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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

RESULTS HIGHLIGHTS

- The Group recorded unaudited contracted sales of RMB10,370.2 million in 2017 with total sales area of approximately 1,176,651 sq.m., representing an increase of approximately 123.1% and 155.7% respectively when compared to 2016.
- The Group's recognised revenue for the year ended 31 December 2017 was RMB6,948.8 million representing an increase of approximately RMB3,246.7 million or 87.7% as compared to 2016. Gross profit increased by approximately 89.8% to approximately RMB2,398.7 million and gross profit margin was 34.5% in 2017 as compared to 34.1% in 2016.
- Net profit of the Group for the year amounted to approximately RMB1,290.3 million in 2017.
- Basic earnings per share were RMB62.35 cents in 2017.
- Gross profit margin of core business was 34.5%, representing a year-on-year increase of 0.7%.
- The bank balances and cash and restricted/pledged bank deposits at the end of the year were approximately RMB6,716.7 million, representing an increase of approximately 374.2% as compared to the beginning of the year.
- As at 31 December 2017, the land reserve was 7.1 million sq.m..

- In June 2017, the Company completed placing and subscription of 352,500,000 new shares of the Company at HK$3.35 per share and received net proceeds of approximately RMB1,020.0 million primarily for acquisition of land bank and general working capital.

- On 30 June 2017, the Group completed the acquisition of the entire equity interest in 揚州嘉聯置業發展有限公司 (Yangzhou Jialian Property Development Co., Limited*) ("Yangzhou Jialian"). Yangzhou Jialian holds a mixed-use property development project under construction located at Yangzhou City, Jiangsu Province, the People's Republic of China (the "PRC").

- On 16 November 2017, the Group completed the acquisition of the entire equity interest in 揚州雨潤房地產開發有限公司 (Yangzhou Yurun Property Development Co., Ltd*) ("Yangzhou Yurun") which holds two property development projects located at Guangling District,Yangzhou City, Jiangsu Province, the PRC.

- On 30 November 2017, the Group completed the acquisition of two parcels of land located at Taipa District of Macau for a consideration of HK$3,510.0 million.

- In December 2017, the Company completed placing and subscription of 232,000,000 new shares of the Company at HK$6.11 per share and received net proceeds of approximately RMB1,174.8 million primarily for acquisition of land bank and general working capital.

- Recommended a final dividend with scrip option of HK19 cents per share.

* *For identification purpose only*

RESULTS

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 2017 with comparative figures for the year ended 31 December 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2017

	NOTES	**2017** **RMB'000**	2016 *RMB'000*
Revenue	*4*	**6,948,775**	3,702,081
Cost of sales		**(4,550,110)**	(2,438,151)
Gross profit		**2,398,665**	1,263,930
Other income	*5*	**58,569**	60,992
Other gains and losses	*5*	**79,016**	5,299
Change in fair value of investment properties		**137,237**	322,413
Change in fair value upon transfer from inventories of properties to investment properties		**71,631**	15,412
Gain on bargain purchase of a subsidiary		**–**	102,498
Distribution and selling expenses		**(155,366)**	(130,197)
Administrative expenses		**(178,308)**	(89,858)
Other expenses		**(2,778)**	(15,730)
Finance costs	*6*	**(150,756)**	(64,905)
Share of result of an associate		**598**	–
Profit before taxation		**2,258,508**	1,469,854
Income tax expense	*7*	**(968,196)**	(660,650)
Profit for the year	*8*	**1,290,312**	809,204
Profit (loss) for the year attributable to:			
– Owners of the Company		**1,284,077**	811,153
– Non-controlling interests		**6,235**	(1,949)
		1,290,312	809,204
Earnings per share			
Basic (RMB cents)	*10*	**62.35**	45.86
Diluted (RMB cents)	*10*	**N/A**	45.86

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2017

	2017	2016
	RMB'000	*RMB'000*
Profit for the year	**1,290,312**	809,204
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Fair value gain on available-for-sale investment	**1,656**	–
Total comprehensive income for the year	**1,291,968**	809,204
Total comprehensive income (expense) for the year attributable to:		
– Owners of the Company	**1,285,733**	811,153
– Non-controlling interests	**6,235**	(1,949)
	1,291,968	809,204

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	NOTES	**2017** *RMB'000*	2016 *RMB'000*
NON-CURRENT ASSETS			
Investment properties		**3,306,142**	2,173,368
Property and equipment		**85,268**	85,507
Interest in an associate		**15,598**	–
Available-for-sale investment		**59,678**	53,820
Prepayment and deposit paid for a life insurance policy		**9,444**	9,513
Deposits paid for acquisition of subsidiaries		**1,524,053**	1,400,000
Deferred tax assets		**359,992**	216,673
		5,360,175	3,938,881
CURRENT ASSETS			
Inventories of properties			
– held for sale		**741,992**	730,211
– under development		**17,622,382**	9,836,441
Amounts due from customers for contract work		**–**	110,580
Trade and other receivables, deposits and prepayments	*11*	**2,117,135**	1,168,969
Held-to-maturity investment		**–**	129,796
Prepaid income tax		**237,146**	66,400
Amounts due from related parties		**–**	3,934
Restricted/pledged bank deposits		**1,001,427**	438,795
Bank balances and cash		**5,715,274**	977,653
		27,435,356	13,462,779
CURRENT LIABILITIES			
Trade and other payables and accrued expenses	*12*	**1,735,640**	1,052,061
Pre-sale deposits received	*12*	**6,358,397**	5,167,027
Tax payable		**1,559,516**	700,563
Amounts due to related parties		**6,576**	140
Bank and other borrowings		**3,233,346**	3,385,640
Senior notes		**3,681,736**	–
		16,575,211	10,305,431
NET CURRENT ASSETS		**10,860,145**	3,157,348
TOTAL ASSETS LESS CURRENT LIABILITIES		**16,220,320**	7,096,229

	Note	2017 RMB'000	2016 RMB'000
CAPITAL AND RESERVES			
Share capital		**20,564**	15,558
Reserves		**6,755,015**	3,191,752
Equity attributable to owners of the Company		**6,775,579**	3,207,310
Non-controlling interests		**24,907**	107,942
TOTAL EQUITY		**6,800,486**	3,315,252
NON-CURRENT LIABILITIES			
Bank and other borrowings		**7,690,605**	2,314,420
Deferred income	*12*	**693,230**	436,341
Deferred tax liabilities		**386,783**	334,566
Senior notes		**649,216**	695,650
		9,419,834	3,780,977
		16,220,320	7,096,229

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. GENERAL

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"). Its immediate and ultimate holding company is Mingyuan Group Investment Limited ("Mingyuan Investment"), 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 Company's registered office address is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands; the principal place of business is located at Room 1403, 9 Queen's Road Central, Hong Kong.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time which are effective in the current year:

Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 "Disclosure Initiative"

The Group has applied these amendments in the first time in the current year. The amendments require an entity to provide disclosures enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

In addition, during the current year, the Group has early applied the following new standard in advance of the effective date.

