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**天譽置業(控股)有限公司**  
**SKYFAME REALTY (HOLDINGS) LIMITED**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 00059)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**UNAUDITED INTERIM RESULTS**

The board of directors (the “**Board**”) of Skyfame Realty (Holdings) Limited (the “**Company**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2021, together with comparative figures for the corresponding period of 2020.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2021	2020
	Note	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	3	4,683,172	3,878,091
Cost of sales and services		<u>(3,560,134)</u>	<u>(2,696,375)</u>
<b>Gross profit</b>		<b><u>1,123,038</u></b>	<b><u>1,181,716</u></b>
Other income	4	5,035	32,631
Other gains - net	5	6,037	31,090
Sales and marketing expenses		(105,535)	(114,909)
Administrative and other expenses		(208,601)	(202,506)
Impairment loss of trade and other receivables		(10,095)	(14,573)
Fair value changes in investment properties		<u>15,412</u>	<u>31,000</u>
<b>Operating profit</b>		<b>825,291</b>	<b>944,449</b>
Finance costs		(10,137)	(71,444)
Finance income		51,144	3,924
Finance income/(costs) - net	7	41,007	(67,520)
Share of profits/(losses) of joint ventures, net of tax		<u>2,076</u>	<u>(4,865)</u>
<b>Profit before income tax</b>		<b>868,374</b>	<b>872,064</b>
Income tax expense	8	<u>(403,435)</u>	<u>(439,867)</u>
<b>Profit for the period</b>		<b><u>464,939</u></b>	<b><u>432,197</u></b>
<b>Profit for the period attributable to:</b>			
– Owners of the Company		197,627	268,668
– Non-controlling interests		<u>267,312</u>	<u>163,529</u>
		<b><u>464,939</u></b>	<b><u>432,197</u></b>

		<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
<i>Note</i>		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other comprehensive income for the period</b>			
Item that may be reclassified to profit or loss			
	– Exchange differences on translation of foreign operations	<u>2,579</u>	<u>3,438</u>
<b>Total comprehensive income for the period</b>		<u><b>467,518</b></u>	<u><b>435,635</b></u>
<b>Total comprehensive income for the period attributable to:</b>			
	– Owners of the Company	<u>200,206</u>	<u>272,106</u>
	– Non-controlling interests	<u>267,312</u>	<u>163,529</u>
		<u><b>467,518</b></u>	<u><b>435,635</b></u>
<b>Earnings per share</b>			
<b>(expressed in RMB per share)</b>			
	– Basic	<u>0.025</u>	<u>0.035</u>
	– Diluted	<u>0.025</u>	<u>0.034</u>

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# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		431,864	435,740
Right-of-use assets		369,540	376,656
Investment properties		3,681,138	3,584,405
Interest in joint venture		45,973	43,897
Deferred tax assets		135,437	189,110
		<u>4,663,952</u>	<u>4,629,808</u>
<b>Current assets</b>			
Properties under development		12,747,663	14,051,893
Completed properties held for sale		2,581,897	2,080,204
Trade receivables	11	215,211	400,899
Other receivables and prepayments	12	3,615,577	4,633,717
Contract costs		288,963	187,798
Financial asset at fair value through profit or loss		1,515,462	774,220
Restricted and pledged deposits		2,209,075	334,489
Cash and cash equivalents		2,511,113	1,968,713
		<u>25,684,961</u>	<u>24,431,933</u>
<b>Total assets</b>		<u><u>30,348,913</u></u>	<u><u>29,061,741</u></u>
<b>EQUITY</b>			
Share capital		26,090	24,680
Other reserves		1,693,663	1,327,058
Retained earnings		2,982,769	2,995,966
<b>Equity attributable to owners of the Company</b>		<u>4,702,522</u>	<u>4,347,704</u>
<b>Non-controlling interests</b>		<u>724,465</u>	<u>447,054</u>
<b>Total equity</b>		<u><u>5,426,987</u></u>	<u><u>4,794,758</u></u>

		<b>As at 30 June 2021 RMB'000 (Unaudited)</b>	<b>As at 31 December 2020 RMB'000 (Audited)</b>
	<i>Note</i>		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>167,563</b>	162,772
Bank and other borrowings	13	<b>8,215,466</b>	6,037,941
Deferred tax liabilities		<b>364,971</b>	542,298
		<b>8,748,000</b>	6,743,011
<b>Current liabilities</b>			
Lease liabilities		<b>17,506</b>	8,753
Bank and other borrowings	13	<b>1,655,147</b>	2,653,495
Trade and other payables	14	<b>5,870,961</b>	4,102,800
Contract liabilities		<b>7,135,301</b>	9,429,225
Income tax payable		<b>1,495,011</b>	1,329,699
		<b>16,173,926</b>	17,523,972
<b>Total liabilities</b>		<b>24,921,926</b>	24,266,983
<b>Total equity and liabilities</b>		<b>30,348,913</b>	29,061,741

# NOTES TO THE INTERIM FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

Skyfame Realty (Holdings) Limited (the “**Company**”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its (a) registered office, (b) head office and principal place of business in the People’s Republic of China (“**PRC**”), and (c) principal place of business in Hong Kong are at (a) Clarendon House, 2 Church Street, Hamilton HM11, Bermuda; (b) 32nd to 33rd floors of HNA Tower, 8 Linhe Zhong Road, Tianhe District, Guangzhou, Guangdong Province, PRC and (c) Unit 1401, 14th Floor, Capital Centre, 151 Gloucester Road, Wanchai, Hong Kong, respectively.

The Company and its subsidiaries are hereinafter collectively referred to as the “**Group**”. The principal activity of the Company continues to be investment holding. The principal activities of its subsidiaries are property development, property investment, property management and commercial operations.

These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

The outbreak of the 2019 Novel Coronavirus (“**COVID-19**”) had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the industry of real estate including the construction and delivery of properties, rental revenue and occupancy rate of investment properties, allowance for expected credit losses on trade and other receivables, fair value of investment properties and so on. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group. As at the date that the condensed consolidated interim financial information is authorised for issue, COVID-19 does not have any material adverse impact on the financial position and operating result of the Group.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim financial information has been prepared in accordance with HKAS 34 “Interim Financial Reporting”. The interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in those annual financial statements, except the adoption of new and amended standards and interpretation as described below.

### (a) New and amended standards and interpretation adopted by the Group

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2  COVID-19 – related Rent Concessions beyond 30 June 2021
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The adoption of new and amended standards and interpretation did not have any material impact on the interim financial information.

**(b) New standards and amendments not yet adopted**

The following new standards and amendments have been published that are not mandatory for the six months ended 30 June 2021 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		<b>Effective for accounting periods beginning on or after</b>
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements	Annual Improvements to HKFRS Standards 2018-2020 Cycle	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Noncurrent	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKAS 1, HKFRS Practice Statement 2 and HKAS 8	Disclosure of Accounting Policies	1 January 2023
Amendment to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group's assessment of these new standards and amendments did not identify a significant impact on the Group's financial performance and position.

### 3 SEGMENT INFORMATION

The executive directors, as the chief operating decision-makers ("CODM") of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group is organised into four business segments: property development, property investment, property management and commercial operation. As the CODM considers most of the Group's consolidated revenue and results are attributable to the market in the PRC and the Group's consolidated assets are substantially located in the PRC, no geographical information is presented.

Revenue consists of sales of properties, rental income of investment properties, income of property management services and commercial operations. Revenue of the period consists of the following:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Sale of properties	<b>4,589,322</b>	3,819,999
Property management services	<b>79,495</b>	43,063
Rental income	<b>12,867</b>	11,801
Commercial operations	<b>1,488</b>	3,228
	<b>4,683,172</b>	3,878,091

Segment results represent the profit earned by each segment without impairment loss of trade and other receivables, fair value changes in investment properties, share of profit/(loss) of joint ventures, unallocated operating costs, finance income/(costs) - net and income tax expense. Property management services comprise mainly of provision of property management services and rental assistance services. Commercial operation services are mainly operations in youth community projects.



