Hydoo 毅德控股

HYDOO INTERNATIONAL HOLDING LIMITED
毅 德 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1396)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

ANNUAL RESULTS

The board of directors (the "**Board**") of Hydoo International Holding Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the financial year ended 31 December 2015 ("**FY2015**" or the "**Year**") with comparative figures for the preceding financial year ended 31 December 2014 ("**FY2014**"), are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Renminbi)

	Note	**2015** *RMB'000*	2014 *RMB'000*
Revenue	2	**3,166,351**	3,360,189
Cost of sales		**(1,532,435)**	(1,961,163)
Gross profit		**1,633,916**	1,399,026
Other income	3	**78,394**	49,307
Selling and distribution expenses		**(194,541)**	(182,263)
Administrative expenses		**(459,633)**	(427,715)
Other operating expenses		**(8,608)**	(12,082)
Profit from operations before fair value gain on investment properties		**1,049,528**	826,273
Fair value gain on investment properties	7	**296,543**	—
Profit from operations after fair value gain on investment properties		**1,346,071**	826,273
Fair value change on embedded derivative component of the convertible notes		**19,319**	—
Finance income	4(a)	**9,161**	19,993
Finance costs	4(a)	**(150,549)**	(8,840)
Profit before taxation	4	**1,224,002**	837,426
Income tax	5(a)	**(626,272)**	(330,961)
Profit for the year		**597,730**	506,465
Attributable to:			
Equity shareholders of the Company		**556,875**	512,053
Non-controlling interests		**40,855**	(5,588)
Profit for the year		**597,730**	506,465
Earnings per share			
Basic (RMB cents)	6	**13.9**	12.7
Diluted (RMB cents)	6	**13.9**	12.6

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

(Expressed in Renminbi)

	2015	2014
	RMB'000	*RMB'000*
Profit for the year	**597,730**	506,465
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside the Mainland China	**(19,492)**	13,449
Other comprehensive income for the year	**(19,492)**	13,449
Total comprehensive income for the year	**578,238**	519,914
Attributable to:		
Equity shareholders of the Company	**537,383**	525,502
Non-controlling interests	**40,855**	(5,588)
Total comprehensive income for the year	**578,238**	519,914

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

(Expressed in Renminbi)

	Note	**2015**	2014
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**112,331**	92,704
Investment properties	7	**778,900**	—
Intangible assets		**3,983**	3,038
Goodwill		**3,631**	3,631
Interest in joint venture		**150,386**	—
Other non-current financial assets		**111,187**	25,779
Deferred tax assets		**316,049**	293,572
Prepayment for acquisition of property, plant and equipment		**368,535**	368,535
Finance lease receivable		**6,232**	—
		1,851,234	787,259
Current assets			
Inventories		**9,628,621**	7,688,692
Prepaid tax		**111,161**	188,991
Trade and other receivables, prepayments and deposits	8	**1,393,270**	1,133,893
Restricted cash		**430,638**	198,155
Available-for-sale investments		**—**	37,000
Cash and cash equivalents		**1,688,923**	1,819,029
		13,252,613	11,065,760
Current liabilities			
Trade and other payables	9	**4,277,132**	3,975,215
Bank loans and other borrowings		**938,646**	369,500
Convertible notes	10	**844,906**	—
Current tax liabilities		**1,106,310**	1,054,385
Deferred income		**988,564**	882,313
		8,155,558	6,281,413
Net current assets		**5,097,055**	4,784,347
Total assets less current liabilities		**6,948,289**	5,571,606

	Note	2015 RMB'000	2014 RMB'000
Non-current liabilities			
Bank loans and other borrowings		**1,464,520**	1,192,600
Senior notes	11	**626,894**	—
Deferred income		**3,524**	5,843
Deferred tax liabilities		**14,771**	—
		2,109,709	1,198,443
NET ASSETS		**4,838,580**	4,373,163
Capital and reserves			
Share capital		**31,825**	31,825
Reserves		**4,604,866**	4,260,304
Total equity attributable to equity shareholders of the Company		**4,636,691**	4,292,129
Non-controlling interests		**201,889**	81,034
TOTAL EQUITY		**4,838,580**	4,373,163

NOTES

(Expressed in Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial information relating to the years ended 31 December 2015 and 2014 included in this announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in a joint venture.

These financial statements are presented in Renminbi ("RMB") rounded to the nearest thousand. The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– available-for-sale investments;

– derivative financial instruments;

– investment properties.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

(c) Changes in accounting policies

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IAS 19, Employee benefits: Defined benefit plans: Employee contributions
- Annual Improvements to IFRSs 2010 – 2012 cycle
- Annual Improvements to IFRSs 2011 – 2013 cycle

These amendments and new IFRSs do not have an impact on these financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are development, sales and operation of commercial trade and logistics centres and residential properties in the PRC.

Revenue represents income from sales of properties, property management services income and rental income net of business tax and other sales related taxes and is after deduction of any trade discounts.

The amounts of each significant category of revenue recognised in revenue during the year are as follows:

	2015	2014
	RMB'000	*RMB'000*
Sales of properties	**3,102,829**	3,341,612
Rental income	**37,743**	6,734
Property management services	**18,409**	11,339
Others	**7,370**	504
	3,166,351	3,360,189

The Group's customer base is diversified and none of the customers of the Group with whom transactions has exceeded 10% of the Group's revenue.

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial data and information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations. No segment information is presented in respect of the Group's operating segment as the Group is principally engaged in one segment in the PRC. The Group does not operate in any other geographical or business segment during the year.

3 OTHER INCOME

	2015	2014
	RMB'000	*RMB'000*
Dividend income	**3,567**	3,243
Government grants (i)	**67,082**	—
Net gain on disposal of available-for-sale investments	**2,382**	44,360
Net gain/(loss) on disposal of property, plant and equipment	**30**	(708)
Others	**5,333**	2,412
	78,394	49,307

(i) During the year, the Group transferred certain completed properties held for sale to investment properties. The related government grants of RMB59,701,000 (2014: RMB Nil) previously recorded as deferred income were recognised in profit or loss as other income during the year.

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance income and finance costs

	2015	2014
	RMB'000	*RMB'000*
Finance income		
Interest income	**(9,161)**	(19,993)
Finance costs		
Interest on bank loans and other borrowings	**140,176**	124,767
Interest on convertible notes (note 10)	**108,638**	—
Interest on senior notes (note 11)	**3,825**	—
Less: interest expense capitalised into properties under development *	**(104,361)**	(123,565)
	148,278	1,202
Net foreign exchange loss	**2,271**	7,638
	150,549	8,840

* The borrowing costs have been capitalised at rates ranging from 5.15% - 10.23% per annum (2014: 6.40% - 10.23%).

(b) Staff costs:

	2015	2014
	RMB'000	*RMB'000*
Contributions to defined contribution retirement plans	**16,827**	14,700
Salaries, wages and other benefits	**296,194**	279,451
Equity settled share-based payments	**(336)**	2,010
	312,685	296,161

(c) Other items:

	2015	2014
	RMB'000	*RMB'000*
Depreciation and amortisation	**31,295**	25,742
Operating lease charges	**56,631**	25,060
Rentals receivable from investment properties	**8,067**	—
Cost of properties sold (i)	**1,467,992**	1,943,073

(i) Cost of properties sold is after netting off benefits from government grants of RMB303,303,000 for the year ended 31 December 2015 (2014: RMB321,505,000).

5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2015	2014
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax ("**PRC CIT**") (iii)	**289,458**	225,990
PRC LAT (iv)	**344,520**	184,630
PRC dividend withholding tax (v)	**—**	63,038
	633,978	473,658
Deferred tax		
Origination and reversal of temporary differences	**(7,706)**	(142,697)
	626,272	330,961

(i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in this jurisdiction.

(ii) No provision for Hong Kong Profits Tax was made as the Group did not earn any income subject to Hong Kong Profits Tax for the year (2014: Nil).

(iii) PRC CIT

The Group's PRC subsidiaries are subject to statutory tax rate of 25% on their assessable profits.

In July 2013, Ganzhou Hydoo Commercial and Trade Logistics Park Development Co., Ltd. ("Ganzhou Trade Centre") was approved to enjoy a preferential PRC CIT rate of 15% for the years from 2012 to 2020 according to a tax notice issued by the local tax bureau.

In December 2015, Wuzhou Hydoo Commercial and Trade Centre Development Co., Ltd. ("Wuzhou Trade Centre") was also approved to enjoy a preferential PRC CIT rate of 15% for the years from 2015 to 2020 according to a tax notice issued by the local tax bureau.

