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天譽置業 (控股) 有限公司

SKYFAME REALTY (HOLDINGS) LIMITED

(Provisional Liquidators Appointed)

(For Restructuring Purposes)

(Incorporated in Bermuda with limited liability)

(Stock Code: 00059 and Bonds Stock Code: 5310, 5311, 5367, 5379, 5567, 5580, 5602, 5626, 5821 and 5855)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

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 2024, together with comparative figures for the corresponding period of 2023.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	3	**438,801**	1,019,306
Cost of sales and services	5	**(539,113)**	(1,382,870)
Gross loss		**(100,312)**	(363,564)
Other income		**958**	320
Other gain/(loss) - net	4	**3,882**	(403)
Sales and marketing expenses	5	**(28,086)**	(70,094)
Administrative and other expenses	5	**(109,933)**	(95,539)
Fair value changes in investment properties		**-**	(16,000)
Impairment loss on properties under development and properties held for sale		**-**	(67,502)
Reversal of impairment loss of trade receivables, deposits and other receivables		**5,679**	1,324
Loss on disposal of subsidiary		**-**	(7,725)
Operating loss		**(227,812)**	(619,183)
Finance costs - net	6	**(672,849)**	(454,083)
Loss before income tax		**(900,661)**	(1,073,266)
Income tax (expense)/credit	7	**(9,339)**	47,466
Loss for the period		**(910,000)**	(1,025,800)
Other comprehensive loss, items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**-**	(76,085)
Total comprehensive loss for the period		**(910,000)**	(1,101,885)
Loss for the period attributable to:			
- Owners of the Company		**(852,145)**	(991,869)
- Non-controlling interests		**(57,855)**	(33,931)
		(910,000)	(1,025,800)
Total comprehensive loss for the period attributable to:			
- Owners of the Company		**(852,145)**	(1,067,954)
- Non-controlling interests		**(57,855)**	(33,931)
		(910,000)	(1,101,885)
Loss per share			
- Basic and diluted (expressed in RMB)	8	**(0.101)**	(0.117)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 June 2024 RMB'000 (Unaudited)**	As at 31 December 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**61,531**	62,686
Right-of-use assets		**199,348**	204,928
Investment properties		**2,626,600**	2,626,600
Financial assets at fair value through other comprehensive income ("**FVOCI**")		**75,023**	75,023
Properties under development		**4,656,561**	4,708,025
Prepayments	11	**352,347**	352,351
Deferred tax assets		**194,113**	194,144
		8,165,523	8,223,757
Current assets			
Properties under development		**6,470,162**	6,542,436
Properties held for sale		**2,290,532**	2,315,754
Trade receivables	10	**161,570**	144,934
Other receivables, deposits and prepayments	11	**3,214,907**	3,185,921
Contract costs		**90,998**	114,098
Restricted cash		**92,657**	210,811
Cash and cash equivalents		**65,512**	52,694
		12,386,338	12,566,648
Current liabilities			
Trade payables	12	**22,683**	23,768
Accruals and other payables	12	**5,815,086**	5,378,536
Contract liabilities		**2,306,511**	2,739,133
Lease liabilities		**5,211**	17,507
Bank and other borrowings	13	**8,752,884**	7,732,814
Income tax payable		**1,739,864**	1,731,856
		18,642,239	17,623,614
Net current liabilities		**(6,255,901)**	(5,056,966)
Total assets less current liabilities		**1,909,622**	3,166,791

	Notes	As at 30 June 2004 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Non-current liabilities			
Bank and other borrowings	13	**4,573,283**	4,887,675
Lease liabilities		**179,561**	212,209
Deferred tax liabilities		**261,572**	261,701
		5,014,416	5,361,585
Net liabilities		**(3,104,794)**	(2,194,794)
Equity			
Share capital		**26,092**	26,092
Other reserves		**1,848,689**	1,848,821
Accumulated losses		**(5,615,903)**	(4,763,890)
Capital deficiency attributable to owners of the Company		**(3,741,122)**	(2,888,977)
Non-controlling interests		**636,328**	694,183
Capital deficiency		**(3,104,794)**	(2,194,794)

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Skyfame Realty (Holdings) Limited (the "**Company**") was incorporated in Bermuda as an exempted company with limited liability and its shares have been 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) 10th Floor, Shun Feng International Centre, No. 182 Queen's Road East, 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. Other than the operations in our youth community developments which currently do not bear operating results, assets or liabilities of significance to the Group, the principal activities of its subsidiaries are property development, property investment and property management.

These consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange and with Hong Kong Accounting Standard ("**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 2023, 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 2023, except the adoption of new and amended standards and interpretation as described below.

(a) New and amended standards adopted by the Group on 1 January 2024

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of new and amended standards did not have any material impact on the interim financial information.

(b) New standards and amendments not yet adopted

The Group has not early adopted any new or amended HKFRSs, HKASs and Interpretations that are not yet effective for the current accounting period.

(c) Going concern basis

As adversely affected by the ongoing challenges facing the real estate market in the PRC, the Group incurred a loss attributable to owners of the Company of approximately RMB852.1 million for the six months ended 30 June 2024. As at 30 June 2024, the Group had total bank and other borrowings of RMB13,326.2 million, of which RMB8,752.9 million were current bank and other borrowings repayable within 12 months, while the Group's cash and cash equivalents amounted to RMB65.5 million and restricted cash was RMB92.7 million.

