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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 2014

FINANCIAL HIGHLIGHTS

	2014	2013
	RMB'000	*RMB'000*
Revenue	**157,870**	675,706
(Loss)/profit before income tax	**(168,326)**	140,911
(Loss)/profit for the year	**(159,980)**	112,673
(Loss)/profit for the year attributable to owners of the Company	**(141,252)**	63,989
(Loss)/earnings per share – Basic	**(RMB0.064)**	RMB0.029
Total assets	**6,924,966**	5,007,247

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 2014, together with comparative figures for the corresponding year of 2013. 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 2014

	Notes	2014 RMB'000	2013 RMB'000
Revenue	5	**157,870**	675,706
Cost of sales and services		**(123,879)**	(545,994)
Gross profit		**33,991**	129,712
Other income and gains, net		**5,505**	9,667
Sales and marketing expenses		**(23,087)**	(19,143)
Administrative and other expenses		**(102,333)**	(66,497)
Fair value changes in investment properties		**(38,822)**	36,102
(Write-down)/reversal of write-down of properties under development/properties held for sale		**(38,759)**	23,572
Impairment loss on goodwill		**–**	(313)
Gain from bargain purchase		**1,600**	–
Gain on early redemption of promissory notes		**–**	4,152
Fair value changes in derivative financial asset/liabilities		**2,245**	(3,957)
Loss on disposal of subsidiaries, net of tax		**(15,830)**	–
Finance costs	6	**(1,871)**	(758)
Finance income	6	**9,035**	28,374
(Loss)/profit before income tax	7	**(168,326)**	140,911
Income tax credit/(expense)	8	**8,346**	(28,238)
(LOSS)/PROFIT FOR THE YEAR		**(159,980)**	112,673
Other comprehensive income, items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on foreign operations		**(325)**	284
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(160,305)**	112,957

	Notes	**2014** *RMB'000*	2013 *RMB'000*
(Loss)/profit for the year attributable to:			
– Owners of the Company		**(141,252)**	63,989
– Non-controlling interests		**(18,728)**	48,684
		(159,980)	112,673
Total comprehensive income for the year attributable to:			
– Owners of the Company		**(141,577)**	64,273
– Non-controlling interests		**(18,728)**	48,684
		(160,305)	112,957
(Loss)/earnings per share – Basic and diluted	9	**(RMB0.064)**	RMB0.029

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment		**271,993**	159,450
Investment properties		**556,533**	710,826
Properties under Tianhe Project		**777,090**	768,130
Goodwill		**13,554**	13,554
Derivative financial asset		**–**	2,076
Consideration receivable		**105,000**	105,000
		1,724,170	1,759,036
Current assets			
Properties under development		**3,828,284**	2,262,709
Properties held for sale		**125,526**	173,395
Trade and other receivables	11	**467,037**	453,931
Short term investments		**244,000**	–
Restricted and pledged deposits		**334,844**	57,660
Cash and cash equivalents		**201,105**	300,516
		5,200,796	3,248,211
Current liabilities			
Trade and other payables	12	**228,774**	228,740
Properties pre-sale deposits		**1,461,340**	571,377
Bank and other borrowings – current portion		**1,305,610**	300,885
Derivative financial liabilities – current portion		**32**	23,963
Loans from non-controlling shareholders of a subsidiary		**–**	84,803
Income tax payable		**64,971**	65,801
		3,060,727	1,275,569
Net current assets		**2,140,069**	1,972,642
Total assets less current liabilities		**3,864,239**	3,731,678

	Notes	**2014** **RMB'000**	2013 RMB'000
Non-current liabilities			
Bank and other borrowings			
– non-current portion		**969,217**	632,542
Derivative financial liabilities			
– non-current portion		**–**	3,829
Consideration from disposal of Tianhe Project		**990,360**	990,360
Deferred tax liabilities		**169,048**	179,298
		2,128,625	1,806,029
Net assets		**1,735,614**	1,925,649
Capital and reserves			
Share capital		**21,068**	21,068
Reserves		**1,688,986**	1,828,913
Equity attributable to owners of the Company		**1,710,054**	1,849,981
Non-controlling interests		**25,560**	75,668
Total equity		**1,735,614**	1,925,649

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

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

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

(a) Adoption of amendments to HKFRSs – effective 1 January 2014

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC) 21	Levies

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

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. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not have any offsetting arrangements.

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. The interpretation has been applied retrospectively.

