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 ANNUAL 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 annual 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

Miss LEUNG Ching Ching *(Appointed on 1 November 2017)*
Ms. SOON Yuk Tai *(Resigned on 1 November 2017)*

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 annual report)

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the annual report of C&D International Investment Group Limited ("C&D International Group" or the "Company", and together with its subsidiaries, the "Group") for the year ended 31 December 2017 (the "Year").

I. ECONOMIC ENVIRONMENT CHANGES AND ANALYSIS

In 2017, the weakening trend of the global economy reversed. Each of the major economies recovered in succession and the international economic prospect trended for healthy and steady development. China's real estate policies anchored the notion of "housing for living other than for speculating". On the one hand the transformation was made from the tradition of control over the demand-side to expansion in the supply-side to optimize the supply-demand structure. On the other hand, a multi-level housing supply system was to be completed, in which house renting and purchase were simultaneously developed, and the establishment of a long-term effecting mechanism was to be promoted, through the close connection of which with the short-term control, with the concepts of housing transformed and the residential feature of housing enhanced, a more solid foundation would be laid for the stable development of the real estate market.

Under the overlaid impacts of unfavorable factors such as tightening industrial and financial policies, the Company accommodated the changes in the market trends, actively adjusted its business concepts, business models and business strategies, achieving substantial enhancement in its own asset and business scales. The performance of the property development and real estate industrial chain services made gradual appearance, which greatly enhanced the Company's business competitiveness and strengthened its risk resistance, laying a good foundation for the Company to build a "boutique developer" with brand recognition.

II. RESULTS AND DIVIDENDS

During the Year, the Company realized revenue of RMB3,237.68 million, and the profit for the year attributable to the equity holders of the Company was RMB329.42 million.

The board of directors (the "Board") of the Company has proposed to declare a final dividend of HK$30 cents per share in respect of the Year, subject to the approval of the forthcoming annual general meeting of the Company (the "AGM").

III. BUSINESS REVIEW

Summary

2017 is a crucial year for the development of the Company. The Company focused on tasks such as "consolidating business foundation, improving business scale and quality; strengthening share and bond financing, introducing powerful investors; increasing publicity and focusing on nurturing shareholder base" to continuously improve the business scale and profitability of the Company and enhance its development momentum and core competitiveness, which have enabled the operation of the Company to maintain good momentum of development. The Company's total assets have expanded from approximately RMB8.596 billion (restated) in 2016 to approximately RMB22.857 billion in the Year, representing an increase of 166% year-on-year. In addition, the Company was granted the "2017 China Financing Award - Best Brand Value of the Year Award"* (二零一七中國融資大獎ー年度最佳品牌價值獎) in January 2018, demonstrating that the capital market was optimistic about the Company's potential.

One body: Strengthened and expanded the real estate business to enhance product competitiveness

In 2017, to further strengthen and expand its main business of real estate and enhance its market competitiveness, the Company adapted itself to local conditions. On the one hand, it continued to expand the market size of original business regions, consolidated its market share and position in existing markets, and intensively created a brand image. On the other hand, it actively explored new regions and new markets, and expanded its business presence to enhance the business scale and market awareness of the Company. Since 2017, the Company has successively invested in a total of 15 real estate development projects in 12 cities in four provinces of Fujian, Jiangsu, Zhejiang and Hunan. As of 31 December 2017, the Company has invested in 21 real estate development projects.

Two wings: Real estate industry chain investment services showed result and investment in emerging industries was on track

1. Real estate industry chain services: The Company continued to improve the layout of the real estate industry chain services, and enhance business such as commercial asset management, project operation and management (entrusted construction).

    (1) Commercial asset management business developed with good momentum: Apart from the 20,547 sq.m. of commercial rental properties in Nanning, Shanghai C&D Zhaoyu Asset Management Company Limited*(上海建發兆昱資產管理有限公司) (formerly known as Shanghai Zhaoyu Asset Management Co., Ltd.) ("Shanghai Zhaoyu") successfully secured a commercial asset management project with an additional management area of 8,773 sq.m. in the Year. As of 31 December 2017, the total area of commercial asset management of the Company reached approximately 103,300 sq.m. with an overall occupancy rate reaching 91%. In the Year, the commercial asset management segment achieved a total revenue of approximately RMB146 million and net profit of approximately RMB66.12 million, representing an increase of 182.90% compared to 2016 for the net profit.

    (2) Project operation and management (entrusted construction) established the basic structure: The Company continued to promote innovation in the business model of project operation management (entrusted construction), implemented the entrusted management model from the front-end design to the back-end sales, and secured two projects namely the Nanping Jiaying Entrusted Construction Project and the Shenzhen Tanyun Entrusted Construction Project in the Year. By the end of 2017, the Company has participated in a total of 15 entrusted construction projects, with expected entrusted management fees for the contract projects of approximately RMB432 million. In the Year, the project operation management (entrusted construction) segment achieved a total net profit of approximately RMB35.49 million, representing an increase of 904.02% compared to 2016 for the net profit .

2. Investment in emerging industries: Xiamen Wan Jia Health Assets Investment Management Company Limited* (廈門萬家健康產業投資有限公司), a joint venture formed by the Company with Shenzhen Pingan Wan Jia Health Assets Investment Management Company Limited* (深圳平安萬家健康產業投資有限公司), has officially commenced operation during the Year, while the Wan Jia Clinics* (萬家診所) have also entered into a phase of orderly expansion.

IV. FUTURE DEVELOPMENT PROSPECT

In 2018, the Company will continue to maintain its business positioning as "an integrated investment service provider in real estate development and the real estate industry chain". On the one hand, it will promote the sustainable and quality growth of real estate development business while levering the core competitiveness of products to promote deepened awareness of the market to the product brands of Company, further improve the industry chain service business of real estate while performing well in its principal business of real estate, and will strive to identify strategic investment opportunities and financial investment opportunities in emerging industries for real estate development. On the other hand, while further developing existing real estate industry chain investment services business, the Company will actively explore and extend the new directions and new areas of the real estate industry chain investment services business and continue to pay close attention to strategic investment opportunities and financial investment opportunities to timely carry out investment.

