3,111)
Impairment loss on goodwill	–	–	(1,209)	(1,209)
Impairment loss on disposal of a subsidiary, net of tax	(13,885)	–	–	(13,885)
Finance costs				(1)
Finance income				913
Consolidated loss before income tax				(46,970)
Other segment information:				
Depreciation and amortisation	(387)	(1,947)	(39)	(2,373)
Additions to properties under Tianhe project	4,934	–	–	4,934
Additions to properties under development	1,643,129	–	–	1,643,129
Capital expenditure	1,717	2,207	60	3,984
As at 31 December 2014 (Audited)				
Assets and liabilities				
<i>Assets</i>				
Reportable segment assets	5,333,788	565,894	48,013	5,947,695
<i>Reconciliation:</i>				
Short term investments				244,000
Cash and cash equivalents				201,105
Unallocated restricted and pledged deposits				297,200
Unallocated corporate assets				
– Leasehold land and building				219,293
– Other corporate assets				15,673
Consolidated total assets				6,924,966
<i>Liabilities</i>				
Reportable segment liabilities	3,797,927	10,174	14,418	3,822,519
<i>Reconciliation:</i>				
Income tax payable				64,971
Deferred tax liabilities				169,048
Derivative financial liabilities				32
Unallocated bank and other borrowings				1,113,716
Unallocated corporate liabilities				19,066
Consolidated total liabilities				5,189,352

Information about major customers

None of the customers of the Group contributed more than 10% of the Group's revenue for the six months ended 30 June 2015 and 2014.

3. REVENUE

Revenue represents the aggregate of the net invoiced amounts received and receivable from property development, property investment and property management services earned by the Group, and net of sale related taxes. The amounts of each significant category of revenue recognised during the period are as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sale of properties	113,228	85,783
Rental income	9,608	8,601
Property management services	9,298	11,538
	132,134	105,922

4. FINANCE COSTS AND INCOME

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance costs:		
Interest on bank and other borrowings		
– wholly repayable within five years	127,817	98,998
– wholly repayable after five years	904	943
Interest on short-term loan from a related company	–	512
	128,721	100,453
<i>Less: Amount capitalised as properties under development</i>		
Interest on bank and other borrowings	(127,817)	(99,941)
Interest on short-term loan from a related company	–	(512)
	(127,817)	(100,453)
Amount charged to profit or loss	904	–
Other borrowing costs	14,327	17,174
<i>Less: Amount capitalised as properties under development</i>	(13,116)	(17,173)
Amount charged to profit or loss	1,211	1
Total finance costs charged to profit or loss	2,115	1
Finance income:		
Bank interest income	5,102	904
Interest income on short term investments	5,059	–
Other interest income	–	9
Finance income credited to profit or loss	10,161	913

5. LOSS BEFORE INCOME TAX

Loss before income tax for the period has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of properties sold	112,168	78,812
Write-down of properties under development and properties held for sale	8,637	–
Cost of inventories recognised in profit or loss	120,805	78,812
Staff costs (including directors' emoluments) comprise:		
– Basic salaries and other benefits	44,509	34,583
– Equity-settled share-based payment expenses	419	535
– Contributions to defined contribution pension plans	2,052	1,500
Total staff costs (including directors' emoluments)	46,980	36,618
<i>Less: Amount capitalised as properties under development</i>	(15,619)	(11,636)
Staff costs charged to profit or loss	31,361	24,982
Auditor's remuneration		
– current period	443	378
– over-provision for prior period	–	(40)
Depreciation of property, plant and equipment	6,396	2,029
<i>Less: Amount capitalised as properties under development</i>	(30)	(15)
Depreciation charged to profit or loss	6,366	2,014
Amortisation of leasehold land	1,703	1,478
Depreciation and amortisation charged to profit or loss	8,069	3,492
Loss on disposal of property, plant and equipment	–	57
Impairment loss on trade and other receivables	49	–
Exchange (gain)/loss, net	(1,806)	3,574

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong profits tax	–	–
PRC corporate tax		
– current period	4,330	7,277
– over-provision in respect of prior periods	(3,126)	(3,947)
PRC land appreciation tax		
– current period	2,648	1,323
	3,852	4,653
Deferred tax		
– current period	(388)	–
Total income tax expense	3,464	4,653

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil) as the Group has no estimated assessable profits in respect of operation in Hong Kong. The applicable Hong Kong profits tax rate is 16.5% (six months ended 30 June 2014: 16.5%) for the six months ended 30 June 2015.

Enterprise income tax arising from other regions of the PRC is calculated at 25% (six months ended 30 June 2014: 25%) on the estimated assessable profits.

The provision of PRC land appreciation tax (“LAT”) is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided, as appropriate, at ranges of progressive rates ranging from 30% to 60% on the appreciation value, with certain allowable deductions including land costs, borrowing costs and the relevant property development expenditure.

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic and diluted loss per share is based on the loss attributable to ordinary equity holders of the Company and the following data:

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Loss for the purposes of basic and diluted loss per share	(70,340)	(48,261)
	Number of share	
	'000 (Unaudited)	'000 (Unaudited)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	2,216,531	2,216,531

For the six months ended 30 June 2015 and 2014, basic loss per share is the same as diluted loss per share as any effect arising from the exercise of Company's options and warrants is anti-dilutive.

