China South City Holdings Limited
華南城控股有限公司
(incorporated in Hong Kong with limited liability)
(Stock code: 1668)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2016

FINANCIAL HIGHLIGHTS

	For the year ended 31 March		
	2016	2015	**Approximate**
	HK$'000	*HK$'000*	**Change %**
Contracted sales	**6,628,147**	11,321,142	**-41.5**
Revenue	**6,136,262**	9,757,767	**-37.1**
Among which, Recurring income	**1,420,559**	1,103,596	**28.7**
Gross profit margin	**48%**	53%	
Profit attributable to owners of the parent	**3,537,012**	3,727,872	**-5.1**
Core net profit attributable to owners of the parent*	**1,205,782**	1,854,273	**-35.0**
Earnings per share – Basic	**HK44.22 cents**	HK48.73 cents	**-9.3**
Cash and bank balances**	**11,686,695**	8,672,722	**34.8**
Proposed final dividend per share	**HK5.0 cents**	HK14.0 cents	

* Represents the net profit attributable to owners of the parent excluding fair value gains on investment properties and related tax effects and fair value gain on derivative financial instrument.

** Represents cash and cash equivalents and restricted cash (comparative figure represents balance as at 31 March 2015).

CONSOLIDATED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2016

The board of directors (the "Board") of China South City Holdings Limited (the "Company"), together with its subsidiaries ("China South City" or the "Group") announces herewith the audited consolidated annual results of the Group for the fiscal year ended 31 March 2016 ("FY2015/16" or the "Year") together with the comparative figures for the previous fiscal year (fiscal year ended 31 March 2015 ("FY2014/15")) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2016

		For the year ended 31 March	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
REVENUE	*4*	**6,136,262**	9,757,767
Cost of sales		**(3,177,209)**	(4,582,237)
Gross profit		**2,959,053**	5,175,530
Other income and gains/(losses)	*4*	**1,066,242**	334,096
Fair value gains on investment properties	*4*	**3,232,699**	2,398,531
Selling and distribution expenses		**(864,670)**	(721,991)
Administrative expenses		**(1,177,180)**	(1,083,587)
Other expenses		**(152,525)**	(70,285)
Finance costs	*6*	**(159,386)**	(165,595)
Share of profits and losses of:			
Associates		**–**	(7,210)
PROFIT BEFORE TAX	*5*	**4,904,233**	5,859,489
Income tax expenses	*7*	**(1,370,457)**	(2,144,709)
PROFIT FOR THE YEAR		**3,533,776**	3,714,780
Attributable to:			
Owners of the parent		**3,537,012**	3,727,872
Non-controlling interests		**(3,236)**	(13,092)
		3,533,776	3,714,780
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic			
– for profit for the year		**HK44.22 cents**	HK48.73 cents
Diluted			
– for profit for the year		**HK44.05 cents**	HK45.27 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2016

	For the year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**3,533,776**	3,714,780
OTHER COMPREHENSIVE INCOME		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(1,092,050)**	58,537
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(1,092,050)**	58,537
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,441,726**	3,773,317
Attributable to:		
Owners of the parent	**2,453,167**	3,788,396
Non-controlling interests	**(11,441)**	(15,079)
	2,441,726	3,773,317

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2016

	Notes	31 March 2016 HK$'000	31 March 2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,507,155**	1,328,231
Investment properties		**34,814,188**	30,217,792
Properties under development		**4,252,854**	3,697,166
Prepaid land lease payments		**996,351**	787,819
Goodwill		**34,128**	34,128
Investment in a joint venture		**–**	5,079
Investments in associates		**60,310**	34,884
Available-for-sale investments		**175,512**	175,500
Other long-term receivables		**4,179**	8,860
Deposits paid for purchase of land use rights		**403,144**	1,225,250
Deferred tax assets		**2,145,347**	1,475,323
Total non-current assets		**44,393,168**	38,990,032
CURRENT ASSETS			
Properties held for finance lease		**168,524**	297,940
Properties held for sale		**25,179,046**	22,969,976
Trade receivables	*10*	**1,149,273**	1,636,626
Prepayments, deposits and other receivables		**781,260**	653,785
Held-for-trading investments at fair value through profit or loss		**27,365**	32,890
Cash and cash equivalents and restricted cash		**11,686,695**	8,672,722
Total current assets		**38,992,163**	34,263,939
CURRENT LIABILITIES			
Trade and other payables	*11*	**13,269,724**	13,534,665
Interest-bearing bank and other borrowings		**7,656,878**	6,824,949
Short-term notes		**2,525,460**	2,750,880
Tax payables		**4,569,111**	5,235,130
Total current liabilities		**28,021,173**	28,345,624
NET CURRENT ASSETS		**10,970,990**	5,918,315
TOTAL ASSETS LESS CURRENT LIABILITIES		**55,364,158**	44,908,347

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
31 March 2016

	31 March 2016 *HK$'000*	31 March 2015 *HK$'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**8,965,863**	8,640,398
Senior notes	**4,113,363**	4,082,811
Medium-term notes	**5,026,696**	2,704,226
Corporate bonds	**1,891,219**	–
Domestic company bonds	**3,629,086**	–
Deferred tax liabilities	**5,369,466**	4,459,096
Total non-current liabilities	**28,995,693**	19,886,531
Net assets	**26,368,465**	25,021,816
EQUITY		
Equity attributable to owners of the parent		
Share capital	**7,043,784**	7,034,761
Other reserves	**19,134,733**	17,832,208
	26,178,517	24,866,969
Non-controlling interests	**189,948**	154,847
Total equity	**26,368,465**	25,021,816

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and held-for-trading investments at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The financial information relating to the years ended 31 March 2016 and 2015 included in this FY2015/16 annual results announcement does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622) and will deliver the financial statements for the year ended 31 March 2016 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

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

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

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

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

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

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

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

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

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

2.2 Issued but not yet effective Hong Kong Financial Reporting Standards

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

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application, certain of which may be relevant to the Group's operation and may result in changes in the Group's accounting policies, and changes in presentation and measurement of certain items of the Group's financial information.

3. OPERATING SEGMENT INFORMATION

	Property development HK$'000	Property investment HK$'000	Property management HK$'000	E-commerce HK$'000	Others HK$'000	Total HK$'000
Year ended 31 March 2016						
Segment revenue:						
Sales to external customers	4,715,703	681,314	247,721	202,184	289,340	6,136,262
Intersegment sales	–	30,058	–	146,228	14,051	190,337
	4,715,703	711,372	247,721	348,412	303,391	6,326,599
Elimination of intersegment sales						(190,337)
Revenue						6,136,262
Segment results before increase in fair value of investment properties	2,488,203	493,656	(44,460)	202,169	181,566	3,321,134
Increase in fair value of investment properties	–	3,232,699	–	–	–	3,232,699
Segment results after increase in fair value of investment properties	2,488,203	3,726,355	(44,460)	202,169	181,566	6,553,833
Unallocated cost of sales						(362,081)
Interest income						85,947
Loss on held-for-trading investments at fair value through profit or loss, net						(5,525)
Unallocated income and gains						985,820
Unallocated expenses						(2,194,375)
Finance costs						(159,386)
Profit before tax						4,904,233
Segment assets	36,370,396	32,286,528	45,800	100,455	1,338,433	70,141,612
Reconciliation:						
Investments in associates						60,310
Unallocated assets						13,183,409
Total assets						83,385,331
Segment liabilities	5,610,040	5,164,724	56,657	544,419	288,382	11,664,222
Reconciliation:						
Unallocated liabilities						45,352,644
Total liabilities						57,016,866
Other segment information:						
Depreciation	98,266	1,495	403	3,242	14,445	117,851
Corporate and other unallocated amounts						33,034
						150,885
Increase in fair value of investment properties	–	3,232,699	–	–	–	3,232,699
Capital expenditure*	8,973,136	18,032	345	6,181	9,676	9,007,370

	Property development HK$'000	Property investment HK$'000	Property management HK$'000	E-commerce HK$'000	Others HK$'000	Total HK$'000
Year ended 31 March 2015						
Segment revenue:						
Sales to external customers	8,654,171	573,895	133,321	201,806	194,574	9,757,767
Intersegment sales	–	45,907	41,965	43,127	21,086	152,085
	8,654,171	619,802	175,286	244,933	215,660	9,909,852
Elimination of intersegment sales						(152,085)
Revenue						9,757,767
Segment results before increase in fair value of investment properties	4,875,425	379,064	(88,574)	201,806	112,948	5,480,669
Increase in fair value of investment properties	–	2,398,531	–	–	–	2,398,531
Segment results after increase in fair value of investment properties	4,875,425	2,777,595	(88,574)	201,806	112,948	7,879,200
Unallocated cost of sales						(305,139)
Interest income						68,996
Gains on held-for-trading investments at fair value through profit or loss, net						3,770
Unallocated income and gains						261,330
Unallocated expenses						(1,875,863)
Finance costs						(165,595)
Share of losses of associates						(7,210)
Profit before tax						5,859,489
Segment assets	32,990,415	29,648,772	9,810	329,344	573,974	63,552,315
Reconciliation:						
Investment in a joint venture						5,079
Investments in associates						34,884
Unallocated assets						9,661,693
Total assets						73,253,971
Segment liabilities	5,371,768	4,408,104	623,801	323,393	173,222	10,900,288
Reconciliation:						
Unallocated liabilities						37,331,867
Total liabilities						48,232,155
Other segment information:						
Depreciation	36,077	1,758	1,056	4,442	7,811	51,144
Corporate and other unallocated amounts						42,121
						93,265
Increase in fair value of investment properties	–	2,398,531	–	–	–	2,398,531
Capital expenditure*	18,152,683	43,597	1,042	4,323	294,218	18,495,863

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments, properties under development and investment properties.

4. REVENUE, OTHER INCOME AND GAINS/(LOSSES), AND FAIR VALUE GAINS ON INVESTMENT PROPERTIES

Revenue represents the net sales of completed properties, finance lease income, rental income, income from the provision of property management services, E-commerce income and other revenue, net of business tax and other sales related tax.

An analysis of revenue, other income and gains/(losses) is as follows:

	For the year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
Revenue		
Sales of properties	**4,164,135**	8,190,793
Finance lease income	**551,568**	463,378
Rental income	**681,314**	573,895
Property management service income	**247,721**	133,321
E-commerce income	**202,184**	201,806
Other revenue*	**289,340**	194,574
	6,136,262	9,757,767
Other income		
Bank interest income	**85,947**	68,996
Government grants**	**1,001,128**	56,454
Others	**56,122**	43,580
	1,143,197	169,030
Gains/(losses)		
Fair value (losses)/gains on held-for-trading investments at fair value through profit or loss, net	**(5,525)**	3,770
Exchange (losses)/gains	**(71,430)**	9,381
Fair value gain on derivative financial instrument	**–**	151,915
	(76,955)	165,066
	1,066,242	334,096
Fair value gains on investment properties	**3,232,699**	2,398,531

* Other revenue includes amounts of HK$136,944,000 (2015: HK$92,476,000) related to income from outlet operations and HK$143,433,000 (2015: HK$95,845,000) related to income from logistics and warehousing services.

