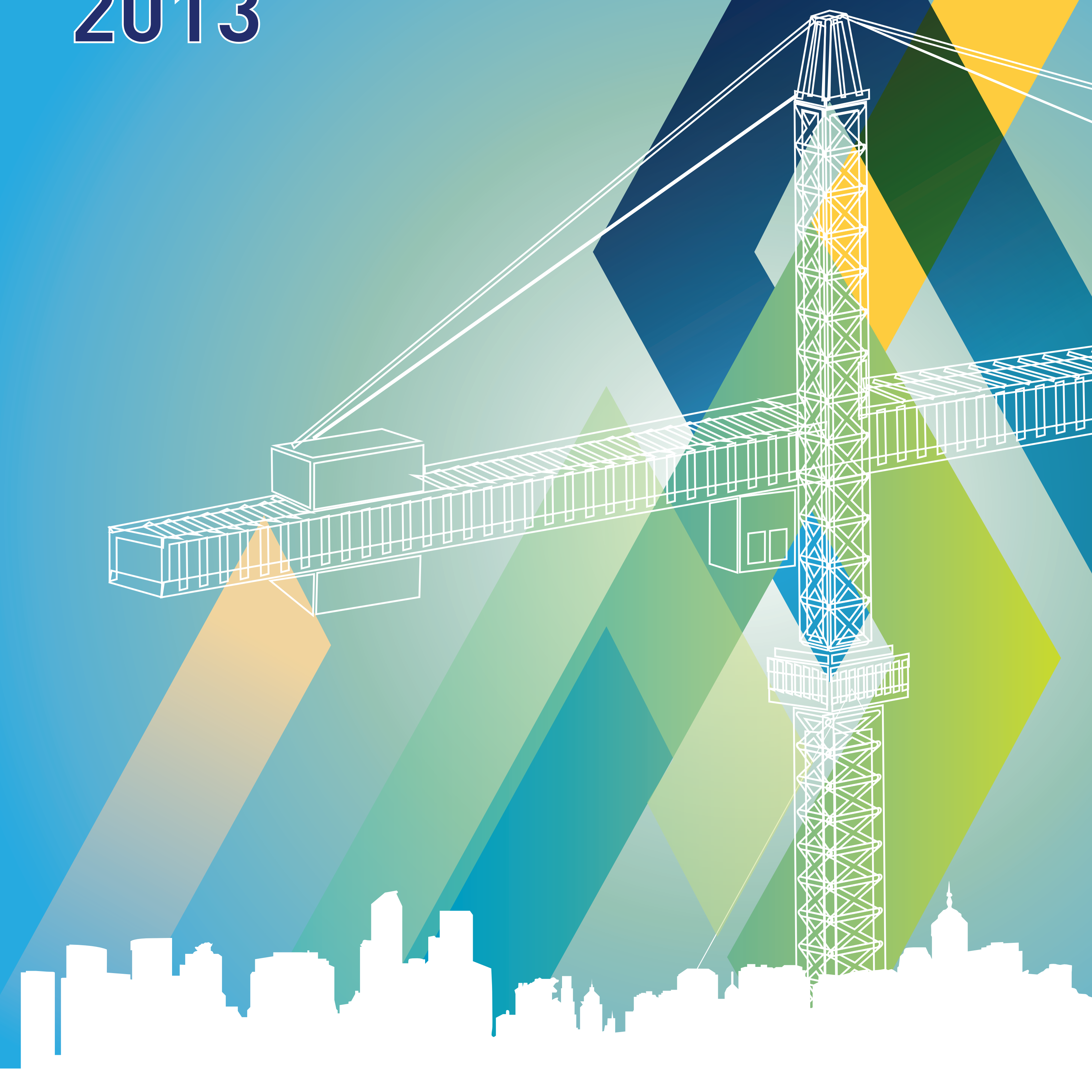
天譽置業（控股）有限公司
SKYFAME REALTY (HOLDINGS) LIMITED

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

Interim Report 2013



Contents

Corporate Information

Directors

Executive Directors:

YU Pan *(Chairman and Chief Executive Officer)*
SIU Shawn
WONG Lok

Independent Non-executive Directors:

CHOY Shu Kwan
CHENG Wing Keung, Raymond
CHUNG Lai Fong

Company Secretary

CHEUNG Lin Shun

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Share Listing

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

Auditors

BDO Limited
Certified Public Accountants

Company's Website

http://www.sfr59.com

Head Office and Principal Place of Business in the PRC

32nd to 33rd Floors of HNA Tower,
8 Linhe Zhong Road, Tianhe District,
Guangzhou, Guangdong Province, the PRC.
Telephone: (86-20) 2208 2888
Facsimile: (86-20) 2208 2777

Principal Place of Business in Hong Kong

2502B, Tower 1, Admiralty Centre,
18 Harcourt Road,
Hong Kong.
Telephone: (852) 2111 2259
Facsimile: (852) 2890 4459

Registered Office

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

Principal Share Registrar and Transfer Office

HSBC Securities Services (Bermuda) Limited
6 Front Street,
Hamilton, HM 11, Bermuda.

Branch Share Registrar and Transfer Office

Tricor Abacus Limited
26th Floor, Tesbury Centre,
28 Queen's Road East,
Wanchai, Hong Kong.

Principal Bankers

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

Legal Advisers

Hong Kong Laws:

Sidley Austin

Bermuda Laws:

Conyers Dill & Pearman

PRC Laws:

廣東國鼎律師事務所
(Guangdong Guardian Law Firm)

Management Discussion and Analysis

Business Review and Outlook

Business review

For the period, the Group recorded a substantial growth in turnover contributed by the delivery of properties in Guiyang Project Phase II completed in late 2012. A total of sale revenue of RMB676.0 million was booked in the period, representing an increase in revenue in property sales by 208 times. The secondary line of business is the leasing of, mainly, Tianyu Garden Phase II in Guangzhou and AXA Centre in Wanchai, Hong Kong which contributed a revenue of RMB12.2 million, representing an increase of 13.1% when compared with the last corresponding period. The increase in leasing income was caused by the leasing of recently acquired 14th floor of AXA Centre. Other than the two investment properties, units in the commercial complex and carparking spaces developed in Guiyang Project were also leased for rental income.

Gross margin in property sales for the period is shown at 18.4%, a relatively reasonable level taken into account the vigorous price competition in the property market in Guiyang. The profit margin for the period shows improvement from that of 17.6% for the full year in 2012 and the low level of 5.7% for the last corresponding period which was distorted by the compensation given to home buyers of Guiyang Project Phase I for area discrepancies adjusted against revenue. Due to the much higher proportion of revenue in property sales in the period that bears a lower margin than that of the leasing activities, overall gross margin for the period is 19.5% (2012: 62.3%).

Other than the sales and marketing expenses that surged 98% to RMB10.9 million as the Group incurred more costs in advertising and promotions and agent commissions when Yongzhou Project in Hunan and the third and final phase of Guiyang Project started pre-sale in the current period, overall administrative and other operating expenses remained stable. Staff costs, the biggest expense item, totaling RMB24.3 million (2012: RMB24.0 million) of which RMB6.8 million capitalised as development costs, have been steadily maintained as compared with last year as a result of the management's strategy to streamline the operations despite the growth in business activities in the period.

During the period, the Group enjoyed net exchange gain of RMB4.0 million as a result of the appreciations of RMB against HK dollar and US dollar in which some loans of the Group are denominated, whilst net exchange loss of RMB3.8 million was incurred in previous period as RMB went in the opposite direction against the two currencies in that period.

The Group incurred less finance costs on its borrowing following its repayment of some loans in late 2012 with the proceeds received from the right issue that was completed in mid-2012. Finance costs of RMB44.6 million were incurred of which RMB1.7 million has been charged against profit for the period whilst the remaining capitalised as development cost of properties under development. Ripening the sales of properties in Guiyang Project, which is owned as to 55% equity by the Group, the operating result of the Group has turned around to a profit of RMB81.1 million for the period from a loss of RMB35.7 million for the last corresponding period. The post-tax profit attributable to shareholders for the period was RMB31.7 million (2012: post-tax loss of RMB32.5 million).