8. DIVIDENDS

The Company does not have reserve available for cash distribution and/or distribution of dividends for the six months ended 30 June 2015 and 2014.

9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

The movements of the property, plant and equipment and investment properties are as follows:

	Property, plant and equipment RMB'000	Investment properties RMB'000
Net book value at 31 December 2014 (<i>Audited</i>) and 1 January 2015	271,993	556,533
Additions	2,193	–
Depreciation	(6,396)	–
Amortisation	(1,703)	–
Exchange differences	(19)	(41)
Net book value at 30 June 2015 (<i>Unaudited</i>)	266,068	556,492

10. CONSIDERATION RECEIVABLE

			30 June	31 December
			2015	2014
	Gross consideration	(Received)/ Paid	RMB'000 (Unaudited)	RMB'000 (Audited)
Gross sale consideration for the equity interest plus net assets of Huan Cheng (net of relocation cost of fire-station borne by the Group)	1,128,273	(988,273)	140,000	140,000
Less: Estimated development costs and finance costs borne by the Group	(55,000)	20,000	(35,000)	(35,000)
	<u>1,073,273</u>	<u>(968,273)</u>	105,000	105,000
Amount due within one year included in current assets	(1,073,273)	968,273	(105,000)	–
Amortised cost, amount due after one year	<u>–</u>	<u>–</u>	–	105,000

The receivable relates to outstanding instalments receivable from the purchaser, 海航酒店控股集團有限公司 (Hainan Airline Hotel Holdings Group Co., Limited) (“**HNA Hotel**”), for the disposal of 廣州寰城實業發展有限公司 (Guangzhou Huan Cheng Real Estate Development Company Limited) (“**Huan Cheng**”) that is unsecured and interest-free. An estimated total sum of approximately RMB140,000,000 is receivable from HNA Hotel before taking into account the estimated costs to be borne by the Group pursuant to the agreement entered into with HNA Hotel, including estimated finance costs totalling RMB35,000,000 to be borne by the Group. The final instalment, estimated at a present value of approximately RMB105,000,000 (31 December 2014: RMB105,000,000), is receivable when the construction of the properties is completed, which is expected to occur before mid-2016.

11. TRADE AND OTHER RECEIVABLES

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Current or less than 1 month	2,912	1,503
1 to 3 months	563	338
More than 3 months but less than 12 months	272	106
More than 1 year	100	78
Trade receivables, net of impairment	3,847	2,025
Refundable earnest money in development projects	20,000	10,000
Surety deposit paid for securing due performance of the construction of a hotel in Yongzhou	32,000	32,000
Tender deposits in a development project	20,800	6,800
Prepaid construction costs	113,840	239,326
Prepaid finance costs	10,518	10,570
Business taxes and surcharges paid for properties pre-sold	136,655	73,756
Interest receivable on bank deposits/short term investments	11,495	6,624
Deposits, prepayments and other receivables	98,496	85,936
	447,651	467,037

The Group has a policy of allowing an average credit period of 8 to 30 days to its trade customers. The Group's formal credit policy in place is to monitor the Group's exposure to credit risk through regular reviews of receivables and follow-up enquires on overdue accounts. Credit evaluations are performed on all customers requiring credit over a certain amount.

12. SHORT TERM INVESTMENT

The Group invested in a saving plan offered by a financial institution on mainland China amounting to RMB200,000,000 (31 December 2014: RMB244,000,000) which was used to secure a back-to-back letter of credit issued by a local bank in the PRC to a Hong Kong-based bank to guarantee the repayment of a money market loan granted to a subsidiary to the extent US\$31,000,000 (approximately RMB189,522,000).

13. RESTRICTED AND PLEDGED DEPOSITS

		30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
	<i>Notes</i>		
To secure for:			
– letter of credit issued by a bank which guarantees the repayment of money market loan	(a)	301,777	297,200
– the payment of construction costs of development projects	(b)	174,540	33,042
– others		4,611	4,602
		480,928	334,844

Notes:

- (a) As at 30 June 2015, to secure a back-to-back letter of credit issued by a local bank in the PRC to a Macau-based bank to guarantee the repayment of the bank's money market loan granted to a subsidiary to the extent of HK\$358,900,000 (approximately RMB283,028,000), bank deposits with an aggregate balance of RMB301,777,000 (31 December 2014: RMB297,200,000) were placed in a local bank in the PRC.
- (b) The balance represents deposits received from buyers of pre-sold properties. These deposits shall be released only to pay construction costs of the development projects.

