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珠光控股
ZHUGUANG HOLDINGS

ZHUGUANG HOLDINGS GROUP COMPANY LIMITED

珠 光 控 股 集 團 有 限 公 司 *

(incorporated in Bermuda with limited liability)

(Stock Code: 1176)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015 AND RESUMPTION OF TRADING

The board ("**Board**") of directors ("**Directors**") of Zhuguang Holdings Group Company Limited (the "**Company**") is pleased to announce its annual consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2015 together with the comparative figures for the previous year as follows:

FINANCIAL HIGHLIGHTS

RESULTS

	Year ended 31 December	
	2015	2014
	HK$'000	*HK$'000*
Revenue — Sales of properties	**3,192,330**	2,866,361
— Rental income	**62,037**	49,372
— Decoration income	**38,951**	—
— Project management fee income	—	3,789
Profit for the year attributable to owners of the Company	**591,409**	180,208

	At 31 December	
	2015	2014
	HK$'000	*HK$'000*
Total assets	**17,428,582**	20,235,831
Total liabilities	**13,262,372**	16,390,607
Total equity	**4,166,210**	3,845,224

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2015, the China Government is facing uncertain economic situations including downward pressure in economic growth and pressure on the high stock level, the government put greater emphasis on the important role of real estate in promoting consumption and stimulating investment by implemented a series of policies to achieve a balance between steady growth and structure adjustment. These policies focused on exploring the potential housing consumption and encouraged demand to recover, boost the confidence of investors and facilitated the smooth recovery of property sales across China.

In general, under the relaxing financial policies and stable monetary policies, the growth rate of the economy gradually stabilised; meanwhile, with reasonable and sufficient market liquidity maintained by stable monetary policies, the corporate financial costs have reduced, resulting in a relatively improved financial environment. The aforesaid easing measures have effectively driven the recovery of the property market and boosted property purchases by first-time homebuyers as well as upgraders. The Group will continue to focus on specific areas and develop various types of projects targeting different customers, such as those with a rigid demand and those with a need for improving living conditions.

Property Development and Sales

By facilitating sales of properties and adopting flexible pricing policies, the Group's total sum of contracted sales and purchase agreements for 2015 amounted to approximately HK$1,648,136,000, while the corresponding contracted gross floor area ("**GFA**") was approximately 107,796 square meters ("**sqm**"). The details of contracted sales and the GFA sold of the Group are set out below:

	Total sum under contracted sales and purchase agreements	**GFA sold**
	HK$'000	*sqm*
Projects		
Zhukong International	888,074	18,738
Zhuguang Yujing Scenic Garden ("**Yujing Scenic Garden**")	510,255	61,167
Pearl Tianhu Yujing Garden ("**Tianhu Yujing**")	197,294	26,978
Central Park	52,513	913
	1,648,136	107,796

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

BUSINESS REVIEW *(continued)*

Property Development and Sales *(continued)*

It is expected that the following projects will be available for sale/pre-sale and/or leasing in 2016:

		Expected Pre-sale commencement date	**GFA available for sale** *(sqm)*	**Usage**
Yujing Scenic Garden	— Phase I, II and District I of Phase III	1st quarter	105,833	Sale
	— District II of Phase III	3rd quarter	79,011	Sale
Tianhu Yujing	— Phase I	1st quarter	44,957	Sale
	— Phase II	2nd quarter	60,992	Sale
Zhukong International		1st quarter	15,850	Leasing
		2nd quarter	4,911	Sale
Central Park		1st quarter	1,084	Sale/leasing
Pearl Yijing		1st quarter	72,413	Sale
			385,051	

As at 31 December 2015, the Group owned the following property development projects and the details are as follows:

Nansha Scenic — 100% interest

"Nansha Scenic" is located at Jinzhou Main Street, Nansha District, Guangzhou, the PRC, which is the central business district in Nansha. The project was completed and only certain car parks are available for sale.

Zhukong International — 80% interest

"Zhukong International" is located at Lot A2-1, Zhujiang New Town, Tianhe District, Guangzhou, the PRC, which is at the junction of Guangzhou Avenue and Huang Pu Da Dao. It is developed into a 35-storey high-rise commercial complex including a 6-storey commercial podium, a 29-storey Grade A office building and a 3-storey underground car park. The aggregate GFA was approximately 133,297 sqm. The building was completed and already delivered in 2014 and 2015 with total GFA approximately to 41,412 sqm. During the year, approximately 17,988 sqm was leased out, the remaining portions are either for sale or leasing.

BUSINESS REVIEW *(continued)*

Property Development and Sales *(continued)*

Central Park — 100% interest

"Central Park" is located at Lot H3-3, Zhujiang New Town, Tianhe District, Guangzhou, the PRC, and is entitled to total GFA of approximately 34,852 sqm, which will be developed into a 30-storey building including service apartments, a street-level commercial podium and a 4-storey underground car park. During the year, approximately 21,658 sqm was delivered and the remaining service apartments will be delivered in 2016. The street-level commercial podium will be leased out or for sale depends on the market conditions.

