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 2015

FINANCIAL HIGHLIGHTS

	2015	2014
	RMB'000	*RMB'000*
Revenue	**306,321**	157,870
Loss before income tax	**(208,483)**	(168,326)
Loss for the year	**(232,264)**	(159,980)
Loss for the year attributable to owners of the Company	**(211,769)**	(141,252)
Loss per share – Basic and diluted	**(RMB0.096)**	(RMB0.064)
Total assets	**10,357,027**	6,924,966

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 2015, together with comparative figures for the corresponding year of 2014. The consolidated final results have been reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Revenue	5	**306,321**	157,870
Cost of sales and services		**(272,393)**	(123,879)
Gross profit		**33,928**	33,991
Other income and gains, net		**1,402**	5,505
Sales and marketing expenses		**(46,000)**	(23,087)
Administrative and other expenses		**(137,516)**	(101,361)
Unrealised exchange loss		**(69,026)**	(972)
Fair value changes in investment properties		**6,736**	(38,822)
Write-down of properties under development/ properties held for sale		**(20,024)**	(38,759)
Gain from bargain purchase		**–**	1,600
Fair value changes in derivative financial asset/liabilities		**2,632**	2,245
Loss on disposal of subsidiaries, net of tax		**–**	(15,830)
Finance costs	6	**(1,813)**	(1,871)
Finance income	6	**21,198**	9,035
Loss before income tax	7	**(208,483)**	(168,326)
Income tax (expense)/credit	8	**(23,781)**	8,346
LOSS FOR THE YEAR		**(232,264)**	(159,980)
Other comprehensive income, items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on foreign operations		**(891)**	(325)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(233,155)**	(160,305)
Loss for the year attributable to:			
– Owners of the Company		**(211,769)**	(141,252)
– Non-controlling interests		**(20,495)**	(18,728)
		(232,264)	(159,980)
Total comprehensive income for the year attributable to:			
– Owners of the Company		**(212,660)**	(141,577)
– Non-controlling interests		**(20,495)**	(18,728)
		(233,155)	(160,305)
Loss per share – Basic and diluted	9	**(RMB0.096)**	(RMB0.064)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 *RMB'000*	2014 *RMB'000*
Non-current assets			
Property, plant and equipment		**262,725**	271,993
Investment properties		**570,058**	556,533
Properties under Tianhe Project		**–**	777,090
Goodwill		**13,554**	13,554
Derivative financial asset		**37**	–
Consideration receivable		**–**	105,000
		846,374	1,724,170
Current assets			
Properties under development		**6,159,277**	3,828,284
Properties under Tianhe Project		**786,168**	–
Properties held for sale		**177,850**	125,526
Consideration receivable		**105,000**	–
Loan to a non-controlling shareholder of a subsidiary		**20,400**	–
Trade and other receivables	11	**495,974**	467,037
Short-term investments		**460,000**	244,000
Restricted and pledged deposits		**922,729**	334,844
Cash and cash equivalents		**383,255**	201,105
		9,510,653	5,200,796
Current liabilities			
Trade and other payables	12	**1,200,733**	228,774
Properties pre-sale deposits		**3,710,375**	1,461,340
Bank and other borrowings – current portion		**2,013,166**	1,305,610
Derivative financial liabilities – current portion		**–**	32
Consideration from disposal of Tianhe Project – current portion		**990,360**	–
Income tax payable		**5,378**	64,971
		7,920,012	3,060,727
Net current assets		**1,590,641**	2,140,069
Total assets less current liabilities		**2,437,015**	3,864,239

	Notes	**2015** *RMB'000*	2014 *RMB'000*
Non-current liabilities			
Bank and other borrowings			
– non-current portion		**746,656**	969,217
Derivative financial liabilities			
– non-current portion		**12,573**	–
Consideration from disposal of Tianhe Project – non-current portion		**–**	990,360
Deferred tax liabilities		**168,781**	169,048
		928,010	2,128,625
Net assets		**1,509,005**	1,735,614
Capital and reserves			
Share capital		**21,068**	21,068
Reserves		**1,482,872**	1,688,986
Equity attributable to owners of the Company		**1,503,940**	1,710,054
Non-controlling interests		**5,065**	25,560
Total equity		**1,509,005**	1,735,614

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 new/revised HKFRSs – effective 1 January 2015

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions

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

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. They include amendments to HKAS 16 Property, Plant and Equipment 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.

The adoption of the amendments to HKAS16 has no impact on these financial statements as the Group did not adopt revaluation model on property, plant and equipment.

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.

The adoption of the amendments has no impact on these financial statements as the Group has no defined benefit plans.

(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 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]

1 Effective for annual periods beginning on or after 1 January 2016

2 Effective for annual periods beginning on or after 1 January 2017

3 Effective for annual periods beginning, on or after 1 January 2018

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

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.

The Group has already commenced an assessment of the impact of adopting the above Standards and amendments to existing Standards to the Group. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

(c) New Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Companies Ordinance, Cap. 622, in relation to the preparation of financial statements apply to the Company in this financial year.