Properties under development and land reserve

The Group is undergoing four real estate development projects with a total GFA of approximately 900,000 sq.m. in the mainland China during the period, all of which are under construction. As at 30 June 2013, the Group holds a land reserve of more than 650,000 sq.m. in lot sizes for its potential future development, taking into account those acquisitions of land in Nanning Project and Yongzhou Project for which framework agreements have been entered into with the city governments and surety deposits have been paid by the Group.

Management Discussion and Analysis (Continued)

Business Review and Outlook *(Continued)*

Properties under development and land reserve *(Continued)*

Guiyang Project

The development, known as Tianyu City (「天譽城」), in which the Group holds a 55% stake, consists of high-end residential apartments of a total GFA of approximately 460,000 sq.m. for residential apartments and 132,000 sq.m. for commercial complex, community facilities and carparking spaces. Properties in the first and second phases of the development in GFA of approximately 347,000 sq.m. were completed of which residential units of GFA of 245,000 sq.m. were sold and delivered to customers. The remaining third phase of the project, consisting of five residential buildings with common facilities and carparking spaces of GFA of 245,000 sq.m., are under construction and is expected to be completed in 2014 and 2015 of which a GFA totalling of 92,000 sq.m. are now on pre-sale which already contracted a total of 99.1% in GFA and pre-sale proceeds of approximately RMB422.9 million up to the reporting date.

Zhoutouzui Project

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

The site, opposite to the renounced White Swan Hotel, offers a full waterfront view of the Pearl River. The development on the site of 43,609 sq.m. consists of 7 towers of residential apartments, offices, service apartments and a commercial complex in a total GFA of approximately 213,000 sq.m., and underground car parking facilities in a total GFA of approximately 102,000 sq.m. Construction permits of all phases of the project have been granted, with an exception of one serviced apartment tower for which permit for the detailed design parameters is under application. Foundation works of all phases are in progress and are expected to be completed in early 2014 whereupon the construction of the mainframe of the towers will be commenced. The management plans that pre-sales by phases will start in late 2014.

Yongzhou Project

Under the framework agreement entered into with the City Government of Yongzhou, Hunan province in 2011, two project companies of the Group, in which the Group holds 70% equity stake interest, are empowered to develop the Yongzhou Project, offering a total site area of 1,000 mu on which a GFA of about 1.6 million sq.m., will be developed into residential, commercial complex and street-front shops. As a condition to the development rights granted, the project company is also obliged to manage the remodelling works of some scenic spots in the city surrounding the development sites. The entire project covers a development period of 6 years.

The first phase of the Yongzhou Project, named as Tianyu-huafu (「天譽 • 華府」), features a residential development of villas, apartments and retail shops with a total GFA of 212,000 sq.m. on a 106 mu site and is in full progress of construction. Pre-sale of the low-rise buildings and high-rise residential buildings have been launched and all GFA of 42,500 sq.m. have been sold out upto the reporting date, generating a total contracted sales of approximately RMB132.0 million at an average selling price of RMB3,100 per sq.m.. Pre-sale permits of villas have been obtained and the management will start the marketing for the pre-sale in the third quarter of the year.

Alongside with the development of Tianyu-huafu, the project company also took the project supervisory role in remodelling of the scenic spots in Dongshan District in Yongzhou. Recently the re-building of a large temple in a total area of over 20,000 sq.m. that was originated in Ming Dynasty was commenced in recent month, marking the Group's efforts in helping the city government to preserve the historic heritage in the district.

Business Review and Outlook *(Continued)*

Properties under development and land reserve *(Continued)*

Tianhe Project

The equity interest in the project was sold to a third party in late 2010 at a gross consideration of RMB1.09 billion before deduction of finance and other costs that are to be borne by the Group and yet to be ascertained. Payments for the consideration in an amount totalling RMB843.1 million have been received from the purchaser. Accordingly to the transaction agreement, construction costs are to be borne by the purchaser whilst the Group resumes the role of a project manager and is responsible for the due completion of the properties at agreed timeline and construction costs.

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

The project, consisting of a GFA of approximately 113,000 sq.m. of two twin towers, will be developed into a hotel, serviced apartments and offices situated at a commercial business hub of the central city of Guangzhou. At the period-end, the towers have been built up to 14 storeys above the ground though the progress of construction experienced some delays in 2012 due to the purchaser's short of financing given to contractors. The management perceive that the responsibility of the delay is on the purchaser whilst the Group has properly carried out its obligations and hence no claim from the purchaser is foreseen. Given the current progress of the construction and assuming that the continuing financing is readily obtained from the purchaser to enable a timely completion, the directors expect that the construction can be completed in 2015 when the sale transaction will be recorded and an estimated gain of RMB212.4 million will be recognised.

Nanning Project

In late 2012, the Group entered into a framework agreement with the city government of Wuxiang New District (五象新區) in Nanning, Guangxi province in relation to a residential development with a GFA of approximately 1,134,000 sq.m., consisting of GFA of approximately 825,000 sq.m. of residential and ancillary commercial and other facilities for sale, and GFA of approximately 277,000 sq.m. of compensated housing and commercial properties for the resettlement of the original occupants. Land use right is expected to be acquired through the land auction process later in the year which is currently subject to land clearance.

Investment properties

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

A 20,000 sq.m. commercial podium at Tianyu Garden Phase II in Tianhe District, Guangzhou with an open market value at RMB513.0 million as at 31 December 2012. The property is 87% occupied at the end of the reporting period, tenanted with renowned corporations and the US consulate.

A total of 14,500 sq.ft. office premise at the whole of 14th floor at AXA Centre in Wanchai, Hong Kong. The property is currently wholly tenanted by a renounced insurance company. The property was acquired in early April this year at a consideration of HK$215.0 million (approximately RMB173.6 million).

Business Review and Outlook *(Continued)*

Outlook

The slowing economy of the mainland China contributed by the stagnant performance in exports and low domestic consumption in the recent months has shed a gloomy forecast over the outlook of the economic growth of China, the second biggest economy in the world, and many emerging markets. However, the property market on the mainland performs exceptionally well as evidenced by the record-high property selling prices and the auction prices of land sold recently despite the stringent austerity measures on property market taken by the central government in earlier months in the year. Simultaneously, commercial banks on the mainland are facing tight credit as a result of the government's clamp-down on the aggrieved off-balance sheet lending and speculation in property markets. Confronted with such volatile economic environment, the management is putting efforts to preserve the Group a solid financial position for maintaining a foreseeable prospect to its stakeholders. The Group has obtained sufficient banking facilities in an aggregate of RMB1,366 million (of which bank loans of RMB260 million have been drawn down) that are sufficient to serve the needs of all its projects under construction. In addition, satisfactory results from pre-sale of the Yongzhou Project and Guiyang Project are providing working capital to finance the ongoing construction costs of these projects. The Group is navigating in its right track in choppy sea towards the completion of its development projects in the expected timelines in the forthcoming years.

The board of directors takes a prospective view that the government will make moderate modifications in its control measures imposed on real estate developers, aiming at a soft landing in the property segment that will provide stability to the mainland economy as a whole. The Group is aggressive to replenish land for future development in the years down the roll but remains prudent on land or project acquisitions that are affordable but with attractive potential returns. The project in Nanning in Guangxi province will be another milestone in our expansion plan that the Group is heading for.

Liquidity and Financial Resources

Capital structure and liquidity

Despite the increased borrowings of a secured loan of HK$298.0 million (RMB241.8 million) for working capital in late 2012 (the liability component of the loan at the period end: RMB220.4 million), the drawdown of a mortgage loan of HK$90.0 million together with an issue of a promissory note of HK$96.0 million for the purpose of an acquisition of an investment property in Wanchai in April 2013 (the respective balances of the two payables are respectively approximately RMB71.2 million and RMB76.5 million at the period end), and the drawdowns of bank loans during the period to finance the development of projects, the leverage level of the Group has been kept at low level. Other than the aforesaid, at the period-end, the Group is indebted to a commercial bank for three loans in an outstanding total of RMB197.0 million for financing the construction costs of the Group's ongoing projects and another loan due to a commercial bank of RMB63.0 million for the financing of general working capital, a money market loan of US$18.6 million (equivalent to RMB114.9 million) secured by a short-term bank deposit of RMB126.0 million, and advances from non-controlling shareholders of a subsidiary totaling RMB133.0 million and two outstanding warrants and guarantee return totaling RMB19.1 million issued to the lenders of two secured loans. These indebtedness, exclusive of the money market loan, is aggregated to approximately RMB780.2 million, representing an increase of RMB262.1 million when compared with the balance at the year-end of last year. The Group's indebtedness net of free cash on hand amounted to RMB467.8 million and the gearing ratio (calculated on net debt to equity plus net debt) is 20.5% at the period-end date (31 December 2012: 7.56%).