** Various government grants have been received from the relevant government authorities to foster and support the development of the relevant projects of the Group in Mainland China. There are no unfulfilled conditions or contingencies relating to these subsidies.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
Cost of properties sold	**1,984,613**	3,563,495
Cost of properties held for finance lease	**242,887**	215,251
Depreciation	**152,182**	94,523
Less: Depreciation capitalised in respect of properties under development	**(1,297)**	(1,258)
	150,885	93,265
Amortisation of prepaid land lease payments	**23,618**	14,823
Minimum lease payments under operating leases in respect of land and buildings and vehicles	**9,239**	13,957
Auditors' remuneration	**4,080**	4,000
Employee benefit expense (including directors' remuneration):		
Wages and salaries*	**718,348**	707,329
Equity-settled share option expense	**29,341**	90,742
Pension scheme contributions	**107,938**	86,974
	855,627	885,045
Provision for/(reversal of provision for) impairment of trade receivables**	**96,660**	(16,400)
Loss on disposal of a joint venture **	**4,959**	–
Loss on disposal of subsidiaries**	**444**	–
Loss on disposal of items of property, plant and equipment	**61**	114

* Included amounts of HK$176,313,000 and HK$127,665,000 for the years ended 31 March 2016 and 2015, respectively, which were capitalised under properties under development.

** Included in "Other expenses" in the consolidated statement of profit or loss.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
Interest on bank and other borrowings (including convertible notes, senior notes, medium-term notes and short-term notes, corporate bonds and domestic company bonds)	**2,049,155**	1,617,376
Less: Interest capitalised	**(1,889,769)**	(1,451,781)
Total	**159,386**	165,595

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year (2015: Nil).

Taxes on profits assessable in Mainland China are calculated at the rates of tax prevailing in the provinces in which the Group operates.

Under the relevant income tax law, the PRC subsidiaries are subject to corporate income tax ("CIT") at the statutory rate of 25% (2015: 25%) on their respective taxable income during the year.

The PRC land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and all property development expenditures.

The major components of income tax expenses for the year are as follows:

	For the year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
Current — Mainland China	**1,011,480**	819,254
LAT in Mainland China	**(23,865)**	1,213,663
Deferred Mainland China corporate income tax	**382,842**	111,792
Total tax charged for the year	**1,370,457**	2,144,709

8. DIVIDEND

	For the year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
Proposed final dividend — HK5.0 cents per ordinary share (2015: HK14.0 cents per ordinary share)	**399,966**	1,120,094

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

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

The calculation of the basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 7,999,399,905 (2015: 7,650,707,736) in issue during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	For the year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**3,537,012**	3,727,872
Add: Interest on convertible notes	**–**	1,701
Less: Fair value gain on derivative financial instrument	**–**	(151,915)
Profit attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	**3,537,012**	3,577,658

	Number of shares	
	2016	2015
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**7,999,399,905**	7,650,707,736
Effect of dilution — weighted average number of ordinary shares:		
Share options	**29,764,395**	74,674,865
Tencent call options	**–**	6,810,690
Convertible notes	**–**	171,232,876
	8,029,164,300	7,903,426,167

10. TRADE RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**1,388,129**	1,778,414
Impairment	**(238,856)**	(141,788)
	1,149,273	1,636,626

Trade receivables represent sales income, rentals receivable and service income receivables from customers which are payable on issuance of invoices or in accordance with the terms of the related sale and purchase agreements. The Group generally allows a credit period of not exceeding 60 days to its customers. Overdue balances are reviewed regularly by senior management. In view of this and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing. The carrying amounts of the trade receivables approximate to their fair values.

An aged analysis of the trade receivables based on the payment due date as at the end of the reporting period, net of provision, is as follows:

	2016 *HK$'000*	2015 *HK$'000*
Within 1 month	**550,292**	952,372
1 to 2 months	**108,926**	55,269
2 to 3 months	**39,340**	32,239
Over 3 months	**450,715**	596,746
	1,149,273	1,636,626

The movements in provision for impairment of trade receivables are as follows:

	2016 *HK$'000*	2015 *HK$'000*
Carrying amount at beginning of year	**141,788**	158,268
Provision for/(reversal of provision for) impairment of trade receivables *(note 5)*	**96,660**	(16,400)
Exchange realignment	**408**	(80)
Carrying amount at end of year	**238,856**	141,788

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2016 *HK$'000*	2015 *HK$'000*
Neither past due nor impaired	**297,010**	875,257
Less than 1 month past due	**253,283**	77,115
1 to 3 months past due	**148,265**	87,508
Over 3 months past due	**450,715**	596,746
	1,149,273	1,636,626

Receivables that were neither past due nor impaired and past due but not impaired relate to a large number of diversified customers for whom there was no recent history of default. The Group would not release the property ownership certificates to the buyers before the buyers fully settle the payment.

11. TRADE AND OTHER PAYABLES

	Notes	2016 *HK$'000*	2015 *HK$'000*
Other payables and accruals		**2,514,025**	1,626,215
Notes payable	*(i)*	**203,708**	187,560
Deposits and receipts in advance		**4,184,827**	3,913,942
Construction fee and retention payables	*(ii)*	**6,367,164**	7,806,948
		13,269,724	13,534,665

(i) An aged analysis of the Group's notes payable presented based on the invoice date at the end of the reporting period is as follows:

	2016	2015
	HK$'000	*HK$'000*
1 to 3 months	**72,625**	187,560
Over 3 months	**131,083**	–
	203,708	187,560

(ii) An aged analysis of the construction fee and retention payables as at the end of reporting period is as follows:

	2016	2015
	HK$'000	*HK$'000*
Within 1 year	**6,152,501**	7,714,040
Over 1 year	**214,663**	92,908
	6,367,164	7,806,948

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

The other payables are non-interest-bearing.

CHAIRMAN'S STATEMENT

On behalf of the Board of China South City Holdings Limited, together with its subsidiaries, I report herewith the audited consolidated annual results of the Group for the fiscal year ended 31 March 2016.

Results and Dividend

The past fiscal year was challenging for the Group with the emergence of a number of harsher-than-expected changes in the operating environment. The Central government persevered with its structural reforms to steer the economy towards a more efficient and sustainable development model. As China's economy continued to undergo structural adjustment to a "New Normal", its gross domestic product ("GDP") growth slid to 6.7% in the first quarter of 2016, the weakest in a quarter century, while China's foreign trade in 2015 saw total export and import volumes fall 7% against the background of a slowing economy and lackluster global demand. The Group's property sales segment was adversely affected in face of such market challenges.

In response to the adverse market environment, the Group has leveraged its flexible yet unique business model to adjust its business strategy. It continued to strengthen its ancillary facilities and services which generate recurring income to balance out the weakness in the sales of its trade center units. During the Year, the Group's Contracted Sales dropped 41.5% to HK$6,628.1 million (FY2014/15: HK$11,321.1 million), while its recurring income grew by 28.7% to HK$1,420.6 million (FY2014/15: HK$1,103.6 million).

The Group recorded revenue of HK$6,136.3 million (FY2014/15: HK$9,757.8 million) for the Year. Net profit attributable to owners of the parent was HK$3,537.0 million (FY2014/15: HK$3,727.9 million). Core net profit attributable to owners of the parent (being net profit attributable to owners of the parent less fair value gains on investment properties and related tax effects and fair value gain on derivative financial instrument) was HK$1,205.8 million (FY2014/15: HK$1,854.3 million). Basic earnings per share was HK44.22 cents (FY2014/15: HK48.73 cents).

The Board proposed a final dividend of HK5 cents per share for FY2015/16 (FY2014/15: HK14 cents per share), subject to shareholders' approval at the Company's forthcoming Annual General Meeting ("AGM") to be held on 22 August 2016.

Review of the Market and Operations

Enduring business performance benefited from a unique and flexible business model

China South City has a unique business model, with project developments spanning long economic cycles and its operations covering a diversity of business categories. Leveraging the diversified and flexible business model, the Group strives to mitigate the impact arising from the cyclical fluctuations as the economy shifted towards the "New Normal". During the Year, despite the sales of trade center units being affected by the overall economic environment and the delay of the relocation activities, growth in recurring income were encouraging.

During the Year, the Central government introduced measures to reduce the housing inventory and promote rational consumption, along with easing monetary policies. These measures have led to positive development in the residential property market. Under this context, the Group kept pace with market changes and launched more residential properties. As a result, sales of residential properties as percentage of total Contracted Sales increased from 22.6% in FY2014/15 to 35.0% in FY2015/16.

To align with the Central government's efforts on developing an efficient economy, the Group further tapped the strengths of its fourth-generation integrated logistics and trading platform by offering comprehensive value-added services to small and medium-sized enterprises ("SMEs") operating within China South City's projects. These services, namely E-commerce, logistics and warehousing services, property management, outlet operations, as well as conference and exhibition, have helped the SMEs lower their operating costs and capture the competitive edge in the increasingly keen competition. As a result, the stable demand for the Group's ancillary facilities and services translated to a contribution of HK$1,420.6 million in recurring income, representing 23.2% of total revenue, as compared with 11.3% in FY2014/15.

Steady growth in recurring income for sustainable development

Recurring businesses, which include rental, property management, E-commerce, logistics and warehousing services and outlet operations, etc, have long been part of the Group's key initiatives contributing to its sustainable and long-term development. The solid performance also demonstrated the competitive advantages of the Group's fourth-generation integrated logistics and trading platform. During the Year, income from rental, property management, E-commerce, logistics and warehousing services and outlet operations achieved HK$681.3 million, HK$247.7 million, HK$202.2 million, HK$143.4 million and HK$136.9 million respectively (FY2014/15: HK$573.9 million, HK$133.3 million, HK$201.8 million, HK$95.8 million and HK$92.5 million respectively).

The outlet mall in China South City Shenzhen ("CSC Shenzhen") underwent rapid expansion and developed into an influential regional outlet center. Its success has proven to be a key driver of the Group's brand reputation and local awareness, while bringing steady visitor traffic to the district and significant cash flow to the Group. In view of its successful operation, the Group intends to step up its development in this business segment in the future. The Group has replicated the Shenzhen outlet model to other projects. During the Year, the outlet malls in Nanning, Nanchang, Xi'an and Harbin also recorded satisfactory results.

The "Internet Plus" is a core strategy of the Group's fourth-generation integrated logistics and trading platform, with E-commerce services serving as key tools to help SMEs raise their competitiveness. Leveraging its B2B platform-CSC86.com and strategic cooperation with Tencent Holdings Limited ("Tencent"), the Group further strengthened its E-commerce services such as its online payment function during the Year, to facilitate transactions between buyers and sellers. Further, the trial online membership program launched was widely recognized by customers.

Logistics and warehousing services formed an important part of the Group's strategic resources. The Group has continued to expand its logistics and warehousing network, and has successfully positioned its projects as the potential logistics and distribution hubs in their respective regions. By becoming regional logistics hubs, the Group is able to help those SMEs operating within its projects to reduce their logistics and distribution costs and create key cost advantages. During the Year, logistics and warehousing services have generated a stable stream of recurring income.

Striving to maintain balance between business development and financial health

The Group placed an emphasis on maintaining a sustainable and ample level of cash flow as part of its consistent financial management. The Group proactively adjusted its business development strategies and capital investment portfolio amid the economic transition in order to preserve liquidity while maintaining a steady momentum in business development.

