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

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

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Revenue	**1,198,118**	132,134
Profit/(loss) before income tax	**153,812**	(73,710)
Profit/(loss) for the period	**95,973**	(77,174)
Profit/(loss) for the period attributable to owners of the Company	**96,840**	(70,340)
Earnings/(loss) per share – Basic and diluted	**RMB0.043**	(RMB0.032)
	At 30 June 2016	At 31 December 2015
Total assets	**10,296,931**	10,357,027

UNAUDITED INTERIM RESULTS

The board of directors (the "**Board**") of Skyfame Realty (Holdings) Limited (the "**Company**") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2016, together with comparative figures for the corresponding period of 2015.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2016

	Notes	Six months ended 30 June **2016** ***RMB'000*** **(Unaudited)**	2015 *RMB'000* (Unaudited)
Revenue	*3*	**1,198,118**	132,134
Cost of sales and services		**(921,284)**	(124,545)
Gross profit		**276,834**	7,589
Other income and gains, net		**877**	1,974
Sales and marketing expenses		**(29,340)**	(21,577)
Administrative and other expenses		**(72,604)**	(54,821)
Exchange (loss)/gain		**(28,539)**	1,806
Fair value changes in derivative financial asset/liabilities		**2,229**	(16,727)
Finance costs	*4*	**(3,372)**	(2,115)
Finance income	*4*	**7,727**	10,161
Profit/(loss) before income tax	*5*	**153,812**	(73,710)
Income tax expense	*6*	**(57,839)**	(3,464)
PROFIT/(LOSS) FOR THE PERIOD		**95,973**	(77,174)
Other comprehensive income:			
Exchange differences arising on foreign operations		**(655)**	(593)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**95,318**	(77,767)
Profit/(loss) for the period attributable to:			
– Owners of the Company		**96,840**	(70,340)
– Non-controlling interests		**(867)**	(6,834)
		95,973	(77,174)
Total comprehensive income for the period attributable to:			
– Owners of the Company		**96,185**	(70,933)
– Non-controlling interests		**(867)**	(6,834)
		95,318	(77,767)
Earnings/(loss) per share	*7*		
– *Basic*		**RMB0.043**	(RMB0.032)
– *Diluted*		**RMB0.043**	(RMB0.032)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Notes	**30 June 2016 RMB'000 (Unaudited)**	31 December 2015 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**255,816**	262,725
Investment properties		**572,520**	570,058
Goodwill		**13,554**	13,554
Derivative financial asset		**127**	37
		842,017	846,374
Current assets			
Properties under development		**6,849,988**	6,159,277
Properties under Tianhe project		**–**	786,168
Properties held for sale		**195,236**	177,850
Consideration receivable	*9*	**140,000**	105,000
Loan to a non-controlling shareholder of a subsidiary		**35,400**	20,400
Trade and other receivables	*10*	**623,879**	495,974
Short-term investments		**–**	460,000
Prepaid income tax		**36,239**	–
Restricted and pledged deposits		**698,808**	922,729
Cash and cash equivalents		**875,364**	383,255
		9,454,914	9,510,653
Current liabilities			
Trade and other payables	*11*	**1,042,322**	1,200,733
Properties pre-sale deposits		**5,544,387**	3,710,375
Bank and other borrowings – current portion		**567,477**	2,013,166
Consideration from disposal of Tianhe project		**–**	990,360
Income tax payable		**–**	5,378
		7,154,186	7,920,012
Net current assets		**2,300,728**	1,590,641
Total assets less current liabilities		**3,142,745**	2,437,015
Non-current liabilities			
Bank and other borrowings – non-current portion		**1,188,216**	746,656
Derivative financial liabilities		**15,545**	12,573
Deferred tax liabilities		**168,651**	168,781
		1,372,412	928,010
Net assets		**1,770,333**	1,509,005
Capital and reserves			
Share capital		**24,456**	21,068
Reserves		**1,741,679**	1,482,872
Equity attributable to owners of the Company		**1,766,135**	1,503,940
Non-controlling interests		**4,198**	5,065
Total equity		**1,770,333**	1,509,005

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements for the six months ended 30 June 2016 (the "**Interim Financial Statements**") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The Interim Financial Statements should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2015.

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

2. SEGMENT REPORTING

In a manner consistent with the way in which information is reported internally for the purposes of resource allocation and performance assessment, the Group is currently organised into three operating divisions – property development, property investment and property management. As management of the Group considers that nearly all consolidated revenue are attributable to the markets in 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, impairment loss on trade and other receivables, additions to properties under Tianhe project, additions to properties under development and capital expenditure.

