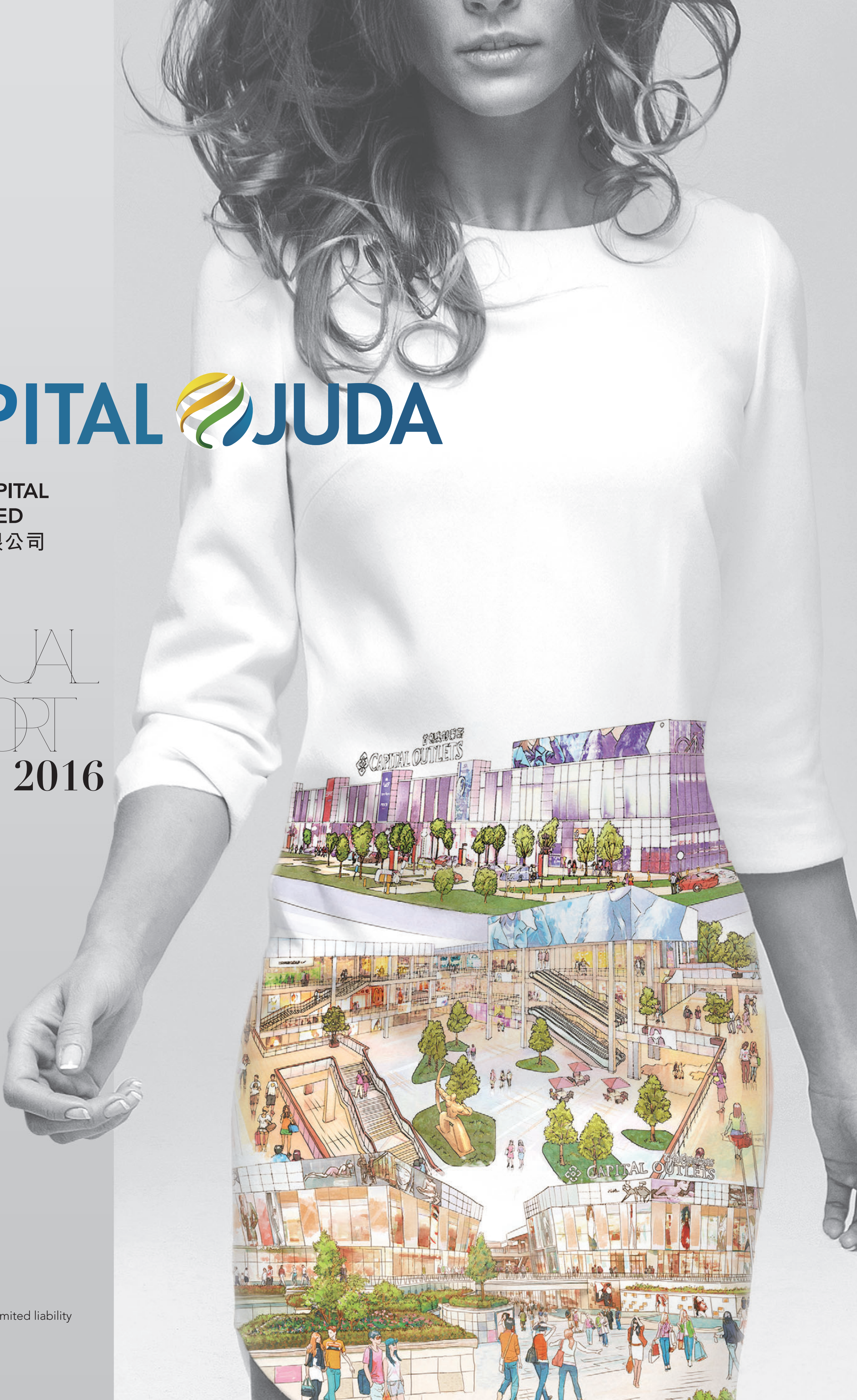


CAPITAL JUDA

BEIJING CAPITAL JUDA LIMITED
首創鉅大有限公司

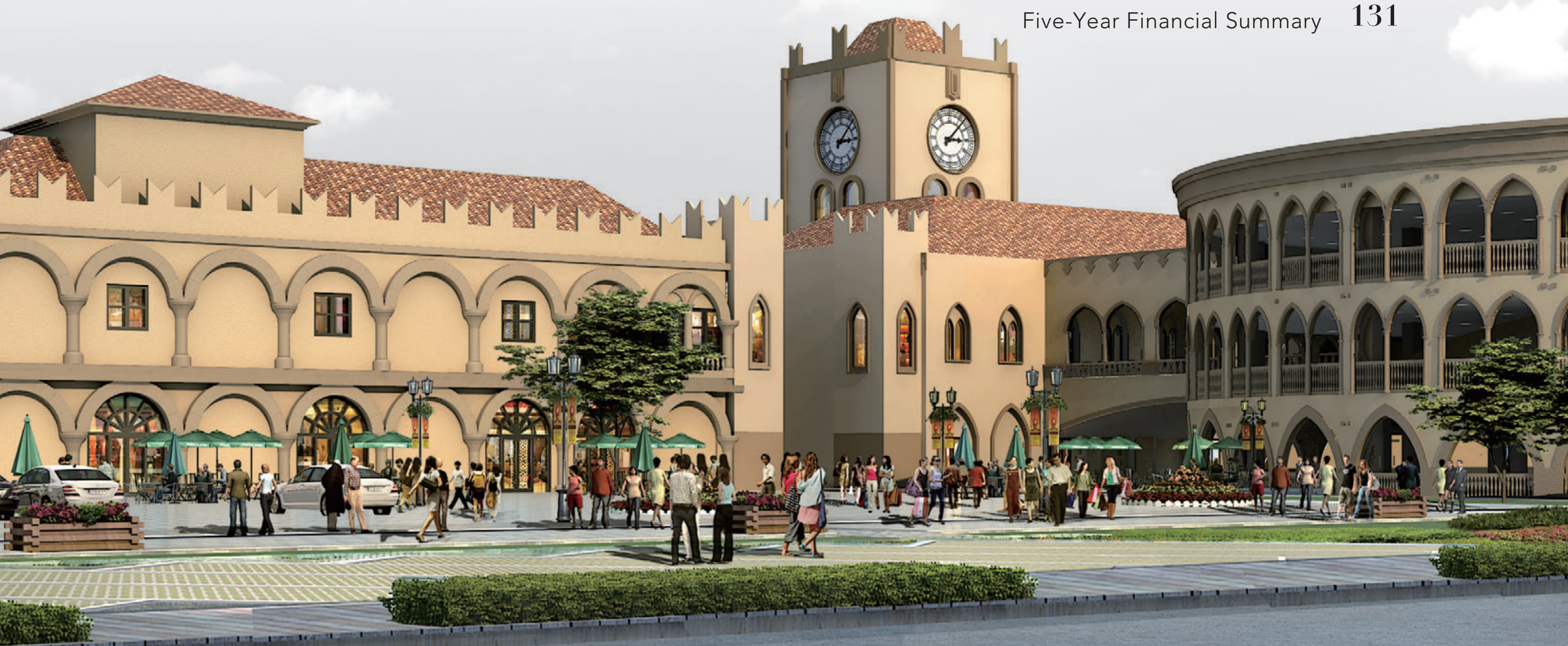
STOCK CODE : **1329**

ANNUAL REPORT 2016

Incorporated in the Cayman Islands with limited liability

CONTENTS

Corporate Information	2
Major Events of the Year	4
Chairman's Statement	6
Management Discussion and Analysis	12
Environmental, Social and Governance Report	21
Biographical Details of Directors and Senior Management	31
Report of the Directors	35
Corporate Governance Report	45
Independent Auditor's Report	53
Consolidated Statement of Profit or Loss	57
Consolidated Statement of Comprehensive Income	59
Consolidated Statement of Financial Position	60
Consolidated Statement of Changes in Equity	62
Consolidated Statement of Cash Flows	64
Notes to the Consolidated Financial Statements	66
Five-Year Financial Summary	131



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Zhong Beichen *(Chairman)*
Mr. Feng Yujian *(Chief Executive Officer)*

Non-Executive Directors

Mr. Sun Shaolin
Mr. Su Jian
Mr. Wang Honghui
Mr. Yang Han Hsiang

Independent Non-Executive Directors

Dr. Ngai Wai Fung
Ms. Zhao Yuhong
Mr. He Xiaofeng

AUDIT COMMITTEE

Dr. Ngai Wai Fung *(Chairman)*
Ms. Zhao Yuhong
Mr. He Xiaofeng

REMUNERATION COMMITTEE

Ms. Zhao Yuhong *(Chairman)*
Mr. Sun Shaolin
Mr. Yang Han Hsiang
Dr. Ngai Wai Fung
Mr. He Xiaofeng

NOMINATION COMMITTEE

Mr. Zhong Beichen *(Chairman)*
Mr. Wang Honghui
Dr. Ngai Wai Fung
Ms. Zhao Yuhong
Mr. He Xiaofeng

STRATEGIC INVESTMENT COMMITTEE (PREVIOUSLY NAMED AS STRATEGIC COMMITTEE)

Mr. Su Jian *(Chairman)*
Mr. Feng Yujian
Mr. Wang Honghui
Mr. Yang Han Hsiang
Mr. He Xiaofeng

COMPANY SECRETARY

Mr. Lee Sze Wai

AUTHORIZED REPRESENTATIVES

Mr. Feng Yujian
Mr. Lee Sze Wai

AUDITORS

PricewaterhouseCoopers

COMPLIANCE ADVISER

CMB International Capital Limited

LEGAL ADVISER

As to Hong Kong laws:

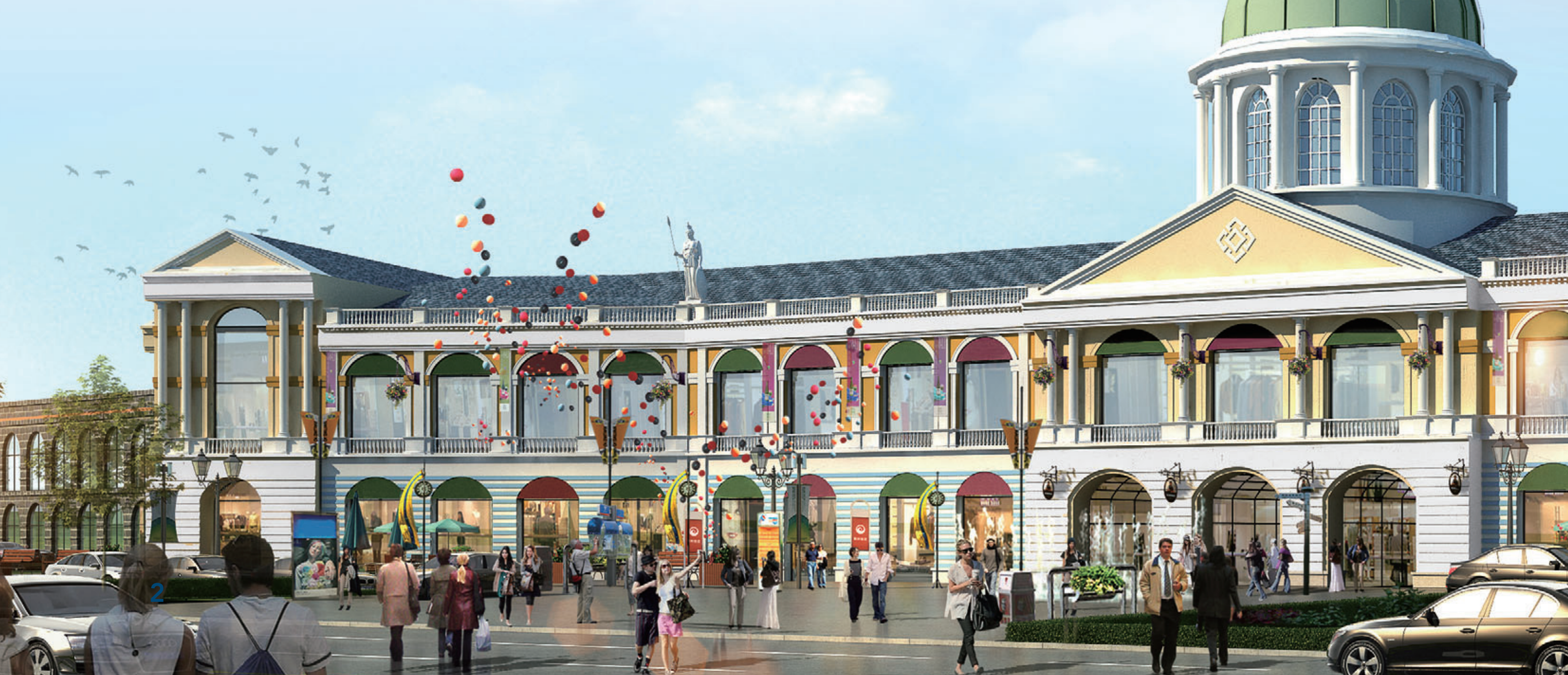
Norton Rose Fulbright Hong Kong

As to Cayman Island laws:

Conyers Dill & Pearman

As to PRC laws:

Beijing Jingtian & Gongcheng



Corporate Information

REGISTERED OFFICE

Cricket Square Hutchins Drive P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

PRC PRINCIPAL PLACE OF BUSINESS

Building 18, No. 6 Langjiayuan,
Tonghuihe North Road, Chaoyang District,
Beijing, China

HONG KONG PRINCIPAL PLACE OF BUSINESS

Suites 2906-08
AIA Central, 1 Connaught Road Central,
Hong Kong

PRINCIPAL BANKERS

China Construction Bank
Bank of Communications
The Hongkong and Shanghai Banking Corporation Limited
DBS Bank Ltd., Hong Kong Branch
Dah Sing Bank Limited

CORPORATE WEBSITE

www.bcjuda.com
www.capitaloutlets.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square Hutchins Drive P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22 Hopwell Centre
183 Queen's Road East
Hong Kong

LISTING INFORMATION

Equity security listed on the Stock Exchange of Hong Kong

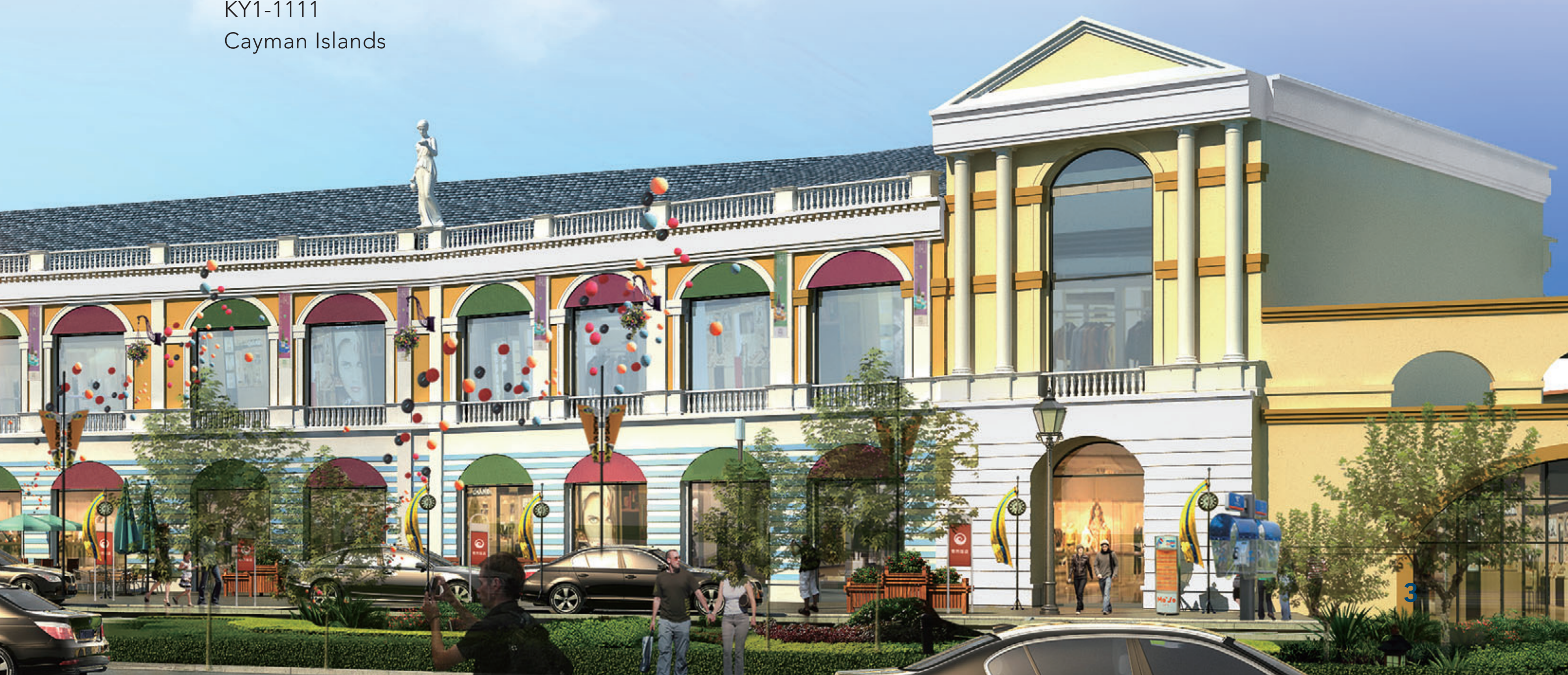
Ordinary Shares (1329.HK)

Debt security listed on the Stock Exchange of Hong Kong

RMB1,300,000,000 guaranteed notes due 2018 at the rate of 5.25% (85719.HK)

INVESTOR RELATIONS CONTACT

Email: contactus@bcjuda.com



Major Events of the Year

JANUARY

Successfully bid 121.95 Mu of commercial land in Xi'an Hi-tech Industries Development Zone to complete the strategic deployment of the North China region

FEBRUARY

Successfully bid 119.42 Mu of commercial land in Jiayu Town, Xingyang City, Zhengzhou to optimize the strategic deployment of the Central China region

MARCH

Awarded the "CEIBS TOP20 E-Learning Best Practices Awards"(「2015年中歐TOP20 E-Learning 企業最佳實踐獎」) issued by the CEIBS Online Learning Academic Committee

The 3rd "MORE IN FUTURE" Capital Outlets Brand Ceremony (首創奧特萊斯品牌商私享會—「鉅在未來」) was successfully held in Shanghai

APRIL

Awarded the "Cultural Centre Award"(「文化紐帶獎」) and the "New Media • Golden Flag Award"(「新媒體 • 金旗獎」) issued by China Custom Publication Association (CCPA)

JUNE

The "Capital Outlets, Run for Fun" sponsored by Capital Juda was launched in Beijing

Successfully bid 172.39 Mu of commercial land in Tangye New Area, Jinan. The Capital Outlets was settled in Shandong Province

Major Events of the Year

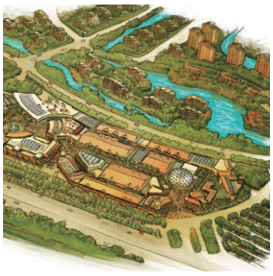
JULY

Awarded the "2016 CCFA Golden Lily Award for Best Outlets Shopping Center Award"（「2016 CCFA金百合最佳奧特萊斯型購物中心大獎」）issued by China Chain-Store & Franchise Association (CCFA)

Awarded the "Golden Brick Award for Real Estate of China for the Most Influential Outlets Brand Award"（「2016年中國地產金磚獎最具影響力奧特萊斯品牌大獎」）issued by 21st Century Economic Report

AUGUST

Successfully bid 139.87 Mu of commercial land in Binhu New District, Hefei, marking the completion of the vertical and horizontal structures deployment of the Yangtze River Delta



NOVEMBER

Awarded the "2016 China Top 100 Real Estate Developers"（「2016年度中國商業地產TOP100」）and "2016 China Innovation Award for Real Estate Operations"（「2016年度中國商業地產模式創新大獎」）issued by Guandian Real Estate New Media

DECEMBER

Awarded the "China Best Employer - Innovation Award for Human Resources Management"（「中國好僱主」－人力資源管理創新獎）issued by Taihe Consulting Co.

Completed the acquisition of three opened outlets projects operating at Fangshan of Beijing, Kunshan of Jiangsu and Huzhou of Zhejiang wholly-owned by Beijing Capital Land Ltd. ("BCL"), our controlling shareholder, which consolidated Capital Juda's leading position in the outlets industry of China as an integrated outlets operator

Issued a total of HK$1.477 billion of new ordinary shares and perpetual convertible bond securities, which successfully introduced Sino-Ocean Group Holding Limited ("Sino-Ocean Group") and KKR to become our strategic shareholders. This further enhanced the capacity of resources integration and core competitiveness of the Company.

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of Beijing Capital Juda Limited ("Capital Juda" or the "Company", together with its subsidiaries collectively referred to as the "Group"), I am pleased to present to the shareholders the annual results of the Group for the year ended 31 December 2016.

In 2016, in face of the complex and volatile global economic environment, China, which was committed to advancing reform, focused on promoting the supply-side structural reform while moderately increasing the total demand. GDP totaled at RMB74 trillion, representing a year-on-year increase of 6.7% on the basis of comparable prices. The national economy has demonstrated a rising trend while maintaining stability with its growth rate being one of the fastest in the world, making significant contribution to the growth of the global economy.

During the year, with continuous optimization of economic structure, constant rising of residents' income and steady growth in the nationwide per capita consumption expenditure, total retail sales of consumer goods for the whole year grew by 10.4% year-on-year to RMB33 trillion. Consumers have become more mature and demanding as evidenced by the changes happening from the purchase of products to the purchase of services, and from mass-market products to high-end goods, and they begin to pursue a more balanced lifestyle, and therefore the demand along with consumption upgrade is strong. Upholding "Brands + Discounts" as their core principle, Outlets are capable of satisfying the demand for consumption upgrade on a multiple of dimensions, such as goods, price, service and experience, thus once again the year of 2016 has seen an increase in both the scale of store opening and sales amount. The concept of the "retailtainment" of "going to outlets to seek luxury brand products" has been gradually gaining place in the mind of consumers.

Capitalizing on the successful introduction of Sino-Ocean Group and KKR as the strategic shareholders and upholding the business strategy of "Precise Expansion and Lean Operation", the Group will continue to enhance its overall competitiveness by way of three-dimensional operation of capital, resources and assets with global vision and systematic cloning and expansion.

Mr. Zhong Beichen
Chairman

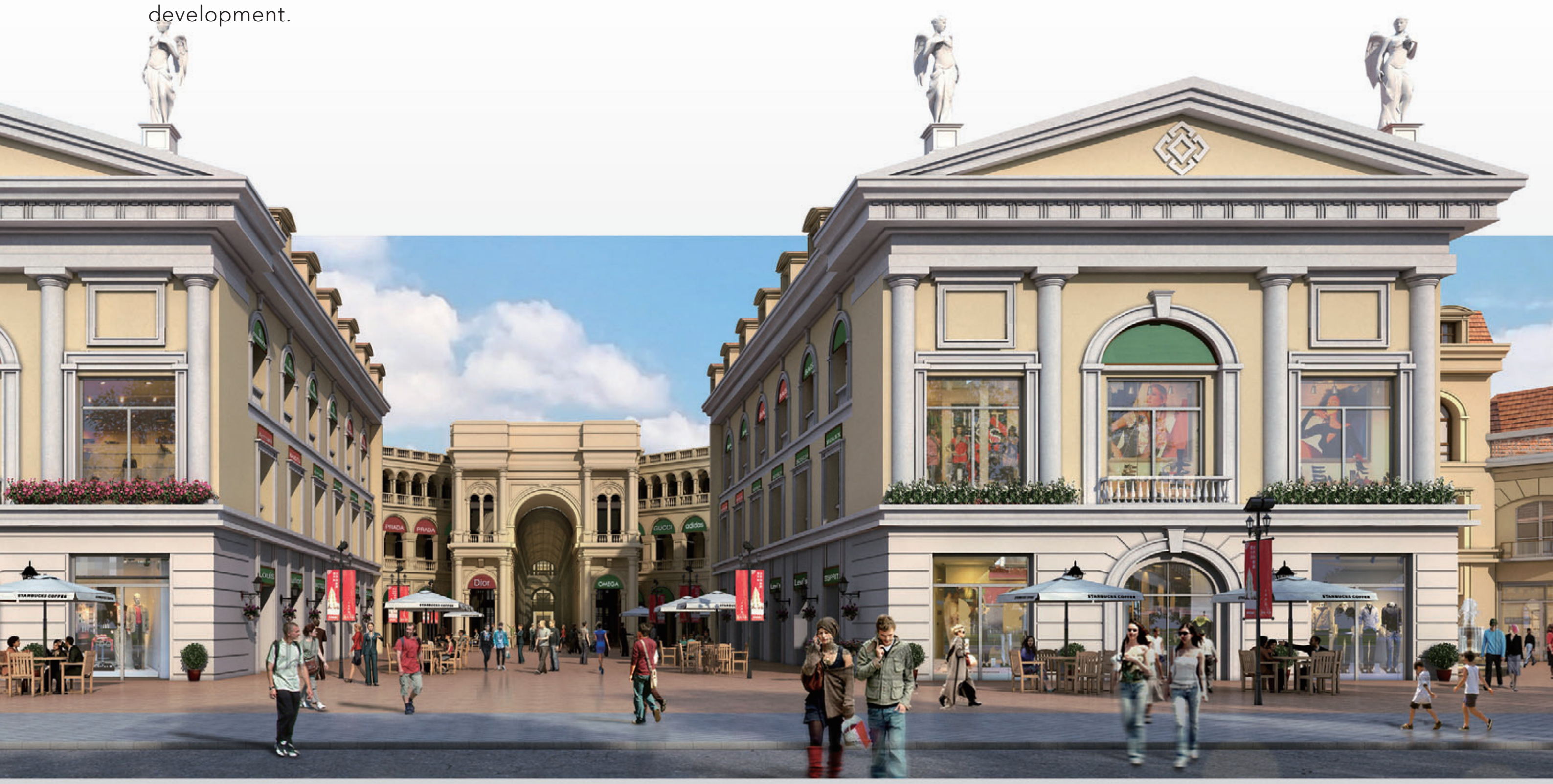
Chairman's Statement

The Group further increased its investment and obtained four outlets projects in Xi'an, Zhengzhou, Jinan and Hefei in succession in 2016, and Chongqing outlets project in January 2017. During the period, the Group completed the acquisition of three opened outlets stores wholly-owned by BCL, the controlling shareholder, in Fangshan of Beijing, Kunshan of Jiangsu and Huzhou of Zhejiang. Hence, the number of the launched outlets projects owned and managed by Capital Juda has amounted to 13, which has led Capital Juda to become the company with the most outlets projects deployed in China.

