建發國際投資集團有限公司

C&D International Investment Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code:1908

2017

INTERIM REPORT

房地產開發及房地產產業鏈綜合投資服務商

Real estate development and real estate industry chain investment services

CONTENTS

This Interim report is made in English and Chinese. In the case of any inconsistency, the English version shall prevail.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Ms. SOON Yuk Tai

AUDIT COMMITTEE

Mr. WONG Chi Wai *(Committee Chairman)*
Mr. WONG Tat Yan, Paul
Mr. CHAN Chun Yee

REMUNERATION COMMITTEE

Mr. WONG Tat Yan, Paul *(Committee Chairman)*
Mr. ZHUANG Yuekai
Mr. WONG Chi Wai
Mr. CHAN Chun Yee

NOMINATION COMMITTEE

Mr. ZHUANG Yuekai *(Committee Chairman)*
Mr. CHAN Chun Yee
Mr. WONG Chi Wai
Mr. WONG Tat Yan, Paul

INDEPENDENT AUDITOR

Grant Thornton Hong Kong Limited

PRINCIPAL BANKERS

Bank of China

REGISTERED OFFICE

P.O. Box 10008
Willow House, Cricket Square
Grand Cayman KY1-1001
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office No. 3517
35th Floor, Wu Chung House
213 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Tricor Services (Cayman Islands) Limited
P.O. Box 10008
Willow House, Cricket Square
Grand Cayman KY1-1001
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LEGAL ADVISER AS TO HONG KONG LAWS

King & Wood Mallesons

STOCK CODE

1908

COMPANY'S WEBSITE

www.cndintl.com
(the contents of which do not form part of this report)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board (the "Board") of directors (the "Directors") of C&D International Investment Group Limited (the "Company") is pleased to announce the following unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2017 together with the comparative figures for the corresponding period in 2016.

	Notes	For the six months ended 30 June 2017 (Unaudited) RMB'000	2016 (Unaudited) (Restated) RMB'000
Revenue	4	**66,072**	34,410
Cost of sales		**(27,809)**	(10,257)
Gross profit		**38,263**	24,153
Other income	5	**10,325**	5,037
Gain on changes in fair value of investment properties		**9,320**	450
Administrative expenses		**(9,959)**	(9,141)
Selling expenses		**(34,292)**	(10,895)
Finance costs	6	**(919)**	(20)
Share of loss of associates		**(540)**	—
Profit before income tax	7	**12,198**	9,584
Income tax expense	8	**(3,190)**	(1,735)
Profit for the period		**9,008**	7,849
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**(4,822)**	274
Total comprehensive income for the period		**4,186**	8,123

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the six months ended 30 June 2017 (Unaudited) RMB'000	2016 (Unaudited) (Restated) RMB'000
Profit for the period attributable to:			
Owners of the Company		**11,185**	11,858
Non-controlling interests		**(2,177)**	(4,009)
		9,008	7,849
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**6,363**	12,132
Non-controlling interests		**(2,177)**	(4,009)
		4,186	8,123
Earnings per share for profit attributable to the owners of the Company	10		
– Basic (RMB cents)		**2.61**	3.29
– Diluted (RMB cents)		**2.22**	3.29

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Unaudited) (Restated) RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**68,092**	72,105
Interests in leasehold land		**300**	301
Investment properties		**670,350**	682,130
Interest in associates		**47,448**	38,988
Interest in a joint venture		**48,538**	50,024
Deposits for land acquisition		**64,166**	64,166
Deferred tax assets		**98,787**	35,741
		997,681	943,455
Current assets			
Inventories	11	**6,439,350**	5,959,300
Prepay taxes		**186,838**	59,569
Trade and other receivables	12	**50,655**	19,843
Cash and cash equivalents		**2,421,499**	630,349
		9,098,342	6,669,061
Current liabilities			
Trade and other payables	13	**267,764**	286,764
Advances received from the pre-sale of properties under development and properties held for sale		**3,058,501**	1,183,781
Amounts due to non-controlling shareholders	14	**233,872**	218,872
Interest-bearing borrowings	15	**307,727**	3,236
Income tax liabilities		**49,216**	33,452
		3,917,080	1,726,105
Net current assets		**5,181,262**	4,942,956
Total assets less current liabilities		**6,178,943**	5,886,411

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Unaudited) (Restated) RMB'000
Non-current liabilities			
Interest-bearing borrowings	15	**3,508,000**	540,000
Loan from intermediate holding company	14	**894,320**	3,943,556
Deferred tax liabilities		**189,616**	180,958
		4,591,936	4,664,514
Net assets		**1,587,007**	1,221,897
EQUITY			
Share capital	16	**35,219**	35,219
Perpetual convertible bond	17	**442,850**	—
Other reserves		**875,146**	953,109
Equity attributable to the owners of the Company		**1,353,215**	988,328
Non-controlling interests		**233,792**	233,569
Total equity		**1,587,007**	1,221,897

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the equity holders of the Company												
	Share capital RMB'000	Perpetual convertible bond	Share premium* RMB'000	Merger reserve#* RMB'000	Statutory reserve* RMB'000	Exchange reserve* RMB'000	Capital reserve* RMB'000	Revaluation reserve* RMB'000	Proposed final dividend* RMB'000	Retained earnings* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2016, as previously reported	29,135	–	198,945	–	25,993	4,203	21,102	2,692	–	475,116	757,186	92,055	849,241
Effect of business combination under common control	–	–	–	–	–	–	–	–	–	(16)	(16)	129,981	129,965
Balance at 1 January 2016, as restated	29,135	–	198,945	–	25,993	4,203	21,102	2,692	–	475,100	757,170	222,036	979,206
Total comprehensive income for the period													
Profit for the period	–	–	–	–	–	–	–	–	–	11,858	11,858	(4,009)	7,849
Other comprehensive income													
– Currency translation differences	–	–	–	–	–	274	–	–	–	–	274	–	274
Total comprehensive income	–	–	–	–	–	274	–	–	–	11,858	12,132	(4,009)	8,123
Transactions with owners													
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	11,931	11,931
Capital contribution from non-controlling Shareholders	–	–	–	–	–	–	–	–	–	–	–	13,500	13,500
Total transactions with owners	–	–	–	–	–	–	–	–	–	–	–	25,431	25,431
Balance at 30 June 2016, as restated (Unaudited)	29,135	–	198,945	–	25,993	4,477	21,102	2,692	–	486,958	769,302	243,458	1,012,760

* The total of these balances represented "Other reserves" in the condensed consolidated statement of financial position.

\# The merger reserve represents the difference between the consideration paid and the net asset value of the acquires arising from the business combinations under common control as detailed in note 2.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the equity holders of the Company												
	Share capital RMB'000	Perpetual convertible bond	Share premium* RMB'000	Merger reserve#* RMB'000	Statutory reserve* RMB'000	Exchange reserve* RMB'000	Capital reserve* RMB'000	Revaluation reserve* RMB'000	Proposed final dividend* RMB'000	Retained earnings* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2017, as previously reported	35,219	–	431,997	–	25,993	6,484	21,102	2,692	–	489,755	1,013,242	119,011	1,132,253
Effect of business combination under common control	–	–	–	(8,788)	–	–	–	–	–	(16,126)	(24,914)	114,558	89,644
Balance at 1 January 2017, as restated	35,219	–	431,997	(8,788)	25,993	6,484	21,102	2,692	–	473,629	988,328	233,569	1,221,897
Total comprehensive income for the period													
Profit for the period	–	–	–	–	–	–	–	–	–	11,185	11,185	(2,177)	9,008
Other comprehensive income													
– Currency translation differences	–	–	–	–	–	(4,822)	–	–	–	–	(4,822)	–	(4,822)
Total comprehensive income	–	–	–	–	–	(4,822)	–	–	–	11,185	6,363	(2,177)	4,186
Transactions with owner													
Dividend paid	–	–	–	–	–	–	–	–	(37,737)	–	(37,737)	–	(37,737)
Insurance of perpetual convertible bond	–	442,850	–	–	–	–	–	–	–	–	442,850	–	442,850
Capital contribution from non-controlling Shareholders	–	–	–	–	–	–	–	–	–	–	–	150	150
Dividends paid to non-controlling Shareholders	–	–	–	–	–	–	–	–	–	–	–	(999)	(999)
Business combination under common control	–	–	–	(46,589)	–	–	–	–	–	–	(46,589)	3,249	(43,340)
Total transactions with owners	–	442,850	–	(46,589)	–	–	–	–	(37,737)	–	358,524	2,400	360,924
Balance at 30 June 2017 (Unaudited)	35,219	442,850	431,997	(55,377)	25,993	1,662	21,102	2,692	(37,737)	484,814	1,353,215	233,792	1,587,007

* The total of these balances represented "Other reserves" in the condensed consolidated statement of financial position.

