



**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



INTERIM REPORT  
**2016**



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# 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

## 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

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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](http://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 30 June 2016, the Company and its subsidiaries (the “Group”) had a total land bank of approximately 5.1 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.

# FINANCIAL HIGHLIGHTS

The board (the "Board") of directors (the "Directors") of Jiayuan International Group Limited (the "Company", together with its subsidiaries, the "Group") is pleased to announce to the Group's shareholders the interim results of the Group for the six months ended 30 June 2016 (the "Reporting Period"), together with comparative figures for the corresponding period in 2015. The Group's interim results have not been audited but have been reviewed by the Company's Audit Committee and the Company's auditor, Deloitte Touche Tohmatsu.

- Contracted sales of properties achieved for the Reporting Period was approximately RMB2,006.4 million, representing a period-on-period increase of approximately 21.2%;
- Contracted average selling price ("ASP") for the Reporting Period was approximately RMB11,371.9 per sq.m.;
- Revenue for the Reporting Period was approximately RMB2,098.6 million, representing a period-on-period increase of approximately 126.7%;
- Gross profit for the Reporting Period was approximately RMB700.0 million, representing a period-on-period increase of approximately 224.8%;
- Profit for the Reporting Period was approximately RMB380.1 million. Profit and total comprehensive income attributable to owners of the Company was approximately RMB380.7 million;
- Basic and diluted earnings per share for the Reporting Period were RMB22.81 cents; and
- Land reserves reached a total gross floor area ("GFA") of approximately 5,105,003 sq.m. as at 30 June 2016.

# 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 six months, the Group has been striving to seize market opportunities, and the major operational indicators continued to grow. With respect to the interim results for the six months ended 30 June 2016, profit for the period amounted to approximately RMB380.1 million, representing an increase of approximately 73.1% from approximately RMB219.5 million in the first half of 2015. Profit and total comprehensive income attributable to Shareholders amounted to approximately RMB380.7 million, representing an increase of approximately 93.7% from approximately RMB196.5 million in the first half of 2015. In the first half of 2016, the Group continued to adhere to the Group's core development strategy of "major cities and selected key towns" (「大城市、小城镇」). Despite a slowdown of China's economic growth with gross domestic product growth of 6.9% last year, the Group had benefited from the recovery of the real estate market in China during the period. 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 period under review, the Group achieved contracted sales of properties of approximately RMB2,006.4 million, representing a significant growth

from first half of 2015 with a period-on-period increase of approximately 21.2%. The average price of contracted sales was approximately RMB11,372 per sq.m., representing a growth of approximately 22.2% from the first half of 2015. At the same time, the Group has cultivated the unique power for core competitive skills that includes 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.

On 27 June 2016, the Group completed the acquisition of the entire equity interest in Yangzhou Xiangjiang New City Center Property Co., Ltd. from an independent third party which holds two land parcels located in Yangzhou.

As at 30 June 2016, the Group has developed a portfolio of 20 property development projects in various major cities or key towns in Jiangsu Province, completed a total GFA of approximately 2.9 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 THE SECOND HALF OF 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 the second half of 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, 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

## BUSINESS REVIEW

### Review of the first half of 2016 Results

In 2016, the Group continued to adhere to the core development strategy of focusing the Group's development effort in "major cities and selected key towns" (「大城市、小城镇」). As at 30 June 2016, the Group had 20 property development projects in Jiangsu Province, comprising 15 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% last year, the Group had benefited from the recovery of the real estate market in China during the period. 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 first half of 2016, the Group achieved contracted sales of properties of approximately RMB2,006.4 million, representing a significant growth from first half of 2015 with a period-on-period increase of approximately 21.2%.

### Outlook

Looking forward to the second half of 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 six months ended 30 June 2016, the contracted sales of the Group amounted to approximately RMB2,006.4 million, representing an increase of approximately 21.2% from approximately RMB1,655.0 million for the period ended 30 June 2015. Total GFA sold for the six months ended 30 June 2016 was approximately 176,435 sq.m., which was almost flat with approximately 177,882 sq.m. for the six months ended 30 June 2015. 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 RMB1,181.0 million, RMB474.7 million, RMB16.0 million, RMB1.5 million, RMB196.1 million, RMB86.2 million and RMB50.9 million, respectively, representing approximately 58.9%, 23.6%, 0.8%, 0.1%, 9.8%, 4.3% and 2.5% of the Group's total contracted sales in the first half of 2016, respectively.



The following table sets out the geographic breakdown of the Group's contracted sales, contracted GFA and contracted ASP by projects for the six months ended 30 June 2016 and 2015:

Project	Six months ended 30 June 2016			Six months ended 30 June 2015		
	Contracted sales RMB (million) (approx.)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)	Contracted sales RMB (million) (approx.)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)
1. Zijin Mansion 紫金華府	1,181.0	45,187	26,135.8	1,014.7	49,060	20,682.8
2. Yangzhou Park Number One 揚州公園一號	-	-	-	3.1	418	7,416.3
3. Jiayuan Centurial Villa 世紀豪園	1.2	271	4,428.0	25.7	4,989	5,151.3
4. Jiayuan Centurial Garden 世紀花園	0.3	60	5,000.0	0.1	27	3,703.7
5. Venice Metropolis 威尼斯城	130.8	19,869	6,583.1	165.8	25,243	6,568.2
6. Qiangxi Garden 羌溪花苑	5.8	384	15,104.2	34.5	2,901	11,892.5
7. Oriental Bright City 東方不夜城	-	-	-	15.0	3,549	4,226.5
8. Oriental Paris City 東方巴黎城	16.0	4,355	3,673.9	35.9	10,452	3,434.7
9. Quexiandao Number One 鵲仙島一號	-	-	-	4.0	875	4,571.4
10. Suqian Park Number One 宿遷公園一號	86.2	15,289	5,638.0	120.4	23,361	5,153.9
11. Paris Metropolis 巴黎都市	139.2	29,437	4,728.7	74.0	17,911	4,131.5
12. Rome Metropolis 羅馬都市	56.9	13,113	4,339.2	67.6	20,330	3,325.1
13. Xueyan Jiayuan Central Plaza 雪堰佳源中心廣場	50.9	9,332	5,454.4	37.9	7,362	5,148.1
14. Huangqiao Jiayuan Central Plaza 黃橋佳源中心廣場	109.8	18,858	5,822.5	51.3	11,057	4,639.6
15. Jiayuan New World 新天地	228.3	20,280	11,257.4	5.0	347	14,409.2
<b>Total</b>	<b>2,006.4</b>	<b>176,435</b>	<b>11,371.9</b>	<b>1,655.0</b>	<b>177,882</b>	<b>9,303.9</b>

### 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 30 June 2016, the Group had completed a total GFA of approximately 2.9 million sq.m. and had land reserves with a total GFA of approximately 5.1 million sq.m., comprising (a) a total GFA of approximately 0.3 million sq.m. completed but remaining unsold and held for investment, (b) a total GFA of approximately 1.4 million sq.m. under development, and (c) a total planned GFA of approximately 3.4 million sq.m. held for future development.