Liquidity and Financial Resources *(Continued)*

Capital structure and liquidity *(Continued)*

In the period, all development projects proceeded to construction stage, piping up the development costs in properties under development, whilst properties for sale have been reduced as the completed units in Guiyang Project Phase II were delivered to buyers. The Group's current assets, totaling RMB3,021.5 million as at the period-end date, show a decrease of RMB272.5 million from that of the last year-end date. Apart from the properties under development of RMB1,937.2 million and the properties for sale of RMB178.5 million, current assets comprise mainly consideration receivable for the disposal of Tianhe Project of RMB116.7 million, trade deposits paid to contractors and other deposits and receivable of RMB274.8 million, and bank balances totaling RMB301.3 million that exclude deposits of RMB126.0 million used to secure for the money market loan facilities and pre-sale proceeds of RMB87.1 million received from buyers that are restricted for payment of construction costs incurred in the related projects.

Total current liabilities amounted to RMB941.0 million, a decrease of RMB493.4 million compared with that on 31 December 2012 mainly due to the drop in pre-sale proceeds as a result of the recognition of proceeds as revenue when properties developed in Guiyang Project Phase II has been delivered to buyers during the period. The current liabilities at the current period-end comprise the money market loan, the current portion of bank loans totaling RMB124.7 million, pre-sale deposits of RMB382.2 million, advances from non-controlling shareholders of a subsidiary of RMB133.0 million, and miscellaneous items in trade payables, accruals, financial derivative liabilities, and income tax payable aggregated to RMB301.2 million.

The current ratio shows further improvement which is 3.2 times at the current year-end (31 December 2012: 2.3 times).

Borrowings and pledge of assets

The land and construction in progress in Zhoutouzui Project, Yongzhou Project and Guiyang Project, certain property units in Tianyu Garden Phase II and the office premise at the AXA Centre are mortgaged to two commercial banks to secure for banking facilities granted to the subsidiaries engaged in the development projects and investment property holding. As at 30 June 2013, bank loans in an aggregate amount of RMB446.1 million and secured loan due to a financial institution of RMB220.4 million are outstanding. Other than these loans, bank deposits of pre-sale proceeds received from property buyers of approximately RMB87.1 million were restricted to the payment of construction costs of properties under construction. To secure a letter of credit issued by a local bank to a Hong Kong-based bank for the money market loan of US$18.6 million, a bank deposit of RMB126.0 million was placed by the Group as security.

Foreign Currency Management

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

During the period, RMB has been in mild appreciation against HK and US dollars, foreign exchange gains were realised on transactions when some foreign debts were repaid during the period. Exchange differences arise on consolidation of assets and liabilities of some subsidiaries operated in Hong Kong which carry their books in HK dollars, resulting to an exchange gain of RMB0.1 million as at 30 June 2013 that is added to the exchange reserve, forming part of the equity of the Company. The directors perceive that RMB will in a longer run be in upward movements against US and HK dollars and foresee the Group has no significant adverse foreign currency exposure in the future. In the event of depreciation of RMB against these foreign currencies, given the current comparatively low levels of indebtedness and activities in which the foreign currencies are denominated, such fluctuations will not have material unfavourable effect on the financial position of the Group. For these reasons, the Group does not hedge against its foreign currency risk. However, the management will closely monitor the currency exposures from time to time for any permanent or significant changes in the exchange rates in RMB against the HK and US dollars that may lead to adverse impact on the Group's results and financial position.

Contingent Liabilities

The Group provides guarantees to the extent of RMB641.7 million as at 30 June 2013 (31 December 2012: RMB385.9 million) in respect of facilities granted by certain banks relating to the mortgage loans made to the purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take possession of the related properties. Such guarantees shall terminate upon the delivery of properties and issuance of the relevant property ownership certificates to the property purchasers.

Employees

To keep pace with the growth of the Group, the Group is recruiting suitable staff in capable caliber from time to time. As at 30 June 2013, other than the Executive Directors, the Group employed 235 staff in various positions in site offices for property development and back offices in Hong Kong and Guangzhou for supporting services and central management. Employees are remunerated according to qualifications and experience, job nature and performance. They are incentivised by bonuses benchmarked on performance targets. Remuneration packages are aligned with job markets in the business territories.

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 2013, together with comparative figures for the corresponding period of 2012.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2013

	Notes	Six months ended 30 June **2013 RMB'000 (Unaudited)**	 2012 RMB'000 (Unaudited and restated)
Revenue	2	**688,162**	13,995
Cost of sales and services		**(553,897)**	(5,272)
Gross profit		**134,265**	8,723
Other income and gain, net		**4,390**	1,022
Sales and marketing expenses		**(10,920)**	(5,129)
Administrative and other expenses		**(28,066)**	(38,532)
Fair value changes in financial derivative liabilities		**(286)**	2,505
Finance costs	3	**(1,673)**	(14,859)
Finance income	3	**5,943**	10,079
Profit (loss) before income tax	4	**103,653**	(36,191)
Income tax (expense) credit	5	**(22,508)**	520
PROFIT (LOSS) FOR THE PERIOD		**81,145**	(35,671)
Other comprehensive income:			
Exchange differences arising on foreign operations		**128**	(7)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**81,273**	(35,678)
Profit (loss) for the period attributable to:			
— Owners of the Company		**31,672**	(32,464)
— Non-controlling interests		**49,473**	(3,207)
		81,145	(35,671)
Total comprehensive income for the period attributable to:			
— Owners of the Company		**31,800**	(32,471)
— Non-controlling interests		**49,473**	(3,207)
		81,273	(35,678)
Earnings (loss) per share	6		
— Basic		**RMB0.0143**	(RMB0.021)
— Diluted		**RMB0.0143**	(RMB0.021)

Condensed Consolidated Statement of Financial Position

As at 30 June 2013

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	8	**6,610**	6,720
Investment properties	8	**691,690**	513,000
Properties under Tianhe Project		**765,064**	765,064
Goodwill		**13,554**	13,554
Deposits paid for acquisition of investment properties		**—**	17,432
Consideration receivable — non-current portion	9	**98,250**	94,078
		1,575,168	1,409,848
Current assets			
Properties under development		**1,937,155**	1,691,320
Properties held for sale		**178,454**	666,640
Consideration receivable — current portion	9	**116,685**	116,685
Trade and other receivables	10	**274,801**	203,804
Restricted and pledged deposits	11	**213,064**	252,320
Cash and cash equivalents		**301,348**	363,203
		3,021,507	3,293,972
Current liabilities			
Trade and other payables	12	**207,198**	244,934
Property pre-sale deposits		**382,188**	806,355
Bank and other borrowings — current portion	13	**124,663**	138,271
Financial derivative liabilities	13	**19,138**	19,191
Loans from non-controlling shareholders of a subsidiary	14	**133,007**	163,600
Income tax payable		**74,834**	62,098
		941,028	1,434,449
Net current assets		**2,080,479**	1,859,523
Total assets less current liabilities		**3,655,647**	3,269,371
Non-current liabilities			
Bank and other borrowings — non-current portion	13	**618,341**	313,975
Consideration from disposal of Tianhe Project	15	**977,431**	977,431
Deferred tax liabilities		**175,048**	175,048
		1,770,820	1,466,454
Net assets		**1,884,827**	1,802,917

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2013

	Notes	**30 June 2013 RMB'000 (Unaudited)**	31 December 2012 RMB'000 (Audited)
Capital and reserves			
Share capital	16	**21,068**	21,068
Reserves		**1,795,802**	1,763,365
Equity attributable to owners of the Company		**1,816,870**	1,784,433
Non-controlling interests		**67,957**	18,484
Total equity		**1,884,827**	1,802,917

