綠景（中國）地產投資有限公司
LVGEM (CHINA) REAL ESTATE INVESTMENT COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)
(HKSE Stock Code: 95)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

RESULTS

The board of directors (the "Directors" or the "Board") of LVGEM (China) Real Estate Investment Company Limited (the "Company" or "LVGEM (China)") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively known as the "Group") for the year ended 31 December 2015 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2015

	Notes	**2015** *RMB'000*	2014 *RMB'000* (restated)
Revenue	*3*	**1,210,270**	5,245,348
Cost of sales		**(574,887)**	(2,819,151)
Gross profit		**635,383**	2,426,197
Other income	*4*	**60,819**	23,594
Selling expenses		**(56,501)**	(51,371)
Administrative expenses		**(258,772)**	(170,809)
Fair value changes on investment properties		**473,046**	887,591
Finance costs	*5*	**(262,868)**	(218,322)
Share of results of joint ventures		**(30)**	(40)
Profit before tax	*6*	**591,077**	2,896,840
Income tax expense	*7*	**(166,492)**	(1,148,266)
Profit for the year		**424,585**	1,748,574
Profit for the year attributable to:			
Owners of the Company		**417,780**	1,746,606
Non-controlling interests		**6,805**	1,968
		424,585	1,748,574
		RMB cents	*RMB cents* (restated)
Earnings per share attributable to the owners of the Company during the year	*9*		
– Basic		**10.55**	45.21
– Diluted		**5.66**	23.91

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015	2014
	RMB'000	*RMB'000*
		(restated)
Profit for the year	**424,585**	1,748,574
Other comprehensive (expense) income		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation	**(19,500)**	510
Fair value loss on available-for-sale investments	**–**	(165)
Other comprehensive (expense) income for the year	**(19,500)**	345
Total comprehensive income for the year	**405,085**	1,748,919
Total comprehensive income attributable to:		
Owners of the Company	**401,935**	1,746,951
Non-controlling interests	**3,150**	1,968
	405,085	1,748,919

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Notes	31 December 2015 RMB'000	2014 RMB'000 (restated)	1 January 2014 RMB'000 (restated)
Non-current assets				
Investment properties		**11,973,452**	11,384,416	9,770,764
Property, plant and equipment		**333,422**	403,309	422,373
Goodwill		**231,602**	231,602	–
Interests in joint ventures		**525,393**	521,757	505,197
Available-for-sale investments		**343,267**	347,767	297,620
Deferred tax assets		**199,785**	222,360	137,441
		13,606,921	13,111,211	11,133,395
Current assets				
Properties under development for sale		**2,109,719**	4,557,695	2,535,404
Properties held for sale		**3,293,741**	802,574	2,774,857
Other inventories		**914**	2,011	1,578
Accounts receivable	*10*	**102,210**	38,720	40,161
Deposits paid, prepayments and other receivables		**1,941,469**	806,015	732,010
Tax recoverable		**88,950**	35,538	163,579
Other current assets		**80,000**	331,710	150,000
Restricted bank deposits		**1,253,444**	760,546	387,898
Bank balances and cash		**1,514,559**	1,414,628	652,588
		10,385,006	8,749,437	7,438,075
Current liabilities				
Accounts payable	*11*	**1,102,296**	1,532,034	1,068,488
Accruals, deposits received and other payables		**3,944,349**	1,213,922	4,744,517
Tax liabilities		**470,507**	673,134	133,015
Borrowings		**1,676,275**	1,769,737	1,029,069
		7,193,427	5,188,827	6,975,089
Net current assets		**3,191,579**	3,560,610	462,986
Total assets less current liabilities		**16,798,500**	16,671,821	11,596,381
Non-current liabilities				
Borrowings		**6,557,606**	6,325,096	4,463,705
Deferred tax liabilities		**2,267,724**	2,269,077	1,881,495
		8,825,330	8,594,173	6,345,200
Net assets		**7,973,170**	8,077,648	5,251,181
Capital and reserves				
Share capital		**39,115**	32,336	31,863
Reserves		**7,841,962**	7,977,082	5,193,801
Equity attributable to owners of the Company		**7,881,077**	8,009,418	5,225,664
Non-controlling interests		**92,093**	68,230	25,517
Total equity		**7,973,170**	8,077,648	5,251,181

Notes:

1. GENERAL

The Company is a company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). On 21 January 2014, China LVGEM Property Holdings Limited ("China LVGEM"), an independent third party and the then shareholders of the Company, including Belbroughton Limited, Mr. TAOCHAIFU Choofuang, Mr. TAO Richard, Mr. TAO Paul and Tian Xiang Business Limited (together, the "Vendors"), had entered into a conditional sale and purchase agreement (the "Sale and Purchase Agreement") for the acquisition of an aggregate of 858,800,792 ordinary shares of HK$0.01 each (the "Acquisition Shares") of the Company (the "Acquisition"). The Acquisition Shares represented approximately 64.83% of the issued share capital of the Company and the Acquisition was completed as at 8 May 2014 ("Completion Date"). Prior to the Completion Date, the Company's immediate holding company was Belbroughton Limited, a company incorporated in the British Virgin Islands ("BVI"). After the Completion Date, its immediate holding company is China LVGEM, a company incorporated in the Cayman Islands with limited liability and its ultimate holding company is Go Great International Limited, a company incorporated in the BVI with limited liability. Its ultimate controlling party is Mr. WONG Hong King ("Mr. Wong"), father of Miss HUANG Jingshu, the Chairman of the Company.

Subsequent to the Completion Date, China LVGEM's interest in the Company increased to 81.50%, after the acquisition of additional shares of the Company as a result of the general offer of the Company, and subsequently reduced to 75% as a result of disposal of shares of the Company through open market and placement in order to maintain the public float of the Company and the conversion of convertible notes by the note holders of the Company during the year ended 31 December 2014.

The Group accounts for all its business combinations involving entities under common control using the principles of merger accounting.

