禹洲地產股份有限公司
YUZHOU PROPERTIES COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01628)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

1. Total revenue increased by 32.40% to RMB10,375.50 million, reaching a record high. Gross profit increased by 30.39% to RMB3,709.32 million, also reaching a record high. Gross profit margin was 35.75%, a high level in the industry. Exceeding contracted sales target in 2015, increased by 16.80% to RMB14,018.01 million, reaching a record high.

2. Profit attributable to owners of the parent was RMB1,656.85 million, increased by 32.08%. Basic earnings per share was RMB45 cents (2014: RMB36 cents). Core profit attributable to owners of the parent was RMB1,619.95 million, increased by 57.99%. Basic core earnings per share was RMB44 cents (2014: RMB30 cents).

3. The full year dividend was HK18 cents per share, an increase of 12.50% compared with last year, representing a payout ratio of approximately 35.54% of core net profit for the year of 2015.

4. Cash and bank balances (including restricted cash) amounted to RMB11,948.79 million which increased by 22.12% year on years, which far outstriped the short term debt with one year maturity of RMB3,987.37 million.

5. Average funding cost at the end of 2015 decreased by 1.49 percentage point to 7.00%. Fitch assigned first time ‘BB-’ rating to Yuzhou with stable outlook. The Company successfully captured the opportunity of domestic corporate bond issuance, placed RMB2 billion private corporate bond and RMB3 billion public corporate bond, with coupon rate of 6.7% and 5.1%, respectively.

6. The net gearing ratio in 2015 of the Group was 79.43%, up by 19.58 percentage points from 59.85% in 2014.

The board of directors (the "Board") of Yuzhou Properties Company Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2015, which was prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Notes	**2015** *RMB'000*	2014 *RMB'000*
REVENUE	*2,3*	**10,375,501**	7,836,633
Cost of sales		**(6,666,178)**	(4,991,860)
Gross profit		**3,709,323**	2,844,773
Fair value gain on investment properties, net		**202,942**	487,130
Fair value gain on derivative financial instruments		**44,583**	6,334
Other income and gains	*2*	**235,379**	75,230
Selling and distribution expenses		**(288,573)**	(191,541)
Administrative expenses		**(296,097)**	(228,076)
Other expenses		**(73,068)**	(127,185)
Finance costs	*4*	**(349,040)**	(175,438)
Share of profits and losses of joint ventures		**(41,965)**	356
PROFIT BEFORE TAX	*5*	**3,143,484**	2,691,583
Income tax	*6*	**(1,475,294)**	(1,328,513)
PROFIT FOR THE YEAR		**1,668,190**	1,363,070
Attributable to:			
Owners of the parent		**1,656,853**	1,254,384
Non-controlling interests		**11,337**	108,686
		1,668,190	1,363,070
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
– Basic *(RMB per share)*		**0.45**	0.36
– Diluted *(RMB per share)*		**0.45**	0.36

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015	2014
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**1,668,190**	1,363,070
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(288,857)**	(155,283)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,379,333**	1,207,787
Attributable to:		
Owners of the parent	**1,371,502**	1,099,332
Non-controlling interests	**7,831**	108,455
	1,379,333	1,207,787

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Note	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**870,632**	794,624
Investment properties		**6,470,630**	5,960,488
Goodwill		**264,666**	–
Investments in joint ventures		**88,736**	2,507,657
Deferred tax assets		**412,674**	252,374
Total non-current assets		**8,107,338**	9,515,143
CURRENT ASSETS			
Land held for property development for sale		**645,673**	665,462
Properties under development		**20,849,382**	12,276,088
Properties held for sale		**7,417,797**	4,037,040
Prepayments for acquisition of land		**1,459,619**	984,905
Prepayments, deposits and other receivables		**2,162,582**	1,678,957
Prepaid corporate income tax		**57,149**	28,590
Prepaid land appreciation tax		**151,430**	19,082
Derivative financial instruments		**46,095**	84,998
Restricted cash		**975,525**	488,765
Cash and cash equivalents		**10,973,268**	9,295,977
Total current assets		**44,738,520**	29,559,864
CURRENT LIABILITIES			
Receipts in advance		**7,221,316**	3,893,049
Trade payables	*9*	**6,296,764**	3,690,128
Other payables and accruals		**5,854,748**	3,877,582
Interest-bearing bank and other borrowings		**3,987,373**	3,805,451
Corporate income tax payables		**1,102,815**	998,253
Provision for land appreciation tax		**1,162,886**	1,014,147
Total current liabilities		**25,625,902**	17,278,610
NET CURRENT ASSETS		**19,112,618**	12,281,254
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,219,956**	21,796,397

	2015	2014
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**10,628,867**	4,860,397
Senior notes	**5,466,883**	6,738,562
Deferred tax liabilities	**882,851**	807,639
Total non-current liabilities	**16,978,601**	12,406,598
Net assets	**10,241,355**	9,389,799
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**324,472**	296,439
Reserves	**9,297,330**	7,876,885
	9,621,802	8,173,324
Non-controlling interests	**619,553**	1,216,475
Total equity	**10,241,355**	9,389,799

Notes:

1.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements:

Amendments to HKAS 19 *Defined Employee Contributions Benefit Plans:*
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The nature and the impact of each amendment is described below:

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 *Operating Segments:* Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets:* Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 *Related Party Disclosures:* Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 *Business Combinations:* Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- HKFRS 13 *Fair Value Measurement:* Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property:* Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the Group did not acquire any investment properties during the year and so this amendment is not applicable.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") issued by The Stock Exchange of Hong Kong Limited relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

1.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORT STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10, and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisition of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012 – 2014 Cycle	Amendments to a number of HKFRSs[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 an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

4 No mandatory effective date is determined but is available for early adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

(a) In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard.

(b) The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

(c) The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

(d) HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

(e) Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;
(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

(f) Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2. REVENUE, OTHER INCOME AND GAINS

Revenue represents the gross proceeds from the sale of properties, gross rental income from investment properties, property management fee income and gross revenue from hotel operation, all net of business tax, value-added tax and surcharges, during the year.

An analysis of the Group's revenue, other income and gains is as follows:

	2015	2014
	RMB'000	*RMB'000*
Revenue		
Sale of properties	**10,157,504**	7,680,661
Rental income from investment properties	**79,651**	51,544
Property management fee income	**122,134**	88,245
Hotel operation income	**16,212**	16,183
	10,375,501	7,836,633
Other income and gains		
Bank interest income	**85,110**	53,744
Rental income from properties held for sale	**6,027**	4,981
Gain on bargain purchase of a subsidiary, net of loss on remeasurement of a pre-existing interest in a joint venture of RMB105,210,000 (2014: Nil)	**128,356**	–
Others	**15,886**	16,505
	235,379	75,230

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

(a) the property development segment engages in the development and sale of properties;

(b) the property investment segment invests in properties for their rental income potential and/or for capital appreciation;

(c) the property management segment engages in the provision of property management services;

(d) the hotel operation segment engages in the operation of a hotel and

(e) the others segment comprises corporate income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income and finance costs are excluded from such measurement.

