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# 首創置業股份有限公司

## BEIJING CAPITAL LAND LTD.

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 2868)**

### **2016 ANNUAL RESULTS ANNOUNCEMENT**

#### **FINANCIAL HIGHLIGHTS**

*For the year ended 31 December 2016*

- Revenue was RMB20,349,404,000 (Restated 2015: RMB15,994,770,000)
- Net profit was RMB2,878,298,000 (Restated 2015: RMB2,986,800,000)
- Profit attributable to owners of the Company was RMB2,031,862,000 (Restated 2015: RMB2,079,382,000)
- Earnings per share was RMB67 cents (Restated 2015: RMB95 cents)
- The Board of Director recommended the payment of final dividend of RMB0.20 per share (before tax) (2015: RMB0.20 per share).

The board of directors (“the Board”) of Beijing Capital Land Ltd. (the “Company” or “BCL”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) which have been prepared in accordance with the CAS for the year ended 31 December 2016 (the “Year”).

## CONSOLIDATED INCOME STATEMENTS

(All amounts in thousands of units of RMB unless otherwise stated)

		Year ended 31 December 2016	Year ended 31 December 2015 (Restated)
	<i>Notes</i>		
<b>Revenue</b>	3	<b>20,349,404</b>	15,994,770
Less: Cost of sales	3	(16,863,865)	(13,080,165)
Taxes and surcharges	4	(1,433,614)	(1,121,664)
Selling and distribution expenses		(624,943)	(605,585)
General and administrative expenses		(458,678)	(503,753)
Financial income — net		58,367	52,015
Asset impairment losses		(772)	(130,091)
Add: Gains arising from changes in fair value		1,485,125	1,633,982
Investment income		1,317,639	1,506,744
Including: Share of profit of joint ventures and associates		<b>582,988</b>	182,356
<b>Operating profit</b>		<b>3,828,663</b>	3,746,253
Add: Non-operating income		<b>131,098</b>	326,263
Including: Gains on disposal of non-current assets		<b>163</b>	285
Less: Non-operating expenses		(6,989)	(63,698)
Including: Losses on disposal of non-current assets		(58)	(113)
<b>Total profit</b>		<b>3,952,772</b>	4,008,818
Less: Income tax expenses	6	(1,074,474)	(1,022,018)
<b>Profit for the year</b>		<b>2,878,298</b>	2,986,800
Including: The net profit of acquiree before combination under common control		<b>154,904</b>	107,536
Attributable to:			
— Owners of the Company		<b>2,031,862</b>	2,079,382
— Non-controlling interests		<b>846,436</b>	907,418
<b>Earnings per share for profit attributable to the owners of the Company</b>	7		
— Basic earnings per share (RMB Yuan)		<b>0.67</b>	0.95
— Diluted earnings per share (RMB Yuan)		<b>0.67</b>	0.95

## CONSOLIDATED INCOME STATEMENTS (Continued)

(All amounts in thousands of units of RMB unless otherwise stated)

	Year ended 31 December 2016	Year ended 31 December 2015 (Restated)
<b>Net profit</b>	<b>2,878,298</b>	2,986,800
<b>Other comprehensive income for the year, net of tax</b>	<b>(167,134)</b>	(43,593)
<b>Attributable to owners of the Company</b>	<b>(167,134)</b>	(43,593)
Items that may be reclassified to profit or loss	<b>(167,134)</b>	(43,593)
— Share of other comprehensive income in the investees can be reclassified into profit and loss at equity method	<b>31,984</b>	—
— Changes in fair value of available-for-sale financial assets	<b>(8,087)</b>	2,268
— Changes in fair value of investment properties transferred from inventories	<b>4,435</b>	—
— Recycling of changes in fair value of investment properties previously recognized in other comprehensive income	<b>(110,207)</b>	—
— Currency translation differences	<b>9,928</b>	(18,247)
— Effective portion of cash flow hedges	<b>(95,187)</b>	(27,614)
<b>Total comprehensive income for the year</b>	<b>2,711,164</b>	2,943,207
Total comprehensive income attributable to owners of the Company	<b>1,864,728</b>	2,035,789
Total comprehensive income attributable to non-controlling interest	<b>846,436</b>	907,418

## CONSOLIDATED BALANCE SHEETS

(All amounts in thousands of units of RMB unless otherwise stated)

	Notes	31 December 2016	31 December 2015 (Restated)
<b>Current Assets</b>			
Cash at bank and on hand		17,925,747	20,102,982
Financial assets at fair value through profit and loss		217,141	228,266
Notes receivable		–	1,811
Trade receivables	9	995,223	676,898
Advances to suppliers		372,047	585,740
Interest receivable		30,581	19,980
Dividends receivable		12,000	21,825
Other receivables		3,436,466	2,511,075
Inventories		64,543,029	58,139,119
Assets classified as held for sale		9,921	9,921
Current portion of non-current assets		3,957,937	593,030
Other current assets		2,839,473	2,180,922
<b>Total current assets</b>		<b>94,339,565</b>	<b>85,071,569</b>
<b>Non-current assets</b>			
Available-for-sale financial assets		2,390,462	86,444
Long-term receivables		2,798,495	4,663,667
Long-term equity investments		3,078,429	4,820,853
Investment properties		15,146,259	11,945,033
Fixed assets		134,443	138,265
Goodwill		172,137	172,137
Long-term prepaid expenses		100,940	104,580
Deferred income tax assets		655,196	469,401
Other non-current assets		394,808	–
<b>Total non-current assets</b>		<b>24,871,169</b>	<b>22,400,380</b>
<b>TOTAL ASSETS</b>		<b>119,210,734</b>	<b>107,471,949</b>

**CONSOLIDATED BALANCE SHEETS (Continued)***(All amounts in thousands of units of RMB unless otherwise stated)*

	<i>Notes</i>	<b>31 December 2016</b>	31 December 2015 (Restated)
<b>Current liabilities</b>			
Short-term borrowings		<b>1,909,327</b>	3,005,029
Notes payable		<b>26,223</b>	39,476
Trade payables	<i>10</i>	<b>7,145,120</b>	6,197,961
Advances from customers		<b>15,906,410</b>	12,683,338
Employee benefits payable		<b>119,538</b>	205,338
Taxes payable		<b>2,231,937</b>	2,253,347
Interests payable		<b>547,854</b>	333,418
Dividends payable		<b>257,272</b>	197,803
Other payables		<b>4,691,612</b>	3,931,106
Current portion of non-current liabilities		<b>14,967,002</b>	6,762,707
		<hr/> <b>47,802,295</b>	<hr/> 35,609,523
<b>Current liabilities</b>			
<b>Non-current liabilities</b>			
Long-term borrowings		<b>20,520,263</b>	26,504,682
Debentures payable		<b>16,985,512</b>	12,481,249
Long-term payables		<b>3,806,675</b>	5,508,075
Deferred income tax liabilities		<b>2,352,530</b>	1,655,234
Derivative financial liabilities		<b>178,724</b>	55,601
		<hr/> <b>43,843,704</b>	<hr/> 46,204,841
<b>Total non-current liabilities</b>		<hr/> <b>43,843,704</b>	<hr/> 46,204,841
<b>Total liabilities</b>		<hr/> <b>91,645,999</b>	<hr/> 81,814,364
<b>Equity</b>			
Paid-in capital		<b>3,027,960</b>	3,027,960
Other equity instruments		<b>2,895,291</b>	–
Capital surplus		<b>692,777</b>	3,516,644
Other comprehensive income		<b>370,407</b>	537,541
Surplus reserve		<b>543,169</b>	495,150
Undistributed profits		<b>9,146,801</b>	7,768,550
		<hr/> <b>16,676,405</b>	<hr/> 15,345,845
Total equity attributable to owners of the Company		<hr/> <b>16,676,405</b>	<hr/> 15,345,845
Non-controlling interests		<b>10,888,330</b>	10,311,740
		<hr/> <b>27,564,735</b>	<hr/> 25,657,585
<b>Total equity</b>		<hr/> <b>27,564,735</b>	<hr/> 25,657,585
<b>TOTAL LIABILITIES AND EQUITY</b>		<hr/> <b>119,210,734</b>	<hr/> 107,471,949

*(All amounts in thousands of units of RMB unless otherwise stated)*

**NOTES:**

The Group completed the transactions of acquiring equity interests of Beijing Liujin Real Estate Co., Ltd. (hereinafter “Liujin Real Estate”) and Beijing Donghuan Xinrong Investment and Management Co., Ltd. (hereinafter “Donghuan Xinrong”) in September and December 2016 separately. As the Group and the acquiree are under common control of Beijing Capital Group Co., Ltd., Such transactions were treated as business combination involving enterprises under common control. The financial information for the year ended 31 December 2015 is restated accordingly. All corresponding figures are restated unless otherwise stated.