During the period, the Group focused on innovation, actively developed its proprietary business, expanded the cooperation channels in respect of heavyweight brands and lifted brand hierarchy, enriched consumption experiences and deployed new points of business growth. In December, the self-operated GUCCI stores opened grandly in Fangshan and Wanning in succession, which was the first step taken to self-operation of high-end brands; the planning and design of self-operated trampoline projects in Nanchang, Wuhan, Zhengzhou and Jinan have been completed, with a view to developing a special consumption experience at Capital Outlets projects.

During the period, leveraging on the rising sports fitness trend nationwide, "Capital Outlets, Run for Fun", the Olympic Sports Center national running competition open to the public and sponsored by the Group, came to a successful conclusion. Over the year, a total of eight on-site activities have been held in seven cities, which were successful in promoting healthy living mindset of "Enjoying Sports, Attaining Personal Achievements" and facilitating Capital Juda's branding strategy of "Trendy Sports Outlets" to rapidly take root in the whole country.

During the period, the Group achieved significant breakthrough in capital operation by the successful introduction of Sino-Ocean Group and KKR as the strategic shareholders, realizing equity financing of approximately US$200 million. Not only did the joining of Sino-Ocean Group and KKR diversify the composition of shareholders of the Company, it also made the corporate governance more standardized and the decisions more professional and would enhance the brand awareness of the Company in the global capital market and business field and foster the Company's ability to consolidate the leading international commercial resources, which would provide a solid foundation for the Group to achieve a leap-forward development.



Chairman's Statement

During the period under review, the Group has achieved operating revenue of RMB997,931,000, and net profit attributable to the parent company amounted to RMB227,273,000. The Board resolved not to declare the dividend for the year ended 31 December 2016.

In 2017, the Group, upholding the business strategy of "Precision Expansion and Lean Operation", will further look up quality project resources in target cities by a diversification of ways such as land acquisition and self-development, acquisitions and mergers, cooperative development as well as management exportation, with a view to consolidating its competitive edge of leadership in scale and establishing a brand-chain operation threshold for competition. Meanwhile, the Company will take advantage of the successful introduction of the strategic shareholders by capitalizing on the advantage of resource concentration at the red-chip platform, focusing on refined management, rapidly enhancing the ability of the Company to consolidate resources and the level of lean operation in various aspects including product standardization, brand portfolio, retail format portfolio and customer experience, with customer experience and the value of brand owners as the two main cores, so as to ensure rapid growth in the operation results of opened projects and successful launches of new projects as planned. Through systematically rapid cloning, the Company will be promoted to the new height of "the strongest ability of system cloning" from "the largest deployment scale".

On behalf of the Board, I would like to extend my sincere gratitude to all shareholders, cooperative partners and clients for their caring and support to Capital Juda. As the only listed company with outlets as its core business in China, Capital Juda takes up the mission of setting the standards for the industry. Adhering to its strategic objective of "Becoming the Largest Outlets Integrated Operator in China" and its global vision and by way of three-dimensional operation of capital, resources and assets and systematic cloning and expansion, the company will continue to enhance its overall competitiveness, consolidate its leading position in the industry and create value for its shareholders!

Mr. Zhong Beichen
Chairman

Hong Kong, 20 February 2017

Chairman's Statement

FANGSHAN CAPITAL OUTLETS
BEIJING

Strategic Map Of Capital Juda

Opened

1. Beijing
2. Kunshan
3. Huzhou
4. Wanning

Under Construction

5. Jinan
6. Zhengzhou
7. Xi'an
8. Hefei
9. Hangzhou
10. Wuhan
11. Chongqing
12. Changsha
13. Nanchang

Planning

14. Chengdu
15. Kunming
16. Nanning
17. Dalian
18. Tianjin
19. Taiyuan
20. Nanjing
21. Fuzhou
22. Xiamen
23. Shanghai
24. Sanya
25. Qingdao

Opened

Under Construction

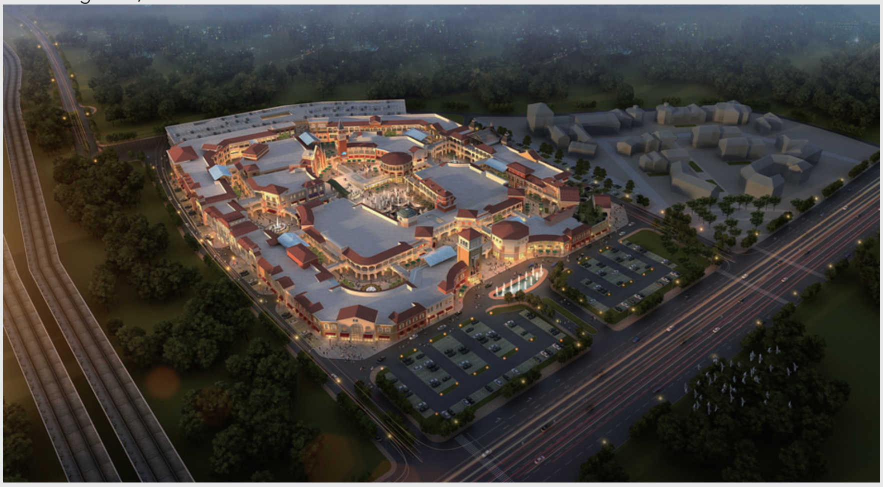
Planning

Strategic Map Of Capital Juda

Management Discussion and Analysis

INVESTMENT PROPERTIES

Project Name	Approximate Site Area(Note 1) (m²)	Total Gross Floor Area(Note 2) (m²)	Property Type (m²)	Year of Launch/ Expected Time of Launching	Attributable Interest
Fangshan Capital Outlets (Changyang Town, Fangshan District, Beijing)	90,770(Note 3)	108,720	Outlets: 108,720	2013	100%
	90,770(Note 3)	87,770	Outlets: 39,320, Supermarket: 3,900 Parking Space: 44,550	2019	100%
Kunshan Capital Outlets (Kunshan Development Zone)	46,240	50,420	Outlets: 50,420	2015	100%
	46,790	50,110	Outlets: 50,110	2017	100%
Huzhou Capital Outlets (Huzhou Taihu Lake Tourism Resort) (Note 4)	109,940	54,700	Outlets: 54,700	2013	100%
Nanchang Capital Outlets (Xinjian District, Nanchang)	56,800	129,700	Outlets: 85,240, Parking Space: 44,460	2017	100%
	30,160(Note 5)	28,380	Cinema: 5,000, Supermarket: 7,660, Parking Space: 15,720	2018	100%
Hangzhou Capital Outlets (Fuyang District, Hangzhou)	101,700	112,280	Outlets: 88,980, Parking Space: 23,300	2017	100%



INVESTMENT PROPERTIES *(Continued)*

Project Name	Approximate Site Area(Note 1) (m²)	Total Gross Floor Area(Note 2) (m²)	Property Type (m²)	Year of Launch/ Expected Time of Launching	Attributable Interest
Wuhan Capital Outlets (Wuhan East Lake High-tech Development Zone)	89,760	107,560	Outlets: 83,740, Parking Space: 23,820	2017	99% (Note 8)
Changsha Capital Outlets Joyous Sky Avenue (Xiangjiang New Area, Changsha)	54,600	112,070	Outlets: 81,550; Parking Space: 30,520	2018	30% (Note 8)
Xi'an Capital Outlets (Xi'an Hi-tech Industrial Development Zone)	81,300	122,970	Outlets: 82,740, Parking Space: 40,230	2019	100%
Zhengzhou Capital Outlets (Xingyang City, Zhengzhou)	62,620	85,000	Outlets: 85,000	2018	100%
Jinan Capital Outlets (Tangye New Area, Jinan)	114,930(Note 6)	129,780	Outlets: 86,930, Parking Space: 42,850	2018	100%
Hefei Capital Outlets (Binhu New District, Hefei)	87,910	96,490	Outlets: 75,460, Parking Space: 21,030	2018	100%
Chongqing Capital Outlets (Banan District, Chongqing)	74,350(Note 7)	113,600	Outlets: 81,600, Parking Space: 32,000	2019	100%

Management Discussion and Analysis

DEVELOPMENT PROPERTIES

Project Name	Approximate Site Area (m²)	Unsold Gross Floor Area (m²)	Unsold Land Floor Area (m²)	Property Type (m²)	Attributable Interest
Xi'an First City (Xi'an Economic Technology Development Zone)	355,900	558,042	344,239	Residential/ Commercial/ Office Buildings	100%
Nanchang Capital Outlets (Xinjian District, Nanchang)	30,160(Note 5)	32,560	32,560	Commercial	100%
Jinan Capital Outlets (Tangye New Area, Jinan)	114,930(Note 6)	53,870	52,870	Commercial	100%
Chongqing Capital Outlets (Banan District, Chongqing)	74,350(Note 7)	15,000	15,000	Commercial	100%

Note 1: Approximate site area is based on State-owned Construction Land Use Right Grant Contract or Land Use Right Certificates;

Note 2: Total gross floor area is based on State-owned Construction Land Use Right Grant Contract and the latest project design plan;

Note 3: The site area of Fangshan Capital Outlets is 90,770 m² of which the gross floor area of Phase I and Phase 2 are 108,720 m² and 87,770 m² respectively;

Note 4: The total site area of Huzhou Capital Outlets is 309,700 m² of which the gross floor area of Phase I, Phase 2 and the planned land area for economic hotels are 109,900 m², 104,400 m² and 95,400 m² respectively;

Note 5: The site area of Land B in Nanchang Capital Outlets is 30,160 m², of which 28,380 m² of the gross floor area is investment property and 32,560 m² is development property;

Note 6: The site area of Jinan Capital Outlets is 114,930 m², of which 129,780 m² of the gross floor area is investment property and 53,870 m² is development property;

Note 7: The site area of Chongqing Capital Outlets is 74,350 m², of which 113,600 m² of the gross floor area is investment property and 15,000 m² is development property;

Note 8: Attributable interests represent equity holding upon completion of capital injection

MARKET REVIEW OF OUTLETS

In 2016, China's retail industry was overall stable and amid favourable development, and the online retail and some entity retail industry as represented by Outlets maintained a more rapid growth. The trend of consumption upgrade was more prominent, and consumers gradually put more attention to quality and experience. Consumers' brand awareness was enhanced, and brand loyalty was increased, while the international brands still dominated the high-end product market. At the same time, the emerging trends of more popular Internet applications and mobile payment were quickly embraced by the mainstream customer base, and thus consumption patterns have become more diversified amid rapid changes.

According to the information of the National Bureau of Statistics, the national online retail sales of goods increased by 26.6%, and its shares to the total retail sales of social consumer goods have further increased by 0.8 percentage points to 11.6% as compared to the last year. In the entity retail industry, the sales growth in shopping malls, convenience stores and supermarket was relatively fast, the growth rate of which as, monitored by the Ministry of Commerce reached 7.5%, 7.3% and 6.8%, respectively. According to the statistics of media, in 2016, the sales of a total of 25 Outlets reached over RMB600 million and the aggregate annual sales of top 20 Outlets was RMB38.24 billion, representing an increase of 14.0% as compared to the same period last year. In 2016, the Outlet industry in the PRC has shown the following features:

The Rapid Development and Serious Polarization of the Industry

According to the public information, the scale of Outlet industry in the PRC in 2016 has developed rapidly. More than 30 large and medium-sized outlet projects have been opened in Tier 2 and Tier 3 cities and six projects out of such outlet projects have been set up and commenced operation around the end of the year. According to the incomplete statistics of the industry think tank, more than 30 outlets projects will enter into the market in the country in 2017, contributing nearly 7 million square meters of commercial areas. At the same time, the opening of many outlet projects in the PRC has been postponed due to the issues of brand investment and operations. The polarization of Outlet industry is obvious.

Brand and Chain Developments and Frequent Industry Integration

Brand resources and project operation control are the key to the success for outlet projects. The large-scale Outlets corporate group has developed distinctive project characteristics that continuously attract brand and consumer resources with their wealth of operation experience and robust corporate strength. Certain corporates with edges in scale have attempted to rapidly increase their market shares by mergers and acquisitions in order to develop barriers.

Trans-segment Cooperation and Gradual Enhancement of the Proportion in customer experiential format

The leading industry players have been paying more attention to grasp the demand for consumption upgrade, to provide value-added experience and to operate thematic basis, and have attempted to work with different segments such as sports, art consumption, micro-tourism for trans-segment cooperation and to foster consumer interaction and experience both online and offline, to satisfy the increasingly diversified consumer demand.

Management Discussion and Analysis

BUSINESS REVIEW

Precise Expansion and Leading Position

– During the period, the Group explored and developed four newly expanded outlets projects at Xi'an, Zhengzhou, Jinan and Hefei, and obtained Chongging outlets project in January 2017, reaching a total of 13 outlets projects that successfully laid out, the Group has become the largest Outlets integrated operator in China and thus established its leading position in the industry.

Construction Align with Shop-opening while Pursuit of Excellence in Operation

– During the period, four opened outlets projects achieved turnover of approximately RMB2.4 billion, representing a year-on-year growth of 17%; and the annual customer traffic reached 19 million passengers, representing a year-on-year growth of 22%. There was steady growth in the operating results;

– Steady progress for projects under construction was achieved and this was attained through design standardization, intensive cost management, tight control of progress and quality inspection of the works. Undertaking business solicitation and ensuring that quality projects opened on schedule were the important focuses;

– Brand resources were enriched and 150 brands were newly added in 2016. Both brand quantity and quality were enhanced. The number of strategic collaboration brands exceeded 100. Under the strategic planning of "Five Years and Twenty Cities", the strategic joint cooperation with leading brands has become the effective mean and essential way to meet the rapid growth in the demand of both parties and to achieve mutual benefits.

Completion of Asset Injection and Clear Strategies

– During the period, the Group completed the acquisition of three opened outlets stores at Fangshan of Beijing, Kunshan of Jiangsu and Huzhou of Zhejiang wholly-owned by BCL, its controlling shareholders. This further clearly defined the strategic positioning of Capital Juda as being the sole commercial real estate platform under BCL, which regards the integrated operation of outlets as its core business. As the only listed company with being its outlets core business, Capital Juda would adopt a well-defined strategic approach and a more consolidated path of development to focus on building the largest integrated outlets operation platform in the PRC.

Introduction of Strategic Shareholders and Major Breakthrough in Capital Operation

– During the period, the Group gained favor from internationally renowned funds and successfully introduced Sino-Ocean Group and KKR to become strategic shareholders. Sino-Ocean Group is a large domestic investment group with the background of insurance capital, while KKR is one of the top-rankings funds in the world which is known for excellent post-investment management and both of them have various strategic opportunities of demonstrating synergy with the Group. The engagement of strategic shareholders does not only diversify the shareholding structure of the Company but also foster standardization of corporate governance and professionalism in decision-making, accelerate the Company to access to global business resources networks, and allow the Company to gain the world's leading business operations management experience while enhancing its capital strength for diversified development and making the Company grow in into a fast track of healthy development.

Diverse Innovation and Vast Development Potential

– During the period, the Group proactively explored business growth opportunities. Fangshan and Wanning GUCCI self-operated stores were grandly opened at the end of the year and a preliminary success in the exploration of outlets' self-operation mode was achieved;

– The trampoline planning design of outlets projects at Nanchang, Wuhan, Zhengzhou and Jinan was completed and the aim of which was to shape the special business practice of outlets and further enhance the enjoyment in shopping and cultivate consumer experience;

– The development of the WeChat Online Store System was completed, which will provide consumers with comprehensive shopping experience and increase the integrated conversion of online and offline consumption.

Continuous Enhancement of the Branding Influence of "Capital Outlets"

– We have further promoted the influence of "Capital Outlets" among brand owners with "MORE IN FUTURE" Capital Outlets Brand Ceremony 2016 (「鉅在未來」首創奧特萊斯2016品牌私享會). Over 400 representatives of brand owners attended the ceremony;

– We have leveraged on the Outlets Summit and the Retail Real Estate World Summit to enhance the brand profile and expand cooperation opportunities;

– The Company sponsored the "Capital Outlets, Run for Fun" (首創奧萊　奧跑中國), the Olympic Sports Center national running competitions open to the public. There were a total of 8 on-site events in 7 cities throughout the year, which was well-fitted with the investment layout of the Company and this has fostered the "Capital Outlets" branding to take root in the targeted cities.

FINANCIAL REVIEW

1. Revenue and Operating Results

In 2016, the consolidated revenue of the Group was approximately RMB997,931,000, representing an increase of approximately 12% from RMB893,872,000 in 2015. The increase in revenue was mainly attributable to the increase in the gross floor area completed and delivered of Xi'an First City, and the increase in rental income led by stronger sales performance of the outlets in operation.

In 2016, the Group achieved a gross profit margin of approximately 21%, representing a decrease of 5 percentage point from 26% in 2015. The decrease in gross profit margin was mainly attributable to the change in the product mix of Xi'an First City.

In 2016, operating profit of the Group was approximately RMB450,258,000, representing a decrease of approximately 48% from RMB865,487,000 of 2015. The decrease was mainly due to: (i) the gain on bargain purchase amounting to RMB259,996,000 in relation to the acquisition of 100% equity interest in Xi'an Capital Xin Kai Real Estate Ltd in 2015; and (ii) the interest income amounting to RMB130,080,000 on loans to related parties in 2015. As the said gains and the interest income were recognized from non-recurring events, the decline in operating profit does not indicate any significant changes in the operating conditions.

Management Discussion and Analysis

2. Liquidity and Financial Resources

The Group's liquidity remained on a healthy level and financial resources were also reasonably distributed. As at 31 December 2016, the Group's cash and cash equivalents was approximately RMB1,910,587,000 (31 December 2015: approximately RMB1,798,522,000), of which approximately RMB713,511,000 (31 December 2015: RMB1,604,295,000), approximately RMB996,480,000 (31 December 2015: approximately RMB194,227,000) and approximately RMB200,596,000 (31 December 2015: Nil) were denominated in RMB, Hong Kong dollars ("HK$") and US dollars ("US$"), respectively. The Group's restricted cash amounted to approximately RMB14,029,000 (31 December 2015: RMB201,125,000). The majority of the Group's cash and cash equivalents and restricted cash are deposited with creditworthy banks with no recent history of default. As at 31 December 2016, the Group's current ratio was 1.82 (31 December 2015: 1.49).

As at 31 December 2016, the Group's net gearing ratio was 18% (31 December 2015: 19%), based on the division of net debt by total equity. Net debt includes total bank and other borrowings and guaranteed notes (including the current portion and the non-current portion), less cash and cash equivalents and restricted cash.

3. Borrowings and Guaranteed Notes

As at 31 December 2016, the Group's borrowings from banks and related parties were approximately RMB1,620,000,000 (31 December 2015: approximately RMB1,280,000,000). The bank borrowings were secured by the land use rights and the buildings of investment property, or guaranteed by BCL.

As at 31 December 2016, the amortised cost of the Group's guaranteed notes (the "Notes") was approximately RMB1,323,957,000 (31 December 2015: RMB1,321,357,000), including current portion amounting to RMB28,438,000 (31 December 2015: RMB28,438,000), and non-current portion amounting to RMB1,295,519,000 (31 December 2015: RMB1,292,919,000). The guaranteed notes with a face value of RMB1,300,000,000 due 2018 at the nominal interest rate of 5.25% per annum was listed for trading on the Stock exchange Hong Kong on 31 July 2015. The details of the Notes were set out in the announcements dated 20, 24 and 30 July 2015.

4. Significant Investments and Acquisitions

On 8 June 2016, the Group entered into acquisition agreements in connection with the acquisition of Beijing Chuangxin Jianye Real Estate Investment Ltd. and Zhejiang Outlets Property Real Estate Co., Ltd. (collectively referred to as the "Target Group") from BCL and one of its subsidiaries. The Target Group is primarily engaged in the development and operation of outlets-backed commercial integrated projects and has a portfolio of three integrated outlets projects located in Beijing, Kunshan and Huzhou in the PRC and related trademarks. The consideration for the acquisition was satisfied by cash at an amount of RMB2,372,327,068 in total, which was representing 100% of the equity interests of in the Target Group, related trademarks, and the shareholder loan. For the purpose of funding and partial settlement of the consideration, the Company has issued 905,951,470 class B convertible preference shares to BECL Investment Holding Limited ("BECL"), a wholly-owned subsidiary of BCL, at an issue price of HK$2.78 per share. The acquisition was completed on 14 December 2016. The details were set out in the announcements dated on 8 June 2016 and 14 December 2016, and circular dated 30 June 2016.

As the Group and the Target Group are controlled by BCL both before and after the acquisition, the acquisition was treated as business combination under common control, and the financial information of the Group for the year ended 31 December 2015 has been restated accordingly.

5. Share Capital and other equity instruments

On 14 December 2016, the Company issued 905,951,470 class B convertible preference shares to BECL for funding and partial settlement of the acquisition of the Target Group, which is stated in *"4. Significant Investments and Acquisitions"* of this financial review.

On 28 December 2016, the Company issued 95,192,308 ordinary shares to Smart Win Group Limited ("Smart Win") and to KKR CG Judo Outlets ("KKR") respectively, at the issue price of HK$2.10 per share. On the same day, BECL exercised its conversion rights and converted an aggregate of 571,153,846 class A CPS in accordance with the terms and conditions of the relevant subscription agreements entered into by the Company and the subscribers.

On 28 December 2016, the Company issued perpetual convertible bond securities (the "PCBS") in the principal amounts of HK$657,594,260 and HK$420,096,153 (which are convertible into 313,140,124 and 200,045,787 conversion shares at the initial conversion price of HK$2.10 per conversion share, subject to customary adjustments) to Smart Win and KKR respectively.

The details were set out in the announcements dated 25 November 2016 and 28 December 2016, and the circular dated 2 December 2016.

6. Foreign Exchange Exposure

Major subsidiaries of the Group operate in the PRC and most of the transactions are denominated in RMB. As certain of the Group's monetary assets and liabilities are denominated in HK$ and US$, any significant exchange rate fluctuations of HK$ and US$ against RMB may have financial impacts to the Group. Currently, the Group does not use any derivative financial instruments. Nevertheless, the Group will review the risk from time to time and take response measures if necessary.

7. Financial Guarantees

As at 31 December 2016, the Group provided guarantees in respect of mortgage facilities granted by certain banks to purchasers of properties, amounting to approximately RMB1,397,075,000 (31 December 2015: RMB1,781,593,000).

8. Capital Commitments

As at 31 December 2016, the Group had capital commitments relating to the development properties under construction of approximately RMB178,535,000, and had capital commitments relating to the investment properties under construction of approximately RMB663,646,000.

As at 31 December 2016, the Group had capital commitments relating to the committed investment in the project of Changsha Capital Outlets Joyous Sky Avenue of approximately RMB44,034,000.

EMPLOYMENT AND REMUNERATION POLICY

As of 31 December 2016, the Group had about 498 employees (as of 31 December 2015: 92). The remuneration policy and package of the Group's employees are structured in accordance to market condition, performance, qualification and experience of individual employees as well as statutory requirements where appropriate. In addition, the Group also provides other staff benefits such as pension scheme, medical insurance scheme, unemployment insurance scheme, housing provident fund, mandatory provident fund and share options to motivate and reward employees at all levels to achieve the Group's business performance targets.

Management Discussion and Analysis

FUTURE DEVELOPMENT AND PROSPECTS

The Outlets meet people's growing needs of the pursuit of quality, health, experience and a balanced family-centered lifestyle with its "big brands, low prices, cozy environment and comprehensive experience" new leisure shopping concept. The next five years would still be a rapid development period for the Outlet industry in China.

In the meantime, the pace of modernization of the Chinese consumers is accelerating, the market structure becomes more diversified and changes rapidly, the internal competition in the subdivision within the Outlet industry is increasing, the dichotomy is much more significant; brand resources and customer resources will continue be drawn towards the leading Outlet chain operators which generate opportunities of industry merger and acquisition and integration.

The Group's biggest challenges and opportunities will be how to fully understand and actively respond to changes in the structure, demand and consumption habits of the consumers; to improve the application of new technologies and management capabilities by focusing on two main cores, namely consumer experience and brand owner values; to integrate online and offline resources to expand the contact points and interacting opportunities with consumers; to extend the accuracy and preciseness of the services; to enhance the outlet model, which will integrate various experiences such as shopping, food and beverage, sports and fitness, leisure and entertainment, outing, social gathering and other experiences all in one to better satisfy and lead the demand for consumption upgrade.

In 2017, the Group will continue to adopt a development strategy of "Emphasizing on Scale as well as Efficiency" and grasp the strategic opportunities of the rapid development period of the Outlet industry and shoot for premium projects at target cities through diversified means such as self-construction, mergers and acquisitions, minor share controls and management exportation in order to rapidly complete nationwide strategic planning and consolidate the advantages attained by enlarged scale.

In the meantime, the Group will strive to maintain the operating strategy of "Precise Expansion and Lean Operation", matching the world's leading business operation management experience to ensure the overall implementation of the six strategies, namely the enhancement of investment expansion, standardization, cooperation, branding, consumers and operational management; the Group will also leverage the advantages of red-chip listing platform and the resources of shareholders to facilitate the flexible connection between global vision with resources and prompt remedy of the shortcomings, ensuring an expeditious growth of the operating results of the four opened projects and launches of new projects on schedule in a high quality manner, which will lay systematic foundation for the Group to gradually proceed from achieving the highest number of the planned Outlets projects, the highest number of opened stores and ultimately the greatest improvement in operating results!

Mr. Feng Yujian
Chief Executive Officer

Hong Kong, 20 February 2017

Environmental, Social and Governance Report

The board of directors of the Company is pleased to present its environmental, social and governance report for the year which is the first one to be issued by the Company to the public. The contents of the report are in compliance with the relevant environmental, social and governance reporting guidelines set out in Appendix 27 to the Listing Rules.

1. ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT SYSTEM

1.1 Core Values in Environmental, Social and Governance

The Company has been committed to fully integrating corporate social and environmental responsibilities into various aspects of the Company's management and development covering the daily management of the Company, business development, and products and services development for achieving sustainable development of the Company. To achieve this end, the Company was also proactively implemented the environmental, social and governance policies formulated by the parent company, BCL:

(1) The Group complies with the requirements of the laws, rules and regulations on the corporate environment, society and governance;

(2) Continuously promotes the establishment and improvement of relevant management systems and mechanism in corporate environment, society and governance;

(3) Proactively integrates the green concept into the product design and services of the Group, and ensure that the material selection and construction process are in compliance with and even surpass the applicable environmental laws and rules and standards;

(4) Encourages employees to save energy, cherish resources, support and promote measures on energy-saving and emission reduction such as "paperless office";

(5) The Group is committed to acquire green certification for the Group's projects, such as the China Green Building Label (GBL) and Leadership in Energy and Environmental Design (LEED) in the United States etc.