The preferential tax treatment was based on various tax rules and regulations in relation to PRC Government's strategy in encouraging investment and development of wholesale trading markets in certain regions in the PRC.

(iv) PRC LAT

PRC LAT which is levied on properties developed for sale by the Group in the PRC, at progressive rates ranging from 30% to 60% on the appreciation value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and all qualified property development expenditures. Deferred tax assets arising from PRC LAT accrued are calculated based on the applicable income tax rates when they are expected to be cleared.

In addition, certain subsidiaries of the Group were subject to PRC LAT which were calculated based on 3% to 6% of their revenue in accordance with the authorised tax valuation method approved by respective local tax bureau.

The directors of the Company are of the opinion that the authorised tax valuation method is one of the allowable taxation methods in the PRC and the respective local tax bureaus are the competent tax authorities to approve the authorised tax valuation method in charging PRC LAT to the respective PRC subsidiaries of the Group, and the risk of being challenged by the State Administration of Taxation or any tax bureau of higher authority is remote.

(v) PRC dividend withholding tax

Withholding tax is levied on Hong Kong companies in respect of dividend distributions arising from profit of PRC subsidiaries earned after 1 January 2008 at 5%.

(b) Reconciliation between income tax and accounting profit at applicable tax rates:

	2015	2014
	RMB'000	*RMB'000*
Profit before taxation	**1,224,002**	837,426
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**331,755**	215,113
Tax effect of non-deductible expenses	**6,507**	8,383
Tax effect of non-taxable income	**(892)**	(895)
Tax effect of unused tax losses not recognised	**50,509**	26,515
Utilisation of previously unrecognised tax losses	**(3,288)**	(77)
PRC LAT (note 5(a)(iv))	**344,520**	184,630
Tax effect on PRC LAT	**(77,764)**	(29,351)
Tax concessions (note 5(a)(iii))	**(25,075)**	(73,357)
Total income tax	**626,272**	330,961

6 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB556,875,000 (2014: RMB512,053,000) and the weighted average of 4,014,844,000 ordinary shares (2014: 4,020,798,000 ordinary shares), calculated as follows:

Weighted average number of ordinary shares

	2015	2014
	'000	*'000*
Issued ordinary shares at 1 January	**4,014,844**	4,029,950
Effect of shares repurchased	**—**	(9,152)
Weighted average number of ordinary shares at 31 December	**4,014,844**	4,020,798

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB556,875,000 (2014: RMB512,053,000) and the weighted average number of ordinary shares of 4,017,138,000 shares (2014: 4,060,664,000 shares), calculated as follows:

(i) Weighted average number of ordinary share (diluted)

	2015	2014
	RMB'000	*RMB'000*
Weighted average number of ordinary shares at 31 December	**4,014,844**	4,020,798
Effect of deemed issue of shares under the Company's Pre-IPO Share Option Scheme for nil consideration	**2,294**	39,866
Weighted average number of ordinary shares at 31 December (diluted)	**4,017,138**	4,060,664

(ii) For the year ended 31 December 2015, the effect of conversion of convertible notes was anti-dilutive.

7 INVESTMENT PROPERTIES

	2015
	RMB'000
At 1 January 2014, 31 December 2014 and 1 January 2015	—
Transferred from inventories	482,357
Fair value adjustments	296,543
At 31 December 2015	778,900
Representing	
Valuation	778,900
Book value	
At 31 December 2015	778,900
At 31 December 2014	—

During the year ended 31 December 2015, the Group transferred certain completed properties held for sale to investment properties since there was an actual change in use from sale to earning rental income purpose, which were evidenced by commencement of operating lease as stipulated in the lease agreements entered into by the Group. A fair value gain of RMB277,643,000 (2014: RMB Nil) in respect of investment properties, and the corresponding deferred tax of RMB58,873,000 (2014: RMB Nil), upon the transfer had been recognised in the consolidated statement of profit or loss for the year.

During the year an additional gain in fair value of RMB18,900,000 (2014:RMB Nil) in respect of investment properties, and the corresponding deferred tax of RMB4,215,000 (2014: RMB Nil), has been recognised in the consolidated statement of profit or loss for the year.

8 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2015	2014
	RMB'000	*RMB'000*
Trade and bill receivables (a)	**44,948**	27,393
Prepaid business tax and other taxes	**128,048**	137,761
Deposits, prepayments and other receivables (b)	**1,183,445**	968,739
Finance lease receivables	**36,829**	—
	1,393,270	1,133,893

(a) Ageing analysis

As at the end of the reporting period, the ageing analysis of trade and bill receivables (net of allowance for doubtful debts) based on the date the relevant trade and bill receivables recognised, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 1 month	**30,078**	17,971
1 to 3 months	**—**	4,516
3 to 6 months	**2,735**	4,906
Over 6 months	**12,135**	—
	44,948	27,393

Trade and bill receivables are primarily related to proceeds from the sale of properties. Proceeds from the sale of properties are made in lump-sum payments or paid by instalments in accordance with the terms of the corresponding contracts.

The directors are of the view that all trade and bill receivables are neither individually nor collectively considered to be impaired as at 31 December 2015.

(b) The balance includes prepayments for leasehold land of RMB416,852,000 (2014: RMB421,327,000).

9 TRADE AND OTHER PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade and bills payables (a)	**2,629,878**	1,720,433
Receipts in advance (b)	**1,298,168**	2,013,186
Other payables and accruals (c)	**349,086**	241,596
Total	**4,277,132**	3,975,215

(a) Included in trade and other payables are trade creditors with the following ageing analysis as at the end of the reporting period:

	2015	2014
	RMB'000	*RMB'000*
Due within 1 month or on demand	**274,578**	712,272
Due after 1 month but within 3 months	**644,849**	335,133
Due after 3 months but within 6 months	**1,088,462**	589,107
Due after 6 months	**621,989**	83,921
	2,629,878	1,720,433

Trade payables mainly represent amounts due to contractors. Payment to contractors is in installments according to progress and agreed milestones. The Group normally retains 2% to 10% as retention money.

At 31 December 2015, included in trade payables is an amount of RMB51,490,000 (2014: RMB12,048,000), which is expected to be settled after more than one year.

(b) Receipts in advance primarily consisted of deposits and down payments from customers for purchases of the Group's properties. Such proceeds were recorded as current liabilities before the associated sales were recognised. Sale of properties is subsequently recognised to the profit or loss in accordance with the Group's accounting policy.

(c) At 31 December 2015, included in other payables and accruals are deposits of RMB21,372,000 (2014: RMB6,637,000), which are expected to be settled after more than one year. All of the other payables and accrued expenses are expected to be settled within one year.

10 CONVERTIBLE NOTES

On 23 January 2015, the Company issued convertible notes in an aggregate principal amount of US dollars ("US$") 120 million due 23 January 2020 ("Maturity Date"). The convertible notes bear interest at coupon rate of 7.0% per annum payable semi-annually. Certain subsidiaries of the Company will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Company under the convertible notes.

Unless previously redeemed, repaid, converted or purchased and cancelled, the Company will redeem the convertible notes at 137.48% of its principal amount on the Maturity Date.

The rights of the convertible notes holder to convert the convertible notes into ordinary shares are as follows:

- The convertible notes will be convertible at the option of the holder into ordinary shares at the initial conversion price of HK$1.956 per share but will be subject to adjustment in the manner provided in the Indenture ("the Conversion Price").
- The number of ordinary shares to be issued on conversion of a convertible notes will be determined by dividing the principal amount of the convertible notes to be converted (translated into HK dollars at the fixed exchange rate of HK$7.7546 to US$1.00) by the Conversion Price in effect on the conversion date. A conversion right may only be exercised in respect of one or more notes. If more than one convertible notes held by the same holder is converted at any one time by the same holder, the number of ordinary shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the convertible notes to be converted.

As a result of the payment of final dividend in respect of the year ended 31 December 2014 by the Company, the conversion price of the convertible notes was adjusted from HK$1.956 per share to HK$1.884 per share effective from 20 May 2015.

In addition, in accordance with the terms and conditions of the convertible notes, the Company shall give the convertible notes holder an internal rate of return of 13.0% upon redemption of the convertible notes under certain circumstances ("Early Redemption Amount").

The convertible notes holder may require the Company to redeem all or some of such convertible notes at their Early Redemption Amount together with interest accrued and unpaid to the redemption date when (i) the ordinary shares of the Company cease to be listed or admitted to trading or suspended for a period equal to or exceeding 30 consecutive trading days on the Stock Exchange; (ii) there is a change of control, or (iii) the Company fails to meet certain sales targets in either 2015 or 2016.

