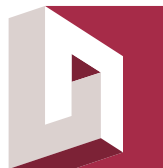


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Jiayuan International Group Limited

佳源國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2768)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

The board (the “**Board**”) of directors (the “**Directors**”) of Jiayuan International Group Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2015 with comparative figures for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	<i>NOTES</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Continuing operations			
Revenue	4	1,872,615	2,318,266
Cost of sales		(1,474,633)	(1,886,302)
Gross profit		397,982	431,964
Other income	5	8,194	1,670
Other gains and losses	5	(42,225)	(17,905)
Change in fair value of investment properties		203,641	97,113
Change in fair value upon transfer from inventories of properties to investment properties		220,017	81,127
Distribution and selling expenses		(130,885)	(62,888)
Administrative expenses		(66,750)	(66,335)
Other expenses		(32,743)	(49,595)
Finance costs	6	(47,871)	(38,291)
Profit before taxation		509,360	376,860
Income tax expense	7	(198,119)	(184,132)
Profit for the year	8	311,241	192,728

	<i>NOTE</i>	2015 RMB'000	2014 <i>RMB'000</i>
Discontinued operations			
Loss for the year from discontinued operations		<u>(23,345)</u>	<u>(29,743)</u>
Profit and total comprehensive income for the year		<u>287,896</u>	<u>162,985</u>
Profit (loss) and total comprehensive income (expense) for the year attributable to:			
Owners of the Company			
–from continuing operations		298,570	192,493
–from discontinued operations		<u>(17,826)</u>	<u>(21,538)</u>
		<u>280,744</u>	<u>170,955</u>
Non-controlling interests			
–from continuing operations		12,671	235
–from discontinued operations		<u>(5,519)</u>	<u>(8,205)</u>
		<u>7,152</u>	<u>(7,970)</u>
Earnings per share – Basic			
From continuing and discontinued operations (<i>RMB cents</i>)	<i>10</i>	<u>20.80</u>	<u>12.18</u>
From continuing operations (<i>RMB cents</i>)	<i>10</i>	<u>22.12</u>	<u>13.72</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Investment properties		1,570,149	1,272,685
Property and equipment		82,269	125,196
Interests in associates		–	193,283
Prepayment and deposit paid for a life insurance policy		9,584	–
Deposits	11	18,800	–
Deferred tax assets		165,427	154,896
		<u>1,846,229</u>	<u>1,746,060</u>
CURRENT ASSETS			
Inventories of properties			
–held for sale		524,433	889,457
–under development		7,987,885	8,149,453
Amounts due from customers for contract work		164,614	740,659
Trade and other receivables, deposits and prepayments	11	2,383,540	565,854
Prepaid income tax		101,332	72,560
Amounts due from related parties		50,822	388,994
Financial assets at fair value through profit or loss		–	4,000
Restricted/pledged bank deposits		856,876	75,801
Bank balances and cash		28,027	30,315
		<u>12,097,529</u>	<u>10,917,093</u>
CURRENT LIABILITIES			
Trade and other payables and accrued expenses	12	978,007	1,463,581
Pre-sale deposits received		4,548,971	3,117,796
Tax payable		287,460	257,414
Amounts due to related parties		–	671,346
Bank and other borrowings			
– due within one year		3,060,212	2,836,246
		<u>8,874,650</u>	<u>8,346,383</u>
NET CURRENT ASSETS		<u>3,222,879</u>	<u>2,570,710</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,069,108</u>	<u>4,316,770</u>

	<i>NOTE</i>	2015 RMB'000	2014 <i>RMB'000</i>
CAPITAL AND RESERVES			
Paid-in/share capital		–	705,872
Reserves		1,360,205	882,618
		<hr/>	<hr/>
Equity attributable to owners of the Company		1,360,205	1,588,490
Non-controlling interests		19,878	213,840
		<hr/>	<hr/>
TOTAL EQUITY		1,380,083	1,802,330
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Bank and other borrowings – due after one year		3,076,448	2,007,900
Deferred income	<i>12</i>	404,838	404,210
Deferred tax liabilities		207,739	102,330
		<hr/>	<hr/>
		3,689,025	2,514,440
		<hr/>	<hr/>
		5,069,108	4,316,770
		<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL AND BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL INFORMATION

The Company was incorporated on 5 May 2015 and registered in the Cayman Islands as an exempted company with limited liability. In March 2016, the Company completed the initial listing of its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)(the “**Listing**”). Its immediate and ultimate holding company is Mingyuan Group Investment Limited, a company incorporated in the British Virgin Islands (“**BVI**”) with limited liability. Its ultimate controlling party is Mr. Shum Tin Ching (the “**Ultimate Shareholder**”). The addresses of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and of the principal place of business of the Company in Hong Kong is Room 1403, 9 Queen’s Road Central, Hong Kong respectively.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

Prior to the reorganisation arrangements undergone by the Group in preparation for the Listing (the “**Reorganisation**”), the subsidiaries comprising the Group were owned by the Ultimate Shareholder through companies controlled by him. Apart from the Group, the Ultimate Shareholder, through a group of real estate development companies (other than members of the Group) (the “**Private Group**”), has interest in the Excluded Businesses (defined below).