On 2 June 2015, Urban Thrive Holdings Limited ("Urban Thrive"), a wholly owned subsidiary of the Company (as the purchaser) and Mr. Wong (as the seller) entered into an agreement pursuant to which Mr. Wong conditionally agreed to sell and Urban Thrive conditionally agreed to purchase the entire equity interest in Green View Holding Company Limited and its subsidiaries (collectively referred to as the "Target Group") for a total consideration of HK$13,785,000,000 (equivalent to approximately RMB11,682,204,000) (the "Transaction"). To satisfy the consideration, the Company (i) issued 2,509,342,511 new ordinary shares to the seller; (ii) issued 3,413,473,023 convertible preference shares at issue price of HK$2.06 per convertible preference share to the seller with an aggregate consideration of HK$7,031,754,000 (equivalent to approximately RMB5,959,114,000); and (iii) paid a cash balance of HK$1,584,000,000 (equivalent to approximately RMB1,342,373,000). The details of the Transaction was set out in the Company's circular dated 30 October 2015. The Transaction was completed on 30 November 2015. Before the completion of the Transaction, agreements were signed between certain subsidiaries within the Target Group and certain entities controlled by Mr. Wong, pursuant to which certain subsidiaries of the Target Group would be disposed of to the entities controlled by Mr. Wong at a total consideration of RMB682,955,000.

As the Company and its subsidiaries (before the completion of the Transaction, hereinafter collectively referred to as the "Existing Group") and the Target Group are under the common control of Mr. Wong both before and after the Transaction and Mr. Wong's control of the Company and Target Group is not transitory, the Transaction is considered as a business combination under common control with the Target Group being considered as the continuing entity and is in accounted for accordance with AG5 *Merger Accounting for Common Control Combinations*. Specifically, in applying merger accounting, the financial statement items of the Target Group for the current year in which the common control combination occurred, and the comparative periods disclosed, are included in the consolidated financial statements of the Company as if the combination had occurred from the date when the Target Group first came under the control of Mr. Wong. Also, the net assets of the Target Group are consolidated using the existing book values from the controlling party's prospective. Further, the Existing Group is deemed to have been acquired by the Target Group at the Completion Date using the acquisition method:

(i) the identified assets and liabilities of the Existing Group are recognised and measured initially at their fair values on the Completion Date;

(ii) the performance of the Existing Group are included in the consolidated financial statements of the Company since the Completion Date; and

(iii) the consideration for the Acquisition was deemed to be consideration paid by China LVGEM to then shareholders of the Company amounting to RMB806,292,000 to obtain 75% of the issued share of the Company and the control over the Existing Group as at the Completion Date.

Goodwill arising on the Acquisition of the Existing Group was recognised as at the Completion Date.

The functional currency of each entity within the Target Group is Renminbi ("RMB") with RMB being the currency of the primary economic environment which the entities within the Target Group are exposed to. As mentioned above, the Target Group is considered to be the continuing entity in applying the merger accounting. The Directors of the Company are in the opinion that functional currency of the Company should be changed from HongKong dollars ("HK$") to RMB. Comparative figures have been restated accordingly.

1. GENERAL *(Continued)*

The effects of changes in accounting policies described above on the results for the prior year by line items are as follows:

Impacts on profit for the year ended 31 December 2014 in applying of AG5 *Merger Accounting for Common Control Combinations* and change in functional currency and presentation currency from HK$ to RMB are as follows:

	Adjustments *RMB'000*
Increase in revenue	4,825,904
Increase in cost of sales	(2,486,485)
Increase in other income	16,021
Increase in selling expenses	(40,517)
Increase in administrative expenses	(93,315)
Increase in fair value changes on investment properties	895,403
Increase in finance costs	(217,000)
Decrease in impairment loss on goodwill	13
Decrease in gain on disposal of subsidiaries	(31,333)
Decrease in share of results of associates	(5,630)
Increase in share of results of joint ventures	(40)
Increase in income tax expense	(1,126,207)
Change in profit for the year	1,736,814
Change in profit for the year attributed to:	
Owners of the Company	1,733,544
Non-controlling interests	3,270
	1,736,814

Impacts on assets, liabilities and equity as at 1 January 2014 in applying of AG5 *Merger Accounting for Common Control Combinations* and change in functional currency and presentation currency from HK$ to RMB are as follows:

	As at 1 January 2014 as previously reported *RMB'000*	Adjustments *RMB'000*	As at 1 January 2014 as restated *RMB'000*
Investment properties	255,119	9,515,645	9,770,764
Property, plant and equipment	38,089	384,284	422,373
Goodwill	23,399	(23,399)	–
Interests in an associate	110,338	(110,338)	–
Interests in joint ventures	–	505,197	505,197
Available-for-sale investments	–	297,620	297,620
Deferred tax assets	138	137,303	137,441
Properties under development for sale	365,668	2,169,736	2,535,404
Properties held for sale	274,801	2,500,056	2,774,857
Other inventories	54	1,524	1,578
Accounts receivable	133	40,028	40,161
Deposits paid, prepayments and other receivables	38,034	693,976	732,010
Tax recoverable	18,118	145,461	163,579
Other current assets	–	150,000	150,000
Restricted bank deposits	28,984	358,914	387,898
Bank balances and cash	348,626	303,962	652,588
Accounts payable	(89,743)	(978,745)	(1,068,488)
Accruals, deposits received and other payables	(332,996)	(4,411,521)	(4,744,517)
Tax liabilities	–	(133,015)	(133,015)
Convertible notes	(33,712)	33,712	–
Borrowings	(145,302)	(5,347,472)	(5,492,774)
Deferred tax liabilities	(42,998)	(1,838,497)	(1,881,495)
Total net assets and equity	856,750	4,394,431	5,251,181

1. GENERAL *(Continued)*

Impacts on assets, liabilities and equity as at 31 December 2014 in applying of AG5 *Merger Accounting for Common Control Combinations* and change in functional currency and presentation currency from HK$ to RMB are as follows:

	As at 31 December 2014 as previously reported *RMB'000*	Adjustments *RMB'000*	As at 31 December 2014 as restated *RMB'000*
Investment properties	241,390	11,143,026	11,384,416
Property, plant and equipment	7,670	395,639	403,309
Goodwill	–	231,602	231,602
Interests in joint ventures	–	521,757	521,757
Available-for-sale investments	–	347,767	347,767
Deferred tax assets	1,043	221,317	222,360
Properties under development for sale	84,372	4,473,323	4,557,695
Properties held for sale	287,706	514,868	802,574
Other inventories	19	1,992	2,011
Accounts receivable	8	38,712	38,720
Deposits paid, prepayments and other receivables	19,520	786,495	806,015
Tax recoverable	3,535	32,003	35,538
Other current assets	–	331,710	331,710
Restricted bank deposits	18,668	741,878	760,546
Bank balances and cash	386,510	1,028,118	1,414,628
Accounts payable	(57,331)	(1,474,703)	(1,532,034)
Accruals, deposits received and other payables	(42,014)	(1,171,908)	(1,213,922)
Tax liabilities	(2,960)	(670,174)	(673,134)
Borrowings	(78,801)	(8,016,032)	(8,094,833)
Deferred tax liabilities	(41,882)	(2,227,195)	(2,269,077)
Total net assets and equity	827,453	7,250,195	8,077,648