Also, the convertible notes holder shall have the right to require the Company to redeem all or some of such convertible notes at any time on or after 23 January 2018 at its Early Redemption Amount together with interest accrued and unpaid to the redemption date.

The Company may also redeem the convertible notes at a redemption price equal to the Early Redemption Amount on the redemption date fixed by the Company together with accrued and unpaid interest (and any additional tax amounts) if any, to the tax redemption date if (i) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a relevant taxing jurisdiction affecting taxation; or (ii) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction).

The Group failed to meet the sales target in 2015 and the convertible notes holder has the right to request for early redemption of the convertible bonds. Accordingly, the convertible notes are reclassified as current liabilities in the consolidated statement of financial position. On 11 January 2016, the convertible notes holder and the Group made amendments on the terms of the convertible notes (Amendments) and the right of the note holder to require the Company to redeem all or some of the Convertible Notes was amended to at any time on or after 11 January 2016, instead of 23 January 2018.

On 15 January 2016, the Group redeemed an aggregate principal amount of US$40,000,000 of the outstanding convertible notes upon the request from the note holder and the total outstanding principal amount of the convertible notes was reduced to US$80,000,000.

The conversion option and the redemption option mentioned above are considered as embedded derivative component of the convertible notes and revalued at each reporting date.

The convertible notes recognised in the consolidated statement of financial position of the Group are analysed as follows:

	Host liability component *RMB'000*	**Derivative component** *RMB'000*	**Total** *RMB'000*
Net proceeds for the issuance of the convertible notes	525,701	210,403	736,104
Interest expenses (i)/(note 4(a))	108,638	—	108,638
Interest expenses paid during the year	(26,208)	—	(26,208)
Change in fair value of derivative component	—	(19,319)	(19,319)
Exchange difference	34,149	11,542	45,691
At 31 December 2015	642,280	202,626	844,906

(i) Interest expense

Interest expense on the convertible notes is calculated using the effective interest method by applying the effective interest rate of 22.21% per annum to the liability component.

(ii) Conversion rights exercised

No convertible notes was converted as at 31 December 2015.

11 SENIOR NOTES

	2015
	RMB'000
Net proceeds from notes issued	623,642
Interest expenses (note 4(a))	3,825
Exchange difference	3,147
At 31 December 2015	630,614
Less: Interest payable due within 1 year	(3,720)
Non-current portion of senior notes at 31 December 2015	626,894

On 8 December 2015, the Company issued a senior note of US$100 million (equivalent to RMB 646,261,000) at 99.404% with a coupon annual rate of 13.75%. The senior notes will be due in 2018. The net proceeds from the senior notes, after deducting the transaction costs, of US$96,500,000 (equivalent to RMB623,642,000) was received by the Company on 16 December 2015. Interest expense on the senior notes is calculated using the effective interest rate of 15.25% per annum.

12 DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2015	2014
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of HK1.5 cents (2014: HK6 cents) per ordinary share	**50,587**	192,457

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2015	2014
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the following year, of HK6 cents (2014: HK19.5 cents) per ordinary share	**192,485**	624,309

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board of directors (the "**Board**") of Hydoo International Holding Limited ("**Hydoo**", the "**Company**", "**we**", or "**our**"), together with its subsidiaries (the "**Group**"), I am pleased to present the annual results of the Group for the financial year ended 31 December 2015 ("**FY2015**" or the "**Year**").

FINANCIAL RESULTS AND PROPOSED FINAL DIVIDEND

During the Year, the Group's revenue and gross profit reached approximately RMB3,166.4 million and RMB1,633.9 million, respectively, representing a decrease of approximately 5.8% and an increase of 16.8%, respectively (the revenue and gross profit for the financial year ended 31 December 2014 ("**FY2014**"): RMB3,360.2 million and RMB1,399.0 million, respectively). Basic earnings per share for FY2015 were RMB13.9 cents (FY2014: RMB12.7 cents).

The Board proposed a final dividend of HK1.5 cents per share (or equivalent to approximately RMB1.26 cents per share) for FY2015 ("**Proposed Final Dividend**"), subject to the approval of the shareholders of the Company (the "**Shareholders**") at the Company's forthcoming annual general meeting ("**AGM**") to be held on Friday, 13 May 2016.

MARKET AND OPERATION REVIEW

New development of the integration of trade and logistics sectors as the major driving force of China's economic growth

In light of the increasingly complicated international economic conditions and the lackluster global economic recovery for the Year, China's economy maintained a GDP growth rate of 6.9%. Despite this remarkable performance against all odds, the economic downturn has yet to bottom out, various economic reforms have entered a crucial stage and the opening up policy has faced new challenges. The sluggish market has also dampened the Group's sales of properties. Both the development and operation management of trade and logistics center projects have much room for improvement.

Nonetheless, China's total retail sales of social consumption goods exceeded RMB30 trillion for the first time in 2015, accounting for 66.4% of China's economic growth, which marks a record high in 15 years. Undoubtedly, social consumption has become a major driving force for economic growth. The improvement and diversification of consumption structure and individual demands in China have stimulated the prosperous development of the integrated trade and logistics sector and contributed to higher investment growth, generating momentum for China's economic growth.

Maintaining development pace and strengthening risk prevention and control

Amid the certain degree of tension in the market, it was important for the Group to maintain its steady growth. During the Year, the Group adjusted the development pace of its trade and logistics center projects based on its analysis on the market trends. The Group expanded the geographical coverage of its business to the major cities under China's "One Belt and One Road" strategy and launched its first overseas project in Thailand.

Furthermore, the Group strengthened its risk prevention and control during the Year. In respect of its development and construction business, the Group strived to manage costs, cash flow and fund safety, and expanded financing sources in line with China's "destocking" policies and the local government's preferential policies. In respect of the Group's management, the Group strictly supervised and controlled the implementation of the relevant management systems and processes.

Focusing on both operation and development and facilitating "Internet +" for business diversification

In 2015, the Group had a breakthrough in its cooperation with major market players by entering into strategic cooperation agreements with well-known leading enterprises, such as Red Star Macalline Group and Easyhome Investment Group, to co-operate in the management and operation of the Group's properties. This breakthrough fuelled the dynamics and vitality of Hydoo's trade and logistics center projects.

In respect of business diversification, the Group expanded its business into the financial sector, which is expected to cover equity investment, financial lease and the provision of small loans. The Group has established Shenzhen Qianhai Hydoo Financial Leasing Co., Ltd. (深圳市前海毅德融資租賃有限公司) in Qianhai, Shenzhen, China, to provide financial leases to both small and medium sized enterprises operating in the Group's trade centers and also other potential customers. The Group has also set up a financial team comprising individuals with extensive experience to facilitate the smooth operation of its financial business in the future.

The Group commenced the establishment of an integrated information platform for O2O e-commerce business in the beginning of 2014, with Mianyang project as the pilot project, which was launched in October 2015. Leveraging the Group's trade and logistics centers and internet technology, it aimed to form an integrated platform to provide traditional large market with trading services through the internet, ranging from online transfer and transaction to online property management and financing. The platform was launched and commenced operation during the Year and has been further optimized to provide efficient and effective value-added services for merchants operating in the trade and logistics centers.

It was noteworthy that the Group entered into strategic cooperation framework agreements with each of Shenzhen Zhong Shun Yi Financial Services Ltd. ("**Shenzhen Zhong Shun Yi**"), Shanghai Tiandihui Investment Management Ltd. ("**Shanghai Tiandihui**") and vinux (beijing) information technology Co., Ltd. ("**Vinux**"). Capitalizing on the "Internet+" initiatives, these agreements allowed the Group to lead the innovative development of the trade and logistics industry with a platform-based, concentrated and collaborative approach. Shenzhen Zhong Shun Yi is principally engaged in the provision of financial and consumption internet services. The cooperation with Shenzhen Zhong Shun Yi will allow the Group to capitalize on the advantages of Shenzhen Zhong Shun Yi's technology, internet financing, online settlement and e-commerce. Shanghai Tiandihui is principally engaged in the provision of warehouse management and logistics services in China. The cooperation with Shanghai Tiandihui will make good use of the Group's existing solid customer base and the relevant management data and platform and facilitate the official launch by the Group of the online modern logistics business model. Vinux is a holding company principally engaged in the provision of information technology solutions and the establishment and management of urban operation networks through investment. The Group will closely cooperate with Vinux in respect of smart city and smart community construction projects to establish systems for the provision of value-added services in the community, sales cooperation services for merchants and urban delivery and logistics services. These systems will help to boost the sales and operating income of small and medium-sized merchants operating in our trade and logistics centers.