Amendments to HKAS 40 "Transfers of Investment Property"

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in HKAS 40 may evidence a change in use, and that a change in use is possible for properties under construction. For example, change in use for transfer from properties under development for sale in the ordinary course of business to investment properties could be evidenced by inception of an operating lease to another party.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[3]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[3]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[3]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2019.
4 Effective for annual periods beginning on or after 1 January 2021.

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 the Board of Directors, being the chief operating decision maker 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:

(i) Property development – development and sales of office premises, shopping arcade and residential properties

(ii) Property investment – leasing of office premises, hotel, shopping arcade and carparks

(iii) Development services – development of resettlement properties and other public facilities

No segment revenue and results are presented for the provision of development services as there is no revenue generated and expenses incurred for this segment during the years ended 31 December 2017 and 2016. The Group will continue to engage in the provision of development services in the future.

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:

	Segment revenue		Segment profit	
	2017	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Property development	**6,923,887**	3,681,763	**2,063,878**	1,134,758
Property investment	**24,888**	20,318	**24,888**	20,318
Total	**6,948,775**	3,702,081	**2,088,766**	1,155,076
Other gains and losses			**79,016**	5,299
Interest income			**54,647**	59,876
Central administration costs			**(22,631)**	(15,114)
Change in fair value of investment properties			**137,237**	322,413
Change in fair value upon transfer from inventories of properties to investment properties			**71,631**	15,412
Other expenses			**–**	(8,203)
Finance costs			**(150,756)**	(64,905)
Share of result of an associate			**598**	–
Profit before taxation			**2,258,508**	1,469,854

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 2. 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, change in fair value upon transfer from inventories of properties to investment properties, finance costs and share of result of an associate. 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 years reported.

Other segment information

	Property development	
	2017	2016
	RMB'000	*RMB'000*
Amount included in the measure of segment profit or loss:		
Depreciation of property and equipment	**5,844**	4,900
(Gain) loss on disposal of property and equipment	**(607)**	25

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.

	Revenue from external customers	
	2017	2016
	RMB'000	*RMB'000*
Taixing	**2,296,123**	595,982
Taizhou	**87,709**	102,076
Suqian	**848,526**	328,154
Yangzhou	**3,166**	3,129
Nanjing	**3,527,979**	2,426,241
Changzhou	**185,272**	246,499
	6,948,775	3,702,081

	Non-current assets	
	2017	2016
	RMB'000	*RMB'000*
Changzhou	**324,074**	314,948
Hong Kong	**91,490**	77,772
Nanjing	**673,012**	5,451
Taixing	**865,332**	831,341
Taizhou	**436,758**	418,540
Suqian	**227,443**	218,173
Yangzhou	**786,500**	532,165
Nantong	**138**	309
Zhenjiang	**543**	176
Macau	**1,073**	–
Shenzhen	**1,524,559**	1,260,000
Taicang	**139**	–
	4,931,061	3,658,875

Note: Non-current assets excluded available-for-sale investment, 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 and property rental.

Analysis of the Group's revenue is set out as below:

	2017	2016
	RMB'000	*RMB'000*
Sales of properties	**6,923,887**	3,681,763
Property rental	**24,888**	20,318
	6,948,775	3,702,081

5. OTHER INCOME, GAINS AND LOSSES

	2017	2016
	RMB'000	*RMB'000*
Other income		
Interest income on bank deposits	**5,840**	9,278
Interest income on entrusted loans receivable	**–**	48,668
Interest income on loans receivables	**29,375**	–
Interest income on available-for-sale investment	**6,065**	1,504
Interest income on held-to-maturity investment	**13,367**	426
Others	**3,922**	1,116
	58,569	60,992
Other gains and losses		
Gain (loss) on disposal of property and equipment	**607**	(25)
Foreign exchange gain, net	**78,409**	5,324
	79,016	5,299

6. FINANCE COSTS

	2017	2016
	RMB'000	*RMB'000*
Interests on bank and other borrowings	**886,520**	715,685
Interests on senior notes	**158,249**	21,726
Less: Capitalised in investment properties under construction/properties under development	**(894,013)**	(672,506)
	150,756	64,905

Finance costs have been capitalised for investment properties under construction and properties under development at average rate of 6.51% (2016: 6.69%) per annum for the year ended 31 December 2017.

7. INCOME TAX EXPENSE

	2017	2016
	RMB'000	*RMB'000*
Current tax:		
Enterprise income tax ("EIT") in the PRC	**596,475**	328,620
Land appreciation tax ("LAT")	**462,823**	298,820
	1,059,298	627,440
Deferred tax	**(91,102)**	33,210
	968,196	660,650

8. PROFIT FOR THE YEAR

	2017	2016
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging (crediting):		
Cost of properties held for sale recognised as expenses	**4,550,110**	2,438,151
Depreciation of property and equipment	**5,927**	4,930
Less: Capitalised in properties under development	**(83)**	(30)
	5,844	4,900
Auditors' remuneration	**2,186**	2,100
Compensation expenses (included in other expenses) *(Note)*	**–**	780
Donations (included in other expenses)	**2,437**	932
Listing expenses (included in other expenses)	**–**	8,203
Minimum lease payments under operating lease for land and buildings	**1,893**	1,267
Rental income from investment properties (net of negligible outgoings)	**(24,888)**	(20,318)
Directors' emoluments	**6,908**	6,209
Other staff costs		
Salaries and other allowances	**47,758**	30,384
Retirement benefit costs	**4,598**	4,572
Total staff costs	**59,264**	41,165
Less: Capitalised in properties under development	**(10,038)**	(3,879)
	49,226	37,286

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

9. DIVIDEND

	2017	2016
	RMB'000	*RMB'000*
Final dividend proposed – HK19 cents (2016: Nil) per ordinary share	**372,943**	–

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2017 of HK19 cents per ordinary share, in an aggregate amount of HK$465,880,000 approximately RMB372,943,000, taking into account the 2,452,000,000 ordinary shares in issue at the reporting date, have been proposed by the Board of Directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability in these consolidated financial statements.