During the Year, the Group maintained a sound cash position through a series of active measures, such as the increasing supply of residential properties and recurring business development. Tapping into the domestic capital market to take advantage of the easing funding environment, the Group actively expanded, diversified and optimized its funding channels in China. The Group's cash and bank balances as at 31 March 2016 increased to HK$11,686.7 million (as at 31 March 2015: HK$8,672.7 million).

Prospects

Looking ahead, the Group's operating environment remains challenging in the short term as the pressures posed by the global economic downturn and the continued economic transition in China are set to linger. With China's positive economic fundamentals and long-term trajectory remaining unchanged, the Group maintains a cautiously optimistic business outlook in the short to medium term.

Nevertheless, favourable measures articulated by the Central government in its 13th Five-Year Plan, such as urbanization, "Internet Plus" and "One Belt, One Road", will continue to benefit the development of the Group's fourth-generation integrated logistics and trade centers. Of these, the Central government has addressed the acceleration of shantytown renovations and formulated timetables for such programs. The upgrading and relocation of the wholesale markets is expected to become one of the main areas of focus by the government in the coming years, creating immense opportunities for the Group.

The Group will continue to pursue a flexible business model and a prudent management strategy to strengthen its future development. With increasing revenue contributions coming from its recurring income, the Group will strive to develop a more stable and diversified mix of revenue stream in the future. The Group will continue to improve its liquidity by promoting the growth of business segments such as outlet operations which generate higher cash flows. In addition, the Group will continue to provide quality services and upgraded facilities to strengthen the competitiveness of its tenants, creating win-win scenarios for all stakeholders.

The management expects the Group to achieve an annual sales target of HK$7.5-8.5 billion for the fiscal year ended 31 March 2017 ("FY2016/17") and emphasize the development of recurring business to maintain the strong growth rate.

Finally, on behalf of the Board, I would like to extend my heartfelt gratitude to our valued shareholders, customers and business partners for their trust and continued support to the Group. I would also like to convey my appreciation to the management and staff for their professionalism and wholehearted commitment.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the Year, Chinese economy experienced a period of weak GDP growth and a flagging export performance. In addition, delays in implementation of wholesale market relocation plans in some of the project cities slowed market growth and hence weakened the immediate demand of SMEs. As a result, SMEs postponed their investment plans in trade center units and the Group's Contracted Sales were inevitably affected. Although the Central government has launched a series of stimulus and easing monetary measures to support the economic restructuring towards higher-value industries and promote consumption and innovation, which have supported the demand for the Group's residential properties and value-added services to some extent, the sluggish economic environment presented varying degrees of challenges in the Group's operating markets.

In view of the challenging market, China South City has further strengthened its operational capabilities during the Year. Taking advantage of its unique "Online + Physical + Logistics" business model, the Group exercised the flexibility by encouraging further growth of recurring businesses segment. The Group noticed that the current economic environment and industrial consolidation brought by measures to reduce excess capacity have become major challenges to SMEs. Facing increasing competition, SMEs came under pressure to raise the efficiency of their production and operations. The Group's fourth-generation integrated logistics and trading platform, which offers comprehensive facilities and value-added ancillary services such as E-commerce and logistics & warehousing services, provides a strong and reliable platform for SMEs to enhance their competitiveness. This served to further drive the demand for the Group's recurring business, becoming one of its key revenue drivers.

During the Year, the Group recorded total revenue of HK$6,136.3 million (FY2014/15: HK$9,757.8 million). Its recurring income increased 28.7% from HK$1,103.6 million in FY2014/15 to HK$1,420.6 million, accounting for 23.2% of total revenue (FY2014/15: 11.3%). Gross profit margin was 48% (FY2014/15: 53%). Net profit attributable to owners of the parent was HK$3,537.0 million (FY2014/15: HK$3,727.9 million). Basic earnings per share amounted to HK44.22 cents (FY2014/15: HK48.73 cents).

Differentiated Development Strategy across Different Projects

Economic development in China showed disparities across regions during the Year. As such, local governments took varying development approaches and extended their support to industries with comparative advantages in their respective regions. As an influential market player in respective regions, China South City took full advantages of its local strengths and implemented differentiated development strategies in different projects.

CSC Shenzhen is the first project of the Group which offers a comprehensive and mature wholesale trading platform for SMEs. The project has become a successful model case for wholesale market transformation and modernization under the process of urbanization. During the Year, CSC Shenzhen further diversified its business operations and enhanced the various functions of its fourth-generation integrated logistics and trading platform. In particular, the outlet mall in CSC Shenzhen became an influential outlet player in Southern China, with increasing visitor traffic and enhanced market position. Further, the cross-border E-commerce business in China has experienced rapid growth in recent years. Taking advantage of its competitive strengths in logistics facilities and broad customer base, CSC Shenzhen has become a cross-border E-commerce hub and successfully attracted a number of leading domestic cross-border E-commerce enterprises to move in.

China South City Zhengzhou ("CSC Zhengzhou") is highly accessible – located at the heart of an intricate network of transportation in Zhengzhou, which has long been a major logistics hub in Central China. CSC Zhengzhou has become the largest project of the Group, in terms of the number of SME occupants and GFA completed. By playing up its competitive advantages in location, facilities and scale, the Group is poised to strengthen its core market position in trading in Central China. As a result, CSC Zhengzhou has become a large commercial hub for automobile & parts, machinery & hardware, building materials, small commodities and non-staple food industries, etc. in the area.

China South City Nanning ("CSC Nanning") is strategically located in the economic and political center of the Association of Southeast Asian Nations ("ASEAN") and has demonstrated an increasing importance in terms of cross-border trading between China and ASEAN countries. During the Year, the China-ASEAN Expo and Light Industrial Exhibition took place in CSC Nanning for the sixth consecutive year and attracted numerous visitors. Furthermore, a number of local government organizations have moved into CSC Nanning successively, reflecting its importance in the local economic and political life.

Other projects also progressed smoothly and took on their differentiated form of development during the Year. China South City Xi'an ("CSC Xi'an") and China South City Harbin ("CSC Harbin") aimed to further expand their reach to cover Western and Northern China respectively. In addition, China South City Nanchang ("CSC Nanchang") has received enormous support from the local government and has strived to become an important platform echoing the provincial initiative of "Go Global".

Steady Revenue Stream from Recurring Income

As the leading operator of large-scale integrated logistics and trade centers in China, the Group leverages its physical assets as a platform to offer comprehensive value-added services to its occupants, thereby generating multiple streams of recurring income. In the face of the slowdown in China's economy and challenging market conditions, the steady growth of recurring businesses provided the Group with a solid platform for its long-term and sustainable development.

Outlet Operations

Facing increasing costs and mounting competition from internet retailing, store-based retailing business remained challenging with weak same-store sales and excessive inventory. At the same time, online retail development has been limited by the lack of buyer experiences and product quality issues. In such a context, the outlet business – which is able to bring discounted branded products to customers with quality shopping experience and after-sale services – has gained increasing popularity in the retail sector and registered rapid growth in recent years. Shenzhen Huasheng Commercial Development Company Limited, the Group's wholly-owned subsidiary, captures the chance to offer customers with both online and offline shopping experience and post excellent results during the Year.

The Group has operated its first outlet mall in Shenzhen since 2011 and maintained a steady growth with increases in both operating GFA and number of brand names. Building on the successful outlet operation in CSC Shenzhen, the Group implemented trial runs at its projects in Nanning, Nanchang, Xi'an and Harbin, with encouraging results. The brand awareness of China South City outlet business will be further strengthened as the projects become more mature. As at 31 March 2016, over 350 renowned domestic and international brands were drawn to these outlets, occupying an operating GFA of approximately 181,700 sq. m.. During the Year, the outlet operations achieved a gross mall sales turnover of approximately RMB771.7 million and generated a recurring income of HK$136.9 million which was mostly contributed by the outlet mall in CSC Shenzhen. Other than revenue contribution, the outlet mall's successful operation has boosted the brand recognition, increased visitors traffic and generated operating cash flow for the Group.

The outlet mall in CSC Xi'an, which commenced operations last year became the second-largest contributor among the Group's outlet malls in terms of operating GFA and the number of brands. According to the Xi'an Metro Planning, the subway Line 3, which is expected to commence trial operations by the end of 2016, will pass through the project. Upon its completion, this subway line will further enhance the value of the project with a positive stimulus to visitor flow. The outlet malls in CSC Zhengzhou and China South City Hefei ("CSC Hefei") are slated to come on stream in the coming years and are set to generate more recurring income and operating cashflow for the Group.

E-commerce Development

By integrating internet technology with traditional industries, the "Internet Plus" strategy sets out to fuel China's economic growth. During the Year, the Group continued to reinforce this strategy and upgrade its fourth-generation integrated logistics and trading platform, thereby increasing SMEs' operating efficiency and competitiveness. Through the closer partnership with Tencent, a strategic shareholder, the Group is able to take advantages of Tencent's technical support and wealth of resources to support SMEs in their E-commerce development.

During the Year, the Group continued to strengthen the development of its integrated online-to-offline ("O2O") platform. In particular, with a view to enhancing its support for SMEs, the Group upgraded its E-commerce platform – CSC86.com by enriching its online trading and payment services functions. The trial online membership program the Group launched has also been well received by customers.

Logistics & Warehousing Services

As a result of its sustained effort over the years, the Group has developed a logistics and warehousing network covering key domestic logistics nodes. Aided by the unparalleled scale of its projects, the Group aims to develop its projects into the regional logistics and distribution hubs, thereby considerably reducing the logistics and warehousing costs of SMEs. The revenue from this segment recorded HK$143.4 million (FY2014/15: HK$95.8 million), up by 49.7% year-on-year.

The Group has made significant efforts in the development of its logistics and warehousing business. With the increasing maturity of the nationwide network of China South City projects, the demand for the Group's Logistics Information Exchange Platform ("LIEP") services from SMEs and Heavy Goods Vehicles ("HGVs") drivers gradually increased. LIEP helps cargo owners match their freight plans more effectively and cut logistics costs by utilizing empty truckloads of HGVs on their return journeys.

Property Management

At present, there are many residential property managers in the market but considerably fewer wholesale market property managers. Taking advantage of economies of scale and the advanced facilities of China South City's fourth-generation integrated logistics and trading platform, the Group has affirmed its leading position in the property management of wholesale markets. In view of this, the Group aims to become the industrial standard setter by further improving the overall service quality in the market, strengthening its internal management capabilities and solidifying its competitive advantages. During the Year, recurring income from property management increased by 85.8% year-on-year to HK$247.7 million.

HOBA Furnishing

The Group engages in furnishing market operations through Shenzhen HOBA Home Furnishing Chain Store Co., Ltd. ("HOBA Furnishing"), a subsidiary in which the Group holds a 75% stake. During the Year, HOBA Furnishing operated 10 stores (including the new stores established in CSC Shenzhen and CSC Nanning respectively) in China, contributing stable recurring income and operating cashflow to the Group. During the Year, the trial operation of HOBA Furnishing's new stores in CSC Shenzhen and CSC Nanning performed smoothly.