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

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

	Property development *RMB'000*	**Property investment** *RMB'000*	**Property management** *RMB'000*	**Total** *RMB'000*
Six months ended 30 June 2016 (Unaudited)				
Segment revenue				
Reportable segment revenue	**1,180,846**	**12,320**	**14,728**	**1,207,894**
Elimination of intra-segment revenue	**–**	**(4,067)**	**(5,709)**	**(9,776)**
Consolidated revenue from external customers	**1,180,846**	**8,253**	**9,019**	**1,198,118**
Segment results	**194,236**	**5,217**	**(4,619)**	**194,834**
Reconciliation:				
Unallocated corporate net expenses				**(47,606)**
				147,228
Fair value changes in derivative financial asset/liabilities				**2,229**
Finance costs				**(3,372)**
Finance income				**7,727**
Consolidated profit before income tax				**153,812**
Other segment information:				
Depreciation and amortisation	**(816)**	**(415)**	**(876)**	**(2,107)**
Impairment loss on trade and other receivables	**–**	**–**	**(83)**	**(83)**
Additions to properties under Tianhe project	**6,595**	**–**	**–**	**6,595**
Additions to properties under development	**699,902**	**–**	**–**	**699,902**
Capital expenditure	**254**	**–**	**23**	**277**

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Total RMB'000
As at 30 June 2016 (Unaudited)				
Assets and liabilities				
Assets				
Reportable segment assets	**8,149,357**	**580,760**	**42,275**	**8,772,392**
Reconciliation:				
Derivative financial asset				**127**
Prepaid income tax				**36,239**
Cash and cash equivalents				**875,364**
Unallocated restricted and pledged deposits				**388,420**
Unallocated corporate assets				
– Leasehold land and building				**208,429**
– Other corporate assets				**15,960**
Consolidated total assets				**10,296,931**
Liabilities				
Reportable segment liabilities	**6,588,809**	**7,390**	**9,482**	**6,605,681**
Reconciliation:				
Deferred tax liabilities				**168,651**
Derivative financial liabilities				**15,545**
Unallocated bank and other borrowings				**1,728,692**
Unallocated corporate liabilities				**8,029**
Consolidated total liabilities				**8,526,598**

	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Total *RMB'000*
Six months ended 30 June 2015 (Unaudited)				
Segment revenue				
Reportable segment revenue	113,280	13,616	14,896	141,792
Elimination of intra-segment revenue	–	(4,060)	(5,598)	(9,658)
Consolidated revenue from external customers	113,280	9,556	9,298	132,134
Segment results	(52,370)	6,514	(5,001)	(50,857)
Reconciliation:				
Unallocated corporate net expenses				(14,172)
				(65,029)
Fair value changes in derivative financial liabilities				(16,727)
Finance costs				(2,115)
Finance income				10,161
Consolidated loss before income tax				(73,710)
Other segment information:				
Depreciation and amortisation	(607)	(449)	(863)	(1,919)
Impairment loss on trade and other receivables	–	(6)	(43)	(49)
Write-down of properties under development and properties held for sale	(8,637)	–	–	(8,637)
Additions to properties under Tianhe project	11,511	–	–	11,511
Additions to properties under development	1,516,201	–	–	1,516,201
Capital expenditure	1,207	–	75	1,282

	Property development RMB'000	Property investment RMB'000	Property management RMB'000	Total RMB'000
As at 31 December 2015 (Audited)				
Assets and liabilities				
Assets				
Reportable segment assets	8,009,651	577,828	42,170	8,629,649
Reconciliation:				
Derivatives financial assets				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

Information about major customers

None of the customers of the Group contributed more than 10% of the Group's revenue for the six months ended 30 June 2016 and 2015.