The segment results and other segment items for the six months ended 30 June 2021 are as follows:

	Property development <i>RMB'000</i> (Unaudited)	Property management <i>RMB'000</i> (Unaudited)	Property investment <i>RMB'000</i> (Unaudited)	Commercial operation <i>RMB'000</i> (Unaudited)	Elimination <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>Segment revenue</b>						
External revenue	4,589,322	79,495	12,867	1,488	–	4,683,172
Inter-segment revenue	–	39,195	7,171	–	(46,366)	–
	<u>4,589,322</u>	<u>118,690</u>	<u>20,038</u>	<u>1,488</u>	<u>(46,366)</u>	<u>4,683,172</u>
<b>Timing of revenue recognition</b>						
At a point in time	4,589,322	–	–	–	–	4,589,322
Transferred over time	–	118,690	–	1,488	(39,195)	80,983
Revenue from other sources	–	–	20,038	–	(7,171)	12,867
<b>Total</b>	<u>4,589,322</u>	<u>118,690</u>	<u>20,038</u>	<u>1,488</u>	<u>(46,366)</u>	<u>4,683,172</u>
<b>Segment results</b>	817,983	30,220	6,541	476	–	855,220
<i>Reconciliation:</i>						
Unallocated corporate net expenses						<u>(35,246)</u>
						<u>819,974</u>
Impairment loss of trade and other receivables						(10,095)
Fair value changes in investment properties	–	–	15,412	–	–	15,412
Share of profit of joint ventures, net of tax						2,076
Finance income - net						<u>41,007</u>
Consolidated profit before income tax						<u>868,374</u>
<b>Other segment information:</b>						
Depreciation and amortisation	(13,552)	(198)	(1,503)	(512)	–	(15,765)

The segment results and other segment items for the six months ended 30 June 2020 are as follows:

	Property development <i>RMB'000</i> (Unaudited)	Property management <i>RMB'000</i> (Unaudited)	Property investment <i>RMB'000</i> (Unaudited)	Commercial operation <i>RMB'000</i> (Unaudited)	Elimination <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>Segment revenue</b>						
External revenue	3,819,999	43,063	11,801	3,228	–	3,878,091
Inter-segment revenue	–	68,619	7,594	–	(76,213)	–
	<u>3,819,999</u>	<u>111,682</u>	<u>19,395</u>	<u>3,228</u>	<u>(76,213)</u>	<u>3,878,091</u>
<b>Timing of revenue recognition</b>						
At a point in time	3,819,999	–	–	–	–	3,819,999
Transferred over time	–	111,682	–	3,228	(68,619)	46,291
Revenue from other sources	–	–	19,395	–	(7,594)	11,801
	<u>–</u>	<u>–</u>	<u>19,395</u>	<u>–</u>	<u>(7,594)</u>	<u>11,801</u>
<b>Total</b>	<u>3,819,999</u>	<u>111,682</u>	<u>19,395</u>	<u>3,228</u>	<u>(76,213)</u>	<u>3,878,091</u>
<b>Segment results</b>	896,761	21,974	6,653	394	–	925,782
<i>Reconciliation:</i>						
Unallocated corporate net expenses						<u>2,240</u>
						<u>928,022</u>
Impairment loss of trade and other receivables						(14,573)
Fair value changes in investment properties	–	–	31,000	–	–	31,000
Share of loss of joint ventures, net of tax						(4,865)
Finance costs – net						<u>(67,520)</u>
Consolidated profit before income tax						<u>872,064</u>
<b>Other segment information:</b>						
Depreciation and amortisation	(1,764)	(72)	(116)	(511)	–	(2,463)

Segment assets and liabilities as at 30 June 2021 are as follows:

	Property development <i>RMB'000</i> (Unaudited)	Property management <i>RMB'000</i> (Unaudited)	Property investment <i>RMB'000</i> (Unaudited)	Commercial operation <i>RMB'000</i> (Unaudited)	Elimination <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Segment assets	20,965,448	65,310	4,025,732	11,810	–	25,068,300
Other assets						<u>5,280,613</u>
Total assets						<u><u>30,348,913</u></u>
Including:						
Interests in joint ventures						<u><u>45,973</u></u>
Segment liabilities	16,154,624	142,081	533,010	2,826	–	16,832,541
Other liabilities						<u>8,089,385</u>
Total liabilities						<u><u>24,921,926</u></u>

Segment assets and liabilities as at 31 December 2020 are as follows:

	Property development <i>RMB'000</i> (Audited)	Property management <i>RMB'000</i> (Audited)	Property investment <i>RMB'000</i> (Audited)	Commercial operation <i>RMB'000</i> (Audited)	Elimination <i>RMB'000</i> (Audited)	Total <i>RMB'000</i> (Audited)
Segment assets	20,738,044	57,991	3,965,221	18,282	–	24,779,538
Other assets						<u>4,282,203</u>
Total assets						<u><u>29,061,741</u></u>
Including:						
Interests in joint ventures						<u><u>43,897</u></u>
Segment liabilities	16,673,490	137,251	418,204	2,897	–	17,231,842
Other liabilities						<u>7,035,141</u>
Total liabilities						<u><u>24,266,983</u></u>

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

Sales between segments are carried out in accordance with the terms of the underlying agreements. The revenue from external parties reported to the Board is measured in a manner consistent with that in the interim condensed consolidated statement of comprehensive income.

The amounts provided to the CODM with respect to total assets and liabilities are measured in a manner consistent with that of the interim condensed consolidated balance sheet. These assets and liabilities are allocated based on the operations of the segment.

Segment assets consist primarily of property and equipment, land use rights, investment properties, properties under development, completed properties held for sale, contract assets, receivables and cash and cash equivalents.

Segment liabilities consist of operating liabilities.

#### 4 OTHER INCOME

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest income on loan receivables	–	27,477
Others	<u>5,035</u>	<u>5,154</u>
	<u><b>5,035</b></u>	<u><b>32,631</b></u>

#### 5 OTHER GAINS - NET

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest income and fair value changes from financial assets at FVTPL	<b>10,070</b>	28,586
Others	<u>(4,033)</u>	<u>2,504</u>
	<u><b>6,037</b></u>	<u><b>31,090</b></u>

## 6 EXPENSES BY NATURE

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cost of properties sold – including construction cost, land cost and interest cost	<b>3,478,016</b>	2,636,752
Staff costs (including directors' emoluments)	<b>128,499</b>	138,862
Advertising costs	<b>98,856</b>	103,882
Taxes and levies	<b>32,376</b>	33,273
Other direct costs	<b>49,742</b>	26,350
Depreciation and amortisation	<b>15,765</b>	13,249
Auditor's remunerations	<b>1,197</b>	1,200
Others	<b>69,819</b>	60,222
	<b>3,874,270</b>	3,013,790

## 7 FINANCE INCOME/(COSTS) - NET

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Finance costs:		
Interest expense for bank and other borrowings	<b>491,034</b>	390,371
Interest on lease liabilities	<b>9,168</b>	–
Less: amount capitalised	<b>(490,065)</b>	(389,094)
	<b>10,137</b>	1,277
Foreign exchange losses on financing activities	–	70,167
	<b>10,137</b>	71,444
Finance income:		
Bank interest income	<b>7,938</b>	3,924
Foreign exchange gains on financing activities	<b>43,206</b>	–
	<b>51,144</b>	3,924
Finance income/(costs) – net	<b>41,007</b>	(67,520)

## 8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax:		
– Corporate income tax	323,488	347,032
– Land appreciation tax	208,440	178,296
	<u>531,928</u>	<u>525,328</u>
Deferred income tax		
– Corporate income tax	(128,493)	(85,461)
Total income tax expenses	<u>403,435</u>	<u>439,867</u>

### PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof. The corporate income tax rate applicable to the Group's entities located in Mainland China is 25%.

