

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

## C&D International Investment Group Limited

### 建發國際投資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1908)

## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

### ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

The board (the "Board") of directors (the "Directors") of C&D International Investment Group Limited (the "Company" or "C&D International Group") is pleased to announce the following audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2016 (the "Year") together with the comparative figures for the year ended 31 December 2015.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

|  | Notes | 2016<br>RMB'000 | 2015<br>RMB'000 |
|--|-------|-----------------|-----------------|
| <b>Revenue</b>   | 4     | <b>104,103</b>  | 133,767         |
| Cost of sales  |       | <b>(37,798)</b> | (70,271)        |
| <b>Gross profit</b>  |       | <b>66,305</b>   | 63,496          |
| Other income   | 6     | <b>24,329</b>   | 3,162           |
| Gain on changes in fair value of investment properties                                 | 12    | <b>687</b>      | 2,600           |
| Administrative expenses  |       | <b>(26,954)</b> | (26,551)        |
| Selling expenses   |       | <b>(18,351)</b> | (4,752)         |
| Finance costs  | 7     | <b>(15,534)</b> | (2,485)         |
| Share of loss of associates  | 13    | <b>(2,948)</b>  | —               |
| Share of loss of a joint venture   |       | <b>(51)</b>     | —               |
| <b>Profit before income tax</b>  | 8     | <b>27,483</b>   | 35,470          |
| Income tax expense   | 9     | <b>(11,138)</b> | (20,057)        |
| <b>Profit for the year</b>   |       | <b>16,345</b>   | 15,413          |
| <b>Other comprehensive income</b>  |       |                 |                 |
| <b>Items that may be reclassified subsequently to profit or loss:</b>                  |       |                 |                 |
| Currency translation differences   |       | <b>2,281</b>    | 4,895           |
| <b>Total comprehensive income for the year</b>   |       | <b>18,626</b>   | 20,308          |
| <b>Profit for the year attributable to:</b>  |       |                 |                 |
| Equity holders of the Company  |       | <b>14,639</b>   | 12,668          |
| Non-controlling interests  |       | <b>1,706</b>    | 2,745           |
|  |       | <b>16,345</b>   | 15,413          |
| <b>Total comprehensive income for the year attributable to:</b>                        |       |                 |                 |
| Equity holders of the Company  |       | <b>16,920</b>   | 17,563          |
| Non-controlling interests  |       | <b>1,706</b>    | 2,745           |
|  |       | <b>18,626</b>   | 20,308          |
| <b>Earnings per share for profit attributable to the equity holders of the Company</b> |       |                 |                 |
| – Basic (RMB cents)  | 11    | <b>4.0</b>      | 3.9             |
| – Diluted (RMB cents)  | 11    | <b>4.0</b>      | 3.9             |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

|  | Notes | 31 December<br>2016<br>RMB'000 | 31 December<br>2015<br>RMB'000 |
|--|-------|--------------------------------|--------------------------------|
| <b>ASSETS AND LIABILITIES</b>  |       |                                |                                |
| <b>Non-current assets</b>  |       |                                |                                |
| Property, plant and equipment  |       | 70,906                         | 13,138                         |
| Interests in leasehold land  |       | 301                            | 312                            |
| Investment properties  | 12    | 682,130                        | 679,850                        |
| Interests in associates  | 13    | 821,928                        | 20,000                         |
| Interest in a joint venture  |       | 50,024                         | —                              |
| Deposits for land acquisition  |       | 64,166                         | —                              |
| Deferred tax assets  |       | 6,904                          | 3,038                          |
|  |       | <b>1,696,359</b>               | 716,338                        |
| <b>Current assets</b>  |       |                                |                                |
| Inventories of properties  | 14    | 821,504                        | 481,919                        |
| Trade and other receivables  | 15    | 18,901                         | 10,296                         |
| Cash and cash equivalents  |       | 246,429                        | 71,925                         |
|  |       | <b>1,086,834</b>               | 564,140                        |
| <b>Current liabilities</b>   |       |                                |                                |
| Trade and other payables   | 16    | 103,192                        | 66,259                         |
| Advances received from the pre-sale of properties under development and properties held for sale |       | 71,212                         | —                              |
| Amounts due to non-controlling shareholders  | 17    | 218,872                        | 60,000                         |
| Interest-bearing borrowings  | 18    | 3,236                          | 3,749                          |
| Income tax liabilities   |       | 20,915                         | 15,032                         |
|  |       | <b>417,427</b>                 | 145,040                        |
| <b>Net current assets</b>  |       | <b>669,407</b>                 | 419,100                        |
| <b>Total assets less current liabilities</b>   |       | <b>2,365,766</b>               | 1,135,438                      |
| <b>Non-current liabilities</b>   |       |                                |                                |
| Loans from intermediate holding companies  | 17    | 1,059,893                      | 115,507                        |
| Deferred tax liabilities   |       | 173,620                        | 170,690                        |
|  |       | <b>1,233,513</b>               | 286,197                        |
| <b>Net assets</b>  |       | <b>1,132,253</b>               | 849,241                        |
| <b>EQUITY</b>  |       |                                |                                |
| Share capital  |       | 35,219                         | 29,135                         |
| Reserves   | 19    | 978,023                        | 728,051                        |
| <b>Equity attributable to the equity holders of the Company</b>                                  |       | <b>1,013,242</b>               | 757,186                        |
| <b>Non-controlling interests</b>   |       | <b>119,011</b>                 | 92,055                         |
| <b>Total equity</b>  |       | <b>1,132,253</b>               | 849,241                        |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

|  | Equity attributable to the equity holders of the Company |                |                    |                   |                  |                      |                    |           |                           |              |
|--|--|----------------|--------------------|-------------------|------------------|----------------------|--------------------|-----------|---------------------------|--------------|
|  | Share capital  | Share premium* | Statutory reserve* | Exchange reserve* | Capital reserve* | Revaluation reserve* | Retained earnings* | Total     | Non-controlling interests | Total equity |
|  | RMB'000  | RMB'000        | RMB'000            | RMB'000           | RMB'000          | RMB'000              | RMB'000            | RMB'000   | RMB'000                   | RMB'000      |
| <b>Balance at 1 January 2015</b>                       | 24,321   | 19,607         | 25,993             | (692)             | 21,102           | 2,692                | 462,448            | 555,471   | 61,806                    | 617,277      |
| <b>Total comprehensive income for the year</b>         |  |                |                    |                   |                  |                      |                    |           |                           |              |
| Profit for the year                                    | —  | —              | —                  | —                 | —                | —                    | 12,668             | 12,668    | 2,745                     | 15,413       |
| Other comprehensive income                             |  |                |                    |                   |                  |                      |                    |           |                           |              |
| – Currency translation differences                     | —  | —              | —                  | 4,895             | —                | —                    | —                  | 4,895     | —                         | 4,895        |
| <b>Total comprehensive income</b>                      | —  | —              | —                  | 4,895             | —                | —                    | 12,668             | 17,563    | 2,745                     | 20,308       |
| <b>Transactions with owners</b>                        |  |                |                    |                   |                  |                      |                    |           |                           |              |
| Issue of share capital                                 | 4,814  | 181,001        | —                  | —                 | —                | —                    | —                  | 185,815   | —                         | 185,815      |
| Share issue expenses                                   | —  | (1,663)        | —                  | —                 | —                | —                    | —                  | (1,663)   | —                         | (1,663)      |
| Capital contribution from non-controlling shareholders | —  | —              | —                  | —                 | —                | —                    | —                  | —         | 30,000                    | 30,000       |
| Dividends paid to non-controlling shareholders         | —  | —              | —                  | —                 | —                | —                    | —                  | —         | (2,496)                   | (2,496)      |
| <b>Total transactions with owners</b>                  | 4,814  | 179,338        | —                  | —                 | —                | —                    | —                  | 184,152   | 27,504                    | 211,656      |
| <b>Balance at 31 December 2015</b>                     | 29,135   | 198,945        | 25,993             | 4,203             | 21,102           | 2,692                | 475,116            | 757,186   | 92,055                    | 849,241      |
| <b>Balance at 1 January 2016</b>                       | 29,135   | 198,945        | 25,993             | 4,203             | 21,102           | 2,692                | 475,116            | 757,186   | 92,055                    | 849,241      |
| <b>Total comprehensive income for the year</b>         |  |                |                    |                   |                  |                      |                    |           |                           |              |
| Profit for the year                                    | —  | —              | —                  | —                 | —                | —                    | 14,639             | 14,639    | 1,706                     | 16,345       |
| Other comprehensive income                             |  |                |                    |                   |                  |                      |                    |           |                           |              |
| – Currency translation differences                     | —  | —              | —                  | 2,281             | —                | —                    | —                  | 2,281     | —                         | 2,281        |
| <b>Total comprehensive income</b>                      | —  | —              | —                  | 2,281             | —                | —                    | 14,639             | 16,920    | 1,706                     | 18,626       |
| <b>Transactions with owners</b>                        |  |                |                    |                   |                  |                      |                    |           |                           |              |
| Issue of share capital                                 | 6,084  | 235,467        | —                  | —                 | —                | —                    | —                  | 241,551   | —                         | 241,551      |
| Share issue expenses                                   | —  | (2,415)        | —                  | —                 | —                | —                    | —                  | (2,415)   | —                         | (2,415)      |
| Capital contribution from non-controlling shareholders | —  | —              | —                  | —                 | —                | —                    | —                  | —         | 13,500                    | 13,500       |
| Acquisition of subsidiaries                            | —  | —              | —                  | —                 | —                | —                    | —                  | —         | 12,749                    | 12,749       |
| Dividends paid to non-controlling shareholders         | —  | —              | —                  | —                 | —                | —                    | —                  | —         | (999)                     | (999)        |
| <b>Total transactions with owners</b>                  | 6,084  | 233,052        | —                  | —                 | —                | —                    | —                  | 239,136   | 25,250                    | 264,386      |
| <b>Balance at 31 December 2016</b>                     | 35,219   | 431,997        | 25,993             | 6,484             | 21,102           | 2,692                | 489,755            | 1,013,242 | 119,011                   | 1,132,253    |