In contemplation of the Listing and in order to achieve the geographical segregation between the property business of the Group, and the private businesses held by the Ultimate Shareholder, upon completion of the Reorganisation, the Group conducts its property business only in 13 selected cities and the entire Jiangsu Province in the People’s Republic of China (“**PRC**”), namely,

- 1) Chongqing Municipality (重慶市);
- 2) Jinan City, Shandong Province (山東省濟南市);
- 3) Nanchang City, Jiangxi Province (江西省南昌市);
- 4) Xiamen City, Fujian Province (福建省廈門市);
- 5) Fuzhou City, Fujian Province (福建省福州市);
- 6) Wuhan City, Hubei Province (湖北省武漢市);
- 7) Changsha City, Hunan Province (湖南省長沙市);
- 8) Nanning City, Guangxi Autonomous Region (廣西省南寧市);
- 9) Dalian City, Liaoning Province (遼寧省大連市);
- 10) Guangzhou City, Guangdong Province (廣東省廣州市);
- 11) Shenzhen City, Guangdong Province (廣東省深圳市);
- 12) Zhuhai City, Guangdong Province (廣東省珠海市);
- 13) Shantou City, Guangdong Province (廣東省汕頭市); and
- 14) All cities in Jiangsu Province (江蘇省所有城市)

(collectively referred as the “**Target Cities**” and each as “**Target City**”) and the Private Group conducts its property business only in the non-Target Cities in the PRC (the “**Excluded Businesses**”). There is no overlapping city among the Target Cities and the cities that the Private Group will operate. Such geographical delineation aims solely to ring-fence the operations of the Group from any potential operations of the Private Group.

Under the historical group structure, the Group has equity interest in various entities which involving the Excluded Businesses. Therefore, as part of the Reorganisation, during the year ended 31 December 2015, the Group disposed of various subsidiaries and associates which involving the Excluded Businesses.

Pursuant to the Reorganisation, the Company was incorporated on 5 May 2015 in the Cayman Islands by the Ultimate Shareholder. Through several steps of the Reorganisation, the Company became the parent company of several holding companies and acquired the PRC operating subsidiaries from entities controlled by the Ultimate Shareholder. The Reorganisation was completed on 18 August 2015.

The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as continuing entity. The Group was and is under the control of the Ultimate Shareholder prior to and after the Reorganisation.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended 31 December 2015 and 2014 which include the results, changes in equity and cash flows of the companies comprising the Group have been prepared as if the current group structure had been in existence throughout the respective years, or since their respective dates of incorporation/establishment where it is a shorter period, except for those subsidiaries being disposed of during the respective years that the results of which have been accounted for until the effective date of disposal.

The consolidated statement of financial position of the Group as at 31 December 2014 has been prepared to present the assets and liabilities of the companies comprising the Group as at that date as if the current group structure had been in existence as at that date, taking into account of the respective dates of incorporation/establishment and the respective dates of disposal of relevant entities.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the consolidated financial statements of the Group for the year reported, the Group has consistently applied Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”), amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) which are effective for annual accounting periods beginning on 1 January 2015 throughout the year reported.

The Group has not early applied the following new standards and amendments that have been issued but are not yet effective.

Amendment to HKAS 1	Disclosure Initiative ³
HKFRS 9	Financial Instruments ¹
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ³
Amendments to HKAS 27	Equity Method in Separate Financial Statements ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle ³

¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

³ Effective for annual periods beginning on or after 1 January 2016.

⁴ Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

In 2014, HKFRS 15 was issued which establishes a single comprehensive model of entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The Directors of the Company do not anticipate that the application of the other new standards and amendments will have significant impact on the consolidated financial statements.

3. SEGMENT INFORMATION

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by Mr. Shum Tin Ching, being the chief operating decision maker prior to the Reorganisation, and the Board of Directors, being the chief operating decision maker after the Reorganisation, for the purpose of allocating resources to segments and assessing their performance. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

1. Property development – development and sales of office premises, shopping arcade and residential properties
2. Development services – development of resettlement properties and other public facilities
3. Property investment – leasing of office premises, hotel, shopping arcade and car parks

No segment assets and liabilities are presented as they were not regularly provided to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Information regarding the above segments is reported below.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments for the years:

Continuing operations

	Segment revenue		Segment profit	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Property development	1,845,870	1,776,903	172,067	239,271
Development services	2,997	525,081	97	4,097
Property investment	23,748	16,282	23,748	16,282
Total	1,872,615	2,318,266	195,912	259,650
Other gains and losses			(42,225)	(17,905)
Interest income			6,487	905
Central administration costs			(9,988)	(5,739)
Change in fair value of investment properties			203,641	97,113
Change in fair value upon transfer from inventories of properties to investment properties			220,017	81,127
Other expenses			(16,613)	–
Finance costs			(47,871)	(38,291)
Profit before taxation			509,360	376,860

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs, other gains and losses, interest income, certain other expenses, change in fair value of investment properties and finance costs. This is the measure reported to the chief operating decision maker, for the purposes of resources allocation and performance assessment.

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the year reported.

Other segment information

Continuing operations

Depreciation of property and equipment	
2015	2014
RMB'000	RMB'000

Amount included in the measure of segment profit or loss:

Property development	<u>3,353</u>	<u>3,655</u>
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Geographical information

The following tables set out information about the Group's revenue from external customers by cities in the PRC, based on the location at which the properties are sold, properties are invested and services are provided. Information about its non-current assets is analysed by geographical location of assets.

Continuing operations

Revenue from external customers	
2015	2014
RMB'000	RMB'000

Taixing	352,829	1,425,218
Taizhou	139,491	417,055
Suqian	1,110,190	391,038
Yangzhou	<u>270,105</u>	<u>84,955</u>
	<u>1,872,615</u>	<u>2,318,266</u>

Non-current assets	
2015	2014
RMB'000	RMB'000

Changzhou	182,138	127,228
Hong Kong	79,684	81,529
Nanjing	670	1,090
Taixing	705,669	468,301
Taizhou	408,066	367,858
Suqian	213,797	208,553
Yangzhou	62,394	77,797
Non-Target Cities	<u>–</u>	<u>258,808</u>
	<u>1,652,418</u>	<u>1,591,164</u>

Note: Non-current assets excluded financial instruments, prepayment and deposit paid for a life insurance policy and deferred tax assets.

Information about major customers

There were no customers individually contributing over 10% of the total sale amounts for the years reported.

4. REVENUE

The amount represents revenue arising from sales of properties, development services and property rental.