Due to the potential interaction of the multiple uncertainties regarding the plans and measures (please refer to note 2.1(c) to the Company's consolidated financial statements for the year ended 31 December 2023 for details) of the Company and the possible cumulative effect on the consolidated financial statements, the Company's auditor (the "**Auditor**") has expressed that it is not possible for the Auditor to form an opinion on the consolidated financial statements of the Group for the year ended 31 December 2023 (the "**Disclaimer of Opinion**"), the details of which are described in the "Basis for Disclaimer of Opinion" section of the Independent Auditor's Report of the Company's 2023 Annual Report.

<u>Action plan to address the Disclaimer of Opinion</u>
Certain measures have been taken by the Group to mitigate its liquidity pressure and to improve its financial position which include, but are not limited to, the followings:

(i) In relation to the secured and non-secured bank borrowings which contain cross default clause, the Group is actively negotiating with the lenders for the waiver of the relevant clause.

(ii) The Group is identifying and negotiating with potential investors to invest in various projects undertaken by the Group.

(iii) The Group is looking for potential buyers for negotiation of disposal of certain commercial properties of the Group.

(iv) The Group will continue to take active measures to control administrative costs through various channels, including human resources optimisation, management remuneration adjustment and containment of capital expenditures.

(v) The Group will continue to implement plans and measures to accelerate the pre-sales and sales of its properties under development and completed properties held for sale, and to speed up the collection of sales proceed so as to generate adequate net cash inflows.

(vi) The Group has uncommitted project loan facilities and other general facilities which can provide funding for the Group's project construction payments or other project related payments such as compensation for residential demolition of urban redevelopment projects. The Group will closely monitor the process of construction of its property development projects to ensure that construction and related payments are fulfilled, the relevant properties sold under pre-sale arrangement are completed and delivered to the customers on schedule as planned, such that the Group is able to release restricted pre-sale proceeds from the designated bank accounts to meet its other financial obligations.

(vii) The Group will also continue to seek for other alternative financing, such as equity financing to finance the settlement of its existing financial obligations and future operating expenditures.

(viii) The Group will continue to reach an amicable solution with settlement proposal to the litigations which have/have not yet reached a definite outcome at the current stage.

At the same time, the Group will continue to follow up the proposed debt restructuring that has not yet been completed. As of the date of publication of these interim results, the progress is as follows:

(i) The Company has been working closely with its legal and financial advisors and the joint provisional liquidators (the "**JPLs**") to implement the proposed debt restructuring plan aimed at addressing current liquidity constraints, enhancing the credit profile of the Group and protecting the interests of all shareholders. Over the past few months, the Company, its respective creditors and advisors have been engaged in constructive discussion towards a consensual debt restructuring.

(ii) On 29 September 2023, the Group entered into the restructuring support agreement (the "**RSA**") with respective creditors in relation to the terms of the debt restructuring. The contemplated debt restructuring is intended to (a) provide the Company with a long-term, sustainable capital structure; (b) allow adequate financial flexibility and sufficient runway to stabilise the business; and (c) protect the rights and interests, and maximise value, for all shareholders. The proposed debt restructuring effective date is yet to be determined and the proposed debt restructuring is subject to the approval by the requisite majorities of the relevant Scheme Creditors and pending approval at the scheme meetings of the scheme creditors and sanction by the Supreme Court of Bermuda ("**Bermuda Court**") and the High Court of Hong Kong.

(iii) The proposed debt restructuring schemes entitle the relevant scheme sreditors to exchange their existing debt claims to notes of six or seven year of maturity (the "**Scheme Notes**") or amended medium-term bonds with maturity date extended for ten years. The Scheme Notes and amended medium-term bonds may be repaid, redeemed, settled and/or offset prior to their respective maturity dates through any or all of the followings: (a) debt-to-equity swap; (b) specified assets disposal; (c) special purpose vehicle debt-to-equity swap; and (d) liquidated specified assets disposal. Details of term of Scheme Notes and amended medium-term bonds are set out in the Company's announcement dated 29 September 2023.

(iv) Together with the JPLs, the Group has always maintained active communication with its creditors, and strived to complete the relevant legal procedures for implementing the proposed debt restructuring schemes as soon as possible. The directors are positive in obtaining the requisite support of the Scheme Creditors and completing the proposed debt restructuring schemes.

Certain measures were already being taken up by the Group since 2022 and some of which have been successfully implemented during 2023 (please refer 2023 Corporate Governance Report for details). During the first half of year 2024, the Company continues to take the following measure to mitigate its liquidity pressure and to improve its financial position, which include, but are not limited to, the followings:

(i) adjournment of hearing for the petition for the winding up of the Company in Bermuda to 4 October 2024 (Bermuda time) by order of the Chief Justice of the Commercial Court of the Supreme Court Bermuda;

(ii) the extension of the longstop date to 31 March 2025 in accordance with the terms of the RSA to allow more time to implement and complete the proposed debt restructuring schemes prior to the extended longstop date; and

(iii) the ongoing delivery of properties during the six months ended 30 June 2024.

These plans and measures remain in line with last two year's plan and certain of which are still in progress as they require time for consultation, negotiation and solicitation with all parties concerned. Due to the magnitude of debts overdue and number of parties involved, the Company still needs more time to communicate with all parties and perform corresponding procedures, in particular in the case when certain lenders have initiated arbitration in China regarding the Group's debt default and have won.

These measures are still being implemented continuously. The directors of the Company believe that the current plans and measures are the most commercially practicable plans and measures in addressing the Group's liquidity matters and going concern. The directors and the management of the Company will focus on the current plans and measures and the implementation thereof, while keeping viable options open as they continue their efforts in addressing the going concern issue.

