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 REPORT 2015

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Non-executive Director
Shum Tin Ching *(Chairman)*

Executive Directors
Cheuk Hiu Nam *(Chief Executive Officer)*
Huang Fuqing
Wang Jianfeng

Independent non-executive Directors
Tai Kwok Leung, Alexander#
Cheung Wai Bun, Charles, *JP*#
Gu Yunchang#

Appointed on 12 February 2016

AUDIT COMMITTEE
Tai Kwok Leung, Alexander *(Chairman)*
Cheung Wai Bun, Charles, *JP*
Gu Yunchang

REMUNERATION COMMITTEE
Cheung Wai Bun, Charles, *JP (Chairman)*
Tai Kwok Leung, Alexander
Cheuk Hiu Nam

NOMINATION COMMITTEE
Shum Tin Ching *(Chairman)*
Cheung Wai Bun, Charles, *JP*
Gu Yunchang

COMPANY SECRETARY
Wan Siu Keung, *CPA*

AUTHORISED REPRESENTATIVES
Cheuk Hiu Nam
Wan Siu Keung

AUDITOR
Deloitte Touche Tohmatsu

LEGAL ADVISERS
As to Hong Kong law:
Mayer Brown JSM

As to PRC law:
Jingtian & Gongcheng

As to Cayman Islands law:
Conyers Dill & Pearman

COMPLIANCE ADVISER
Messis Capital Limited

PRINCIPAL BANKERS
Hang Seng Bank Limited
Wing Lung Bank Limited
Bank of China, Taixing Branch
China Citic Bank, Nantong Branch
Bank of Shanghai, Yangpu Branch

REGISTERED OFFICE
Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Room 1403, 9 Queen's Road Central
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC
No. 59, Gu Jia Ying Road
Xuanwu District
Nanjing
China

PRINCIPAL SHARE REGISTRAR
Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

BRANCH SHARE REGISTRAR IN HONG KONG
Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE
www.jiayuanintl.com

STOCK CODE
2768

COMPANY PROFILE

ABOUT JIAYUAN

Jiayuan International Group Limited (the "Company") (Stock Code: 2768) is an established property developer of large-scale residential complex projects and integrated commercial complex projects in Jiangsu Province, the People's Republic of China ("PRC"). On 8 March 2016, the Company completed the initial public offering with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing").

As at 31 December 2015, the Company and its subsidiaries (the "Group") had a total land bank of approximately 4.3 million square meters ("sq.m."). Pursuant to the Group's core development strategy of "major cities and selected key towns" (「大城市、小城鎮」), the Group will focus the development effort on (i) residential properties in major cities such as Nanjing and Yangzhou; and (ii) integrated commercial complexes in "key towns" (中心鎮) or towns which are under key development, such as Taixing and Changzhou.

In response to the national policy of continuing urbanisation, and the call for city modernisation emphasised by the Jiangsu Provincial Government, the Group envisages that key towns will be developed into major economic and transportation hubs among neighbouring towns, facilitating the pull factors for urbanisation. The Group expects that the economic development of key towns will also enrich the disposable income of the local residents, which, in turn, will attribute to a healthy demand for residential and commercial properties. The Group also plans to expand the operations by developing residential complexes in cities with sizeable regional economies and populations such as Guangzhou, Shenzhen, Zhuhai, Jinan and Chongqing with a view to maximising the Group's return under the projected property demand in the PRC.

The Group's residential complexes and integrated commercial complexes have been or will be developed into mixed-use communal style complexes, which are designed to provide a high level of convenience and enjoyment to customers. In this regard, the Group strives to infuse the following key values into the developments:

(i) education value: by developing schools in property development projects;

(ii) leisure value: by apportioning a sizeable site area of project for the development of gardens and squares with a view to enhancing their visual appeal; and

(iii) commercial value: by developing retail stores and/or shopping arcades in close proximity to the residential area of the Group's complexes.

Based on these key values, the Group believes that the Group's quality property development projects are or will be well received in the locations in which the Group operates or plans to expand operation.

CHAIRMAN'S STATEMENT

Dear **Shareholders**,

Jiayuan International Group Limited is an established property developer of large-scale residential complex projects and commercial complex projects in Jiangsu Province, the PRC. The Group's business operations include the development and sale of residential and commercial properties.

Over the past twelve months, the Group has been striving to seize market opportunities, and the major operational indicators continued to grow. With respect to the annual results for the year ended 31 December 2015, profit from continuing operations for the year amounted to approximately RMB311.2 million, representing an increase of approximately 61.5% from approximately RMB192.7 million in 2014. Profit attributable to shareholders amounted to approximately RMB280.7 million, representing an increase of approximately 64.2% from approximately RMB171.0 million in 2014. Earnings per share also recorded an increase to RMB20.8 cents from RMB12.18 cents in 2014. In 2015, the Group continued to adhere to the Group's core development strategy of "major cities and selected key towns" (「大城市、小城

鎮」). 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%. The average price of contracted sales was approximately RMB10,096/sq.m., representing a growth of 31.9% from 2014.

At the same time, the Group has cultivated the unique power for core competitive skills that included precise product positioning, advanced multi-project management and readily replicable and standardised operational capability. Under the leadership of its stable and experienced management team and abundance of professionals and through an established operation system, the Group has been developing quality property projects, acquiring land reserves and successfully established "Jia Yuan" as a brand representing an outstanding property developer in Jiangsu Province over the years. As at 31 December 2015, the Group has developed a portfolio of 19 property development projects in various major cities or key towns in Jiangsu Province, completed a total gross floor area ("GFA") of approximately 2.7 million sq.m. covering Changzhou, Nanjing, Yangzhou, Taizhou, Taixing, Suqian and Siyang. Our properties comprise various types of residential complexes and commercial properties such as communal style complexes and integrated commercial complexes in new towns.

LISTING ON THE STOCK EXCHANGE ON 8 MARCH 2016

In addition, this year marks a new chapter for the Group. Jiayuan International Group Limited has successfully listed on the Main Board of the Stock Exchange on 8 March 2016 following its public offering commenced from 26 February 2016 in Hong Kong, and became the first company listed on the Main Board in the Year of Monkey. Leveraging upon the opportunity arising from the listing, the Group increased its information transparency and optimised its corporate governance system, and will also actively expand overseas and domestic financing channels to further optimise capital structure and reduce financing costs. We believe that all these measures will build a solid foundation for the Group's long-term sustainable growth.

OUTLOOK FOR 2016

As the current housing loan policy becomes stable gradually, it is believed that the destocking policy of the central government of the PRC will facilitate healthy development of China's property market. Looking forward to 2016, the Group will continue to expand in Jiangsu Province with concentration on the Pearl River Delta Region in the future. The Group will increase its quality land reserves when opportunities arise, but does not rule out the possibility to acquire land through merger and acquisition. Based on the core value of "quality is the absolute principle", the Group will strengthen its competitive advantages on innovative product designs and incorporate key values including "education", "leisure" and "commercial" into its development projects. In addition, the Group's management team is dedicated to refining the construction process and further enhancing the operational efficiency. We believe that the Group's quality property development projects will be well received in the regions in which we operate or plan to expand our operation. Our passion for excellence will enable us to increase our market share in the PRC and create greater value for shareholders. Lastly, on behalf of the board (the "Board") of directors (the "Directors"), I would like to extend my sincere gratitude to our shareholders. With the promising business performance this year, all staff of the Group will continue to take on the challenges ahead and maximise the return to our shareholders.

Jiayuan International Group Limited
Shum Tin Ching
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS


JYCP 佳源中心广场

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、小城鎮」). 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 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 Contracted sales RMB (million) (approx.)	Year ended 31 December 2015 Contracted GFA (sq.m.)	Year ended 31 December 2015 Contracted ASP (RMB per sq.m.)	Year ended 31 December 2014 Contracted sales RMB (million) (approx.)	Year ended 31 December 2014 Contracted GFA (sq.m.)	Year ended 31 December 2014 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:

				Under Development			Held For Future Development		
Project	Project Type	Expected Completion Date	Site Area (sq.m.)	GFA Under Develop-ment (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.)	Ownership Interest %
Nanjing									
1. Zijin Mansion 紫金華府	Residential	2017 Q2	339,007.6	502,067.7	334,561.0	158,565.7	–	–	100%
Taixing									
1. Venice Metropolis 威尼斯城	Residential	2022 Q3	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	2017 Q2	123,939.6	118,593.9	87,039.9	55,375.5	156,160.6	–	100%
3. Jiayuan New World 新天地	Mixed-use	2018 Q2	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	2018 Q4	83,048.0	–	–	–	143,458.3	143,458.3	100%
Taizhou									
1. Oriental Paris City 東方巴黎城	Residential	2016 Q3	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	2018 Q4	15,702.2	–	–	–	15,702.2	15,702.2	100%
Suqian									
1. Suqian Park Number One 宿遷公園一號	Residential	2017 Q1	126,182.9	61,570.6	50,592.1	12,000.0	16,358.0	–	90%

Project	Project Type	Expected Completion Date	Site Area (sq.m.)	Under Development: GFA Under Develop-ment (sq.m.)	Under Development: Saleable/ Rental GFA (sq.m.)	Under Development: GFA Pre-sold (sq.m.)	Held For Future Development: Planned GFA (sq.m.)	Held For Future Development: GFA of Land Use Rights Certificates Not Yet Obtained (sq.m.)	Ownership Interest %
Siyang									
1. Paris Metropolis 巴黎都市	Residential	2019 Q4	173,000.0	157,499.5	148,024.4	115,550.1	435,106.5	–	90%
2. Rome Metropolis 羅馬都市	Residential	2020 Q4	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	2017 Q2	58,601.0	187,915.0	153,816.0	58,258.6	–	–	100%
Total			2,098,315.5	1,882,425.4	1,461,694.9	452,337.7	2,197,681.0	159,160.5	
Total Attributable GFA			2,068,397.2	1,860,518.4	1,441,833.3	439,582.7	2,152,534.6	159,160.5	

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 (sq.m.)	Leased GFA (sq.m.)	Total Rental Income 2015 (RMB million)	Total Rental Income 2014 (RMB million)
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 *(Note 1)*	–	–	**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 *(Note 2)*	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 remaining unsold (sq.m.)	Rentable GFA Held for Property investment (sq.m.)	Ownership Interest %
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			2,633,086.6	2,717,080.4	2,217,290.5	89,087.3	177,946.7	
Total Attributable GFA			2,597,771.3	2,662,939.0	2,176,306.0	87,543.8	177,946.7	

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	
	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.)	Percentage of total land bank by geographical location (%)
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	89,087.3	177,946.7	1,882,425.4	2,197,681.0	159,160.5	4,347,140.4	100%

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 dated 26 February 2016 (the "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 above-mentioned, the Group did not have any future plans for material investments as at the date of this annual report.

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 and the paragraph headed "Share Option Scheme" in this annual report below.

DIRECTORS AND SENIOR MANAGEMENT

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. Shum Tin Ching (沈天晴), aged 57, is the chairman of the Board, the non-executive Director, the chairman of the Nomination Committee of the Company and the founder of the Group. He was appointed as a Director on 5 May 2015 and designated as the non-executive Director on 27 July 2015 for the purposes of enhancing management independence and corporate governance. Mr. Shum's principal responsibilities include overall strategic planning of the Group, and he will not participate in the day-to-day management of the business operations of the Group. Mr. Shum graduated from Zhejiang Broadcasting and Television College* (浙江廣播電視大學) and obtained a diploma in Industrial Enterprise Management in December 1986. He was recognised as a senior economist by Human Resource Department of Zhejiang Province* (浙江省人事廳) in December 2006. Mr. Shum has approximately 20 years of experience in the industry of real estate development. In 1995, he founded Jia Yuan Chuangsheng Holding Group Co., Ltd.* (佳源創盛控股集團有限公司) ("Jia Yuan Chuangsheng") (formerly known as Jiaxing Zujia Property Development Co., Ltd.* (嘉興足佳房地產開發有限公司)), a company principally engaged in property development in Jiaxing, Zhejiang Province, and has acted as a director of Jia Yuan Chuangsheng since April 1995. Mr. Shum is also the sole director of the Company's controlling shareholder, Mingyuan Group Investment Limited ("Mingyuan Investment") since 4 May 2015.

EXECUTIVE DIRECTORS

Mr. Huang Fuqing (黃福清), aged 54, is an executive Director. He was appointed as an executive Director on 27 July 2015. He is primarily responsible for (i) overseeing the day-to-day operation and overall management of the Group, and (ii) the Group's real estate development projects located in Jiangsu Province. Mr. Huang has approximately 17 years of experience in the industry of real estate development. He has been working as the general manager (in mainland China) of Hong Kong Jia Yuan Holdings Limited ("Hong Kong Jia Yuan") since December 2014 and the general manager of Nanjing Xinhaoning Property Development Co., Ltd.* (南京新浩寧房地產開發有限公司) since September 2014. From September 2013 to December 2014, he took up the position of the general manager of Changzhou Jinyuan Property Development Co., Ltd.* (常州金源房地產開發有限公司) ("Changzhou Jinyuan"). He worked in Zhejiang Jia Yuan Property Group Co., Ltd.* (浙江佳源房地產集團有限公司) ("Zhejiang Jia Yuan Group") from January 2011 till he resigned from the position of the executive general manager in December 2014. Mr. Huang also participated in the preparation for and was responsible for the day-to-day management of Zijin Mansion, the Group's property development project in Nanjing which is under development and to be completed by 2017. Formerly, Mr. Huang served as the general manager of Changzhou Tian Yu Property Development Co., Ltd.* (常州天宇房地產開發有限公司) ("Changzhou Tian Yu") from January 2010 to December 2010, the general manager of Changzhou Zhongchuang Property Development Co., Ltd.* (常州市中創房地產開發有限公司) from December 2002 to December 2009, and the manager of Changzhou City Changxin Property Development Co., Ltd.* (常州市常信房地產開發有限公司) from December 1998 to December 2002.

Ms. Cheuk Hiu Nam (卓曉楠), aged 41, is an executive Director, the Chief Executive Officer and a member of the Remuneration Committee of the Company. Ms. Cheuk was appointed as an executive Director on 27 July 2015. She is primarily responsible for overall administration and human resource of the Group. Ms. Cheuk has approximately 13 years of experience in management. Ms. Cheuk has been working as the general manager of Hong Kong Jia Yuan since January 2014. Formerly, Ms. Cheuk worked at Hong Kong Institute of Technology and took up the positions of the Dean of Faculty of Business, the Vice President, the chairperson of the Quality Assurance Committee, the chairperson of the Student Affairs Committee, a member of the Board of Governors, a member of the Academic Board and a member of Finance Sub-Committee from February 2003 to November 2013, of which she was responsible for overall management, strategic and academic planning as well as supervising the financial matters and the human resource. Ms. Cheuk graduated from Pace University (New York) and obtained a master degree of science in June 2001. She graduated from University of London and obtained a master degree of science in December 1997. Previously, she graduated from The Chinese University of Hong Kong and obtained a bachelor degree in Business Administration in May 1995.

Mr. Wang Jianfeng (王建鋒), aged 48, is an executive Director. Mr. Wang was appointed as an executive Director on 27 July 2015. He is primarily responsible for strategic planning and identifying of new real estate development projects for the Group. Mr. Wang has approximately 25 years of experience in the real estate development industry. He has been working as the deputy general manager of Hong Kong Jia Yuan since January 2014. Formerly, Mr. Wang worked as the deputy general manager of the strategic development center of Zhejiang Jia Yuan Group from June 2012 to February 2013, the general manager of Huzhou Xinyuan Construction Management Co., Ltd.* (湖州鑫源建設管理有限公司) from December 2009 to June 2012, the general manager of Jia Yuan Chuangsheng from July 2009 to November 2009, the general manager of Hangzhou Yinxi Jiulong Property Development Co., Ltd.* (杭州銀溪九龍房地產開發有限公司) from 2006 to 2008, the deputy general manager of Hangzhou Sanyou Property Development Co., Ltd.* (杭州三優房地產開發有限公司) from 1998 to the end of 2005, and the construction team leader of Shanghai Branch of Ganjianyi Company* (甘建一公司上海分公司) from 1991 to 1998. Mr. Wang graduated from Shanghai Architecture and Engineering College* (上海建築工程學院) and obtained a diploma in Industrial and Civil Architecture in September 1990.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tai Kwok Leung, Alexander (戴國良), aged 58, was appointed as an independent non-executive Director on 12 February 2016, and is the chairman of the Audit Committee and a member of the Remuneration Committee of the Company.

Mr. Tai graduated from the Victoria University of Wellington in New Zealand and obtained a bachelor degree in Commerce and Administration in April 1982. He became an associate member of the Hong Kong Institute of Certified Public Accountants in October 1983.

Mr. Tai has been working as a director of Investec Capital Asia Limited, a licensed corporation under the Securities and Futures Ordinance (the "SFO") to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities since August 2007.

Mr. Tai is an independent non-executive director of Anhui Conch Cement Company Limited (Stock Code: 914) and Luk Fook Holdings (International) Limited (Stock Code: 590) which are listed on the Main Board of the Stock Exchange. Mr Tai was formerly a non-executive director of First Credit Finance Group Limited (Stock Code: 8215) which is listed on the Growth Enterprise Market (the "GEM Board") of the Stock Exchange from September 2010 to April 2013 and an independent non-executive director of Honghua Group Limited (Stock Code: 196) which is listed on the Main Board of the Stock Exchange from January 2008 to March 2014.