The Group retains the ownership of certain self-developed commercial properties to generate recurring income. As at 30 June 2016, the Group had investment properties with a total GFA of approximately 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 30 June 2016:

Project	Project Type	Expected Completion Date	Site Area (sq.m.)	Under Development			Held For Future Development			Ownership Interest %
				GFA Under Development (sq.m.)	Saleable/Rental GFA (sq.m.)	GFA Pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA of Land Use Rights Certificates Not Yet Obtained (sq.m.)		
<b>Yangzhou</b>										
1.	Jiayuan Century Park 佳源世紀天城	Residential	2019 Q2	214,206.4	-	-	-	696,076.8	-	100%
<b>Nanjing</b>										
1.	Zijin Mansion 紫金華府	Residential	2017 Q2	339,007.6	294,110.9	256,511.6	121,390.8	-	-	100%
<b>Taixing</b>										
1.	Venice Metropolis 威尼斯城	Residential	2022 Q3	1,467,002.0	421,422.3	319,154.7	32,278.5	1,251,892.0	-	100%
2.	Huangqiao Jiayuan Central Plaza 黃橋佳源中心廣場	Mixed-use	2017 Q2	123,939.6	39,157.1	39,157.1	6,826.8	111,819.8	-	100%
3.	Jiayuan New World 新天地	Mixed-use	2018 Q2	190,802.0	202,490.1	202,490.1	32,915.2	-	-	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%
<b>Taizhou</b>										
1.	Oriental Paris City 東方巴黎城	Residential	2016 Q3	231,702.0	67,224.1	67,224.1	9,258.7	117,000.0	-	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%

Project	Project Type	Expected Completion Date	Site Area (sq.m.)	Under Development			Held For Future Development			Ownership Interest %
				GFA Under Development (sq.m.)	Saleable/Rental GFA (sq.m.)	GFA Pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA of Land Use Rights Certificates Not Yet Obtained (sq.m.)		
<b>Suqian</b>										
1.	Suqian Park Number One 宿遷公園一號	Residential	2017 Q1	126,182.9	88,672.3	66,150.1	50,098.6	–	–	90%
<b>Siyang</b>										
1.	Paris Metropolis 巴黎都市	Residential	2019 Q4	173,933.0	105,747.3	105,747.3	92,931.7	552,108.6	136,923.2	90%
2.	Rome Metropolis 羅馬都市	Residential	2020 Q4	338,967.0	58,358.8	30,804.9	30,804.9	514,865.5	357,827.7	100%
<b>Changzhou</b>										
1.	Xueyan Jiayuan Central Plaza 雪堰佳源中心廣場	Mixed-use	2017 Q2	58,601.0	86,227.3	82,386.0	21,703.2	–	–	100%
<b>Total</b>				3,363,093.7	1,363,410.2	1,169,625.9	398,208.4	3,402,923.2	653,911.4	
<b>Total Attributable GFA</b>				3,333,082.1	1,343,968.2	1,152,436.2	383,905.3	3,347,712.3	640,219.1	

### Investment Properties

The following table sets out a summary of the Group's investment properties (excluding car parks) as at 30 June 2016:

Project	Total GFA Held for Investment  (sq.m.)	Leased GFA  (sq.m.)	Total Rental Income For the six months ended 30 June	
			2016 (RMB million)	2015 (RMB million)
<b>Yangzhou</b>				
1. Yangzhou Park Number One 揚州公園一號	720.8	720.8	0.1	0.1
2. Jiayuan Centurial Garden 世紀花園	8,653.1	8,653.1	0.6	0.7
3. Jiayuan Centurial Scenery Park 世紀景園 (Note 1)	–	–	–	0.2
4. Jiayuan Centurial Villa 世紀豪園 (Note 1)	–	–	–	0.2
<b>Taixing</b>				
1. Huangqiao Jiayuan Central Plaza 黃橋佳源中心廣場	47,567.2	43,601.2	0.7	0.1
2. Jiayuan New World 新天地	25,442.8	25,442.8	1.7	0.4
3. Qiangxi Garden 羌溪花苑	2,771.8	2,771.8	–	–
<b>Taizhou</b>				
1. Oriental Bright City 東方不夜城	34,419.1	34,303.1	2.9	2.2
2. Quexiandao Number One 鵲仙島一號	10,007.3	9,939.1	1.2	1.2
<b>Siyang</b>				
1. Rome Metropolis 羅馬都市	43,886.0	35,849.0	1.4	2.2
<b>Changzhou</b>				
1. Xueyan Jiayuan Central Plaza 雪堰佳源中心廣場 (Note 2)	50,727.7	3,818.3	–	–
<b>Total</b>	<b>224,195.8</b>	<b>165,099.2</b>	<b>8.6</b>	<b>7.3</b>

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

Note 2: Part of 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 30 June 2016:

Project	Project Type	Site Area (sq.m.)	Completed GFA (sq.m.)	Saleable/ Rental GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Rental GFA Held for Property Investment (sq.m.)	Ownership Interest %
<b>Nanjing</b>							
1. Zijin Mansion 紫金華府	Residential	44,697.8	77,211.2	77,211.2	–	–	100%
<b>Yangzhou</b>							
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	1,803.1	–	100%
3. Jiayuan Centurial Garden 世紀花園	Residential	234,671.3	392,133.8	352,150.3	4,316.7	8,653.1	100%
4. Jiayuan Centurial Scenery Park 世紀景園	Residential	60,972.3	119,978.2	98,735.0	–	–	100%
<b>Taixing</b>							
1. Venice Metropolis 威尼斯城	Residential	31,314.7	225,766.4	189,787.9	9,766.4	–	100%
2. Qiangxi Garden 羌溪花苑	Residential	69,486.0	83,165.6	44,536.5	2,557.0	2,771.8	100%
3. Huangqiao Jiayuan Central Plaza 黃橋佳源中心廣場	Mixed-use	81,886.0	157,418.8	153,569.7	21,394.3	47,567.2	100%
4. Jiayuan New World 新天地	Mixed-use	121,316.0	60,333.7	47,878.7	–	25,442.8	100%
<b>Taizhou</b>							
1. Oriental Bright City 東方不夜城	Residential	77,021.4	310,627.4	255,892.3	–	34,419.1	100%
2. Oriental Paris City 東方巴黎城	Residential	226,402.2	274,747.8	227,332.3	836.6	–	100%
3. Quexiandao Number One 鵲仙島一號	Residential	68,330.4	37,865.0	28,014.8	14,321.6	10,007.3	100%
<b>Suqian</b>							
1. Elite International Garden 名人國際花園	Residential	53,970.0	218,046.3	175,491.0	1,723.8	–	90%
2. Suqian Park Number One 宿遷公園一號	Residential	126,182.9	219,046.8	219,046.8	21,988.9	–	90%



Project	Project Type	Site Area (sq.m.)	Completed GFA (sq.m.)	Saleable/ Rental GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Rental GFA	Ownership Interest %	
						Held for Property Investment (sq.m.)		
<b>Siyang</b>								
1.	Paris Metropolis 巴黎都市	Residential	173,933.0	60,962.4	60,962.4	9,567.0	–	90%
2.	Rome Metropolis 羅馬都市	Residential	338,967.0	209,538.4	209,538.4	21,261.1	43,886.0	100%
<b>Changzhou</b>								
1.	Xueyan Jiayuan Central Plaza 雪堰佳源中心廣場	Mixed-use	21,411.0	51,125.0	51,125.0	4,937.2	50,727.7	100%
<b>Total</b>			2,197,240.5	2,883,172.1	2,525,936.8	114,473.7	224,195.8	
<b>Total Attributable GFA</b>			2,161,831.9	2,833,366.6	2,480,386.8	111,145.7	224,195.8	