The adoption of HK (IFRIC) 21 has no impact on these financial statements as the interpretation is consistent with the Group's previous application of its accounting policies on provisions.

(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.

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[1]
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[3]
Amendments to HKAS1	Disclosure initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[3]
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[3]
HKFRS 9 (2014)	Financial Instruments[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[4]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning or transactions occurring, on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after 1 January 2017
5 Effective for annual periods beginning on or after 1 January 2018

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at FVTOCI if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at FVTPL.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the 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.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:
Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

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 three operating divisions – property development, property investment and property management. As management of the Group considers that nearly all consolidated revenue are attributable to the markets in the People's Republic of China (the "**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	– 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, fair value changes in investment properties, impairment loss on goodwill and write-down/reversal of write-down of properties under development/held for sale.

Segment assets/liabilities include all assets/liabilities attributable to those segments with the exception of short-term investments, 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*	**Property management** *RMB'000*	**Total** *RMB'000*
Year ended 31 December 2014				
Segment revenue				
Reportable segment revenue	**118,345**	**22,448**	**29,443**	**170,236**
Elimination of intra-segment revenue	**–**	**(6,735)**	**(5,631)**	**(12,366)**
Consolidated revenue from external customers	**118,345**	**15,713**	**23,812**	**157,870**
Segment results	**(75,774)**	**12,648**	**(861)**	**(63,987)**
Reconciliation:				
Unallocated corporate net expenses				**(21,937)**
				(85,924)
Fair value changes in investment properties	**–**	**(38,822)**	**–**	**(38,822)**
Write down of properties under development	**(38,759)**	**–**	**–**	**(38,759)**
Gain from bargain purchase	**–**	**–**	**1,600**	**1,600**
Fair value changes in derivative financial asset/liabilities				**2,245**
Loss on disposal of subsidiaries, net of tax				**(15,830)**
Finance costs				**(1,871)**
Finance income				**9,035**
Consolidated loss before income tax				**(168,326)**
Other segment information:				
Depreciation and amortisation	**(893)**	**(1,023)**	**(1,677)**	**(3,593)**
Impairment loss on trade and other receivables	**–**	**–**	**(236)**	**(236)**
Additions to properties under Tianhe project	**8,960**	**–**	**–**	**8,960**
Additions to properties under development	**2,215,687**	**–**	**–**	**2,215,687**
Capital expenditure	**2,422**	**2,207**	**182**	**4,811**

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Total RMB'000
As at 31 December 2014				
Assets and liabilities				
Assets				
Reportable segment assets	**5,333,788**	**565,894**	**48,013**	**5,947,695**
Reconciliation:				
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**
Liabilities				
Reportable segment liabilities	**3,797,927**	**10,174**	**14,418**	**3,822,519**
Reconciliation:				
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**

	Property development *RMB'000*	Property investment *RMB'000*	Total *RMB'000*
Year ended 31 December 2013			
Segment revenue			
Reportable segment revenue	657,728	17,978	675,706
Elimination of intra-segment revenue	–	–	–
Consolidated revenue from external customers	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	514,234	–	514,234
Capital expenditure	294	166,126	166,420

	Property development	Property investment	Total
	RMB'000	*RMB'000*	*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
Cash and cash equivalents			300,516
Restricted and pledged deposits			57,660
Unallocated corporate assets			
– Leasehold land and building			152,709
– Other corporate assets			1,263
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

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 2014 and 2013.

5. 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 sales related taxes. The amounts of each significant category of revenue recognised during the year are as follows:

	2014	2013
	RMB'000	*RMB'000*
Sale of properties	**116,056**	653,543
Rental income	**18,002**	21,730
Property management services	**23,812**	–
Others	**–**	433
	157,870	675,706

6. FINANCE COSTS AND INCOME

	2014	2013
	RMB'000	*RMB'000*
Finance costs:		
Interest on bank and other borrowings		
– wholly repayable within five years	**204,363**	70,220
– wholly repayable after five years	**2,585**	5,235
	206,948	75,455
Less: Amount capitalised as properties under development		
Interest on bank and other borrowings	**(205,077)**	(75,454)
	1,871	1
Other borrowing costs	**29,431**	7,437
Less: Amount capitalised as properties under development	**(29,431)**	(6,680)
	–	757
Finance costs charged to profit or loss	**1,871**	758
Finance income:		
Bank interest income	**5,932**	5,425
Interest income on short term investments	**3,094**	–
Default interest income on overdue consideration receivable	**–**	18,392
Other interest income	**9**	4,557
Finance income credited to profit or loss	**9,035**	28,374