Impacts on cash flows for the year ended 31 December 2014 in applying of *AG5 Merger Accounting for Common Control Combinations* and change in functional currency and presentation currency from HK$ to RMB are as follows:

	Adjustments *RMB'000* *(Note)*
Decrease in net cash flow from operating activities	(290,188)
Decrease in net cash flow from investing activities	(969,065)
Increase in net cash flow from financing activities	1,988,534
Net increase in cash and cash equivalents	729,281

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

Application of new and revised HKFRSs

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

Amendments to HKAS 19	Defined Benefit Plans: Employee Contribution
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

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

New and revised HKFRSs in issue but not yet effective

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

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

1 Effective for annual periods beginning on or after 1 January 2016.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9:

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

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group performs a detailed review.

HKFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

The Directors of the Company do not anticipate that the application of the other new and revised HKFRSs will have material impact on the results and the financial position of the Group.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the income from property development, property leasing and provision of comprehensive services, net of business tax and other sales related taxes and after deduction of any trade discounts.

In identifying its operating segments, the executive Directors of the Company, being the chief operating decision makers, generally follows the Group's service lines, which represent the main products and services provided by the Group. The Group has identified the following reportable segments:

- Property development and sales: sales of properties
- Commercial property investment and operations: lease of commercial properties, office premises and car parks
- Comprehensive services: hotel operation, property management service and others

Each of these operating segments is managed separately as each of these products and service lines requires different resources as well as marketing approaches.

Segment revenues and results

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

For the year ended 31 December 2015

	Property development and sales *RMB'000*	**Commercial property investment and operations** *RMB'000*	**Comprehensive services** *RMB'000*	**Total** *RMB'000*
Revenue:				
From external customers	**575,881**	**412,637**	**221,752**	**1,210,270**
Inter-segment revenue	**–**	**9,508**	**–**	**9,508**
Total segment revenue	**575,881**	**422,145**	**221,752**	**1,219,778**
Reportable segment profit	**181,123**	**352,184**	**102,176**	**635,383**

For the year ended 31 December 2014 (restated)

	Property development and sales *RMB'000*	Commercial property investment and operations *RMB'000*	Comprehensive services *RMB'000*	Total *RMB'000*
Revenue:				
From external customers	4,687,470	359,344	198,534	5,245,348
Inter-segment revenue	–	9,231	–	9,231
Total segment revenue	4,687,470	368,575	198,534	5,254,579
Reportable segment profit	2,056,436	283,785	85,976	2,426,197

Inter-segment sales are at mutually agreed terms.

Reconciliations of reportable segment revenue, profit or loss

The Group does not allocate fair value changes on investment properties, other income, depreciation and amortisation, finance costs, share of results of joint ventures and corporate expenses to individual reportable segment profit or loss for the purposes of resource allocation and performance assessment by the chief operating decision makers.

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Reconciliations of reportable segment revenue, profit or loss *(Continued)*

The accounting policies adopted in preparing the reportable segment information are the same as the Group's accounting policies.

	2015	2014
	RMB'000	*RMB'000*
		(restated)
Revenue		
Reportable segment revenue	**1,219,778**	5,254,579
Elimination of inter-segment revenue	**(9,508)**	(9,231)
Consolidated revenue	**1,210,270**	5,245,348
Profit		
Reportable segment profit	**635,383**	2,426,197
Fair value changes on investment properties	**473,046**	887,591
Other income	**60,819**	23,594
Depreciation and amortisation	**(52,687)**	(49,313)
Finance costs	**(262,868)**	(218,322)
Share of results of joint ventures	**(30)**	(40)
Corporate expenses	**(262,586)**	(172,867)
Consolidated profit before taxation	**591,077**	2,896,840

Segment assets and liabilities

The following is an analysis of the Group's assets by reportable and operating segment, no liabilities are presented as the information is not reportable to the chief operating decision makers in the resource allocation and assessment of performance:

Segment assets

	2015	2014
	RMB'000	*RMB'000*
		(restated)
Assets		
Property development and sales	**5,615,955**	5,375,896
Commercial property investment and operations	**11,973,614**	11,385,755
Comprehensive services	**240,996**	248,391
Reportable segment assets	**17,830,565**	17,010,042
Goodwill	**231,602**	231,602
Available-for-sale investments and other current assets	**423,267**	679,477
Bank balances and cash (including restricted bank deposits)	**2,768,003**	2,175,174
Deferred tax assets	**199,785**	222,360
Interests in joint ventures	**525,393**	521,757
Corporate assets	**2,013,312**	1,020,236
Consolidated total assets	**23,991,927**	21,860,648

For the purpose of monitoring segment performance and allocating resources between segments, all assets are allocated to operating segments other than goodwill, interests in joint ventures, available-for-sale investments and other current assets, bank balances and cash (included restricted bank deposits), deferred tax assets and corporate assets.

Geographical information

No geographical information is presented as the operations, major customers and assets of the Group are substantially located in the People's Republic of China ("PRC").

No major customers contributed over 10% of the total sales of the Group for the years ended 31 December 2015 and 2014.

4. OTHER INCOME

	2015 *RMB'000*	2014 *RMB'000* (restated)
Interest income	**23,243**	12,928
Investment income	**12,511**	9,372
Dividend income	**5,040**	–
Gain on disposal of property, plant and equipment	**–**	146
Foreign exchange gain, net	**3,347**	–
Recovery of other receivables written-off in prior year	**8,363**	–
Others	**8,315**	1,148
	60,819	23,594

5. FINANCE COSTS

	2015 *RMB'000*	2014 *RMB'000* (restated)
Interest on bank and other borrowings	**593,928**	588,665
Front-end fee	**9,493**	3,099
Less: Amount capitalised in investment properties under development and properties development for sale *	**(340,553)**	(373,442)
	262,868	218,322

* The finance costs have been capitalised at rates ranging from 5.29% to 8.46% (2014: 5.4% to 9.5%) per annum.

