



Tian Shan Development (Holding) Limited
天山發展(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2118



INTERIM
REPORT 2015

CORPORATE INFORMATION

Directors

Executive Directors

Mr. WU Zhen Shan (*Chairman*)
Mr. WU Zhen Ling
Mr. ZHANG Zhen Hai
Mr. WU Zhen He

Independent Non-Executive Directors

Mr. TIAN Chong Hou
Mr. WANG Ping
Mr. CHEUNG Ying Kwan

Company Secretary

Mr. CHEUNG Siu Yiu, *FCPA, FCCA, FCA*

Authorised Representatives

Mr. WU Zhen Shan
Mr. CHEUNG Siu Yiu

Audit Committee

Mr. CHEUNG Ying Kwan (*Chairman*)
Mr. TIAN Chong Hou
Mr. WANG Ping

Remuneration Committee

Mr. TIAN Chong Hou (*Chairman*)
Mr. WU Zhen Shan
Mr. WU Zhen Ling
Mr. WANG Ping
Mr. CHEUNG Ying Kwan

Nomination Committee

Mr. WU Zhen Shan (*Chairman*)
Mr. WU Zhen Ling
Mr. TIAN Chong Hou
Mr. WANG Ping
Mr. CHEUNG Ying Kwan

Company Website

www.tian-shan.com

Head Office and Principal Place of Business in China

No. 109 Tianshan Avenue
Shijiazhuang Hi-Tech Industry
Development Zone
Shijiazhuang, Hebei Province
China

Principal Place of Business in Hong Kong

Suites 1205-7, 12/F,
Dah Sing Financial Centre
108 Gloucester Road
Wanchai
Hong Kong

Auditors

KPMG
Certified Public Accountants

Registered Office in the Cayman Islands

Clifton House, 75 Fort Street
PO Box 1350, Grand Cayman KY1-1108
Cayman Islands

Principal Share Register and Transfer Office in the Cayman Islands

Appleby Trust (Cayman) Ltd.
Clifton House, 75 Fort Street
PO Box 1350, Grand Cayman KY1-1108
Cayman Islands

Hong Kong Branch Share Register and Transfer Office

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

The board of directors (the “Board”) of Tian Shan Development (Holding) Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2015 together with the comparative figures for the corresponding period in 2014. The unaudited interim financial report set out on pages 13 to 38 has been reviewed by the audit committee of the Company.

FINANCIAL HIGHLIGHTS


	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Turnover	240,930	452,581
Gross profit	78,490	165,985
Loss for the period	(30,593)	(13,639)
Contracted sales during the period	974,031	1,061,971
Special dividend per share (HK cent)	—	1.0

BUSINESS REVIEW AND PROSPECTS

Property development and investment

As at 30 June 2015, the Group had 19 property projects under development primarily located in Shijiazhuang, Tianjin, Chengde and Shangdong.

The total contracted sales amount for the six months ended 30 June 2015 was RMB974.0 million (six months ended 30 June 2014: RMB1,062.0 million) which decreased by 8.3% as compared over the same period last year. The contracted sales was primarily contributed by the sale and pre-sale of *Tian Shan Jiu Feng*, *Tianshan Auspicious Lake*, *Tianjin Tian Shan Wonderful Waterside View (Phases I and II)*, and *Yuanshi Waterside View*.



During the six months ended 30 June 2015, the Group has replenished its land bank by acquiring two new land parcels in Hebei Province which are intended to be developed for sale in two to three years' time. The first land parcel, located in Zhending of Shijiazhuang City, has a site area approximately 47,175 sq.m. which is intended to be developed into commercial properties with gross floor area of 165,115 sq.m. The second land parcel, located in Hi-Tech Industry Development Zone of Shijiazhuang City, has a site area approximately 50,435 sq.m. which is intended to be developed into residential properties with gross floor area of 126,088 sq.m.

The Group is committed to continue its successful track record in the development of quality residential and industrial property projects in Bohai Economic Rim and in the coming future, will explore the potential of property development in other provinces in the PRC.


FINANCIAL REVIEW

The Group's turnover decreased by approximately 46.8% to approximately RMB240.9 million from RMB452.6 million as compared with the same period of last year. The decrease in turnover during the period was mainly due to most of the contracted sale of properties are in different construction phases and therefore not yet delivered to customers for use in order to qualify and be accounted as turnover for the period. During the period, the Group's turnover is principally derived from the sales and delivery of residential property projects, namely *Tianjin Tian Shan Wonderful Waterside View (Phases I and II)*, *Yuanshi Waterside View* and *Tianshan Auspicious Lake*.

The cost of sales decreased by approximately 43.3% to approximately RMB162.4 million from RMB286.6 million as compared with the six month period ended 30 June 2014. The decrease was mainly commensurate with the decrease in the turnover during the period under review.

As a result of the foregoing, the amount of the gross profit decreased to approximately RMB78.5 million from RMB166.0 million in the corresponding period of last year. The gross profit margin for the current period was decreased to approximately 32.6% as compared with 36.7% for the same period of the preceding year.

The Group's selling and marketing expenses decreased by approximately 34.4% to RMB61.4 million for the current period from RMB93.6 million for the same period of last year. The decrease was primarily due to the decrease in sales commission in line with the decreased turnover and decrease in advertising and promotion expenses.