**1. BASIS OF PREPARATION**

The financial statements were prepared in accordance with the Basic Standard and specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, and the Application Guidance for Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (hereinafter collectively referred to as the “Accounting Standards for Business Enterprises” or “CAS”).

The financial statements were prepared on basis of going concern.

**2. SEGMENT INFORMATION**

The reportable segments of the Group are the business units that provide different products or service, or operate in different areas. Different businesses or areas require different marketing strategies, the Group, therefore, separately manages the production and operation of each reportable segment and values their operating results respectively, in order to make decisions about resources allocation to these segments and to assess their performance.

In 2016, the Group identified seven reportable segments as follows:

- Beijing segment, which is mainly engaged in real estate development, sales and related business in Beijing region.
- Shanghai segment, which is mainly engaged in real estate development, sales and related business in Shanghai region.
- Tianjin segment, which is mainly engaged in real estate development, sales and related business in Tianjin region.
- Chengyu segment, which is mainly engaged in real estate development, sales and related business in Chengdu and Chongqing region.
- Other segment, which is mainly engaged in real estate development, sales and related business in other regions, including Shenyang, Xi’an, Jiangsu, Zhejiang, Hainan and etc.
- Outlets business segment, which is mainly engaged in outlets businesses in different regions.
- Other investment property segment, which is mainly engaged in the investment property operations other than outlets business.

In 2015, the Group identified six reportable segments as follows:

- Beijing segment, which is mainly engaged in real estate development, sales and related business in Beijing region.
- Tianjin segment, which is mainly engaged in real estate development, sales and related business in Tianjin region.
- Chengyu segment, which is mainly engaged in real estate development, sales and related business in Chengdu and Chongqing region.

(All amounts in thousands of RMB unless otherwise stated)

- Other segment, which is mainly engaged in real estate development, sales and related business in other regions, including Shenyang, Xi'an, Shanghai, Jiangsu, Zhejiang, Hainan and etc.
- Investment property segment, which is mainly engaged in the investment property operations.
- Hotel segment, which is mainly engaged in hotel business and corresponding services.

The Group disposed the operation of hotel services in 2015 and the hotel segment is no longer included in 2016.

In addition, due to the substantial expansion of the property development projects in Shanghai, it becomes a core business unit of the Group and constitutes an individual reporting segment. The segment information as at and for the year ended 31 December 2015 was restated as disclosed in Shanghai segment.

In 2016, due to the substantial expansion of the development and operation of outlets business in different regions, it becomes a core business unit of the Group and constitutes an individual reporting segment. The segment information as at and for the year ended 31 December 2015 was restated as disclosed in unit of investment properties separately.

Inter-segment transfer prices are determined by referring to sales price to third parties. The expenses attributed to each segment indirectly are allocated between the segments according to the proportion of income.

Assets are allocated to segments based on the location of assets and the segments' operation. Liabilities are allocated to segments based on the segments' operation. Indirect expenses of the segments are allocated to the segments based on the proportion of each segments' revenue.

Segment information as at 31 December 2016 and for the year then ended are as follows:

	Property development and sales and related business					Investment properties			Inter-segments elimination	Total
	Beijing	Shanghai	Tianjin	Chengyu	Others	Outlets business	Others	Unallocated		
Revenue from external customers	2,962,674	1,925,703	10,178,908	1,260,236	3,719,506	199,378	102,999	-	-	20,349,404
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-
Cost of sales from main operations	(2,123,212)	(1,708,054)	(8,783,059)	(1,104,706)	(3,103,421)	-	(9,962)	-	-	(16,832,414)
Interest income	520,633	7,008	91,017	1,918	29,915	1,193	2,267	457,691	(104,827)	1,006,815
Interest expense	(474,744)	(3,210)	(5,463)	(22,423)	(54,176)	(189,358)	(2,259)	(266,371)	104,827	(913,177)
Share of profit/(loss) of associates and joint ventures	56,025	397,315	(19,545)	(707)	10,311	-	139,589	-	-	582,988
Provisions for assets impairment loss	-	-	-	-	(772)	-	-	-	-	(772)
Depreciation and amortization	(5,743)	(628)	(1,913)	(340)	(1,553)	(21,522)	(19,121)	(2,496)	-	(53,316)
Total Profit/(loss)	863,781	547,550	707,281	50,833	316,797	496,821	1,036,232	(66,523)	-	3,952,772
Income tax expenses	(230,629)	(123,933)	(225,358)	(13,754)	(77,848)	(148,124)	(259,482)	4,654	-	(1,074,474)
Net profit/(loss)	633,152	423,617	481,923	37,079	238,949	348,697	776,750	(61,869)	-	2,878,298
Total assets	64,828,253	17,527,457	12,741,767	4,509,723	15,655,439	7,634,733	9,281,359	5,670,784	(18,638,781)	119,210,734
Total liabilities	(59,062,541)	(15,540,370)	(8,953,529)	(1,504,032)	(7,735,138)	(2,828,346)	(1,623,954)	(6,811,189)	12,413,100	(91,645,999)
Long-term equity investments on associates and joint ventures	822,075	899,423	537,268	-	629,122	-	190,541	-	-	3,078,429
Increase in non-current assets (i)	1,097,633	265	216	-	2,425	1,819,387	1,789,561	378,820	-	5,088,307

- (i) Non-current assets do not include financial assets, long-term equity investments and deferred income tax assets.

(All amounts in thousands of RMB unless otherwise stated)

Segment information as at 31 December 2015 and for the year then ended are as follows (Restated):

	Property development and sales and related business					Investment properties				Inter-segments elimination	Total
	Beijing	Shanghai	Tianjin	Chengyu	Others	Outlets business	Others	Hotel	Unallocated		
Revenue from external customers	2,966,055	541,233	4,973,397	1,359,945	5,803,139	153,908	108,541	88,552	-	-	15,994,770
Inter-segment revenue	-	-	-	-	3,800	-	-	-	-	(3,800)	-
Cost of sales from main operations	(2,143,433)	(490,995)	(4,279,627)	(1,041,670)	(5,027,049)	-	(14,658)	(75,622)	-	-	(13,073,054)
Interest income	399,399	1,395	41,444	3,074	119,213	42,008	78	194	114,289	(175,775)	545,319
Interest expense	(360,139)	(377)	(9,483)	(393)	(116,061)	(93,923)	(10,456)	(36,912)	(61,477)	175,775	(513,446)
Share of profit/(loss) of associates and joint ventures	116,894	(9,211)	(6,080)	52,849	(2,759)	-	30,663	-	-	-	182,356
Provisions for assets impairment loss	(5,336)	-	(23,687)	(3,369)	(97,699)	-	-	-	-	-	(130,091)
Depreciation and amortization	(4,940)	(548)	(1,423)	(366)	(11,628)	(17,383)	(6)	(27,829)	(2,048)	-	(66,171)
Total Profit/(loss)	712,681	(15,168)	523,711	212,690	745,620	729,087	1,092,681	(28,900)	36,416	-	4,008,818
Taxes expense	(49,567)	1,881	(157,451)	(55,033)	(161,918)	(245,340)	(273,172)	-	(81,418)	-	(1,022,018)
Net profit/(loss)	663,114	(13,287)	366,260	157,657	583,702	483,747	819,509	(28,900)	(45,002)	-	2,986,800
Total assets	57,942,314	15,124,039	17,671,734	5,453,174	21,259,838	6,502,001	6,934,786	-	6,040,874	(29,456,811)	107,471,949
Total liabilities	(44,448,579)	(14,963,531)	(11,803,336)	(3,646,904)	(16,178,573)	(2,541,408)	(2,901,680)	-	(7,838,669)	22,508,316	(81,814,364)
Long-term equity investments on associates and joint ventures	2,253,662	182,900	525,575	1,018,922	649,554	-	190,240	-	-	-	4,820,853
Increase in non-current assets (i)	2,596,475	550	714,369	710	426,342	1,343,567	1,833,216	-	392,103	-	7,307,332

(i) Non-current assets do not include financial assets, long-term equity investments and deferred income tax assets.