14. TRADE AND OTHER PAYABLES

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Current or less than 1 month	–	–
1 to 3 months	300	242
More than 3 months but less than 12 months	15	226
More than 1 year	220	153
Total trade payables	535	621
Construction costs payable	351,541	116,474
Tender receivable from the suppliers	49,859	48,499
Consideration payable for land use rights acquired for Skyfame Nanning ASEAN Maker Town Project	352,511	–
Receipts in advance, rental and other deposits from buyers, customers and/or tenants	7,974	13,874
Interest payable on bank and other borrowings	51,452	18,743
Other accrued expenses and other payables	45,410	30,563
	859,282	228,774

15. FINANCIAL GUARANTEE CONTRACT

As at 30 June 2015, the Group provides guarantees to the extent of approximately RMB537,727,000 (31 December 2014: RMB140,111,000) in respect of credit facilities granted by certain banks relating to the mortgage loans arranged for some buyers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these buyers, the Group is responsible for repaying the outstanding mortgage principal, accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take possession of the related properties from the defaulted buyers. Such guarantees shall terminate upon delivery of properties and issuance of relevant ownership certificates to the property buyers.

16. BANK AND OTHER BORROWINGS AND DERIVATIVE FINANCIAL LIABILITIES

		30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
	<i>Notes</i>		
Bank and other borrowings			
Secured bank borrowings:			
(i) term loans, revolving loans and construction loans	<i>(a)</i>	706,307	728,903
(ii) money market loans	<i>(b)</i>	472,550	472,825
Other secured borrowings:			
(i) trust loan	<i>(c)</i>	500,000	500,000
(ii) entrusted loan	<i>(d)</i>	27,000	–
(iii) secured bonds	<i>(e)</i>	255,933	244,642
Unsecured borrowings:			
(i) unsecured bonds	<i>(f)</i>	187,737	104,457
(ii) other borrowings	<i>(g)</i>	453,500	224,000
		2,603,027	2,274,827
Amounts due within one year included in current liabilities		(2,101,926)	(1,305,610)
Amounts due after one year		501,101	969,217
Derivative financial liabilities			
Exchange Rights and Holder Repurchase Rights on Secured Bonds	<i>(e)</i>	16,759	32

16. BANK AND OTHER BORROWINGS AND DERIVATIVE FINANCIAL LIABILITIES (Continued)

Notes:

- (a) As at 30 June 2015, the bank borrowings are secured by mortgages of ownership titles of properties under development, properties held for sale, property, plant and equipment and investment properties with an aggregate carrying amount of approximately RMB2,926,719,000 (31 December 2014: RMB2,537,109,000). The bank loans carry interests at market rates ranging from 2.75% to 7.38% per annum (31 December 2014: 2.75% to 7.38% per annum) as at 30 June 2015. The Company provides corporate guarantee to secure for the repayment of the term loans and revolving loans with carrying value of approximately RMB112,346,000 (31 December 2014: RMB113,792,000). A construction loan of approximately RMB464,961,000 (31 December 2014: RMB470,111,000) is secured by the personal guarantee provided by Mr. YU Pan and his spouse. Other than a term loan of approximately RMB65,030,000 (31 December 2014: RMB66,458,000) which is repayable by monthly instalment until 2033, bank borrowings in an aggregate amount of approximately RMB641,277,000 (31 December 2014: RMB662,445,000) are repayable in 2015 and 2016.
- (b) As at 30 June 2015, the money market loans of approximately RMB472,550,000 (31 December 2014: RMB472,825,000) extended by two banks in Macau and Hong Kong were secured respectively by bank deposits of RMB301,770,000 (31 December 2014: RMB297,200,000) and a short term investment of RMB200,000,000 (31 December 2014: RMB200,000,000) in a saving plan offered by a financial institution in the PRC. The Company provides corporate guarantees to secure for the repayment of a money market loan of RMB189,522,000 (31 December 2014: 189,689,000).
- (c) As at 30 June 2015, certain property units at Tianyu Garden Phase II and the office premises at HNA Tower with an aggregate carrying amount of approximately RMB593,176,000 (31 December 2014: RMB595,353,000) are mortgaged to a financial institution for a loan of RMB500,000,000 (31 December 2014: RMB500,000,000) granted to a subsidiary. The loan is secured by corporate guarantee provided by the Company, certain subsidiaries and a company controlled by Mr. Yu Pan and personal guarantee provided by Mr. Yu Pan.
- (d) As at 30 June 2015, the Company has entrusted a third party to borrow bank borrowings on behalf of the Company whose property units are mortgaged for bank loan facility of RMB27,000,000 at an interest rate of 8.84% per annum. The loan facility is also secured by corporate guarantee to the extent of RMB35,000,000 provided by the Company and personal guarantee given by Mr. YU Pan.
- (e) In October 2013, the Company has issued secured bonds in a principal amount of HK\$298,000,000 (approximately RMB235,003,000) (the "**Secured Bonds**") and paid to a subscriber an arrangement fee of HK\$17,880,000 (the "**Fee**"). The Secured Bonds bear interests charged from the date of issue at the rate of 10% per annum until the earlier of (i) the date on which the exchange rights as mentioned in the succeeding paragraph are exercised, or (ii) the maturity date on 17 October 2015 (the "**Maturity Date**") (being the second anniversary of the date of the issuance of the Secured Bonds). Unless previously redeemed, exchanged or purchased and cancelled, the Company shall redeem all the principal amount of the Secured Bonds at approximately HK\$327,800,000 (approximately RMB258,503,000) (being the redemption price of HK\$405,280,000 less the Fee and the total amount of interest paid up to the Maturity Date of HK\$59,600,000) on the Maturity Date.