PROSPECTS

2016 marks the beginning of China's "13th Five-year Plan". Although the Chinese economy continues to encounter huge difficulties and challenges, which are unlikely to be resolved in the near future, the Chinese government will continue to seek to maintain medium to high speed growth and to stimulate medium to high-end sectors of the Chinese economy. The Chinese government places particular emphasis on innovation and strongly encourages business start-ups. Through structural reforms on the supply side, the Chinese government targets to eliminate ineffective supply, upgrade inferior supply and create new sources of supply. With an aim to release the potential of domestic demand, the Chinese government views new urbanization as the largest source of domestic demand, which is essential for stable economic growth, restructuring and the national well-being of China.

As one of the focuses of new urbanization, the integrated trade and logistics sector provides considerable market opportunities for sustainable development as well as the introduction of new products, trends and modes. In future, the Group will focus on the management of strategies, costs control, construction progress and commercial operation to improve the quality and efficiency of the existing core business system. Catering the needs of various small and medium-sized merchants operating in our trade and logistics centers is the Group's major motivation and direction for innovation and upgrade. In line with the integration of business, logistics, capital and information of the trade and logistics sector, the Group will develop new businesses and models for mobile internet, communities and finance. By entering into cooperation agreements with logistics, financial and internet enterprises such as Shanghai Tiandihui, Shenzhen Zhong Shun Yi and Vinux, it marks an important step of the Group in exploring these new business models. Next, we will put greater efforts in the transition between new and traditional businesses in an orderly and effective manner, and introduce the Group's standards for the development of the integrated trade and logistics industry in an effort to promote the Hydoo brand.

APPRECIATION

Lastly, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our valued shareholders, customers and business partners for their trust and support. I would also like to thank all our staff for their professionalism and wholehearted commitment.

Wang Jianli
Chairman

Hong Kong, 30 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Review of FY2015 Performance

Contracted Sales Performance

In FY2015, the Group recorded contracted sales of approximately RMB3,108.6 million and contracted sales area of 485,461 sq.m., representing an increase of 6.1% and 4.3% respectively (FY2014: approximately RMB2,929.5 million and 465,605 s.q.m.). During the Year, China's domestic economy had been slowing down significantly, and the operation environment of our industry had been challenging and volatile under continuous stringent regulations, which affected our business to a certain extent. The Group closely monitored market changes, adopted measures to cope with the complicated market environment and challenges in compliance with the national and local government policies, and managed the project development progress and pre-sale schedule in a more prudent way. Contracted sales recorded during the Year were primarily in relation to the pre-sale of properties for projects in Xingning, Lanzhou and Wuzhou.

Details of contracted sales recorded in FY2015 are shown in the table below:

	For the year ended 31 December					
	2015			2014		
	Contracted sales area	**Average contracted sales price (before deduction of business tax and surcharges)**	**Contracted sales amount (before deduction of business tax and surcharges)**	Contracted sales area	Average contracted sales price (before deduction of business tax and surcharges)	Contracted sales amount (before deduction of business tax and surcharges)
	(contracted sales area in sq.m., average contracted sales price in RMB per sq.m. and contracted sales amount in thousands of RMB)					
Xingning Trade Center						
Wholesale trading market units	177,684	6,282	1,116,170	—	—	—
Lanzhou Trade Center						
Wholesale trading market units	78,218	8,046	629,329	19,429	8,661	168,272
Wuzhou Trade Center						
Wholesale trading market units	72,695	5,493	399,348	84,538	5,521	466,742
Shopping mall	1,812	8,214	14,884	8,631	8,512	73,467
Yantai Trade Center						
Wholesale trading market units	49,268	7,044	347,050	—	—	—
Heze Trade Center						
Wholesale trading market units	42,969	5,439	233,692	56,338	5,612	316,170
Mianyang Trade Center						
Wholesale trading market units	26,543	6,252	165,940	135,755	6,866	932,130
Jining Trade Center						
Wholesale trading market units	14,529	4,515	65,600	79,440	4,810	382,117
Residence	14,303	4,315	61,720	13,603	4,515	61,422
Ganzhou Trade Center						
Wholesale trading market units	5,424	10,256	55,630	5,258	10,571	55,584
Shopping mall	195	11,744	2,290	47,931	7,250	347,494
Yulin Trade Center						
Wholesale trading market units	712	5,971	4,251	3,658	6,136	22,446
Shopping mall	1,061	11,847	12,570	10,141	9,917	100,565
Ningxiang Trade Center						
Wholesale trading market units	—	—	—	275	4611	1268
Serviced apartments	48	2,917	140	608	2,919	1,775
Total	**485,461**	**6,403**	**3,108,614**	**465,605**	**6,292**	**2,929,452**

Land Acquisition and Land Bank

In FY2015, the Group continued to develop new projects in certain fast growing small and medium-sized cities in China in a bid to achieve sustainable business growth.

In FY2015, we acquired certain land-use rights in Jiamusi, Lanzhou, Xingning, Heze, Yantai and Liuzhou, China with an aggregate site area of approximately 1.5 million sq.m., which is expected to have an aggregate estimated GFA of approximately 1.9 million sq.m.. As of 31 December 2015, we had a total land bank of approximately 10.9 million sq.m., and we were simultaneously developing 14 projects in 9 provinces and autonomous regions in China.

Details of land bank for each project are shown in the able below:

	Actual GFA of completed properties (s.q.m.)	Estimated GFA of properties under development (s.q.m.)	Estimated GFA of properties planned for future development (s.q.m.)	Total GFA with land use rights (s.q.m.)	Total GFA of properties delivered (s.q.m.)	Land bank (s.q.m.)
Ganzhou Trade Center	720,024	284,634	2,387,256	3,391,914	556,178	2,835,736
Lanzhou Trade Center	266,509	295,315	1,559,313	2,121,137	48,316	2,072,821
Xingning Trade Center	208,902	209,873	705,484	1,124,259	141,134	983,125
Wuzhou Trade Center	452,759	42,497	621,089	1,116,345	145,287	971,058
Bengbu Commercial and Residential Project	—	236,472	725,750	962,222	—	962,222
Jining Trade Center	561,805	301,984	338,250	1,202,039	413,523	788,516
Heze Trade Center	247,166	—	382,352	629,518	89,088	540,430
Jiamusi Trade Center	—	—	507,324	507,324	—	507,324
Yulin Trade Center	282,631	83,883	277,110	643,624	176,070	467,554
Yantai Trade Center	—	154,212	191,228	345,440	—	345,440
Mianyang Trade Center	479,026	—	65,962	544,988	364,900	180,088
Ningxiang Trade Center	381,949	61,518	—	443,467	280,422	163,045
Liuzhou Trade Center	—	—	64,187	64,187	—	64,187
Haode Yinzuo	48,650	—	—	48,650	38,780	9,870
Total	**3,649,421**	**1,670,388**	**7,825,305**	**13,145,114**	**2,253,698**	**10,891,416**

OUR PROJECTS

Ganzhou Trade Center

Ganzhou Trade Center is strategically located in southwestern Jiangxi province near the intersection of Jiangxi, Hunan and Guangdong provinces. Ganzhou lies along a major transportation route connecting the inland areas of China with China's southeastern coast. There are two major railways intersecting in Ganzhou, which are the Jing-Jiu Railway and the Gan-Long Railway.

Ganzhou Trade Center covers a net land area of approximately 1,475,298 sq.m., which is estimated to consist of at least two phrases, and is estimated to have a total GFA of approximately 3.5 million sq.m. upon full completion. As of 31 December 2015, we had acquired all the land-use rights for this trade center project.

As of 31 December 2015, we had completed the construction of the wholesale trading markets and shopping malls. We are constructing a food street, additional shopping malls, warehouses, a residential area, and supporting buildings and facilities. As part of our future development plan, we are planning to construct a commercial and exhibition center, additional shopping malls, office buildings, hotels and additional wholesale trading markets.

Lanzhou Trade Center

Lanzhou Trade Center is located in Yuzhong County, Lanzhou, which is next to the community of Lanzhou College. It is located in the south of Qinling Highway and National Road 312 and the north of National Road 309, and is approximately 15 kilometers from downtown Lanzhou City, 20 kilometers and 80 kilometers from the railway station and airport of Lanzhou City, respectively.

Lanzhou Trade Center is planned to cover a site area of approximately 4.0 million sq.m. and has an aggregate estimated GFA of approximately 6.0 million sq.m which is expected to be developed at least in two phases. As of 31 December 2015, we had acquired the land-use rights encompassing a total site area of 1,372,963 sq.m. with a total GFA of 2,121,137 sq.m. upon completion.