The directors consider that there is no impact on the Group's financial position or performance, however the new Companies Ordinance, Cap. 622, impacts on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

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 2015				
Segment revenue				
Reportable segment revenue	269,427	26,410	29,123	324,960
Elimination of intra-segment revenue	–	(8,166)	(10,473)	(18,639)
Consolidated revenue from external customers	269,427	18,244	18,650	306,321
Segment results	(118,184)	12,827	(14,156)	(119,513)
Reconciliation:				
Unallocated corporate net expenses				(97,699)
				(217,212)
Fair value changes in investment properties	–	6,736	–	6,736
Write down of properties under development/ properties held for sale	(20,024)	–	–	(20,024)
Fair value changes in derivative financial asset/liabilities				2,632
Finance costs				(1,813)
Finance income				21,198
Consolidated loss before income tax				(208,483)
Other segment information:				
Depreciation and amortisation	(1,366)	(896)	(1,733)	(3,995)
Impairment loss on trade and other receivables	–	75	(285)	(210)
Additions to properties under Tianhe project	9,077	–	–	9,077
Additions to properties under development	2,395,868	–	–	2,395,868
Capital expenditure	1,869	–	161	2,030

	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Total *RMB'000*
As at 31 December 2015				
Assets and liabilities				
Assets				
Reportable segment assets	**8,009,651**	**577,828**	**42,170**	**8,629,649**
Reconciliation:				
Derivative financial asset				**37**
Short term investments				**460,000**
Cash and cash equivalents				**383,255**
Unallocated restricted and pledged deposits				**652,010**
Unallocated corporate assets				
– Leasehold land and building				**212,638**
– Other corporate assets				**19,438**
Consolidated total assets				**10,357,027**
Liabilities				
Reportable segment liabilities	**6,293,360**	**6,980**	**510,846**	**6,811,186**
Reconciliation:				
Income tax payable				**5,378**
Deferred tax liabilities				**168,781**
Derivative financial liabilities				**12,573**
Unallocated bank and other borrowings				**1,839,183**
Unallocated corporate liabilities				**10,921**
Consolidated total liabilities				**8,848,022**

	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

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 2015 and 2014.

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:

	2015 ***RMB'000***	2014 *RMB'000*
Sale of properties	**269,288**	116,056
Rental income	**18,383**	18,002
Property management services	**18,650**	23,812
	306,321	157,870

6. FINANCE COSTS AND INCOME

	2015	2014
	RMB'000	*RMB'000*
Finance costs:		
Interest on bank and other borrowings		
– wholly repayable within five years	**233,956**	204,363
– wholly repayable after five years	**11,774**	2,585
	245,730	206,948
Less: Amount capitalised as properties under development		
Interest on bank and other borrowings	**(243,917)**	(205,077)
	1,813	1,871
Other borrowing costs	**26,569**	29,431
Less: Amount capitalised as properties under development	**(26,569)**	(29,431)
	–	–
Finance costs charged to profit or loss	**1,813**	1,871
Finance income:		
Bank interest income	**9,072**	5,932
Interest income on short term investments	**11,814**	3,094
Interest income on loan to non-controlling shareholder of a subsidiary	**312**	–
Other interest income	**–**	9
Finance income credited to profit or loss	**21,198**	9,035

Borrowing costs capitalised during the year are calculated by applying a capitalisation rate of 10.8% (2014: 12.4%), 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 BEFORE INCOME TAX

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

	2015	2014
	RMB'000	*RMB'000*
Cost of properties sold	**263,105**	115,015
Write-down of properties under development/properties held for sale	**20,024**	38,759
Cost of inventories recognised in profit or loss	**283,129**	153,774
Staff costs, including directors' emoluments	**73,854**	52,966
Auditor's remuneration		
– current year	**793**	887
– over-provision for prior year	**–**	(40)
– non-audit services	**478**	445
Depreciation of property, plant and equipment	**13,178**	9,110
Less: Amount capitalised as properties under development	**(92)**	(36)
Depreciation charged to profit or loss	**13,086**	9,074
Amortisation of leasehold land	**3,407**	3,407
Depreciation and amortisation charged to profit or loss	**16,493**	12,481
Loss on disposal of property, plant and equipment	**–**	57
Minimum lease payments under operating lease in respect of:		
– rented office premises	**574**	1,378
– rented other premises	**499**	579
Unrealised exchange loss	**69,026**	972
Impairment loss on trade and other receivables	**292**	236
Bad debts recovered	**(82)**	–
Direct operating expenses arising from investment properties that generated rental income	**2,821**	5,041
Direct operating expenses arising from investment properties that did not generate rental income	**192**	486

8. INCOME TAX EXPENSE/(CREDIT)

	2015	2014
	RMB'000	*RMB'000*
Current tax		
Hong Kong profits tax	**–**	–
PRC corporate tax		
– current year	**233**	532
– write-off of provisional corporate income taxes	**7,576**	–
PRC LAT		
– current year	**9,471**	1,372
– write-off of provisional LAT	**6,768**	–
	24,048	1,904
Deferred tax		
– current year	**(267)**	(10,250)
Total income tax expense/(credit)	**23,781**	(8,346)

No provision for Hong Kong profits tax has been made for the year ended 31 December 2015 (2014: Nil) as the Group has no estimated assessable profits in respect of operation in Hong Kong. The applicable Hong Kong profits tax rate is 16.5% (2014: 16.5%) for the year.