(I) Real Estate Development

(1) Regional strategic layout: On the one hand, the Company will continue to put efforts in the regions it has presence and increase its regional market share to form regional economies of scale. On the other hand, it will continue to conduct analyses and research on new regions and new cities, selectively expand into the cities with positively growing inflow population, controllable land supply and development potential, increase its land bank and optimize its land bank structure.

(2) Land acquisition strategy: The Company will adopt diversified cooperation modes, actively engage in land tender, auction and listing, while paying close attention to the market of stock land, pragmatically and flexibly carry out cooperation mode innovation, and lower operation risks through "interest sharing and risk sharing".

(3) Product strategy: The Company will enhance product standardization, and based on the concept of creating premium products to integrate humanistic characteristics of various places and build a new Chinese-style product system integrating modern fashion and classical style to enhance the core competitiveness of products and brand value, so as to effectively expand the profit margins of projects.

(4) Brand strategy: Focusing on the brand positioning of a "boutique developer", the Company will cultivate and consolidate the market's recognition and awareness of the Company through various channels to create and deliver product image of the Company, so as to realize a good combination of and interaction between product quality and brand value, and gradually build and improve the image of the Company in the industry.

(II) Real Estate Industry Chain

(1) The Company will actively explore opportunities for the expansion of commercial asset management business and integrate commercial asset management resources in a variety of ways. On the one hand, it will actively focus on absorbing business management projects with potential to expand business scale. On the other hand, it will enhance management efficiency and increase occupancy rates of projects.

(2) The Company will strengthen the brand advantage of entrusted construction, increase the scale of entrusted construction, promote innovation of cost models, establish brands of entrusted construction, and accelerate expansion of scale of entrusted construction business.

(3) The Company will explore and expand into real estate industry chain downstream services business, pay close attention to areas such as real estate management, and take the opportunity to enrich the ecosystem of the real estate industry chain business.

(III) Investment in emerging industries

The Company will identify opportunities which are suitable for the Company to enter emerging industries, actively contribute capital in emerging industries projects such as big health, high-end education with broad prospects and reliable investment gains to energetically create new growth points for C&D International.

Furthermore, the Company will also continue to strengthen brand promotion while enhancing communication and interaction between the Company and capital markets, striving to make the Company to become a "boutique developer" with high awareness.

In summary, in 2018, the Company will continue to increase investment, commitment in real estate business and land banks to further consolidate and enrich the real estate industry chains and emerging industries businesses, so as to add new driving forces for development of the Company and continue to enhance the asset size and profitability of the Company.

APPRECIATION

The continuous development of the Company's business in future will depend on the trust and support from all shareholders, investors and business partners, as well as the dedication and diligence of the entire staff, I would like to express my gratitude on behalf of the Board.

C&D International Investment Group Limited
Zhuang Yuekai
Chairman and Executive Director

Hong Kong, 22 March 2018

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 Year, the main source of revenue for the Company was sales of properties.

During the Year, revenue of the Group was RMB3.23768 billion, representing a year-on-year increase by RMB3.13357 billion as compared with the previous financial year (restated). Gross profit was RMB1.06438 billion, representing a year-on-year increase by RMB998.07 million as compared with the previous financial year (restated). Gross profit margin was 32.87%, representing a year-on-year decrease of 48% as compared with the previous financial year (restated). Profit for the Year increased by RMB485.96 million year-on-year to approximately RMB459.46 million in 2017 as compared with the previous financial year (restated). Profit attributable to the owners of the Company increased by RMB357.50 million year-on-year to approximately RMB329.42 million as compared with previous financial year (restated) and by RMB314.78 million year on year as compared with the previous financial year (not restated).

Property Development Business

Sales of Properties in 2017

In 2017, the Group's revenue from sales of properties was RMB3,021.57 million, representing a year-on-year increase by RMB3.01041 billion and accounting for 93.33% of the Group's total revenue. As of 31 December 2017, the gross floor area ("GFA") of delivered properties was approximately 173,306 sq.m., representing an increase by 171,100 sq.m. as compared with the previous financial year. The average selling price for delivered and recognized properties of the Year was RMB17,435 per sq.m., representing an increase by RMB12,353 as compared with the previous financial year.

The Group excels in branding in Suzhou and is a pioneer of Chinese style trend. During the Year, 70.57% of the total revenue from sales of properties was derived from Suzhou. Going forward, delivery procedures will be completed successively for the properties sold in different cities. With the continuous revenue growth, sales of properties are expected to remain the dominant source of revenue for the Group in the future.

The amount and GFA of each project recognized for sales in 2017 are set out in the following table:

Name of Project	City	Amount (RMB ten thousand)	GFA (sq.m.)	Average selling price after tax (RMB/sq.m.)
Dushuwan (Phase I)* 獨墅灣 (一期)	Suzhou	213,243	100,932	21,127
Zhongyangyuefu* 中央悦府	Changsha	86,968	70,400	12,353
Li Yuan* 裕豐荔園	Nanning	1,765	1,803	9,789
Fond England* 裕豐英倫	Nanning	181	171	10,585
Total		**302,157**	**173,306**	**17,435**

The amount and GFA of each project recognized for sales in 2016 are set out in the following table:

Name of Project	City	Amount (RMB ten thousand)	GFA (sq.m.)	Average selling price after tax (RMB/sq.m.)
Li Yuan* 裕豐荔園	Nanning	538	1,308	4,113
Fond England* 裕豐英倫	Nanning	578	888	6,509
Total		1,116	2,196	5,082

Contracted Sales in 2017

In 2017, the Group achieved contracted sales of RMB10,111.80 million, representing a year-on-year increase by RMB8.39489 billion as compared with the previous financial year (restated). As of 31 December 2017, the contracted GFA of properties was approximately 615,500 sq.m., representing an increase by 535,800 sq.m. as compared with the previous financial year (restated). The average selling price for contracted sales of properties in 2017 was RMB16,429 per sq.m., representing a decrease by RMB5,101 as compared with the previous financial year.