6. PROFIT BEFORE TAX

	2015 *RMB'000*	2014 *RMB'000* (restated)
Profit before tax is arrived at after charging (crediting):		
Cost of properties sold	**394,758**	2,629,194
Impairment loss on properties held for sale	**–**	1,840
Cost of properties held for sale recognised as expense	**394,758**	2,631,034
Depreciation of property, plant and equipment	**52,726**	49,333
Less: Amount capitalised in investment properties under development and properties under development for sale	**(39)**	(20)
	52,687	49,313
Gross rental income from investment properties	**412,637**	359,344
Outgoings in respect of investment properties that generated rental income during the year	**(60,453)**	(75,559)
	352,184	283,785
Operating lease charges in respect of land and buildings	**25,857**	25,912
Impairment loss on accounts receivable	**59**	307
Write-down on other receivables	**19,627**	–
Auditor's remuneration	**2,737**	1,520
Staff costs		
– Directors' emoluments	**8,146**	7,070
– Salaries and other benefits in kind	**136,709**	125,990
– Amount recognised as expense for retirement benefit costs	**10,161**	8,198
Less: Amount capitalised in investment properties under development and properties under development for sale	**(9,189)**	(8,389)
	145,827	132,869
Loss on disposal of property, plant and equipment	**86**	–
Foreign exhange loss, net	**–**	582

7. INCOME TAX EXPENSE

	Notes	**2015** *RMB'000*	2014 *RMB'000* (restated)
Current tax			
PRC Enterprise Income Tax			
– Current year	*(a)*	**71,759**	432,697
– Underprovision in prior year		**12,684**	–
		84,443	432,697
PRC Land Appreciation Tax ("LAT")	*(b)*	**50,400**	472,435
Dividend withholding tax			
– Overprovision in prior year	*(c)*	**(28,680)**	–
		106,163	905,132
Deferred taxation		**60,329**	243,134
Total income tax expense		**166,492**	1,148,266

Notes:

(a) Under the Law of the People's Republic of China 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.

No Hong Kong Profits Tax has been provided for as the Group had no estimated assessable profits for both years.

(b) Under the Provisional Rules on LAT Implementation Rules of the PRC implemented on 27 January 1995, all gains from the sales or transfer of land use rights, buildings and their attached facilities in the PRC are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

(c) Dividend withholding tax was overprovided as the tax authority agreed to charge at 5% on the dividend paid of which 10% was made in prior year.

8. DIVIDENDS

During the year ended 31 December 2015 (before the Completion Date of the Transaction), certain subsidiaries of the Target Group declared and made dividends of RMB582,695,000 and RMB16,360,000 to Mr. Wong and a non-controlling shareholder of a subsidiary, respectively.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2015 of 1 HK cent (equivalent to approximately 0.8 RMB cent) (2014: Nil) per ordinary share of the Company has been proposed by the Directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

9. EARNINGS PER SHARE

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

	2015	2014
	RMB'000	*RMB'000*
		(restated)
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**417,780**	1,746,606

	2015	2014
		(restated)
Number of shares		
Weighted average number of ordinary shares of the Company for the purpose of basic earnings per share	**3,961,527,997**	3,863,058,529
Effect of dilutive potential ordinary shares in respect of		
– Share options	**–**	6,867,344
– Convertible notes	**–**	21,718,555
– Convertible preference shares	**3,413,473,023**	3,413,473,023
Weighted average number of ordinary shares of the Company for the purpose of diluted earnings per share	**7,375,001,020**	7,305,117,451

The weighted average number of ordinary shares for the purposes of basic earnings per share for each period presented has been determined based on the sum of weighted average ordinary shares of the Company in issue during 2015 of 1,452,185,486 (2014: 1,353,716,018) and 2,509,342,511 (2014: 2,509,342,511) ordinary shares of the Company issued on 30 November 2015 as consideration for the Transaction.

10. ACCOUNTS RECEIVABLE

	2015	2014
	RMB'000	*RMB'000*
		(restated)
Accounts receivable	**103,042**	39,493
Less: Allowance for doubtful debts	**(832)**	(773)
	102,210	38,720

Accounts receivable represents receivables arising from sales of properties which are due for settlement in accordance with the terms of the relevant sales and purchase agreements, and rental income from leasing properties. Monthly rents are normally received in advance and sufficient rental deposits are held to minimise credit risk. Accounts receivable generally have credit terms of 30 to 60 days (31 December 2014: 30 to 60 days) and no interest is charged. All accounts receivable are denominated in RMB. The ageing analysis of the Group's accounts receivable, based on invoice dates for leasing income and the terms of relevant sales and purchase agreements for sales of properties, is as follows:

	2015	2014
	RMB'000	*RMB'000*
		(restated)
Within 1 month	**93,883**	3,065
1 to 12 months	**2,212**	5,630
12 to 24 months	**4,546**	1,533
Over 24 months	**1,569**	28,492
	102,210	38,720

10. ACCOUNTS RECEIVABLE *(Continued)*

Included in the Group's accounts receivable balances are debtors with aggregate carrying amount of RMB8,327,000 (31 December 2014: RMB35,655,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss, of which 27% (31 December 2014: 16%) are past due within twelve months, and 73% (31 December 2014: 84%) are past due over twelve months, based on the repayment terms set out in the sales and purchase agreements. No provision for impairment is considered necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	2015	2014
	RMB'000	*RMB'000*
		(restated)
A 1 January	**773**	466
Impairment loss recognised	**59**	307
At 31 December	**832**	773

As at 31 December 2015 and 2014, all remaining accounts receivable were neither past due nor impaired. These related to a number of customers for whom there was no recent history of default.

11. ACCOUNTS PAYABLE

Accounts payable mainly represent amounts due to contractors. Payment to contractors is made by reference of progress of the respective construction work and agreed milestones.