Dr. Cheung Wai Bun, Charles (張惠彬) *JP,* aged 79, was appointed as an independent non-executive Director on 12 February 2016, and is the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company.

Dr. Cheung holds an honorary doctor's degree awarded by John Dewey University of USA in 1984, a master degree in Business Administration and a bachelor of science degree in Accounting and Finance awarded by New York University U.S.A. in June 1962 and February 1960, respectively. He was awarded Listed Company Non-Executive Director Award of 2002 by the Hong Kong Institute of Directors. In December 2010, Dr. Cheung received three awards, namely (1) Outstanding Management Award issued by The Chartered Management Association; (2) Outstanding Director Award issued by The Chartered Association of Directors; and (3) Outstanding CEO Award issued by The Asia Pacific CEO Association.

Dr. Cheung is currently working as a director and the vice chairman of the executive committee of Metropolitan Bank (China) Ltd. (首都銀行（中國）有限公司). In addition, Dr. Cheung is presently a council member of the Hong Kong Institute of Directors, a member of Hospital Governing Committee of both Kowloon Hospital and Hong Kong Eye Hospital, and a member of Regional Advisory Committee of Kowloon, Hospital Authority. Dr. Cheung was formerly the chief executive and the executive deputy chairman of Mission Hills Group, Hong Kong from 1995 to 2007, and a former director and an adviser of the Tung Wah Group of Hospitals (東華三院) during the period from April 1981 to March 1983. He possesses extensive banking, finance and commercial experiences.

Dr. Cheung is chairman of Joy Harvest International Limited. He is a director and director of Audit Committee of China Resources Bank of Zhuhai Co. Ltd.. He was formerly an independent non-executive director of Shanghai Electric Group Company Limited (Stock Code: 2727) which is listed on the Main Board of the Stock Exchange from November 2007 to February 2014. He is also an independent non-executive director of Pioneer Global Group Limited (Stock Code: 224), Universal Technologies Holdings Limited (Stock Code: 1026), China Financial International Investments Limited (Stock Code: 721) and Modern Dental Group Limited (Stock Code: 3600) which are listed on the Main Board of the Stock Exchange. Dr. Cheung is a non-executive director of Galaxy Entertainment Group Limited (Stock Code: 27) which is listed on the Main Board of the Stock Exchange. Dr. Cheung is an independent non-executive director of Zebra Strategic Holdings Limited (Stock Code: 8260) which is listed on the GEM Board of the Stock Exchange. Dr. Cheung was formerly an independent non-executive director Co-chairman of the board, and an independent non-executive director of Grand T G Gold Holdings Limited (Stock Code: 8299) which is listed on the GEM Board of the Stock Exchange from July 2009 to March 2016.

Mr. Gu Yunchang (顧雲昌), aged 71, was appointed as an independent non-executive Director on 12 February 2016 and is a member of the Audit Committee and Nomination Committee of the Company. Mr. Gu was the vice chairman of the China Real Estate Research Association* (中國房地產研究會) from 2006 to May 2013 and had also been the vice chairman and secretary-general of the China Real Estate Association* (中國房地產業協會) from 1998 to 2006.

Mr. Gu formerly held different positions of the Ministry of Construction of the PRC (中華人民共和國建設部), including the deputy director at the Policy Research Centre of Ministry of Construction of the PRC* (中華人民共和國建設部政策研究中心) from December 1988 to July 1998, the Deputy Division Head and Division Head at Urban Residence Bureau of Ministry of Construction* (中華人民共和國建設部城市住房局) in 1982 and 1985, respectively.

Mr. Gu graduated from Tongji University (同濟大學) and specialised in Urban Planning in July 1966. Mr. Gu specialises in theory and policy research, market research and analysis concerning China real estate industry. In the 1980s, he participated in the policy research and formulation of city and village residential construction techniques in China, leading the project "2000 China", and won the First Class National Science Technology Advance Award in China in April 1988 and December 1989 respectively.

Mr. Gu was an independent non-executive director of E-House (China) Holdings Limited (Stock Code: EJ) which is listed on the New York Stock Exchange from August 2008 to March 2014. Mr. Gu is currently an independent non-executive director of Sino-Ocean Land Holdings Limited (Stock Code: 3377), CIFI Holdings (Group) Co., Ltd. (Stock Code: 884) and Sunshine 100 China Holdings Ltd. (Stock Code: 2608) which are listed on the Main Board of the Stock Exchange. Mr. Gu is also an independent non-executive director of COFCO Property (Group) Co., Ltd. (Stock Code: 31) and Zhejiang Yasha Decoration Co., Ltd. (Stock Code: 2375) which are listed on the Shenzhen Stock Exchange.

SENIOR MANAGEMENT

Mr. Shen Hongjie (沈宏杰), aged 33, is the general manager of Suqian Jia Yuan Property Development Co., Ltd.* (宿遷市佳源房地產開發有限公司) ("Suqian Jia Yuan"), and has been involved in the Group's business since December 2005. He is primarily responsible for management and overseeing the day-to-day operation of the Group's real estate development projects located in Suqian, Jiangsu Province. Mr. Shen has approximately 10 years of experience in the industry of real estate development. He has been working as the general manager of Suqian Jia Yuan since March 2014. He served as the general manager of Siyang Fengyuan Property Development Co., Ltd.* (泗陽豐源房地產開發有限公司) ("Siyang Fengyuan") from April 2013 to March 2014 and the deputy general manager of Siyang Fengyuan from February 2012 to April 2013. Mr. Shen also participated in the preparation for and was responsible for the day-to-day management of the following property development projects in Suqian and Siyang: (i) Suqian Park Number One (under development and to be completed by 2016); (ii) Paris Metropolis (under development and to be completed by 2017); and (iii) Rome Metropolis (under development and to be completed by 2020). Formerly, Mr. Shen worked as the deputy general manager of Jiaxing Jindi Property Development Co., Ltd.* (嘉興市金地房地產置業有限公司), a company controlled by Mr. Shum Tin Ching from time to time which is principally engaged in real estate development, from October 2011 to February 2012, and worked at Zhejiang Jia Yuan Group from December 2005 to October 2011. Mr. Shen graduated from Jiaxing College* (嘉興學院) and obtained a bachelor degree in Human Resource Management in June 2006. Mr. Shen was recognised by Jiaxing Human Resource Bureau* (嘉興市人事局) as an assistant economist in April 2006.

Mr. Yuan Zhaolin (袁兆林), aged 45, is the general manager of Yangzhou Mingyuan Property Development Co., Ltd.* (揚州明源房地產開發有限公司) ("Yangzhou Mingyuan"), and has been involved in the Group's business since April 2009. He is primarily responsible for management and overseeing the day-to-day operation of the Group's real estate development projects located in Yangzhou, Jiangsu Province.

Mr. Yuan has approximately 12 years of experience in the industry of real estate development. He took up the position of assistant general manager and deputy general manager of Yangzhou Mingyuan from April 2009 to August 2011 and from August 2011 to January 2013, respectively. Mr. Yuan was subsequently promoted to the position of general manager of Yangzhou Mingyuan in January 2013 and has since acted as the general manager of Yangzhou Mingyuan. Mr. Yuan also participated in the preparation for and was responsible for the day-to-day management of the following property development projects in Yangzhou: (i) Jiayuan Centurial Garden (completed in 2012);and (ii) Jiayuan Centurial Villa (under development and to be completed by 2015). Formerly, Mr. Yuan worked as the deputy general manager and was subsequently promoted to the position of general manager of Yangzhou Changxin Real Estate Development Co., Ltd.* (揚州常信房地產開發有限公司), a property developer in China, during the period from January 2003 to April 2009. He worked as an officer in Jiangdu City Affordable Housing Development Center* (江都市經濟適用房發展中心) in 2001. Mr. Yuan graduated from Yangzhou University (揚州大學) with a diploma in Housing Architecture and Engineering in June 1995. He was recognised by Yangzhou Municipal Review Committee of Middle Level Technological Qualification in Construction and Engineering* (揚州市建設工程中級專業技術資格評委員) as an engineer in November 2002.

Ms. Gao Yan (高豔), aged 41, is the general manager of Taixing Guangyuan Property Development Co., Ltd.* (泰興市廣源房地產開發有限公司) ("Taixing Guangyuan"), and has been involved in the Group's business since July 2003. Ms. Gao is primarily responsible for management and overseeing the day-to-day operation of the Group's real estate development projects located in Taixing, Jiangsu Province. Ms. Gao also acts as a director of Yangzhou Hengyuan Property Development Co., Ltd.* (揚州市恒源房地產開發有限公司) ("Yangzhou Hengyuan") (formerly known as Jiangdu Hengyuan Property Development Co., Ltd.* (江都市恒源房地產開發有限公司)) and Taixing Guangyuan, respectively.

Ms. Gao has approximately 12 years of experience in the industry of real estate development. She has been working as the general manager of Taixing Guangyuan since February 2014 and the general manager of Taixing Hengyuan Property Development Co., Ltd.* (泰興市恒源房地產開發有限公司) ("Taixing Hengyuan") from August 2013 to February 2014. Ms. Gao also participated in the preparation for and was responsible for the day-to-day management of the following property development projects in Yangzhou and Taixing: (i) Jiayuan Centurial Scenery Park (completed in 2012); (ii) Venice Metropolis (under development and to be completed by 2022); and (iii) Jiayuan New Word (under development and to be completed by 2018). Formerly, Ms. Gao worked as the finance manager and the general manager of Yangzhou Hengyuan from July 2007 to August 2012 and the finance manager of Yangzhou Guangyuan Property Development Co., Ltd.* (揚州廣源房地產開發有限公司) ("Yangzhou Guangyuan") (formerly known as Jiangdu Guangyuan Property Development Co., Ltd.* (江都市廣源房地產開發有限公司)) from July 2003 to June 2007.

Ms. Gao graduated from Jiangsu Broadcasting and Television College* (江蘇廣播電視大學) and obtained a diploma in Finance and Accounting in July 1994. She has been recognised by the Ministry of Finance of the PRC as an intermediate accountant since September 2003.

Ms. Qiu Xiangming (邱祥明), aged 39, is the general manger of Changzhou Jinyuan, and has been involved in the Group's business since January 2011. Ms. Qiu is primarily responsible for management and overseeing the day-to-day operation of the Group's real estate development projects located in Changzhou, Jiangsu Province. Ms. Qiu has approximately 12 years of experience in the industry of real estate development. She worked as the manager of Zhejiang Jia Yuan Group from January 2011 to August 2013. Ms. Qiu acted as the vice general manager of Changzhou Jinyuan from August 2013 to December 2014 and was subsequently promoted to the position of general manager in December 2014 and has since acted as the general manager of Changzhou Jinyuan. Ms. Qiu also participated in the preparation for and was responsible for the day-to-day management of Xueyan Jiayuan Central Plaza, the Group's property development project in Changzhou which is under development and to be completed by 2017. Formerly, Ms. Qiu worked as the deputy general manager of Changzhou Tian Yu from January 2010 to December 2010 and a director of Changzhou Zhongchuang Real Estate Development Co., Ltd.* (常州中創房地產開發有限公司), a property developer in the PRC, from December 2003 to December 2009. Ms. Qiu graduated from Changzhou Institute of Technology* (常州工學院) and obtained a diploma in Accounting in January 2008. She was recognised as a junior accountant by the Finance Department of the PRC since May 2006.

COMPANY SECRETARY

Mr. Wan Siu Keung (溫兆強), aged 32, is the company secretary of the Company, and joined the Group in April 2014. He is primarily responsible for the secretarial matters of the Group. Mr. Wan has been working as the finance manager of Hong Kong Jia Yuan since April 2014.

Prior to joining the Group, Mr. Wan worked at Deloitte Touche Tohmatsu as a staff accountant from 3 January 2006 to 30 September 2010 and an audit manager from 1 October 2010 to 5 February 2014.

Mr. Wan graduated from The Hong Kong University of Science and Technology and obtained a bachelor degree in Business Administration (Accounting and Finance) in May 2006. Mr. Wan has been a member of the Hong Kong Institute of Certified Public Accountants since July 2009.

CHANGES IN INFORMATION OF DIRECTOR

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the changes in information of Director of the Company subsequent to 26 February 2016, the date of the Company's Prospectus, are set out below:

Dr. Cheung Wai Bun, Charles, *JP*, was appointed as independent non-executive director Co-chairman of the board of directors of Grand T G Gold Holdings Limited (Stock Code: 8299) which is listed on the GEM Board of the Stock Exchange on 1 March 2016. He also resigned as chairman but remained as a member of the nomination committee and was appointed as a member of committee of resumption of trading of Grand T G Gold Holdings Limited on 1 March 2016. Dr. Cheung resigned as independent non-executive director and independent non-executive director Co-chairman and ceased to be the chairman of the remuneration committee, a member of the audit committee, nomination committee and committee of resumption of trading of Grand T G Gold Holdings Limited on 23 March 2016.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

* *For identification purpose only*

REPORT OF THE DIRECTORS

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2015.

CHANGE OF COMPANY NAME

Pursuant to a special resolution of the sole shareholder of the Company passed on 29 May 2015 and approved by the Registry of Companies in the Cayman Islands, the name of the Company was changed from "Jiayuan International Holdings Limited 佳源國際控股有限公司" to "Jiayuan International Group Limited 佳源國際控股有限公司" on 1 June 2015.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are property development and property investment in China. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 44 of this annual report.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2015.

BUSINESS REVIEW

A fair review of the Group's business and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are included in the section headed "Management Discussion and Analysis" from pages 6 to 18 of this annual report.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting of the Company which will be held on Friday, 10 June 2016 (the "Annual General Meeting"), 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 Annual General Meeting, 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.

FOUR YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last four financial years is set out on page 134 of this annual report.

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Group during the year ended 31 December 2015 are set out in note 17 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the year ended 31 December 2015 are set out in note 16 to the consolidated financial statements.

BANK AND OTHER BORROWINGS

Details of movements in the bank and other borrowings of the Group during the year ended 31 December 2015 are set out in note 27 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2015 are set out in note 28 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2015 are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the Company did not have any distributable reserves available for distribution to shareholders of the Company.

EQUITY-LINKED AGREEMENTS

Other than the share option scheme of the Company as disclosed herein, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year ended 31 December 2015 or subsisted at the end of the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, both the percentage of purchases attributable to the Group's five largest suppliers and the percentage of revenue attributable to the Group's five largest customers were less than 30% of the total purchases and total revenue of the Group respectively.

None of the Directors, their respective close associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) have any interest in any of the Group's five largest customers or suppliers.

DIRECTORS

The Directors of the Company during the year ended 31 December 2015 and up to the date of this report were:

Chairman and non-executive Director:

Mr. Shum Tin Ching (appointed on 5 May 2015)

Executive Directors:

Ms. Cheuk Hiu Nam *(Chief Executive Officer)* (appointed on 27 July 2015)
Mr. Huang Fuqing (appointed on 27 July 2015)
Mr. Wang Jianfeng (appointed on 27 July 2015)

Independent non-executive Directors:
Mr. Tai Kwok Leung, Alexander (appointed on 12 February 2016)
Dr. Cheung Wai Bun, Charles, *JP* (appointed on 12 February 2016)
Mr. Gu Yunchang (appointed on 12 February 2016)

In accordance with Article 84 of the Articles of Association of the Company, Mr. Tai Kwok Leung, Alexander shall retire at the Annual General Meeting of the Company. In addition, Mr. Shum Tin Ching, who was appointed by the Board on 5 May 2015 and Mr. Huang Fuqing, Ms. Cheuk Hiu Nam and Mr. Wang Jianfeng, who were appointed by the Board on 27 July 2015 shall hold office until the Annual General Meeting pursuant to Article 83(3) of the Articles of Association of the Company. All of the above retiring Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management are set out in the section headed "Directors and Senior Management" on pages 19 to 23 of this annual report.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed herein, at no time during the year ended 31 December 2015 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate; and none of the Directors, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year ended 31 December 2015.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company on 12 February 2016 for a term of three years commencing from the Listing Date, and such service agreements may be terminated in accordance with the terms of the service agreements.

Each of the non-executive Director and independent non-executive Directors was appointed to the Board pursuant to their respective letters of appointment dated 12 February 2016, for an initial term of three year commencing from the Listing Date, and such appointment may be terminated in accordance with the terms of the letters of appointment.

All the Directors are subject to retirement by rotation and re-election at an annual general meeting at least once every three years in accordance with the Articles of Association of the Company.

Saved as disclosed herein, no Director proposed for re-election at the forthcoming Annual General Meeting of the Company has a service contract that is not determinable within one year without payment of compensation, other than statutory compensation.

Each of the executive Directors is entitled to a basic salary pursuant to their respective service agreements, which is determined with reference to their responsibilities, experience, performance and the prevailing market conditions. In addition, each of them is entitled to a bonus of such amount as the Board may determine in respect of each complete financial year of the Company.

Each of the non-executive Director and independent non-executive Directors is entitled to a director's fee pursuant to their respective letters of appointment, which is determined with reference to their responsibilities, experience, performance and the prevailing market conditions. Save for director's fee, each of the non-executive Director and independent non-executive Directors is not expected to receive any other remuneration for holding his office as a non-executive Director or an independent non-executive Director respectively.

REMUNERATION OF THE DIRECTORS

Details of remuneration of the Directors during the year ended 31 December 2015 are set out in note 13 to the consolidated financial statements.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the three independent non-executive Directors, a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent in accordance with Rule 3.13.