Enterprise income tax arising from other regions of the PRC is calculated at 25% (2014: 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 PER SHARE

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

	2015	2014
	RMB'000	*RMB'000*
Loss for the purposes of basic and diluted loss per share	**(211,769)**	(141,252)

	Number of shares	
	'000	*'000*
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**2,216,531**	2,216,531

For the year ended 31 December 2015 and 2014, basic loss per share is same as diluted loss 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 2015 (2014: Nil).

11. TRADE AND OTHER RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Current or less than 1 month	**881**	1,503
1 to 3 months	**462**	338
More than 3 months but less than 12 months	**589**	106
More than 1 year	**114**	78
Trade receivables, net of impairment	**2,046**	2,025
Refundable earnest money in a development project	**–**	10,000
Surety deposit paid for securing due performance of the construction of a hotel in Yongzhou	**–**	32,000
Refundable construction costs	**19,159**	–
Tender deposit in development project	**30,800**	6,800
Prepaid construction costs	**110,636**	239,326
Prepaid finance costs	**141**	10,570
Prepaid business taxes and surcharges	**200,305**	73,756
Maintenance funds paid on behalf of properties owners	**41,161**	16,788
Interest receivable on bank deposits/short-term investments	**4,941**	6,624
Other deposits, prepayments and other receivables	**86,785**	69,148
	495,974	467,037

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

12. TRADE AND OTHER PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Current or less than 1 month	**1,485**	–
1 to 3 months	**477**	242
More than 3 months but less than 12 months	**5**	226
More than 12 months	**198**	153
Total trade payables	**2,165**	621
Construction costs payable	**648,437**	116,474
Tender receivable from the suppliers	**49,397**	48,499
Land cost payable	**352,511**	–
Receipts in advance, rental and other deposits from buyers, customers and/or tenants	**16,404**	13,874
Receipts in advance from government on a project clearance	**54,630**	–
Compensation payable	**11,250**	–
Accrued business taxes and surcharges	**19,685**	2,546
Interest payable on bank and other borrowings	**6,472**	18,743
Other accrued expenses and other payables	**39,782**	28,017
	1,200,733	228,774

13. COMMITMENTS

	2015	2014
	RMB'000	*RMB'000*
Expenditure contracted but not provided for in respect of		
– Property construction and development costs	**1,970,841**	2,467,864
Expenditure authorised but not contracted for in respect of		
– Property construction and development costs	**–**	1,631,094
– Acquisition of land use rights	**–**	931,648
	–	2,562,742

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2015

A. BUSINESS REVIEW

The business of the Group in the year confirms a mild recovery in the property sector in some regions of the country. Following various relaxation of regulatory policies and stimulative measures that were put onto the market throughout the year spurring the demand for properties, sales of properties turn positive in some regions in the year despite a slowing economy on mainland China. However, the strong demand for housing rests on properties for basic housing needs in the first and second-tier cities where both prices and sale volumes demonstrate improvements at different extents. Sales in the third and fourth-tier cities, where the bulk of inventories remain an issue, have not yet bottomed up.

During the year, in addition to the sales of those completed properties of Yongzhou Project, the Group has launched its two other projects, namely the luxurious residential project in Zhoutouzui, Guangzhou and high-end residential project at Nanning Skyfame Garden in Nanning for presale. The pre-sale performance in Guangzhou and Nanning is within the expectation of our management whilst sales in Yongzhou are still slow, reflecting the divergence in the property sales in the different market territories. For the year, contracted sales in aggregate of approximately RMB3.3 billion and a total saleable GFA of approximately 347,800 sq.m. from mainly the two projects in Zhoutouzui and Nanning have been made, indicating a 109.0% achievement of the annual target contracted sales of RMB3.0 billion.

In the year, an aggregated saleable GFA of approximately 80,700 sq.m. of the completed properties in Yongzhou Project were handed over to buyers for which sale revenue before direct tax of approximately RMB285.4 million was recorded. Comparing with last year, sale revenue from property sales in 2015 grew by 132.0% which was caused by the larger volume of properties completed and delivered to customers in Yongzhou Project during the year.

B. PROPERTY PORTFOLIO

1. Properties under development and land reserves

Including the new project with planned developable GFA of approximately 1,405,000 sq.m. which are situated at the riverfront in Nanning acquired in a public land auction in February 2015, the Group was undergoing the development of a total of five real estate development projects in mainland China as at 31 December 2015. As at the date of this report, the Group's projects on hand renders a total developable GFA of approximately 3,251,000 sq.m., out of which a total saleable GFA of approximately 527,000 sq.m., excluding that for the resettlement housing in the Nanning Skyfame Garden Project, are currently or will be in pre-sale stage in the coming months of 2016.