3. REVENUE

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

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sale of properties	**1,180,783**	113,228
Rental income	**8,316**	9,608
Property management services	**9,019**	9,298
	1,198,118	132,134

4. FINANCE COSTS AND INCOME

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance costs:		
Interest on bank and other borrowings		
– wholly repayable within five years	**69,234**	122,438
– wholly repayable after five years	**13,155**	6,283
	82,389	128,721
Less: Amount capitalised as properties under development		
Interest on bank and other borrowings	**(80,960)**	(127,817)
	1,429	904
Other borrowing costs	**2,443**	14,327
Less: Amount capitalised as properties under development	**(500)**	(13,116)
	1,943	1,211
Finance costs charged to profit or loss	**3,372**	2,115
Finance income:		
Bank interest income	**5,978**	5,102
Interest income on short-term investments	**808**	5,059
Interest income on loan to a non-controlling shareholder of a subsidiary	**941**	–
Finance income credited to profit or loss	**7,727**	10,161

5. PROFIT/(LOSS) BEFORE INCOME TAX

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

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of properties sold	**921,284**	112,168
Write-down of properties under development/ properties held for sale	**–**	8,637
Cost of inventories recognised in profit or loss	**921,284**	120,805
Staff costs (including directors' emoluments) comprise:		
– Basic salaries and other benefits	**52,299**	44,509
– Equity-settled share-based payment expenses	**5,882**	419
– Contributions to defined contribution pension plans	**2,711**	2,052
Total staff costs (including directors' emoluments)	**60,892**	46,980
Less: Amount capitalised as properties under development	**(20,197)**	(15,619)
Staff costs charged to profit or loss	**40,695**	31,361
Auditor's remuneration – current period	**417**	443
Depreciation of property, plant and equipment	**6,887**	6,396
Less: Amount capitalised as properties under development	**(64)**	(30)
Depreciation charged to profit or loss	**6,823**	6,366
Amortisation of leasehold land	**1,703**	1,703
Depreciation and amortisation charged to profit or loss	**8,526**	8,069
Impairment loss on trade and other receivables	**83**	49
Exchange loss/(gain), net		
– Realised	**506**	(1,141)
– Unrealised	**28,033**	(665)
	28,539	(1,806)

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax		
Hong Kong profits tax	**–**	–
PRC corporate tax		
– current period	**57,877**	4,330
– write-off of provisional corporate income taxes	**(1,973)**	(3,126)
PRC land appreciation tax		
– current period	**2,064**	2,648
	57,968	3,852
Deferred tax		
– current period	**(129)**	(388)
Total income tax expense	**57,839**	3,464

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil) as the Group has no estimated assessable profits in respect of operation in Hong Kong. The applicable Hong Kong profits tax rate is 16.5% (six months ended 30 June 2015: 16.5%) for the six months ended 30 June 2016.

Enterprise income tax arising from other regions of the PRC is calculated at 25% (six months ended 30 June 2015: 25%) on the estimated assessable profits.

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

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

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

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit/(loss) for the purposes of calculating basic and diluted earnings/(loss) per share	**96,840**	(70,340)

	Number of shares	
	'000	*'000*
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	**2,271,476**	2,216,531

The weighted average number of ordinary shares in issue during the period was adjusted to reflect the effect of issuing and allotment of placing shares on 6 June 2016.

For the six months ended 30 June 2016 and 2015, basic earnings/(loss) per share is the same as diluted earnings/(loss) per share as any effect arising from the exercise of Company's options and convertible bonds is no dilutive.

8. DIVIDENDS

The Company does not have distributable reserves available for distribution of dividends for the six months ended 30 June 2016.

9. CONSIDERATION RECEIVABLE

	Gross consideration	(Received)/ paid	**30 June 2016** ***RMB'000*** **(Unaudited)**	**31 December 2015** *RMB'000* (Audited)
Gross sale consideration for the equity interest plus net assets of Huan Cheng (net of relocation cost of fire-station borne by the Group)	1,128,273	(988,273)	**140,000**	140,000
Less: Estimated development costs and finance costs borne by the Group	(55,000)	20,000	**(35,000)**	(35,000)
Add: Finance costs over-estimated	35,000	–	**35,000**	–
Amortised cost, amount due within one year	1,108,273	(968,273)	**140,000**	105,000

The receivable relates to the final instalment receivable from the purchaser, Hainan Haikong Realty Company Limited, for the disposal of the equity interests in Guangzhou Huan Cheng Real Estate Development Company Limited ("**Huan Cheng**"), the developer of Tianhe Project, that is unsecured and interest-free. The amount of approximately RMB140,000,000 (31 December 2015: RMB105,000,000) is estimated after taking into account the estimated costs to be borne by the Group pursuant to the agreement. The final instalment is expected to be received in the coming months when the broad ownership title certificates of the buildings which were completed during the period are obtained.

Following the delivery of properties in the Tianhe Project which were completed during the period, the disposal proceeds, development costs of the Tianhe Project invested by the Group, and corporate income tax relating to the disposal of the equity interests in Huan Cheng are recognised in the consolidated statement of profit or loss for the current period.