\* These reserve accounts comprise the Group's reserves of RMB978,023,000 (2015: RMB728,051,000) in the consolidated statement of financial position.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

### 1. GENERAL INFORMATION

C&D International Investment Group Limited (the "Company") was incorporated in the Cayman Islands on 18 February 2011 as an exempted company with limited liability under Companies Law (Cap 22 of the Cayman Islands). The address of the Company's registered office is P.O. Box 10008, Willow House, Cricket Square, Grand Cayman KY1-1001, Cayman Islands and its principal place of business in Hong Kong is located at Office No. 3517, 35th Floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong. The listing of the Company's shares has been transferred to the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 26 May 2014 after their initial listing on the Growth Enterprise Market of the Stock Exchange.

The principal activity of the Company is investment holding. The Group is principally engaged in the businesses of property development, commercial operation and management, property management and the provision of construction services etc.

Well Land International Limited ("Well Land") is the Company's immediate holding company which was incorporated in the British Virgin Islands ("BVI") with limited liability on 27 May 2014, and it is an indirect wholly-owned subsidiary of Xiamen C&D Inc., the shares of which are listed on the Shanghai Stock Exchange and which is a subsidiary of Xiamen C&D Corporation Limited, the Company's ultimate holding company.

### 2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong. The financial statements also comply with the disclosure requirements of Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The amendments to the Listing Rules relating to financial information with reference to the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time during the current financial year and the main impact is on the presentation and disclosure of certain information in these consolidated financial statements.

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in Note 3.

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties, which are stated at fair values. The measurement bases are fully described in the accounting policies below.

### 3. ADOPTION OF NEW AND AMENDED HKFRSS

#### **New and amended HKFRSSs that are effective for annual periods beginning on or after 1 January 2016**

In the current year, the Group has applied all of the new and amendments to HKFRSSs issued by HKICPA that are relevant to its operations and effective for annual period beginning on or after 1 January 2016. The adoption of the new and amendments to HKFRSSs has no material effect on how the results and financial position for the current and prior periods have been prepared and presented.

#### **Issued but not yet effective HKFRSSs**

The Group has not early adopted the following new or amended HKFRSSs which have been issued and are relevant to the Group's consolidated financial statements but are not yet effective for the current accounting period:

|          |  |
|----------|--|
| HKFRS 9  | Financial Instruments <sup>1</sup>                 |
| HKFRS 15 | Revenue from Contracts with Customers <sup>1</sup> |
| HKFRS 16 | Lease <sup>2</sup>                                 |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective dates of the pronouncements. Information on new and amended HKFRSSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSSs are not expected to have a material impact on the Group's financial statements.

#### *HKFRS 9 "Financial Instruments"*

HKFRS 9 "Financial Instruments" introduces extensive changes to HKAS 39's guidance on the classification and measurement of financial assets and financial liabilities, impairment requirements for financial assets and general hedge accounting.

The directors have started to assess the impact of HKFRS 9 but are not yet in a position to provide quantified information. At this stage, the main areas of expected impact are as follows:

- the classification and measurement of the Group's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed; and
- an expected credit loss-based impairment will need to be recognised on the Group's trade receivables (see note 15) to reflect changes in credit risk since initial recognition.

HKFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

### 3. ADOPTION OF NEW AND AMENDED HKFRSs *(Continued)*

#### **Issued but not yet effective HKFRSs** *(Continued)*

##### *HKFRS 15 "Revenue from Contracts with Customers"*

HKFRS 15 presents new requirements for the recognition of revenue, replacing HKAS 18 "Revenue", HKAS 11 "Construction Contracts", and several revenue-related Interpretations. HKFRS 15 contains a single model that applies to contracts with customers and two approaches to recognising revenue; at a point in time or overtime. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

1. Identify the contract(s) with customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. For more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. The directors have started to assess the impact of HKFRS but not yet in a position to provide quantified information.

##### *HKFRS 16 "Leases"*

HKFRS 16 "Leases" will replace HKAS 17 and three related Interpretations. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability. HKFRS 16 is effective from periods beginning on or after 1 January 2019. The directors are yet to fully assess the impact of HKFRS 16 and therefore is unable to provide quantified information. However, in order to determine the impact the Group are in the process of:

- performing a full review of all agreements to assess whether any additional contracts will now become a lease under HKFRS 16's new definition
- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices
- assessing their current disclosures for finance leases and operating leases as these are likely to form the basis of the amounts to be capitalised and become right-of-use assets
- determining which optional accounting simplifications apply to their lease portfolio and if they are going to use these exemptions
- assessing the additional disclosures that will be required.

#### 4. REVENUE

Revenue from the Group's principal activities recognised during the year is as follows:

|  | <b>2016</b>    | 2015    |
|--|----------------|---------|
|  | <b>RMB'000</b> | RMB'000 |
| Sales of properties                        | <b>11,161</b>  | 84,124  |
| Commercial assets management income (note) | <b>79,391</b>  | 49,643  |
| Entrusted construction services income     | <b>5,825</b>   | —       |
| Smart construction services income         | <b>7,726</b>   | —       |
|  | <b>104,103</b> | 133,767 |

Note: Commercial assets management income comprises rental income from property leasing of RMB73,392,000 (2015: RMB43,720,000) and building management income of RMB5,163,000 (2015: RMB4,957,000). The Group has contingent rental income of investment properties of approximately RMB1,461,700 (2015: RMB1,855,000) for the year ended 31 December 2016. The contingent rental income of investment properties is calculated based on a percentage of the relevant sales of the tenants pursuant to the rental agreements.

#### 5. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has four reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

|                                 |  |
|---------------------------------|--|
| Property development            | — Construction and sales of residential units, commercial shops and car parking spaces;                              |
| Commercial assets management    | — Leasing of commercial units, residential units and commercial shops and rendering of building management services; |
| Entrusted construction services | — Rendering of management and construction services; and   |
| Smart construction services     | — Rendering of smart construction services   |

During the year, the operating segments of "property leasing" and "building management services" had been aggregated into one segment named as "commercial assets management". The Group changed the structure of its internal resources allocation and performance assessment in a manner that caused the changes in composition of its reportable segments. The comparative figures of segment disclosure have been restated to conform to current year's presentation. In addition, the businesses of provision of entrusted construction services and smart construction services commenced by the Group during the year.