Borrowing costs capitalised during the year are calculated by applying a capitalisation rate of 12.4% (2013: 11.3%), which is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

7. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2014	2013
	RMB'000	*RMB'000*
Cost of properties sold	**115,015**	541,815
Write-down/(reversal of write-down) of properties under development/properties held for sale	**38,759**	(23,572)
Cost of inventories recognised in profit or loss	**153,774**	518,243
Staff costs, including directors' emoluments	**52,966**	42,286
Auditor's remuneration		
– current year	**887**	802
– over-provision for prior year	**(40)**	–
– non-audit services	**445**	748
Depreciation of property, plant and equipment	**9,110**	1,890
Less: Amount capitalised as properties under development	**(36)**	(19)
Depreciation charged to profit or loss	**9,074**	1,871
Amortisation of leasehold land	**3,407**	246
Depreciation and amortisation charged to profit or loss	**12,481**	2,117
Loss on disposal of property, plant and equipment	**57**	22
Exchange loss/(gain), net	**972**	(8,008)
Impairment loss on trade and other receivables	**236**	14
Bad debts recovered	**–**	(55)

8. INCOME TAX (CREDIT)/EXPENSE

	2014	2013
	RMB'000	*RMB'000*
Current tax		
Hong Kong profits tax	**–**	–
PRC corporate tax		
– current year	**532**	17,007
PRC land appreciation taxes ("**LAT**")		
– current year	**1,372**	6,981
	1,904	23,988
Deferred tax		
– current year	**(10,250)**	4,250
Total income tax (credit)/expense	**(8,346)**	28,238

No provision for Hong Kong profits tax has been made for the year ended 31 December 2014 (2013: 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% (2013: 16.5%) for the year.

Enterprise income tax arising from other regions of the PRC is calculated at 25% (2013: 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. (LOSS)/EARNINGS PER SHARE

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

	2014	2013
	RMB'000	*RMB'000*
(Loss)/profit for the purposes of basic and diluted (loss)/earnings per share	**(141,252)**	63,989
	Number of shares	
	'000	*'000*
Weighted average number of ordinary shares for the purposes of basic and diluted (loss)/earnings per share	**2,216,531**	2,216,531

For the year ended 31 December 2014, basic (loss)/earnings per share is same as diluted (loss)/earnings per share as any effect from the Company's options is anti-dilutive.

10. DIVIDENDS

The Company does not have distributable reserve available for payment of dividend for the year ended 31 December 2014 (2013: Nil).

11. TRADE AND OTHER RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Current or less than 1 month	**1,503**	305
1 to 3 months	**338**	555
More than 3 months but less than 12 months	**106**	1,156
More than 1 year	**78**	1,377
Trade receivables, net of impairment	**2,025**	3,393
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	**32,000**	30,000
Tender deposit in development project	**6,800**	6,000
Prepaid construction costs	**239,326**	316,882
Prepaid finance costs	**10,570**	25,131
Business taxes and surcharges paid for properties pre-sold	**73,756**	32,353
Interest receivable on bank deposits/short-term investments	**6,624**	–
Deposits, prepayments and other receivables	**85,936**	30,172
	467,037	453,931

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. TRADE AND OTHER PAYABLES

	2014	2013
	RMB'000	*RMB'000*
Current or less than 1 month	**–**	5,810
1 to 3 months	**242**	966
More than 3 months but less than 12 months	**226**	24,431
More than 12 months	**153**	1,037
Total trade payables	**621**	32,244
Construction costs payable	**116,474**	85,367
Tender receivable from the suppliers	**48,499**	35,749
Receipts in advance, rental and other deposits from buyers, customers and/or tenants	**13,874**	32,408
Interest payable on bank and other borrowings	**18,743**	1,014
Other accrued expenses and other payables	**30,563**	41,958
	228,774	228,740

13. COMMITMENTS

	2014	2013
	RMB'000	*RMB'000*
Expenditure contracted but not provided for in respect of		
– Property construction and development costs	**2,467,864**	1,284,323
Expenditure authorised but not contracted for in respect of		
– Property construction and development costs	**1,631,094**	1,895,745
– Acquisition of land use rights	**931,648**	931,648
	2,562,742	2,827,393

14. EVENTS AFTER THE END OF THE REPORTING PERIOD

南寧天譽巨榮置業有限公司 (Nanning Tianyu Jurong Realty Company Limited), a wholly-owned subsidiary of the Company, was successful in the public auction for the land use rights of three pieces of land of site area of 194,220.95 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 province, the PRC at an aggregate consideration of RMB705,022,049 offered by 南寧市國土資源局 (Land Resources Bureau of Nanning). The development is planned to be a composite project that comprises residential and commercial properties of shopping mall, hotel, offices, car parks for sale and leasing and other ancillary facilities with a planned total gross floor area of approximately 1.4 million sq.m.. Preliminary development works will be commenced in the first half of 2015 right after the signing of the land transfer contract.