Yujing Scenic Garden — 70% interest

"Yujing Scenic Garden" is located at Provincial Highway G105 line at Jiulibu District, Jiangpu Town, Conghua, Guangzhou, the PRC, which is well connected via a number of highways to and from Guangzhou. The project is a 20-minute drive from the downtown Conghua and a 10-minute drive from Wenquan Town, Conghua. The project site area is approximately 294,684 sqm and will be developed into a commercial and residential complex, comprising residential and commercial buildings, service apartments and car parks. According to the latest design, the total GFA is expected to be approximately 886,270 sqm. The proposed development will be divided into four phases. Phase I and part of the Phase II already delivered 222,960 sqm in total, the remaining part of Phase II will be delivered in 2016. Phase III and IV with total GFA of approximately 432,853 sqm is expected to be completed in 2017 and 2018.

Tianhu Yujing — 100% interest

"Tianhu Yujing" is located at Shui Di Village, Jiulibu District, Wenquan Town, Conghua, Guangzhou, the PRC, with a site area of approximately 55,031 sqm. The land is located adjacent to Yujing Scenic Garden, and the Group considered developing the land together with Yujing Scenic Garden to expand the Group's development and presence in Conghua. The project will be developed into 5 blocks of 32-storey modern residential buildings with total GFA of approximately 240,296 sqm. The development is divided into two phases. Phase I was commenced pre-sale in the 4th quarter of 2014 and expected to be delivered in 2016. Phase II will be launched for per-sale in the second quarter of 2016.

Yunshan Yujing — 100% interest

"Yunshan Yujing" is situated near Baiyun Mountain in the Baiyun District, Guangzhou, a traditional hub of high-end property market in Guangzhou City. The site neighbours on well-established residential and commercial communities and is only 15-minute drive away from the central business district of Guangzhou City. During the year under review, the Group has disposed its entire equity interests to an independent third party. For detail please refer to the announcement and circulars of the Company dated 4 January 2016 and 24 March 2016 respectively.

BUSINESS REVIEW *(continued)*

Property Development and Sales *(continued)*

Pearl Yunling Lake — 100% interest

"Pearl Yunling Lake" is located at Provincial Highway S355 line at Jiekou Street, Conghua, Guangzhou, the PRC, which is adjacent to the Fengyunling Forest Park, and is the main transportation link between Conghua and downtown of Guangzhou. The project site area is approximately 200,083 sqm, of which approximately 139,182 sqm will be developed and the remaining area will be reserved for public facilities. According to the latest design, the project will be developed into an integrated tourism project by selling the land use rights. The total GFA is expected to be approximately 124,521 sqm. The development is divided into two phases, with Phase I comprising 57 villas and 5 apartment buildings, with an aggregate GFA of approximately 43,004 sqm and Phase II comprising 28 villas, 3 apartment buildings and a hotel, with an aggregate GFA of approximately 81,517 sqm. The villas and apartment buildings will be selling the rights to occupy the properties upon completion, whilst the hotel will be retained as a long-term investment asset of the Group.

Pearl Yijing — 100% interest

"Pearl Yijing" is located at No.168 Xinkai Street, Xianghe County, Hebei Province, the PRC. The project will be developed into several residential buildings with total GFA of approximately 193,629 sqm. The foundation works were already commenced and the pre-sale was commenced in the 1st quarter of 2016.

Land Bank

The Group's strategy is to maintain a portfolio of land bank which is sufficient to support the Group's own development pipeline for at least three years. During the year under review, the Group did not acquire any additional land except for a few potential projects under negotiation. The Group continues to explore new opportunities in cities the Group already invested in and explore into new cities in PRC with growth potential and best investment value.

Property Investments

The Group owns certain floors of Royal Mediterranean Hotel ("**Hotel**") located at 518 Tianhe Road, Tianhe District, Guangzhou, the PRC, as a leased property with GFA of approximately 18,184 sqm. During the year, certain part of Zhukong International were leased out with approximately 17,988 sqm, and it is the intention of the Group to retain part of the Zhukong International and Hotel as investment properties in order to keep a steady income stream to the Group. The Group will continue to seek high quality properties for investment purposes in the future.

BUSINESS REVIEW *(continued)*

Project management services

The Group commenced a new business segment targeting the property development industry in the PRC and the Group has provided project and construction management services to customers in this target market since 2014. Although this year, there is no contribution from this segment, the Group will continue to expand this business by utilising its expertise in project management in order to increase the source of revenue in future.

Principal risks and uncertainties

A number of factors may affect the results and business operations of the Group, the summary of which is as follows:

Fierce industry competition

The fierce competition among property developers may lead to the increase in acquisition costs of land and construction costs in prime location in China, the over-provision of properties, decrease in price of the properties and slower approval and review of new property development projects by the relevant government authority as well as increase in human resource costs.

Fluctuation risk of exchange rates

The Group focuses on operations in China, and as a result, most revenues and expenses are denominated in RMB. The exchange rates of the RMB against the U.S. dollars and other foreign currencies fluctuate and are affected by, among other things, the policies of the PRC Government and changes in the PRC's and international political and economic conditions.

Fluctuation of interest rates

The Group relied on interest bearing debts as one of the important financing sources to fund its operations. Most of the loans are RMB denominated except for the Senior Notes, thus, any changes in interest rates in the PRC will affect the finance costs of the Group.

External contractors and suppliers

In the event that the performance of the external contractors and suppliers entrusted by the Group falls short of the standards, or they encounter financial, operational or managerial difficulties, this may disrupt the construction progress of the Group's property developments and the Group may incur additional costs as well as be subject to potential compensation payable to the customers for delay in completion of property development and delivery of property.