As of 31 December 2015, for this trade center project, we had completed the construction of the wholesale trading markets and a commercial pedestrian street. We are constructing additional wholesale trading markets. As part of our future development plan, we are planning to construct shopping malls, a hotel, an office building, warehouses, and additional wholesale trading markets.

Xingning Trade Center

Xingning Trade Center is located at the northeast of the Xingning train station in Diaofang. Xingning is a city governed by Meizhou city, situated in the northeast Guangdong province near Jiangxi and Fujian provinces, which is accessible by major national highways connecting Guangdong and various other provinces in China.

Xingning Trade Center is planned to cover a site area of approximately 1.3 million sq.m. and has an aggregate estimated GFA of approximately 2.0 million sq.m. which is expected to be developed in three phases. As of 31 December 2015, we had acquired land-use right encompassing a total site area of 794,761 sq. m. with a total GFA of approximately 1,124,259 sq.m. upon completion of development.

As of 31 December 2015, for this trade center project, we had completed the construction of the wholesale trading markets, serviced apartments and certain supporting buildings and facilities, and were constructing shopping malls and additional wholesale trading markets. As part of our future development plan, we are planning to construct a hotel, a residential area, an office building, warehouse, additional wholesale trading markets and shopping malls.

Wuzhou Trade Center

Wuzhou Trade Center is strategically located in Wuzhou, a city in eastern Guangxi near the border of Guangxi and Guangdong province. It is approximately 370 kilometers east of Nanning, the capital of Guangxi, and approximately 270 kilometers west of Guangzhou, the capital of Guangdong.

Wuzhou Trade Center is planned to cover a site area of approximately 1.3 million sq.m. and has an aggregate estimated GFA of approximately 2.0 million sq.m., which is expected to be developed in two phrases. As of 31 December 2015, we had acquired land-use rights for all of Phrase I encompassing a total site area of 599,642 sq.m with a total GFA of 1,116,345 sq.m. upon full completion of Phase I development.

As of 31 December 2015, for this trade center project, we had completed the construction of wholesale trading markets, a commercial and exhibition center and certain supporting buildings and facilities. As part of our future development plan, we are planning to construct shopping malls, and had a residential area, an office building, serviced apartments and a hotel planned for future development.

Bengbu Commercial and Residential Project

Bengbu Commercial and Residential Project is located in Huaiyuan County, Bengbu, northeast of Anhui Province. It is located west of Beijing-Shanghai Railway and Beijing-Shanghai High-speed Railway, at the junction of National Road 206, Provincial Highway 307, Provincial Highway 225 and other highways. It is located approximately 25 kilometers, 30 kilometers and 120 kilometers from the downtown of Bengbu, the railway station and airport of Hefei respectively.

Bengbu Commercial and Residential Project covers a net land area of approximately 363,737 sq.m., which is estimated to consist of at least two phrases, and is estimated to have a total GFA of approximately 962,222 sq.m. when fully completed. As of 31 December 2015, we had acquired all the land-use rights for this commercial and residential project.

As part of our future development plan, we are planning to develop a residential area, a commercial center, a hotel and certain supporting buildings and facilities.

Jining Trade Center

Jining Trade Center is located approximately 6 kilometers west of Jining, a prefecture-level city in southwestern Shandong province, and is one of the three major industrial bases in Shandong province. It is easily accessible by a number of connecting bus lines, and lies within 10 kilometers of the Jining train station and 30 kilometers of Jining Qufu airport.

Jining Trade Center is planned to cover a site area of approximately 2.0 million sq.m., and has an aggregate estimated GFA of approximately 3.0 million sq.m., which is expected to be developed in three phrases. As of 31 December 2015, we had acquired land-use rights for all of Phrase I and Phrase II encompassing a total site area of 975,863 sq.m. and expect a total GFA of 1,202,039 sq.m. upon full completion of Phase I and Phase II.

As of 31 December 2015, for this trade center project, we had completed the construction of wholesale trading markets and a shopping mall, and were constructing a commercial center, a hotel, an office building, a residential area and a commercial and exhibition center. As part of our future development plan, we are planning to construct warehouses, serviced apartments and office buildings.

Heze Trade Center

Heze Trade Center is located in the city's central Mudan District along National Highway 220 and is approximately two kilometers from Heze's city center.

Heze Trade Center is planned to cover a site area of approximately 8.0 million sq.m. and has an aggregate estimated GFA of approximately 12.0 million sq.m. which is expected to be developed in three phrases. As of 31 December 2015, we had acquired land-use rights for all of Phase I and a portion of Phase II encompassing a total site area of 587,239 sq.m. with a total planned GFA of approximately 629,518 sq.m. upon completion of the Phase I and Phase II development.

As of 31 December 2015, for this trade center project, we had completed the construction of the wholesale trading markets and certain supporting buildings and facilities. As part of our future development plan, we are planning to construct shopping malls, office buildings, serviced apartments, a residential area, and additional wholesale trading markets.

Jiamusi Trade Center

Jiamusi Trade Center is located in Jiamusi City, the core city and transportation hub in eastern Heilongjiang. It is located approximately 10 kilometers west of Jiamusi's city hall, in the north of Youyi Road (the urban main road) and 1 kilometer from Ha-Tong Freeway.

Jiamusi Trade Center is estimated to cover a site area of approximately 2.0 million sq.m., and has an aggregate estimated GFA of approximately 3.0 million sq.m., which is expected to be developed in several phrases. As of 31 December 2015, we had acquired land use rights for the Phrase I development encompassing a total site area of 484,708 sq.m., with a total planned GFA of 507,324 sq.m..

As part of our future development plan, we are planning to construct the wholesale trading markets, shopping malls, a hotel and certain supporting buildings and facilities.

Yulin Trade Center

Yulin Trade Center is located approximately 2 kilometers from Yulin, the fourth largest city in Guangxi, located along the border in Guangdong province. The trade center's northern edge is bounded by Yulin Second Ring Road. It is 3 kilometers from Guang-Kun Freeway and is within 10 kilometers of Yulin train station.

Yulin Trade Center is planned to cover a site area of approximately 1.2 million sq.m. and has an aggregate estimated GFA of approximately 2.0 million sq.m., which is expected to be developed in several phases. As of 31 December 2015, we had acquired land-use rights for all of Phase I, Phase II and a portion of Phase III encompassing a total site area of 504,889 sq.m. with a total planned GFA of approximately 643,624 sq.m. upon full completion of Phase I, Phase II and Phase III development.

As of 31 December 2015, for this trade center project, we had completed the construction of the wholesale trading markets and shopping malls, and were constructing additional wholesale trading markets. As part of our future development plan, we are planning to construct serviced apartments, a commercial and exhibition center, a residential area and additional wholesale trading markets.

Yantai Trade Center

Yantai Trade Center is located in southern Zhifu District of Yantai City, west of Shenhai Highway, 9 kilometers north of Yantai railway station, east of the Yantai wharf and 9.5 kilometers south of the Laishan International Airport and Rongwu Highway. The location of Yantai Trade Center has exceptional geographical and transportation advantages.

Yantai Trade Center is planned to cover a site area of approximately 1.3 million sq.m. and has an aggregate estimated GFA of approximately 2.4 million sq.m. which is expected to be developed in several phases. As of 31 December 2015, we had acquired land-use rights for all of Phase I encompassing a total site area of 160,056 sq.m. with a total planned GFA of 345,440 sq.m. upon completion.

As of 31 December 2015, for this trade center project, we were constructing shopping malls and certain supporting buildings and facilities. As part of our future development plan, we are planning to construct wholesale trading markets, an office building and serviced apartments.

Miangyang Trade Center

Miangyang Trade Center is strategically located in Mianyang, the second largest city in Sichuan Province, approximately 120 kilometers northeast of Chengdu, the capital of Sichuan province, along the key highway and railway that connects Sichuan province and western and northern China.

Mianyang Trade Center covers a net land area of approximately 605,084 s.q.m., which is expected to be developed in several phases, and is estimated to have a total GFA of approximately 544,988 sq.m. when fully completed. As of 31 December 2015, we had acquired all the land-use rights for this trade center project.

As of 31 December 2015, for this trade center project, we had completed the construction of wholesale trading markets, a commercial pedestrian street and certain supporting buildings and facilities. As part of our future development plan, we are planning to construct additional wholesale trading markets and a hotel.

Ningxiang Trade Center

Ningxiang Trade Center is located approximately 3 kilometers west of Ningxiang's city center, a county in Changsha, which is the capital of Hunan province. Highway 319 runs along the eastern edge of the Ningxiang Trade Center and provides Ningxiang with convenient access to other key cities in Hunan, such as Changsha, Zhuzhou and Xiangtan.