MANAGEMENT DISCUSSION AND ANALYSIS

For the twelve months ended 31 December 2014

A. Business review

The year of 2014 has been a difficult year to most of the property developers. As reported by the National Bureau of Statistics (NBS) *(note 1)*, growth in China's real estate investment slowed to 10.5% in 2014 (2013: 19.8%) from a year earlier, while revenue from property sales dropped 6.3% on an annual basis, being dampened by the weakening property sector. In amidst of the slowing economy on mainland China, the sentiment in general consumption and, in particular, demand for properties which is more sensitive to economic ups and downturns, was adversely affected. In the earlier months of the year, the market generally perceived a hard landing and buyer sentiment of all regions in the country was low. Coupled with the vast supply of inventories, property developers were compelled to sell properties at suppressed margins. The property development business of the Group was affected by the sluggish demand in residential properties. Situation has been especially acute in the tier-3 and 4 cities where demand for properties was slack and inventories were built up as a consequence. In these regions, property prices are not sensitive to product quality, competition in property sales has been particularly keen, leading to high pressure in sale prices.

Facing the possible downturn and aiming to maintaining liquidity required for the Group's operation, the management had been striving to realize sufficient cash from projects which are regarded as not very efficient in earnings and cash generation. To monetize our portfolio effectively, apart from putting aggressively sale efforts in the properties in Yongzhou Project and Nanning Skyfame Garden Project that were launched for presales during the year, the management disposed of the Group's entire equity interest in the final phase of the development in Guiyang Project and invited the participation of a 20% equity interest by a joint venture partner in Nanning Skyfame Garden Project to receive an aggregated cash proceeds of approximately RMB70.5 million.

Along with the continued improvements in market sentiment and release of pent-up demand in recent months, the management expects the market will gradually recover in 2015. To sustain growth of the Group's property development business in the next development cycle from 2018 onwards when all the Group's projects (except for the newly acquired Nanning Riverside Project) will be completed, the management targets to build up land reserves in selected regions in the first-tier cities and Nanning that are with solid market demand, and strong growth potential.

(note 1) Source: http://www.businessspectator.com.au/article/2015/1/20/china/chinas-slowing-growth-has-silver-lining

B. Property Portfolio

1. Properties under development and land reserves

Including the Guiyang Project (a project disposed during the year), the Group underwent or is undergoing a total of five real estate development projects in mainland China during the year. Up to the date of this report, adding on the new project with planned developable GFA of approximately 1,425,000 sq.m. situated at the riverfront in Nanning acquired in a public land auction on 4 February 2015, the Group's projects on hand renders a land reserve of a project total GFA of approximately 3,245,000 sq.m., out of which a total GFA of approximately 680,000 sq.m. are currently or will be in pre-sale stage in the coming months in 2015.

The details about the Group's projects on hand are summarised below:

Project	Location	Property type	Estimated Project Total GFA *(sq.m.) (Note 1)*	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%
Nanning Riverside Project	Nanning	Composite	1,425,000	2018 to 2022	100%
Yongzhou Project	Yongzhou	Residential, commercial and ancillary facilities	212,000 *(Note 1)*	2015 to 2016	70%
Tianhe Project	Guangzhou	Commercial	112,000	2016	*(Note 2)*
Total			3,245,000		

Note:

(1) Project total GFAs presented here represent the total gross floor area developable in the project, including the area sold and delivered in the year and previous years. The GFA in Yongzhou Project includes 16% of GFA which has been sold and delivered in the year.

(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.

Zhoutouzui Project

The project, named as "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 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 renounced 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 GFA of approximately 320,000 sq.m., consisting of 7 towers comprising residential apartments, offices, serviced apartments, municipal and other facilities, underground car parking facilities and supporting commercial facilities.