Events after the reporting period

(a) Trading in the shares of the Company ("**Shares**") was suspended on 1 April 2016 due to failure to publish the Company's preliminary results for the year ended 31 December 2015 in accordance with Rule 13.49(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). As such, the Group breached the terms of the agreements of certain bank loans (with total carrying amount of approximately HK$214,870,000 as at 31 December 2015), the Senior Notes 2013 and Senior Notes 2014, which are primarily related to the suspension and the continued suspension of trading of the Shares until the publication of the preliminary results for the year ended 31 December 2015. As a result, the said bank loans and Senior Notes 2013 and Senior Notes 2014 are subject to an immediate repayment option by the banker and note holders.

Up to the date of the issue of this announcement, the Group obtained consent from the banker and note holders that such suspension and the continued suspension shall not be considered as a breach of the terms of the agreements with the banker and note holders. The Directors believe that the Group will have sufficient working capital to ensure that there is no threat to the continuing operations of the Group.

(b) Pursuant to an entrusted construction and management service agreement dated 15 April 2015, the Group agreed to manage and fund the property development project of Guangzhou Zhuguang Investment Company Limited* ("**GZ Investment**") located at the former Guangzhou south railway station, Huangsha Avenue, Li Wan District, Guangzhou City, the PRC. In return, the Group will be entitled to certain income from the above management services and funding. Up to 31 March 2016, RMB1 billion (equivalent to approximately HK$1,193,630,000) was made by the Group to fulfill its duty under the abovementioned agreement to GZ Investment.

(c) Pursuant to an entrusted construction and management service agreement dated 10 March 2016, the Group agreed to manage and fund the property development project of Guangzhou Zhuguang Property Development Company Limited* ("**GZ Property**") property development project located in Tianhe District, Guangzhou City, the PRC. In return, the Group will be entitled to certain income from the above management services and funding. Up to 31 March 2016, RMB50 million (equivalent to approximately HK$59,682,000) was made by the Group to fulfil its duty under the abovementioned agreement to GZ Property.

* *English name is translated for identification purpose only*

BUSINESS REVIEW *(continued)*

Events after the reporting period *(continued)*

(d) On 11 March 2016, the Group, as the intended purchaser, and Shenzhen Zhuguang Property Company Limited* ("**SZ Property**"), as the intended vendor, entered into a memorandum of understanding (the "**MOU**") in relation to proposed acquisition of 100% equity interest of Shenzhen Zhuguang Scenic Property Company Limited*.

Pursuant to the MOU, RMB260 million refundable deposit was made to SZ Property. In the event that a sale and purchase agreement in relation to the proposed acquisition is not entered into by the Group, SZ Property shall, within five business days upon receipt written notice, refund the deposit of RMB260 million deposit to the Group.

Up to the date of this announcement, no legally binding agreement in relation to the proposed acquisition has been entered into by the Group (save for certain provisions relating to the deposit of RMB260 million, confidentiality, exclusivity and governing law under the MOU).

(e) Pursuant to an entrusted construction and management service agreement dated 14 March 2016, the Group agreed to manage and fund a property development project located in Conghua District, Guangzhou City, the PRC held by Guangzhou Conghua Zhuguang Investment Company Limited* ("**CZ Investment**"). In return, the Group will be entitled to certain income from the above management services and funding. Up to 31 March 2016, RMB100 million (equivalent to approximately HK$119,363,000), was made by the Group to fulfil its duty under the abovementioned agreement to CZ Investment.

GZ Investment, GZ Property, SZ Property and CZ Investment are wholly-owned subsidiaries of Guangdong Zhuguang Group Company Limited* ("GD Zhuguang"). Hence, they are considered as related parties of the Group as the ultimate controlling party of the Company, Mr. Liao Tengjia, has significant influence in GD Zhuguang, GZ Investment, GZ Property, SZ Property and CZ Investment.

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PROSPECT AND OUTLOOK

It is expected that the overall economy in the PRC will remain stable, the monetary policies will remain loose, the property market will revive and the property prices in major cities will rise. It is also anticipated that the loose monetary policies launched by the PRC Government in 2015 will start to take effect in the coming year.

The Group is optimistic about the development of the property industry and continues to grasp the opportunities in the property market by acquiring land parcels of quality situated in prime locations and developing urban renewal projects. Besides, the Group will continue to enhance its products by improving its competitiveness, reinforce sales strategy execution ability and increase the systematicness of its brand management and effectively accelerate sale of inventories.

FINANCIAL REVIEW

Revenue

The Group's revenue included revenue from property sales, rental income, project management fee income and decoration income. The total revenue of the Group for 2015 was approximately HK$3,293,318,000 (2014: HK$2,919,522,000), which represent a 12.80% increased as compared to 2014. The increase was mainly due to the fact that the amounts of delivered properties were higher than 2014. Total area delivered was approximately 171,703 sqm in 2015 (2014: 135,213 sqm), as compared to last year there is 27% increase in GFA delivered. Rental income recorded an increase of 26% from approximately HK$49,372,000 in 2014 to approximately HK$62,037,000 in 2015 mainly due to part of the Zhukong International with GFA approximately 17,988 sqm (2014: Nil) was leased out.

Gross profit and Margin

For the year ended 31 December 2015, the Group recorded a gross profit of approximately HK$651,549,000, a 47.18% decrease in gross profit as compared to the year ended 2014. The Group's gross profit on sale of properties amounted to approximately HK$584,687,000 (2014: HK$1,180,345,000). The decrease is primarily due to there is a significant decrease in high margin commercial building delivered in 2015 as compared to 2014, the total GFA of Zhukong International delivered in 2015 was approximately 1,664 sqm. (2014: 39,803 sqm.).