During the Year, the pre-sale of six new projects, namely Jianfa Lingjun* (建發領郡), Jianfa Xiyuan* (建發璽院), Shangyue House* (尚悅居), Zhongyangtiancheng* (中泱天成), Dushuwan (Phase II)* (獨墅灣 (二期)) and Yulongwan* (御瓏灣) had started.

The amount and GFA of each project contracted for sales in 2017 are set out in the following table:

Name of Project	City	Amount (RMB ten thousand)	GFA (sq.m.)	Average selling price after tax (RMB/sq.m.)
Bihushuangxi* 碧湖雙璽	Zhangzhou	243,034	128,479	18,916
Lingjun* 領郡	Lianjiang	71,252	60,652	11,748
Zhongyangyuefu* 中央悦府	Changsha	95,239	72,822	13,078
Jianfa Xiyuan (Phase I)* 建發璽院 (一期)	Longyan	45,385	36,781	12,339
Jianfa Xiyuan (Phase II)* 建發璽院 (二期)	Longyan	29,832	27,777	10,740
Shangyue House* 尚悦居	Longyan	26,314	23,471	11,211
Zhongyangtiancheng* 中泱天成	Quanzhou	44,339	39,138	11,329
Dushuwan (Phase I)* 獨墅灣 (一期)	Suzhou	156,198	66,097	23,632
Dushuwan (Phase II)* 獨墅灣 (二期)	Suzhou	152,247	63,500	23,976
Yulongwan (Phase I)* 御瓏灣 (一期)	Zhangjiagang	146,869	95,999	15,299
Li Yuan* 裕豐荔園	Nanning	313	681	4,596
Fond England* 裕豐英倫	Nanning	158	102	15,490
Total		**1,011,180**	**615,499**	**16,429**

The amount and GFA of each project contracted for sales in 2016 are set out in the following table (restated):

Name of Project	City	Amount (RMB ten thousand)	GFA (sq.m.)	Average selling price after tax (RMB/sq.m.)
Bihushuangxi* 碧湖雙璽	Zhangzhou	47,419	21,082	22,493
Zhongyangyuefu* 中央悅府	Changsha	7,701	6,373	12,084
Dushuwan (Phase I)* 獨墅灣(一期)	Suzhou	113,852	48,905	23,280
Li Yuan* 裕豐荔園	Nanning	2,104	2,430	8,658
Fond England* 裕豐英倫	Nanning	615	957	6,426
Total		171,691	79,747	21,530

Land Reserves

As of 31 December 2017, the aggregate saleable GFA of land reserves of the Group was 1.373 million sq.m., with over 10 projects located in 10 cities in eight regions, respectively. The average land cost was approximately RMB9,602 per sq.m..

The amount of saleable GFA of land reserves in 2017 are set out in the following table:

Name of Project	Region	Equity Interest held by the Group	Total saleable area (sq.m.)
Wuxi Project No. 2016-31* 無錫項目2016-31號	Suzhou	51%	369,241
Nanjing Project No. 2017-G55* 南京項目2017-G55號	Nanjing	50%	72,028
Xiamen Jimei Project Land Plot No. 2017P03* 廈門集美項目2017P03號地塊	Xiamen	100%	76,620
Xiyuan* 璽院	Zhangzhou	100%	116,253
Zhongyangshoufu* 中央首府	Changsha	100%	158,529
Sydney Project in Australia* 澳洲悉尼項目	Australia	60%	7,663
Yulongwan (Phase II – IV)* 御瓏灣 (二至四期)	Zhangjiagang	70%	294,087
Dushuwan (Phase III)* 獨墅灣 (三期)	Suzhou	50%	151,632
Jianfa Xiyuan (Phase III)* 建發璽院 (三期)	Longyan	30%	62,590
Shanwaishan (Land Plot C)* 山外山 (C地塊)	Xiamen	60%	63,987
Total			**1,372,630**

The amount of saleable GFA of land reserves in 2016 are set out in the following table:

Name of Project	Region	Equity Interest held by the Group	Total Saleable area (sq.m.)
Zhongyangtiancheng* 中泱天成	Quanzhou	40%	62,851
Zhongyangyuefu* 中央悅府	Changsha	100%	112,504
Shanwaishan* 山外山	Xiamen	60%	101,358
Bihushuangxi* 碧湖雙璽	Zhangzhou	40%	164,947
Dushuwan* 獨墅灣	Suzhou	13%	382,989
Total			824,649

Real Estate Industrial Chain Investment Services

1. Commercial assets management

The revenue from the Group's commercial assets management business during the Year amounted to approximately RMB143.23 million (corresponding period in 2016 (restated): approximately RMB79.39 million).

The Group's own leasing properties are mainly located in Xingning District* (興寧區) and Xixiangtang District* (西鄉塘區) of Nanning. As of 31 December 2017, the Group's retail units (held for the purpose of leasing to independent third parties) comprised an aggregate rentable GFA of approximately 20,547 sq.m. (2016: 22,871 sq.m.) in the PRC (including an underground parking area of approximately 3,954 sq.m. used as a temporary parking area (2016: 3,954 sq.m.)), of which an aggregate GFA of approximately 19,693 sq.m. in the PRC had been leased out (2016: 18,187 sq.m.).

The Group's third party leasing properties, leased out through Shanghai Zhaoyu are located in Yangpu District* (楊浦區) and Jiading District* (嘉定區), Shanghai. As of 31 December 2017, retail units of the leasing properties comprised an aggregate rentable GFA of approximately 82,713 sq.m. in the PRC (2016: 74,103 sq.m.), of which an aggregate GFA of approximately 74,233 sq.m. in the PRC had been leased out (2016: 56,739 sq.m.).

2. Projects operation and management (entrusted construction)

Revenue from the Group's entrusted construction during the Year was derived from entrusted construction agreements and management and entrustred 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) (formerly known as Xiamen Zhaocheng Engineering Construction and Management Co. Ltd.) ("Zhaocheng Construction"), an indirect wholly-owned subsidiary of the Group, amounting to approximately RMB51.71 million (corresponding period in 2016 (restated): approximately RMB5.83 million).

3. Informatization services and smart community

Revenue from smart construction services during the Year 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 RMB21.17 million (corresponding period in 2016 (restated): approximately RMB7.73 million).