\# The merger reserve represents the difference between the consideration paid and the net asset value of the acquires arising from the business combinations under common control as detailed in note 2.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
		(Restated)
	RMB'000	RMB'000
Net cash generated/(used in) from operating activities	**1,256,993**	(346,770)
Net cash used in from investing activities	**(53,755)**	(23,110)
Net cash generated financing activities (Note)	**590,158**	384,905
Net increase in cash and cash equivalents	**1,793,396**	15,025
Cash and cash equivalents as at 1 January	**630,349**	72,935
Effect of foreign exchange rates changes on cash and cash equivalents	**(2,246)**	139
Cash and cash equivalents as at 30 June	**2,421,499**	88,099

Note: Included in net cash used in financing activities for the six months ended 30 June 2017 were repayment of interest-bearing borrowings of approximately RMB3,049.71 million (2016: RMB3.76 million).

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 the 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 property development, real estate industrial chain investment service and emerging industry investment in the People's Republic of China (the "PRC").

Well Land International Limited（益能國際有限公司）("Well Land International") 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 indirectly wholly-owned subsidiary of Xiamen C&D Inc., the shares of which are listed in the Shanghai Stock Exchange which is a subsidiary of Xiamen C&D Corporation Limited, the Company's ultimate holding company.

2. BUSINESS COMBINATIONS UNDER COMMON CONTROL AND BASIS OF PRESENTATION

On 5 January 2017, Xiamen Yi Yue Property Company Limited* (廈門益悅置業有限公司) ("Yi Yue"), an indirectly wholly-owned subsidiary of the Company, entered into the Second Capital Increase Agreement (the "Capital Increase") with Suzhou Zhaokun Real Estate Development Company Limited* (蘇州兆坤房地產開發有限公司) ("Suzhou Zhaokun"), and Xiamen Liyuan Investment Company Limited* (廈門利源投資有限公司) ("Xiamen Liyuan"), pursuant to which the parties agreed that the registered capital of Suzhou Zhaoxiang Real Estate Development Company Limited* (蘇州兆祥房地產開發有限公司) ("Suzhou Zhaoxiang"), a company controlled by a controlling shareholder of the Company, would be further increased from RMB114,940,000 to RMB200,000,000. Upon completion of the Capital Increase, Yi Yue would hold 50% equity interest in Suzhou Zhaoxiang.

On 5 January 2017, Yi Yue entered into share transfer agreements for (i) the acquisition of 30% equity interests in the Fujian Zhaohe Real Estate Company Limited* (福建兆和房地產有限公司) ("Fujian Zhaohe"), a company controlled by a controlling shareholder of the Company from Fujian Zhao Run Property Company Limited* (福建兆潤房地產有限公司) ("Fujian Zhaorun") by Yi Yue ("Zhao Run Acquisition"); and (ii) the acquisition of 30% of equity interests in Fujian Zhaohe from Licheng Enterprise Management Company Limited* (廈門利承企業管理有限公司) ("Licheng Enterprise") by Yi Yue ("Licheng Acquisition").

Details of the Capital Increase, the Zhao Run Acquisition and the Licheng Acquisition have been set out in the Company's announcements dated 5 January 2017 and the circular dated 25 February 2017.

The Capital Increase was completed on 29 March 2017. The Zhao Run Acquisition and the Licheng Acquisition were completed on 28 March 2017.

2. BUSINESS COMBINATIONS UNDER COMMON CONTROL AND BASIS OF PRESENTATION *(Continued)*

The financial statements have been prepared in accordance with the principles of merger accounting as set out in Accounting Guideline 5 Merger Accounting for Common Control Combinations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), as if the Capital Increase, the Zhao Run Acquisition and the Licheng Acquisition had been completed at the beginning of the earliest period presented because these events were regarded as a business combination under common control of the substantial shareholder of the Company before and after their respective realization.

The condensed consolidated income statements, condensed consolidated statements of comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statements of cash flows of the Group for the six months ended 30 June 2017 and 2016 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the dates when the subsidiaries first came under the common control of the substantial shareholder, where this is a shorter period. The condensed consolidated statements of financial position of the Group as at 31 December 2016 and 30 June 2017 have been prepared to present the assets and liabilities of the Group using the existing carrying values from the substantial shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Capital Increase, the Zhao Run Acquisition and the Licheng Acquisition.

Equity interests in subsidiaries and/or business held by parties other than the substantial shareholder prior to the the Capital Increase, the Zhao Run Acquisition and the Licheng Acquisition are presented as non-controlling interests in equity in applying the principles of merger accounting.

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA.

Save for the Capital Increase, the Zhao Run Acquisition and the Licheng Acquisition, the basis of preparation and accounting policies adopted in preparing these unaudited condensed consolidated financial statements are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 December 2016, except for the adoption of the new and revised Hong Kong Financial Reporting Standards issued by the HKICPA that have become effective for accounting period beginning on 1 January 2017 (the "New and Revised HKFRSs").

The adoption of the New and Revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements.

The Group has not applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards, amendments or interpretations to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group's results of operations and financial position.

The unaudited condensed consolidated financial statements have been prepared under historical basis except for investment properties, which are stated at fair value.

2. BUSINESS COMBINATIONS UNDER COMMON CONTROL AND BASIS OF PRESENTATION *(Continued)*

The unaudited condensed consolidated financial statements are presented in RMB and the functional currency of the Company is HK$. The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries consider RMB as their functional currency. In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the reporting date. Income and expenses have been converted into the RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in equity.

3. 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 period, 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 period's presentation. In addition, the businesses of provision of entrusted construction services and smart construction services commenced by the Group during the period.

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.

3. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

	Property development (Unaudited) RMB'000	Commercial assets management (Unaudited) RMB'000	Entrusted construction services (Unaudited) RMB'000	Smart construction services (Unaudited) RMB'000	Total (Unaudited) RMB'000
For the six months ended 30 June 2017					
Reportable segment revenue	**6,675**	**56,030**	**3,508**	**1,368**	**67,581**
Reportable segment profit	**32,060**	**32,533**	**766**	**458**	**65,817**
Other segment information:					
Interest income	**3,098**	**450**	**11**	**1**	**3,560**
Amortisation of leasehold land	**1**	**5**	**—**	**—**	**6**
Gain on fair value of investment properties	**—**	**9,320**	**—**	**—**	**9,320**
Income tax expense/(credit)	**(51,449)**	**3,101**	**—**	**—**	**(48,348)**
Depreciation of property, plant and equipment	**119**	**6,475**	**—**	**—**	**6,594**

	Property development (Unaudited) RMB'000	Commercial assets management (Unaudited) RMB'000	Entrusted construction services (Unaudited) RMB'000	Smart construction services (Unaudited) RMB'000	Total (Unaudited) RMB'000
For the six months ended 30 June 2016 (Restated)					
Reportable segment revenue	1,456	31,618	2,112	402	35,588
Reportable segment profit/(loss)	(3,010)	10,701	1,214	(112)	8,793
Other segment information:					
Interest income	132	16	5	1	154
Amortisation of leasehold land	—	5	—	—	5
Gain on fair value of investment properties	—	450	—	—	450
Income tax expense/(credit)	(45)	665	404	—	1,024
Depreciation of property, plant and equipment	565	825	—	—	1,390

3. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

	Property development (Unaudited) RMB'000	Commercial assets management (Unaudited) RMB'000	Entrusted construction services (Unaudited) RMB'000	Smart construction services (Unaudited) RMB'000	Total (Unaudited) RMB'000
As at 30 June 2017					
Reportable segment assets	**9,073,230**	**838,349**	**2,601**	**7,872**	**9,922,052**
Reportable segment liabilities	**(8,196,745)**	**(236,259)**	**(206)**	**(2,051)**	**(8,435,261)**
Other segment information:					
Additions to non-current assets	**2,081**	**1,322**	**—**	**—**	**3,403**
Investment in an associate	**—**	**—**	**—**	**—**	**—**