The details about the Group's projects on hand as at the date of this report are summarised below:

Project	Location	Property type	Estimated project total developable GFA (sq.m.) *(Note 1)*	Actual/ estimated completion year	The Group's interest
Zhoutouzui Project	Guangzhou	Residential and commercial	320,000	2017	72%
Nanning Skyfame Garden Project	Nanning	Residential, commercial and ancillary facilities	1,207,000	2016 to 2018	80%
Skyfame Nanning ASEAN Maker Town Project	Nanning	Composite	1,405,000	2018 to 2022	100%
Yongzhou Project	Yongzhou	Residential, commercial and ancillary facilities	207,000 *(Note 1)*	2014 to 2016	70%
Tianhe Project	Guangzhou	Commercial	112,000	2016	*(Note 2)*
Total			3,251,000		

Note:

(1) Project total developable GFAs presented here represent the total GFA developable in the project, including the area sold and delivered in the year and previous years. The developable GFA in Yongzhou Project includes 60.1% of developable GFA which has been sold and delivered up to 31 December 2015.

(2) Equity interests in the project was sold in 2010 and the Group resumes the role as the project manager of the project. Revenue and costs associated with the disposal will only be recognized in the consolidated profit or loss of the Group upon completion of the project.

Zhoutouzui Project

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

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

As of 25 February 2016, the landscape of the project has been further upgraded. The management expects that construction works of all towers will be completed in 2017. Except for a total saleable GFA of approximately 81,000 sq.m. in tower A4 and A5 and some car parking spaces that will be handed over to the Port Authority in 2017, it is currently planned that all other towers are developed for sales. Pre-sales of residential units in tower A3, A6 and A7 were launched in 2015. Up to 25 February 2016, contracted sales of approximately RMB1,544.2 million (total saleable GFA of approximately 44,600 sq.m.) have been made, of which pre-sale deposits of approximately RMB1,472.2 million have been received.

Tianhe Project

The project, consisting of a developable GFA of approximately 112,000 sq.m. in two twin towers, is a mixed-use development that comprises a hotel, serviced apartments and offices situated in Tianhe District, a commercial business hub in central Guangzhou. As of 25 February 2016, examinations for final inspection for completion have been in process. Delivery of the completed properties is expected to be completed before mid-2016.

The equity interest in the project company engaged in the development of the project was disposed to Hainan Airline Hotel Holdings Group Co., Limited (海航酒店控股集團有限公司) ("**HNA Hotel**") pursuant to a disposal agreement entered into in 2010 at a gross consideration of RMB1.09 billion before deduction of finance and other costs that are to be borne by the Group and the Group is obliged to deliver the project upon the obtaining the board title of the completed towers.

Given the current progress of the development, the directors expect that the project will be completed in 2016 and the sale transaction and the resulting gain from the sale of properties will then be fully recorded in the accounts of the Group.

Yongzhou Project

The Project, named "Tianyu-huafu" ("天譽•華府"), features a residential development of villas, apartments and retail shops with a total saleable GFA of approximately 185,300 sq.m. on a 106-mu site. As of 31 December 2015, remaining 2 towers of high-rise apartments of saleable GFA of approximately 25,400 sq.m. are under construction and will be completed in mid-2016, and saleable GFA of approximately 48,500 sq.m. of villas, retail shops, high-rise apartments and underground car park spaces have been completed but not yet sold. Up to 31 December 2015, an aggregated saleable GFA of approximately 111,400 sq.m., mainly of apartments, have been sold and delivered to buyers since the start of the initial delivery of properties in May 2014 and the revenue for properties sold of saleable GFA of approximately 80,700 sq.m. was recognized in the operating results of the Group for the current financial year and revenue in respect of other saleable GFA 30,700 sq.m. recognized in the previous years. Out of the saleable GFA of approximately 73,900 sq.m. unsold as at 31 December 2015, sale contract for saleable GFA of approximately 19,600 sq.m. have been made up to 31 December 2015.

Nanning Skyfame Garden Project

The project is situated in Wuxiang New District (五象新區), a new zone in Nanning, Guangxi province. Commenced construction since the Group acquired the land use right from a land auction in the first quarter of 2014, the project is being developed into a residential district, namely "Nanning Skyfame Garden" ("南寧天譽花園"), with a total developable GFA of approximately 1,207,000 sq.m., consisting of developable GFA of approximately developable 918,000 sq.m. for residential and retail properties and other facilities for sale and a total developable GFA of approximately 289,000 sq.m. of residential and commercial units for compensated housing for the resettlement of the original occupants. The project is divided into five zones, namely Zone 3, 4, 5, 6 and 7.