Trade Fairs

Leveraging its large-scale trade platforms located in major provincial capitals and a municipality in China, together with its extensive experience in co-organizing trade fairs with local governments, the Group arranged a number of trade exhibitions and conventions at its projects. These events received an overwhelming response from many international and local exhibitors, which not only boosted visitor and business traffic to these projects, but also created more business opportunities for its trade centers and further increased market recognition of the China South City brand.

Events at a Glance

Ethnic and Cultural Festival cum Trade Fairs

The Ethnic and Cultural Festival cum Trade Fairs was held in CSC Nanning in April 2015. The 16-day event attracted a large number of participants to the project. Meanwhile, the 8th (Guangxi) Nanning Spring Tea Festival and the 1st International Automobile Exhibition were also held in CSC Nanning. These activities significantly boosted the sales of tenants selling tea and teaware, as well as those automobile exhibitors, and created business opportunities for other tenants in CSC Nanning.

ITFCEWC cum the Silk Road International Expo

The 19th Investment & Trade Forum for Cooperation between East & West China ("ITFCEWC") cum the Silk Road International Expo were held in Xi'an in May 2015. During the event, a thematic program known as the "Silk Road Commodity Trade Fair" was undertaken by CSC Xi'an to exhibit numerous commodities produced by the countries along the Silk Road. Leveraging its convention and exhibition facilities and easily accessible logistic network, CSC Xi'an draws visitors to the project and raises its brand awareness on the one hand, while contributing efforts to integrate the resources of the countries along the Silk Road and promote their full cooperation on the other hand, driving trade and logistics development in Xi'an.

China (Harbin) International Lifestyle, Cultural and Tourism Expo

The 2015 China (Harbin) International Lifestyle, Cultural and Tourism Expo kicked off in CSC Harbin in June 2015. Hosted by the Harbin Municipal People's Government and co-hosted by the Council for Promotion of Trade in Heilongjiang province, it was organized by the Council for Promotion of Trade in Harbin, the People's Government of the Daowai District in Harbin and CSC Harbin, respectively. The four-day event not only brought visitors and business opportunities to CSC Harbin, but also highlighted the growing role of CSC Harbin as a powerful platform to promote international economic and trade cooperation in Northeast Asia, thereby boosting the brand power of China South City in the region.

China-ASEAN Expo and Light Industrial Exhibition

The 12th China-ASEAN Expo and Light Industrial Exhibition, co-organized by the Ministry of Commerce of China, its ASEAN counterparts and the China-ASEAN Expo Secretariat, respectively, and undertaken by the Government of the Guangxi Zhuang Autonomous Region, took place in CSC Nanning in September 2015 for the sixth consecutive year. This has firmly established CSC Nanning as a hub for light industrial products trading between China and the ASEAN countries. The event has also strengthened the trade links and cultural exchanges among the participants, and increased the Group's brand recognition in the region as well as among ASEAN countries.

Hefei Stylish Products Expo and Eastern China Machinery and Hardware Trade Fair

The Hefei Stylish Products Expo and Eastern China Machinery and Hardware Trade Fair was held in CSC Hefei in October 2015. The four-day event was hosted by the Hefei Municipal People's Government, the Bureau of Commerce of Anhui Province and the Anhui Chamber of Commerce, respectively, and undertaken by the People's Government of Feixi County and CSC Hefei. It attracted many visitors comprising professional buyers and distributors in the hardware and spare parts, lighting and security system industries throughout the country. The event gave a strong boost to CSC Hefei's operations and visitor flow, laying a solid foundation for the future development of the project.

Maintaining Sound Cash Flows and Liquidity

During the Year, the Group met different challenges and opportunities while China's economic landscape was undergoing transformation. In such a context, the Group continued to focus on enhancing its cash flows and liquidity and lowering overall financing costs as the key consideration of its financial management.

By seizing opportunities to expand and optimize its funding channels in the domestic capital market, the Group has successfully lowered its funding cost. As at 31 March 2016, the Group recorded a weighted average financing cost of 6.3%, down approximately 50 basis points when compared to 6.8% as at 31 March 2015.

In April 2015, China South International Industrial Materials City (Shenzhen) Company Limited ("China South International"), a wholly-owned subsidiary of the Group, completed the issuance of RMB1.5 billion corporate bonds with a maturity of a maximum of six years and a coupon rate of 7% per annum. In July 2015, China South International completed the issuance of the first tranche of medium-term notes of 2015 ("2015 First Tranche MTN") in the national inter-bank market of the PRC in the total principal amount of RMB2 billion, with a maturity of three years at an interest rate of 7% per annum. In September 2015, China South International completed the issuance of the first tranche of short-term notes of 2015 ("2015 First Tranche STN") in the PRC national inter-bank market in the total principal amount of RMB2.1 billion, with a maturity of 366 days at an interest rate of 4.3% per annum. In January and May 2016, China South International completed the issuance of the first and second tranches of domestic company bonds ("2016 First and Second Tranche DCB") of RMB3 billion and RMB1.4 billion with a term of three years at a coupon rate of 5.98% and 6.85% per annum respectively.

As assessed by Pengyuan Credit Rating Co., Ltd. (鵬元資信評級有限公司), China South International and corporate bonds were given "AA" and "AA+" ratings respectively. As assessed by Dagong Global Credit Rating Co., Ltd. (大公國際資信評估有限公司), the 2015 First Tranche MTN and China South International were given "AA" ratings and the 2015 First Tranche STN was given an "A-1" rating. As assessed by Golden Credit Rating International Co., Ltd. (東方金誠國際信用評估有限公司), China South International was given "AA" rating, and the 2016 First and Second Tranche DCB were both given "AA+" rating.

To lower the Group's financing cost, China South City redeemed its US$125 million 13.5% senior notes due 2017 in April 2016. Moreover, the Group introduced certain amendments to the indenture through solicitation of consents in relation to its US$400 million 8.25% senior notes due 2019. The move will enable the Company to become more adaptive to the fast-changing competition landscape and increase the flexibility of the Company to implement business plans in the future.

During the Year, the Group successfully executed the spinoff of HOBA Furnishing to unlock its value and provide a fund-raising platform for its further expansion. The quotation of shares of HOBA Furnishing commenced on 16 November 2015 on the National Equities Exchange and Quotation System (also known as the "New Third Board").

China South City's leading market position and successful business model were well recognized by the capital market. The Group is designated a constituent of the Hang Seng Composite Mid Cap Index and MSCI China Index.

Further Strengthening of Management Team

The Group owes its success to a forward-thinking management team. As its business is becoming more diversified, the Group is adjusting the allocation of its management resources so as to enhance its operational capabilities and efficiency. In view of this, the Group has strengthened its management team by recruiting Mr. Tsoi Yiu Ting, who has extensive experience in corporate finance and investment banking, as CFO in May 2016. At the same time, Mr. Fung Sing Hong Stephen, the CEO of the Group who has ceased to act as CFO, will be able to dedicate more time on the overall management and operations of the Group. In addition, the Group also recruited several senior managements during the Year. Under the leadership of Mr. Cheng Chung Hing, Mr. Leung Moon Lam and Mr. Fung Sing Hong Stephen, the Executive Directors of the Company, the new members of the management team are set to bring significant operational expertise and skills to assist the Company further deliver the business strategies and create values for shareholders.

Land Bank

With the Group's unique business model of "One Body with Two Wings", the Group intends to retain the commercial properties like logistics and warehousing facilities and offices, as well as not less than 50% of the trade center units for self-use or long-term rental purposes, while the remaining 50% of the trade center units and the residential properties will be disposed progressively to generate cash flow for the development of the Group. During the Year, the Group acquired attributable GFA of approximately 1.73 million sq. m., mainly for the purpose of logistics and warehousing in CSC Nanchang and China South City Chongqing ("CSC Chongqing") at an average cost of approximately RMB300/sq. m.. The enlarged land bank drives the Group's sustainable growth in the future.

Details of the land bank as of 31 March 2016 are as follows:

Project	Completed Properties		Properties under Development	Properties to be Completed by FY2016/17	Properties Planned for Future Development on GFA Acquired	Total Planned GFA	Attributable GFA Acquired (% to Total Planned GFA)	
(sq. m.)	*Sold*	*Unsold*		*Estimated*	*Estimated*	*Estimated*		%
CSC Shenzhen	774,600	1,540,000	242,200	77,200	87,200	2,644,000	2,644,000	100%
CSC Nanchang	784,200	746,700	711,600	271,700	2,422,700	7,297,000	4,665,200	64%
CSC Nanning	334,600	1,053,200	558,500	178,500	533,700	4,880,000	2,480,000	51%
CSC Xi'an	601,800	754,200	456,400	199,400	2,343,600	17,500,000	4,156,000	24%
CSC Harbin	230,300	625,300	1,340,900	977,200	2,551,500	12,000,000	4,748,000	40%
CSC Zhengzhou	1,033,800	1,465,500	1,265,000	243,700	1,405,700	12,000,000	5,170,000	43%
CSC Hefei	811,900	428,200	1,822,400	285,900	2,138,500	12,000,000	5,201,000	43%
CSC Chongqing	206,400	951,700	151,300	151,300	4,295,700	13,500,000	5,605,100	42%
Total	4,777,600	7,564,800	6,548,300	2,384,900	15,778,600	81,821,000	34,669,300	42%

China South City Shenzhen

CSC Shenzhen, the Group's first project, is strategically located at the heart of the Pearl River Delta region amid an extensive transportation network. The project is situated at the Pinghu Logistics Park in Longgang District of Shenzhen, occupying a site area of approximately 1.06 million sq. m. and comprising a total planned GFA of approximately 2.64 million sq. m..

With the local government further advancing the development of Longgang District as an innovation center in the east of Shenzhen, the district's ancillary facilities such as logistics, healthcare and education will continue to improve and bring more convenience to occupants of China South City. In addition, transportation facilities around the project have been improving as well. According to Shenzhen Metro Planning, the subway line 10 which will pass through CSC Shenzhen has commenced construction in 2015 and is expected to be open for traffic by 2020. Upon completion, this subway line will further improve accessibility, generate more business opportunities and uplift visitor traffic for the project's operation. At present, operations of CSC Shenzhen cover industries such as textile & clothing, leather & accessories, electronic parts, printing, paper products & packaging, metals, chemicals and plastics materials, outlets and home furnishing, etc.

As at 31 March 2016, trade centers and ancillary facilities at phase I, phase II and part of phase III with a total GFA of approximately 2.31 million sq. m. were in operation. The project is currently in phase III development. During the Year, construction of GFA of approximately 309,700 sq. m. of trade centers was completed. As at 31 March 2016, construction of GFA of approximately 242,200 sq. m. is underway, of which approximately 77,200 sq. m. are expected to be completed in FY2016/17.

In FY2015/16, CSC Shenzhen recorded total Contracted Sales of approximately HK$695.9 million (FY2014/15: HK$652.0 million), including a GFA of 4,900 sq. m. of trade center units (mall style) at an average selling price ("ASP") of HK$24,600/sq. m. (FY2014/15: 5,900 sq.m. at an ASP of HK$24,600/sq. m.), a GFA of 49,400 sq. m. of office units at an ASP of HK$11,600/sq. m. (FY2014/15: 18,600 sq. m. at an ASP of HK$12,000/sq. m.) and a GFA of 200 sq. m. of residential ancillaries at an ASP of HK$10,400/sq. m. (FY2014/15: 26,100 sq. m. at an ASP of HK$10,900/sq. m.).