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:

	2017		2016	
	RMB'000	**%**	RMB'000	%
Sales of properties	**3,021,566**	**93.33**	11,161	10.72
Commercial assets management income	**143,227**	**4.43**	79,391	76.26
Entrusted construction services income	**51,711**	**1.59**	5,825	5.60
Smart construction services income	**21,173**	**0.65**	7,726	7.42
Total	**3,237,677**	**100**	104,103	100

Sales of properties increased by about RMB3.01041 billion from approximately RMB11.16 million in 2016 to approximately RMB3,021.57 million in 2017. Saleable GFA delivered for the financial years ended 31 December 2016 and 2017 were approximately 2,196 sq.m. and approximately 173,306 sq.m., respectively. The revenue derived from the sales of properties for the Year increased due to the significant increase in saleable GFA sold and delivered of Suzhou Dushuwan (Phase I) and Changsha Zhongyangyuefu in the Year.

Cost of Sales

Cost of sales increased by about RMB2.1355 billion from approximately RMB37.80 million for the year ended 31 December 2016 (restated) to approximately RMB2,173.30 million for the Year. This result was primarily attributable to the increase in saleable GFA of Suzhou Dushuwan (Phase I) and Changsha Zhongyangyuefu sold and delivered during the Year.

Gross Profit and Gross Profit Margin

The gross profit amounted to approximately RMB66.31 million and approximately RMB1,064.38 million (restated) for the years ended 31 December 2016 and 2017 respectively, representing a gross profit margin of approximately 63.69% (restated) and 32.87% respectively. The overall decrease in gross profit margin was mainly due to a change in the mix of revenue. The revenue for 2016 was mainly revenue generated from commercial asset management, representing 76.26% of the total revenue, while the revenue for the Year was mainly revenue generated from the sales of properties, representing 93.33% of the total revenue. As the gross profit of commercial asset management was higher than that from sales of properties, there was an increase in revenue for 2017 but a decrease in the gross profit margin.

Other Income

Other income increased from approximately RMB8.79 million (restated) and RMB43.56 million for the years ended 31 December 2016 and 2017 respectively. The increase was mainly due to an increase in interest income in the Year and the income from default compensation.

Borrowing Costs

Borrowing costs incurred for the construction projects under development were capitalised during the Year. Other borrowing costs were expensed when incurred.

Total borrowing costs increased from approximately RMB285.22 million for the year ended 31 December 2016 (restated) to approximately RMB433.71 million for the Year. The increase was mainly due to an increase in capital requirements raised by an increase in property projects.

Gain on Changes in Fair Value of Investment Properties

The gain of changes in fair value of investment properties was RMB9.33 million for the Year and the gain in the previous financial year was RMB0.69 million. The gain reflected the adjustments in the property value in Nanning during the Year.

Administrative Expenses

Administrative expenses increased by about RMB5.67 million to approximately RMB34.72 million for the Year from approximately RMB29.05 million for the year ended 31 December 2016 (restated). This was primarily due to the increase in consultancy fee in relation to the acquisitions during the Year.

Selling Expenses

Selling expenses increased by about RMB154.99 million to approximately RMB207.79 million for the Year from approximately RMB52.80 million for the year ended 31 December 2016 (restated). It was primarily due to an increase in advertising and promotion expenses and sales commission as a result of higher sales from projects during the Year than the sales of projects in 2016.

Profit before Income Tax

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB776.08 million for the Year, representing an increase of approximately RMB800.51 million from a loss of approximately RMB24.43 million in the previous financial year (restated).

Income Tax Expense

Income tax expense increased from approximately RMB2.07 million in the previous financial year (restated) to approximately RMB316.62 million for the Year. The increase in income tax was mainly due to an increase 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 RMB357.50 million from a loss of approximately RMB28.08 million in the previous financial year (restated) to an earning of approximately RMB329.42 million for the Year, an increase by RMB314.78 million (2,150.14%) year on year as compared with the previous financial year (not restated).

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 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 continued to adopt a prudent financing policy and sustain a sound capital structure with healthy cashflow. As at 31 December 2017, the Group's cash and cash equivalents and restricted cash amounted to approximately RMB1,626.87 million (2016 (restated): RMB631.28 million) while total assets and net assets (after deducting non-controlling interests) were approximately RMB22.85661 billion (2016 (restated): RMB8.59608 billion) and RMB2.40039 billion (2016 (restated): RMB1.64470 billion) respectively. As at 31 December 2017, the Group's working capital amounted to approximately RMB12.26855 billion (2016: RMB5.90173 billion). As at 31 December 2017, the Group recorded net debt of approximately RMB9.63901 billion (2016 (restated): RMB4.25115 billion) with net debt to equity ratio of 319.95% (2016 (restated): 238.08%).

As at 31 December 2017, the Group had (i) loan facilities of approximately RMB2.22 million (31 December 2016: RMB3.24 million) and RMB17.57 million (31 December 2016: Nil) denominated in HK$ and AUD respectively which bore a floating interest rate of 3.4% (31 December 2016: 3.4%) and 4.78% (31 December 2016 (restated): nil) per annum respectively, and (ii) a loan facility of approximately RMB5.67973 billion (31 December 2016 (restated): RMB540 million) denominated in RMB which bore a floating interest rate from 4.51% to 5.13% (31 December 2016 (restated): a floating interest rate from 4.75% to 5%) per annum, and (iii) loans from intermediate holding companies of approximately RMB4.98116 billion (31 December 2016 (restated): RMB4.33920 billion, at 3-year floating lending rate of the PBOC rate per annum) denominated in RMB and at 3-year floating lending rate of the PBOC rate per annum, and (iv) the amounts due to non-controlling shareholders of RMB585.20 million (31 December 2016: nil) denominated in RMB and bore an interest rate of 6% per annum. 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 373.95% as at 31 December 2017 (2016 (restated): 273.44%) as the loans from shareholders and banks increased during the Year.

Of the total borrowings, approximately RMB883.44 million was repayable within one year while approximately RMB10.43244 billion was repayable after one year but within five 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 2017 was approximately RMB2.70127 billion (2016 (restated): RMB470.85 million). The increase was mainly attributable to the increase of real estate mortgage loan due to the increase of the sales of property commenced to be sold 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 RMB2.62634 billion as at 31 December 2017 (2016 (restated): RMB280.48 million). The significant increase was attributable to the increase in the number of the completion of projects during the Year as compared to 2016.