As of 25 February 2016, all the 5 zones are under construction. 35 out of total 64 towers, have been roof-topped. Pre-sales of property units in Zone 3, 4 and 5 of saleable GFA of approximately 429,800 sq.m. have commenced and contracted sales totaling approximately RMB2,067.9 million (total saleable GFA of approximately 340,900 sq.m.) have been made so far since the initial launch, of which presale deposits of approximately RMB1,373.9 million have been received. Physical delivery to buyers are scheduled to take place by phases through late 2016 to 2018. In addition, aggregated saleable GFA of 289,000 sq.m. in Zone 4, 6 and 7 will be delivered to original land occupants for resettlement housing for which sale proceeds totaling RMB993.2 million have been received from the district government. The management expects the handing-over will take place in 2017 and 2018.

Skyfame Nanning ASEAN Maker Town Project

In February 2015, the Group acquired through public auction for the land use rights of three land plots of site area of 194,221 sq.m. (equivalent to 291.33 mu) located at the north of Wuxiang Da Road, Wuxiang New Zone (五象新區), Liangqing District, Nanning. Guangxi, the People's Republic of China at an aggregate consideration of approximately RMB705.0 million. The development is planned to be a complex project which will become a landmark in Wuxiang New District comprising A-class offices, residential, hotel, retail properties, a skyscraper with a planned height of approximately 530 meter, car parks for sale and leasing and other ancillary facilities with a planned total developable GFA of approximately 1,405,000 sq.m..

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

2. Investment properties

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

A 17,300 sq.m. commercial podium at Tianyu Garden Phase II in Tianhe District, Guangzhou is 84.4% occupied as at 31 December 2015. The Directors consider the properties are fairly stated in the statement of financial position of the Group as of 31 December 2015 at directors' estimated open market values totaling RMB448.0 million.

A 14,500 sq.ft. office premise at AXA Centre in Wanchai, Hong Kong of which GFA of 8,700 sq. ft. are leased to third party tenants and the other 5,800 sq. ft. for self-use. The leased area is 74.8% occupied as at 31 December 2015. The Directors consider the property is fairly stated in the statement of financial position of the Group as of 31 December 2015 at directors' estimated open market value of approximately RMB122.1 million (HK$145.7 million).

C. BUSINESS OUTLOOK

China's main economic goal in 2016 is to manage a soft landing after a turbulence year in 2015. The soft landing will enable the economy to achieve a smooth transition to a "new normal" low GDP growth whilst allowing slower but more sustainable development. Slower economic growth, in combination with abundant new supply of real estates, is set to push up vacancy rates in residential properties in third and fourth-tier cities though the property sector in the first and second-tier cities remain steady. To accomplish such economic goal, we expect further easing policies are likely to be taken by the central government.

The presales mainly in Zhoutouzui Project and Nanning Skyfame Garden Project continue in 2016 for which the management has set an annual sale target of RMB3.6 billion, representing a 10.1% increment to the contracted sales in 2015. To achieve the target, the management endeavors to boost sales, despite the challenges in the markets. Depending on the timing of delivery of the presold properties, contracted sales will be turned into recognized sales in the years of 2016 to 2018. In the year 2016, the Group's projects offer an aggregated saleable GFA approximately of 264,000 sq.m. that will be completed and can be recognized as revenue for the year, consisting of respectively 78,100 sq.m. in Nanning Skyfame Garden Project, 73,900 sq.m. in Yongzhou Project and 112,000 sq.m. in Tianhe Project. In respect of Tianhe Project, revenue of approximately RMB1,114.6 million will be recognized for the year 2016.

The Group has built up a property portfolio ready for presales and sales in the years to come. These sales will no doubt improve at an obvious extent the Group's free cash position that can be used for acquisitions of new projects to sustain the Group's business as a financially stable developer on mainland China.

D. FINANCIAL REVIEW

Sales Turnover and Margins

Property sales of the Group constitute 87.9% of total revenue for the year. During the year, residential properties of apartments, villas and commercial units in "Tianyu-huafu" development in Yongzhou, Hunan province delivered a total GFA of approximately 80,700 sq.m., recognizing a total revenue of RMB269.3 million for the year, whilst revenue of RMB116.1 million was recorded for the sales of 33,300 sq.m. in GFA of properties developed in Yongzhou and Guiyang for 2014. Sales revenue grew in line with the higher sale volume for the year.

The overall gross margin on properties sold is higher than last year due to the different mix of properties sold in the two years whereas commercial units with higher margin were sold this year but none in 2014. However, profitability for the year was sacrificed by sales of low-margin apartments made at very low prices during the year. The apartments were sold at RMB3,100 per sq.m., whilst their the carrying costs are RMB3,200 per sq.m.. The low profitability of apartments is compensated with the sale revenue of commercial units with 69.4% margin, making the overall margin of property sales for the year 2.3% (2014: 0.9%) Given the unfavorable market situation in the region, the management expects that the properties on sale, mainly comprising villas and commercial units with a total GFA of 24,400 sq.m. at total carrying property costs of RMB133.9 million, can only be realized with very aggressive pricing strategies. The management hence estimates an impairment loss of RMB20.0 million for the unsold or being completed properties in Yongzhou Project that has been provided against the profit for the year. Notwithstanding the unsatisfactory profitability from Yongzhou Project, the management expects profitability of property sales of the Group will improve in 2016 when commercial properties completed in Tianhe Project in Guangzhou are delivered and revenue recognized at a higher profitability in the books.