NON-COMPETE UNDERTAKINGS

Each of the controlling shareholders of the Company has confirmed to the Company of his/its compliance with the non-compete undertakings provided to the Company under the Deed of Non-Competition (as defined in the Prospectus). The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by the controlling shareholders during the period commencing from the Deed of Non-Competition and up to the date of this report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As disclosed in the section headed "Relationship with the Controlling Shareholders" in the Prospectus, Mr. Shum Tin Ching is the ultimate owner of a group of real estate development companies (other than members of the Group) (the "Private Group"). Mr. Shum Tin Ching entered into the Deed of Non-Competition to provide certain non-compete undertakings in favour of the Company. Since the Listing Date and up to the date of this report, the Directors were not aware of any competing business between the Private Group and the Group.

Save as disclosed above, none of the Directors had any direct or indirect interest in a business which competed or might compete with the business of the Group as required to be disclosed under Rule 8.10 of the Listing Rules since the Listing Date and up to the date of this report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Each of Mr. Shum Tin Ching, Ms. Cheuk Hiu Nam and Mr. Huang Fuqing is interested in the transactions in connection with the reorganisation of the Group for the Listing which are contemplated under section headed "Statutory and General Information – 8. Summary of Material Contracts" in Appendix VI to the Prospectus.

Save as disclosed herein, none of the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during or at the end of the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto subject to the Hong Kong Companies Ordinance. Such provision was in force during the year ended 31 December 2015 and remained in force as of the date of this report. The Company has also arranged appropriate directors' and officers' liability insurance for the Directors and officers of the Group.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 12 February 2016 (the "Share Option Scheme"). The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the Eligible Participants (as defined below) have had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivating the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and (ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

Pursuant to the Share Option Scheme, the Directors may, at their absolute discretion, offer to grant an option to subscribe for ordinary shares with a par value of HK$0.01 each (the "Shares") of the Company subject to such conditions (including, without limitation, any minimum period for which an option must be held before it can be exercised and/or any performance targets which must be achieved before an option can be exercised) as they may think fit, to the following persons (the "Eligible Participants"): (a) any full-time or part-time employees, executives or officers of the Company; (b) any director (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries; (c) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and (d) such other persons who, in the sole opinion of the Directors, will contribute or have contributed to the Group.

A consideration of HK$1.00 is payable on acceptance of the offer of grant of an option.

The maximum number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Company) to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 180,000,000 Shares, being 10% of the shares in issue as at the Listing Date. No share options had been granted by the Company under the Share Option Scheme up to the date of this report. Therefore, the number of Shares available for issue is 180,000,000 Shares, being approximately 9.6% of the Shares in issue as at the date of this report.

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of options in excess of the 1% limit shall be subject to shareholders' approval in general meeting with such participant and his associates abstaining from voting.

The subscription price per Share under the Share Option Scheme shall be a price determined by the Directors, but shall not be lower than the higher of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a trading day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (c) the nominal value of a Share.

The Share Option Scheme will remain in force for a period of 10 years from the Listing. The period during which an option may be exercised will be determined by the Directors in their absolute discretion, save that no option shall be exercised later than 10 years from the date of grant.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2015.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES

Since the shares of the Company were not listed on the Stock Exchange as of 31 December 2015, Divisions 7 and 8 of Part XV of the SFO, section 352 of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were then not applicable to the Company and the Directors and chief executive as of 31 December 2015.

As of the date of this report, the interests and short positions of the Directors or the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Interest in Shares of the Company

Name of Director	Nature of interest	Number of shares or securities held(1)	Percentage of interest in the Company(3)
Mr. Shum Tin Ching(2)	Interest of a controlled corporation	1,350,000,000 shares (L)	72.29%

Notes:

(1) The letter "L" denotes the Director's long position in the shares of the Company.

(2) The disclosed interest represents the interest in the Company held by Mingyuan Investment, which is wholly-owned by Mr. Shum Tin Ching. Therefore, Mr. Shum Tin Ching is deemed to be interested in Mingyuan Investment's interest in the Company.

(3) As of the date of this report, the total number of issued shares of the Company was 1,867,500,000.

(b) Interest in shares of Mingyuan Investment

Name of Director	Nature of interest	Number of shares or securities held(1)	Percentage of shareholding
Mr. Shum Tin Ching	Beneficial owner	1 share (L)	100%

Note:

(1) The letter "L" denotes the Director's long position in the share of Mingyuan Investment.

Save as disclosed above, as at the date of this report, none of the Directors and chief executive of the Company and their respective close associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OR DEBENTURES

Since the shares of the Company were not listed on the Stock Exchange as of 31 December 2015, Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO were then not applicable to the Company and the substantial shareholders as of 31 December 2015.

So far as the Directors are aware as of the date of this report, the following persons (other than the Directors or chief executive of the Company) have interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Substantial Shareholder	Nature of interest	Number of shares or securities held[1]	Percentage of interest in the Company[5]
Ms. Wang Xinmei[2]	Interest of spouse	1,350,000,000 shares (L)	72.29%
Mingyuan Investment [3]	Beneficial owner	1,350,000,000 shares (L)	72.29%
China Orient Asset Management Corporation [4]	Interest of a controlled corporation	142,100,000 shares (L)	7.61%
China Orient Asset Management (International) Holding Limited [4]	Beneficial owner	142,100,000 shares (L)	7.61%
Wise Leader Assets Ltd. [4]	Interest of a controlled corporation	142,100,000 shares (L)	7.61%
Dong Yin Development (Holdings) Limited [4]	Interest of a controlled corporation	142,100,000 shares (L)	7.61%

Notes:

(1) The letter "L" denotes a person's/an entity's long position in the shares.

(2) Ms. Wang Xinmei, the spouse of Mr. Shum Tin Ching, is deemed to be interested in Mr. Shum Tin Ching's interest in the Company.

(3) These shares are held by Mingyuan Investment, which is wholly-owned by Mr. Shum Tin Ching.

(4) Based on the public records, these shares are held by China Orient Asset Management (International) Holding Limited, which is owned as to 50% by Wise Leader Assets Ltd. and as to 50% by Dong Yin Development (Holdings) Limited. Wise Leader Assets Ltd. is a wholly-owned subsidiary of Dong Yin Development (Holdings) Limited, which is in turn a wholly-owned subsidiary of China Orient Asset Management Corporation.

(5) As of the date of this report, the total number of issued shares of the Company was 1,867,500,000.

Save as disclosed above, as at the date of this report, the Directors are not aware of any person who had an interest or short position in the shares and the underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

CONNECTED TRANSACTIONS

The Group entered into certain related party transactions with related parties during the year ended 31 December 2015 which constituted connected transactions or continuing connected transactions of the Group, details of which are set out in notes 18, 31 and 38 to the consolidated financial statements.

During the year, the Group entered into various transactions which constituted continuing connected transactions under Chapter 14A of the Listing Rules and will continue after the Listing. All the continuing connected transactions during the year that need to be disclosed herein are in compliance with the Listing Rules. The historical transaction amount of the continuing connected transactions of the Group for the year ended 31 December 2015 is set out below:

Connected Person	Nature of Transaction	Transaction Amount for Year Ended 31 December 2015 RMB'000
Exempt continuing connected transactions		
1. Jin Jiang Investment Limited(1)	License of trademarks to the Company	–
2. Zhejiang Jia Yuan Property Group Co., Ltd.(2)	License of trademarks to the Company	–
3. Changzhou Tian Yu Property Development Co., Ltd.(3)	Lease of office space	**100**
Non-exempt continuing connected transactions		
4. Zhejiang Xigu Digital Technology Co., Ltd. ("Zhejiang Xigu")(4)	Procurement of intelligent system equipment	**8,504**
5. Jiaxing City Deyu Electronics Technology Co., Ltd. ("Jiaxing Deyu")(4)	Procurement of intelligent system equipment	**2,206**
6. Jiaxing City Boyuan Architecture Design Co., Ltd. ("Jiaxing Boyuan")(5)	Provision of architectural design service	**35,936**
7. Zhejiang Jia Yuan Property Management Co., Ltd. ("Jia Yuan Property")(6)	Provision of property management service	**5,247**

Notes:

(1) Jin Jiang Investment Limited, a company incorporated under the laws of Hong Kong with limited liability on 8 November 2013, which is directly owned by Mr. Shum Tin Ching as to 100%.

(2) Zhejiang Jia Yuan Property Group Co., Ltd.* (浙江佳源房地產集團有限公司), a company established under the laws of the PRC with limited liability on 29 March 2004, which is ultimately owned by Mr. Shum Tin Ching as to 100%.

(3) Changzhou Tian Yu Property Development Co., Ltd.* (常州天宇房地產開發有限公司), a company established under the laws of the PRC with limited liability on 3 March 2010, which is owned as to 30%, 20%, 12% and 38% by Mr. Huang Fuqing (an executive Director), Ms. Qiu Xiangming (a member of the senior management), Mr. Su Chunyun (an independent third party) and Changzhou Xintou Commercial Trading Co., Ltd.* (常州新投貿易有限公司) (an independent third party), respectively.

(4) Zhejiang Xigu is a company indirectly controlled by Ms. Wang Xinmei, the spouse of Mr. Shum Tin Ching. Jiaxing Deyu is a wholly-owned subsidiary of Zhejiang Xigu. Both of Zhejiang Xigu and Jiaxing Deyu are principally engaged in the manufacture, installation and sale of software and system equipment.

In 2015, the Group entered into intelligent system equipment procurement agreements and purchased a variety of intelligent system equipment including security monitoring equipment, video intercom system, access control equipment and alarm system for some of the Group's property development projects.

On 12 February 2016, the Company entered into an intelligent system equipment procurement framework agreement with Zhejiang Xigu and Jiaxing Deyu to govern the procurement of intelligent system equipment by the Group for its property development projects effective from the Listing Date until 31 December 2018.

The annual caps for each of the three years ending 31 December 2016, 2017 and 2018 will be approximately RMB26.3 million, RMB26.2 million and RMB13.3 million, respectively.

(5) Jiaxing Boyuan is a company indirectly wholly-owned by Mr. Shum Tin Ching and is principally engaged in project design and decoration.

In 2015, the Group engaged Jiaxing Boyuan for providing the Group with architecture design service for some of the Group's property development projects including (i) formulating the proposal, the preliminary design plan and the construction plan; and (ii) supervising the implementation of relevant design plan and construction plan for projects under construction.

On 12 February 2016, the Company entered into an architecture design service framework agreement with Jiaxing Boyuan to govern the provision of architecture design service by Jiaxing Boyuan to the Group for its property development projects effective from the Listing Date until 31 December 2018.

The annual caps for each of the three years ending 31 December 2016, 2017 and 2018 will be approximately RMB59.1 million, RMB39.7 million and RMB31.4 million, respectively.

(6) Jia Yuan Property is a company indirectly wholly-owned by Mr. Shum Tin Ching and is principally engaged in property management.

In 2015, the Group engaged Jia Yuan Property for providing the Group with pre-delivery property management service including property maintenance, site security, gardening, cleaning and other ancillary services for all of the Group's property management projects prior to the establishment of an owners' committee of the relevant buildings developed by the Group.

On 12 February 2016, the Company entered into a property management service framework agreement with Jia Yuan Property to govern the provision of property management service by Jia Yuan Property to the Group for its property development projects effective from the Listing Date until 31 December 2018.

The annual caps for each of the three years ending 31 December 2016, 2017 and 2018 will be approximately RMB17.0 million, RMB18.3 million and RMB20.7 million, respectively.

* *For identification purpose only*

The independent non-executive Directors confirmed that the above continuing connected transactions have been entered into in the ordinary and usual course of business of the Group on normal commercial terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole. The independent non-executive Directors further confirmed that the annual caps in respect of the above continuing connected transactions as disclosed in the Prospectus are fair and reasonable and in the interests of the Company and its shareholders as a whole.

EMOLUMENT POLICY

A Remuneration Committee was set up to make recommendations on the Company's emolument policy and structure for all remuneration of the Directors and senior management of the Group on the basis of their merit, qualifications and competence.

The Company has adopted the Share Option Scheme as incentive to eligible employees, details of which are set out in the section headed "Share Option Scheme" of this report.

None of the Directors waived any emoluments during the year ended 31 December 2015.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules as at the date of this report.

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 since the Listing Date and up to the date of this report.

DONATIONS

During the year, the Group made charitable and other donations amounting to RMB552,000.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the end of the reporting period are set out in note 41 to the consolidated financial statements.

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.

AUDIT COMMITTEE

The annual results and the audited consolidated financial statements of the Group for the year ended 31 December 2015 have been reviewed by the Audit Committee of the Company. Information on the work of the Audit Committee and its composition are set out in section headed "Corporate Governance Report" on pages 35 to 41 of this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code 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 and up to the date of this report.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the "Corporate Governance Report" in this annual report.

AUDITOR

The consolidated financial statements for the year ended 31 December 2015 have been audited by Messrs. Deloitte Touche Tohmatsu who shall retire at the Annual General Meeting. A resolution will be proposed at the Annual General Meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board

Shum Tin Ching
Chairman

Hong Kong, 30 March 2016

CORPORATE GOVERNANCE REPORT

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 Listing Rules as the basis of the Company's corporate governance practices.

The shares of the Company have been listed on the Main Board of the Stock Exchange since 8 March 2016, the Listing Date. As the Company was not a listed company during the year ended 31 December 2015, the CG Code was not applicable to the Company during that period. The CG Code has been applicable to the Company with effect from the Listing Date. 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 annual report.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct regarding Directors' dealings in the securities of the Company.

As the shares of the Company were not listed on the Stock Exchange as at 31 December 2015, the provisions under the Listing Rules in relation to compliance with the Model Code by the Directors regarding securities transactions were not applicable to the Company for the year ended 31 December 2015.

The Company, after making specific inquiries to all Directors, confirmed that all of them have complied with the required standards in the Model Code throughout the period from the Listing Date to the publication date of this annual report.

The Company has also established written guidelines (the "Employees Written Guidelines") on terms no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company.

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.

BOARD OF DIRECTORS

The Board comprises the following Directors:

Chairman and non-executive Director:

Mr. Shum Tin Ching *(chairman of Nomination Committee)*

Executive Directors:

Ms. Cheuk Hiu Nam *(Chief Executive Officer and member of Remuneration Committee)*
Mr. Huang Fuqing
Mr. Wang Jianfeng

Independent non-executive Directors:

Mr. Tai Kwok Leung, Alexander (appointed on 12 February 2016)
(chairman of Audit Committee and member of Remuneration Committee)
Dr. Cheung Wai Bun, Charles, *JP* (appointed on 12 February 2016)
(chairman of Remuneration Committee and member of Audit Committee and Nomination Committee)
Mr. Gu Yunchang (appointed on 12 February 2016) *(member of Audit Committee and Nomination Committee)*

The biographical information of the Directors are set out in the section headed "Directors and Senior Management" on pages 19 to 23 of this annual report.

None of the members of the Board is related to one another.

Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by Mr. Shum Tin Ching and Ms. Cheuk Hiu Nam respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and daily management and operations generally.

Independent non-executive Directors

The Board at all times after the Listing Date met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

Each of the three independent non-executive Directors has confirmed his independence and the Company considers each of them to be independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules.

Non-executive Directors and Directors' Re-Election

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the Directors is appointed for a specific term of three years and is subject to retirement by rotation at least once every three years. The Articles of Association of the Company require that at each annual general meeting one-third of the Directors for the time being (or, if the number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company.

All Directors, including non-executive Director and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors shall have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

Directors shall keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

In accordance with A.6.5 of the CG Code with regards to continuous professional development, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors will be arranged and reading material on relevant topics will be issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

Board Meeting

The Board intends to hold Board meetings regularly at least four times a year at approximately quarterly intervals. Notices of not less than fourteen days will be given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for regular Board meetings.

For other Board meetings, reasonable notice will generally be given. All Board committee meetings require a notice of at least fourteen days to be given, unless such notification is waived by all members of the respective Board committees. The agenda and accompanying Board papers are dispatched to the Directors or Board committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting.

Minutes of the Board meetings and Board committee meetings are/will be recorded in sufficient detail to include the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board committee meeting are/will be sent to the Directors for comments within a reasonable time after the date on which the meeting is held.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

Since the Listing Date up to the date of this annual report, the Company held one Board meeting and one Audit Committee meeting on 30 March 2016. The attendance record of each Director at the above-mentioned Board meeting and Audit Committee meeting is set out in the table below:

Name of Directors	Attendance/Number of Meetings Board	 Audit Committee
Chairman and non-executive Director		
Mr. Shum Tin Ching	1/1	N/A
Executive Directors		
Ms. Cheuk Hiu Nam	1/1	N/A
Mr. Huang Fuqing	1/1	N/A
Mr. Wang Jianfeng	1/1	N/A
Independent non-executive Directors		
Mr. Tai Kwok Leung, Alexander *(Note)*	1/1	1/1
Dr. Cheung Wai Bun, Charles, *JP*	1/1	1/1
Mr. Gu Yunchang	1/1	1/1

Note: Chairman of the Audit Committee

None of the meetings set out above was attended by any alternate Director.

Besides the above-mentioned Board meeting and Audit Committee meeting, no other Board meeting, Board committee meeting and general meeting were held since the Listing Date up to the date of this annual report.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2 of this annual report.

Audit Committee

On 12 February 2016, the Company established 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 main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditor, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Board has also delegated the corporate governance duties to the Audit Committee for performing the functions set out in the code provision D.3.1 of the CG Code.