The revenue generated and total non-current assets apart from financial assets and, long-term equity investments and deferred income tax assets from mainland China and overseas countries or regions were disclosed as follows:

Revenue from external customers	2016	2015 (Restated)
China	<u>20,349,404</u>	<u>15,994,770</u>
<b>Total non-current assets</b>	<b>31 December 2016</b>	<b>31 December 2015 (Restated)</b>
China	<u>18,601,724</u>	16,902,552
France	<u>145,358</u>	121,130
	<u>18,747,082</u>	<u>17,023,682</u>

Most business of the Company and the subsidiaries are operated in mainland China. In 2016 and 2015, the Group has no revenue generated from overseas transaction nor from a single significant customer.



(All amounts in thousands of RMB unless otherwise stated)

### 3. REVENUE AND COST OF SALES

	2016	2015 (Restated)
Revenue from main operations (a)	20,191,574	15,827,449
Revenue from other operations (b)	<u>157,830</u>	<u>167,321</u>
Total	<u><u>20,349,404</u></u>	<u><u>15,994,770</u></u>

	2016	2015 (Restated)
Cost of sales from main operations (a)	16,832,414	13,073,054
Cost of sales from other operations (b)	<u>31,451</u>	<u>7,111</u>
Total	<u><u>16,863,865</u></u>	<u><u>13,080,165</u></u>

#### (a) Revenue and cost of sales from main operations

	2016		2015	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations (Restated)	Cost of sales from main operations (Restated)
Sales of properties	19,598,659	16,579,917	15,421,910	12,937,735
Consulting services	26,169	–	25,904	–
Primary land development	264,369	242,535	52,634	45,039
Rental revenue of investment properties	302,377	9,962	238,449	14,658
Hotel operations	–	–	88,552	75,622
Total	<u><u>20,191,574</u></u>	<u><u>16,832,414</u></u>	<u><u>15,827,449</u></u>	<u><u>13,073,054</u></u>

#### (b) Revenue and cost of sales from other operations

	2016		2015	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations (Restated)	Cost of sales from other operations (Restated)
Sales of investment properties	–	–	24,000	1,958
Temporarily rental income	113,360	204	127,846	499
Other operations	<u>44,470</u>	<u>31,247</u>	<u>15,475</u>	<u>4,654</u>
Total	<u><u>157,830</u></u>	<u><u>31,451</u></u>	<u><u>167,321</u></u>	<u><u>7,111</u></u>

(All amounts in thousands of RMB unless otherwise stated)

#### 4. TAXES AND SURCHARGES

	2016	2015 (Restated)
Business tax	697,189	830,548
Land appreciation tax	532,580	172,196
Others	203,845	118,920
	<u>1,433,614</u>	<u>1,121,664</u>
Total	<u>1,433,614</u>	<u>1,121,664</u>

#### 5. GROSS PROFIT

	2016	2015 (Restated)
Revenue	20,349,404	15,994,770
Less: Cost of sales	(16,863,865)	(13,080,165)
Business tax	(697,189)	(830,548)
Other tax	(203,845)	(118,920)
	<u>2,584,505</u>	<u>1,965,137</u>
Gross profit	<u>2,584,505</u>	<u>1,965,137</u>

#### 6. INCOME TAX EXPENSES

PRC income tax is computed according to the relevant laws and regulations in the PRC. The applicable PRC income tax rate is 25% (2015: 25%).

According to the current tax law in Hong Kong, profit tax in Hong Kong is calculated by 16.5% of taxable profit. Except for several subsidiaries in Hong Kong are subject to Hong Kong profits tax, other subsidiaries in Hong Kong have no Hong Kong taxable profits.

Withholding income tax should be charged against income from taxable dividends of non-resident enterprises in mainland China and investments disposal in mainland China with the tax rate of 5%–10% according to the relevant laws and regulations in the PRC.

The amount of taxation charged to the consolidated income statement represents:

	2016	2015 (Restated)
Current income tax	509,367	729,229
Deferred income tax	565,107	292,789
	<u>1,074,474</u>	<u>1,022,018</u>
Total	<u>1,074,474</u>	<u>1,022,018</u>

(All amounts in thousands of RMB unless otherwise stated)

Reconciliations from income tax calculated based on the applicable tax rates and total profit presented in the consolidated financial statements to the income tax expenses are listed below:

	2016	2015 (Restated)
Total profit	<u>3,952,772</u>	<u>4,008,818</u>
Income tax expenses calculated at applicable tax rates (25%)	988,193	1,002,205
Share of net profit of joint ventures and associates under equity method	(145,747)	(45,589)
Other profit not subject to tax	(143,328)	(183,467)
Profit from internal equity transfer transaction subject to tax	188,073	–
Utilisation of deductible temporary differences for which no deferred income tax asset was recognized in previous years	(22,851)	(57,099)
Distribution eligible for tax deduction (i)	(8,894)	(10,643)
Deductible losses for which no deferred income tax asset was recognized	201,792	157,864
Impairment provision for which no deferred income tax asset was recognized	193	26,457
Impact of withholding income tax at different tax rate	10,050	21,235
Expenses, costs and losses not deductible for tax purposes	7,955	29,790
Tax differences of investees at different rate	(962)	(8,858)
Pay back tax of previous year	–	90,123
Income tax expenses	<u>1,074,474</u>	<u>1,022,018</u>

(i) Such amount represents tax deductible expenses of equity instrument issued by certain companies.

## 7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the consolidated net profit attributable to owner's of the Company by the weighted average number of ordinary shares outstanding during the period:

	2016	2015 (Restated)
Consolidated net profit attributable to owner's of the Company	2,031,862	2,079,382
Weighted average number of shares outstanding ( <i>thousands</i> )	<u>3,027,960</u>	<u>2,194,627</u>
Basic earnings per share ( <i>RMB cents per share</i> )	<u>67</u>	<u>95</u>
Including:		
— Basic earnings per share relating to continuing operations ( <i>RMB cents per share</i> )	<u>67</u>	<u>95</u>

Diluted earnings per share are equal to the basic earnings per share since the Company has no dilutive potential ordinary shares.

(All amounts in thousands of RMB unless otherwise stated)

## 8. DIVIDENDS

	2016	2015
Dividends proposed but not paid by the end of the year	<u>605,592</u>	<u>605,592</u>
Dividends proposed to pay during the year	<u>605,592</u>	<u>506,990</u>

In accordance with the resolutions of shareholder's meeting on 31 March 2015, the Company distributed the cash dividends of 2014 to all shareholders with RMB0.25 per share. The Company distributed cash dividends of RMB506,990,000, calculated at 2,027,960,000 issued shares.

In accordance with the resolutions of shareholder's meeting on 29 April 2016, the Company distributed the cash dividends of 2015 to all shareholders with RMB0.20 per share. The Company distributed cash dividends of RMB605,592,000, calculated at 3,027,960,000 issued shares.

On the Board meeting held on 20 February 2017, the directors proposed a final dividend of RMB0.20 per share to the shareholders, the total amount payable will be RMB605,592,000 based on the Company's total issued number of shares which is 3,027,960,000. Such distribution of profit will be proposed as resolution at the Annual General Meeting of shareholders to be held on 20 April 2017.

## 9. TRADE RECEIVABLES

	31 December 2016	31 December 2015 (Restated)
Trade receivables	1,002,223	683,898
Less: provision for bad debts	<u>(7,000)</u>	<u>(7,000)</u>
Receivables — net	<u>995,223</u>	<u>676,898</u>

Most sales of the Group are in form of cash and advanced payment, other sales are collected subject to the agreed terms on sales contract.

The ageing of trade receivables based on their recording dates is as follows:

	31 December 2016	31 December 2015 (Restated)
Within 1 year	370,636	98,388
1 to 2 years	47,907	472,797
2 to 3 years	470,967	104,591
Over 3 years	<u>112,713</u>	<u>8,122</u>
Total	<u>1,002,223</u>	<u>683,898</u>

*(All amounts in thousands of RMB unless otherwise stated)*

As at 31 December 2016, trade receivables of RMB1,122,000 (31 December 2015: RMB1,122,000) is overdue but not impaired. Trade receivables amounted to RMB7,000,000 (31 December 2015: RMB7,000,000) with the ageing of three years is overdue and fully impaired at the amount of RMB7,000,000 (31 December 2015: RMB7,000,000).

Analysis of trade receivables is as follows:

	<b>31 December 2016</b>	31 December 2015 (Restated)
Primary land development (i)	<b>636,858</b>	636,858
Property sales	<b>339,223</b>	21,219
Investment Property	<b>10,909</b>	13,922
Others	<b>15,233</b>	11,899
	<hr/>	<hr/>
Total	<b>1,002,223</b>	683,898
	<hr/> <hr/>	<hr/> <hr/>

(i) The amount is due from Land Reserve Centers of Tianjin arising from primary land development cooperated by the Group and Land Reserve Centers of Tianjin in Wuqing District.