### PRC withholding income tax (“WHT”)

Under the Enterprise Income Tax (“EIT”) Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. The relevant overseas holding companies have successfully obtained endorsement from the PRC tax bureau to enjoy the treaty benefit of 5% withholding income tax rate on dividends received from the PRC subsidiaries of the Group. During the periods ended 30 June 2021 and 2020, the Group has not accrued any withholding income tax for the undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings out of the Mainland China in the foreseeable future.

### PRC land appreciation tax (“LAT”)

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 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 sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items. The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate.

### Hong Kong profits tax

No provision for Hong Kong profits tax has been made in the Interim Financial Information as the Company and the Group did not have assessable profit in Hong Kong for the period. The profit of the Group's entities in Hong Kong is mainly derived from dividend income, which is not subject to Hong Kong profits tax.

## 9 EARNINGS PER SHARE

The calculation of basic earnings per share amounts for the periods ended 30 June 2021 and 2020 is based on the profit for the period attributable to equity holders of the Company, and the weighted average number of ordinary shares in issue and participating equity instruments resulting to new shares issued due to the exercises of share options during the periods.

The calculation of the diluted earnings per share amounts for the periods ended 30 June 2021 and 2020 is based on the profit for the period attributable to equity holders of the Company and the weighted average number of ordinary shares after adjustment for the effect of dilutive potential ordinary shares in respect of the Company's share option schemes and share award scheme.

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit for the purposes of basic and diluted earnings per share	<b>197,627</b>	268,668
	<b>Number of shares</b>	
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>7,840,670</b>	7,768,928
Effect of dilutive potential ordinary shares in respect of the Company's share options schemes and share award scheme	<b>51,015</b>	123,127
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<b>7,891,685</b>	7,892,055
Basic	<b>RMB0.025</b>	RMB0.035
Diluted	<b>RMB0.025</b>	RMB0.034

## 10 DIVIDENDS

The 2020 final dividend amounting to RMB210,824,000 (equivalent to HK Dollar ("HK\$") 253,390,000) was approved by the Company's shareholders at the Annual General Meeting of the Company held on 8 June 2021.

No interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil) has been proposed by the Board of Directors of the Company.

## 11 TRADE RECEIVABLES

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Trade receivables	235,144	429,704
Less: loss allowance	<u>(19,933)</u>	<u>(28,805)</u>
	<u><b>215,211</b></u>	<u><b>400,899</b></u>

The majority of the Group's sales are derived from sales of properties and rental income. Proceeds in respect of sales of properties and rental income are to be received in accordance with the terms of related sales and purchase agreements and rental contracts. All trade receivables are due from independent third parties.

The ageing analysis of trade receivables as at the respective balance sheet date is as follows:

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Within one year	44,329	216,752
Over one year	<u>190,815</u>	<u>212,952</u>
	<u><b>235,144</b></u>	<u><b>429,704</b></u>



## 12 OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Other receivables:		
Amounts due from minority shareholders of subsidiary companies	1,092,886	1,185,119
Loan receivables	361,204	361,204
Receivable for redemption of FVTPL	144,127	—
Tender deposit in development project	84,707	401,510
Maintenance funds paid on behalf of properties owners	78,784	79,450
Unpaid up capital to be contributed by a non-controlling shareholder of a subsidiary	24,900	24,900
Interests receivable from FVTPL	12,695	27,070
Others	451,773	846,677
	<u>2,251,076</u>	<u>2,925,930</u>
Less: loss allowance	<u>(41,396)</u>	<u>(22,429)</u>
Subtotal	<u>2,209,680</u>	<u>2,903,501</u>
Prepayments:		
Prepaid construction costs	519,585	796,192
Prepayment for proposed projects	403,456	403,582
Prepaid taxes and surcharges	482,856	530,442
	<u>1,405,897</u>	<u>1,730,216</u>
	<u><u>3,615,577</u></u>	<u><u>4,633,717</u></u>

### 13 BANK AND OTHER BORROWINGS

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Borrowings included in non-current liabilities:		
Bank borrowings	1,964,026	1,124,968
– secured	1,964,026	883,330
– unsecured	–	241,638
Secured notes	1,873,372	1,885,872
Unsecured bonds	3,193,713	1,859,151
Other secured borrowings	1,374,743	1,455,368
Less: current portion of non-current borrowings	(190,388)	(287,418)
	<u>8,215,466</u>	<u>6,037,941</u>
Borrowings included in current liabilities:		
Current portion of non-current borrowings	190,388	287,418
Secured bank borrowings	466,605	641,007
Unsecured notes/bonds	467,953	803,380
Secured notes	130,726	–
Other secured borrowings	399,475	921,690
	<u>1,655,147</u>	<u>2,653,495</u>
Total borrowings	<u><u>9,870,613</u></u>	<u><u>8,691,436</u></u>

## 14 TRADE AND OTHER PAYABLES

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Trade payables	39,026	43,774
Construction costs payable	3,160,902	2,852,229
Other payables and accruals	700,121	432,862
Deposit for potential target project	1,000,000	–
Accrued taxes and surcharges	534,026	523,941
Dividend payable	210,824	–
Tender payable to the suppliers	93,373	161,540
Salaries and bonuses accruals	54,829	58,471
Receipt in advance, rental and other deposits from residents and tenants	77,860	29,983
– Related parties	213	213
– Third parties	77,647	29,770
	<b>5,870,961</b>	<b>4,102,800</b>

As at 30 June 2021 and 31 December 2020, the ageing analysis of trade payables of the Group based on invoice date was as follows:

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Within one year	39,026	43,752
Over one year	–	22
	<b>39,026</b>	<b>43,774</b>

## 15 OTHER COMMITMENTS

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Expenditure contracted but not provided for in respect of – Property construction and development costs	5,488,231	5,029,047

## 16 SUBSEQUENT EVENTS

The major subsequent events are stated as follows:

### 1. Redemption of senior notes issued

Subsequent to the period ended 30 June 2021, the US\$87,500,000 13% senior notes issued by Skyfame International Holdings Limited, a wholly owned subsidiary of the Company, has been redeemed in full in aggregate principal amount with its accrued interests at maturity on 20 July 2021.

### 2. Deemed disposal of equity interest in a subsidiary

In July 2021, 南寧天譽譽浚投資有限公司 (Nanning Tianyu Yujun Investment Co., Ltd.\*) (“**Tianyu Yujun**”) (being an indirect wholly-owned subsidiary of the Company which holds 100% equity interests of Tianyu Jurong as defined below), Zhangzhou Tanglin Real Estate Development Co., Ltd (“**Zhangzhou Tanglin**”) and 南寧天譽巨榮置業有限公司 (Nanning Tianyu Jurong Realty Company Limited\*), an indirectly wholly-owned subsidiary of the Company (“**Tianyu Jurong**”) entered into capital increase agreement of which Zhangzhou Tanglin agrees to make a capital contribution of RMB605,930,000 for 20% equity interests in Tianyu Jurong. After the completion of the capital increase, the registered capital of Tianyu Jurong are held by Tianyu Yujun and Zhangzhou Tanglin as to 80% and 20%, respectively, and Tianyu Jurong remains a subsidiary of the Company.

\* *for identification purpose only*

## MANAGEMENT DISCUSSION AND ANALYSIS

*FOR THE SIX MONTHS ENDED 30 JUNE 2021*

### **A. Business review**

In the first half of 2021, the emergence of coronavirus variant has made the speed of the global economic recovery uncertain. However, the overall impact of the delta epidemic on China's economy may be more limited because China is now experienced in controlling the spread of the virus and can better coordinate control measures and economic development. With the proper implementation of the supportive policies, China's economy has staged a strong rebound. The market conditions in China have improved significantly, almost reflecting the resumption of business activities prior to the COVID-19. Our project portfolio is mainly located in regions in the Greater Bay Area and big second-tier and around cities with strong rigid housing demand and are most resilient to turbulences. In end of 2020, we have successfully tendered and became the cooperative entity of Fengwei Village in Guangzhou, the PRC with gross floor area of approximately 1.9 million sq.m.

