天譽置業（控股）有限公司*

SKYFAME REALTY (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)
(Stock Code: 00059)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHTS

	2013	2012	Change
	RMB'000	*RMB'000*	in %
Revenue	**675,706**	53,803	1155.9%
Profit/(loss) before income tax	**140,911**	(113,773)	N/A
Profit/(loss) for the year	**112,673**	(121,930)	N/A
Profit/(loss) for the year attributable to owners of the Company	**63,989**	(79,976)	N/A
Earnings/(loss) per share — Basic	**RMB0.029**	(RMB0.041)	N/A
Total assets	**5,007,247**	4,703,820	6.5%

FINAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Skyfame Realty (Holdings) Limited (the "**Company**") announces the consolidated final results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2013, together with comparative figures for the corresponding year of 2012. The consolidated final results have been reviewed by the audit committee of the Company.

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013** *RMB'000*	2012 *RMB'000*
Revenue	*5*	**675,706**	53,803
Cost of sales and services		**(545,994)**	(31,006)
Gross profit		**129,712**	22,797
Other income and gains, net		**9,667**	672
Sales and marketing expenses		**(19,143)**	(15,187)
Administrative and other expenses		**(66,497)**	(73,453)
Fair value changes in investment properties		**36,102**	18,000
Reversal of write-down/(Write-down) of properties held for sale		**23,572**	(77,375)
Impairment loss on goodwill		**(313)**	—
Gain on early redemption of promissory notes		**4,152**	—
Fair value changes in derivative financial asset/liabilities		**(3,957)**	2,352
Finance costs	*6*	**(758)**	(10,092)
Finance income	*6*	**28,374**	18,513
Profit/(loss) before income tax	*7*	**140,911**	(113,773)
Income tax expense	*8*	**(28,238)**	(8,157)
PROFIT/(LOSS) FOR THE YEAR		**112,673**	(121,930)
Other comprehensive income, items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on foreign operations		**284**	24
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**112,957**	(121,906)

	Notes	2013 RMB'000	2012 RMB'000
Profit/(loss) for the year attributable to:			
— Owners of the Company		**63,989**	(79,976)
— Non-controlling interests		**48,684**	(41,954)
		112,673	(121,930)
Total comprehensive income for the year attributable to:			
— Owners of the Company		**64,273**	(79,952)
— Non-controlling interests		**48,684**	(41,954)
		112,957	(121,906)
Earnings/(loss) per share	*9*		
— Basic		**RMB0.029**	(RMB0.041)
— Diluted		**RMB0.029**	(RMB0.043)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment		**159,450**	6,720
Investment properties		**710,826**	513,000
Properties under Tianhe Project		**768,130**	765,064
Goodwill		**13,554**	13,554
Derivative financial asset		**2,076**	—
Deposit paid for acquisition of investment property		**—**	17,432
Consideration receivable — non-current portion	*11*	**105,000**	94,078
		1,759,036	1,409,848
Current assets			
Properties under development		**2,262,709**	1,691,320
Properties held for sale		**173,395**	666,640
Consideration receivable — current portion	*11*	**—**	116,685
Trade and other receivables	*12*	**453,931**	203,804
Restricted and pledged deposits		**57,660**	252,320
Cash and cash equivalents		**300,516**	363,203
		3,248,211	3,293,972
Current liabilities			
Trade and other payables	*13*	**228,740**	244,934
Properties pre-sale deposits		**571,377**	806,355
Bank and other borrowings — current portion		**300,885**	138,271
Derivative financial liabilities — current portion		**23,963**	19,191
Loans from non-controlling shareholders of a subsidiary		**84,803**	163,600
Income tax payable		**65,801**	62,098
		1,275,569	1,434,449
Net current assets		**1,972,642**	1,859,523
Total assets less current liabilities		**3,731,678**	3,269,371

	Notes	2013 RMB'000	2012 RMB'000
Non-current liabilities			
Bank and other borrowings — non-current portion		**632,542**	313,975
Derivative financial liabilities — non-current portion		**3,829**	—
Consideration from disposal of Tianhe Project		**990,360**	977,431
Deferred tax liabilities		**179,298**	175,048
		1,806,029	1,466,454
Net assets		**1,925,649**	1,802,917
Capital and reserves			
Share capital		**21,068**	21,068
Reserves		**1,828,913**	1,763,365
Equity attributable to owners of the Company		**1,849,981**	1,784,433
Non-controlling interests		**75,668**	18,484
Total equity		**1,925,649**	1,802,917

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The principal activity of the Company continues to be investment holding. The principal activities of its subsidiaries are property development and property investment.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of amendments to HKFRSs — effective 1 January 2013

HKFRSs (Amendments)	Annual Improvements 2009–2011 Cycle
HKFRSs (Amendments)	Annual Improvements 2010–2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011–2013 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefits
HK(IFRIC)-Interpretation 20	Stripping Costs of the Production Phase of a Surface Mine
Amendments to HKFRS 1	Government loans

As explained below, the adoption of these amendments has no material impact on the Group's financial statements.