Up to 25 February 2015, Tower A1 has been roofed, the mainframes of the other towers will be completed in 2015. The management expects that Tower A4 and A5 will be completed and started to be delivered to buyers in 2016, whilst Tower A2, A3, A6 and A7 delivered in 2017. Other than serviced apartments in Tower A1 that is currently planned to be held for long-term leasing, the residential units in other towers (with the exception of a total GFA of approximately 81,000 sq.m. in Tower A4, A5 and certain 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, and up to 25 February 2015, contracted sales of a total GFA of approximately 7,300 sq.m. have been made and deposits for contracted sales of approximately RMB181.4 million have been received.

Tianhe Project

The project, consisting of a 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, a commercial business hub in central Guangzhou. The curtain walls of the two towers have been 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 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 in 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 RMB213.3 million will be recognised upon completion of the project. The project will be launched for pre-sale in the second quarter of the year 2015.

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 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 GFA of approximately 212,000 sq.m. on a 106-mu site. On the date of this report, except that 9 towers of high-rise apartments are under construction, all villas, retail shops and low-rise apartments have been completed. In 2014, GFA of approximately 31,000 sq.m., mainly of low-rise apartments, have been sold and delivered to buyers. Up to 25 February 2015, contracted sales of RMB321.8 million for apartments and RMB68.1 million for villas and retail shops were made. The overall average selling price of these contracted sales is approximately RMB3,600 per sq.m..

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 GFA of approximately 1,176,000 sq.m., consisting of 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. for compensated housing and commercial properties for the resettlement of the original occupants. The project is divided into five zones, namely Zone 3, 4, 5, 6 and 7. Up to 25 February 2015, all zones are under construction. Pre-sales of property units in Zone 3 of GFA of approximately 78,000 sq.m. have commenced and contracted sales totaling approximately RMB185.0 million, representing 42.2% in GFA, have been made up to 25 February 2015 and handing-over to buyers is scheduled to commence in the fourth quarter of 2016. The management also plans to commence pre-sale of some areas in Zone 4 and 5 with scheduled physical delivery to buyers by phases through late 2016 to 2018. GFA of 289,000 sq.m. in Zone 4, 6 and 7 will be delivered to the city government for resettlement properties for which deposits totaling approximately RMB993.2 million were received from the district government during the year. In addition, deposits of approximately RMB179.9 million have been received from interested group buyers.

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 194,220.95 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 province at an aggregate consideration of approximately RMB705.0 million,. The development is planned to be a composite project that comprises residential and commercial properties of shopping mall, hotel, offices, car parks for sale and leasing and other ancillary facilities with a planned total GFA of approximately 1,425,000 sq.m.. Preliminary development works will be commenced in the first half of 2015 right after the signing of the land transfer contract.

2. *Investment properties*

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

A 19,800 sq.m. commercial podium at Tianyu Garden Phase II in Tianhe District, Guangzhou of which 17,300 sq.m. is leased to tenants with an open market value at RMB447.0 million as at 31 December 2014. The leased property is now 94.3% occupied as at 25 February 2015. The occupancy rate has recovered when new tenancies are made after the ex-tenants moved out upon the expiry of the leases in 2013. The other 2,500 sq.m. is occupied by our property management team.

A total of 14,500 sq.ft. office premise at AXA Centre in Wanchai, Hong Kong was acquired by the Group in April 2013, of which GFA of 8,800 sq. ft. are leased to third party tenants and the remaining for self-use. The leased property units are revalued at an open market value of approximately RMB109.5 million (approximately HK$138.8 million) as at 31 December 2014.

C. Business Outlook

After slowing property performance in the earlier periods in 2014 across most cities in the nation, both in volume and selling prices, there shows small rebounds in recent months in the fourth quarter of 2014 in tier-1 and 2 cities whilst the markets in tier-3 and 4 cities are still gloomy. The bottoming-out in recent months was supported by the lowering housing mortgage rates by mortgage banks that helps boost mortgage loans and stimulated demand. With the relaxation of government intervention policies in many cities during 2014, the management expects that the home purchase restriction in the remaining four cities, including Guangzhou, will come to the end soon and there will be no more new tightening measures but supportive financial and administrative policies such as further relaxation of housing mortgage application requirement, tax cuts and the general loosening in bank lending. The Directors view that the coming year is likely to be a year of recovery for the property sector in which buying sentiment is restored, resulting in moderate rising property prices and trading volumes.