Facing the complex and volatile external environment and the new challenges posed by the COVID-19 epidemic to the entire industry, the Group adheres to the strategic direction of stable operation and accelerate synergistic development.

In the first half year of 2021, our Group has achieved a turnover of RMB4.7 billion and a net profit of RMB0.5 billion. We recorded contracted sales totaling RMB6.0 billion (six months ended 30 June 2020: RMB5.2 billion) at GFA of 685,000 sq.m. (six months ended 30 June 2020: 510,000 sq.m.) at overall before-tax average selling price of RMB9,000 per sq.m. (six months ended 30 June 2020: RMB10,000 per sq.m.). The GFA contracted, covering 25 projects under development and completed projects. Other than contracted sales that were delivered and recognized during the current period, these contracted sales will be recognized as property sales in the later years in 2021 to 2024 when the subject properties are delivered.

During the current period, we had seven projects (six months ended 30 June 2020: seven) with properties delivered, namely Guangzhou Skyfame Byland, Zhongshan Skyfame Rainbow, Nanning Skyfame Garden, Nanning Skyfame ASEAN Maker Town, Xuzhou Skyfame Time City, Nanchang Skyfame Fenghuangyue and Nanning Spiritual mansions. The Group delivered aggregate GFA of 537,000 sq.m. (six month ended 30 June 2020: 317,000 sq.m.) and recorded property sale revenue before direct taxes of RMB5,019 million (six month ended 30 June 2020: RMB4,146 million). Comparing with the corresponding period in last year, there is an increase of 21% in revenue mainly due to the increase in GFA delivered during the current period with different mixtures in products and markets.

The Group's recognized sales of properties in sale value before direct taxes and saleable GFA by projects for the period are as follows:

Project	Recognized Sales	
	Gross	GFA
	Amount <i>RMB'million</i>	Delivered <i>sq.m.</i>
Guangzhou Skyfame Byland	130	1,600
Zhongshan Skyfame Rainbow	121	9,100
Nanning Skyfame Garden	20	3,500
Nanning Skyfame ASEAN Maker Town	227	31,600
Nanning Spiritual Mansions	3,499	345,900
Xuzhou Skyfame Time City	988	139,000
Nanchang Skyfame Fenghuangyue	34	6,500
	<hr/>	<hr/>
Total in first half of year 2021	5,019	537,200
	<hr/>	<hr/>
Total in first half of year 2020	4,146	371,000
	<hr/>	<hr/>

## B. Property Portfolio

As at 30 June 2021, we have project portfolio and potential land reserves in aggregate GFA of 33.0 million sq.m. mainly located in Guangzhou, Shenzhen, Zhongshan, Zhuhai, Huizhou in the Guangdong-Hong Kong-Macao Greater Bay Area, Nanning and Guilin in the Southern Region of China, Xuzhou and Nanchang in the Eastern Region of China, and Chongqing, Kunming and Guizhou in the Southwestern Region of China. The land reserves provide us a solid capacity for a sustainable growth in the approaching timelines. Depending on the status of development of each project, the profiles about our land bank are categorized into group 1 as “properties completed, under or held for development”, group 2 as “co-operation projects” and group 3 as “potential land reserves” as below:

### 1. *Properties completed, under or held for development*

During the period, we held eighteen real estate development projects in mainland China of which five have been completed and the others under construction or for imminent development, together with joint venture projects we participated in and other projects held by a third parties that we are acting as project manager, all in all, we are holding interests in thirty-one projects, either completed, under construction or for future development. As at 30 June 2021, all these projects renders a total GFA of approximately 15.3 million sq.m.

The table below sets out details of property portfolio:

Project	Location	Property type	Estimated total GFA (sq.m.)	Estimated total saleable GFA (Note a) (sq.m.)	Accumulated saleable GFA delivered (sq.m.)	Actual/ Estimated completion year	The Group's interest
Guangzhou Skyfame Byland	Guangzhou	Residential & commercial	315,000	159,000	125,000	2017 - 19	100%
Guangzhou Fengwei Village Project	Guangzhou	Residential & ancillary commercial	1,939,000	743,000	–	2023 - 27	100%
Guangzhou Luogang Project	Guangzhou	Serviced apartment & ancillary commercial	122,000	101,000	–	2023	100%
Skyfame Health Smart City	Shenzhen	Serviced apartment & commercial	184,000	129,000	–	2024	100%
Zhongshan Skyfame Rainbow	Zhongshan	Residential & ancillary commercial	105,000	86,000	78,000	2020	51%
Skyfame Zhuhai Bay	Zhuhai	Residential & ancillary commercial	295,000	209,000	–	2022 - 23	100%
Nanning Skyfame Garden	Nanning	Residential & ancillary commercial	1,202,000	949,000	913,000	2016 - 18	80%
Nanning Skyfame ASEAN Maker Town	Nanning	Composite development	1,305,000	1,047,000	641,000	2018 - 23	100%
Nanning Spiritual Mansions	Nanning	Residential and ancillary commercial	749,000	582,000	442,000	2020 - 22	40%
Guilin Lipu Skyfame Jade Valley	Guilin	Villas, residential & serviced apartments	236,000	230,000	–	2022 - 24	100%
Xuzhou Skyfame Time City	Xuzhou	Residential & ancillary commercial	468,000	389,000	355,000	2019 - 21	70%
Xuzhou Skyfame Elegance Garden	Xuzhou	Residential & ancillary commercial	205,000	158,000	–	2021 - 22	78%
Xuzhou Skyfame Smart City	Xuzhou	Residential & ancillary commercial	533,000	398,000	–	2022 - 24	100%
Nanchang Skyfame Fenghuangyue	Nanchang	Residential & ancillary commercial	119,000	110,000	72,000	2013	66%
Chongqing Skyfame • Smart City	Chongqing	Composite development	1,195,000	957,000	395,000	2017 - 23	100%
Chongqing Skyfame Linxifu	Chongqing	Residential & ancillary commercial	448,000	359,000	–	2022 - 23	100%
Kunming Anning Linxi Valley	Kunming	Residential & ancillary commercial	297,000	255,000	–	2021 - 22	(note b)
Kunming Skyfame City	Kunming	Residential & ancillary commercial	491,000	388,000	–	2021 - 24	90%
<b>Sub-total - developed by subsidiaries</b>			<b>10,208,000</b>	<b>7,249,000</b>	<b>3,021,000</b>		
Co-operation projects (note c)			5,061,000				
<b>Total</b>			<b>15,269,000</b>				

*Note:*

- (a) Total saleable GFA excludes un-saleable area for municipal facilities, area allocated to a cooperative partner and resettlement housing to be provided without sale considerations in certain projects.
- (b) For Kunming Anning Linxi Valley, a project being developed through a right under a contractual arrangement, the above project profile refers to GFAs under development by the project company.
- (c) Co-operation projects refer to the projects which are developed by joint venture or we act as project manager pursuant to the relative agreements. The above projects profile refers to the GFAs under development by the project companies.

*In Guangdong-Hong Kong-Macao Greater Bay Area:*

*(1) Guangzhou Skyfame Byland (“廣州天譽半島”)*

The project, named as Guangzhou Skyfame Byland, is held by a subsidiary of the Company whereas a third party, Guangzhou Port Group Co., Limited (廣州港集團有限公司), is entitled to share 28% in developable GFA of the completed properties. The legal title over the remaining 72% of the completed properties rests with the Group.

The plot is located at Zhoutouzui, Haizhu district, Guangzhou, at the riverside of Bai e lake, one of the top 8 attractions in Guangzhou. The project represents the only sizable luxury living community with the widest river view in downtown of Guangzhou. The project is a mixed-use development with a total GFA of approximately 315,000 sq.m. (total saleable GFA of 159,000 sq.m.), consisting of seven towers comprising residential apartments, offices, serviced apartments, municipal and other facilities, underground car parking facilities and supporting commercial facilities.

The entire project had been completed in 2019. 800 car parking spaces and the entire block of tower A1 in aggregate GFA of 20,000 sq.m. are retained by the Group for long-term leasing purpose.