Pledge of Assets

As at 31 December 2017, the Group's bank loan was secured by the legal charges over its property, plant and equipment with carrying value of approximately RMB10.10 million and properties under development with carrying value of approximately RMB5.71791 billion.

Capital Structure

As at 31 December 2017, the Company's issued share capital was HK$73,486,474.5, divided into 734,864,745 ordinary shares (the "Shares") of HK$0.1 each (31 December 2016: HK$42,800,000 divided into 428,000,000 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 2017, 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 2017, the Group did not have any material contingent liabilities (31 December 2016: nil).

Employees and Emolument Policy

As at 31 December 2017, the Group employed a total of 175 full-time employees (2016 (restated): 171 full-time employees). Total staff costs, including Directors' emoluments, of the Group were approximately RMB124.38 million (2016 (restated): RMB27.78 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 elsewhere in this annual report, the following significant events took place subsequent to 31 December 2017:

i) As set out in the announcement dated 3 January 2018, the Company entered into the framework agreement with its controlling shareholder, C&D Real Estate Corporation Limited* (建發房地產集團有限公司) ("C&D Real Estate"), pursuant to which C&D Real Estate agreed to grant the shareholder loan facility in an aggregate principal amount of not exceeding RMB5,000,000,000 to the Company and its subsidiaries during the three-year period from the date of the framework agreement. Taking into account of the shareholder loan framework agreement entered into between the Company and C&D Real Estate dated 11 April 2016, C&D Real Estate will grant an aggregate principal amount of the shareholder loan facilities of not exceeding RMB10,000,000,000 to the Company and its subsidiaries.

ii) As set out in the announcement dated 9 January 2018, Xiamen Yi Yue Property Company Limited* (廈門益悦置業有限公司) ("Xiamen Yi Yue"), an indirect wholly-owned subsidiary of the Company, entered into the confirmation letter and the land use rights grant contract with the Guangzhou Land Resources and Planning Commission* (廣州市國土資源和規劃委員會) on 9 January 2018 to confirm that Xiamen Yi Yue has successfully won the bid for the auction for, and acquired the land use rights of the land which is located at No.444, Shitan Road* (石潭路), Shijing Town* (石井鎮), Baiyun District* (白雲區), Guangzhou, Guangdong Province, the PRC (Land no.: 2017KJ01110015) for a total consideration of RMB4,022,100,000.

iii) As set out in the announcement dated 10 January 2018, Xiamen Yi Yue and Wuhan Chengkai Real Estate Development Company Limited* (武漢城開房地產開發有限公司) ("Wuhan Chengkai") entered into the cooperation agreement, pursuant to which, among other things, Xiamen Yi Yue and Wuhan Chengkai agreed to develop the land located in Wuhan, Hubei Province, the PRC (Land Plot no: P(2017)168) through the setting up of a project company, in which Xiamen Yi Yue and Wuhan Chengkai agreed to contribute RMB4,900,000 and RMB5,100,000 respectively to the registered capital of the project company.

iv) As set out in the announcement dated 16 January 2018, Xiamen Yi Yue entered into the following agreements ((1), (2), (3) and (4) collectively, the "Equity Transfer Agreements"):

   (1) the Changsha Zhaoxi Equity Transfer Agreement, pursuant to which a wholly owned subsidiary of C&D Real Estate, Xiamen Jianhui Real Estate Development Company Limited* (廈門建匯房地產開發有限公司), ("Xiamen Jianhui") agreed to sell and Xiamen Yi Yue agreed to purchase 100% equity interests in Changsha Zhaoxi Real Estate Development Company Limited* (長沙兆禧房地產有限公司) ("Changsha Zhaoxi"). The cash consideration under the Changsha Zhaoxi Equity Transfer Agreement shall be RMB51,131,000. Xiamen Yi Yue shall also repay the shareholder's loan in the amount of RMB3,161,614,000 previously advanced by Xiamen Jianhui to Changsha Zhaoxi;

   (2) the Taicang Jianjin Equity Transfer Agreement, pursuant to which C&D Real Estate agreed to sell and Xiamen Yi Yue agreed to purchase 100% equity interests in Taicang Jianjin Real Estate Development Company Limited* (太倉建晉房地產開發有限公司) ("Taicang Jianjin"). The cash consideration under the Taicang Jianjin Equity Transfer Agreement shall be RMB54,343,000. Xiamen Yi Yue shall also repay the shareholder's loan in the amount of RMB1,497,285,000 previously advanced by C&D Real Estate to Taicang Jianjin;

(3) the Nanning Dingchi Equity Transfer Agreement, pursuant to which a wholly owned subsidiary of C&D Real Estate, C&D Real Estate Corporation Nanning Limited* (建發房地產集團南寧有限公司) ("C&D Nanning") agreed to sell and Xiamen Yi Yue agreed to purchase 51% equity interests in Nanning Dingchi Real Estate Development Company Limited* (南寧市鼎馳置業投資有限責任公司) ("Nanning Dingchi"). The cash consideration under the Nanning Dingchi Equity Transfer Agreement shall be RMB3,561,000. Xiamen Yi Yue shall also repay the shareholder's loan in the amount of RMB189,507,000 previously advanced by C&D Nanning to Nanning Dingchi; and

(4) the Nanning Qinghe Equity Transfer Agreement, pursuant to which C&D Nanning agreed to sell and Xiamen Yi Yue agreed to purchase 51% equity interests in Nanning Qinghe Real Estate Development Company Limited* (南寧市慶和房地產開發有限責任公司). The cash consideration under the Nanning Qinghe Equity Transfer Agreement shall be RMB30,632,000.