	Property development (Unaudited) RMB'000	Commercial assets management (Unaudited) RMB'000	Entrusted construction services (Unaudited) RMB'000	Smart construction services (Unaudited) RMB'000	Total RMB'000
As at 31 December 2016 (Restated)					
Reportable segment assets	6,532,968	789,200	10,493	4,583	7,337,244
Reportable segment liabilities	(6,057,151)	(217,307)	(303)	(1,759)	(6,276,520)
Other segment information:					
Additions to non-current assets	2,123	62,206	—	25	64,354
Investment in an associate	—	—	—	—	—

3. SEGMENT INFORMATION *(Continued)*

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

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
		(Restated)
	RMB'000	RMB'000
Reportable segment revenue	**67,581**	35,588
Inter-segment revenue elimination	**(1,509)**	(1,178)
Revenue	**66,072**	34,410
Reportable segment profit	**65,817**	8,793
Unallocated income and expense	**(5,271)**	(233)
Unallocated income tax expense	**(51,538)**	(711)
Profit for the period	**9,008**	7,849

	As at 30 June 2017	As at 31 December 2016
	(Unaudited)	(Unaudited)
		(Restated)
	RMB'000	RMB'000
Reportable segment assets	**9,922,052**	7,337,244
Unallocated corporate assets	**173,971**	275,272
Total consolidated assets	**10,096,023**	7,612,516
Reportable segment liabilities	**(8,435,261)**	(6,276,520)
Unallocated taxation liabilities	**(43,453)**	(27,749)
Unallocated deferred tax liabilities	**(14,633)**	(14,633)
Unallocated corporate liabilities	**(15,669)**	(71,717)
Total consolidated liabilities	**(8,509,016)**	(6,390,619)

4. REVENUE

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

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
		(Restated)
	RMB'000	RMB'000
Sales of properties	**6,675**	1,456
Commercial assets management income (Note)	**54,521**	30,440
Entrusted construction service income	**3,508**	2,112
Smart construction service income	**1,368**	402
	66,072	34,410

Note:

Commercial assets management income comprises rental income from property leasing of RMB50,199,000 (2016: RMB24,766,000) for the six months ended 30 June 2017 and building management income of RMB2,546,000 (2016: RMB2,587,000) for the six months ended 30 June 2017. The Group has contingent rental income of investment properties of approximately RMB427,000 (2016: RMB1,134,000) for the six months ended 30 June 2017. 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. OTHER INCOME

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
		(Restated)
	RMB'000	RMB'000
Bank interest income	**3,936**	166
Reversal of Directors' and supervisors' compensation in previous years	**—**	2,694
Income from compensation for default	**5,000**	1,962
Sundry income	**1,389**	215
	10,325	5,037

6. FINANCE COSTS

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
		(Restated)
	RMB'000	RMB'000
Interest charges on:		
Bank borrowings wholly repayable within five years	**37,270**	20
Loan from intermediate holding company	**29,181**	127,880
Total borrowing costs	**66,451**	127,900
Less: interest capitalised	**(65,532)**	(127,880)
	919	20

The analysis shows the finance costs of bank 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 RMB45,000 and RMB20,000 for the six months ended 30 June 2017 and 2016 respectively.

7. PROFIT BEFORE INCOME TAX

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
		(Restated)
	RMB'000	RMB'000
Profit before income tax is arrived at after charging/(crediting):		
Amortisation of interests in leasehold land	**5**	5
Auditors' remuneration	**—**	3
Cost of properties sold	**5,608**	620
Depreciation of property, plant and equipment	**6,800**	738
Provision for doubtful trade receivables	**118**	—
(Gain)/Loss on exchange differences, net	**(838)**	23
Loss on disposals of property, plant, and equipment	**—**	80
Operating lease charges	**4,877**	2,989
Outgoings in respect of investment properties that generated rental income	**1,315**	2,030

8. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
		(Restated)
	RMB'000	RMB'000
Current income tax		
PRC corporate income tax	**51,538**	711
PRC land appreciation tax	**1,056**	66
	52,594	777
Deferred tax	**(49,404)**	958
Total income tax expense	**3,190**	1,735

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 period (2016: Nil).

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 period, 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 period 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%.

8. INCOME TAX EXPENSE *(Continued)*

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 and its subsequent changes, 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% (2016: 5% to 7%) of its sales of properties in accordance with the authorised taxation method.

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.

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (For the six months ended 30 June 2016: Nil).

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

(A) Basic earnings per share

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited) (Restated)
Number of shares		
Weighted average number of ordinary shares ('000)	**428,000**	360,000

	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
Profit used to determine basic earnings per share	**11,185**	11,858
Basic earnings per share attributable to the owners of the Company (expressed in RMB cents per share)	**2.61**	3.29

(B) Diluted earnings per share

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited) (Restated)
Number of shares		
Weighted average number of ordinary shares ('000)	**428,000**	360,000
Adjustment for:		
— Assumed conversion of perpetual convertible bond ('000)	**74,727**	—
Weighted average number of ordinary shares for diluted earnings per share ('000)	**502,727**	360,000

10. EARNINGS PER SHARE *(Continued)*

(B) Diluted earnings per share *(Continued)*

	RMB'000 (Unaudited)	RMB'000 (Unaudited) (Restated)
Profit used to determine diluted earnings per share	**11,185**	11,858
Diluted earnings per share attributable to the owners of the Company (expressed in RMB cents per share)	**2.22**	3.29

11. INVENTORIES

	As at 30 June 2017 RMB'000	As at 31 December 2016 RMB'000
INVENTORIES OF PROPERTIES:		
Properties under development	**6,396,633**	5,913,809
Properties held for sale	**39,777**	45,491
INVENTORIES OF GOODS:		
Electronic equipments	**2,940**	—
	6,439,350	5,959,300
Properties under development include:		
– cost of leasehold land	**5,010,610**	5,011,428
– construction costs and capitalised expenditure	**1,066,743**	646,243
– interests capitalised	**319,280**	256,138
	6,396,633	5,913,809

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 30 June 2017, properties under development amounted to approximately RMB4,785,229,000 (31 December 2016: RMB4,583,288,000) were expected to be completed and available for sale to the customers more than twelve months from the end of the reporting period.

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Unaudited) (Restated) RMB'000
Trade receivables		
From third parties	**8,449**	8,094
Less: Accumulated impairment loss	**(202)**	(86)
	8,247	8,008
Other receivables		
Prepayment	**35,167**	2,065
Deposits	**5,448**	6,382
Other receivables	**1,793**	3,388
	42,408	11,835
	50,655	19,843

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.

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 and consultancy service income, the income is paid in accordance with the terms of the respective agreements and the balance is due on presentation.

12. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Unaudited) (Restated) RMB'000
0-30 days	**5,454**	7,906
31-90 days	**267**	—
91-180 days	**15**	9
181-365 days	**2,455**	23
Over 1 year	**56**	70
	8,247	8,008

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

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Unaudited) (Restated) RMB'000
At 1 January	**86**	69
Provision for impairment	**118**	86
Amount written off as uncollectible	**(2)**	(69)
At 30 June 2017/31 December 2016	**202**	86

At each reporting date, the Group reviews the evidence for the impairment of receivables on both individual and collective basis. As at 30 June 2017, the Group has determined trade receivables of approximately RMB202,000 (31 December 2016: RMB86,000) 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.

12. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Unaudited) (Restated) RMB'000
Neither past due nor impaired	**7,427**	7,886
1-90 days past due	**528**	20
91-180 days past due	**15**	9
181-360 days past due	**220**	23
Over 360 days past due	**57**	70
	8,247	8,008

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.

13. TRADE AND OTHER PAYABLES

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Unaudited) (Restated) RMB'000
Trade payables		
To third parties	173,716	165,593
Other payables		
Accruals and other payables	40,308	69,834
Deposits received	33,302	35,119
Receipts in advance	19,435	16,218
Dividend payables	1,003	—
	94,048	121,171
	267,764	286,764

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 the period:

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Unaudited) (Restated) RMB'000
0-30 days	158,395	157,946
31-60 days	1,521	11
61-90 days	1,254	8
Over 90 days	12,546	7,628
	173,716	165,593

14. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS/LOAN FROM INTERMEDIATE HOLDING COMPANY

As at 30 June 2017 and 31 December 2016, the amounts due to non-controlling shareholders are unsecured, interest-free and repayable on demand.

As at 30 June 2017 and 31 December 2016, the loan from intermediate holding company is 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.

The carrying amounts of the balances approximate their fair values.