### Land Reserves

The following table sets out a summary of the Group's land reserves by geographic location as at 30 June 2016:

	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 Certificates (sq.m.)	Total GFA (sq.m.)	Percentage of total land bank by geographical location (%)
Nanjing	–	–	294,110.9	–	–	294,110.9	5.8%
Yangzhou	6,119.8	9,373.8	–	696,076.8	–	711,570.4	13.9%
Changzhou	4,937.2	50,727.7	86,227.3	–	–	141,892.2	2.8%
Taixing	33,717.7	75,781.8	663,069.5	1,507,170.1	143,458.3	2,279,739.1	44.6%
Taizhou (other than Taixing)	15,158.2	44,426.4	67,224.1	132,702.2	15,702.2	259,510.9	5.1%
Siyang	30,828.1	43,886.0	164,106.1	1,066,974.1	494,750.9	1,305,794.3	25.6%
Suqian (other than Siyang)	23,712.7	–	88,672.3	–	–	112,385.0	2.2%
<b>Total</b>	114,473.7	224,195.7	1,363,410.2	3,402,923.2	653,911.4	5,105,002.8	100.0%

## FINANCIAL REVIEW

### Revenue

Revenue of the Group mainly consists of revenue derived from (i) property development and (ii) property investment. For the six months ended 30 June 2016, revenue of the Group amounted to approximately RMB2,098.6 million, representing an increase of approximately 126.7% from approximately RMB925.7 million in first half of 2015. Profit and total comprehensive income for the period attributable to the owners of the Group was approximately RMB380.7 million, representing an increase of approximately 93.7% from approximately RMB196.5 million in first half of 2015.

### 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 127.4% to approximately RMB2,088.1 million for the six months ended 30 June 2016 from approximately RMB918.3 million in first half of 2015. The increase was mainly due to the delivery of properties pre-sold under Zijin Mansion project upon its first stage of completion.

### 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 43.1% to approximately RMB10.5 million for the six months ended 30 June 2016 from approximately RMB7.4 million in first half of 2015. The increase was primarily due to the additional area of investment properties leased externally.

### Gross Profit and Margin

Gross profit increased by approximately 224.8% to approximately RMB700.0 million for the six months ended 30 June 2016 from approximately RMB215.6 million in first half of 2015, while the Group's gross profit margin increased to 33.4% in first half of 2016 as compared to a gross profit margin of 23.3% in first half of 2015. The increase in gross profit margin was mainly attributable to the delivery of properties pre-sold under Zijin Mansion project which contributed a comparatively higher gross profit margin to the Group.

### Other Income, Gains and Losses

We had other income and gains of approximately RMB66.6 million and approximately RMB2.8 million for the six months ended 30 June 2016 and 2015 respectively. The sharp increase of other income and gains was mainly attributable to an increase in foreign exchange gain to approximately RMB33.6 million for the six months ended 30 June 2016 from approximately RMB0.1 million for the six months ended 30 June 2015, 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 balances and cash.

### Change in Fair Value of Investment Properties

The Group's change in fair value of investment properties decreased to approximately RMB106.7 million for the six months ended 30 June 2016 from approximately RMB160.6 million for the six months ended 30 June 2015. The decrease by approximately 33.5% was mainly attributable to the decrease in the fair value gains attributable to disposal of investment properties of approximately RMB136.5 million, which was partly offset by the rise of property market price in 2016.

### 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 decreased to approximately RMB15.4 million for the six months ended 30 June 2016 from approximately RMB101.3 million for the six months ended 30 June 2015. The decrease by approximately 84.8% was mainly attributable to the decrease in appropriation of the Group's certain completed properties for rental purpose in 2016.

### Distribution and Selling Expenses

The distribution and selling expenses decreased to approximately RMB59.5 million for the six months ended 30 June 2016 from approximately RMB66.1 million for the six months ended 30 June 2015. The decrease by approximately 10.0% was mainly attributable to a decrease in advertising and promotion expenses for the six months ended 30 June 2016.

**Administrative Expenses**

The Group's administrative expenses increased by approximately 38.0% to approximately RMB44.1 million for the six months ended 30 June 2016 from approximately RMB31.9 million for the six months ended 30 June 2015, which was mainly attributable to an increase of staff cost.

**Other Expenses**

The Group's other expenses decreased to approximately RMB12.2 million for the six months ended 30 June 2016 from approximately RMB17.6 million for the six months ended 30 June 2015. The decrease of approximately 30.6% was mainly due to decrease of compensation expenses arising from delay of delivery of properties to purchasers.

**Finance Costs**

The Group's finance costs increased to approximately RMB57.3 million for the six months ended 30 June 2016 from approximately RMB16.5 million for the six months ended 30 June 2015. The increase of approximately 247.1% 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 RMB335.6 million for the six months ended 30 June 2016 from approximately RMB128.7 million for the six months ended 30 June 2015. The increase of approximately 160.6% was mainly due to an increase in profit before taxation, leading to an increase in taxable profit.

**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 93.7% to approximately RMB380.7 million for the six months ended 30 June 2016 from approximately RMB196.5 million for the six months ended 30 June 2015.

**Liquidity, Financial and Capital Resources****Cash Position**

As at 30 June 2016, the Group had an aggregate of pledged/restricted bank deposits and bank balances and cash of approximately RMB1,819.4 million (as at 31 December 2015: approximately RMB884.9 million), representing an increase of approximately 105.6% as compared to that as at 31 December 2015. As at 30 June 2016, bank deposits of approximately RMB761.9 million (as at 31 December 2015: approximately RMB617.4 million) are pledged to secure bank borrowings raised by the Group. The Group had restricted bank deposits of approximately RMB200.6 million (as at 31 December 2015: approximately RMB211.4 million) as at 30 June 2016 that are restricted for use in specific property development projects.

**Borrowings and Charges on the Group's Assets**

As at 30 June 2016, the Group had bank and other borrowings of approximately RMB5,880.3 million (as at 31 December 2015: approximately RMB6,136.6 million). Amongst the borrowings, approximately RMB3,585.3 million (as at 31 December 2015: approximately RMB3,060.2 million) will be repayable within one year and approximately RMB2,295.0 million (as at 31 December 2015: approximately RMB3,076.4 million) will be repayable after one year.

As at 30 June 2016, bank and other borrowings of approximately RMB5,040.6 million (as at 31 December 2015: approximately RMB5,535.7 million) were secured by bank balances, land use rights and properties of the Group. As at 30 June 2016, the assets pledged to secure certain borrowings granted to the Group amounted to approximately RMB9,434.2 million (as at 31 December 2015: approximately RMB9,439.0 million). For details of the pledged assets, please refer to Note 19 to the condensed consolidated financial statements of the Group on page 48 of this report.

### **Net Gearing Ratio**

The net gearing ratio was 145.2% as at 30 June 2016 compared to that of 380.5% as at 31 December 2015. 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.