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2013

		Attributable to owners of the Company												
	Note	Share capital RMB'000	Share premium RMB'000	Contributed surplus reserve RMB'000	Share-based payment reserve RMB'000	Property revaluation reserve RMB'000	Merger reserve RMB'000	Statutory reserves RMB'000	Foreign exchange reserve RMB'000	Capital reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Six months ended 30 June 2013 *(Unaudited)*														
At 31 December 2012 *(Audited)* and 1 January 2013		**21,068**	**1,507,182**	**16,116**	**13,674**	**34,499**	**(293,095)**	**6,471**	**(371)**	**7,351**	**471,538**	**1,784,433**	**18,484**	**1,802,917**
Profit for the period		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**31,672**	**31,672**	**49,473**	**81,145**
Other comprehensive income		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**128**	**—**	**—**	**128**	**—**	**128**
Total comprehensive income for the period		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**128**	**—**	**31,672**	**31,800**	**49,473**	**81,273**
Recognition of equity-settled share-based payment expenses	17	**—**	**—**	**—**	**637**	**—**	**—**	**—**	**—**	**—**	**—**	**637**	**—**	**637**
At 30 June 2013 *(Unaudited)*		**21,068**	**1,507,182**	**16,116**	**14,311**	**34,499**	**(293,095)**	**6,471**	**(243)**	**7,351**	**503,210**	**1,816,870**	**67,957**	**1,884,827**
Six months ended 30 June 2012 *(Unaudited)*														
At 31 December 2011 *(Audited)* and 1 January 2012		15,040	1,216,194	16,116	14,770	34,499	(293,095)	6,471	(395)	7,351	547,761	1,564,712	60,438	1,625,150
Loss for the period		—	—	—	—	—	—	—	—	—	(32,464)	(32,464)	(3,207)	(35,671)
Other comprehensive income		—	—	—	—	—	—	—	(7)	—	—	(7)	—	(7)
Total comprehensive income for the period		—	—	—	—	—	—	—	(7)	—	(32,464)	(32,471)	(3,207)	(35,678)
Issue of shares upon rights issue		6,028	295,347	—	—	—	—	—	—	—	—	301,375	—	301,375
Share issue expenses		—	(4,377)	—	—	—	—	—	—	—	—	(4,377)	—	(4,377)
Reallocation of lapsed options to retained profits		—	—	—	(3,753)	—	—	—	—	—	3,753	—	—	—
Recognition of equity-settled share-based payment expenses	17	—	—	—	1,822	—	—	—	—	—	—	1,822	—	1,822
At 30 June 2012 *(Unaudited)*		21,068	1,507,164	16,116	12,839	34,499	(293,095)	6,471	(402)	7,351	519,050	1,831,061	57,231	1,888,292

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Operating activities		
Cash used in operations	**(157,198)**	(45,026)
Income tax paid	**(9,772)**	(15,833)
Other borrowing costs paid	**(15,435)**	(4,373)
Interest paid	**(18,288)**	(22,425)
Net cash used in operating activities	**(200,693)**	(87,657)
Investing activities		
Acquisition of investment properties	**(163,818)**	—
Purchase of property, plant and equipment	**(795)**	(1,238)
Decrease in restricted and pledged deposits	**39,256**	166,721
Other investing activities	**5,850**	6,802
Net cash (used in) from investing activities	**(119,507)**	172,285
Financing activities		
Proceeds from issue of ordinary shares	**—**	301,375
Expenses incurred on issue of shares	**—**	(4,377)
New bank and other borrowings	**306,694**	15,106
Repayment of bank and other borrowings	**(18,311)**	(352,411)
Repayment of loans from non-controlling shareholders of a subsidiary	**(30,593)**	(4,341)
Repayment of loan advance to non-controlling shareholder of a subsidiary	**—**	5,100
Net cash from (used in) financing activities	**257,790**	(39,548)
Net (decrease) increase in cash and cash equivalents	**(62,410)**	45,080
Effect of foreign exchange rate changes	**555**	(11)
Cash and cash equivalents at beginning of period	**363,203**	200,211
Cash and cash equivalents at end of period		
— Cash and bank balances	**301,348**	245,280

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

1. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements for the six months ended 30 June 2013 (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 2012.

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 2012.

2. REVENUE AND SEGMENT REPORTING

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

Property development — Property development and sale of properties
Property investment — Property leasing

The Group's senior executive management monitors the results attributable to each reportable segment on the basis that revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses directly incurred by those segments. In addition to the segment performance in terms of segment results, management also provides other segment information concerning depreciation, 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, financial derivative 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.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2013

2. REVENUE AND SEGMENT REPORTING *(Continued)*

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

	Property development RMB'000	Property investment RMB'000	Total RMB'000
Six months ended 30 June 2013 (Unaudited)			
External and consolidated revenue			
Sale of properties	675,995	—	675,995
Rental income	1,674	10,493	12,167
Reportable segment revenue	677,669	10,493	688,162
Segment results	95,351	6,065	101,416
Reconciliation:			
Unallocated corporate net expenses			(1,747)
			99,669
Fair value changes in financial derivative liabilities			(286)
Finance costs			(1,673)
Finance income			5,943
Consolidated profit before income tax			103,653
Other segment information:			
Depreciation	(263)	(499)	(762)
Additions to properties under development	227,927	—	227,927
Capital expenditure	141	—	141
As at 30 June 2013 (Unaudited)			
Assets and liabilities			
Assets			
Reportable segment assets	3,383,535	697,301	4,080,836
Reconciliation:			
Restricted and pledged deposits			213,064
Cash and cash equivalents			301,348
Unallocated corporate assets			1,427
Consolidated total assets			4,596,675
Liabilities			
Reportable segment liabilities	1,881,802	11,935	1,893,737
Reconciliation:			
Income tax payable			74,834
Deferred tax liabilities			175,048
Financial derivative liabilities			19,138
Unallocated bank and other borrowings			546,024
Unallocated corporate liabilities			3,067
Consolidated total liabilities			2,711,848

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2013

2. REVENUE AND SEGMENT REPORTING *(Continued)*

	Property development RMB'000	Property investment RMB'000	Total RMB'000
Six months ended 30 June 2012 (Unaudited and restated)			
External and consolidated revenue			
Sale of properties	3,233	—	3,233
Rental income	1,263	9,499	10,762
Reportable segment revenue	4,496	9,499	13,995
Segment results	(23,856)	5,419	(18,437)
Reconciliation:			
Unallocated corporate net expenses			(15,479)
			(33,916)
Fair value changes in financial derivative liabilities			2,505
Finance costs			(14,859)
Finance income			10,079
Consolidated loss before income tax			(36,191)
Other segment information:			
Depreciation	(212)	(503)	(715)
Bad debts recovered	—	36	36
Additions to properties under development	118,673	—	118,673
Capital expenditure	678	—	678
As at 31 December 2012 (Audited)			
Assets and liabilities			
Assets			
Reportable segment assets	3,550,512	535,860	4,086,372
Reconciliation:			
Restricted and pledged deposits			252,320
Cash and cash equivalents			363,203
Unallocated corporate assets			1,925
Consolidated total assets			4,703,820
Liabilities			
Reportable segment liabilities	2,216,580	9,856	2,226,436
Reconciliation:			
Income tax payable			62,098
Deferred tax liabilities			175,048
Financial derivative liabilities			19,191
Unallocated bank and other borrowings			411,746
Unallocated corporate liabilities			6,384
Consolidated total liabilities			2,900,903

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2013

2. REVENUE AND SEGMENT REPORTING *(Continued)*

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 2013.

One of the customers of the Group's property investment segment contributed revenue amounted to approximately RMB3,739,000 for the six months ended 30 June 2012, which accounted for more than 10% of the Group's revenue.