10. TRADE AND OTHER RECEIVABLES

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current or less than 1 month	**2,326**	881
1 to 3 months	**1,006**	462
More than 3 months but less than 12 months	**774**	589
More than 1 year	**258**	114
Trade receivables, net of impairment	**4,364**	2,046
Refundable construction costs	**59,765**	19,159
Tender deposits in a development project	**30,800**	30,800
Prepaid construction costs	**124,241**	110,636
Prepaid finance costs	**17,500**	141
Prepaid business taxes and surcharges	**259,739**	200,305
Maintenance funds paid on behalf of properties owners	**43,922**	41,161
Interest receivable on bank deposits/short-term investments	**4,849**	4,941
Other deposits, prepayments and other receivables	**78,699**	86,785
	623,879	495,974

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.

11. TRADE AND OTHER PAYABLES

	30 June 2016 *RMB'000* (Unaudited)	31 December 2015 *RMB'000* (Audited)
Current or less than 1 month	**682**	1,485
1 to 3 months	**328**	477
More than 3 months but less than 12 months	**1,495**	5
More than 1 year	**168**	198
Total trade payables	**2,673**	2,165
Construction costs payable	**799,910**	648,437
Tender receivable from the suppliers	**48,529**	49,397
Land cost payable	**–**	352,511
Receipts in advance, rental and other deposits from buyers, customers and/or tenants	**16,768**	16,404
Receipts in advance from government on a project clearance	**54,630**	54,630
Compensation payable	**18,750**	11,250
Accrued business taxes, value-added taxes and surcharges	**24,354**	19,685
Provision for additional development costs and land use rights in relation to Tianhe Project	**35,795**	–
Interest payable on bank and other borrowings	**2,791**	6,472
Other accrued expenses and other payables	**38,122**	39,782
	1,042,322	1,200,733

12. COMMITMENTS

	30 June 2016 *RMB'000* (Unaudited)	31 December 2015 *RMB'000* (Audited)
Expenditure contracted but not provided for in respect of		
– Property construction and development costs	**1,510,951**	1,970,841

13. EVENT AFTER THE END OF THE REPORTING PERIOD

On 21 June 2016, the Company entered into the placing agreement with Crosby Securities Limited pursuant to which Crosby Securities Limited agreed to use its best efforts to procure placees to subscribe for in the aggregate up to HK$100 million (RMB85.5 million) principal amount of the bonds, on the terms and subject to the conditions set out in the placing agreement during the period commencing upon the date of the placing agreement and ending on 31 August 2016. The placing was completed on 5 July 2016 when bonds of a total principal value of HK$100 million were issued.

MANAGEMENT DISCUSSION AND ANALYSIS

A. Business review

The handing-over of the completed Tianhe Project in the period served the Group with a record breaking sale level. The Group had recognized property sales of RMB1,180.8 million for the first six months ended 30 June 2016, bringing a 942.8% increase in revenue when compared with the corresponding period in last period.

Up till the period-end date, the Group is in presale of three projects, namely Zhoutouzui Project in Guangzhou, Nanning Skyfame Garden Project in Nanning and Yongzhou Project in Hunan. The pre-sale performance is within the expectation of our management in light of the current market atmosphere which turns to be positive compared with the corresponding period last year. During the six months ended 30 June 2016, contracted sales in aggregate of approximately RMB1.95 billion have been made, representing 54.2% of the annual forecasted contracted sales of RMB3.6 billion for the full year. The two key projects, Zhoutouzui Project and Nanning Skyfame Garden Project, have contracted sales of approximately RMB5.5 billion in respect of saleable GFA of approximately 605,000 sq. m. since commencement of presales and up to 25 July 2016. These contracted sales will turn into sale revenue when the relevant properties are completed and delivered starting from late 2016 and until 2018 according to the construction timelines.

B. Property Portfolio

1. Properties under development and land reserves

Including Tianhe Project in Guangzhou completed in April 2016, the Group underwent the development of five real estate development projects in mainland China during the first six months of 2016. As at 29 August 2016, the Group's projects on hand renders a total GFA of approximately 3,139,000 sq.m., out of which a total saleable GFA of approximately 402,000 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 second half of 2016.

The details about the Group's projects on hand as at 29 August 2016 are summarised below:

Project	Location	Property type	Estimated project total developable GFA (sq.m.)	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)*	2014 to 2016	70%
Total			3,139,000		

Note:

Project total developable GFAs presented here represent the total developable area in the project, including the area sold and delivered in the period and previous years. The developable GFA in Yongzhou Project includes 71.8% of developable GFA which has been sold and delivered up to 30 June 2016.