The Company has set up a special working group formed by the management and the main contact persons of various departments to promote the above policies and perfect the relevant disclosure and report to the Board of Directors or its committees.

1.2 The Communication and Responses among the Stakeholders

The Company maintains communication with various stakeholders through various channels, timely accesses the latest requests of the stakeholders and proactively responds to their requests in order to foster the Company's capability in fulfilling its environmental and social responsibilities and achieving the Company's sustainable development objectives:

Stakeholders	Communication and Responses	The Concerned Issues
Investors/Shareholders	Shareholders' general meetings, annual reports and interim reports, results announcements, corporate announcements etc.	Company governance and strategic development
Government and Regulatory Authorities	Exchanges of correspondences, field visits, relevant meetings, information disclosure etc.	Compliance operations, anti-corruption, environmental protection
Employees	Employee opinion surveys, communication meetings, corporate internal announcements, employee feedback mechanisms etc.	Employment, Labor Standards, Development and Training, Health and Safety

1. ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT SYSTEM *(Continued)*

1.2 The Communication and Responses among the Stakeholders *(Continued)*

Stakeholders	Communication and Responses	The Concerned Issues
Suppliers	Supplier access management system, meetings, strategic cooperation negotiations etc.	Supply chain management
Consumers	Consumer satisfaction surveys, consumer feedback activities, day-to-day operations/communications, service complaints and response mechanisms etc.	Product responsibilities, Consumer privacy protection
Community	Community activities, public welfare activities, social services support projects etc.	Environmental protection, community investment

2. ENVIRONMENTAL PROTECTION

The Company regularly keeps track of the latest national and regional environmental laws and regulations, complies with relevant laws and rules such as the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法), the Environmental Impact Assessment Law of the People's Republic of China (中華人民共和國環境影響評價法) and the Prevention and Control of Environmental Noise Pollution of the People's Republic of China (中華人民共和國環境雜訊污染防治法), and takes various measures to achieve better performance in environmental protection that covers daily offices activities and specific businesses. During the year, the Company has not been subject to any fines or related litigation in relation to environmental pollution.

2.1 Green Construction: Strict Control, Pollution Reduction

In respect of the construction projects, the Company requires contractors to implement various environmental protection management measures including waste, dust and sewage discharge management measures, and to monitor and mitigate the related environmental impact in the course of the construction projects.

Noise Reduction

We strictly require contractors to control the construction time to ensure that they are in compliance with the requirements of national standards in the "Emission Standard of Environment Noise for Coundary of Construction Site" (建築施工場界環境雜訊排放標準)(GB12523-2011). In the meantime, we require contractors to set up a separate sound insulation processing sheds on-site for some noisier operations such as wood processing and indoor operation are also required; steel tube load/dump trucks should be used and the workers should gently pick up and put down and move scaffold erection materials; concrete pouring should be avoided at night time and should only be undertaken during day time as it may involve pumping and stirring.

Dust Control

We require contractors to maintain road hardening rate of 100% in the construction site, 100% coverage of on-site earthworks, the on-site conditions for the construction of "garden-style" site, and arrange specified person on-site to sprinkle towards the dust every day to reduce dust emissions in the construction site.

Sewage Treatment

We require contractors to set the car wash basin and sedimentation tank in the construction site, and set grease traps in the kitchen to ensure oil separation and the sewage after sedimentation can be discharged into the municipal sewage pipe network.

Solid Waste Treatment

We require contractors to separate recyclable and non-recyclable wastes and carry out on-site, and the recyclable wastes should be recycled and the non-recyclable wastes should be cleared, delivered and discharged to the government-designated places.

2. ENVIRONMENTAL PROTECTION *(Continued)*

2.1 Green Construction: Strict Control, Pollution Reduction *(Continued)*

Energy Consumption Reduction

We require contractors to use water-saving taps and energy-saving lamps such as LED light bulbs etc., to post water-saving and electricity-saving logos and to arrange specified person for on-site inspection to prevent long operation time of lights and the non-stop of water flow.

2.2 Green Office: Saving Resources, Low-carbon Emission Reduction

In order to create a green low-carbon office environment, the Company has carried out a comprehensive promotion of 5S management concepts in its headquarters and each subsidiary and formulated 5S management program applicable for the offices of various companies since 2013. We advocate conservation, reduce loss, guide employees to develop energy-saving and consumption-reducing habits in their professions and enhance professionalism.

Electricity Conservation

We regulate the use of air conditioning according to the actual weather; control power, turn off lights for an hour at noon, prevent long operation time of lights for the time out of working hours, ensure that lights are all turned off when people go out. We reduce standby time of office electronic equipment, among which not using for a long time are power-off; purchase certified energy-saving products. We replace lighting lamps with LED energy-saving environmental lighting lamps, some branches require that only energy-consuming equipment with the office energy-efficient labeling level 2 or above or energy-saving products with certification logo can be bought.

Paper Conservation

We encourage employees to use paper in double-sided, except for official documents, use double-sided printing or secondary paper printing for internal circulation of the files; promote "paperless office", try to use multimedia form of presentation in the meetings; try to use e-mail instead of fax paper.

Low-carbon Business Trip

We introduce video and teleconferencing systems to reduce the number of staff traveling for business trip and carbon emissions caused by traffic arising therefrom; If employees must go out for work, we also encourage employees to make full use of public transportation, and more active arrangements for shuttle bus to go between companies and urban areas to reduce the use of official vehicles alone.

We strengthen the management of official vehicles, unify the purchase of fuel cards, implement the "one car one card" system, quantitative and regular refueling, and unify the management; establish the registration system of dispatching the vehicles, strictly implement approval procedures for the use of vehicles and coordinate the distribution of vehicles.

Environmental, Social and Governance Report

3. EMPLOYEE CARE

Employees are the core strength for the company development. The Company adheres to fair and open recruitment of staff, and provides protection of rights and interests for each employee. During the year, we continued to strive for improvement and be innovative in the aspects of employee support, development and training to create a safe and comfortable working environment for our employees and provide a fair and harmonious learning and development platform.

3.1 Extensively Attract the Talented, Protect the Basic Rights and Interests of Employees

The Company regularly keeps track of and updates the laws and regulations of the relevant countries and regions of the employees, strictly abides by the relevant laws and regulations such as the "Labor Law of the People's Republic of China" (中華人民共和國勞動法) and the "Labor Contract Law of the People's Republic of China" (中華人民共和國勞動合同法), and sign labor contracts with all regular employees to protect the legitimate rights and interests of employees. Recruitment is open for all qualified personnel to ensure it is conducted in a fair, just and open manner, and recruitment is announced within the company the information or disclosure to the public. In the meantime, we audit and verify of staff identity during the recruitment process to ensure that no child labor is employed.

We attach great importance to the protection of rights and interests for employees, strictly comply with the relevant provisions of national and local employee rights and interests. The provisions of the Company's constitution expressly specifies the working hours, rest and leave, labor protection and so on to encourage employees to maintain work-life balance and ensure that the whole company is free of any compulsory labor. In the meantime, we conduct regular and non-regular internal and external audit system to undertake regular rolling specialized audit over the compliance of human resources requirements by the subsidiaries to ensure that the employee management system strictly complies with the requirements of relevant national laws and regulations.

3.2 Cherish Employee Health, Provide Comfortable Working Environment

The Company has been committed to providing employees with a safe working environment, paying tremendous attention to employees' own health, strictly abiding by the relevant laws and regulations such as the "Labor Law of the People's Republic of China" (中華人民共和國勞動法) and the "Regulations on Work-Related Injury Insurance" (工傷保險條例).

Sound Medical Protection System

The Company has bought a commercial supplementary insurance for employees on top of the requirements of acquiring five insurance policies and contributing housing provident funds. In the meantime, the Company has established a protection system to guarantee workers will receive medical treatment and financial compensation when injured during employment or suffered from occupational diseases. In the event of industrial accidents, the Company will submit an application to the local human resources and social security department to identify the employment injuries for employees. If no employment injuries can be identified, we will also provide employees with material and spiritual compensation to ensure that the employees recover at ease and restore their health, and go back to the workplace with a proper health.

In addition, we organize the physical body check for employees annually, and determine the prevalence of sub-health diseases according to the Company's overall medical report, and arrange health talks accordingly. We also carry out cultural and sports activities through trade unions such as ball, health walking, outdoor activities and so on.

3. EMPLOYEE CARE *(Continued)*

3.2 Cherish Employee Health, Provide Comfortable Working Environment *(Continued)*

Organize Promotion of Safety Protection

The Company organizes fire safety seminars annually to ensure that employees understand and are familiar with fire safety and fire rescue knowledge. We also conduct hazard identification for each post, post "security notification card" (安全告知卡) on the site where dangerous goods can be found, ascertain the source of danger and safety protection measures of each post. In June, the Company will, taken into consideration of its own situation, carry out "safe production month" activities for each subsidiary of the Company under centralized consideration pursuant to the requirements of Beijing Capital Group and BCL.

Stringent Management of Construction Safety

The Company has strictly implemented the safety management for engineering project, and established a sound safety management system based on the related documents issued by the parent company BCL, and a series of relevant systems formulated internally by the Company.

The Company has carried out the "Safe and Civilized Production Management Process for Project Engineering" (專案工程安全文明生產管理流程), which stipulates that the construction unit should prepare safe and civilized construction plan, report to the supervision unit for review, report to the development company for review after the review by the supervision unit, and submit the plan to the management for approvals according to the local laws, regulations and contract requirements on safe and civilized construction. The implementation of the plan and safe and civilized construction inspection are conducted in accordance with three levels of inspections, which are self-examination on the implementation by the construction unit, inspection and supervision by the supervision unit and inspection by the project department or project management department of the development company, and routine practices of the inspection conditions and accident classification are specified.

Professional Assessment of the Construction Safety Management

The Company has adopted the professional evaluation system for the construction safety management line of BCL and has taken the construction safety management evaluation as an important first-class index for evaluation, made strict assessment on safety indicators such as the situation of construction safety accidents, the condition of on-site implementation of safe and civilized construction, the completion rate of annual innovative projects on safe and civilized construction. This is to ensure that safety management has always been under control.

Implementation Rules for Visualization Standards for Construction

We have also formulated the "Implementation Rules for the Manual of Visualization Standards for Safe and Civilized Construction Site" (現場安全文明施工視覺化標準手冊實施細則) which is adopted as annex to the tender documents and contract since the date of issue and contractors are required to comply with. The implementation rules require contributor to establish the visualization standards for the image of construction site covering fire safety requirements of the construction site, the office living areas and environmental protection, to establish the visualization standards for construction site safety protection and formulate corresponding management measures as well as rewards and punishments scheme.

3. EMPLOYEE CARE *(Continued)*

3.2 Cherish Employee Health, Provide Comfortable Working Environment *(Continued)*

Supervision and Inspection of Construction Safety

The cost construction center of the Company is responsible for safety supervision of the development projects of the subsidiaries and at the same time is also under the leadership of the operational management center of BCL and the Beijing Capital Group. The headquarters of the Company have set up the safety groups, the members of which mainly comprises of senior and intermediate project managers. The groups would randomly inspect projects. They will immediately communicate face-to-face with the project construction managers and the construction units and require immediate rectification once any significant security risks are identified. The groups will also jointly discuss the results of the inspection and solutions and improvement plans with the relevant design and marketing centers and the property management centers of the headquarters of the Company.

Secondly, the project subsidiaries of the Company which are in the stage of development and construction will set up development management department or the project department. Such department has professional engineering management staff that are directly responsible for the safety management of the construction and will organize safety inspection on weekly basis.

At the end of each year, the Company also organizes safety inspection for each frontline company, which will check the defects identified in the inspection and will submit a rectification report to the cost construction center of the headquarters of the Company for record. In the meantime, the cost construction center will conduct inspection on the key projects.

3.3 Sound Training System, Provision of Fair Development Opportunity

The Company has set up a comprehensive, three-dimensional and individualized training platform and management system with the support of "Training and Management System of Beijing Capital Juda" (首創鉅大培訓管理制度) "Employee Academic Credit Management System of Beijing Capital Juda" (首創鉅大員工學分制管理辦法) "Procedures and Requirements of Curriculum Development of Beijing Capital Juda" (首創鉅大課程開發流程及條件要求).

In 2016, in terms of training, the Company adhered "productive operation" as its core and was committed to building a talent team which is in line with strategic requirements, and has stronger strategic execution capacity and comprehensive competitiveness. The Company also advocated to hierarchical training system and insisted to intensify the staff training and professional training, and carried out comprehensive project-based training programs including the training of the management staff, the training of back-up cadre team, the training of professional and managerial capabilities of all staff and the training of new employees. The Company promoted various ways of studies such as network and mobile learning through "China Europe International Business School" meanwhile it also organized online and offline public courses, internal training by lecturers and seminars from industry authoritative lecturers. The Company has created a good atmosphere in establishing an organization which advocates cohesive learning through staff reading activities, quality development, sharing seminars and business seminars.

In the meantime, the Company has developed a scientific performance evaluation management system to ensure criteria of performance are open and the processes and the results of evaluation are just and fair. Performance appraisal follows the principle of "shared benefits and burden". Individual performance results are linked with organizational performance results. Employees' income is linked with individual ability, value contribution and organizational operation performance.

4 PRODUCTS AND SERVICES

On the basis of strictly abiding by the relevant laws and regulations, we have taken a variety of measures to ensure the quality of goods sold and service rendered. During the year, the Company was not aware of any violation of the laws and regulations on products and services (including product and service quality, customer privacy protection, consumer right and interest protection etc.) and any events that had material impact on the Company.

4.1 Superior Shopping Environment

We adopt measures from the selection of building contractors to the architectural design to ensure the provision of a superior shopping environment.

For the selection of suppliers, we used the past project performance of the contractors as the screening criteria. In the contracts entered with contractors, we expressly require the contractors to use equipment and materials that meet the requirements of the national standards, and inspect various types of products and materials according to the relevant criteria of acceptance, and products and materials that fail to meet the criteria are not allowed to be used in the project. At the same time, we carried out supervision and inspection in the course of the construction through third-party supervision unit on the basis of the prevailing national construction regulations and standards, and the requirements on environmental protection in order to ensure that the construction process and the materials used satisfying the environmental requirements.

In terms of design, we strictly abide by the relevant national laws and regulations to construct reasonable fire safety equipment and reduce fire safety risks. Meanwhile, we also continue to optimize the environment of the Outlets, among which Fangshan Capital Outlets has been awarded the title of "National AAA-level Tourist Attraction".

4.2 Assurance for Quality Goods

In order to ensure the quality of the goods sold, the Company has conducted rigorous screening on business partners. We have unified the standard for the text for contracts on business solicitation and specified various types of qualification documents are required to attach to the contract as an annex, including business licenses, trademark registration certificates, commodity inspection certificates, and merchant import certificates, etc.

In the meantime, if the project site management staff is aware of any action which violates the contract requirements during daily management of the shop, the staff will take necessary measures to correct those actions and immediately inform to the shop for rectification within the deadlines.

4 PRODUCTS AND SERVICES *(Continued)*

4.3 Provision of Superior Service

Superior service is the core basis of the Company's business. We proactively take measures to improve our service quality and are committed to provide customers with superior services.

Complaints and Response System

The Operation Management Manual (運營管理工作手冊), Tenant Manual (商戶手冊) and Salesperson Manual(營業員手冊) of the Company's project have explicit on the scope of complaints including return of goods as well as the requirements and procedures of complaints handling. Public channels are provided for the projects to receive and handle customer complaints. The project customer service center has established a written record of customer complaints that record the details covering the receptions and handlings of complaints to the responses after the handlings and is able to the request on accessing and tracking complaints.

The operation management center of the Company's headquarters will also impact the actual ways of handling customer complaints through unscheduled work inspections, and will require the involved projects/departments to rectify the defects immediately if the complaints are not handled in accordance with the relevant provisions of the headquarters and the projects.

Customer Satisfaction

The Company will engage third-party organizations to conduct survey on customer satisfaction of the opened project on an annual basis. The survey covers all the details of tenants and customers under the project operation management. The related projects will be notified of the results of the survey.

4.4 Customer Privacy Protection

The Company's customer information is centrally managed under a membership system through the CRM member management system for unified membership management. In respect of system development and operation maintenance, the Company has signed an entrustment contract with a software development company, confidentiality provisions explicitly sets out the obligations of such software development company of maintaining the confidentiality of customer information. The "Employee Manual" of the Company has "Confidentiality Provisions", which requires employees to keep confidential of the information including customer information. In the meantime, customer information which is deemed to be non-public information is only available for the enquiries by the colleagues responsible for membership system management in the company operation so as to ensure customer information security.

5. SUPPLIER MANAGEMENT

In addition to the environmental and social responsibilities to be fulfilled by the Company, we also proactively encourage suppliers to consider the environmental and social responsibilities and have established a relevant comprehensive system covering screening, contracting, construction process, and post-supervision.

5.1 Access Management: Qualification Inspection, Stringent Access

In order to ensure that suppliers are legal entities, are in compliance with laws and regulations and are in possession of relevant qualification, the Company has established criteria on the examination of supplier qualification, which involve the review over the qualification of the enterprise legal person, qualification level, registered capital, ISO quality certification, ISO Environmental certification, ISO occupational health and safety certification, production safety and financial conditions while screening suppliers.

In the meantime, we carry out on-site inspection on project implemented by the suppliers and on production plants and review the authenticity of the information in relation to the audit of qualification submitted while we also assess the management capacity of suppliers. We will evaluate them accordingly as unqualified if we identify fraudulent information, the existence of on-site major security risks and the failure to adopt measures of the national standard for handling significant pollution to the environment resulted from production equipment.

5.2 Construction Management: Contract Requirements, Supervision by third Parties

We have set out provisions in relation to the assurance for safety environment and prevention from social risks in the contract such as the construction suppliers should take all appropriate measures to protect the environment both inside and outside the construction site and limit the harms and effects to the public and property due to the pollution, noise and other consequences caused by the construction work. Employers should satisfy the requirements of the Labor Law in the employment and provide employees with various social security and benefits in accordance with the laws. In addition, we have employed third-party supervision unit to conduct supervision and inspection on the construction process according to the prevailing national construction specifications and standards, and the requirements of environmental protection.

5.3 Post-Management: Regular Assessment, Record of Results

The Company conducts regular and post-performance assessment on the suppliers. The assessment system includes the assessment criteria of the environmental and social risks. In the event that the suppliers fail to fulfill the contractual requirements on environment and risks, we will deduct the score of the supplier for the corresponding projects. When the assessment results are below 70 points, such suppliers will be included in the list of non-qualified suppliers, and we will only work with such suppliers with caution or cease to continue to work with those suppliers.

6. COMPLIANCE OPERATIONS

6.1 Integrity Marketing

The Company has strictly abided by the relevant national laws and regulations to formulate the "Tenant's Manual" and the "Manual of the Operation Management Department," and established a sound management mechanism and integrity marketing in the aspects of the advertisement promotion and the use of logos. During the year, the Company was not aware of any events which violate the relevant laws and regulations.

6.2 Intellectual Property Management

The Company attaches great importance to the avoidance of risks of infringement of intellectual property rights. Before bringing in tenants to the Outlets projects under the Company, we would review their trademark registration certificate or certificate of authorization to use such trademark to ensure that their operation activities are in compliance with the relevant laws and regulations such as the "Trademark Law". There was no significant event of the intellectual property infringement in the Company during the year.

In the meantime, we attach great importance to the work about applications and protection of our own intellectual property rights and bring the intellectual property rights into full play as the incentives, guidance, protection and evaluation for enterprise innovation. We have already applied to the State of Trademark Bureau for the trademark registration of the brand of "Capital Outlets".

6. COMPLIANCE OPERATIONS *(Continued)*

6.3 Establishment of Anti-Corruption Mechanism

The Company has strictly abided by the relevant laws and regulations such as the "Criminal Law of the People's Republic of China"（中華人民共和國刑法）and the "Anti-Unfair Competition Law of the People's Republic of China"（中華人民共和國反不正當競爭法）to strengthen a series of management systems such as anti-corruption, bribery risks and internal control management, which explicitly advocate the anti-corruption management organizational structure, enhance full performance of duties of tincumbent in the business procedures and optimize the corresponding risk control measures.

The Company has explicit corporate governance rules and clear guidelines towards different positions within the Company, and has also established a detailed whistleblowing policy. In 2016, the Company promulgated the management rules such as the "Provisions of Explicit Prohibition of Beijing Capital Juda"（首創鉅大明令禁止條例), which promoted the institutionalization and standardization of anti-corruption work. The Company has signed the "Anti-commercial Bribery Agreement"（反商業賄賂協議）with all suppliers. In April 2016, the Company issued the "Guidelines for the Internal Audit of Beijing Capital"（首創鉅大內部審核工作指引), which clearly stipulated the procedures of discipline review and whistleblowing, and announced the mailbox of whistleblowing to encourage the employees and third parties which have relationships with the Company to express concerns about any related misconduct, fraud and non-compliance event in corporate affairs under strict confidentiality. During the year, the Company has found no cases of bribery, extortion and fraud.

7. COMMUNITY INVESTMENT

The Company has been committed to social responsibilities and community communication and has undertaken related community activities according to the needs of the community, which conveys the corporate's value of the pursuit of good humanistic environment to the public. For instance, we have launched the clothes donation activities to help the poor by actions to pass the warmth of society. On the Eve of Christmas, the personnel of trade unions went to Beijing Disabled Persons Rehabilitation Service and Guidance Center to bring Christmas presents to the children with care and warmth. In 2016, the brand "Capital Outlets" under the Company also sponsored the Olympic Sports Center national running competition, which was jointly held by the subordinate unit of the Chinese Athletics Association under the State General Administration of Sports and the National Olympic Sports Center, and the aims of which were to encourage the public to exercise proactively and organize "Capital Outlets, Run for Fun", the Olympic Sports Center national public running competitions for delivering the concept of healthy and comfortable life to the public.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Zhong Beichen (鍾北辰), aged 42, was elected as the chairman of the board of director and the chairman of the Nomination Committee of the Company on 24 January 2017, and was appointed as the vice-president of BCL in January 2017. He is also the director of certain subsidiaries of the Company. Mr. Zhong served as an architect of the Planning and Design Institute of the Department of Light Industry of the PRC (中國輕工業部規劃設計院) from July 1996 to May 2000. Mr. Zhong served as general manager of the Commercial Property Development Department of BCL from September 2011 to December 2013, an assistant president of BCL from September 2011 to February 2012, the vice-president of BCL from March 2012 to December 2013, and executive director and chief executive officer of the Company from December 2013 to January 2017. Mr. Zhong joined BCL in June 2000 and served as an architect of Beijing Sunshine Real Estate Comprehensive Development Company (北京陽光房地產綜合開發公司) from June 2000 to December 2002 and the deputy general manager of Beijing Anhua Shiji Real Estate Development Co., Ltd. (北京安華世紀房地產開發有限公司) and Beijing Sunshine City Real Estate Development Co., Ltd. (北京陽光城房地產有限公司) from January 2003 to December 2007. Mr. Zhong served as the general manager of the Product R&D Centre of BCL from January 2008 to August 2011 and the vice-president of Outlet Investment Management Co., Ltd. (奧特萊斯投資管理有限公司), from June 2010 to August 2011. Mr. Zhong obtained his Bachelor's degree in Architecture from Xiamen University in 1996.

Mr. Feng Yujian (馮瑜堅), aged 43, was appointed as an executive Director, chief executive officer and a member of the Strategic Investment Committee of the Company on 24 January 2017. He is also the director of certain subsidiaries of the Company. He joined BCL and served as securities business manager in Business Development Department in March 2003, assistant general manager of Strategic Development Centre from April 2008 to January 2010, general manager of Capital Management Centre from January 2010 to July 2014, general manager and investment relationship director of BCL Hong Kong Office in August 2012, and the vice-president of the Company from March 2015 to January 2017. Prior joining BCL, Mr. Feng has served as a senior analyst in Foshan Securities Co., Ltd., an analyst in Beijing Xinminsheng Financial Advisory Co., Ltd and a securities trader in Zhejiang Jinma Property Development Co., Ltd.. Mr. Feng obtained a Bachelor Degree in Economics at Chinese Renmin University in July 1994 and Beijing International MBA (BiMBA) at Peking University in February 2003.

Biographical Details of Directors and Senior Management

NON-EXECUTIVE DIRECTORS

Mr. Sun Shaolin (孫少林), aged 58, was appointed as a non-executive Director and a member of the Remuneration Committee on 19 December 2016. He is an engineer. Mr. Sun has been a non-executive director of BCL since September 2016. He joined Beijing Capital Group Co., Ltd. (北京首都創業集團有限公司) ("Capital Group") in November 2004 and had served as the deputy general manager of the Strategic Planning Department, the deputy supervisor of the Corporate Structure Adjustment Office, the general manager of the Strategic Planning Department and the general manager of the Strategic Management Department, and has served as the director and general manager of the Strategic Management Department of Capital Group since August 2014. Prior to joining Capital Group, Mr. Sun served as a teacher at the Department of Educational Technology of Shaanxi Normal University from January 1982 to September 1985; a principal staff member of Policies and Regulations Division of the Aerospace Engineering Department, and a principal staff member and the deputy director of the Press Office of China Aerospace Corporation from October 1988 to October 1996; the deputy director of the Department of General Affairs of Special Administrative Regions of the State Council and the deputy director of Special Regions Department as well as the director of Industry Division of the Economic System Reform Office of the State Council from October 1996 to August 2003. He served as the director of System Reform Division of the National Development and Reform Commission from August 2003 to November 2004. Mr. Sun graduated from the Department of Radio Engineering of Dalian Engineering Institute in January 1982, and obtained a master's degree in engineering from Harbin Institute of Technology in October 1988.

Mr. Su Jian (蘇健), aged 43, was appointed as a non-executive Director and the chairman of the Strategic Investment Committee on 19 December 2016. He is a mid-level engineer. Mr. Su has been a non-executive Director of BCL since September 2016. He joined Capital Group since May 2004, and had served as an assistant to the general manager of Beijing Arkgarden Real Estate Development Company Limited, the senior manager of the Real Estate Operations Management Department, deputy general manager of the Operations Management Department, and deputy general manager of the Real Estate Department of Capital Group, and has been the general manager of the Real Estate Department of Capital Group since June 2014. Prior to joining Capital Group, Mr. Su served as the Person-in-Charge of Infrastructure Department of the Sanlian Group in Jinan, Shandong from July 1995 to March 1999, the Person-in-Charge of infrastructure projects of Sanlian Commercial Co. Ltd. in Jinan, Shandong from March 1999 to December 2001, the real estate project manager of Sanlian Urban Construction Co., Ltd. in Jinan, Shandong from December 2001 to May 2002. Mr. Su graduated from the Department of Industrial and Civil Architecture at Yantai University in July 1995, and received Master of Business Administration degree from the School of Economics and Management of Tsinghua University in July 2004.