3. FINANCE COSTS AND INCOME

	Six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited and restated)
Finance costs:		
Interest on bank and other borrowings		
— wholly repayable within five years	**26,650**	38,233
— wholly repayable after five years	**2,483**	2,239
Imputed interest on loans from non-controlling shareholders of a subsidiary	**—**	4,455
	29,133	44,927
Less: Amount capitalised as properties under development		
Interest on bank and other borrowings	**(28,020)**	(29,294)
Imputed interest on loans from non-controlling shareholders of a subsidiary	**—**	(4,455)
	(28,020)	(33,749)
	1,113	11,178
Other borrowing costs	**15,435**	3,681
Less: Amount capitalised as properties under development	**(14,875)**	—
	560	3,681
Finance costs charged to profit or loss	**1,673**	14,859
Finance income:		
Bank interest income	**3,665**	7,433
Other interest income	**2,278**	2,646
Finance income credited to profit or loss	**5,943**	10,079

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2013

4. 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	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Cost of properties sold	**513,184**	2,860
Staff costs (including directors' emoluments) comprise:		
— Basic salaries and other benefits	**22,583**	20,965
— Equity-settled share-based payment expenses	**637**	1,822
— Contributions to defined contribution pension plans	**1,043**	1,186
Total staff costs (including directors' emoluments)	**24,263**	23,973
Less: Amount capitalised as properties under development	**(6,752)**	(4,867)
Staff costs charged to profit or loss	**17,511**	19,106
Auditors' remuneration — current period	**420**	418
Depreciation of property, plant and equipment	**883**	774
Less: Amount capitalised as properties under development	**(11)**	(22)
Depreciation charged to profit or loss	**872**	752
Loss (gain) on disposal of property, plant and equipment	**13**	(69)
Exchange (gain) loss, net	**(3,966)**	3,750
Bad debts recovered	**—**	(36)

5. INCOME TAX (EXPENSE) CREDIT

	Six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Current tax		
Hong Kong profits tax		
— over-provision in respect of prior years	**—**	552
PRC corporate tax		
— current year	**(15,818)**	—
— over-provision in respect of prior years	**121**	—
PRC land appreciation tax ("**LAT**")		
— current year	**(6,811)**	(32)
Total income tax (expense) credit	**(22,508)**	520

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil) as the Group has no estimated assessable profits in respect of operation in Hong Kong. The applicable Hong Kong profits tax rate is 16.5% (six months ended 30 June 2012: 16.5%) for the six months ended 30 June 2013.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2013

5. INCOME TAX (EXPENSE) CREDIT *(Continued)*

Enterprise income tax arising from other regions of the PRC is calculated at 25% (six months ended 30 June 2012: 25%) of the estimated assessable profits.

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

6. PROFIT (LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

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

	Six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Profit (loss) for the purposes of basic and diluted profit (loss) per share	**31,672**	(32,464)

	Number of shares	
	'000 (Unaudited)	'000 (Unaudited)
Weighted average number of ordinary shares for the purposes of basic and diluted profit (loss) per share	**2,216,531**	1,560,473

The weighted average number of ordinary shares in issue during the period ended 30 June 2012 was adjusted to reflect the effect of the rights issue in June 2012.

For the six months ended 30 June 2013 and 2012, basic profit (loss) per share are same as diluted profit (loss) per share as any effect from the Company's options and warrants is anti-dilutive.

7. DIVIDENDS

The directors of the Company (the "**Directors**") do not recommend the payment of any dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2013

8. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

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

	Property, plant and equipment RMB'000	Investment properties RMB'000
Net book value at 31 December 2012 *(Audited)* and 1 January 2013	**6,720**	**513,000**
Additions	**795**	**181,181**
Disposals	**(13)**	**—**
Depreciation	**(883)**	**—**
Exchange differences	**(9)**	**(2,491)**
Net book value at 30 June 2013 *(Unaudited)*	**6,610**	**691,690**

9. CONSIDERATION RECEIVABLE

	Gross consideration	(Received)/Paid	**30 June 2013 RMB'000 (Unaudited)**	31 December 2012 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	(858,659)	**269,614**	269,614
Less: Estimated development costs and finance costs borne by the Group	(55,000)	15,529	**(39,471)**	(41,365)
Net amount receivable	1,073,273	(843,130)	**230,143**	228,249
Less: Impairment loss recognised in overdue consideration receivable	(12,929)	—	**(12,929)**	(12,929)
Less: Amortisation of future value in final payment	(2,279)	—	**(2,279)**	(4,557)
Amortised cost	1,058,065	(843,130)	**214,935**	210,763
Amounts due within one year included in current assets	(116,685)	—	**(116,685)**	(116,685)
Amount due after one year	941,380	(843,130)	**98,250**	94,078

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2013

9. CONSIDERATION RECEIVABLE *(Continued)*

The receivable relates to the outstanding instalments receivable from the purchaser, HNA Hotel Holdings Group Co. Limited ("**HNA Hotel**"), for the disposal of 廣州寰城實業發展有限公司 (Huan Cheng Real Estate Development Company Limited) ("**Huan Cheng**") that is unsecured and interest-free. An estimated total sum of approximately RMB230,143,000 is receivable from HNA Hotel after taking into account the estimated costs to be borne by the Group pursuant to the agreement entered into with HNA Hotel, net of estimated development costs and finance costs totalling RMB39,472,000 to be borne by the Group. Development costs of approximately RMB1,894,000 had been paid by the Group during the period. Of the net amount receivable, approximately RMB130,138,000 was due in April 2011 and remained unsettled as at 30 June 2013. The amount is reduced by RMB524,000 for outstanding relocation costs that are taken up from Huan Cheng by the Group. The final instalment, estimated at a present value of approximately RMB98,250,000 (31 December 2012: RMB94,078,000), is receivable when the construction of the properties is completed, which is expected to occur in more than twelve months from the end of reporting period.

The management and HNA Hotel have been in discussions about the settlement of the outstanding amount and came up with two supplemental agreements respectively in July 2011 and November 2012 (respectively the "**1st and 2nd Supplemental Agreement**"). Pursuant to the 1st Supplemental Agreement, HNA Hotel has agreed to transfer the property interests of a total GFA of approximately 3,614 sq.m. at the 32nd and 33rd floors of HNA Tower (the "**Properties**") indirectly owned by HNA Hotel to the Group at a consideration of approximately RMB130,138,000 as full and final settlement of the due portion of the receivable. The Properties have been leased to the Group as its head office in Guangzhou. It was also agreed under the 1st Supplemental Agreement that the rental charge for the use of the Properties are waived. A provision for impairment loss of RMB12,929,000 was made in the accounts for the year ended 31 December 2011 that was measured by the open market value of the Properties to be transferred as estimated by the management of the Group that fell short of the consideration to be satisfied by the transfer of Properties.

Pursuant to the 2nd Supplemental Agreement, the parties agree on a transfer on or before 30 April 2013 a total GFA of approximately 4,126 sq.m., representing the entire two floors of the Properties, and cash of approximately RMB18,392,000 payable by the Group at a total consideration of approximately RMB148,530,000 in full settlement of the due portion of the debt owed by HNA Hotel.

The transfer of the Properties had not been taken place on the agreed deadline of 30 April 2013 nor up to the date of this report. In consequence, under the 2nd Supplemental Agreement, HNA Hotel is liable to pay default interest to the Group on the overdue consideration calculated at daily rate of 0.0577% from 1 May 2013 to 31 December 2013 and 0.1% thereafter until the completion of the transfer. Such default interests will form part of the consideration for the exchange of the Properties. The management of the Group has been in active discussion with HNA Hotel about the transfer of the Properties and believes that HNA will honor its obligations under the 2nd Supplemental Agreement to complete the transfer of ownership during the financial year.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2013

10. TRADE AND OTHER RECEIVABLES

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Current or less than 1 month	**664**	246
1 to 3 months	**222**	104
More than 3 months but less than 12 months	**815**	916
More than 1 year	**472**	137
Trade receivables, net of impairment	**2,173**	1,403
Refundable earnest money in a development project	**10,000**	10,000
Surety deposit paid for securing due performance of the construction of a hotel in Yongzhou Project	**10,000**	—
Tender deposit in development project	**6,000**	6,000
Prepaid construction costs	**213,086**	124,589
Business taxes and surcharges paid for properties pre-sold	**21,543**	45,689
Interest receivable on bank deposits	**350**	2,534
Deposits, prepayments and other receivables	**11,649**	13,589
	274,801	203,804

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

11. RESTRICTED AND PLEDGED DEPOSITS

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
To secure for:			
— letters of credit issued by banks which guarantee repayment of money market loan	(a)	**126,000**	126,000
— payment of construction cost of development projects	(b)	**62,064**	41,320
— temporary construction facility	(c)	**25,000**	85,000
		213,064	252,320

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2013

11. RESTRICTED AND PLEDGED DEPOSITS *(Continued)*

Notes:

(a) As at 30 June 2013, to secure one back-to-back letter of credit issued by a local bank in the PRC in favour of a Hong Kong-based bank and guarantee repayment of the latter's grant of money market loan facility of US$18,6000,000 (approximately RMB114,924,000) (31 December 2012: US$18,600,000 (approximately RMB116,910,000)) to the Group (as disclosed in note 13(b)), bank deposits with an aggregate balance of RMB126,000,000 (31 December 2012: RMB126,000,000) were placed in the local bank in the PRC.