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Certain revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segment's profit that is used by the chief operating decision-maker for assessment of segment performance.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

## 5. SEGMENT INFORMATION *(Continued)*

### Segment revenue and results

|   | Property<br>development<br>RMB'000 | Commercial<br>assets<br>management<br>(restated)<br>RMB'000 | Entrusted<br>construction<br>services<br>RMB'000 | Smart<br>construction<br>services<br>RMB'000 | Total<br>RMB'000 |
|---|------------------------------------|---|--|--|------------------|
| <b>Year ended</b>   |                                    |   |  |  |                  |
| <b>31 December 2016</b>                                   |                                    |   |  |  |                  |
| Reportable segment revenue                                | 11,161                             | 82,316  | 5,825  | 7,726  | 107,028          |
| Reportable segment profit                                 | 734                                | 28,675  | 4,713  | 130  | 34,252           |
| Other segment information:                                |                                    |   |  |  |                  |
| Interest income   | 16,597                             | 740   | 14   | 2  | 17,353           |
| Amortisation of interests in<br>leasehold land            | —                                  | 11  | —  | —  | 11               |
| Gain on changes in fair value of<br>investment properties | —                                  | 687   | —  | —  | 687              |
| Share of loss of associates                               | 2,735                              | —   | —  | —  | 2,735            |
| Income tax expense/(credit)                               | (2,359)                            | 2,440   | —  | —  | 81               |
| Depreciation of property,<br>plant and equipment          | 244                                | 5,502   | —  | 2  | 5,748            |
| <b>Year ended</b>   |                                    |   |  |  |                  |
| <b>31 December 2015</b>                                   |                                    |   |  |  |                  |
| Reportable segment revenue                                | 84,124                             | 53,244  | —  | —  | 137,368          |
| Reportable segment profit                                 | 11,811                             | 27,070  | —  | —  | 38,881           |
| Other segment information:                                |                                    |   |  |  |                  |
| Interest income   | 975                                | 1,154   | —  | —  | 2,129            |
| Amortisation of interests in<br>leasehold land            | —                                  | 11  | —  | —  | 11               |
| Gain on changes in fair value of<br>investment properties | —                                  | 2,600   | —  | —  | 2,600            |
| Income tax expense  | 8,099                              | 2,298   | —  | —  | 10,397           |
| Depreciation of property,<br>plant and equipment          | 418                                | 428   | —  | —  | 846              |

## 5. SEGMENT INFORMATION *(Continued)*

### Segment assets and liabilities

|                                 | Property<br>development<br>RMB'000 | Commercial<br>assets<br>management<br>(restated)<br>RMB'000 | Entrusted<br>construction<br>services<br>RMB'000 | Smart<br>construction<br>services<br>RMB'000 | Total<br>RMB'000   |
|---------------------------------|------------------------------------|---|--|--|--------------------|
| <b>As at 31 December 2016</b>   |                                    |   |  |  |                    |
| Reportable segment assets       | <b>1,705,550</b>                   | <b>789,200</b>  | <b>10,493</b>                                    | <b>4,583</b>                                 | <b>2,509,826</b>   |
| Reportable segment liabilities  | <b>(1,331,911)</b>                 | <b>(217,307)</b>  | <b>(303)</b>                                     | <b>(1,759)</b>                               | <b>(1,551,280)</b> |
| Other segment information:      |                                    |   |  |  |                    |
| Additions to non-current assets | <b>1,024</b>                       | <b>62,206</b>   | —  | <b>25</b>                                    | <b>63,255</b>      |
| Investments in associates       | <b>782,940</b>                     | —   | —  | —  | <b>782,940</b>     |
| <b>As at 31 December 2015</b>   |                                    |   |  |  |                    |
| Reportable segment assets       | 559,090                            | 700,427   | —  | —  | 1,259,517          |
| Reportable segment liabilities  | (212,122)                          | (187,615)   | —  | —  | (399,737)          |
| Other segment information:      |                                    |   |  |  |                    |
| Additions to non-current assets | 87                                 | 106   | —  | —  | 193                |
| Investment in an associate      | 20,000                             | —   | —  | —  | 20,000             |

## 5. SEGMENT INFORMATION *(Continued)*

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as follows:

|   | 2016<br>RMB'000    | 2015<br>RMB'000 |
|---|--------------------|-----------------|
| Reportable segment revenue              | <b>107,028</b>     | 137,368         |
| Inter-segment revenue elimination       | <b>(2,925)</b>     | (3,601)         |
| <b>Consolidated revenue</b>             | <b>104,103</b>     | 133,767         |
| Reportable segment profit               | <b>34,252</b>      | 38,881          |
| Unallocated income and expenses         | <b>(6,850)</b>     | (13,808)        |
| Unallocated income tax expense          | <b>(11,057)</b>    | (9,660)         |
| <b>Consolidated profit for the year</b> | <b>16,345</b>      | 15,413          |
| Reportable segment assets               | <b>2,509,826</b>   | 1,259,517       |
| Unallocated corporate assets            | <b>273,367</b>     | 20,961          |
| <b>Total consolidated assets</b>        | <b>2,783,193</b>   | 1,280,478       |
| Reportable segment liabilities          | <b>(1,551,280)</b> | (399,737)       |
| Unallocated taxation liabilities        | <b>(15,212)</b>    | (9,790)         |
| Unallocated withholding tax liabilities | <b>(14,633)</b>    | (14,633)        |
| Unallocated corporate liabilities       | <b>(69,815)</b>    | (7,077)         |
| <b>Total consolidated liabilities</b>   | <b>(1,650,940)</b> | (431,237)       |

Segment assets consist primarily of property, plant and equipment, investment properties, interests in leasehold land, interests in associates, deposits for land acquisition, inventories of properties, trade and other receivables and cash and cash equivalents.

Segment liabilities consist primarily of advances received from the pre-sale of properties under development and properties held for sale, trade and other payables, loan from intermediate holding company, amounts due to non-controlling shareholders, interest-bearing borrowings and deferred tax liabilities.

As chief operating decision-maker of the Group considers most of the Group's revenue and results are attributable to the market in the PRC, the Group's assets are substantially located inside the PRC, no geographical information is presented.

For the years ended 31 December 2016 and 2015, the Group did not depend on any single customer under each of the segments.

## 6. OTHER INCOME

|  | 2016<br>RMB'000 | 2015<br>RMB'000 |
|--|-----------------|-----------------|
| Bank interest income                             |                 |                 |
| – from bank deposits                             | 1,590           | 1,095           |
| – from structured bank deposits                  | —               | 1,843           |
| Compensation income                              | 2,664           | —               |
| Interest income on loans to associates (note 13) | 15,816          | —               |
| Write back of accrued Directors' remuneration    | 2,739           | —               |
| Sundry income                                    | 1,520           | 224             |
|  | <b>24,329</b>   | 3,162           |

## 7. FINANCE COSTS

|  | 2016<br>RMB'000 | 2015<br>RMB'000 |
|--|-----------------|-----------------|
| Interest charges on:                                   |                 |                 |
| Bank borrowings wholly repayable within five years     | 109             | 141             |
| Bank borrowings not wholly repayable within five years | —               | 2,105           |
| Loan from intermediate holding company                 | 29,797          | 2,630           |
| Total borrowing costs                                  | 29,906          | 4,876           |
| Less: interest capitalised                             | (14,372)        | (2,391)         |
|  | <b>15,534</b>   | 2,485           |

The analysis shows the finance costs of bank and other borrowings, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the respective loan agreements. The interest charges on bank borrowings which contain a repayment on demand clause amounted to approximately RMB713,000 (2015: RMB141,000) for the year ended 31 December 2016.

The weighted average capitalisation rate of general borrowings was 2.33% (2015: 2.87%) per annum for the year.

## 8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

|   | 2016<br>RMB'000 | 2015<br>RMB'000 |
|---|-----------------|-----------------|
| Amortisation of interests in leasehold land                                   | 11              | 11              |
| Auditors' remuneration  | 718             | 568             |
| Cost of properties sold   | 4,371           | 49,461          |
| Depreciation of property, plant and equipment                                 | 6,135           | 1,204           |
| Loss on disposal of property, plant and equipment                             | 86              | 76              |
| Provision for doubtful trade receivables                                      | 86              | 69              |
| Net foreign exchange loss   | 1,818           | 5,010           |
| Operating lease charges   | 9,942           | 4,012           |
| Outgoings in respect of investment properties<br>that generated rental income | 3,256           | 4,490           |

## 9. INCOME TAX EXPENSE

|  | 2016<br>RMB'000 | 2015<br>RMB'000 |
|--|-----------------|-----------------|
| <b>Current income tax</b>                          |                 |                 |
| PRC corporate income tax                           |                 |                 |
| – Current year                                     | 11,053          | 11,034          |
| – Under/(Over) provision in respect of prior years | 4               | (1,374)         |
|  | 11,057          | 9,660           |
| PRC land appreciation tax                          | 898             | 10,168          |
|  | 11,955          | 19,828          |
| <b>Deferred tax</b>                                |                 |                 |
| PRC corporate income tax                           | (817)           | 2,183           |
| PRC land appreciation tax                          | —               | (1,954)         |
|  | (817)           | 229             |
| <b>Total income tax expense</b>                    | <b>11,138</b>   | <b>20,057</b>   |

## 9. INCOME TAX EXPENSE (Continued)

The difference between the actual income tax charge in the consolidated statement of comprehensive income and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

|  | 2016<br>RMB'000 | 2015<br>RMB'000 |
|--|-----------------|-----------------|
| Profit before income tax   | <b>27,483</b>   | 35,470          |
| Tax on profit before income tax, calculated at the rates applicable to profit in the tax jurisdictions concerned | <b>7,438</b>    | 10,063          |
| Tax effect of non-deductible expenses  | <b>3,110</b>    | 2,691           |
| PRC land appreciation tax deductible for calculation of income tax   | <b>(227)</b>    | (590)           |
| PRC land appreciation tax charges  | <b>898</b>      | 10,168          |
| Under/(Over) provision in respect of prior years   | <b>4</b>        | (1,374)         |
| Others   | <b>(85)</b>     | (901)           |
| Income tax expense   | <b>11,138</b>   | 20,057          |

Notes:

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not derive any assessable profit arising in Hong Kong during the year (2015: nil).