Mr. Wang Honghui (王洪輝), aged 37, was appointed as a non-executive Director, a member of each of the Nomination Committee and the Strategic Investment Committee on 28 December 2016. He has been the general manager of Capital Operational Department of Sino-Ocean Group (Stock Code: 3377.HK), since November 2016. He served various positions in Sino-Ocean Group, including the general manager of the CEO Management Centre from February 2015 to October 2016, the general manager of the Investment Department from March 2014 to January 2015, the deputy general manager and subsequently the general manager of the Secretarial and Administration Department from August 2010 to February 2014, and the senior manager (investment development) and later the assistant to the general manager of the Development Department from July 2005 to July 2010. Mr. Wang was a management officer of Beijing Municipal Commission of Construction from July 2004 to July 2005. He obtained a Bachelor's degree in Real Estate Management from Renmin University of China in July 2002 and a Master's Degree in regional economics from Chinese Academy of Social Sciences in July 2004. Mr. Wang is a senior economist and a real estate appraiser.

Mr. Yang Han Hsiang (楊涵翔), aged 37, was appointed as a non-executive Director and a member of each of the Remuneration Committee and the Strategic Investment Committee on 28 December 2016. He is a managing director in KKR Asia. Prior to joining KKR in June 2016, Mr. Yang was a managing director at The Blackstone Group, where he managed its real estate investing business in Asia with focus on Greater China. Mr. Yang was a non-executive Director of Tysan Holdings Limited (now known as Hong Kong International Construction Investment Management Group Co., Limited)(Stock Code: 687.HK), from April 2014 to February 2016. Mr. Yang holds a Master's Degree in Business Administration from INSEAD in France, and a Bachelor's Degree in Business Administration from University of Michigan, Ann Arbor, USA.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. NGAI Wai Fung (魏偉峰), aged 55, was appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee on 21 December 2013. He is the managing director of MNCOR Consulting Limited and the chief executive officer of SW Corporate Services Group Limited, a specialty company secretarial, corporate governance and compliance services provider to companies in pre-IPO and post-IPO stages. Prior to that, he was the director and head of listing services of an independent integrated corporate services provider. He has over 20 years of senior management experience including acting as the executive director, chief financial officer and company secretary, most of which are in the areas of finance, accounting, internal control and regulatory compliance, corporate governance and secretarial work for listed issuers including major red chips companies. Dr. Ngai had led or participated in a number of significant corporate finance projects including listings, mergers and acquisitions as well as issuance of debt securities. He is the Past President of Hong Kong Institute of Chartered Secretaries. He was appointed by the Chief Executive of the Hong Kong Special Administrative Region as a member of the Working Group on Professional Services under the Economic Development Commission since 2013 and reappointed for further 2 years in 2017. He is the Adjunct Professor of Department of Law of Hong Kong Shue Yan University, a member of the Qualification and Examination Board of the Hong Kong Institute of Certified Public Accountants, a member of the General Committee of the Chamber of Hong Kong Listed Companies and has been appointed as a Finance Expert Consultant by the Ministry of Finance of the PRC since 2016. Dr. Ngai is currently the independent non-executive director of BaWang International (Group) Holding Limited (Stock Code:1338.HK), Powerlong Real Estate Holdings Limited (Stock Code: 1238.HK), Biostime International Holdings Limited (Stock Code: 1112.HK), Bosideng International Holdings Limited (Stock Code: 3998.HK), China Coal Energy Company Limited (Stock Code: 1898.HK), China Railway Group Limited (Stock Code: 390.HK), SITC International Holdings Company Limited (Stock Code: 1308.HK), Yangtze Optical Fibre and Cable Joint Stock Limited Company (Stock Code: 6869.HK), BBMG Corporation (Stock Code: 2009.HK), Topsearch International (Holdings) Limited (Stock Code: 2323.HK) and TravelSky Technology Limited (Stock Code: 696.HK) and also the independent director of LDK Solar Co., Limited and SPI Energy Co. Limited. Apart from LDK Solar Co., Ltd. and SPI Energy Co. Ltd., which are now listed on the OTC Pink Limited Information and Nasdaq respectively, all of which are companies listed on the Hong Kong Stock Exchange and/or the Shanghai Stock Exchange. Dr. Ngai was the independent non-executive director of China Railway Construction Corporation Limited (Stock Code: 1186.HK) from November 2007 to October 2014 and Sany Heavy Equipment International Holdings Company Limited (Stock Code: 631.HK) from November 2009 to December 2015. Dr. Ngai is a fellow of the Association of Chartered Certified Accountants in the United Kingdom, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Institute of Chartered Secretaries and Administrators, a fellow of the Hong Kong Institute of Chartered Secretaries, a fellow of Hong Kong Institute of Directors and a member of Hong Kong Securities and Investment Institute. Dr. Ngai received a doctoral degree in finance at Shanghai University of Finance and Economics in 2011, a master's degree in corporate finance from Hong Kong Polytechnic University in 2002, a bachelor honor degree in laws from University of Wolverhampton in the United Kingdom in 1994 and a master's degree in business administration from Andrews University of Michigan in the United States in 1992.

Ms. Zhao Yuhong (趙宇紅), aged 48, was appointed as an independent non-executive Director, the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee of the Company on 21 December 2013. Ms. Zhao has worked as an Associate Professor of Faculty of Law, The Chinese University of Hong Kong ("CUHK") since August 2008 to present. Ms. Zhao was the Assistant Dean (UG Student Affairs) and Associate Dean (Undergraduate Studies) of Faculty of Law at CUHK from September 2008 to August 2010 and from September 2010 to July 2013, respectively. Ms. Zhao was a Lecturer and then Assistant Professor of School of Law at City University of Hong Kong from January 1996 to June 2002 and from July 2002 to August 2006, respectively. From September 2006 to July 2008, Prof. Zhao served as an Assistant Professor of School of Law at CUHK. Ms. Zhao obtained her Bachelor of Arts degree in English Language and Literature and Bachelor of Laws degree from Peking University (北京大學) in July 1991. Ms. Zhao obtained her Master of Studies in Law degree with Magna Cum Laude from Vermont Law School, USA in February 1993 and PhD degree in Law from City University of Hong Kong in November 2000.

Biographical Details of Directors and Senior Management

Mr. He Xiaofeng (何小鋒), aged 61, was appointed as a member of the Remuneration Committee and the Nomination Committee of the Company on 28 December 2016. He was appointed as an independent non-executive Director and a member of each of the Audit Committee and Strategic Investment Committee of the Company on 21 December 2013. Prof. He obtained a Bachelor's degree and a Master's degree in Economics in 1982 and 1984 from Peking University, respectively. He is currently the professor of the Department of Finance, School of Economics of Peking University (北京大學經濟學院金融學系) since August 2000 and has been a doctoral supervisor since August 2001 and a director of the Research Center of Financial and Industrial Development of Peking University (北京大學金融與產業發展研究中心) since August 2005. He has taught in the School of Economics of Peking University (北京大學經濟學院) since 1984. Prof. He has also has served as a council member of China Enterprises Investment Association (中國企業投資協會) and deputy director of Financial Enterprises Investment Committee (金融企業投資委員會) from 2006 to present, vice chairman of Beijing Private Equity Association (北京股權投資基金協會) from 2008 to present, has served as an independent director of E Fund Management Co., Ltd. (易方達基金管理有限公司) from 2010 to May 2016 and served as a director of Beijing Qingchang Power Technology Co., Ltd. (北京清暢電力技術股份有限公司) (SZSE Stock Code: 430057) from February 2012 to February 2015, and has served as a director of Beijing Fof Capital Co., Ltd from 2015 to present..

SENIOR MANAGEMENT

Ms. Lu Yi（陸屹）, aged 51, serves as a vice president of the Company. She joined the Company in July 2015. From July 2010 to June 2015, Ms. Lu served as the Person-in-Charge of Retail Business at Fu Wah International Group and the general manager of Beijing Jinbao Place Co., Ltd.（北京金寶匯購物中心有限公司）. From February 2009 to July 2010, she served as the general manager of Beijing North Star King Power Co., Ltd（北京北辰嘉權時代名門商業有限公司）, a joint venture company by Hong Kong King Power Group and Beijing North Star Industrial Group. From November 2006 to February 2009, she served as the deputy director of Retail Business of Beijing Yintai Property Co., Ltd.（北京銀泰置業有限公司）under the Yintai Group. From July 2004 to November 2006, she served as the deputy general manager of Hangzhou Hubin International Boutique Compound (Euro-street) under the Narada Group. From August 2003 to July 2004, she served as the store manager of the Cartier Boutique at Peninsula Beijing. From September 1999 to July 2003, she served as a manager of Watches of Switzerland in Sydney. From July 1987 to August 1998, she served as a manager of Beijing Yanshan Hotel. Ms. Lu obtained her Bachelor's degree in Tourism Economics from Zhejiang University in July 1987.

Mr. Jiang Ronghu (蔣榮虎), aged 41, serves as a vice president of the Company. Mr. Jiang is a senior engineer and economist. From May 2007 to May 2010, he served as the deputy general manager of Beijing Capital Chaoyang Real Estate Development Co., Ltd. (首創朝陽房地產發展有限公司); from June 2010 to August 2011, he served as the deputy general manager of Outlet Investment Management Co., Ltd. (奧特萊斯投資管理有限公司); from September 2011 to March 2014, he served as the general manager of BCL (Huzhou Real Estate Development). (首創置業湖州開發公司); from March 2014 to March 2015, he served as the general manager of BCL (Shanghai) (首創置業上海公司). Prior to joining BCL, Mr. Jiang served as an deputy general manager in engineering of Landgent Group Co., Ltd. (Beijing) (樂成集團有限公司(北京)), a manager of Beijing Chengtong Real Estate Development Co., Ltd. (北京城通房地產開發有限公司) and a project manager of Beijing Xisanqi Building Material City Management and Development Co., Ltd. (北京西三旗高新建材城經營開發有限公司). Mr. Jiang obtained his Higher Diploma in Architectural Engineering Management from Nanjing Architectural and Civil Engineering Institute (南京建築工程學院) in July 1995 and Bachelor's degree in Architectural Structures from Tsinghua University in July 2001.

COMPANY SECRETARY

Mr. Lee Sze Wai (李斯維), aged 34, serves as the company secretary of the Company. He is a member of Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries and has obtained a Bachelor's degree in Economics and Finance from the University of Hong Kong. He is also the Company Secretary of BCL.

Report of the Directors

The board of directors (the "Board" or the "Directors") of Beijing Capital Juda Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") herein present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company is investment holding. The activities of its principal subsidiaries are set out in note 17 to the financial statements.

BUSINESS REVIEW

The Group's business review for the year ended 31 December 2016 is set out from pages 15 to 17.

KEY RISK FACTORS

The following lists the key risks and uncertainties faced by the Group. As it is a non-exhaustive list, there may be other risks and uncertainties further to the disclosure below. Besides, this Annual Report does not constitute a recommendation or an advice for anyone to invest in the securities of the Company. Investors are advised to make their own judgement or consult professionals before making any investment in the securities of the Company.

There are strategic risks, market risks, operation risks, financial risks and legal risks in the development process of the Company, of which:

(1) Strategic risks are mainly attributable to the level of the scientific and sustainable standards of strategy establishment of the Company commensurate with overall trend of the economic conditions and the industrial structures;

(2) Market risks are mainly attributable to internal and external environmental changes such as changes in the domestic and overseas macro-economies, market demand and supply, market competition and business partnership, as well as the potential risk of unexpected losses in the value of the stock market due to the changes in stock market prices, interest rates and exchange rates etc.;

(3) Operation risks are mainly attributable to the supervision and control procedures of each business segments involved in the daily operation and management process of the Company;

(4) Financial risks are mainly attributable to the supervision and control procedures of financial system including overall fund raising activities of the Company, investment management and revenue accounting;

(5) Legal risks are mainly attributable to the domestic and overseas policies and the changing regulations, and the internal contract management capability of the Company and related legal litigations.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December 2016 are set out in the Consolidated Statement of Profit or Loss from page 57 of this Annual Report.

The board of directors do not recommend the payments of dividend for the year ended 31 December 2016.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for each of the last five financial years is set out in the Five Year Financial Summary on page 131 of this Annual Report. This summary does not form part of the audited financial statements. The published results and statement of assets and liabilities may not be comparable.

Report of the Directors

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the review period are set out in note 15 to the Consolidated Financial Statements from pages 101 of this Annual Report.

INVESTMENT PROPERTY

Details of movements in the investment property of the Group during the review period are set out in the note 16 to the Consolidated Financial Statements on page 103 of this Annual Report.

ISSUED SHARE CAPITAL

Details of the movements in the Group's share capital during the review period are set out in the Consolidated Statement of Changes in Equity on page 62 of this Annual Report.

On 8 June 2016, the Group entered into the Acquisition Agreements (the "Acquisition Agreements") with BCL and its subsidiaries to acquire the three outlet projects located in Beijing, Kunshan and Huzhou in the PRC. The consideration for the acquisition was approximately RMB2,372,327,068 which was settled in cash (the"Acquisition"). For funding the payment of part of the consideration for the Acquisition, the Group and BECL Investment entered into the Subscription Agreement (the "Class B Convertible Preference Share Subscription Agreement ") on 8 June 2016, under which BECL Investment has subscribed to the Company for 905,951,470 Class B Convertible Preference Shares at an issue price of HK$2.78 per share (the "Issue of Class B Convertible Preference Shares"). Details of the Acquisition and the Issue of the Class B Convertible Preference Shares are set out in the joint announcement dated 8 June 2016 and the circular dated 30 June 2016 of the Company. On 14 December 2016, the Group completed the Acquisition and the Issue of Class B Convertible Preference pursuant to the Acquisition Agreements and the Class B Convertible Preference Share Subscription Agreement. The total proceeds of the Issue of the Class B Convertible Preference Shares have been used as the consideration for the Acquisition. Details are set out in note 29 to the Consolidated Financial Statements on page 120 of this Annual Report.

On 25 November 2016, the Company entered into the Subscription Agreement (the "Subscription Agreement") with Smart Win Group Limited ("Smart Win") and KKR CG Judo Outlets ("KKR") respectively, (i) 95,192,308 ordinary shares to Smart Win at a subscription price of HK$2.10 per share, and (ii) 95,192,308 ordinary shares to KKR at a subscription price of HK$2.10 per share) (the "Issue") (the details of which are set out in the Announcement dated 25 November 2016 and the circular dated 2 December 2016 of the Company). On 28 December 2016, the Company completed the Issue pursuant to the Subscription Agreement and the Specific Mandate approved by the Shareholders. On the same day, BECL exercised the Class A Convertible Preference Share Conversion right by an initial conversion of 571,153,846 Class A Convertible Preference Shares, and the Company accordingly issued 571,153,846 ordinary shares to BECL.

Issue of the Perpetual Convertible Bond Securities

Details of movements of the issue of the Perpetual Convertible Bond Securities ("PCBS") of the Company during the review period are set out in the Consolidated Statement of Changes in Equity on page 62 of this Annual Report.

Pursuant to the Subscription Agreement, (i) Smart Win subscribed to the Company for the PCBS in the principal amount of HK$657,594,260 (which are convertible into 313,140,124 ordinary shares at the initial Conversion Price of HK$2.10 per ordinary share, subject to customary adjustments) and (ii) KKR subscribed to the Company for the PCBS in the principal amount of HK$420,096,153 (which are convertible into 200,045,787 ordinary shares at the initial Conversion Price of HK$2.10 per ordinary share, subject to customary adjustments) (details of which are set out in the Announcement dated 25 November 2016 and the circular dated 2 December 2016 of the Company). On 28 December 2016, the Company completed the issue of the PCBS in the principal amount of HK$1,077,690,413 in accordance with the Subscription Agreement. The details are set out in note 30 to the Consolidated Financial Statements on page 121 of this Annual Report.

The Issue of the Ordinary Shares and the Use of the proceeds of the PCBS pursuant to the Subscription Agreement

As disclosed in the circular dated 2 December 2016, the net proceeds from the issue of the Ordinary Shares and the PCBS pursuant to the Subscription Agreement were approximately HK$1,442,000,000 (equivalent to approximately RMB1,280,000,000), which will be used by the Group for the payment of capital expenditure and other expenses incurred by the Fangshan Integrated Outlets Project, Huzhou Integrated Outlets Project and Kunshan Integrated Outlets Project, and the Integrated Commercial Outlets Project of the Group at Nanchang, Hangzhou and Wuhan (The "Relevant Projects") and the details are as follows:

(i) RMB800 million, representing approximately 63% of the net proceeds, will be used towards the payment of development costs incurred or to be incurred for the Relevant Projects;

(ii) RMB185 million, representing approximately 14% of the net proceeds, will be used towards the repayment of certain bank loans in relation to the Relevant Projects;

(iii) RMB200 million, representing approximately 16% of the net proceeds, will be used towards expenses for renovation and leasing for tenants for the commencement of operation of the Relevant Projects; and

(iv) RMB95 million, representing approximately 7% of the net proceeds, for the general working capital and activities of the Group.

Except for the proceeds of RMB32,118,000 used for the general working capital and activities of the Group, for the year ended 31 December 2016, the proceeds had not been used.

DEBT SECURITIES

Details of movements in the debt securities of the Group are set out in the note 24 to the Consolidated Financial Statements on page 115 of this Annual Report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the Companies Ordinance which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities for the year ended 31 December 2016.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in the Consolidated Statement of Changes in Equity on page 62 and in note 36 (a) to the Consolidated Financial Statements on page 130 of this Annual Report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2016, sales to the Group's largest customer and five largest customers accounted for approximately 0.55% and 1.90%, respectively, of the total sales of the Group for the review period. Purchases from the Group's largest supplier and five largest suppliers accounted for approximately 18% and 58%, respectively, of the Group's total purchases for the year. None of the Directors, their associates or any shareholders who owned more than 5% of the Company's share capital had any interests in the five largest customers or five largest suppliers at any time during the year.

BANK BORROWINGS

Details of the bank borrowings of the Group as at 31 December 2016 are set out in note 23 to the Consolidated Financial Statements on page 113 of this Annual Report.

Report of the Directors

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

Executive Directors:

Mr. Zhong Beichen *(Chairman)*
Mr. Feng Yujian (appointed on 24 January 2017)
Mr. Tang Jun (resigned on 24 January 2017)

Non-executive Directors:

Mr. Sun Shaolin (appointed on 19 December 2016)
Mr. Su Jian (appointed on 19 December 2016)
Mr. Wang Honghui (appointed on 28 December 2016)
Mr. Yang Han Hsiang (appointed on 28 December 2016)
Mr. Wang Hao (resigned on 19 December 2016)
Mr. Li Songping (resigned on 19 December 2016)

Independent non-executive Directors:

Dr. Ngai Wai Fung
Ms. Zhao Yuhong
Mr. He Xiaofeng

In accordance with Articles 83(3) of the Articles of Association of the Company, any Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his appointment and be subject to re-election at such meeting. Mr. Sun Shaolin and Mr. Su Jian have been appointed as the non-executive Directors of the Company on 19 December 2016, and Mr. Feng Yujian has been appointed as the executive Director on 24 January 2017. Mr. Sun Shaolin, Mr. Su Jian and Mr. Feng Yujian will be subject to re-election in accordance with the Articles of Association at the annual general meeting to be held.

In accordance with Articles 84(1) of the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being (or, if such number is not a multiple of three (3), the number nearest to but not less than one-third, provided that the Directors appointed in accordance with Articles 83(3) of the Articles of Association shall not be included) shall retire from office by rotation, provided that every Director shall be subject to retirement at least once every three years at the annual general meeting. Accordingly, Dr. Ngai Wai Fung and Ms. Zhao Yuhong will be subject to re-election at the annual general meeting to be held.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors of the Company are set out on pages 31 to 34 of this Annual Report.

DIRECTORS' SERVICE CONTRACTS AND REMUNERATION

During the year no Director has entered into a service agreement with the Company which are not determined by the Company within one year without payment of compensation, other than statutory compensation.

The Directors' remuneration policy and portfolio shall be determined by the Board with the recommendation of the remuneration committee of the Company with reference to the market level and, individual's qualifications, contribution and commitments to the Company. The details of Directors' remuneration are set out in the note 10 to the Notes to the Consolidated Financial Statements from pages 95 to 97 of this Annual Report.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries was a party during the year.

DIRECTOR'S AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2016, so far as is known to the Directors, none of the Directors and the chief executive of the Company and their associates had any interests or short positions in the shares or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) ("SFO")) which were to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules ("Model Code"), to be notified to the Company and the Stock Exchange.

DIRECTOR'S INTEREST IN COMPETING BUSINESS

The following Directors are also directors and/or officers of BCL as set out in the table below.

Name of Director	Position held in BCL
Sun Shaolin	non-executive Director
Su Jian	non-executive Director
Wang Hao (resigned as the non-executive Director of the Company on 19 December 2016)	Chairman and executive Director
Li Songping (resigned as the non-executive Director of the Company on 19 December 2016)	Chairman and non-executive Director

BCL is one of the leading integrated real estate operators in the PRC and is committed to becoming the most valuable integrated real estate operator in the PRC, with residential development, integrated outlets, integrated urban core and primary land development as the core line of business, while building core competitiveness through mutual coordination of the comprehensive operation and each business lines to achieve differentiated competition and enhanced scale.

On 28 June 2016, the Company entered into the Amended Non-Competition Deed with BCL, and the details are set out in the circular of the Company dated 30 June 2016. Accordingly, none of the Directors or their respective associates had an interest in any business which competes or may compete with the business in which the Group is engaged.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2016, so far as is known to the Directors, the following entities, not being a Director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long positions in shares and underlying shares of the Company:

Name of Shareholder	Capacity	Number of ordinary shares	Approximate percentage of the issued share capital (%)	Number of Convertible Ordinary Shares of Class A Convertible Preference Shares, Class B Convertible Preference Shares and PCBS (at initial conversion price of HK$2.10 per share)	Total Interests	Approximate Percentage of Total Interests to total issued ordinary shares (%)
BECL	Beneficial owner	701,353,846	72.9%	1,072,928,106 (Note 5)	1,774,281,952	184.53%
BCL	Interest of controlled corporation *(Note 1)*	701,353,846	72.9%	1,072,928,106 (Note 5)	1,774,281,952	184.53%
BCG	Beneficial owner	19,800,000	2.1%	–	–	2.06%
Capital Group	Interest of controlled corporation *(Note 2)*	721,153,846	75%	1,072,928,106 (Note 5)	1,794,081,952	186.58%
Smart Win Group Limited	Beneficial owner	95,192,308	9.9%	313,140,124	408,332,432	42.47%
Sino-Ocean Land (Hong Kong) Limited	Interest of controlled corporation *(Note 3)*	95,192,308	9.9%	313,140,124	408,332,432	42.47%
Faith Ocean International Limited	Interest of controlled corporation *(Note 3)*	95,192,308	9.9%	313,140,124	408,332,432	42.47%
Shine Wind Development Limited	Interest of controlled corporation *(Note 3)*	95,192,308	9.9%	313,140,124	408,332,432	42.47%
Sino-Ocean Group Holding Limited	Interest of controlled corporation *(Note 3)*	95,192,308	9.9%	313,140,124	408,332,432	42.47%
KKR CG Judo Outlets	Beneficial owner	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR CG Judo	Interest of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR China Growth Fund L.P.	Interest of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%

Name of Shareholder	Capacity	Number of ordinary shares	Approximate percentage of the issued share capital (%)	Number of Convertible Ordinary Shares of Class A Convertible Preference Shares, Class B Convertible Preference Shares and PCBS (at initial conversion price of HK$2.10 per share)	Total Interests	Approximate Percentage of Total Interests to total issued ordinary shares (%)
KKR Associates China Growth L.P.	Interest of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR China Growth Limited	Interest of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Fund Holdings L.P.	Interest of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Fund Holdings GP Limited	Interest of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Group Holdings L.P.	Interest of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Group Limited	Interest of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR & Co. L.P.	Interest of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Management LLC	Interest of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
Henry Robert Kravis	Interest of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
Roberts George R.	Interest of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%

Notes:

1. Total interests in 1,774,281,952 shares were deemed to be the corporation interest under the Securities and Futures Ordinance.

2. Total interests in 1,794,081,952 shares were deemed to be the corporation interest under the Securities and Futures Ordinance.

3. Total interests in 408,332,432 shares were deemed to be the corporation interest under the Securities and Futures Ordinance.

4. Total interests in 295,238,095 shares were deemed to be the corporation interest under the Securities and Futures Ordinance.

5. On 19 December 2016, the Company issued 905,951,470 Class B Convertible Preference Shares to BECL pursuant to the Class B Convertible Preference Share Subscription Agreement. On 28 December 2016, BECL converted 571,153,846 Class A Convertible Preference Shares into ordinary shares.

Report of the Directors

Save as disclosed above, as at 31 December 2016, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Company adopted the scheme (the "Scheme") on 14 March 2012 (the "Adoption Date") which will remain in force for a period of 10 years commencing from the Adoption Date to give recognition for the eligible employees of the Group and to encourage them to continue to serve for the continued operation and development of the Group.

Under the Scheme, the Directors may at their discretion grant options to (i) any employee of any member of the Group or any entity in which any member of the Group holds any equity interest (the "Invested Entity"); (ii) any executive and non-executive Directors of any member of the Group or any Invested Entity; (iii) any supplier and customer of any member of the Group or any Invested Entity; (iv) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued or proposed to be issued by any member of the Group or any Invested Entity; or (vi) any adviser or consultant of any member of the Group or any Invested Entity to subscribe for the shares of the Company.

The maximum number of shares in respect to which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company on the date of adopting the Scheme. The limit may be refreshed at any time provided that the new limit must not be in aggregate exceed 10% of the issued share capital of the Company as at the date of the shareholders' approval in general meeting. However, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other scheme of the Company must not in aggregate exceed 30% of the shares in issue from time to time. The maximum number of shares in respect of which options may be granted to any individual in any 12-month period shall not exceed 1% of the shares in issue on the last date of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the Listing Rules. A nominal consideration of HK$1 is payable on acceptance of the grant of an option.

Options may be exercised at any time from the date of grant of the option to the 10th anniversary of the date of grant as may be determined by the Directors. The exercise price is determined by the Directors, and will not be less than the highest of (i) the closing price per share as stated in the Stock Exchange's daily quotations sheets on the date of the grant of the options; (ii) the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the options; or (iii) the nominal value of a share.

During the year ended 31 December 2016, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Scheme.

EQUITY-LINKED AGREEMENTS

Other than (i) the Class A Convertible Preference Share Subscription Agreement, (ii) the Class B Convertible Preference Share Subscription Agreement, (iii) the Subscription Agreement and (iv) the share option scheme of the Company as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company or subsisting during the year ended 31 December 2016.