15. INTEREST-BEARING BORROWINGS

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Unaudited) (Restated) RMB'000
Bank loans, secured		
– in RMB	**3,813,000**	540,000
– in HKD	**2,727**	3,236
	3,815,727	543,236

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

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Unaudited) (Restated) RMB'000
Current		
Portion of bank loans due for repayment within one year	**305,853**	864
Portion of bank loans due for repayment after one year which contain repayment on demand clause	**1,874**	2,372
	307,727	3,236
Non-Current		
Portion of bank loans due for repayment after one year	**3,508,000**	540,000

15. INTEREST-BEARING BORROWINGS *(Continued)*

The Group's bank loans are repayable as follows:

	As at 30 June 2017 (Unaudited) RMB'000	As at 31 December 2016 (Unaudited) (Restated) RMB'000
Within one year or on demand	**307,727**	3,236
After one year	**3,508,000**	540,000
	3,815,727	543,236

As at 30 June 2017, the Group's bank loan were secured by the legal charges over the Group's property, plant and equipment with carrying value of approximately RMB10,772,000 (31 December 2016: RMB11,178,000) and property under development for sale with carrying amount of RMB4,493,954,000 (31 December 2016: RMB3,838,954,000).

As at 30 June 2017, the above borrowings carry interests at rates ranging from 3.4% to 5% (31 December 2016: 3.4% to 5%) per annum.

16. SHARE CAPITAL

	Number of shares	Amount RMB'000
Authorised:		
Ordinary shares of HK$0.1 each		
At 31 December 2016 (Audited) and 30 June 2017 (Unaudited)	1,000,000,000	81,055
Issued and fully paid:		
Ordinary shares of HK$0.1 each		
At 31 December 2016 (Audited) and 30 June 2017 (Unaudited)	428,000,000	35,219

17. PERPETUAL CONVERTIBLE BOND

On 1 March 2017, the Company issued perpetual convertible bond with an aggregate principal of HK$500,000,000 to Well Land International under specific mandate for repayment of loans from the shareholder as set out in the announcements dated 4 December 2016 and 1 March 2017 and the circular dated 26 January 2017.

The perpetual convertible bond does not have a fixed maturity date and may be converted into new ordinary shares of the Company at any time at the option of Well Land International at an agreed conversion price subject to certain anti-dilutive adjustments.

On 18 May 2017, the conversion price has been adjusted from HK$4.60 to HK$4.51 per conversion share and the total number of new shares convertible from 108,695,652 to 110,864,745 pursuant to applicable provisions in respond to the dividend payment of HK$0.1 per ordinary share approved by the shareholders of the Company on 16 May 2017 as set out in the announcement dated 25 May 2017.

The perpetual convertible bond bears a coupon rate of 4% and requires annual distribution payment to Well Land International on distribution payment date.

The Company may choose to defer payments in whole or in part at its sole discretion within certain accumulated limits by giving notice in advance to Well Land International.

The Company and its subsidiaries may redeem in whole the outstanding perpetual convertible bond: (1) on written consent by Well Land International; (2) at a mutually agreed price; and (3) on the ending date of the third year from the issue date or on any distribution payment date after three years from the issue date.

As the perpetual convertible bond bears no obligation of principal repayment and the Company has a deferral option for the distributions, the perpetual convertible bond does not apply to the definition for classification of a financial liabilities under HKAS 32. Consequently the perpetual convertible bond is classified as equity instrument and respective distribution if and when declared are treated as equity dividends.

18. EVENTS AFTER THE REPORTING DATE

Save as disclosed elsewhere in this report, the following significant events took place subsequent to 30 June 2017 and up to the date of this report:

(i) As set out in the announcement dated 25 April 2017 and in the circular dated 23 June 2017, Yi Yue, an indirectly wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement ("Lianjiang Acquisition") with C&D Estate Fuzhou Company Limited* (建發房地產集團福州有限公司) ("C&D Estate Fuzhou"), pursuant to which Yi Yue agreed to purchase and C&D Estate Fuzhou agreed to sell 78% equity interest in Lianjiang Zhaorun Estate Development Company Limited* (連江兆潤房地產開發有限公司) ("Lianjiang Zhaorun"). The cash consideration for the Lianjiang Acquisition is RMB81,491,000 and Yi Yue also shall repay the shareholder's loan in the amount of RMB505,361,900 advanced by C&D Estate Fuzhou to Lianjiang Zhaorun. The Ordinary Resolution related to the Lianjiang Acquisition was duly passed at the Extraordinary General Meeting held on 10 July 2017 as set out in the poll result announcement dated the same day.

(ii) As set out in the announcement dated 18 July 2017, Shanghai Zhaoyu Asset Management Company Limited* (上海兆昱資產管理有限公司) ("Shanghai Zhaoyu Asset Management"), a subsidiary of the Company, entered into the Lease Contract with Shanghai Zhaoyu Investment Development Company Limited* (上海兆御投資發展有限公司) ("Shanghai Zhaoyu Investment Development"), pursuant to which Shanghai Zhaoyu Investment Development as lessor agreed to lease certain properties in Shanghai to Shanghai Zhaoyu Asset Management as lessee for a fixed term of 10 years commencing from 1 July 2017 to 30 June 2027. The total rental cost under the Lease Contract throughout the 10-year term is not more than approximately RMB68,600,000.

(iii) As set out in the announcement dated 1 August 2017, Xiamen Zhaocheng Construction Operation and Management Limited* (廈門建發兆誠建設運營管理有限公司) ("Zhaocheng Construction"), a wholly-owned subsidiary of the Company, entered into the Entrusted Management Service Agreement with Nanping City Jianyang District Jiaying Real Estate Limited* (南平市建陽區嘉盈房地產有限公司) ("Jiaying Real Estate"), pursuant to which Zhaocheng Construction shall provide entrusted management services to Jiaying Real Estate in respect of the Jianyang Western District Ecological City* (建陽西區生態城) project for an expected 3-year term from 1 August 2017 to 31 July 2020. The entrusted management service fee shall be 8% of total sales of the Jianyang Western District Ecological City project payable on a lump sum basis, which is expected to be no more than RMB70,000,000. The transaction contemplated under the Entrusted Management Service Agreement with Jiaying Real Estate is subject to the independent shareholders' approval at an extraordinary general meeting to be held by the Company.

(iv) As set out in the announcement dated 3 August 2017, Fujian Zhaohe, an indirectly wholly-owned subsidiary of the Company, entered into a Confirmation Letter with the Zhangzhou Municipal Bureau of Land and Resources to confirm that Fujian Zhaohe has successfully won the bid for the auction for the land use rights of the Land which is located at Bihu Ecological Park* (碧湖生態園), Longwen District, Zhangzhou, Fujian Province, the PRC (Land Plot no. 2017P05) for (a) a cash consideration of RMB1,370,000,000 and (b) with provision to the government of the PRC by way of gratuitous construction of residential housing for a gross floor area of 37,000 sq.m..

18. EVENTS AFTER THE REPORTING DATE *(Continued)*

(v) As set out in the announcement dated 17 August 2017, Yi Yue, an indirectly wholly-owned subsidiary of the Company, entered into: (a) the Interest Transfer Agreement with C&D Real Estate Corporation Limited* (建發房地產集團有限公司) ("C&D Real Estate"); (b) the Equity Transfer Agreement with Changsha Jiuzhitang (Group) Co., Ltd.* (長沙九芝堂 (集團) 有限公司) ("Jiuzhitang"); and (c) the Supplemental Agreement with C&D Real Estate, Jiuzhitang, and Yongjin Investment Holding Company Limited* (湧金投資控股有限公司) ("Yongjin Investment") ((a), (b) and (c) collectively "Transfer Agreements"); pursuant to which the parties agreed Yi Yue to purchase from C&D Real Estate and Jiuzhitang the 100% beneficial and legal interest in Changsha Yuefa Property Development Limited* (長沙悅發房地產有限公司) ("Changsha Yuefa"). The total consideration under the Interest Transfer Agreement with C&D Real Estate includes: (a) the initial consideration RMB437,893,237.85 and (b) the adjusted consideration (if any). The transactions contemplated under the Transfer Agreements are subject to the independent shareholders' approval at an extraordinary general meeting to be held by the Company.