(b) PRC corporate income tax

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"), which is effective from 1 January 2008. Under the new CIT Law, the corporate income tax rate applicable to the Group's subsidiaries located in the PRC from 1 January 2008 is 25%.

Since the deferred income tax assets and liabilities shall be measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, the deferred tax assets and liabilities of the Group's subsidiaries operated in the PRC are calculated based on corporate income tax rate of 25%.

## 9. INCOME TAX EXPENSE (Continued)

Notes: (Continued)

(c) PRC land appreciation tax ("LAT")

Under the Provisional Rules on LAT Implementation Rules of the PRC implemented on 27 January 1995, all gains from the sales or transfer of land use rights, buildings and their attached facilities in the PRC are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including cost of land use rights, borrowing costs, business tax and all property development expenditures. There are certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such an exemption.

Pursuant to the written notice for the LAT assessment issued by the local tax bureau dated 20 June 2012, Nanning WTS Real Estate Development and Investment Company Limited\* (南寧威特斯房地產開發投資有限公司) is subject to LAT and the LAT is calculated at 5% to 7% (2015: 5% to 7%) of its sales of properties in accordance with the authorised taxation method.

(d) PRC withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the new CIT Law issued on 6 December 2007, a 10% withholding income tax shall be levied on the dividends remitted by the companies established in the PRC to their foreign investors starting from 1 January 2008. Dividends coming from the profits generated by the PRC companies after 1 January 2008 shall be subject to this withholding income tax.

## 10. DIVIDENDS

### Dividends attributable to the year

|  | 2016          | 2015    |
|--|---------------|---------|
|  | RMB'000       | RMB'000 |
| Proposed a final dividend of HK\$10 cents per ordinary share (2015: nil) | <b>38,285</b> | —       |

The proposed final dividend after the reporting date has not been recognised as a liability at the reporting date.

## 11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the equity holders of the Company for the year ended 31 December 2016 of approximately RMB14,639,000 (2015: RMB12,668,000), and the weighted average number of ordinary shares of 362,044,000 (2015: 328,274,000) in issue during the year.

Diluted earnings per share were same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during the reporting years.

## 12. INVESTMENT PROPERTIES

Movements of the carrying amounts presented in the consolidated statement of financial position can be summarised as follows:

|   | <b>2016</b>    | 2015    |
|---|----------------|---------|
|   | <b>RMB'000</b> | RMB'000 |
| Carrying amount at 1 January                  | <b>679,850</b> | 677,250 |
| Change in fair value of investment properties | <b>687</b>     | 2,600   |
| Additions                                     |                |         |
| – subsequent expenditures                     | <b>1,593</b>   | —       |
| Carrying amount at 31 December                | <b>682,130</b> | 679,850 |

The carrying amounts of the Group's investment properties attributable to the properties without the relevant title certificates were approximately RMB2,900,000 (2015: RMB2,800,000). As at 31 December 2015, the Group obtained the building ownership certificates of these properties whereas the application for the land use rights certificates were in progress. The fair values of these properties were estimated assuming the Group had valid land use rights certificates of these properties and all land premium and related fees for the grant of certificates had been fully settled. The land premium and related fees for the grant of certificates were not significant. During the year ended 31 December 2016, the application for the land use rights certificates were still in progress.

The Group had rented out and received rental income from these properties during the years ended 31 December 2016 and 2015. As advised by the Company's PRC legal advisor, the Group had significant risks and rewards of ownership of these properties and was entitled to use and lease these properties notwithstanding the absence of title certificates. Further, subject to the Group complying with applicable PRC laws and regulations, there was no legal impediment for the Group to obtain the title certificates for these properties. As such, the control, significant risks and rewards of ownership of these properties were vested with the Group and the Group had recognised these properties as investment properties.

The analysis of the net carrying amounts of investment properties according to lease periods are as follows:

|                                  | <b>2016</b>    | 2015    |
|----------------------------------|----------------|---------|
|                                  | <b>RMB'000</b> | RMB'000 |
| In PRC:                          |                |         |
| Leases of between 10 to 50 years | <b>682,130</b> | 679,850 |

## 12. INVESTMENT PROPERTIES *(Continued)*

### Valuation process and methodologies

Investment properties were valued at 31 December 2016 and 2015 by independent, professional qualified valuers, DTZ Debenham Tie Leung International Property Advisers (Guangzhou) Co., Ltd. ("DTZ"), who has the relevant experience in the location and category of properties being valued. DTZ have used direct capitalisation approach by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties.

There was no change to the valuation techniques during the year. The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

Discussions of valuation processes and results are held between management and the valuer on a semi-annual basis, in line with the Group's interim and annual reporting dates.

### Fair value hierarchy

Fair value adjustment of investment properties is recognised in the line item "Gain on changes in fair value of investment properties" on the face of the consolidated statement of comprehensive income.

The following table shows the Group's investment properties measured at fair value in the consolidated statement of financial position on a recurring basis, categorised into three levels of a fair value hierarchy. The levels are based on the observability of significant inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

|   | Fair value measurements categorised into |                    |                    | Fair value<br>RMB'000 |
|---|--|--------------------|--------------------|-----------------------|
|   | Level 1<br>RMB'000                       | Level 2<br>RMB'000 | Level 3<br>RMB'000 |                       |
| <b>Recurring fair value measurement</b> |  |                    |                    |                       |
| <b>At 31 December 2016</b>              |  |                    |                    |                       |
| Investment properties                   | —  | —                  | <b>682,130</b>     | <b>682,130</b>        |
| At 31 December 2015                     |  |                    |                    |                       |
| Investment properties                   | —  | —                  | 679,850            | 679,850               |

There were no transfers into or out of Level 3 during the year. The Group's policy is to recognise transfers between levels of fair value hierarchy in the reporting period in which they occur.

## 12. INVESTMENT PROPERTIES (Continued)

### Fair value hierarchy (Continued)

The fair value of investment properties is determined using the direct capitalisation method by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties. The fair value measurement is positively correlated to the market monthly rental rate and factors adjustment, and negatively correlated to capitalisation rate.

|                       | Valuation techniques         | Significant unobservable inputs  | Range<br>As at 31 December |               |
|-----------------------|------------------------------|--|----------------------------|---------------|
|                       |                              |  | 2016                       | 2015          |
| Investment properties | Direct capitalisation method | Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc (RMB/sq.m.) | <b>37 - 1,300</b>          | 35 - 1,150    |
|                       |                              | Capitalisation rate of reversionary income   | <b>3.50% - 7.50%</b>       | 3.50% - 7.50% |

Relationships of unobservable inputs to fair value are as follows:

- The higher the prevailing rents, the higher the fair value.
- The higher the capitalisation rate, the lower the fair value

Gains on changes in fair value of investment properties of RMB687,000 (2015: RMB2,600,000) recognised in profit or loss and presented on the face of the consolidated statement of comprehensive income arise from the investment properties held at the end of the reporting period.

### 13. INTERESTS IN ASSOCIATES

|                                | 2016<br>RMB'000 | 2015<br>RMB'000 |
|--------------------------------|-----------------|-----------------|
| Unlisted shares, at cost       | 81,700          | 20,000          |
| Share of results of associates | (2,948)         | —               |
| Loans to associates            | 743,176         | —               |
|                                | <b>821,928</b>  | 20,000          |

The loans to associates are unsecured, interest-bearing at 3-year floating lending rate of People's Bank of China (the "PBOC rate") per annum and would not be repayable within one year.