The Group's administrative expenses also decreased gently by approximately 2.9% to RMB82.8 million from RMB85.3 million.

The Group recorded an income tax credit of RMB29.6 million during the review period. The income tax credit was primarily due to recording a reversal of overprovisions made in the prior period for corporate income tax of approximately RMB38.8 million after tax clearance with local tax bureau.

As a result of the above, the Group recorded a net loss of approximately RMB30.6 million for the current period as compared with the net loss of approximately RMB13.6 million for the same period of last year.

Financial Resources, Liquidity and Gearing Ratio

The Group financed its property projects through the shareholders equity, bank and other borrowings, promissory notes, bonds payables and sales/pre-sales proceeds from completed properties/properties under development.


As at 30 June 2015, the Group had cash and cash equivalents of approximately RMB730.3 million (31 December 2014: RMB600.0 million). The cash and cash equivalents were primarily denominated in Renminbi.

As at 30 June 2015, the Group had total bank and other loans, promissory notes and bond payables in aggregate of approximately RMB3,850.3 million (31 December 2014: RMB3,562.6 million) and total equity attributable to shareholders of RMB1,971.2 million (31 December 2014: RMB1,998.7 million). The gearing ratio (calculated as net debt divided by total equity) as of 30 June 2015 was 1.58 (31 December 2014: 1.48). The increase in the gearing ratio was primarily the net increase in total borrowings by RMB287.7 million for financing the addition of new land banks in Hebei Province.

Current Assets and Liabilities

As at 30 June 2015, the Group had total current assets of approximately RMB9,438.0 million (31 December 2014: RMB8,652.3 million), comprising mainly inventories, trade and other receivables, and restricted cash and cash and cash equivalents.

As at 30 June 2015, the Group had total current liabilities of approximately RMB7,629.0 million (31 December 2014: RMB6,002.5 million), comprising mainly bank and other borrowings, trade and other payables and taxation payable.



As at 30 June 2015, the current ratio (calculated as the total current assets divided by the total current liabilities) was 1.24 (31 December 2014: 1.44).

Employees' Remuneration and Benefits

As at 30 June 2015, the Group employed a total of 1,895 employees (31 December 2014: 1,791 employees). The compensation package of the employees includes basic salary and bonus which depends on the employee's actual achievement against target. In general, the Group offered competitive salary package, social insurance, pension scheme to its employees based on the current market salary levels. A share option scheme has also been adopted for employees of the Group.

Foreign Exchange and Currency Risk

The Group's businesses are principally conducted in Renminbi, therefore, the Group did not expose to significant foreign currency exchange risks as of 30 June 2015 and the Group did not employ any financial instruments for hedging purposes.

In addition, Renminbi is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent the Group from satisfying sufficient foreign currency demands of the Group.

Capital Expenditure

During the period under review, the Group incurred capital expenditure in the amount of approximately RMB538.7 million comprising primarily the Group's addition in property, plant and equipment, and the land and development costs of the Group's property projects.

Charge on Assets

As at 30 June 2015, the Group had restricted cash of RMB66.4 million (31 December 2014: RMB51.8 million) deposited with certain banks as guarantee deposits against certain mortgage loan facilities granted by the banks to purchasers of the Group's properties. In addition, the Group's inventories, property, plant and equipment, investment properties and restricted cash in aggregate of approximately RMB3,177.7 million (31 December 2014: RMB3,591.8 million) were secured against the bank and other loans of the Group.



As at 30 June 2015, the Group had also charged certain of its properties held for future development for sale and certain of investment properties in aggregate of approximately RMB118.0 million (31 December 2014: RMB118.0 million) in favour of banks for their grant of a bank loan and banking facility to a related party.

Contingent Liabilities

Except for the guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties of RMB2,721.9 million (31 December 2014: RMB2,721.9 million) and the guarantee provided to banks in respect of banking facilities granted to a related party in aggregate of RMB84.7 million (31 December 2014: RMB69.3 million), the Group had no material contingent liability as at 30 June 2015.

Substantial Acquisition and Disposal

The Group has not participated in any substantial acquisition or disposal during the period under review.

Significant Investments

As at 30 June 2015, the Group did not hold any significant investments and there were no intended plans for material investments which are expected to be carried in the coming year.

INTERIM DIVIDEND

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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



MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as its own code of conduct regarding directors’ securities transactions.

The Company confirms that, having made specific enquiry of all the directors of the Company (the “Directors”), the Directors have complied with the required standards as set out in the Model Code throughout the period under review.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company has complied with the provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2015.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive Directors, namely Mr. Tian Chong Hou, Mr. Wang Ping and Mr. Cheung Ying Kwan. The principal duties of the audit committee include the review of the Company’s financial reporting procedure, internal controls and financial results of the Group. The unaudited condensed consolidated interim financial report has been reviewed by the audit committee.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2015, the interests and short positions of the Directors and/or chief executives of the Company in any shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the “SFO”) which require notification pursuant to Divisions 7 and 8 of Part XV of the SFO, or which are required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register kept by the Company, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