(2) *Guangzhou Fengwei Village Project (廣州鳳尾村項目)*

The project is an old village redevelopment project located in Fengwei Village, Jiufu Street (九佛街), Huangpu District, Guangzhou. The project is adjacent to the Hongwei metro station, which is about one hour away from Tianhe District, the centre of Guangzhou, and close to the International Biomedical Innovation Park. The project covers a land for a total GFA of 1,939,000 sq.m. (total saleable GFA of 743,000 sq.m.).

In late of 2020, an indirect wholly-owned subsidiary of the Company namely Nanning Tianyu Jurong Realty Company Limited (“Tianyu Jurong”), was notified by Fengwei Village Economic Cooperative Society that, following the open tender process for the introduction of cooperative entity on the Guangzhou Public Resources Trading Service Platform, Tianyu Jurong became the cooperative entity for the project.

(3) *Guangzhou Luogang Project (廣州蘿崗項目)*

The project is located at the north of Yin Tong Road (賢堂路) of Yonghe District in Huangpu, Guangzhou. The project occupies a site of 50,263 sq.m. with planned GFA of 122,000 sq.m. (total saleable GFA of 101,000 sq.m). The land is originally granted for industrial purpose and our management plans to develop the project into serviced apartments and commercial properties. The management is currently negotiating with the district government about the redevelopment of the zone into a commercial project.

Guangzhou Luogang Project has development right enabling the Group to commence development subject to obtaining government approval on conversion of land uses. Investment costs paid on the project are presented as prepayments for proposed projects grouped into “Other receivables and prepayments” of the consolidated balance sheet of the Company.

(4) *Skyfame Health Smart City (天譽大健康智慧工業園)*

The project, named as Skyfame Health Smart City is located at the southeast of Guangming New Zone, Shenzhen. The project company holds a right to redevelop on the land for a total GFA of 184,000 sq.m. (total saleable GFA of 129,000 sq.m.) for innovative industrial premises, serviced apartments and offices. We have completed the demolition works on the land and the construction has been commenced in 2021.

(5) *Zhongshan Skyfame Rainbow* (“中山天譽虹悅”)

The project, named as Zhongshan Skyfame Rainbow and located on Cui Sha Road (翠沙路), Rainbow Planning Zone at the north of West Zone, Zhongshan, Guangdong province, is a residential development with ancillary commercial properties. Total GFA is about 105,000 sq.m. (saleable GFA of 86,000 sq.m.). Up to 30 June 2021, a total saleable GFA of 78,000 sq.m. has been delivered to buyers.

(6) *Skyfame Zhuhai Bay* (“天譽珠海灣”)

In 2019, the Group entered into an agreement to acquire the entire equity interest in a company engaged in a development project in Economic Zone of Gaolan Harbour, Pingshan New Town, Zhuhai, Guangdong province. The project will be built up to feature a residential development with total GFA of 209,000 sq.m. for sale and GFA 22,000 sq.m. to be surrendered to the local government as social subsidized housing for talents and public rental housing. Construction is in progress and the management expects to complete the project in 2022 to 2023.

*In Southern Region of China:*

(7) *Nanning Skyfame Garden* (“南寧天譽花園”)

Nanning Skyfame Garden and Skyfame Nanning ASEAN Maker Town, are collectively branded as “Nanning Skyfame City” (“南寧天譽城”).

The project is located in the business hub of Wuxiang New District (五象新區) at the southeast of the downtown of Nanning, the capital of Guangxi province. The project has been developed into a residential community, namely “Nanning Skyfame Garden”, with a total GFA of 1,202,000 sq.m. (saleable GFA of approximately 949,000 sq.m.), covering 65 towers for residential and retail properties, car parking facilities, public and municipal facilities, and residential and commercial units for the resettlement of original occupants. Up to 30 June 2021, a total saleable GFA of 913,000 sq.m. has been delivered to buyers, the remaining GFA of 36,000 sq.m. are on sale or held for the operation of our second “Yuwu Startup” co-work place.

(8) *Nanning Skyfame ASEAN Maker Town* (“南寧天譽東盟創客城”)

The development covers three land plots of 194,222 sq.m. (equivalent to 291.33 mu) located at the north of Wuxiang Da Road, Wuxiang New Zone (五象新區), Liangqing District, Nanning, Guangxi. The project is within walking distance from Nanning Skyfame Garden.

The project is a development complex divided into east and west zone and is developed in phases. Planned total GFA is 1,305,000 sq.m. (saleable GFA of approximately 1,047,000 sq.m.). The east zone features A-class offices, retail properties and an international 5-star hotel branded as Westin Nanning in a skyscraper in a height of 346 meters named as the Skyfame ASEAN Tower (“天譽東盟塔”), together with a community development consisting of serviced apartments, retail properties, and ancillary facilities specifically developed for young occupants named as “the World of Mr. Fish”(“魚先生的世界”). The west zone features residential and retail properties named as “Nanning Skyfame Byland” (“南寧天譽半島”). Construction works of the two zones is scheduled to complete by phases in the years between 2018 and 2023. The development, when completed, will then be a landmark in Wuxiang New District.

Up to 30 June 2021, residential and commercial units of saleable GFA of 641,000 sq.m. have been delivered to buyers. For the undelivered saleable GFA of 406,000 sq.m., the management plans to retain GFA of 50,000 sq.m. to be held for long-term purpose for leasing to tenants engaged in retailing and distribution businesses, and the remaining GFA of 356,000 sq.m are scheduled to be delivered in 2021 onwards until 2023, the expected year of delivery of Skyfame ASEAN Tower.

(9) *Nanning Spiritual Mansions* (“南寧檀府•印象”)

The Group participates in an arrangement with 40% equity interest in a project company formed with two other local developers. The project is located in the core area of Wuxiang New Zone, between Skyfame Garden and Vanke Park, at the north of Yudong Avenue (玉洞大道) in Liangqing District, Nanning. The project, named as “Nanning Spiritual Mansions”, is situated on a land plot of approximately 138,000 sq.m. and to be developed in GFA of 749,000 sq.m. (saleable GFA of 582,000 sq.m.), covering residential and commercial properties, school and municipal facilities. Construction works has been completed in phases starting from 2020. Up to 30 June 2021, a total saleable GFA of 442,000 sq.m. has been delivered to buyers.

(10) *Guilin Lipu Skyfame Jade Valley* (“桂林荔浦天譽翡翠谷”)

The land of the project was acquired through a public auction in 2019. The project, named as Guilin Lipu Skyfame Jade Valley, is located in Lipu City (荔浦市) at the south of Guilin City. Lipu is the transportation hub to Guilin (桂林), Liaozhou (柳州), Wuzhou (梧州) and Hezhou (賀州) cities in Guangxi. The plot is rich of natural scenery resources making the project an attractive culture and tourism development. We plan to develop the project into villas, residences and serviced apartments, a hotel and tourist scenic spot. Total GFA to be developed is 236,000 sq.m. of which 230,000 sq.m is saleable. Construction commenced in late 2019 and delivery is expected to be in 2022 to 2024.

*In Eastern Region of China:*

(11) *Xuzhou Skyfame Time City* (“徐州天譽時代城”)

Xuzhou Skyfame Time City is located at Xuzhou Quanshan Jiangsu Economic Development Zone (江蘇徐州泉山經濟開發區) in Xuzhou, Jiangsu province. It is situated in Times Avenue South and Xufeng Highway West in Xuzhou. It is an eco-residential and commercial development with residential and ancillary commercial units. The project has a total GFA of 468,000 sq.m. (saleable GFA of 389,000 sq.m.) with saleable GFA of 355,000 sq.m. delivered up to 30 June 2021. The project will be completed in phases by year 2021.

(12) *Xuzhou Skyfame Elegance Garden* (“徐州天譽雅園”)

The project, named as Xuzhou Skyfame Elegance Garden, is located at 1 km apart from Xuzhou Skyfame Time City. The land plot was acquired through a land auction in 2017 with a total GFA of about 205,000 sq.m. (saleable GFA of 158,000 sq.m.). The project is being developed into residential and ancillary commercial development and construction works are expected to be completed in 2022.