#### **10. TRADE PAYABLES**

The aging analysis of trade payables is as follows:

	<b>31 December 2016</b>	31 December 2015 (Restated)
Within 1 year	<b>5,833,805</b>	4,756,133
Over 1 year	<b>1,311,315</b>	1,441,828
	<hr/>	<hr/>
Total	<b>7,145,120</b>	6,197,961
	<hr/> <hr/>	<hr/> <hr/>

#### **11. NET CURRENT ASSETS**

	<b>31 December 2016</b>	31 December 2015 (Restated)
Current assets	<b>94,339,565</b>	85,071,569
Less: Current liabilities	<b>(47,802,295)</b>	(35,609,523)
	<hr/>	<hr/>
Net current assets	<b>46,537,270</b>	49,462,046
	<hr/> <hr/>	<hr/> <hr/>

*(All amounts in thousands of RMB unless otherwise stated)*

## 12. TOTAL ASSETS LESS CURRENT LIABILITIES

	<b>31 December 2016</b>	31 December 2015 (Restated)
Total assets	<b>119,210,734</b>	107,471,949
Less: Current liabilities	<b>(47,802,295)</b>	(35,609,523)
Total assets less current liabilities	<b><u>71,408,439</u></b>	<b><u>71,862,426</u></b>

## 13. FINANCIAL GUARANTEES

The Group has arranged bank financing for certain customers and has provided guarantees to secure repayments obligations of these customers.

The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. These guarantees will be expired when relevant property ownership certificates are lodged with the various banks by the purchasers. As at 31 December 2016, outstanding guarantees amounted to RMB6,648,906,000 (31 December 2015: RMB6,902,006,000).

As at 31 December 2016 expect for the guarantees provided by the Company or certain subsidiaries for short-term borrowings, long-term borrowings, debentures payable Long-term payables and equity instruments, the Group has no other material external guarantee. The Group believes that the guarantees above will not have a significant impact on its financial position.

## PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2016 have been agreed upon by the Group's auditors, PricewaterhouseCoopers ZhongTian LLP (hereinafter "PricewaterhouseCoopers ZhongTian"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers ZhongTian in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers ZhongTian on this preliminary results announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS

In 2016, the Group's revenue totaled RMB20,349,404,000, representing an increase of 27% compared with the previous year. Operating profit increased 2% year-over-year to RMB3,828,663,000. Net profit attributable to owners of the Company totaled RMB2,031,862,000, representing a decrease of 2% compared with the previous year, but increased by 3% as compared to the 2015 net profit attributable to owners of the Company before restatement. Basic earnings per share (EPS) totaled RMB0.67, compared with RMB0.95 in 2015. The Board resolved to recommend the payment of a final dividend for the year ended 31 December 2016 of RMB0.20 per share (2015: RMB0.20 per share).

During the year, BCL continued to execute its five-year strategy, and adhered to its mission of "achieving quality growth". These efforts enabled the Group to achieve all-time highs in terms of operating performance and realize significant breakthroughs in many areas.

### **Set record for contracted sales, and cultivated both primary and secondary land development opportunities**

- ✓ During the year, the Group endeavored to cater to the growing market demand, maintained a balance of sales volume and price, and ensured that projects from new investment projects in core cities were all launched for sale. The Group placed substantial emphasis on building its high-end product line, successfully launched its "Tian Yue" series of projects and redeveloped its "Xi Rui" series of projects. As a result of these successful efforts, the Group recorded total contracted sales of RMB45.51 billion, an increase of 40% year-over-year. Contracted sales from the Group's five core cities and Sydney accounted for 95% of the total sales. The average sales price rose a substantial 72.3% year-over-year to RMB20,000/sq.m., which demonstrates the Group's successful efforts to follow through on its strategy of securing "quality growth".
- ✓ During the year, the Group successfully acquired several primary land development projects, including the Hujialou shantytown renovation project and the Pinggu Daxingzhuang primary land development project. The Hujialou shantytown renovation project sits in the central business district (CBD) of Beijing, and features a large site of land. This project has been the most important breakthrough for the Group's primary land development business in recent years, and is expected to become one of the Group's best

core projects. In the meantime, the Group continued to focus on secondary land investments in five core cities and made new land investments of GFA 1.66 million sq.m. for an aggregate amount of RMB18.1 billion, of which, Beijing, Tianjin and Shanghai accounted for 89%.

### **Maintained customer-centric focus and improved overall product and service quality**

- ✓ During the year, the Group maintained its customer-centric focus throughout the business to improve product quality. Relying on a strategic centralized procurement platform and a standardized product platform, the Group further upgraded its standards for product quality and cost control across all construction projects, interior decoration, and raw material procurement.
- ✓ During the year, BCL focused on building its own property management system to improve the quality of its property services. The Group leveraged China Vanke Co., Ltd.'s ("Vanke") property management brand and formed a joint venture under the name Shouwan Property Services Co., Ltd.. This joint venture successfully obtained its national first-class qualification, a significant breakthrough in property management. It has more than 40 projects with more than 10 million square meters under management, making it one of the top 10 biggest property management companies in Beijing

### **Realized stable growth in outlets business, accelerated expansion and integration of outlet projects**

- ✓ During the year, the Group's four outlet projects that have already launched (Fangshan Wanning, Huzhou and Kunshan) recorded steady growth and generated annual turnover of nearly RMB2.4 billion, an increase of 17% year-over-year. Annual foot traffic reached 19 million, an increase of 22% year-over-year.
- ✓ During the year, Capital Juda, the commercial property development platform of the Group, acquired five more outlet projects in Xi'an, Zhengzhou, Jinan, Hefei and Chongqing from the open market. The Group also successfully injected its Fangshan, Huzhou and Kunshan Outlet projects into Capital Juda. As at the end of 2016, the Group was the largest operator of outlet projects in China with 13 in total nationwide.

### **Proceeded steadily with debt financing platform, and made progress on A-share listing and red-chip platform**

- ✓ During the year, the Group successfully earned its first domestic AAA rating, the highest investment grade rating in China, from China Chengxin Securities Rating Company. This should help set a solid foundation for the Group to further lower its financing costs. During the year, the Group continued to take advantage of favorable market conditions and successfully issued private placement corporate bonds totaling RMB10 billion, with an average coupon rate of only 4.04%. This was more than 65 basis points lower than the rate the Group secured for similar bonds issued last year. In particular, the third tranche of the offering was issued at a coupon rate of 3.71% for a maturity of 2+1 years. This not only marked the lowest financing cost ever for BCL, but was also a record low coupon rate compared with other similar bonds issued in the same category in the market.



- ✓ During the year, the Group successfully submitted its A-share listing application to the CSRC, which marks a major milestone in the Group's process of listing on the A-share market.
- ✓ During the year, Sino-Ocean Group Holding Limited ("Sino-Ocean Group") and KKR & Co. L.P. made a strategic investment totaling HKD1.47 billion in Capital Juda, the Group's red-chip listing platform. This large investment marks a significant vote of confidence from such renowned international investors and substantially bolsters the Group's capital structure and diversifies its shareholder base. It should also help improve Capital Juda's corporate governance and strengthen its ability to attract international attention and important business resources. All in all, the investment will provide a solid foundation for the future development of the Group's outlets business.

## PROPERTY DEVELOPMENT

In 2016, The Group, together with its joint ventures and associated companies, completed a total GFA of approximately 3.40 million sq.m.

Project	Approximate Completed GFA (sq.m.)	Type	Attributable Interest
Beijing Landscape Villa	44,130	Residential	100%
Beijing Passion World	26,474	Commercial	100%
Enjoyable City	134,751	Residential	100%
Enjoyable River	175,413	Residential	100%
Shanghai Time Flowing In Villa	109,162	Residential	100%
Tianjin International Peninsula	505,517	Residential	100%
Tianjin Fortune Class	21,909	Commercial	100%
Tianjin Capital City	424,788	Residential	100%
Amicable Mountain	210,657	Residential	100%
Tianjin Grand Canal Milestone	144,350	Residential	100%
Chongqing Eco Village	119,931	Residential	100%
Chongqing Capital City	275,024	Residential	20.73%
Chengdu Eco Village	227,847	Residential	100%
Xi'an First City	130,666	Residential	72.09%
Shenyang Yinhe Wan Project	17,618	Residential	50%
Shenyang Eco Village	259,422	Residential	100%
Qingdao Central Park No. 1	25,674	Commercial	100%
Yantai Sunny Chief Yard	134,724	Residential	100%
Huzhou Capital Outlets-Residential	76,312	Residential	100%
Kunshan Eastern Mystery	35,653	Residential	51%
Kunshan Capital Outlets-Commercial	50,412	Commercial	72.09%
Kunshan Capital Outlets-Residential	162,079	Residential	100%
Hainan Capital Outlets-Residential	82,665	Residential	55%
<b>Total</b>	<b><u>3,395,179</u></b>		

## Sales Performance

In 2016, The Group, together with its joint ventures and associated companies, achieved total contracted sales of RMB45.51 billion, up 40% from the same period last year. The total contracted sales area amounted to approximately 2.264 million sq.m., down 18.8% from the same period last year. The average selling price was RMB20,000 per square meter, up 72.3% from the same period last year.