The leasing of properties at the commercial podium at Tianyu Garden Phase II in Guangzhou and offices at AXA Centre in Wanchai, Hong Kong, the Group's secondary line of business, contributed a relatively stable revenue of RMB18.3 million, an increase of 2.1% from last period. The rise in leasing income for the year was reflected by the improved occupancy of the premises. The occupancy rate of the commercial podium at Tianyu Garden Phase II and AXA Centre is respectively 84.4% and 74.8% as at 31 December 2015. The gross margin of this income stream is 89.0% (2014: 89.3%).

The property management company acquired by the Group in early 2014 provides another new business line the Group that brings relative stable income of RMB18.7 million for the year (2014: RMB23.8 million). The drop in income from this business line for the year was explained by the disposal of a property management company in November 2014 that serviced our residential project in Guiyang that was disposed during last year.

Due to the higher proportion of property sales with low margins in sale mix for the period, the overall gross margin of the Group for the period is 11.1%, which is lower than the 21.5% for 2014.

Operating Expenses

Bigger marketing activities were put up during the year to keep abreast with the presales of Nanning Skyfame Garden Project and Zhoutouzui Project, sales and marketing expenses, consisting of mainly advertising, promotions and agent commission, surged 99.3% to RMB46.0 million. Administrative and other operating expenses amounting to RMB137.5 million, increased 35.7% from last period. Staff costs, being the biggest expense item constituting 40.2% of total operating expenses, amounted to RMB108.3 million (2014: RMB76.9 million), representing a 40.8% rise from last year. Total staff costs RMB34.4 million were capitalized as development costs of properties under development. The rise in staff costs is mainly resulted from the recruitments of more staff in higher positions in the property development business with higher levels of payroll.

Finance Costs

Finance costs, including arrangement fees, incurred during the year rose 15.2% to RMB272.3 million. The increase was explained by the Group's additional borrowings to finance the acquisition of land and construction of projects during the year. Most finance costs incurred were capitalized as costs of projects under development whilst only RMB1.8 million was charged against the operating results for the year. Despite the increased finance costs, the Group's annualized blended borrowing cost for the year is 10.8% per annum, lower than the 12.4% for 2014. The general trend of decreasing borrowing costs on the onshore finance market and the comparatively increased lower-cost borrowings help reduce the financial burden of the Group. We expect the declining trend will continue in the coming 2016.

Non-operating Items

As a result of the downward adjustment of the official exchange rate of RMB by the People's Bank of China in August 2015, the exchange rates of RMB against Hong Kong or US dollars have been depreciated by 6% up to 31 December 2015. The depreciation causes an unrealised exchange loss of RMB69.0 million on the conversion of foreign denominated offshore debts into RMB at year-end date.

Other non-operating items include mainly the gain of RMB2.6 million arising from the changes in fair values of the derivative financial asset/liabilities attached to the Company's convertible bonds in the principal amount of HK$40 million issued in the year and medium term bonds due in 2024 and 2031, revaluation surplus of RMB6.7 million in fair market values of investment properties, and the write down of RMB20.0 million on cost of properties under development/ properties held for sale.

Taxation

Provision in taxation mainly included a provision for land appreciation tax ("**LAT**") in the sales of properties in Yongzhou Project. Also included is a write-off of the provisional LAT and corporate income taxes, totaling RMB14.3 million previously paid to the local tax authority that is considered not recoverable in consequence of the planned exit of the Yongzhou Project.

Losses Attributable to Shareholders

The Company incurred a consolidated after-tax loss of RMB232.3 million for the year of which losses of 211.8 million were attributable to the shareholders of the Company.

Liquidity and Financial Resources

1. *Asset Base*

	Change in %	**2015** RMB'000	2014 RMB'000
Total assets	*49.6%*	**10,357,027**	6,924,966
Net assets	*–13.1%*	**1,509,005**	1,735,614

Total assets, in aggregate of RMB10,357.0 million, expanded during the year in line with the business growth of the Group in real estate development. Properties under development, with total carrying costs of RMB6,159.3 million, is the biggest asset category constituting 59.5% of the total assets of the Group, Other assets include interests in Tianhe Project of RMB786.2 million, investment properties at fair market values totaling RMB570.1 million, properties held for sale of RMB177.9 million, properties for self-use, plant and equipment of RMB262.7 million, consideration receivable for the disposal of Tianhe Project of RMB105.0 million, restricted cash and pledged deposits of RMB922.7 million, cash and cash equivalents of RMB383.3 million, short-term investments of RMB460.0 million, and the remaining include properties held for sale in Yongzhou Project, trade deposits and receivables and balance of sale consideration receivable from HNA in respect of the disposal of the equity interest in Tianhe Project.