Particulars of the Group's unlisted associates as at 31 December 2016 are as follows:

| Name  | Form of<br>business<br>structure | Country/<br>place of<br>incorporation | Particulars<br>of issued<br>and paid up<br>capital | % of interest<br>held | Principal<br>activities<br>and place of<br>operation                          |
|---|----------------------------------|---------------------------------------|--|-----------------------|---|
| Fujian Zhaohé Real Estate Company Limited* (福建兆和房地產有限公司, "Fujian Zhaohé")                                 | Corporation                      | PRC                                   | RMB50,000,000                                      | 40%                   | Property development, PRC<br>(Note (i))                                       |
| Suzhou Zhaoxiang Real Estate Development Company Limited* (蘇州兆祥房地產開發有限公司, "Suzhou Zhaoxiang")             | Corporation                      | PRC                                   | RMB114,940,000                                     | 13%                   | Property development, PRC<br>(Note (ii))                                      |
| Xiamen Jianfa Furniture Company Limited* (廈門建發家居有限公司, "Xiamen Jianfa Furniture")                          | Corporation                      | PRC                                   | RMB10,000,000                                      | 30%                   | Sales of furniture, PRC<br>(Note (iii))                                       |
| Xiamen Jianfa Youkehui Internet Technology Company Limited* (廈門建發優客會網路科技有限公司, "Xiamen Jianfa You Ke Hui") | Corporation                      | PRC                                   | RMB10,000,000                                      | 20%                   | Provision of internet and information technology services, PRC<br>(Note (iv)) |
| Guangzhou Jian Xin Small Loan Company Limited* (廣州建信小貸有限公司, "Guangzhou Jian Xin Small Loan")              | Corporation                      | PRC                                   | RMB100,000,000                                     | 34%                   | Provision of small loan businesses, PRC<br>(Note (v))                         |

### 13. INTERESTS IN ASSOCIATES *(Continued)*

Notes:

- (i) Fujian Zhaohe was incorporated by the Group and a wholly-owned subsidiary of the Company's intermediate holding company on 1 December 2015 and engaged in property development. The Group has subscribed for 40% of the registered share capital of Fujian Zhaohe for cash consideration of RMB20,000,000.
- (ii) On 18 August 2016, the Group entered into a capital increase agreement with Suzhou Zhaokun Real Estate Development Company Limited and Xiamen Liyuan Investment Company Limited, the fellow subsidiaries of the Group, pursuant to the increase of registered capital of Suzhou Zhaoxiang agreed by the parties. The Group has subscribed for 13% of the registered capital of Suzhou Zhaoxiang as enlarged by capital increase for cash consideration of RMB517,900,000.
- (iii) On 5 April 2016, the Group, Xiamen C&D Inc. and Fujian Province Anya Rose Wood Furniture Company Limited entered into a cooperation agreement for the formation of Xiamen Jianfa Furniture for carrying out the sales of high-end rosewood furniture. The Group has subscribed for 30% of the registered share capital of Xiamen Jianfa Furniture for cash consideration of RMB3,000,000.
- (iv) On 1 February 2016, the Group, Xiamen C&D Inc. and three fellow subsidiaries entered into a cooperation agreement for the formation of Xiamen Jianfa You Ke Hui. The Group has subscribed for 20% of the registered share capital of Xiamen Jianfa You Ke Hui for cash consideration of RMB2,000,000.
- (v) On 25 October 2016, the Group, C&D Real Estate Corporation Limited and Hong Xin Chuang Ye Worksite Investment Group Shares Company Limited entered into an agreement for the formation of Guangzhou Jian Xin Small Loan for carrying out, among others, the provision of small loan business and other approved business in the PRC upon receiving the necessary approvals from the relevant PRC government authorities. The Group has subscribed for 34% of the registered share capital of Guangzhou Jian Xin Small Loan for cash consideration of RMB34,000,000.

The Group's share of results of material associates, Fujian Zhaohe and Suzhou Zhaoxiang, and their assets and liabilities, are as below:

|   | <b>Fujian Zhaohe</b> |           | <b>Suzhou<br/>Zhaoxiang</b> |
|---|----------------------|-----------|-----------------------------|
|   | <b>2016</b>          | 2015      | <b>2016</b>                 |
|   | <b>RMB'000</b>       | RMB'000   | <b>RMB'000</b>              |
| Non-current assets                                  | <b>9,291</b>         | 11        | <b>20,007</b>               |
| Current assets                                      | <b>937,062</b>       | 657,113   | <b>4,612,528</b>            |
| Current liabilities                                 | <b>(319,318)</b>     | (607,157) | <b>(1,505,778)</b>          |
| Non-current liabilities                             | <b>(582,602)</b>     | —         | <b>(3,018,996)</b>          |
| Net assets  | <b>44,433</b>        | 49,967    | <b>107,761</b>              |
| Revenue   | —                    | —         | —                           |
| Loss and total comprehensive expense for the period | <b>(5,534)</b>       | (33)      | <b>(5,439)</b>              |

### 13. INTERESTS IN ASSOCIATES *(Continued)*

A reconciliation of the above summarised financial information to the carrying amount of each of the investments in material associates is set out below:

|  | <b>Fujian Zhaohe</b> |             | <b>Suzhou</b>    |
|--|----------------------|-------------|------------------|
|  | <b>2016</b>          | 2015        | <b>Zhaoxiang</b> |
|  | <b>RMB'000</b>       | RMB'000     | <b>2016</b>      |
|  |                      |             | <b>RMB'000</b>   |
| Total net assets of the associate  | <b>44,433</b>        | 49,967      | <b>107,761</b>   |
| Portion of ownership interests held by Group   | <b>40%</b>           | 40%         | <b>13%</b>       |
| Group's aggregate share of net assets of the associate   | <b>17,773</b>        | 19,987      | <b>14,009</b>    |
| Goodwill   | —                    | —           | <b>7,984</b>     |
| Share of (profit)/loss not taken up by the Group during the period                                       | <b>(2)</b>           | 13          | —                |
| Carrying amount of the investment in an associate in the consolidated financial statements               | <b>17,771</b>        | 20,000      | <b>21,993</b>    |
| Aggregate information of associates that are not individually material:                                  |                      |             |                  |
|  | <b>2016</b>          |             | 2015             |
|  | <b>RMB'000</b>       |             | RMB'000          |
| Aggregate carrying amount of individually immaterial associates in the consolidated financial statements | <b>38,988</b>        |             | —                |
| Aggregate amounts of the Group's share of those associates':   |                      |             |                  |
| Loss and total comprehensive expense for the period  |                      | <b>(12)</b> | —                |

## 14. INVENTORIES OF PROPERTIES

|  | 2016<br>RMB'000 | 2015<br>RMB'000 |
|--|-----------------|-----------------|
| Properties under development                     | <b>776,013</b>  | 429,276         |
| Properties held for sale                         | <b>45,491</b>   | 52,643          |
|  | <b>821,504</b>  | 481,919         |
| Properties under development include:            |                 |                 |
| – cost of leasehold land                         | <b>478,622</b>  | 419,700         |
| – construction costs and capitalised expenditure | <b>280,628</b>  | 7,185           |
| – interests capitalised                          | <b>16,763</b>   | 2,391           |
|  | <b>776,013</b>  | 429,276         |

The properties under development and properties held for sale are all located in the PRC. The relevant land use rights are on leases of 40 to 70 years.

As at 31 December 2016, properties under development amounted to approximately RMB576,413,000 (2015: nil) were expected to be completed and available for sale to the customers more than twelve months from the end of the reporting period.

## 15. TRADE AND OTHER RECEIVABLES

|                                   | 2016<br>RMB'000 | 2015<br>RMB'000 |
|-----------------------------------|-----------------|-----------------|
| <b>Trade receivables</b>          |                 |                 |
| From third parties                | <b>8,094</b>    | 1,728           |
| Less: Accumulated impairment loss | <b>(86)</b>     | (69)            |
|                                   | <b>8,008</b>    | 1,659           |
| <b>Other receivables</b>          |                 |                 |
| Deposits                          | <b>5,552</b>    | 6,127           |
| Prepayment                        | <b>1,963</b>    | 685             |
| Other receivables                 | <b>3,378</b>    | 1,825           |
|                                   | <b>10,893</b>   | 8,637           |
|                                   | <b>18,901</b>   | 10,296          |

The Directors of the Group considered that the fair values of trade and other receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

## 15. TRADE AND OTHER RECEIVABLES *(Continued)*

Trade receivables in respect of sales of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. For the trade receivables derived from rental income, building management fee income, entrusted construction services income and smart construction services income, the income is paid in accordance with the terms of the respective agreements and the balance is due on presentation.