Segment assets exclude deferred tax assets, prepaid corporate income tax, prepaid land appreciation tax, derivative financial instruments, restricted cash, and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, senior notes, tax payable, provision for land appreciation tax and deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2015

	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Hotel operation *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:						
Sales to external customers	**10,157,504**	**79,651**	**122,134**	**16,212**	**–**	**10,375,501**
Other income and gains	**140,419**	**458**	**5,925**	**3,467**	**–**	**150,269**
Total	**10,297,923**	**80,109**	**128,059**	**19,679**	**–**	**10,525,770**
Segment results	**3,221,210**	**224,529**	**(3,692)**	**(428)**	**(34,205)**	**3,407,414**
Reconciliation:						
Interest income						**85,110**
Finance costs						**(349,040)**
Profit before tax						**3,143,484**
Income tax						**(1,475,294)**
Profit for the year						**1,668,190**
Segment assets	**34,452,496**	**6,857,819**	**120,040**	**287,946**	**2,680,781**	**44,399,082**
Reconciliation:						
Elimination of intersegment receivables						**(4,169,365)**
Corporate and other unallocated assets						**12,616,141**
Total assets						**52,845,858**
Segment liabilities	**17,849,711**	**458,159**	**78,534**	**28,223**	**5,127,566**	**23,542,193**
Reconciliation:						
Elimination of intersegment payables						**(4,169,365)**
Corporate and other unallocated liabilities						**23,231,675**
Total liabilities						**42,604,503**
Other segment information:						
Depreciation	**12,797**	**14,324**	**3,248**	**5**	**12,281**	**42,655**
Capital expenditure*	**14,044**	**237,817**	**848**	**91,901**	**929**	**345,539**
Fair value gain on investment properties, net	**–**	**202,942**	**–**	**–**	**–**	**202,942**
Share of losses of joint ventures, net	**41,965**	**–**	**–**	**–**	**–**	**41,965**
Investments in joint ventures	**88,736**	**–**	**–**	**–**	**–**	**88,736**

* *Capital expenditure consists of additions to property, plant and equipment, investment properties and land held for property development for sale.*

Year ended 31 December 2014

	Property development *RMB'000*	Property investment *RMB'000*	Property management *RMB'000*	Hotel operation *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue:						
Sales to external customers	7,680,661	51,544	88,245	16,183	–	7,836,633
Other income and gains	17,470	512	3,504	–	–	21,486
Total	7,698,131	52,056	91,749	16,183	–	7,858,119
Segment results	2,353,216	509,297	(11,534)	(160)	(37,542)	2,813,277
Reconciliation:						
Interest income						53,744
Finance costs						(175,438)
Profit before tax						2,691,583
Income tax						(1,328,513)
Profit for the year						1,363,070
Segment assets	34,262,389	9,265,810	198,045	232,904	4,284,310	48,243,458
Reconciliation:						
Elimination of intersegment receivables						(19,338,237)
Corporate and other unallocated assets						10,169,786
Total assets						39,075,007
Segment liabilities	23,934,681	1,046,632	157,781	42,103	5,617,799	30,798,996
Reconciliation:						
Elimination of intersegment payables						(19,338,237)
Corporate and other unallocated liabilities						18,224,449
Total liabilities						29,685,208
Other segment information:						
Depreciation	6,422	96	3,041	7,922	6,605	24,086
Capital expenditure*	119,726	514,610	1,372	13,976	8,557	658,241
Fair value gain on investment properties, net	–	487,130	–	–	–	487,130
Share of profits of joint ventures, net	356	–	–	–	–	356
Investments in joint ventures	2,507,657	–	–	–	–	2,507,657

* *Capital expenditure consists of additions to property, plant and equipment, investment properties and land held for property development for sale.*

Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the segment assets of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

Information about a major customer

During the current and prior years, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2015	2014
	RMB'000	*RMB'000*
Interest on bank loans, other loans and senior notes	**1,299,240**	1,159,238
Less: Interest capitalised	**(1,146,971)**	(983,800)
	152,269	175,438
Loss on early redemption of senior notes	**196,771**	–
	349,040	175,438

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2015 *RMB'000*	2014 *RMB'000*
Cost of properties sold	**6,535,982**	4,907,230
Cost of services provided	**130,196**	84,630
Depreciation and amortisation	**42,655**	24,086
Loss on disposal of items of property, plant and equipment, net	**–**	37
Loss on disposal of investment properties, net	**–**	5,398
Loss on deemed disposal of subsidiaries upon loss of control, net	**–**	119,825
Minimum lease payments under operating leases	**16,797**	7,230
Employee benefit expense (including directors' and chief executive's remuneration)		
Wages and salaries	**114,384**	90,291
Equity-settled share option expense	**3,959**	2,886
Retirement benefit scheme contributions	**16,009**	10,127
	134,352	103,304
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**21,892**	14,702

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2014: Nil). The income tax for the subsidiaries operating in Mainland China is calculated at the applicable tax rates on the taxable profits for the year.

An analysis of the income tax charges for the year is as follows:

	2015	2014
	RMB'000	*RMB'000*
Current:		
PRC corporate income tax	**967,011**	644,913
PRC land appreciation tax		
– Charge for the year	**591,333**	627,000
– Overprovision in prior years	**(120,358)**	(11,327)
	1,437,986	1,260,586
Deferred:		
Current year	**7,218**	65,095
Reversal of deferred tax assets on LAT overprovided in prior years	**30,090**	2,832
	37,308	67,927
Total tax charge for the year	**1,475,294**	1,328,513

7. DIVIDENDS

	2015	2014
	RMB'000	*RMB'000*
Interim – Nil (2014: HK16 cents) per ordinary share	**–**	442,687
Proposed final – HK18 cents (2014: Nil) per ordinary share	**575,662**	–
	575,662	442,687

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount for the year ended 31 December 2015 is based on the profit for the year attributable to ordinary equity holders of the parent of RMB1,656,853,000 (2014: RMB1,254,384,000) and the weighted average number of ordinary shares of 3,677,917,808 (2014: 3,455,999,999) in issue during the year.

The calculation of the diluted earnings per share amount for the year ended 31 December 2015 is based on the consolidated profit attributable to owners of the parent of RMB1,656,853,000 and the weighted average number of ordinary shares used in the calculation is the total of (i) the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and (ii) the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares (see below).

	Number of shares 2015
Shares	
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	**3,677,917,808**
Effect of dilution of share options – weighted average number of ordinary shares	**1,028,532**
Weighted average number of ordinary shares in issue during the year, used in the diluted earnings per share calculation	**3,678,946,340**

No adjustment has been made to the basic earnings per share amount presented for the year ended 31 December 2014 in respect of a dilution as the impact of the share options outstanding during the prior year had no dilutive effect on the basic earnings per share amount presented in the prior year.

9. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the due date, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Due within 1 year or on demand	**5,050,971**	2,784,053
Due within 1 to 2 years	**1,245,793**	906,075
	6,296,764	3,690,128

The trade payables are non-interest-bearing and unsecured.