FINANCIAL REVIEW *(continued)*

Investment and other income

The Group's investment and other income decreased significantly to approximately HK$127,932,000 (2014: HK$735,131,000). In 2014, these were interest penalties and compensation income amounting to approximately HK$204,244,000 and HK$477,318,000 respectively from potential vendors and an authorised agent for cancellation and delay in repayment of deposits to the Group, no such compensation income recognised for the year under review.

Other gains and losses

Other gains and losses decreased from approximately HK$404,458,000 in 2014 to approximately HK$10,113,000 in 2015 primarily due to an impairment loss on goodwill of approximately HK$382,087,000 recognised in 2014, no such impairment incurred in 2015.

Administrative expenses, Selling and marketing expenses and Other expenses

Administrative expenses, selling and marketing expenses and other expenses of the Group increased from approximately HK$246,208,000 in 2014 to approximately HK$436,721,000 in 2015. It was primarily due to the fact that (i) additional recruitment cost for staff training and salaries adjustment aligned the market trend; (ii) provision for claims and administrative penalties; and (iii) general inflation of administrative expenses.

Finance costs

Finance costs for the year was approximately HK$1,004,642,000 (2014: HK$521,737,000), which was made up of interest expenses incurred during the year under review after deduction of the amount capitalised to development costs. The significant increase was mainly due to additional borrowings and the issues of senior notes in the aggregate principal amount of US$100,000,000 in the first quarter of 2015.

Income tax

Income tax comprised of corporate income tax ("**CIT**") and land appreciation tax ("**LAT**") in the PRC. Total income tax charged for the year under review was approximately HK$774,091,000 (2014: HK$798,888,000), as compared to 2014 these is no material changes in income tax provision.

FINANCIAL REVIEW *(continued)*

Cash position

As at 31 December 2015, the Group's bank and cash balances (including restricted bank deposits) amounted to approximately HK$5,848,861,000 (31 December 2014: HK$4,068,640,000).

Borrowings, charges on group assets and gearing ratio

The Group's bank and other borrowings comprise the following:

	2015	2014
	HK$'000	*HK$'000*
Bank loans — secured	**1,443,118**	3,294,531
Senior Notes — secured	**2,914,608**	2,112,163
Other borrowings — secured	**3,652,517**	3,419,434
Other borrowings — unsecured	**158,118**	—
	8,168,361	8,826,128

(a) The bank and other borrowings were secured by (i) investment properties with carrying amount of approximately HK$1,192,705,000; (ii) assignment of all rental income received from investment properties with carrying amount of approximately HK$648,631,000; (iii) land use rights classified under prepaid land lease payment of approximately HK$45,455,000 and the construction in progress of approximately HK$19,444,000; (iv) properties for sale under development and properties held for sale of approximately HK$2,940,610,000; (v) pledged bank deposits of approximately HK$44,691,000; (vi) financial assets at fair value through profit or loss of approximately HK$23,896,000; (vii) charge over the entire issued share capital of certain subsidiaries of the Group and the ex-subsidiary of the Company, Ocean Leader Investments Limited ("**Ocean Leader**"); (viii) corporate guarantee executed by the Company and certain subsidiaries, related parties, controlling shareholder and ex-subsidiary of the Company, Ocean Leader; (ix) guarantees executed by the Directors Mr. Liao Tengjia, Mr. Chu Hing Tsung (alias Zhu Qing Yi) and Mr. Chu Muk Chi (alias Zhu La Yi); (x) 2,480 million ordinary shares of the Company beneficially owned by controlling shareholder; and (xi) charge over the assets provided by Beijing Zhuguang Property Development Company Limited*.

(b) The gearing ratio is measured by the net borrowings (total interest-bearing borrowings net of cash and cash equivalents and restricted bank deposits) over the equity attributable to owners of the Company. As at 31 December 2015 the gearing ratio was 61% (2014: 140%).

* *English name is translated for identification purpose only*

CONTINGENT LIABILITIES

(a) The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties as follows:

	2015	2014
	HK$'000	*HK$'000*
Guarantees given to banks for mortgage facilities utilised by purchasers	**1,124,355**	1,019,554

Pursuant to the terms of the guarantees, if there are any defaults on the mortgages, the Group is responsible to repay the outstanding mortgage principals together with accrued interests and penalties owed by the defaulting purchasers to the banks. The Group is then entitled to take over the legal title and possession of the related properties. The guarantees will be released upon issuance of the purchasers' property ownership certificates and completion of the relevant registration of the mortgaged properties.

At the date of this announcement, the Directors do not consider it probable that a claim will be made against the Group under the above guarantees.

(b)

	2015	2014
	HK$'000	*HK$'000*
Guarantee given to a bank in respect of bank facilities granted to Guangdong Province Huashui Shui Li Investment Company Limited* ("**Guangdong Huashui**")	**—**	380,292

* *English name is translated for identification purpose only*

CONTINGENT LIABILITIES *(continued)*

(c) As at 31 December 2015, the Group has provided guarantee and pledged certain of its properties for sale under development with carrying amount of approximately HK$302,682,000 (2014: HK$247,117,000) to a financial institution regarding a loan and the interest thereon totalling RMB112,500,000 (equivalent to approximately HK$134,283,000) (2014: RMB 125,000,000 (equivalent to HK$158,455,000)) granted to a previous owner of the Group's subsidiary acquired in 2014, Xianghe County Yijing Property Development Company Limited* ("**Xianghe Yijing**"). The guarantee and the charged assets will be released, in accordance with the terms of the guarantee contract, up to a maximum of two years after the full repayment of the loan and interest thereon.