2. *Capital structure and liquidity*

The indebtedness of the Group aggregates to RMB2,772.4 million at the year-end date, representing an increase of 21.9% from last year-end. Other than borrowings, indebtedness also include money market loans of RMB891.6 million due to banks which are guaranteed by letters of credits issued by banks and backed up by cash deposits of RMB452.0 million and short-term investments of RMB460.0 million placed with a commercial bank. Excluding these money market loans, the indebtedness of the Group amounted to RMB1,880.8 million at the year-end, an 4.4% increase of the comparable indebtedness in last year-end date. The details and maturity profile of the indebtedness are illustrated as follows:–

	Within one years *RMB'000*	**1 to 2 years** *RMB'000*	**2 to 5 years** *RMB'000*	**Over 5 year** *RMB'000*	**Total carrying amount** *RMB'000*
Bank and other borrowings					
– Secured bank borrowings	**1,365,846**	**3,179**	**10,079**	**50,970**	**1,430,074**
– Other secured borrowings	**500,000**	**466,563**	**–**	**–**	**966,563**
– Unsecured borrowings	**83,092**	**112,000**	**–**	**168,093**	**363,185**
	1,948,938	**581,742**	**10,079**	**219,063**	**2,759,822**
Derivative financial liabilities	**–**	**5,877**	**–**	**6,696**	**12,573**
	1,948,938	**587,619**	**10,079**	**225,759**	**2,772,395**

The borrowings that maturate within one year represent 70.3% of the total indebtedness of which RMB1,198.9 million become due in the first quarter of 2016. Up to the date of this report, all of these due indebtedness have been settled or refinanced in full. The remaining borrowings represented mainly bank loans that will be repaid by presale deposits at the times when the projects go onto mature stages of sale, and money market loans indirectly secured by cash deposits.

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 53.6% at the year-end date (2014: 51.0%). The increase in the gearing ratio reflects the rise in the Group's indebtedness for the financing of the development costs of the development projects.

The management has been carefully monitoring the indebtedness position, aiming to strike a balance between indebtedness and liquidity for ensuring the obligations of indebtedness and financial needs of the Group are taken care simultaneously. The Group has put reliance on borrowings to sustain its operation in the past years to sustain the development of the projects on hand Notwithstanding, the management points out that the Group's existing property portfolio will realize handsome liquidity from property sales in the coming years and profits realized from contracted sales when completed properties are delivered in the coming years 2016 through 2022. This will no doubt strengthen the cash and equity position of the Group to support its acquisitions of new development projects.

	Change in %	**2015** ***RMB'000***	2014 *RMB'000*
Current assets			
Properties under development	*60.9%*	**6,159,277**	3,828,284
Properties under Tianhe Project	100.0%	786,168	–
Properties held for sale	41.7%	177,850	125,526
Consideration receivable – current portion	100.0%	105,000	–
Trade and other receivables	*6.2%*	**495,974**	467,037
Short-term investments	88.5%	460,000	244,000
Loan to non-controlling shareholder of subsidiary	100.0%	20,400	–
Restricted and pledged deposits	*175.6%*	**922,729**	334,844
Cash and cash equivalents	90.6%	383,255	201,105
Sub-total (A)	*82.9%*	**9,510,653**	5,200,796
Current liabilities			
Trade and other payables	*424.9%*	**1,200,733**	228,774
Properties pre-sale deposits	153.9%	3,710,375	1,461,340
Bank and other borrowings – current portion	54.2%	2,013,166	1,305,610
Derivative financial liabilities – current portion	–100.0%	–	32
Consideration from disposal of Tianhe Project – current portion	100.0%	990,360	–
Income tax payable	–91.7%	5,378	64,971
Sub-total (B)	*158.8%*	**7,920,012**	3,060,727
Net current assets (A-B)	*–25.7%*	**1,590,641**	2,140,069
Current ratios (A/B)	*–29.3%*	**1.20**	1.70

Current assets, totaling RMB9,510.7 million as at the year-end date, show a 82.9% increase than that on last year-end date. The increase in current assets is mainly due to the increased development costs incurred in projects and the increase in cash received from presales.

Total current liabilities at the current year-end amounted to RMB7,920.0 million, representing an increase of 158.8% from last year-end date. The increase in current liabilities is mainly due to the increased pre-sale proceeds received, borrowings that become repayable within one year, the reclassification of sale consideration received from the buyer of the Tianhe Project to current liabilities when the project is scheduled for completion in early 2016 and the increased in liabilities to contractors as a result of the expansion in development activities during the year.

The current ratio, being 1.20 times at the year-end (2014: 1.70 times), indicates theoretically a tightened liquidity position as a result of the increased current liabilities as at the year-end date. The increase in current liabilities mainly due to presale proceeds of RMB3,710.4 million and the considerations received from a purchaser totaling RMB990 million for the disposal of the equity interests in Tianhe Project. These liabilities will be recognized as revenue upon the completion of the projects at specified timelines which the management targets to meet. In regard to the other current liabilities, thanks to the stronger liquidity generated from the presale and sale activities in foreseeable periods, the management foresees that the short-term indebtedness can be sufficiently served by the current assets of the Group.