1. Interests in the Company

(a) Shares

Name of Director of the Company	Nature of interest	No. of shares	Percentage of issued share capital of the Company
WU Zhen Shan	Interest of a controlled corporation	750,000,000 (note 1) Long Position	74.57%
WU Zhen Ling	Interest of a controlled corporation	750,000,000 (note 1) Long Position	74.57%
ZHANG Zhen Hai	Interest of a controlled corporation	750,000,000 (note 1) Long Position	74.57%
WU Zhen He	Interest of a controlled corporation	750,000,000 (note 1) Long Position	74.57%

Note 1: The shares of the Company (the "Shares") are beneficially held by Newway Enterprises Limited ("Newway Enterprises"). Newway Enterprises is a company incorporated in the British Virgin Islands and is owned as to 25% by Mr. WU Zhen Shan, 25% by Mr. WU Zhen Ling, 25% by Mr. ZHANG Zhen Hai and 25% by Mr. WU Zhen He and all of them being directors of Newway Enterprises. Since these four Directors exercise or control the exercise of entire voting right at general meetings of Newway Enterprises, each of them is deemed to be interested in the Shares held by Newway Enterprises by virtue of Part XV of the SFO.

(b) Options

Name of Director	Nature of Interest	Number of shares subject to options granted	Approximate percentage of shareholding	Date of grant	Exercise period	Exercise price per share (HK\$)
WU Zhen Shan	Interest of spouse	191,000 (note 1)	0.02%	16.06.2010	16.01.2011 to 15.06.2020	0.70
WU Zhen Ling	Interest of spouse	191,000 (note 2)	0.02%	16.06.2010	16.01.2011 to 15.06.2020	0.70
ZHANG Zhen Hai	Interest of spouse	191,000 (note 3)	0.02%	16.06.2010	16.01.2011 to 15.06.2020	0.70
WU Zhen He	Interest of spouse	191,000 (note 4)	0.02%	16.06.2010	16.01.2011 to 15.06.2020	0.70

Notes:

1. The options are granted to XU Lan Ying, the spouse of WU Zhen Shan, under the pre-IPO share option scheme adopted by the Company on 16 June 2010 (the "Pre-IPO Share Option Scheme").
2. The options are granted to FAN Yi Mei, the spouse of WU Zhen Ling, under the Pre-IPO Share Option Scheme.
3. The options are granted to WU Lan Zhi, the spouse of ZHANG Zhen Hai, under the Pre-IPO Share Option Scheme.
4. The options are granted to GU Jing Gai, the spouse of WU Zhen He, under the Pre-IPO Share Option Scheme.

2. Interest in associated corporations

Name of Director	Name of associated corporation	Number of shares	Percentage of shareholding
WU Zhen Shan	Neway Enterprises	one	25%
WU Zhen Ling	Neway Enterprises	one	25%
ZHANG Zhen Hai	Neway Enterprises	one	25%
WU Zhen He	Neway Enterprises	one	25%

Save as disclosed above, as at 30 June 2015, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2015, the following interests of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name of shareholder of the Company	Nature of interest	Number of shares held	Percentage of the Company's issued share capital
Neway Enterprises	Beneficial	750,000,000	74.57%

Save as disclosed above, as at 30 June 2015, no person, other than the directors of the Company, whose interests are set out in the section “Interests and short positions of the Director and the chief executives in shares, underlying shares and debentures of the Company and its associated corporations” above, had registered an interest or a short position in the shares or underlying shares of the Company that was required to be recorded under Section 336 of the SFO.

PRE-IPO SHARE OPTION SCHEME

On 16 June 2010, the Company adopted the Pre-IPO Share Option Scheme and on the same date, options to subscribe for an aggregate of 6,000,000 shares of the Company have been granted. The options can be exercised for a period of 10 years from the date of the grant.

The following table discloses movements in the Company’s options granted under the Pre-IPO Share Option Scheme during the period:

Name or category of participant	At 1 January 2015	Grant during the period	Exercised during the period	Forfeited during the period	At 30 June 2015	Date of grant	Exercise period of the share options (note f)	Exercise price of share options (HK\$ per share)
Connected persons								
WU Lan Zhi (note a)	191,000	–	–	–	191,000	16.06.2010	16.01.2011 to 15.06.2020	0.70
XU Lan Ying (note b)	191,000	–	–	–	191,000	16.06.2010	16.01.2011 to 15.06.2020	0.70
FAN Yi Mei (note c)	191,000	–	–	–	191,000	16.06.2010	16.01.2011 to 15.06.2020	0.70
GU Jing Gai (note d)	191,000	–	–	–	191,000	16.06.2010	16.01.2011 to 15.06.2020	0.70
WU Lan Ping (note e)	191,000	–	–	–	191,000	16.06.2010	16.01.2011 to 15.06.2020	0.70
	955,000	–	–	–	955,000			
Other employees and grantees								
In aggregate	4,455,000	–	–	–	4,455,000	16.06.2010	16.01.2011 to 15.06.2020	0.70
Total	5,410,000	–	–	–	5,410,000			



Notes:

- (a) WU Lan Zhi is the elder sister of WU Zhen Shan, WU Zhen Ling and WU Zhen He and the spouse of ZHANG Zhen Hai. The interest was also disclosed as an interest of ZHANG Zhen Hai in the section "Interests and short positions of the Directors and the chief executives in shares, underlying shares and debentures of the Company and its associated corporations" above.
- (b) XU Lan Ying is the spouse of WU Zhen Shan. The interest was also disclosed as an interest of WU Zhen Shan in the section "Interests and short positions of the Directors and the chief executives in shares, underlying shares and debentures of the Company and its associated corporations" above.
- (c) FAN Yi Mei is the spouse of WU Zhen Ling. The interest was also disclosed as an interest of WU Zhen Ling in the section "Interests and short positions of the Directors and the chief executives in shares, underlying shares and debentures of the Company and its associated corporations" above.
- (d) GU Jing Gai is the spouse of WU Zhen He. The interest was also disclosed as an interest of WU Zhen He in the section "Interests and short positions of the Directors and the chief executives in shares, underlying shares and debentures of the Company and its associated corporations" above.
- (e) WU Lan Ping is the younger sister of WU Zhen Shan, WU Zhen Ling and WU Zhen He.
- (f) Each grantee is entitled to exercise up to 10% of the share options granted to him/her each year since the date of grant. Options which become exercisable in the relevant year are not exercised can be exercised in any of the subsequent years in whole or in part.

SHARE OPTION SCHEME

A share option scheme (the "Share Option Scheme") was conditionally approved by resolutions in writing of the then sole shareholder of the Company on 16 June 2010, which became effective on 15 July 2010. During the period under review, no share options were granted or exercised and no share options were forfeited by the Company under the Share Option Scheme. There were no outstanding share options under the Share Option Scheme as at 30 June 2015.

By order of the Board
Tian Shan Development (Holding) Limited
Wu Zhen Shan
Chairman

Hong Kong
28 August 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2015 – unaudited

(Expressed in Renminbi)

		Six months ended 30 June	
	Note	2015 RMB'000	2014 RMB'000
Turnover	4	240,930	452,581
Cost of sales		(162,440)	(286,596)
Gross profit		78,490	165,985
Other revenue		9,533	5,804
Selling and marketing expenses		(61,363)	(93,552)
Administrative expenses		(82,764)	(85,275)
Loss from operations		(56,104)	(7,038)
Finance income		3,454	1,549
Finance expenses		(7,508)	(23,736)
Net finance expenses	5(a)	(4,054)	(22,187)
Loss before taxation	5	(60,158)	(29,225)
Income tax	6	29,565	15,586
Loss for the period		(30,593)	(13,639)
Loss per share (RMB cents)	8		
Basic		(3.05)	(1.36)
Diluted		(3.05)	(1.36)

The notes on pages 21 to 38 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2015 – unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Loss for the period	(30,593)	(13,639)
Other comprehensive income/(loss) for the period:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign subsidiaries	1,771	(4,228)
Total comprehensive loss for the period	(28,822)	(17,867)

The notes on pages 21 to 38 form part of this interim financial report.

CONDENSED CONSOLIDATED BALANCE SHEET

at 30 June 2015 – unaudited

(Expressed in Renminbi)

	Note	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Non-current assets			
Property, plant and equipment	9	466,685	479,648
Investment properties	10	703,483	703,483
Deferred tax assets		28,870	28,870
		1,199,038	1,212,001
Current assets			
Inventories	11	6,425,613	6,051,430
Trade and other receivables	12	2,173,910	1,920,939
Prepaid tax		41,780	28,195
Restricted cash	13	66,440	51,791
Cash and cash equivalents		730,302	599,968
		9,438,045	8,652,323
Current liabilities			
Bank loans – secured	15	545,120	53,000
Other loans – secured	16	2,252,157	1,751,390
Promissory notes	18	123,580	–
Trade and other payables	17	4,558,156	3,896,414
Taxation payable		150,018	301,649
		7,629,031	6,002,453
Net current assets		1,809,014	2,649,870
Total assets less current liabilities		3,008,052	3,861,871

CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

at 30 June 2015 – unaudited

(Expressed in Renminbi)

	Note	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Non-current liabilities			
Bank loans – secured	15	309,698	368,710
Other loans – secured	16	303,138	945,550
Promissory notes	18	238,475	425,040
Bond payables		78,104	18,912
Deferred tax liabilities		107,443	104,939
		1,036,858	1,863,151
NET ASSETS		1,971,194	1,998,720
CAPITAL AND RESERVES			
Share capital	14	87,186	86,738
Reserves		1,884,008	1,911,982
TOTAL EQUITY		1,971,194	1,998,720

The notes on pages 21 to 38 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2015 – unaudited

(Expressed in Renminbi)

		Six months ended 30 June 2015								
		Attributable to equity holders of the Group								
Note		Share capital RMB'000 (note 14)	Share premium RMB'000	Exchange reserve RMB'000	Other capital reserve RMB'000	Warrant reserve RMB'000	PRC statutory reserve RMB'000	Share-based compensation reserve RMB'000	Retained profits RMB'000	Total RMB'000
	At 1 January 2015	86,738	167,325	45,885	110,070	8,513	238,749	3,422	1,338,018	1,998,720
	Changes in equity for the six months ended 30 June 2015:									
	Loss for the period	-	-	-	-	-	-	-	(30,593)	(30,593)
	Other comprehensive loss	-	-	1,771	-	-	-	-	-	1,771
	Total comprehensive loss for the period	-	-	1,771	-	-	-	-	(30,593)	(28,822)
Warrants issued	14	-	-	-	-	1,919	-	-	-	1,919
Issue of shares	14	448	16,425	-	-	(1,919)	-	-	-	14,954
Equity settled share-based payment		-	-	-	-	-	-	182	-	182
Dividends paid in respect of the previous year	7(b)	-	(15,759)	-	-	-	-	-	-	(15,759)
	At 30 June 2015	87,186	167,991	47,656	110,070	8,513	238,749	3,604	1,307,425	1,971,194