16. BANK AND OTHER BORROWINGS AND DERIVATIVE FINANCIAL LIABILITIES (Continued)

Notes: (Continued)

(e) (Continued)

Pursuant to the terms and conditions of the instrument dated 18 October 2013, the bondholders have the right at any time during 18 October 2013 to 17 October 2015 to exchange the whole of the outstanding principal amount of the Secured Bonds for nine new shares of Guangzhou Zhoutouzui Development Limited ("**GZ Zhoutouzui**") (the "**Exchange Shares**") (being one share of GZ Zhoutouzui for every principal amount of HK\$33,111,111 (approximately RMB26,111,000) of the Secured Bonds) (the "**Exchange Rights**"), representing approximately 8.26% of the enlarged issued share capital of GZ Zhoutouzui. In the event that the Exchange Rights are exercised, (i) the holder of the Exchange Shares may exercise the repurchase rights (the "**Holders Repurchase Rights**") at any time after the third anniversary and before the fifth anniversary of the issuance of the Secured Bonds to request the Company to repurchase the Exchange Shares at the repurchase prices as set out in the agreement; or (ii) the Company may at its sole discretion exercise the repurchase rights (the "**Company Repurchase Rights**") at any time after the Exchange Rights have been exercised to repurchase the Exchange Shares from the holder of the Exchange Shares at the repurchase prices as set out in the agreement.

The Secured Bonds are amortised using the effective interest method by applying the effective interest rate of 19.1% per annum.

As a security for the Secured Bonds, Fortunate Start Investments Limited, a wholly-owned subsidiary of the Company, has charged all its rights, title and interest in GZ Zhoutouzui by way of a fixed share charge in favour of the bondholders.

The movements of the Secured Bonds are as follows:

	RMB'000
At 31 December 2014 (<i>Audited</i>) and 1 January 2015	244,642
Accrued interest expense	23,158
Interest paid	(11,746)
Exchange differences	(121)
	<hr/>
At 30 June 2015 (<i>Unaudited</i>) – Amounts due within one year	<u>255,933</u>

16. BANK AND OTHER BORROWINGS AND DERIVATIVE FINANCIAL LIABILITIES *(Continued)*

Notes: (Continued)

- (f) In 2014, the Company issued unsecured bonds in an aggregate principal amount of HK\$100,000,000 (RMB78,860,000) due in 2016 at a discount of 7% at the principal amount (the "**2016 Bonds**"). The 2016 Bonds carry interests at the actual rate of 10% per annum, which are payable quarterly in arrears, and will mature in 2016. The 2016 Bonds are amortised at the effective interest method by applying the effective interest rate of 18.4% per annum.

In July, October and November 2014, the Company entered into placing agreements with a placing agent in relation to the placing of unsecured bonds in an aggregate principal amount of up to HK\$2,000,000,000 (RMB1,577,200,000) maturing respectively on 4 July 2020, 12 September 2024 and 14 November 2031 (the "**Private Bonds**"). On 25 August 2014, the Company has established a HK\$2,300,000,000 (RMB1,813,780,000) medium term bond programme (the "**Programme**") pursuant to which the Company can issue unsecured bonds, listed on the The Stock Exchange of Hong Kong Limited, up to 25 August 2015. Such bonds are issued to professional investors only. Pursuant to the terms and conditions of the Private Bonds, bondholders of the Private Bonds can exchange the Private Bonds for the bonds issued under the Programme.

Up to 30 June 2015, the Company has issued an aggregate principal amount of unsecured bonds of HK\$230,000,000 (RMB181,378,000) (31 December 2014: HK\$100,000,000 (RMB78,890,000)) due on 12 September 2024 (the "**2024 Bonds**") and HK\$390,000,000 (RMB307,554,000) (31 December 2014: HK\$60,000,000 (RMB47,334,000)) due on 14 November 2031 (the "**2031 Bonds**"). The 2024 Bonds and 2031 Bonds carry coupon interest at 7.5% per annum and 8.0% per annum respectively which were payable in advance upon the issue of the bonds. The 2024 Bonds and 2031 Bonds are amortised at the effective interest method by applying the effective interest rate of 12.2% per annum and 12.0% per annum respectively.