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 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 July 2016, all towers have been roofed. 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 July 2016, contracted sales of approximately RMB2,064.9 million (total saleable GFA of approximately 57,000 sq.m.) have been made.

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 an international 4-star hotel branded as Aloft Guangzhou Tianhe Hotel ("**Aloft Hotel**"), serviced apartments and A-class offices which is situated in Tianhe District, a commercial business hub in central Guangzhou.

The equity interest in the project company that was engaged in the development of the project was disposed pursuant to an agreement in 2010 for a gross consideration of RMB1.09 billion before the deduction of some development costs that are to be borne by the Group.

The properties were completed and handed over to the buyer in April 2016. Aloft Hotel has commenced business since mid-May 2016. The sale transaction from the transaction is recorded as property sales and the resulting profits booked in the accounts of the Group for the current period.

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 918,000 sq.m. for residential and retail properties and other facilities for sale and 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 July 2016, all the 5 zones are under construction. 40 out of a total 67 towers, have been roof-topped. Pre-sales of property units in zone 3, 4 and 5 of saleable GFA of approximately 605,800 sq.m. have commenced and contracted sales totaling approximately RMB3,430.1 million (total saleable GFA of approximately 548,000 sq.m.) have been made so far since the initial launch. Physical delivery to buyers are scheduled to take place by phases through late 2016 to 2018. In addition, aggregated saleable GFA of 263,000 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 hand-over of resettlement housing 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 (unofficially named as the Skyfame ASEAN Tower), an international 5-star hotel and retail properties while the west zone consists of residential and retail properties.

As of 25 July 2016, development works have commenced. Structural design of the Skyfame ASEAN Tower with a planned height of approximately 530 meter has successfully passed the review of the PRC National Super High-rise Anti-seismic Committee. Construction works of properties in all zones are expected to be completed between the years from 2018 to 2022.

Yongzhou Project
The project, named as "Tianyu-huafu" ("天譽 • 華府"), features a residential development of villas, apartments and retail shops with a total saleable GFA of the project is approximately 186,000 sq.m. and has been under development since 2012. The remaining 2 towers of high-rise apartments of saleable GFA of approximately 25,400 sq.m. were completed in May 2016. Up to 30 June 2016, an aggregated saleable GFA of approximately 133,000 sq.m., mainly of apartments, have been sold and delivered to buyers. Out of the unsold saleable GFA of approximately 53,000 sq.m., sale contracts for saleable GFA of approximately 9,700 sq.m. have been made up to 30 June 2016.

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 84.1% occupied as at 30 June 2016. The Directors consider the properties are fairly stated in the statement of financial position of the Group as of 30 June 2016 at directors' estimated open market values totaling RMB448.0 million.

A 8,700 sq.ft. office premise at AXA Centre in Wanchai, Hong Kong is 74.8% occupied as at 30 June 2016. The Directors consider the property is fairly stated in the statement of financial position of the Group as of 30 June 2016 at directors' estimated open market value of RMB124.5 million (approximately HK$145.7 million).

C. Business Outlook

China's economy is no doubt going into a new normal slower GDP growth in line with the central government's emphasis to keep economic growth more sustainable by imposing stimulus in domestic consumption and investments in selected sectors. In the wake of strong property sale performance in some first and second-tier cities as a result of the stimulating policies favouring the property sector in late 2015 that continues into the first half of 2016, we believe that the sales momentum will remain in the coming months of the year. However, there will be convergence in housing policies in different regions in the country where there will be restrictive policies in regions with signs of overheating but a broad-based clampdown is not expected. Buying sentiment in Guangzhou and Nanning, the major contributors of revenue to the Group in the period, is seen to be increasingly positive, but yet is considered as rational as compared with other cities like Shenzhen and Nanjing where the housing prices gallop and inventory level has been drastically dragged down. Under this circumstance, the management expects Guangzhou and Nanning are not the targets of new restrictive policies, resulting that property sales in these regions will continue to benefit from the policy loosening.

Projects in Guangzhou and Nanning have delivered satisfactory pre-sale results during the period ended 30 June 2016. With exception of the Yongzhou Project which has been completed in the period and contracted sales of the project will be booked upon completion of contracts, the contracted presales of the other two projects will be turned into recognized sales in late 2016 to 2018, depending on the timing of handing-over of properties sold.