Based on the invoice dates, the ageing analysis of the trade receivables is as follows:

|              | <b>2016</b><br><b>RMB'000</b> | 2015<br>RMB'000 |
|--------------|-------------------------------|-----------------|
| 0-30 days    | <b>7,906</b>                  | 1,370           |
| 31-90 days   | —                             | 88              |
| 91-180 days  | <b>9</b>                      | 23              |
| 181-365 days | <b>23</b>                     | 21              |
| Over 1 year  | <b>70</b>                     | 157             |
|              | <b>8,008</b>                  | 1,659           |

Movements of the Group's provision for impairment of trade receivables are as follows:

|                                     | <b>2016</b><br><b>RMB'000</b> | 2015<br>RMB'000 |
|-------------------------------------|-------------------------------|-----------------|
| At 1 January                        | <b>69</b>                     | 128             |
| Provision for impairment            | <b>86</b>                     | 69              |
| Amount written off as uncollectible | <b>(69)</b>                   | (128)           |
| At 31 December                      | <b>86</b>                     | 69              |

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. As at 31 December 2016, the Group has determined trade receivables of approximately RMB86,000 (2015: RMB69,000) as individually impaired. The impaired trade receivables are due from customers who have defaulted in the scheduled payments after due dates and the Group performed an assessment and concluded the chance of recovering the account receivables is low such that full impairment had been recognised in respect of these receivables.

## 15. TRADE AND OTHER RECEIVABLES *(Continued)*

The ageing of trade receivables that were past due but not impaired are as follows:

|                               | <b>2016</b>    | 2015    |
|-------------------------------|----------------|---------|
|                               | <b>RMB'000</b> | RMB'000 |
| Neither past due nor impaired | <b>7,886</b>   | 1,258   |
| 1-90 days past due            | <b>20</b>      | 200     |
| 91-180 days past due          | <b>9</b>       | 23      |
| 181-360 days past due         | <b>23</b>      | 21      |
| Over 360 days past due        | <b>70</b>      | 157     |
|                               | <b>8,008</b>   | 1,659   |

Trade receivables that were neither past due nor impaired relate to a number of independent buyers for whom there was no recent history of default. Trade receivables that were past due but not impaired relate to a number of tenants and customers that had a good track record of credit with the Group. Based on past credit history, the directors of the Company believed that no impairment allowance is necessary in respect of these balances as there has not been any significant change in credit quality and the balances are still considered to be fully recoverable.

The Group did not hold any collateral as security or other credit enhancements over the trade receivables, whether determined on an individual or collective basis.

The other receivables were neither past due nor impaired. The other receivables were related to counterparties for which there was no recent history of default.

## 16. TRADE AND OTHER PAYABLES

|                             | 2016<br>RMB'000 | 2015<br>RMB'000 |
|-----------------------------|-----------------|-----------------|
| <b>Trade payables</b>       |                 |                 |
| To third parties            | <b>34,826</b>   | 15,440          |
| <b>Other payables</b>       |                 |                 |
| Accruals and other payables | <b>31,045</b>   | 14,188          |
| Deposits received           | <b>21,103</b>   | 29,155          |
| Receipts in advance         | <b>16,218</b>   | 7,476           |
|                             | <b>68,366</b>   | 50,819          |
|                             | <b>103,192</b>  | 66,259          |

The carrying values of trade and other payables are considered to be a reasonable approximation of their fair values.

The credit terms of trade payables vary according to the terms agreed with different suppliers. Included in trade payables are trade creditors with the following ageing analysis, based on invoice dates, as of the end of reporting period:

|              | 2016<br>RMB'000 | 2015<br>RMB'000 |
|--------------|-----------------|-----------------|
| 0-30 days    | <b>27,667</b>   | 3,725           |
| 61-90 days   | —               | 110             |
| Over 90 days | <b>7,159</b>    | 11,605          |
|              | <b>34,826</b>   | 15,440          |

## 17. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS/LOANS FROM INTERMEDIATE HOLDING COMPANIES

As at 31 December 2016 and 2015, the amounts due to non-controlling shareholders are unsecured, interest-free and repayable on demand.

As at 31 December 2016 and 2015, the loans from intermediate holding companies are unsecured, interest-bearing at the PBOC rate per annum and would not be repayable within one year.

The carrying amounts of the balances approximate their fair values.

## 18. INTEREST-BEARING BORROWINGS

|                     | <b>2016</b>    | 2015    |
|---------------------|----------------|---------|
|                     | <b>RMB'000</b> | RMB'000 |
| Bank loans, secured | <b>3,236</b>   | 3,749   |

The analysis of the carrying amount of the bank loans is as follows:

|  | <b>2016</b>    | 2015    |
|--|----------------|---------|
|  | <b>RMB'000</b> | RMB'000 |
| <b>Current</b>   |                |         |
| Portion of bank loans due for repayment within one year  | <b>864</b>     | 718     |
| Portion of bank loans due for repayment after one year<br>which contain repayment on demand clause | <b>2,372</b>   | 3,031   |
|  | <b>3,236</b>   | 3,749   |

The Group's bank loans are repayable as follows:

|                              | <b>2016</b>    | 2015    |
|------------------------------|----------------|---------|
|                              | <b>RMB'000</b> | RMB'000 |
| Within one year or on demand | <b>3,236</b>   | 3,749   |

As at 31 December 2016 and 2015, the Group's bank loan is secured by the legal charges over the Group's property, plant and equipment with carrying value of approximately RMB11,178,000 (2015: RMB10,818,000).

As at 31 December 2016 and 2015, the bank loan of approximately RMB3,236,000 (2015: RMB3,749,000) was denominated in HK\$ which bore a floating interest rate of 3.4% (2015: 3.5%) per annum.

## **19. RESERVES**

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

### **Share premium**

The share premium account of the Group represents the premium arising from the issuance of shares of the Company at premium.

### **Statutory reserve**

According to the relevant PRC laws, the subsidiaries are required to transfer at least 10% of its net profit after tax, as determined under the PRC accounting regulation, to a statutory reserve until the reserve balance reaches 50% of the subsidiaries' registered capital. The transfer of this reserve must be made before the distribution of dividend to the subsidiaries' equity owners. The statutory reserve is non-distributable other than upon the liquidation of the subsidiaries.

### **Exchange reserve**

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. Movements in this account are set out in the consolidated statement of changes in equity.

### **Capital reserve**

Capital reserve represents the difference between issued share capital of the Company and the aggregate nominal value of the respective share capital/paid-in capital of the companies now comprising the Group. The capital reserve also resulted from the acquisition of additional interest in a subsidiary which represents the difference between the fair value of the considerations given and the carrying amount of the net assets attributable to the additional interest in a subsidiary acquired from non-controlling interests.

### **Revaluation reserve**

Revaluation reserve arises from transfer of owner-occupied properties to investment properties.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is principally engaged in the businesses of property development, commercial operation and management, property management and the provision of construction services etc. The Group has extensive experience in developing and leasing properties and in managing properties in numerous locations in the PRC.

The Group's operational results may fluctuate or vary significantly from period to period depending on, among other factors, the overall development schedule of the development project(s) undertaken by the Group and the timing of sale and delivery of such development project(s).

The Group recorded a profit attributable to the equity holders of the Company for the Year of approximately RMB14.6 million (2015: RMB12.7 million). This represented an increase in the profit by approximately 15.75% as compared to that of the year of 2015.

#### Property Development Business

For the Year, sales revenue amounted to approximately RMB11.16 million and the area of contract sales was approximately 2,196.42 sq.m..

#### *Properties under sales close to selling out*

*Li Yuan*, a lohas residential project with a total saleable gross floor area (the "GFA") of over 46,000 sq. m. in New & Hi-Tech Industrial Development Zone, Nanning, was sold and pre-sold for over 81% in total as at 31 December 2016. For the Year, approximately 1,308.02 sq.m. of commercial shops and car parking spaces with revenue of approximately RMB5.38 million were sold and delivered to the purchasers.

*Fond • England*, a green residential project with a total GFA of over 150,000 sq.m. in Nanning, was sold and pre-sold for over 99% in total as at 31 December 2016. For the Year, approximately 888.4 sq.m. of car parking spaces with revenue of approximately RMB5.78 million were sold and delivered to the purchasers.

#### *Property under construction*

長沙 • 中央悦府 (*Changsha • Zhongyang Yuefu\**, formerly known as 書香佳緣 *Shuxiangjiayuan\**)

A residential project with a total GFA of approximately 100,260 sq.m. in Yuhua District, Changsha City, the pre-sale of which commenced in December 2016. For the Year, advances received was approximately RMB71.19 million.