The following is an aged analysis of accounts payable presented based on the invoice date:

	2015	2014
	RMB'000	*RMB'000*
		(restated)
Within 1 month	**955,153**	1,144,663
1 to 12 months	**91,321**	336,282
12 to 24 months	**37,191**	24,738
Over 24 months	**18,631**	26,351
	1,102,296	1,532,034

BUSINESS REVIEW

Macroeconomic and market environment

2015 was an unconventional year. China's real estate market has experienced several ups and downs. The slowdown in global economy, the overall macroeconomic deterioration in China, together with the repeatedly interest rates cut, RRR cut, tax reform of central bank, and the policies of loosening restriction on the purchase of properties and promoting real estate destocking of local governments have led to a significant variation in China's real estate market: an overall market recovery in first-tier cities, and a stagnation in the second and third tier cities due to the properties in stock. However, the Group believes that positive factors such as urbanization, two-child policy, high GDP growth dependency on the real estate market, government measures benefiting the property market, and the accommodative financing environment will reinforce the stable and healthy development of the real estate industry in the long run.

Among the sign of recovery in the real estate market in the four first-tier cities in the second half of 2015, the Shenzhen market was the most prominent. Housing prices in Shenzhen departed from the downtrend after July 2014 and rose for 16 months in a row by the end of 2015. The rise in property prices in Shenzhen is the highest nationally. In 2015, the average price for new residential properties in Shenzhen was RMB42,591 per square meter, an increase of 38.65% over the year, which is much higher than the other first-tier cities. The four pillar industries of Shenzhen – high-tech, finance, logistics and cultural industries, have driven the economic development of Shenzhen, attracted well-educated and mobile population to Shenzhen, and increased the demand for rigidity and improving type of housing in Shenzhen.

Following the strategic vision of "Focusing on Core Cities and Cities' Core Areas", the Group's real estate projects are situated mainly in the urban areas of economically developed cities such as Shenzhen, Zhuhai, Hong Kong and Suzhou that have significant development potential.

Milestone in entering international capital markets

In late 2015, the Group has completed its reverse takeover and deemed new listing application, and successfully introduced 深圳平安大華匯通財富管理有限公司 (Shenzhen Ping An Dahua Huitong Wealth Management Company Ltd.*), a subsidiary of Ping An Insurance (Group) Company of China, Ltd. (Stock code: 2318) and the well known industry leader, 萬科企業股份有限公司 (China Vanke Co., Ltd.*) (HK stock code: 2202), as the cornerstone investors. This is the first step of LVGEM Group putting real estate business into the international capital market, which is also an important step to realize the leaping development of Group's major business and is of milestone significance.

Business performance

Through the "two-wheel driven" business strategy, the Group has effectively combined the advantages of real estate development in different business sectors such as residential and commercial, and ensured the joint development of businesses. In 2015, the Group has three residential projects and three commercial projects under construction, covering a total area of around 112,000 square meters and a planned GFA of approximately 942,000 square meters. Residential projects under construction include Shenzhen Hongwan Garden, Mangrove Luxury Garden, and LVGEM International Garden, with a total construction area of 333,000 square meters, 284,000 square meters and 212,000 square meters respectively; commercial projects under construction include Hongwan Zoll Centre, Mangrove Luxury Garden Zoll Center and NEO projects in Suzhou, with the total planned GFA of approximately 34,000 square meters, 21,000 square meters and 58,000 square meters, respectively. The Company's revenue in 2015 was approximately RMB1,210 million, decrease by 76.9% as compared to the same period of last year. The decrease of revenue was mainly attributed to the decrease in revenue generated from delivery of properties. Contracted sales and booked contracted sales in 2015 maintain an upward trend, laying a solid foundation for future performance.

The Board has recommended the payment of a final dividend of 1 HK cent (equivalent to approximately 0.8 RMB cent) per ordinary share (2014: Nil) in cash for the year ended 31 December 2015 to shareholders whose names appear on the Register of Members of the Company on 14 June 2016, and will seek the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on 2 June 2016 (the "Annual General Meeting") for the payment of this final dividend. The dividend is expected to be paid on or around 5 July 2016.

During the reporting period, the Group has made timely adjustment in its marketing strategies and innovated marketing techniques in response to the consecutive economic stimulus policies introduced by the central and local governments. Product sales recorded good results. Total annual sales amounted to approximately RMB3,146 million, among which, the Hongwan project, 490 contracts were signed, with contracted sales amounted to RMB2,870 million, and contracted sales area of 58,000 square meters, achieved contracted sales of approximately RMB2,662 million for the year.

In 2015, by leverage of the strategic direction of "standardize management, increase efficiency" of the Group's asset management, the commercial properties operated by the Group achieved sound results. Three commercial properties in operations, including the Grade A office NEO, and two Zoll Centers, have recorded high occupancy rates and rental income. Hongwan Zoll Centre with merchant rates up to 90.3%, the project is expected to put into operation in the second half of 2016, and Mangrove Luxury Garden Zoll Center will commence operation in 2017.

In terms of financing, the Group seized the market opportunities and achieved outstanding results in 2015 by carefully researching and devising effective financing strategies. The annual refinancing has amounted to approximately RMB8,234 million, and the cost of financing has been reduced effectively through various means.

In year 2015, the Group has continuously refined and standardized the management. A lot of works have been done and outstanding results achieved in areas of financial management, strategic research, organizational control, accountability systems, standardization of technology, and team building, laying a solid foundation for accessing international capital markets for the first year.

BUSINESS PROSPECTS

Industry development opportunities

According to the government work report made by Premier Li Keqiang at the fourth meeting of the 12th National People's Congress, The year of 2016 is a year manifesting the results of the comprehensive construction of a well-being society in China, as well as a year to propel the structural reform. By adhering to the development concept of "innovation, coordination, green, open, sharing", the State maintains its pace of steady yet moving forward, accommodating to the new normal in the economy development, strengthening the structural reform of supply side. In respect of the real estate industry, the State will further improve its tax and credit policies that support residents' reasonable housing consumption so as to adapt to the rigid and improvement demand in the housing market and solve the inventory of properties by carrying out policies based on local situations. It is believed that there still exists opportunities for the healthy development in the Chinese real estate industry in 2016.

Taking full advantage of business

2016 is the first year of the nation's "13th Five-Year" plan, as well as a "management year" and "crucial year" of the Group. Based on researches on strategic development and the five-year business plan, the Group adopted the guiding ideology of "Focusing on Core Cities and Cities' Core Areas". In 2016, the Company will focus its businesses in Shenzhen and Pearl River Delta, continue to enrich and optimize residential and commercial development projects; further optimize the portfolio, assets value, earnings base and financial strength; strengthen the market leading position in Shenzhen and the Pearl River Delta region; refine and standardize the management; strictly implement and deploy effective business model and strategies; develop high-quality integrated residential and commercial projects with potential; expand market share of the region; create social values; and bring satisfactory returns for shareholders and investors.