City	Approximate Contracted Sales Area (sq.m.)	Approximate Contracted Average Selling Price (RMB/sq.m.)	Approximate Contracted Sales Revenue (RMB'000)
Beijing	578,296	29,842	17,257,697
Shanghai	203,535	25,610	5,212,526
Tianjin	651,347	17,382	11,321,772
Chongqing	160,538	6,496	1,042,840
Chengdu	228,799	10,480	2,397,842
Others	289,790	8,360	2,422,544
Sydney and Brisbane	152,171	38,493	5,857,441
<b>Total</b>	<b>2,264,474</b>	<b>20,099</b>	<b>45,512,663</b>

During the year, the Group leveraged its key resources in core cities and focused on running a customer-centric business to build premium products that cater to market demand. At the same time, the Group focused on enhancing the quality and efficiency of its sales and marketing system, maintained its strategy of balancing sales volume and price, and leveraged the rapid development momentum of the industry to take the Group's sales performance to a new level.

1. The Group ensured that new investment projects in core cities were all launched for sale and continued to enhance its position as a major sales force. During the year, contracted sales in the Group's five core cities and Sydney accounted for 95% of the total sales, an increase of 8 percentage points year-over-year. Out of this, contracted sales in Beijing and Shanghai accounted for 49%, an increase of 6 percentage points year-over-year.
2. The Group's efforts to prudently build its high-end "Tian Yue" and "Xi Rui" projects helped to drive up the overall average selling price. During the year, the Group successfully launched Tian Yue Mansion and Capital of Western Village under its "Tian Yue" product line. The Group recorded total contracted sales of RMB2.2 billion with an average selling price of more than RMB70,000 per sq.m at the projects. Meanwhile, after Xanadu, the Group also successfully redeveloped its "Xi Rui" series of projects, and created Xanadu Villa 禧瑞墅、 and Xanadu Mountain 禧瑞山 as the Company's premium projects.

3. During the year, the Group worked to improve the capabilities of its in-house sales team to enhance the quality and efficiency of the sales and marketing system and the contract-signing process. The in-house sales team covered 60% of the Group's self-developed projects, and contracted sales accounted for nearly 50% of total self-developed project sales. Meanwhile, the Group established contract-signing centers in Beijing, Tianjin and Chongqing to achieve unified management of sales and marketing as well as to improve both the efficiency of the contract-signing process and collections.

## **LAND BANK**

In 2016, the Group continued to focus on Beijing, Tianjin, and Shanghai for land investments, while further expanding into overseas market by entering Brisbane, the third largest city in Australia. In addition, by leveraging Capital Juda, BCL's commercial property development platform, the Group successfully acquired five land plots in Xi'an, Zhengzhou, Jinan, Hefei, and Chongqing and continued to rapidly expand its outlets business. As at the end of 2016, the Group had a total of 13 outlet projects nationwide.

During 2016, the Group added 13 new projects with a total GFA of 1.66 million sq.m. for an aggregate amount of RMB18.1 billion. The Group's five core cities and overseas market accounted for 96% of the aggregated land investment, while Beijing, Tianjin and Shanghai accounted for 19%, 13% and 57%, respectively. These investments further strengthened the Group's land bank in core cities. During the year, the Group's key investment projects in core cities included the Tianjin Hongxianli Project, Shanghai Zhoupu Project and Shanghai Pudong Xinchang Project.

As of 31 December 2016, the Group's land bank had an aggregate GFA of 11.12 million sq.m. (8.2 million sq.m. of which was attributable to the Company's equity interests) and had a total ground area of 8.92 million sq.m. (6.55 million sq.m. of which was attributable to the Company's equity interests). Of the total land bank GFA, approximately 79% is for property development projects, and 21% is for investment properties and other use. The existing land bank is considered to be of optimum scale and the Group believes its resources in core cities are sufficient. Moreover, the Group believes that its current land bank will be sufficient to meet its growth expectations and performance goals for the next three years.

<b>City</b>	<b>Project</b>	<b>Site Area of land (sq.m.)</b>	<b>Total GFA (sq.m.)</b>	<b>Ground GFA (sq.m.)</b>
Beijing	Beijing Daxing Huang Village Project	84,213	207,825	134,479
Shanghai	Shanghai Qingpu Xujing Project	17,048	29,966	18,752
Shanghai	Shanghai Zhoupu Project	69,433	149,932	124,980
Shanghai	Shanghai Yingpu Street Project 37-02	30,730	86,114	61,459
Shanghai	Shanghai Pudong Xinchang Project	56,887	96,409	68,264
Tianjin	Tianjin Hongxianli Project	106,920	351,338	262,020
Xi'an	Xi'an Capital Outlets Project	81,301	122,970	122,970
Zhengzhou	Zhengzhou Capital Outlets Project	62,622	85,000	85,000
Jinan	Jinan Capital Outlets Project	114,929	183,647	183,647
Hefei	Hefei Capital Outlets Project	87,913	96,494	96,494
Chongqing	Chongqing Capital Outlets Project	74,349	128,600	96,600
Sydney	Phase 3, Project Mega	31,035	69,538	69,538
Brisbane	Project Arden	16,409	50,944	50,944
<b>Total</b>		<b>833,788</b>	<b>1,658,777</b>	<b>1,375,147</b>

The Group made multiple achievements in the development of its primary land development business line (including shantytown renovation) during the year. The successful acquisitions of the Hujialou shantytown renovation project and the Pinggu Daxingzhuang primary land development project, greatly replenished the Group's land bank in its primary land development business. With the strong support of the Group's controlling shareholder, Beijing Capital Group, BCL successfully acquired the Hujialou shantytown renovation project, which covers a total site area of 24 hectares in CBD Beijing. This project has been the most important breakthrough in the Group's primary land development business in recent years, and is expected to become one of the Group's most important land resources in the future.

## HUMAN RESOURCES

As of 31 December 2016, the Group employed 2,053 professionals with an average age of 33.4. In terms of education, 73.5% of employees hold a bachelor's degree or higher and 11.4% of employees hold a master's degree or higher. Employees with intermediate or senior professional titles accounted for 23.1%.

In 2016, the Group focused on executing its strategy of "achieving quality growth" and upgraded its organizational structure. In particular: (1) the Group focused on upgrading its management and integrating its resources in core regions to build more competitive teams for both residential project and primary land development. The Group also thoroughly explored opportunities related to the "Beijing-Tianjin-Hebei Cooperative Development" to maintain its competitive advantage in the region; (2) the Group enhanced synergies across its business and looked to foster win-win cooperation between the Group and its city-level subsidiaries to improve its capability of developing high-end products; (3) the Group remained committed to developing elite talent. With its ever-evolving and improving approach to managing talent, the

Group continued to train its internal team while also luring top professionals from the industry, which provided further intellectual support for the Group's sustainable growth. (4) In terms of managing and building its teams, the Group kept a flat organizational structure to ensure that the organization remains lean and efficient and can maintain its leading position in terms of per capita performance.

## **BUSINESS MODEL**

### **Residential Property Development**

The Group will continue to adhere to its strategy of focusing on its five core cities of Beijing, Shanghai, Tianjin, Chongqing and Chengdu. Meanwhile, the Company will identify opportunities in key markets including Shenzhen and other key overseas cities. For first-time home buyers and home buyers looking to upgrade, the Company will focus on building products and providing services that are well-designed at a reasonable price. The Company will continue to make outstanding customer service the essence of the BCL brand.

Representative projects of BCL's residential development product line include the "Tian Yue" series, "Xi Rui" series, "A-Z Town" series, "Capital First City" series and "Capital City" series.

### **Outlets**

Leveraging Capital Juda's integrated commercial property platform, BCL aims to build China's largest outlet operation platform. The Group believes it can create competitive advantages and scale by rapidly expanding in target cities with a diversified strategy that combines construction, mergers and acquisitions and joint ventures. Meanwhile, the Group's integrated model that features an expanding collection of outlets should provide brands a variety of channels to connect with consumers and ultimately help all parties achieve great success.