The Audit Committee held a meeting on 30 March 2016, with all members present in person or through telegraphic communication. The Audit Committee has reviewed the Group's annual results and consolidated financial statements for the year ended 31 December 2015, the annual report for the year ended 31 December 2015, significant issues on the financial reporting and compliance procedures, internal control and risk management systems, scope of work and the re-appointment of the external auditor, connected transactions, the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in the Corporate Governance Report of the Company. There is no disagreement between the Board and the Audit Committee regarding the re-appointment of the external auditor.

The Audit Committee will hold at least two meetings a year and will also meet the external auditor at least twice a year without the presence of the executive Directors.

Remuneration Committee

The Company established the Remuneration Committee on 12 February 2016 with written terms of reference in compliance with paragraph B.1 of the CG Code. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her close associates will participate in deciding his/her own remuneration.

The Remuneration Committee will meet at least once a year to review and make recommendation to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the executive Directors and senior management and other related matters.

Nomination Committee

On 12 February 2016, the Company established the Nomination Committee with written terms of reference in compliance with paragraph A.5 of the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board Diversity Policy adopted by the Company, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The Nomination Committee will meet at least once a year to review the structure, size and diversity of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring Directors standing for election at annual general meetings.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2015.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about its reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 42 and 43 of this annual report.

AUDITOR'S REMUNERATION

The remuneration paid or payable to the Company's external auditor of the Company in respect of audit services and non-audit services for the year ended 31 December 2015 amounted to RMB1,650,000 and RMB3,933,000 respectively.

An analysis of the remuneration paid or payable to the external auditor of the Company, Deloitte Touche Tohmatsu, in respect of audit services and non-audit services for the year ended 31 December 2015 is set out below:

Service Category	Fees Paid/Payable RMB'000
Audit services	**1,650**
Non-audit services (in relation to the initial public offering of the Company)	
– Reporting accountants services	**3,103**
– Tax consultancy services	**400**
– Internal control review services	**430**
Total	**5,583**

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for overseeing the Company's risk management and internal control systems on an ongoing basis and for reviewing their effectiveness annually and such systems were designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board, through the Audit Committee, has conducted a review of, and is satisfied with the effectiveness of the risk management and internal control systems of the Company, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. The Board considers that such systems are effective and adequate as a whole.

COMPANY SECRETARY

Mr. Wan Siu Keung is the company secretary of the Company, and he is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures and applicable laws, rules and regulations are followed. Details of biography of the company secretary of the Company are set out in the section headed "Directors and Senior Management" of this annual report. Mr. Wan will take no less than 15 hours of relevant professional training in each financial year as required under Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting ("EGM") and Putting Forward Proposals

Pursuant to Article 58 of the Company's Articles of Association, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition, and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	Room 1403, 9 Queen's Road Central, Hong Kong (For the attention of the Board of Directors/Company Secretary)
Fax:	(852) 3951 8899
Email:	info@hkjiayuan.com.hk

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

CONSTITUTIONAL DOCUMENTS

Pursuant to a special resolution of the sole shareholder of the Company passed on 12 February 2016, the second amended and restated Memorandum of Association of the Company was adopted with effect from 12 February 2016 and the second amended and restated Articles of Association of the Company were adopted with effect from the Listing Date.

The second amended and restated Memorandum and Articles of Association of the Company are available on the Company's website and the Stock Exchange's website.

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF JIAYUAN INTERNATIONAL GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Jiayuan International Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 44 to 133, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
Continuing operations			
Revenue	8	1,872,615	2,318,266
Cost of sales		(1,474,633)	(1,886,302)
Gross profit		397,982	431,964
Other income	9	8,194	1,670
Other gains and losses	9	(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	10	(47,871)	(38,291)
Profit before taxation		509,360	376,860
Income tax expense	11	(198,119)	(184,132)
Profit for the year	12	311,241	192,728
Discontinued operations			
Loss for the year from discontinued operations	30	(23,345)	(29,743)
Profit and total comprehensive income for the year		287,896	162,985
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		(17,826)	(21,538)
		280,744	170,955
Non-controlling interests			
– from continuing operations		12,671	235
– from discontinued operations		(5,519)	(8,205)
		7,152	(7,970)
Earnings per share – Basic			
From continuing and discontinued operations (RMB cents)	15	20.80	12.18
From continuing operations (RMB cents)	15	22.12	13.72

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Investment properties	16	**1,570,149**	1,272,685
Property and equipment	17	**82,269**	125,196
Interests in associates	18	**–**	193,283
Prepayment and deposit paid for a life insurance policy	19	**9,584**	–
Deposits	23	**18,800**	–
Deferred tax assets	20	**165,427**	154,896
		1,846,229	1,746,060
CURRENT ASSETS			
Inventories of properties	21		
– held for sale		**524,433**	889,457
– under development		**7,987,885**	8,149,453
Amounts due from customers for contract work	22	**164,614**	740,659
Trade and other receivables, deposits and prepayments	23	**2,383,540**	565,854
Prepaid income tax		**101,332**	72,560
Amounts due from related parties	38	**50,822**	388,994
Financial assets at fair value through profit or loss	24	**–**	4,000
Restricted/pledged bank deposits	25	**856,876**	75,801
Bank balances and cash	25	**28,027**	30,315
		12,097,529	10,917,093
CURRENT LIABILITIES			
Trade and other payables and accrued expenses	26	**978,007**	1,463,581
Pre-sale deposits received	26	**4,548,971**	3,117,796
Tax payable		**287,460**	257,414
Amounts due to related parties	38	**–**	671,346
Bank and other borrowings			
– due within one year	27	**3,060,212**	2,836,246
		8,874,650	8,346,383
NET CURRENT ASSETS		**3,222,879**	2,570,710
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,069,108**	4,316,770

	NOTES	2015 RMB'000	2014 RMB'000
CAPITAL AND RESERVES			
Paid-in/share capital	28	–	705,872
Reserves		**1,360,205**	882,618
Equity attributable to owners of the Company		**1,360,205**	1,588,490
Non-controlling interests		**19,878**	213,840
TOTAL EQUITY		**1,380,083**	1,802,330
NON-CURRENT LIABILITIES			
Bank and other borrowings – due after one year	27	**3,076,448**	2,007,900
Deferred income	26	**404,838**	404,210
Deferred tax liabilities	20	**207,739**	102,330
		3,689,025	2,514,440
		5,069,108	4,316,770

The consolidated financial statements on pages 44 to 133 were approved and authorised for issue by the Board of Directors on 30 March 2016 and are signed on its behalf by:

Cheuk Hiu Nam
Director

Wang Jianfeng
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2015

	Attributable to owners of the Company						
	Paid-in/ share capital RMB'000	Other reserve RMB'000	Statutory surplus reserve RMB'000 *(Note v)*	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014	685,872	–	4,472	707,191	1,397,535	138,271	1,535,806
Profit (loss) and total comprehensive income (expense) for the year	–	–	–	170,955	170,955	(7,970)	162,985
Acquisition of a subsidiary	–	–	–	–	–	3,539	3,539
Capital contribution by equity holders of subsidiaries	90,000	–	–	–	90,000	–	90,000
Capitalisation of amount due to non-controlling interests	–	–	–	–	–	80,000	80,000
Capital reduction by equity holders of subsidiaries	(70,000)	–	–	–	(70,000)	–	(70,000)
At 31 December 2014	705,872	–	4,472	878,146	1,588,490	213,840	1,802,330
Profit and total comprehensive income for the year	–	–	–	280,744	280,744	7,152	287,896
Arising from the Reorganisation	(705,872)	705,872	–	–	–	–	–
Cash paid out upon Reorganisation *(Note i)*	–	(696,453)	–	–	(696,453)	–	(696,453)
Acquisition of additional interests in subsidiaries from non-controlling interests upon Reorganisation *(Note iii)*	–	15,619	–	–	15,619	(29,719)	(14,100)
Transfer to reserve	–	–	25,241	(25,241)	–	–	–
Disposal of subsidiaries and associates upon Reorganisation *(Note ii)*	–	89,116	–	–	89,116	(171,395)	(82,279)
Capitalisation *(Note iv)*	–	82,689	–	–	82,689	–	82,689
At 31 December 2015	–	196,843	29,713	1,133,649	1,360,205	19,878	1,380,083

Notes:

(i) During the year ended 31 December 2015, as part of the corporate reorganisation (the "Reorganisation"), Hong Kong Jia Yuan Holdings Limited ("Hong Kong Jia Yuan") and Nanjing Gangyuan Investment Consulting Co., Limited ("Nanjing Gangyuan") acquired the entire 100% equity interests in Taizhou Jia Yuan Property Development Co., Limited ("Taizhou Jia Yuan"), Taizhou Mingyuan Property Development Co., Limited ("Taizhou Mingyuan"), Taixing Guangyuan Property Development Co., Limited ("Taixing Guangyuan"), Taixing Hengyuan Property Development Co., Limited ("Taixing Hengyuan"), Taixing Mingyuan Property Development Co., Limited ("Taixing Mingyuan"), Siyang Fengyuan Property Development Co., Limited ("Siyang Fengyuan"), Yangzhou Guangyuan Property Development Co., Limited ("Yangzhou Guangyuan"), Yangzhou Hengyuan Property Development Co., Limited ("Yangzhou Hengyuan"), Yangzhou Mingyuan Property Development Co., Limited ("Yangzhou Mingyuan"), 80% equity interests in Changzhou Jinyuan Property Development Co., Limited ("Changzhou Jinyuan") and 90% equity interests in Suqian Jia Yuan Property Development Co., Limited ("Suqian Jia Yuan") from entities controlled by the Ultimate Shareholder (as defined in note 1 to the consolidated financial statements) at a cash consideration of RMB696,453,000 in aggregate.

(ii) During the year ended 31 December 2015, as part of the Reorganisation, the Group disposed of a number of subsidiaries including its entire equity interest in Jin Jiang Investment Limited ("Jin Jiang"), 80% equity interest in Fundland Development Property Development Co., Limited ("Fundland Development"), 90% equity interest in Haining Jia Yuan Property Development Co., Limited ("Haining Jia Yuan"), 60% equity interest in Jiaxing Jindi Property Development Co., Limited ("Jiaxing Jindi") and entire equity interest in Jiaxing Jinyuan Information Consulting Co., Limited ("Jiaxing Jinyuan") as detailed in note 31. In addition, the Group disposed of its equity interests in associates as detailed in note 18 to the consolidated financial statements. The net gain on disposal of these subsidiaries and associates amounting to RMB89,116,000 was recognised as a deemed contribution from equity holder directly in equity.

(iii) On 24 June 2015, Hong Kong Jia Yuan acquired 20% equity interest of Changzhou Jinyuan held by non-controlling interests for a cash consideration of RMB14,100,000. On the other hand, on 11 June 2015, Nanjing Gangyuan acquired the entire equity interest of Siyang Fengyuan held by Suqian Jia Yuan to which 10% equity interest was held by non-controlling interests. The difference between the consideration paid and the aggregate equity interests of the non-controlling interests at the date of acquisition of additional interests in Changzhou Jinyuan and Siyang Fengyuan amounting to RMB15,619,000 was recognised in the reserve.

(iv) During the year ended 31 December 2015, the Ultimate Shareholder waived an amount of RMB82,689,000 due to him. The amount was considered as deemed contribution and was recognised in the reserve.

(v) In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China (the "PRC"), those subsidiaries are required to transfer 10% of the profit after taxation to the statutory surplus reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory surplus reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2015

	2015 RMB'000	2014 RMB'000
OPERATING ACTIVITIES		
Profit for the year from continuing operations and discontinued operations	**287,896**	162,985
Adjustments for:		
Income tax expense	**195,898**	181,998
Interest income	**(6,493)**	(954)
Finance costs	**54,870**	67,841
Change in fair value of investments designated at fair value through profit or loss	**(750)**	(225)
Share of results of associates	**5,864**	5,979
Depreciation of property and equipment	**3,644**	4,531
Unrealised exchange difference	**42,042**	18,131
Loss (gain) on disposal of property and equipment	**331**	(155)
Change in fair value of investment properties	**(203,841)**	(97,473)
Change in fair value upon transfer from inventories of properties to investment properties	**(220,017)**	(81,127)
Operating cash flows before movements in working capital	**159,444**	261,531
Decrease (increase) in properties held for sale	**223,576**	(48,153)
(Increase) decrease in properties under development	**(745,654)**	210,581
Decrease (increase) in amounts due from customers for contract work	**576,045**	(458,521)
(Increase) decrease in trade and other receivables, deposits and prepayments	**(848,131)**	44,620
(Increase) decrease in amounts due from related parties	**(26,728)**	27,000
(Decrease) increase in trade and other payables and accrued expenses	**(233,740)**	273,499
Increase in pre-sale deposits received	**2,022,835**	590,969
(Decrease) increase in amounts due to related parties	**(12,776)**	4,665
Cash generated from operations	**1,114,871**	906,191
Income tax paid	**(144,641)**	(94,497)
NET CASH FROM OPERATING ACTIVITIES	**970,230**	811,694

	2015 RMB'000	2014 RMB'000
INVESTING ACTIVITIES		
Additions of property and equipment	(7,484)	(72,576)
Proceeds from disposal of property and equipment	41	483
Additions of investment properties	(76,574)	(96,365)
Disposal of investment properties	280,988	–
Bank interest received	6,493	954
Acquisition of subsidiaries	(32,806)	3
Acquisition of an associate	(1,000)	–
Disposal of subsidiaries	388,521	–
Disposal of associates	106,000	–
Dividend received from an associate	63,537	–
Advances to related parties	(1,658,453)	–
Repayment from related parties	1,673,077	–
Placement of restricted/pledged bank deposits	(2,595,294)	(954,472)
Withdrawal of restricted/pledged bank deposits	1,805,591	928,937
Loans to independent third parties	(1,044,900)	–
Purchase of a life insurance policy	(9,584)	–
Purchase of financial assets at fair value through profit or loss	–	(100)
Proceeds from disposal of financial assets at fair value through profit or loss	4,750	1,015
NET CASH USED IN INVESTING ACTIVITIES	(1,097,097)	(192,121)
FINANCING ACTIVITIES		
Proceeds from borrowings	4,059,583	2,917,525
Repayment of borrowings	(2,369,698)	(2,412,069)
Advances from related parties	715,810	1,712,760
Repayment to related parties	(908,802)	(2,334,446)
Interest paid	(581,441)	(678,127)
Capital contribution by equity holders of subsidiaries	–	90,000
Capital reduction by equity holders of subsidiaries	–	(70,000)
Cash paid out upon Reorganisation	(696,453)	–
Advances from independent third parties	–	15,642
Repayments to independent third parties	–	(2,020)
Acquisition of additional interests of a subsidiary	(14,100)	–
Advances from non-controlling equity holder of subsidiaries	10,000	30,365
Repayments to non-controlling equity holder of subsidiaries	(90,320)	(15,728)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	124,579	(746,098)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,288)	(126,525)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	30,315	156,840
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, representing bank balances and cash	28,027	30,315

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2015

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

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 and the principal place of business of the Company are disclosed in the corporate information section to the annual report.

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

The Company is an investment holding company. The principal activities of its subsidiaries and associates are set out in notes 40 and 18, respectively.

Prior to 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).

1. GENERAL AND BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 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.

1. GENERAL AND BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 as detailed in notes 31 and 18, respectively.

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 financial information of the companies which involved business in the non-Target Cities is presented under discontinued operations with details set out in note 30.

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 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

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 years 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.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

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.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

HKFRS 9 *Financial Instruments* (Continued)

- 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. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis, except for the investment properties and financial assets at fair value through profit or loss which are measured at fair value, and in accordance with HKFRSs issued by the HKICPA. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. These policies have been consistently applied throughout the year reported.

In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new Companies Ordinance and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor Companies Ordinance or Listing Rules but not under the new Companies Ordinance or amended Listing Rules are not disclosed in these consolidated financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to owners of the Company and to the non-controlling interests. Total comprehensive income of a subsidiary is attributed to owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary to bring its accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiary

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loss of control of subsidiaries

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained earnings).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities first came under the common control combination, where there is a shorter period, regardless of the date of the common control combination.

Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract can be estimated reliably, revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the period plus the fee earned, measured by the proportion that costs incurred to date as compared to the estimated total costs of the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Construction contracts (Continued)

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contract where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates (Continued)

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a partial interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related tax.

Income from properties developed for sales is recognised (i) when the construction of relevant properties has been completed (ii) collectability of related receivables is reasonably assured, and (iii) at the date of delivery or certain days after the notice of completion are issued to the buyers for which is earlier, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Deposit received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Service income is recognised when services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Property and equipment including leasehold land and buildings held for administrative purpose (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses if any.

Depreciation is recognised so as to write off the cost of items of property and equipment (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

If an item of property and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in asset revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained earnings.

Properties in the course of construction are carried at cost, less any recognised impairment loss. Costs including professional fees and other costs that are directly attributable to the construction or acquisition of the property are capitalised. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties (Continued)

Property under construction or development for future use as an investment property is classified as investment property under development and is initially measured at cost and subsequently at fair values using the fair value model. If the fair value cannot be reliably determined, the investment property under development will be measured at cost until such time as fair value can be determined or development is completed, whichever is earlier, in which time any difference between the fair value and the carrying amount will be recognised in profit or loss in that period.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Properties under development

When the leasehold land and buildings are in the course of development for sale, the leasehold land component is amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of the costs of the properties under development.