Should the Group fail to achieve the above-mentioned plans and measures and complete the proposed debt restructuring schemes, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments have not been reflected in the consolidated financial statements of the Company for the year ended 31 December 2023 and for the six months ended 30 June 2024.

The audit committee of the Company ("**Audit Committee**") noted that the Board and the management have been working closely with the JPLs and its advisors to complete the proposed debt restructuring schemes aimed at addressing current liquidity constraints, enhancing the credit profile of the Group and protecting the interests of all stakeholders. The Audit Committee concurred with the Board's view and position.

3. REVENUE AND SEGMENT REPORTING

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.

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

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sale of properties	**385,453**	972,256
Property management services	**43,301**	36,545
Rental income	**8,940**	9,388
Commercial operation	**1,107**	1,117
	438,801	1,019,306

The Group's operating segments are strategic business units that offer different services. They are managed separately because each business requires different marketing strategies.

Segment results represent the profit earned by each segment without fair value changes on investment properties, reversal of impairment loss of trade receivables, deposits and other receivables, impairment loss on properties under development and properties held for sale, loss on disposal of subsidiary, unallocated corporate net expenses, finance 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. This is the measure reported to the CODM of the Company, for the purposes of resources allocation and assessment of segment performance.

For the purpose of monitoring segment performances and allocating resources between segments:

- All assets are allocated to operating segments other than financial assets at FVOCI, cash and cash equivalents, deferred tax assets and certain unallocated corporate assets.

- All liabilities are allocated to operating segments other than income tax payable, deferred tax liabilities, lease liabilities and certain unallocated corporate liabilities.

	Property development *RMB'000*	Property management *RMB'000*	Property investment *RMB'000*	Commercial operation *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Six months ended 30 June 2024 (Unaudited)						
Segment revenue						
External revenue	**385,453**	**43,301**	**8,940**	**1,107**	–	**438,801**
Inter-segment revenue	–	**252**	**7,504**	–	**(7,756)**	**-**
	385,453	**43,553**	**16,444**	**1,107**	**(7,756)**	**438,801**
Timing of revenue recognition						
At a point in time	**385,453**	–	–	–	–	**385,453**
Transferred over time	–	**43,553**	–	**1,107**	**(252)**	**44,408**
Revenue from other sources	–	–	**16,444**	–	**(7,504)**	**8,940**
Total	**385,453**	**43,553**	**16,444**	**1,107**	**(7,756)**	**438,801**
Segment results	**(214,292)**	**695**	**4,107**	**870**	–	**(208,620)**
Reconciliation:						
Unallocated corporate net expenses						**(24,871)**
						(233,491)
Reversal of impairment loss of trade receivables, deposits and other receivables						**5,679**
Finance costs - net						**(672,849)**
Consolidated loss before income tax						**(900,661)**
Other segment information:						
Depreciation and amortisation	**(6,720)**	**(875)**	**(34)**	**-**	–	**(7,629)**
As at 30 June 2024 (Unaudited)						
Assets and liabilities						
Assets						
Reportable segment assets	**17,136,032**	**27,387**	**2,627,902**	**195**	–	**19,791,516**
Other assets						**760,345**
Total assets						**20,551,861**
Liabilities						
Reportable segment liabilities	**13,628,074**	**73,547**	**17,958**	**2,687**	–	**13,722,266**
Other liabilities						**9,934,389**
Total liabilities						**23,656,655**

	Property development *RMB'000*	Property management *RMB'000*	Property investment *RMB'000*	Commercial operation *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Six months ended 30 June 2023 (Unaudited)						
Segment revenue						
External revenue	972,256	36,545	9,388	1,117	–	1,019,306
Inter-segment revenue	–	–	–	–	–	–
	972,256	36,545	9,388	1,117	-	1,019,306
Timing of revenue recognition						
At a point in time	972,256	–	–	–	–	972,256
Transferred over time	–	36,545	–	1,117	–	37,662
Revenue from other sources	–	–	9,388	–	–	9,388
Total	972,256	36,545	9,388	1,117	–	1,019,306
Segment results	(498,912)	(8,462)	(7,521)	(103)	–	(514,998)
Reconciliation:						
Unallocated corporate net expenses						(14,282)
						(529,280)
Reversal of impairment loss of trade receivables, deposits and other receivables						1,324
Impairment loss of properties under development and properties held for sale	(67,502)	–	–	–	–	(67,502)
Fair value changes in investment properties	–	–	(16,000)	–	–	(16,000)
Loss on disposal of a subsidiary						(7,725)
Finance costs – net						(454,083)
Consolidated loss before income tax						(1,073,266)
Other segment information:						
Depreciation and amortisation	(9,711)	(110)	(42)	(1)	–	(9,864)
As at 31 December 2023 (Audited)						
Assets and liabilities						
Assets						
Reportable segment assets	17,290,123	40,646	2,635,746	1,243	–	19,967,758
Other assets						822,647
Total assets						20,790,405
Liabilities						
Reportable segment liabilities	12,469,933	501,152	14,045	1,909	–	12,987,039
Other liabilities						9,998,160
Total liabilities						22,985,199

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.

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.