Representative projects of BCL's outlets product line include the Beijing Fangshan Capital Outlets, Hainan Wanning Capital Outlets and Jiangsu Kunshan Capital Outlets.

### **Urban Core Complex**

High-end urban core complexes, and in particular, commercial projects that are developed above metro stations in the core areas of important cities such as Beijing and Shanghai, will remain a key focus. By introducing top-tier business partners and integrating resources such as land, capital and operations, the Group endeavors to develop landmark projects that will bring value-added returns and securitized assets. The Group will continue to push ahead with the development of its core complex business line and the establishment of its asset expansion platform.

Representative projects of BCL's urban core complex product line include the Beijing Lize Financial Business District Project and Beijing International Center Project.

## **Primary Land Development (Including Shantytown Renovation)**

Primary land development is a key area of the Company's residential property development. The primary land development business (including shantytown renovation) not only allows the Company to create value-added improvements to land resources, but also allows it to acquire prime land resources at a lower cost. In addition, large-scale development allows the Group to explore and develop industry-city integration models, which is a way to increase land value and build differentiated core competitiveness.

Representative projects of BCL's primary land development projects (including shantytown renovation) include the Tianjin Wuqing primary land development project, Beijing Hujialou shantytown renovation project and Beijing Shijingshan shantytown renovation project.

## **STRATEGY AND VISION**

Looking ahead to 2017, supply-side reforms are expected to continue to deliver effective results and the macro economy should maintain steady growth momentum. The property industry will continue to undergo a long-term structural shift as new and more specific policies and regulations continue to be implemented. This will continue to drive the commodity housing market from investment-driven demand to consumer-driven demand from people looking to upgrade their living standards. The property industry will continue to serve as the pillar of the national economy, while it will be increasingly dominated by big players and fierce competition, which will create a more challenging environment for property developers as they try to manage their assets and operations.

In 2017, the Group will implement the following strategic initiatives:

- 1. Optimize product portfolio and speed up contract-signing process to help achieve sales target.** With the Group's new investment projects in core cities and the "Tian Yue" and "Xi Rui" series of projects, the Group aims to cater to market and customer demand, improve product quality and optimize the product portfolio. The Group will launch projects at a balanced pace throughout the year. Improvements to the Group's contract-signing center and in-house sales team will be made to help facilitate the contract-signing process and improve collections. The Group aims to achieve a full-year target of RMB50 billion in contracted sales.
- 2. Focus on core cities and integrate core resources to actively build an integrated resources platform.** The Group will continue to invest in its five core cities, while eyeing on opportunities in Shenzhen and various overseas markets. By actively seeking synergies with Beijing Capital Group's four business segments and Beijing XCapital Construction Investment Fund ("XCapital Fund"), BCL will strive to expand its primary land development projects and shantytown renovation projects in an effort to consolidate the Company's position in Beijing, Tianjin and the Hebei region. Leveraging the synergies between the Group's primary land development business and Beijing Capital Group's transportation business, BCL will facilitate the development of its urban core complex business and high-tech industrial properties. The Group will also expand its access to equity financing with financial institutions and form long-term strategic cooperation agreements to take advantage of the strengths of different parties.

3. **Reinforce customer-centric business approach, improve product and service quality, and develop “Made by BCL” brand.** BCL will look to improve its product and service quality by integrating big data to obtain insights on customer needs. The Group will also take advantage of its standardized products and strategic centralized procurement platform to upgrade the Group’s overall research and development as well as quality control throughout the entire project development process. The Group will intensely focus on building its Shouwan property management brand, facilitate the renovation and improve the quality of certain housing inventory, get involved with new projects at an early design and development stage, and improve overall product quality and the capabilities of its property management service.
4. **Accelerate nationwide expansion and improve operating capabilities to strengthen and grow the outlets business.** Capital Juda will continue to expand its footprint nationwide and further secure prime resources in target cities to solidify its superior position with an industry-leading operating scale. Meanwhile, the Group will utilize its advantage in resource convergence as a red-chip listing platform and focus on building on the Company’s twin core values of customer experience and brand value. It will also focus on rapidly improving its operating capabilities by streamlining operations, and improving standardized products, brand portfolio, the product portfolio, and the overall customer experience. By doing so, the Group believes it can rapidly boost its performance across its projects, successfully launch new projects on schedule, and set a solid foundation for realizing its strategic goal of “Twenty Cities in Five Years.”
5. **Propel breakthroughs in equity financing and control debt levels to optimize the Company’s overall capital structure.** The Group is committed to realizing breakthroughs in its core equity financing, and continues to proceed with its A-share IPO process. The Group will actively seek opportunities to enlarge its equity base through its red-chip platform and expand cooperation with partners at the project level through equity cooperation. In an effort to support business development, the Group’s efforts related to debt financing will focus on lowering the gearing ratio, controlling total debt levels and debt servicing costs, managing a broad variety of financing channels with a reasonable maturity structure to strengthen the Company’s risk taking capabilities. The Group will also continue to leverage more domestic bond financing options to meet its capital needs for policy-supported businesses such as primary land development and shantytown renovation.

## FINANCIAL ANALYSIS

In 2016, revenue of the Group was approximately RMB20,349,404,000 (2015: RMB15,994,770,000), representing an increase of approximately 27% as compared with 2015. Such increase in revenue was mainly attributable to the increase in new projects completed and occupied during the year.

In 2016, the Group achieved a gross profit margin after business tax of approximately 13%, representing an increase of 1 percentage point when comparing to 12% in 2015, which was mainly attributable to an increase in proportion of revenue from properties with higher gross profit margin in premier regions such as Beijing during the year when compared to 2015.

In 2016, the operating profit of the Group was approximately RMB3,828,663,000 (2015: RMB3,746,253,000), representing an increase of approximately 2% as compared to 2015.

## **1. Financial Resources, Liquidity and Liability Position**

During the period under review, the Group maintained a healthy liquidity position and a reasonable appropriation of financial resources. As at 31 December 2016, the Group's total assets were RMB119,210,734,000 (31 December 2015: RMB107,471,949,000) and non-current assets were RMB24,871,169,000 (31 December 2015: RMB22,400,380,000) and the total liabilities were RMB91,645,999,000 (31 December 2015: RMB81,814,364,000), of which current liabilities were RMB47,802,295,000 (31 December 2015: RMB35,609,523,000), non-current liabilities were RMB43,843,704,000 (31 December 2015: RMB46,204,841,000), and shareholder's equity was RMB27,564,735,000 (31 December 2015: RMB25,657,585,000).

The Group has sound liquidity and solvency. Current ratio of the Group as at 31 December 2016 was 1.97 (31 December 2015: 2.39).

As at 31 December 2016, the Group's cash at bank and on hand amounted to RMB17,925,747,000 (31 December 2015: RMB20,102,982,000), which represented sufficient cash flow for operations.

As at 31 December 2016, bank loans and debentures of the Group amounted to RMB54,382,104,000 (31 December 2015: RMB48,753,667,000) in aggregate, of which the long-term loans and debentures amounted to RMB37,505,775,000 (31 December 2015: RMB38,985,931,000). The bank loans were mainly used to satisfy the capital requirements of the Group's property development projects.

As at 31 December 2016, the Group's gearing ratio was approximately 77% (31 December 2015: 76%). The gearing ratio of the Group is calculated as the total liabilities divided by total assets.

## **2. Changes in major subsidiaries, principal jointly controlled entities and associates**

Juyuan Xincheng (Tianjin) Investment Management Co., Ltd. (聚源信誠(天津)投資管理有限公司), a subsidiary of the Group, was established in March 2016, and 100% of its equity interest was held by the Group.

Xian Shouju Commercial Development Management Co., Ltd. (西安首鉅商業開發管理有限公司), a subsidiary of the Group, was established in March 2016, and 72.09% of its net assets was held by the Group.

Shanghai Shoujing Investment Co., Ltd. (上海首涇投資有限公司), a subsidiary of the Group, was established in March 2016, and 100% of its equity interest was held by the Group.



Juyuan Xincheng (Tianjin) Trading Co., Ltd. (聚源信誠(天津)商貿有限公司), a subsidiary of the Group, was established in April 2016, and 100% of its equity interest was held by the Group.

Beijing Yongyuanxing Real Estate Co., Ltd. (北京永源興置業有限公司), a subsidiary of the Group, was established in May 2016, and 100% of its equity interest was held by the Group.