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Continued)

for the six months ended 30 June 2015 – unaudited
(Expressed in Renminbi)

Six months ended 30 June 2014										
Attributable to equity holders of the Group										
Note	Share capital RMB'000 (note 14)	Share premium RMB'000	Exchange reserve RMB'000	Other capital reserve RMB'000	Warrant reserve RMB'000	PRC statutory reserve RMB'000	Share-based compensation reserve RMB'000	Retained profits RMB'000	Total RMB'000	
At 1 January 2014	86,731	202,925	45,150	110,070	5,040	205,131	3,207	1,089,679	1,747,933	
Changes in equity for the six months ended 30 June 2014:										
Loss for the period	-	-	-	-	-	-	-	(13,639)	(13,639)	
Other comprehensive loss	-	-	(4,228)	-	-	-	-	-	(4,228)	
Total comprehensive loss	-	-	(4,228)	-	-	-	-	(13,639)	(17,867)	
Warrants issued	-	-	-	-	2,370	-	-	-	2,370	
Issue of shares	14	7	48	-	-	-	(76)	76	55	
Equity settled share-based payment	-	-	-	-	-	-	247	-	247	
Dividends paid in respect of the previous year	7(b)	-	(27,798)	-	-	-	-	-	(27,798)	
At 30 June 2014	86,738	175,175	40,922	110,070	7,410	205,131	3,378	1,076,116	1,704,904	

The notes on pages 21 to 38 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2015 – unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Operating activities		
Operating profit/(loss) before working capital changes	(40,832)	4,365
Changes in working capital:		
Increase in inventories	(151,261)	(1,270,654)
(Increase)/decrease in trade and other receivables	(252,971)	572,786
Increase in restricted cash	(14,649)	(21,308)
Increase/(decrease) in trade and other payables	643,742	(239,315)
Cash generated from/(used in) operations	184,029	(954,126)
PRC income tax paid	(133,147)	(116,363)
Net cash generated from/(used in) operating activities	50,882	(1,070,489)
Investing activities		
Payments for the purchase of property, plant and equipment	(2,092)	(33,082)
Other cash flows arising from investing activities	3,419	1,531
Net cash used in investing activities	1,327	(31,551)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(Continued)

for the six months ended 30 June 2015 – unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Financing activities		
Proceeds from new bank loans	515,360	67,190
Proceeds from new other loans	450,000	1,487,242
Proceeds from new promissory note	–	184,692
Proceeds from issue of bonds	59,192	–
Repayment of bank loans	(82,252)	(224,360)
Repayment of other loans	(591,645)	(192,100)
Redemption of promissory note	(61,090)	–
Capital contribution from limited partners	323,785	128,500
Repayment of capital contribution to limited partners	(305,785)	(95,740)
Proceeds from issue of warrants	1,919	–
Proceeds from issue of shares	14,954	55
Interest paid	(230,430)	(197,506)
Dividend paid	(15,759)	(27,798)
Net cash generated from financing activities	78,249	1,130,175
Net increase in cash and cash equivalents	130,458	28,135
Cash and cash equivalents at 1 January	599,968	641,801
Effect of foreign exchange rate changes	(124)	512
Cash and cash equivalents at 30 June	730,302	670,448

The notes on pages 21 to 38 form part of this interim financial report.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

for the six months ended 30 June 2015

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, Interim financial reporting, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue on 28 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group and the Company:

Standards/Amendments	Content
Amendments to IAS19	<i>Defined Benefits Plans: Employee Contributions</i>
Annual Improvements 2010-2012 Cycle	<i>Amendments to a number of IFRSs</i>
Annual Improvements 2011-2013 Cycle	<i>Amendments to a number of IFRSs</i>

The adoption of these new and revised IFRSs has had no significant financial effect on these unaudited condensed consolidated interim financial statements and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated interim financial statements.

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements:

Standards/ Amendments	Content	Effective for annual periods beginning on or after
IFRS 9	<i>Financial Instruments</i>	1 January 2018
IFRS 10 and IAS 28 Amendments	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
IFRS 10, IFRS 12 and IAS 28 Amendments	<i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
IFRS 11 Amendments	<i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
IFRS 14	<i>Regulatory Deferral Accounts</i>	1 January 2016
IFRS 15	<i>Revenue from Contracts with Customers</i>	1 January 2018
IAS 1 Amendments	<i>Disclosure Initiative</i>	1 January 2016
IAS 16 Amendments and IAS 38 Amendments	<i>Clarification of Acceptable Methods of Depreciation and Amortization</i>	1 January 2016
Annual Improvements 2012-2014 Cycle	<i>Amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34</i>	1 January 2016

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3 SEGMENT REPORTING

Management has determined operating segments with reference to the reports reviewed by the chief operating decision maker of the Group that are used to assess the performance and allocate resources.