CONNECTED TRANSACTIONS

As mentioned in the joint announcement dated 8 June 2016 and the circular dated 30 June 2016 of the Company, on 8 June 2016, the Group entered into the Acquisition Agreements with BCL and its subsidiaries to acquire the three outlet projects located in Beijing, Kunshan and Huzhou in the PRC. The consideration for the acquisition was approximately RMB2,372,327,068 which was settled in cash. As BCL is the controlling shareholder of the Company, it is a connected person of the Company. The Acquisition constitutes a very substantial acquisition and connected transaction of the Company under Chapter 14 and Chapter 14A of the Listing Rules.

For funding the partial payment of the consideration for the Acquisition, the Group entered into Class B Convertible Preference Share Subscription Agreement with BECL on 8 June 2016, BECL subscribed to the Company for 905,951,470 Class B Convertible Preference Shares with an issue price of HK$2.78 per share. BECL is a direct wholly-owned subsidiary of BCL and therefore a connected person of the Company. The issue of the Class B Convertible Preference Shares constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Continuing Connected Transactions

As mentioned in the announcement of the Company dated 14 December 2016, Beijing Hengsheng Huaxing Investment Management Co., Ltd. ("Hengsheng Huaxing", a wholly-owned subsidiary of the Company) entered into the Lease with Beijing Shangbodi Investment Consultant Co., Ltd. ("Shangbodi", a connected person of the Company) and GoldenNet Yicheng Asset Management (Beijing) Co., Ltd. ("GoldenNet", an Independent Third Party of the Group) in relation to the leasing of the Premises with a term of two years. Hengsheng Huaxing is required to pay a rent of RMB7,971,600 per annum to Shangbodi. This arrangement constitutes a continuing connected transaction of the Company and the Lease Contract was executed on 14 December 2016.

The Independent Non-executive Directors have reviewed the above continuing connected transactions and confirmed that such transactions (a) were in the ordinary and usual course of business of the Group; (b) were undertaken on normal commercial terms or better terms; and that (c) the Transaction Agreements were entered into in a fair and reasonable manner and in the interests of the shareholders of the Company as a whole and such transactions have been carried out in accordance with the agreements governing the transactions.

Pursuant to Rule 14A.56 of the Listing Rules, the Board of Directors has engaged the auditors of the Company to conduct an audit of the above continuing connected transactions. The auditors have issued a letter setting out their conclusion of the continuing connected transactions of the Group disclosed above and it is concluded that they have not identified any matter that shows non-compliance with the Rule 14A.56 of the Listing Rules. The Board further wishes to add that the auditors of the Company confirm that the Continuing Connected Transactions (i) were approved by the Board; (ii) were conducted pursuant to the relevant agreements entered into; and (iii) were undertaken without caps being exceeded.

The Company confirms that the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the transactions set out above.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules during the year and up to the date of this report.

CORPORATE GOVERNANCE

Details of the Company's corporate governance are set out the Corporate Governance Report on pages 45 to 52 of this Annual Report.

INDEPENDENT AUDITOR

The financial statements for the year were audited by PricewaterhouseCoopers, who will retire at the forthcoming annual general meeting. The Company will submit a resolution at the forthcoming annual general meeting to re-appoint PricewaterhouseCoopers as the Company's auditor for the coming year.

On 28 April 2016, the term of office of the auditor of the Company, Ernst & Young, has expired and PricewaterhouseCoopers was appointed as the auditor of the Company on the same day.

On 27 November 2014, HLB Hodgson Impey Cheng resigned as the auditor of the Company and Ernst & Young was appointed as the auditor of the Company on the same day in order to fill in the temporary vacancy arising therefrom.

Save as disclosed above, there has been no change in the auditors of the Company during the past three years.

It is the auditors' responsibility to form an independent opinion, based on their audit, on those financial statements and to report their opinion solely to the Company and for no other purpose. They do not assume responsibility towards or accept legal liability to any other person for the contents of the independent auditor's report. The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 53 to 56.

PERMITTED INDEMNITY PROVISION

The Articles of Association of the Company provides that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their offices, provided that such indemnity shall not extend to any matter in respect of any fraud or dishonesty. During the year under review, the Company has arranged appropriate insurance for its directors and senior management to cover their responsibilities in relation to corporate activities arising from the legal actions against the directors and senior management.

On behalf of the Board

Mr. Zhong Beichen
Chairman

Hong Kong, 20 February 2017

Corporate Governance Report

The Group is committed to the establishment of good governance practices and procedures. For the year ended 31 December 2016, the Company has complied with the requirements under the code provisions of the recommended best practices set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Listing Rules and the continuing obligations requirements of a listed issuer pursuant to the Listing Rules

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Following specific enquiry by the Company, all Directors have confirmed that they fully complied with the requirements under Model Code during the year ended 31 December 2016.

BOARD OF DIRECTORS

As at the date of the Report, the Board currently has nine directors, including two executive Directors, four non-executive Directors and three independent non-executive Directors.

Executive Directors:

Mr. Zhong Beichen *(Chairman)*
Mr. Feng Yujian *(Chief Executive Officer)*

Non-executive Directors:

Mr. Sun Shaolin
Mr. Su Jian
Mr. Wang Honghui
Mr. Yang Han Hsiang

Independent non-executive Directors:

Dr. Ngai Wai Fung
Ms. Zhao Yuhong
Mr. He Xiaofeng

There is no financial, business, family or other material/relevant relationship among members of the Board. The latest list of Directors setting out their roles and responsibilities is available and accessible at the websites of the Company (www.bcjuda.com) and the Stock Exchange (www.hkexnews.hk).

BOARD OF DIRECTORS *(Continued)*

The Board meets at least four times a year to determine overall strategic direction and objectives, approve interim and annual results, and discuss other significant matters on the businesses and operations of the Group. During the year ended 31 December 2016, a total of 4 board meetings were held. The respective directors' attendance at the Board meetings, the Board Committee meetings and General meetings are set out below:

Directors'/Committee Members' Attendance at Meetings

	The Board	The Audit Committee	The Remuneration Committee	The Nomination Committee	General Meeting
Executive Directors					
Mr. Tang Jun (resigned on 24 January 2017)	4/4	–	–	1/1	1/3
Mr. Zhong Beichen	4/4	–	–	–	1/3
Mr. Feng Yujian (appointed on 24 January 2017)	–	–	–	–	–
Non-executive Directors					
Mr. Wang Hao (resigned on 19 December 2016)	4/4	–	–	–	0/3
Mr. Li Songping (resigned on 19 December 2016)	4/4	–	1/1	–	0/3
Mr. Sun Shaolin (appointed on 19 December 2016)	–	–	–	–	–
Mr. Su Jian (appointed on 19 December 2016)	–	–	–	–	–
Mr. Wang Honghui (appointed on 28 December 2016)	–	–	–	–	–
Mr. Yang Han Hsiang (appointed on 28 December 2016)	–	–	–	–	–
Independent non-executive Directors					
Dr. Ngai Wai Fung	4/4	2/2	1/1	1/1	3/3
Ms. Zhao Yuhong	4/4	2/2	0/1	0/1	1/3
Mr. He Xiaofeng	4/4	2/2	–	–	1/3

The Board is responsible to the shareholders for providing effective corporate leadership, and ensuring transparency and accountability of the Group's operations. It sets the Company's values and aims at enhancing shareholders' value. It formulates the Group's overall strategy and policies and sets corporate and management targets, key operational initiatives, policies on risk management pursuant to the Group's strategic objectives, and ensures the establishment of an effective risk management and internal control system.

The Board delegates the day-to-day management, administration and operations of the Group's business to the management of the relevant segments and divisions. The management is responsible for the implementation and adoption of the Company's strategies and policies. The delegated functions and tasks are periodically reviewed by the Board.

The Company has arranged insurance cover on liabilities for all Directors in respect of legal actions against them from performing corporate activities.

BOARD OF DIRECTORS *(Continued)*

Chairman and Chief Executive Officer

Mr. Zhong Beichen is the Chairman of the Board and Mr. Feng Yujian is the Chief Executive Officer of the Company. The Chairman of the Board is responsible for the management of the Board of Directors and takes the lead in the Board of Directors to formulate the overall strategic and business development direction of the Group and to ensure the full, complete and reliable information is provided to all Directors. The Chief Executive Officer, on the other hand, is responsible for the day-to-day operations and overall management of the Group and the implementation of the business policies and objectives determined and adopted by the Board of Directors, and is accountable to the Board for the Group's overall operations.

Non-executive Directors

Each of the non-executive Directors and independent non-executive Directors holds a term of office of three years with the Company since the date of appointment subject to the provision of retirement and rotation of directors under the Articles of Association of the Company.

The Company currently has three independent non-executive Directors, representing one third of the members of the Board, of which at least one possesses the appropriate professional qualifications or accounting or relevant financial management expertise. The Company has received annual confirmations of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and considers them to be independent.

Directors' training

According to the code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

For the year ended 31 December 2016, all Directors have participated in continuous professional development, including attending the seminars given by external legal advisors under the arrangement of the Company in respect of corporate governance practices, relevant regulations of Hong Kong and the responsibilities of Directors, which develops and refreshes their knowledge and skills, in order to ensure that their continuous contribution to the Board is made under a well-informed and relevant manner and they receive the latest information in relation to relevant laws and regulations and the overall development of the Group. The Company also encourages Directors to participate in other continuing professional development programs exclusively designed for Directors.

In addition, the Company will provide a Group Profile to each newly appointed Director to ensure that they have sufficient knowledge of the Group's business and operations.

Company Secretary

The Company Secretary assists the Chairman in preparing the agenda of the Board meetings and ensures all relevant rules and regulations of the procedures of such meeting are complied with. The Company Secretary files for and maintains the detailed minutes of each Board meeting, and makes such minutes available and accessible for all Directors.

According to Rule 3.29 of the Listing Rules, the Company Secretary of the Company has taken not less than 15 hours of relevant professional training for the year ended 31 December 2016.

Corporate Governance Report

BOARD OF DIRECTORS *(Continued)*

Board Committees

(a) *Audit Committee ("AC")*

The AC was established on 14 March 2012 with written terms of reference in compliance with the CG Code. It consists of three members with all independent non-executive Directors, namely, Dr. Ngai Wai Fung (as chairman), Ms. Zhao Yuhong and Mr. He Xiaofeng with effect from 21 December 2013. Dr. Ngai Wai Fung is a fellow of the Association of Chartered Certified Accountants in the United Kingdom and a member of the Hong Kong Institute of Certified Public Accountants and with appropriate professional qualification as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the AC are mainly to make recommendation to the Board on the appointment and removal of external auditor; review the financial statements and express material advice in respect of financial reporting; and oversee financial reporting system and internal control procedures of the Company. The terms of reference of AC are available and accessible at the websites of the Company (www.bcjuda.com) and the Stock Exchange (www.hkexnews.hk).

For the year ended 31 December 2016, the AC held 2 meetings. Details of each committee member's attendance at the AC meetings are set out under "Directors'/Committee Members' Attendance at Meetings" above.

The summary of the work of the AC for the 12 months ended 31 December 2016 is as below:

– reviewed the announcement of annual results and annual report of the Group for the whole year ended 31 December 2015 before submission to the Board for adoption and publication;

– reviewed the announcement of interim results and interim report of the Group for the six months ended 30 June 2016 before submission to the Board for adoption and publication;

– met with the auditors to discuss the accounting and audit issues of the Group and reviewed their findings, recommendations and representations;

– reviewed the Group's financial control, internal control and risk management systems;

– revised the Terms of Reference of the Audit Committee;

– advised to the Board for appointment of external auditor; and

– reviewed two systems, the Administrative Measures on Connected Transactions and the Administrative Measures for the Disclosure of Insider Information and Information before submission to the Board for adoption and implementation.

BOARD OF DIRECTORS *(Continued)*

Board Committees *(Continued)*

(b) *Remuneration Committee ("RC")*

The RC was established on 14 March 2012 with written terms of reference in compliance with the CG Code. As at the date of this report, the Remuneration Committee consists of five members, namely Ms. Zhao Yu Hong (as chairman), Dr. Ngai Wai Fung, Mr. He Xiaofeng and two non-executive Directors, Mr. Sun Shaolin and Mr. Yang Han Hsiang.

The primary duties of the RC are mainly to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; review remuneration proposals of the management with reference to the Board's corporate goals and objectives; and ensure none of the Directors or any of their associate determine their own remuneration. The terms of reference of RC are available and accessible at the websites of the Company (www.bcjuda.com) and the Stock Exchange (www.hkexnews.hk).

For the year ended 31 December 2016, the RC held 1 meeting. Details of each committee member's attendance at the RC meetings are set out under "Directors'/Committee Members' Attendance at Meetings" above.

The summary of the work of the RC for the year ended 31 December 2016 is as below:

– reviewed the existing policy and structure of the remuneration of the executive Directors;

– reviewed the existing remuneration package of the non-executive and independent non-executive Directors;

– proposed the remuneration structure for newly appointed directors.

(c) *Nomination Committee ("NC")*

The NC was established on 14 March 2012 with written terms of reference in compliance with the CG Code. As at the date of this report, the Nomination Committee consists of five members with one executive Director, namely Mr. Zhong Beichen (as chairman), one non-executive Director, namely Mr. Wang Honghui, and three independent non-executive Directors, namely, Dr. Ngai Wai Fung, Ms. Zhao Yuhong and Mr. He Xiaofeng.

The primary duties of the NC are to review the structure, size and composition of the Board and make recommendations to the Board regarding candidates to fill vacancies on the Board. The terms of reference of NC are available and accessible at the websites of the Company (www.bcjuda.com) and the Stock Exchange (www.hkexnews.hk).

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board in June 2013. Accordingly, selection of candidates to the Board is based on a range of measurable objectives, including but not limited to gender, age, cultural and educational background, professional experience and qualifications, skills, knowledge and length of service, having due regard to the Company's own business model and specific needs from time to time. With the existing Board members coming from a variety of business and professional background and one out of the nine Board members being woman, the Company considers that the Board possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the Company's business. Profiles of the Directors are set out on pages 31 to 34 and have been published at the website of the Company (www.bcjuda.com).

For the year ended 31 December 2016, the NC held 1 meeting. Details of each committee member's attendance at the NC meetings are set out under "Directors'/Committee Members' Attendance at Meetings" above.

The summary of the work of the NC for the year ended 31 December 2016 is as below:

– made recommendations to the Board on the re-election of Directors at the forthcoming annual general meeting of the Company in 2015; and

– reviewed the structure, size and composition of the Board.

BOARD OF DIRECTORS *(Continued)*

Board Committees *(Continued)*

(d) *Strategic Investment Committee ("SIC", originally known as "SC")*

The SIC was established on 21 December 2013 and its primary duty is to advise on the long-term development strategies and major investment decisions of the Company. As at the date of this report, the strategic Investment Committee consists of five members, namely three non-executive Directors Mr. Su Jian (as chairman), Mr. Wang Honghui and Mr. Yang Han Hsiang, one executive Director Mr. Feng Yujian and one independent non-executive Director Mr. He Xiaofeng.

For the year ended 31 December 2016, no meeting has been held by the SIC.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties and has adopted the CG Code as its corporate governance code of practices during the year ended 31 December 2016.

The Board has, among other things, reviewed the training and continuous professional development of Directors, the Company's compliance with the respective code provisions of the CG Code for the year ended 31 December 2016 and made disclosures in this Corporate Governance Report.

Accountability

The Board is accountable to the Shareholders while the management is accountable to the Board. The Board endeavors to ensure that the announcements of annual and interim results and the annual and interim reports of the Group present a balanced and understandable assessment of the Group's position and prospects. The Board embraces openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financial and other information are disseminated to Shareholders through announcements via the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bcjuda.com).

Risk Management and Internal Controls

Risk management and internal controls are important parts among the operation and management of the Group. The Board and the management of the Company take high priority on the organization and implementation of each process in respect of risk management and internal controls, and have gradually established a comprehensive risk management system in the Company based on risk identification, measures, internal review and assessment, and continuous improvement, which finally creates an internal control mechanism consisting of three tiers, the AC, the Risk Management and Control Department and the management (each business department):

1. the Board is responsible for setting up the risk management and internal control mechanism for the Group to ensure the core values, strategic planning and working guidelines of the Company, and convey the above to each department of the Group through various channels, including platforms such as the enterprise information system, meetings, training and intranet. This would incorporate risk control into the operation flow and the AC would identify the operation risk of the internal control system on a regular basis so as to review the effectiveness of risk management and control;

2. the Risk Management and Control Department is responsible for the regular review on Company's policies and guidelines, and assists the Board to set up effective Company's policies and guidelines for risk management and internal controls in response to the internal and external changes as well as changes in regulations in order to realize a progressive, institutionalized and systematic risk management and internal controls system. Meanwhile, assessment would be independently conducted by the Risk Management and Control Department on an on-going basis, and such assessment covers all material aspects, including legal risks, compliance controls, operation monitoring as well as the workflow and risk assessment of each department of the Group. The Risk Management and Control Department is directly responsible to the AC and reports the effectiveness of the risk management and internal controls;

BOARD OF DIRECTORS *(Continued)*

Risk Management and Internal Controls *(Continued)*

3. the management and each of the business departments would effectively monitor and approve the workflow of each department at the business level based on different functions and divisions through various business systems, so as to enhance the efficiency of risk management, realize the closed loop management model for risk management led by self-supervision at the business level.

In 2016, the Group has formulated and launched a three-year development plan for comprehensive risk management system. The next focus of risk control will be to continue to facilitate the implementation of the three-year plan, optimizing internal control and patrol mechanism and achieving quantifiable control index based on the standardization of risk control system, workflows and accountability in order to achieve a further combination between the operation and management of the Company with risk control. Thus a sound and proper internal control system would be realized with effective operation through the establishment of a mature risk control model, so as to facilitate the strategic development of the Company.

As at the date of the report, the Risk Management and Control Department has conducted an assessment in respect of the risk management and internal controls of the Company. The result unanimously reflects that no significant weakness was found in the internal control of the Company, and an internal control report with unqualified opinion was issued to the AC, stating that the risk management and internal control system of the Company were well-functioning.

Directors' Responsibility for Financial Reporting

With the assistance of the financial management department, the Directors acknowledge their responsibility for preparing the financial statements of the Group for the year ended 31 December 2016 and confirm that the financial statements contained herein give a true and fair view of the results and state of affairs of the Group for the period under review. The Directors consider that the financial statements have been prepared in conformity with the statutory requirements and the applicable accounting standards.

Auditors' Remuneration

The financial statements for the year ended 31 December 2016 were audited by PricewaterhouseCoopers of which the term of office will expire upon the forthcoming annual general meeting. The AC has recommended to the Board that PricewaterhouseCoopers will continue to be appointed as the auditors of the Company for the year 2017 at the forthcoming annual general meeting.

The amount of fee payable to PricewaterhouseCoopers for providing audit, audit related services and non-audit services for the year ended 31 December 2016 amounted to RMB1,560,000 and RMB1,990,000.

Shareholders' Rights

The Company recognizes the importance, and takes high priority, on communication with its Shareholders. Certain key information on Shareholders' rights is provided below:

1. *Communication with Shareholders*

   The Board deeply understands the importance of maintaining good communication with the Shareholders and makes great efforts to enhance the communication with the Shareholders. The Shareholders can visit the website of the Company (www.bcjuda.com) for updated information of the Group, including its interim results, interim reports and annual reports, announcements and circulars. Press releases are posted on our website in a timely manner.

   The general meetings provide a channel for communication between the Board and the Shareholders. During the year, the Company held the 2016 AGM on 28 April 2016, and the President of the Company Mr. Tang Jun was available to answer questions at such AGM.

BOARD OF DIRECTORS *(Continued)*

Shareholders' Rights *(Continued)*

2. *Procedures to convene an extraordinary general meeting*

   Shareholders may request the Company to convene a general meeting according to the provisions as set out in the Company's Articles of Association and the Companies Law of the Cayman Islands. A copy of the Company's Articles of Association can be found on the Company's website. The procedures for Shareholders to nominate a person for election as a Director of the Company are available on the Company's website with title "Procedures for Shareholder(s) to Propose a Person for Election as a Director".

3. *Procedures for Shareholders to propose a person for election as a Director of the Company*

   The Company also adopted a set of procedures for putting forward proposals by the Shareholders at general meetings.

   Subject to the provisions of the Company's Articles of Association, the Company may elect any person to be a Director either to fill a casual vacancy or as an additional Director by passing ordinary resolutions at a general meeting from time to time.

   If a Shareholder wishes to propose a person other than a Director of the Company for election as a Director at a general meeting, such Shareholder can deposit a written notice at the principal place of business of the Company in Hong Kong for the attention of the Board and Company Secretary within the 7-day period commencing from the day after the dispatch of the notice of the meeting.

   In order for the Company to inform other Shareholders of that proposal, the written notice must state the full name of the person proposed for election as a Director, including the person's biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the Shareholder concerned and that person indicating his/her willingness to be elected.

   In order to allow the Shareholders have sufficient time to receive and consider the proposal of election of the proposed person as a Director of the Company, Shareholders are encouraged to submit and lodge the written notice as early as practicable.

4. *Procedures to send enquiries to the Board*

   Shareholders may send their enquiries and concerns to the Board of the Company by addressing them to the principal place of business of the Company in Hong Kong at Suites 2906-08, AIA Central, 1 Connaught Road Central, Hong Kong by post for the attention of the Company Secretary.

5. *Amendments to the constitutional documents of the Company*

   No changes were made to the constitutional documents of the Company during the year.

Investors' relations

The Company's website (www.bcjuda.com & www.capitaloutlets.com) provides comprehensive and accessible news and information of the Company to the Shareholders, other stakeholders and investors. The Company will also update the website information from time to time to inform the Shareholders and investors of the latest development of the Company.

Independent Auditor's Report

羅兵咸永道

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BEIJING CAPITAL JUDA LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Beijing Capital Juda Limited (the "Company") and its subsidiaries (the "Group") set out on pages 57 to 130, which comprise:

- the consolidated statement of financial position as at 31 December 2016;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is related to valuation of investment properties:

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties	
Refer to note 16 to the consolidated financial statements. The Group's investment properties measured at fair value amounted to RMB4,913,910,000 as at 31 December 2016 and there was a revaluation gain of RMB431,581,000 for the year then ended. The fair value was determined by the Group with reference to the valuations performed by an independent professional valuer (the "valuer") engaged by the Group. The valuations of investment properties involved significant judgements and estimates including: • the determination of valuation techniques, which mainly included income capitalisation approach and residual approach based on the construction status of each property; • the selection of different inputs in the models. Considering the significance of judgements and estimates and the financial impacts of the valuations, we paid specific attention to this matter in our audit.	We assessed the competence, capabilities and objectivity of the valuer. We communicated with the management about the valuation techniques adopted by the valuer, obtained and read the valuation reports for all properties measured at fair value, and assessed the relevance and reasonableness of valuation techniques used by the valuer. We selected some of the investment properties by sampling and performed the following procedures: – We assessed the reasonableness of key inputs which were used to determine the gross development value under residual approach and under income capitalisation approach, including market rental prices and their growth rates, discount rates, etc, by comparing the market rental prices and their growth rates with comparative cases in active markets and management's records, and by comparing the discount rates with the average discount rates in the industry. – We assessed the reasonableness of other key inputs including estimated developers' profit margin rates and development costs to complete, etc under residual approach, by comparing the estimated developers' profit margin rates with the average developers' profit margin rates in the industry and by comparing the development costs to complete with management's budgets. Through above we obtained supportive evidence for the significant judgements and estimates on the valuation techniques and key inputs used in the valuations of investment properties.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Peter Man Kam Tsang.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 February 2017

Consolidated Statement of Profit or Loss

Year Ended 31 December 2016

	Notes	Year ended 31 December 2016 RMB'000	2015 RMB'000 (Restated)
Continuing operations			
Revenue	7	**997,931**	893,872
Business tax	8	**(58,655)**	(68,321)
Revenue after business tax		**939,276**	825,551
Cost of sales	8	**(725,068)**	(592,598)
Gross profit		**214,208**	232,953
Other gains – net	7	**448,795**	398,331
Other income	7	**12,011**	179,529
Selling and marketing expenses	8	**(102,235)**	(100,351)
Administrative expenses	8	**(122,521)**	(104,971)
Gain on bargain purchase on acquisition of interests in subsidiaries		**–**	259,996
Operating profit		**450,258**	865,487
Finance costs	9	**(95,518)**	(115,905)
Share of loss of investment accounted for using the equity method	18	**–**	(602)
Profit before income tax from continuing operations		**354,740**	748,980
Income tax expense	12	**(126,903)**	(137,420)
Profit for the year from continuing operations		**227,837**	611,560
Discontinued operation			
Profit for the year from discontinued operation		**–**	19,465
Profit for the year		**227,837**	631,025
Attributable to:			
– Owners of the Company		**227,273**	631,025
– Non-controlling interests		**564**	–
Profit attributable to owners of the Company arising from:			
Continuing operations		**227,273**	611,560
Discontinued operation		**–**	19,465

Consolidated Statement of Profit or Loss

Year Ended 31 December 2016

	Notes	Year ended 31 December 2016 RMB	2015 RMB (Restated)
Earnings per share attributable to owners of the Company during the year	*14*		
Basic:			
– For profit from continuing operations		**0.23**	0.68
– For profit from discontinued operation		**–**	0.02
– For profit for the year		**0.23**	0.70
Diluted:			
– For profit from continuing operations		**0.23**	0.68
– For profit from discontinued operation		**–**	0.02
– For profit for the year		**0.23**	0.70

Details of the dividend proposed for the year are disclosed in Note 13.