3. *Borrowings and pledge of assets*

The land and construction works-in-progress in Zhoutouzui Project, the commercial units at AXA Centre and office premises at HNA Tower, and certain units at the commercial podium in Tianyu Garden Phase II are mortgaged in favour of commercial banks and the beneficiary of a trust to secure for financing facilities granted to the Group for its general working capital. In addition, all the issued shares of GZ Zhoutouzui, a subsidiary holding the equity interest in Zhoutouzui Project, are charged as security in favor of a lender and a convertible bond issued to a financial institution in 2015. As at the year-end date, the outstanding balances of these secured indebtedness amounted to RMB1,930.1 million whilst the pledged assets and the underlying assets represented by these securities carried an aggregated realizable value of estimated at approximately RMB7,425.3 million measured by open market values as at the year-end date. The securities provide sufficient leverage to the creditors. The Group is well backed by sufficient assets in its indebtedness.

E. CONTINGENT LIABILITIES

On 28 July 2015, a legal action was raised against the Yucheng, the project company of Zhoutouzui Project, by a Guangzhou Port Group Carrier Services Co., Limited (廣州港集團客運服務有限公司), a wholly-owned subsidiary of Port Authority, to claim for compensation in the amount of RMB20.0 million for the demolition and relocation of occupants of the site on which the properties are being developed. The claim was made pursuant to an agreement entered into with Port Authority and Yucheng on 18 September 2001 and as supplemented by an agreement dated 18 December 2003 entered into with Port Authority and Yucheng. The management considers that all demolition and relocation works have been completed and related costs fully settled by Yucheng. The claim is currently being dealt with out of court and is in the course of negotiations with the claimant and the project company. With the belief that the project company has legal grounds to contest against the claim, the directors have not made any made provision in the accounts of the Group to provide for the compensation claimed by the claimant.

Other than the above-mentioned, the Group had no other material contingent liabilities as at 31 December 2015 (2014: Nil).

F. TREASURY MANAGEMENT

The Group is principally engaged in property development activities which are all conducted in the PRC and denominated in RMB, the functional currency of the Company's principal subsidiaries. At the same time, certain financing, property leasing, investment holding and administrative activities of the Group are carried out and denominated in HK or US dollars. At the year-end date, the Group has foreign currency denominated borrowings and financial derivatives equivalent to RMB1,740.3 million, representing 62.8% of total indebtedness, and an overseas properties with carrying value equivalent to RMB190.7 million. The other assets and liabilities are mostly denominated in RMB.

Unlike the previous years, since August, 2015 and up to the year-end date, RMB have depreciated against HK and US dollars by 6.2%. Foreign exchange losses of RMB69.0 million were unrealised when the liabilities denominated in foreign currencies are converted at RMB in the financial accounts. Exchange differences arising from the consolidation of assets and liabilities of a subsidiary operated in Hong Kong as at the year-end date results to an unrealised exchange loss of RMB0.9 million. The loss is charged against the exchange reserve that forms part of the equity of the Company.

We expect that the volatility of the exchange rate of RMB will continue in the coming 2016 and further depreciation of RMB may happen, bringing negative impact on profitability of the Group when losses arise as foreign currency denominated indebtedness are converted into RMB upon repayment or at reporting period-ends. Whilst there is no natural hedge against the depreciation of RMB available to the Company in the meantime, the management will make every effort to refinance or reduce the foreign currency debts by RMB debts or taking financial instruments to manage the foreign exposure at reasonable costs so as to reduce the foreign currency exposure.

G. RISKS MANAGEMENT

There are lots of risks that a business our management have to face and cope, in particular under a down-ward business cycle where property sales are low and unpredictable that may lead to illiquidity in cash flows. In addition, as a mainland real estate developer, we have to face lots of uncertainties led by changes of government regulations. Assessing regularly the possible risks and uncertainties and their impacts on the business and operational environment, the management will from time to time develop strategies to alleviate the impacts of these risks and uncertainties. During the financial year, we have set up a risk management committee that help formulate procedures at the senior management to identify risks, both existing and new, and develop appropriate policies to encounter the risks in priority of the significance of impacts.

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 2015 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 A.2.7 – Chairman Meeting with Non-executive Directors (including Independent Nonexecutive Directors)

Our Chairman of the Board, Mr. YU Pan, regularly holds meeting with the non-executive directors and independent non-executive directors (without the executive directors present) in physical meeting held in December each year. However. the scheduled meeting in December 2015 could not cope with this agenda because of the overloaded agendas. The Board has held a meeting for such purpose in a meeting held on 18 March 2016 and will schedule another meeting to be held in Date 2016.

Code Provision E.1.2 — Chairman Attending Annual General Meeting

Mr. YU Pan, the Chairman of the Board, was unable to attend the annual general meeting held on 9 June 2015 (the "**AGM**") due to 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 four executive directors, namely Mr. YU Pan (Chairman), Mr. WEN Xiaobing, Mr. JIANG Jing 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, 18 March 2016