HKFRSs (Amendments) — Annual Improvements 2009–2011 Cycle

HKAS 1 has been amended to clarify that an opening statement of financial position is required only when a retrospective application of an accounting policy, a retrospective restatement or reclassification has a material effect on the information presented in the opening position. Further, this opening statement of financial position does not have to be accompanied by comparative information in the related notes. This is consistent with the Group's existing accounting policy.

The Basis of Conclusions to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards was amended to clarify that a first-time adopter is allowed, but not required, to apply a new HKFRS that is not mandatory if that HKFRS permits early application and provided that HKFRS is applied in all periods presented unless HKFRS 1 provides on exemption or exception. The adoption of the amendments has no impact on these financial statements as the Group is not a first-time adopter of HKFRS.

Amendments to HKAS1 (Revised) — Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis.

The Group has adopted the amendments retrospectively for the financial year ended 31 December 2013. Items of other comprehensive income that may and may not be reclassified to profit and loss in the future have been presented separately in the consolidated statement of profit or loss and other comprehensive income. The comparative information has been restated to comply with the amendments. As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

Amendments to HKFRS 7 — Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

The adoption of the amendments has no impact on these financial statements as the Group has not offset financial instruments, nor has it entered into a master netting agreement or a similar arrangement.

HKFRS 13 — Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 is applied prospectively.

HKFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance. The standard requires additional disclosures about fair value measurements. Comparative disclosures have not been presented in accordance with the transitional provisions of the standard.

HKAS 19 (2011) — Employee Benefits

HKAS 19 (2011) abandons the corridor approach with the result that changes in defined benefit obligations and the fair value of plan assets are recognised in the period in which they occur. The revised standard requires the changes in the Group's net defined benefit liability (or asset) to be separated into three components: service cost (including current and past service cost and settlements) recognised in profit or loss; net interest on the net defined benefit liability recognised in profit or loss; and re-measurements of the defined benefit liability (or asset) recognised in other comprehensive income. The revised standard distinguishes between short-term and long-term employee benefits based on the expected date of settlement. The previous standard used the term "due to be settled". HKAS 19 (2011) provides additional guidance on the definition of termination benefits. Benefits that are conditional on future service being provided including those that increase if additional service is provided are not termination benefits. The revised standard requires that a liability for termination benefits is recognised on the earlier of the date when the entity can no longer withdraw the offer of those benefits and the date the entity recognises any related restructuring costs.

The Group has amended its accounting policies for short-term employee benefits and termination benefits, however the adoption of the revised standard has no effect on the Group's financial position or performance.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9	Financial Instruments[4]
Amendments to HKFRS 9, HKFRS 7 and HKAS 39	Hedge Accounting[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities[1]
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK (IFRIC) 21	Levies[1]
HKFRSs (Amendments)	Annual Improvements 2010–2012 Cycle[3]
HKFRSs (Amendments)	Annual Improvements 2011–2013 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014
4 Effective for annual periods beginning on or after 1 January 2015
5 No mandatory effective date yet determined but is available for adoption

Amendments to HKAS 32 — Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

HKFRS 9 — Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Amendments to HKFRS 9, HKFRS 7 and HKAS 39 — Hedge Accounting

The amendments overhaul hedge accounting to allow entities to better reflect their risk management activities in financial statements. Changes included in HKFRS 9 to address the own credit risk issue on financial liabilities designated at fair value through profit or loss can be applied in isolation without the need to change any other accounting for financial instruments. The amendments also remove the 1 January 2015 effective date for HKFRS 9.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2012) — Investment Entities

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in HKFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

Amendments to HKAS 19 (2011) — Defined Benefit Plans: Employee Contributions

The amendments permit contributions that are independent of the number of years of service to be recognised as a reduction in the service cost in the period in which the service is rendered instead of allocating the contributions to periods of service.

Amendments to HKAS 39 — Novation of Derivatives and Continuation of Hedge Accounting

The amendments provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria.

HK (IFRIC) 21 — Levies

HK (IFRIC) 21 clarifies that an entity recognizes a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs.

Annual Improvements 2010–2012 Cycle and 2011–2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent charges to a number of standards where they are currently unclear. Among them HKAS 16 Property, Plant and Equipment has been amended to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis, except that the investment properties and financial derivative asset/liabilities are stated at their fair values.

4. 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 two operating divisions — property development and property investment. 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

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, fair value changes in investment properties, impairment loss on goodwill and reversal of write-down/write-down of properties held for sale.

Segment assets/liabilities include all assets/liabilities attributable to those segments with the exception of cash and bank balances, unallocated bank and other borrowings, derivative financial assets/liabilities and taxes. 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.