泉州 • 中泱天成 (*Quanzhou • Zhongyang Tiancheng\**)

A residential project with a total GFA of approximately 62,087 sq.m. in Wanfu Community, Wanan Street, Luojiang District, Quanzhou City.

漳州 • 碧湖雙璽 (*Zhangzhou • Bihushuangxi\**)

A residential project with a total GFA of approximately 152,415 sq.m. in West of Hubin Road and North of Hubin Road, Longwen District, Zhangzhou, consisted of Phase I, the pre-sale of which has commenced in November 2016, and Phase II. For the Year, advances received were approximately RMB71.4 million. Construction of Phase II has commenced in March 2017. The Company has interests in 40% of the project.

*蘇州 • 獨墅灣 (Suzhou • Dushuwan\*)*

A residential project with a total GFA over 440,000 sq.m. (including areas not counted in the plot ratio) in Dushuwan Lake and in the vicinity of an ecosphere in Wuzhong District, Suzhou City, Jiangsu Province. The project will be developed in three phases altogether; (i) construction of Phase I commenced in February 2016 and is expected to be completed in December 2017; (ii) construction of Phase II commenced in October 2016 and is expected to be completed in August 2018; (iii) construction of last Phase commenced in 2018 and completed in June 2020. Pre-sale of Phase I has commenced in August 2016. For the Year, advances received were approximately RMB842.5 million. The Company has interests in 13% of the project.

***Properties to be constructed***

*漳州 • 發現之旅 (Zhangzhou • Green Pavillion\*)*

A residential project of low-rise and high-rise buildings with a total GFA of approximately 358,000 sq.m. in Changtai County, Zhangzhou City, neighboring Xiamen City.

**Real estate industry chain services**

**1. Commercial assets management**

- (1) The leasing fee income from the Group's property leasing business was approximately RMB74.23 million (including income from premises occupation) for the Year (2015: RMB44.69 million).

The Group's leasing properties are mainly located in two districts, namely Xingning District (興寧區) and Xixiangtang District (西鄉塘區) of Nanning. As of 31 December 2016, the Group's retail units (which were held for the purpose of leasing to independent third parties) comprised an aggregate rentable GFA of approximately 22,871 sq.m. in the PRC, of which an aggregate GFA of approximately 18,187 sq.m. in the PRC were leased out and an underground car park area of approximately 3,954 sq.m. is used as a temporary car park area.

The Group's third party leasing property, under a new lease with Shanghai Zhaoyu Asset Management Limited Company during the Year, was located in Yangpu District and Jiading District, Shanghai. As of 31 December 2016, the leasing property retail unit comprised an aggregate rentable GFA of approximately 74,103 sq.m. in the PRC, of which an aggregate GFA of approximately 56,739 sq.m. in the PRC were leased out.

- (2) The income from the Group's property management was approximately RMB5.16 million for the Year (2015: RMB4.96 million).

The Group's property management business comprises managing properties that the Group holds in its investment property portfolio, properties that the Group has developed, as well as properties owned or legally used by independent third party property owners or users. The Group's property management services include setting property management programme, providing security, maintaining the properties, landscaping, developing environmental protection policies, event planning and entrusted construction services.

As of 31 December 2016, the Group derived its property management income mainly from leasing and management of commercial properties in Nanning.

## 2. Projects operation and management (entrusted construction)

During the Year, the income of the Group's entrusted construction was derived from the entrusted construction agreement for the management and entrusted construction services of Xiamen Zhaocheng Engineering Construction and Management Limited, an indirect wholly-owned subsidiary of the Group. The income of entrusted construction was approximately RMB5.83 million.

## 3. Informatisation services and smart community

During the Year, the smart construction services income of approximately RMB7.73 million derived from the smart construction services provided by Xiamen Zhaohui Network Technology Co., Ltd.\*(廈門兆慧網絡科技有限公司), an indirect wholly-owned subsidiary of the Group.

## FINANCIAL REVIEW

### Revenue

During the Year, the Group's revenue was derived from (i) sales of properties; (ii) commercial assets management; (iii) projects operation and management (entrusted construction); and (iv) smart construction services.

The following table sets forth the Group's revenue from each of these segments and as a percentage of the total revenue for the relevant financial years:

|  | 2016    |      | 2015    |      |
|--|---------|------|---------|------|
|  | RMB'000 | %    | RMB'000 | %    |
| Sales of properties                    | 11,161  | 10.7 | 84,124  | 62.9 |
| Commercial assets management income    | 79,391  | 76.3 | 49,643  | 37.1 |
| Entrusted construction services income | 5,825   | 5.6  | —       | —    |
| Smart construction services income     | 7,726   | 7.4  | —       | —    |
|  | 104,103 | 100  | 133,767 | 100  |

Sales of properties decreased by about 86.7% from approximately RMB84.12 million in 2015 to approximately RMB11.16 million in 2016. Saleable GFA delivered for the financial years ended 31 December 2015 and 2016 were approximately 9,349 sq.m. and approximately 2,196.42 sq.m. respectively. The revenue derived from the sales of properties for the Year decreased due to the decrease in saleable GFA sold and delivered in the Year.

### Cost of Sales

Cost of sales decreased by about 46.2% from approximately RMB70.3 million for the year ended 31 December 2015 to approximately RMB37.8 million for the Year. This result was primarily attributable to the decrease in saleable GFA of Li Yuan and Fond • England sold and delivered during the Year.

### **Gross Profit and Gross Profit Margin**

The gross profit amounted to approximately RMB63.50 million and approximately RMB66.31 million for the years ended 31 December 2015 and 2016 respectively, representing a gross profit margin of approximately 47.5% and 63.7% respectively. The overall increase in gross profit margin was mainly due to the increase in percentage of property leasing business for the Year.

### **Other Income**

Other income increased from approximately RMB24.33 million and RMB3.16 million for the years ended 31 December 2016 and 2015 respectively. The main reason for the increase was an increase in interest income in the Year and the reversal of executive Directors' fees for 2015 as the Directors have waived their rights of recovery.

### **Borrowing Costs**

Borrowing costs incurred for the construction projects are capitalised during the Year. Other borrowing costs are expensed when incurred.

Capitalised borrowing costs increased from approximately RMB2.4 million for the year ended 31 December 2015 to approximately RMB15.53 million for the Year. The increase was mainly due to the increase in borrowings from shareholders for the period.

### **Gain on Changes in Fair Value of Investment Properties**

The gain of changes in fair value of investment properties was RMB0.69 million for the Year and the gain in the previous financial year was RMB2.6 million. The gain reflected the adjustments in the property value in Nanning during the Year.

### **Administrative Expenses**

Administrative expenses increased by about 1.5% to approximately RMB26.95 million for the Year from approximately RMB26.55 million for the year ended 31 December 2015. This was primarily due to the increase in number of employees.

### **Selling Expenses**

Selling expenses increased by about 286.3% to approximately RMB18.35 million for the Year from approximately RMB4.75 million for the year ended 31 December 2015, primarily due to the increase in marketing related expenses of the newly incorporated Shanghai Zhaoxiang Commercial Business Management Company Limited\*(上海兆祥商業經營管理有限公司).

### **Profit before Income Tax**

As a cumulative effect of the foregoing factors, the Group had recorded a profit before income tax of approximately RMB27.48 million for the Year, representing a decrease of approximately 22.5% from approximately RMB35.47 million in the previous financial year.

### **Income Tax Expense**

Income tax expense decreased from approximately RMB20.06 million in the previous financial year to approximately RMB11.14 million for the Year. The decrease in income tax was mainly due to a decrease in income from property sales during the Year.

### **Profit for the Year Attributable to the Equity Holders of the Company**

The profit attributable to the equity holders of the Company increased by about 15.5% from approximately RMB12.67 million in the previous financial year to approximately RMB14.64 million for the Year.

### **Liquidity and Financial Resources**

The long-term funding and working capital required by the Group are primarily derived from income generated from core business operations, bank borrowings, loans from intermediate holding companies and cash proceeds derived from receipt in advance from the pre-sale of properties, which were used to finance its business operations and investment in construction projects. The Group's liquidity position was well-managed during the Year.