(b) The balance represents deposits received from buyers of pre-sold properties. These funds shall be released only to pay construction costs of the development projects.

(c) A temporary lien over a bank deposit of RMB25,000,000 (31 December 2012: RMB85,000,000) for a proposed banking facility of RMB150,000,000 to finance the construction of third phase of Guiyang Project. The deposit was released in July 2013 when sufficient properties have been mortgaged in favour of the bank.

12. TRADE AND OTHER PAYABLES

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Current or less than 1 month	**—**	7,574
1 to 3 months	**—**	1,069
More than 3 months but less than 12 months	**273**	462
More than 12 months	**1,041**	3,108
Total trade payables	**1,314**	12,213
Construction costs payable	**119,387**	162,936
Receipts in advance, rental and other deposits from buyers, customers and/or tenants	**29,668**	23,609
Interest payable on bank and other borrowings	**1,385**	675
Other accrued expenses and other payables	**55,444**	45,501
	207,198	244,934

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2013

13. BANK AND OTHER BORROWINGS AND FINANCIAL DERIVATIVE LIABILITIES

	Notes	**30 June 2013 RMB'000 (Unaudited)**	31 December 2012 RMB'000 (Audited)
Bank and other borrowings			
Interest-bearing, secured			
— bank borrowings			
(i) term loans and construction loans	(a)	**331,216**	107,000
(ii) money market loan	(b)	**114,924**	116,910
— other borrowings			
Secured Loan	(c)	**220,400**	213,975
Interest-bearing, unsecured			
— other borrowings	(d)	**76,464**	14,361
		743,004	452,246
Amounts due within one year included in current liabilities		**(124,663)**	(138,271)
Amounts due after one year		**618,341**	313,975
Financial derivative liabilities			
— warrants of HK$29,800,000	(c)	**1,893**	6,130
— guaranteed return of warrants of HK$29,800,000	(c)	**17,039**	11,856
— warrants of HK$10,000,000	(e)	**206**	1,205
		19,138	19,191

Notes:

(a) As at 30 June 2013, the bank borrowings are secured by a temporary deposit in bank and mortgages of ownership titles of: (i) properties under development; (ii) properties held for sale; and (iii) investment properties with an aggregate carrying amount of approximately RMB2,095,652,000 (31 December 2012: RMB1,474,257,000). The bank loans carry interest at variable market rates ranging from 2.75% to 7.38% per annum (31 December 2012: 6.12% to 7.38% per annum) as at 30 June 2013. Out of the total of RMB331,216,000, a loan of RMB51,980,000 (31 December 2012: RMB30,500,000) is also secured by the personal guarantee provided by Mr. YU Pan and his spouse. An aggregated amount of RMB196,980,000 (31 December 2012: RMB40,500,000) of the bank loans are repayable in 2015 and 2016. A loan of RMB63,000,000 (31 December 2012: RMB66,500,000) is repayable by quarterly instalment until 2019 and another loan of RMB71,236,000 (31 December 2012: Nil) is repayable by monthly instalment until 2032.

(b) The money market loan of US$18,600,000 (approximately RMB114,924,000) (31 December 2012: US$18,600,000 (approximately RMB116,910,000)) extended by a bank in Hong Kong is secured by a bank deposit of RMB126,000,000 (31 December 2012: RMB126,000,000) placed with the bank in the PRC. In addition to the pledge of deposits, the Company provides a corporate guarantee of US$18,600,000 (approximately RMB114,924,000) (31 December 2012: US$18,600,000 (approximately RMB116,910,000)) to secure for the repayment of the money market loan. The money market loan carries variable interests at the rate of 3 months US$ LIBOR of 0.27% plus a spread rate at 2.30% per annum (31 December 2012: 6 months US$ LIBOR of 0.53% plus a spread rate at 2.80% per annum), and is repayable in October 2013.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2013

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

Notes: (Continued)

(c) A secured loan due 2014 in the principal amount of HK$298,000,000 (RMB241,827,000) (the "**Secured Loan**") was drawdown on 22 November 2012 together with the issue of warrants, with guaranteed return conferring rights to the lender to subscribe in aggregate up to a principal amount of HK$29,800,000 (approximately RMB24,162,000) for shares of the Company, exercisable in whole or in part at any time during the subscription period from 22 November 2012 to 21 November 2014 at an initial subscription price of HK$0.7217 per share of the Company (subject to adjustment). The Secured Loan was amortised at the effective interest method by applying the effective interest rate of 18.9% per annum. The warrants are not listed on the Stock Exchange and are accounted for as financial derivative liabilities at fair value through profit or loss.

The Secured Loan carries interest, which shall be paid quarterly in arrears, at the actual rate of 7% per annum for first anniversary year and 13% per annum for second anniversary year and is repayable on 21 November 2014.

If the lender does not exercise the warrants in its entirety by the end of the exercise period, the unexercised portion of the warrants will be automatically cancelled on the expiry of the exercise period. Whereupon the Company shall pay the warrant holder a net sum equivalent to the principal amount of the warrants of HK$29,800,000 deducting the total gain realised from the exercise of the warrants (if any) by the warrant holder, with the total gain subject to the maximum amount of HK$29,800,000. This guaranteed return is accounted for as financial derivative liabilities at fair value through profit or loss.

As a security for the Secured Loan, Fortunate Start Investments Limited, the wholly-owned subsidiary of the Company, has charged all its rights, title and interest in Guangzhou Zhoutouzui Development Limited by way of first fixed charges in favour of the lender.

The movements of the Secured Loan are as follows:

	Nominal value HK$'000	Liability component RMB'000
At 31 December 2012 *(Audited)* and 1 January 2013	**298,000**	**213,975**
Accrued interest expense	—	**18,593**
Interest paid	—	**(8,331)**
Exchange differences	—	**(3,837)**
At 30 June 2013 *(Unaudited)*		
— Amounts due after one year	**298,000**	**220,400**

(d) As at 30 June 2013, the balance represents a promissory note in the principal amount of HK$96,000,000 (approximately RMB76,464,000) (the "**Note**") issued to the vendor of investment properties (the whole of 14th floor and two car park spaces of AXA Centre located in Wanchai, Hong Kong) acquired in April 2013. The Note carries interest at the fixed rate of 3.5% per annum and is repayable on 2 October 2014. Pursuant to a supplemental deed entered into between the Company and the holder of the Note on 29 July 2013 (the "**Supplemental Deed**"), the Company agreed to redeem the Note at a discount within three months from the date of the Supplemental Deed. The first and second payments in aggregate amount of HK$26,880,000 (approximately RMB21,410,000) were made on 30 July 2013 and 12 August 2013 respectively and the final payment of HK$49,920,000 (approximately RMB39,761,000) will be made on or before 29 October 2013.

As at 31 December 2012, the balance represents unsecured loans advanced from a third party. The borrowings carried interest at the fixed rate of 20% per annum and were fully repaid in February 2013.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2013

13. BANK AND OTHER BORROWINGS AND FINANCIAL DERIVATIVE LIABILITIES *(CONTINUED)*

Notes: (Continued)

(e) The warrants were issued on 20 September 2011 to a bond holder in respect of a bond in a principal amount of HK$200,000,000 (RMB165,740,000) which were early repaid in full amount in June 2012.