From the perspective of the Company, the coming years in 2015 and onwards are years of harvest when all projects on hand, except the newly acquired Nanning Riverside Project, will be put up for pre-sale in 2015. There will be approximately an aggregate volume of properties in GFA of 680,000 sq.m. that are currently or will be in pre-sale stage in 2015. Amongst all, Zhoutouzui Project, being a sizable upmarket project in Guangzhou, is particularly a cash cow that will remarkably improve the Group's liquidity position. The Directors target to achieve an aggregated total of RMB3 billion in contracted sales in 2015. As a result, the Group can then ride on the stronger asset backing position and improved liquidity to enhance the Group's ability to finance new land acquisitions for maintaining a growth momentum to the Group in the future years. The operating performance in property sales in the forthcoming years from the two projects in Zhoutouzui and Tianhe in Guangzhou and the two projects in Nanning is well expected to be promising. It will induce a strong turnaround in the Group's bottom line earnings.

The Directors are keen to maintain a steady growth in both the property sales and earnings to the Group that will ultimately enhance the intrinsic value of the shares of the Company to its shareholders. To achieve such objectives, the management is continuously reviewing the performance of existing projects and takes proactive actions to monetize the less performing projects. In addition, strategies in land and project acquisition are reviewed from time to time in order that a careful and selective approach is adopted that is geared to the potential for demand for properties in those cities. In the coming years, the Group will concentrate on project development in first-tier cities or coastal cities like Nanning where the property markets are firm and solid. At the same time, more managerial measures are being put in place to develop clearly defined performance targets to drive staff at all levels.

D. Financial Review

Sales Turnover and Margins

Due to the low volume of properties delivered in the year, turnover for the year amounted to RMB157.9 million, representing a 76.6% drop in turnover from last year. Property sales of the Group constituted to 73.5% of total revenue for the year (2013: 96.7%). During the year, the Group delivered properties of 30,700 sq.m. in GFA in "Tianyu-huafu" ("天譽•華府") in Yongzhou, Hunan province, mostly of low rise apartments, bringing in a total revenue of RMB102.1 million to the Group, and sales of 2,600 sq.m. in GFA and RMB14.0 million of high-rise apartments in Guiyang Project prior to the project being disposed by the Group in mid-2014.

The GFA delivered in 2014 aggregates to 33,300 sq.m., representing a 78.1% drop when compared with 2013. Facing low demand for higher quality properties in the region, sales in Yongzhou Project for the year, mainly of apartments for the mass market, commanded a relatively low average selling price of RMB3,300 per sq.m. compared with the development cost, presenting a disappointing margin of -3.7%. Including the sales of properties in Guiyang Project, the gross margin in property sales for the year is 0.9% for the year (2013: 17.1%). Given the similar types of properties sold during the two years, the differential in margins in the two years reflects the differences in prices commanded in the markets in Yongzhou and Guiyang for residential apartments. Following the expected sales of the higher-end villas and commercial units in Yongzhou Project in the coming year, we expect the margin performance in property sales will improve.

The Group's secondary line of business, the leasing of properties from mainly the commercial podium at Tianyu Garden Phase II in Guangzhou and offices at AXA Centre in Wanchai, Hong Kong, contributed a total revenue of RMB18.0 million, a drop of 17.2% from last year. The leasing income has been a relatively stable contributor in both revenue and margin. Having said, however, leasing income for the year declined as a result of the casual vacancies and some areas being turned to be self-occupied during the year. The margin of this income stream is 84.2%.

The Group acquired the entire equity interests in a property management company to promote horizontal integration in 2014. The sector provides a relative stable income of RMB23.8 million for the year with a margin of 74.7% (2013: 72.9%).

Though the margin of property sold during the year is low, the overall gross margin of the Group for the year is 21.5%, which is higher than the margin of 19.2% for 2013. The reason is due to the fact that property sales, a comparatively lower margin income earner, represented less in proportion to the Group's overall turnover for the year than that in 2013.

Operating Expenses

As a result of the launching of pre-sale marketing activities in Nanning Skyfame Garden Project and Yongzhou Project, sales and marketing expenses, consisting of advertising, promotions, agent commission and marketing staff costs, surged 20.6% to RMB23.1 million. Administrative and other operating expenses amounting to RMB102.3 million, increased 53.9% from 2013. Staff costs, being the biggest expense item constituting 45.9% of total operating expenses for the year, amounted to RMB53.0 million, representing a 25.3% rise in costs from the previous year. Total staff costs incurred during the year amounted to RMB76.9 million, of which RMB23.9 million were capitalized as development costs of properties under development. The rise in staff costs is a combined effect of the increase in staff headcount to 569 from 262 in 2013 mainly due to the expansion in the property development team and the property management team in the property management business newly acquired.