10. EARNINGS PER SHARE

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

	2017	2016
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic (2016: basic and diluted) earnings per share (profit for the year attributable to owners of the Company)	**1,284,077**	811,153
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,059,330**	1,768,709
Effect of dilutive potential ordinary shares:		
Over-allotment option		152
Weighted average number of ordinary shares for the purpose of diluted earnings per share		1,768,861

No diluted earnings per share for the year ended 31 December 2017 was presented as there were no potential ordinary shares in issue in 2017.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2017	2016
	RMB'000	*RMB'000*
Rental receivables	**39,903**	38,212
Prepaid construction costs	**358,614**	494,151
Prepaid business and other taxes	**214,884**	218,002
Deposits for acquisition of land use rights	**26,040**	1,466
Projects related deposits	**289,944**	99,156
Deposits for trust financing arrangements *(Note i)*	**63,925**	4,800
Other deposits *(Note ii)*	**251,186**	20,368
Bills receivables	**3,870**	700
Advances to staff	**–**	22,411
Loans receivable *(Note iii)*	**733,721**	–
Other receivables *(Note iv)*	**135,048**	269,703
	2,117,135	1,168,969

Notes:

(i) The amounts are deposited in trust financing companies for raising trust loans to subsidiaries of the Group. The deposits will be refunded to the Group upon final repayments of the trust loans.

(ii) Other deposits as at 31 December 2017 mainly represent temporary payments paid for potential property development projects to local government. There is no fixed repayment term for these other deposits and the directors of the Company consider they are repayable upon the payment for construction costs.

(iii) Loans receivable represent loans to independent third parties which are unsecured, interest bearing at ranging from 12% to 23% per annum and repayable within one year.

(iv) Other receivables mainly represent temporary payments made to contractors and advances to contractors.

The Group allows an average credit period of 30 days to its trade customers. 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 2017 and 2016.

12. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES/PRE-SALE DEPOSITS RECEIVED

	2017	2016
	RMB'000	*RMB'000*
Trade payables	**529,098**	405,118
Business and other taxes payable	**286,322**	18,889
Accrued charges *(Note i)*	**177,531**	123,892
Deferred income *(Note ii)*	**703,456**	442,629
Payables for acquisition of land	**–**	39,143
Deposits related to sales of properties	**–**	49,222
Consideration payable for acquisition of subsidiaries	**322,700**	98,052
Deposits and other payables *(Note iii)*	**409,763**	224,987
Other unsecured interest-free advances	**–**	86,470
	2,428,870	1,488,402
Less: Non-current portion of deferred income	**(693,230)**	(436,341)
Current portion	**1,735,640**	1,052,061

Notes:

(i) Accrued charges mainly include construction cost accrued based on construction progress.

(ii) Deferred income represents deferred income arising from transfer of land use right of underground carparks which no building ownership certificate has been obtained by the Group. The income arising from sales of underground carparks 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) Deposits and other payables mainly represent accrued interests for bank borrowings, senior notes 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:

	2017	2016
	RMB'000	*RMB'000*
0–30 days	**269,841**	193,649
31–90 days	**68,783**	60,353
91–180 days	**37,037**	20,150
181–360 days	**26,454**	20,702
Over 360 days	**126,983**	110,264
	529,098	405,118

As at 31 December 2017, pre-sale deposits received of RMB1,112,645,000 (2016: RMB595,303,000) is expected to be realised after twelve months from the end of the reporting date.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

The PRC's real estate market was exposed to both challenges and opportunities in 2017. On one hand, the PRC government generally tightened the austerity measures on the real estate sector by adopting measures targeting "purchase restriction, credit restriction, price restriction and sales restriction", and curbing property prices appreciation effectively. On the other hand, under the influence of "four restrictions", part of the housing demand has been flowing into the third- and fourth-tier cities nearby, thereby increasing the property prices and transaction volume in those cities. During the year, the Group achieved good sales results by conforming to market changes with the adoption of an active investment tactic, while continuously showing a strong and steady momentum of development.

Throughout 2017, the transaction volume and average selling price of commodity housing in the PRC maintained a moderate upward trend. According to the "National Real Estate Development and Sales in 2017" (《2017年全國房地產開發投資和銷售情況》) issued by the National Bureau of Statistics of the PRC, the sales of national commodity housing amounted to approximately RMB133.7 trillion in 2017, representing an increase of 13.7% as compared with that of 2016. Sales of residential housing also had a year-on-year increase by 11.3%. The sales area of national commodity housing amounted to approximately 1.69 billion sq.m., representing a year-on-year increase of 7.7%.

Contracted Sales

During the year of 2017, the contracted sales of the Group amounted to approximately RMB10.37 billion, representing an increase of approximately 123.1% from approximately RMB4.65 billion recorded in 2016. Contracted sales area of the Group amounted to approximately 1,177,000 sq.m., representing a significant increase of approximately 156% from 460,000 sq.m. recorded in 2016. The average price of contracted sales amounted to RMB8,813 per sq.m. which is similar to that of last year. The contracted sales of the Group by geographical location, of Yangzhou, Taizhou, Nanjing, Suqian, Nantong, Suqian, Zhenjiang and others amounted to approximately RMB3.56 billion, RMB1.85 billion, RMB1.54 billion, RMB1.35 billion, RMB0.82 billion, RMB0.45 billion, RMB0.39 billion and RMB0.09 billion, respectively, representing approximately 34%, 21%, 15%, 13%, 8%, 4%, 4% and 1% of the Group's total contracted sales in 2017, respectively.