Properties under development which are intended to be held for own use or their investment potential are shown as non-current assets.

Properties under development which are intended to be held for sale are shown as current assets and carried at the lower of cost and net realisable value.

Properties under development are transferred to investment property when the development is completed and there is a change of intention to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes the costs of land, development expenditure incurred and, where appropriate, borrowing costs capitalised.

Properties held for sale are transferred to investment property when there is a change of intention to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

Net realisable value is determined based on prevailing market conditions.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset, which is the higher of fair value less costs of disposal and value in use, is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract to be designated at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including deposit paid for a life insurance policy, trade and other receivables, amounts due from related parties, restricted/pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contacts, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for indicators of impairment on a collective basis.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments

Financial and equity instruments issued by a group equity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including trade and other payables, amounts due to related parties, and bank and other borrowings) are subsequently measured at amortised cost using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

(i) the amount of the obligation under the contract, as determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

Payments to the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before taxation' as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured in accordance with the above general principles set out in HKAS 12 *Income Taxes* (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. As a result, the Group has recognised the deferred taxes on changes in fair value of investment properties as the Group is subject to enterprise income tax ("EIT"). The carrying amount of deferred taxation on investment properties at 31 December 2015 was RMB207,739,000 (2014: RMB102,330,000).

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Construction costs estimation for revenue recognition

Certain projects of the Group are divided into several phases according to the development and delivery plans. The Group recognises sales upon delivery of properties. Cost of sales including construction costs specific to the phases and common costs allocable to the phases are calculated based on management's best estimation of the total development costs for the whole project and the allocation to each phase at the time when the properties are delivered.

Estimate of fair value of investment properties

At the end of the reporting period, investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates. In relying on the valuation report, the management has exercised their judgment and is satisfied that the assumptions used in valuation have reflected the current market conditions. The carrying amount of investment properties at 31 December 2015 was RMB1,570,149,000 (2014: RMB1,272,685,000).

Impairment of inventories of properties

The management of the Group writes down the carrying amount of inventories of properties to net realisable value based on assessment of the realisability of properties, taking into account current market price of properties of comparable standard and location. If there is an increase in cost to completion or a decrease in net sales value, the net realisable value will decrease and this might result in write-downs of properties under development to net realisable value. Write-downs are recorded where events or changes in circumstances indicate that the balances may not be realisable. The identification of write-downs requires the use of estimates. If the expectation is different, it will impact the carrying value and write-downs of inventories of properties in the period in which such estimate is changed. The carrying amount of inventories of properties at 31 December 2015 was RMB8,512,318,000 (2014: RMB9,038,910,000).

Estimated useful lives of property and equipment

In applying the accounting policy on property and equipment with respect to depreciation, management estimates the useful lives of various categories of property and equipment according to the industrial experiences over the usage of property and equipment and also by reference to the relevant industrial norm. If the actual useful lives of property and equipment is less than the original estimate useful lives due to changes in commercial and technological environment, such difference will impact the depreciation charge for the remaining period. The carrying amount of property and equipment at 31 December 2015 was RMB82,269,000 (2014: RMB125,196,000).

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Estimate of the PRC land appreciation tax ("LAT")

The PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including sales charges, borrowing costs and all property development expenditures.

The Group is subject to land appreciation taxes in the PRC. The details of implementation have been announced by local tax bureaux in certain major cities, however, the Group has not finalised its LAT calculation and payments with local tax bureaux in those cities in the PRC. Accordingly, significant judgments are required in determining the amount of land appreciation and its related taxes. The Group recognises these liabilities based on management's best estimates according to the understanding of the tax rules. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such determination is made.

Construction contracts

The Group recognises contract revenue according to the management's estimation of the progress and outcome of the project. Estimated revenue is determined in accordance with the terms set out in the relevant contracts or, in case of variation orders, based on contract terms or other forms of agreements. Estimated contract cost, which mainly comprises direct labour cost, subcontracting charges and costs of materials, is variable and estimated by the management on the basis of estimated cost of direct labour, subcontracting charges and costs of materials from time to time based on quotations provided by the major subcontractors/suppliers/vendors involved and the experience of the management. Notwithstanding that management frequently reviews and revises the estimates of both estimated revenue as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

5. CAPITAL RISK MANAGEMENT

The directors of the Company manage its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of net debts, which include amounts due to related parties and bank and other borrowings, as disclosed in respective notes, net of cash and cash equivalents and equity attributable to owners of the Company, comprising paid-in/share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital and balance its overall capital structure through raising new registered capital as well as the issue of new debts or the redemption of existing debts.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2015 RMB'000	2014 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**2,043,210**	564,766
Financial assets at FVTPL	**–**	4,000
Financial liabilities		
Amortised cost	**6,550,165**	6,353,166

(b) Financial risk management objectives and policies

The Group's major financial instruments include deposit paid for a life insurance policy, trade and other receivables, amounts due from related parties, restricted/pledged bank deposits, bank balances and cash, trade and other payables, amounts due to related parties, and bank and other borrowings. Details of these financial instruments are set out in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and foreign currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures during the year reported.

(i) Market risk

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits, entrusted loans receivable and bank and other borrowings.

The Group is also exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on restricted bank deposits, bank balances, variable-rate bank and other borrowings which carry interest at prevailing market interest rates.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Inter-bank Offered Rate and the lending rate quoted by the People's Bank of China arising from the Group's bank and other borrowings.

The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(i) Market risk (continued)

Interest rate risk (continued)

Interest rate sensitivity analysis

The sensitivity analysis below has been prepared based on the exposure to interest rates for bank and other borrowings at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rate.

If interest rate had been of 100 basis points higher/lower and all other variables held constant, the Group's profit for the year would decrease/increase by approximately RMB606,000 for the year ended 31 December 2015 (2014: RMB6,124,000) after taking into account the capitalisation of certain interest expenses in properties under development/investment properties under construction.

No sensitivity analysis has been prepared for the exposure to interest rate risk on the Group's bank balances as the directors of the Company consider that the exposure is minimal.

Foreign currency risk

The Group collects all of its revenue in RMB and most of the expenditures including expenditures incurred in property sales as well as capital expenditures are also denominated in RMB.

The Group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As at 31 December 2015 and 2014, the Group has deposit paid for a life insurance policy, bank balances and cash and bank borrowings denominated in foreign currencies as set out in notes 19, 25 and 27, respectively, which expose the Group to foreign currency risk and mainly concentrated on the exposure to United States Dollars ("US$") and Hong Kong Dollars ("HK$").

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(i) Market risk (continued)

Foreign currency risk (continued)

Foreign currency sensitivity analysis

No sensitivity analysis has been presented on the exposure to foreign currency risk on the Group's foreign currency denominated deposit paid for a life insurance policy and bank balances as the directors of the Company consider that the exposure is minimal.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against HK$. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represent management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes the Group's outstanding bank and other borrowings denominated in HK$ at the end of each reporting period. A positive number below indicates an increase in profit where RMB strengthen 5% against HK$. For a 5% weakening of RMB against HK$, there would be an equal and opposite impact on the profit for the year, and the balances below would be negative.

	2015 RMB'000	2014 RMB'000
Impact of HK$		
Increase in profit for the year	18,966	30,621

(ii) Credit risk

As at 31 December 2015, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities disclosed in note 36.

In order to minimise the credit risk, the management of the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each debtor at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(ii) Credit risk (continued)

Amounts due from related parties at 31 December 2015 mainly represented the amount due from 嘉興市博源建築設計有限公司, which represented 91.4% of the balances. 嘉興市博源建築設計有限公司 is engaged in project design and decoration in the PRC. The directors of the Company consider the credit risk on the balances is limited.

Amounts due from related parties at 31 December 2014 mainly represented the amount due from 嘉興足佳房地產開發有限公司, which represented 93.8% of the balances. 嘉興足佳房地產開發有限公司 is engaged in property development business in the PRC. The directors of the Company consider the credit risk on the balances is limited.

Apart from amounts due from related parties (refer to note 38(g)), the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets of any time during the year reported.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies.

For properties that are presold but development have not been completed, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 80% of the purchase price of the individual property. If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the sales deposit received and re-sell the repossessed properties. Therefore, the directors of the Company consider the Group would likely recover any loss incurred arising from the guarantee by it. The directors of the Company consider the credit risk exposure to financial guarantees provided to property purchasers is limited because the facilities are secured by the properties and the market prices of the properties are higher than the guaranteed amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(iii) Liquidity risk

The directors of the Company closely monitor the cash flows of the Group and, upon maturity, would arrange the renewal and refinancing of the bank loans, where necessary, to enable the Group to carry on its operations in the foreseeable future. In this regard, the directors of the Company consider that the Group's liquidity risk is significantly reduced.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans which are repayable on demand are included in the earliest time band. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Interest rate	On demand or within 1 year RMB'000	1–2 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31 December 2015 RMB'000
Trade and other payables	–	413,505	–	413,505	413,505
Bank and other borrowings					
– Fixed rate	11.3%	3,566,991	3,270,109	6,837,100	6,076,045
– Variable rate	1.9%	60,615	–	60,615	60,615
		4,041,111	3,270,109	7,311,220	6,550,165
Financial guarantee					
– Mortgage guarantees	–	2,475,048	–	2,475,048	–
		6,516,159	3,270,109	9,786,268	6,550,165

6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

(iii) Liquidity risk (continued)

	Interest rate	On demand or within 1 year RMB'000	1–2 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31 December 2014 RMB'000
Trade and other payables	–	837,674	–	837,674	837,674
Amounts due to related parties	–	671,346	–	671,346	671,346
Bank and other borrowings					
– Fixed rate	14.6%	2,462,016	2,006,519	4,468,535	3,931,723
– Variable rate	3.7%	784,744	143,201	927,945	912,423
		4,755,780	2,149,720	6,905,500	6,353,166
Financial guarantee					
– Mortgage guarantees	–	1,769,875	–	1,769,875	–
		6,525,655	2,149,720	8,675,375	6,353,166

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of each reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

6. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate to their fair values.

7. 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 carparks

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.

7. SEGMENT INFORMATION (CONTINUED)

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 described in note 3. 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 RMB'000	2014 RMB'000
Amount included in the measure of segment profit or loss:		
Property development	**3,353**	3,655

7. SEGMENT INFORMATION (CONTINUED)

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	**270,105**	84,955
	1,872,615	2,318,266

	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	**–**	258,808
	1,652,418	1,591,164

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

8. 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 RMB'000	2014 RMB'000
Sales of properties	**1,845,870**	1,776,903
Development services	**2,997**	525,081
Property rental	**23,748**	16,282
	1,872,615	2,318,266

9. OTHER INCOME, GAINS AND LOSSES

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

10. FINANCE COSTS

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

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%).

11. INCOME TAX EXPENSE

	2015 RMB'000	2014 RMB'000
Continuing operations		
Current tax:		
EIT in the PRC	**74,375**	94,687
LAT	**53,246**	94,862
	127,621	189,549
Deferred tax *(note 20)*	**70,498**	(5,417)
	198,119	184,132

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.

11. INCOME TAX EXPENSE (CONTINUED)

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 RMB'000	2014 RMB'000
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

12. PROFIT FOR THE YEAR

	2015 RMB'000	2014 RMB'000
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
Auditors' remuneration	**1,650**	230
Compensation expenses (included in other expenses) *(note)*	**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 *(note 13)*	**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.

13. DIRECTORS' EMOLUMENTS

Details of the emoluments paid/payable to the directors and the chief executive of the Company (including emoluments for services provided as employees/directors of the group entities prior to becoming the directors of the Company) during the years are as follows:

	2015 RMB'000	2014 RMB'000
Directors' fee	–	–
Other emoluments		
– Salaries and other allowances	2,075	1,302
– Performance related bonus	1,974	1,303
– Retirement benefit scheme contributions	69	50
	4,118	2,655

The emoluments of the directors and chief executive are as follows:

	Fee RMB'000	Salaries and other allowances RMB'000	Performance related bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Year ended 31 December 2015					
Executive Directors					
Ms. Cheuk Hiu Nam *(note i)*	–	590	593	15	1,198
Mr. Huang Fuqing *(note i)*	–	404	1,000	32	1,436
Mr. Wang Jianfeng *(note i)*	–	295	381	7	683
Non-Executive Director					
Mr. Shum Tin Ching *(note ii)*	–	786	–	15	801
	–	2,075	1,974	69	4,118

13. DIRECTORS' EMOLUMENTS (CONTINUED)

	Fee RMB'000	Salaries and other allowances RMB'000	Performance related bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Year ended 31 December 2014					
Executive Directors					
Ms. Cheuk Hiu Nam	–	575	403	14	992
Mr. Huang Fuqing	–	279	900	28	1,207
Mr. Wang Jianfeng	–	–	–	–	–
Non-Executive Director					
Mr. Shum Tin Ching	–	448	–	8	456
	–	1,302	1,303	50	2,655

Notes:

(i) Ms. Cheuk Hiu Nam, Mr. Huang Fuqing and Mr. Wang Jianfeng were appointed as executive directors of the Company on 27 July 2015. Ms. Cheuk Hiu Nam is also the Chief Executive of the Company and her emoluments disclosed above include those for services rendered by her as the Chief Executive. The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

(ii) Mr. Shum Tin Ching was appointed as a non-executive director of the Company on 27 July 2015. The non-executive director's emoluments shown above were mainly for services as a director of the Company or its subsidiaries.

Performance related bonus is determined by reference to the performance of individuals and market trend.

The five highest paid individuals included three directors for the year ended 31 December 2015 (2014: two directors). The remunerations of the remaining two (2014: three) highest paid individuals for the year are as follows:

	2015 RMB'000	2014 RMB'000
Employees		
– Salaries and other allowances	**507**	778
– Performance related bonus	**1,132**	1,470
– Retirement benefit scheme contributions	**53**	84
	1,692	2,332

13. DIRECTORS' EMOLUMENTS (CONTINUED)

The remuneration were within the following bands:

	Number of individuals	
	2015	2014
Nil to HK$1,000,000	**1**	2
HK$1,000,001 to HK$1,500,000	**1**	1

During both years, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any emoluments during the years.

14. DIVIDEND

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

15. 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 note 41) 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 RMB'000	2014 RMB'000
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**280,744**	170,955

	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,350,000**	1,403,341

15. EARNINGS PER SHARE (CONTINUED)

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

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 RMB'000	2014 RMB'000
Loss for the year from discontinued operations	**(17,826)**	(21,538)

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.

16. INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
FAIR VALUE			
At 1 January 2014	444,850	315,360	760,210
Additions	–	96,365	96,365
Transfer from property and equipment	5,313	–	5,313
Transfer from properties under development	299,180	–	299,180
Transfer from properties held for sale	14,144	–	14,144
Transfer	160,397	(160,397)	–
Net change in fair value recognised in profit or loss	53,801	43,672	97,473
At 31 December 2014	977,685	295,000	1,272,685
Additions	–	76,574	76,574
Disposal	(280,988)	–	(280,988)
Disposal of a subsidiary	(26,280)	–	(26,280)
Transfer from properties held for sale	324,317	–	324,317
Transfer	221,194	(221,194)	–
Net change in fair value recognised in profit or loss	172,221	31,620	203,841
At 31 December 2015	1,388,149	182,000	1,570,149

The completed investment properties and investment properties under construction are all situated in the PRC under medium-term leases. All the completed investment properties are rented out under operating leases.

The fair values of the Group's investment properties at 31 December 2014 and 2015 and at dates of transfer have been arrived at on the basis of valuations on those dates carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The valuations of completed investment properties ("Completed IP") were arrived at with adoption of investment approach by considering the capitalised rental income derived from the existing tenancies with due provision for any reversionary income potential of the respective properties.

The valuations of investment properties under construction ("IP under construction") were arrived at with adoption of cost approach, which is based on market observable transactions of completed properties with the basis that they will be developed and completed in accordance with the latest development proposals and taken into account the accrued construction costs that will be expended to complete the development to reflect the quality of the completed development and developer's gross profit margin.

16. INVESTMENT PROPERTIES (CONTINUED)

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

All of the Group's property interests held under operating leases in the PRC to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Details of the Group's investment properties which are classified as Level 3 in the fair value hierarchy as at 31 December 2014 and 2015 are as follows:

	Completed IP RMB'000	**IP under construction RMB'000**	**Total fair value as at 31.12.2015 RMB'000**
Properties in Changzhou	**–**	**182,000**	**182,000**
Properties in Yangzhou	**61,982**	**–**	**61,982**
Properties in Taixing	**705,000**	**–**	**705,000**
Properties in Taizhou	**407,841**	**–**	**407,841**
Properties in Suqian	**213,326**	**–**	**213,326**
	1,388,149	**182,000**	**1,570,149**

	Completed IP RMB'000	IP under construction RMB'000	Total fair value as at 31.12.2014 RMB'000
Properties in Changzhou	–	127,000	127,000
Properties in Yangzhou	77,222	–	77,222
Properties in Jiaxing	26,080	–	26,080
Properties in Taixing	299,180	168,000	467,180
Properties in Taizhou	367,575	–	367,575
Properties in Suqian	207,628	–	207,628
	977,685	295,000	1,272,685

16. INVESTMENT PROPERTIES (CONTINUED)

There were no transfers into or out of Level 3 during the years reported. The following table gives information about how the fair values of the major investment properties are determined (in particular, the valuation techniques and inputs used).