Ningxiang Trade Center is planned to cover a site area of 1.3 million sq.m., and has an aggregate estimated GFA of approximately 1.2 million sq.m., which is expected to be developed in several phases. As of 31 December 2015, we had acquired land-use rights for all of Phase I encompassing a total site area of 301,387 sq.m. with a total planned GFA of 443,467 sq.m. upon full completion of Phase I.

As of 31 December 2015, for this trade center project, we had completed the construction of wholesale trading markets, a freight-forwarding market, a commercial and exhibition center, warehouses, a bus terminal and information center, serviced apartments and were constructing a hotel.

Liuzhou Trade Center

Liuzhou Trade Center is located in Liujiang Town, Liuzhou City, Guangxi Zhuang Autonomous Region. It is located in the east of Xianggui railway, and in the south of Liujiang Road.

Liuzhou Trade Center is estimated to cover a site area of approximately 1.2 million sq.m., and has an aggregate estimated GFA of approximately 1.5 million sq.m., which is expected to be developed in several phrases. As of 31 December 2015, we had acquired the land use rights for a portion of Phrase I encompassing a total site area of 66,802 sq.m., with a total planned GFA of 64,187 sq.m..

As part of our future development plan, we are planning to construct the wholesale trading markets, shopping malls, and certain supporting buildings and facilities.

FINANCIAL REVIEW

Revenue

Revenue decreased by RMB193.8 million, or 5.8%, from approximately RMB3,360.2 million for FY2014 to RMB3,166.4 million for FY2015. This decrease was primarily caused by a decrease in revenue from sales of properties. The following table sets forth our revenue from sales of properties, rental income, property management services and others during the stated periods.

	For the year ended 31 December			
	2015		2014	
	(RMB'000)	***%***	*(RMB'000)*	*%*
Sales of properties	**3,102,829**	**98.0%**	3,341,612	99.5%
Rental income	**37,743**	**1.2%**	6,734	0.2%
Property management services	**18,409**	**0.6%**	11,339	0.3%
Others	**7,370**	**0.2%**	504	—
Total	**3,166,351**	**100.0%**	3,360,189	100.0%

Sales of Properties

Revenue from sales of properties decreased by RMB238.8 million, or 7.1%, from approximately RMB3,341.6 million for FY2014 to RMB3,102.8 million in FY2015. The decrease of sales of properties was in line with the decrease in the GFA of properties sold, which decreased by 7,449 sq.m., or 1.5%, from 498,753 sq.m. for FY2014 to 491,304 sq.m. for FY2015. The decrease of the GFA of properties sold was mainly due to the Group's prudent strategy adopted to cope with the volatile environment. Our revenue for FY2015 was primarily derived from the sales of wholesale trading market units at our Xingning Trade Center, Wuzhou Trade Center, Ganzhou Trade Center and Lanzhou Trade Center, and shopping malls at our Ganzhou Trade Center and Wuzhou Trade Center.

The following table sets forth the GFA, average sales price and revenue from properties delivered during the periods indicated:

	For the year ended 31 December					
	2015			2014		
	GFA	**Avergae sales price**	**Revenue**	GFA	Avergae sales price	Revenue
	GFA in sq.m., average sales price in RMB per sq.m. and revenue in thousands of RMB					
Xingning Trade Center						
Wholesale trading market units	**141,134**	**5,919**	**835,423**	—	—	—
Subtotal	**141,134**	**5,919**	**835,423**	—	—	—
Wuzhou Trade Center						
Wholesale trading market units	**135,355**	**5,179**	**700,948**	—	—	—
Shopping mall	**9,932**	**7,890**	**78,365**	—	—	—
Subtotal	**145,287**	**5,364**	**779,313**	—	—	—
Ganzhou Trade Center						
Wholesale trading market units	**39,735**	**8,319**	**330,535**	119,568	8,228	983,853
Shopping mall	**22,826**	**11,819**	**269,775**	40,060	10,130	405,814
Subtotal	**62,561**	**9,596**	**600,310**	159,628	8,706	1,389,667
Lanzhou Trade Center						
Wholesale trading market units	**48,316**	**7,321**	**353,718**	—	—	—
Subtotal	**48,316**	**7,321**	**353,718**	—	—	—
Heze Trade Center						
Wholesale trading market units	**41,106**	**5,360**	**220,321**	47,983	5,204	249,680
Subtotal	**41,106**	**5,360**	**220,321**	47,983	5,204	249,680
Mianyang Trade Center						
Wholesale trading market units	**29,530**	**6,490**	**191,664**	159,659	6,421	1,025,153
Subtotal	**29,530**	**6,490**	**191,664**	159,659	6,421	1,025,153

	For the year ended 31 December					
	2015			2014		
	GFA	**Avergae sales price**	**Revenue**	GFA	Avergae sales price	Revenue
	GFA in sq.m., average sales price in RMB per sq.m. and revenue in thousands of RMB					
Jining Trade Center						
Wholesale trading market units	**17,864**	**4,386**	**78,357**	95,872	4,474	428,979
Subtotal	**17,864**	**4,386**	**78,357**	95,872	4,474	428,979
Yulin Trade Center						
Wholesale trading market units	**2,765**	**5,368**	**14,842**	8,214	5,155	42,342
Shopping mall	**2,268**	**11,386**	**25,824**	22,276	8,731	194,481
Subtotal	**5,033**	**8,080**	**40,666**	30,490	7,767	236,823
Ningxiang Trade Center						
Wholesale trading market units	**—**	**—**	**—**	4,778	2,168	10,358
Serviced apartments	**—**	**—**	**—**	343	2,776	952
Subtotal	**—**	**—**	**—**	5,121	2,209	11,310
Other Properties						
Haode Yinzuo	**473**	**6,463**	**3,057**	—	—	—
Subtotal	**473**	**6,463**	**3,057**	—	—	—
Total	**491,304**	**6,315**	**3,102,829**	498,753	6,700	3,341,612

Rental Income

Revenue from rental income increased by RMB31.0 million, or 462.7%, from RMB6.7 million for FY2014 to RMB37.7 million for FY2015. The increase was primarily due to the increase in leasing area.

Property Management Services

Revenue from property management services increased by RMB7.1 million, from RMB11.3 million for FY2014 to RMB18.4 million for FY2015. This increase primarily reflected the continued expansion of our property management portfolio.

Cost of Sales

Cost of sales decreased by RMB428.8 million or 21.9%, from RMB1,961.2 million for FY2014 to RMB1,532.4 million for FY2015. The decrease was primarily due to a significant proportion of revenue being generated from Xingning Trade Center and Wuzhou Trade Center of our overall revenue for FY2015, yielded a relatively lower cost of sales compared to that of Mianyang Trade Center and Ganzhou Trade Center which contributed to a significant proportion of our revenue for FY 2014..

Gross Profit and Margin

As a result of the forgoing, the gross profit increased by RMB234.9 million, or 16.8%, from RMB1,399.0 million for FY2014 to RMB1,633.9 million for FY2015. Our gross profit margin increased from 41.6% for FY2014 to 51.6% for FY2015. The increase in our gross profit margin was primarily due to a significant proportion of revenue being generated from Xingning Trade Center and Wuzhou Trade Center of our overall revenue for FY2015, which yielded a relatively higher gross profit margin compared to that of Mianyang Trade Center and Ganzhou Trade Center which contributed to a significant proportion of our revenue for FY2014.

Other Income

Other income increased by RMB29.1 million, or 59.0%, from RMB49.3 million for FY2014 to RMB78.4 million for FY2015. Other income mainly includes government grants of RMB59.7 million related to investment properties for FY2015 (FY2014: RMB Nil) which was previously recorded as deferred income, net gains on disposal of available-for-sale investments were RMB2.4 million for FY2015 (FY2014: RMB43.7 million), and dividend income was RMB3.6 million for FY2015 (FY2014: RMB3.2 million) due to a 10% minority investment made to a local rural credit cooperative institution in Mianyang, Sichuan province.

Selling and Distribution Expenses

Selling and distribution expenses increased by RMB12.2 million, or 6.7%, from RMB182.3 million for FY2014 to RMB194.5 million for FY2015. The increase primarily reflected an increase in the number of properties that were pre-sold in FY2015.

Administrative Expenses

Administrative expenses increased by RMB31.9 million, or 7.5%, from RMB427.7 million for FY2014 to RMB459.6 million for FY2015. The increase was primarily due to a significantly higher level of administrative expenses incurred to support our growing operational scale in FY2015.