The warrants confer rights to the subscriber of the bond to subscribe in aggregate up to a principal amount of HK$10,000,000 (RMB8,108,000) for shares of the Company, exercisable in whole or in part at any time during the subscription period from 20 September 2012 to 19 September 2013 at a subscription price of HK$0.6527 per share as adjusted as a result of the rights issue made by the Company in 2012. The warrants are not listed on the Stock Exchange and are accounted for as financial derivative liabilities at fair value through profit or loss.

14. LOANS FROM MINORITY SHAREHOLDERS OF A SUBSIDIARY

The balances are unsecured, interest-free and have no fixed terms of repayment but are expected to be repaid within one year.

15. DEFERRED INCOME

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

As at 30 June 2013, consideration from disposal of Tianhe Project was estimated to be approximately RMB977,431,000 (31 December 2012: RMB977,431,000).

The Directors consider that the Framework Agreement constitutes an agreement for the sale of goods/services and the criteria for recognition of revenue set out in paragraph 14 of HKAS 18 "Revenue" apply. As the project has not been substantially completed at the end of the reporting period, the Directors are uncertain about the due performance of certain obligations under the Framework Agreement in particular, the costs to be deducted from the Consideration under the prevailing agreement caused by overruns in construction costs which are not due to the change in design plan proposed by HNA Hotel and the delay in construction of the project not caused by the Group. During the period, the construction progress has been delayed beyond the originally agreed timeline caused by the HNA Hotel's failure to make due payments of contractors' costs. Nonetheless, the management perceives that the Group is honoring and has duly performed its obligations according to the conditions stipulated in the Framework Agreement that may otherwise subject to claims by HNA Hotel for event of default.

Despite the delay in construction progress that was caused by HNA Hotel due to its delays in obtaining the necessary financing for the development of the project, the Directors foresee no overruns in construction costs in material aspects to which the Group is exposed, or should there be any, the Group will have to bear up to RMB20,000,000 for additional construction costs and any extra finance costs as a result of any works delay as required under the Framework Agreement.

The Directors expect that the construction will be completed in 2015, taking into account the current progress of the construction and assuming the purchaser will make due payments from the current date onwards.

Based on the foregoing circumstances, the Directors are of the view that the revenue recognition criteria set out in HKAS 18 have not been fully satisfied and therefore the disposal of the assets and liabilities of the Tianhe Project is not recognised until when substantial part of the revenue can be ascertained reliably. The revenue and associated costs of the Tianhe Project are deferred until the construction is completed to a substantial progress where the revenue can be reliably measured. Therefore, the net sale consideration is recorded as consideration from disposal of Tianhe Project as at 30 June 2013 and 31 December 2012. The costs of investment in the Tianhe Project are not derecognised, but instead included in properties under Tianhe Project in the consolidated statement of financial position.

Notes to the Condensed Consolidated Financial Statements (Continued)
For the six months ended 30 June 2013

16. SHARE CAPITAL

	Number of shares '000	Nominal value of share capital HK$'000	Equivalent nominal value of share capital RMB'000
Authorised:			
Ordinary shares of HK$0.01 each	**29,000,000**	**290,000**	**301,600**
Convertible preference shares of HK$0.01 each	**1,000,000**	**10,000**	**9,716**
At 31 December 2012 *(Audited)*, at 1 January 2013 and 30 June 2013 *(Unaudited)*	**30,000,000**	**300,000**	**311,316**
Issued and fully paid:			
Ordinary shares of HK$0.01 each			
At 31 December 2012 *(Audited)*, at 1 January 2013 and 30 June 2013 *(Unaudited)*	**2,216,531**	**22,165**	**21,068**
Convertible preference shares of HK$0.01 each			
At 31 December 2012 *(Audited)*, at 1 January 2013 and 30 June 2013 *(Unaudited)*	—	—	—
	2,216,531	**22,165**	**21,068**

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2013

17. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

During the six months ended 30 June 2013 and 30 June 2012, no share options were granted or exercised under a share option scheme adopted on 4 August 2005 (the "**2005 Scheme**"). During the six months ended 30 June 2012, 13,213,097 share options were lapsed and 2,723,376 share options were adjusted pursuant to the rights issue in June 2012. The movements in the number of share options during the period and the balance outstanding at 30 June 2013 and 31 December 2012 are as follows:

Date of grant	Exercise period	Adjusted exercise price per share	Number of options outstanding at 31 December 2012 and 1 January 2013	During the six months ended 30 June 2013			Number of options outstanding at 30 June 2013
				Options granted	Options exercised	Options lapsed	
12 September 2006	13 March 2007 to 31 July 2015	HK$1.2565	34,302,176	—	—	—	**34,302,176**
11 August 2011	11 August 2012 to 10 August 2021	HK$0.6714	9,036,033	—	—	—	**9,036,033**
11 August 2011	11 August 2015 to 10 August 2021	HK$0.6714	9,036,034	—	—	—	**9,036,034**
11 August 2011	11 August 2018 to 10 August 2021	HK$0.6714	9,036,036	—	—	—	**9,036,036**
			27,108,103	—	—	—	**27,108,103**
			61,410,279	—	—	—	**61,410,279**
Analysis of category:							
Directors			7,089,810	—	—	—	**7,089,810**
Other employees			49,107,372	—	—	—	**49,107,372**
Non-employees			5,213,097	—	—	—	**5,213,097**
			61,410,279	—	—	—	**61,410,279**

The Group recognised approximately RMB637,000 (six months ended 30 June 2012: RMB1,822,000) as equity-settled share-based payment expenses for the six months ended 30 June 2013 in relation to share options granted by the Company.

18. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following material transactions with related parties:

(a) As at 30 June 2013, Mr YU Pan and his spouse have provided personal guarantee to a bank in respect of banking facilities extended to the sino-foreign co-operative company, 廣州市譽城房地產開發有限公司 (Guangzhou Yucheng Real Estate Development Limited).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2013

18. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Compensation of key management personnel

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

	Six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Short-term benefits	**3,443**	4,826
Other long-term benefits	**66**	109
Equity-settled share-based payment expenses	**439**	1,802
	3,948	6,737

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

19. COMMITMENTS

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Expenditure contracted but not provided for in respect of		
— Property construction and development costs	**1,223,778**	779,828
— Acquisition of investment property	**—**	156,890
	1,223,778	936,718
Expenditure authorised but not contracted for in respect of		
— Property construction and development costs	**1,827,842**	1,865,902
— Acquisition of land use rights	**931,648**	931,648
	2,759,490	2,797,550

20. CONTINGENT LIABILITIES

The Group provides guarantees to the extent of approximately RMB641,737,000 as at 30 June 2013 (31 December 2012: RMB385,933,000) in respect of banking facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks, and in such circumstances, the Group is entitled to take over the legal title and possession of the related properties. Such guarantees shall terminate upon issuance of the relevant property ownership certificates to the purchasers.

21. COMPARATIVE FIGURES

Certain comparative figures have been adjusted or re-classified in conformity with the current period's presentation.

Other Information

Interim Dividend

The Board does not recommend the payment of interim dividend in respect of the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

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

As at 30 June 2013, the interests and short positions of the Directors and chief executives of the Company in the share of the Company (the "**Shares**"), underlying Shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required, (i) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), to be notified to the Company and the Stock Exchange, were as follows:

(a) Interests in the Shares or underlying Shares

Name of Director	Company/ Associated corporation	Capacity	Number of Shares or underlying Shares		Approximate shareholding percentage *(Note 2)*
Mr. YU Pan	Company	Interest of controlled corporation and/or beneficial owner	1,587,168,407 42,764,000 *(Note 1)*	(long) (short)	71.61% 1.93%
Mr. SIU Shawn	Company	Beneficial owner	6,238,000	(long)	0.28%

Notes:

1. These Shares comprised (i) 141,504,000 existing Shares; and (ii) 1,445,664,407 existing Shares held directly by Grand Cosmos Holdings Limited ("**Grand Cosmos**"). The entire issued share capital of Grand Cosmos was held by Sharp Bright International Limited ("**Sharp Bright**"), the entire issued share capital of which was held by Mr. YU Pan. The 1,445,664,407 Shares were charged in favour of CCB International Securities Limited ("**CCB Securities**") by way of a share charge dated 19 June 2012. In addition, Grand Cosmos has issued warrants to CCB Securities to allow CCB Securities to purchase Shares from Grand Cosmos for an amount of HK$25,000,000 at a purchase price of HK$0.5846 for 42,764,000 Shares.