Analysis of the Group's revenue from continuing operations are set out as below:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Sales of properties	1,845,870	1,776,903
Development services	2,997	525,081
Property rental	23,748	16,282
	<u>1,872,615</u>	<u>2,318,266</u>

5. OTHER INCOME, GAINS AND LOSSES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Continuing operations		
Other income		
Interest income on bank deposits	5,660	905
Interest income on entrusted loans receivable	827	–
Others	1,707	765
	<u>8,194</u>	<u>1,670</u>
Other gains and losses		
(Loss) gain on disposal of property and equipment	(331)	155
Change in fair value of investments designated at fair value through profit or loss	750	225
Foreign exchange loss	(42,644)	(18,285)
	<u>(42,225)</u>	<u>(17,905)</u>

6. FINANCE COSTS

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Continuing operations		
Interest on bank and other borrowings (per repayment schedule)	705,628	605,001
Less: Capitalised in investment properties/ properties under development	<u>(657,757)</u>	<u>(566,710)</u>
	<u>47,871</u>	<u>38,291</u>

Finance costs have been capitalised for investment properties under construction and properties under development at average rate of 8.83% for the year ended 31 December 2015 (2014: 8.37%).

7. INCOME TAX EXPENSE

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Continuing operations		
Current tax:		
Enterprise Income Tax (“EIT”) in the PRC	74,375	94,687
Land Appreciation Tax (“LAT”)	<u>53,246</u>	<u>94,862</u>
	127,621	189,549
Deferred tax	<u>70,498</u>	<u>(5,417)</u>
	<u>198,119</u>	<u>184,132</u>

No provision for taxation has been recognised for companies incorporated in the Cayman Islands and the BVI as they are not subject to any tax during both years.

No provision for Hong Kong Profits Tax has been recognised in the consolidated financial statements during both years as the Group does not have income which arises in, or is derived from Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

According to the requirements of the Provisional Regulations of the PRC on LAT effective from 1 January 1994 and amended on 8 January 2012, and the Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995 (collectively referred to the “LAT Regulations”), all gains arising from the sale or transfer of real estate in the PRC with effect from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including payments made for acquisition of land use rights, costs and expenses for the development of the land or for construction of new buildings and supporting facilities, or the assessed value for old buildings and structures, tax payable relating to transfer of the real estate and other deductible items prescribed by the Ministry of Finance. Apart from the aforementioned deductions, property developers enjoy an additional deduction, which is equal to 20% of the payment made for acquisition of land use rights and the costs of land development and construction of new buildings or related facilities.

The tax charge for the year can be reconciled to the profit before taxation from continuing operations as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Continuing operations		
Profit before taxation	509,360	376,860
PRC EIT at 25%	127,340	94,215
Tax effect of expenses not deductible for tax purpose	25,530	11,240
Tax effect of income not taxable for tax purpose	(23)	(6)
Tax effect of tax losses not recognised	5,536	7,416
Utilisation of tax losses previously not recognised	(235)	–
LAT	53,246	94,862
Tax effect of LAT	(13,312)	(23,715)
Others	37	120
Tax charge for the year	198,119	184,132

8. PROFIT FOR THE YEAR

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Continuing operations		
Profit for the year has been arrived at after charging (crediting):		
Cost of properties held for sale recognised as expenses	1,471,733	1,365,318
Depreciation of property and equipment	3,408	3,793
Less: Capitalised in properties under development	(46)	(138)
	3,362	3,655
Compensation expenses (included in other expenses) (<i>Note</i>)	6,041	39,032
Donations (included in other expenses)	552	701
Listing expenses (included in other expenses)	16,613	–
Minimum lease payments under operating lease for land and buildings	1,876	1,316
Rental income from investment properties (net of negligible outgoings)	(17,629)	(12,166)
Directors' emoluments	4,118	2,655
Other staff costs		
Salaries and other allowances	28,283	28,891
Retirement benefit costs	4,102	3,131
Total staff costs	36,503	34,677
Less: Capitalised in properties under development	(4,976)	(6,372)
	31,527	28,305

Note: Compensation expenses mainly represent compensation paid to purchasers of properties as a result of delay in property delivery.

9. DIVIDEND

No dividend has been paid or proposed by the Company for the year ended 31 December 2015 (2014: Nil).

10. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of basic earnings per share from continuing and discontinued operations during the years are based on the assumption that the Reorganisation and the capitalisation issue (details are set out in the section headed “History, Reorganisation and Group Structure” in the prospectus dated 26 February 2016 issued by the Company (the “Prospectus”)) had been in effective on 1 January 2014.

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	<u>280,744</u>	<u>170,955</u>
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,350,000</u>	<u>1,403,341</u>

From continuing operations

The calculation of the basic earnings per share from continuing operations attributable to owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Profit for the year attributable to owners of the Company	280,744	170,955
Less: Loss for the year from discontinued operations	<u>17,826</u>	<u>21,538</u>
Profit for the purpose of basic earnings per share from continuing operations	<u>298,570</u>	<u>192,493</u>

The denominators used are the same as those detailed above for basic earnings per share.

From discontinued operations

Basic loss per share for the discontinued operations is RMB1.32 cents per share for the year ended 31 December 2015 (2014: RMB1.54 cents).

The calculation of basic loss per share from discontinued operations attributable to owners of the Company is based on the following data:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Loss for the year from discontinued operations	<u>(17,826)</u>	<u>(21,538)</u>

The denominators used are the same as those detailed above for basic earnings per share.