(vi) As set out in the announcement dated 24 August 2017, Yi Yue, an indirectly wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement ("Zhangjiagang Acquisition") with Suzhou Zhaokun, pursuant to which Yi Yue agreed to purchase and Suzhou Zhaokun agreed to sell 70% equity interest in Zhangjiagang Jianfeng Property Development Company Limited* (張家港建豐房地產開發有限公司) ("Zhangjiagang Jianfeng"). The equity transfer consideration for the Zhangjiagang Acquisition is RMB34,989,633.41. Meanwhile, Yi Yue shall repay shareholder's loan in the amount of RMB786,708,455.75 previously advanced to Zhangjiagang Jianfeng by Suzhou Zhaokun. The transaction contemplated under the Equity Transfer Agreement with Suzhou Zhaokun is subject to the independent shareholders' approval at an extraordinary general meeting to be held by the Company.

MARKET REVIEW

During the first half of 2017, the Chinese government continued to regulate the real estate market, aiming for deleveraging, destocking, and stabilizing prices. While the People's Bank of China tightened monetary policies, a number of cities also initiated purchase limitation policies designed for such cities. However, governmental regulation policies intend to suppress speculative demand other than reasonable demands for consumption or improvement. The period witnessed a new equilibrium of supply and demand in the market where the real estate price remained strong but gradually trended to stabilize. As the urbanization process in the PRC will continue to ascend in the future, there will be sizable rigid demands in the Chinese real estate market with a promising prospect for long-term fundamentals.

BUSINESS REVIEW

The Group is principally engaged in the business of property development, real estate industrial chain investment services and emerging industry investment. During the period, the main source of revenue for the Company was commercial asset operation and management. During the period, while the original property projects were nearly sold out, some new property projects recognized no revenue because they either were under construction or had not been delivered. New property projects during the period had realized sizable contract sales. The Company anticipates gradual revenue recognition from these projects in the future.

As the Group's business continuously expands both in size and in range, with each business sector of the Group attaining orderly developments, the Group's position as "a property developer and an integrated investment service provider for real estate industrial chain" becomes even clearer. Pursuant to the business development strategy of "one body with two wings", the Group will drive further improvement in its performance and continuously create value for shareholders.

The Group recorded profit attributable to owners of the Company for the six months ended 30 June 2017 of approximately RMB11.2 million (corresponding period in 2016 (restated): approximately RMB11.9 million). Net profit attributable to the owners of the Company for the period decreased by approximately 6% compared to that for corresponding period in 2016. The main reason for the decrease in profit attributable to the owners of the Company during the period was that as the Group increased input in property development business for size expansion, the number of property projects increased significantly without revenue recognition due to delivery structure, but nonetheless these properties generated periodical expenses so as to affect profit. The Group anticipates gradual profit recorded from these projects in the future.

Property Development Business

During the period, the newly increased properties realized contract sales of approximately RMB2,240 million (corresponding period in 2016: approximately RMB1.27 million) with corresponding contracted gross floor area (GFA) of approximately 114,000 sq.m. (corresponding period in 2016: approximately 200 sq.m.).

Properties under construction

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

A residential project located in Yuhua District, Changsha City with a total GFA of approximately 100,300 sq.m.. The pre-sale commenced in December 2016. Contract sales during the period amounted to approximately RMB336 million with corresponding contracted GFA of approximately 26,000 sq.m.; since pre-sales to 30 June 2017, accumulated contract sales amounts to approximately RMB410 million with corresponding accumulated contracted GFA of 32,500 sq.m., representing 45% out of the total sellable GFA with pre sale permission. Parts of residential units of the property anticipate completion and delivery within this year.

泉州 • 中泱天成 (Quanzhou • Zhongyangtiancheng)*

A residential project located in Wanfu Community, Wanan Road, Luojiang District, Quanzhou City with a total GFA of approximately 62,100 sq.m.. The pre-sale commenced in July 2016. At the first day of pre-sale all units were fully subscribed. Subscribed sales during the period amounted to approximately RMB320 million with corresponding subscribed GFA of approximately 28,000 sq.m..

漳州 • 碧湖雙璽 (Zhangzhou • Binhushuangxi)*

A residential project located in west of Hubin Road and north of Huge Road, Longwen District, Zhangzhou City with a total GFA of approximately 152,000 sq.m.. The Group acquired 60% interest in the project in March 2017 and held 100% interest in total, subsequent to which the project was incorporated into the consolidated financial statements of the Group. Contract sales during the period amounted to approximately RMB800 million with corresponding contracted GFA of approximately 41,000 sq.m.; since pre-sale to 30 June 2017, accumulated contract sales amounts to approximately RMB1,280 million with corresponding accumulated contracted GFA of 61,800 sq.m., representing 75% out of the total sellable GFA with pre sale permission.

蘇州 • 獨墅灣 (Suzhou • Dushuwan)*

A residential project located in proximity of an ecosphere in Dushuwan Lake and in the vicinity of, Wuzhong District, Suzhou City, Jiangsu Province with a total GFA over 440,000 sq.m.. The Group acquired 37% interest in the project via capital increase in March 2017 and held 50% interest in total, subsequent to which the project was incorporated into the consolidated financial statements of the Group. Contract sales during the period amounted to approximately RMB1,100 million with corresponding contracted GFA of approximately 46,800 sq.m.; since pre-sales to 30 June 2017, accumulated contract sales amounts to approximately RMB2,240 million with corresponding accumulated contracted GFA of 96,000 sq.m., representing 73% out of the total sellable GFA with pre sale permission. Parts of residential units of the property anticipate completion and delivery within this year.

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. Currently the area of land under lease is approximately 1,700 mu (畝). The area of land anticipated to transfer in the future is 1,100 mu (畝).

Properties to be constructed *(Continued)*

Australia 71 Windsor Road

A project consisting of townhouses, apartments and shops located in Baulkham Hills to the northwest of Sydney with a total GFA of approximately 7,700 sq.m.. The Group holds 60% interest in the project.

Land reserves

As of 30 June 2017, expected aggregate saleable area of the Group's land reserves amounted to approximately 1,016,200 sq.m., with 6 projects in total in Suzhou, Quanzhou, Changsha, Zhangzhou, the PRC and Baulkham Hills, Australia, respectively, the average land cost of which was approximately RMB4,900 per sq.m.. The Group deems present land reserves sufficient but anticipates further land acquisitions in the future.

Expected saleable floor area of land reserves (in sq.m.)

Region	Number of Projects	Area, approximately (sq.m.)
Suzhou, the PRC	1	363,100
Quanzhou, the PRC	1	62,200
Changsha, the PRC	1	103,900
Zhangzhou, the PRC	2	479,300
Baulkham Hills, Australia	1	7,700
Total	**6**	**1,016,200**

Real Estate Industrial Chain Services

1. *Commercial asset operation and management*

(1) The rental income from the Group's property leasing business (including revenue from premises occupation) during the period amounted to approximately RMB51.98 million (corresponding period in 2016 (restated): approximately RMB24.77 million).

The Group's own leasing properties are mainly located in Xingning District and Xixiangtang District of Nanning. As of 30 June 2017, the Group's retail units (held for the purpose of leasing to independent third parties) comprised an aggregate rentable GFA of approximately 22,190 sq.m. in the PRC (including an underground parking area of approximately 3,954 sq.m. used as a temporary parking area), of which an aggregate GFA of approximately 17,400 sq.m. in the PRC has been leased out.

The Group's third party leasing properties, leased out through Shanghai Zhaoyu Asset Management are located in Yangpu District and Jiading District, Shanghai. As of 30 June 2017, retail units of the leasing properties comprises an aggregate rentable GFA of approximately 71,900 sq.m. in the PRC, of which an aggregate GFA of approximately 70,800 sq.m. in the PRC has been leased out.

1. *Commercial asset operation and management* (Continued)

(2) Revenue from the Group's property management during the period amounted to approximately RMB2.55 million (corresponding period in 2016 (restated): approximately RMB5.67 million).

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

As of 30 June 2017, the Group derived its property management income mainly from leasing and management of commercial properties in Nanning.

2. *Entrusted construction consultancy service business*

Revenue from the Group's entrusted construction during the period was derived from entrusted construction agreements and management and entrusted construction services by Xiamen C&D Zhaocheng Construction Operation and Management Limited* (廈門建發兆誠建設運營管理有限公司), an indirect wholly-owned subsidiary of the Group, amounting to approximately RMB3.51 million (corresponding period in 2016 (restated): approximately RMB2.11 million).

3. *Informatization services and smart community*

Revenue from smart construction services during the period was derived from smart construction services by Xiamen Zhaohui Internet Technology Co., Ltd.* (廈門兆慧網絡科技有限公司), an indirectly wholly-owned subsidiary of the Group, amounting to approximately RMB1.37 million (corresponding period in 2016 (restated): approximately RMB0.4 million).