### **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 the first half of 2016, 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.

The Group did not have any foreign exchange hedging arrangement as at 30 June 2016.

### **Commitments**

As at 30 June 2016, the Group had committed payment for the construction and land development expenditure amounting to approximately RMB4,952.9 million (as at 31 December 2015: approximately RMB4,047.7 million).

### **Contingent Liabilities**

As at 30 June 2016, the Group had provided guarantees amounting to approximately RMB3,139.7 million (as at 31 December 2015: approximately RMB2,475.0 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 six months ended 30 June 2016 as the possibility of default by the purchasers of the Group's properties is remote.

### **Material Acquisitions and Disposals**

For the six months ended 30 June 2016, the Group completed the acquisition of the entire equity interest in Yangzhou Xiangjiang New City Center Property Co., Ltd. from an independent third party which holds two land parcels located in Yangzhou. Please refer to the Company's announcement dated 13 April 2016 (the "Announcement") for further details. Save as disclosed in the Announcement, the Group did not have any material acquisitions and disposals during the six months ended 30 June 2016.

### **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 Announcement and the above-mentioned, the Group did not have any future plans for material investments as at the date of this interim report.

### **Employees, Remuneration Policies and Share Option Scheme**

As at 30 June 2016, the Group had approximately 388 employees (as at 31 December 2015: 430 employees). For the six months ended 30 June 2016, the Group incurred employee costs of approximately RMB15.8 million (as at 31 December 2015: 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 paragraph headed "Share Option Scheme" in this interim report below.

## OTHER INFORMATION

### CORPORATE GOVERNANCE PRACTICES

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

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

The 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 period from 1 January 2016 to 7 March 2016, 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 30 June 2016.

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

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' dealings in the securities of the Company.

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 30 June 2016.

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 during the period from the Listing Date to 30 June 2016.

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.

### CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors during the period from the Listing Date to 30 June 2016 are set out below:

Mr. Gu Yunchang resigned as an independent non-executive director and a member of the audit committee, nomination committee and remuneration committee of Sino-Ocean Group Holding Limited (formerly known as "Sino-Ocean Land Holdings Limited") (Stock Code: 3377) (listed on the Main Board of the Stock Exchange) on 20 March 2016.

Mr. Tai Kwok Leung, Alexander was appointed as the chairman of the remuneration and nomination committee of Anhui Conch Cement Company Limited (Stock Code: 914) (listed on the Main Board of the Stock Exchange) on 2 June 2016.

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.

### **INTERIM DIVIDEND**

At the Board meeting held on 19 August 2016, the Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

### **AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL STATEMENTS**

The Board has established the Audit Committee which comprises three independent non-executive Directors, namely Mr. Tai Kwok Leung, Alexander (Chairman), Dr. Cheung Wai Bun, Charles, JP, and Mr. Gu Yunchang. The Audit Committee has reviewed together with management and the Company's external auditor the unaudited condensed consolidated financial statements, including the interim results of the Group for the six months ended 30 June 2016. The Audit Committee has also reviewed the effectiveness of the internal control system, financial reporting system and risk management system of the Group and considers such systems to be effective and adequate.

For the purpose of complying with the amendments to the CG Code and Corporate Governance Report as contained in Appendix 14 of the Listing Rules relating to internal control and risk management which have applied to accounting periods beginning on or after 1 January 2016, the Board adopted revised terms of reference for the Audit Committee in the interim period.

### **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 up to 30 June 2016.

### **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 30 June 2016. Therefore, the number of Shares available for issue is 180,000,000 Shares, being approximately 9.6% of the Shares in issue as at 30 June 2016.

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.

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

As at 30 June 2016, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("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 <sup>(1)</sup>	Percentage of interest in the Company <sup>(3)</sup>
Mr. Shum Tin Ching <sup>(2)</sup>	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 Group Investment Limited ("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 at 30 June 2016, the total number of issued shares of the Company was 1,867,500,000.

**(b) Interest in share of Mingyuan Investment**

Name of Director	Nature of interest	Number of shares or securities held <sup>(1)</sup>	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 30 June 2016, 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**

As at 30 June 2016, so far as the Directors are aware, the following persons (other than the Directors or the 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 <sup>(1)</sup>	Percentage of interest in the Company <sup>(5)</sup>
Ms. Wang Xinmei <sup>(2)</sup>	Interest of spouse	1,350,000,000 shares (L)	72.29%
Mingyuan Investment <sup>(3)</sup>	Beneficial owner	1,350,000,000 shares (L)	72.29%
China Orient Asset Management Corporation <sup>(4)</sup>	Interest of a controlled corporation	142,100,000 shares (L)	7.61%
China Orient Asset Management (International) Holding Limited <sup>(4)</sup>	Beneficial owner	142,100,000 shares (L)	7.61%
Wise Leader Assets Ltd. <sup>(4)</sup>	Interest of a controlled corporation	142,100,000 shares (L)	7.61%
Dong Yin Development (Holdings) Limited <sup>(4)</sup>	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 at 30 June 2016, the total number of issued shares of the Company was 1,867,500,000.

Save as disclosed above, as at 30 June 2016, 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.

#### **FULL EXERCISE OF THE OVER-ALLOTMENT OPTION**

The Company announced that the over-allotment option described in the prospectus of the Company dated 26 February 2016 (the "Prospectus") was exercised in full by the sole global coordinator (on behalf of the international underwriters) on 30 March 2016 in respect of an aggregate of 67,500,000 shares (the "Over-allotment Shares"), representing 15% of the total number of the offer shares initially available under the global offering before the exercise of the over-allotment option to cover over-allocations under the international placing. The Over-allotment Shares were allotted and issued by the Company at HK\$2.48 per share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), being the offer price per share under the global offering.

#### **USE OF NET PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND THE ISSUE OF THE OVER-ALLOTMENT SHARES**

The total net proceeds from the Listing amounted to approximately HK\$1,216.7 million after consideration of over-allotment of approximately HK\$167.4 million, 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.

The additional net proceeds from the issue of the Over-allotment Shares after deducting the underwriting fees and commissions, transaction levy and trading fee relating to the exercise of the over-allotment option are intended to be used by the Company on a pro rata basis for the purposes as set out in the section headed "Future plans and use of proceeds" in the Prospectus.

As at 30 June 2016, the Company did not apply any net proceeds for the purposes other than those disclosed in the Prospectus.