The notes on pages 66 to 130 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year Ended 31 December 2016

	Year ended 31 December 2016 RMB'000	2015 RMB'000 (Restated)
Profit for the year	**227,837**	631,025
Other comprehensive loss		
Items that may be reclassified to profit or loss:		
Reclassification adjustments of exchange reserve on disposal of interests in subsidiaries into the consolidated statement of profit or loss	**–**	(19,465)
Net other comprehensive loss impact to be reclassified to profit or loss in subsequent periods	**–**	(19,465)
Other comprehensive loss for the year	**–**	(19,465)
Total comprehensive income for the year	**227,837**	611,560
Attributable to:		
– Owners of the Company	**227,273**	611,560
– Non-controlling interests	**564**	–
Total comprehensive income attributable to owners of the Company arising from:		
Continuing operations	**227,273**	611,560
Discontinued operations	**–**	–

The notes on pages 66 to 130 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

31 December 2016

	Notes	As at 31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	15	**84,377**	87,541
Investment properties	16	**5,525,804**	4,244,871
Intangible assets		**3,750**	3,938
Investments accounted for using the equity method	18	**40,000**	–
Deferred income tax assets	27	**45,208**	15,288
Trade and other receivables and prepayments	21	**394,808**	–
		6,093,947	4,351,638
Current assets			
Inventories	19	**2,212,768**	2,535,503
Trade and other receivables and prepayments	21	**364,999**	366,697
Restricted cash	22	**14,029**	201,125
Cash and cash equivalents	22	**1,910,587**	1,798,522
		4,502,383	4,901,847
Total assets		**10,596,330**	9,253,485
LIABILITIES			
Non-current liabilities			
Borrowings	23	**765,000**	1,120,000
Guaranteed notes	24	**1,295,519**	1,292,919
Deferred income tax liabilities	27	**488,103**	407,312
		2,548,622	2,820,231
Current liabilities			
Trade payables	25	**1,008,826**	1,192,566
Other payables and accruals	26	**572,505**	1,861,047
Borrowings	23	**855,000**	160,000
Current income tax liabilities		**34,318**	83,737
		2,470,649	3,297,350
Total liabilities		**5,019,271**	6,117,581

Consolidated Statement of Financial Position

31 December 2016

	Notes	As at 31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)
EQUITY			
Equity attributable to owners of the Company			
Share capital	*28*	**16,732**	7,447
Perpetual convertible bond securities	*30*	**945,197**	–
Reserves		**3,232,215**	1,975,459
Retained earnings		**1,380,271**	1,152,998
		5,574,415	3,135,904
Non-controlling interests		**2,644**	–
Total equity		**5,577,059**	3,135,904
Total equity and liabilities		**10,596,330**	9,253,485

The financial statements on pages 57 to 130 were approved by the Board of Directors on 20 February 2017 and were signed on its behalf.

Mr. Zhong Beichen
Director

Mr. Feng Yujian
Director

The notes on pages 66 to 130 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

Year Ended 31 December 2016

		Attributable to owners of the Company									
		Issued capital									
	Notes	Ordinary shares RMB'000	Class A Convertible preference shares RMB'000	Class B Convertible preference shares RMB'000	Perpetual convertible bond securities RMB'000	Share premium account RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2016		1,572	5,875	–	–	1,912,662	62,797	1,152,998	3,135,904	–	3,135,904
Profit for the year		–	–	–	–	–	–	227,273	227,273	564	227,837
Total comprehensive income		–	–	–	–	–	–	227,273	227,273	564	227,837
Transactions with owners											
Issue of class B convertible preference shares	29	–	–	7,575	–	2,098,232	–	–	2,105,807	–	2,105,807
Issue of ordinary shares		1,710	–	–	–	348,944	–	–	350,654	–	350,654
Issue of perpetual convertible securities	30	–	–	–	945,197	–	–	–	945,197	–	945,197
Conversion of class A convertible preference shares to ordinary shares		4,546	(4,546)	–	–	–	–	–	–	–	–
Business combination under common control	34	–	–	–	–	(1,174,531)	–	–	(1,174,531)	–	(1,174,531)
Purchase of 1% equity interests in Outlets Property Investment Fangshan Ltd. ("Fang Shan")	34	–	–	–	–	(15,889)	–	–	(15,889)	–	(15,889)
Capital injection from non-controlling interests		–	–	–	–	–	–	–	–	2,080	2,080
Total transactions with owners		6,256	(4,546)	7,575	945,197	1,256,756	–	–	2,211,238	2,080	2,213,318
At 31 December 2016		7,828	1,329	7,575	945,197	3,169,418	62,797	1,380,271	5,574,415	2,644	5,577,059

Consolidated Statement of Changes in Equity

Year Ended 31 December 2016

		Attributable to owners of the Company					
		Issued capital					
	Notes	Ordinary shares RMB'000	Class A Convertible preference shares RMB'000	Share premium account RMB'000	Other reserves RMB'000	(Accumulated losses)/ retained earnings RMB'000	Total RMB'000
At 1 January 2015							
As previously reported		1,572	–	28,358	90,909	(14,625)	106,214
Business combination under common control	2	–	–	327,487	–	590,993	918,480
As restated		1,572	–	355,845	90,909	576,368	1,024,694
Profit for the, as restated		–	–	–	–	631,025	631,025
Other comprehensive loss for the year:							
Reclassification adjustments of exchange reserve on disposal of interests in subsidiaries into the consolidated statement of profit or loss		–	–	–	(19,465)	–	(19,465)
Total comprehensive income, as restated		–	–	–	(19,465)	631,025	611,560
Transactions with owners							
Dividends to previous shareholder of Zhejiang Outlets Real Estate Co., Ltd.		–	–	–	–	(62,748)	(62,748)
Issue of class A convertible preference shares		–	5,875	1,556,817	–	–	1,562,692
Business combination under common control		–	–	–	(294)	–	(294)
Disposal of subsidiaries		–	–	–	(8,353)	8,353	–
Total transactions with owners		–	5,875	1,556,817	(8,647)	(54,395)	1,499,650
At 31 December 2015, as restated		1,572	5,875	1,912,662	62,797	1,152,998	3,135,904

The notes on pages 66 to 130 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Year Ended 31 December 2016

	Notes	Year ended 31 December 2016 RMB'000	2015 RMB'000 (Restated)
Cash flows from operating activities			
Profit before tax:			
From continuing operations		**354,740**	748,980
From discontinued operation		**–**	19,465
Adjustments for:			
Finance costs	*9*	**95,518**	115,905
Interest income		**(5,643)**	(173,667)
Depreciation and amortisation	*8*	**33,651**	22,514
Share of loss of investment accounted for using the equity method	*18*	**–**	602
Appreciation of investment property at fair value	*7*	**(431,581)**	(395,111)
Gain on disposal of subsidiaries		**–**	(19,465)
Service fee for keepwell deed	*8*	**3,900**	1,625
Gain on bargain purchase on acquisition of interests in subsidiaries		**–**	(259,996)
Effect of foreign exchange rate changes, net		**(16,366)**	(8,386)
		34,219	52,466
Decrease/(increase) in inventories		**322,735**	(453,910)
Increase in trade and other receivables and prepayments		**(65,795)**	(46,037)
Decrease/(increase) in restricted cash		**25,693**	(191,578)
(Decrease)/increase in trade payables, other payables and accruals		**(602,462)**	225,623
Cash used in operations		**(285,610)**	(413,436)
Income tax paid		**(129,539)**	(45,644)
Net cash flows used in operating activities		**(415,149)**	(459,080)
Cash flows from investing activities			
Interests received from time deposits		**5,643**	22,640
Purchases of property, plant and equipment		**(30,299)**	(49,983)
Purchases of investment properties		**(952,868)**	(636,182)
Purchases of intangible assets		**–**	(2,682)
Amounts paid to related parties		**–**	(5,535,896)
Amounts received from related parties		**70,860**	9,731,881
Loans granted to related parties		**–**	(395,543)
Loans repayments received from related parties		**–**	948,102
Interests received from related parties		**–**	195,132
Decrease in pledged deposits		**–**	10,000
Acquisition of subsidiaries		**–**	71,785
Investment in an associate	*18*	**(40,000)**	–
Disposal of subsidiaries		**–**	(36,381)
Net cash flows (used in)/generated from investing activities		**(946,664)**	4,322,873

Consolidated Statement of Cash Flows

Year Ended 31 December 2016

	Notes	Year ended 31 December 2016 RMB'000	2015 RMB'000 (Restated)
Cash flows from financing activities			
Proceeds from issue of class B convertible preference shares	29	**2,105,807**	–
Proceeds from issue of class A convertible preference shares	29	**–**	1,562,692
Proceeds from issue of new shares		**359,119**	–
Proceeds from issue of perpetual convertible bond securities	30	**968,014**	–
Payments for equity interests acquired from business combination under common control	34	**(1,174,531)**	(294)
New bank borrowings		**200,000**	384,004
Proceeds from issue of guaranteed notes		**–**	1,291,940
Repayments of bank borrowings		**(490,000)**	(312,074)
Interests paid to bank borrowings		**(73,581)**	(102,406)
Amounts received from related parties		**266,536**	7,472,486
Amounts paid to related parties		**(1,203,295)**	(10,882,048)
Loans received from related parties		**662,000**	–
Repayments of loans from related parties		**(32,000)**	(1,511,800)
Interests paid to related parties		**(117)**	(91,968)
Service fee for keepwell deed		**(5,525)**	–
Interests paid for guaranteed notes		**(68,250)**	–
Professional fees paid		**(2,272)**	–
Capital injection from non-controlling interests		**2,080**	–
Dividends paid		**(56,473)**	(572,078)
Net cash flows generated from/(used in) financing activities		**1,457,512**	(2,761,546)
Net increase in cash and cash equivalents		**95,699**	1,102,247
Cash and cash equivalents at beginning of the year		**1,798,522**	685,991
Exchange gains on cash and cash equivalents		**16,366**	10,284
Cash and cash equivalents at end of the year		**1,910,587**	1,798,522

Notes to the Consolidated Financial Statements

31 December 2016

1. GENERAL INFORMATION

Beijing Capital Juda Limited (formerly known as "Juda International Holdings Limited" before 26 March 2015) (the "Company") is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively referred to as the "Group") are engaged in outlets-backed integrated property, commercial property development and operation in the People's Republic of China (the "PRC" or "Mainland China").

As announced on 25 June 2015, Get Thrive Limited ("GTL"), an indirectly wholly-owned subsidiary of Beijing Capital Land Ltd. ("BCL", a joint stock company incorporated in the PRC with limited liability whose H shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited) has transferred (the "Transfer") its entire shareholding of ordinary shares of the Company of 130,200,000 shares (representing approximately 65.1% of the Company's total issued share capital as at the date of the announcement) and its entire shareholding of convertible preference shares of the Company (the "CPS") of 738,130,482 CPS (representing 100% of the total CPS in issue as at the date of the announcement, classified as class A CPS) to BECL Investment Holding Limited ("BECL"), a directly wholly-owned subsidiary of BCL incorporated in Hong Kong, on 19 June 2015. Upon the completion of the Transfer, the parent of the Company changed from GTL to BECL.

On 14 December 2016, the Company issued 905,951,470 CPS, which is classified as class B CPS, to BECL at the issue price of Hong Kong dollar ("HK$")2.78 per share.

On 28 December 2016, the Company issued 95,192,308 ordinary shares to Smart Win Group Limited ("Smart Win") and to KKR CG Judo Outlets ("KKR") respectively (the "Issuance"), at the issue price of HK$2.10 per share. Meanwhile, the Company issued perpetual convertible bond securities (the "PCBS") in the principal amounts of HK$657,594,260 to Smart Win and in the principal amounts of HK$420,096,153 to KKR respectively, which are convertible at the initial conversion price of HK$2.10 per conversion share.

On 28 December 2016, BECL exercised its conversion rights and converted an aggregate of 571,153,846 class A CPS in accordance with the terms and conditions of the relevant subscription agreement entered into by the Company (the "Conversion").

Upon the completion of the Issuance and the Conversion, BECL held 72.94% of the Company's total issued share capital.

In the opinion of the directors of the Company, the immediate holding company of the Company is BECL. The intermediate holding company of the Company is BCL. The ultimate holding company of the Company is Beijing Capital Group Ltd. ("Capital Group"), a state-owned enterprise registered in the PRC.

The consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been approved and authorised for issue by the Board of Directors on 20 February 2017.

2. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

On 8 June 2016, the Group entered into an acquisition agreement with BCL to acquire 100% equity interests of the capital outlets investment property operation business ("Capital Outlets Business") of Beijing Chuangxin Jianye Real Estate Investment Ltd ("Chuangxin Jianye", the Outlets Business of Chuangxin Jianye, the "Chuangxin Jianye Group") with consideration of RMB701,574,000. On the same day, the Group entered into another acquisition agreement with a subsidiary of BCL to acquire 100% equity interests of Zhejiang Outlets Real Estate Co., Ltd. ("Huzhou Outlets") with consideration of RMB472,957,000 (collectively referred to as the "Acquisition") (Note 34).

Since both the Group, Chuangxin Jianye and Huzhou Outlets are under common control of BCL, the Acquisition is considered as a business combination under common control and the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 ''Merger Accounting for Common Control Combinations" issued by the HKICPA, is applied.

The Acquisition has been completed on 14 December 2016. The financial information of the Group for the year ended 31 December 2015 has been restated, merging the financial position, results and cash flows of Huzhou Outlets and Capital Outlets Business of Chuangxin Jianye.

Other key events

In accordance with the Circular on the full implementation of Levying Value-added Tax ("VAT") in place of Business Tax (Caishui No.36, 2016) (the "Circular") jointly issued by the Ministry of Finance and the State Administration of Taxation, taxpayers providing taxable services included in the Circular would be subject to VAT and no longer to business tax starting from 1 May 2016. The Group has applied the Circular since 1 May 2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Changes in accounting policy and disclosures

(a) *New and amended standards adopted by the Group*

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2016:

Amendments to HKFRS 11	*Accounting for acquisitions of interests in joint operations*
Amendments to HKAS 16 and HKAS 38	*Clarification of acceptable methods of depreciation and amortisation*
Amendments to HKAS 1	*Disclosure initiative*
Amendment to HKAS 27	*Equity method in Separate Financial Statements*
Annual improvements	*Annual improvements 2012 – 2014 cycle*

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(b) *Standards and amendments which are not yet effective*

The following are new/revised standards and amendments to existing standards that have been published and are relevant and mandatory for the Group's accounting periods beginning on or after 1 January 2017 or later periods, but have not been early adopted by the Group.

Amendments to HKAS 12	*Income tax*[i]
Amendments to HKAS 7	*Statement of cash flow*[i]
HKFRS 9	*Financial instruments*[ii]
HKFRS 15	*Revenue from contracts with customers*[ii]
Amendments to HKFRS 2	*Classification and measurement of share-based payment transactions*[ii]
HKFRS 16	*Leases*[iii]
Amendments to HKFRS 10 and HKAS 28	*Sale or contribution of assets between an investor and its associate or joint venture*[iv]

(i) Effective for annual periods beginning on or after 1 January 2017
(ii) Effective for annual periods beginning on or after 1 January 2018
(iii) Effective for annual periods beginning on or after 1 January 2019
(iv) No mandatory effective date yet determined

– HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

  Management is currently assessing the effects of applying the new standard on the Group's financial statements.

– HKFRS 15 is a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.1 Changes in accounting policy and disclosures *(Continued)*

(b) ***Standards and amendments which are not yet effective*** *(Continued)*

Management is currently assessing the effects of applying the new standard on the Group's financial statements.

– HKFRS 16 will result in almost all leases being recognised on the consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

  The accounting for lessors will not significantly change.

  The standard will affect primarily the accounting for Group's operating leases. As at 31 December 2016, the Group has non-cancellable operating lease commitments of RMB18,683,000 (Note 33).

There are no other HKFRSs or HK (IFRIC) interpretations that are not yet effective and would be expected to have a material impact on the Group.

3.2 Subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Subsidiaries *(Continued)*

(a) Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Subsidiaries *(Continued)*

(b) Merger accounting under common control

The acquisitions of subsidiaries under common control have been accounted for using the merger method of accounting. The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or business are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or the excess of the acquirees' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination. The consolidated statement of profit or loss includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3.3 Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Consolidated Financial Statements

31 December 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.4 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of (loss)/profit of investments accounted for using equity method' in the statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the statement of profit or loss.

3.5 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.5 Foreign currency translation *(Continued)*

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in statement of profit or loss within 'other gains – net'.

3.6 Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the assets as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	20 – 40 years
Leasehold improvements	3 – 5 years
Furniture, fixtures & equipment	3 – 8 yeas
Motor vehicles	3 – 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.7 Investment properties

Investment properties, including land use rights and buildings that are held for the purpose of leasing and buildings that is being constructed or developed for the purpose of leasing in future, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property is included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their cost can be reliably measured; otherwise, the expenditures are recognised in profit or loss in the year in which they are incurred.

The Group adopts the fair value model for subsequent measurement of investment properties. Investment properties are measured at fair value model when the following conditions are met:

(a) There is an active property market where the investment property locates.

(b) The Group can obtain the market price or the relevant information regarding the same type of or similar property market, so as to reasonably estimate the fair value of the investment property.

Investment properties will be valued as at the date of the consolidated statement of financial position and its carrying amount will be adjusted accordingly. The difference between the fair value and the carrying amount will be charged to the current profit or loss account of the Group.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is completed, at which time it is reclassified and subsequently accounted for as investment property.

If an item of property, plant and equipment becomes an investment property because its use has changed, any differences resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the consolidated statement of profit or loss.

Where fair value of investment properties under construction is not reliably measurable but is expected to be reliably obtained after the construction is completed (including those investment properties under construction acquired initially by the Group), the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.8 Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

3.9 Financial assets

(a) *Initial recognition and measurement*

Financial assets are classified in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group's financial assets mainly comprised of trade and other receivables. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.9 Financial assets *(Continued)*

(b) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

(c) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3.10 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financing difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the assets in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.10 Impairment of financial assets *(Continued)*

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the assets is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Trade and other receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

3.11 Financial liabilities

(a) Initial recognition and measurement

The Group's financial liabilities include trade and other payables, interest-bearing bank and other borrowings (including guaranteed notes).

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

(b) Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance expenses in the statement of profit or loss.

(c) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.11 Financial liabilities *(Continued)*

(d) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.12 Inventories

(a) *Properties under development*

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost and net realisable value. Cost comprises land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period. Net realisable value is determined by reference to management estimates based on the estimated selling price in the ordinary course of business, less the estimated costs to completion, and estimated costs to be incurred in selling the property.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

(b) *Completed properties held for sale*

Completed properties held for sale are stated at the lower of cost and net realisable value.

Cost is determined by an apportionment of total land and building costs attributable to the unsold properties. Net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing market conditions.

(c) *Merchandise inventories*

Merchandise inventories are finished goods purchased from external for retail, which are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods is purchase costs agreed in purchasing contracts. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.13 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

3.14 Share capital

Ordinary shares, class A and class B CPS are classified as equity (Note 28). Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.16 Current and deferred income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Notes to the Consolidated Financial Statements

31 December 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.16 Current and deferred income tax *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.17 Employee benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for these employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

3.18 Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.19 Financial guarantee

The Group regards its financial guarantee contracts provided in respect of mortgage facilities for certain property purchasers as financial guarantee contracts.

Financial guarantee liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such contracts are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgement.

Financial guarantee liabilities are derecognised from the statement of financial position when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

3.20 Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) From the sale of completed properties

Revenue from sale of completed properties is recognised when the significant risks and rewards of ownership have been transferred to the buyer, which is when the construction of the relevant properties has been completed and the properties have been delivered to the buyer, and the collectability of related receivables is reasonably assured.

(b) Rental income

The Group has two types of rental income in investment property operation business.

For lease agreements with no fixed rental amount, the Group recognises income monthly based on certain percentage of the total income of the cooperative lessee.

For lease agreement with fixed rental amount, the Group recognises income monthly on a straight-line basis over the lease period. On the condition that the Group provides rent free period for certain lessee, the Group recognise income by allocating the total rent roll throughout the whole rent period according to straight-line method.

(c) Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(d) Retail income

The Group sells products to individual customers through its retail outlets. Sales of goods are recognised in the accounting period in which the retail outlet sells a product to the customer. Retail sales are usually settled in cash or by credit card.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.21 Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

3.22 Operating lease

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to assets cost or the statement of profit or loss on the straight-line basis over the lease terms.

3.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Directors in the Board of Directors that makes strategic decisions.

3.24 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the statement of profit or loss on a straight-line basis over the expected lives of the related assets.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

(a) Fair value of investment properties

The Group adopts fair value model for subsequent measurement of investment properties and obtains independent valuations for its investment properties at least annually from an independent professional valuer as a third party. The fair value is determined in accordance with the methods below:

- Current prices (open market quotations) in an active market for the same or similar investment properties;

- When such information above is not available, then use recent trading prices in an active market of the same or similar investment property, and take the factors of situations, dates and locations of transactions, etc. into consideration;

- The Group adopts income capitalisation approach and residual method to determine fair value, based on estimated rental income and development cost to occur in the future and present value of the related cash flows, with considering a properly estimated profit rate to determine fair value. The key estimations are disclosed in Note 16.

Where fair value of investment properties under construction is not reliably measurable but is expected to be reliably obtained after the construction is completed (including those investment properties under construction acquired initially by the Group), the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable.

The valuation of investment properties involves significant judgements and estimates, mainly including determination of valuation techniques and election of different inputs in the models.

The management assessed the reasonableness of key inputs which were used to determine the gross development value under residual approach and under income capitalisation approach, including market rental prices and their growth rates, discount rates, etc., by comparing the market rental prices and their growth rates with comparative cases in active markets and management's records, and by comparing the discount rates with the average discount rates in the industry. The management assessed the reasonableness of other key inputs including estimated developers' profit margin rates and development costs to complete, etc. under residual approach, by comparing the estimated developers' profit margin rates with the average developers' profit margin rates in the industry and by comparing the development costs to complete with management's budgets.

(b) Deferred income tax

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk management objectives and policies

The Group's principal financial instruments comprise interest-bearing bank borrowings, guaranteed notes, cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on minimising potential adverse effects of these risks, with material impact, on the Group's financial performance. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

(a) *Foreign exchange risk*

The Group mainly operates in Mainland China and Hong Kong with most of the Group's monetary assets, liabilities and transactions principally denominated in HK$, United States dollars ("US$") and RMB. The Group has not used any derivative to hedge its exposure to foreign currency risk. The Group is exposed to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities which are not denominated in the Group's functional currency.

As at 31 December 2016, if RMB had weakened/strengthened by 5% against HK$ and US$ with all other variable held constant, profit before tax for the year of the Group would have been RMB59,083,000 higher/lower (2015: RMB9,751,000 higher/lower) mainly due to changes in the fair value of cash and cash equivalents.

(b) *Interest rate risk*

The Group's interest rate risk arises from interest-bearing borrowings and guaranteed notes. Borrowings obtained at variable interest rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings and guaranteed notes obtained at fixed rates expose the Group to fair value interest rate risk. The management continuously monitors the interest rate position and makes decisions with reference to the latest market condition.

At 31 December 2016, if interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been RMB3,335,000 (2015: RMB4,173,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(c) *Credit risk*

Credit risk is managed on group basis. It mainly arises from cash and cash equivalents, trade and other receivables, etc.

The Group expects that there is no significant credit risk associated with cash and cash equivalent since they are deposited at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

In addition, the Group has policies to limit the credit exposure on accounts receivable and other receivables. The Group assesses the credit quality of and sets credit limits on its customers by taking into account its financial position, past experience and other factors. The credit history of the customers is regularly monitored by the Group. Sales to retail customers are settled in cash or using major credit cards.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk management objectives and policies *(Continued)*

(d) Liquidity risk

The Group's policies are to maintain sufficient cash and cash equivalents and to have available funding through bank borrowings to meet its working capital requirements.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Within 1year RMB'000	1 to 5years RMB'000	Over 5years RMB'000	Total RMB'000
At 31 December 2016				
Trade payables	**1,008,826**	**–**	**–**	**1,008,826**
Other payables and accruals	**144,583**	**–**	**–**	**144,583**
Borrowings	**916,468**	**842,186**	**–**	**1,758,654**
Guarantee notes	**68,250**	**1,368,250**	**–**	**1,436,500**
	2,138,127	**2,210,436**	**–**	**4,348,563**
At 31 December 2015 (Restated)				
Trade payables	1,192,566	–	–	1,192,566
Other payables and accruals	1,197,368	–	–	1,197,368
Borrowings	214,283	1,271,230	–	1,485,513
Guarantee notes	68,250	1,436,500	–	1,504,750
	2,672,467	2,707,730	–	5,380,197

The amounts have not included financial guarantee contracts:

– which the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee for loans procured by the purchasers of the Group's properties (Note 32). Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of one to two years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties;

Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement.

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk management objectives and policies *(Continued)*

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity. Net debt includes interest bearing bank and other borrowings and guaranteed notes (including the current portion and the non-current portion), less cash and cash equivalents and restricted cash. The gearing ratios as at the end of the reporting periods were as follows:

	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)
Total borrowings *(Note 23)*	**1,620,000**	1,280,000
Guaranteed notes (including current portion) *(Note 24)*	**1,323,957**	1,321,357
Total	**2,943,957**	2,601,357
Less: Cash and cash equivalents	**(1,910,587)**	(1,798,522)
Restricted cash	**(14,029)**	(201,125)
Net debt	**1,019,341**	601,710
Total equity	**5,577,059**	3,135,904
Gearing ratio	**18%**	19%

There was no significant changes of the gearing ratio in year 2016 from year 2015.

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.2 Fair value estimation

The table below analyses the Group's assets carried at fair value as at 31 December 2016 and 2015, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following tables present the Group's investment properties that are measured at fair value as at 31 December 2016 and 31 December 2015.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
As at 31 December 2016				
Investment properties	–	–	**4,913,910**	**4,913,910**
Assets				
As at 31 December 2015				
Investment properties (Restated)	–	–	3,404,000	3,404,000

There were no transfers among level 1, 2 and 3 during the year.

The Group obtains independent valuations for its investment properties from an independent professional valuer as a third party. The valuations were based on income capitalisation approach which mainly used unobservable inputs such as market rent, discount rate and based on residual method which mainly used unobservable inputs such as profit rate, and interest rate and so on.

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.3 Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)	**31 December 2016 RMB'000**	31 December 2015 RMB'000 (Restated)
Financial liabilities				
Interest-bearing bank borrowings	**200,000**	330,000	**191,735**	345,635

Management has assessed that the fair values of cash and cash equivalents, trade payables, financial assets included in trade and other receivables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The policies and procedures for the fair value measurements of financial instruments are determined by the Group's finance department and are regularly reviewed by senior management.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value of the guaranteed notes is estimated by discounting the expected future cash flows using an equivalent market interest rate for similar guaranteed notes with consideration of the Group's own non-performance risk, the carrying amounts of the guaranteed notes approximate to its fair values.

6. OPERATING SEGMENT INFORMATION

The Directors in the Board of Directors is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Directors in the Board of Directors for the purposes of allocating resources and assessing performance.

The Directors in the Board of Directors considers the business from a product perspective. Management separately considers the performance of property development, investment property development and operation. The segment of property development derive their revenue primarily from sale of completed properties. The segment of investment property development and operation derive their revenue primarily from rental income.

All other segments primarily relate to sale of merchandise inventories and others. These operations are excluded from the reportable operating segments, as these operations are not the key concern of the Directors in the Board of Directors. The results of these operations are included in the "All other segments".

The Directors in the Board of Directors assesses the performance of the operating segments based on a measure of operating profit. This measurement basis excludes the effects of non-recurring expenditure from the operating segments. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group. Other information provided to the Directors in the Board of Director, except as noted below, is measured in a manner consistent with that in the financial statements.