16. BANK AND OTHER BORROWINGS AND DERIVATIVE FINANCIAL LIABILITIES (Continued)

Notes: (Continued)

(f) (Continued)

The movements of the bonds are as follows:

	2016 Bonds	2024 Bonds	2031 Bonds	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Nominal value				
At 31 December 2014 (Audited)				
and 1 January 2015	100,000	100,000	60,000	260,000
Issue of the bonds	–	130,000	330,000	460,000
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2015 (Unaudited)	100,000	230,000	390,000	720,000
	<hr/>	<hr/>	<hr/>	<hr/>
	RMB'000	RMB'000	RMB'000	RMB'000
Nominal value				
At 31 December 2014 (Audited)				
and 1 January 2015	78,890	78,890	47,334	205,114
Issue of the bonds	–	102,518	260,238	362,756
Exchange differences	(30)	(30)	(18)	(78)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2015 (Unaudited)	78,860	181,378	307,554	567,792
	<hr/>	<hr/>	<hr/>	<hr/>
Liability component of carrying amount				
At 31 December 2014 (Audited)				
and 1 January 2015	72,595	24,923	6,939	104,457
Issue of the bonds, net of transaction costs	–	99,648	253,061	352,709
Interest paid	(3,931)	(64,408)	(212,885)	(281,224)
Accrued interest expense	6,646	3,225	2,154	12,025
Exchange differences	(34)	(89)	(107)	(230)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2015 (Unaudited)	75,276	63,299	49,162	187,737
	<hr/>	<hr/>	<hr/>	<hr/>

16. BANK AND OTHER BORROWINGS AND DERIVATIVE FINANCIAL LIABILITIES *(Continued)*

Notes: (Continued)

- (g) The balances represent unsecured loans advanced from two third parties. The loans carry interest at the fixed rate of 15% per annum and 20% per annum respectively. The loans of RMB178,000,000 (31 December 2014: RMB178,000,000) and RMB275,500,000 (31 December 2014: RMB46,000,000) are repayable in October 2015 and January 2016 respectively.

17. CONSIDERATION FROM DISPOSAL OF TIANHE PROJECT

In July 2010, a disposal agreement (the “**Agreement**”) for the transfer of the entire equity interest in Huan Cheng, the project company for the development of the Tianhe Project, was entered into between the Company, Yaubond Limited and a third party, HNA Hotel, for a gross sale consideration of RMB1,090,000,000, subject to certain adjustments. Such adjustments represent adjustment on net assets transferred to HNA Hotel of RMB38,273,000 and future development costs and finance costs to be borne by the Group estimated at RMB20,000,000 and RMB35,000,000 respectively.

As at 30 June 2015, net consideration from disposal of Tianhe Project was estimated to be approximately RMB990,360,000 (31 December 2014: RMB990,360,000).

The Directors consider that the Agreement constitutes an agreement for the sale of goods/services and the criteria for recognition of revenue set out in paragraph 14 of HKAS 18 “Revenue” apply. As the project has not been substantially completed at the end of the reporting period, there are uncertainties about the due performance of the Group of certain obligations under the Agreement, and the costs to be deducted from the gross sale consideration caused by overruns in construction costs other than due to the change in design plan proposed by HNA Hotel.

The Directors foresee no overruns in construction costs in material aspects to which the Group is exposed, except that it will have to bear up to RMB20,000,000 for additional construction costs and any extra finance costs as a result of any works delay as stipulated under the Agreement.

The Directors expect that the construction will be completed before mid-2016, taking into account the current progress of the construction.

Based on the foregoing circumstances, the Directors are of the view that the revenue recognition criteria set out in HKAS 18 have not been fully satisfied and therefore the disposal of the assets and liabilities of the Tianhe Project is not recognised until when substantial part of the revenue can be ascertained reliably. The revenue and associated costs of the Tianhe Project are deferred until the construction is completed to a substantial progress where the revenue can be reliably measured. Therefore, the net sale consideration is recorded as consideration from disposal of Tianhe Project as at 30 June 2015 and 31 December 2014. The cost of the Tianhe Project are not derecognised, but instead included in properties under Tianhe Project in the consolidated statement of financial position.

18. SHARE CAPITAL

	Number of shares			Nominal value			Equivalent nominal value of ordinary share capital of HK\$0.01 each RMB'000
	Ordinary share capital of HK\$0.01 each '000	Convertible preference share capital of HK\$0.01 each '000	Total '000	Ordinary share capital of HK\$0.01 each HK\$'000	Convertible preference share capital of HK\$0.01 each HK\$'000	Total HK\$'000	
Authorised:							
At 31 December 2014 (Audited) and 1 January 2015	29,000,000	1,000,000	30,000,000	290,000	10,000	300,000	301,600
Reclassification (Note)	1,000,000	(1,000,000)	-	10,000	(10,000)	-	9,716
At 30 June 2015 (Unaudited)	<u>30,000,000</u>	<u>-</u>	<u>30,000,000</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>311,316</u>
Issued and fully paid:							
<i>Ordinary shares of HK\$0.01 each</i>							
At 31 December 2014 (Audited), at 1 January 2015 and 30 June 2015 (Unaudited)	2,216,531	-	2,216,531	22,165	-	22,165	21,068

Note:

Convertible preference share of HK\$0.01 each was re-classified as the ordinary share of the Company by a shareholder's resolution passed on 9 June 2015.

19. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The share option scheme adopted on 4 August 2005 (the "2005 Scheme") expired on 3 August 2015. Therefore, the Company has adopted a new share option scheme on 9 June 2015 (the "2015 Scheme") to continue to provide incentives and rewards to eligible participants including the directors of the Company (the "Directors") and employees of the Group.