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 consolidated financial statements is set out below:

	Property development *RMB'000*	Property investment *RMB'000*	Total *RMB'000*
Year ended 31 December 2013			
Reportable segment revenue			
— external, and consolidated revenue	**657,728**	**17,978**	**675,706**
Segment results	**50,184**	**10,440**	**60,624**
Reconciliation:			
Unallocated corporate net expenses			**(6,885)**
			53,739
Fair value changes in investment properties	**—**	**36,102**	**36,102**
Impairment loss on goodwill	**(313)**	**—**	**(313)**
Reversal of write-down of properties held for sale	**23,572**	**—**	**23,572**
Fair value changes in derivative financial asset/liabilities			**(3,957)**
Gain on early redemption of promissory notes			**4,152**
Finance costs			**(758)**
Finance income			**28,374**
Consolidated profit before income tax			**140,911**
Other segment information:			
Depreciation and amortisation	**(539)**	**(992)**	**(1,531)**
Impairment loss on trade and other receivables	**—**	**(14)**	**(14)**
Bad debts recovered	**—**	**55**	**55**
Additions to properties under Tianhe project	**3,066**	**—**	**3,066**
Additions to properties under development	**514,232**	**—**	**514,232**
Capital expenditure	**294**	**166,126**	**166,420**

	Property development RMB'000	Property investment RMB'000	Total RMB'000
As at 31 December 2013			
Assets and liabilities			
Assets			
Reportable segment assets	**3,773,573**	**719,450**	**4,493,023**
Reconciliation:			
Derivative financial asset			**2,076**
Restricted and pledged deposits			**57,660**
Cash and cash equivalents			**300,516**
Unallocated corporate assets			**153,972**
Consolidated total assets			**5,007,247**
Liabilities			
Reportable segment liabilities	**2,259,517**	**7,828**	**2,267,345**
Reconciliation:			
Income tax payable			**65,801**
Deferred tax liabilities			**179,298**
Derivative financial liabilities			**27,792**
Unallocated bank and other borrowings			**524,919**
Unallocated corporate liabilities			**16,443**
Consolidated total liabilities			**3,081,598**

	Property development RMB'000	Property investment RMB'000	Total RMB'000
Year ended 31 December 2012			
Reportable segment revenue			
— external, and consolidated revenue	35,033	18,770	53,803
Segment results	(51,538)	10,084	(41,454)
Reconciliation:			
Unallocated corporate net expenses			(23,717)
			(65,171)
Fair value changes in investment properties	—	18,000	18,000
Write-down of properties held for sale	(77,375)	—	(77,375)
Fair value changes in derivative financial liabilities			2,352
Finance costs			(10,092)
Finance income			18,513
Consolidated loss before income tax			(113,773)
Other segment information:			
Depreciation	(448)	(1,014)	(1,462)
Bad debts recovered	—	117	117
Additions to properties under development	367,021	—	367,021
Capital expenditure	1,182	—	1,182

	Property development *RMB'000*	Property investment *RMB'000*	Total *RMB'000*
As at 31 December 2012			
Assets and liabilities			
Assets			
Reportable segment assets	3,550,512	535,860	4,086,372
Reconciliation:			
Restricted and pledged deposits			252,320
Cash and cash equivalents			363,203
Unallocated corporate assets			1,925
Consolidated total assets			4,703,820
Liabilities			
Reportable segment liabilities	2,216,580	9,856	2,226,436
Reconciliation:			
Income tax payable			62,098
Deferred tax liabilities			175,048
Derivative financial liabilities			19,191
Unallocated bank and other borrowings			411,746
Unallocated corporate liabilities			6,384
Consolidated total liabilities			2,900,903

Information about major customers

None of the customers of the Group contributed more than 10% of the Group's revenue for the year ended 31 December 2013.

One of the customers of the Group's property investment segment contributed revenue amounted to approximately RMB7,479,000 for the year ended 31 December 2012, which accounted for more than 10% of the Group's revenue.

5. REVENUE

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

	2013 ***RMB'000***	2012 *RMB'000*
Sale of properties	**653,543**	32,394
Rental income	**21,730**	21,409
Others	**433**	—
	675,706	53,803

6. FINANCE COSTS AND INCOME

	2013	2012
	RMB'000	*RMB'000*
Finance costs:		
Interest on bank and other borrowings		
— wholly repayable within five years	**70,220**	54,853
— wholly repayable after five years	**5,235**	4,397
Imputed interest on loan from non-controlling shareholders of a subsidiary	**—**	4,455
	75,455	63,705
Less: Amount capitalised as properties under development		
Interest on bank and other borrowings	**(75,454)**	(56,679)
Imputed interest on loan from non-controlling shareholders of a subsidiary	**—**	(4,455)
	(75,454)	(61,134)
	1	2,571
Other borrowing costs	**7,437**	15,511
Less: Amount capitalised as properties under development	**(6,680)**	(7,990)
	757	7,521
Finance costs charged to profit or loss	**758**	10,092
Finance income:		
Bank interest income	**5,425**	13,588
Default interest income on overdue consideration receivable	**18,392**	—
Other interest income	**4,557**	4,925
Finance income credited to profit or loss	**28,374**	18,513

7. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax for the year has been arrived at after charging/(crediting):

	2013	2012
	RMB'000	*RMB'000*
Cost of properties sold	**541,815**	24,857
(Reversal of write-down)/write-down of properties held for sale	**(23,572)**	77,375
Cost of inventories recognised in profit or loss	**518,243**	102,232
Staff costs, including directors' emoluments	**42,286**	42,788
Auditor's remuneration		
— current year	**802**	826
— non-audit services	**748**	335
Depreciation of property, plant and equipment	**1,890**	1,627
Less: Amount capitalised as properties under development	**(19)**	(38)
Depreciation charged to profit or loss	**1,871**	1,589
Amortisation of leasehold land	**246**	—
Depreciation and amortisation charged to profit or loss	**2,117**	1,589
Loss on disposal of property, plant and equipment	**22**	63
Exchange (gain)/loss, net	**(8,008)**	2,303
Impairment loss on trade and other receivables	**14**	—
Bad debts recovered	**(55)**	(117)