As at 31 December 2015, the Directors do not consider it probable that a claim will be made against the Group under the above guarantee. The Directors believe that all the outstanding amounts will be settled by the previous owner of Xianghe Yijing. In addition, the Group also owed approximately HK$119,363,000 (2014: HK$126,764,000) to the previous owner of Xianghe Yijing as at 31 December 2015. If there were any default payment of loan by the previous owner of Xianghe Yijing, the Group would be responsible to repay the outstanding loan principal together with accrued interest and penalty owed by the previous owner of Xianghe Yijing to the financial institution. The Directors indicated that, in the event of default payment by the previous owner of Xianghe Yijing, the Group would then withhold the repayment of its loan due to the previous owner of Xianghe Yijing.

FOREIGN EXCHANGE RATE

The Group conducts its business almost exclusively in RMB except that certain borrowings are in HK$ and US$. The conversion of RMB into HK$, US$ or other foreign currencies has been based on the rates set by the People's Bank of China. The value of RMB against the HK$, US$ and other foreign currencies may fluctuate and is affected by factors such as changes in the PRC's political and economic conditions. The Group has not adopted any financial instruments for hedging purposes. However, the Group will constantly assess the foreign exchange risk it encounters so as to decide on the hedging policy required against the possible foreign exchange risk that may arise.

EMPLOYEE AND REMUNERATION POLICIES

The Group had approximately 148 employees in Hong Kong and the PRC as at 31 December 2015 (31 December 2014: 140). They are remunerated according to their respective job nature, market conditions, individual performance and qualifications. Other staff benefits include annual bonus and retirement benefit.

The Group has not experienced any significant problems with its employees or disruption to its operations due to labour discipline nor has it experience any difficulty in the recruitment and retention of experienced staffs. The Group maintains a good relationship with its employees. Most members of senior management have been working for the Group for many years.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	3	**3,293,318**	2,919,522
Cost of sales		**(2,641,769)**	(1,686,016)
Gross profit		**651,549**	1,233,506
Investment and other income	4	**127,932**	735,131
Other gains and losses	5	**(10,113)**	(404,458)
Selling and marketing expenses		**(39,937)**	(48,111)
Administrative expenses		**(139,022)**	(91,510)
Other expenses	6	**(257,762)**	(106,587)
Profit from operations		**332,647**	1,317,971
Finance costs	7	**(1,004,642)**	(521,737)
Gain on disposal of subsidiaries		**1,954,560**	198,607
Profit before tax		**1,282,565**	994,841
Income tax	8	**(774,091)**	(798,888)
Profit for the year	9	**508,474**	195,953
Profit for the year attributable to:			
Owners of the Company		**591,409**	180,208
Non-controlling interests		**(82,935)**	15,745
		508,474	195,953
Earnings per share	11		
Basic		**12.27 cents**	4.24 cents
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 *HK$'000*	2014 *HK$'000*
Profit for the year	**508,474**	195,953
Other comprehensive income for the year, net of tax		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(180,090)**	3,338
Exchange differences reclassified to profit or loss on disposal of subsidiaries	**(7,543)**	(26,176)
Fair value changes on available-for-sale financial assets	**18,249**	—
Reclassification adjustment relating to available-for-sale financial assets upon disposal of subsidiaries	**(18,249)**	—
Other comprehensive income for the year	**(187,633)**	(22,838)
Total comprehensive income for the year	**320,841**	173,115
Total comprehensive income for the year attributable to:		
Owners of the Company	**423,717**	157,853
Non-controlling interests	**(102,876)**	15,262
	320,841	173,115

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**33,707**	30,715
Prepaid land lease payments		**44,084**	48,273
Investment properties		**1,237,878**	686,465
Inventories		**523,358**	—
Intangible assets		**23,184**	23,055
Goodwill		**17,401**	77,838
Deferred tax assets		**33,422**	123,184
Available-for-sale financial assets		**—**	—
Financial assets at fair value through profit or loss		**23,896**	—
		1,936,930	989,530
Current assets			
Inventories		**4,874,144**	9,585,820
Accounts receivable	*12*	**1,062,898**	989,216
Prepaid land lease payments		**1,371**	1,456
Prepayments, deposits and other receivables		**2,689,387**	4,485,541
Financial assets at fair value through profit or loss		**954,904**	—
Current tax assets		**60,087**	115,628
Restricted bank deposits		**187,747**	171,097
Bank and cash balances		**5,661,114**	3,897,543
		15,491,652	19,246,301
Current liabilities			
Accounts payable	*13*	**1,266,311**	1,322,537
Proceeds received from pre-sale of properties		**1,189,098**	2,575,210
Gross amount due to customers for contract work		**21,805**	—
Accruals and other payables		**461,166**	479,247
Amount due to the ultimate holding company		**880**	88,511
Derivative financial liabilities		**139,878**	112,961
Borrowings		**3,466,253**	2,584,485
Finance lease payables		**833**	209
Financial guarantee contracts		**—**	100,297
Provision		**133,983**	—
Current tax liabilities		**1,505,145**	971,797
		8,185,352	8,235,254
Net current assets		**7,306,300**	11,011,047
Total assets less current liabilities		**9,243,230**	12,000,577