Thanks to the strong cash inflow generated from presales, the Group has had a de-leveraged financial position with reduced net gearing ratio comparing with the last year-end date. The Group expects to ride on the stronger organic cash flow generation in the second half of 2016 and the coming years to build up new land reserves in cities with sizable population and affordable economic stance to support solid demand for housing. With proper implementation of strategies in land bank building, the Group will ensure a sustainable growth in its business in 2018 onwards when the existing projects, other than the Nanning Maker Tower Project, are due to be completed by 2018. The management has been currently in active negotiations with land sellers and believes that some acquisitions will soon be materialized in the coming months.

D. Financial Review

Sales Turnover and Margins

Property sales of the Group are the largest income earner, constituting 98.6% of total revenue for the period. During the period, the Group's Tianhe Project and Yongzhou Project delivered properties in GFA of approximately 134,100 sq.m.. The handing-over of the Tianhe Project signified a record breaking revenue of RMB1,180.8 million to the Group, a 942.8% increase from the corresponding period in last year when only Yongzhou Project were delivered.

Overall gross margin on property sales is 22.3% (2015: negative 6.7%), The improvement is driven by the better margin achieved in the Tianhe Project which compensates the loss-making Yongzhou Project. The low pricing of properties sold in Yongzhou Project led to a loss situation that is resulted from the slump market in the region where demand is low and inventories are piped up.

The leasing of properties at the commercial podium at Tianyu Garden Phase II in Guangzhou and offices at AXA Centre in Wanchai, Hong Kong, the Group's secondary line of business, contributed a total revenue of RMB8.3 million, a drop of 13.5% from last period at a gross margin of 90.1%. Whilst the occupancy rate of the commercial podium at Tianyu Garden Phase II is maintained steady at 84.1%, the occupancy of AXA Centre is 74.8% as at 30 June 2016, being affected by temporary vacancy due to termination of lease of a tenant.

The property management company provides a relative stable income of RMB9.0 million for the period (2015: RMB9.3 million). The operation enjoys a margin of 61.5%.

Due to the delivery of the high-margin Tianhe Project that boost both the revenue and margin, the overall gross margin of the Group for the period is advanced to 23.1% (2015: 5.7%).

Operating Expenses

As a result of the launching of pre-sale marketing activities in particular for the youth community residential units in Nanning Skyfame Garden Project and the continuous marketing of the Zhoutouzui Project, sales and marketing expenses, consisting of mainly advertising, promotions and agent commission, surged 36.0% to RMB29.3 million. Administrative and other operating expenses amounting to RMB101.1 million, increased 90.8% from last period. The increase in expenses is explained by unrealized losses of RMB28.0 million on exchange of loans denominated in HK$ and US$ booked for the period and the increased staff costs. Staff costs, being the biggest expense item constituting 31.2% of total operating expenses, amounted to RMB40.7 million, representing a 29.8% rise from last period. The rise in staff costs is due to the increased provision for bonus and the share-based payments to staff and directors apart from the general payrise. Total staff costs incurred during the period amounted to RMB60.9 million (2015: RMB47.0 million), of which RMB20.2 million were capitalized as development costs of properties under development.

Finance Costs

Due to the increase in presale proceeds received that were used to repay the Group's indebtedness, the Group's indebtedness declined, leading to a drop in finance costs. Finance costs, including arrangement fees, incurred during the period decreased to RMB84.8 million, representing a drop of 40.7%. Most finance costs incurred were capitalized as costs of those projects under development whilst only RMB3.4 million was charged against the operating results for the year. The Group's annualized blended borrowing costs, excluding money market loans that are backed up by bank deposits, is 10.9% per annum. This corresponds with a general decline in interest rates charged by lenders.

Non-operating Items

Non-operating items include mainly the net decrease of RMB2.2 million in the fair values of the derivative financial asset/liabilities that are embedded in the rights attached to the Company's secured loan advanced by and convertible bond issued to a lender in 2015, and the medium term bonds issued to some investors since 2014 and up to the period end date.

Taxation

Provision in taxation included a provision of land appreciation tax in the sales of commercial properties in Yongzhou Project and provision for corporate income taxes on profits arrived from property sales and property management.

Losses/Profits Attributable to Shareholders

The Company had a consolidated after-tax profit of RMB96.0 million for the period of which profit of 96.8 million was attributable to the shareholders of the Company.