Total segment assets exclude amounts due from related parties, cash and cash equivalents, restricted cash and deferred income tax assets, all of which are managed on a central basis. Total segment liabilities exclude amount due to related parties, borrowings, guaranteed notes and deferred income tax liabilities, all of which are managed on a central basis as well. These are part of the reconciliation to total assets and liabilities of the consolidated statement of financial position.

Transactions between segments are carried out at arm's length. The revenue from external parties reported to the Directors in the Board of Director is measured in a manner consistent with that in the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements

31 December 2016

6. OPERATING SEGMENT INFORMATION *(Continued)*

	Property development RMB'000	Investment property development and operation RMB'000	All other segments RMB'000	Total RMB'000	Inter-company elimination RMB'000	Total RMB'000
Year ended 31 December 2016						
Total revenue	**799,751**	**194,536**	**3,644**	**997,931**	**–**	**997,931**
Inter-segment revenue	**–**	**–**	**–**	**–**	**–**	**–**
Revenue (from external customers)	**799,751**	**194,536**	**3,644**	**997,931**	**–**	**997,931**
Segment operating profit	**67,657**	**443,944**	**(69,991)**	**441,610**	**–**	**441,610**
Depreciation and amortisation *(Note 8)*	**(54)**	**(22,495)**	**(11,102)**	**(33,651)**	**–**	**(33,651)**
Income tax expense *(Note 12)*	**(22,784)**	**(103,869)**	**(250)**	**(126,903)**	**–**	**(126,903)**
Year ended 31 December 2015 (Restated)						
Total revenue	732,027	157,061	4,784	893,872	–	893,872
Inter-segment revenue	–	–	–	–	–	–
Revenue (from external customers)	732,027	157,061	4,784	893,872	–	893,872
Segment operating profit	120,108	371,179	(79,941)	411,346	–	411,346
Depreciation and amortisation *(Note 8)*	(48)	(16,133)	(6,333)	(22,514)	–	(22,514)
Income tax expense *(Note 12)*	(39,852)	(89,530)	(8,038)	(137,420)	–	(137,420)

6. OPERATING SEGMENT INFORMATION *(Continued)*

	Property development RMB'000	Investment property development and operation RMB'000	All other segments RMB'000	Total RMB'000	Inter-company elimination RMB'000	Total RMB'000
As at 31 December 2016						
Total segment assets	**2,353,057**	**6,147,901**	**125,548**	**8,626,506**	**–**	**8,626,506**
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**153**	**1,265,063**	**49,243**	**1,314,459**	**–**	**1,314,459**
Total segment liabilities	**(823,322)**	**(659,972)**	**(103,901)**	**(1,587,195)**	**–**	**(1,587,195)**
As at 31 December 2015 (Restated)						
Total segment assets	2,694,658	4,364,909	2,568	7,062,135	–	7,062,135
Additions to non-current assets (other than financial instruments and deferred income tax assets)	356	810,520	19,721	830,597	–	830,597
Total segment liabilities	(1,446,454)	(557,250)	(62,878)	(2,066,582)	–	(2,066,582)

A reconciliation of segment operating profit to profit before income tax is provided as follows:

	Year ended 31 December	
	2016 RMB'000	2015 RMB'000 (Restated)
Segment operating profit	**441,610**	411,346
Share of loss of joint venture *(Note 18)*	**–**	(602)
Finance income *(Note 7)*	**8,648**	174,680
Finance costs *(Note 9)*	**(95,518)**	(115,905)
Profit for the year from discontinued operation	**–**	19,465
Gain on bargain purchase on acquisition of interests in subsidiaries	**–**	259,996
Profit before income tax	**354,740**	748,980

Notes to the Consolidated Financial Statements

31 December 2016

6. OPERATING SEGMENT INFORMATION *(Continued)*

Reportable and other segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	As at 31 December	
	2016	2015
	RMB'000	RMB'000
		(Restated)
Total segment assets	**8,626,506**	7,062,135
Amount due from related parties *(Note 35(g))*	**–**	176,415
Cash and cash equivalents *(Note 22)*	**1,910,587**	1,798,522
Restricted cash *(Note 22)*	**14,029**	201,125
Deferred income tax assets *(Note 27)*	**45,208**	15,288
Total assets per consolidated statement of financial position	**10,596,330**	9,253,485
Total segment liabilities	**(1,587,195)**	(2,066,582)
Amounts due to related parties *(Note 35(f))*	**(16)**	(1,042,330)
Current borrowings *(Note 23)*	**(855,000)**	(160,000)
Non-current borrowings *(Note 23)*	**(765,000)**	(1,120,000)
Guaranteed notes *(Note 24)*	**(1,323,957)**	(1,321,357)
Deferred income tax liabilities *(Note 27)*	**(488,103)**	(407,312)
Total liabilities per consolidated statement of financial position	**(5,019,271)**	(6,117,581)

The Company is incorporated in Cayman Islands, with most of its major subsidiaries domiciled in the PRC. Revenues from external customers of the Group are mainly derived in the PRC for the years ended 31 December 2016 and 2015.

As at 31 December 2016, total non-current assets other than deferred income tax assets located in the PRC is RMB6,048,720,000 (2015: RMB4,336,323,000), the total of these non-current assets located in Hong Kong is RMB19,000 (2015: RMB27,000).

For the years ended 31 December 2016 and 2015, the Group does not have any single customer with the transaction value over 10% of the total external sales.

7. REVENUE, OTHER GAINS AND INCOME

An analysis of revenue, other gains and income from continuing operations is as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000 (Restated)
Revenue		
Sale of properties	799,751	732,027
Rental revenue of investment properties	194,536	157,061
Others	3,644	4,784
	997,931	893,872
Other gains – net		
Appreciation of investment property at fair value *(Note 16(b))*	431,581	395,111
Net foreign exchange gains	16,366	8,386
Others	848	(5,166)
	448,795	398,331
Other income		
Government grants	2,222	3,337
Bank interest income	8,648	18,864
Interest income on loans to related parties	–	130,080
Other interest income	–	25,736
Others	1,141	1,512
	12,011	179,529

Notes to the Consolidated Financial Statements

31 December 2016

8. EXPENSES BY NATURE

Expenses by nature from continuing operations comprised cost of sales, selling and distribution expenses and administrative expenses as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
		(Restated)
Cost of properties sold	**672,595**	548,173
Cost of goods sold	**2,518**	–
Operating leases expense	**10,163**	4,851
Depreciation and amortisation	**33,651**	22,514
Employee benefit expense	**59,543**	45,541
– Wages, salaries and staff welfare	***50,237***	*36,772*
– Pension scheme contributions	***3,528***	*3,021*
– Other allowance and benefits	***5,778***	*5,748*
Advertising and marketing	**62,513**	65,913
Property management fee	**51,256**	44,425
Office and traveling expenses	**20,453**	23,860
Service fee for keepwell deed *(Note 35(a))*	**3,900**	1,625
Consultancy fee	**22,857**	20,417
Business taxes and other surcharges	**60,327**	71,315
Audit services expenses	**1,560**	1,800
Audit related and non-audit services expenses	**1,990**	300
Others	**5,153**	15,507
	1,008,479	866,241

9. FINANCE COSTS

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
		(Restated)
Interest expense on bank borrowings	**66,895**	108,193
Interest expense on related parties borrowings	**10,231**	–
Interest expense on guaranteed notes	**70,850**	29,417
Less: interests capitalised	**(52,458)**	(21,705)
	95,518	115,905

For the year ended 31 December 2016, the capitalisation rate is 5.42% (year ended 31 December 2015: 6.43%), and the finance costs are mainly capitalised into investment properties and inventories.

10. DIRECTORS' EMOLUMENTS

Directors' remuneration for the year is as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Fees	**711**	600
Other emoluments:		
Salaries, allowances and benefits in kind	**2,383**	2,531
Performance related bonuses	**–**	888
Pension scheme contributions	**81**	75
	2,464	3,494
	3,175	4,094

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Dr. Ngai Wai Fung	**237**	200
Ms. Zhao Yuhong	**237**	200
Mr. He Xiaofeng	**237**	200
	711	600

There were no other emoluments payable to the independent non-executive directors during the year (year ended 31 December 2015: Nil).

10. DIRECTORS' EMOLUMENTS *(Continued)*

(b) Executive directors and non-executive directors

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity settled share option expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2016						
Executive directors:						
Mr. Tang Jun (i)	–	–	–	–	–	–
Mr. Zhong Beichen (i)	–	2,383	–	–	81	2,464
	–	2,383	–	–	81	2,464
2016						
Non-executive directors						
Mr. Wang Hao (ii)	–	–	–	–	–	–
Mr. Liu Xiaoguang (iii)	–	–	–	–	–	–
Mr. Li Songping (iv)	–	–	–	–	–	–
Mr. Sun Shaolin (v)	–	–	–	–	–	–
Mr. Su Jian (v)	–	–	–	–	–	–
Mr. Wang Honghui (v)	–	–	–	–	–	–
Mr. Yang Han Hsiang (v)	–	–	–	–	–	–
	–	2,383	–	–	81	2,464

(i) On 24 January 2017, Mr. Tang Jun resigned as chairman and executive director, Mr. Zhong Beichen was designated as chairman and Mr. Feng Yujian was designated as executive director.

(ii) Mr. Wang Hao resigned as non-executive directors on 19 December 2016.

(iii) Mr. Liu Xiaoguang resigned as non-executive directors on 26 February 2016.

(iv) Mr.Li Songping were designated as non-executive directors on 26 February 2016, and resigned on 19 December 2016.

(v) Mr. Sun Shaolin and Mr. Su Jian were designated as non-executive directors on 19 December 2016. Mr. Wang Honghui and Mr. Yang Han Hsiang were designated as non-executive directors on 28 December 2016.

10. DIRECTORS' EMOLUMENTS *(Continued)*

(b) Executive directors and non-executive directors *(Continued)*

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity settled share option expense RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2015						
Executive directors:						
Mr. Tang Jun	–	–	–	–	–	–
Mr. Zhong Beichen	–	2,531	888	–	75	3,494
	–	2,531	888	–	75	3,494
2015						
Non-executive directors						
Mr. Wang Hao	–	–	–	–	–	–
Mr. Liu Xiaoguang	–	–	–	–	–	–
	–	2,531	888	–	75	3,494

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (year ended 31 December 2015: Nil).

Aggregate emoluments paid to or receivable by directors in respect of their services as directors, whether of the company or its subsidiary undertaking		Aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the company or its subsidiary undertaking		Total	
2016 RMB'000	2015 RMB'000	**2016 RMB'000**	2015 RMB'000	**2016 RMB'000**	2015 RMB'000
711	600	**2,464**	3,494	**3,175**	4,094

Notes to the Consolidated Financial Statements

31 December 2016

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (year ended 31 December 2015: one), details of whose remuneration are set out in note 10 above. Details of the remuneration for the year of the four (year ended 31 December 2015: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**4,749**	2,337
Performance related bonuses	**1,480**	703
Pension scheme contributions	**287**	256
	6,516	3,296

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December	
	2016	2015
Nil to RMB1,000,000	**–**	3
RMB1,000,000 to RMB1,500,000	**1**	1
RMB1,500,000 to RMB2,000,000	**3**	–

12. INCOME TAX EXPENSE

Hong Kong corporate are mainly subject to Hong Kong profits tax rate of 16.5%. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profit arising in Hong Kong during the year (year ended 31 December 2015: Nil).

PRC corporate income tax has been provided at the rate of 25% (year ended 31 December 2015: 25%) on the taxable profits of the Group's PRC subsidiaries during the period.

The implementation and settlement of PRC land appreciation tax ("LAT") varies among various tax jurisdictions in cities of the PRC. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land use rights, development and construction expenditure and other related expenditures.

12. INCOME TAX EXPENSE *(Continued)*

The amount of income tax expense charged to the consolidated statement of profit or loss represents:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
		(Restated)
Current income tax:		
– PRC corporate income tax	**40,650**	50,645
– PRC land appreciation tax	**6,274**	10,276
Deferred income tax	**79,979**	76,499
Total tax charge for the year	**126,903**	137,420

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
		(Restated)
Profit before tax from continuing operations	**354,740**	748,980
Tax calculated at domestic tax rates applicable to profits in the respective countries	**94,700**	167,449
Income not subject to tax	**(2,213)**	(46,086)
Expenses not deductible for tax	**14,586**	6,885
Tax losses for which no deferred income tax asset was recognised	**15,125**	2,373
Land appreciation tax	**6,274**	10,276
Income tax effect of land appreciation tax	**(1,569)**	(2,569)
Utilisation of unrecognised tax losses in previous years	**–**	(908)
Income tax expense for the year	**126,903**	137,420

The weighted average applicable tax rate was 35.8% (2015: 18.3%).

13. DIVIDENDS

No dividend has been paid or declared by the Company during the year (year ended 31 December 2015: Nil).

Notes to the Consolidated Financial Statements

31 December 2016

14. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic and diluted earnings per share amount for the year ended 31 December 2016 is based on the profit for the year attributable to owners of the Company of RMB227,273,000 (year ended 31 December 2015: RMB631,025,000), the weighted average number of ordinary shares of 206,259,220 (year ended 31 December 2015: 200,000,000), the weighted average number of CPS of 775,631,067 (year ended 31 December 2015: 695,662,701) and the weighted average number of shares of 4,217,966 (31 December 2015: Nil) into which the PCBS may be converted, in issue during the year.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
		(Restated)
Earnings		
Profit attributable to owners of the Company used in the basic earnings per share calculation	**227,273**	631,025
Including:		
Profit from continuing operations	**227,273**	611,560
Profit from discontinued operation	**–**	19,465
Shares		
Weighted average number of ordinary shares (shares)	**206,259,220**	200,000,000
Weighted average number of CPS (shares)	**775,631,067**	695,662,701
Weighted average number of shares into which the PCBS may be converted (shares)	**4,217,966**	–
Weighted average number of shares for basic earnings per share (shares)	**986,108,253**	895,662,701
Weighted average number of shares for diluted earnings per share (shares)	**986,108,253**	895,662,701

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Buildings RMB'000	Furniture fixtures and equipment RMB'000	Motor vehicles and others RMB'000	Total RMB'000
31 December 2016					
At 31 December 2015 and at 1 January 2016 (Restated)					
Cost	91,302	7,950	17,644	12,388	129,284
Accumulated depreciation	(32,472)	(451)	(7,047)	(1,773)	(41,743)
Net carrying amount	58,830	7,499	10,597	10,615	87,541
At 1 January 2016, net of accumulated depreciation (Restated)	58,830	7,499	10,597	10,615	87,541
Additions	20,903	2,142	3,899	3,355	30,299
Depreciation provided during the year	(22,495)	(180)	(5,239)	(5,549)	(33,463)
At 31 December 2016, net of accumulated depreciation	57,238	9,461	9,257	8,421	84,377
At 31 December 2016:					
Cost	112,205	10,092	21,543	15,743	159,583
Accumulated depreciation	(54,967)	(631)	(12,286)	(7,322)	(75,206)
Net carrying amount	57,238	9,461	9,257	8,421	84,377

Notes to the Consolidated Financial Statements

31 December 2016

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Leasehold improvements RMB'000	Buildings RMB'000	Furniture fixtures and equipment RMB'000	Motor vehicles and others RMB'000	Total RMB'000
31 December 2015 (Restated)					
At 1 January 2015 (Restated)					
Cost	61,396	7,950	8,514	1,223	79,083
Accumulated depreciation	(16,339)	(292)	(2,926)	(417)	(19,974)
Net carrying amount	45,057	7,658	5,588	806	59,109
At 1 January 2015, net of accumulated depreciation (Restated)	45,057	7,658	5,588	806	59,109
Additions	29,906	–	9,002	11,075	49,983
Acquisition of interests in subsidiaries	–	–	128	90	218
Depreciation provided during the year	(16,133)	(159)	(4,121)	(1,356)	(21,769)
At 31 December 2015, net of accumulated depreciation (Restated)	58,830	7,499	10,597	10,615	87,541
At 31 December 2015 (Restated):					
Cost	91,302	7,950	17,644	12,388	129,284
Accumulated depreciation	(32,472)	(451)	(7,047)	(1,773)	(41,743)
Net carrying amount	58,830	7,499	10,597	10,615	87,541

16. INVESTMENT PROPERTIES

(a) Investment properties under construction

	Cost RMB'000	Fair Value RMB'000	Total RMB'000
At 1 January 2015 (Restated)	650,146	–	650,146
Additions	780,614	–	780,614
Transfer to investment properties in operation	(429,062)	–	(429,062)
Transfer to investment properties under construction at fair value	(160,827)	–	(160,827)
Transfer from investment properties under construction at cost	–	160,827	160,827
Net gains from fair value adjustment	–	152,173	152,173
At 31 December 2015 (Restated)	840,871	313,000	1,153,871
Additions	838,230	11,122	849,352
Transfer to investment property in operation	(394,560)	–	(394,560)
Transfer to investment properties under construction at fair value	(672,647)	–	(672,647)
Transfer from investment properties under construction at cost	–	672,647	672,647
Net gains from fair value adjustment	–	121,231	121,231
At 31 December 2016	611,894	1,118,000	1,729,894

(b) Investment properties in operation

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000 (Restated)
At 1 January	**3,091,000**	2,419,000
Transfer from investment properties under construction	**394,560**	429,062
Net gains from fair value adjustment	**310,350**	242,938
Closing balance at 31 December	**3,795,910**	3,091,000
Net gains from fair value adjustment	**431,581**	395,111
Rental income	**194,536**	157,061
Direct operating expenses from property that generated rental income	**(1,985)**	(2,777)
Direct operating expenses from property that did not generate rental income	**(41)**	(204)

16. INVESTMENT PROPERTIES *(Continued)*

Profit or loss recognised in the statement of profit of loss arose from fair value changes, rental income and operating expenses, etc.

The Group's finance department is in charge of assets' valuation and employs the independent valuer to evaluate the fair value of investment properties. The finance department verifies all valuation results, takes charge of relative accounting treatments and prepares disclosure information of fair values according to verified valuation results.

Information about fair value measurements using significant unobservable inputs:

			Unobservable inputs		
Investment Properties	**Fair value as at 31 December 2016 RMB'000**	**Valuation techniques**	**Title**	**Range**	**Relationship of unobservable inputs to fair value**
Central region	**2,824,950**	Income capitalisation approach	Discount rate	6.5% to 7.5%	The higher discount rate is, the lower fair value
			Market rents	RMB38 to RMB105 per square meter per month	The higher market rent is, the higher fair value
		Residual method	Interest rate	4.35% to 4.9%	The higher interest rate is, the lower fair value
			Profit rate	8% to 20%	The higher profit rate is, the lower fair value
North region	**2,088,960**	Income capitalisation approach	Discount rate	7.5% to 8%	The higher discount rate is, the lower fair value
			Market rents	RMB74 to RMB165 per square meter per month	The higher market rent is, the higher fair value
		Residual method	Interest rate	4.35% to 4.9%	The higher interest rate is, the lower fair value
			Profit rate	10% to 20%	The higher profit rate is, the lower fair value

16. INVESTMENT PROPERTIES *(Continued)*

Information about fair value measurements using significant unobservable inputs (Continued):

			Unobservable inputs		
Investment Properties	Fair value as at 31 December 2015 (Restated) RMB'000	Valuation techniques	Title	Range	Relationship of unobservable inputs to fair value
Central region	1,508,000	Income capitalisation approach	Discount rate	7% to 8%	The higher discount rate is, the lower fair value
			Market rents	RMB60 to RMB78 per square meter per month	The higher market rent is, the higher fair value
North region	1,896,000	Income capitalisation approach	Discount rate	7% to 8%	The higher discount rate is, the lower fair value
			Market rents	RMB85 to RMB94 per square meter per month	The higher market rent is, the higher fair value
		Residual method	Interest rate	4.35% to 4.9%	The higher interest rate is, the lower fair value
			Profit rate	10% to 20%	The higher profit rate is, the lower fair value

17. SUBSIDIARIES

Name	Place of Incorporation/ registration and business	Issued ordinary share/registered share capital	Percentage of equity attributable to the Company Direct %	Percentage of equity attributable to the Company Indirect %	Percentage of equity attributable to non-controlling interests	Principal activities
Rosy Capital Global Limited ("Rosy")	British Virgin Islands	US$1	100	–	N/A	Investment holding
Beijing Chuangxin Jianye real estate investment Ltd. (北京創新建業地產投資有限公司)(i)	Mainland China	RMB50,000,000	–	100	N/A	Investment holding
Shanghai Juque Investment Management Co., Ltd. (上海鉅礐投資管理有限公司)	Mainland China	RMB180,000,000	–	100	N/A	Investment holding
Jiangxi Capital Outlets Limited (江西首創奧特萊斯有限公司)	Mainland China	RMB313,500,000	–	100	N/A	Investment properties
Hangzhou Capital Outlets Property Limited (杭州首創奧特萊斯置業有限公司)	Mainland China	RMB335,000,000	–	100	N/A	Investment properties
Wuhan Capital Juda Outlets Business Management Limited (武漢首創鉅大奧萊商業管理有限公司)	Mainland China	RMB208,000,000	–	99	1	Investment properties
Jinan Shouju Real Estate Ltd. (濟南首鉅置業有限公司)	Mainland China	RMB210,000,000	–	100	N/A	Investment properties and development properties
Zhengzhou Juxin Outlets Industrial Co., Ltd. (鄭州鉅信奧萊實業有限公司)	Mainland China	RMB200,000,000	–	100	N/A	Investment properties
Xian Shouju Commercial Development and Management Co., Ltd. (西安首鉅商業開發有限公司)	Mainland China	RMB335,000,000	–	100	N/A	Investment properties
Heifei Chuangju Outlets (合肥創鉅奧萊商業管理有限公司)	Mainland China	RMB280,000,000	–	100	N/A	Investment properties

17. SUBSIDIARIES *(Continued)*

Name	Place of Incorporation/ registration and business	Issued ordinary share/registered share capital	Percentage of equity attributable to the Company Direct %	Percentage of equity attributable to the Company Indirect %	Percentage of equity attributable to non-controlling interests	Principal activities
Capital Outlets (Kunshan) Business Development Co., Ltd. (首創奧特萊斯(昆山)商業開發有限公司)(i)	Mainland China	RMB100,000,000	–	100	N/A	Investment properties
Capital Dongxing (Kunshan) Business Development Co., Ltd. (首創東興(昆山)商業開發有限公司)(i)	Mainland China	RMB100,000,000	–	100	N/A	Investment properties
Beijing Capital Outlets Property Investment Fang Shan Ltd. ("Fang Shan") (北京首創奧特萊斯房山置業有限公司)(i)	Mainland China	US$127,000,000	–	100	N/A	Investment properties
Zhejiang Outlets Property Real Estate Co., Ltd (浙江奧特萊斯置業有限公司)(i)	Mainland China	US$40,000,000	–	100	N/A	Investment properties
Xi'an Capital Xin Kai Real Estate Ltd. ("Xin Kai") (西安首創新開置業有限公司)	Mainland China	US$165,000,000	–	100	N/A	Development properties
Nanchang Huachuang Xinghong Real Estate Ltd. (南昌華創興洪置業有限公司)	Mainland China	RMB20,000,000	–	100	N/A	Investment properties and development properties

(i) These companies were acquired by the Group on 14 December 2016, which is treated as an acquisition under common control *(Note 34)*.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

18.1 Investment in joint venture

	Year ended 31 December 2016 RMB'000	2015 RMB'000 (Restated)
At 1 January	–	602
Share of losses	–	(602)
At 31 December	–	–

(a) Following are the details of the joint venture held by the Group as at 31 December 2015, which is unlisted:

Name	Place of Incorporation/ registration and business	Registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Beijing Outlets Chuangxin Business Management Co., Ltd ("Outlets Chuangxin")(北京奧萊創新商業管理有限公司) (i)(ii)	Beijing/China	RMB10,000,000	–	38%	Business management

(i) In the year 2015, the Group indirectly held 38% of the voting rights of Outlets Chuangxin. According to the articles of association, the Group jointly controls the investment and operational strategy, therefore they are classified as joint ventures.

(ii) The cancellation of Outlets Chuangxin was completed on 11 March 2016.

18.2 Investment in associate

	Year ended 31 December 2016 RMB'000	2015 RMB'000 (Restated)
At 1 January	–	–
Capital injection	40,000	–
At 31 December	40,000	–

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

18.2 Investment in associate *(Continued)*

(a) Following are the details of the associate held by the Group as at 31 December 2016, which is unlisted:

Name	Place of Incorporation/ registration and business	Registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Changsha Joy City Investment Co., Ltd. ("Changsha Joy City") (長沙歡樂天街投資有限公司)(i)	Changsha/China	RMB280,020,000	–	30%	Real estate investment

(i) According to the articles of association, the Group commits to contribute 30% of equity interests of Changsha Joy City. As at 31 December 2016, the Group has injected capital of RMB40,000,000, representing 16.95% of the paid-in capital of Changsha Joy City.

According to the articles of association, the Group has significant influence in determining the operation policies in the ordinary course of business, therefore it is classified as an associate.

(b) Summarised financial information for the associate which is accounted for using the equity method:

Set out below is the summarised financial information of the associate:

Summarised statement of financial position

	Changsha Joy City 31 December 2016 RMB'000
Current	
Cash	38,986
Other current assets (excluding cash)	–
Total current assets	38,986
Financial liabilities (excluding trade payables)	21,910
Other current liabilities (including trade payables)	41,108
Total current liabilities	63,018
Non-current	
Assets	260,046
Financial liabilities	–
Other liabilities	–
	260,046
Net assets	236,014

The information above reflects the amounts presented in the financial statements of the associate, adjusted for differences in accounting policies between the Group and the associate.

Notes to the Consolidated Financial Statements

31 December 2016

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(Continued)*

18.2 Investment in associate *(Continued)*

(c) Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interests in the associate.