10. EVENTS AFTER THE REPORTING PERIOD

a. On 27 January 2016, the Company granted 19,790,000 share options under its share option scheme to certain directors and employees of the Group.

b. On 25 February 2016, the Company redeemed in full the HK$1.5 billion 10.0% guaranteed bonds due 2019 at the redemption price equal to its aggregate principal amount of HK$1.5 billion multiplied by 103.75% together with all accrued and unpaid interest. The personal guarantees provided by Mr. Lam Lung On and Ms. Kwok Ying Lan (both being the executive directors and controlling shareholders of the Company) and the share charge over 829,094,400 shares of the Company held by them shall be released following the redemption.

MANAGEMENT DISCUSSION AND ANALYSIS

Market and Business Review

Global economic growth slowed and international financial market's fluctuation increased in 2015, and emerging economies will likely face unprecedented volatility in 2016. Amid expectation for insufficient growth momentum for global economy, Japan introduced negative interest rate and central banks across the world opted for policy easing. What's more, geopolitical risks further weighed on global division of work, lowering global economic growth and increasing global market fluctuations. China's economy maintained steady development against this economic new normal, but downside pressure existed. Although China's GDP only rose by 6.9% in 2015 and fell below 7% for the first time in 25 years, it was largely in line with the growth target. China's rising comprehensive strength and steady progress in reform and innovation should further stimulate market vitality and economy's organic momentum.

In 2015, China rolled out numerous policy supports for the real estate sector, such as interest rate and reserve requirement ratio (RRR) cut, lowered down payment ratio, taxes reduction & exemption and launch of Housing Provident Funds etc., which helped unleash market demand and promoted a sustained rebound in the real estate market from its lows in the first quarter of 2015, lifting the sector from the negative growth territory in 2014. According to China Index Academy, GFA of commodity housing sold in China rose by 6.5% year-on-year to 1.28 billion sq.m. in 2015 and sales value increased by 14.4% year-on-year to RMB8,700 billion, hitting a record high.

As one of the pillars to the economy in mainland China, real estate investment in China totaled RMB9,600 billion in 2015, marking a 1.0% nominal growth compared with 2014 (or actual growth of 2.8% after excluding prices factor) and keeping positive growth. However, we noted increasing market divergence. Tier 1 and 2 cities real estate market enjoyed sufficient demand potential and attracted real estate investment with its net population inflow and advantages in healthcare, education and employment. This was also reflected in housing prices, as tier 1 cities witnessed rising housing prices and transaction volume and tier 2 cities saw steady development, especially those with healthy supply-demand conditions in the real estate market i.e. Xiamen, Hefei and Nanjing. Meanwhile, tier 3 and 4 cities lagged far behind tier 1 and 2 cities in both housing prices and transaction volume due to heavy inventory pressure.

Going with the favorable market conditions, the Group adopted flexible strategies for project development and marketing in 2015, and strengthened the launch of projects targeting upgrade demand and high-value-added products, which helped the Group exceed its full year target for contracted sales and consolidate its market share in Xiamen (ranking No.1 for the tenth consecutive year) and Hefei (ranking Top-3). In addition to mature businesses in Xiamen and Hefei, the Group accelerated expansion in Shanghai and Nanjing with an view on their strong market potential, Yuzhou Bustling Center in Shanghai and Yuzhou The Jiqing in Nanjing launched sales at end-2015 and early-2016 and posted decent performance. Besides, with an investment principle focusing on execution, sell-through rate and profitability, the Group timely expanded its land bank to support development in the two new key cities. Looking ahead, the Group will continue to follow the strategy of expanding along coastal tier 1 and 2 cities to support its sustainable development.

During the year, the Group ranked 36th in the "2015 China Top 100 Real Estate Developers" selected by the Enterprise Research Institute of Development Research Center of the State Council, Institute of Real Estate Studies of Tsinghua University and China Index Academy. The Group was also awarded "2015 Top 50 China Real Estate Listed Companies with Strongest Comprehensive Strengths" from China Real Estate Research Association, China Real Estate Association and China Real Estate Appraisal, ranking 37th. This consistently makes us a well recognised brand identity.

Overall Performance

During the year, revenue of the Group was record high of RMB10,375.50 million, representing an increase of 32.40% as compared with last year, which was mainly attributed to the increase in GFA of properties delivered during the period. Gross profit increased by 30.39% to RMB3,709.32 million and gross profit margin dropped by 0.55 percentage points to 35.75% as compared with last year. Profit attributable to owners of the parent increased by 32.08% to RMB1,656.85 million, with basic earnings per share up by 25.00% to RMB45 cents. Core profit attributable to owners of the parent increased by 57.99% to RMB1,619.95 million, with core basic earnings per share up by 46.67% to RMB44 cents. Dividend of the year increased by 12.50% to HK18 cents per share from 2014, representing a payout ratio of 35.54% of core net profit for the year of 2015.

Sale of Properties

In 2015, the revenue of property sales by the Group rose by 32.25% year-on-year to RMB10,157.50 million, accounting for 97.90% of the total revenue. As of 31 December 2015, the Group delivered total GFA of approximately 1,107,416 sq.m, increased by 50.49% as compared with last year. The average selling price of the properties delivered and recognised as property sales was RMB9,172 per sq.m, representing a decrease of 12.12% as compared with 2014.

As a leading real estate developer in West Strait Economic Zone, the Group's market share ranked No. 1 in Xiamen for ten consecutive years, and has been in excellent brand identity and on the leading edge. Property sales in Xiamen area accounted for 42.42% (2014: 71.11%) of the Group's overall revenue of property sales during the year. Meanwhile, with the completion and delivery of some projects in Hefei area, i.e. Yuzhou Jade Lakeshire and Yuzhou Central Plaza stepping into the phase of completion and delivery in 2015, the revenue of property sales in Hefei accounted for 33.21% of the Group's overall revenue of property sales (2014: 18.02%), as compared to revenue recognized only from Yuzhou Skyline Project in the past. Going forward, delivery procedures will be completed successively for the sold properties in different cities. With continuous revenue growth, property sales are expected to remain the dominant source of revenue for the Group in the future.

The recognised sales and GFA sold of each project in 2015 are set out in the following table:

Name of Project	**City**	**Amount** *(RMB'000)*	**Saleable GFA** *(sq.m.)*	**Average Selling Price (after tax)** *(RMB/sq.m.)*
West Strait Economic Zone				
Yuzhou Golf	Xiamen	90,307	5,221	17,297
Yuzhou Shoreline	Xiamen	579,359	24,797	23,364
Yuzhou Central Coast	Xiamen	2,423,107	146,081	16,587
Yuzhou Riverside City Town	Xiamen	559,697	48,950	11,434
Yuzhou Cloud Top International	Xiamen	650,643	18,650	34,887
Yuzhou Gushan No.One	Fuzhou	185,832	10,484	17,725
Yuzhou Oriental Venice	Fuzhou	707,829	74,769	9,467
Yuzhou City Plaza	Quanzhou	878,760	151,297	5,808
Yuzhou Castle above City	Longyan	116,170	16,281	7,135
Others	Xiamen	5,550	672	8,259
Sub-total		6,197,254	497,202	12,464
Yangtze River Delta Region				
Yuzhou Jinqiao International	Shanghai	28,695	2,882	9,957
Yuzhou City Plaza	Shanghai	46,006	4,333	10,618
Yuzhou Skyline	Hefei	1,354,467	205,017	6,607
Yuzhou Jade Lakeshire	Hefei	1,086,924	157,800	6,888
Yuzhou Central Plaza	Hefei	932,274	161,025	5,790
Sub-total		3,448,366	531,057	6,493
Bohai Rim Region				
Yuzhou Palace Country	Tianjin	511,884	79,157	6,467
Sub-total		511,884	79,157	6,467
Total		10,157,504	1,107,416	9,172