8. INCOME TAX EXPENSE

	2013	2012
	RMB'000	*RMB'000*
Current tax		
Hong Kong profits tax		
— over-provision in respect of prior years	**—**	(553)
PRC corporate tax		
— current year	**17,007**	3,884
PRC land appreciation taxes ("**LAT**")		
— current year	**6,981**	326
	23,988	3,657
Deferred tax		
— current year	**4,250**	4,500
Total income tax expense	**28,238**	8,157

No provision for Hong Kong profits tax has been made for the year ended 31 December 2013 (2012: 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% (2012: 16.5%) for the year.

Enterprise income tax arising from other regions of the PRC is calculated at 25% (2012: 25%) of the estimated assessable profits.

The provision of PRC 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 from 30% to 60% on the appreciation value, with certain allowable deductions including land costs, borrowing costs and the relevant property development expenditure.

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share is based on the profit/(loss) attributable to ordinary shareholders of the Company and the following data:

	2013	2012
	RMB'000	*RMB'000*
Profit/(loss) attributable to ordinary shareholders of the Company for the purposes of basic earnings/(loss) per share	**63,989**	(79,976)
Effect of dilutive potential ordinary shares:		
Fair value changes in derivative financial liabilities	**—**	(3,165)
Profit/(loss) for the purposes of diluted earnings/(loss) per share	**63,989**	(83,141)

	Number of shares	
	'000	*'000*
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	**2,216,531**	1,952,295
Effect of dilutive potential ordinary shares from warrants	**—**	152
Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share	**2,216,531**	1,952,447

For the year ended 31 December 2013, basic earnings per share is same as diluted earnings per share as any effect from the Company's options and warrants is anti-dilutive.

10. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2013 (2012: Nil).

11. CONSIDERATION RECEIVABLE

	Gross consideration	(Settled)/Paid	**2013** *RMB'000*	2012 *RMB'000*
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**	269,614
Less: Estimated development costs and finance costs borne by the Group	(55,000)	20,000	**(35,000)**	(41,365)
	1,073,273	(968,273)	**105,000**	228,249
Less: Impairment loss recognised in overdue consideration receivable	—	—	**(12,929)**	(12,929)
Add: Reversal of impairment loss recognised in prior years	—	—	**12,929**	—
Less: Amortisation of future value in final payment	—	—	**—**	(4,557)
Amortised cost	1,073,273	(968,273)	**105,000**	210,763
Amount due within one year included in current assets	—	—	**—**	(116,685)
Amount due after one year	1,073,273	(968,273)	**105,000**	94,078

The receivable relates to the outstanding instalments receivable from the purchaser, 海航酒店控股集團有限公司 (HNA 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. Development costs of approximately RMB6,365,000 had been paid by the Group during the year. The final instalment, estimated at a present value of approximately RMB105,000,000 (2012: RMB94,078,000), is receivable when the construction of the properties is completed, which is expected to occur in more than twelve months from the end of reporting period.

In December 2013, the overdue receivable of approximately RMB130,138,000 was settled by HNA Hotel by transferring all the property interests with a total GFA of approximately 4,126 sq.m. at the office premises at the 32nd and 33rd floors of HNA Tower, Tianhe District, Guangzhou (the "**Properties**") indirectly owned by HNA Hotel to the Group. The Properties have been leased to the Group as its head office in Guangzhou.

Pursuant to the 2nd supplemental agreement dated 3 November 2012, HNA Hotel had paid, by transferring the interests in the Properties, default interests to Yaubond Limited on the overdue consideration calculated at daily rate of 0.0577% from 1 May 2013 to 31 December 2013 for not transferring the Properties before 30 April 2013. As a result, default interests aggregating to approximately RMB18,392,000 has been accrued from 1 May 2013 to 31 December 2013. Together with the sum of the overdue consideration of approximately RMB130,138,000, a total sum of RMB148,530,000 was received from HNA Hotel as full and final settlement of the overdue consideration. The registrations of the title deeds of the Properties transferred in the PRC relevant land registry were completed in late December 2013.

On the ground of the settlement of the overdue consideration, an over-provision for impairment loss of RMB12,929,000 in 2011 was reversed in the accounts for the year ended 31 December 2013.

12. TRADE AND OTHER RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Current or less than 1 month	**305**	246
1 to 3 months	**555**	104
More than 3 months but less than 12 months	**1,156**	916
More than 1 year	**1,377**	137
Trade receivables, net of impairment	**3,393**	1,403
Refundable earnest money in a development project	**10,000**	10,000
Surety deposit paid for securing due performance of the construction of a hotel in Yongzhou	**30,000**	—
Tender deposit in development project	**6,000**	6,000
Prepaid construction costs	**316,882**	124,589
Prepaid finance costs	**25,131**	—
Business taxes and surcharges paid for properties pre-sold	**32,353**	45,689
Interest receivable on bank deposits	**—**	2,534
Deposits, prepayments and other receivables	**30,172**	13,589
	453,931	203,804

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.

13. TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Current or less than 1 month	**5,810**	7,574
1 to 3 months	**966**	1,069
More than 3 months but less than 12 months	**24,431**	462
More than 12 months	**1,037**	3,108
Total trade payables	**32,244**	12,213
Construction costs payable	**85,367**	162,936
Tender receivable from the suppliers	**35,749**	—
Receipts in advance, rental and other deposits from buyers, customers and/or tenants	**32,408**	23,609
Interest payable on bank and other borrowings	**1,014**	675
Other accrued expenses and other payables	**41,958**	45,501
	228,740	244,934

14. COMMITMENTS

	2013	2012
	RMB'000	*RMB'000*
Expenditure contracted but not provided for in respect of		
— Property construction and development costs	**1,284,323**	779,828
— Acquisition of investment property	**—**	156,890
	1,284,323	936,718
Expenditure authorised but not contracted for in respect of		
— Property construction and development costs	**1,895,745**	1,865,902
— Acquisition of land use rights	**931,648**	931,648
	2,827,393	2,797,550

15. CONTINGENT LIABILITIES

The Group provides guarantees to the extent of approximately RMB745,642,000 as at 31 December 2013 (2012: RMB385,933,000) in respect of banking facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks, and in such circumstances, the Group is entitled to take over the legal title and possession of the related properties. Such guarantees shall terminate upon issuance of the relevant property ownership certificates to the purchasers.

16. EVENTS AFTER THE END OF THE REPORTING PERIOD

In January 2014, the Group has been successful in the tenders for Nanning lands at a respective price of RMB968,119,200 and RMB229,380,720. The lands, with total lot size of 231,563.08 sq.m. (347.344 mu), are granted for the development of residential and commercial properties respectively for a term of 70 years and 40 years.

In February 2014, the Company entered into a placing agreement with an arranger & bookrunner pursuant to which the arranger & bookrunner agreed to act as the exclusive arranger and bookrunner for the Company in relation to the placing by or on behalf of the Company of the Bonds, to (a) procure placees to subscribe for HK$30,000,000 principal amount of the bonds and (b) to use its best efforts to procure placees to subscribe for the remaining HK$70,000,000 principal amount of the bonds, on the terms and subject to the conditions set out in the placing agreement and the mandate letter during the period commencing upon the date of the placing agreement and ending on 31 July 2014 (or such later time and date as the Company and the arranger & bookrunner may agree in writing).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

Business review

For the year, the Group recorded a substantial growth in turnover, contributed by the delivery of properties in Guiyang Project Phase II, amounting to RMB653.5 million, a 19 times increase from the previous year. Property sales constituted to 96.7% of total revenue for the year (2012: 60.2%). The Group's secondary line of business, the leasing of properties from mainly the commercial podium of Tianyu Garden Phase II in Guangzhou and AXA Centre in Wanchai, Hong Kong, contributed a revenue of RMB21.7 million, representing an increase of 1.5% from last year. The increase in leasing income was caused by the leasing of the newly acquired AXA Centre during the year. The effect was outweighed by the temporary vacancy in Tianyu Garden Phase II led by the moving out of a key tenant upon the expiry of the lease during the year.

Gross margin in property sales for the year was 17.1%, remains at a relatively low level as a result of the low pricing strategy to counter the tense price competition in the property market in Guiyang. Due to the higher proportion of revenue in property sales in the year that bears a lower margin than the leasing activities, overall gross margin for the year dropped to 19.2% (2012: 42.4%).

In operating expenses, sales and marketing expenses surged 26.1% to HK$19.1 million as the Group incurred more costs in advertising and promotions and agent commission when the first phase of Yongzhou Project and the third phase of Guiyang Project started pre-sale in the current year. Overall administrative and other operating expenses amounting to RMB66.5 million, dropped 9.4% as staff costs, being the biggest expense item, totaling RMB58.5 million of which RMB16.2 million were capitalised as development costs, have been stabilized, representing only a 3.3% growth which is resulted from the management's strategy to streamline the staff force but at the same time offer competitive compensation packages to staff with suitable profiles.

During the year, the Group enjoyed net exchange gain of RMB8.0 million as a result of the appreciations of RMB against HK dollar and US dollar in which some corporate loans are denominated, whilst net exchange loss of RMB2.3 million was incurred in previous year as RMB went in a reverse direction against the two currencies in that year.

Alongside with the Group's increased borrowings to finance the construction of projects and the obtaining of corporate debts at higher finance costs, finance costs incurred during the year rose by 4.6% to RMB82.9 million. Due to the fact that the financing is mostly used for the development of all projects, nearly most of the finance costs incurred were capitalised as development costs. Out of the total finance costs, RMB0.8 million was charged against the profit for the year and the remaining RMB82.1 million was capitalised. Finance income of RMB28.4 million grew as a result of the interest income of RMB18.4 million received during the year from the purchaser of the equity interests in Tianhe Project for default in settlement of the overdue installment of consideration receivable for the disposal.