Details of contracted sales breakdown of the Group by major projects are as follows:

Project	Year ended 31 December 2017 Contracted sales RMB (million) (unaudited)	Contracted gross floor area ("GFA") (sq.m.)	Contracted average selling price ("ASP") (RMB per sq.m.)	Year ended 31 December 2016 Contracted sales RMB (million) (unaudited)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)
1. Nanjing Zijin Mansion 南京紫金華府	**1,544.0**	**46,696**	**33,065**	2,185.3	76,128	28,705
2. Taizhou Venice Metropolis 泰州威尼斯城	**1,268.2**	**150,871**	**8,406**	429.9	68,484	6,278
3. Suqian Rome Metropolis 宿遷羅馬都市	**446.4**	**96,019**	**4,649**	190.4	45,504	4,184
4. Taizhou Jiayuan Central Plaza 泰州佳源中心廣場	**346.9**	**62,654**	**5,537**	120.0	25,723	4,664
5. Taizhou Jiayuan New World 泰州新天地	**237.8**	**20,738**	**11,465**	523.2	51,519	10,156
6. Nantong Jiayuan Metropolis 南通佳源都市	**822.8**	**106,132**	**7,752**	149.2	23,457	6,362
7. Yangzhou Jiayuan Centurial City 揚州佳源世紀天城	**2,222.8**	**232,091**	**9,577**	416.6	49,376	8,436
8. Zhenjiang Jiayuan Paris Metropolis 鎮江佳源巴黎都市	**390.9**	**50,512**	**7,739**	–	–	–
9. Suqian Paris Metropolis 宿遷巴黎都市	**375.8**	**98,310**	**3,822**	174.3	36,082	4,832
10. Suzhou Jiayuan Harbourview 蘇州海藝豪庭	**449.9**	**31,327**	**14,363**	–	–	–
11. Yangzhou Centurial Honour Mansion 揚州國源榮御府	**680.0**	**70,852**	**9,597**	–	–	–
12. Yangzhou Yurun Jiayuan Guifu, Huafu 揚州雨潤佳源桂府、華府	**651.7**	**66,578**	**9,789**	–	–	–
13. Suqian The Bund Number One 宿遷外灘壹號	**420.2**	**56,266**	**7,469**	–	–	–
14. Others	**512.8**	**87,605**	**5,854**	459.3	83,818	5,479
Total	**10,370.2**	**1,176,651**	**8,813**	4,648.2	460,091	10,102

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 2017, the Group had land reserves with a total GFA of 7.1 million sq.m..

The Group retains the ownership of certain self-developed commercial properties to generate recurring income. As at 31 December 2017, the Group had investment properties with a total GFA of approximately 0.4 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.

Investment Properties

The following table sets out a summary of the Group's investment properties (excluding carparks) as at 31 December 2017:

Project		Total GFA Held for Investment	Leased GFA	Total Rental Income For the year ended 31 December	
				2017	2016
		(sq.m.)	*(sq.m.)*	***(RMB million)***	*(RMB million)*
Yangzhou					
1.	Park Number One 公園一號	720.8	720.8	**0.3**	0.3
2.	Jiayuan Centurial Garden 世紀花園	8,653.1	8,653.1	**0.9**	0.9
3.	Jiayuan Centurial City 佳源世紀天城 *(Note)*	127,002.1	–	**–**	–
Taizhou					
4.	Jiayuan Central Plaza 佳源中心廣場	47,567.2	43,601.2	**2.5**	1.4
5.	Jiayuan New World 新天地	25,190.9	20,643.3	**3.4**	3.6
6.	Qiangxi Garden 羌溪花苑	3,045.8	3,045.8	**0.5**	0.3

Project	Total GFA Held for Investment	Leased GFA	Total Rental Income For the year ended 31 December 2017	2016
	(sq.m.)	*(sq.m.)*	***(RMB million)***	*(RMB million)*
Taizhou				
7. Oriental Bright City 東方不夜城	34,419.1	34,303.1	**5.8**	5.8
8. Quexiandao Number One 鵲仙島一號	10,027.7	9,939.1	**2.5**	2.5
Suqian				
9. Rome Metropolis 羅馬都市	43,886.0	37,534.0	**3.2**	2.8
Changzhou				
10. Jiayuan Central Plaza 佳源中心廣場	49,849.3	3,818.3	**–**	–
Nanjing				
11. Zijin Mansion 紫金華府 *(Note)*	41,229.3	–	**–**	–
Total	391,591.3	162,258.7	**19.1**	17.6

Note: The project is currently under construction.

Land Reserves

The following table sets out a summary of the Group's land reserves by project as at 31 December 2017:

Project	Project type	Site Area *(sq.m.)*	Land Reserve Area *(sq.m.)*	Ownership Interest %
Yangzhou				
1. Jiayuan Centurial City 佳源世紀天城	Mixed-use	214,206	717,691	100%
2. Centurial Honour Mansion 世紀天城榮御府	Mixed-use	167,810	573,803	100%
3. Jiayuan Westmount Villa 佳源西峰玖墅	Residential	143,822	239,056	70%
4. Jiayuan Centurial Villa 世紀豪園	Residential	391,088	1,803	100%