FINANCIAL REVIEW

Revenue

During the period, the Group's revenue was derived from (i) sales of properties; (ii) commercial assets management; (iii) entrusted construction consultancy services; 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 period:

	For the six months ended 30 June			
	2017		2016	
	RMB'000	**%**	RMB'000	%
Sales of properties	**6,675**	**10.1**	1,456	4.2
Commercial assets management	**54,521**	**82.5**	30,440	88.5
Entrusted construction consultancy services	**3,508**	**5.3**	2,112	6.1
Smart construction services	**1,368**	**2.1**	402	1.2
	66,072	**100**	34,410	100

Revenue *(Continued)*

The proportion contributed by sales of properties was relatively small. The reason was that as the Group increased investment in property development business in recent years, the number of properties increased significantly. While these properties are under construction and therefore with no recognition of revenue, the Group anticipates gradual revenue and profit recorded from these properties due to delivery arrangements in the future.

Cost of Sales

Cost of sales increased by approximately 171% to approximately RMB27.8 million for the six months ended 30 June 2017 from approximately RMB10.3 million for the six months ended 30 June 2016, which was primarily due to cost incurred from the increase of sales and delivery of saleable GFA of Li Yuan (a residential project in Nanning, the PRC) during the period as well as from the increase of rental for property leasing of Shanghai Zhaoyu Asset Management since August 2016.

Gross Profit and Gross Profit Margin

The gross profit amounted to approximately RMB38.3 million and RMB24.2 million for the six months ended 30 June 2017 and 2016 respectively, representing a gross profit margin of approximately 57.9% and 70.2% respectively. The overall decrease in gross profit margin was mainly due to the decrease in the relative proportion of property leasing business in the total revenue during the period.

Other Income

Other income amounted to approximately RMB10.3 million and RMB5.0 million for the six months ended 30 June 2017 and 2016, respectively. The main reason for the increase was bank interest income and income from compensation for default.

Borrowing Costs

Borrowing costs incurred for the construction were capitalised during the period. Other borrowing costs were expensed when incurred.

Capitalised borrowing costs decreased from approximately RMB127.9 million for the six months ended 30 June 2016 to approximately RMB65.5 million for the six months ended 30 June 2017. The decrease was mainly due to the decrease in the borrowings from intermediate holding company during the period.

Gain on Changes in Fair Value of Investment Properties

There was a gain on changes in fair value of investment properties for the six months ended 30 June 2017 of approximately RMB9.3 million while there was a gain of approximately RMB0.5 million in the previous corresponding financial period. The gain reflected the adjustment of property value in Nanning during the period.

Administrative Expenses

Administrative expenses increased by about 9.0% to approximately RMB10.0 million during the period from approximately RMB9.1 million (restated) for the six months ended 30 June 2016. This was primarily due to the increase in consultancy fee.

Selling Expenses

Selling expenses increased by about 214.7% to approximately RMB34.3 million for the period from approximately RMB10.9 million (restated) for the six months ended 30 June 2016, primarily due to the increase in marketing expenses of the Shanghai Zhaoxiang Commercial Business Management Company Limited*(上海兆祥商業經營管理有限公司) since September 2016 and in advertising expenses for pre-sale of properties under development.

Profit before Income Tax

As a cumulative effect of the foregoing factors, the Group had recorded a profit before income tax of approximately RMB12.2 million during the period, representing an increase of approximately 27.1% from approximately RMB9.6 million (restated) for the corresponding period in 2016.

Income Tax Expense

Income tax expense increased to approximately RMB3.2 million for the six months ended 30 June 2017 from approximately RMB1.7 million (restated) in the previous corresponding period. The increase in income tax expense was mainly due to the increase in revenue from sales of properties during the period.

Profit for the period attributable to the Owners of the Company

The profit for the period attributable to the owners of the Company decreased by approximately 6% to approximately RMB11.2 million for the six months ended 30 June 2017 from approximately RMB11.9 million in the corresponding period of previous year.

Liquidity and Financial Resources

The long-term funding and working capital required by the Group were primarily derived from income generated from core business operations, bank borrowings, loans from intermediate holding company 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 development projects. The Group's liquidity position was well-managed during the period.

The Group continued to adopt a prudent financing policy and to sustain a sound capital structure with healthy cash flow. As at 30 June 2017, the Group's cash and cash equivalents amounted to approximately RMB2,421.5 million (31 December 2016: RMB630.3 million (restated)) while total assets and net assets (after deducting non-controlling interests) were approximately RMB10,096.0 million (31 December 2016: RMB7,612.5 million (restated)) and RMB1,353.2 million (31 December 2016: RMB988.3 million (restated)), respectively. As at 30 June 2017, the Group's working capital amounted to approximately RMB5,181.3 million (31 December 2016: RMB4,943.0 million (restated)). As at 30 June 2017, the Group recorded net liabilities of RMB2,288.5 million (31 December 2016: RMB3,856.4 million (restated)) and its net debt to equity ratio was 144% (2016: 316%).

As at 30 June 2017, the Group had (i) a loan facility of approximately RMB2.7 million (31 December 2016: RMB3.2 million with a floating interest of 3.4% per annum.) denominated in Hong Kong dollar with a floating interest rate of 3.4% per annum; and (ii) a loan facility of approximately RMB3,813.0 million (31 December 2016: RMB540.0 million with a floating interest of 5% per annum.) denominated in RMB with a floating interest rates ranging from 4.51% to 5% per annum; and (iii) loans from intermediate holding company of approximately RMB894.3 million (31 December 2016: RMB3,943.6 million (restated)) denominated in RMB and bearing interest at a floating three-year lending rate set by the PBoC Rate. No particular trend of seasonality was observed for the Group's borrowing requirements for the period.

Liquidity and Financial Resources *(Continued)*

As at 30 June 2017, the Group's gearing ratio (total borrowings divided by total equity) decreased to 287% (2016: 367%) due to the decrease in loans from the controlling shareholders during the period.

Of the total borrowings, approximately RMB307.7 million was repayable within one year and approximately RMB4,402.3 million was repayable after one year but within five years.

To manage liquidity risk, the Group monitored and maintained a level of cash and cash equivalents considered adequate by its management to finance its operations and mitigate the effects of fluctuations in cash flow. The Group's management also monitored its net current assets/liabilities and the utilisation of borrowings to ensure sufficient available banking facilities and compliance with loan covenants.

Pledge of Assets

As at 30 June 2017, the Group's bank loans were secured by property, plant and equipment with a carrying amount of approximately RMB10,772,000 and properties under development for sale with a carrying amount of approximately RMB4,493,954,000.

Capital Structure

As at 30 June 2017, the Company's issued share capital was HK$42.8 million, divided into 428,000,000 ordinary shares (the "Shares") of HK$0.1 each (31 December 2016: HK$42.8 million divided into 428,000,000 Shares).

Foreign Currency Exposure

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

As at 30 June 2017, except for the bank deposits and interest in a joint venture denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations (30 June 2016: Nil).

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 period.

Contingent Liabilities

As at 30 June 2017, the Group did not have any material contingent liabilities (31 December 2016: Nil).

Employees and Emolument Policy

As at 30 June 2017, the Group employed a total of 260 full-time employees (31 December 2016: 236 full-time employees (restated)). The total salaries and related costs (including the Directors' fee) amounted to approximately RMB30.5 million (31 December 2016: approximately RMB56.9 million (restated)) for the six months ended 30 June 2017. The Group reviewed 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 were 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 looks at individual competence and contributions and the affordability of the Company in determining the exact level of remuneration for each Director.

USE OF PROCEEDS

During the period from the date of the listing of shares on GEM ("GEM Listing") on 14 December 2012 (the "GEM Listing Date") to 30 June 2017, the net proceeds from the (i) GEM Listing; (ii) the two placements of new shares under general mandate; and (iii) the issue of perpetual convertible bond had been applied as below (which application was in line with that stated in the prospectus of the Company date 30 November 2012 (the "Prospectus"), the announcements of the Company date 27 May 2015 and 4 December 2016):

1. *Fund raising from the GEM Listing*

The net proceeds from the issue of 75,000,000 new shares (the "Placing Shares") in the Company under the placing as set out in the Prospectus were approximately HK$25.5 million, which was based on the final placing price of HK$0.66 per Placing Share after deducting the actual expenses relating to the GEM Listing. Accordingly, the Group adjusted the use of proceeds in the same manner and proportion as shown in the Prospectus.