Finance Costs

The Group's additional borrowings in the year were mostly utilized to finance the acquisition of land in Nanning Skyfame Garden Project and construction of projects. Finance costs, including arrangement fees, incurred during the year rose 185.2% to RMB236.4 million. Most finance costs incurred were capitalized as costs of those projects under development whilst only RMB1.9 million was charged against the profit for the year. Based on the finance costs incurred during the year, the Group's annualized blended borrowing costs is 12.4%.

Non-operating Items

Non-operating items include: (a) decline in fair values of investment properties of RMB38.8 million (2013: gain of RMB 36.1 million); (b) the write-down of RMB38.8 million on costs of properties under development in Yongzhou Project which are above their estimated realizable values (c) the net decrease of RMB1.7 million in the fair values of the derivative financial liabilities embedded in the rights attached to the Company's exchangeable bonds issued to the subscriber of the bonds to empower the bondholder the rights to exchange the bonds for the equity interests in Guangzhou Zhoutouzui Development Limited, a holding company of the project company engaged in the development of Zhoutouzui Project, together with the rights to put the exchanged shares to the Company and the Company's right to buy the exchanged shares back; and (d) the losses incurred in the disposal of the Group's equity interests in the project company of and the management property company servicing the Guiyang Project to third parties. The disposals incurred losses totaling RMB15.8 million for the year.

Taxation

The overprovision in taxation of RMB8.4 million is mainly a result of the decline in the value of investment properties in Guangzhou which was provided in previously years when the values of such properties rose.

Losses/Profits Attributable to Shareholders

The relatively low turnover during the year whilst operating costs remaining at high level has negatively impacted the operating results of the Company for the year. The Company incurred a consolidated after-tax loss of RMB160.0 million for the year of which losses of 141.3 million were attributable to the shareholders of the Company. For the preceding year, the Company had a consolidated after-tax profit of RMB64.0 million.

Liquidity and Financial Resources

1. Asset Base

	2014	2013	
	RMB'000	*RMB'000*	Change in %
Total assets	**6,924,966**	5,007,247	38.3%
Net assets	**1,735,614**	1,925,649	-9.9%

Properties under development is the biggest asset category constituting 55.3% of the total assets of the Group, Other assets include interests in Tianhe Project constituting 11.2%, investment properties constituting 8.0%, property, plant and equipment constituting 3.9%, restricted and pledged deposits constituting 4.8%, cash and cash equivalents constituting 2.9%, properties held for sale in Yongzhou Project constituting 1.8% and consideration receivable from HNA constituting 1.5%. Total assets increase in pace with the development stages of the projects when the Company invested more in the development costs during the year. The decrease in net assets is attributed by the loss for the year and the decreased interests held by non-controlling shareholders in projects as a result of disposal of Guiyang Project and loss shared by non-controlling shareholder in Yongzhou Project.

2. Capital structure and liquidity

The indebtedness of the Group aggregates to RMB2,274.9 million at the year-end date, representing an increase of RMB1,228.8 million when compared with that of last year. The increase is driven by the increased borrowings to meet with the construction costs of the Group's ongoing projects and acquisition cost of Nanning Skyfame Garden Project during the year. 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	**819,577**	**321,672**	**9,233**	**51,246**	**1,201,728**
– Other secured borrowings	**244,642**	**500,000**	**–**	**–**	**744,642**
– Unsecured borrowings	**178,000**	**118,596**	**–**	**31,861**	**328,457**
	1,242,219	**940,268**	**9,233**	**83,107**	**2,274,827**
Derivative financial liabilities	**32**	**–**	**–**	**–**	**32**
	1,242,251	**940,268**	**9,233**	**83,107**	**2,274,859**

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 51.0% at the year-end date (2013: 28.7%). The increase in the gearing ratio reflects the rise in the Group's indebtedness to finance the needs of the ongoing development projects and new acquisition. In light of all projects under construction going into pre-sale stage in 2015, the management perceives that the Group has sufficient liquidity to confront with the debt commitments at maturity.