(13) *Xuzhou Skyfame Smart City* (“徐州廣譽智慧城”)

The land of the project was acquired through a land auction in 2019. The site is located in the north of the downtown of Xuzhou in Jiulihu district (九里湖), next to the Zhangxiaolou (張小樓) river and a wetland park under plan. The project, namely Xuzhou Skyfame Smart City, is a mixed development in a total GFA of 533,000 sq.m. (saleable GFA of 398,000 sq.m.), consisting of residential, serviced apartments, commercial properties and a hotel. Construction and pre-sale has been commenced in 2020 with construction works expected to be completed in 2022 to 2024.

(14) *Nanchang Skyfame Fenghuangyue* (“南昌天譽鳳凰樾”)

The equity interest of the project was acquired in late 2019. The site, located in An Yi Xian (安義縣), a national graded eco-friendly living showcase at the northwest from the city of Nanchang, Jiangxi province. The project, named as Skyfame Fenghuangyue, with a total saleable GFA of 110,000 sq.m. to be developed into GFA of 78,000 sq.m. for villas and residential properties, GFA of 6,000 sq.m. for street-level shops and a hotel of 26,000 sq.m. The entire project has been completed on acquisition but subject to certain minor rectification and upgrading works. As of 30 June 2021, GFA of 72,000 sq.m has been delivered to buyers.

*In Southwestern Region of China:*

(15) *Chongqing Skyfame • Smart City* (“重慶天譽 • 智慧城”)

The project is located in Nan'an District of Chongqing, one of the city's three major CBDs embracing the central government district, at the river shore of the Yangtze river. The location is one of the top ten key development zones in Chongqing. Total GFA of approximately 1.2 million sq.m. are being developed in two phases into residential, LOFT apartments and commercial properties. The equity interests in the project company were acquired in phases starting in 2018 and completed in 2019.

Phase 1 of the project, named as “Gold Purple” (“紫金一品”), was completed upon our acquisition of the project. Phase 1 consists of GFA 313,000 sq.m. (saleable GFA 254,000 sq.m.).

Phase 2, named as “Chongqing Skyfame•Smart City”, is a mixed development consisting of residences, serviced apartments, offices, shopping mall and carparking spaces, in total GFA of 882,000 sq.m. (saleable GFA of 703,000), of which GFA of 249,000 sq.m. are developed for commercial properties to be held for long term and remaining 454,000 sq.m. for sale. Up to 30 June 2021, aggregate saleable GFA of 395,000 sq.m. have been delivered in the project. Delivery is scheduled to take place by phases starting from 2020 to 2023.

(16) *Chongqing Skyfame Linxifu* (“重慶天譽林溪府”)

The entire equity interest in the project company was acquired in 2019. The site located at the gateway of Chongqing in the west. The land will be developed into residential and ancillary commercial properties of GFA of 448,000 sq.m. (saleable GFA of 359,000 sq.m.). Construction has been commenced in 2020 and pre-sale in late of 2020.

(17) *Kunming Anning Linxi Valley* (“昆明安寧林溪谷”)

In 2018, the Group obtained a right through a contractual arrangement entered with a third party. The project, named as Kunming Anning Linxi Valley (Phase 1), is erected on a plot of approximately 190,800 sq.m. with a planned GFA of approximately 297,000 sq.m. (saleable GFA of 255,000 sq.m.), which will be developed into villas, residential and ancillary commercial properties. First phase of pre-sale was launched in 2019. Construction commenced in late 2018 and will be completed in 2022.

(18) *Kunming Skyfame City* (“昆明天譽城”)

The land of this project was acquired through a land auction in 2019. The plot is situated in the northeast of Anning city of Kunming. The project, named as Kunming Skyfame City, is the first phase of a youth community project and is a residential development with total GFA of 491,000 sq.m. (saleable GFA of 388,000 sq.m.). Construction commenced in early 2020 and pre-sale was launched in July 2020. Completion of construction is expected in the years 2021 and 2024.

**2. *Co-operation projects***

As of 30 June 2021, our property portfolio consists of a number of projects jointly developed by joint venture or we act as project manager pursuant to the relative agreements. The total GFA of these projects are approximately 5.1 million sq.m..

### **3. *Potential Land Reserves***

#### **3.1 *Intended bids for lands***

To prepare for future land replenishments, we have signed co-operation agreements with local governments or a third party in Nanning, Xuzhou and Kunming for obtaining lands through future public auctions with an aggregate GFA of 13 million sq.m. The lands will be launched for auctions when the conditions set out in the agreements have been fulfilled.

#### **3.2 *Refurbishment of old urban areas***

The Group also holds potential land reserves through its participation in the redevelopment of some old districts that are subject to the urban redevelopment programs being implemented by local governments in Guangzhou. These remodelling projects will provide an aggregated estimated GFA of approximately 4.7 million sq.m.. Investments made on these projects are included as “Other receivables and prepayments” on the consolidated balance sheet.

Upon obtaining the governmental approval of urban area refurbishment and completion of pending land auctions, the Group has capacity of additional land bank in estimated GFA of 17.7 million sq.m..



## **C. Investment properties**

Alongside with the development of properties for sale, the management selects suitable properties from the Group's projects portfolio that renders satisfactory rental yields and has capital appreciation potential. As at 30 June 2021, the Group holds seven investment properties in an aggregate GFA of approximately 338,000 sq.m. at aggregated fair values of RMB3,681 million in Chongqing, Nanning, Guangzhou and Hong Kong for current and future leasing income with details as follows:

### **1. *Commercial properties under development in Chongqing Skyfame Smart City***

As a condition of the land transfer contract in respect of the properties under development in Chongqing Skyfame Smart City, aggregate GFA of 248,800 sq.m. is to be built into commercial properties for long-term investment purpose. These properties, when completed in 2023, will become part of an integrated complex development in a central business district at the Southern Shore District of Chongqing. The property, carries an open market value of RMB1,313 million as at 30 June 2021 (31 December 2020: RMB1,313 million).

### **2. *Commercial properties in Skyfame Nanning ASEAN Maker Town***

Total GFA of 50,000 sq.m. is being built by the project company for leasing to tenants engaged in retail and distribution businesses. This investment property is situated in the east zone of the land plot where grade-A offices, an international hotel and a skyscraper are being built. The property, carries an open market value of RMB688 million as at 30 June 2021 (31 December 2020: RMB590 million).

### **3. *Guangzhou Skyfame Byland***

A tower, consisting of GFA of 9,900 sq.m., is contracted with a renowned hotel operator of serviced apartments under a tenancy agreement for a term of 20 years at fixed monthly rentals. The construction was completed in 2019. The fair value of the property is RMB532 million as at 30 June 2021 (31 December 2020: RMB532 million).

### **4. *Car parking spaces in Guangzhou Skyfame Byland***

800 car parking spaces in the completed premises were leased to a management company for fixed monthly rentals. These car parking spaces carry a fair value of RMB538 million as at 30 June 2021 (31 December 2020: RMB538 million).



**5. *Commercial podium at Tianyu Garden Phase II***

Commercial podium in GFA of 17,300 sq.m. at Tianyu Garden Phase II in Tianhe District, Guangzhou are leased to tenants. The open market value of the property is RMB444 million as of 30 June 2021 (31 December 2020: RMB444 million) as estimated by directors.

**6. *Office premises at Huancheng HNA Plaza***

Office premises in GFA of 1,500 sq.m. in Huancheng HNA Plaza, Tianhe District, Guangzhou were mostly tenanted as at 30 June 2021. The open market values of the premises as of 30 June 2021 are RMB55 million (31 December 2020: RMB55 million).

**7. *Office premises at Capital Centre***

Office premises in GFA 6,200 sq.ft. (570 sq.m.) at Capital Centre in Wanchai, Hong Kong is fully leased. The open market value of the property as of 30 June 2021 is RMB111 million (HK\$133 million) (31 December 2020: HK\$133 million).