In FY2015/16, the rental business of CSC Shenzhen basically remained steady. During the Year, HOBA furnishing mall in phase III of CSC Shenzhen was put into trial operation. As at 31 March 2016, the total occupancy rate of the launched rentable GFA of phase I, phase II, phase III trade center and shops were 92%, 81% and 58% respectively (as at 31 March 2015: 95%, 72% and 61% respectively), while their respective rental rates were HK$55/sq. m., HK$36/sq. m. and HK$35/sq. m. (as at 31 March 2015: HK $55/sq. m., HK$40/sq. m. and HK$46/sq. m. respectively).

China South City Nanchang

CSC Nanchang is located at the transportation hub for the Yangtze River Delta and the Pearl River Delta Economic Zone. Situated in Honggutan New District of Nanchang, the capital of Jiangxi Province, the project is readily accessible to suppliers, manufacturers and merchants via major highways, the largest port on the Gan River and a complete freight network which includes a cargo marshal yard, a container terminus and an international airport, coupled with Nanchang West Railway Station – a principal high-speed rail station located just 1.2 km from CSC Nanchang and commenced operation successively since September 2013. As a new business center of Nanchang, Honggutan New District's administrative, commercial and cultural functions are becoming more apparent by the day. In addition, the gradual completion of life-supporting amenities within the new district is driving visitor traffic and generating business opportunities, laying a solid foundation for the development of CSC Nanchang.

CSC Nanchang has a total planned land area of approximately 2.81 million sq. m. and a total planned GFA of approximately 7.30 million sq. m.. The trial operations of CSC Nanchang cover industries such as small commodities, textile & clothing, leather & accessories, healthy & green products and outlets, etc. As the first provincial-level E-commerce Model Base in Jiangxi and University Students' E-commerce Business Incubator in Nanchang, CSC Nanchang has successfully attracted numerous E-commerce enterprises to move in since its establishment in 2014 and co-operated with tertiary institutes. Through a profound integration of its resources in wholesale and E-commerce, it has created a closer co-operation between the E-commerce startups and manufacturing enterprises, thereby helping SMEs within the project to transform and upgrade.

As at 31 March 2016, CSC Nanchang has a total GFA of approximately 1.53 million sq. m. at phase I completed, including approximately 900,600 sq. m. of trade centers, approximately 585,800 sq. m. of residential ancillaries and approximately 44,500 sq. m. of logistics and warehousing facilities. Construction of phase II of CSC Nanchang has commenced. During the Year, construction of a GFA of approximately 34,800 sq. m. of logistics and warehousing facilities was completed. As at 31 March 2016, construction of a GFA of approximately 711,600 sq. m. is underway, of which approximately 271,700 sq. m. are expected to be completed in FY2016/17.

In FY2015/16, CSC Nanchang recorded total Contracted Sales of HK$905.3 million (FY2014/15: HK$1,350.3 million), including a GFA of 700 sq. m. of trade center units (mall style) at an ASP of HK$22,400/sq. m. (FY2014/15: 21,200 sq. m. at an ASP of HK$19,700/sq. m.), a GFA of 6,800 sq.m. of trade center units (detached style) at an ASP of HK$10,400/sq. m. (FY2014/2015: Nil), and a GFA of 101,300 sq. m. of residential ancillaries at an ASP of HK$8,100/sq. m. (FY2014/15: 108,700 sq. m. at an ASP of HK$8,600/sq. m.).

China South City Nanning

CSC Nanning is located at Nanning, the capital of the Guangxi Zhuang Autonomous Region and a critical gateway between China and ASEAN countries. It is easily accessible by railway stations, highways and an international airport. Strategically located in close proximity to Southeast Asia and enjoying the advantage of a tariff waiver on cross-border trade activities within the China-ASEAN Free Trade Area, CSC Nanning endeavors to serve as a key hub for cross-border trade catering to the strong demand from the Northern Bay Region and Southeast Asia.

CSC Nanning has a planned net land area of approximately 1.83 million sq. m. and a total planned GFA of approximately 4.88 million sq. m.. The project is under trial operations and continues to cultivate the market and strengthen marketing efforts during the Year. Through organizing a series of exhibitions – such as the China-ASEAN Expo and Light Industrial Exhibition, International Automobile Exhibition, Food Festival and Spring Tea Festival – the project is attracting increasing market popularity and is enhancing its brand recognition locally. During the Year, residential properties launched by CSC Nanning received an overwhelming response from the market. With government organizations, major banks, hotels and cinema moving in, the ancillary facilities and services of the project have been further enhanced. To assist SMEs in resolving business loan difficulties, CSC Nanning launched, on a trial basis, a micro-credit service for SMEs in the project, providing them financial support for the development of businesses during the Year. The trial operations of CSC Nanning cover industries such as textiles & clothing, small commodities, ASEAN products, home furnishing, tea & teaware and outlets, etc.

CSC Nanning is currently in phase I construction and has a total GFA of approximately 1.39 million sq. m. completed, including approximately 894,600 sq. m. of trade centers, approximately 456,400 sq. m. of residential ancillaries and approximately 36,800 sq. m. of logistics and warehousing facilities. During the Year, construction of a GFA of approximately 567,200 sq. m. of trade centers was completed. As at 31 March 2016, construction of a GFA of approximately 558,500 sq. m. is underway, of which approximately 178,500 sq. m. are expected to be completed in FY2016/17.

In FY2015/16, CSC Nanning recorded total Contracted Sales of HK$642.8 million (FY2014/15: HK$902.2 million), including a GFA of 2,100 sq. m. of trade center units (mall style) at an ASP of HK$28,200/sq. m. (FY2014/15: 10,300 sq. m. at an ASP of HK$22,300/sq. m.), a GFA of 87,100 sq. m. of residential ancillaries at an ASP of HK$6,700/sq. m. (FY2014/15: 89,200 sq. m. at an ASP of HK$7,500/sq. m.), and a GFA of 400 sq. m. of office units at an ASP of HK$9,100/sq. m. (FY2014/2015: Nil).

China South City Xi'an

CSC Xi'an is located at the Xi'an International Trade and Logistics Park in Shaanxi Province. Built as a key project by the local government, the park is an open economic pilot zone and a core function area for modern service industry. Its aim is to become the largest international transit hub port and logistics distribution center along the Silk Road Economic Belt and to act as an important strategic platform for the "One Belt, One Road" initiative. The project is highly accessible and enjoys geographical advantages via the Xi'an City Expressway and Beijing – Kunming Expressway, Lianyungang-Khorgos Expressway, Shanghai-Shaanxi Expressway, Baotou-Maoming Expressway and other national highways, forming an intricate spider network which opens to all directions.

Leveraging the strategic location of Xi'an International Trade and Logistics Park, CSC Xi'an enjoys access to an extensive transportation network connected to a railway container terminal and the largest bonded area in the northwestern region of China, along with two planned subway lines that cross the project site. According to Xi'an Metro Planning, the subway line 3, which is expected to commence operations by the end of 2016, will pass through CSC Xi'an. Upon completion, this subway line will generate more business opportunities and visitor traffic for the International Trade and Logistics Park and further enhance the value of CSC Xi'an.

The trial operations of CSC Xi'an cover industries such as machinery & hardware, textile & clothing, leather & fur, outlets and Central China & ASEAN product exhibition center, etc. Leveraging its geographical advantage in the starting point of the Silk Road Economic Belt, CSC Xi'an is actively poised to capture the immense opportunities arising from the "One Belt, One Road" initiative.

CSC Xi'an has a total planned land area of approximately 10.0 million sq. m. and a total planned GFA of approximately 17.5 million sq. m.. The project is under phase I construction and has a total GFA of approximately 1.36 million sq. m. completed, including approximately 1.28 million sq. m. of trade centers, approximately 55,800 sq. m. of logistics and warehousing facilities and approximately 23,300 sq. m. of ancillary facilities. During the Year, construction of a GFA of approximately 165,600 sq. m. of trade centers was completed. As at 31 March 2016, construction of a GFA of approximately 456,400 sq. m. is underway, of which approximately 199,400 sq. m. are expected to be completed in FY2016/17.

In FY2015/16, CSC Xi'an recorded total Contracted Sales of HK$380.0 million (FY2014/15: HK$1,019.1 million), including a GFA of 5,000 sq. m. of trade center units (mall style) at an ASP of HK$13,200/sq. m. (FY2014/15: 13,200 sq. m. at an ASP of HK$12,600/sq. m.) and a GFA of 50,200 sq. m. of trade center units (detached style) at an ASP of HK$6,300/sq. m. (FY2014/15: 99,400 sq. m. at an ASP of HK$8,600/sq. m.).

China South City Harbin

Located at the Daowai District of Harbin, the capital of Heilongjiang Province, CSC Harbin fully taps its advantageous location in Northeast China, a premier hub for cross-border trade with countries in Northeast Asia. Its proximity to the China-Russia border helps to facilitate economic activities within the region. Tapping the opportunities arising from the area's development potential, CSC Harbin endeavors to become the largest integrated logistics and trade center in Northeast China. The project has a planned land area of approximately 10.0 million sq. m. and a total planned GFA of approximately 12.0 million sq. m..

Leveraging its own geographical location and local industries advantages, CSC Harbin actively promoted the development of regional economy and trade. During the Year, with the support of the local government, CSC Harbin signed agreements with Russia Khabarovsk City Food Market and other merchants, actively building the core hub for Northeast Asia green food exhibition and trade. In addition, CSC Harbin actively promoted the development of two major Sino-Russian trading projects, namely Sino-Russia Trading Building and Petersburg Hotel. For ancillary facilities, phase I of Qianlong Logistics Park was completed and commenced operation during the Year, further catering the logistics and warehousing demand from China South City and its surrounding businesses. Currently, the planned operations of CSC Harbin cover industries such as hardware & construction materials, green food, small commodities, hotel commodities, leather & fur and outlets, etc.

CSC Harbin is currently under phase I construction and has a total GFA of approximately 855,600 sq. m. completed, including approximately 773,100 sq. m. of trade centers, approximately 59,200 sq. m. of logistics and warehousing facilities and approximately 23,300 sq. m. of ancillary facilities. During the Year, construction of a GFA of approximately 54,400 sq. m. of logistics and warehousing facilities was completed. As at 31 March 2016, construction of a GFA of approximately 1.34 million sq. m. is underway, of which approximately 977,200 sq. m. are expected to be completed in FY2016/17.

In FY2015/16, CSC Harbin recorded total Contracted Sales of HK$365.7 million (FY2014/15: HK$984.9 million), including a GFA of 500 sq. m. of trade center units (mall style) at an ASP of HK$15,600/sq. m. (FY2014/15: Nil), a GFA of 14,100 sq. m. of trade center units (detached style) at an ASP of HK$9,500/sq. m. (FY2014/15: 104,700 sq. m. at an ASP of HK$8,400/sq. m.) and a GFA of 48,800 sq. m. of residential ancillaries at an ASP of HK$4,600/sq. m. (FY2014/15: 18,100 sq. m. at an ASP of HK$5,900/sq. m.).