The transactions contemplated under the Equity Transfer Agreements are subject to the independent shareholders' approval at the forthcoming extraordinary general meeting to be held by the Company.

v) As set out in the announcement dated 6 February 2018, Shanghai Zhaoyu, an indirect subsidiary of the Company, and Mr. Chen Jianxin* (陳建新), Mr. Gan Peixian* (甘培賢) and Mr. Gao Yunfeng* (高雲峰) (collectly, the "Vendors") entered into an agreement, pursuant to which the Vendors conditionally agreed to sell, and Shanghai Zhaoyu conditionally agreed to acquire in aggregate 100% equity interests in Shanghai Putuo Yueda Property Company Limited* (上海普陀悦達置業有限公司) ("Shanghai Putuo") at the cash consideration of RMB294,953,000. Shanghai Zhaoyu shall also provide shareholder's loan to the Shanghai Putuo for repaying the relevant debt of Shanghai Putuo in the sum of approximately RMB60,046,000. The total consideration shall be approximately RMB355,000,000.

vi) As set out in the announcement dated 7 February 2018, Xiamen Yi Yue and Beijing Shoukai Stock Company Limited* (北京首都開發股份有限公司) ("Beijing Shoukai") agreed to establish a joint venture in the PRC, in which Xiamen Yi Yue and Beijing Shoukai will each hold 50% equity interests in the joint venture.

vii) As set out in the announcement dated 13 February 2018, Xiamen Yi Yue entered into confirmation letters with the Lianjiang Public Resources Trade Services Centre* (連江縣公共資源交易服務中心) on 13 February 2018 to confirm that Xiamen Yi Yue has successfully won the bid for the auction for the land use rights of the lands which are located at the Songwu Village* (松塢村), Pukou County* (浦口鎮), Lianjiang, Fujian Province, the PRC (Land Plot no. Lian Di Pai Mai* (連地拍賣)(2018)01, 03 and 04) for a total consideration of RMB374,500,000.

viii) As set out in the announcement dated 27 February 2018, Xiamen Yi Yue entered into confirmation letters with the Suzhou Municipal Bureau of Land Resources* (蘇州市國土資源局) on 27 February 2018 to confirm that Xiamen Yi Yue has successfully won the bid for the auction for the land use rights of the land which is located at the Weitang Town* (渭塘鎮), Xiangcheng District* (相城區), Suzhou, Jiangsu Province, the PRC (Land Plot no. 2017-WG-79) for a total consideration of RMB458,350,000.

ix) As set out in the announcement dated 9 March 2018, Xiamen Yi Yue entered into confirmation letters with the Zhuhai Public Resources Trade Centre* (珠海市公共資源交易服務中心) on 9 March 2018 to confirm that Xiamen Yi Yue has successfully won the bid for the listing-for-sale for, and acquired the land use rights of the land which is located at the west of Huxin Road* (湖心路) and the north of Tengyi Road* (騰逸路), Doumen District* (斗門區), Zhuhai City, Guangdong Province, the PRC (Land Plot no. Zhu Guo Tu Chu 2017-73* (珠國土儲2017-73)) for a total consideration of RMB1,246,000,000.

x) As set out in the announcement dated 14 March 2018, Xiamen Yi Yue entered into the equity transfer agreement (the" Nanjing Jiayang Equity Transfer Agreement") with Jianyang Jiasheng Property Development Company Limited* (建陽嘉盛房地產有限公司) ("Jianyang Jiasheng"), pursuant to which Xiamen Yi Yue agreed to purchase and Jianyang Jiasheng agreed to sell 40% equity interest in Nanjing Jiayang Property Development Company Limited* (南京嘉陽房地產開發有限公司) ("Nanjing Jiayang") at the cash consideration of RMB80,000,012.37. Xiamen Yi Yue shall also repay the shareholder's loan in the amount of RMB297,955,315 previously advanced by Jianyang Jiasheng (or its shareholder) to Nanjing Jiayang.

   The transaction contemplated under the Nanjing Jiayang Equity Transfer Agreement is subject to independent shareholders' approval at the forthcoming extraordinary general meeting to be held by the Company.

xi) As set out in the announcement dated 19 March 2018, Yi Yue (Hong Kong) Limited ("Yi Yue (Hong Kong)"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Prosper Wealth International Limited ("Prosper Wealth"), pursuant to which, amongst other things, Yi Yue (Hong Kong) agreed to purchase and Prosper Wealth agreed to sell 100% equity interest in Fullshare Healthcare Limited ("Fullshare Healthcare") at the cash consideration of RMB1,092,764.23. Yi Yue (Hong Kong) shall also provide fund to Fullshare Healthcare to repay the shareholder's loan in the amount of RMB168,957,149.55 previously advanced by Fullshare Holdings Limited.

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 recommended the payment of a final dividend of HK$30 cents per Share in respect of the Year (2016: final dividend of HK$10 cents per Share), subject to the approval at the AGM. Based on the 734,864,745 Shares in issue as at 31 December 2017, it is expected that the final dividend payable will amount to HK$220,459,423.5 (equivalent to approximately RMB184,284,000). 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 Friday, 15 June 2018.

USE OF PROCEEDS

During the period from the date of the listing of shares on GEM (the "GEM Listing") on 14 December 2012 (the "GEM Listing Date") to 31 December 2017, the net proceeds from (i) the GEM Listing; (ii) the placements of new shares under general mandate; (iii) the issue of perpetual convertible bond; and (iv) the placement of new shares under specific mandate and subscription of new share by connected persons had been applied as below (which applications were in line with that stated in the prospectus of the Company dated 30 November 2012 (the "Prospectus") and the announcements of the Company dated 27 May 2015, 4 December 2016 and 22 December 2017):

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 31 December 2017 HK$ million	**Actual use of proceeds from the GEM Listing Date to 31 December 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	9.8
Investment in the property		*9.8*
General working capital and other general corporate purposes of the Group	2.5	2.5
	25.5	13.0

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 31 December 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 convertible into 108,695,652 conversion shares at the initial conversion price of HK$4.6 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. All of the perpetual convertible bond in an aggregate principal amount of HK$500,000,000 were fully converted into 110,864,745 conversion shares by Well Land International Limited ("Well Land") on 28 December 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 31 December 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 **HK$ million**	**Actual use of net proceeds from the placement of new shares under general mandate as at 31 December 2017** **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	167.0
Administrative and management expenses		*6.5*
Investment in industries relating to property development		*1.5*
Inputs in property development projects		*159.0*
	267.0	267.0

5. *Fund raising from placing of new shares under specific mandate and subscription of new share by connected persons*

The net proceeds from the placement of 68,000,000 new ordinary shares in the Company to not less than six placees under specific mandate, subscription of 120,000,000 new ordinary shares in the Company by Well Land and subscription of 8,000,000 new ordinary shares in the Company by Diamond Firetail Limited as set out in the announcement dated 22 December 2017 were approximately HK$882.0 million, which was based on the placing price/subscription price of HK$4.51 per share after deducting the actual expenses relating to the placement and subscription of new shares.