	Adjusted use of proceeds in the same manner and proportion as shown in the Prospectus from the GEM Listing Date to 30 June 2017 HK$ million	Actual use of proceeds from the GEM Listing Date to 30 June 2017 HK$ million
The development and operation of featured theme shopping mall and maintenance of other investment properties	13.2	0.7
The pursuit of potential acquisition opportunities or investment in the property related industry (including holding companies of investment properties and/or land reserve, property management companies or business and/or property consulting companies or business)	9.8	—
General working capital and other general corporate purposes of the Group	2.5	2.5
	25.5	3.2

All the unused net proceeds have been placed as interest bearing deposits with licensed bank in Hong Kong and the PRC.

2. Fund raising from the placement of new shares under general mandate

The net proceeds from the placement of 60,000,000 new shares in the Company under general mandate as set out in the announcement dated 27 May 2015 and the circular dated 18 June 2015 were approximately HK$229.7 million, which was based on the placing price of HK$3.86 per Placing Share after deducting the actual expenses relating, to the Placement of new shares.

	Net proceeds from the placement of new shares under general mandate in 2015 HK$ million	Actual use of net proceeds from the placement of new shares under general mandate as at 30 June 2017 HK$ million
As working capital of the Company to support for the Company's development projects	229.7	229.7

3. Fund raising from the issue of perpetual convertible bond

The net proceeds from the issue of perpetual convertible bond in an aggregate principal amount of HK$500,000,000 under specific mandate as set out in the announcement dated 4 December 2016 and the circular dated 25 January 2017 were approximately HK$499.4 million. The perpetual convertible bond is originally convertible into 108,695,652 conversion shares at the initial conversion price of HK$4.60 per conversion share. On 18 May 2017, the conversion price has been adjusted from HK$4.60 to HK$4.51 per conversion share and the total number of new shares convertible changed from 108,695,652 to 110,864,745 pursuant to applicable provisions in response to the dividend payment of HK$0.1 per ordinary share approved by the shareholders of the Company on 16 May 2017 as set out in the announcement dated 25 May 2017.

	Net proceeds from the issue of perpetual convertible bond under specific mandate in 2016 HK$ million	Actual use of net proceeds from the issue of perpetual convertible bond under specific mandate as at 30 June 2017 HK$ million
The repayment of loans from the shareholders of the Company	499.4	499.4

4. ***Fund raising from placing of new shares under general mandate***

The net proceeds from the placement of 68,000,000 new ordinary shares in the Company to independent third parties under general mandate as set out in the announcement dated 4 December 2016 were approximately HK$267.0 million, which was based on the placing price of HK$3.97 per placing share after deducting the actual expenses relating to the placement of new shares.

	Net proceeds from the placement of new shares under general mandate in 2016	**Actual use of net proceeds from the placement of new shares under general mandate as at 30 June 2017**
	HK$ million	**HK$ million**
The repayment of loans from the shareholders of the Company	100.0	100.0
As general working capital of the Company:	167.0	94.8
Administrative and management expenses		*6.5*
Investment in industries relating to property development		*1.5*
Inputs in property development projects		*86.8*
	267.0	194.8

All the unused net proceeds have been placed as interest bearing deposits with licensed bank in Hong Kong and the PRC.

ADDITIONAL DISCLOSURES

Registration of lease agreements in the PRC

As disclosed in the Prospectus, some lease agreements in respect of certain investment properties in the PRC held or leased by the Group, which are required to be registered under the PRC laws, were not registered or registrable.

As at 30 June 2017, there were still 27 lease agreements pending to be registered due to:

- the delay or refusal of the counter-parties to provide the necessary information to effect registration in a timely manner (27 lease agreements were involved); and

The Company will keep monitoring the registration status of these lease agreements with the aim of completing their registration as early as practicable.

Property ownership certificate of Wan Guo Plaza (formerly named as Yu Feng High Street)

As disclosed in the Prospectus, following the refurbishment and renovation of Wan Guo Plaza* (萬國廣場) (formerly known as Yu Feng High Street* (裕豐高街)), the property ownership certificate issued on 11 May 2012 in respect of the refurbished Wan Guo Plaza covered a GFA of 7,484 sq.m. It was later transpired that there was a shortfall in GFA of approximately 770 sq.m. which was yet to be covered under the property ownership certificate. The Group has delegated a senior management staff to keep liaising with the relevant PRC authorities and following up on the application procedure for a new property ownership certificate of Wan Guo Plaza.

As at 30 June 2017, the application process for the new property ownership certificate was still ongoing. Given that the application for a new property ownership certificate under the above special circumstance is not one which is usually taken out before the relevant PRC authorities, the Group expects that the processing time would be longer than is normally required. There was no indication from the PRC authorities as to how long such process would take. The Group will maintain its communication with the relevant PRC authorities closely so as to obtain the up-to-date status of the application progress until the new property ownership certificate covering the shortfall in GFA is issued.

Material Acquisition and disposals

On 5 January 2017, Yi Yue, an indirect wholly-owned subsidiary of the Company, entered into the Second Capital Increase Agreement (the "Capital Increase") with Suzhou Zhaokun and Xiamen Liyuan, pursuant to which the parties agreed that the registered capital of Suzhou Zhaoxiang, a company controlled by a controlling shareholder of the Company, would be further increased from RMB114,940,000 to RMB200,000,000. Upon completion of the Capital Increase, Yi Yue would hold 50% equity interest in Suzhou Zhaoxiang.

On 5 January 2017, Yi Yue entered into (i) the acquisition of 30% equity interests in Fujian Zhaohe, a company controlled by a controlling shareholder of the Company from Fujian Zhaorun by Yi Yue ("Zhao Run Acquisition"); and (ii) the acquisition of 30% of equity interests in Fujian Zhaohe from Licheng Enterprise by Yi Yu ("Licheng Acquisition").

Details of the Capital Increase, the Zhao Run Acquisition and the Licheng Acquisition have been set out in the Company's announcements dated 5 January 2017 and the circular dated 25 February 2017.

The Capital Increase was completed on 29 March 2017. The Zhao Run Acquisition and the Licheng Acquisition were completed on 28 March 2017.

PROSPECT AND OUTLOOK

Leveraging on the strong background of C&D Real Estate Corporation Limited, the Group's parent company ("the Parent Company"), as a state-owned enterprise and its abundant financial support, through two years of careful cultivation, the Group has set all businesses into quick and stable tracks for growth, making remarkable progress on: (1) diversified business layout, (2) construction and enhancement of profitability, and (3) exploration for sustainable development path. In the future, the Group will expand and refine the following businesses:

- Property development: (1) enhance regional research, continuously cultivate key cities, improve market possession, enter into cities with high potentials, timely participate in biddings, auctions and listings of potential lands, focus on improving efforts in land merger and acquisition, expand and improve the Group's land reserve; (2) adopt stable expansion tactics while following diversified cooperation models, reducing operational risks, and promoting various types of cooperation projects such as operation with controlling interest, operation with majority interest, operation with minority interest, cooperative development and entrusted development etc. pursuant to practical needs; and (3) initiate lean management, improve product standardization, enhance brand value, solidly establish the Group's good images in regional markets, become the excellent developer. Finally, the Group will enable the property development business to exert integrated effects of scale, synergy, and brand, so as to build solid basis for the Group's future development.
- Real estate industrial chain investment services: enlarge the layout of industrial chain services, construct eco-circle surrounding core parts in the real estate industrial chain, develop the synergetic value-added effect of business and service while further optimizing existing businesses: (1) the entrusted construction business will further strengthen its brand advantage and explore and develop various business models such as entrusted operating construction and entrusted financing construction while mainly undertaking governmental entrusted construction projects; (2) upon the basis of property leasing rate improvement, the leasing business will increase the number and the scale of commercial asset under management, so as to improve performance; and (3) the real estate financial business will usher in clients through shareholders' "C&D Real Estate Diamond Club"* (建發房產鑽石會) and "Youkehui"* (優客會), actively conduct businesses in support of the financial business by leveraging on the shareholder-oriented client base and centering on the property development business and the real estate industrial chain. Guengzhou Jianxin Small Loan Company Limited* (廣州建信小額貸款有限公司), in which the Group holds equity interest, duly commenced business in May 2017.
- Emerging industry investment: focus mainly on areas of greater healthcare and high-end education, seek entry opportunities through various channels, select proper projects with prudence and commence timely investment, so as to achieve stable and reasonable returns.