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Properties in Changzhou – IP under construction	Level 3	Cost approach The key inputs are: (1) Market unit sales rate; and (2) Developer's gross profit margin	Market unit sales rate, using market direct comparable and taking into account of location and other individual factors around RMB1,777 sq.m. at 31 December 2015 (2014: RMB1,765 sq.m.).	A slight increase in the market unit sales rate would result in a significant increase in fair value and vice versa.
			Developer's gross profit margin, taking into account of the progress of the property of 45%, at 31 December 2015 (2014: 45%).	There is no indication that any slight change in the developer's gross profit margin would result in significant higher or lower fair value measurement.
Property in Yangzhou – Completed IP	Level 3	Investment approach The key inputs are: (1) Monthly market rent; and (2) Capitalisation rate	Monthly market rent, using direct market comparables and taking into account of location and other individual factors such as road frontage, size of property and facilities range from around RMB33.0 sq.m./month to RMB39.0 sq.m./month at 31 December 2015 (2014: RMB33.0 sq.m./month to RMB39.0 sq.m./month).	A slight increase in the monthly market rent would result in a significant increase in fair value and vice versa.
			Capitalisation rate, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received of 3.5% at 31 December 2015 (2014: 3.5%).	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa.

16. INVESTMENT PROPERTIES (CONTINUED)

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property in Jiaxing – Completed IP	Level 3	Investment approach The key inputs are: (1) Monthly market rent; and (2) Capitalisation rate	Monthly market rent, using direct market comparables and taking into account of location and other individual factors such as road frontage, size of property and facilities around RMB63 sq.m./month at 31 December 2014.	A slight increase in the monthly market rent would result in a significant increase in fair value and vice versa.
			Capitalisation rate, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received of 3.5% at 31 December 2014.	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa.
Property in Taixing – Completed IP and IP under construction	Level 3	Investment approach for completed IP The key inputs are: (1) Monthly market rent; and (2) Capitalisation rate	Monthly market rent, using direct market comparables and taking into account of location and other individual factors such as road frontage, size of property and facilities range from around RMB22.8 sq.m./month to RMB135.0 sq.m./month at 31 December 2015 (2014: RMB22.5 sq.m./month to RMB120 sq.m./month).	A slight increase in the monthly market rent would result in a significant increase in fair value and vice versa.
			Capitalisation rate, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received of 3.5% to 4.0%, at 31 December 2015 (2014: 3.5%).	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa.

16. INVESTMENT PROPERTIES (CONTINUED)

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	Level 3	Cost approach for IP under construction The key inputs are: (1) Market unit sales rate; and (2) Developer's gross profit margin	Market unit sales rate, using market direct comparable and taking into account of location and other individual factors range from RMB906 sq.m. to RMB1,146 sq.m. at 31 December 2014.	A slight increase in the market unit sales rate would result in a significant increase in fair value and vice versa.
			Developer's gross profit margin, taking into account of the progress of the property of 35% at 31 December 2014.	There is no indication that any slight change in the developer's gross profit margin would result in significant higher or lower fair value measurement.
Property in Taizhou – Completed IP	Level 3	Investment approach The key inputs are: (1) Monthly market rent; and (2) Capitalisation rate	Monthly market rent, using direct market comparables and taking into account of location and other individual factors such as road frontage, size of property and facilities range from around RMB43.5 sq.m./month to RMB99.0 sq.m./month at 31 December 2015 (2014: RMB40.2 sq.m./month to RMB79.5 sq.m./month).	A slight increase in the monthly market rent would result in a significant increase in fair value and vice versa.
			Capitalisation rate, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received of 3.5% to 4% at 31 December 2015 (2014: 3.5% to 4%).	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa.

16. INVESTMENT PROPERTIES (CONTINUED)

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property in Suqian – Completed IP	Level 3	Investment approach for completed IP The key inputs are: (1) Monthly market rent; and (2) Capitalisation rate	Monthly market rent, using direct market comparables and taking into account of location and other individual factors such as road frontage, size of property and facilities from RMB7.5 sq.m./month to RMB45.9 sq.m./month at 31 December 2015 (2014: around RMB45.9 sq.m./month).	A slight increase in the monthly market rent would result in a significant increase in fair value and vice versa.
			Capitalisation rate, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received of 3.0% to 4.0%, at 31 December 2015 (2014: 4%).	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa.

17. PROPERTY AND EQUIPMENT

	Leasehold land and building RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Office equipment RMB'000	Furniture, fittings and equipment RMB'000	Computer equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
COST								
At 1 January 2014	6,760	–	–	1,828	216	3,629	17,771	30,204
Additions	81,708	1,775	839	489	428	556	494	86,289
Acquisition of subsidiaries	–	35,874	–	–	–	–	–	35,874
Transfer to investment properties	(6,760)	–	–	–	–	–	–	(6,760)
Disposals	–	–	–	–	–	(28)	(732)	(760)
At 31 December 2014	81,708	37,649	839	2,317	644	4,157	17,533	144,847
Additions	–	6,357	–	832	–	145	150	7,484
Disposals	–	–	–	(119)	(217)	(137)	(827)	(1,300)
Disposal of subsidiaries	–	(44,006)	–	(1,500)	–	(776)	(5,595)	(51,877)
At 31 December 2015	81,708	–	839	1,530	427	3,389	11,261	99,154
ACCUMULATED DEPRECIATION								
At 1 January 2014	(1,269)	–	–	(1,155)	(27)	(2,556)	(11,844)	(16,851)
Charge for the year	(1,403)	–	(125)	(269)	(100)	(553)	(2,229)	(4,679)
Eliminated on disposals	–	–	–	–	–	24	408	432
Transfer to investment properties	1,447	–	–	–	–	–	–	1,447
At 31 December 2014	(1,225)	–	(125)	(1,424)	(127)	(3,085)	(13,665)	(19,651)
Charge for the year	(1,634)	–	(168)	(247)	(95)	(380)	(1,166)	(3,690)
Eliminated on disposals	–	–	–	44	59	66	759	928
Eliminated on disposal of subsidiaries	–	–	–	547	–	529	4,452	5,528
At 31 December 2015	(2,859)	–	(293)	(1,080)	(163)	(2,870)	(9,620)	(16,885)
CARRYING VALUES								
At 31 December 2015	78,849	–	546	450	264	519	1,641	82,269
At 31 December 2014	80,483	37,649	714	893	517	1,072	3,868	125,196

17. PROPERTY AND EQUIPMENT (CONTINUED)

The above items of property and equipment, other than construction in progress, are depreciated using the straight-line method after taking into account of their estimated residual values at the following rates per annum:

Leasehold land and building	Over the shorter of the term of lease or 2%
Leasehold improvements	20%
Office equipment	20%
Furniture, fittings and equipment	10% – 20%
Computer equipment	20% – 33%
Motor vehicles	25%

	2015 RMB'000	2014 RMB'000
Leasehold land and building in Hong Kong		
Long lease	**78,849**	80,483

The land and building elements of a lease of land and building cannot be allocated reliably between the land and building elements, and the lease is treated as property and equipment.

18. INTERESTS IN ASSOCIATES

	2015 RMB'000	2014 RMB'000
Cost of investments, unlisted	–	106,100
Share of post-acquisition results and reserves, net of dividends received	–	87,183
	–	193,283

18. INTERESTS IN ASSOCIATES (CONTINUED)

Details of the Group's interests in associates are as follows:

Name of associate	Place of establishment and operation	Registered capital	Proportion of registered capital and voting power held by the Group		Principal activity
			2015	2014	
Zhejiang Guangyuan Property Development Co., Ltd. 浙江廣源房地產開發有限公司 ("Zhejiang Guangyuan")	PRC	RMB50,000,000	–	45%	Property development
Tongxiang Jia Yuan Property Development Co., Ltd. 桐鄉市佳源房地產開發有限公司 ("Tongxiang Jia Yuan")	PRC	RMB20,000,000 *(Note)*	–	35%	Property development
Haiyan Jia Yuan Property Development Co., Ltd. 海鹽縣佳源房地產開發有限公司 ("Haiyan Jia Yuan")	PRC	RMB236,250,000	–	31.76%	Property development
Zhejiang Jia Yuan Property Management Co., Ltd. 浙江佳源物業管理有限公司 ("Jia Yuan Property")	PRC	RMB5,000,000	–	20%	Property management

Note: The registered capital was reduced from RMB100,000,000 to RMB20,000,000 during the year ended 31 December 2014.

18. INTERESTS IN ASSOCIATES (CONTINUED)

During the year ended 31 December 2015, the Group carried out the Reorganisation pursuant to which the Group had disposed of the entire 45% equity interest in Zhejiang Guangyuan, 35% equity interest in Tongxiang Jia Yuan and 31.76% equity interest in Haiyan Jia Yuan to entities controlled by the Ultimate Shareholder. The (loss) profit on disposal of these associates is calculated as follows:

	Zhejiang Guangyuan RMB'000	Tongxiang Jia Yuan RMB'000	Haiyan Jia Yuan RMB'000	Total RMB'000
Proceeds of disposal	**22,590**	**7,810**	**75,600**	**106,000**
Carrying amount of the associates on the date of loss of significant influence	**(32,582)**	**(22,101)**	**(68,199)**	**(122,882)**
(Loss) profit on disposal	**(9,992)**	**(14,291)**	**7,401**	**(16,882)**

In addition, the Group had disposed of the entire 20% equity interest in Jia Yuan Property through the disposal of its subsidiary, Jin Jiang, as detailed in note 31.

Summarised financial information prepared in accordance with HKFRSs in respect of the Group's associates and reconciliation to the carrying amount of the interests in associates are set out below.

Zhejiang Guangyuan

	2014 RMB'000
Non-current assets	421,490
Current assets	194,894
Total assets	616,384
Current liabilities	(340,180)
Non-current liabilities	(70,000)
Net assets	206,204
Proportion of the Group's ownership in Zhejiang Guangyuan	45%
Carrying amount of the Group's share of net assets	92,792

18. INTERESTS IN ASSOCIATES (CONTINUED)

Zhejiang Guangyuan (Continued)

	1.1.2015 to 27.5.2015 RMB'000	1.1.2014 to 31.12.2014 RMB'000
Revenue	11,989	42,693
Profit (loss) for the year	7,396	(17,350)

Tongxiang Jia Yuan

	2014 RMB'000
Non-current assets	365,430
Current assets	473,115
Total assets	838,545
Current liabilities	(769,929)
Net assets	68,616
Proportion of the Group's ownership in Tongxiang Jia Yuan	35%
Carrying amount of the Group's share of net assets	24,016

	1.1.2015 to 17.5.2015 RMB'000	1.1.2014 to 31.12.2014 RMB'000
Revenue	–	43,610
Loss for the year	(5,471)	(3,436)

18. INTERESTS IN ASSOCIATES (CONTINUED)

Haiyan Jia Yuan

	2014 RMB'000
Non-current assets	20,414
Current assets	773,060
Total assets	793,474
Current liabilities	(418,230)
Non-current liabilities	(137,600)
Net assets	237,644
Proportion of the Group's ownership in Haiyan Jia Yuan	31.76%
Carrying amount of the Group's share of net assets	75,475

	1.1.2015 to 1.6.2015 RMB'000	1.1.2014 to 31.12.2014 RMB'000
Revenue	**32,490**	365,500
(Loss) profit for the year	**(22,912)**	9,546

Jia Yuan Property

	2014 RMB'000
Non-current assets	3,610
Current assets	277,432
Total assets	281,042
Current liabilities	(304,119)
Net liabilities	(23,077)
Proportion of the Group's ownership in Jia Yuan Property	20%
Group's share of net liabilities not recognised	(4,615)

18. INTERESTS IN ASSOCIATES (CONTINUED)

Jia Yuan Property (Continued)

	1.1.2015 to 18.4.2015 RMB'000	1.1.2014 to 31.12.2014 RMB'000
Revenue	**15,874**	46,459
Loss for the year	**(10,327)**	(26,051)

19. PREPAYMENT AND DEPOSIT PAID FOR A LIFE INSURANCE POLICY

In 2015, Hong Kong Jia Yuan entered into a life insurance policy with an insurance company on Ms. Cheuk Hiu Nam, a director of the Company. Under the policy, Hong Kong Jia Yuan, being the beneficiary and policy holder, is required to pay an upfront payment for the policy. Hong Kong Jia Yuan may request a partial surrender or full surrender of the policy at any time and receive cash back based on the value of the policy at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated guaranteed interest earned and minus insurance premium charged (the "Cash Value"). If such withdrawal is made at any time during the first to the eighteenth policy year, as appropriate, a pre-determined specified surrender charge would be imposed.

At the inception date, the upfront payment is separated into deposit placed and prepayment of life insurance premium, amounting to US$1,036,000 (equivalent to RMB6,563,000) and US$477,000 (equivalent to RMB3,021,000), respectively, according to the terms set out in the policy. The prepayment of life insurance premium is amortised to profit or loss over the insured period and the deposit placed is carried at amortised cost using the effective interest method. The deposit placed for the life insurance policy carries guaranteed interests at interest rates ranging from 2% to 4.2% per annum plus a premium determined by the insurance company during the tenures of the policy. The effective interest rate on initial recognition was determined by discounting the estimated future cash receipts through the expected life of the insurance policy, excluding the financial effect of surrender charge.

Particulars of the policy are as follows:

		Guaranteed interest rates	
Insured sum	Upfront payment	First year	Second year and onwards
US$9,500,000 (equivalent to RMB60,182,000)	US$1,513,000 (equivalent to RMB9,584,000)	4.2% per annum	2% per annum

19. PREPAYMENT AND DEPOSIT PAID FOR A LIFE INSURANCE POLICY (CONTINUED)

The carrying amounts of deposit placed and prepayment of life insurance premium at 31 December 2015 are set out as below:

	2015 RMB'000
Deposit paid	**6,563**
Prepayment	**3,021**
	9,584

The carrying amounts of the prepayment and deposit paid for a life insurance policy as at 31 December 2015 approximate the Cash Value of the insurance policy and the expected life of the policy remained unchanged from the initial recognition. The entire balance of the life insurance policy is denominated in US$.

20. DEFERRED TAX

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the years:

	Accrued LAT RMB'000	Fair value of investment properties RMB'000	Deferred income RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2014	8,057	(57,680)	88,110	5,030	43,517
Credit (charge) to profit or loss	9,263	(44,650)	14,555	29,881	9,049
At 31 December 2014	17,320	(102,330)	102,665	34,911	52,566
Credit (charge) to profit or loss	3,876	(105,966)	20,893	13,028	(68,169)
Disposal of subsidiaries	–	557	(21,280)	(5,986)	(26,709)
At 31 December 2015	21,196	(207,739)	102,278	41,953	(42,312)

	2015 RMB'000	2014 RMB'000
Analysed for reporting purpose as:		
Deferred tax assets	**165,427**	154,896
Deferred tax liabilities	**(207,739)**	(102,330)
	(42,312)	52,566

20. DEFERRED TAX (CONTINUED)

At 31 December 2015, the Group had unused tax losses of RMB288,303,000 (2014: RMB267,695,000), available to offset against future profits. Deferred tax assets have been recognised in respect of tax losses of RMB167,812,000 (2014: RMB139,643,000). No deferred tax asset has been recognised for the remaining tax losses due to the unpredictability of future profit streams. The unrecognised tax losses will expire in the following years:

	2015 RMB'000	2014 RMB'000
2015	–	7,192
2016	35,697	40,348
2017	19,268	24,089
2018	13,719	24,226
2019	29,663	32,197
2020	22,144	–
	120,491	128,052

21. INVENTORIES OF PROPERTIES

The Group's inventories of properties are situated in the PRC. All of the inventories of properties are stated at the lower of cost and net realisable value. As at 31 December 2015, properties under development of RMB6,573,266,000 (2014: RMB7,213,617,000) is expected to be realised after twelve months from the end of the reporting date.

	2015 RMB'000	2014 RMB'000
Properties held for sale	524,433	889,457
Properties under development	7,987,885	8,149,453
	8,512,318	9,038,910

22. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	2015 RMB'000	2014 RMB'000
Contract costs incurred plus recognised profit less recognised losses	1,342,486	1,342,647
Less: Progress billings	(1,177,872)	(601,988)
	164,614	740,659

There were no retentions held by customers for contract works at 31 December 2015 and 2014.

23. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2015 RMB'000	2014 RMB'000
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 *(note i)*	**18,800**	–
Other deposits	**48,949**	7,467
Entrusted loans receivable *(note ii)*	**1,044,900**	–
Other receivables *(note iii)*	**243,424**	89,297
	2,402,340	565,854
Less: Non-current portion of deposits	**(18,800)**	–
	2,383,540	565,854

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.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 RMB'000	2014 RMB'000
Financial assets at FVTPL comprise of:		
Unlisted investments *(Note)*:		
– Trust funds	–	4,000

Note: The balance represented investments in unlisted trust funds issued by financial institutions established in the PRC. The investments were disposed of in 2015.

25. RESTRICTED/PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits are denominated in RMB and comprise (i) deposits pledged to banks as at 31 December 2015, to secure the mortgage guarantees provided to customers, amounting to RMB28,097,000 (2014: RMB46,375,000) which will be released upon obtaining building ownership certificates by buyers; and (ii) deposits pledged to banks as at 31 December 2015, to secure bank borrowings raised by the Group, amounting to RMB617,390,000 (2014: nil). The deposits carry fixed rates of interest ranging from 0.35% to 1.95% per annum at 31 December 2015 (2014: 0.35% per annum).