No diluted earnings per share is presented as there is no potential ordinary shares outstanding during both years.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Rental receivables	17,103	11,090
Prepaid construction costs	692,113	181,237
Prepaid business and other taxes	205,780	144,001
Deposits for acquisition of land use rights	53,737	28,737
Projects related deposits	77,534	104,025
Deposits for trust financing arrangement (<i>Note i</i>)	18,800	–
Other deposits	48,949	7,467
Entrusted loans receivable (<i>Note ii</i>)	1,044,900	–
Other receivables (<i>Note iii</i>)	<u>243,424</u>	<u>89,297</u>
	2,402,340	565,854
Less: Non-current portion of deposits	<u>(18,800)</u>	<u>–</u>
	<u>2,383,540</u>	<u>565,854</u>

Notes:

- (i) The amount is deposited in a trust financing company for raising trust loan to a subsidiary of the Group, in which the final repayment date is scheduled to be in July 2017. The deposit will be refunded to the Group upon full repayments of the trust loan.
- (ii) Entrusted loans receivable represent the amounts advanced to independent third parties which are unsecured, interest bearing at 4.75% per annum and are recoverable within one year.
- (iii) Other receivables mainly represent advances to staff and temporary payments made to contractors.

The Group allows an average credit period of 30 days to its trade customers. There is no trade receivable are noted at 31 December 2015 and 2014.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the year.

No allowance for doubtful debts on trade and other receivables are noted at 31 December 2015 and 2014.

12. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade payables	309,715	385,072
Business and other taxes payable	16,917	35,430
Accrued charges (<i>Note i</i>)	311,391	467,072
Deferred income (<i>Note ii</i>)	410,976	420,019
Payables for acquisition of land	39,871	247,462
Amounts due to non-controlling shareholders (<i>Note iii</i>)	–	118,657
Deposits related to sales of properties	93,573	55,849
Consideration payable for acquisitions of a subsidiary/ an associate	–	33,806
Deposits and other payables (<i>Note iv</i>)	124,021	69,264
Other unsecured interest-free advances	76,381	35,160
	<u>1,382,845</u>	<u>1,867,791</u>
Less: non-current portion of deferred income	<u>(404,838)</u>	<u>(404,210)</u>
Current portion	<u>978,007</u>	<u>1,463,581</u>

Notes:

- (i) Accrued charges mainly include construction cost accrued based on construction progress.
- (ii) Deferred income comprises (i) deferred rental income from the Group's investment properties and (ii) deferred income arising from transfer of land use right of underground car parks which no building ownership certificate has been obtained by the Group. The income arising from sales of underground car parks is released to profit or loss as rental income and amortised on a straight line basis over the period of the land use right.
- (iii) Amounts due to non-controlling shareholders are non-trade, unsecured, interest free and repayable on demand. The amounts were fully settled in 2015.
- (iv) Deposits and other payables mainly represent accrued loan interest and various deposits received from contractors in relation to tendering and execution of construction contracts.

Trade payables comprise construction costs and other project-related expenses which are payable based on project progress measured by the Group. The average credit period of trade payable is 30 days.

The following is an aged analysis of trade payables, presented based on the invoice date, at the end of the reporting period:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
0–30 days	75,062	194,389
31–90 days	26,195	44,670
91–180 days	55,083	19,002
181–360 days	56,830	32,321
Over 360 days	96,545	94,690
	<u>309,715</u>	<u>385,072</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Review of 2015 Results

In 2015, the Group continued to adhere to the core development strategy of focusing the Group's development effort in "major cities and selected key towns" (「大城市·小城镇」). As at 31 December 2015, the Group had 19 property development projects in Jiangsu Province, comprising 14 residential complex projects and 5 integrated commercial complex projects.

Despite a slowdown of China's economic growth with gross domestic product growth of 6.9% in 2015, the Group had benefited from the recovery of the real estate market in China during the year. Housing demand had been stimulated as a result of the relaxed restrictions on home purchases promulgated by provincial government authorities and reductions in benchmark interest rates by the People's Bank of China. During the year, the Group achieved contracted sales of properties of approximately RMB3,823.2 million, representing a significant growth from 2014 with a year-on-year increase of approximately 64.5%.

Outlook for 2016

Looking forward to 2016, the Group will continue to expand in Jiangsu Province and explore growth opportunities in other target cities such as those in the Pearl River Delta Region. The Group aims to concentrate the development effort on (a) residential complexes in major cities with relative large population size, high gross domestic product per capita, established transportation system and infrastructure, and (b) integrated commercial complexes in prime locations of selected key towns where the commercial infrastructure is relatively immature. The Group has been carefully developing feasibility studies with detailed analysis of customer demand and local economic data.

The Group will strengthen its competitive advantage on innovative product designs which take pride of the key values including "education value", "leisure value" and "commercial value". In addition, the Group's management team is dedicated to streamline the construction process and further enhance the operational efficiency.

Following the listing of the Company's shares on the Main Board of the Stock Exchange on 8 March 2016 (the "**Listing Date**"), the Group will also develop various overseas and domestic financing channels to further optimise capital structure and reduce financing costs. The Group believes that all these measures will build a solid foundation of the Group's long-term sustainable growth.

Contracted Sales

For the year ended 31 December 2015, the contracted sales of the Group amounted to approximately RMB3,823.2 million, representing an increase of approximately 64.5% from approximately RMB2,324.0 million for the year ended 31 December 2014. Total gross floor area ("**GFA**") sold in 2015 was approximately 378,690 sq.m., representing an

increase of approximately 24.7% from approximately 303,658 sq.m. for the year ended 31 December 2014. Contracted sales of the Group, by geographical location, from Nanjing, Taixing, Taizhou (other than Taixing), Yangzhou, Siyang, Suqian (other than Siyang) and Changzhou amounted to approximately RMB2,380.8 million, RMB608.6 million, RMB129.3 million, RMB37.1 million, RMB233.4 million, RMB270.8 million and RMB163.2 million, respectively, representing approximately 62.3%, 15.9%, 3.4%, 1.0%, 6.1%, 7.1% and 4.2% of the Group's total contracted sales in 2015, respectively.