Zhengzhou Juxin Outlets Industry Co., Ltd. (鄭州鉅信奧萊實業有限公司), a subsidiary of the Group, was established in May 2016, and 72.09% of its net assets was held by the Group.

Beijing Youda Zhiye Limited (北京優達置業有限公司), a subsidiary of the Group, was established in June 2016, and 70% of its equity interest was held by the Group.

Jinan Shouju Real Estate Co., Ltd. (濟南首鉅置業有限公司), a subsidiary of the Group, was established in August 2016, and 72.09% of its net assets was held by the Group.

Hefei Chuangju Outlets Commercial Management Co., Ltd. (合肥創鉅奧萊商業管理有限公司), a subsidiary of the Group, was established in September 2016, and 72.09% of its net assets was held by the Group.

During the year, Beijing Capital Juda Limited (“Beijing Capital Juda”), a subsidiary of the Group, completed the issue of ordinary shares and perpetual convertible securities to KKR and Sino-Ocean Group. Upon completion of the transaction, the net assets of Beijing Capital Juda shared by the Group decreased from 92.56% to 72.09%.

During the year, the Group increased the capital of Shanghai Yujing Real Estate Co., Ltd. (上海裕憬房地產開發有限公司) (“Shanghai Yujing”). Upon completion, Shanghai Yujing was held as to 51% by the Group. Shanghai Xuanxi Real Estate Co., Ltd. (上海暄熹房地產開發有限公司) (“Shanghai Xuanxi”) was a wholly-owned subsidiary of Shanghai Yujing.

During the year, the Group acquired 100% of equity interest in Donghuan Xinrong and its wholly-owned subsidiaries, Beijing Jia Wen Xin Restaurant Co., Ltd. (北京家溫馨餐飲有限公司) and Beijing Xi An Restaurant Co., Ltd. (北京棲岸餐飲有限公司).

During the year, the Group acquired 60% of equity interest in Liujin Zhiye. Upon completion of the acquisition, Liujin Zhiye was held as to 100% by the Group in aggregate.

During the year, the Group and a partner jointly invested in the establishment of Tianjin Lianjin Real Estate Development Co., Ltd. (天津聯津房地產開發有限公司) (“Tianjin Lianjin”). Upon completion of the investment, the Group held 25% of equity interest in its joint venture, Tianjin Lianjin.

During the year, the Group reached an agreement with the partner of its former subsidiary Beijing Shangbodi Investment Consultant Co., Ltd. (北京尚博地投資顧問有限公司) (“Shangbodi”) to exercise significant decision-making jointly. Upon the completion of amendments to the article of association, Shangbodi became a joint venture of the Group.

During the year, the Group increases the capital of Shanghai Zhiyue Industrial Company Limited (上海置悅實業有限公司) (“Shanghai Zhiyue”). Upon completion of the acquisition, the Group held 50% of the equity interest in Shanghai Zhiyue, which became a joint venture of the Group.

During the year, the Group increases the capital of Changsha Joyous Sky Avenue Investment Co., Ltd. (長沙歡樂天街投資有限公司) (“Changsha Investment”). Upon completion of the acquisition, the Group held 12% of its net assets in Changsha Investment, which became an associated company of the Group.

During the year, Zhuhai Hengqin Beijing Capital Land Guang He Cheng Equity Investment Fund (Limited partnership) (“Guang He Cheng Fund”), a joint venture of the Group, paid capital to the subordinated limited partners and distribute the excess distributable earnings to senior and subordinated partners. After the settlement, the Fund and its subsidiary Chongqing Shouyong Real Estate Co., Ltd. become the subsidiaries of the Group.

During the year, with the project developed by Beijing Tiancheng Yongtai Real Estate Co., Ltd.(hereinafter “Tiancheng Yongtai”) entered into a nearly completion phase, the Group reached an agreement with partner Fenson International Limited to rearrange the type of profit distribution and the way of collaboration on Tiancheng Yongtai Project. The Group still holds part of right to earnings and the residual properties and has no joint control or significant influence on Tiancheng Yongtai, resulting in derecognition of long-term equity investment originally held and the remaining right to earnings was recognized as available-for-sale financial assets.

### **3. Entrusted Deposits and Overdue Time Deposits**

As at 31 December 2016, the Group did not have any entrusted deposits in financial institutions in the PRC. All of the Group’s cash was held in commercial banks in the PRC in compliance with applicable laws and regulations. The Group has no bank deposits which are not recoverable upon maturity.

### **4. Borrowings**

As at 31 December 2016, bank loans of RMB300,000,000 (31 December 2015: nil) were secured by the guarantee provided by the Group and other third parties for its subsidiaries, and secured by land use rights under development of the Group and pledged by equity interests of the Group.

As at 31 December 2016, bank loans of RMB3,636,190,000 (31 December 2015: RMB3,404,700,000) were secured by certain properties under development.

As at 31 December 2016, bank loans of RMB743,000,000 (31 December 2015: RMB869,000,000) were secured by fixed assets and land use rights.

As at 31 December 2016, bank loans of RMB4,043,360,000 (31 December 2015: RMB1,671,050,000) were secured by the guarantee provided by the Group for its subsidiaries.

As at 31 December 2016, bank loans of RMB2,802,040,000 (31 December 2015: RMB7,656,447,000) were secured by the guarantee provided by the Group for its subsidiaries, and secured by certain properties under development of the subsidiaries.

As at 31 December 2016, bank loans of RMB540,000,000 (31 December 2015: RMB440,000,000) were secured by the guarantee provided by the Group for its subsidiaries, and secured by investment properties of the subsidiaries and their land use rights.

As at 31 December 2016, bank loans of RMB720,000,000 (31 December 2015: nil) were pledged by the corresponding income right of land use rights under development of the subsidiaries of the Group.

As at 31 December 2016, bank loans of RMB739,327,000 (31 December 2015: RMB694,029,000) were pledged by bank deposits of the Group.

As at 31 December 2016, bank loans of RMB85,000,000 (31 December 2015: RMB115,000,000) were pledged by the entire equity interests of and the income arising from primary land development of the Group.

As at 31 December 2016, bank loans of RMB7,773,813,000 (31 December 2015: RMB7,072,192,000) were credit loans obtained by the Group.

As at 31 December 2016, bank loans of RMB1,220,000,000 (31 December 2015: RMB1,220,000,000) were secured by the guarantee provided by Capital Group for the Group, and secured by land use rights under development of the Group.

As at 31 December 2016, bank loans of RMB500,000,000 (31 December 2015: RMB2,370,000,000) were pledged by the equity interests of the subsidiaries held by the Group and the guarantee provided by the Group.

As at 31 December 2016, bank loans of RMB6,500,000,000 (31 December 2015: RMB8,200,000,000) were secured by the guarantee provided by Capital Group for the Group.

## 5. Corporate Bonds

In May 2015, the Group issued 5-year RMB listed bonds in a principal amount of RMB3,000,000,000 with an interest rate of 4.58% per annum.

In October 2015, the Group issued 3-year RMB private bonds in a principal amount of RMB2,500,000,000 with a prevailing interest rate of 4.7% per annum. The issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the bonds at the end of the second year.

In December 2015, the Group issued 3-year RMB private bonds in a principal amount of RMB2,500,000,000 with an interest rate of 4.78% per annum.

In April 2016, the Group issued 3-year RMB private bonds in a principal amount of RMB700,000,000 with a prevailing interest rate of 4% per annum. The issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the bonds at the end of the second year.

In April 2016, the Group issued 5-year RMB private bonds in a principal amount of RMB2,300,000,000 with a prevailing interest rate of 4.2% per annum. The issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the bonds at the end of the third year.

In June 2016, the Group issued 3-year RMB private bonds in a principal amount of RMB2,300,000,000 with a prevailing interest rate of 4.1% per annum. The issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the bonds at the end of the second year.

In June 2016, the Group issued 5-year RMB private bonds in a principal amount of RMB1,700,000,000 with a prevailing interest rate of 4.26% per annum. The issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the bonds at the end of the third year.

In July 2016, the Group issued 3-year RMB private bonds in a principal amount of RMB2,000,000,000 with a prevailing interest rate of 3.71% per annum. The issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the bonds at the end of the second year.

In July 2016, the Group issued 5-year RMB private bonds in a principal amount of RMB1,000,000,000 with a prevailing interest rate of 3.84% per annum. The issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the bonds at the end of the third year.