The recognised sales and GFA sold of each project in 2014 are set out in the following table:

Name of Project	City	Amount	Saleable GFA	Average Selling Price (after tax)
		(RMB'000)	*(sq.m.)*	*(RMB/sq.m.)*
West Strait Economic Zone				
Yuzhou University City	Xiamen	73,235	20,976	3,491
Yuzhou Castle above City	Xiamen	87,703	12,215	7,180
Yuzhou Golf	Xiamen	191,251	14,888	12,846
Yuzhou Shoreline	Xiamen	1,022,716	65,105	15,709
Yuzhou Central Coast Phase I	Xiamen	337,728	32,846	10,282
Yuzhou Central Coast Phase II	Xiamen	2,450,237	192,279	12,743
Yuzhou Riverside City Town	Xiamen	314,979	30,446	10,345
Yuzhou Cloud Top International	Xiamen	929,898	28,348	32,803
Yuzhou Gushan No.One	Fuzhou	199,500	12,447	16,028
Yuzhou Oriental Venice Phase II	Fuzhou	12,993	658	19,746
Yuzhou City Plaza Phase I and II	Quanzhou	453,262	83,878	5,404
Others	Xiamen	54,094	6,294	8,595
Sub-total		6,127,596	500,380	12,246
Yangtze River Delta Region				
Yuzhou Jinqiao International	Shanghai	41,430	3,885	10,664
Yuzhou Skyline Phase I	Hefei	39,696	4,361	9,102
Yuzhou Skyline Phase II	Hefei	59,766	5,990	9,978
Yuzhou Skyline Phase III	Hefei	1,284,967	201,213	6,386
Sub-total		1,425,859	215,449	6,618
Bohai Rim Region				
Yuzhou Palace Country	Tianjin	127,206	20,052	6,344
Sub-total		127,206	20,052	6,344
Total		7,680,661	735,881	10,437

Contracted Sales in 2015

The Group had set a contracted sales target of RMB13,500 million for 2015. During the year, the Group successfully seized the opportunity of the recovery in real estate market driven by favourable polices, overachieved the year's contracted sales target with the contracted sales totaling a record high of RMB14,018.01 million, representing an increase of 16.80% year-on-year, and accomplished 103.84% of contracted sales target for the year. The total of contracted sales GFA amounted to 1,402,197 sq.m., representing an increase of 16.50% year-on-year. The average contracted selling price was approximately RMB9,997 per sq.m., substantially in line with last year. In addition, the sales of properties subscribed for but not contracted totaled approximately RMB423 million.

Xiamen is the cradle for the Group's development. For ten consecutive years, the market share of Yuzhou Properties ranked first in the real estate market in Xiamen, maintaining its leading position. In 2015, contracted sales valued at RMB5,780.16 million were achieved in Xiamen area, accounting for 41.21% (2014: 51.54%) of the total contracted sales of the Group. Located at Jimei District and close to Xinglin Bridge, Yuzhou Central Coast contributed a total of RMB1,621.70 million to contracted sales in 2015. In Xiamen, residential properties of high quality are rather scare, leading to a rise in the property price in 2015. In respect of the average selling price, the average contracted selling price of Yuzhou Central Coast (including apartment, SOHO and car park) was RMB18,985 per sq.m., representing an increase of 21.66% compared to last year. During the year, the New phases launched by Yuzhou Riverside City Town（禹洲•溪堤尚城）and the opening of new projects Yuzhou Lucca Town（盧卡小鎮）and Chunjiang Central（春江郦城）in the second half of the year have maintained the Group's leading position in Xiamen.

Having established a presence in Hefei for years, Yuzhou Properties ranked among the city's top three property developers in terms of market share in 2015, with contracted sales amounted to RMB4,239.13 million. Yuzhou Skyline and Yuzhou Central Plaza both achieved excellent sales records of over RMB1.0 billion, demonstrating the recognition of our brand by Hefei residents and such recognition will in turn enhance our market share in Hefei property market. Located at Xinzhan District, Yuzhou Central Town（禹洲•中央城）recorded an sell-through rate up to 80% for the first day of its grand opening in November, reaching remarkable sales amounted to RMB400 million. In 2015, the average contracted selling price of this project was RMB8,279 per sq.m., setting a new benchmark for the average selling price in Xinzhan District.

In 2015, Yuzhou Bustling Center which is a project located at Jiading District, Shanghai, and developed for residential purpose only, created an excellent sales record of RMB500 million just within two hours following its opening. Furthermore, Yuzhou The Jiqing（禹洲•吉慶里）, our first project in Nanjing Yuhuatai region has also launched sale in January 2016. Looking forward, our development in Shanghai, Nanjing and Fuzhou is expected to accelerate and these three cities together with Xiamen and Hefei will become the top five cities for core business of the Group.

The contracted sales and GFA sold of each project in 2015 are set out in the following table:

Name of Project	**City**	**Amount of Contracted Sales** *(RMB'000)*	**GFA of Contracted Sales** *(sq.m.)*	**Average Contracted Selling Price** *(RMB/sq.m.)*
West Strait Economic Zone				
Yuzhou Golf	Xiamen	8,880	511	17,370
Yuzhou Shoreline	Xiamen	140,621	4,298	32,716
Yuzhou Central Coast	Xiamen	1,621,699	85,422	18,985
Yuzhou Riverside City Town	Xiamen	1,127,254	108,850	10,356
Yuzhou Cloud Top International	Xiamen	413,207	10,947	37,746
Haicang Dream Town	Xiamen	1,014,490	61,339	16,539
Yuzhou Lucca Town	Xiamen	481,463	22,733	21,179
Chunjiang Central	Xiamen	953,513	44,112	21,615
Yuzhou Gushan No. One	Fuzhou	21,550	2,075	10,386
Yuzhou Oriental Venice Phase I and II	Fuzhou	10,845	606	17,892
Yuzhou Oriental Venice Phase III	Fuzhou	819,030	79,000	10,368
Yuzhou Cambridge Town	Fuzhou	547,449	60,839	8,998
Yuzhou City Plaza	Quanzhou	483,691	79,353	6,095
Yuzhou Castle above City	Longyan	580,526	99,607	5,828
Others	Xiamen	19,032	1,798	10,581
Sub-total		8,243,250	661,490	12,462
Yangtze River Delta Region				
Yuzhou Jinqiao International	Shanghai	13,517	758	17,824
Yuzhou City Plaza	Shanghai	87,747	9,600	9,141
Yuzhou Commercial Plaza	Shanghai	206,062	15,878	12,978
Yuzhou Bustling Center	Shanghai	656,331	28,740	22,837
Yuzhou Skyline	Hefei	1,007,087	147,403	6,832
Yuzhou Jade Lakeshire	Hefei	744,476	101,630	7,325
Yuzhou Central Plaza	Hefei	1,031,722	156,616	6,588
Yuzhou Town	Hefei	422,692	43,961	9,615
Yuzhou Royal Seal	Hefei	616,557	90,936	6,780
Yuzhou Central Town	Hefei	416,591	50,317	8,279
Yuzhou Prince Lakeshire	Bengbu	131,856	31,014	4,251
Sub-total		5,334,638	676,853	7,882