4. OTHER GAIN/(LOSS) – NET

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss on acquisition of remaining shares of a subsidiary	–	(6,152)
Others	**3,882**	5,749
	3,882	(403)

5. EXPENSES BY NATURE

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of properties sold – including construction cost, land cost and interest cost	**510,365**	1,307,116
Staff costs (including directors' emoluments)	**52,574**	60,991
Advertising costs and commission	**25,850**	69,504
Other direct costs	**23,303**	19,265
Taxes and levies	**5,445**	56,489
Legal and professional fees	**30,443**	6,124
Depreciation and amortisation	**7,629**	9,862

6. FINANCE COSTS - NET

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance costs:		
Interest expense for bank and other borrowings	**581,656**	673,856
Interest on lease liabilities	**10,008**	10,247
Less: amount capitalised	**(70,552)**	(439,521)
	521,112	244,582
Default interest	**92,219**	55,681
	613,331	300,263
Foreign exchange losses - net	**59,987**	155,903
	673,318	456,166
Finance income:		
Bank interest income	**(469)**	(2,083)
Finance costs - net	**672,849**	454,083

7. INCOME TAX EXPENSE/(CREDIT)

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PRC corporate income tax expense/(credit)	**1,233**	(71,878)
PRC land appreciation tax expense	**8,204**	20,597
	9,437	(51,281)
Deferred income tax		
– PRC corporate income tax (credit)/expense	**(98)**	3,815
Total income tax expense/(credit), net	**9,339**	(47,466)

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

Under the Enterprise Income Tax 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 should obtain endorsement from the PRC tax bureau in order to enjoy the treaty benefit of 5% withholding income tax rate on dividends received from the PRC subsidiaries of the Group.

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.

8. LOSS PER SHARE

The calculation of basic loss per share for the periods ended 30 June 2024 and 2023 is based on the loss for the period attributable to owners of the Company, and the weighted average number of ordinary shares in issue (Six month ended 30 June 2023: Same).

The calculation of the diluted loss per share for the periods ended 30 June 2024 is based on the loss for the period attributable to owners of the Company and the weighted average number of ordinary shares after adjustment for the effect of the exercise of the Company's outstanding share option (Six month ended 30 June 2023: Same). As the Group incurred loss attributable to the owners of the Company for the period ended 30 June 2024, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive (Six month ended 30 June 2023: Same).

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss for the purposes of basic and diluted loss per share	**(852,145)**	(991,869)
	Number of shares	
	'000	*'000*
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**8,446,331**	8,446,331
Basic and diluted (expressed in RMB)	**(0.101)**	(0.117)

9. DIVIDENDS

No interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil) has been proposed by the Board of Directors of the Company.

10. TRADE RECEIVABLES

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**182,460**	164,950
Less: Impairment loss	**(20,890)**	(20,016)
	161,570	144,934

The majority of the Group's sales are derived from sales of properties, property management services and rental income. Proceeds in respect of sales of properties, property management services 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 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 30 days	**779**	423
Over 30 days and within 90 days	**224**	186
Over 90 days and within 365 days	**17,406**	623
Over 365 days	**164,051**	163,718
	182,460	164,950

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2024 *RMB'000* **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Other receivables and deposits:		
Amounts due from non-controlling interests, gross	**925,238**	921,828
Less: Impairment loss	**(275,402)**	(275,402)
	649,836	646,426
Loan to a borrower, gross	**349,000**	349,000
Less: Impairment loss	**(161,357)**	(161,357)
	187,643	187,643
Guarantee deposit of an urban redevelopment project kept by a monitoring governmental authority	**346,126**	409,940
Sale proceeds kept by a monitoring governmental authority	**23,167**	136,333
Maintenance funds paid on behalf of properties owners	**44,082**	53,224
Tender deposit in development project	**45,510**	45,510
Unpaid up capital to be contributed by a non-controlling shareholder of a subsidiary	**96,900**	96,900
Wage deposit for migrant workers	**13,696**	16,547
Others	**122,016**	162,740
	691,497	921,194
Less: Impairment loss	**(40,920)**	(47,473)
	650,577	873,721
	1,488,056	1,707,790
Prepayments:		
Prepaid construction costs	**1,084,147**	918,635
Prepaid taxes and surcharges	**598,902**	505,694
Prepayment for proposed projects	**551,947**	561,951
	2,234,996	1,986,280
Less: Impairment loss	**(155,798)**	(155,798)
	2,079,198	1,830,482
Total other receivables, deposit and prepayments	**3,567,254**	3,538,272
Less: Prepayments classified as non-current assets	**(352,347)**	(352,351)
Other receivables, deposits and prepayments classified as current assets	**3,214,907**	3,185,921

12. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	As at 30 June 2024 *RMB'000* **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Trade payables	**22,683**	23,768
Construction costs payable	**3,481,128**	3,317,972
Accrued taxes and surcharges	**956,830**	772,964
Other payables and accruals		
– Related parties	**1,816**	-
– Third parties	**1,168,942**	1,160,322
Provisions for litigations and litigation costs	**30,928**	11,040
Tender payable to the suppliers	**71,604**	28,823
Receipt in advance, rental and other deposits from residents and tenants		
– Related parties	**18**	18
– Third parties	**51,173**	55,197
Accrued staff salaries and bonuses	**52,647**	32,200
Total accruals and other payables	**5,815,086**	5,378,536

As at 30 June 2024 and 31 December 2023, the ageing analysis of trade payables of the Group based on invoice date was as follows:

	As at 30 June 2024 *RMB'000* **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Within 30 days	**5,943**	7,765
Over 30 days and within 90 days	**6,776**	4,555
Over 90 days and within 365 days	**7,368**	4,717
Over 365 days	**2,596**	6,731
	22,683	23,768