Restricted bank deposits are balances which, in accordance with the applicable government regulations prevailing as at 31 December 2015, are placed in restricted bank deposits, amounting to RMB211,389,000 (2014: RMB29,426,000) which can only be applied in designated property development projects. These bank balances carry prevailing interest at 0.35% per annum at 31 December 2015 (2014: 0.35% per annum).

Bank balances and cash comprise cash held by the Group and demand deposits with an original maturity of three months or less. Bank balances carry prevailing market interest rates ranging from 0.01% to 2.30% per annum at 31 December 2015 (2014: ranging from 0.01% to 2.30% per annum).

	2015 RMB'000	2014 RMB'000
Analysis of restricted/pledged bank deposits/bank balances and cash by currency:		
– Denominated in RMB	880,939	101,383
– Denominated in HK$	2,411	2,511
– Denominated in US$	624	609
– Denominated in Canadian dollars	929	1,613
	884,903	106,116

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

	2015 **RMB'000**	2014 RMB'000
Trade payables	**309,715**	385,072
Business and other taxes payable	**16,917**	35,430
Accrued charges *(note i)*	**311,391**	467,072
Deferred income *(note ii)*	**410,976**	420,019
Payables for acquisition of land	**39,871**	247,462
Amounts due to non-controlling shareholders *(note iii)*	**–**	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 *(note iv)*	**139,021**	69,264
Other unsecured interest-free advances	**61,381**	35,160
	1,382,845	1,867,791
Less: non-current portion of deferred income	**(404,838)**	(404,210)
Current portion	**978,007**	1,463,581

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 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) Amounts due to non-controlling shareholders were 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.

26. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES/PRE-SALE DEPOSITS RECEIVED (CONTINUED)

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

	2015 RMB'000	2014 RMB'000
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
	309,715	385,072

As at 31 December 2015, pre-sale deposits received of RMB478,414,000 (2014: RMB1,557,920,000) is expected to be realised after twelve months from the end of the reporting date.

27. BANK AND OTHER BORROWINGS

	2015 RMB'000	2014 RMB'000
Bank loans, secured	**1,055,686**	1,509,024
Bank loans, unsecured	**546,448**	–
Trust loans, secured *(note (d))*		
– Conventional loans *(note (e))*	**3,560,000**	1,630,000
– Loans with obligation to repurchase equity interest *(note (f))*	**–**	160,000
Other loans, secured *(note (g))*	**920,000**	1,069,000
Other loans, unsecured	**54,526**	476,122
	6,136,660	4,844,146

Bank and other borrowings amounting to RMB5,535,686,000 as at 31 December 2015 (2014: RMB3,795,357,000) are secured by the pledge of assets as set out in note 33, out of which RMB4,582,115,000 (2014: RMB3,758,857,000) are also guaranteed by a director of the Company and related parties as set out in note 38(e).

Bank and other borrowings amounting to RMB572,667,000 as at 31 December 2014 were unguaranteed, and secured by cash collateral placed by a related company which was under the common control of the Ultimate Shareholder (2015: nil).

Bank and other borrowings amounting to RMB546,448,000 as at 31 December 2015 (2014: RMB14,000,000) are unsecured, and guaranteed by a director of the Company and related parties as set out in note 38.

27. BANK AND OTHER BORROWINGS (CONTINUED)

(a) The borrowings are repayable:

	2015 RMB'000	2014 RMB'000
Within one year or on demand	**3,060,212**	2,836,246
More than one year, but not exceeding two years	**3,076,448**	2,007,900
	6,136,660	4,844,146
Less: Amount due within one year shown under current liabilities	**(3,060,212)**	(2,836,246)
Amount due after one year	**3,076,448**	2,007,900

At 31 December 2015, the Group has unutilised banking facilities of RMB753,552,000 (2014: RMB9,520,000).

Except for bank and other borrowings of RMB379,313,000 which are denominated in HK$ as at 31 December 2015 (2014: RMB612,424,000), all the bank and other borrowings are denominated in RMB.

(b) Fixed-rate borrowings amounting to RMB6,076,045,000 carry interest ranging from 4% to 36% per annum at 31 December 2015 (2014: RMB3,931,723,000 carry interest ranging from 6% to 36% per annum), and expose the Group to fair value interest rate risk. The remaining borrowings amounting to RMB60,615,000 (2014: RMB912,423,000) are arranged at variable rates with the effective interest rates ranging from 1.72% to 2.3% per annum at 31 December 2015 (2014: ranging from 2.3% to 3.24% per annum), and expose the Group to cash flow interest rate risk.

(c) The range of effective interest rates at the end of each reporting period is as follows:

	2015	2014
Bank loans	**1.72% to 15.96%**	2.3% to 15.96%
Trust loans	**12.9% to 13.5%**	8.74% to 14.5%
Other loans	**13% to 36%**	7.5% to 36%

(d) The borrowings are in the form of trust arrangement with trust financing companies. The conventional loan arrangements are loan agreements entered into between the Group and trust financing companies. The trust arrangement with obligation to repurchase equity interest involves capital increase in project company with repurchase obligation at the maturity. The substance of the latter type of the trust arrangements is borrowings, with the equity interest in the project company legally transferred as collateral.

27. BANK AND OTHER BORROWINGS (CONTINUED)

(e) The following table sets out details of the conventional loans as at 31 December 2015 and 2014:

Name of subsidiary	2015 RMB'000	2014 RMB'000	Maturity date
Nanjing Xinhaoning	380,000	–	25 November 2017
Nanjing Xinhaoning	1,000,000	–	29 July 2017
Nanjing Xinhaoning	500,000	–	29 January 2017
Nanjing Xinhaoning	800,000	–	28 July 2016
Suqian Jia Yuan	–	500,000	21 March 2015
Siyang Fengyuan	530,000	530,000	28 October 2016
Taixing Guangyuan	–	600,000	8 September 2015
Taixing Hengyuan	150,000	–	29 July 2017
Taixing Hengyuan	200,000	–	30 September 2017
	3,560,000	1,630,000	

(f) The following table sets out details of the trust loans with obligation to repurchase equity interest:

Name of subsidiary	2015 RMB'000	2014 RMB'000	Maturity date
Taixing Hengyuan	–	160,000	22 May 2015

(g) Other loans mainly represent secured loans from asset management companies.

28. PAID-IN/SHARE CAPITAL

The paid-in capital of the Group at 31 December 2014 represented the aggregate amount of the paid-in capital of the holding companies and individual companies comprising the Group existed at those dates and have not been eliminated prior to the completion of the Reorganisation.

The share capital of the Group at 31 December 2015 represented the share capital of the Company, being one share issued at par value of HK$0.01 at nil paid.

The authorised share capital of the Company at the date of incorporation and as at 31 December 2015 is HK$380,000, divided into 38,000,000 ordinary shares of a par value of HK$0.01 each.

29. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY

Subsidiary acquired in 2014

	Principal activity	Date of acquisition	Proportion of equity interest	Consideration transferred RMB'000
Tongxiang Yuanshun	Hotel operation	19 March 2014	90%	32,806

Tongxiang Yuanshun was acquired from an independent third party so as to explore the Group's hotel operation.

Consideration transferred

	RMB'000
Consideration payable	32,806

The consideration payable is unsecured, interest-free and repayable on demand.

Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Non-current asset	
Property and equipment – construction in progress	35,874
Current assets	
Amounts due from related parties	1,977
Bank balances and cash	3
Current liability	
Other payables	(1,509)
	36,345

	RMB'000
Consideration	32,806
Plus: non-controlling interests	3,539
Less: fair value of identifiable net assets acquired	(36,345)
	–

29. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY (CONTINUED)

Subsidiary acquired in 2014 (Continued)

Net cash flows on acquisition of subsidiary

	RMB'000
Unpaid consideration recognised as other payables as at 31 December 2014	32,806
Bank balances and cash acquired	3

30. DISCONTINUED OPERATIONS

Pursuant to the Reorganisation, some of the companies have been carved out from the Group in order to achieve that only the project companies located in the Target Cities become subsidiaries of the Company. Those other property operations being carved out are presented as discontinued operations. The disposal of the carved out companies was completed on 2 June 2015 through a number of disposal of subsidiaries, details of which are set out in note 31.

The results of the discontinued operations for the years ended 31 December 2015 and 2014, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	2015 RMB'000	2014 RMB'000
Revenue	**2,164**	68,148
Cost of sales	**(712)**	(45,701)
Gross profit	**1,452**	22,447
Other income	**121**	806
Other gains and losses	**2**	2
Change in fair value of investment properties	**200**	360
Distribution and selling expenses	**(8,078)**	(7,362)
Administrative expenses	**(6,303)**	(12,361)
Other expenses	**(97)**	(240)
Finance costs	**(6,999)**	(29,550)
Share of results of associates	**(5,864)**	(5,979)
Loss before taxation	**(25,566)**	(31,877)
Income tax credit	**2,221**	2,134
Loss for the year	**(23,345)**	(29,743)

30. DISCONTINUED OPERATIONS (CONTINUED)

Loss for the year from discontinued operations has been arrived at after charging (crediting):

	2015 RMB'000	2014 RMB'000
Staff salaries and allowance	2,165	5,275
Retirement benefits scheme contributions	350	1,258
Total staff costs	2,515	6,533
Auditors' remuneration	5	91
Cost of properties recognised as expenses	712	45,701
Interest income	(6)	(49)
Depreciation of property and equipment	282	876
Rental income from investment properties (net of negligible outgoings)	375	751
Finance costs		
– Interest on bank and other borrowings wholly repayable within five years	6,999	29,550

Cash flows for the years ended 31 December 2015 and 2014 were as follows:

	2015 RMB'000	2014 RMB'000
Net cash from operating activities	204,017	170,970
Net cash (used in) from investing activities	(21,021)	28,054
Net cash used in financing activities	(180,192)	(198,321)
Net cash inflows	2,804	703

The carrying amounts of the assets and liabilities attributable to the discontinued operations at the date of disposal are disclosed in note 31.

31. DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2015, the Group carried out the Reorganisation pursuant to which the Group had disposed of the following subsidiaries:

(a) On 18 April 2015, the Group disposed of entire equity interests in Jin Jiang which carried out hotel operations in the PRC through its non-wholly owned subsidiary for a consideration of HK$1.

(b) On 29 May 2015, the Group disposed of entire 80% equity interests in Fundland Development which carried out property development in the PRC through its wholly owned subsidiary for a consideration of HK$1.

(c) On 21 May 2015, the Group disposed of entire 60% equity interests in Jiaxing Jindi which carried out property development in the PRC for a consideration of RMB144,000,000.

(d) On 15 May 2015, the Group disposed of entire 90% equity interests in Haining Jia Yuan which, together with its 80% owned subsidiary Haining Hongxiang (the "Haining Jia Yuan Group"), carried out property development in the PRC for a consideration of RMB252,900,000.

(e) On 2 June 2015, the Group disposed of entire equity interests in Jiaxing Jinyuan which carried out property investment in the PRC for a consideration of RMB25,200,000.

31. DISPOSAL OF SUBSIDIARIES (CONTINUED)

Analysis of assets and liabilities over which control was lost

	Jin Jiang RMB'000	Fundland Development RMB'000	Jiaxing Jindi RMB'000	Haining Jia Yuan Group RMB'000	Jiaxing Jinyuan RMB'000	Total RMB'000
Non-current assets						
Investment properties	–	–	–	–	26,280	26,280
Property and equipment	44,779	56	374	1,140	–	46,349
Interests in associates	1,000	–	–	–	–	1,000
Deferred tax assets	–	–	21,280	5,986	–	27,266
Current assets						
Properties held for sale	–	–	37,148	–	–	37,148
Properties under development	–	–	350	1,564,675	–	1,565,025
Other receivables, deposits and prepayments	915	2,998	11,446	41,515	4,196	61,070
Tax recoverable	–	–	7,067	11,118	–	18,185
Amounts due from related parties	4,446	–	307,527	33,735	4,568	350,276
Restricted/pledged bank deposits	–	–	–	8,628	–	8,628
Bank balances and cash	15	258	2,093	5,784	229	8,379
Current liabilities						
Trade and other payables and accrued expenses	(51,101)	(4,594)	(30,323)	(103,168)	(64)	(189,250)
Pre-sale deposits received	–	–	–	(591,660)	–	(591,660)
Amounts due to related parties	(3)	–	(134,427)	(223,258)	–	(357,688)
Bank and other borrowings	–	–	(30,394)	(409,020)	–	(439,414)
Non-current liabilities						
Deferred income	–	–	(83,540)	–	–	(83,540)
Deferred tax liabilities	–	–	–	–	(557)	(557)
Net assets (liabilities) disposed of	51	(1,282)	108,601	345,475	34,652	487,497

31. DISPOSAL OF SUBSIDIARIES (CONTINUED)

Gain (loss) on disposal of subsidiaries

	Jin Jiang RMB'000	Fundland Development RMB'000	Jiaxing Jindi RMB'000	Haining Jia Yuan Group RMB'000	Jiaxing Jinyuan RMB'000	Total RMB'000
Consideration receivable	–	–	144,000	252,900	25,200	422,100
Non-controlling interests	3,190	(4,048)	61,648	110,605	–	171,395
Net (assets) liabilities disposed of	(51)	1,282	(108,601)	(345,475)	(34,652)	(487,497)
Gain (loss) on disposal	3,139	(2,766)	97,047	18,030	(9,452)	105,998

The net gain on disposal is recognised in other reserve.

Net cash outflow on disposal of subsidiaries

	Jin Jiang RMB'000	Fundland Development RMB'000	Jiaxing Jindi RMB'000	Haining Jia Yuan Group RMB'000	Jiaxing Jinyuan RMB'000	Total RMB'000
Consideration received in cash	–	–	144,000	252,900	–	396,900
Less: Bank balances and cash disposed of	(15)	(258)	(2,093)	(5,784)	(229)	(8,379)
	(15)	(258)	141,907	247,116	(229)	388,521

The consideration for the disposal of Jiaxing Jinyuan of RMB25,200,000 was settled through current account with a director.

32. RETIREMENT BENEFIT PLANS

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are required to participate in defined contribution retirement schemes administrated by the local municipal government. The Company's PRC subsidiaries contribute funds which are calculated on certain percentage of the employee salary as required by local municipal government to the schemes to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

The Group also operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee. The Group contributes 5% of relevant payroll costs to the scheme, which contributions is matched by employees.

33. PLEDGE OF ASSETS

The following assets were pledged to secure certain banking and other facilities granted to the Group at the end of the reporting period:

	2015 RMB'000	2014 RMB'000
Pledged bank deposits	617,390	–
Prepayment and deposit paid for a life insurance policy	9,584	–
Property and equipment	78,848	80,483
Investment properties	1,333,310	763,383
Properties under development	7,154,981	4,018,044
Properties held for sale	244,897	269,335
	9,439,010	5,131,245

34. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments in respect of leased properties under non-cancellable operating leases which fall due as follows:

	2015 RMB'000	2014 RMB'000
Within one year	510	408
In the second to fifth year inclusive	600	15
	1,110	423

Operating lease payments represent rentals payable by the Group for certain of its office premises and staff quarters. Leases are negotiated for terms ranging from 1 to 2 years with fixed rentals.

34. OPERATING LEASE COMMITMENTS (CONTINUED)

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2015 RMB'000	2014 RMB'000
Within one year	**23,511**	17,744
In the second to fifth year inclusive	**82,911**	71,078
After five years	**100,198**	86,546
	206,620	175,368

Leases are negotiated for terms ranging from 1 to 10 years with fixed rentals.

35. COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

	2015 RMB'000	2014 RMB'000
Contracted but not provided for in the consolidated financial statements:		
– Expenditure in respects of projects classified as properties under development for sales and investment properties under construction	**4,047,741**	5,246,967

36. CONTINGENT LIABILITIES

	2015 RMB'000	2014 RMB'000
Mortgage guarantees	**2,475,048**	1,769,875

The Group provided guarantees in respect of mortgage bank loans granted to purchasers of the Group's properties. In the opinion of the directors of the Company, the fair values of these financial guarantee contracts of the Group are insignificant at initial recognition and the directors of the Company consider that the possibility of default by the purchases of the Group's properties is remote, accordingly, no value has been recognised at the inception of the guarantee contracts and as at 31 December 2015 and 2014.

Guarantees are given to banks with respect of loans procured by the purchasers of the Group's properties. Such guarantees will be released by banks upon the purchaser obtaining the relevant building ownership certificate and completion of the relevant mortgage registration.

37. SUBSIDIARIES

(a) Composition of the Group

Information about the composition of Group at the end of each year as follows:

Principal activities	Places of incorporation/ registration/ operation	Number of wholly owned subsidiaries held by the Company	
		2015	2014
Investment holding	BVI	2	–
	Hong Kong	2	2
	PRC	2	1
Property development	PRC	3	2
Property development and investment	PRC	8	7
Property investment	PRC	–	1
Investment and property holding	Hong Kong	1	1
		18	14

Principal activities	Places of incorporation/ registration/ operation	Number of non-wholly owned subsidiaries held by the Company	
		2015	2014
Property development	PRC	1	6
Property development and investment	PRC	–	1
Hotel operation	PRC	–	1
Investment holding	Hong Kong	–	1
		1	9

37. SUBSIDIARIES (CONTINUED)

(b) Details of non-wholly owned subsidiaries of the Company that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Company that have material non-controlling interests:

Name of subsidiary	Place of establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	**2015**	2014	**2015**	2014
		%	%	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Changzhou Jinyuan	PRC	**–**	20	**989**	3,355	**–**	24,379
Jiaxing Jindi	PRC	**–**	40	**(2,765)**	(4,442)	**–**	64,413
Suqian Jia Yuan	PRC	**10**	10	**9,351**	(6,297)	**19,878**	125,483
Individually immaterial subsidiaries with non-controlling interests				**(422)**	(586)	**–**	(435)
Total				**7,153**	(7,970)	**19,878**	213,840

Summarised financial information in respect of each of the Company's subsidiaries that has material non-controlling interests are set out below. The summarised financial information below represent amounts before intragroup eliminations.