Non-operating items include the changes in fair values of investment properties of RMB36.1 million (2012: RMB18.0 million) and gain of RMB4.2 million recognised on early redemption of an unsecured promissory note of a principal value of HK$96 million. In addition, due to the improved net realisable values and adjustments on the saleable areas of the properties held for sale in Guiyang Project, there resulted in a total gain of RMB23.6 million. The impact from these gains were offset by the net increase of RMB4.0 million in the fair values of the derivative financial liabilities embedded in the warrants issued by the Company to the lender of a secured loan of HK$298 million (RMB236.3 million) in 2012 for a guaranteed return of HK$29.8 million (RMB23.6 million) and the rights attached to the exchangeable bonds issued by the Company to a financial institution in a face value of HK$298 million (RMB236.3 million) in 2013 to empower the bondholders the rights to exchange the bonds for the equity interests in Guangzhou Zhoutouzui Development Limited ("**GZ Zhoutouzui**"), the rights to put the shares to the Company and the Company's right to buy back the shares.

Ripening the sales of properties in Guiyang Project by the project company which was owned as to 55% equity by the Group, the Company turned around to an after-tax profit of RMB64.0 million for the year attributable to the shareholders of the Company from a loss of RMB80.0 million in the year 2012.

Properties under development and land reserves

Adding to the land for the development of the Nanning Tianyu Garden which was acquired in January 2014, the Group is undergoing five real estate development projects in mainland China during the year. Up to the date of this announcement, the Group's projects on hand renders a land reserve for property development of a total GFA of approximately 2.1 million sq.m., all of which are now under construction.

Guiyang Project

The development, known as Tianyu City ("天譽城"), in which the Group holds a 55% stake, consists of high-end residential apartments of a total GFA of approximately 460,000 sq.m. for residential apartments and 132,000 sq.m. for commercial complex, community facilities and carparking spaces. Properties in the first and second phases of the development in GFA of approximately 253,000 sq.m. have been completed of which nearly all residential units were sold and delivered to customers. The remaining third phase of the project, consisting of five residential buildings, commercial units and carparking spaces of GFA of 245,000 sq.m., are under construction and is expected to be completed in 2014 and 2015 of which a GFA totalling of 99,801 sq.m. are now on pre-sale, contracting already 92.1% of the pre-sale area with contracted sums of approximately RMB426.4 million at the end of February 2014.

Zhoutouzui Project

The project is held by a sino-foreign cooperative joint venture enterprise which is jointly controlled by the Company and a third party, 廣州港集團有限公司 (Guangzhou Port Group Co., Limited), an original user of the land who is entitled to share 28% in GFA of the completed properties pursuant to a joint venture agreement entered into in 2001 which stipulates that the Group has to finance all construction costs of the entire development.

The site, opposite to the renounced White Swan Hotel, offers a full waterfront view of the Pearl River. The development on the site of 43,609 sq.m. consists of 7 towers of residential apartments, offices, service apartments and a commercial complex in a total GFA of approximately 320,000 sq m., and underground car parking facilities in a total GFA of approximately 102,000 sq.m.. Up to the end of February 2014, construction is in full progress and three towers are built up to second floor and the others at the basement floors. Given the satisfactory progress of the construction, the management expects that pre-sales of some towers can be started in the second half of the year in 2014.

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, offering a total site area of 1,000 mu on which a 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 entire project covers a development period of 6 years.

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 GFA of 212,000 sq.m. on a 106 mu site and is in full progress of construction. All properties on the site are on pre-sale and GFA of 70,814 sq.m. have been contracted up to the end of February 2014, generating a total contracted sales of approximately RMB224 million at an overall average selling price of RMB3,200 per sq.m..

Alongside with the development of Tianyu-huafu Project, as part of the Group's efforts in contributing to preserve the heritages in Yongzhou, a large historic temple in an area of over 20,000 sq.m. that was originated in Ming Dynasty was being rebuilt by the Group which is expected to be completed in the second quarter of 2014.

Tianhe Project

The equity interest in the project was sold to a third party in late 2010 at a gross consideration of RMB1.09 billion before deduction of finance and other costs that are to be borne by the Group which are yet to be ascertained. Taking into account the exchange of the overdue debt of RMB130.1 million with the ownership rights of the office premises at the 32nd and 33rd floors of HNA Tower, Tianhe District, Guangzhou in December 2013, payments for the consideration totalling RMB995.3 million have been received from the purchaser. Accordingly to the transaction agreement, construction costs are to be borne by the purchaser whilst the Group resumes the role of a project manager and is responsible for the due completion of the properties at agreed timeline and construction costs.

As the Group is obliged to bear overruns in construction costs and indemnify the timely completion of the construction of the properties, the criteria for recognition of revenue set out in the Hong Kong accounting standard has not been met but the revenue arising from the disposal be deferred and not yet recognised until when construction is close to completion and substantial part of the associated costs can be ascertained reliably.

The project, consisting of a GFA of approximately 113,000 sq.m. of two twin towers, will be developed into a hotel, serviced apartments and offices situated Tianhe District, a commercial business hub of the central city of Guangzhou. Up to the end of February 2014, the towers have been built up to 37 storeys though the progress had been adversely affected by the purchaser's delays in payments of construction costs owed to contractors. The management perceive that the responsibility of the delay is on the purchaser whilst the Group has properly carried out its obligations and hence no claim from the purchaser is foreseen. Given the current progress of the construction and the fact that financing for construction has been recently obtained by the purchaser from a commercial bank and the construction costs are expected to be duly settled, the directors expect that the construction can be completed in the third quarter of 2015 as the Group's latest work schedule when the sale transaction will be fully recorded in the accounts of the Group. With our current assessment of the costs to be borne by the Group according to the agreement in relation to the disposal, an estimated gain of RMB222.2 million will be recognised upon completion of the project.