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

At 31 December 2015

	2015	2014
	HK$'000	*HK$'000*
Non-current liabilities		
Borrowings	**4,702,108**	6,241,643
Finance lease payables	**1,369**	294
Deferred tax liabilities	**373,543**	1,913,416
	5,077,020	8,155,353
NET ASSETS	**4,166,210**	3,845,224
Capital and reserves		
Share capital	**481,831**	481,831
Reserves	**3,328,884**	2,905,167
Equity attributable to owners of the Company	**3,810,715**	3,386,998
Non-controlling interests	**355,495**	458,226
TOTAL EQUITY	**4,166,210**	3,845,224

Notes:

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS

(a) Application of new and revised HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its financial year beginning on 1 January 2015. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current and prior years.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2015. The Directors anticipate that the new and revised HKFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

List of new and revised HKFRSs in issue that are relevant for the Group's operation but not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS *(continued)*

(c) New Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) came into operation during the financial year. Although the Company is not incorporated in Hong Kong, the Rules Governing the Listing of Securities on the Stock Exchange require the Company to comply with the disclosure requirements of the new Hong Kong Companies Ordinance (Cap. 622). As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(d) Amendments to the Rules Governing the Listing of Securities on the Stock Exchange

The Stock Exchange in April 2015 released revised Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange in relation to disclosure of financial information in annual reports that are applicable for accounting periods ending on or after 31 December 2015, with earlier application permitted. As a result, there are changes to the presentation and disclosures of certain information in the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group has three reportable segments as follows:

Property sales	—	property development and sales
Property rental	—	property investment and property rental activities
Project management	—	project management activities

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different marketing strategies.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profits or losses do not include corporate incomes and expenses. Segment assets include all assets allocated to reportable segments except computer software included in intangible assets, deposits for acquisition of equity interest/land use rights, prepayments for acquisition of property development projects/equity interest and other corporate assets which are managed on a central basis. Segment liabilities include all liabilities allocated to reportable segments except Senior Notes, derivative financial liabilities and other corporate liabilities.

3. REVENUE AND SEGMENT INFORMATION *(continued)*

Information about reportable segments' profit or loss, assets and liabilities

	Property sales *HK$'000*	Property rental *HK$'000*	Project management *HK$'000*	Total *HK$'000*
Year ended 31 December 2015				
Revenue from external customers	**3,231,281**	**62,037**	**—**	**3,293,318**
Segment profit	**1,037,028**	**5,291**	**—**	**1,042,319**
Other information:				
Interest income	**89,847**	**3**	**—**	**89,850**
Interest expense	**522,484**	**—**	**—**	**522,484**
Depreciation and amortisation	**2,497**	**—**	**—**	**2,497**
Land lease charge (in respect of prepaid land lease payments)	**1,427**	**—**	**—**	**1,427**
Income tax	**672,925**	**97,592**	**—**	**770,517**
Other material items of income and expense:				
Fines, land premium related charges, and penalties	**62,650**	**—**	**—**	**62,650**
Gain on disposal of subsidiaries	**1,954,560**	**—**	**—**	**1,954,560**
Other material non-cash items:				
Fair value gains on properties held for sale upon transfer to investment properties	**—**	**54,735**	**—**	**54,735**
Fair value gains on investment properties	**—**	**6,463**	**—**	**6,463**
Amortisation of financial guarantee contracts	**646**	**—**	**—**	**646**
Provision for claims and administrative penalties	**139,511**	**—**	**—**	**139,511**
Write-down of properties for sale under development	**28,349**	**—**	**—**	**28,349**
Additions to segment non-current assets	**14,742**	**554,696**	**—**	**569,438**
At 31 December 2015				
Segment assets	**14,657,748**	**1,259,228**	**—**	**15,916,976**
Segment liabilities	**9,562,704**	**296,990**	**—**	**9,859,694**

3. REVENUE AND SEGMENT INFORMATION *(continued)*

Information about reportable segments' profit or loss, assets and liabilities *(continued)*

	Property sales *HK$'000*	Property rental *HK$'000*	Project management *HK$'000*	Total *HK$'000*
Year ended 31 December 2014				
Revenue from external customers	2,866,361	49,372	3,789	2,919,522
Segment (loss)/profit	(279,471)	269,272	3,789	(6,410)
Other information:				
Interest income	24,746	2	—	24,748
Interest expense	224,938	—	—	224,938
Depreciation and amortisation	1,731	—	—	1,731
Land lease charge (in respect of prepaid land lease payments)	1,449	—	—	1,449
Income tax	698,191	32,541	—	730,732
Other material items of income and expense:				
Fines, land premium related charges, and penalties	21,256	—	—	21,256
Gain on disposal of subsidiaries	—	198,607	—	198,607
Other material non-cash items:				
Fair value gains on investment properties	—	61,531	—	61,531
Amortisation of financial guarantee contracts	656	—	—	656
Reversal of provision	9,733	—	—	9,733
Impairment loss on goodwill	382,087	—	—	382,087
Additions to segment non-current assets	11,298	—	—	11,298
At 31 December 2014				
Segment assets	15,418,258	713,923	—	16,132,181
Segment liabilities	13,417,017	192,679	—	13,609,696