37. SUBSIDIARIES (CONTINUED)

Changzhou Jinyuan

	2014 RMB'000
Current assets	262,189
Non-current assets	129,241
Current liabilities	(249,980)
Non-current liabilities	(19,550)
Total equity	121,900
Equity attributable to owners of the Company	97,521
Non-controlling interests	24,379

	1.1.2015 to 23.6.2015 RMB'000	1.1.2014 to 31.12.2014 RMB'000
Revenue	**–**	–
Other income	**9,658**	30,456
Expenses	**(4,715)**	(13,680)
Profit and total comprehensive income for the year	**4,943**	16,776
Profit attributable to owners of the Company	**3,954**	13,421
Profit attributable to the non-controlling interests	**989**	3,355
Net cash inflow from operating activities	**32,038**	19,287
Net cash outflow from investing activities	**(36,675)**	(6,752)
Net cash inflow (outflow) from financing activities	**3,700**	(10,835)
Net cash (outflow) inflow	**(937)**	1,700

37. SUBSIDIARIES (CONTINUED)

Jiaxing Jindi

	2014 RMB'000
Current assets	442,302
Non-current assets	58,133
Current liabilities	(255,208)
Non-current liabilities	(84,194)
Total equity	161,033
Equity attributable to owners of the Company	96,620
Non-controlling interests	64,413

	1.1.2015 to 21.5.2015 RMB'000	1.1.2014 to 31.12.2014 RMB'000
Revenue	**1,789**	67,397
Expenses	**(8,702)**	(78,502)
Loss and total comprehensive expense for the year	**(6,913)**	(11,105)
Loss attributable to owners of the Company	**(4,148)**	(6,663)
Loss attributable to the non-controlling interests	**(2,765)**	(4,442)
Net cash (outflow) inflow from operating activities	**(1,063)**	44,836
Net cash (outflow) inflow from investing activities	**(140)**	148,404
Net cash inflow (outflow) from financing activities	**2,432**	(195,270)
Net cash inflow (outflow)	**1,229**	(2,030)

37. SUBSIDIARIES (CONTINUED)

Suqian Jia Yuan

	2015 RMB'000	2014 RMB'000
Current assets	**1,767,904**	4,198,942
Non-current assets	**30,223**	244,181
Current liabilities	**(1,182,635)**	(3,405,145)
Non-current liabilities	**(416,707)**	(763,926)
Total equity	**198,785**	274,052
Equity attributable to owners of the Company	**178,907**	148,569
Non-controlling interests	**19,878**	125,483

	2015 RMB'000	2014 RMB'000
Revenue	**840,204**	391,039
Other income	**2,060**	48,417
Expenses	**(732,439)**	(467,759)
Profit (loss) and total comprehensive income (expense) for the year	**109,825**	(28,303)
Profit (loss) attributable to owners of the Company	**100,474**	(22,006)
Profit (loss) attributable to the non-controlling interests	**9,351**	(6,297)
Net cash inflow (outflow) from operating activities	**191,883**	(220,509)
Net cash outflow from investing activities	**(8,700)**	(57,436)
Net cash (outflow) inflow from financing activities	**(192,964)**	256,902
Net cash outflow	**(9,781)**	(21,043)

38. RELATED PARTY TRANSACTIONS AND BALANCES

The Group entered into the following significant transactions with its related parties during the year:

(a) Procurement of intelligent system equipment

	2015 RMB'000	2014 RMB'000
Zhejiang Xigu Digital Technology Co., Ltd. ("Zhejiang Xigu") 浙江西谷數字技術有限公司	**8,504**	7,626
Jiaxing City Deyu Electronics Technology Co., Ltd. ("Jiaxing Deyu") 嘉興市德宇電子科技有限公司	**2,206**	1,020

Zhejiang Xigu and Jiaxing Deyu are controlled by close family members of the Ultimate Shareholder.

(b) Architectural design fee

	2015 RMB'000	2014 RMB'000
Jiaxing City Boyuan Architecture Design Co., Ltd. ("Jiaxing Boyuan") 嘉興市博源建築設計有限公司	**35,936**	8,661

Jiaxing Boyuan is an entity controlled by the Ultimate Shareholder.

(c) Property management fee

	2015 RMB'000	2014 RMB'000
Jia Yuan Property	**5,247**	–

Jia Yuan Property is an entity controlled by the Ultimate Shareholder and was an associate of the Group prior to the Group's disposal of its equity interest.

38. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(d) Sale of investment property

	2015 RMB'000	2014 RMB'000
Jiangsu Five Star Appliance Co., Ltd. ("Jiangsu Five Star") 江蘇五星電器有限公司	**271,516**	–

Jiangsu Five Star is an entity controlled by the Ultimate Shareholder.

(e) Financial guarantees provided by a director of the Company, a related party whom is the spouse of the director of the Company and a related company which are under common control of the Ultimate Shareholder for bank and other borrowings of the Group:

	2015 RMB'000	2014 RMB'000
Bank and other borrowings guaranteed by a director of the Company and related parties	**5,128,563**	3,772,857

(f) Cash collateral placed by a related company, which is under the common control of the Ultimate Shareholder:

	2015 RMB'000	2014 RMB'000
Bank and other borrowings unguaranteed, and secured by cash collateral placed by a related company	–	572,667

38. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(g) Related party balances

At the end of each year, the Group has the following significant balances with related parties:

	At 31 December 2015 RMB'000	Maximum outstanding balance during the year RMB'000	At 31 December 2014 RMB'000	Maximum outstanding balance during the year RMB'000	At 1 January 2014 RMB'000
Amounts due from related parties					
Non-trade nature					
Jia Yuan Chuangsheng Holding Group Co., Ltd. ("Jia Yuan Chuangsheng", 佳源創盛控股集團有限公司) (formerly known as Jiaxing Zujia Property Development Co., Limited 嘉興足佳房地產開發有限公司)	–	395,300	364,900	364,900	364,900
Trade nature					
Jiaxing Boyuan	46,431	47,840	24,094	51,094	51,094
Zhejiang Xigu	4,391	4,685	–	–	–
	50,822		388,994		415,994

	2015 RMB'000	2014 RMB'000
Amounts due to related parties		
Amounts due to related companies		
Non-trade nature		
Zhejiang Jia Yuan Group	–	454,322
Zhejiang Xigu	–	114,724
Jiaxing Deyu	–	5,890
Trade nature		
Jia Yuan Property	–	13,876
	–	588,812
Amount due to a director		
Non-trade nature		
Mr. Shum Tin Ching	–	82,534
	–	671,346

The above balances are unsecured, non-interest bearing and repayable on demand.

38. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(h) Compensation of key management personnel

The remuneration of directors and other members of key management during the year is as follows:

	2015 RMB'000	2014 RMB'000
Short term benefits	**7,033**	5,145
Post-employment benefits	**176**	161
	7,209	5,306

The remuneration of directors and other key executives is determined having regard to the performance of individuals and market trends.

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2015 RMB'000
NON-CURRENT ASSET	
Investments in subsidiaries	**–**
CURRENT ASSET	
Prepayments	**35**
CURRENT LIABILITIES	
Accrued expenses	**590**
Amounts due to subsidiaries	**15,829**
	16,419
NET CURRENT LIABILITIES	**(16,384)**
TOTAL ASSETS LESS CURRENT LIABILITIES	**(16,384)**
CAPITAL AND RESERVE	
Share capital	**–**
Accumulated loss	**(16,384)**
TOTAL EQUITY	**(16,384)**

40. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at 31 December 2015 and 2014 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Equity interest attributable to the Group 2015	Equity interest attributable to the Group 2014	Issued and fully paid share capital/ registered capital	Place of operations	Principal activities
Jiayuan Investment Management Limited 佳源投資管理有限公司	BVI 8 May 2015	**100%**	–	US$1	Hong Kong	Investment holding
Jiayuan Commercial Properties Company Limited 佳源商業地產有限公司	BVI 10 November 2015	**100%**	–	US$1	Hong Kong	Investment holding
Hong Kong Jiayuan Commercial Properties Limited 香港佳源商業地產有限公司	Hong Kong 30 November 2015	**100%**	–	HK$10,000	Hong Kong	Investment holding
Hong Kong Jia Yuan Holdings Limited 香港佳源集團有限公司	Hong Kong 29 April 2008	**100%**	100%	HK$990,000	Hong Kong	Investment and property holding
Guo Xiang Property Co., Limited 國祥房地產有限公司	Hong Kong 1 August 2003	**100%**	100%	HK$10,000	Hong Kong	Investment holding
Nanjing Xinhaoning Property Development Co., Limited 南京新浩寧房地產開發有限公司	PRC, Sino-foreign joint venture enterprise 11 August 2005	**100%**	100%	US$99,000,000	PRC	Property development
Nanjing Gangyuan Investment Consulting Co., Limited 南京港源投資諮詢有限公司	PRC, wholly foreign owned enterprise 27 May 2015	**100%**	–	RMB1,000,000	PRC	Investment holding
Nanjing Jia Feng Investment Management Co., Limited 南京嘉豐投資管理有限公司	PRC, domestic enterprise 27 December 2011	**100%**	100%	RMB5,000,000	PRC	Investment holding
Changzhou Jinyuan Property Development Co., Limited 常州金源房地產開發有限公司	PRC, wholly foreign owned enterprise 7 August 2013	**100%**	80%	RMB70,500,000	PRC	Property development

40. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place and date of incorporation/ establishment	Equity interest attributable to the Group 2015	2014	Issued and fully paid share capital/ registered capital	Place of operations	Principal activities
Suqian Jia Yuan Property Development Co., Limited 宿遷市佳源房地產開發有限公司	PRC, domestic enterprise 7 August 2009	**90%**	90%	RMB60,000,000	PRC	Property development
Siyang Fengyuan Property Development Co., Limited 泗陽豐源房地產開發有限公司	PRC, domestic enterprise 6 March 2012	**100%**	94%	RMB50,000,000	PRC	Property development and investment
Taixing Guangyuan Property Development Co., Limited 泰興市廣源房地產開發有限公司	PRC, domestic enterprise 17 November 2009	**100%**	100%	RMB300,000,000	PRC	Property development and investment
Taixing Hengyuan Property Development Co., Limited 泰興市恒源房地產開發有限公司	PRC, domestic enterprise 16 February 2012	**100%**	100%	RMB26,670,000	PRC	Property development and investment
Taixing Mingyuan Property Development Co., Limited 泰興市明源房地產開發有限公司	PRC, wholly foreign owned enterprise 25 October 2013	**100%**	100%	USD10,000,000	PRC	Property development
Taizhou Jia Yuan Property Development Co., Limited 泰州市佳源房地產開發有限公司	PRC, domestic enterprise 31 July 2007	**100%**	100%	RMB140,000,000	PRC	Property development and investment
Taizhou Mingyuan Property Development Co., Limited 泰州市明源房地產開發有限公司	PRC, domestic enterprise 10 March 2010	**100%**	100%	RMB60,000,000	PRC	Property development and investment
Yangzhou Guangyuan Property Development Co., Limited 揚州廣源房地產開發有限公司	PRC, Sino-foreign joint venture enterprise 20 June 2003	**100%**	100%	USD22,560,000	PRC	Property development and investment
Yangzhou Hengyuan Property Development Co., Limited 揚州市恒源房地產開發有限公司	PRC, domestic enterprise 1 August 2007	**100%**	100%	RMB40,000,000	PRC	Property development and investment

40. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place and date of incorporation/ establishment	Equity interest attributable to the Group 2015	2014	Issued and fully paid share capital/ registered capital	Place of operations	Principal activities
Yangzhou Mingyuan Property Development Co., Limited 揚州明源房地產開發有限公司	PRC, domestic enterprise 16 January 2008	**100%**	100%	RMB10,000,000	PRC	Property development and investment
Jiaxing Jinyuan Information Consulting Co., Limited 嘉興市金源信息諮詢有限公司	PRC, wholly foreign owned enterprise 2 April 2010	**– *(note vi)***	100%	US$4,000,000	PRC	Property investment
Jin Jiang Investment Limited 錦江投資管理有限公司	Hong Kong 8 November 2013	**– *(note ii)***	100%	HK$10,000	Hong Kong	Investment holding
Tongxiang Yuanshun Venice Hotel Co., Limited 桐鄉元順威尼斯大酒店有限公司	PRC, Sino-foreign joint venture enterprise 17 December 2009	**– *(note ii)***	90%	US$5,560,000	PRC	Hotel operation
Haining Jia Yuan Property Development Co., Limited 海寧市佳源房地產開發有限公司	PRC, domestic enterprise 21 November 2012	**– *(note iii)***	81%	RMB281,000,000	PRC	Property development
Haining Jia Yuan Hongxiang Property Development Co., Limited 海寧市佳源鴻翔房地產開發有限公司	PRC domestic enterprise 30 May 2013	**– *(note iii)***	64.8%	RMB51,000,000	PRC	Property development
Jiaxing Jindi Property Development Co., Limited 嘉興市金地房地產置業有限公司	PRC domestic enterprise 3 August 2001	**– *(note iv)***	60%	RMB240,000,000	PRC	Property development
Fundland Development Limited 銀田發展有限公司	Hong Kong 3 August 2009	**– *(note v)***	80%	HK$10,000	Hong Kong	Investment holding
Chengdu Fundland Sports Development Co., Limited 成都銀田體育發展有限公司	PRC, wholly foreign owned enterprise 12 November 2009	**– *(note v)***	80%	US$3,000,000	PRC	Property development

40. PARTICULARS OF SUBSIDIARIES (CONTINUED)

Notes:

i. The English name for all of the above subsidiaries established in the PRC is translated for identification purpose only.
ii. The subsidiaries were disposed of on 18 April 2015.
iii. The subsidiaries were disposed of on 15 May 2015.
iv. The subsidiary was disposed of on 21 May 2015.
v. The subsidiaries were disposed of on 29 May 2015.
vi. The subsidiary was disposed of on 2 June 2015.

None of the subsidiaries had issued any debt securities at the end of the year.

41. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2015, the Group had the following significant events:

(a) On 12 February 2016, the authorised share capital of the Company was increased from HK$380,000 to HK$100,000,000 by the creation of 9,962,000,000 new shares of HK$0.01 each. Also, a written resolution of the sole shareholder of the Company was passed to approve a share option scheme which was conditionally adopted on 12 February 2016 and the principal terms of the share option scheme are set out in the section headed Appendix VI "Statutory and General Information" to the prospectus of the Company dated 26 February 2016.

(b) On 8 March 2016, the Company completed the Listing on the Stock Exchange with the issue of 450,000,000 new shares of the Company at HK$2.48 each to public shareholders. The Company intends to use the net proceeds as the construction costs of existing property development projects, the land acquisition costs and construction costs of potential property development projects, and general working capital purposes. Also, upon the share premium account of the Company being credited as a result of the global offering of the Company's shares, the Company capitalised the amount of approximately HK$13,500,000 from the amount standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 1,349,999,999 shares for allotment and issue to the persons whose name appeared on the register of members of the Company at the close of business on 12 February 2016, in proportion (or as nearly as possible without fractions) to their then respective shareholdings of the Company.

(c) On 30 March 2016, the Company further allotted and issued 67,500,000 new shares at HK$2.48 each upon the exercise of the over-allotment option by the sole global coordinator.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 December			
	2012 RMB'000	2013 RMB'000	2014 RMB'000	**2015** **RMB'000**
Revenue (from continuing operations)	2,094,856	2,544,619	2,318,266	**1,872,615**
Profit before taxation	252,414	508,283	376,860	**509,360**
Income tax expense	(116,521)	(196,602)	(184,132)	**(198,119)**
Profit for the year from continuing operations	135,893	311,681	192,728	**311,241**
Attributable to:				
Owners of the Company	132,325	296,575	192,493	**298,570**
Non-controlling interests	3,568	15,106	235	**12,671**
	135,893	311,681	192,728	**311,241**

ASSETS AND LIABILITIES

	As at 31 December			
	2012 RMB'000	2013 RMB'000	2014 RMB'000	**2015** **RMB'000**
Total assets	7,874,013	11,516,637	12,663,153	**13,943,758**
Total liabilities	(6,721,555)	(9,980,831)	(10,860,823)	**(12,563,675)**
Net assets	1,152,458	1,535,806	1,802,330	**1,380,083**
Equity attributable to owners of the Company	1,042,580	1,397,535	1,588,490	**1,360,205**
Non-controlling interests	109,878	138,271	213,840	**19,878**
	1,152,458	1,535,806	1,802,330	**1,380,083**

Note: The results for the years ended 31 December 2012, 2013 and 2014 have been prepared on a combined basis to indicate the results of the Group as if the Group structure, at the time when the Company's shares were listed on the Stock Exchange, had been in existence throughout the years concerned. The figures for the years ended 31 December 2012, 2013 and 2014 have been extracted from the Company's Prospectus dated 26 February 2016.