Nanning Project

In January 2014, the Group was successful in two tenders for two pieces of land in Wuxiang New District (五象新區), a new zone in Nanning, Guangxi province. The project, recently named as "Nanning Tianyu Garden" ("南寧天譽花園"), will be developed into a residential development with a GFA of approximately 1,177,000 sq.m., consisting of GFA of approximately 888,000 sq.m. for residential and ancillary commercial and other facilities and GFA of approximately 289,000 sq.m. for compensated housing and commercial properties for resettlement of the original occupants. Construction have been commenced and the management expects that the first phase of the project will be launched for pre-sale in the second half of the year 2014.

Investment properties

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

A 20,000 sq.m. commercial podium at Tianyu Garden Phase II in Tianhe District, Guangzhou with an open market value at RMB530.0 million as at 31 December 2013. At the date of this announcement, the property is now 63.4% occupied and tenanted with renowned corporations. The occupancy rate of the property during the year has been affected by the vacancy of floor areas when the US consulate, a key tenant of the premise, moved out upon the expiry of the lease. The property is revalued at an open market value of RMB530.0 million as at 31 December 2013.

A total of 14,500 sq.ft. office premise at the whole floor at AXA Centre in Wanchai, Hong Kong was acquired by the Group in April 2013. After the past tenant moved out upon maturity of the tenancy in December 2013, the property has been divided into five units of which two are leased in March 2014 and the remaining three units are currently vacant pending soliciting of new tenants. The property is revalued at an open market value of HK$230.0 million (approximately RMB180.8 million) as at 31 December 2013.

Outlook

The outlook of the economic growth of China and many emerging markets turned gloomy when the domestic output of China slowed down and the investment sentiment in the emerging markets went low amid the outflow of capital. However, property market on the mainland continued to outperform as evidenced by the record-high property selling prices and auction prices of lands in 2013. On the other hand, the central bank, being aggrieved by the galloping volume of off-balance sheet lending, has tightened capital to commercial banks, making lending on the mainland more difficult. To counter the uncertainty in the finance market on which the financing for acquisition of projects is relied, the Group is striving to maintain a solid financial position that enable the Group to obtain sufficient finance for the acquisition of projects so as to enlarge the land reserves of the Group and keep the business sustainable. At the date of this announcement, the Group has financing facilities granted from commercial banks and a trust in an aggregate of RMB1,869.3 million (of which borrowings of RMB480.6 have drawn down) and financing in a total of HK$596 million obtained from an secured loan extended to the Company in 2012 by a financial institution and an issue of secured bonds by the Company to the same group in 2013. In addition, pre-sales of the Yongzhou Project and Guiyang Project have been providing sufficient working capital to finance the ongoing construction costs of these projects, making the completion of these projects beyond doubts.

The management plans to sustain a continuing growth in sales and earnings to the Company's shareholders and is therefore aggressive to replenish land for future development in the years to come but remains prudent to look for projects with relatively low acquisition costs and attractive earning potential. The project in Nanning demonstrates another good start-off in our expansion plan in southern China.

Liquidity and Financial Resources

Capital structure and liquidity

During the year under review, the Company has issued secured bonds in a principal value of HK$298 million (RMB236.3 million) to a financial institution. The bonds, together with an existing loan with a principal amount of HK$298 million extended by the same group of entities in a financial institution, is secured by the entire issued shares of GZ Zhoutouzui, the immediate holding company of the project company holding the Zhoutouzui Project. Besides, the secured bonds are embedded with derivative financial liabilities comprising a right to the bondholders to exchange for some shares of GZ Zhoutouzui and a subsequent right to put the exchanged shares to the Company for redemption and the Company a right to call. The proceeds of the issue were used for general working capital of the Group and repayment of a money market loan of US$18.6 million and outstanding balance of a promissory note issued for the acquisition of the office premise at AXA Centre in Wanchai in the year. To finance the development of projects (other than Tianhe Project) being undergone by the Group and the acquisition of AXA Centre, additional bank loans in a total of RMB443.9 million were drawn down during the year, net of repayments of bank loans and other borrowings totaling RMB196.6 million. At the year-end, the Group is indebted to commercial banks for three term loans of an outstanding total of RMB408.5 million for the financing of the construction costs of the Group's projects, a term loan and revolving loan totaling RMB72.1 million due to a commercial bank for the financing of the acquisition of AXA Centre and general working capital of the Company, the secured loan and bonds with outstanding indebtedness totaling RMB452.8 million, advances from non-controlling shareholders of a subsidiary of RMB84.8 million and derivative financial liabilities embedded with the secured loan extended by a lender and bonds issued to a bondholder presented at fair values totaling RMB27.8 million. These indebtedness of the Group is aggregated to RMB1,046.0 million (2012: RMB635.0 million), representing an increase of RMB411.0 million when compared with the balance at the year-end of last year. 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 28.7% at the year-end date (2012: 7.6%). The increase in the gearing ratio reflects the rise in the Group's indebtedness to cope with the expansion in the development business. Nonetheless, the management believes that the indebtedness level is still at a comfortably low level which the Group can meet with as when the relevant debts mature.