Project		Project type	Site Area *(sq.m.)*	Land Reserve Area *(sq.m.)*	Ownership Interest %
5.	Jiayuan Centurial Garden 世紀花園	Residential	234,671	4,317	100%
6.	Park Number One 公園一號	Residential	75,591	–	100%
7.	Jiayuan Centurial Scenery Park 世紀景園	Residential	60,972	–	100%
8.	Yurun Guifu 雨潤桂府	Residential	119,973	324,904	100%
9.	Yurun Huafu 雨潤華府	Residential	91,722	253,587	100%
Nanjing					
10.	Zijin Mansion 紫金華府	Residential	339,008	106,020	100%
Taizhou					
11.	Venice Metropolis 威尼斯城	Residential	660,576	1,434,020	100%
12.	Taixing Jiayuan Central Plaza 泰興佳源中心廣場	Mixed-use	81,887	67,698	100%
13.	Jiayuan Mingfu 佳源名府	Mixed-use	42,054	49,147	100%
14.	Jiayuan New World 新天地	Mixed-use	190,802	294,140	100%
15.	Qiangxi Garden 羌溪花苑	Residential	69,486	7,917	100%
16.	Guxi Jiayuan Central Plaza 古溪佳源中心廣場	Mixed-use	83,048	148,347	100%
17.	Oriental Bright City 東方不夜城	Residential	77,021	–	100%
18.	Oriental Paris City 東方巴黎城	Residential	231,702	69,515	100%
19.	Quexiandao Number One 鵲仙島一號	Residential	68,330	11,903	100%
20.	Jiayuan Central Plaza 佳源中心廣場	Mixed-use	15,702	15,702	100%

Project	Project type	Site Area *(sq.m.)*	Land Reserve Area *(sq.m.)*	Ownership Interest %
Suzhou				
21. Jiayuan Harbourview 海藝豪庭	Residential	52,988	168,118	100%
Suqian				
22. Elite International Garden 名人國際花園	Residential	53,970	389	90%
23. Park Number One 公園一號	Residential	126,183	33,206	90%
24. Paris Metropolis 巴黎都市	Residential	220,520	538,373	90%
25. Rome Metropolis 羅馬都市	Residential	302,505	759,030	100%
26. The Bund Number One 外灘一號	Residential	83,991	218,245	100%
Changzhou				
27. Jiayuan Central Plaza 佳源中心廣場	Mixed-use	58,601	72,768	100%
Nantong				
28 Jiayuan Metropolis 佳源都市	Residential	198,434	518,500	100%
Zhenjiang				
29. Jiayuan Paris Metropolis 佳源巴黎都市	Residential	119,608	280,982	100%
Shenzhen				
30. Shenzhen Dingxi 深圳鼎曦	Residential	4,940	55,514	100%
31. Shenzhen Songling 深圳松齡	Residential	4,281	38,100	100%
Macau				
32. Macau Taipa 澳門氹仔	Residential	5,597	60,969	100%
Total		4,591,089	7,063,764	

Footprint of Property Development

As of 31 December 2017, the Group's land bank occupied 7.1 million sq.m., and its property portfolio comprised of 32 properties in various major cities in the PRC, comprising 24 residential complexes and 8 commercial complexes located in major cities such as Nanjing, Yangzhou, Suzhou, Nantong, Zhenjiang, Taizhou and Suqian. The Group first set foot in Guangdong Province in 2016 by acquiring two quality projects in Shenzhen and later established its presence in Macau during 2017, further expanding its quality land bank in Guangdong-Hong Kong-Macau Greater Bay Area.

Well-established Investor Relations

Stock commentators and investors tours

The Group organised a number of stock commentators and investor tours during the year. Investors visited cities where our projects were located, such as Nanjing, Zhenjiang, Yangzhou, Nantong and Taizhou. Accompanied by our management, investors had the opportunity to inspect the quality and services of each projects on-site, thereby recognising the scale of operation of each project and the achievements obtained by the Group.

Investment Research Institution Summit and Investors Roadshow Invitation

Besides participating in the Stock Connect events hosted by the Stock Exchange at the beginning of 2017, the Group also actively participated in conferences and investors roadshows organised by large-scale organisations, such as the "Gelonghui Hong Kong Stocks Investment Summit 2017 (格隆匯決戰港股2017)" and "Zetong Finance Insight into the New Value of Hong Kong Stocks Summit (智通財經洞見港股新價值高峰論壇)", sharing the Company's overall performance in the past year with corporate investors and analysts from Mainland China and Hong Kong, thereby being prepared for further development in the future.

Fully recognised by the industry

The share price of the Company achieved an increase of over 300% since its listing in March 2016. The market capitalisation of the Company has reached HK$20.0 billion in December 2017. The Company's remarkable performance in the past year was recognised by large scale organisations within the industry. The Company received various industry accolades, including the "New Shares Growth Momentum Award", "Listed Company 2017 Award", and "Most Valuable Listed Real Estate Company Award 2017". In addition, the project companies of the Group also had outstanding performance, projects such as Taizhou Venice Metropolis and Nantong Jiayuan Metropolis were awarded the "Outstanding Residential District" and "Nantong Potential Real Estate 2017" respectively, affirming the Group's leading position within the real estate industry.

Prospects for 2018

Under the guidelines of the 19th National Congress of the Communist Party of the PRC, the central government plans to maintain its current austerity measures in 2018. The Group believes the real estate policy of the PRC will continue to focus on maintaining stability. In order to maintain a healthy and stable market, the Group believes the policies will remain focused on cooling down the overheating market in popular cities within the major metropolitan circle and speeding up the destocking process in the underperformed second- and third-tier cities within the non-major metropolitan circle. The Group expects that the housing demand in the PRC's second- and third-tier cities will remain robust in the future while the overall real estate sales volume will mildly increase.

The Group will continue to adhere to the development strategy of "expand and strengthen" (「做大做強」). In addition to the continual development of new projects in the major cities of the Jiangsu Province, the Group will also strive to actively expand quality projects in other major provinces and cities as well as in the Pearl River Delta. The Group has expanded its property business into Shenzhen and Macau and will focus on exploring quality land in the economic circles of Guangdong-Hong Kong-Macau Greater Bay Area in the future. The Group will actively seek opportunities to acquire quality land reserves through mergers and acquisitions, tenders, auctions and bids in the listings posted by the government to enhance its market share in the PRC.

In addition, the Group will continue to explore and apply architectural 3D printing technology and strive to expand the application of such technology from gardening and outdoor products to certain aspects of projects obtained by the Group. Being a relatively new construction method which utilises the digitisation of manufacturing in factories, architectural 3D printing technology is not only an environmentally friendly and energy-saving technology, it also accelerates the pace of industrialisation of construction and housing industrialisation, transforming the Group towards a more "technical real estate" and "green building" ideal.