	Net proceeds from the placement/ subscription of new shares under specific mandate in 2017 **HK$ million**	**Actual use of net proceeds from the placement of new shares and subscription of new shares under specific mandate as at 31 December 2017** **HK$ million**
The repayment of loans from the shareholders of the Company	882.0	882.0

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. ZHUANG Yuekai (庄躍凱) ("Mr. Zhuang")

Mr. Zhuang, aged 53, was appointed as the chairman of the Board and an executive Director of the Company on 10 February 2015. He was also appointed as a member and the chairman of the nomination committee of the Company (the "Nomination Committee"), and as a member of the remuneration committee of the Company (the "Remuneration Committee") with effect from 16 March 2015. He graduated from Fuzhou University with a bachelor's degree in engineering, majoring in industrial and civil construction. He is a senior engineer, a registered enterprise legal adviser and a certified real estate appraiser in the PRC and is entitled to special government allowances of the State Council of the PRC. Mr. Zhuang has engaged in the real estate industry for over 30 years, accumulating a wealth of management experience in the industry. He is responsible for the strategic planning of C&D International Group.

Mr. Zhuang has joined Xiamen C&D Corporation Limited since July 1986 and worked in C&D Real Estate Corporation Limited for many years. He currently serves as, among others, the vice-general manager and a member of the party committee of Xiamen C&D Corporation Limited, the chairman of C&D Real Estate Corporation Limited and a director of Well Honour International Limited.

Xiamen C&D Corporation Limited is the holding company of Xiamen C&D Inc., a company listed on Shanghai Stock Exchange (stock code: 600153). Xiamen C&D Inc. is the holding company of C&D Real Estate Corporation Limited. C&D Real Estate Corporation Limited is the holding company of Well Honour International Limited which, in turn, is the holding company of Well Land International Limited, a controlling shareholder of the Company.

Mr. SHI Zhen (施震) ("Mr. Shi")

Mr. Shi, aged 53, was appointed as the chief executive officer and an executive Director of the Company on 10 February 2015 and resigned as the chief executive officer on 15 March 2016. Mr. Shi graduated from Fuzhou University with a bachelor's degree in engineering, majoring in industrial and civil construction. He is a senior engineer and a certified real estate appraiser in the PRC and has engaged in the real estate and construction industry for over 30 years, accumulating a wealth of management experience in the industry.

Mr. Shi has joined Xiamen C&D Corporation Limited since March 1995 and worked in C&D Real Estate Corporation Limited for many years. He currently serves as (among others) a director and a member of the standing committee of the party committee of Xiamen C&D Corporation Limited and a director and the general manager of C&D Real Estate Corporation Limited. Mr. Shi is also a director of Well Land International Limited and Well Honour International Limited. Mr. Shi also serves as a director of some subsidiaries of the Group.

Xiamen C&D Corporation Limited is the holding company of Xiamen C&D Inc., a company listed on Shanghai Stock Exchange (stock code: 600153). Xiamen C&D Inc. is the holding company of C&D Real Estate Corporation Limited. C&D Real Estate Corporation Limited is the holding company of Well Honour International Limited which, in turn, is the holding company of Well Land International Limited.

Ms. ZHAO Chengmin (趙呈閩) ("Ms. Zhao")

Ms. Zhao, aged 49, was appointed as an executive Director of the Company on 10 February 2015 and is one of the authorised representatives of the Company under Rule 3.05 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). She was appointed as deputy executive officer on 20 March 2015 and resigned as deputy executive officer on 15 March 2016. Ms. Zhao also serves as director of some subsidiaries of the Group and the legal representative of some PRC subsidiaries of the Group. She graduated from Xiamen University with a master's degree in business administration and is a senior accountant. Ms. Zhao has engaged in financial work for more than 28 years, accumulating a wealth of financial management experience.

Ms. Zhao has joined Xiamen C&D Corporation Limited since September 1990 and worked in C&D Real Estate Corporation Limited for many years. She currently serves as, among others, a supervisor of Xiamen C&D Corporation Limited, a director and vice-general manager of C&D Real Estate Corporation Limited and a director of Well Land International Limited. Ms. Zhao worked as finance controller and vice general manager in Xiamen Overseas Chinese Electronic Co., Ltd., a company listed on Shanghai Stock Exchange (stock code: 600870).

Xiamen C&D Corporation Limited is the holding company of Xiamen C&D Inc., a company listed on Shanghai Stock Exchange (stock code: 600153). Xiamen C&D Inc. is the holding company of C&D Real Estate Corporation Limited. C&D Real Estate Corporation Limited is the holding company of Well Honour International Limited which, in turn, is the holding company of Well Land International Limited, a controlling shareholder of the Company.

NON EXECUTIVE DIRECTORS

Ms. WANG Xianrong (王憲榕) ("Ms. Wang")

Ms. Wang, aged 66, is a non-executive Director of the Company. Ms. Wang was appointed as an executive Director of the Company on 10 February 2015 and re-designated as a non-executive Director of the Company on 21 March 2015. She graduated in 1974 from the Faculty of Economics of Xiamen University, majoring in accounting and finance. She is a senior accountant.

Ms. Wang has worked in Xiamen C&D Corporation Limited and C&D Real Estate Corporation Limited for many years. Ms. Wang is a director of Xiamen C&D Inc., a company listed on Shanghai Stock Exchange (stock code: 600153), while she resigned on 24 May 2016. Ms. Wang was a director of Xiamen Overseas Chinese Electronic Co., Ltd., a company listed on Shanghai Stock Exchange (stock code: 600870), a director of C&D Real Estate Corporation Limited while she resigned on 17 February 2017, and the chairperson and director of Xiamen C&D Corporation Limited while she resigned on 21 June 2016. She was also a representative of the 11th National People's Congress.