3. REVENUE AND SEGMENT INFORMATION *(continued)*

Reconciliations of reportable segments' profit or loss, assets and liabilities

	2015	2014
	HK$'000	*HK$'000*
Profit or loss		
Total profit or loss of reportable segments	**1,042,319**	(6,410)
Unallocated amounts		
Net change in fair value of financial assets at fair value through profit or loss	**—**	(37,729)
Net change in fair value of derivative financial liabilities	**37,104**	(46,973)
Other corporate (expenses)/income (net) *	**(570,949)**	287,065
Consolidated profit for the year	**508,474**	195,953
Assets		
Total assets of reportable segments	**15,916,976**	16,132,181
Unallocated amounts		
Other corporate assets	**1,511,606**	4,103,650
Consolidated total assets	**17,428,582**	20,235,831
Liabilities		
Total liabilities of reportable segments	**9,859,694**	13,609,696
Unallocated amounts		
Other corporate liabilities	**3,402,678**	2,780,911
Consolidated total liabilities	**13,262,372**	16,390,607

* Other corporate (expenses)/income (net) include the following:

	2015	2014
	HK$'000	*HK$'000*
Other income	**30,782**	697,224
Unallocated administration expenses, finance costs and income tax	**(601,731)**	(410,159)
	(570,949)	287,065

Geographical information

All the revenue generated by the Group for the years ended 31 December 2015 and 2014 were attributable to customers based in the PRC. In addition, the majority of the Group's non-current assets are located in the PRC. Accordingly, no geographical analysis is presented.

3. REVENUE AND SEGMENT INFORMATION *(continued)*

Revenue from major customers

During the year ended 31 December 2015, revenue arising from property sales derived from the Group's largest customer which accounted for 10% or more of the Group's total revenue amounted to approximately HK$1,091,255,000 (2014: HK$2,309,535,000).

4. INVESTMENT AND OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Interest income on:		
Bank deposits	**89,857**	24,817
Deposits/Prepayments for acquisition of equity interest	**27,454**	204,244
Loan receivables	**3,320**	15,592
Total interest income for financial assets that are not at fair value through profit or loss	**120,631**	244,653
Compensation income	—	477,318
Write back of other payables	**317**	17
Reversal of provision	—	9,733
Amortisation of financial guarantee contracts	**646**	656
Sundry income	**6,338**	2,754
	127,932	735,131

5. OTHER GAINS AND LOSSES

	2015	2014
	HK$'000	*HK$'000*
Fair value gains on properties held for sale upon transfer to investment properties	**54,735**	—
Fair value gains on investment properties	**6,463**	61,531
Net change in fair value of financial assets at fair value through profit or loss	**184**	(37,729)
Net change in fair value of derivative financial liabilities	**37,104**	(46,973)
Net foreign exchange (loss)/gain	**(92,810)**	1,250
Impairment loss on goodwill	—	(382,087)
Loss on disposal of property, plant and equipment	**(18)**	(450)
Write-down of properties for sale under development	**(28,349)**	—
Recovery of other receivables previously written off	**12,578**	—
	(10,113)	(404,458)

6. OTHER EXPENSES

	2015	2014
	HK$'000	*HK$'000*
Fines, land premium related charges and penalties	**62,650**	21,256
Provision for claims and administrative penalties	**139,511**	—
Other taxes	**18,400**	15,885
Financial advisory fees	**31,072**	63,390
Compensation	**3,547**	—
Sundry expenses	**2,582**	6,056
	257,762	106,587

7. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on Senior Notes wholly repayable within five years	**468,140**	286,762
Interest on bank loans wholly repayable within five years	**331,682**	280,501
Interest on other borrowings wholly repayable within five years	**345,857**	136,527
Finance lease charges	**97**	29
Total borrowings costs	**1,145,776**	703,819
Amount capitalised	**(141,134)**	(182,082)
	1,004,642	521,737

Borrowing costs on funds borrowed generally are capitalised at a rate of 12.3% (2014: 11.2%) per annum.

8. INCOME TAX

	2015	2014
	HK$'000	*HK$'000*
Current tax		
— CIT	**448,931**	388,903
— LAT	**272,333**	542,744
	721,264	931,647
Deferred tax		
— CIT	**25,743**	(131,970)
— LAT	**27,084**	(789)
	52,827	(132,759)
	774,091	798,888

8. INCOME TAX *(continued)*

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong for both years.

Subsidiaries established in the PRC are subject to CIT at 25% (2014: 25%) based on the relevant income tax rules and regulations in the PRC.

According to the PRC corporate income tax law and the relevant PRC issued implementation regulation, the Group is subject to PRC withholding income tax of 10% on the gross rental income and gain on disposal of subsidiaries (2014: 10%).

Under the PRC corporate income tax law, dividends received by foreign investors from investment in foreign-invested enterprises in respect of their profits earned since 1 January 2008 are subject to withholding tax of 5% to 10% unless reduced by treaty. Accordingly, deferred tax has been recognised for undistributed retained profits of PRC subsidiaries at a rate of 10% to the extent that the profits will be distributed in the foreseeable future.

LAT is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditure including lease charges of land use rights, borrowing costs and all property development expenditure.

9. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	2015	2014
	HK$'000	*HK$'000*
Auditor's remuneration		
— Audit	**2,400**	2,200
— Others	**560**	870
	2,960	3,070
Amortisation on intangible assets	**2,999**	2,730
Cost of properties sold	**2,607,643**	1,686,016
Depreciation	**2,804**	1,944
Amount capitalised	**(6)**	(16)
Depreciation, net of amount capitalised	**2,798**	1,928
Loss on disposal of property, plant and equipment	**18**	450
Operating lease charges in respect of land and buildings	**14,516**	12,646

10. DIVIDENDS

The Directors do not recommend the payment of any dividend (2014: Nil) in respect of the year.

11. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of approximately HK$591,409,000 (2014: HK$180,208,000) divided by the weighted average number of ordinary shares of 4,818,312,935 (2014: 4,251,851,111) in issue during the year.

(b) Diluted earnings per share

Diluted earnings per share for the years ended 31 December 2015 and 2014 have not been presented as the Company's outstanding warrants had no dilutive effect for the year ended 31 December 2015 and 2014 as the exercise prices of those warrants were higher than the average market price for shares.

12. ACCOUNTS RECEIVABLE

The Group's accounts receivable represent receivables from property rental, sales of properties and decoration services. Rental receivables from tenants are due on presentation of invoices and there are no credit terms for sales of properties and decoration services unless otherwise specified in the underlying agreements with the purchasers.

The aging analysis of accounts receivable, based on revenue recognition date is as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Within 3 months	**1,044,394**	987,798
4 to 6 months	**—**	850
7 to 12 months	**1,304**	—
Over 1 year	**17,200**	568
	1,062,898	989,216

Trade receivables are analysed as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Fully performing under credit terms	**1,015,700**	982,928
Past due but not impaired	**47,198**	6,288
	1,062,898	989,216

12. ACCOUNTS RECEIVABLE *(continued)*

Fully performing under credit term receivables mainly represent receivables of approximately HK$999,168,000 from sales of properties to one single independent purchaser in 2015. Subsequent to the reporting date, the receivables from this one single independent purchaser was fully settled.

Past due but not impaired receivables represent receivables relating to certain independent purchasers and a tenant. In respect of the accounts receivable that arose from sales of properties and decoration services of approximately HK$38,341,000 and HK$152,000 respectively (2014: HK$1,886,000 and Nil), the Directors consider that these receivables would be recovered and no allowance for impairment was made against these past due receivables. Regarding the rental receivable of approximately HK$8,705,000 (2014: HK$4,402,000), the balance was fully settled subsequent to the reporting date. The Group holds rental deposits as collateral from the tenant. As such, the Directors consider that no allowance for impairment is necessary in respect of the rental receivable.

13. ACCOUNTS PAYABLE

The aging analysis of accounts payable, based on the payment due date is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 3 months	**996,493**	1,296,134
4 to 6 months	**13,073**	9,778
7 to 12 months	**156,164**	16,437
Over 1 year	**100,581**	188
	1,266,311	1,322,537

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors (the "**Code**") as contained in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Special enquiry has been made of all Directors, and all Directors have confirmed that they have complied with the required standards set out in the Code for the year ended 31 December 2015.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the applicable code provisions set out in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 of Listing Rules during the year ended 31 December 2015, other than code provisions A.2.1, A.4.2 and E.1.2 of the CG Code.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer ("**CEO**") should be separate and should not be the same individual. As a result of the appointment of Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi) ("**Mr. Chu**") as the chairman of the Board on 12 December 2013, Mr. Chu has assumed the roles of both the chairman of the Board and the CEO of the since 12 December 2013 to 20 August 2015 which is non-compliance with code provision A.2.1 of the CG Code. With effect from 21 August 2015, Mr. Chu resigned as the CEO and Mr. Liao Tengjia appointed as the CEO, the role of chairman and CEO has been separate and has not been performed by the same individual. Since 21 August 2015, the Company has been in compliance with the requirement under A.2.1 of the CG Code.

Under code provision A.4.2 of the CG Code, every director should be subject to retirement by rotation at least once every three years. According to the Bye-laws of the Company, the chairman of the Board of the Company shall not be subject to retirement by rotation or taken into account in determining the number of directors to retire. As continuation is a key factor to the successful long term implementation of business plans, the Board believes that the roles of the chairman provide the Group with strong and consistent leadership and allow more effective planning and execution of long-term business strategy. As such, the Board is of the view that the chairman of the Board should not be subject to retirement by rotation.

Code provision E.1.2 of the CG Code requires that the chairman of the board should attend the annual general meeting of the Company ("**AGM**"). Mr. Chu, the chairman of the Board, did not attend the AGM in 2015 due to his prior engagement.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive Directors. The audit committee has reviewed the accounting principles and practice adopted by the Group and the Company's audited results for the year ended 31 December 2015 and discussed with the management regarding auditing, internal control and financial reporting matters.

PRELIMINARY ANNOUNCEMENT OF THE RESULTS AGREED BY AUDITORS

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

APPRECIATION

The Board would like to take this opportunity to thank the shareholders of the Company and the management and the staff members of the Group for their dedication and support.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended from 9:00 a.m. on 1 April 2016 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on 27 April 2016.

On behalf of the Board
Zhuguang Holdings Group Company Limited
Chu Hing Tsung
Chairman

Hong Kong, 26 April 2016

As at the date of this announcement, the Board comprises Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi) (Chairman), Mr. Liao Tengjia (Chief Executive Officer), Mr. Huang Jiajue (Deputy Chairman), Mr. Chu Muk Chi (alias Mr. Zhu La Yi) and Ms. Ye Lixia as executive Directors, and Mr. Leung Wo Ping JP, Mr. Wong Chi Keung and Dr. Feng Ke as independent non-executive Directors.

This announcement is published on the website of the Company (www.zhuguang.com.hk) and the designated issuer website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).