The success of the Group in urban renewal over the past 20 years has built a unique business model regarding the access of land resources: merging + urban renewal. At present, the parent company of the Group has been involved in the initial works of several transformation projects in Shenzhen and core cities of the Pearl River Delta, involving a total size of over 12 million square meters. Assets will be injected into the Group once the projects reached the appropriate conditions, providing a strong support for future land development of the Group.

Improvement of organizational control ability

For the purpose of satisfying standard and professional operation regulation to listed companies and further enhancing the enterprise's operational efficiency, the Group has basically decided the organization structure, authorization system review and approval system, researched and strengthened risk control, developed the research and construction of technical standardization and put efforts on the construction of talents and team culture. These measures will be implemented in full this year, which will lay the foundation for LVGEM (China) to obtain higher recognition in the capital market. In 2016, although the property market in China was affected by macro-economic situation and economic policy from changing market environment, the Company is still confident in the future prospects of the Group depended on the advantages, such as regional distribution, land resources available, assets structure and assets platform under the complicated and volatile economy and policy.

Acknowledgement

At last but not least, I would like to express my sincere gratitude to all of our shareholders, staff, clients and business partners for their continuous trust and support on behalf of the Board. The Group will keep on upgrading ourselves and strive for further excellence. Together, we will make a better future.

MANAGEMENT DISCUSSION AND ANALYSIS

LVGEM (China) is a well-known integrated real estate developer and commercial property operator in Shenzhen. In 2012, the Group was ranked sixth among Shenzhen Real Estate Market Leading Enterprises by China Index Academy, and in 2014 it was ranked 6th out of the top 10 Shenzhen Real Estate Developers by Shenzhen Real Estate Association. According to the China Index Academy, among the top 100 Shenzhen Real Estate Developers during the period of 2012 to 2014, LVGEM (China) ranked 9th in terms of construction area sold in real estate, constituting 2.3% of the market share.

LVGEM (China) is based in China's vibrant and robust economic area of Southern China, including Shenzhen, the Pearl River Delta and its surrounding areas and Suzhou, engaging in property development and investment business, including (i) real estate development and sales; (ii) commercial property investment and operations; and (iii) integrated services.

On 30 November 2015, the Group completed a reverse takeover, during which the Group introduced 萬科企業股份有限公司 (China Vanke Co., Ltd.*) (HKSE Stock Code: 2202), 深圳平安大華匯通財富管理有限公司 (Shenzhen Ping An Dahua Huitong Wealth Management Company Limited*), which is a subsidiary of China Ping An Insurance (Group) Company Limited (HKSE Stock Code: 2318) as shareholders.

Overall Financial Performance

For the year ended 31 December 2015, the Group achieved a total revenue of approximately RMB1,210 million, representing a year on year decrease of 77%, which is mainly due to the decline in floor areas delivered. The expected receivables at the end of 2015 will be RMB3,627 million (2014: RMB697 million). The Group recorded contract sale of approximately RMB3,146 million for the year, representing an increase of 180% as compared to the same period of last year, which is mainly generated from the pre-sale of Hongwan Gardens of the Group.

Based on the same reasons, the gross profit, profit attributable to shareholders recorded a year on year decrease. Gross profit amounted to approximately RMB635 million (2014: RMB2,426 million). Gross margin maintained at a healthy level of 52.5% (2014: 46.3%); profit attributable to equity holders of the Company is approximately RMB418 million (2014: RMB1,747 million).

Real Estate Development and Sales

Economic growth, urbanization and the rise of the middle class amongst other factors are the key contributors for the increasing demand of China's real estate market. For many years, the Group followed the strategic thinking of, "Focusing on Core Cities and Cities' Core Areas", developed and completed several multi-dimensional and high-quality projects in the urban area of core cities, including exquisite urban residential areas, Zoll Centre, NEO integrated business complex, hotel and more.

For the year ended 31 December 2015, real estate development and sales generated approximately RMB576 million in revenue, representing 47.6% of the Group's total revenue, the decrease is mainly due to timing of the deliveries of properties. During the year, the Group continued to proactively identify quality projects with potential, including Hongwan Gardens, Mangrove Luxury Garden, LVGEM International Garden section A2 and the NEO projects in Suzhou, expecting the tally of total construction area to be 942,000 square meters. We expect the completion and sale aforementioned projects in development will contribute to the contract sales and revenue of the Group in the coming years.

The Group has always been actively participating in urban renewal projects in the Pearl River Delta region, in particular, Shenzhen. The Group is also one of the few property developers who has rich experience in urban renewal projects of Shenzhen. The parent company of the Group has already participated in preliminary work of several renovation projects in Shenzhen and core cities in the Pearl River Delta region up to now, and areas involved are expected to exceed 12 million square meters.

Commercial Property Investment and Operation

The Group holds and operates many well-developed quality commercial properties, located in key areas with a convenient transportation network. These commercial properties include: NEO Urban Commercial complex, Zoll Centre, shops and other residential investment properties. For the year ended 31 December 2015, the revenue from the investments and operations of commercial properties is approximately RMB413 million, accounting for 34.1% of the Group's total revenue, primarily driven by NEO Urban Commercial complex, Zoll Centre and other residential investment properties.

NEO complex is located in the prime location of the Central Business District, Futian District, and is an important rent indicator of main business landmarks and Grade A office buildings. NEO complex consists of three main buildings; Block A, which is a Grade A office skyscraper, and Blocks B&C, which are retail and residential units. With a total floor area of approximately 252,539 square meters and a total lettable area of approximately 105,870 square metres, NEO complex currently serves many types of high-quality corporate tenants, including offices for several Fortune 500 companies, banks, telecommunications corporations and other state-owned enterprises. For the year ended 31 December 2015, the average occupancy rate for the NEO complex was about 100% (2014: 98%).

Zoll Centre is a famous fashion and shopping centre of Shenzhen. The Group owns and operates two Zoll Centres, including Xiangsong Zoll Centre and 1866 Zoll Centre, which opened for business in May 2013 and May 2014 respectively. As at 31 December 2015, Xiangsong Zoll centre and the 1866 Zoll Centre have a total lettable area of 67,016 square meters, with an average rental rate of approximately 95% (2014: 96%). In addition, the Group has two projects undergoing construction, including Hongwan Zoll Centre and Mangrove Luxury Garden Zoll Centre, which are expected to open for business in 2016 and 2017 respectively. Currently, Zoll Centre has established a good and long-term rental partnership with a number of famous local and international brands.