Other Operating Expenses

Other operating expenses decreased by RMB3.5 million, or 28.9%, from RMB12.1 million for FY2014 to RMB8.6 million for FY2015. Other operating expenses primarily consisted of charity donations and sponsorships made at our headquarters level as well as geographic regions where we have operations or intended to enter into.

Fair Value Gain on Investment Properties

In FY2015, the Group transferred certain completed properties held for sale to investment properties since there was an actual change in use from sale to earning rental income purpose. The Group's investment properties carried at fair value were valued as at 31 December 2015 on income capitalisation method by Savills Valuation and Professional Services Limited, an independent firm of surveyors. For FY2015, the Group recorded a fair value gain of RMB296.5 million (FY2014: RMB Nil).

Fair Value Change on Embedded Derivative Component of the Convertible Notes

On 23 January 2015, the Company issued convertible notes in an aggregate principal amount of US$120 million due 23 January 2020. The convertible notes bear interest at a coupon rate of 7.00% per annum payable semi-annually. Unless previously redeemed, repaid, converted or purchased and cancelled, the Company will redeem the convertible notes at 137.48% of its principal amount on the Maturity Date. In accordance with the terms and conditions of the convertible notes, the Company shall give the convertible notes holder an internal rate of return of 13% upon redemption of the convertible notes under certain circumstances. The conversion option and the redemption option are considered as embedded derivative component of the convertible notes and revalued at each reporting date. For FY2015, the Group recorded a fair value gain amounting to RMB19.3 million (FY2014: RMB Nil).

Finance Income

Our finance income decreased by RMB10.8 million, from RMB20.0 million for FY2014 to RMB9.2 million for FY2015. The decrease reflected a decrease in interest income on our bank deposit in FY2015.

Finance Costs

Our finance costs increased by RMB141.7 million, or 1,610.2% from RMB8.8 million for FY2014 to RMB150.5 million for FY2015. The increase was primarily due to an increase in convertible notes and senior notes issued in FY2015 to finance our business operation and development, which in turn increased the interest expenses. Substantially all of the interest expenses paid on bank loans and other borrowings in FY2015 were capitalized into properties under development.

Income Tax

Our income tax expense increased by RMB295.3 million, from RMB331.0 million for FY2014 to RMB626.3 million for FY2015. Such increase was mainly due to the increase in land appreciation tax and deferred tax assets arising from temporary differences of fair value change on investment properties.

Profit for the Year and Profit Attributable to Equity Shareholders of the Company

As a result of the foregoing, our profit increased by RMB91.2 million, or 18.0%, from RMB506.5 million for FY2014 to RMB597.7 million for FY2015. Our profit attributable to equity shareholders of the Company increased by RMB44.8 million, or 8.7%, from RMB512.1 million for FY2014 to RMB556.9 million for FY2015.

Restricted Cash

As of 31 December 2015, restricted cash pledged to commercial banks for relevant mortgage facilities granted to our customers for the purpose of purchasing properties by our customers amounted to RMB224.4 million (FY2014:RMB198.2 million). Such restricted cash generally represents 2-10% of the total credit provided by the commercial banks. In addition, as of 31 December 2015, restricted cash pledged for bank loans granted to the Group amounted to RMB206.2 million (FY2014: nil).

Liquidity and Capital Resources

Our primary uses of cash are to pay for construction costs and land acquisition costs, fund working capital, service our indebtedness, purchase property, plant and equipment for our own use, and other regular business operation needs. To date, we have primarily financed our operational expenditures through internally generated cash flows including proceeds from the pre-sale and sale of properties, equity investments made by our pre-IPO investors, borrowings from commercial banks and other lenders, proceeds from our initial public offering and proceeds from the issuance of convertible notes and senior notes.

Bank Loans and Other Borrowings

The following table sets forth our outstanding borrowings as of the dates indicated.

	As of 31 December *(RMB'000)*	
	2015	2014
Current		
Secured		
– short-term bank loans and other borrowings	**309,366**	145,000
– current portion of non-current bank loans and other borrowings	**629,280**	224,500
Subtotal	**938,646**	369,500
Non-current		
Secured		
– repayable after 1 year but within 2 years	**233,260**	399,230
– repayable after 2 years but within 5 years	**1,231,260**	793,370
Subtotal	**1,464,520**	1,192,600
Total	**2,403,166**	1,562,100

As of 31 December 2015, the bank loans and other borrowings are all denominated in Renminbi of which RMB1,033,150,000 (FY2014: RMB417,000,000) bear fixed rates and the remainder bear variable interest rates.

Bank loans and other borrowings bear interest rates ranging from 2.12% to 10.23% per annum for FY2015 (FY2014: 6.40% to 10.23%) and are secured by the following assets:

	As of 31 December *(RMB'000)*	
	2015	2014
Properties under development for sale	**881,683**	981,722
Completed properties held for sale	**1,146,723**	904,770
Properties held for future development for sale	**687,252**	252,088
Investment properties	**179,500**	—
Prepayment for acquisition of property, plant and equipment	**368,535**	—
Restricted cash	**206,190**	—
Total	**3,469,883**	2,138,580

Contingent Liabilities

We make arrangements with PRC commercial banks so that they may provide mortgage facilities to our customers to purchase our properties. In accordance with general market practice, we are required to provide guarantees to these banks in respect of mortgages provided to such customers. Guarantees for such mortgages are generally discharged at the earlier of: (i) the due registration of the mortgage interest held by the commercial bank upon the subject property, or (ii) the settlement of mortgage loans between the mortgagee banks and the purchasers. In addition, we are required by the banks to place a security deposit to secure our guarantee obligations. If a purchaser defaults on the mortgage loan, we are typically required to purchase the underlying property by paying off the mortgage loan with any accrued and unpaid interest and penalty based on the loan agreement. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. Such amount may also be settled through withholding the security deposit we place with the banks. In line with general industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks. As of 31 December 2015, our maximum amount of guarantees provided to banks for mortgage facilities granted to our customers amounted to RMB2,818.9 million (FY2014: RMB2,551.0 million).

Commitments

(a) Capital commitments outstanding as at 31 December 2015 contracted but not provided for in the financial statements were as follows:

	As of 31 December *(RMB'000)*	
	2015	2014
Construction and development contracts	**2,146,456**	1,926,765
Land agreements	**228,770**	330,588
Total	**2,375,226**	2,257,353

(b) As at 31 December 2015, the total future minimum lease payments under non-cancellable operating lease are payables as follows:

	As of 31 December *(RMB'000)*	
	2015	2014
Within 1 year	**57,441**	53,534
After 1 year but within 2 years	**51,828**	47,385
After 2 years but within 5 years	**104,352**	115,000
After 5 years	**47,000**	–
Total	**260,621**	215,919

We leased a number of building facilities under operating leases. The leases typically run for an initial period of 2 to 5 years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

(c) As at 31 December 2015, the total future minimum lease payments under non-cancellable operating leases are receivables as follows:

	As of 31 December *(RMB'000)*	
	2015	2014
Within 1 year	**59,830**	7,683
After 1 year but within 2 years	**57,277**	4,112
After 2 years but within 5 years	**134,572**	3,653
After 5 years	**93,830**	9,934
Total	**345,509**	25,382

The Group leased out a number of properties under operating leases. The leases typically run for an initial period of 2 to 15 years. None of the leases includes contingent rentals.

Key Financial Ratios

The following table sets out our current ratios and gearing ratios as of the dates indicated.

	As of 31 December	
	2015	2014
Current ratio(1)	**1.62**	1.76
Gearing ratio(2)	**25.7%**	13.2%
Net gearing ratio(3)	**36.3%**	Net cash

Notes:

(1) Our current ratio is calculated by dividing current assets by current liabilities as of the end of the respective reporting period.

(2) Our gearing ratio is calculated as the Group's total interest bearing borrowings as of the respective reporting period (includes bank loans and other borrowings, convertible notes and senior notes) divided by total assets as of the end of the respective reporting period and multiplying by 100%.

(3) Our net gearing ratio is calculated as the Group's net debt (aggregated bank loans and other borrowings, convertible notes and senior notes, net of cash and cash equivalents and restricted cash) divided by the total equity of the Group as of the end of the respective reporting period and multiplying by 100%.

Foreign Exchange Exposure

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. Other than certain overseas bank deposits, interests in joint ventures, the convertible notes and the senior notes denominated in foreign currencies, the Group does not have any material exposure directly due to foreign exchange fluctuations. The Group maintains a conservative approach on foreign exchange exposure management, and manages and reviews its exposure to foreign exchange fluctuations on a regular basis. At times of exchange rate uncertainty or volatility and when appropriate, hedging instruments including swaps and forwards will be used in the management of exposure to foreign exchange fluctuations. At at 31 December 2015, the Group has not used any hedging instrument to hedge its exposure to foreign exchange risk.