During the six months ended 30 June 2015, there were 2,085,239 share options granted under the 2005 Scheme lapsed and 73,000,000 share options were granted under the 2015 Scheme. No share option granted under the 2005 Scheme and the 2015 Scheme was exercised during the period. The movements in the number of share options during the period and the balance outstanding at 30 June 2015 and 31 December 2014 are as follows:

19. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

Date of grant	Exercise period	Exercise price per share	Number of options outstanding at 31 December	During the six months ended 30 June 2015			Number of options outstanding at 30 June 2015
			2014 and 1 January 2015	Options granted	Options exercised	Options lapsed	
12 September 2006	13 March 2007 to 31 July 2015	HK\$1.2565	29,089,079	-	-	(2,085,239)	27,003,840
11 August 2011	11 August 2012 to 10 August 2021	HK\$0.6714	5,942,929	-	-	-	5,942,929
11 August 2011	11 August 2015 to 10 August 2021	HK\$0.6714	5,942,930	-	-	-	5,942,930
11 August 2011	11 August 2018 to 10 August 2021	HK\$0.6714	5,942,932	-	-	-	5,942,932
			17,828,791	-	-	-	17,828,791
26 June 2015	26 June 2016 to 25 June 2025	HK\$1.0820	-	10,439,000	-	-	10,439,000
26 June 2015	26 June 2017 to 25 June 2025	HK\$1.0820	-	10,439,000	-	-	10,439,000
26 June 2015	26 June 2018 to 25 June 2025	HK\$1.0820	-	10,439,000	-	-	10,439,000
26 June 2015	26 June 2019 to 25 June 2025	HK\$1.0820	-	10,439,000	-	-	10,439,000
26 June 2015	26 June 2020 to 25 June 2025	HK\$1.0820	-	10,439,000	-	-	10,439,000
26 June 2015	26 June 2021 to 25 June 2025	HK\$1.0820	-	10,439,000	-	-	10,439,000
26 June 2015	26 June 2022 to 25 June 2025	HK\$1.0820	-	10,366,000	-	-	10,366,000
			-	73,000,000	-	-	73,000,000
			46,917,870	73,000,000	-	(2,085,239)	117,832,631
<i>Analysis by category:</i>							
	Directors		12,302,907	11,000,000	-	-	23,302,907
	Other employees		29,401,866	62,000,000	-	(2,085,239)	89,316,627
	Non-employees		5,213,097	-	-	-	5,213,097
			46,917,870	73,000,000	-	(2,085,239)	117,832,631

The Group recognised approximately RMB419,000 (six months ended 30 June 2014: RMB535,000) as equity-settled share-based payment expenses for the six months ended 30 June 2015 in relation to share options granted by the Company.

20. RELATED PARTY TRANSACTIONS

During and up to the end of the period, the Group entered into the following material transactions with related parties:

- (a) Material transactions with related parties

Related party relationship	Type of transaction	As at/six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Companies controlled by Mr. YU Pan	(a) Loan to the Company	–	30,000
	(b) Interest received from the Company on short-term loan	–	512
	(c) Rental paid to the Group for office leased	55	55
		55	55

- (b) Mr. YU Pan and his spouse have provided personal guarantee to a bank in respect of construction loan facilities extended to the sino-foreign co-operative company, 廣州市譽城房地產開發有限公司 (Guangzhou Yucheng Real Estate Development Limited) as set out in note 16(a).

Mr. YU Pan and a company controlled by him have provided personal guarantee and corporate guarantee to a bank and financial institution in respect of a loan facility extended to a Company's subsidiary, which are disclosed in note 16(c) and (d).

- (c) Compensation of key management personnel

The remuneration of members of key management, including directors' emoluments, incurred during the period is as follows:

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Short-term benefits	6,330	6,069
Other long-term benefits	198	118
Equity-settled share-based payment expenses	412	432
	6,940	6,619

Members of key management are those persons who have authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including Directors and executive officers.

21. COMMITMENTS

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Expenditure contracted but not provided for in respect of – Property construction and development costs	2,665,384	2,467,864
Expenditure authorised but not contracted for in respect of – Property construction and development costs – Acquisition of land use rights	1,586,560 931,648	1,631,094 931,648
	2,518,208	2,562,742

22. CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2015 (31 December 2014: Nil).

23. EVENT AFTER THE END OF THE REPORTING PERIOD

On 3 July 2015, the Company and Ample Mark Enterprises Ltd. (“**Ample Mark**”) entered into (i) a facility agreement pursuant to which Ample Mark has agreed to make available to the Company a term loan in an aggregate amount of HK\$560,000,000 (RMB441,616,000) (the “**Secured Loan**”) at an interest rate of 10% per annum and (ii) a subscription agreement pursuant to which Ample Mark agreed to subscribe for a secured two-year convertible bonds bearing an interest of 10% per annum to be issued by the Company in an aggregate principal amount of HK\$40,000,000 (RMB31,544,000) (the “**Convertible Bonds**”). The Secured Loan was drawn down and subscription of the Convertible Bonds was completed on 23 July 2015 with a total net proceed of HK\$564,000,000 (approximately RMB444,770,000) received, net of arrangement/handling fee of HK\$36,000,000 (approximately RMB28,390,000). The proceeds were utilised to repay an unsecured loan advanced from a third party at principal of HK\$287,000,000 (approximately RMB226,328,000) and accrued interests of HK\$35,000,000 (RMB27,601,000), and a money market loan at principal of approximately HK\$255,600,000 (approximately RMB201,566,000) due to a bank in Macau.