The following table sets out the geographic breakdown of the Group's contracted sales, contracted GFA and contracted average selling price ("ASP") by projects for the years ended 31 December 2015 and 2014:

Project	Year ended 31 December 2015			Year ended 31 December 2014		
	Contracted sales RMB (million) (approx.)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)	Contracted sales RMB (million) (approx.)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)
1. Zijin Mansion 紫金華府	2,380.8	111,482.4	21,355.8	793.9	39,478.6	20,109.6
2. Yangzhou Park Number One 揚州公園一號	3.1	417.9	7,418.0	30.7	2,891.2	10,618.4
3. Jiayuan Centurial Villa 世紀豪園	33.2	6,615.9	5,018.2	2.7	303.8	8,887.4
4. Jiayuan Centurial Garden 世紀花園	0.8	148.7	5,380.0	0.8	271.9	2,942.3
5. Venice Metropolis 威尼斯城	268.0	40,471.6	6,621.9	293.9	40,066.7	7,335.3
6. Qiangxi Garden 羌溪花苑	73.9	7,175.3	10,299.2	32.7	2,188.0	14,945.2
7. Oriental Bright City 東方不夜城	58.0	14,139.5	4,102.0	100.8	12,518.5	8,052.1
8. Oriental Paris City 東方巴黎城	62.2	17,459.9	3,562.4	77.1	19,059.8	4,045.2
9. Quexiandao Number One 鵲仙島一號	9.0	1,778.9	5,059.3	29.5	4,413.3	6,684.3
10. Elite International Garden 名人國際花園	0.5	92.4	5,411.3	4.4	584.2	7,531.7
11. Suqian Park Number One 宿遷公園一號	270.3	50,862.7	5,314.3	291.7	53,998.6	5,402.0
12. Paris Metropolis 巴黎都市	92.7	22,341.2	4,149.3	137.2	24,348.5	5,634.8
13. Rome Metropolis 羅馬都市	140.7	39,293.4	3,580.8	119.7	33,045.0	3,622.3
14. Xueyan Jiayuan Central Plaza 雪堰佳源中心廣場	163.3	27,189.2	6,006.1	177.8	29,917.6	5,943.0
15. Huangqiao Jiayuan Central Plaza 黃橋佳源中心廣場	107.3	23,635.6	4,539.8	197.8	38,785.5	5,099.8
16. Jiayuan New World 新天地	159.4	15,585.3	10,227.6	33.2	1,786.9	18,579.7
Total	3,823.2	378,689.9	10,095.9	2,323.9	303,658.1	7,653.0

Property Projects

According to the stage of development, the Group classifies its property projects into three categories: completed properties, properties under development and properties held for future development. As some of its projects comprise multiple-phases development on a rolling basis, a single project may include different phases at various stages of completion, under development or held for future development.

As at 31 December 2015, the Group had completed a total GFA of 2.7 million sq.m. and had land reserves with a total GFA of 4.3 million sq.m., comprising (a) a total GFA of 0.2 million sq.m. completed but remaining unsold and held for investment, (b) a total GFA of 1.9 million sq.m. under development, and (c) a total planned GFA of 2.2 million sq.m. held for future development.

The Group retains the ownership of certain self-developed commercial properties to generate recurring income. As at 31 December 2015, the Group had investment properties with a total GFA of 0.2 million sq.m.. Certain portions of these investment properties are located in the integrated commercial complexes developed by the Group, in which the Group will retain control over the central management of the shopping arcades in order to enable the Group to select tenants and determine industry composition. The Group's operational model for such integrated commercial complexes is to sell all of the residential properties and 50.0% of the commercial properties; and retain the ownership of 50.0% of the commercial properties for investment properties.

Properties Under Development and Properties Held for Future Development

The following table sets out a summary of the Group's properties under development, properties held for future development and project phases by projects as at 31 December 2015:

Project	Project Type	Site Area (sq.m.)	Under Development		Held For Future Development			Ownership Interest %	
			GFA Under Development (sq.m.)	Saleable/ Rental GFA (sq.m.)	GFA Pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA of Land Use Rights Certificates Not Yet Obtained (sq.m.)		
Nanjing									
1.	Zijin Mansion 紫金華府	Residential	339,007.6	502,067.7	334,561.0	158,565.7	-	-	100%
Taixing									
1.	Venice Metropolis 威尼斯城	Residential	660,576.0	432,611.4	372,783.2	5,090.3	1,085,791.0	-	100%
2.	Huangqiao Jiayuan Central Plaza 黃橋佳源中心廣場	Mixed-use	123,939.6	118,593.9	87,039.9	55,375.5	156,160.6	-	100%

Project	Project Type	Site Area (sq.m.)	Under Development		Held For Future Development			Ownership Interest %	
			GFA Under Development (sq.m.)	Saleable/ Rental GFA (sq.m.)	GFA Pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA of Land Use Rights Certificates Not Yet Obtained (sq.m.)		
3.	Jiayuan New World 新天地	Mixed-use	121,316.0	331,234.7	235,448.7	14,850.9	-	-	100%
4.	Guxi Jiayuan Central Plaza 古溪佳源中心廣場	Mixed-use	83,048.0	-	-	-	143,458.3	143,458.3	100%
Taizhou									
1.	Oriental Paris City 東方巴黎城	Residential	226,402.2	36,086.6	27,364.6	5,297.9	214,999.4	-	100%
2.	Taizhou Jiayuan Central Plaza 泰州佳源中心廣場	Mixed-use	15,702.2	-	-	-	15,702.2	15,702.2	100%
Suqian									
1.	Suqian Park Number One 宿遷公園一號	Residential	126,182.9	61,570.6	50,592.1	12,000.0	16,358.0	-	90%
Siyang									
1.	Paris Metropolis 巴黎都市	Residential	173,000.0	157,499.5	148,024.4	115,550.1	435,106.5	-	90%
2.	Rome Metropolis 羅馬都市	Residential	170,540.0	54,846.0	52,065.0	27,348.7	130,105.0	-	100%
Changzhou									
1.	Xueyan Jiayuan Central Plaza 雪堰佳源中心廣場	Mixed-use	58,601.0	187,915.0	153,816.0	58,258.6	-	-	100%
Total			<u>2,098,315.5</u>	<u>1,882,425.4</u>	<u>1,461,694.9</u>	<u>452,337.7</u>	<u>2,197,681.0</u>	<u>159,160.5</u>	
Total Attributable GFA			<u>2,068,397.2</u>	<u>1,860,518.4</u>	<u>1,441,833.3</u>	<u>439,582.7</u>	<u>2,152,534.6</u>	<u>159,160.5</u>	