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



**TO THE MEMBERS OF JIAYUAN INTERNATIONAL GROUP LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Jiayuan International Group Limited (the "Company") and its subsidiaries set out on pages 23 to 52, which comprise the condensed consolidated statement of financial position as of 30 June 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 June 2015 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

19 August 2016



# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months Ended 30 June 2016

	NOTES	Six months ended 30 June	
		2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
<b>Continuing operations</b>			
Revenue		2,098,644	925,698
Cost of sales		(1,398,624)	(710,142)
Gross profit		700,020	215,556
Other income	4	33,014	1,692
Other gains and losses	4	33,616	1,147
Change in fair value of investment properties		106,741	160,627
Change in fair value upon transfer from inventories of properties to investment properties		15,412	101,338
Distribution and selling expenses		(59,539)	(66,062)
Administrative expenses		(44,083)	(31,933)
Other expenses		(12,186)	(17,563)
Finance costs	5	(57,318)	(16,512)
Profit before taxation		715,677	348,290
Income tax expense	6	(335,558)	(128,748)
Profit for the period	7	380,119	219,542
<b>Discontinued operations</b>			
Loss for the period from discontinued operations	17	–	(23,345)
Profit and total comprehensive income for the period		380,119	196,197
Profit (loss) and total comprehensive income (expense) for the period attributable to:			
Owners of the Company			
– from continuing operations		380,727	214,361
– from discontinued operations		–	(17,826)
		380,727	196,535
Non-controlling interests			
– from continuing operations		(608)	5,181
– from discontinued operations		–	(5,519)
		(608)	(338)
Earnings per share			
From continuing and discontinued operations			
Basic (RMB cents)	9	22.81	14.56
Diluted (RMB cents)	9	22.81	N/A
From continuing operations			
Basic (RMB cents)	9	22.81	15.88
Diluted (RMB cents)	9	22.81	N/A

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	NOTES	30.6.2016 RMB'000 (unaudited)	31.12.2015 RMB'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Investment properties	10	1,707,478	1,570,149
Property and equipment	11	80,855	82,269
Prepayment and deposit paid for a life insurance policy		9,898	9,584
Deposits	12	13,800	18,800
Deferred tax assets		141,438	165,427
		<b>1,953,469</b>	1,846,229
<b>CURRENT ASSETS</b>			
Inventories of properties			
– held for sale		619,722	524,433
– under development		8,553,284	7,987,885
Amounts due from customers for contract work		113,861	164,614
Trade and other receivables, deposits and prepayments	12	2,609,163	2,383,540
Prepaid income tax		60,930	101,332
Amounts due from related parties	23(f)	51,831	50,822
Restricted/pledged bank deposits		984,968	856,876
Bank balances and cash		834,434	28,027
		<b>13,828,193</b>	12,097,529
<b>CURRENT LIABILITIES</b>			
Trade and other payables and accrued expenses	13	1,544,439	978,007
Pre-sale deposits received		4,462,518	4,548,971
Tax payable		444,178	287,460
Bank and other borrowings – due within one year	14	3,585,334	3,060,212
		<b>10,036,469</b>	8,874,650
<b>NET CURRENT ASSETS</b>		<b>3,791,724</b>	3,222,879
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>5,745,193</b>	5,069,108

	<i>NOTES</i>	<b>30.6.2016</b> <b>RMB'000</b> <b>(unaudited)</b>	31.12.2015 RMB'000 (audited)
<b>CAPITAL AND RESERVES</b>			
Paid-in/share capital	15	<b>15,558</b>	–
Reserves		<b>2,761,326</b>	1,360,205
Equity attributable to owners of the Company		<b>2,776,884</b>	1,360,205
Non-controlling interests		<b>19,270</b>	19,878
<b>TOTAL EQUITY</b>		<b>2,796,154</b>	1,380,083
<b>NON-CURRENT LIABILITIES</b>			
Bank and other borrowings – due after one year	14	<b>2,294,972</b>	3,076,448
Deferred income	13	<b>416,014</b>	404,838
Deferred tax liabilities		<b>238,053</b>	207,739
		<b>2,949,039</b>	3,689,025
		<b>5,745,193</b>	5,069,108

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2016

	Attributable to owners of the Company							Total equity RMB'000
	Paid-in/share capital RMB'000	Share premium 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	
At 1 January 2015 (audited)	705,872	–	–	4,472	878,146	1,588,490	213,840	1,802,330
Profit (loss) and total comprehensive income (expense) for the period	–	–	–	–	196,535	196,535	(338)	196,197
Arising from the Reorganisation	(399,703)	–	399,703	–	–	–	–	–
Cash paid out upon Reorganisation (Note i)	–	–	(390,953)	–	–	(390,953)	–	(390,953)
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
<b>At 30 June 2015 (unaudited)</b>	<b>306,169</b>	<b>–</b>	<b>196,174</b>	<b>29,713</b>	<b>1,049,440</b>	<b>1,581,496</b>	<b>12,388</b>	<b>1,593,884</b>
At 1 January 2016 (audited)	–	–	<b>196,843</b>	<b>29,713</b>	<b>1,133,649</b>	<b>1,360,205</b>	<b>19,878</b>	<b>1,380,083</b>
Profit (loss) and total comprehensive income (expense) for the period	–	–	–	–	<b>380,727</b>	<b>380,727</b>	<b>(608)</b>	<b>380,119</b>
Issue of shares through initial public offering upon listing (Note 15)	<b>3,749</b>	<b>925,991</b>	–	–	–	<b>929,740</b>	–	<b>929,740</b>
Capitalisation (Note 15)	<b>11,247</b>	<b>(11,247)</b>	–	–	–	–	–	–
Exercise of over-allotment option (Note 15)	<b>562</b>	<b>138,899</b>	–	–	–	<b>139,461</b>	–	<b>139,461</b>
Share issuance costs	–	<b>(33,249)</b>	–	–	–	<b>(33,249)</b>	–	<b>(33,249)</b>
<b>At 30 June 2016 (unaudited)</b>	<b>15,558</b>	<b>1,020,394</b>	<b>196,843</b>	<b>29,713</b>	<b>1,514,376</b>	<b>2,776,884</b>	<b>19,270</b>	<b>2,796,154</b>

Notes:

- (i) During the six months ended 30 June 2015, as part of the corporate reorganization (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 Hengyuan Property Development Co., Limited ("Taixing Hengyuan"), Siyang Fengyuan Property Development Co., Limited ("Siyang Fengyuan"), Yangzhou Guangyuan Property Development Co., Limited ("Yangzhou Guangyuan"), 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 Mr. Shum Tin Ching (the "Ultimate Shareholder") at a cash consideration of RMB390,953,000 in aggregate.
- (ii) During the six months ended 30 June 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 18. In addition, the Group disposed of its equity interests in associates. 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 six months ended 30 June 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.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months Ended 30 June 2016

	NOTE	Six months ended 30 June	
		2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
NET CASH FROM OPERATING ACTIVITIES		<b>851,207</b>	592,159
INVESTING ACTIVITIES			
Additions of property and equipment		<b>(130)</b>	(7,399)
Proceeds from disposal of property and equipment		–	31
Additions of investment properties		<b>(4,672)</b>	(55,304)
Disposal of investment properties		<b>4,284</b>	280,988
Interest received		<b>28,568</b>	462
Acquisition of a subsidiary	16	<b>(416,604)</b>	–
Disposal of subsidiaries		–	(8,379)
Advances to related parties		–	(646,908)
Repayment from related parties		–	750,974
Placement of restricted/pledged bank deposits		<b>(782,121)</b>	(1,488,476)
Withdrawal of restricted/pledged bank deposits		<b>654,029</b>	1,494,466
Purchase of a life insurance policy		–	(9,584)
Proceeds from disposal of financial assets at fair value through profit or loss		–	4,750
NET CASH (USED IN) FROM INVESTING ACTIVITIES		<b>(516,646)</b>	315,621
FINANCING ACTIVITIES			
Proceeds from borrowings		<b>972,623</b>	446,350
Repayment of borrowings		<b>(1,228,217)</b>	(1,082,034)
Advances from related parties		–	234,025
Repayment to related parties		–	(278,269)
Interest paid		<b>(308,512)</b>	(175,622)
Proceeds from initial public offering		<b>1,069,201</b>	–
Share issuance costs		<b>(33,249)</b>	–
Advances from non-controlling equity holder of subsidiaries		–	10,000
Repayments to non-controlling equity holder of subsidiaries		–	(62,100)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		<b>471,846</b>	(907,650)
NET INCREASE IN CASH AND CASH EQUIVALENTS		<b>806,407</b>	130
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		<b>28,027</b>	30,315
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, representing bank balances and cash		<b>834,434</b>	30,445

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2016

## 1. BASIS OF PREPARATION AND PRESENTATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standard 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

In March 2016, the Company completed the initial listing of its shares on the Main Board of the Stock Exchange (the “Listing”).