	Changsha Joy City 31 December 2016 RMB'000
Opening net assets 1 January	–
Net assets before investment	196,014
Capital injection	40,000
Closing net assets	236,014
Carrying value	236,014

19. INVENTORIES

	31 December 2016 RMB'000	31 December 2015 RMB'000
Properties under development	1,266,025	1,581,151
Completed properties held for sale	918,256	954,352
Merchandise inventories	28,487	–
	2,212,768	2,535,503

Properties under development expected to be completed:

	31 December 2016 RMB'000	31 December 2015 RMB'000
Within one year	469,190	715,475
More than one year	796,835	865,676
	1,266,025	1,581,151

20. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	Loans and receivables	
	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)
Assets as per consolidated statement of financial position		
Trade and other receivables and prepayments (excluding prepayments and prepaid taxes)	**105,512**	256,179
Restricted cash *(Note 22)*	**14,029**	201,125
Cash and cash equivalents *(Note 22)*	**1,910,587**	1,798,522
	2,030,128	2,255,826

	Financial liabilities at amortised cost	
	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)
Liabilities as per consolidated statement of financial position		
Trade payables *(Note 25)*	**1,008,826**	1,192,566
Related parties borrowings *(Note 23)*	**630,000**	–
Bank borrowings *(Note 23)*	**990,000**	1,280,000
Amounts and interest due to related parties *(Note 26)*	**27,096**	1,045,653
Financial liabilities included in other payables and accruals (excluding other tax payable, advances from customers, etc.)	**156,039**	186,840
Guarantee notes *(Note 24)*	**1,295,519**	1,292,919
	4,107,480	4,997,978

21. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)
Trade receivables	**3,014**	2,713
Prepayments for land use rights and construction costs of investment properties	**394,808**	14,784
Prepayments for land use rights and construction costs of development properties	**80,596**	–
Prepayments to related parties *(Note 35(c))*	**2,275**	–
Other prepayments	**75,846**	–
Prepaid income tax and land appreciation tax	**64,125**	60,759
Prepaid other taxes	**36,645**	34,975
Deposits for land use rights	**30,930**	–
Other deposits	**29,020**	30,120
Amounts due from related parties *(Note 35(g))*	**–**	176,415
Other receivables	**42,548**	46,931
	759,807	366,697
Less: non-current portion – prepayments for land use rights and construction costs of investment properties	**(394,808)**	–
Current portion	**364,999**	366,697

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

An ageing analysis of the Group's trade receivables as at the end of the reporting period, is as follows:

	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)
Within 3 months	**3,014**	2,713

22. CASH AND CASH EQUIVALENTS

	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)
Cash and bank balances	**1,022,876**	1,155,931
Time deposits	**901,740**	843,716
Less:		
Restricted cash	**(14,029)**	(201,125)
Cash and cash equivalents	**1,910,587**	1,798,522

At the end of the reporting period, the cash and bank balance of the Group denominated in HK$ equivalent to RMB996,908,000 (31 December 2015: equivalent to RMB194,227,000) and US$ equivalent to RMB213,783,000 (31 December 2015: equivalent to RMB798,000).

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits as at 31 December 2016 were made for less than one month depending on the immediate cash requirements of the Group, and earned interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

23. BORROWINGS

	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)
Non-current		
Bank borrowings	**765,000**	1,120,000
Current		
Related parties borrowings	**630,000**	–
Current portion of long-term bank borrowings	**225,000**	160,000
	855,000	160,000
	1,620,000	1,280,000

Notes to the Consolidated Financial Statements

31 December 2016

23. BORROWINGS *(Continued)*

(a) As at 31 December 2016, bank borrowings amounting to RMB450,000,000(31 December 2015: RMB510,000,000) were secured by the land use rights and the buildings of investment properties with carrying amount of RMB1,099,005,000 (31 December 2015: RMB1,087,884,000).

As at 31 December 2016, bank borrowings amounting to RMB340,000,000 (31 December 2015: RMB440,000,000) were secured by the land use rights and the buildings of investment properties with carrying amount of RMB1,070,670,000 (31 December 2015: RMB1,070,670,000) and guaranteed by BCL.

As at 31 December 2016, bank borrowings amounting to RMB200,000,000 (31 December 2015: RMB330,000,000) were secured by the land use rights of investment properties with carrying amount of RMB318,631,000 (31 December 2015: RMB91,532,000) and guaranteed by BCL.

(b) The maturities of the Group's total borrowings at respective dates of the consolidated statement of financial position are set out as follows:

	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)
Total borrowings		
– Within 1 year	**855,000**	160,000
– Between 1 and 2 years	**180,000**	545,000
– Between 2 and 5 years	**585,000**	575,000
	1,620,000	1,280,000

(c) All the Group's borrowings are denominated in RMB.

(d) The weighted average effective interest rates at the respective dates of the consolidated statement of financial position are set out as follows:

	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)
Related party borrowings	**4.35%**	–
Bank borrowings	**6.11%**	7.70%

23. BORROWINGS *(Continued)*

(e) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)
Within 6 months	–	–
Between 6 and 12 months	1,420,000	1,280,000
Between 1 and 5 years	200,000	–
	1,620,000	1,280,000

(f) Except for the borrowing listed in note 5.3, the carrying amounts of borrowings approximate their respective fair values, as the borrowings bore floating interest rates, the impact of discounting is not significant. The fair values are based on cash flows discounted using market rate and are within level 2 of the fair value hierarchy.

24. GUARANTEED NOTES

On 23 July 2015, Rosy, a wholly-owned subsidiary of the Company, the Company and Capital Group entered into the subscription agreement with the Hong Kong and Shanghai Banking Corporation Limited, DBS Bank Ltd., ABCI Capital Limited, Bank of China (Hong Kong) Limited and China Construction Bank Corporation, Singapore Branch in connection with the proposed international offering of RMB1,300,000,000 guaranteed notes due in 2018 at the rate of 5.25% per annum proposed to be issued by Rosy (the "Notes"). The Notes carry interest at rate of 5.25% per annum, which is payable half-yearly in January and July. The issuance of the Notes has been completed on 30 July 2015 and the Notes have been listed for trading on the Stock Exchange of Hong Kong on 31 July 2015.

	31 December 2016 RMB'000	31 December 2015 RMB'000
Nominal value of guaranteed notes issued during the year	1,300,000	1,300,000
Direct transaction costs	(8,060)	(8,060)
Interest expense	100,267	29,417
Interest paid	(68,250)	–
	1,323,957	1,321,357
Accrued interests for guaranteed notes, classified as current liabilities	(28,438)	(28,438)
	1,295,519	1,292,919

25. TRADE PAYABLES

An ageing analysis of the Group's trade payables as at the end of the reporting period, is as follows:

	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)
Within 1 year	**1,008,826**	1,192,566

Included in the trade payables are trade payables of RMB4,497,000 (31 December 2015: RMB5,558,000) due to a related party which are repayable within 1 year and represented credit terms similar to those offered by the related party to other major customers.

The trade payables are non-interest-bearing and repayable within the normal operating cycle or on demand.

26. OTHER PAYABLES AND ACCRUALS

	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)
Tax payables	**12,048**	29,825
Accruals	**18,157**	16,920
Advances from customers	**237,649**	581,809
Amounts due to related parties	**16,982**	1,045,653
Accrued interests for guaranteed notes	**28,438**	28,438
Interests payable	**–**	6,687
Interests payable to related parties	**10,114**	–
Dividend payable	**–**	56,473
Guarantee deposits	**81,774**	75,063
Amounts received as government grants	**121,516**	–
Professional fee related to the issuance of new shares and PCBS	**29,011**	–
Others	**16,816**	20,179
	572,505	1,861,047

The financial liabilities included in the above balance are non-interest-bearing and normally settled on demand.

27. DEFERRED INCOME TAX

The analysis of deferred income tax assets and liabilities are as follows:

	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)
Deferred income tax assets:		
– to be recovered within 12 months	**38,246**	3,680
– to be recovered after more than 12 months	**82,433**	61,774
	120,679	65,454
Deferred income tax liabilities:		
– to be recovered after more than 12 months	**(563,574)**	(457,478)
Offsetting	**75,471**	50,166
Deferred income tax assets after offset	**45,208**	15,288
Deferred income tax liabilities after offset	**(488,103)**	(407,312)
Deferred income tax liabilities (net)	**(442,895)**	(392,024)

The gross movement on the deferred income tax account is as follows:

	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)
At beginning of the year	**(392,024)**	(166,697)
Acquisition of interests in subsidiaries	**–**	(148,828)
Government grants has not recognised in the statement of profit or loss	**29,108**	–
Recognised in the statement of profit or loss *(Note 12)*	**(79,979)**	(76,499)
At end of the year	**(442,895)**	(392,024)

27. DEFERRED INCOME TAX *(Continued)*

The movement in deferred income tax assets and liabilities during the years ended 31 December 2016 and 2015, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Tax losses RMB'000	Others RMB'000	Total RMB'000
Deferred income tax assets			
At 1 January 2015 (Restated)	51,812	–	51,812
Credited to statement of profit or loss	13,642	–	13,642
At 31 December 2015 (Restated)	65,454	–	65,454
Credited to the statement of profit or loss	26,117	–	26,117
Government grants not recognised in the statement of profit or loss	–	29,108	29,108
At 31 December 2016	91,571	29,108	120,679

	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Appreciation of investment properties at fair value RMB'000	Others RMB'000	Total RMB'000
Deferred income tax liabilities				
At 1 January 2015 (Restated)	–	212,584	5,925	218,509
Acquisition of interests in subsidiaries	148,828	–	–	148,828
(Credited)/Charged to the statement of profit or loss	(16,086)	98,778	7,449	90,141
At 31 December 2015 (Restated)	132,742	311,362	13,374	457,478
(Credited)/Charged to the statement of profit or loss	(15,830)	107,895	14,031	106,096
At 31 December 2016	116,912	419,257	27,405	563,574

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through the future profits is probable. These tax losses are going to expire within five years.

As at 31 December 2016, deferred tax assets have not been recognised in respect of unused tax losses of RMB127,994,000 (31 December 2015: RMB67,494,000), as they have arisen in the Company and other holding companies, which executing administrative functions and to which employee benefit expense, office and management expense etc. are charged, these companies have loss-making for some time, and it is not probable that taxable profits will be available against which such tax losses can be utilised.

Deferred income tax liabilities of RMB33,544,000 (2015: RMB24,708,000) have not been recognised for the withholding tax and other taxes that would be payable on the undistributed earnings of certain subsidiaries. Undistributed earnings totaling RMB335,435,000 at 31 December 2016 (2015: RMB247,075,000) would be reinvested.

28. SHARE CAPITAL

	31 December 2016 RMB'000	31 December 2015 RMB'000
Authorised:		
Ordinary shares		
20,000,000,000 (31 December 2015: 20,000,000,000) ordinary shares of HK$0.01 each	**160,009**	160,009
Class A CPS		
738,130,482 (31 December 2015: 738,130,482) CPS of HK$0.01 each	**5,875**	5,875
Class B CPS		
905,951,470 (31 December 2015: Nil) CPS of HK$0.01 each	**7,575**	–
	173,459	165,884
Issued and fully paid:		
Ordinary shares		
961,538,462 (31 December 2015: 200,000,000) ordinary shares of HK$0.01 each	**7,828**	1,572
Class A CPS		
166,976,636 (31 December 2015: 738,130,482) CPS of HK$0.01 each	**1,329**	5,875
Class B CPS		
905,951,470 (31 December 2015: Nil) CPS of HK$0.01 each	**7,575**	–
	16,732	7,447

29. CPS

Class A CPS

The class A CPS with a par value HK$0.01 each were created as a new class of shares in the share capital of the Company on 22 January 2015. Upon the completion date of the business combination of Xin Kai on 22 January 2015, the Company issued 738,130,482 class A CPS (which are convertible into 738,130,482 ordinary shares of HK$0.01 each in the share capital of the Company at HK$2.66 each to be allotted and issued credited as fully paid by the Company upon the exercise of the conversion rights attaching to the class A CPS), resulting in credits to share capital of approximately RMB5,875,000 (equivalent to approximately HK$7,381,000) with par value of HK$0.01 each and share premium of RMB1,556,817,000 (equivalent to approximately HK$1,956,046,000) respectively.

Class B CPS

The class B CPS with a par value HK$0.01 each were created as a new class of shares in the share capital of the Company on 14 December 2016. Upon the completion date of the business combination of Chuangxin Jianye and Huzhou Outlets on 14 December 2016, the Company issued 905,951,470 class B CPS (which are convertible into 905,951,470 ordinary shares of HK$0.01 each in the share capital of the Company at HK$2.78 each to be allotted and issued credited as fully paid by the Company upon the exercise of the conversion rights attaching to the class B CPS), resulting in credits to share capital of approximately RMB7,575,000 (equivalent to approximately HK$ 9,060,000) with par value of HK$0.01 each and share premium of RMB2,098,232,000 (equivalent to approximately HK$ 2,509,485,000) respectively.

The above mentioned CPS shall be convertible at the option of its holder, without the payment of any additional consideration therefor, into such number of fully-paid ordinary shares at the conversion ratio of one CPS for one ordinary share. Holders of the CPS will have the right to convert all or such number of CPS into the new ordinary shares at any time after the issuance of the CPS, provided that they may not exercise the conversion rights as to such number of CPS the conversion of which would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules. The CPS shall be non-redeemable by the Company or their holders.

Each class B CPS shall confer on its holder the right to receive a preferred distribution ("Preferred Distribution") from the date of the issue of class B CPS at a rate of 0.01% per annum on the issue price, payable annually in arrears. Each Preferred Distribution is non-cumulative, and the Company may, in its sole discretion, elect to defer or not to pay the Preferred Distribution.

Besides, each class A and class B CPS shall confer on the holder thereof the right to receive any dividend pari passu with holders of ordinary shares on the basis of the number of ordinary share(s) into which each CPS may be converted on an as converted basis.

30. PCBS

On 28 December 2016, the Company issued PCBS in the principal amounts of HK$657,594,260 to Smart Win and in the principal amounts of HK$420,096,153 to KKR respectively, resulting in credits to PCBS of RMB945,197,000 after deducting the direct professional fee of RMB22,817,000.

The PCBS has no fixed maturity, and can be redeemed by the Company at any time after 30 years from the issuance date, in its sole and absolute discretion. The PCBS shall be convertible at the option of its holders, at the initial conversion price of HK$2.10 per share, into a maximum of 513,185,911 new ordinary shares, provided that the holders of PCBS may not exercise the conversion rights whenever the conversion would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules.

The holder(s) of the PCBS are entitled to a simple interest on the outstanding principal amount of the PCBS at a rate equal to 0.01% per annum on a non-cumulative basis, of which the Company shall have the right, exercisable in its sole discretion, to elect to defer the payment, with no interest accrued thereon but the Company shall not pay any dividends, distributions or make any other payment on any ordinary shares, class A CPS and class B CPS or other share capital of the Company unless at the same time it pays to the holders of the PCBS any deferred or unpaid interest payment. In the event that any dividend or distribution is paid on the ordinary shares, CPS (save and except for Preferred Distributions to be paid on the class B CPS at a rate which shall not exceed the rate of interest hereunder) or other share capital of the Company, the Company shall pay additional variable interest on the PCBS representing such dividend or distribution so paid in an aggregate amount equal to (a) the amount of such dividend or distribution per share multiplied by (b) the aggregate number of ordinary shares into which the PCBS then outstanding may be converted, in the same form and on the same date.

31. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)
Contracted, but not provided for:		
Properties under development	**178,535**	77,296
Investment properties	**663,646**	316,570
Investment in Changsha Joy City	**44,034**	83,300
	886,215	477,166

Notes to the Consolidated Financial Statements

31 December 2016

32. FINANCIAL GUARANTEES

The Group had the following financial guarantees as at the end of the reporting period:

	31 December 2016 RMB'000	31 December 2015 RMB'000
Mortgage facilities for certain purchasers of the Group's properties	**1,397,075**	1,781,593

As at 31 December 2016, 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. Pursuant to the terms of the guarantees, upon default on mortgage repayments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interests and penalties owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the property purchasers obtain the "property title certificate" which is then pledged with the banks.

33. OPERATING LEASE ARRANGEMENTS

As lessor

The operating lease arrangements of the Group will negotiate for terms ranging from three to five years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2016, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)
Within one year	**3,676**	4,278
In the second to fifth years, inclusive	**15,670**	18,103
After five years	**3,713**	7,629
	23,059	30,010

33. OPERATING LEASE ARRANGEMENTS *(Continued)*

As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms of two years.

At 31 December 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)
Within one year	**10,304**	9,562
In the second to fifth years, inclusive	**8,379**	528
	18,683	10,090

34. BUSINESS COMBINATION UNDER COMMON CONTROL

In December 2016, the Group acquired 100% equity interests of Chuangxin Jianye Group at a consideration of RMB701,574,000, and acquired 100% equity interests of Huzhou Outlets with a consideration of RMB472,957,000, before which, Chuangxin Jianye acquired 1% equity interests of one of its subsidiaries, Fang Shan, with a consideration of RMB15,889,000, from a subsidiary of BCL.

As the Group, Chuangxin Jianye Group and Huzhou Outlets are under common control of BCL before and after the business combination, the Company applies the principles of merger accounting in preparing the consolidated financial information.

The following is a reconciliation of the effect arising from the common control combination on the consolidated statement of financial position.

34. BUSINESS COMBINATION UNDER COMMON CONTROL *(Continued)*

The consolidated statement of financial position as at 31 December 2015:

	The Group before acquired business	Chuangixn Jianye Group	Huzhou Outlets	Adjustments[(i)]	Consolidated
Investment in Chuangxin Jianye Group and Huzhou Outlets	–	–	–	–	–
Other assets/(liabilities) – net	1,985,951	688,745	461,208	–	3,135,904
Net assets	1,985,951	688,745	461,208	–	3,135,904
Share capital	7,447	50,000	261,598	(311,598)	7,447
Share premium	1,585,175	–	–	327,487	1,912,662
Retained earnings and other reserves	393,329	638,745	199,610	(15,889)	1,215,795
	1,985,951	688,745	461,208	–	3,135,904

(i) The above adjustment represents an adjustment to eliminate the share capital of the combining entities and the 1% equity interest of Fang Shan. The amount of RMB327,487,000 has been made to the share premium as merger reserve in the consolidated financial statements.

No other significant adjustments were made to the net assets and net profit or loss of any entities or businesses as a result of the common control combination to achieve consistency of accounting policies.

35. RELATED PARTY TRANSACTIONS

Apart from the transactions and balances disclosed elsewhere in the financial information, the Group had the following significant transactions with related parties during the reporting period:

(a) Purchases of services

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
		(Restate)
Purchases of services		
– Sales agency service fee to an associate of BCL	**5,174**	4,616
– Service fee for keepwell deed to Capital Group [(i)]	**3,900**	1,625
– Rental expense to BCL	**1,758**	1,640
– Rental expense to a joint venture of BCL	**8,390**	2,987

(i) As disclosed in Note 24, Capital Group and Rosy signed "Keepwell and Liquidity Support Deed" ("keepwell deed"). According to the agreement, Rosy issued RMB1.3 billion guaranteed notes. Rosy would pay Capital Group, as the Keepwell and Liquidity Support Deed provider to ensure the existence and good liquidity of the issuer, with an amount of 0.3% of the issued aggregate principal, amounted to RMB3.9 million annually. Rosy recorded administration fee amounting to RMB3,900,000 during the current year. The service fee fall within the exemption for connected transactions pursuant to Rule 14A.90 of the Listing Rules.

(b) Key management compensation

	Year ended 31 December	
	2016	2015
	RMB'000	RMB'000
Salaries, allowances and benefits in kinds	**9,323**	7,058
Pension scheme contributions	**368**	330
	9,691	7,388

Further details of directors' and the chief executive's emoluments are included in note 10 and note 11 to the financial statements.

Notes to the Consolidated Financial Statements

31 December 2016

35. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Year-end balances arising from purchases of services

	31 December 2016 RMB'000	31 December 2015 RMB'000 (Restated)
Prepayments to related parties		
– Capital Group *(Note 21)*	**2,275**	–
Trade payables		
– An associate of BCL *(Note 25)*	**4,497**	5,558
Other payables and accruals		
– BCL	**1,799**	1,698
– Capital Group	**–**	1,625

(d) Loans due from related parties

	Year ended 31 December 2016 RMB'000	2015 RMB'000 (Restated)
Fellow subsidiaries:		
At 1 January	**–**	617,611
Loans advanced during the year	**–**	395,543
Loans repayments received	**–**	(948,102)
Interest charged	**–**	130,080
Interest received	**–**	(195,132)
At 31 December	**–**	–

35. RELATED PARTY TRANSACTIONS *(Continued)*

(e) Loans due to related parties

	Year ended 31 December 2016 RMB'000	2015 RMB'000 (Restated)
BCL:		
At 1 January	**–**	–
Loans advanced during the year	**630,000**	–
Repayments during the year	**–**	–
Interest charged	**10,114**	–
Interest paid	**–**	–
At 31 December	**640,114**	–
Fellow subsidiaries:		
At 1 January	**–**	1,603,768
Loans advanced during the year	**32,000**	–
Repayments during the year	**(32,000)**	(1,511,800)
Interest charged	**117**	–
Interest paid	**(117)**	(91,968)
At 31 December	**–**	–

(f) Amounts due to related parties

	Year ended 31 December 2016 RMB'000	2015 RMB'000 (Restated)
BCL:		
At 1 January	**1,036,831**	687,825
Amounts advanced during the year	**266,520**	4,285,898
Repayments during the year	**(1,303,351)**	(3,936,892)
At 31 December	**–**	1,036,831
Fellow subsidiaries:		
At 1 January	**5,499**	4,295,433
Amounts advanced during the year	**16**	3,869,995
Repayments during the year	**(5,499)**	(8,159,929)
At 31 December	**16**	5,499

Amounts due to related parties were unsecured, interest free and repayable on demand.

Notes to the Consolidated Financial Statements

31 December 2016

35. RELATED PARTY TRANSACTIONS *(Continued)*

(g) Amounts due from related parties

	Year ended 31 December 2016 RMB'000	2015 RMB'000 (Restated)
BCL:		
At 1 January	**68,238**	1,613,052
Amounts advanced during the year	**–**	2,503,738
Repayments during the year	**(68,238)**	(4,048,552)
At 31 December *(Note 21)*	**–**	68,238
Fellow subsidiaries:		
At 1 January	**108,177**	2,741,406
Amounts advanced during the year	**–**	3,545,717
Repayments during the year	**(108,177)**	(6,178,946)
At 31 December *(Note 21)*	**–**	108,177

Amounts due from related parties were unsecured, interest free and repayable on demand.

(h) Chuangxin Jianye acquired 1% of equity interests of Fang Shan with a consideration of RMB15,889,000 from a subsidiary of BCL, China Creative Properties Limited, Chuangxin Jianye has accrued related payables net of withholding tax, amounting to RMB15,167,000, which has not been paid.

(i) In 2016, BCL provided irrevocable guarantee for the bank borrowings of the Group amounted to RMB540,000,000 (2015: RMB770,000,000).

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	31 December 2016 RMB'000	31 December 2015 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**19**	27
Due from subsidiaries		**666,070**	–
		666,089	27
Current assets			
Trade and other receivables		**259**	1,216
Due from subsidiaries		**4,692,440**	1,940,567
Cash and cash equivalents		**996,006**	947,528
		5,688,705	2,889,311
Total assets		**6,354,794**	2,889,338
LIABILITIES			
Current liabilities			
Trade payables		**1**	–
Other payables and accruals		**29,011**	1,430
Due to subsidiaries		**1,281,608**	1,272,959
Due to the immediate holding company		**1,799**	1,698
		1,312,419	1,276,087
Total liabilities		**1,312,419**	1,276,087
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**16,732**	7,447
PCBS		**945,197**	–
Reserves	*(a)*	**4,032,351**	1,585,175
Retained earnings	*(a)*	**48,095**	20,629
Total equity		**5,042,375**	1,613,251
Total equity and liabilities		**6,354,794**	2,889,338

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(a) Reserve movement of the Company

	Share premium account RMB'000	Other reserves RMB'000	(Accumulated losses)/ retained earnings RMB'000	Total RMB'000
At 1 January 2015	28,358	47	(51,466)	(23,061)
Issuance of class A CPS	1,556,817	–	–	1,556,817
Total comprehensive income for the year	–	(47)	72,095	72,048
At 31 December 2015	1,585,175	–	20,629	1,605,804
At 1 January 2016	**1,585,175**	**–**	**20,629**	**1,605,804**
Issuance of ordinary shares	**348,944**	**–**	**–**	**348,944**
Issuance of class B CPS	**2,098,232**	**–**	**–**	**2,098,232**
Total comprehensive income for the year	**–**	**–**	**27,466**	**27,466**
At 31 December 2016	**4,032,351**	**–**	**48,095**	**4,080,446**

Five-Year Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial period/years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

RESULTS

	Year ended 31 December 2016 RMB'000	Year ended 31 December 2015 RMB'000 (Restated)	Nine Months ended 31 December 2014 RMB'000	Year ended 31 March 2014 RMB'000	Year ended 31 March 2013 RMB'000
CONTINUING OPERATIONS					
REVENUE	**997,931**	893,872	–	–	–
Business tax	**(58,655)**	(68,321)	–	–	–
Revenue after business tax	**939,276**	825,551	–	–	–
Cost of sales	**(725,068)**	(592,598)	–	–	–
Gross profit	**214,208**	232,953	–	–	–
Other gains – net	**448,795**	398,331	–	–	–
Other income	**12,011**	179,529	–	–	–
Selling and marketing expenses	**(102,235)**	(100,351)	–	–	–
Administrative expenses	**(122,521)**	(104,971)	(35,055)	(9,091)	(10,094)
Gain on bargain purchase on acquisition of interests in subsidiaries	**–**	259,996	–	–	–
Operating profit	**450,258**	865,487	(35,055)	(9,091)	(10,094)
Finance costs	**(95,518)**	(115,905)	(212)	–	–
Share of loss of investment accounted for using the equity method	**–**	(602)	–	–	–
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**354,740**	748,980	(35,267)	(9,091)	(10,094)
Income tax expense	**(126,903)**	(137,420)	–	–	–
PROFIT/(LOSS) FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS	**227,837**	611,560	(35,267)	(9,091)	(10,094)
DISCONTINUED OPERATION					
Profit/(loss) for the year/period from discontinued operation	**–**	19,465	(13,556)	11,707	18,256
PROFIT/(LOSS) FOR THE YEAR/PERIOD	**227,837**	631,025	(48,823)	2,616	8,162
Attributable to:					
Owners of the Company	**227,273**	631,025	(48,823)	2,616	8,162
Non-controlling interests	**564**	–	–	–	–
	227,837	631,025	(48,823)	2,616	8,162

Five-Year Financial Summary

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	Year ended 31 December 2016 RMB'000	Year ended 31 December 2015 RMB'000 (Restated)	Nine Months ended 31 December 2014 RMB'000	Year ended 31 March 2014 RMB'000	Year ended 31 March 2013 RMB'000
TOTAL ASSETS	**10,596,330**	9,253,485	335,581	205,569	205,701
TOTAL LIABILITIES	**(5,019,271)**	(6,117,581)	(229,367)	(50,529)	(53,268)
NON-CONTROLLING INTERESTS	**(2,644)**	–	–	–	–
	5,574,415	3,135,904	106,214	155,040	152,433

The financial information of the Group for the nine month ended 31 December 2014, the year ended 31 March 2014, and the year ended 31 March 2013 was not restated. The published results and the statement of assets and liabilities may not comparable.