13. BANK AND OTHER BORROWINGS

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Non-current		
Bank borrowings		
– Secured	**2,681,481**	2,632,066
Bonds		
– Unsecured	**1,944,921**	1,826,033
Other borrowings		
– Secured	**694,396**	663,541
– Unsecured	**277,718**	264,406
Less: current portion of non-current borrowings	**(1,025,233)**	(498,371)
	4,573,283	4,887,675
Current		
Current portion of non-current borrowings	**1,025,233**	498,371
Bank borrowings		
– Secured	**1,018,832**	956,726
– Unsecured	**93,204**	88,760
Notes		
– Secured	**2,045,224**	1,932,667
– Unsecured	**2,759,150**	2,606,618
Bonds		
– Secured	**250,056**	216,037
– Unsecured	**181,870**	166,283
Other borrowings		
– Secured	**1,365,509**	1,256,272
– Unsecured	**13,806**	11,080
	8,752,884	7,732,814
Total	**13,326,167**	12,620,489

14. OTHER COMMITMENTS

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Expenditure contracted but not provided for in respect of		
– Property construction and development costs	**6,331,187**	6,590,016

15. MATERIAL LITIGATION

According to the judgment of Shenzhen International Arbitration Court against 深圳市新圍房地產開發有限公司 (Shenzhen Xinwei Real Estate Development Co., Ltd.*, the "**First Respondent**", the Company's indirect subsidiary in the PRC) and 廣州市豐譽置業有限責任公司 (Guangzhou Fengyu Real Estate Co., Ltd.*, the "**Second Respondent**", the Company's indirect subsidiary in the PRC which directly holds 100% of the equity interests of the First Respondent) and the relevant parties (please refer to the Company's announcement dated 28 June 2024 for details), the applicant (the "**Applicant**", a Shenzhen sub-branch of one of China's four major state-owned banks) applied to the Shenzhen Intermediate People's Court of Guangdong Province (the "**Shenzhen Court**") on 26 June 2024 for enforcement of execution in respect of a loan of principal and interest totaling approximately RMB512,000,000 and the ruling of the Shenzhen Court was made on 15 July 2024 as follows:

(1) Seal, freeze, seize, withhold, withdraw or transfer the property of the First Respondent and the relevant parties (up to the principal amount of approximately RMB498,800,000, loan interest during the period of delayed fulfillment, application execution fees, actual expenses incurred during execution, etc.);

(2) Seize twenty (20) car parking spaces located on Xueyuan Road, Nan'an District, Chongqing under the name of 重慶核盛房地產開發有限公司 (Chongqing Hesheng Real Estate Development Co., Ltd.*, the Company's indirect subsidiary in the PRC); and

(3) Freeze 100% of the equity of the First Respondent held by the Second Respondent.

Up to the date of this interim results announcement, the Applicant is applying for enforcement of execution. The First Respondent, the Second Respondent and the relevant parties are working closely with the Applicant on the settlement of the loan. Should the Applicant take over the shares of the First Respondent, the assets and liabilities of the First Respondent will be de-consolidated from the Group's consolidated financial statements and its net assets in the amounts of approximately RMB147,000,000, being total assets of RMB1,774,500,000 net of total liabilities of RMB1,627,500,000, will be reclassified to the "Other receivables, deposits and prepayments" which is subject to be audited by the auditors at year end. As the outcome of the application of the enforcement of execution is not yet clear, the Board will closely monitor the development of the above matters, assess the impact of the enforcement of execution on the Group's financial performance and operations in light of the developments, and will make further announcements when necessary.

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

A. Business review

In the first half of 2024, China's real estate industry is still in a continued downturn. According to data from the National Bureau of Statistics, in the first seven months of 2024, national real estate development investment was RMB6.08 trillion, a year-on-year decrease of 10.2%. From January to July in total, the sales area of newly built commercial buildings was 541.49 million sq.m., down 18.6% year-on-year, and the sales volume of newly built commercial buildings was RMB5.33 trillion, down 24.3%. In July 2024, the price index of new commercial housing in 70 major cities fell by 4.9% year-on-year, continuing the largest decline since June 2015, falling by 0.7% month-on-month, and falling for 13 consecutive months. Developers generally face difficulties in obtaining operating cash through divestitures and continue to face financing difficulties. Guaranteeing the delivery of buildings and resolving liquidity crises are still the priorities of most peers.

Since late June 2022, in the aftermath of the failure to repay certain loans and notes that were mature, the Group encountered financial difficulties to meet its liabilities falling due. With the intention to implement an orderly administered restructuring program with creditors, the Company has applied to the Bermuda Court for the appointment of "light touch" provisional liquidators for debt restructuring purposes in July 2022 that was approved by the Bermuda Court on 15 August 2022 (Bermuda time). The announcements of the Company have been made on 16 August 2022, 31 October 2022, 6 February 2023, 2 May 2023, 31 July 2023, 9 October 2023. 4 February 2024 and 10 June 2024 in relation to the appointment of JPLs and the Petition. In most recently, the Chief Justice of the Commercial Court of the Supreme Court Bermuda adjourned the hearing of the Petition 4 October 2024 (Bermuda time). Further announcements on the progress of the debt restructuring and the Petition will be made by the Company to update the shareholders and potential investors of the Company as and when required.

In the first half of 2024, the Group achieved contracted sales totaling RMB24 million (six months ended 30 June 2023: RMB653 million), declined by 96% compared to the last period. The market downturn has had a material adverse effect on the Company's ability to realize its inventories or implement any disposal plan of its assets.