Name of Project	City	Amount of Contracted Sales *(RMB'000)*	GFA of Contracted Sales *(sq.m.)*	Average Contracted Selling Price *(RMB/sq.m.)*
Bohai Rim Region				
Yuzhou Palace Country	Tianjin	275,430	41,559	6,627
Yuzhou Royal Lakeshire	Tianjin	164,696	22,295	7,387
Sub-total		440,126	63,854	6,893
Total		14,018,014	1,402,197	9,997

The contracted sales and GFA sold of each project in 2014 are set out in the following table:

Name of Project	City	Amount *(RMB'000)*	GFA of Contracted Sales *(sq.m.)*	Average Contracted Selling Price *(RMB/sq.m.)*
West Strait Economic Zone				
Yuzhou Golf	Xiamen	196,268	12,744	15,401
Yuzhou Shoreline	Xiamen	1,150,988	58,236	19,764
Yuzhou Central Coast Phase I (with car parks)	Xiamen	208,152	22,300	9,334
Yuzhou Central Coast Phase II	Xiamen	200,789	19,022	10,556
Yuzhou Central Coast Phase III	Xiamen	1,300,306	68,211	19,063
Yuzhou Riverside City Town	Xiamen	806,184	71,628	11,255
Yuzhou Cloud Top International	Xiamen	815,319	22,710	35,901
Haicang Dream Town	Xiamen	1,416,409	94,282	15,023
Yuzhou Gushan No. One	Fuzhou	207,188	10,328	20,061
Yuzhou Oriental Venice Phase II	Fuzhou	22,970	1,252	18,347
Yuzhou Oriental Venice Phase III	Fuzhou	300,601	30,436	9,877
Yuzhou City Plaza Phase I	Quanzhou	587,122	86,822	6,762
Yuzhou Castle above City	Longyan	398,653	73,215	5,445
Others	Xiamen	91,801	18,551	4,949
Sub-total		7,702,750	589,737	13,061

Name of Project	City	Amount *(RMB'000)*	GFA of Contracted Sales *(sq.m.)*	Average Contracted Selling Price *(RMB/sq.m.)*
Yangtze River Delta Region				
Yuzhou Land Dream	Shanghai	61,780	7,074	8,733
Yuzhou City Plaza	Shanghai	58,457	5,303	11,023
Yuzhou Commercial Plaza	Shanghai	86,597	4,407	19,650
Yuzhou Skyline Phases I and II (including shops)	Hefei	71,623	6,152	11,642
Yuzhou Skyline Phases III	Hefei	1,142,912	155,404	7,354
Yuzhou Jade Lakeshire	Hefei	854,372	116,642	7,325
Yuzhou Central Plaza	Hefei	1,082,592	177,009	6,116
Yuzhou Town	Hefei	205,619	23,406	8,785
Yuzhou Royal Seal	Hefei	160,520	25,485	6,299
Yuzhou Prince Lakeshire	Bengbu	222,345	45,078	4,932
Sub-total		3,946,817	565,960	6,974
Bohai Rim Region				
Yuzhou Palace Country	Tianjin	274,620	39,083	7,027
Yuzhou Royal Lakeshire	Tianjin	77,106	8,781	8,781
Sub-total		351,726	47,864	7,348
Total		12,001,293	1,203,561	9,971

Investment Properties

In 2015, the income from investment properties of the Group was approximately RMB79.65 million, representing a growth of approximately 54.53% year-on-year. The Group's flagship investment properties recorded decent occupancy rate: World Trade Center in Xiamen has made an adjustment on its tenant combination and brands, prominent brands such as MUJI, China Film Digital Cinema and Yourtime Books were introduced, and traffic flow was enhanced through various online and offline marketing; For office buildings, Shanghai Yuzhou Plaza and Xiamen Yuzhou Plaza started operation at end-2014 recorded decent occupancy rate with most of the tenants coming from finance, apparel, insurance, trade, engineering, investment management, IT, service, securities, electromechanical and real estate sectors. The Group's investment properties portfolio will expand further when the projects in Shanghai and Hefei are completed.

Hotel Operation

The expansion into the hotel industry would broaden the source of the Group's revenue. The Yuzhou Camelon Hotel Apartment in Xiamen contributed a hotel income of RMB16.21 million during the year, representing a 0.18% increase year-on-year. It was a frontrunner among 4/5-star hotels in Xiamen on online rating websites. Most hotels of the Group are still under development and construction, including Wyndham Grand Plaza Royale Hotel and Howard Johnson Residence in Wuyuan Bay of Xiamen as well as hotels in Tong'an District of Xiamen and Hui'an District of Quanzhou.

Property Management

In 2015, the Group's property management arm was awarded China Top 100 Property Management Companies, ranking No.44. To improve customer satisfaction, the Group renovated old facilities and equipment in its projects, paid return visit to home owners on a sampled basis and carried out analysis of complaints and training of relevant property management rules based on results from the return visits to enhance staff's professional knowledge and skills. In order to provide customized and smart community services, the Group launched Community O2O Service Platform – "You Life" on WeChat in the first half of 2015, which features a range of "butler" services including community notice, fees payment, engineering repair, community group purchase. In addition, the Group reached strategic cooperation with "Didi" and launched Xiamen's first "Didi" station in Yuzhou Lucca Town, which gained sound feedback and facilitate promotion effect, provided convenience for residents and signaled a new operating model of online property management for the Group. In 2015, the property management companies of the Group recorded a property management fee income of RMB122.13 million, up by 38.40% year-on-year. With an increase in the area of delivered properties, the property management companies managed an aggregate GFA of approximately 4.85 million sq.m. in China as of 31 December 2015.

Land Reserves

Adhering consistently to its strategic guideline of "Based in West Strait and Expand Nationwide Coverage in China"and by leveraging its brand reputation, the Group will accelerate its development in the Yangtze River Delta to capture opportunities from cities enjoying strong potential and rapid growth, in addition to consolidating its deployment in West Strait Economic Zone. Therefore, the Group sped up its deployment in Shanghai and Nanjing in 2015. On the principle of "Establishing strong foundation in every city entered", the Group selected strategic locations with high potential for project development to save cost and create brand premium.

As of 31 December 2015, the aggregate salable GFA of land reserves of the Group was 8.56 million sq.m., with over 50 projects located in eleven cities in West Strait Economic Zone, Yangtze River Delta, Bohai Rim region and Hong Kong; the average land cost was approximately RMB3,053 per sq.m.. The Group believes that its land reserves currently held and managed are sufficient for its development over the next four or five years.