	2014 *RMB'000*	2013 *RMB'000*	Change in %
Current assets			
Properties under development	**3,828,284**	2,262,709	69.2%
Properties held for sale	**125,526**	173,395	-27.6%
Trade and other receivables	**467,037**	453,931	2.9%
Short-term investments	**244,000**	–	–
Restricted and pledged deposits	**334,844**	57,660	480.7%
Cash and cash equivalents	**201,105**	300,516	-33.1%
Sub-total (A)	**5,200,796**	3,248,211	60.1%
Current liabilities			
Trade and other payables	**228,774**	228,740	0.0%
Properties pre-sale deposits	**1,461,340**	571,377	155.8%
Bank and other borrowings – current portion	**1,305,610**	300,885	333.9%
Derivative financial liabilities – current portion	**32**	23,963	-99.9%
Loans from non-controlling shareholders of a subsidiary	**–**	84,803	-100.0%
Income tax payable	**64,971**	65,801	-1.3%
Sub-total (B)	**3,060,727**	1,275,569	139.9%
Net current assets (A-B)	**2,140,069**	1,972,642	8.5%
Current ratios (A/B)	**1.70**	2.55	-33.3%

Current assets, totaling RMB5,200.8 million as at the year-end date, show an increase of RMB1,952.6 million from that of the last year-end date. The increase in current assets is due to acquisition of Nanning Skyfame Garden Project and the increase in cash received from presales and deposits placed by buyers for properties to be sold.

Total current liabilities at the current year-end amounted to RMB3,060.7 million, representing an increase of RMB1,785.1 million compared with that of the last year-end date. The increase in current liabilities is mainly due to increase pre-sale deposits and bank borrowings which are repayable within one year.

The current ratio, which is 1.7 times at the current year-end (2013: 2.6 times), indicates tightened liquidity as more indebtedness are becoming mature in the coming year. The management is monitoring the projected cash position of the Group from time to time to ensure appropriate control measures are put in place to assure a stable liquidity position.

3. Borrowings and pledge of assets

The land and construction works-in-progress in Zhoutouzui Project and Yongzhou Project, the premises at AXA Centre and commercial podium in Tianyu Garden Phase II and office premises at HNA Tower are mortgaged in favour of commercial banks and the beneficiary of a trust to secure for financing facilities granted to the Group for general working capital and construction costs. In addition, share charge over the entire issued shares of GZ Zhoutouzui, a subsidiary holding the equity interest in Zhoutouzui Project, is secured against the exchangeable bonds issued to a financial institution. As at 31 December 2014, the outstanding balances of these secured indebtedness amounted to RMB1,946.4 million. These pledged assets and the underlying assets represented by the shares of GZ Zhoutouzui carried an aggregated net realizable value of RMB8,399.8 million measured by open market values as at 31 December 2014. Comparing the market values of the charged assets offered to creditors with the related indebtedness outstanding, the management considers that the Group has adequate asset backing to serve the leverage requirement of its creditors.

E. Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2014 (2013: Nil).

F. Treasury Management

The Group's principal business in property development are conducted in the PRC and denominated in RMB, the functional currency of the Company's principal subsidiaries, whilst certain financing, property leasing, investment holding and administrative activities of the Group are carried out and denominated in HK dollars.

During the year and up to the year-end date, RMB depreciated against HK and US dollars by 0.3%. Foreign exchange losses totaling RMB1.0 million were realised when foreign transactions were transacted in Hong Kong dollars. Exchange differences arising from the consolidation of assets and liabilities of some subsidiaries operated in Hong Kong results to an exchange loss of RMB0.3 million as at 31 December 2014. The loss is charged against the exchange reserve that forms part of the equity of the Company. The management expects that most of the business activities are denominated in RMB and the exchange exposures are therefore immaterial. The management does not perceive the exchange fluctuation will have material effect on the Group. Therefore, no control measure is taken to hedge against exchange risks. In addition, it is the Group's policy not to enter into derivative activities for speculative objectives.

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 2014 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 of Hong Kong Limited except for the following deviations:

Code Provision A.2.1 – Chairman and Chief Executive Officer

The roles of chairman and chief executive officer of the Company is not separated as required but is currently dually performed by Mr. YU Pan, since 2004. 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 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 10 June 2014 (the "**AGM**") due to other business engagements. Mr. WEN Xiaobing, the Deputy Chief Executive Officer, acted as chairman of the AGM which was properly convened to ensure effective communication with the shareholders of the Company at the AGM.

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 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 THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities 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.tianyudc.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, 20 March 2015