In the year, all development projects are in construction stage, building up development costs in properties under development to RMB2,262.7 million (2012: RMB1,691.3 million), whilst properties held for sale decreased to RMB173.4 million (2012: RMB666.6 million) when completed properties in Guiyang Project were delivered to buyers during the year. Current assets, totaling RMB3,248.2 million (2012: RMB3,294.0 million) as at the year-end date, show a slight decrease of RMB45.8 million from that of the last year-end date. Apart from the properties under development or held for sale, current assets comprise trade deposits paid to contractors and other deposits and receivable of RMB453.9 million, and bank balances totaling RMB358.2 million that include pre-sale proceeds of RMB57.7 million received from buyers that are restricted for payment of construction costs incurred in the related projects.

Total current liabilities at the current year-end amounted to RMB1,275.6 million (2012: RMB1,434.4 million), representing a decrease of RMB158.9 million compared with that on 31 December 2012. The decrease in current liabilities is mainly due to the decrease in pre-sale proceeds that have been recognised as revenue for the year when properties developed in Guiyang Project were delivered to buyers, and the repayment of advances made by the non-controlling shareholder of a subsidiary during the year. The current liabilities comprise pre-sale deposits of RMB571.4 million, the outstanding amount of RMB228.8 million for the secured loan in 2012 and current portion of bank borrowings of

RMB72.1 million, the current portion of the derivative financial liabilities totaling RMB24.0 million, advances from non-controlling shareholders of a subsidiary of RMB84.8 million, and miscellaneous items in trade payables, accruals, and income tax payable aggregated to RMB294.5 million.

The current ratio shows further improvement which is 2.6 times at the current year-end (2012: 2.3 times).

Borrowings and pledge of assets

The land and construction in progress in Guiyang Project, Yongzhou Project and Zhoutouzui Project, the office premise at the AXA Centre are mortgaged to commercial banks and financial institution and a bondholder to secure for financing facilities granted to the subsidiaries engaged in the development projects and investment property holding. The secured loan and exchangeable bonds in the aggregated outstanding principal value of HK$596 million were also secured by a share charge over the entire issued shares of GZ Zhoutouzui. In addition, the property units in Tianyu Garden Phase II and the office premises at HNA Tower were mortgaged to a financial institution for a trust loan facility of RMB500.0 million granted to a subsidiary. As at 31 December 2013, bank loans in an aggregate amount of RMB480.6 million are outstanding whilst the trust loan facility was not yet drawn down.

Foreign Currency 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, investment holding and administrative activities of the Group are denominated in HK dollars.

During the year, RMB has been in mild appreciations against HK and US dollars. Foreign exchange gains were realised when transactions relating to the Hong Kong dollar denominated bonds and the leasing activities of the investment property in Hong Kong were transacted in Hong Kong dollars. Exchange differences arise on consolidation of assets and liabilities of some subsidiaries operated in Hong Kong which carry their books in HK dollars, resulting to an exchange gain of RMB0.3 million as at 31 December 2013 that is added to the exchange reserve, forming part of the equity of the Company. The directors perceive that RMB will, in a longer run, still generally move in upward movements against HK dollars and foresee the Group has no significant adverse foreign currency exposure in the future. In the event of a depreciation of RMB against these foreign currencies, given the comparatively low levels of indebtedness and activities in which the HK dollars are denominated, such fluctuations will not have material unfavourable effect on the financial position of the Group. For these reasons, the Group does not hedge against its foreign currency risk. However, the management will closely monitor the currency exposures from time to time for any permanent or significant changes in the exchange rates in RMB against the HK dollars that may lead to adverse impact on the Group's results and financial position.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to enhance its corporate governance standards by emphasizing transparency, independence, accountability, responsibility and fairness. The Company exercises corporate governance through the Board and various committees with designated functions.

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 2013 financial statements, in compliance with the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange except for the following deviations:

Code Provision A.2.1 — 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 the same individual, Mr. YU Pan, since 2004.

Due to the small size of the management team, both the roles of the Chairman of the Board and Chief Executive Officer who leads the management of the Company are currently played by Mr. YU Pan. 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 clearer division of responsibilities at the board level and the management team to ensure a proper balance of power and authority within the Company.

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 13 May 2013 (the "**AGM**") due to other business engagement. Mr. SIU Shawn, the former Executive Director, was elected as chairman of the AGM to ensure effective communication with the shareholders of the Company at the AGM.

COMPLIANCE WITH THE MODEL CODE FOR 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 for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the Listing Rules 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 year under review.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year.

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 financial statements have been reviewed by the Audit Committee.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Company (www.sfr59.com) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The annual report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

OTHER

As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. YU Pan (Chairman), Mr. WEN Xiaobing and Mr. WONG Lok; one non-executive director, namely Mr. ZHONG Guoxing and three independent non-executive directors, namely Mr. CHOY Shu Kwan, Mr. CHENG Wing Keung, Raymond and Ms. CHUNG Lai Fong.

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

Hong Kong, 24 March 2014