Liquidity and Financial Resources

1. Asset Base

	Change in %	**30 June 2016** *RMB'000*	31 December 2015 *RMB'000*
Total assets	-0.6%	**10,296,931**	10,357,027
Net assets	17.3%	**1,770,333**	1,509,005

Properties under development, with total carrying costs of RMB6,850.0 million, is the biggest asset category constituting 66.5% of the total assets of the Group, aggregated to RMB10,296.9 million. Total assets also include investment properties with fair market values totaling RMB572.5 million, properties for self-use, plant and equipment totalling RMB255.8 million, restricted cash and pledged deposits of RMB698.8 million, cash and cash equivalents of RMB875.4 million, trade deposits and receivables of RMB623.9 million, properties held for sale in Yongzhou Project of RMB195.2 million, and balance of sale consideration receivable from HNA in respect of the disposal of the equity interest in Tianhe Project of RMB140.0 million.

2. Capital structure and liquidity

The Company raised HK$192.0 million in cash by way of a private placement to a number of investors in early June 2016. The placing proceed was used to repay a third party loan of the Company. The indebtedness of the Group are aggregated to RMB1,771.2 million at the period-end date, representing a decrease of RMB1,001.2 million when compared with the last year-end. Indebtedness of the Company also includes money market loans of RMB389.1 million which are guaranteed by letter of credits issued by banks being backed up by cash deposits of RMB388.4 million. Excluding these backed-up loans, the indebtedness of the Group amounted to RMB1,382.1 million at the period-end. The decrease of indebtedness is a result of repayment of indebtedness in the period. The details and maturity profile of the indebtedness are illustrated as follows:

	Within one year *RMB'000*	1 to 2 years *RMB'000*	2 to 5 years *RMB'000*	Over 5 years *RMB'000*	Total carrying amount *RMB'000*
Bank and other borrowings					
– Secured bank borrowings	**476,374**	**377,634**	**38,530**	**105,666**	**998,204**
– Other secured borrowings	**27,000**	**486,779**	**–**	**–**	**513,779**
– Unsecured borrowings	**–**	**–**	**–**	**243,710**	**243,710**
	503,374	**864,413**	**38,530**	**349,376**	**1,755,693**
Derivative financial liabilities	**–**	**4,870**	**–**	**10,675**	**15,545**
	503,374	**869,283**	**38,530**	**360,051**	**1,771,238**

Due to the drop in indebtedness and the enlarged equity by the private placement in the period, 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), drops to 22.3% as at 30 June 2016 (31 December 2015: 53.6%).

The gearing ratio as at the end of the reporting period is calculated based on the following:

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
Total debt	**1,771,238**	2,772,395
Less: restricted bank deposits backing up the money market loans	**(388,420)**	(652,010)
Less: cash and cash equivalents	**(875,364)**	(383,255)
Net debt	**507,454**	1,737,130
Equity attributable to owners	**1,766,135**	1,503,940
Capital plus net debt	**2,273,589**	3,241,070
Gearing ratio (Net debt/Capital plus net debt)	**22.3%**	53.6%

The maturity of the indebtedness shows that the Group's indebtedness bears a longer duration than the prior year. An aggregate amount of RMB1,267.9 million, representing 71.6%, of the indebtedness (31 December 2015: 29.7%) are due to be repaid after one year.

	Change in %	**30 June 2016** *RMB'000*	31 December 2015 *RMB'000*
Current assets			
Properties under development	11.2%	**6,849,988**	6,159,277
Properties under Tianhe Project	-100.0%	**–**	786,168
Properties held for sale	9.8%	**195,236**	177,850
Consideration receivable	33.3%	**140,000**	105,000
Trade and other receivables	25.8%	**623,879**	495,974
Short-term investments	-100.0%	**–**	460,000
Loan to a non-controlling shareholder of a subsidiary	73.5%	**35,400**	20,400
Prepaid income tax	–	**36,239**	–
Restricted and pledged deposits	-24.3%	**698,808**	922,729
Cash and cash equivalents	128.4%	**875,364**	383,255
Sub-total (A)	-0.6%	**9,454,914**	9,510,653
Current liabilities			
Trade and other payables	-13.2%	**1,042,322**	1,200,733
Properties pre-sale deposits	49.4%	**5,544,387**	3,710,375
Bank and other borrowings – current portion	-71.8%	**567,477**	2,013,166
Consideration from disposal of Tianhe Project	-100.0%	**–**	990,360
Income tax payable	-100.0%	**–**	5,378
Sub-total (B)	-9.7%	**7,154,186**	7,920,012
Net current assets (A-B)	44.6%	**2,300,728**	1,590,641
Current ratios (A/B)	10.1%	**1.32**	1.20

Current assets were steadily maintained at RMB9,454.9 million as at the period-end. Cash constitutes to 16.6% (31 December 2015: 13.7%) total current assets, indicating a stronger liquidity position.