**D. Business Outlook**

The Group continues to closely follow the direction of the state's real estate regulation and control policy, and launched a business transformation strategy to return to the Guangdong – Hong Kong – Macau Greater Bay Area and invest more resource in this market, especially in the Guangzhou area. The Group insist to help the government to solve the housing and employment problems of young people by working on residential youth community projects in response to the rigid demand and will adhere to the product structure of having residential products as its main product. It will strive to be an operator that works for young people's better living and continue to maintain a generally steady development rhythm.

In terms of urban renewal, the Group's urban renewal business is located in the Guangzhou and Shenzhen markets. The Group achieved the development target it set and secured the realization of a conversion project of the entire village of Fengwei Village, Huangpu District, Guangzhou City. The project, with a total GFA of approximately 1,939,000 sq.m., is located at a prime location near a metro station, showed the latest result of business transformation strategy to return to the Guangdong – Hong Kong – Macau Greater Bay Area. The Group plans to build it into the largest youth community in the Guangdong-Hong Kong-Macao Greater Bay Area and the construction is under way. At the same time, the Group will take advantage of Guangzhou's favourable urban renewal policy environment to speed up the realization of major milestones of other urban renewal projects with an area of approximately 4,700,000 sq.m. and continue to enlarge our land bank.

As for regional penetration, the total number of the Group's projects in the country has reached 31 and the Group will continue to keep the momentum of the development. The Group will continue to increase its investments in the Guangdong-Hong Kong-Macao Greater Bay Area, especially new projects in Guangzhou. The remaining value of goods in hand in the coming years is about RMB50.3 billion, and the proportion of the Guangdong – Hong Kong – Macau Greater Bay Area had been increased to 63%. The merging and acquisition will be the prefer way to enrich the Group land bank. However, the Group will insist on selecting quality projects patiently and carefully and carrying through the goal of achieving quality growth rather than blindly pursue quantity.

## **E. Financial Review**

### ***Sales Turnover and Margins***

Property sales, net of direct taxes, recorded RMB4,589.3 million for the period, an increase of 20.1% from last period. The Group had delivered GFA totaling approximately 537,200 sq.m. of properties in seven projects (six month ended 30 June 2020: seven projects), which are Guangzhou Skyfame Byland, Zhongshan Skyfame Rainbow, Nanning Skyfame Garden, Nanning Skyfame ASEAN Maker Town, Nanning Spiritual Mansions, Xuzhou Skyfame Time City and Nanchang Skyfame Fenghuangyue at an overall average selling price of RMB9,300 per sq.m.(six month ended 30 June 2020: 11,200 per sq.m).

Gross margin on property sales for the period is 24.2% (six month ended 30 June 2020: 31.0%). The lower margins for the period were due to the differences in the mixtures in products as compared to the corresponding period last year.

The leasing of properties revenue amounted to RMB12.9 million (six month ended 30 June 2020: RMB11.8 million) mainly at the commercial podium at Tianyu Garden Phase II in Guangzhou, 800 car parks at Zhoutouzui, and offices at Capital Centre in Hong Kong. The two major investment properties under development of the Group, namely 50,200 sq. m. retail units in Nanning Skyfame ASEAN Maker Town at Nanning and serviced apartments on Chongqing Skyfame • Smart City at Chongqing are in progress and expected to be completed on 2022 and 2023 respectively.

### ***Other gains – net***

Other gains – net mainly represents the income from financial assets at fair value through profit or loss amounted to RMB16.7 million (six month ended 30 June 2020: RMB17.5 million), net of loss of fair value changes of the financial assets at fair value through profit or loss amounted to RMB6.6 million (six month ended 30 June 2020: gain of RMB11.1 million) as at the balance sheet date. The Group entered investment in fixed income funds from time-to-time for cashflow management purpose whenever with surplus cash.

### ***Operating expenses***

Sales and marketing expenses amounted to RMB105.5 million for the period, a slightly decrease of 8% compared to RMB114.9 million for the last period. The decrease in sales and marketing expenses was primarily a result of our cost planning arrangement as part of our efforts to manage our project costs during the period.

Administrative and other operating expenses, amounting to RMB208.6 million (six month ended 30 June 2020: RMB202.5 million), slightly increase of 3% compared to last period. Total staff costs, a major administrative and other operating expenses, totalling RMB148.2 million for the period (six month ended 30 June 2020: RMB155.8 million) of which RMB19.7 million (six month ended 30 June 2020: RMB16.9 million) were capitalized as development cost of properties under development.

### ***Finance costs***

Finance costs, representing mainly the arrangement fees and interests incurred on indebtedness amounted to RMB491.0 million (six month ended 30 June 2020: RMB390.4 million) for the period. Higher finance costs were incurred on new indebtedness created in the period. Finance costs were mostly incurred for the development of projects and hence are capitalized as costs of projects under development, remaining RMB10.1 million charged against the operating results for the period. The overall annualized borrowing cost, representing finance costs divided by total indebtedness, is 11.3% (the full year in 2020: 11.8%). Finance costs also included interest incurred on lease liabilities amounted to RMB9.2 million and foreign exchange gain on financing activities of offshore loans denominated in HK\$ and US\$ booked at closing rates as a result of appreciation of RMB against the HK\$ and US\$ in the period.

### ***Income tax expense***

Income tax expense mainly includes land appreciation tax of RMB208.4 million (six month ended 30 June 2020: RMB178.3 million) on properties sold in the period and provision of RMB323.5 million (six month ended 30 June 2020: 347.0 million) for corporate income taxes on assessable earnings for the period. Also included is deferred tax credit totaling RMB128.5 million (six month ended 30 June 2020: RMB85.5 million).

### ***Profit for the period***

For the six months ended 30 June 2021, profit for the period was approximately RMB464.9 million (six month ended 30 June 2020: RMB432.2 million), representing an increase of approximately 7.5% as compared to the corresponding period last year.

Profit for the period included RMB197.6 million (six months ended 30 June 2020: RMB268.7 million) profit attributable to owners of the Company and RMB267.3 million (six month ended 30 June 2020: RMB163.5 million) attributable to non-controlling interests.

In the first half of 2021, the decrease in the Group's gross profit margin and net profit attributable to owners was mainly due to the Group accelerated the further expansion and development strategy of the projects in the Guangdong-Hong Kong-Macao Greater Bay Area. In view of the previous epidemic and market conditions, the Group arranged for the speeding up of the sale and marketing of the remaining units in the completed property projects, in order to withdrew financial resources to expand other potential projects in Guangdong-Hong Kong-Macao Greater Bay Area such as the urban renewal of Guangzhou Fengwei Village Project in Huangpu District.

### ***Liquidity and Financial Resources***

		<b>30 June 2021</b>	31 December 2020
	<i>Change in%</i>	<b>RMB'000</b>	<b>RMB'000</b>
Total assets	4.4%	<b>30,348,913</b>	29,061,741
Net assets	13.2%	<b>5,426,987</b>	4,794,758

Total assets of the Group amounted to RMB30,348.9 million, a 4.4% increase from last year-end. Properties under development, at carrying value of RMB12,747.7 million, is the biggest asset category, constituting 42% of the total assets of the Group. Total assets also include investment properties of RMB3,681.1 million, completed properties held for sale totaling RMB2,581.9 million, properties and equipment, right-of-use assets totaling RMB801.4 million, financial assets at fair value through profit or loss totaling RMB1,515.5 million, trade receivables of RMB215.2 million, other receivables and prepayment totaling RMB3,615.6 million, restricted cash and pledged deposits of RMB2,209.1 million and cash and cash equivalents of RMB2,511.1 million.

### *Capital structure and liquidity*

The indebtedness of the Group, aggregated to RMB9,870.6 million at the period-end date, increase 13.6% from the balance of RMB8,691.4 million as at 31 December 2020, as a result of increase in debts and other expenses amount to RMB2,997.0 million, net with repayment of debt amounted to RMB1,817.8 million (included repayment of accrued interest and exchange effect of debt) during the period. Indebtedness comprises secured and unsecured borrowings from banks and financial institutions and corporate bonds issued to financial institutions and professional investors.