OTHER INFORMATION

Interim Dividend

As at 30 June 2015, the Company's distributable reserves amounted to a deficiency of RMB276,700,000 (net of the Company's contributed surplus of RMB16,100,000). Thus, the Company does not have reserve available for cash distribution and/or distribution of dividends as computed in accordance with generally accepted accounting principles of Hong Kong.

Directors' and Chief Executives' Interests in Shares and Underlying Shares

As at 30 June 2015 the interests and short positions of the Directors and chief executives of the Company in the share of the Company (the "**Shares**"), underlying Shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required, (i) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in the Appendix 10 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), to be notified to the Company and the Stock Exchange, were as follows:

(a) Interests in the Shares or underlying Shares

Name of Director	Company/ Associated corporation	Capacity	Number of Shares or underlying Shares (Note 1)	Approximate shareholding percentage (Note 2)
Mr. YU Pan	Company	Interest of controlled corporation and/or beneficial owner	1,587,168,407 (long) 52,176,635 (short)	71.61% 2.35%

Notes:

- These Shares comprised (i) 141,504,000 existing Shares; and (ii) 1,445,664,407 existing Shares held directly by Grand Cosmos Holdings Limited ("**Grand Cosmos**"). The entire issued share capital of Grand Cosmos was held by Sharp Bright International Limited ("**Sharp Bright**"), the entire issued share capital of which was held by Mr. YU Pan. The 1,587,168,407 Shares were charged in favour of Magic Sky Enterprises Holdings Inc. ("**Magic Sky**") by way of a share charge dated 10 October 2013 which was subsequently released on 11 August 2015. In addition, Grand Cosmos has issued warrants to Magic Sky to purchase Shares from Grand Cosmos in aggregate of HK\$30,000,000 at a purchase price of HK\$0.57497 per share for 52,176,635 Shares and such warrants was subsequently redeemed by Grand Cosmos on 11 August 2015.
- For the purposes of this section, the shareholding percentage in the Company was calculated on the basis of 2,216,531,175 Shares in issue as at 30 June 2015.

OTHER INFORMATION *(Continued)***Directors' and Chief Executives' Interests in Shares and Underlying Shares** *(Continued)***(b) Interests in underlying Shares arising from share options**

As at 30 June 2015, the following Directors had interests as beneficial owners in options to subscribe for Shares granted under the 2005 Scheme and the 2015 Scheme:

Name of Director	Exercise price (HK\$)	Exercise period	Number of underlying Shares	Approximate shareholding percentage (Note)
Mr. WEN Xiaobing	1.2565	13 March 2007 to 31 July 2015	5,213,097	0.24%
	0.6714	11 August 2012 to 10 August 2021	5,213,097	0.24%
	1.0820	26 June 2016 to 25 June 2025	8,000,000	0.36%
Mr. CHOY Shu Kwan	1.2565	13 March 2007 to 31 July 2015	625,571	0.03%
	1.0820	26 June 2016 to 25 June 2025	1,000,000	0.05%
Mr. CHENG Wing Keung, Raymond	1.2565	13 March 2007 to 31 July 2015	625,571	0.03%
	1.0820	26 June 2016 to 25 June 2025	1,000,000	0.05%
Ms. CHUNG Lai Fong	1.2565	13 March 2007 to 31 July 2015	625,571	0.03%
	1.0820	26 June 2016 to 25 June 2025	1,000,000	0.05%

Note:

For the purpose of this section, the shareholding percentage in the Company was calculated on the basis of 2,216,531,175 Shares in issue as at 30 June 2015.

OTHER INFORMATION *(Continued)***Directors' and Chief Executives' Interests in Shares and Underlying Shares** *(Continued)***(b) Interests in underlying Shares arising from share options** *(Continued)*

Save as disclosed above, as at 30 June 2015, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange.

Substantial Shareholders

At 30 June 2015, so far as known to any Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Interests in the Shares or underlying Shares

Name of shareholder	Capacity	Number of Shares and underlying Shares	Approximate shareholding percentage <i>(Note 3)</i>
Sharp Bright	Interest of controlled corporation	1,445,664,407 (long) 52,176,635 (short) <i>(Note 1)</i>	65.22% 2.35%
Grand Cosmos	Beneficial owner	1,445,664,407 (long) 52,176,635 (short) <i>(Note 1)</i>	65.22% 2.35%
China Orient Asset Management Corporation (" COAMC ")	Interest of controlled corporation	1,677,955,080 (long) <i>(Note 2)</i>	73.95%
Magic Sky	Beneficial owner and/or person having a security interest in shares	1,639,345,042 <i>(long)</i> <i>(Note 2)</i>	73.95%

OTHER INFORMATION *(Continued)*

Substantial Shareholders *(Continued)*

Interests in the Shares or underlying Shares (Continued)

Notes:

- 1 The 1,445,664,407 existing Shares were held directly by Grand Cosmos. Grand Cosmos has issued warrants to Magic Sky to purchase Shares from Grand Cosmos in aggregate of HK\$30,000,000 at a purchase price of HK\$0.57497 per Share for 52,176,635 Shares and such warrants was subsequently redeemed on 11 August 2015. As the entire issued share capital of Grand Cosmos was held by Sharp Bright, Sharp Bright was deemed to be interested in the Shares in which Grand Cosmos was interested by virtue of the SFO. As the entire issued share capital of Sharp Bright was held by Mr. YU Pan, Mr. YU Pan was deemed to be interested in the Shares in which Sharp Bright was interested by virtue of SFO. The 1,445,664,407 Shares together with 141,504,000 Shares held by Mr. YU Pan were charged in favour of Magic Sky by way of a share charge dated 10 October 2013 which was subsequently released on 11 August 2015.
- 2 These Shares comprised (i) 1,587,168,407 Shares charged in favour of Magic Sky by Grand Cosmos; and (ii) 52,176,635 underlying Shares which would be transferred upon exercise of purchase rights attaching to the warrants issued by Grand Cosmos to Magic Sky at a purchase price of HK\$0.57497 per Share. Magic Sky is indirect wholly owned subsidiary of COAMC. Accordingly, COAMC was deemed to be interested in the Shares in which Magic Sky were interested by virtue of the SFO.

The aforesaid share charge and warrants were subsequently released/redeemed on 11 August 2015.

- 3 For the purpose of this section, the shareholdings percentage in the Company was calculated on the basis of 2,216,531,175 Shares in issue as at 30 June 2015.

Save as disclosed above, as at 30 June 2015, the Company had not been notified by any other persons or corporations who had any long or short position in the Shares and/or underlying Shares, which were required to be recorded in the register required to be kept by the Company pursuant to section 336 of Part XV of the SFO.

OTHER INFORMATION *(Continued)*

Share Options Scheme

The Company has adopted the 2005 Scheme for the purposes of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation and enabling the Group to recruit and retain high-calibre employees. As the 2005 Scheme expired on 3 August 2015, the Company has adopted the 2015 Scheme to continue to provide incentives and rewards to eligible participants including the Directors and employees of the Group for contribution they have made or may make to the Group and to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and/or any entity in which the Group holds any equity interest. The 2015 Scheme became effective on 9 June 2015 and, unless otherwise cancelled or amended, will remain in force for ten years since then. Under the 2015 Scheme, the Directors are authorized, at their absolute discretion, to invite any employee and any directors (including executive and non-executive and independent non-executive directors) of any member of the Group or of any entity in which the Group holds any equity interest who is eligible to participate in the 2015 Scheme, to take up the options. Details of the 2015 Scheme are set out in the Company's circular dated 27 April 2015.

During the period ended 30 June 2015, there were 2,085,239 share options granted under the 2005 Scheme lapsed and 73,000,000 share options were granted to employees of the Group and Directors under the 2015 Scheme. Upon exercise of 73,000,000 share options granted, 73,000,000 Shares will be issued which represents approximately 3.29% of issued Shares as at 30 June 2015. No share option granted under the 2005 Scheme and the 2015 Scheme was exercised during the period. There were in total 117,832,631 share options outstanding as at 30 June 2015 which upon exercise for Shares, represents approximately 5.32% of issued Shares as at 30 June 2015.

Corporate Governance

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the Interim Financial Statements, in compliance with the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules except for the following deviations:

Code Provision A2.1 – Chairman and Chief Executive

The roles of chairman and chief executive officer of the Company is not separated as required but is currently performed by Mr. YU Pan, since 2004.

Due to the small size of the team, the Board considers the current simple but efficient management team serves sufficiently enough the need of the Group. The Board will, nonetheless, continue to review the business growth of the Group and, when considered essential, will set out a clear division of responsibilities at the board level and the management team to ensure a proper segregation of the management of the board of the Company and the management of the Group's business.

Code Provision E.1.2 – Chairman Attending Annual General Meeting

Mr. YU Pan, the Chairman of the Board, was unable to attend the annual general meeting held on 9 June 2015 (the "AGM") due to business engagement overseas. Mr. WEN Xiaobing, an executive director of the Company and the Deputy Chief Executive Officer, acted as chairman of the AGM.

OTHER INFORMATION *(Continued)*

Directors' Securities Transaction

The Company has adopted its own Code of Conduct for Securities Transactions by Directors and relevant employees of the Company (the "**Code**") on terms no less exact than the required standard set out in the Model Code and the Code is updated from time to time in accordance with the Listing Rules requirements. Following specific enquiry by the Company, all Directors confirmed that they have complied with the required standards as set out in the Code throughout the period under review.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2015.

Audit Committee

The principal duties of the Audit Committee include the review of the Company's financial reporting procedures, internal controls and results of the Group. The Interim Financial Statements have been reviewed by the Audit Committee.

By order of the Board
Skyfame Realty (Holdings) Limited
YU Pan
Chairman

Hong Kong, 21 August 2015