The Group believes that commercial investment properties with business operations, coupled with the development of real estate and sales would build customer loyalty which also improves the Group's standing in real estate projects, attractiveness and the overall investment value, and at the end driving growth in real estate development and sales. In addition, the Group owns high quality commercial properties for the purpose of long-term investment and equity gains, generating stable cash flow and rental income by leasing and properly managing these properties.

Comprehensive Services

The Group provides comprehensive services to tenants of its residential and commercial properties. These comprehensive services include property management service, hotel operations and others. For the year ended 31 December 2015, comprehensive services generated approximately RMB221 million in revenue, representing 18.3% of the Group's total revenue, the increase is mainly due to an increase in revenue of property management services.

Amongst those, the location of LVGEM hotel in Futian district, Shenzhen is convenient, with a total construction area of 25,751 square metres, with over 330 rooms, 2 multi-functional rooms, 1 banquet hall and video conference room with state-of-the-art equipment.

Land Reserves

The Group mainly obtains land resources by (i) urban renewal, obtaining quality land resource in core areas of the city (ii) the acquisition of land resources from private entities through the sale agreements, (iii) open tender, auction or listing to purchase land from the government, and (iv) cooperation with other companies (such as joint ventures) to purchase land.

By the end of 2015, the total area of the Group's land bank is approximately 1,042,000 square meters, together with the land bank increased by urban renovation projects to be able to obtained by the parent company was able to obtain in few years, it is expected to be sufficient to support the Group's development needs over the coming years.

Property Management

The Group is committed to providing premium property management services to its customers. It is essential to maintain long-term relationships with customers as it believed that premium property management services are indispensable part of customers' experience. As of 31 December 2015, the Group provided comprehensive property management services for its majority property development projects through its wholly-owned subsidiaries Shenzhen LVGEM Jiyuan Property Management Service Co., Ltd. (深圳市綠景紀元物業管理服務有限公司) and Shenzhen LVGEM Property Management Co., Ltd. (深圳市綠景物業管理有限公司). Services provided by the Group range from security services, property maintenance, gardening and landscaping services and management of ancillary facilities. In December 2012, Shenzhen LVGEM Property Management Co., Ltd. (深圳市綠景物業管理有限公司) obtained the ISO9001:2008 for its quality system of property management services and the level A property management qualification in February 2016. The standard property management agreement entered into by the Group contains the rendered service's range and quality regulation as well as management arrangement. Generally, the Group charges property management fee on monthly basis, which is generally calculated by unit size and decided with reference to the current market price.

Important Corporate Matters

As at 31 December 2015, the following matters have significant influence on the Group's future development:

4 May 2015	Xingfu (China) Limited, a subsidiary of LVGEM (China), purchased 100% of the shares of Hong Kong Jiatian International Trading Development Limited, from which it obtained 75% of the shares of 深圳溢佳實業發展有限公司(Shenzhen Yijia Industrial Development Company Limited*).
30 July 2015	LVGEM (China) purchased a parcel of land with 880,000 square feet in Deep Bay Road, Lau Fau Shan, Hong Kong for a consideration of HK$710 million, planning to build 116 low density waterfront villas. This is the first Hong Kong property development project for the Company. The acquisition was completed on 22 March 2016.
8 August 2015	after the redesign and readjustment from the plan, and vast coordination and vetting with the government, the first LVGEM (China) project in Suzhou, "LVGEM NEO" project started officially, building a new base and marking the official beginning of the Group in the Yangtze River Delta Market.

Financial Review

The Group has completed the acquisition of entire issued share capital of Green View Holding Company Limited and its subsidiaries on 30 November 2015. Therefore, the restatement of financial information for 2014 is required.

Revenue

The Group's revenue was primarily derived from three business segments: property development and sales, commercial property investment and operations and comprehensive services. The Group's operating income for the year ended 31 December 2015 was approximately RMB1,210 million (2014: RMB5,245 million). The decrease in the Group's revenue was mainly due to the decrease in generating revenue from the delivery of properties.

Revenue from sales of properties was decreased to approximately RMB576 million in 2015 from approximately RMB4,687 million in 2014. The decrease was due to the total gross floor area decreased to 84,000 square meters in 2015 from 260,000 square meters in 2014.

Revenue from commercial property investment and operations and comprehensive services was increased to approximately RMB413 million and approximately RMB221 million in 2015 from approximately RMB359 million and approximately RMB199 million in 2014 respectively.

Operating Results

For the year ended 31 December 2015, the Group's gross profit amounted to approximately RMB635 million (2014: RMB2,426 million). The integrated gross profit margin for the year ended 31 December 2015 was 52.5% as compared to 46.3% last year. The integrated gross profit margin maintained at a high level within the industy.

Administrative expenses increased significantly from approximately RMB171 million in 2014 to approximately RMB259 million in 2015. It was primarily contributed by the net assets injection from Green View Holding Company Limited with approximately RMB15,300 million via reverse takeover including professional and brand promotion expense during the year.

The valuation on the Group's investment properties as at 31 December 2015 was conducted by an independent property valuer which resulted in a positive fair value changes on investment properties of approximately RMB473 million for the year ended 31 December 2015 (2014: RMB888 million).

For the year ended 31 December 2015, the profit attributable to the owners of the Company was approximately RMB418 million (2014: RMB1,747 million) which represented a basic earnings per share of 10.55 RMB cents (2014: 45.21 RMB cents).

Liquidity, Financial Resources and Gearing

Bank balances and cash as at 31 December 2015 amounted to approximately RMB1,515 million (2014: RMB1,415 million).

The Group had total bank borrowings of approximately RMB7,486 million as at 31 December 2015 (2014: RMB6,355 million). Borrowings classified as current liabilities were RMB1,676 million (2014: RMB1,770 million) and the Group's gearing ratio as at 31 December 2015 was 74.9% (2014: 61.2%), which was based on total bank borrowings less bank balances and cash to total equity.