Acquisitions and Disposals of Subsidiaries, Associated Companies and Joint Ventures

The Group had no acquisition and disposal of subsidiaries and associated companies during FY2015. During FY2015, the Group acquired 36.43% of the total issued share capital of Hydoo Best Group Co., Ltd. ("**Hydoo Best**") from Khun Sitichai for a consideration of BAHT 800,000,000. Hydoo Best is a limited liability company established in Thailand. Such cooperation demonstrated that we actively responded to the national strategy of globalization of trade centers and participated in the implementation of the "One Belt and One Road" strategy. As the center of Southeast Asia and the entrance to ASEAN, Thailand supports the Chinese government's "One Belt and One Road" strategy. The Group and Khun Sitichai contractually agreed to share control in Hydoo Best. Hydoo Best is mainly engaged in property development and operation in Thailand.

Restriction on Sales

As of 31 December 2015, we were simultaneously developing 14 trade center projects in 10 provinces and autonomous regions in China. Under the terms of certain master investment agreements with local government authorities regarding the development, such as our agreements with regards to Ningxiang, Mianyang Ganzhou and Liuzhou Trade Centers, we are required to maintain a certain portion of the trade center properties, typically 20-30% in terms of GFA, for self-use or leasing purpose. We believe that such requirement is in line with our overall development plan for these projects. Except for the conditions mentioned above, there is no restriction on sales of the land acquired by the Group.

Human Resources

As at 31 December 2015, the Group had a workforce of approximately 2,360 people (FY2014: 2,391 people). The number of staff had decreased by 1.4% since 31 December 2014. During FY2015, the total employee benefit expenses amounted to RMB312.7 million, increased by 5.6% (FY2014: RMB296.2 million). We actively recruit skilled and qualified personnel in the Chinese local markets, including students graduated from universities as well as personnel with relevant work experience. For the senior management team and selected management positions, we also seek to recruit personnel with international experience. The remuneration package of our employees includes salary, bonuses and other cash subsidies. In general, we determine employee salaries based on each employee's qualifications, experience, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis of our determinations on salary raises, bonuses and promotion. As at 31 December 2015, the number of outstanding share options granted by the Company to its directors and employees is 65,755,000 shares.

PAYMENT OF PROPOSED FINAL DIVIDENDS

The Board recommends the payment of the Proposed Final Dividend. Subject to the approval of the Proposed Final Dividend by Shareholders at the AGM to be held on 13 May 2016, the Proposed Final Dividend will be distributed on or about 31 May 2016 to Shareholders whose names appear on the register of members of the Company on 19 May 2016.

CLOSURE OF THE REGISTER OF MEMBERS

(a) For determining the entitlement to attend and vote at the AGM

The register of members of the Company will be closed from 10 May 2016 to 13 May 2016, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited ("**Computershare**") at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 9 May 2016.

(b) For determining the entitlement to the Proposed Final Dividend

The register of members of the Company will be closed from 19 May 2016 to 20 May 2016, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the Proposed Final Dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged for registration with Computershare at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 18 May 2016.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company (the "**Directors**") as at the latest practicable date prior to the issue of this announcement, the Company has maintained the public float of its issued shares as required under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Year, the Company has not purchased, sold or repurchased any of its shares listed on the Stock Exchange.

CORPORATE GOVERNANCE

Save as disclosed below, the Board is of the opinion that the Company had complied with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules during the Year.

Code Provision A.2.7

The Chairman did not hold any formal meeting with the independent non-executive Directors and non-executive Directors without the presence of executive Directors due to the tight schedule of both the Chairman and the non-executive Directors. The Chairman has communicated with the independent non-executive Directors and non-executive Directors on a one-to-one or group basis to understand their concerns and discuss pertinent issues.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions Conducted by the Directors of Listed Issuers ("**Model Code**") set forth in Appendix 10 of the Listing Rules as the code of conduct of the Company for Directors' securities transactions. Having made specific enquiry to all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code during the Period. Employees who are, or likely to be, in possession of unpublished inside information in relation to the Company or its shares are prohibited from dealing in the shares of the Company during the black-out period.

AUDIT COMMITTEE

The Company established the Audit Committee on 27 September 2013 in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules and the roles and the responsibilities delegated to the Audit Committee by the Board. The revised terms of reference has been adopted by the Board on 29 December 2015 to comply with the new CG Code which became effective on 1 January 2016. The Audit Committee consists of two independent non-executive Directors and one non-executive Director. The three members are Mr. Lam, Chi Yuen Nelson, the chairman of the Audit Committee and an independent non-executive Director, Mr. Zhao Lihua, an independent non-executive Director, and Mr. Yuan Bing, a non-executive Director. The primary duties of the Audit Committee are to review the financial information of the Company, to oversee the financial reporting process, risk management and internal control systems of the Group, to oversee the audit process, to make recommendation on the appointment, re-appointment and removal of external auditor and to perform other duties and responsibilities as assigned by the Board.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 27 September 2013 with written terms of reference in compliance with the CG Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules and the roles and the responsibilities delegated to the Remuneration Committee by the Board. The Remuneration Committee comprises two independent non-executive Directors and one executive Director. The three members are Mr. Wang Lianzhou, the chairman of the Remuneration Committee and an independent non-executive Director, Mr. Lam, Chi Yuen Nelson, an independent non-executive Director, and Mr. Wang Jianli, an executive Director. The primary duties of the Remuneration Committee are to make recommendations to the policy and structure of the remuneration for Directors and senior management and to review and approve the compensation payable to Directors and members of senior management.

The primary goal of the Group's remuneration policy for executive Directors is to enable the Company to retain and motivate executive Directors by linking their compensation with their individual performance. The remuneration package includes basic salary, performance and/or discretional bonus, participation in the Pre-IPO Share Option Scheme and other benefits. Remuneration of the non-executive Director includes mainly the Director's fee which is a matter for the Board to decide by reference to the duties and responsibilities of the non-executive Director. Remuneration of the independent non-executive Directors includes the Director's fee which is determined by the Board based on the duties and responsibilities of independent non-executive Directors and their participation in the Pre-IPO Share Option Scheme.

NOMINATION COMMITTEE

The Company established the Nomination Committee on 27 September 2013 with written terms of reference in compliance with the requirements of the CG Code and Corporate Governance Report as set out in the Appendix 14 to the Listing Rules and the roles and the responsibilities delegated to the Nomination Committee by the Board. The Nomination Committee comprises two independent non-executive Directors and one executive Director. The three members are Mr. Zhao Lihua, the chairman of the Nomination Committee and an independent non-executive Director, Mr. Wang Lianzhou, an independent non-executive Director, and Mr. Wang Jianli, an executive Director. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board and make recommendations to the Board on the appointment and removal of Directors. In the nomination procedures, the Nomination Committee makes reference to criteria including candidates' reputation, integrity, accomplishment, experience and professional and educational background.

CONNECTED TRANSACTION

The Board confirmed that, during FY2015, the Group had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this announcement pursuant to the Listing Rules.

REVIEW OF ANNUAL RESULTS

The Company's annual results for the year ended 31 December 2015 have been reviewed by the Audit Committee, which opines that applicable accounting standards and requirements have been complied with and that adequate disclosures have been made. The Audit Committee is satisfied with their review of the remuneration and the independence of the auditors, KPMG, and recommended the Board to re-appoint KPMG as the Company's auditors for the year of 2016, which is subject to the approval of the Shareholders at the AGM.

SCOPE OF WORK OF KPMG

The financial figures as set forth in this announcement have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the Year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other 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 KPMG.

ANNUAL GENERAL MEETING

The AGM will be held on 13 May 2016. A notice convening the AGM will be published and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.hydoo.com.cn**. The 2015 Annual Report will be dispatched to Shareholders on or about 12 April 2016 and will be available on the above websites in due course.

By order of the Board
Hydoo International Holding Limited
Wang Jianli
Chairman

For the purpose of this announcement, the exchange rate of HK$1 = RMB0.83778 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rates or any other rates or at all on the date or dates in question or any other date.

Hong Kong, 30 March 2016

As at the date of this announcement, our executive Directors are Mr. Wang Jianli, Mr. Wang Dewen and Mr. Huang Dehong; our non-executive Directors are Mr. Yuan Bing and Mr. Wang Wei; and our independent non-executive Directors are Mr. Zhao Lihua, Mr. Wang Lianzhou and Mr. Lam, Chi Yuen Nelson.