Salable GFA of Land Reserves (sq.m.)
(As at 31 December 2015)

Region	**Number of Projects**	**Area** *(sq.m.)*
West Strait Economic Zone		
Xiamen	24	1,858,749
Fuzhou	3	517,991
Quanzhou	1	1,104,210
Longyan	1	296,049
Zhangzhou	1	255,000
Sub-total	30	4,031,999
Yangtze River Delta Region		
Shanghai	8	860,784
Nanjing	5	456,044
Hefei	7	2,184,334
Bengbu	1	668,333
Sub-total	21	4,169,495
Bohai Rim Region		
Tianjin	2	351,447
Sub-total	2	351,447
Offshore		
Hong Kong	1	2,214
Sub-total	1	2,214
Total	54	8,555,155

In 2015, the Group acquired eight new parcels of quality land, which are located in Xiamen, Hefei, Shanghai and Nanjing respectively, providing an aggregate stable GFA of new land reserves of 1,024,139 sq.m., at an average land cost of approximately RMB8,417 per sq.m., with a total land premium of approximately RMB8,620 million. The newly acquired land parcels are expected to generate satisfactory returns for the Group over the next three to four years.

Particulars of the land parcels are set out in the following table:

Name of Project	City	Acquisition Cost *(RMB'000)*	GFA *(sq.m.)*	Land Cost *(RMB/sq.m.)*
West Strait Economic Zone				
Yuzhou Jimei Project (禹洲集美項目)	Xiamen	2,740,000	305,160	8,979
Yangtze River Delta Region				
Yuzhou Xinzhan Project (禹洲新站項目)	Hefei	700,055	144,923	4,831
Yuzhou Xuhang Project (禹洲徐行項目)	Shanghai	510,280	56,051	9,104
Yuzhou Fengxian Project (禹洲奉賢項目)	Shanghai	2,315,000	174,826	13,242
Yuzhou Yuhuatai Project (禹洲雨花台項目)	Nanjing	420,000	30,957	13,567
Yuzhou Jiangning Project G59 (禹洲江寧項目G59)	Nanjing	500,000	134,520	3,717
Yuzhou Jiangning Project G57 (禹洲江寧項目G57)	Nanjing	1,010,000	61,626	16,389
Yuzhou Jiangning Project G58 (禹洲江寧項目G58)	Nanjing	425,000	116,076	3,661
Total		8,620,335	1,024,139	8,417

Revenue

The revenue of the Group mainly came from four business categories, namely, property sales, rental of investment properties, property management and hotel operation. In 2015, the revenue of the Group was RMB10,375.50 million, hitting a record high by representing an increase of 32.40% over last year, mainly because of the increase in property sales income recognized driven by the increase in aggregate GFA of properties delivered. Specifically, the property sales income was approximately RMB10,157.50 million, up by 32.25% compared to last year, which accounted for 97.90% of the total income; the rental income from investment properties was approximately RMB79.65 million, up by 54.53% compared to last year; the property management income was about RMB122.13 million, up by 38.40% compared to last year; the income from hotel operation was approximately RMB16.21 million, up by 0.18% compared to last year.

Cost of Sales

The cost of sales of the Group encompassed land cost, construction cost and capitalized interest. In 2015, the cost of sales of the Group was RMB6,666.18 million, up by 33.54% from RMB4,991.86 million in 2014. The increase in the cost of sales was mainly due to the increase in GFA of properties delivered of the Group.

Gross Profit and Gross Profit Margin

The gross profit of the Group was RMB3,709.32 million in 2015, rising at a rate of 30.39% year on year. Gross profit margin was 35.75%, down by 0.55 percentage points year on year, staying at a healthy level in the industry. The decrease in gross profit margin was primarily attributed to the rising proportion of mid-priced delivered properties.

Fair Value Gain on Investment Properties

In 2015, the Group recorded a fair value gain on investment properties of RMB202.94 million (2014: RMB487.13 million), which was mainly attributed to the fair value gain on investment properties from Xiamen Yuzhou Plaza and Shanghai Yuzhou Plaza.

Other Income and Gains

In 2015, other income and gains increased by 212.88% to RMB235.38 million. The increase was mainly due to the acquisition of remaining interest of a joint venture company Fujian Big World Huaxia Real Estate Development Co., Ltd. (the "Fujian Big World Huaxia") which generated a gain of RMB128.36 million (disclosed as gain on bargain purchase of a subsidiary, net of loss on remeasurement of a pre-existing interest in a joint venture). After the acquisition, Fujian Big World Huaxia became a wholly-owned subsidiary of the Group.

Selling and Distribution Expenses

Selling and distribution expenses of the Group increased by 50.66% from RMB191.54 million in 2014 to RMB288.57 million in 2015, which accounted for 2.06% (2014: 1.60%) of total contracted sales. Such increase was mainly due to additional expenses incurred for developing new markets including Nanjing and Shanghai, but remained at a mid-to-lower level in the industry. With the changes of people's ways of receiving information and the consumption pattern, the Group invested more resources in the Internet marketing and expanded more diversified marketing channels in 2015, which achieved a breakthrough in innovation. On top of various means of traditional marketing, the Group enhanced promotion via new media (e.g. WeChat). For example, Yourtime Books were introduced to Xiamen Yuzhou Lucca Town, where there is a coffee shop and bookstore and internet available in the sales office, with an aim to build the first sales office with a coffee and art shop in Xiamen. And other innovative experience marketing activities like Virtual Reality (VR) in our sample houses were also introduced. Yuzhou Properties introduced the product concept of「Boutique Building 3.5」this year, which added more elements like arts, humanities, experiences and services to property development.

Administrative Expenses

The Group's administrative expenses grew by 29.82% from approximately RMB228.08 million in 2014 to approximately RMB296.10 million in 2015. In 2015, the proportion of administrative expenses to total contracted sales increased to 2.11% (2014: 1.90%), due to the business expansion of the Group and the increase in number of staff.

Other Expenses

Other expenses reduced by 42.55% from RMB127.19 million in 2014 to approximately RMB73.07 million in 2015. In 2014, other expenses included RMB119.83 million of net loss on deemed disposal of subsidiaries upon loss of control, while no such loss incurred in 2015.

Finance Costs

Finance costs of the Group increased by 98.95% from RMB175.44 million in 2014 to RMB349.04 million in 2015. The increase was mainly because the Group has early redeemed a senior notes of USD250 million with coupon rate of 11.75% in the year. The redemption has generated a loss of RMB196.77 million.

Share of Profits and Losses of Joint Ventures

Share of profits and losses of joint ventures is from approximately RMB0.36 million gain in 2014 to RMB41.97 million loss in 2015. The loss was mainly due to our joint ventures, Fujian Big World Huaxia and Yuzhou Properties (Hefei) Eastern Town Co. Ltd ("Yuzhou Properties (Hefei) Eastern Town") which generated a fair value loss, net of deferred tax of RMB87.52 million during the year. Fujian Big World Huaxia and Yuzhou Properties (Hefei) Eastern Town became wholly-owned subsidiaries of the Group during the year.