2. For the purposes of this section, the shareholding percentage in the Company was calculated on the basis of 2,216,531,175 Shares in issue as at 30 June 2013.

Other Information (Continued)

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

(Continued)

(b) Interests in underlying Shares arising from share options

As at 30 June 2013, the following Directors had interests as beneficial owners in options to subscribe for Shares granted under the share option scheme adopted by the Company on 4 August 2005 (the "**2005 Scheme**"):

Name of Director	Adjusted exercise price HK$ *(Note 1)*	Exercise period	Number of underlying Shares *(Note 1)*	Approximate shareholding percentage *(Note 2)*
Mr. SIU Shawn	0.6714	11 August 2012 to 10 August 2021	5,213,097	0.24%
Mr. CHOY Shu Kwan	1.2565	13 March 2007 to 31 July 2015	625,571	0.03%
Mr. CHENG Wing Keung, Raymond	1.2565	13 March 2007 to 31 July 2015	625,571	0.03%
Ms. CHUNG Lai Fong	1.2565	13 March 2007 to 31 July 2015	625,571	0.03%

Notes:

1. As a result of the issue of 738,843,725 Shares by way of rights on the basis of one rights Share for every two Shares in issue and held on 31 May 2012 (the "**Rights Issue**") and in compliance with Rule 17.03(13) of the Listing Rules, the exercise price and the number of Shares to be issued under the outstanding Share Options were adjusted under the terms of the 2005 Scheme with effect from 28 June 2012, the date of completion of the Rights Issue.

2. For the purpose of this section, the shareholding percentage in the Company was calculated on the basis of 2,216,531,175 Shares in issue as at 30 June 2013.

Save as disclosed above, as at 30 June 2013, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange.

Substantial Shareholders

At 30 June 2013, so far as known to any Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Interests in the Shares or underlying Shares

Name of shareholder	Capacity	Number of Shares and underlying Shares	Approximate shareholding percentage *(Note 4)*
Sharp Bright	Interest of controlled corporation	1,445,664,407 (long) 42,764,000 (short) *(Note 1)*	65.22% 1.93%
Grand Cosmos	Beneficial owner	1,445,664,407 (long) 42,764,000 (short) *(Note 1)*	65.22% 1.93%
Central Huijin Investment Ltd. ("**Huijin**")	Interest of controlled corporation	1,503,748,407 (long) *(Note 2)*	67.84%
China Construction Bank Corporation ("**CCB**")	Interest of controlled corporation	1,503,748,407 (long) *(Note 2)*	67.84%
CCB International Group Holdings Limited ("**CCB Holdings**")	Interest of controlled corporation	1,503,748,407 (long) *(Note 2)*	67.84%
CCB Financial Holdings Limited ("**CCB Financial**")	Interest of controlled corporation	1,503,748,407 (long) *(Note 2)*	67.84%
CCB International (Holdings) Limited ("**CCB International**")	Interest of controlled corporation	1,503,748,407 (long) *(Note 2)*	67.84%
CCB Securities	Beneficial owner and person having a security interest in shares	1,488,428,407 (long) *(Note 2)*	67.15%
Crosby Capital Limited ("**Crosby**")	Interest of controlled corporation	124,804,000 (long) *(Note 3)*	5.63%
Shikumen Capital Management (HK) Limited ("**Shikumen Capital**")	Interest of controlled corporation	124,804,000 (long) *(Note 3)*	5.63%
Shikumen Special Situations Fund ("**Shikumen SSF**")	Beneficial owner	124,804,000 (long) *(Note 3)*	5.63%

Other Information (Continued)

Substantial Shareholders *(Continued)*

Interests in the Shares or underlying Shares *(Continued)*

Notes:

1. 1,445,664,407 existing Shares were held directly by Grand Cosmos and Grand Cosmos has issued warrants to CCB Securities to purchase Shares from Grand Cosmos for an amount of HK$25,000,000 at a purchase price of HK$0.5846 for 42,764,000 Shares. As the entire issued share capital of Grand Cosmos was held by Sharp Bright, Sharp Bright was deemed to be interested in the Shares in which Grand Cosmos was interested by virtue of the SFO. As the entire issued share capital of Sharp Bright was held by Mr. YU Pan, Mr. YU Pan was deemed to be interested in the Shares in which Sharp Bright was interested by virtue of SFO. The 1,445,664,407 Shares were charged in favour of CCB Securities by way of a share charge dated 19 June 2012.

2. These Shares comprise (i) 1,445,664,407 Shares charged in favour of CCB Securities by Grand Cosmos; (ii) 15,320,000 underlying Shares which would be issued upon exercise of the subscription rights attaching to the warrants issued by the Company to Lang Xing Investments Limited ("**Lang Xing**") at an adjusted subscription price of HK$0.6527; and (iii) 42,764,000 underlying Shares which would be transferred upon exercise of the purchase rights attaching to the warrants issued by Grand Cosmos to CCB Securities at a purchase price of HK$0.5846. Lang Xing is a wholly owned subsidiary of CCB International Asset Management Limited ("**CCB Asset**"). Both CCB Asset and CCB Securities are wholly-owned subsidiaries of CCB International, which is in turn a wholly-owned subsidiary of CCB Financial, which is in turn a wholly-owned subsidiary of CCB Holdings, which is in turn a wholly-owned subsidiary of CCB (stock code: 939), the shares of which are listed on the main board of the Stock Exchange. CCB is owned as to 57.13% by Huijin. Accordingly, Huijin was deemed to be interested in the Shares in which CCB, CCB Holdings, CCB Financial, CCB International, CCB Securities, CCB Asset and Lang Xing were interested by virtue of the SFO.

3. Shikumen SSF is a wholly owned subsidiary of Shikumen Capital, which is in turn a wholly owned subsidiary of Crosby. Accordingly, Shikumen Capital and Crosby were deemed to be interested in the Shares in which Shikumen SSF was interested by virtue of the SFO.

4. For the purpose of this section, the shareholdings percentage in the Company was calculated on the basis of 2,216,531,175 Shares in issue as at 30 June 2013.

Save as disclosed above, as at 30 June 2013, the Company had not been notified by any other persons or corporations who had any long or short position in the Shares and/or underlying Shares, which were required to be recorded in the register required to be kept by the Company pursuant to section 336 of Part XV of the SFO.

Share Options Scheme

The Company has adopted the 2005 Scheme for the purposes of providing incentives and rewards to eligible participants who contribute to the success of the Group's operation and enabling the Group to recruit and retain high-calibre employees . Eligible participants of the 2005 Scheme include the Directors and other employees of the Group. The 2005 Scheme became effective on 5 August 2005 and, unless otherwise cancelled or amended, will remain in force for ten years from that date. Under the 2005 Scheme, the Directors are authorized, at their absolute discretion, to invite any employee (including the executive and non-executive Directors), executive or officer of any member of the Group or of any entity in which the Group holds equity interest and any supplier, consultant, advisor or customer of the Group or of any entity in which the Group holds equity interest who is eligible to participate in the 2005 Scheme, to take up options to subscribe for shares in the Company. Details of the 2005 Scheme are set out in the Company's circular dated 12 July 2005.

No share options were granted and exercised under the 2005 Scheme during the six months ended 30 June 2013.

Other Information (Continued)

Corporate Governance

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

Code Provision A2.1 — Chairman and Chief Executive

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

Due to the small size of the team, the Board considers the currently 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 balance of power and authority within the Company.

Code Provision E.1.2 — Chairman Attending Annual General Meeting

Mr. YU Pan, the Chairman of the Board, was unable to attend the annual general meeting held on 13 May 2013 (the "**AGM**") as he had a business engagement. Mr. SIU Shawn, the Deputy Chief Executive Officer, was elected as chairman of the AGM to ensure effective communication with the shareholders of the Company at the AGM.

The chairman of the Audit Committee and Remuneration Committee also attended 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 Issuer 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 2013.

Audit Committee

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

By order of the Board
YU Pan
Chairman

Hong Kong, 16 August 2013