Total current liabilities at the period-end amounted to RMB7,154.2 million, representing a drop of 9.7% from last year-end date. The decrease in current liabilities is caused by the repayment of bank loans and other borrowings when they were due during the period. Such decrease was partially offset by the increase in presale deposits received from customers.

The current ratio, being 1.32 times at the period-end (31 December 2015: 1.20 times) indicates improvements in the Company's strength to liquidate the assets to meet with its loan repayment commitments.

3. *Borrowings and pledge of assets*

The office units at AXA Centre in Hong Kong and office premises at HNA Tower and certain commercial units at the commercial podium in Tianyu Garden Phase II in Guangzhou are mortgaged in favour of commercial banks to secure for financing facilities granted to the Group for its general working capital. In addition, cash deposits are placed in commercial banks to secure for letters of credit issued to a Macau-based bank to guarantee repayment performance of the money market loans. The issued shares of Guangzhou Zhoutouzui Development Limited, a subsidiary holding the equity interest in Zhoutouzui Project, and 1,587,168,407 shares of the Company owned by the Company's controlling shareholder, Yu Pan, are charged as security in favor of two financial institutions for loans advanced and a convertible bond issued to the lenders. As at 30 June 2016, the outstanding balances of these secured indebtedness amounted to RMB1,516.9 million whilst the pledged assets and the underlying assets represented by these securities carried an aggregated realizable value estimated at approximately RMB3,175.7 million measured by open market values of the assets charged or mortgaged as at 30 June 2016. The securities provide the creditors with sufficient cover on their lending. The Group is sufficiently backed up with assets to secure for its indebtedness.

E. CONTINGENT LIABILITIES

In July 2015, a legal action was raised against 廣州市譽城房地產開發有限公司 (Guangzhou Yucheng Real Estate Development Company Limited) ("**Yucheng**"), the project company of Zhoutouzui Project, by 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 of Zhoutouzui Project. 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. Due to a problem about the legal identity of the claimant encountered, on 29 April 2016, the case was withdrawn by the claimant. On 28 April 2016, Port Authority initiated another legal action with a revised claim of RMB12.0 million. The claim has been in negotiations between the parties out of court. Based on the current assessment of the progress of the negotiations, the directors estimate that the claim will be settled at a reduced amount that will be provided for in the accounts of the Group timely upon the reaching of a settlement agreement with the parties.

Other than the above-mentioned, the Group had no other material contingent liabilities as at 30 June 2016 (31 December 2015: 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 period-end date, the Group has foreign currency denominated borrowings and financial derivatives equivalent to RMB1,645.5 million, representing 92.9% of total indebtedness, and an overseas properties with carrying value equivalent to RMB191.1 million. The other assets and liabilities are mostly denominated in RMB.

Since August 2015, the exchange rate of RMB have depreciated against HK and US dollars by a total of 8.3%, of which a depreciation of 2.0% for the current period was experienced. In consequence, foreign exchange losses of RMB28.0 million were unrealized when liabilities denominated in foreign currencies are converted at RMB in the financial accounts. In addition, exchange differences arising from the consolidation of assets and liabilities of a subsidiary operated in Hong Kong as at 30 June 2016 results to an exchange gain of RMB0.7 million. The gain 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 months, but in milder steps. Further depreciation of RMB may happen, bringing negative impacts on the profitability of the Group when losses may be incurred when foreign currency denominated indebtedness are converted into RMB upon maturities or at reporting period-ends. Unfortunately, no natural hedge against the depreciation of RMB is available to the Group in the meantime. The management will instead make possible effort to reduce the foreign currency debts or taking useful hedging instruments to manage the exposures at reasonable costs.

CORPORATE GOVERNANCE

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

Code Provision A2.1 – Chairman and Chief Executive

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

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

Code Provision E.1.2 – Chairman Attending Annual General Meeting

Mr. YU Pan, the Chairman of the Board, was unable to attend the annual general meeting held on 30 June 2016 (the "**AGM**") due to other business engagement. Mr. WEN Xiaobing, an executive director of the Company and 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.

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 Transaction 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 period under review.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2016.

AUDIT COMMITTEE

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

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the websites of the Company (www.tianyudc.com) and the Stock Exchange (www.hkexnews.hk). The interim 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, 29 August 2016