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).

In contemplation of the Listing and in order to achieve the geographical segregation between the property business of the Group and the Excluded Businesses, 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.

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 six months ended 30 June 2015, the Group disposed of various subsidiaries and associates which involving the Excluded Businesses with details of disposal of subsidiaries set out in notes 18.

Pursuant to the Reorganisation, the Company was incorporated on 5 May 2015 in the Cayman Islands by the Ultimate Shareholder. Through several steps of 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 performance of the companies which involved business in the non-Target Cities is presented under discontinued operations with details set out in note 17.

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.



## 1. BASIS OF PREPARATION AND PRESENTATION (CONTINUED)

The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 June 2015 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 period, or since their respective dates of incorporation/establishment where it is a shorter period, except for those subsidiaries being disposed of during the period that the results of which have been accounted for until the effective date of disposal.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Accounting Standards ("HKAS(s)") and Hong Kong Financial Reporting Standards ("HKFRS(s)") (hereinafter collectively referred to as the "revised HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The application of the above revised HKFRSs in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## 3. SEGMENT INFORMATION

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

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

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

There is no revenue generated from the development services during the six months periods ended 30 June 2016 and 2015 respectively. The Group would continue to engage in the provision of development services in the future.

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

Information regarding the above segments is reported below.

### 3. 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 periods:

#### Continuing operations

	Segment revenue Six months ended 30 June		Segment profit Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Property development	2,088,081	918,316	589,868	106,577
Property investment	10,563	7,382	10,563	7,382
Total	2,098,644	925,698	600,431	113,959
Other gains and losses			33,616	1,147
Interest income			32,750	456
Central administration costs			(5,981)	(3,802)
Change in fair value of investment properties			106,741	160,627
Change in fair value upon transfer from inventories of properties to investment properties			15,412	101,338
Other expenses			(9,974)	(8,923)
Finance costs			(57,318)	(16,512)
Profit before taxation			715,677	348,290

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs, other gains and losses, interest income, certain other expenses, change in fair value of investment properties, change in fair value upon transfer from inventories of properties to 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 period reported.

#### Other segment information

#### Continuing operations

	Depreciation of property and equipment Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Amount included in the measure of segment profit or loss:		
Property development	1,542	1,732

### 3. 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 and properties are invested. Information about its non-current assets is analysed by geographical location of assets.

#### Continuing operations

	Revenue from external customers Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Changzhou	242,617	–
Nanjing	1,253,571	–
Taixing	416,038	246,389
Taizhou	35,001	20,824
Suqian	149,588	481,713
Yangzhou	1,829	176,772
	<b>2,098,644</b>	<b>925,698</b>

	Non-current assets	
	30.6.2016 RMB'000 (unaudited)	31.12.2015 RMB'000 (audited)
Changzhou	202,557	182,138
Hong Kong	78,735	79,684
Nanjing	571	670
Taixing	813,975	705,669
Taizhou	412,907	408,066
Suqian	216,286	213,797
Yangzhou	63,302	62,394
	<b>1,788,333</b>	<b>1,652,418</b>

Note: Non-current assets excluded 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 periods reported.

#### 4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
<b>Continuing operations</b>		
Other income		
Interest income on bank deposits	7,520	456
Interest income on entrusted loans receivable	25,230	–
Others	264	1,236
	<b>33,014</b>	1,692
Other gains and losses		
Loss on disposal of property and equipment	–	(313)
Change in fair value of investments designated at FVTPL	–	750
Foreign exchange gain	33,616	710
	<b>33,616</b>	1,147

#### 5. FINANCE COSTS

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
<b>Continuing operations</b>		
Interest on bank and other borrowings (per repayment schedule)	399,013	204,079
Less: Capitalised in investment properties/properties under development	(341,695)	(187,567)
	<b>57,318</b>	16,512

Finance costs have been capitalised for investment properties under construction and properties under development at average rate of 8.01% for the six months ended 30 June 2016 (six months ended 30 June 2015: 5.25%).

## 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
<b>Continuing operations</b>		
Current tax:		
Enterprise Income Tax ("EIT") in the PRC	134,169	30,287
Land Appreciation Tax ("LAT")	147,086	43,713
	281,255	74,000
Deferred tax	54,303	54,748
	<b>335,558</b>	128,748

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

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

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

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

## 7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
<b>Continuing operations</b>		
Profit for the period has been arrived at after charging (crediting):		
Cost of properties held for sale recognised as expenses	1,398,624	710,142
Depreciation of property and equipment	1,558	1,768
Less: Capitalised in properties under development	(16)	(36)
	1,542	1,732
Listing expenses (included in other expenses)	8,639	8,923

## 8. DIVIDEND

No dividend has been paid or proposed by the Company during the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

## 9. EARNINGS PER SHARE

### From continuing and discontinued operations

The calculation of basic and diluted earnings per share from continuing and discontinued operations during the periods are based on the assumption that the Reorganisation and the capitalisation issue (details are set out in note 15) had been in effective on 1 January 2015.

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

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
<b>Earnings</b>		
Earnings for the purposes of basic and diluted (2015: basic) earnings per share (profit for the period attributable to owners of the Company)	<b>380,727</b>	196,535
	'000	'000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>1,668,832</b>	1,350,000
Effect of dilutive potential ordinary shares:		
Over-allotment option	<b>305</b>	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>1,669,137</b>	



## 9. EARNINGS PER SHARE (CONTINUED)

### From continuing operations

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

Earnings figures are calculated as follows:

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Profit for the period attributable to owners of the Company	380,727	196,535
Less: Loss for the period from discontinued operations	–	17,826
Profit for the purpose of basic and diluted (2015: basic) earnings per share from continuing operations	380,727	214,361

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

### From discontinued operations

Basic loss per share for the discontinued operations for the six months ended 30 June 2015 was RMB1.32 cents.

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

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Loss for the period from discontinued operations	N/A	(17,826)

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

No diluted loss per share is presented as there is no potential ordinary shares outstanding during the six months ended 30 June 2015.

## 10. INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
FAIR VALUE			
At 1 January 2016 (audited)	1,388,149	182,000	1,570,149
Additions	–	4,672	4,672
Disposal	(4,284)	–	(4,284)
Transfer from properties held for sale	30,200	–	30,200
Transfer	22,170	(22,170)	–
Net change in fair value recognised in profit or loss	88,243	18,498	106,741
At 30 June 2016 (unaudited)	1,524,478	183,000	1,707,478

The completed investment properties and investment properties under construction are all situated in the PRC under medium-term leases. More than 80% of the completed investment properties are rented out under operating leases.