The chief operating decision maker of the Group assesses the performance and allocates the resources of the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance on property development. Therefore, management considers there to be only one operating segment under the requirements of IFRS 8, Operating Segments. In this regard, no segment information is presented in the interim financial report.

No geographic information is shown as the turnover and profit from operation of the Group is derived from activities in the People's Republic of China (the "PRC").

4 TURNOVER

The principal activity of the Group is property development.

Turnover primarily represents income from sales of properties. The amount of this category of revenue recognised in turnover during the period is as follows:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Income from sales of properties	226,343	436,624
Gross rental income	8,350	8,336
Other	6,237	7,621
	240,930	452,581

The Group's customer base is diversified and none of the customers of the Group with whom transactions have exceeded 10% of the Group's revenue.

5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

		Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
(a) Net finance expenses/(income)			
Interest income	(3,419)	(1,531)	
Exchange gain	(35)	(18)	
Finance income	(3,454)	(1,549)	
Interest expense and other borrowing costs	230,430	203,914	
Less: interest and borrowing costs capitalised	(222,922)	(180,178)	
Finance expenses	7,508	23,736	
Net finance expenses	4,054	22,187	
(b) Other items			
Depreciation and amortisation	15,055	11,138	

6 INCOME TAX

Six months ended 30 June		
	2015 RMB'000	2014 RMB'000
Current tax		
PRC Corporate Income Tax	2,580	10,776
Land Appreciation Tax	4,163	20,900
Overprovision in prior period – Land Appreciation Tax	(38,812)	(41,912)
	(32,069)	(10,236)
Deferred tax		
Origination and reversal of temporary differences	2,504	(5,350)
	(29,565)	(15,586)

- (a) Pursuant to the rules and regulations of the British Virgin Islands (the "BVI") and the Cayman Islands, the Group is not subject to any income tax in the BVI and the Cayman Islands.
- (b) No Hong Kong Profits Tax has been provided for as the Group's Hong Kong operations have no estimated assessable profits during the period and prior periods.
- (c) **PRC Corporate Income Tax ("CIT")**

The provision for CIT is based on the respective applicable rates on the estimated assessable profits of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

The PRC subsidiaries of the Group were charged at a CIT rate of 25% (30 June 2014: 25%) on estimated assessable profits for the period, in accordance with the actual taxation method (查賬徵收) approved by local tax bureau pursuant to the applicable PRC tax regulations.



6 INCOME TAX (Continued)

(d) PRC Land Appreciation Tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

Certain subsidiaries of the Group were subject to LAT which is calculated based on 1% to 5% (six months ended 30 June 2014: 1% to 5%) of their revenue in accordance with the authorised tax valuation method approved by respective local tax bureau.

(e) Withholding tax

Withholding taxes are levied on the non PRC-resident entities in respect of dividend distribution arising from profit of PRC subsidiaries earned after 1 January 2008 at a rate of 10%. No deferred tax liabilities were recognised (2014: Nil) for the undistributed earnings of the Group's PRC subsidiaries for the six months ended 30 June 2015 since it is not probable that they will be distributed to their immediate holding company outside PRC in the foreseeable future.

7 DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the previous year

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Special dividend declared after the interim period – Nil (six months ended 30 June 2014: HK1.00 cent, equivalent to RMB0.79 cent, per ordinary share)	–	7,914

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK2.00 cents (equivalent to RMB1.58 cents) per ordinary share (six months ended 30 June 2014: HK3.50 cents (equivalent to RMB2.78 cents) per ordinary share)	15,759	27,798

The board of directors does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

8 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB30,593,000 (six months ended 30 June 2014: RMB13,639,000) and the weighted average of 1,002,234,657 ordinary shares (six months ended 30 June 2014: 1,000,004,420 ordinary shares) in issue during the interim period.

(b) Diluted loss per share

The diluted loss per share is the same as basic loss per share for the six months ended 30 June 2015 and 2014 as the potential ordinary shares are anti-dilutive during these periods.

9 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group's additions in property, plant and equipment amounted to RMB2,092,000 (six months ended 30 June 2014: RMB33,082,000).

The Group's property, plant and equipment with carrying value of RMB373,257,000 (31 December 2014: RMB375,562,000) were pledged as securities for the Group's other loans (note 15).

10 INVESTMENT PROPERTIES

The directors consider the carrying values of investment properties approximate to their respective fair values as at 30 June 2015.