China South City Zhengzhou

CSC Zhengzhou is located at the Airport Economy Zone ("AEZ") of Zhengzhou, the capital of Henan Province. This experimental zone is the only state-level AEZ with a complete network which includes airport, high-speed train, intercity train, metro and highway and acts as an integrated transport hub providing seamless connectivity of "railway, highway and airport". The project is highly accessible and enjoys extensive transportation links – it is a mere 16 km away from Zhengzhou Xinzheng International Airport and only a couple of kilometers away from the Beijing-Guangzhou Railway Freight Station and the Beijing-Hong Kong-Macao Highway. According to Zhengzhou Metro Planning, the south extension of subway line 2, which commenced construction in 2014 and is expected to start trial operation in 2016, will pass through CSC Zhengzhou. Upon completion, this subway line will generate more business opportunities and visitor traffic for the project.

CSC Zhengzhou has a total planned net land area of approximately 7.0 million sq. m. and a total planned GFA of approximately 12.0 million sq. m.. The project has received overwhelming support from the local government since its establishment. With more occupants moving in, the Group's online membership program, its E-commerce project in trial operation, also gained increasing popularity among SMEs. In response to SMEs' operational demand, the Group continued to reinforce the construction of logistics and warehousing facilities. Of which, its LIEP, which helps cargo owners match their freight plans more effectively by utilizing otherwise empty truckloads of HGVs on their return journeys, will be put into trial operation in the second half of FY2016/17. In addition, outlet mall in CSC Zhengzhou will also commence operation in the second half of FY2016/17 and is expected to enrich the business diversity of the project by then. The trial operations of CSC Zhengzhou cover industries such as building materials, small commodities, machinery & hardware, automobile & parts, and non-staple food, etc.

CSC Zhengzhou is currently under phase I development and has a total GFA of approximately 2.50 million sq. m. completed, including approximately 2.30 million sq. m. of trade centers, approximately 183,900 sq. m. of logistics and warehousing facilities and approximately 19,000 sq. m. of ancillary facilities. During the Year, construction of a GFA of approximately 586,900 sq. m. of trade centers was completed. As at 31 March 2016, construction of a GFA of approximately 1.27 million sq. m. is underway, of which approximately 243,700 sq. m. are expected to be completed in FY2016/17.

In FY2015/16, CSC Zhengzhou recorded total Contracted Sales of HK$2,171.8 million (FY2014/15: HK$4,157.6 million), including a GFA of 121,900 sq. m. of trade center units (mall style) at an ASP of HK$12,500/sq. m. (FY2014/15: 147,000 sq. m. at an ASP of HK$12,700/sq. m.) and a GFA of 77,500 sq. m. of trade center units (detached style) at an ASP of HK$8,300/sq. m. (FY2014/15: 269,200 sq. m. at an ASP of HK$8,500/sq. m.).

China South City Hefei

CSC Hefei is located at Hefei, the capital of Anhui Province, a transport and economic hub at the heart of Eastern China. CSC Hefei benefits from its strategic location in the Hefei Taohua Industrial Park, its well-developed infrastructure, as well as a planned transportation system which includes railways, highways and river transportation across China. CSC Hefei has a total planned net land area of approximately 10.0 million sq. m. and a total planned GFA of approximately 12.0 million sq. m..

During the Year, CSC Hefei has further promoted the construction of ancillary facilities in response to rising market. The residential properties of CSC Hefei were well-received by the market and construction of logistics and warehousing facilities, outlets and HOBA Furnishing mall also progressed smoothly. Currently, the planned operations of CSC Hefei cover industries such as automobile & parts, hardware, electric appliances, building & decoration materials, clothing, small commodities, non-staple food and tea, etc.

CSC Hefei is currently under phase I construction and has a total GFA of approximately 1.24 million sq. m. completed, including approximately 1.01 million sq. m. of trade centers, approximately 208,500 sq. m. of residential ancillaries and approximately 20,800 sq. m. of ancillary facilities. During the Year, construction of a GFA of approximately 208,500 sq. m. of residential ancillaries was completed. As at 31 March 2016, construction of a GFA of approximately 1.82 million sq. m. is underway, of which approximately 285,900 sq. m. are expected to be completed in FY2016/17.

In FY2015/16, CSC Hefei recorded total Contracted Sales of HK$819.6 million (FY2014/15: HK$1,288.3 million), including a GFA of 15,600 sq. m. of trade center units (detached style) at an ASP of HK$8,100/sq. m. (FY2014/15: 93,100 sq. m. at an ASP of HK$7,800/sq. m.) and a GFA of 115,300 sq. m. of residential ancillaries at an ASP of HK$6,000/sq. m. (FY2014/15: 98,000 sq. m. at an ASP of HK$5,700/sq. m.).

China South City Chongqing

CSC Chongqing is strategically located at the Banan District of Chongqing Municipality, the first municipality where the Group has entered into. The project is highly accessible to the city center and other regions given its strategic location in the Chongqing Highway Logistics Base, the state-level transportation infrastructure and large highway base in the western region.

CSC Chongqing is currently under construction. The transportation network around the project has been developed rapidly, coupled with the growing maturity of business circles in Banan District, laying a good foundation for the future transportation convenience and commercial environment of the project. The planned operations of CSC Chongqing cover industries such as small commodities, hardware & machinery, non-staple food & tea, building & decoration materials, textiles & clothing and automobile & parts, etc.

CSC Chongqing has a total planned net land area of approximately 6.3 million sq. m. and a total planned GFA of approximately 13.5 million sq. m.. CSC Chongqing is under phase I development with a total GFA of approximately 1.16 million sq. m. completed, including approximately 1.14 million sq. m. of trade centers and approximately 15,800 sq. m. of ancillary facilities. During the Year, construction of a GFA of approximately 750,300 sq. m. of trade centers was completed. As at 31 March 2016, construction of a GFA of approximately 151,300 sq. m. is underway and is expected to be completed in FY2016/17.

In FY2015/16, CSC Chongqing recorded total Contracted Sales of HK$647.0 million (FY2014/15: 966.7 million), including a GFA of 82,700 sq. m. of trade center units (detached style) at an ASP of HK$7,800/sq. m. (FY2014/15: 131,100 sq. m. at an ASP of HK$7,400/sq. m.).

FINANCIAL REVIEW

For FY2015/16, the revenue of the Group decreased 37.1% to HK$6,136.3 million (FY2014/15: HK$9,757.8 million), and net profit attributable to owners of the parent for the Year decreased 5.1% to HK$3,537.0 million (FY2014/15: HK$3,727.9 million). Excluding the effects of fair value gains on investment properties and related tax effects and fair value gain on derivative financial instrument, core net profit attributable to owners of the parent for the Year as adjusted decreased by 35.0% to HK$1,205.8 million (FY2014/15: HK$1,854.3 million). Basic earnings per share decreased to HK44.22 cents (FY2014/15: HK48.73 cents).

Revenue

Revenue decreased by 37.1% to HK$6,136.3 million (FY2014/15: HK$9,757.8 million). The decrease was mainly attributable to slow down in general economy and decrease in Contracted Sales and delivery of completed properties during the Year.

	FY2015/16	FY2014/15	Change
	HK$'000	*HK$'000*	%
Sales of properties and finance lease income	**4,715,703**	8,654,171	-45.5%
Sales of trade center units	***2,998,814***	*6,836,963*	*-56.1%*
Sales of residential properties	***1,165,321***	*1,353,830*	*-13.9%*
Finance lease income	***551,568***	*463,378*	*19.0%*
Recurring income	**1,420,559**	1,103,596	28.7%
Rental income	***681,314***	*573,895*	*18.7%*
Property management service income	***247,721***	*133,321*	*85.8%*
E-commerce income	***202,184***	*201,806*	*0.2%*
Other revenue	***289,340***	*194,574*	*48.7%*
	6,136,262	9,757,767	-37.1%

Sales of Properties and Finance Lease Income

Revenue from sales of properties decreased by 49.2% to HK$4,164.1 million (FY2014/15: HK$8,190.8 million). The decrease was mainly due to slow down in general economy and decrease in Contracted Sales and delivery of completed properties during the Year. Sales of properties for each project are as follows:

	Average selling price (before deduction of business tax) *(HK$/sq. m.)*		GFA sold *(sq. m.)*		Sales revenue (before deduction of business tax) *(HK$ million)*		Sales revenue (net of business tax) *(HK$ million)*	
	FY2015/16	FY2014/15	**FY2015/16**	FY2014/15	**FY2015/16**	FY2014/15	**FY2015/16**	FY2014/15
CSC Shenzhen	**24,600**	24,400	**4,900**	5,900	**120.6**	143.6	**113.8**	135.5
CSC Nanchang								
– Trade center units	**21,600**	17,300	**100**	63,400	**3.1**	1,094.4	**2.9**	1,034.5
– Residential properties	**8,000**	8,200	**26,500**	104,600	**209.3**	852.3	**197.4**	805.7
CSC Nanning								
– Trade center units	**24,300**	21,000	**1,800**	8,600	**36.6**	180.0	**34.5**	169.6
– Residential properties	**6,800**	7,400	**57,200**	78,500	**386.8**	581.7	**364.8**	548.1
CSC Xi'an	**6,400**	8,600	**94,600**	43,200	**602.0**	371.8	**568.3**	351.0
CSC Harbin	**10,600**	7,700	**4,900**	225,400	**52.2**	1,745.0	**49.3**	1,648.4
CSC Zhengzhou	**9,400**	7,700	**131,400**	368,000	**1,236.2**	2,824.9	**1,168.3**	2,669.9
CSC Hefei								
– Trade center units	**6,500**	9,300	**7,600**	53,100	**50.0**	496.0	**47.2**	468.8
– Residential properties	**5,600**	–	**113,300**	–	**638.2**	–	**603.1**	–
CSC Chongqing	**6,800**	7,700	**157,100**	49,200	**1,074.7**	380.6	**1,014.5**	359.3
Total	**N/A**	N/A	**599,400**	999,900	**4,409.7**	8,670.3	**4,164.1**	8,190.8

Finance lease income, derived from the leasing of office towers and residential properties, increased by approximately 19.0% to HK$551.6 million (FY2014/15: HK$463.4 million). The increase was primarily attributable to the increase in sale of office of Plaza 5 and Logistics Park at CSC Shenzhen during the Year.

During the Year, the Group entered into finance lease arrangements with tenants for approximately 49,400 sq. m. (FY2014/15: 43,500 sq. m.) at an average price of HK$11,800/ sq. m. (FY2014/15: HK$11,300/sq. m.).

Rental Income

Rental income increased by 18.7% to HK$681.3 million (FY2014/15: HK$573.9 million). The increase was mainly attributable to the continuous increase in rental income of trade center units of CSC Shenzhen, the contribution from HOBA Furnishing and trial operation of projects other than CSC Shenzhen during the Year.