The Group continues to adopt a prudent financing policy and sustain a sound capital structure with healthy cashflow. As at 31 December 2016, the Group's cash and cash equivalents and restricted cash amounted to approximately RMB246.43 million (2015: RMB71.93 million) while total assets and net assets (after deducting non-controlling interests) were approximately RMB2,783.19 million (2015: RMB1,280.48 million) and RMB1,013.24 million (2015: RMB757.19 million) respectively. As at 31 December 2016, the Group's working capital amounted to approximately RMB669.41 million (2015: RMB419.1 million). As at 31 December 2016, the Group recorded net debt of approximately RMB816.7 million (2015: RMB47.3 million) with net debt to equity ratio of 72.1% (2015: 5.6%).

As at 31 December 2016, the Group had (i) a loan facility of approximately RMB3.24 million (2015: RMB3.75 million) denominated in HK\$ and bore a floating interest rate of 3.5% (2015: 3.5%) per annum, and (ii) loans from intermediate holding companies of approximately RMB1,059.89 million (2015: RMB115.51 million) denominated in RMB and at the PBOC rate per annum. The Group had no bank borrowings which was denominated in RMB (2015: nil). No particular trend of seasonality was observed for the Group's borrowing requirements for the Year.

The Group's gearing ratio (total borrowings divided by total equity) increased to 94% as at 31 December 2016 (2015: 14%) as the loans from intermediate holding companies increased in the Year.

Of the total borrowings, approximately RMB3.24 million was repayable within one year while approximately RMB1,059.9 million was repayable after one year but within three years.

To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents which the management considers to be adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flow. The Group's management also monitors its net current assets/liabilities and the utilisation of borrowings to ensure efficient use of the available banking facilities and compliance with loan covenants.

### **Financial Guarantee Contracts**

The Group had arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. The balance as at 31 December 2016 was approximately RMB48.61 million (2015: RMB133.85 million). The decrease was mainly attributable to the decrease of the guarantees upon the real estate mortgage loan by purchasers of Li Yuan in the Year.

### **Capital Commitments**

Capital commitments were those contracts concluded but not provided for leasehold improvements and the construction of properties under development. The capital commitment was approximately RMB169.03 million as at 31 December 2016 (2015: RMB172.27 million). The slight decrease was attributable to the completion of some construction projects and office renovation commenced in the Year.

### **Pledge of Assets**

Certain borrowings were secured by property, plant and equipment.

### **Capital Structure**

As at 31 December 2016, the Company's issued share capital was HK\$42,800,000, divided into 428,000,000 ordinary shares (the "Shares") of HK\$0.1 each (31 December 2015: HK\$36,000,000 divided into 360,000,000 Shares).

### **Foreign Currency Exposure**

The business operations of the Company's subsidiaries were conducted mainly in the PRC with revenues and expenses of the Company's subsidiaries denominated mainly in RMB.

As at 31 December 2016, except for the bank deposits denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations.

As the Directors considered the Group's foreign exchange risk to be insignificant, the Group did not use any financial instruments for hedging purposes during the Year.

### **Contingent Liabilities**

As at 31 December 2016, the Group did not have any material contingent liabilities (31 December 2015: nil).

### **Employees and Emolument Policy**

As at 31 December 2016, the Group employed a total of 171 full-time employees (2015: 92 full-time employees). Total staff costs, including Directors' emoluments, of the Group were approximately RMB21.67 million (2015: RMB16.49 million). The Group reviews the remuneration policies and packages on a regular basis and makes necessary adjustment commensurate with the remuneration level in the industry. In addition to a basic monthly salary, year-end bonuses are offered to those staff with outstanding performance. A share option scheme has been adopted to attract and retain eligible employees to contribute to the Group.

The same remuneration philosophy is applicable to the Directors. Apart from benchmarking against the market, the Company reviews individual competence and contributions and the affordability of the Company in determining the exact level of remuneration for each Director.

## **EVENTS AFTER REPORTING PERIOD**

Save as disclosed in this announcement, there is no significant event after 31 December 2016.

## **OUTLOOK**

For the Group's positioning and planning, the Group will also engage in light-asset extension business related to the real estate industry such as entrusted construction and commercial operation management while developing its major property business in future. Moreover, the Group will also actively seek for the right timing to increase investments in sectors such as properties for the elderly, high-end education and other emerging industries. By leveraging the abundant resources and mature branding strength of its parent company, introducing advanced management concepts and excellent corporate culture to fully utilize the advantages of the capital platform in Hong Kong, the Group is gradually approaching the new stage of leaping development.

## **FINAL DIVIDEND**

The Board recommends the payment of a final dividend of HK\$10 cents per Share (i.e. HK\$ 0.1 per Share) in respect of the Year (2015: nil), subject to the approval at the forthcoming annual general meeting of the Company (the "AGM"). Based on the 428,000,000 Shares in issue as at 31 December 2016, it is expected that the final dividend payable will amount to HK\$42,800,000 (equivalent to approximately RMB38,285,000). Subject to the approval of the shareholders of the Company at the AGM, the final dividend is expected to be paid to the eligible shareholders of the Company on 26 May 2017.

## **ANNUAL GENERAL MEETING**

The AGM of the Company will be held on 16 May 2017. A notice convening the AGM of the Company will be published and dispatched to the shareholders of the Company in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 10 May 2017 to Tuesday, 16 May 2017 (both days inclusive). In order to qualify for attending and voting at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by 4:30 p.m. on Tuesday, 9 May 2017.

For the purpose of ascertaining shareholders' entitlement to the final dividend, the register of members of the Company will be closed from Monday, 22 May 2017 to Tuesday, 23 May 2017 (both days inclusive). In order to qualify for the final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at the abovementioned address for registration by 4:30 p.m. on Friday, 19 May 2017.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company had adopted a set of codes of conduct on terms on less exacting than to 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 its own code of conduct for dealings in securities of the Company by its Directors. The Company had made specific enquiries of all Directors and each of them confirmed that they had complied with the required standard set out in the Model Code and its code of conduct for the Year.

## **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to maintaining high corporate governance standards. It believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company had complied with the applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the Year.

Further information on the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the Company's annual report for the Year, which will be released in due course.

## PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF OUR COMPANY

| Date of agreement | Date of completion | Fund raising activity   | Net proceeds raised           | Reasons for fund raising and use of net proceeds   | Closing price of last trading date before the date of agreement | Actual use of net proceeds as at the date of this announcement   |
|-------------------|--------------------|---|-------------------------------|--|---|--|
| 4 December 2016   | 21 December 2016   | Placing of 68,000,000 new ordinary shares at a placing price of HK\$3.97 per placing share to independent third parties under general mandate   | Approximately HK\$266,960,000 | Raise capital for the Company and broaden the Shareholders' base and capital base of the Company<br><br>HK\$100,000,000 out of the net proceeds for the repayment of loans from shareholders, and the remaining balance of the net proceeds for general working capital purposes | HK\$4.95  | HK\$100,000,000 out of the net proceeds for the repayment of loans from shareholders, and the remaining balance of the net proceeds for general working capital purposes |
| 4 December 2016   | 1 March 2017       | Issuance of perpetual convertible bond in an aggregate principal amount of HK\$500,000,000 to Well Land International Limited. The perpetual convertible bond is convertible into 108,695,652 conversion shares at the initial conversion price of HK\$4.6 per conversion share under special mandate | Approximately HK\$499,400,000 | Broaden the Company's financing channels, optimize the Company's debt structure and further enhance its risk-resisting capability and capability of sustainable development<br><br>All of the proceeds repay for repayment of loans from the shareholders                        | HK\$4.95  | All of the proceeds repay for repayment of loans from the shareholders   |

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

## REVIEW OF RESULTS BY AUDIT COMMITTEE

The Audit Committee of the Company (comprising all the three independent non-executive Directors, namely Mr. Wong Chi Wai (committee chairman), Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee) has reviewed with management the audited consolidated financial statements of the Company for the Year. The Group's consolidated financial statements have been audited by the Company's auditor, Grant Thornton Hong Kong Limited, and they have issued an unqualified opinion.

By Order of the Board  
**C&D International Investment Group Limited**  
**Zhuang Yuekai**  
*Chairman and Executive Director*

Hong Kong, 24 March 2017

As at the date of this announcement, the Directors are:-

*Executive Directors:*

Mr. Zhuang Yuekai (*Chairman*)

Mr. Shi Zhen

Ms. Zhao Chengmin

*Non-executive Directors:*

Ms. Wang Xianrong

Ms. Wu Xiaomin

Mr. Huang Wenzhou

*Independent Non-executive Directors:*

Mr. Wong Chi Wai

Mr. Wong Tat Yan, Paul

Mr. Chan Chun Yee

*This announcement is prepared in both English and Chinese; in the event of inconsistency, the English text of the announcement shall prevail over the Chinese text.*

*\* for identification purpose only*