The fair values of the Group's investment properties at 30 June 2016 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.

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.

## 11. PROPERTY AND EQUIPMENT

During the period, the Group has spent RMB130,000 on property and equipment (six months ended 30 June 2015: RMB7,399,000). In addition, the Group has disposed of property and equipment with carrying value amounted to Nil (six months ended 30 June 2015: RMB344,000) during the period.

## 12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.6.2016 RMB'000 (unaudited)	31.12.2015 RMB'000 (audited)
Rental receivables	20,998	17,103
Prepaid construction costs	919,417	692,113
Prepaid business and other taxes	230,238	205,780
Deposits for acquisition of land use rights	53,737	53,737
Projects related deposits	74,767	77,534
Deposits for trust financing arrangement (note i)	26,800	26,800
Other deposits	24,112	22,149
Entrusted loans receivable (note ii)	1,044,900	1,044,900
Other receivables (note iii)	227,994	262,224
	<b>2,622,963</b>	2,402,340
Less: Non-current portion of deposits for trust financing arrangement (note i)	<b>(13,800)</b>	(18,800)
	<b>2,609,163</b>	2,383,540

Notes:

- (i) The amount is deposited in a trust financing company for raising trust loan to a subsidiary of the Group, which would be partially refunded upon partial repayment during the loan period. The deposit of RMB13,800,000 will be refunded to the Group upon final repayment of the trust loan in July 2017.
- (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 30 June 2016 and 31 December 2015.

No allowance for doubtful debts on trade and other receivables are noted at 30 June 2016 and 31 December 2015.

### 13. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	30.6.2016 RMB'000 (unaudited)	31.12.2015 RMB'000 (audited)
Trade payables	356,923	309,715
Business and other taxes payable	8,197	16,917
Accrued charges (note i)	232,324	311,391
Deferred income (note ii)	421,933	410,976
Payables for acquisition of land	39,871	39,871
Deposits related to sales of properties	61,124	93,573
Deposits and other payables (note iii)	308,036	139,021
Consideration payable for acquisition of a subsidiary	399,475	–
Other unsecured interest-free advances	132,570	61,381
	<b>1,960,453</b>	1,382,845
Less: Non-current portion of deferred income	<b>(416,014)</b>	(404,838)
Current portion	<b>1,544,439</b>	978,007

Notes:

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

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

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

	30.6.2016 RMB'000 (unaudited)	31.12.2015 RMB'000 (audited)
0–30 days	35,462	75,062
31–90 days	91,388	26,195
91–180 days	65,739	55,083
181–360 days	62,026	56,830
Over 360 days	102,308	96,545
	<b>356,923</b>	309,715

## 14. BANK AND OTHER BORROWINGS

	30.6.2016 RMB'000 (unaudited)	31.12.2015 RMB'000 (audited)
Bank loans, secured	1,183,501	1,055,686
Bank loans, unsecured	604,972	546,448
Trust loans, secured	3,279,000	3,560,000
Other loans, secured	710,000	920,000
Other loans, unsecured	102,833	54,526
	<b>5,880,306</b>	6,136,660
Less: Amount due within one year	<b>(3,565,417)</b>	(3,040,103)
Less: Amount not due within one year but contain a repayment on demand clause	<b>(19,917)</b>	(20,109)
Amount shown under current liabilities	<b>(3,585,334)</b>	(3,060,212)
Amount shown under non-current liabilities	<b>2,294,972</b>	3,076,448

During the six months ended 30 June 2016, the Group obtained new borrowings amounting to RMB972,623,000 (six months ended 30 June 2015: RMB446,350,000) and repaid borrowings amounting to RMB1,228,217,000 (six months ended 30 June 2015: RMB1,082,034,000).

As at 30 June 2016, borrowings amounting to RMB5,819,298,000 (31 December 2015: RMB6,076,045,000) carry fixed rates of interest ranging from 4% to 36% per annum (31 December 2015: 4% to 36% per annum). The remaining borrowings amounting to RMB61,008,000 (31 December 2015: RMB60,615,000) carry interest at variable rates with the effective interest rate ranging from 1.72% to 3.22% per annum (31 December 2015: 1.72% to 2.3% per annum).

Bank and other borrowings amounting to RMB5,172,501,000 as at 30 June 2016 (31 December 2015: RMB5,535,686,000) are secured by the pledge of assets as set out in note 19, out of which RMB4,087,008,000 (31 December 2015: RMB4,582,115,000) are also guaranteed by a director of the Company and related parties as set out in note 23(e).

Bank and other borrowings amounting to RMB604,972,000 as at 30 June 2016 (31 December 2015: RMB546,448,000) are unsecured, and guaranteed by a director of the Company and a related party as set out in note 23(e).

## 15. PAID-IN/SHARE CAPITAL

	Number of shares	Nominal value HK\$'000
Ordinary shares of HK\$0.01 each		
<b>Authorised</b>		
At 5 May 2015 (date of incorporation), 30 June 2015, 31 December 2015 and 1 January 2016	38,000,000	380
Increase during the period ( <i>Note ii</i> )	9,962,000,000	99,620
At 30 June 2016	10,000,000,000	100,000
<b>Issued and fully paid</b>		
At 5 May 2015 (date of incorporation), 30 June 2015, 31 December 2015 and 1 January 2016	1	–
Capitalisation issue ( <i>Note iii</i> )	1,349,999,999	13,500
Arising from initial public offering upon listing ( <i>Note iii</i> )	450,000,000	4,500
Exercise of over-allotment option ( <i>Note iv</i> )	67,500,000	675
At 30 June 2016	1,867,500,000	18,675

Shown in the condensed consolidated financial statements as:

	RMB'000
At 30 June 2016 (unaudited)	15,558
At 31 December 2015 (audited)	–

Notes:

- (i) The paid-in capital of the Group at 1 January 2015 represented the aggregate amount of the paid-in capital of the holding companies and individual companies comprising the Group existed at that date and have not been eliminated prior to the completion of the Reorganisation.
- (ii) 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.

## 15. PAID-IN/SHARE CAPITAL (CONTINUED)

Notes: (continued)

- (iii) 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 amounting to HK\$1,116,000,000 (equivalent to RMB929,740,000) to public shareholders. The Company intends to use the net proceeds to fund 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 (equivalent to RMB11,247,000) 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.
- (iv) On 30 March 2016, the Company further allotted and issued 67,500,000 new shares at HK\$2.48 each amounting to HK\$167,400,000 (equivalent to RMB139,461,000) upon the exercise of the over-allotment option by the sole global coordinator.

## 16. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY

### Subsidiary acquired in 2016

	Principal activity	Date of acquisition	Proportion of equity interest	Consideration transferred RMB'000
Yangzhou Xiangjiang New City Center Property Co., Ltd. ("Yangzhou Xiangjiang")	Property development	27 June 2016	100%	816,279 (Note)

Note: The consideration for the acquisition comprised (i) RMB416,804,000 paid in cash to the relevant land and resources bureau to settle the outstanding land premium and related tax and surcharges and (ii) RMB399,475,000 payable in cash to the vendor as the consideration for the equity transfer which was outstanding as at 30 June 2016. Such consideration payable was fully settled on 5 July 2016.