Occupancy at CSC Shenzhen has been driven by the demand for large-scale integrated logistics and trade center facilities and the growing popularity of China South City. In FY2015/16, the rental business of CSC Shenzhen basically remained steady and a new HOBA Furnishing mall in phase III of CSC Shenzhen was put into trial operation during the Year. The newly opened mall increased the launched rentable GFA and bring along new rental income source, though it dragged down both occupancy rate and rent rate of phase III trade center in its initial stage of trial operation. As at 31 March 2016, the total occupancy rate of the launched rentable GFA of phase I, phase II, phase III trade center and shops were 92%, 81% and 58% respectively (as at 31 March 2015: 95%, 72% and 61% respectively), while their respective rental rates were HK$55/sq. m., HK$36/sq. m. and HK$35/sq. m. (as at 31 March 2015: HK $55/sq. m., HK$40/sq. m. and HK$46/sq. m. respectively).

Property Management Service Income

Income from property management services rose by 85.8% to HK$247.7 million (FY2014/15: HK$133.3 million). The increase in income was mainly attributable to, on top of the increasing operating areas of CSC Shenzhen, along with the trial operations in CSC Nanning, CSC Nanchang, CSC Harbin and CSC Zhengzhou, the increasing operating areas of these projects bring along the increase in property management service income during the Year.

E-commerce Income

E-commerce income, derived from the E-commerce services provided to the Group's customers, remain flat during the Year and amount to HK$202.2 million (FY2014/15: HK$201.8 million). The trial online membership programme of the Group launched in CSC Zhengzhou in prior years was now gradually extended to other China South City projects. By joining the programme, the occupants will enjoy a full range of E-commerce service offered by the Group's E-commerce platform – CSC86.com.

Other Revenue

Other revenue rose by 48.7% to HK$289.3 million (FY2014/15: HK$194.6 million). The increase was mainly attributable to the continuous growth of the outlet operations and logistics and warehousing services, with revenue from outlet operations increased 48.1% to HK$136.9 million (FY2014/15: HK$92.5 million) while that of logistics and warehousing services increased 49.7% to HK$143.4 million (FY2014/15: HK$95.8 million) respectively during the Year.

Increase in income from outlet operations was mainly due to the growth of outlet center business and the increase in operating areas in both the established outlet malls as well as the newly established outlet malls during the Year. The increase in income from the logistics and warehousing services was mainly due to the increase in operating areas of warehousing during the Year.

Cost of Sales

The Group's cost of sales mainly includes construction costs of properties sold, construction costs of properties held for finance lease and rental expenses. During the Year, cost of sales decreased by 30.7% to HK$3,177.2 million (FY2014/15: HK$4,582.2 million). The decrease in cost of sales was in line with the decrease of GFA of properties sold during the Year.

Gross Profit

Gross profit decreased by 42.8% to HK$2,959.1 million (FY2014/15: HK$5,175.6 million). Gross profit margin decreased to 48% (FY2014/15: 53%) which was mainly due to the change in product mix of sales with a higher portion of residential properties which had a relatively lower profit margin, and offseted the effect of increased recurring income and the receipt of government development grants in certain projects.

Other Income and Gains/(Losses)

Other income and gains/(losses) increased by 219.1% to HK$1,066.2 million (FY2014/15: HK$334.1 million). Such increase was mainly attributable to the government grants of HK$1,001.1 million (FY2014/15: HK$56.5 million) whereas for FY2014/15, besides government grants, the other income and gain/(loss) included the fair value gain of the option granted to Tencent to subscribe for the shares of the Company, which was treated as a derivative financial instrument and amounted to HK$151.9 million.

Fair Value Gains on Investment Properties

The fair value gains on investment properties increased by 34.8% to HK$3,232.7 million (FY2014/15: HK$2,398.5 million). The increase was mainly contributed by the addition of new investment properties at the existing projects.

Selling and Distribution Expenses

Selling and distribution expenses increased by 19.8% to HK$864.7 million (FY2014/15: HK$722.0 million). The increase was mainly attributable to the implementation of various measures in marketing activities to promote the sales of properties and the business of the outlet and HOBA Furnishing. In addition, the change of the incentive package of sales and marketing team also led to the increase in selling and distribution expenses during the Year.

Administrative Expenses

Administrative expenses increased by 8.6% to HK$1,177.2 million (FY2014/15: HK$1,083.6 million). The increase was primarily due to more operating activities as a result of trial operations in various projects and share options expenses of HK$29.3 million (FY2014/15: HK$90.7 million). During the Year, the Group granted 79,990,000 share options to a director (FY2014/15: 103,300,000 share options were granted to certain directors and employees).

Finance Costs

Finance costs slightly dropped 3.7% to HK$159.4 million (FY2014/15: HK$165.6 million). The drop was mainly attributable to the decrease in bank and other borrowings for general business purposes, the interest expenses of which would be recorded through profit or loss. As at the end of March 2016, the Group's weighted average financing cost was approximately 6.3%, as compared with approximately 6.8% at the end of March 2015.

Tax

Tax expenses decreased by 36.1% to HK$1,370.5 million (FY2014/15: HK$2,144.7 million). The decrease in tax expenses was in line with the decrease of revenue during the Year.

Prepayments, Deposits and Other Receivables

Prepayments, deposits and other receivables increased by 19.5% to HK$781.3 million (31 March 2015: HK$653.8 million), mainly due to the net effect of (i) increase in deposits paid for construction of new projects and (ii) decrease in prepayment of business taxes of pre-sold properties in certain China South City projects.

Trade and Other Payables

Trade and other payables decreased by 2.0% to HK$13,269.7 million (31 March 2015: HK$13,534.7 million). The decrease was mainly due to the net effect of (i) settlement of construction fees and retention payables and (ii) the increase in other payables and accruals and deposits and receipt in advance during the Year. As at 31 March 2016, the balance of construction fees and retention payable and deposits received and receipts in advance were HK$6,367.2 million and HK$4,184.8 million respectively.

Liquidity and Financial Resources

The Group finances its development and operations primarily through internally generated funds, bank and other borrowings, senior notes, short-term notes, medium-term notes, corporate bonds and domestic company bonds financing.

Cash and Cash Equivalents and Restricted Cash

As at 31 March 2016, the Group had HK$11,686.7 million in cash and cash equivalents and restricted cash (31 March 2015: HK$8,672.7 million), among which non-restricted cash and cash equivalents amounted to approximately HK$9,327.8 million (31 March 2015: HK$7,253.5 million). The Group's cash and cash equivalents and restricted cash were primarily denominated in Renminbi, HK dollars and US dollars.

Borrowing and Charges on the Group's Assets

As at 31 March 2016, the total interest bearing debt of the Group was approximately HK$33,808.6 million (31 March 2015: HK$25,003.3 million) which included interest-bearing bank and other borrowings, senior notes, short-term notes, medium-term notes, corporate bonds and domestic company bonds.

Interest-bearing bank and other borrowings

The Group had aggregated interest-bearing bank and other borrowings of approximately HK$16,622.7 million as at 31 March 2016 (31 March 2015: HK$15,465.3 million), of which HK$7,656.9 million will be repayable within one year or on demand, approximately HK$4,368.4 million will be repayable in the second year, approximately HK$4,291.4 million will be repayable in the third to fifth years and approximately HK$306.0 million will be repayable after five years. As at 31 March 2016, approximately HK$13,654.2 million of the Group's interest-bearing bank and other borrowings were secured by certain buildings, investment properties, properties under development, properties held for sales and bank deposit, the total carrying value of which was approximately HK$26,376.0 million.

Except for the bank loan with balance of HK$300 million denominated in HK dollars and bears interest at floating rates of HIBOR+2.65% (31 March 2015: HIBOR+2.65% to HIBOR+2.75%), the other interest-bearing bank and other borrowings of the Group were denominated in Renminbi with interest rates range from 3.3% to 7.5% (31 March 2015: 5.5% to 8.0%) per annum. Furthermore, as at 31 March 2016, the Group had unused banking facilities of approximately HK$5,956.3 million. The Group will deploy these banking facilities as appropriate, depending on project development needs and working capital status.

Issuance of Notes

Senior Notes

In October 2012, the Company issued senior notes due in October 2017 with a nominal value of US$125 million (equivalent to approximately HK$975 million) at a coupon rate of 13.5% per annum for the purpose of funding its properties under development and properties planned for future development, and refinancing a portion of its existing debt and for general corporate purposes. In January 2014, the Company issued senior notes due in January 2019 with a nominal value of US$400 million (equivalents approximately HK$3,120 million) at a coupon rate of 8.25% per annum for the purpose of redeeming all of the outstanding senior notes due in January 2016, with which the coupon rate was 13.5% per annum, and for general corporate purposes. In April 2016, the Company has fully redeemed the senior notes due in October 2017 with a nominal value of US$125 million. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of shares of certain subsidiaries.

Medium-Term Notes

In April 2014, China South International obtained the relevant approval for issuing medium-term notes in the national inter-bank market in the PRC with a maximum principal amount of RMB4 billion. In May 2014, China South International issued the first tranche of the medium-term notes of 2014 ("2014 First Tranche MTN") with a total principal amount of RMB1 billion with a maturity period of 5 years and at an interest rate of 7.5% per annum. The proceeds thereof were to be used for repaying part of the short-term bank loans of the Group. In September 2014, China South International issued the second tranche of the medium-term notes of 2014 ("2014 Second Tranche MTN") with a total principal amount of RMB1 billion with a maturity period of 5 years and at an interest rate of 8.4% per annum. The proceeds thereof were to be used for repaying part of bank loans of the Group. In July 2015, China South International issued the 2015 First Tranche MTN with a total principal amount of

RMB2 billion with a maturity period of 3 years and at an interest rate of 7.0% per annum. The proceeds thereof were to be used for replacement of bank loans of the Group and the development of CSC Nanning project.

Short-Term Notes

In September 2014, China South International obtained the relevant approval for issuing the short-term notes in a maximum principal amount of RMB4.3 billion in the PRC. In October 2014, China South International issued the first tranche of the PRC short-term notes of 2014 in the national interbank market in the PRC ("2014 First Tranche STN") with a total principal amount of RMB2.2 billion with a maturity period of 1 year and at an interest rate of 5.4% per annum. The proceeds thereof were to be used for repaying part of the bank loans of the Group. The 2014 First Tranche STN have been repaid in October 2015. In September 2015, China South International issued the 2015 First Tranche STN with a total principal amount of RMB2.1 billion with a maturity period of 1 year and at an interest rate of 4.3% per annum. The proceeds thereof were to be used for replacement of bank borrowings of the Group.

Corporate Bonds

In March 2015, China South International obtained the relevant approval for issuing the corporate bonds in a maximum principal amount of RMB1.5 billion in the PRC. In April 2015, China South International issued the corporate bonds with a total principal amount of RMB1.5 billion with a term of up to 6 years in maximum and at an interest rate of 7.0% per annum. The proceeds thereof were to be used for funding the development of CSC Zhengzhou project.

Domestic Company Bonds

In December 2015, China South International obtained the relevant approval for issuing the domestic company bonds in a maximum principal amount of RMB4.4 billion in the PRC. In January 2016, China South International issued the first tranche of domestic company bonds of 2016 ("2016 First Tranche DCB") with the total principal amount of RMB3 billion with a term of 3 years and at an interest rate of 5.98% per annum. The proceeds thereof were to be used for repaying part of bank loans of the Group and for general corporate purposes. In May 2016, China South International issued the second tranche of domestic company bonds of 2016 ("2016 Second Tranche DCB") with the total principal amount of RMB1.4 billion with a term of 3 years and at an interest rate of 6.85% per annum. The proceeds thereof were to be used for repaying part of bank loans of the Group and for general corporate purposes.