Income Tax

Income tax of the Group increased by 11.05% from approximately RMB1,328.51 million in 2014 to approximately RMB1,475.29 million in 2015. Such increase was mainly attributable to the increase in the revenue and profit during the year. During the year, the previous year over provided LAT of approximately RMB120.36 million and the deferred income tax asset related to the over provided LAT of RMB30.09 million were reversed.

Profit Attributable to Owners of the Parent

For the year ended 31 December 2015, the profit attributable to owners of the parent was approximately RMB1,656.85 million, representing an increase of 32.08% compared to RMB1,254.38 million in 2014 mainly due to the above mentioned factors. Core profit attributable to owners of the parent increased by 57.99% from RMB1,025.34 million in 2014 to RMB1,619.95 million in 2015.

Basic Earnings Per Share and Core Earnings Per Share

Core earnings per share are calculated by dividing the core profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period. The calculation of basic and core earnings per share are based on the following data:

	2015 *(RMB'000)*	2014 *(RMB'000)*
Profit attributable to owners of the parent	**1,656,853**	1,254,384
Less: Fair value gain on investment properties, net of deferred tax	**152,207**	365,348
Less: Fair value gain on derivative financial instruments	**44,583**	6,334
Less: Gain on bargain purchase of a subsidiary net of loss on remeasurement of a pre-existing interest in a joint venture	**128,356**	–
Plus: Loss on deemed disposal of a subsidiary upon loss of control	**–**	119,825
Plus: Realised fair value gains on investment properties disposed, net of deferred tax	**–**	19,923
Plus: Equity-settled share option expenses	**3,959**	2,886
Plus: Loss on redemption of financial liabilities	**196,771**	–
Plus: Share of fair value loss on acquisition of remaining interests in joint ventures, net of deferred tax	**87,516**	–
Core profit attributable to owners of the parent	**1,619,953**	1,025,336
Weighted average number of ordinary shares in issue *('000)*	**3,677,918**	3,456,000
Basic earnings per share *(RMB per share)*	**0.45**	0.36
Core earnings per share *(RMB per share)*	**0.44**	0.30

Liquidity and Financial Resources

The Group has adopted a prudent financial policy and strived to maintain a healthy debt level amid its fast expansion to support sustainable development. Meanwhile, the Group continued to explore varied channels of financing, kept an close eye on capital market's financing window and take reducing overall financing cost as a goal. As China opened its domestic corporate bond market in 2015, the Group captured the window for bond offering and issued, via a wholly-owned subsidiary, Xiamen Yuzhou Grand Future Real Estate Development Company Limited（廈門禹洲鴻圖地產開發有限公司）, RMB2 billion of 3-year private corporate bond with a coupon rate of 6.7% on 16 October 2015 and RMB3 billion of 5-year public corporate bond with a coupon rate of 5.1% on 10 December 2015. As assessed by Golden Credit Rating International Co., Ltd. the credit rating of the corporate bonds are both AA, and the credit rating of Yuzhou Grand Future is AA. In addition, the Group redeemed USD250 million senior notes due in 2017 with a coupon rate of 11.75% on 26 October 2015, and early repaid HK$521 million and USD35 million syndicated loan in Hong Kong due in April 2016. Thanks to these, the Group's overall financing cost dropped from 8.49% at the end of 2014 to 7.00% at the end of 2015. The series of corporate financing measures further replenished the Group's cash flow in support of business development, extended the average maturing term the Group's debt portfolio and optimized debt structure, which helped lower the Group's overall financing cost.

In respect of bank loans, the Group maintained good cooperative relationships with commercial banks. As of 31 December 2015, the unused credit facilities given by domestic and foreign commercial banks to the Group totaled RMB4,848.87 million.

Borrowings

As of 31 December 2015, the Group's has total bank and other borrowings of RMB14,616.24 million, which were secured by the investment properties, properties held for sale and properties under development of the Group with an aggregate carrying value of RMB18,649.03 million. The outstanding balance of senior notes was RMB5,466.88 million. In 2015, the Group's bank and other borrowings and outstanding balance of senior notes totaled RMB20,083.12 million, with the repayment periods set out as follows:

Maturity	**31 December 2015** *(RMB'000)*	31 December 2014 *(RMB'000)*
Bank and other borrowings		
Within 1 year or on demand	**3,987,373**	3,805,451
In the second year	**1,665,505**	1,818,074
In the third to fifth years, inclusive	**8,845,312**	2,882,673
Beyond five years	**118,050**	159,650
	14,616,240	8,665,848
Senior Notes		
In the third to fifth years, inclusive	**5,466,883**	6,738,562
Total	**20,083,123**	15,404,410

Cash Position

As of 31 December 2015, the Group had RMB11,948.79 million of cash and cash equivalents and restricted cash, up by 22.12% from RMB9,784.74 million as at 31 December 2014.

Gearing Ratio

As of 31 December 2015, the Group's gearing ratio (calculated as the interest-bearing bank and other borrowings and senior notes less cash and cash equivalents and restricted cash and divided by total equity) was 79.43%, up by 19.58 percentage points when compared to 59.85% as at 31 December 2014. The increase was mainly attributable to the payment of land premium during the year.

Proceeds from Issue of New Shares Under General Mandate

As at 12 May 2015, the Company placed 360 million new shares, which represent approximately 10.42% of the issued shares of 3,456 million of the Company, at the placing price of HK$2.20 per placing share. Placees included entities controlled by Taiwan Life Insurance Co., Ltd., and TransGlobe Life Insurance Inc, respectively. The net proceeds from the placing was approximately HK$779 million. The Company intends to use the net proceeds for possible investments in the future when opportunities arise. As of 31 December 2015, all the net proceeds from the placing has been utilised in accordance with the intended use.

Currency Risk

As of 31 December 2015, among the RMB20,083.12 million of total borrowings of the Group, approximately 62.01% was denominated in RMB and 37.99% was denominated in Hong Kong dollars and United States dollars. In 2015, the Group successfully tapped the onshore funding source – issuance of onshore corporate debt and optimized the debt structure and reduced the foreign exchange risk of the company through early redemption of the costly senior notes in United States dollars and early repayment of syndicated loan in Hong Kong.

The proportions of bank and other borrowings, senior notes and cash balance of the Group in terms of currencies were as follows:

	Bank and Other Borrowings and Senior Notes Balance *(RMB'000)*	**Cash Balance*** *(RMB'000)*
HK$	1,722,914	1,878,651
RMB	12,453,203	10,009,044
US$	5,907,006	59,801
SG$	–	1,221
Others	–	76
Total	20,083,123	11,948,793

* *Including restricted cash*

Commitment

As at 31 December 2015, the Group had commitments in respect of development expenditure on real estate of approximately RMB5,351.10 million (31 December 2014: RMB3,363.41 million). The Group is also committed to the payment of land premium in respect of land acquisition of approximately RMB2,098.79 million (31 December 2014: RMB4,029.97 million) and in respect of acquisition of a project company of approximately RMB179.46 million (31 December 2014: RMB221.46 million).

Contingent Liabilities

The Group provides buy-back guarantees to banks, which offered mortgages to domestic properties buyers in Mainland China of the Group. As at 31 December 2015, outstanding buy-back guarantees amounted to RMB9,237.85 million (31 December 2014: RMB6,573.78 million).