Certain investment properties carried at fair value as at 30 June 2015 have been pledged to secure borrowings of the Group as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Bank loans (note 15)	82,096	82,096
Other loans (note 16)	182,511	182,511
Banking facility of a related party (note 20(ii))	117,985	117,985
Fair value of investment properties pledged	382,592	382,592

11 INVENTORIES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Properties held for future development for sale	869,563	591,563
Properties under development for sale	4,011,080	3,810,962
Completed properties held for sale	1,538,740	1,641,667
Others	6,230	7,238
	6,425,613	6,051,430

Certain inventories carried at cost as at 30 June 2015 have been pledged to secure borrowings of the Group as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Bank loans (note 15)	256,793	424,585
Other loans (note 16)	2,260,465	2,527,060
Bank loan of a related party (note 20(ii))	12,535	—
Carrying value of inventories pledged	2,529,793	2,951,645

12 TRADE AND OTHER RECEIVABLES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Trade receivables (note (a))	38,543	54,271
Deposits, prepayments and other receivables (note (b))	2,135,367	1,866,668
	2,173,910	1,920,939

- (a) The ageing analysis of trade receivables, all of which are neither individually nor collectively considered to be impaired, are as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Current or less than 1 month overdue	19,257	40,861
3 months to 1 year overdue	19,286	13,410
	38,543	54,271

Trade receivables are due within 0 – 30 days from date of billing.

The trade receivables represented the amount due from the purchasers of the Group's properties. In most cases, the Group receives full payments from properties purchasers by way of initial payment and their mortgage loans from banks. For industrial properties, the Group allows certain purchasers, after assessment of their credit information, to pay by instalments within a maximum period of two years.

12 TRADE AND OTHER RECEIVABLES *(Continued)*

- (b) Included in deposits, prepayments and other receivables were prepayment for leasehold land costs of RMB342,290,000 (31 December 2014: RMB342,290,000).

At 30 June 2015, an amount of RMB942,969,000 (31 December 2014: RMB664,844,000) was paid as deposits for redevelopment of a village in Shijiazhuang and included in other receivables of the Group.

In addition, an amount of RMB200,000,000 (31 December 2014: RMB200,000,000) was paid as deposit under a co-operation agreement entered by Tian Shan Real Estate Development Group Limited, a wholly-owned subsidiary, with two independent third parties in March 2014 to develop a commercial and residential property project held by Tangshan Infrastructure Property Development Limited, a limited liability company established in the PRC. Further details of the co-operation agreement were set out in the Company's circular dated 27 June 2014.

13 RESTRICTED CASH

Restricted cash are deposits with certain banks as guarantee deposits against the mortgage loan facilities granted by the banks to purchasers of the Group's properties.

At at 30 June 2015, restricted cash of RMB10,000,000 (31 December 2014: Nil) were pledged as securities for the Group's bank loans (note 15).

14 SHARE CAPITAL/WARRANTS

During the period, the Company has issued to an independent third party subscription rights attaching to 5,681,955 warrants (the "2015 Warrants") at a consideration of HK\$2,435,000 (approximately RMB1,919,000). The 2015 Warrants were exercised fully during the period at an exercise price of HK\$3.34 per share, resulting in the issue of 5,681,955 shares of HK\$0.10 each and the Company has received a cash consideration, before expenses, of HK\$18,977,732 (approximately RMB14,954,000).

Further details of the 2015 Warrants were set out in the Company's announcement dated 21 January 2015.

15 BANK LOANS – SECURED

(a) At 30 June 2015, bank loans were repayable as follows:

	At 30 June 2014 RMB'000	At 31 December 2014 RMB'000
Within one year or on demand	545,120	53,000
After one year but within two years	283,750	159,710
After two year but within five years	25,948	209,000
	309,698	368,710
	854,818	421,710

(b) Certain bank loans of Group are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the bank loans would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 30 June 2015, none of the covenants relating to bank loans had been breached (31 December 2014: Nil).

(c) At 30 June 2015, carrying values of assets of the Group pledged for bank loans are analysed as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Inventories	256,793	424,585
Investment properties	82,096	82,096
Restricted cash	10,000	–
	348,889	506,681

16 OTHER LOANS – SECURED

(a) At 30 June 2015, other loans were repayable as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within one year or on demand	2,252,157	1,751,390
After one year but within two years	153,138	945,550
After two years but within five years	150,000	–
	303,138	945,550
	2,555,295	2,696,940

(b) At 30 June 2015, carrying values of assets of the Group pledged for other loans are analysed as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Inventories	2,260,465	2,527,060
Investment properties	182,511	182,511
Property, plant and equipment	373,257	375,562
	2,816,233	3,085,133

In addition to assets of the Group pledged for other loans as set above, certain properties with total carrying value of RMB289,280,000 (31 December 2014: RMB289,280,000) were provided by Hebei Tianshan Industrial Group Construction Engineering Company Limited ("Tianshan Construction"), a company wholly-owned by the controlling shareholders of the Group, as security for a banking facility of RMB360,000,000 (31 December 2014: RMB360,000,000) of the Group. No guarantee fee is paid to Tianshan Construction for such provision of security.

17 TRADE AND OTHER PAYABLES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Trade payables (note (a))	172,317	104,064
Receipts in advance (note (b))	1,906,293	1,326,802
Other payables and accruals (note (c))	1,918,091	1,922,093
Amounts due to the ultimate holding company (note (d))	4,532	4,532
Amounts due to related parties (note (d))	1,463	1,463
Limited partners' interest (note (e))	555,460	537,460
	4,558,156	3,896,414

- (a) An ageing analysis of trade payables are set out as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Due within 1 month or on demand	172,317	104,064

- (b) Included in receipts in advance were deferred income which were expected to be recognised in profit or loss after more than one year amounted to RMB68,998,000 (31 December 2014: RMB68,998,000).
- (c) Included in other payables and accruals were accrued construction costs to Tianshan Construction amounted to RMB195,720,000 (31 December 2014: RMB244,981,000).
- (d) Amounts due to the ultimate holding company, Neway Enterprises Limited, and related parties are unsecured, interest-free and repayable on demand.
- (e) Limited partners' interest represented contributions from limited partners of partnerships over which the Group has control. Based on the partnership agreements, the Group has the contractual obligation to pay interest expenses to those limited partners at rates ranging from 12.5% to 15.0% per annum. The interest expenses are payable annually in arrears. The contributions have been recognised initially at fair value and interest expenses thereon are recognised on an accrual basis in profit or loss as part of the finance costs.