The Group delivered aggregate GFA of 38,000 sq.m. (six months ended 30 June 2023: 129,000 sq.m.) and recorded property sale revenue before direct taxes of RMB420 million (six months ended 30 June 2023: RMB1,059 million), an decrease of 60% as compared to that in last year. The Group had one project (six months ended 30 June 2023: seven) with properties delivered, namely Skyfame Zhuhai Bay.

B. Property portfolio

As at 30 June 2024, we have project portfolio and potential land reserves in aggregate GFA of 25.0 million sq.m. mainly located in Guangzhou, Shenzhen, Zhongshan and Zhuhai 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 and Kunming 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" and group 2 as "potential land reserves" as below:

1. Properties completed, under or held for development

As at 30 June 2024, we held seventeen (17) real estate development projects in mainland China of which seven (7) have been completed and the others under construction or for imminent development. All in all, we are holding interests in seventeen (17) projects, either completed, under construction or for future development. As at 30 June 2024, all these projects render a total GFA of approximately 9.9 million sq.m., total saleable GFA of approximately 7.1 million sq.m. and accumulated saleable GFA delivered of approximately 3.9 million sq.m..

However, the above project assets or equity are all mortgaged and are facing or may face various actions from creditors from time to time, including but not limited to legal proceedings, disposal of assets or project equity, liens, etc.

2. Potential land reserves

2.1 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 11.7 million sq.m. The lands will be launched for auctions when the conditions set out in the agreements have been fulfilled.

2.2 Urban redevelopment projects

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 remodeling projects will provide an aggregated estimated GFA of approximately 3.0 million sq.m.. Investments made on these projects are included as “Other receivables, deposits and prepayments” on the consolidated statement of financial position.

Upon obtaining the governmental approval of urban redevelopment and completion of pending land auctions, the Group has capacity of additional land bank in estimated GFA of 14.7 million sq.m.. As actual changes have taken place in the domestic real estate market, such cooperation is subject to change risks.

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 2024, the Group holds five (5) investment properties in an aggregate GFA of approximately 328,100 sq.m. at aggregated fair values of RMB2,840.6 million in Chongqing, Nanning and Guangzhou for current and future leasing income.

However, the above project assets or equity are all mortgaged and are facing or may face various actions from creditors from time to time, including but not limited to legal proceedings, disposal of assets or project equity, liens, etc.

D. Business Outlook

On the macro front, uncertainty will remain a theme. There is still no end in sight for the Russia-Ukraine war. The extent and frequency of interest rate cuts by the Federal Reserve are still unclear. The momentum of world economic and trade growth has weakened. The momentum of Western countries, led by the United States, to suppress China has not weakened. China's development has entered a period of transformation and uncertainty. A period when certain and unpredictable factors increase.

In terms of China's real estate industry, the government emphasizes preventing and defusing real estate risks and has adopted many supportive policies, with the main tone continuing to be loose; on the demand side, faced with the continued decline in housing prices and uncertainties in employment and income. It is expected that home buyers will still need to looking back at the home purchase decision over time, we are still not optimistic about home purchase demand in the second half of the year. On the supply side, it is expected that it will still be in a stage of gradual reduction in response to the difficulty of market de-escalation, which will be conducive to the long-term rebalancing of real estate supply and demand. In terms of development models, the high-turnover model is a thing of the past, and it is expected that new models will still take time to explore to better meet rigid and improved housing needs.

The real estate industry has always been a major industry in China's economy. The yearning for a better life among 1.4 billion Chinese people has not changed. China's new urbanization is still advancing. There is still considerable room for high-quality development of real estate. The Group is committed to the long-term development of the industry. Still have faith. The group will continue to respond calmly, resolve risks, make good use of the project whitelist support policy to ensure the stability of the group's operations; make good use of the urban village reconstruction support policy, promote the construction progress of the Fengwei Village old reconstruction project in Huangpu District, Guangzhou, and strive to achieve sales repayment. We will continue to resolutely carry out asset disposal work, seize market opportunities, and vigorously promote cash collection. At the same time, we will continue to maintain active communication with creditors and promote debt restructuring to achieve the best interests of creditors and stakeholders.

E. Financial Review

Sales Turnover and Margins

Property sales, net of direct taxes, recorded RMB385.5 million for the period (six months ended 30 June 2023: RMB972.3 million). During the period, the Group had delivered GFA totaling approximately 38,000 sq.m. of properties in one project (six months ended 30 June 2023: seven projects), which is namely Skyfame Zhuhai Bay, at an overall before-tax average selling price of RMB11,100 per sq.m. (six months ended 30 June 2023: RMB8,200 per sq.m).

Gross loss on property sales for the period is 32.4% (six months ended 30 June 2023: Gross loss: 34.4%). The gross loss was mainly due to intense market competition resulted in decline in the sale price, together with increase in development cost with certain portion contributed by the finance cost of the general borrowings capitalised in the projects.

The leasing of properties revenue amounted to RMB8.9 million (six months ended 30 June 2023: RMB9.4 million) mainly at the commercial podium at Tianyu Garden Phase II in Guangzhou. The major investment property under development of the Group, namely serviced apartments on Chongqing Skyfame • Smart City at Chongqing is in progress and expected to be completed in 2028.

Operating expenses

Sales and marketing expenses amounted to RMB28.1 million for the period (six months ended 30 June 2023: RMB70.1 million), an decrease of 59.9% compared to the last period is in line with the decrease in revenue during the period.