Current, Total and Net Assets

As at 31 December 2015, the Group had current assets of approximately RMB10,385 million (2014: RMB8,749 million) and current liabilities of approximately RMB7,193 million (2014: RMB5,188 million), which represented a decrease in net current assets from approximately RMB3,561 million as at 31 December 2014 to approximately RMB3,192 million as at 31 December 2015.

As at 31 December 2015, the Group recorded total assets of approximately RMB23,992 million (2014: RMB21,861 million) and total liabilities of RMB16,019 million (2014: RMB13,783 million), representing a debt ratio (total liabilities over total assets) of 66.8% (2014: 63.0%). Net assets of the Group were approximately RMB7,973 million as at 31 December 2015 (2014: RMB8,078 million).

All land fees for all the land acquired for development by the Group have been fully paid.

The Group is able to utilise its internal reserves and debt financing to meet the funding requirements when opportunities for land acquisition arise.

Charge on Assets

As at 31 December 2015, loans of approximately RMB8,150 million were secured by properties held under development, properties held for sale, investment properties and deposits of the Group of approximately RMB1,296 million, RMB341 million, RMB8,763 million and RMB413 million respectively.

In 2014, loans of approximately RMB8,011 million were secured by properties held under development, properties held for sale, investment properties, deposits and properties, plant and equipment of the Group of approximately RMB783 million, RMB376 million, RMB7,913 million, RMB400 million and RMB286 million respectively.

Contingent Liabilities

The Group had contingent liabilities relating to guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. As at 31 December 2015, the maximum outstanding amount of guarantees provided to banks for mortgage facilities granted to the purchasers of the Group's properties is approximately RMB2,140 million (31 December 2014: RMB170 million).

The above guarantees represent the guarantees 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, in case of default in the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owned by the defaulted purchasers to the banks.

The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends upon the earlier of the buyer obtained the individual property ownership certificate and the full settlement of mortgage loans by the buyer.

Exposure to Fluctuations in Exchange Rates and Related Hedges

Most transactions of the Group are settled in RMB since the operations of the Group are mainly carried out in the PRC, and the major subsidiaries of the Group are operating in the PRC and the functional currency of the major subsidiaries is RMB. The reporting currency of the Group is RMB. The Group's cash and bank deposits are predominantly in RMB. The Company will pay dividends in HK$ if dividends are declared. The Directors are of the view that RMB is relatively stable against the other currencies and the Group will closely monitor the fluctuations in exchange rates, and that hedging by means of derivative instruments is therefore not necessary.

Treasury Policies and Capital Structure

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

Employees

As at 31 December 2015, the Group had a staff roster of 1,389 (2014: 69), of which 1,370 (2014: 53) employees were based in the mainland China and 19 (2014: 16) employees in Hong Kong SAR. The remuneration of employees was in line with the market trends and commensurate to the levels of pay in the industry. Remuneration of the Group's employees includes basic salaries, bonuses and long-term incentives such as the granting of share options within an approved scheme.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of 1 HK cent (equivalent to approximately 0.8 RMB cent) per ordinary share in cash for the year ended 31 December 2015 to shareholders whose names appear on the register of members of the Company on 14 June 2016. Subject to shareholders' approval at the Annual General Meeting, the dividend is expected to be paid on or around 5 July 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 30 May 2016 to 2 June 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfers of shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 27 May 2016.

The proposed final dividend is subject to the approval of the shareholders at the Annual General Meeting. The record date for entitlement to the proposed final dividend is 14 June 2016. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on both days of 10 June 2016 to 14 June 2016, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 8 June 2016.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate practices and procedures. The corporate governance principles of the Company emphasise a quality board, transparency and accountability to all shareholders of the Company.

Throughout the year ended 31 December 2015, the Group complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. The Directors confirmed that they have complied with the required standard as set out in the Model Code for the year ended 31 December 2015.

REVIEW OF ACCOUNTS

The audit committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2015.

The consolidated financial statements have been audited by the Group's auditor, Messrs. Deloitte Touche Tohmatsu. The unqualified auditor's report will be included in the 2015 Annual Report to shareholders.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

During the year, the Company issued an aggregate of 3,309,342,511 ordinary shares and 3,413,473,023 convertible preference shares. The details are as follows:

(a) on 2 June 2015, the Group entered into an agreement with Mr. WONG Hong King for the acquisition by the Group of the entire issued share capital of Green View Holding Company Limited for a consideration of HK$13,785,000,000, pursuant to which the Company issued 2,509,342,511 ordinary shares and 3,413,473,023 convertible preference shares to satisfy part of the consideration for the acquisition;

(b) on 13 October 2015, the Company and Wkland Investments V Limited entered into a subscription agreement for the placing of 300,000,000 ordinary shares to Wkland Investments V Limited at HK$2.20 per share;

(c) on 26 October 2015, the Company and 深圳平安大華匯通財富管理有限公司 (Shenzhen Ping An Dahua Huitong Wealth Management Company Limited*) entered into a subscription agreement for the placing of 300,000,000 ordinary shares to 深圳平安大華匯通財富管理有限公司 (Shenzhen Ping An Dahua Huitong Wealth Management Company Limited*) at HK$2.20 per share; and

(d) on 29 October 2015, the Company entered into a placing agreement with certain placing agents for the placing of new shares, pursuant to which 200,000,000 new shares were placed at HK$2.20 per share.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

EVENTS AFTER THE REPORTING PERIOD

Except for the matters disclosed under the "Management Discussion and Analysis" section of this announcement, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2015 and up to the date of the announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT, ANNUAL REPORT AND CIRCULAR

The annual results announcement is published on the websites of the Company (www.lvgem-china.com) and the Stock Exchange (www.hkex.com.hk). The 2015 Annual Report and a circular containing the notice of Annual General Meeting will be dispatched to shareholders in due course.

GENERAL INFORMATION

As at the date of this announcement, the Board comprises Miss HUANG Jingshu (Chairman), Mr. YIM Chun Leung (Chief Executive Officer), Mr. YE Xingan, Mr. CHEN Tieshen and Ms. DENG Chengying as executive Directors and Mr. ZHU Jiusheng, Mr. WANG Jing and Ms. HU Gin Ing as independent non-executive Directors.

This annual results announcement only gives a summary of the information and particulars of the 2015 Annual Report from which the contents of this announcement are derived.

By order of the Board
LVGEM (China) Real Estate Investment Company Limited
HUANG Jingshu
Chairman

Hong Kong, 24 March 2016

* *for identification purpose only*