18 PROMISSORY NOTE

At 30 June 2015, the promissory notes were repayable as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within one year	123,580	–
After one year but within two years	238,475	425,040
	362,055	425,040

During the period, promissory note of US\$10,000,000 (approximately RMB61,090,000) was redeemed at cost.

19 COMMITMENTS

Capital commitments outstanding at 30 June 2015 not provided for in the interim financial report are set out as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Authorised but not contracted for	8,976,200	9,223,181
Contracted but not provided for	2,214,300	2,513,654
	11,190,500	11,736,835

Capital commitments mainly related to land and development costs for the Group's properties under development.

20 CONTINGENT LIABILITIES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties (note (i))	2,721,915	2,721,915
Guarantee provided to banks in respect of banking facilities granted to a related party (note (ii))	84,700	69,300
	2,806,615	2,791,215

Notes:

- (i) The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default in the mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to banks. The Group's guarantee period commences from the dates of grants of the relevant mortgage loans and ends after the purchasers obtain the individual property ownership certificates of the properties purchased. The maximum amounts of guarantees given to banks for mortgage facilities granted to the purchasers of the Group's properties at 30 June 2015 are RMB2,721,915,000 (31 December 2014: RMB2,721,915,000).

The directors consider that it is not probable that the Group will suffer a loss under these guarantees as during the periods under guarantees, the Group can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks. The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors. The directors also consider that the market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event the purchasers default payments to the banks.

20 CONTINGENT LIABILITIES (Continued)

Notes: (Continued)

- (ii) The Company and its subsidiary, Tian Shan Real Estate Development Group Limited ("Tian Shan Real Estate"), jointly entered into an agreement with Tianshan Construction, a company wholly-owned by the controlling shareholders of the Group, pursuant to which the Company agreed to provide a repayment guarantee whereas Tian Shan Real Estate agreed to provide a repayment guarantee and charge over its investment properties as set out in note 10, in favour of a bank to grant a banking facility of RMB53,000,000 to Tianshan Construction. Under the guarantee, the Company and Tian Shan Real Estate shall unconditionally guarantee to pay the indebtedness, including: (i) the principal amount of the facility; (ii) the accrued interest during the term of facility and overdue interest that may incurred; and (iii) any expenses and fees incurred by the bank to enforce the guarantee.

Tian Shan Real Estate also entered into a financial assistance agreement with Tianshan Construction, pursuant to which Tian Shan Real Estate agreed to provide a repayment guarantee and charge over its inventories as set out in note 11, in favour of another bank to grant a short term bank loan of RMB15,000,000 to Tianshan Construction. Under the guarantee, Tian Shan Real Estate shall unconditionally guarantee to pay the indebtedness in total of RMB16,300,000, including: (i) the principal amount of the bank loan; (ii) includes any accrued interest thereon, any penalty interests, any compound interest; (iii) any default in payment and compensation and (iv) any costs and expenses for enforcing the guarantee.

The guarantee amounts represent the potential maximum exposure of the Group in accordance with the above guarantees.

21 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the balances and transactions disclosed elsewhere in the interim financial report, the Group had the following significant transactions with related parties:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Construction costs (note (i))	158,706	94,035
Rental expenses (note (ii))	193	193
Remuneration to key management personnel (note (iii))	3,895	2,825
Guarantee fee income (note (iv))	(571)	—

21 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

Notes:

- (i) The Group received construction services rendered by Tianshan Construction, a company wholly-owned by the controlling shareholders of the Group. The directors consider that the terms of such work were carried out on normal commercial terms and in the ordinary course of the Group's business, except for a longer credit terms granted to the Group.
- (ii) The amount represents rental expenses paid to Tianshan Construction for office and staff quarter occupied by the Group.
- (iii) Remuneration to key management personnel of RMB3,895,000 (six months ended 30 June 2014: RMB2,825,000) represents salaries and fringe benefits paid to the directors of the Company.
- (iv) The amount represents the guarantee fee received from Tianshan Construction in respect of properties for sales and investment properties of the Group secured against a banking facility and a bank loan to Tianshan Construction in the current period.
- (v) The Group received property management services in relation to the unsold properties from Shijiazhuang Tian Shan Property Management Company Limited, a company wholly-owned by the controlling shareholders of the Group, with no consideration.
- (vi) The Group was granted a license to use the trademarks "Tian Shan" pursuant to the relevant trademark licence agreement entered into between Hebei Tianshan Industrial Group Company Limited, a company wholly-owned by the controlling shareholders of the Group as licensor and Tian Shan Real Estate, a subsidiary of the Group as licensee at nil consideration.