Administrative and other expenses, amounting to RMB109.9 million (six months ended 30 June 2023: RMB95.5 million), increased by 15.1% compared to last period. The increase in administrative and other expenses was primarily a result of the legal and professional expenses in relation to the debt restructuring and the legal cases of the Group during the period.

Total staff costs, one of the major administrative and other expenses, totaling RMB62.7 million for the period (six months ended 30 June 2023: RMB74.3 million) of which RMB10.1 million (six months ended 30 June 2023: RMB13.3 million) were capitalized as development cost of properties under development. As a result of the stringent cost and expense controls starting in late 2021, staff force for property development (excluding property management) is further reduced by 37.2% and reflected by the reduction of number of staff in property development sector to a total of 137 (six months ended 30 June 2023: 218) as at period end.

Finance costs – net

Finance costs, representing mainly the arrangement fees and interests incurred on borrowings amounted to RMB673.9 million (six months ended 30 June 2023: RMB729.5 million) for the period. Finance costs were partly incurred for the development of projects and hence were capitalized as costs of projects under development, remaining RMB603.3 million (six months ended 30 June 2023: RMB290.0 million) charged against the operating results for the period related to general interest not qualified for capitalisation. Finance costs also included interest incurred on lease liabilities amounted to RMB10.0 million (six months ended 30 June 2023: RMB10.2 million) and foreign exchange loss on financing activities of offshore loans denominated in HK$ and US$ booked at closing rates as a result of depreciation of RMB against the HK$ and US$ during the period.

Income tax expense

Income tax expense mainly includes land appreciation tax of RMB8.2 million (six months ended 30 June 2023: RMB20.6 million) on properties sold in the period and tax expense of RMB1.2 million (six months ended 30 June 2023: tax credit of RMB71.9 million) for corporate income taxes on assessable earnings for the period, netting off the deferred tax credit totaling RMB0.1 million (six months ended 30 June 2023: deferred tax expense RMB3.8 million).

Loss for the period

Loss for the period was approximately RMB910.0 million (six months ended 30 June 2023: RMB1,025.8 million).

Loss for the period included RMB852.1 million loss attributable to owners of the Company (six months ended 30 June 2023: RMB991.9 million) and RMB57.9 million (six months ended 30 June 2023: RMB33.9 million) loss attributable to non-controlling interests.

In the first half of 2024, the Group's net loss attributable to owners and the overall upward pressure on the Group's gross loss were mainly due to (i) the sharp decline in property sales recognized in the face of the complex and volatile external real estate environment in China; (ii) the gross loss margin as a result of intense market competition; (iii) the increase in finance cost; and (iv) the expected net foreign exchange losses due to the fluctuations of foreign exchange rate.

Financial Resources

	Change in %	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Total assets	decreased by 1.1%	20,551,861	20,790,405
Net liabilities	increased by 41.5%	(3,104,794)	(2,194,794)

Total assets of the Group amounted to RMB20,551.9 million, a 1.1% decrease from last year-end. Properties under development at carrying value of RMB11,126.7 million, is the biggest asset category, constituting 54.1% of the total assets of the Group. Total assets also include investment properties of RMB2,626.6 million, properties held for sale totaling RMB2,290.5 million, property, plant and equipment, right-of-use assets totaling RMB260.9 million, trade receivables of RMB161.6 million, other receivables, deposits and prepayments totaling RMB3,567.3 million, restricted cash of RMB92.7 million and cash and cash equivalents of RMB65.5 million.

In order to ease the short-term financial stress and to enhance the liquidity position, the Company will focus on improving the net cash from operating activities and debt restructuring and to meet its funding requirements in its normal course of operation, procuring the disposal of non-core or idle assets and implementing tighter control over costs, working capital and capital expenditures.

Appointment of Joint Provisional Liquidators and Winding Up Petition and Possible Debt Restructuring of the Company

As disclosed in the announcement of the Company dated 16 August 2022 in relation to a winding up petition (the "**Petition**") and an application for the appointment of "light touch" joint provisional liquidators for debt restructuring purposes filed by the Company, upon the hearing at the Bermuda Court on 15 August 2022 (Bermuda time) of the application for the appointment of the JPL, an order in favour of the Company was granted, Joel Edwards of EY Bermuda Ltd. in Bermuda, So Kit Yee Anita and Lau Wun Man both of Ernst & Young Transactions Limited in Hong Kong were appointed as the joint provisional liquidators on a light touch approach with limited powers for debt restructuring purposes. The Company will continue to maintain active communication with creditors and adopt practicable measures to unite the consensus of creditors in order to promote the implementation of the debt restructuring plan. For the Petition filed by the Company, the Bermuda Court adjourned the hearing of the Petition to 4 October 2024 (Bermuda time).

Management's position and basis on the going concern assumption

As detailed above in relation to the appointment of JPLs and the proposed implementation of debt restructuring plan of the Company, conditions existed as at 30 June 2024 indicating the existence of material uncertainties which may cast significant doubt regarding the Group's ability to continue as a going concern. The management of the Company is actively negotiating with the JPLs and the legal and financial advisors for a smooth implementation of the proposed restructuring plan.

As at the date of publication of the interim financial information, the proposed debt restructuring plan has not been implemented yet and the eventual outcome of the debt restructuring plan cannot be determined with reasonable certainty. Assuming the successful implementation of the proposed debt restructuring plan, the Board is of the view that the Group will have sufficient working capital to meet its financial obligation as and when they fall due in the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

Capital structure and liquidity

The borrowings of the Group, aggregated to RMB13,326.2 million at the period-end date, increase 5.6% from the balance of RMB12,620.5 million as at 31 December 2023, as a result of net increase in borrowings and the unpaid interests during the period. Borrowings mainly comprises secured and unsecured borrowings from banks and financial institutions and corporate bonds issued to financial institutions and professional investors.