Undaunted by challenges, the Company has witnessed and experienced various fluctuation and cycles in the property market. The Company strives to maintain its core business of property and give impetus to the development of urbanisation. The Group will continue to pursue a sustainable and balanced growth strategy with due care to risks in order to maximise value for its shareholders.

FINANCIAL REVIEW

Operating Results

Revenue

Revenue of the Group mainly consists of revenue derived from (i) property development and (ii) property investment. In 2017, revenue of the Group amounted to approximately RMB6,948.8 million, representing an increase of approximately 87.7% from approximately RMB3,702.1 million in 2016. Profit and total comprehensive income for the year attributable to the owners of the Group was approximately RMB1,285.7 million, representing an increase of approximately 58.5% from approximately RMB811.2 million in 2016.

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 88.1% to approximately RMB6,923.9 million in 2017 from approximately RMB3,681.8 million in 2016. The increase was mainly due to the delivery of properties pre-sold under Nanjing Zijin Mansion project upon its completion in 2017.

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 22.5% to approximately RMB24.9 million in 2017 from approximately RMB20.3 million in 2016. The increase was primarily due to increase of monthly rental income generated from leasing contracts of the property investments during the year.

Gross Profit and Margin

Gross profit increased by approximately 89.8% to approximately RMB2,398.7 million in 2017 from approximately RMB1,263.9 million in 2016, while the Group's gross profit margin increased to 34.5% in 2017 as compared to a gross profit margin of 34.1% in 2016. The increase in gross profit margin was mainly attributable to the delivery of projects including Nanjing Zijin Mansion and Taizhou Jiayuan New World which contributed a comparatively higher gross profit margin to the Group.

Other Income, Gains and Losses

The Group had other income and gains of approximately RMB137.6 million in 2017 while it was approximately RMB66.3 million in 2016, increased by 107.5%. The increase of other income and gains was mainly attributable to an increase in foreign exchange gain to approximately RMB78.4 million in 2017 as compared to approximately RMB5.3 million in 2016, as a result of the appreciation of RMB that contributed to the depreciation of the value of the Group's USD-denominated bank senior notes.

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

The Group's change in fair value of investment properties decreased to approximately RMB208.9 million in 2017 from approximately RMB337.8 million in 2016.

Distribution and Selling Expenses

The distribution and selling expenses increased to approximately RMB155.4 million in 2017 from approximately RMB130.2 million in 2016. The increase by approximately 19.3% was mainly attributable to an increase in sales commission in 2017.

Administrative Expenses

The Group's administrative expenses increased by approximately 98.4% to approximately RMB178.3 million in 2017 from approximately RMB89.9 million in 2016, which was mainly attributable to the commission and professional fees incurred by the issuance of senior notes and the placing and subscription in 2017.

Other Expenses

The Group's other expenses decreased to approximately RMB2.8 million in 2017 from approximately RMB15.7 million in 2016. The decrease of approximately 82.3% was mainly due to the inclusion of listing fee for initial public offering in 2016.

Finance Costs

The Group's finance costs increased to approximately RMB150.8 million in 2017 from approximately RMB64.9 million in 2016. The increase of approximately 132.3% was in line with the increase in bank and other borrowings and the issuance of senior notes.

Income Tax Expense

The Group's income tax expense increased to approximately RMB968.2 million in 2017 from approximately RMB660.7 million in 2016. The increase by approximately 46.6% was due to the increase in the Group's profit from the property development segment in 2017.

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 58.5% to approximately RMB1,285.7 million in 2017 from approximately RMB811.2 million in 2016 which was in line with the expansion of the Group's operation in 2017.

Liquidity, Financial and Capital Resources

Cash Position

As at 31 December 2017, the Group had an aggregate pledged/restricted bank deposits and bank balances and cash of approximately RMB6,716.7 million (as at 31 December 2016: approximately RMB1,416.4 million), representing an increase of approximately 374.2% as compared to that as at 31 December 2016. As at 31 December 2017, bank deposits of approximately RMB837.2 million (as at 31 December 2016: approximately RMB107.6 million) were pledged to secure bank borrowings raised by the Group.

The Group had restricted bank deposits of approximately RMB136.8 million (as at 31 December 2016: approximately RMB305.4 million) in 2017 that are restricted for use in specific property development projects.

Borrowings and the Group's Pledged Assets

As at 31 December 2017, the Group had bank and other borrowings of approximately RMB10,924.0 million (as at 31 December 2016: approximately RMB5,700.1 million). Amongst the borrowings, approximately RMB3,233.3 million (as at 31 December 2016: approximately RMB3,385.6 million) will be repayable within one year and approximately RMB7,690.6 million (as at 31 December 2016: approximately RMB2,314.4 million) will be repayable after one year.

As at 31 December 2017, bank and other borrowings of approximately RMB10,924.0 million (as at 31 December 2016: approximately RMB5,668.7 million) were secured by bank balances, land use rights and properties of the Group. As at 31 December 2017, the assets pledged to secure certain borrowings granted to the Group amounted to approximately RMB16,832.0 million (as at 31 December 2016: approximately RMB10,721.8 million).

Senior Notes

In September 2016, the Company issued US$100,000,000 aggregate principal amount of 9.75% Senior Secured Notes due 2018 (the "2018 Senior Notes") which are listed on the Stock Exchange (Stock Code: 4329). The 2018 Senior Notes, bearing interest at a fixed rate of 9.75% per annum with interest payable semi-annually in arrears, will mature in September 2018.

On or after 15 September 2017, the Company may redeem the 2018 Senior Notes, in whole or in part, at a redemption price equal to 105% of the principal amount of the 2018 Senior Notes, plus accrued and unpaid interest, if any, to (but excluding) the redemption date. The Company must make an offer to repurchase all 2018 Senior Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase upon the occurrence of a change of control triggering event or a delisting event as set out in the offering circular for the 2018 Senior Notes.

In April 2017, the Company issued US$50,000,000 aggregate principal amount of 8.50% Senior Secured Notes due 2019 (the "April 2019 Senior Notes"). The April 2019 Senior Notes, bearing interest at a fixed rate of 8.5% per annum with interest payable quarterly in arrears, will mature in April 2019.