## **6. Medium Term Notes**

In February 2014, Central Plaza Development Ltd. (“Central Plaza”) established a Guaranteed Medium Term Notes and Perpetual Securities Scheme (the “Scheme”), guaranteed by International Financial Center Property Ltd. (“IFC”) or, as the case may be, the Company, for securities to be issued thereunder. Under the Scheme, Central Plaza may offer and issue securities in a principal amount of up to USD1,000,000,000.

In February 2014, Central Plaza made a drawdown under the Scheme to offer and issue 3-year notes in a total principle amount of RMB2,000,000,000 at an interest rate of 5.75% per annum and 5-year notes of RMB250,000,000 at an interest rate of 6.875% per annum.

In April 2014, Central Plaza made a drawdown under the Scheme to offer and issue 3-year notes in a total principle amount of RMB1,000,000,000 at an interest rate of 5.75% per annum to be consolidated and formed a single series with the 3-year notes of RMB2,000,000,000 with an interest rate of 5.75% per annum issued in February 2014.

In July 2015, Rosy Capital, a subsidiary of the Group, issued 3-year RMB medium term notes in a principal amount of RMB1,300,000,000 with an interest rate of 5.25% per annum, which were guaranteed by subsidiaries of the Group and a keepwell agreement provided by Capital Group.

## **7. Equity Instrument**

As of 31 December 2016, Central Plaza issued a total amount of USD850,000,000 senior perpetual securities. Such securities were guaranteed by certain subsidiaries of the Group including IFC. Such securities have no maturity date and are redeemable at the option of Central Plaza as the issuer. Central Plaza as the issuer may elect to defer distribution with no times limit on only if Central Plaza or the Company does not declare or pay a dividend. The securities are classified as equity instrument, where:

In April 2013, Central Plaza issued USD400,000,000 senior perpetual capital securities at a distribution rate of 8.375%. In November 2014, Central Plaza issued USD450,000,000 perpetual securities under the Medium Term Notes and Perpetual Securities Scheme at a distribution rate of 7.125%.

In December 2014, Minsheng Royal raised a total amount of RMB650,000,000. According to the terms of Investment Agreement, the amount of non-controlling interests recognized amounted to RMB580,125,000 after deducting the inevitable dividend payable in the foreseeable future. In June 2016, the assets management plan was cleared off.

In January 2015, Minsheng Royal raised a total amount of RMB1,080,000,000. According to the terms of Investment Agreement, the amount of non-controlling interests recognized amounted to RMB963,900,000 after deducting the inevitable dividend payable in the foreseeable future. In July 2016, the assets management plan was cleared off.

In January 2015, Tiandi Fangzhong raised a total amount of RMB1,200,000,000. According to the terms of Investment Agreement, the amount of non-controlling interests recognized amounted to RMB1,075,200,000 after deducting the inevitable dividend payable in the foreseeable future. In July 2016, it is declared that the 50% of the assets management plan's principal would be settled by the Group in January 2017. As at 31 December 2016, the remaining non-controlling interests recognized amounted to RMB537,600,000 after deducting the amount reclassified to current portion of non-current liabilities.

In July 2016, Xinghan Assets raised a total amount of RMB3,000,000,000. According to the terms of Investment Agreement, the amount of other equity instruments recognized amounted to RMB2,895,291,000 after deducting the inevitable dividend payable in the foreseeable future.

## **8. Contingent Liabilities**

The Group had arranged bank facilities for certain purchasers of its properties and provided guarantees to secure the repayment obligations of such purchasers. The outstanding balances of guarantees amounted to RMB6,648,906,000 as at 31 December 2016 (31 December 2015: RMB6,902,006,000).

Such guarantees will be terminated upon (i) the issuance of the real estate ownership certificate which will generally be available within six months to two years after the Group transfers the ownership of the relevant property to its purchasers; (ii) the completion of the mortgage registration; and (iii) the issuance of the real estate miscellaneous right certificate relating to the relevant property.

As at 31 December 2016, the Group provided a guarantee for its subsidiaries' borrowing of RMB13,487,075,000 (31 December 2015: RMB20,263,072,000).

As at 31 December 2016, IFC, a subsidiary of the Group, provided guarantees for the corporate bonds of RMB3,250,000,000 and the senior perpetual capital securities of USD850,000,000 issued by Central Plaza, a subsidiary of the Group.

As at 31 December 2016, Capital Juda, a subsidiary of the Group, provided a guarantee for the medium term notes of RMB1,300,000,000 issued by Rosy Capital, a subsidiary of the Group.

As at 31 December 2016, the Group provided a guarantee for the assets management plan of RMB1,200,000,000.

As at 31 December 2016, the Group provided a guarantee amounted to RMB600,000,000 to Capital Jiaming New Town Investment and Development Ltd. ("Capital Jiaming") for a long term borrowing amounted to RMB1,200,000,000.

Save as the above, the Group had no other material external guarantee.

## **CLOSURE OF REGISTER OF MEMBERS**

### **(a) 2016 Annual General Meeting**

2016 Annual General Meeting is expected to be convened on 20 April 2017. The register of members will be closed from Thursday, 13 April 2017 to Thursday, 20 April 2017, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting, all transfer forms accompanied by the relevant share certificates of the H shareholders must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Wednesday, 12 April 2017.

### **(b) Proposed Final Dividend**

The register of members will be closed from Wednesday, 10 May 2017 to Monday, 15 May 2017, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates of the H shareholders must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, 9 May 2017. It is expected that the final dividend, if approved by shareholders at the forthcoming annual general meeting, will be paid on or before the end of June 2017.

## **ENTERPRISE INCOME TAX WITHHOLDING OF OVERSEAS NON-RESIDENT ENTERPRISES**

Pursuant to the Corporate Income Tax Law of the People's Republic of China (the "PRC") and other relevant implementation regulations which come into effect in 2008, the Company is required to withhold corporate income tax at the rate of 10% when it distributes the proposed 2016 final dividend to non-resident enterprises (as defined in the Corporate Income Tax Law of the PRC) whose names are registered on the H-share register of members of the Company at 4:30 p.m. on Monday, 15 May 2017. Such non-resident enterprises shall include HKSCC Nominees Limited.

No withholding of corporate income tax will be made in respect of dividends payable to natural persons whose names are registered on the H-share register of members of the Company. The Company will withhold corporate income tax for payment pursuant to, and in accordance with, the relevant PRC tax laws and regulations and based on the information as appeared on the H-share register of members of the Company. The Company assumes no responsibility or liability whatsoever for confirming the identity of the Shareholders and for any claims arising from any delay in or inaccurate determination of the identity of the Shareholders or any dispute over the withholding mechanism.

## **CORPORATE GOVERNANCE**

During the period from 1 January 2016 to 31 December 2016, the Company has complied with all the code provisions of the “Corporate Governance Code” and “Corporate Governance Report” as set out in Appendix 14 to the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (the “Listing Rules”).

## **AUDIT COMMITTEE REVIEW**

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial statements for the year ended 31 December 2016.

## **COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted a code which is on terms no less exacting than the required standard set out in the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “Model Code”) in Appendix 10 of the Listing Rules.

All directors have confirmed, following specific enquiry by the Company that they have complied with the required standards set out in the Model Code and the company code throughout the year.

## **PURCHASE, SALES OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Save as disclosed below in paragraph headed “Long Term Incentive Fund Scheme”, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year under review.



## LONG TERM INCENTIVE FUND SCHEME

As approved by the extraordinary general meeting held on 27 September 2007, amended by the extraordinary general meeting held on 25 September 2009 and 2013 annual general meeting held on 14 March 2014, the Company had adopted the long term incentive fund scheme (the “Scheme”) which. The Scheme is proposed to encourage the directors, supervisors, senior management and core staff members of the Company for closer ties of their personal interests with the interests of the Company and of the shareholders, as well as for alignment of their personal goals with the common goal of the Company.

As at 31 December 2016, the Scheme had through the trustee purchased 6,000,000 H shares, representing 0.59% of H shares and 0.20% of the entire issued share capital of the Company. The purchased shares have been held in trust by the trustee.

By Order of the Board  
**Beijing Capital Land Ltd.**  
**Lee Sze Wai**  
*Company Secretary*

Hong Kong, 20 February 2017

*The Board as of the date of this announcement comprises Mr. Li Songping (Chairman) who is a non-executive director of the Company, Mr. Tang Jun (President) who is the executive director of the Company, Ms. Sun Baojie, Mr. Sun Shaolin, Mr. Su Jian and Mr. Yang Weibin who are the non-executive directors of the Company, and Mr. Wang Hong, Mr. Li Wang and Mr. Wong Yik Chung, John who are the independent non-executive directors of the Company.*