The Group endeavours to match the tenors of its indebtedness with the normal operating cycle of the projects. Besides, our management is more than cautious to ensure due debts are served and repaid on schedule. The short-tenor borrowings are mainly borrowings due to banks, financial institutions and issue of bonds, for which repayments have been scheduled to be financed by sale proceeds generated from the projects securing the borrowings. The management expects the sale proceeds are sufficient enough to serve the repayments.

Net debt calculated as total borrowings net of cash and cash equivalents and less guarantee deposits for bank borrowings included in restricted cash (the “Net Debt”), increased to RMB7,347.5 million (31 December 2020: RMB6,530.6 million).

Notwithstanding, cash level at the period-end date maintain in steady level amounted to RMB4,720.2 million at 30 June 2021 (31 December 2020: RMB2,303.2 million). Despite the increase in indebtedness and relatively steady level of cash position, the net gearing ratio (calculated as Net Debt divided by the total equity plus Net Debt) is slightly decreased to 57.5% as at 30 June 2021 (31 December 2020: 57.7%).

Current assets aggregated to RMB25,685.0 million as at the period-end (31 December 2020: RMB24,431.9 million), an increase of 5.1% from last year-end. Current liabilities at the period-end amounted to RMB16,173.9 million (31 December 2020: RMB17,524.0 million). The current ratio improved to 1.59 times as at 30 June 2021 (31 December 2020: 1.39 times). The management continues to pay high attention to the liquidity position and ensure that assets, mostly inventories for sale and properties under development, can be readily turned into cash to meet the financial needs of the Group.

### ***Borrowings and pledge of assets***

As at 30 June 2021, certain investment properties, self-use properties, properties for sale and properties under development are mortgaged in favor of commercial banks and financial institutions to secure for financing facilities granted to the Group for general working capital and acquisition needs. In addition, equity interests in certain subsidiaries are charged as security for certain borrowings. As at 30 June 2021, aggregate outstanding balances of these secured indebtedness amounted to RMB6,208.9 million.

The pledged assets or the underlying assets represented by these securities carry an aggregate estimated realizable value of approximately RMB14.5 billion as at 30 June 2021. Management considers these securities provide sufficient coverage to serve the interests of our creditors.

### **F. Contingent Liabilities**

The Group has been involved in several lawsuits arising in the ordinary course of business. No provision has been made for these lawsuits after the management obtained external lawyers' opinion and considered that they are remote and as the lawsuits are in progress and the outcome cannot be reasonably estimated at this stage.

### **G. Treasury Management**

The Group is engaged in property development and other activities which are mainly conducted in the PRC and denominated in RMB, the functional currency of the Company's principal subsidiaries. Nonetheless, certain corporate financing, property leasing, investment holding and administrative activities are carried out in Hong Kong and denominated in HK or US dollars. As at 30 June 2021, the Group has Hong Kong and US dollar denominated borrowings equivalent to RMB6,181.4 million, representing 63% of total indebtedness, financial assets at fair value of RMB1,515.5 million and overseas properties for self-use and leasing in Hong Kong with carrying value of HK\$203.0 million (equivalent to RMB168.9 million). All other assets and liabilities in material values are denominated in RMB. These assets and liabilities denominated in non-RMB are converted to RMB at the closing exchange rates of RMB against these US and HK dollars on consolidation into the financial accounts of the Group.

Throughout the period ended 30 June 2021, RMB has appreciated 1.1% and 1.0% against HK and US dollars respectively. As a result, net unrealized foreign exchange gains of RMB43.2 million were recorded when assets and liabilities denominated in foreign currencies are converted into RMB in the financial accounts. In addition, exchange differences arising from consolidation of assets and liabilities of subsidiaries operating in Hong Kong as at 30 June 2021 results to an exchange gain of RMB2.6 million which is recorded in the exchange reserve that forms part of the equity of the Company.

The fluctuations in RMB against the US and HK dollars will bring volatility to the bottom line of the Group against which unrealized losses or profits are booked. The Group's operations are mostly conducted in the PRC, and therefore there is no natural hedge against possible depreciation of RMB. The management will from time to time weigh the benefits of the hedge and costs to be incurred, the extent of fluctuations in RMB perceived by the management. We are also exploring other natural hedges, such as investments in different territories where US and HK dollars are the functional currencies to reduce the exposures of the depreciation of RMB on the financial results and position of the Group.

## **H. Risk Management**

We face lots of business risks as a mainland developer. Amongst the risks, the key risk is the continuing austerity measures imposed by the government on the property sector that restrict demand of home buyers and lending to developers, putting constraints on developers' cash flow. To relieve the risks resulting from these regulations and restrictions, our management is placing specific care about the controlling of financial resources for its expansion in land reserve. The standing risk management committee set up by the board of directors guides our management team to build up controls in the daily operational process and alerts the board on critical risks that may cause significant consequences. Our internal audit department conducts regular reviews to check the implementation of the controls.



## **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 Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) except for the following deviation:

### **Code Provision A2.1 – Chairman and Chief Executive**

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

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

## **SPECIFIC PERFORMANCE OBLIGATIONS OF THE CONTROLLING SHAREHOLDER**

Pursuant to the terms of various bonds instruments and certain facility agreements entered into between the Company or its subsidiary and various lenders, a change of control event (a “**Change of Control Event**”) happens if Mr. Yu and his associates (as defined under the Listing Rules) cease to (i) collectively be the beneficial owners (directly or indirectly through wholly owned subsidiaries) of at least 30% or 51%, as applicable, of the issued share capital of the Company, or (ii) be the largest shareholder of the Company. Upon the occurrence of a Change of Control Event, the lenders will declare the outstanding loan together with accrued interest and all other amounts accrued to be immediately due and payable.

## **DIRECTORS’ SECURITIES TRANSACTION**

The Company has adopted its own Code of Conduct for Securities Transactions by Directors and relevant employees of the Company (the “**Code**”) on terms no less exact than the required standard set out in the Model Code for Securities Transaction by Directors of Listed Issuers 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.



## **SHARE ISSUED DURING THE PERIOD**

On 28 June 2021, an aggregate of 490,000,000 shares of the Company were allotted and issued by way of placing to not less than six placees at placing price of HK\$0.877 per placing share pursuant to the terms and conditions of the placing agreement dated 18 June 2021. The net proceeds from the placing, after deducting the placing commission and other related expenses and professional fees, amounted to approximately HK\$427 million. (Please refer to the Company's announcement dated 20 June and 28 June 2021 for details.)

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

7,000,000 Shares repurchased in July 2020 were cancelled on 19 February 2021. Save as the aforesaid, 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 2021.

## **REVIEW OF UNAUDITED INTERIM FINANCIAL STATEMENTS**

The Audit Committee has reviewed with the management of the Company the accounting policies and practices adopted by the Group and discussed, among other things, internal control and financial reporting matters including a review of the unaudited interim results of the Group for the six months ended 30 June 2021. In addition, the independent auditor of the Company, PricewaterhouseCoopers, has reviewed the unaudited interim financial information of the Group for the six months ended 30 June 2021 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

## **PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT**

This results announcement is published on the websites of the Company (<http://www.skyfame.com.cn>) and the Stock Exchange (<https://www.hkexnews.hk>). The interim report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the aforesaid websites in due course.

By order of the Board  
**Skyfame Realty (Holdings) Limited**  
**YU Pan**  
*Chairman*

Hong Kong, 25 August 2021

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. YU Pan (Chairman), Mr. WEN Xiaobing, Mr. WANG Chenghua and Mr. JIN Zhifeng; one non-executive Director, namely Mr. WONG Lok; and three independent non-executive Directors, namely Mr. CHOY Shu Kwan, Mr. CHENG Wing Keung, Raymond and Ms. CHUNG Lai Fong.*