On or after 7 April 2018, the Company may, at it option, redeem the April 2019 Senior Notes, in whole or in part, at a redemption price equal to 105% of the principal amount of the April 2019 Senior Notes, plus accrued and unpaid interest, if any, to (but excluding) the redemption date.

In May 2017, the Company issued US$50,000,000 aggregate principal amount of 8.50% Senior Secured Notes due 2019 (the "May 2019 Senior Notes"). The May 2019 Senior Notes, bearing interest at a fixed rate of 8.5% per annum with interest payable quarterly in arrears, will mature in May 2019.

On or after 19 May 2018, the Company may, at its option, redeem the May 2019 Senior Notes, in whole or in part, at a redemption price equal to 105% of the principal amount of the May 2019 Senior Notes, plus accrued and unpaid interest, if any, to (but excluding) the redemption date.

In October 2017, the Company issued US$160,000,000 aggregate principal amount of 8.00% Senior Secured Notes due 2018 (the "October 2018 Senior Notes"). The October 2018 Senior Notes, bearing interest at a fixed rate of 8.0% per annum with interest payable semi-annually in arrears, will mature in October 2018.

In November 2017, the Company issued US$300,000,000 aggregate principal amount of 8.25% Senior Secured Notes due 2018 (the "November 2018 Senior Notes") which are listed on the Stock Exchange (Stock Code: 5016). The November 2018 Senior Notes, bearing interest at a fixed rate of 8.25% per annum with interest payable semi-annually in arrears, will mature in November 2018.

The Company may redeem the November 2018 Senior Notes upon giving not less than 15 days' nor more than 60 days' notice, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the redemption date.

Net Gearing Ratio

The net gearing ratio of the Group improved significantly, the ratio dropped significantly from 150.2% as at 31 December 2016 to 125.6% as at 31 December 2017. The net gearing ratio was measured by net debt (bank and other borrowings and senior notes net of bank balances and cash and pledged/restricted bank deposits) over the total equity.

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. In 2017, though RMB appreciated against U.S. dollar and Hong Kong dollar, the Directors expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

The Group will closely monitor the exchange rate risk regularly and make foreign exchange hedging arrangement when necessary. The Group considers that no foreign exchange hedging arrangement is needed currently.

Commitments

As at 31 December 2017, the Group committed payment for the construction and land development expenditure amounting to approximately RMB3,473.8 million (as at 31 December 2016: approximately RMB3,696.9 million).

Contingent Liabilities

As at 31 December 2017, the Group had provided guarantees amounting to approximately RMB4,586.9 million (as at 31 December 2016: approximately RMB3,376.4 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 2017 as the possibility of default by the purchasers of the Group's properties is remote.

Material Acquisitions and Disposals

In June 2017, the Group completed the acquisition of the entire equity interest in Yangzhou Jialian, which holds a mixed-use property development project under construction located at Yangzhou City, Jiangsu Province, the PRC. Please refer to the Company's announcement dated 30 June 2017 for further details.

In November 2017, Xiangyuan Property Development Limited, an indirect wholly-owned subsidiary of the Company, completed the acquisition two parcels of land Lot TN20 and Lot TN24 located at Taipa District of Macau. Please refer to the Company's announcement dated 6 September 2017 and circular dated 13 October 2017 respectively for further details.

In November 2017, the Group completed the acquisition of the entire equity interest in Yangzhou Yurun, which holds two property development projects located at Guangling District, Yangzhou City, Jiangsu Province, the PRC. Please refer to the Company's announcement dated 16 November 2017 for further details.

In December 2017, the Group completed further acquisition of the 51% equity interest in 深圳市松齡實業有限公司 (Shenzhen Songling Industrial Co., Ltd.*) and it became a wholly-owned subsidiary of the Company. Please refer to the Company's announcement dated 29 December 2017 for further details.

Save as disclosed in the above announcements and circular, the Group did not have any material acquisitions and disposals during the year ended 31 December 2017.

Events After the Reporting Period

On 11 January 2018, the Company issued US$250,000,000 aggregate principal amount of 8.125% Senior Secured Notes due 2019 (the "January 2019 First Senior Notes") which are listed on the Stock Exchange (Stock Code: 5088). The January 2019 First Senior Notes, bearing interest at a fixed rate of 8.125% per annum with interest payable semi-annually in arrears will mature in January 2019.

The Company may at any time redeem the January 2019 First Senior Notes, in whole or in part, at any time, at a redemption price equal to 100% of the principal amount of the January 2019 First Senior Notes, plus accrued and unpaid interest, if any, to the redemption date. The Company must make an offer to repurchase all January 2019 First Senior Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase upon the occurrence of a change of control triggering event as set out in the offering circular for the January 2019 First Senior Notes.

On 15 January 2018, the Company issued US$50,000,000 aggregate principal amount of 8.00% Senior Notes due 2019 (the "January 2019 Second Senior Notes"). The January 2019 Second Senior Notes, unless previously redeemed pursuant to the terms and conditions of the January 2019 Second Senior Notes, will mature on 14 January 2019.

At any time, the Company may, with the prior written consent from all holders of the January 2019 Second Senior Notes, redeem all of the January 2019 Second Senior Notes at a redemption price equal to the sum of (i) the principal amount outstanding on the January 2019 Second Senior Notes, (ii) all accrued and unpaid interest of the January 2019 Second Senior Notes, (iii) all unpaid default interest (if any) accrued on the January 2019 Second Senior Notes and (iv) 2.7% of the outstanding principal amount of the January 2019 Second Senior Notes.

* *For identification purpose only*

On 8 March 2018, the Group entered into the Cooperation Agreement to establish a joint venture as a limited liability Company ("Guiyang JV") for the purpose of investing into the shanty town redevelopment project in respect of a parcel of land located at Nanming District, Guiyang City, Guizhou Province, the PRC. 佳源（深圳）投資諮詢有限公司 (Jiayuan (Shenzhen) Investment Consulting Co., Ltd.*) and 貴州恒豐偉業房地產開發有限公司 (Guizhou Hengfeng Weiye Property Development Co., Ltd.*) shall hold 61% and 39% equity interests in Guiyang JV respectively. Please refer to the Company's announcement dated 8 March 2018 for further details.