Acquisitions and Disposals of Subsidiaries and Affiliated Companies

Except for i) the acquisition of the remaining interest of joint ventures, Fujian Big World Huaxia and Yuzhou Properties (Hefei) Eastern Town, from independent third parties on April 2015 and November 2015 respectively, which became wholly-owned subsidiaries of the Group, and ii) the acquisition of remaining 20% non-controlling interest of Xiamen Yuzhou Seaview Property from an independent third party on December 2015, which became a wholly-owned subsidiary of the Group, the Group had no material acquisitions and disposals of subsidiaries and affiliated companies during the period.

Human Resources

The Group is led by an experienced and professional management team. Since the establishment of the Group in 1994, the Group has been undergoing rapid development and expansion under the leadership of the Board. Senior management is very experienced in properties development industry with over 11 years' experience for most of the senior executives. With the strong leadership as well as effective execution, together with strict implementation of the best international practices according to the actual situation of the Company, the Group has become one of the strongest real estate developers in the PRC.

We believed that the competence of human resources, particularly the senior executives and professional project management team, is of critical importance to maintaining the strong competitive strengths of the Group. The Group aims to achieve and exceed the international standard of outstanding performance through compliance with the best international practice in respect of strict management system and corporate governance. As at 31 December 2015, the Group had 2,981 (2014: 2,596) staff in total.

PAYMENT OF DIVIDEND

The Board recommends the payment of a final dividend of HK18 cents per share for the year ended 31 December 2015, subject to the approval by the shareholders on the forthcoming annual general meeting of the Company ("AGM"). Further announcement will also be made in respect of the date of AGM, the book close period and the dividend payment date in due course.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR DIRECTORS' SHARE DEALINGS

The Company has adopted a Code of Conduct on Directors' Securities Transactions (the "Securities Code") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listing Issuers contained in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The directors have confirmed that they have complied with the requirements set out in the Securities Code throughout the year ended 31 December 2015.

CORPORATE GOVERNANCE

The Board of Directors ("Board") and the management of the Group are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Group emphasise a quality Board, sound internal controls, and transparency and accountability to all shareholders.

During the year, the Group had adopted, applied and complied with the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange except the following deviation:

Code provision A2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Lam Lung On has been assuming the roles of both the Chairman and the Chief Executive Officer of the Group since 1 January 2012. Although these two roles are performed by the same individual, certain responsibilities are shared with executive directors to balance the power and authority. In addition, all major decisions are made in consultation with members of the board as well as senior management. The Board has three independent non-executive directors who offer different independent perspectives. Therefore, the Board is of the view that there are adequate balances of power and safeguards in place. The Board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Group.

SHARE OPTION SCHEME

The board of directors of the Company announces that on 20 January 2015, the Company has granted share options under its share option scheme adopted on 24 May 2010 to certain directors and employees of the Group which, subject to the acceptance of the Grantees, entitles the Grantees to subscribe for an aggregate of 16,445,000 new shares of HK$0.10 each in the share capital of the Company at the exercise price per share of HK$1.892.

REVIEW OF ACCOUNTS

The Company's Audit Committee has reviewed the accounting policies adopted by the Group and the consolidated financial statements of the Group for the year ended 31 December 2015.

DEVELOPMENT STRATEGIES AND PROSPECT

2016 will mark the first year of the 13th Five-Year-Plan and mainland China's economy is entering a new normal that shift from fast expansion to stable growth with high quality. On the 11th meeting of the Leading Group for Financial and Economic Affairs, President XI Jinping said that, 'In addition to appropriately expanding demand, China should also focus on strengthening supply-side structural reform and improving the quality and efficiency of the supply system to boost sustainable economic momentum.' Besides, he also called for 'capacity cut, destocking, deleveraging, cost cut and shoring up weak spots', which will bring new challenges and opportunities for the overall economy and the real estate sector. However, we believe relevant policy environment will stay loosen in the coming year as the real estate sector is one of the key economic pillars for China's development and China is promoting urbanization. The central government has set a policy goal of steady consumption and stronger demand and establishment of a long term market mechanism and further regional integration. Local governments are expected to take more proactive approach on policy adjustments and further loosened control on property market accordingly. This should facilitate transforming the sector from policy-driven to market-driven.

Corporate concentration and regional divergence is a set trend for the real estate sector. Amid this background, the Group will adhere to its strategic guideline of "Based in West Strait and Expand Nationwide Coverage in China". The Group will continue to cultivate and root in the West Strait Economic Zone market, and accelerate deployment in the Yangtze River Delta Region to realize the prudent strategic expansion "from the core cities to the regions and the whole country". The Group will cultivate Xiamen, Hefei, Shanghai, Fuzhou and Nanjing with the goal to grow business in these core cities, so that a regional strong scale can be formed and brand synergy could be generated. In addition, the Group will also expand to tier 1 and 2 cities with great development potentials. The Group will increase land reserve in these cities at a fair price when appropriate, and strive to strengthen resource consolidation. We expect housing prices in tier 1 and 2 cities in general and in Xiamen, Hefei, Shanghai, Nanjing and Fuzhou in particular will rise steadily on the back of demand, while performance in tier 3 and 4 cities may be lackluster due to oversupply. Adhering to government policy of destocking, the Group will also speed up destocking of its limited housing resources in tier 3 and 4 cities.

In response to the general development of the property sector and continuous adjustment of the market, the Group will transform itself from a simplex developer to an integration of developer, operator and service provider by leveraging on its resources. In 2015, the Group launched its online community O2O platform – U life, marking its breakthroughs in housing development, community service and other aspects in the Internet Age, and its efforts to seek new business growth drivers. As the Group's property development scales up, more quality investment properties are adding to our portfolio. Looking ahead, the Group will still focus on property sales and selectively hold investment properties including mall, hotels and office building situated at prime locations in tier 1 and 2 cities. What's more, the Group will also actively explore fundraising opportunities through innovative financing channels and collaborations to reduce finance cost in different ways.

The Group is prudently optimistic about the prospects of the property market in China in 2016, with its 2016 contracted sales target at RMB16,000 million, representing an increase of 14.1% from RMB14,018.01 million in 2015. The Group has geared up for the sales campaign for all our projects in a bid to seize opportunities brought by market changes. The Group is confident in maintaining sound property development business and providing more considerate product and services to our clients, and aims to take the Group's development into a new level.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our sincere gratitude to all our shareholders, investors, partners and customers for their trust and support. We will continue to draw on better corporate governance and management structure as well as the prudent financial strategies and adhere to our spirit of "Building Cities with Heart, Building Homes with Love" and dedicate to maximize the value for our shareholders and investors in creating the best returns.

By order of the Board
Yuzhou Properties Company Limited
Lam Lung On
Chairman

Hong Kong, 30 March 2016

As at the date of this announcement, the executive Directors of the Company are Mr. Lam Lung On (Chairman), Ms. Kwok Ying Lan, Mr. Lin Longzhi and Mr. Lin Conghui; and the independent non-executive Directors of the Company are Mr. Gu Jiande, Mr. Lam Kwong Siu and Mr. Wee Henny Soon Chiang.