Entertaining its role as a public company linking both the society and the capital market and guided by state-owned capital, the Group while actively performs service to the society on one hand, continuously improves its profitability for shareholder value creation on the other hand, in development it maintains balance, with balance it strives for development, so as to achieve win-win solutions for the Group, the society, and shareholders.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 30 June 2017, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Long position in the shares of the Company

Name of Directors	Capacity/nature of interest	Number of issued Shares / underlying Shares held	Approximate percentage of shareholding in issued share capital *(Note 1)*
Mr. Zhuang Yuekai	Founder of a discretionary trust	51,372,000 *(Note 2)*	12.00%
Mr. Shi Zhen	Founder of a discretionary trust	51,372,000 *(Note 2)*	12.00%
Ms. Zhao Chengmin	Founder of a discretionary trust	51,372,000 *(Note 2)*	12.00%

Notes:

1. The percentage of shareholding was calculated based on the Company's total number of 428,000,000 Shares in issue as at 30 June 2017.

2. These Shares were registered in the name of Diamond Firetail Limited ("Diamond Firetail"), which is a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Equity Trustee Limited ("Equity Trustee"). Equity Trustee is a trustee of a discretionary trust and each of Mr. Zhuang Yuekai, Mr. Shi Zhen and Ms. Zhao Chengmin is one of the founders of the said discretionary trust. Therefore, Mr. Zhuang Yuekai, Mr. Shi Zhen and Ms. Zhao Chengmin are deemed to be interested in the Shares held by Diamond Firetail by virtue of the SFO.

Save as disclosed above, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO); or (ii) required to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2017, so far as it was known to any Directors or the chief executive of the Company, the following parties (other than a Director or the chief executive of the Company) were recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued Shares and underlying Shares:

Name of Shareholder	**Capacity/nature of interest**	**Number of issued Shares/underlying Shares held**	**Approximate percentage of shareholding in issued share capital** *(Note 1)*
Well Land International	Beneficial owner	326,336,745 *(Note 2)*	76.25%
Well Honour International Limited (益鴻國際有限公司) ("Well Honour")	Interest of controlled corporation	326,336,745 *(Note 3)*	76.25%
C&D Real Estate	Interest of controlled corporation	326,336,745 *(Note 3)*	76.25%
Xiamen C&D Inc. (廈門建發股份有限公司)	Interest of controlled corporation	326,336,745 *(Note 3)*	76.25%
Xiamen C & D Corporation Limited (廈門建發集團有限公司) ("Xiamen C&D")	Interest of controlled corporation	326,336,745 *(Note 3)*	76.25%
Diamond Firetail	Beneficial owner	51,372,000	12.00%
Equity Trustee	Interest of controlled corporation	51,372,000 *(Note 4)*	12.00%
Ms. Zhang Yunxia	Founder of a discretionary trust	51,372,000 *(Note 4)*	12.00%
Ms. Cheng Bing	Founder of a discretionary trust	51,372,000 *(Note 4)*	12.00%
Viewforth Limited ("Viewforth")	Beneficial owner	40,000,000	9.35%
Fullshare Holdings Limited ("Fullshare Holdings")	Interest of controlled corporation	40,000,000 *(Note 5)*	9.35%
Magnolia Wealth International Limited ("Magnolia Wealth")	Interest of controlled corporation	40,000,000 *(Note 5)*	9.35%
Ji Changqun	Interest of controlled corporation	40,000,000 *(Note 5)*	9.35%

Notes:

(1) The percentage of shareholding was calculated based on the Company's total number of 428,000,000 Shares in issue as at 30 June 2017.

(2) These interests comprise 215,472,000 Shares registered in the name of Well Land International and 110,864,745 (adjusted) underlying Shares which maybe convertible pursuant to the perpetual convertible bond issued by the Company to Well Land International on 1 March 2017.

(3) Well Land International is wholly-owned by Well Honour which in turn wholly-owned by C&D Real Estate. C&D Real Estate is owned as to 54.65% by Xiamen C&D Inc., the shares of which are listed on the Shanghai Stock Exchange (stock code: 600153). As at 30 June 2017, Xiamen C&D, a state-owned group of companies under the supervision of Xiamen Municipality, interested in Xiamen C&D Inc. as to 45.89%. Therefore, Well Honour, C&D Real Estate, Xiamen C&D Inc. and Xiamen C&D are deemed to be interested in the Shares and the underlying Shares held by Well Land International by virtue of the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY *(Continued)*

(4) These Shares were registered in the name of Diamond Firetail. Diamond Firetail is a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Equity Trustee. Equity Trustee is a trustee of a discretionary trust and Mr. Zhuang Yuekai, Mr. Shi Zhen, Ms. Zhao Chengmin, Ms. Zhang Yunxia and Ms. Cheng Bing are founders of the said discretionary trust. Therefore, Equity Trustee, Ms. Zhang Yunxia and Ms. Cheng Bing are deemed to be interested in the Shares held by Diamond Firetail by virtue of the SFO. The interests of Mr. Zhuang Yuekai, Mr. Shi Zhen and Ms. Zhao Chengmin are shown in the section headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and Associated Corporations" above.

(5) These Shares were registered in the name of Viewforth, a company incorporated in the British Virgin Islands. Viewforth is a wholly-owned subsidiary of Fullshare Holdings. Fullshare Holdings is a controlled corporation of Magnolia Wealth. Magnolia Wealth is 100% beneficially owned by Mr. Ji Changqun. Therefore, Fullshare Holdings, Magnolia Wealth and Mr. Ji Changqun are deemed to be interested in the Shares held by Viewforth by virtue of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") in 2012 for the purpose of providing incentives and rewards to eligible participants who have contributed or may contribute to the success of the Group's operations. The Share Option Scheme totally complies with the requirements of Chapter 17 of the Main Board Listing Rules after the listing of the Company's Shares has been transferred from the GEM in 2014, and is therefore still effective after the transfer.

No share options were granted, exercised or cancelled by the Company or lapsed under the Share Option Scheme during the period and there were no outstanding share options under the Share Option Scheme as at 30 June 2017.

CHANGE OF INFORMATION OF DIRECTORS

From 1 January 2017 to the date of this report, the changes in the Directors' information of the Company are as follows:

The three independent non-executive Directors, namely, Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee are entitled to receive HK$180,000 per year as directors' remuneration with effect from 24 March 2017.

Mr. Wong Tat Yan, Paul, has ceased to be an independent non-executive director of Share Economy Group Limited (the shares of which are listed on the main board of the Stock Exchange, stock code: 1178) with effect from 2 June 2017.

Save as disclosed above, there was no change to information which is required to be disclosed by Directors pursuant to Rule 13.51B(1) of the Listing Rules.

OTHER INFORMATION

RETIREMENT BENEFIT SCHEMES/PENSION SCHEME

Retirement benefits to employees are provided through defined contribution plans.

The retirement benefits costs charged in the income statement represent the contributions payable in respect of the period to the retirement benefits scheme managed by respective local social security bureau in accordance with government regulations in different jurisdictions.

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

There were no purchases, sales or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months ended 30 June 2017.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the 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 Model Code during the six months ended 30 June 2017.

INTERIM DIVIDEND

The Board proposed not to declare an interim dividend for the six months ended 30 June 2017 (For the six months ended 30 June 2016: Nil).

CORPORATE GOVERNANCE

The Company had complied with the applicable code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules during the six months ended 30 June 2017.

AUDIT COMMITTEE REVIEW

The Board has established an audit committee with written terms of reference in compliance with the CG Code. The primary duties of the audit committee is in assistance of the Board to review financial information and reporting process, risk management and internal control system, effectiveness of internal review function and appointment of external auditors, and arrangements for complaints from employees of the Company on potential misconducts in financial reporting, internal control or any other issues of the Company. The audit committee consists of all the independent non-executive Directors, namely, Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee.

The audit committee of the Board has reviewed with management the accounting principles and practices adopted by the Group, this interim report and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2017 and is of the opinion that such statements comply with the applicable accounting standards and requirement, and that adequate disclosure has been made.

APPRECIATION

We would like to take this opportunity to express our sincere gratitude to the shareholders of the Company for their continuing support, and our appreciation to all staff members for the dedication and loyalty to the Group.

By order of the Board
C&D International Investment Group Limited
Zhuang Yuekai
Chairman

Hong Kong, 28 August 2017

This report is prepared in both English and Chinese. In the event of inconsistency, the English text of the report shall prevail over the Chinese text.

** For identification purpose only*