As at 31 March 2016, the carrying value of China South International's medium-term notes were HK$5,026.7 million, short-term notes were HK$2,525.5 million, corporate bonds were HK$1,891.2 million and domestic company bonds were HK$3,629.1 million respectively.

Gearing Ratio

The Group's gearing ratio (net debt divided by total equity) was 83.9% as at 31 March 2016 and 65.3% as at 31 March 2015. The total liabilities over total assets ratio was 68.4% as at 31 March 2016 (31 March 2015: 65.8%).

Net Current Assets and Current Ratio

As at 31 March 2016, the Group had net current assets of HK$10,971.0 million (31 March 2015: HK$5,918.3 million) at a current ratio of 1.39 (31 March 2015: 1.21).

Contingent Liabilities

The Group has provided guarantees with respect to banking facilities granted by certain banks in connection with mortgage loans entered into by purchasers of the Group's trade centers and residential properties and bank loans entered into by lessees of the Group's residential and commercial properties. As at 31 March 2016, the guarantees amounted to HK$5,805.4 million (31 March 2015: HK$6,049.3 million). The guarantees granted to purchasers will be released when the purchasers obtain building ownership certificates, which will then be pledged to the banks. For leased residential and commercial properties, the guarantees will be released accordingly along with the repayment of loan principals by the lessees.

Commitments

As at 31 March 2016, the Group had future capital expenditure contracted but not yet provided for in the amount of HK$7,350.5 million (31 March 2015: HK$9,253.9 million).

Acquisitions and Disposals of Subsidiaries and Associated Companies

Except for the update on the acquisition of HOBA Furnishing in July 2015, the Group had no material acquisitions and disposals of subsidiaries and associated companies during the Year.

Foreign Exchange Risk

The Group conducts its business primarily in Renminbi. The income and bank deposits of the Group were substantially denominated in Renminbi to meet the Group's development and operation needs in the PRC. As at 31 March 2016, among the Group's total interest bearing debts of HK$33,808.6 million, approximately HK$4,413.4 million were denominated in US dollars or HK dollars and the rest were in Renminbi. The Group does not have material exposure to foreign exchange risk and no foreign currency hedging was done during the Year. The Group will monitor its foreign currency exposure and consider hedging arrangement if such need arise.

Economic, Commercial and Other Risks

The Group may be exposed to the risk of negative developments in national and regional economies, property and financial markets. It may result in reductions in sales prices of the properties, rent rates and occupancy rates of properties, and demand for ancillary services and facilities it provides. It may also result in recession, inflation, deflation and currency fluctuations as well as restrictions in the availability of credit, increases in financing and other operating costs. The development of the Group's projects may subject to market risks as it usually takes time to complete. Though the Group appoints quality partners for the development of its projects, it may still be subject to associated risk of the quality and safety of the products and services provided by the Group. The Group may also be subject to a number of regulatory environments in the territories in which it operates. Changes in the regulatory approach to such matters as ownership of assets and businesses, regulations related to development and operations, exchange controls, tax rules and employment legislation may impact the business of the Group. Changes in the political environment in such territories may also affect the Group. The management of the Group will keep abreast of the environment and policy changes and make the necessary adjustments in response to such changes, if any. Further steps taken by the Group to manage the financial risk will be set out in note to the financial statements.

Land for Projects and Restriction on Sales

The Group signs project agreements with local governments prior to the development of all projects in order to outline the long term blueprints of relevant projects. These agreements generally set out the size and use of lands and the related development plans. However, the actual acquisition of lands, land area and terms and conditions of such acquisition are subject to the relevant regulations and local governments' requirements, the Group's development plans and the results of the relevant public tender, auction and listing. Since the development of each of these projects may last for more then ten years, the Group and the local government may agree to adjust the details of these agreements to align with the actual needs of project developments.

The progress of the land acquisition and project development depend on the progress of the Group's planning, as well as the procedural formalities as determined by the local government departments. As the procedures and requirements set by different local governments vary, the Group may adjust the development of each project according to relevant conditions. In view of its substantial land bank and flexibility in project planning, the Group believes such circumstances will not have material impact on its development as a whole.

Pursuant to certain project and land related contracts and documents, some of the land acquired by the Group may have sales restrictions on properties built on it. These include the saleable area of CSC Shenzhen is limited to 30% of the total buildable GFA of properties built on these parcels of land. The saleable area of trade centers and logistics facilities built on certain parcels of land acquired by CSC Nanchang and CSC Nanning in 2010 are limited to 60% of the relevant total buildable GFA. The saleable area of trade centers built by CSC Hefei and CSC Chongqing are limited to 50% of their relevant total buildable GFA. The saleable area of phase I and future phases trade centers of CSC Zhengzhou are limited to 60% and 50% respectively of its relevant total buildable GFA. Except for the restrictions mentioned herein, there is no sales restriction on other land acquired by the Group. According to the Group's business model, the Group intends to hold not less than 50% of trade centers and commercial facilities for leasing and self-use, the related sales restrictions will not have significant impact to the Group.

General Mandate Issue

Update on Use of Proceeds

On 15 January 2014, the Company entered into the Investment and Cooperation Agreement (the "Agreement") with THL H Limited ("THL"), a wholly-owned subsidiary of Tencent, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). Pursuant to such Agreement and the general mandate granted to the Directors at the annual general meeting of the Company held on 21 August 2013, THL has subscribed for 680,300,000 shares of the Company at a price of HK$2.20 per share ("Subscription Shares") on 23 January 2014 with a total consideration of approximately HK$1,500 million. In addition, the Company has granted an option to THL to subscribe for a further 244,800,000 shares at the price of HK$3.50 per share (subject to adjustments (if any)) ("Option"). In September 2014, THL noticed the Company to exercise the Option at the option price of HK$3.36 per share at the total consideration of approximately HK$822.5 million (as adjusted by the dividend declared by the Company and the Company issued and allotted such shares to THL accordingly. Details of the Investment and Cooperation Agreement are set out in the announcements dated 15 January 2014, 23 January 2014, 23 September 2014 and 29 September 2014 respectively. The Company intends to use part of the net proceeds in certain areas of intended cooperation with the Tencent Group and the remaining will be used for general corporate purposes.

The net proceeds from the Subscription Shares and the exercise of Option were in an aggregate of approximately HK$2,319.2 million. As at 31 March 2016, the Company has utilized approximately HK$1,848.7 million in E-commerce related business and other general corporate purposes. For the remaining of the net proceeds, the Group plans to use it for business related to E-commerce, logistics and general corporate purposes.

Human Resources

As at 31 March 2016, the Group had a workforce of approximately 6,930 people, including approximately 6,890 people directly employed by the Group and approximately 40 people employed by our associate. The number of the Group's staff decreased by 8.8% from 7,600 people as at 31 March 2015. The Group aims to recruit, retain and develop competent individuals who are committed to the Group's long-term success and growth. Remunerations and other benefits of employees are reviewed annually in response to both market conditions and trends, and are based on qualifications, experience, responsibilities and performance. In addition to basic salaries and other staff benefits, discretionary bonuses and share options may be awarded to employees who display outstanding performance and contributions to the Group. During the Year, the Company granted 79,990,000 share options to a Director.

CODE ON CORPORATE GOVERNANCE PRACTICES

To the best knowledge and belief of the Directors, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") during the Year, save and except for the following deviation:

Code Provision A.6.7

Under Code Provision A.6.7, independent non-executive Directors and other non-executive Directors, as equal Board members, should attend general meetings of the Company. During the Year, one non-executive Director and one independent non-executive Director were unable to attend the last annual general meeting of the Company held on 21 August 2015 as they had other prior business engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 as the guidelines for the Directors' dealing in the securities of the Company. Upon specific enquiries of all the Directors, each of them confirmed that they have complied with the required standards set out in the Model Code for the Year in relation to the securities dealings, if any.

AUDIT COMMITTEE

The Company has established an Audit Committee in September 2009 and has formulated and amended its written terms of reference in accordance with the provisions set out in the CG Code from time to time. The Audit Committee consists of Mr. Li Wai Keung (chairman of Audit Committee), Mr. Leung Kwan Yuen Andrew, Mr. Hui Chiu Chung and Mr. Yung Wing Ki Samuel. All of the Audit Committee members are independent non-executive Directors. The principal duties of the Audit Committee include the review and monitoring of the Group's financial reporting system, risk management and internal control systems and its effectiveness, review of the Group's financial information, review of the relationship with the independent auditor of the Company, determining of the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

The Audit Committee has reviewed the audited financial statements of the Group for the FY2015/16.

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

The Company repurchased a total of 6,000,000 shares of the Company at prices ranging from HK$1.80 to HK$2.00 per share on the Hong Kong Stock Exchange during the Year. Details of the repurchases of such shares were as follows:

Date of the repurchase	Number of shares repurchased	Highest price paid per Share	Lowest price paid per Share	Aggregate consideration paid (excluding expenses)
		HK$	*HK$*	*HK$*
8 July 2015	5,000,000	1.98	1.80	9,602,100
9 July 2015	1,000,000	2.00	2.00	2,000,000
	6,000,000			11,602,100

All 6,000,000 shares repurchased were cancelled during the Year. The Company believes that the repurchase of shares will lead to an enhancement of the net value of the Group, its assets and its earnings per share.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the Year.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 26 August 2016 to 29 August 2016, both days inclusive, during which period no transfer of shares of the Company will be effected. The ex-dividend date will be on 24 August 2016. In order to qualify for the proposed final dividend, all properly completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 25 August 2016. The proposed final dividend, subject to the approval of the shareholders of the Company at the AGM, will be distributed on or about 12 September 2016 to shareholders of the Company whose names appear on the Register of Members on 29 August 2016.

For and on behalf of the Board
China South City Holdings Limited
Cheng Chung Hing
Co-Chairman & Executive Director

Hong Kong, 27 June 2016

As at the date of this announcement, the executive Directors of the Company are Mr. Cheng Chung Hing, Mr. Leung Moon Lam and Mr. Fung Sing Hong Stephen; the non-executive Directors of the Company are Dr. Ma Kai Cheung, SBS, BBS, Mr. Sun Kai Lit Cliff, BBS, JP, Dr. Ma Wai Mo, Mr. Cheng Tai Po and Mr. Lin Ching Hua; and the independent non-executive Directors of the Company are Mr. Leung Kwan Yuen Andrew, GBS, SBS, JP, Mr. Li Wai Keung, Mr. Hui Chiu Chung, JP and Mr. Yung Wing Ki Samuel, SBS, MH, JP.

This announcement contains operating statistics for the Year and forward-looking statements relating to the business outlook, forecast business plans and growth strategies of the Group (collectively "Information Statements"). The Information Statements are unaudited and are made based on the Group's business plans, internal information, certain expectations, assumptions and premises, which may be subjective or beyond our control. They do not constitute warranties of future performance of the Group and subject to factors included but not limited to general industry and economic conditions and changes in government policies. With these, the Information Statements in this announcement should not be regarded as representations by the Board or the Company that they will be achieved, and investors should not place undue reliance on such Information Statements.