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 above, the Group did not have any future plans for material investments as at the date of this announcement.

Placing and Subscription of Shares

In June 2017, Mingyuan Investment, Haitong International Securities Company Limited and Huarong International Securities Limited (the "First Placing Agents") and the Company entered into a placing agreement, pursuant to which, Mingyuan Investment agreed to sell and the First Placing Agents, as agents of Mingyuan Investment, agreed to place, on a best effort basis, a total of up to 352,500,000 existing shares of the Company (the "First Placing Shares") at the placing price of HK$3.35 per share (the "First Placing").

On the same date, Mingyuan Investment and the Company entered into a subscription agreement, pursuant to which, Mingyuan Investment agreed to subscribe for up to 352,500,000 new shares of the Company at the price of HK$3.35 per subscription share. Pursuant to the said subscription agreement, Mingyuan Investment should subscribe for such number of new shares of the Company which was equal to the total number of the First Placing Shares (the "First Subscription").

The First Placing and the First Subscription of a total of 352,500,000 shares were completed on 9 June 2017 and 19 June 2017 respectively. The Company intends to use the net proceeds of approximately RMB1,020.0 million from the First Placing and the First Subscription primarily for acquisition of land bank and general working capital.

Please refer to the Company's announcements dated 6 June 2017 and 19 June 2017 for further details.

In December 2017, Mingyuan Investment, Huajin Securities (International) Limited, Head & Shoulders Securities Limited and Yue Xiu Securities Company Limited (the "Second Placing Agents") and the Company entered into a placing agreement, pursuant to which, Mingyuan Investment agreed to sell and the Second Placing Agents, as agents of Mingyuan Investment, agreed to place, on a best effort basis, a total of up to 232,000,000 existing shares of the Company (the "Second Placing Shares") at the placing price of HK$6.11 per share (the "Second Placing").

* *For identification purpose only*

On the same date, Mingyuan Investment and the Company entered into a subscription agreement, pursuant to which, Mingyuan Investment agreed to subscribe for up to 232,000,000 new shares of the Company at the price of HK$6.11 per subscription share. Pursuant to the said subscription agreement, Mingyuan Investment should subscribe for such number of new shares of the Company which was equal to the total number of the Placing Shares (the "Second Subscription").

The Second Placing and the Second Subscription of a total of 232,000,000 shares were completed on 27 December 2017 and 28 December 2017 respectively. The Company intends to use the net proceeds of approximately RMB1,174.8 million from the Second Placing and the Second Subscription primarily for acquisition of land bank and general working capital.

Please refer to the Company's announcements dated 18 December 2017 and 28 December 2017 for further details.

Employees, Remuneration Policies and Share Option Scheme

As at 31 December 2017, the Group had approximately 441 employees (as at 31 December 2016: 498 employees). For the year ended 31 December 2017, the Group incurred employee costs of approximately RMB59.3 million (as at 31 December 2016: approximately RMB41.2 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.

CORPORATE GOVERNANCE PRACTICES

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability. The Board is committed to achieving high corporate governance standards.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as the basis of the Company's corporate governance practices.

The Company has complied with all the code provisions as set out in the CG Code for the year ended 31 December 2017.

The Directors will use their best endeavors to procure the Company to continue to comply with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for securities transactions by directors and employees who are likely to be in possession of unpublished inside information of the Company (the "Code of Conduct") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

The Company, after making specific inquiries to all Directors, confirmed that all of them have complied with the required standards in the Model Code and the Code of Conduct throughout the year ended 31 December 2017.

No incident of non-compliance of the Code of Conduct by the relevant employees was noted by the Company during the year ended 31 December 2017. In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and relevant employees in advance.

REVIEW OF CONSOLIDATED FINANCIAL INFORMATION

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the final results and the audited consolidated financial statements for the year ended 31 December 2017. The audit committee has also reviewed the effectiveness of the internal control system, financial reporting system and risk management system of the Group and considers such systems to be effective and adequate.

This final results announcement is based on the Company's audited consolidated financial statements for the year ended 31 December 2017 which have been agreed with Deloitte Touche Tohmatsu, the auditor of the Company.

FINAL DIVIDEND

The Board is committed to maintaining a stable dividend policy to ensure sustainable and steady returns for shareholders. After considering the composition of the profit and cash flows of the Group, the Board recommended a final dividend of HK19 cents (2016: Nil) per share, representing a dividend payout ratio of approximately 24.4%.

The Board recommended that the final dividend be satisfied wholly in the form of an allotment of scrip shares. Shareholders will be given the option of receiving the final dividend wholly in cash in lieu of such allotment, or partly in cash and partly in the form of scrip shares (the "Scrip Dividend Scheme"). The Scrip Dividend Scheme is subject to: (1) the approval of the proposed final dividend at the forthcoming annual general meeting of the Company; and (2) the Stock Exchange granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held on Wednesday, 13 June 2018 (the "AGM") and the notice of the AGM will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

To ensure the eligibility to attend and vote at the AGM and the entitlement to the proposed final dividend, the register of members of the Company will be closed on the following dates:

For ascertaining shareholders' right to attend and vote at the AGM:

Latest time to lodge transfers	:	4:30 p.m. on Thursday, 7 June 2018
Book closure dates	:	Friday, 8 June 2018 to Wednesday,13 June 2018 (both days inclusive)
Record date	:	Wednesday, 13 June 2018

For ascertaining shareholders' entitlement to the proposed final dividend:

Latest time to lodge transfers	:	4:30 p.m. on Tuesday, 19 June 2018
Book closure dates	:	Wednesday, 20 June 2018 to Thursday, 21 June 2018 (both days inclusive)
Record date	:	Thursday, 21 June 2018
Payment date of the final dividend	:	on or about Monday, 30 July 2018

To be eligible to attend and vote at the AGM and qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged 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 no later than the aforementioned latest time.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This announcement of final results has been published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.jiayuanintl.com. The 2017 Annual Report for the year ended 31 December 2017 containing all the information required by Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and available on the same websites in due course.

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

Hong Kong, 27 March 2018

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.