Investment Properties

The following table sets out a summary of the Group's investment properties (excluding car parks) as at 31 December 2015:

Project	Total GFA Held for Investment <i>(sq.m.)</i>	Leased GFA <i>(sq.m.)</i>	Total Rental Income	
			2015 <i>(RMB million)</i>	2014 <i>(RMB million)</i>
Yangzhou				
1. Yangzhou Park Number One 揚州公園一號	720.8	720.8	0.3	0.1
2. Jiayuan Centurial Garden 世紀花園	8,652.8	8,616.5	1.2	1.9
3. Jiayuan Centurial Scenery Park 世紀景園	915.2	915.2	0.3	0.3
4. Jiayuan Centurial Villa 世紀豪園 <i>(Note 1)</i>	–	–	0.5	0.3
Taixing				
1. Huangqiao Jiayuan Central Plaza 黃橋佳源中心廣場	47,567.2	14,167.7	0.8	–
2. Jiayuan New World 新天地	25,677.9	25,677.9	3.0	0.2
Taizhou				
1. Oriental Bright City 東方不夜城	34,374.1	34,111.8	6.1	6.5
2. Quexiandao Number One 鵲仙島一號	10,027.7	9,723.7	2.5	2.5
Siyang				
1. Rome Metropolis 羅馬都市	50,011.0	40,321.0	4.0	1.0
Changzhou				
1. Xueyan Jiayuan Central Plaza 雪堰佳源中心廣場 <i>(Note 2)</i>	51,236.7	–	–	–
Total	229,183.4	134,254.6	18.7	12.8

Note 1: The lease agreement of the relevant property of Jiayuan Centurial Villa was terminated and the relevant property was removed from the Group's investment property pool as the Group no longer wishes to lease the relevant property to generate rental income.

Note 2: The project is currently under construction.

Completed Properties

The following table sets out a summary of the Group's completed projects and project phases by projects as at 31 December 2015:

Project	Project Type	Site Area (sq.m.)	Completed GFA (sq.m.)	Saleable/ Rental GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Rentable GFA Held for Property investment (sq.m.)	Ownership Interest %	
Yangzhou								
1.	Yangzhou Park Number One 揚州公園一號	Residential	75,590.9	148,894.1	118,280.6	–	720.8	100%
2.	Jiayuan Centurial Villa 世紀豪園	Residential	391,087.6	236,311.2	216,383.9	9,516.5	–	100%
3.	Jiayuan Centurial Garden 世紀花園	Residential	234,671.3	392,133.8	352,150.3	200.2	8,652.8	100%
4.	Jiayuan Centurial Scenery Park 世紀景園	Residential	60,972.3	119,978.2	98,735.0	–	915.2	100%
Taixing								
1.	Venice Metropolis 威尼斯城	Residential	660,576.0	222,562.3	173,817.9	10,625.2	–	100%
2.	Qiangxi Garden 羌溪花苑	Residential	69,486.0	83,165.6	32,578.1	5,712.5	–	100%
3.	Huangqiao Jiayuan Central Plaza 黃橋佳源中心廣場	Mixed-use	123,939.6	67,664.8	66,513.3	7,390.8	47,567.2	100%
4.	Jiayuan New World 新天地	Mixed-use	121,316.0	60,333.7	47,878.7	–	25,677.9	100%
Taizhou								
1.	Oriental Bright City 東方不夜城	Residential	77,021.4	310,627.4	255,892.3	18,313.4	34,374.1	100%
2.	Oriental Paris City 東方巴黎城	Residential	226,402.2	274,747.8	227,332.3	1,869.8	–	100%
3.	Quexiandao Number One 鵲仙島一號	Residential	68,330.4	37,865.0	28,014.8	9,329.4	10,027.7	100%
Suqian								
1.	Elite International Garden 名人國際花園	Residential	53,970.0	218,046.3	175,491.0	861.9	–	90%
2.	Suqian Park Number One 宿遷公園一號	Residential	126,182.9	301,529.9	219,034.2	12,928.0	–	90%

Project	Project Type	Site Area (sq.m.)	Completed GFA (sq.m.)	Saleable/ Rental GFA (sq.m.)	Saleable GFA	Rentable GFA Held	Ownership Interest %	
					remaining unsold (sq.m.)	for Property investment (sq.m.)		
Siyang								
1.	Paris Metropolis 巴黎都市	Residential	173,000.0	21,838.3	15,319.9	1,645.5	–	90%
2.	Rome Metropolis 羅馬都市	Residential	170,540.0	221,382.0	189,868.2	10,694.1	50,011.0	100%
Total			<u>2,633,086.6</u>	<u>2,717,080.4</u>	<u>2,217,290.5</u>	<u>89,087.3</u>	<u>177,946.7</u>	
Total Attributable GFA			<u>2,597,771.3</u>	<u>2,662,939.0</u>	<u>2,176,306.0</u>	<u>87,543.8</u>	<u>177,946.7</u>	

Land Reserves

The following table sets out a summary of the Group's land reserves by geographic location as at 31 December 2015:

	Completed		Under development	Future development		Total land reserves	Percentage of total land bank by geographical location (%)
	Saleable GFA remaining unsold (sq.m.)	Rentable GFA held for property investment (sq.m.)	GFA under development (sq.m.)	Planned GFA (sq.m.)	GFA without land use rights certificate (sq.m.)	Total GFA (sq.m.)	
Nanjing	–	–	502,067.7	–	–	502,067.7	11.5%
Yangzhou	9,716.7	10,288.8	–	–	–	20,005.5	0.5%
Changzhou	–	–	187,915.0	–	–	187,915.0	4.3%
Taixing	23,728.5	73,245.1	882,440.0	1,385,409.9	143,458.3	2,364,823.5	54.4%
Taizhou (other than Taixing)	29,512.6	44,401.8	36,086.6	230,701.6	15,702.2	340,702.6	7.8%
Siyang	12,339.6	50,011.0	212,345.5	565,211.5	–	839,907.6	19.3%
Suqian (other than Siyang)	13,789.9	–	61,570.6	16,358.0	–	91,718.5	2.2%
Total	<u>89,087.3</u>	<u>177,946.7</u>	<u>1,882,425.4</u>	<u>2,197,681.0</u>	<u>159,160.5</u>	<u>4,347,140.4</u>	<u>100%</u>

FINANCIAL REVIEW

Revenue

Revenue of the Group mainly consists of revenue derived from (i) property development; (ii) development services; and (iii) property investment. For the year ended 31 December 2015, revenue of the Group amounted to approximately RMB1,872.6 million, representing a decrease of approximately 19.2% from approximately RMB2,318.3 million in 2014. Profit and the total comprehensive income for the year attributable to the owners of the Group was approximately RMB280.7 million, representing an increase of approximately 64.2% from approximately RMB171.0 million in 2014.

Property Development

The Group's revenue from property development included the sale of residential and commercial properties. The Group recognised revenue from the sale of properties when the significant risks and rewards of ownership have been transferred to the purchaser, i.e. when the relevant property has been completed and the possession of the property has been delivered to the purchaser. Revenue derived from property development increased by approximately 3.9% to approximately RMB1,845.9 million in 2015 from approximately RMB1,776.9 million in 2014, which was almost flat as compared to last year.

Development Services

The Group's development services represented development services provided by the Group to government organisations. Revenue generated from development services decreased to approximately RMB3.0 million in 2015 from approximately RMB525.1 million in 2014. The decrease was primarily due to completion of most of the Group's development services projects in 2014.

Property Investment

The Group's property investment mainly consisted of leasing of commercial properties (including predominantly shopping arcades, retail shops, office properties and carparks). Revenue generated from property investment increased by approximately 45.4% to approximately RMB23.7 million in 2015 from approximately RMB16.3 million in 2014. The increase was primarily due to the additional area of investment properties leased externally.

Gross Profit and Margin

Gross profit decreased by approximately 7.9% to approximately RMB398.0 million in 2015 from approximately RMB432.0 million in 2014, while the Group's gross profit margin was 21.3% in 2015 as compared to a gross profit margin of 18.6% in 2014. The increase in gross profit margin was mainly attributable to a decrease in the Group's development services income in proportion to the Group's total revenue to approximately 0.2% in 2015 from approximately 22.6% in 2014, which contributed low gross profit margins of approximately 3.2% in 2015 and 0.8% in 2014 respectively.

Other Income, Gains and Losses

We had other net losses of approximately RMB34.0 million and RMB16.2 million in 2015 and 2014 respectively. The increase of other net losses by approximately 109.9% was mainly attributable to an increase in foreign exchange loss to approximately RMB42.6 million in 2015 from approximately RMB18.3 million in 2014, which was mainly as a result of the depreciation of RMB that contributed to the appreciation of the value of the Group's HKD-denominated bank borrowings.

Change in Fair Value of Investment Properties

The Group's change in fair value of investment properties increased to approximately RMB203.6 million in 2015 from approximately RMB97.1 million in 2014. The increase by approximately 109.7% was mainly attributable to (i) the fair value gains attributable to disposal of investment properties of approximately RMB136.5 million; (ii) the additions of the new investment properties, mainly including Xueyan Jiayuan Central Plaza and Huangqiao Jiayuan Central Plaza in 2015; and (iii) the rise of property market price in 2015.

Change in Fair Value upon Transfer from Inventories of Properties to Investment Properties

The change in fair value upon transfer from inventories of properties to investment properties increased to approximately RMB220.0 million in 2015 from approximately RMB81.1 million in 2014. The increase by approximately 171.3% was mainly attributable to the appropriation of the Group's certain completed properties, mainly under Oriental Bright City and Jiayuan New World, for rental purpose in 2015.

Distribution and Selling Expenses

The distribution and selling expenses increased to approximately RMB130.9 million in 2015 from approximately RMB62.9 million in 2014. The increase by approximately 108.1% was mainly attributable to (i) an increase in salaries primarily as a result of the employment of new sales team in Changzhou and Nanjing for the property sales of the Group's new property development projects in these cities and the addition of the Group's existing sales team for existing projects; (ii) an increase in sales commission primarily as a result of an increase in the Group's property pre-sale deposits received; and (iii) an increase in advertising and promotion expenses in 2015.

Administrative Expenses

The Group's administrative expenses increased by approximately 0.8% to approximately RMB66.8 million in 2015 from approximately RMB66.3 million in 2014, which was almost flat as compared to last year.

Other Expenses

The Group's other expenses decreased to approximately RMB32.7 million in 2015 from approximately RMB49.6 million in 2014. The decrease of approximately 34.1% was mainly due to decrease of compensation of delay of delivery of properties to purchasers.

Finance Costs

The Group's finance costs increased to approximately RMB47.9 million in 2015 from approximately RMB38.3 million in 2014. The increase of approximately 25.1% was mainly due to an increase in HKD-denominated bank borrowings, which were not borrowed specifically for property development purpose.

Income Tax Expense

The Group's income tax expense increased to approximately RMB198.1 million in 2015 from approximately RMB184.1 million in 2014. The increase of approximately 7.6% was mainly due to (i) an increase in profit before taxation, leading to an increase in taxable profit; and (ii) the appreciation of the fair value of the Group's investment properties that resulted in an increase in deferred tax charges.