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

### Subsidiary acquired in 2016 (Continued)

Yangzhou Xiangjiang was acquired from independent third parties so as to continue the expansion of the Group's property development operations.

#### Consideration transferred

	RMB'000
Cash paid	416,804
Consideration payable	399,475
Total consideration	<u>816,279</u>

#### Assets acquired and liabilities recognised at the date of acquisition

	RMB'000
Non-current asset	
Property and equipment	14
Current assets	
Inventories of properties – under development	817,260
Other receivables	58
Bank balances and cash	200
Current liability	
Trade and other payables	<u>(1,253)</u>
Net assets	<u>816,279</u>

#### Net cash flows on acquisition of a subsidiary

	RMB'000
Consideration paid in cash	416,804
Less: Bank balances and cash acquired	<u>(200)</u>
	<u>416,604</u>

## 17. 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 (as defined in the section headed “Relationship with the Controlling Shareholders” to the prospectus of the Company dated 26 February 2016) 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 18.

The results of the discontinued operations for the six months ended 30 June 2015, which have been included in the condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

	RMB'000 (unaudited)
Revenue	2,164
Cost of sales	(712)
Gross profit	1,452
Other income	121
Other gains and losses	2
Change in fair value of investment properties	200
Distribution and selling expenses	(8,078)
Administrative expenses	(6,303)
Other expenses	(97)
Finance costs	(6,999)
Share of results of associates	(5,864)
Loss before taxation	(25,566)
Income tax credit	2,221
Loss for the period	(23,345)

Loss from discontinued operations for the six months ended 30 June 2015 has been arrived at after charging (crediting):

	RMB'000 (unaudited)
Staff salaries and allowance	2,165
Retirement benefits scheme contributions	350
Total staff costs	2,515
Auditors' remuneration	5
Cost of properties recognised as expenses	712
Interest income	(6)
Depreciation of property and equipment	282
Rental income from investment properties (net of negligible outgoings)	375
Finance costs	6,999
– Interest on bank and other borrowings wholly repayable within five years	6,999

## 17. DISCONTINUED OPERATIONS (CONTINUED)

Cash flows for the six months ended 30 June 2015 were as follows:

	RMB'000 (unaudited)
Net cash from operating activities	204,017
Net cash used in investing activities	(21,021)
Net cash used in financing activities	(180,192)
Net cash inflows	2,804

The carrying amounts of the assets and liabilities attributable to the discontinued operations at the date of disposal are disclosed in note 18.

## 18. DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June 2015, the Group carried out the Reorganisation pursuant to which the Group had disposed of the following subsidiaries:

- 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.
- 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.
- On 21 May 2015, the Group disposed of entire 60% equity interests in Jiaying Jindi which carried out property development in the PRC for a consideration of RMB144,000,000.
- 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.
- On 2 June 2015, the Group disposed of entire equity interests in Jiaying Jinyuan which carried out property investment in the PRC for a consideration of RMB25,200,000.

## 18. 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

## 18. DISPOSAL OF SUBSIDIARIES (CONTINUED)

### Gain (loss) on disposal of subsidiaries

	Jin Jiang	Fundland Development	Jiaxing Jindi	Haining Jia Yuan Group	Jiaxing Jinyuan	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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	Fundland Development	Jiaxing Jindi	Haining Jia Yuan Group	Jiaxing Jinyuan	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Consideration received in cash	–	–	–	–	–	–
Less: Bank balances and cash disposed of	(15)	(258)	(2,093)	(5,784)	(229)	(8,379)
	(15)	(258)	(2,093)	(5,784)	(229)	(8,379)

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

## 19. 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:

	30.6.2016 RMB'000 (unaudited)	31.12.2015 RMB'000 (audited)
Pledged bank deposits	761,890	617,390
Prepayment and deposit paid for a life insurance policy	9,898	9,584
Property and equipment	78,031	78,848
Investment properties	1,442,137	1,333,310
Properties under development	6,921,718	7,154,981
Properties held for sale	220,509	244,897
	9,434,183	9,439,010

## 20. 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:

	30.6.2016 RMB'000 (unaudited)	31.12.2015 RMB'000 (audited)
Within one year	1,151	510
In the second to fifth year inclusive	362	600
	<b>1,513</b>	<b>1,110</b>

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.

### The Group as lessor

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

	30.6.2016 RMB'000 (unaudited)	31.12.2015 RMB'000 (audited)
Within one year	13,029	23,511
In the second to fifth year inclusive	64,295	82,911
After five years	82,973	100,198
	<b>160,297</b>	<b>206,620</b>

Leases are negotiated for terms ranging from 1 to 15 years with fixed rentals.

## 21. COMMITMENTS

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

	30.6.2016 RMB'000 (unaudited)	31.12.2015 RMB'000 (audited)
Contracted but not provided for in the condensed consolidated financial statements:		
– Expenditure in respect of projects classified as properties under development for sales and investment properties under construction	4,952,876	4,047,741

## 22. CONTINGENT LIABILITIES

	30.6.2016 RMB'000 (unaudited)	31.12.2015 RMB'000 (audited)
Mortgage guarantees	3,139,743	2,475,048

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 purchasers of the Group's properties is remote, accordingly, no value has been recognised at the inception of the guarantee contracts and as at 30 June 2016 and 31 December 2015.

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.

## 23. RELATED PARTY TRANSACTIONS AND BALANCES

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

### (a) Procurement of intelligent system equipment

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Zhejiang Xigu Digital Technology Co., Ltd. ("Zhejiang Xigu") 浙江西谷數字技術有限公司	1,730	5,608
Jiaxing City Deyu Electronics Technology Co., Ltd. ("Jiaxing Deyu") 嘉興市德宇電子科技有限公司	-	608

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

### (b) Architectural design fee

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Jiaxing City Boyuan Architecture Design Co., Ltd. ("Jiaxing Boyuan") 嘉興市博源建築設計有限公司	8,525	10,011

Jiaxing Boyuan is an entity controlled by the Ultimate Shareholder.



## 23. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

### (c) Property management fee

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Zhejiang Jia Yuan Property Management Co., Ltd. ("Jia Yuan Property")	3,900	945

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 in 2015.

### (d) Sale of investment property

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
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:

	30.6.2016 RMB'000 (unaudited)	31.12.2015 RMB'000 (audited)
Bank and other borrowings guaranteed by a director of the Company and related parties	4,691,980	5,128,563

## 23. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

### (f) Related party balances

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

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
<b>Amounts due from related parties</b>		
Trade nature		
Jiaxing Boyuan	47,440	46,431
Zhejiang Xigu	4,391	4,391
	<b>51,831</b>	<b>50,822</b>

Related party balances represent temporary prepayments made to the related parties for the procurement of intelligent system equipment and architectural design services.

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

### (g) Compensation of key management personnel

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

	Six months ended 30 June	
	2016 RMB'000 (unaudited)	2015 RMB'000 (unaudited)
Short term benefits	2,498	1,469
Post-employment benefits	112	76
	<b>2,610</b>	<b>1,545</b>

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