Net debt calculated as total borrowings net of cash and cash equivalents and less guarantee deposits for bank borrowings included in restricted cash), increased to RMB13,248.7 million (31 December 2023: RMB12,555.8 million).

The cash level (exclude restricted cash secured for the payment of construction cost of related properties) at the period-end date increased to RMB77.5 million (31 December 2023: RMB64.7 million).

Current assets aggregated to RMB12,386.3 million as at 30 June 2024 (31 December 2023: RMB12,566.6 million), a decrease of 1.4% from last year-end. Current liabilities at the period-end date amounted to RMB18,642.2 million (31 December 2023: RMB17,623.6 million).

The current ratio is 0.7 times as at 30 June 2024 (31 December 2023: 0.7 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 2024, certain investment properties, self-use properties, right-of-use assets, properties held 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 2024, aggregate outstanding balances of these secured borrowings amounted to RMB8,055.5 million.

The pledged assets or the underlying assets represented by these securities carry an aggregate estimated fair value of approximately RMB14.9 billion as at 30 June 2024. Management considers these securities provide sufficient coverage to serve the interests of our creditors.

F. Contingent Liabilities

As at 30 June 2024 and 2023, the Group has been involved in several lawsuits, provision has been made for the probable losses to the Group based on management's assessment on the outcome of the lawsuits taking into account the legal advice and none of these is expected to have a significant effect on the consolidated financial statements of the Group. Other than those disclosed, where appropriate, the Group has no other significant contingent liabilities.

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 and administrative activities are carried out in Hong Kong and denominated in HK or US dollars. As at 30 June 2024, the Group has Hong Kong and US dollar denominated borrowings equivalent to RMB7,724.7 million, representing 58.0% of total borrowings. 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 2024, RMB has depreciated 0.7% and 0.6% against HK and US dollars respectively. As a result, net unrealized foreign exchange losses of RMB60.0 million were recorded when assets and liabilities denominated in foreign currencies are converted into RMB in the financial accounts.

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, with a perception of the extent of fluctuations in RMB. 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

Home buyers continue to stay away from the property market due to falling property prices and lack of confidence. Although the government has launched a number of policies, home buyers remain cautious, making it difficult for developers to obtain operating cash sources through sales. At the same time, the Group is promoting overseas debt restructuring and faces the risk of liquidation lawsuits from investors from time to time. At the same time, the Group also faces various creditors who have collateral to carry out or plan to carry out various actions, including but not limited to arbitration, legal proceedings and disposal of collateral. In order to mitigate the risks caused by the above factors, the management pays special attention to controlling financial resources and development plans, and actively maintains communication with investors to promote overseas debt restructuring plans. The board of directors has established a standing risk management committee to guide the management team in establishing control measures during daily operations and remind the board of directors of major risks that may have serious consequences. The internal audit department regularly reviews the implementation of various control measures.

I. Employees

As at 30 June 2024, including two executive directors of the Company, the Group employed a total of 660 full-time staff, of which 82 work in site offices, 55 in the head office in Guangzhou and Hong Kong for central management and supporting work for the property development business, and 523 full-time staff in the property management offices in Greater Bay Area, Chongqing, Xuzhou, Nanning, Yongzhou and Kunming. Employees are remunerated according to qualifications and experience, job nature and performance. Remuneration packages are aligned with job markets in the business territories where the staff are located.

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 C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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 subsidiaries 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, or (iii) be employee of the Company or any Group company or any changes in the terms and conditions of employment of Mr. Yu has been made (other than any adjustment in the annual salary of Mr. Yu or any grant of discretionary bonus to Mr. Yu duly approved by the remuneration committee and board of directors 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.

On 22 August 2023, a securities firm has appointed the Receivers over the entire issued share capital of Cosmos Tianyu which directly holds 51.03% interest of the Company as at the date of the approval of the consolidated financial statements. The entire issued share capital of Cosmos Tianyu Holdings Limited ("**Cosmos Tianyu**") is held by Sharp Bright International Limited and the entire issued share capital of which is held by Mr. Yu Pan. After a written inquiry from the Company, the Company was informed by the Receivers that (i) they have yet to take any action to actively look for a potential purchaser over the controlling stake of shares of the Company currently owned by Cosmos Tianyu; and (ii) they have yet to be in discussion with a potential purchaser over the aforesaid controlling stake of the shares of the Company. Please refer to the Company's announcement dated 24 August 2023 for details.

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 C3 to the Listing Rules and the Code is updated from time to time in accordance with the Listing Rules requirements. Following specific enquiry by the Company, all Directors confirmed that they have complied with the required standards as set out in the Code throughout the period under review.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2024.

REVIEW OF UNAUDITED INTERIM FINANCIAL STATEMENTS

The unaudited interim financial information of the Group for the six months ended 30 June 2024 has not been reviewed nor audited by the Company's auditor, but 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 2024.

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
(Provisional Liquidators Appointed)
(For restructuring purposes)
YU Pan
Chairman

Hong Kong, 30 August 2024

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. YU Pan (Chairman) and Mr. JIN Zhifeng (Chief Executive Officer); and three independent non-executive Directors, namely Mr. WEN Xiaojing, Mr. CUI Yuan and Ms. TANG Yu.