Profit and total comprehensive income Attributable to Owners of the Company

Profit and total comprehensive income attributable to owners of the Company increased by approximately 64.2% to approximately RMB280.7 million in 2015 from approximately RMB171.0 million in 2014.

Liquidity, Financial and Capital Resources

Cash Position

As at 31 December 2015, the Group had an aggregate of pledged/restricted bank deposits and bank balances and cash of approximately RMB884.9 million (2014: approximately RMB106.1 million), representing an increase of approximately 734.0% as compared to that as at 31 December 2014. As at 31 December 2015, bank deposits of RMB617.4 million (2014: Nil) are pledged to secure bank borrowings raised by the Group. The Group had restricted bank deposits of RMB211.4 million (2014: approximately RMB29.4 million) as at 31 December 2015 that are restricted for use in specific property development projects.

Borrowings and Charges on the Group's Assets

As at 31 December 2015, the Group had bank and other borrowings of approximately RMB6,136.6 million (2014: approximately RMB4,844.1 million). Amongst the borrowings, approximately RMB3,060.2 million (2014: approximately RMB2,836.2 million) will be repayable within one year and approximately RMB3,076.4 million (2014: approximately RMB2,007.9 million) will be repayable after one year.

As at 31 December 2015, bank and other borrowings of approximately RMB5,535.7 million (2014: approximately RMB3,795.4 million) were secured by bank balances, land use rights and properties of the Group. As at 31 December 2015, the assets pledged to secure certain borrowings granted to the Group amounted to RMB9,439.0 million (2014: approximately RMB5,131.2 million).

Net Gearing Ratio

The net gearing ratio was 380.5% as at 31 December 2015 compared to that of 262.9% as at 31 December 2014. The net gearing ratio was measured by net debt (bank and other borrowings net of bank balances and cash and pledged/restricted bank deposits) over the total equity. In 2015, due to the Reorganisation undergone by the Group in preparation for the Company's Listing, the Group optimised its equity structure and maintained a reasonable proportion of long-term and short-term debts.

Exchange Rate Risk

The Group mainly operates its business in China. Other than the foreign currency denominated bank deposits, borrowings and deposits paid for a life insurance policy, the Group does not have any other material direct exposure to foreign exchange fluctuations. During 2015, though the exchange rates of RMB against U.S. dollar and Hong Kong dollar decreased, the Directors expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

Commitments

As at 31 December 2015, the Group had committed payment for the construction and land development expenditure amounting to approximately RMB4,047.7 million (2014: approximately RMB5,247.0 million).

Contingent Liabilities

As at 31 December 2015, the Group had provided guarantees amounting to approximately RMB2,475.0 million (2014: approximately RMB1,769.9 million) in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee will be released upon the purchaser obtaining the relevant building ownership certificate and completion of the relevant mortgage registration. In the opinion of the Directors, no provision for the guarantee contracts was recognised in the financial statements for the year ended 31 December 2015 as the possibility of default by the purchasers of the Group's properties is remote.

Material Acquisitions and Disposals

For the year ended 31 December 2015, the Group had undergone material acquisitions and disposals of subsidiaries and associates for the purpose of Reorganisation of the Group in preparation for the Listing. Please refer to the Company's Prospectus for further details. Save as disclosed in the Prospectus, the Group did not have any material acquisitions and disposals during the year ended 31 December 2015.

Future Plans for Material Investments

The Group will continue to invest in its property development projects and acquire suitable land parcels in selected cities, if it thinks fit. These investments will be funded by internal resources, external borrowings and proceeds from the global offering. Save as disclosed in the Prospectus and the abovementioned in this announcement, the Group did not have any future plans for material investments as at the date of this announcement.

Employees, Remuneration Policies and Share Option Scheme

As at 31 December 2015, the Group had approximately 430 employees. For the year ended 31 December 2015, the Group incurred employee costs of approximately RMB36.5 million. Remuneration for the employees generally includes salary and performance-based bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans, including pension insurance, medical insurance and personal injury insurance.

The Company adopted a share option scheme on 12 February 2016 as incentive for eligible employees, details of which are set out in the section headed “Statutory and general information – Other information – 14. Share Option Scheme” in Appendix VI in the Prospectus.

USE OF NET PROCEEDS FROM THE COMPANY’S INITIAL PUBLIC OFFERING

The total net proceeds from the Listing amounted to approximately HK\$1,216.7 million after consideration of over-allotment, which are intended to be utilised in accordance with the proposed application set out in the section headed “Future plans and use of proceeds” in the Prospectus.

DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 December 2015 (2014: Nil).

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held on Friday, 10 June 2016 (the “AGM”) and the Notice of AGM will be published and despatched in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 7 June 2016 to Friday, 10 June 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates should be lodged for registration with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Monday, 6 June 2016.

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company has complied with the code provisions as set out in the CG Code since the Listing Date up to the date of this announcement. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code since the Listing Date up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the period from the Listing Date up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a sufficient public float for the period from the Listing Date up to the date of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 and paragraph D.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely, Mr. Tai Kwok Leung, Alexander, Dr. Cheung Wai Bun, Charles, JP, and Mr. Gu Yunchang.

The annual results of the Group for the year ended 31 December 2015 have been reviewed by the Audit Committee.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015 ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.jiayuanintl.com). The annual report for the year ended 31 December 2015 containing all the information required by the Listing Rules will be despatched to the shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Jiayuan International Group Limited
Shum Tin Ching
Chairman

Hong Kong, 30 March 2016

As at the date of this announcement, the non-executive Director of the Company is Mr. Shum Tin Ching; the executive Directors of the Company are Mr. Huang Fuqing, Ms. Cheuk Hiu Nam and Mr. Wang Jianfeng; and the independent non-executive Directors of the Company are Mr. Tai Kwok Leung, Alexander, Dr. Cheung Wai Bun, Charles, JP, and Mr. Gu Yunchang.