Xiamen C&D Corporation Limited is the holding company of Xiamen C&D Inc., a company listed on Shanghai Stock Exchange (stock code: 600153). Xiamen C&D Inc. is the holding company of C&D Real Estate Corporation Limited. C&D Real Estate Corporation Limited is the holding company of Well Honour International Limited which, in turn, is the holding company of Well Land International Limited, a controlling shareholder of the Company.

Ms. WU Xiaomin (吳小敏) ("Ms. Wu")

Ms. Wu, aged 63, has been appointed as a non-executive Director since 20 March 2015. Ms. Wu graduated from Shandong University in 1982 and majored in Japanese. She is a translator and senior economist.

Ms. Wu has been chairwoman of Xiamen Overseas Chinese Electronic Co., Ltd., a company listed on Shanghai Stock Exchange (stock code: 600870) and Xiamen C&D Corporation Limited (while she resigned on 2 March 2017). She has also been a delegate to the 12th People's Congress of Fujian Province and a delegate to the 14th People's Congress for Xiamen City. Ms. Wu has worked in Xiamen C&D Corporation Limited for many years and currently serves as (among others) a director of C&D Real Estate Corporation Limited and a director of Well Honour International Limited. Ms. Wu also serves as director of Xiamen C&D Inc., a company listed on Shanghai Stock Exchange (stock code: 600153).

Xiamen C&D Corporation Limited is the holding company of Xiamen C&D Inc. Xiamen C&D Inc. is the holding company of C&D Real Estate Corporation Limited. C&D Real Estate Corporation Limited is the holding company of Well Honour International Limited which, in turn, is the holding company of Well Land International Limited, a controlling shareholder of the Company.

Mr. HUANG Wenzhou (黃文洲) ("Mr. Huang")

Mr. Huang, aged 53, has been appointed as a non-executive Director since 29 April 2015. Mr. Huang graduated from MBA of Xiamen University majoring in business administration. He is an accountant.

Mr. Huang has been working in Xiamen C&D Corporation Limited and C&D Real Estate Corporation Limited for many years. On 2 March 2017, he was appointed and currently serves as the chairperson of Xiamen C&D Corporation Limited and a director of C&D Real Estate Corporation Limited. Mr. Huang also serves as vice-chairman of Xiamen C&D Inc., a company listed on Shanghai Stock Exchange (stock code: 600153).

Xiamen C&D Corporation Limited is the holding company of Xiamen C&D Inc, a company listed on Shanghai Stock Exchange (stock code: 600153). Xiamen C&D Inc. is the holding company of C&D Real Estate Corporation Limited. C&D Real Estate Corporation Limited is the holding company of Well Honour International Limited which, in turn, is the holding company of Well Land International Limited, a controlling shareholder of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WONG Chi Wai (黃馳維)

Mr. Wong Chi Wai, aged 51, has been an independent non-executive Director of the Company since 23 November 2012. He is also the chairman of the audit committee of the Board (the "Audit Committee")and a member of the Remuneration Committee and the Nomination Committee. He currently also serves as an independent non-executive director of Bonjour Holdings Limited (stock code: 653), Kin Yat Holdings Limited (stock code: 638) and Arts Optical International Holdings Limited (stock code: 1120), all of which are listed on the Main Board of the Stock Exchange. He is currently the chairman of the audit committee of Bonjour Holdings Limited and Arts Optical International Holdings Limited and the chairman of the nomination committee of Kin Yat Holdings Limited. Mr. Wong Chi Wai obtained a bachelor's degree in social science from and was awarded a post-graduate certificate in laws by the University of Hong Kong in 1988 and 1993, respectively. He is a practising certified public accountant in Hong Kong and an associate member of the Institute of Chartered Accountants in England and Wales. He has over 30 years of experience in the accountancy profession. Other than his private practice in accounting, he is currently a trainee solicitor in a law firm.

The United States Public Company Accounting Oversight Board on 18 May 2016 censured Mr. Wong Chi Wai, barring him from being an associated person of a registered public accounting firm which has audit responsibilities for public companies in the United States of America ("U.S."), and imposing a civil money penalty against him of US$10,000 on the basis of its findings that in connection with the audits of one U.S. issuer client of his firm, AWC (CPA) Limited. Mr. Wong Chi Wai violated certain U.S. laws, rules and standards relating to the audit requirements of a U.S. issuer client. Mr. Wong Chi Wai may file a petition to associate with a registered public accounting firm after two years from the date of the order.

Mr. WONG Tat Yan, Paul (黃達仁)

Mr. Wong Tat Yan, Paul, aged 48, has been an independent non-executive Director of the Company since 23 November 2012. He is also the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Mr. Wong Tat Yan, Paul obtained a bachelor's degree in commerce from James Cook University of North Queensland in Australia in 1993 and a master's degree in business administration from the University of Queensland in Australia in 2004. From May 2015 to June 2017, Mr. Wong Tat Yan, Paul served as an independent non-executive director and the chairman of the audit committee and remuneration committee of Huiyin Holding Group Limited (formely known as share Economy Group Limited, Stock Code: 1178) which is Listed on the Main Board of the Stock Exchange. Mr. Wong Tat Yan, Paul is a practising certified public accountant in Hong Kong, a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Taxation Institute of Hong Kong and a fellow member of the Taxation Institute of Australia. He has over 21 years of experience in auditing, accounting and taxation gained by taking up various positions in a number of accounting firms in Hong Kong and is currently a partner of Paul Wong & Co., a certified public accountants firm in Hong Kong.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. CHAN Chun Yee (陳振宜) ("Mr. Chan")

Mr. Chan, aged 40, has been an independent non-executive director of the Company since 23 November 2012. He is a member of the Audit Committee, Nomination Committee and the Remuneration Committee. He obtained a bachelor's degree in laws from the City University of Hong Kong in 1999 and a master's degree in laws in information technology and intellectual property law from the University of Hong Kong in 2004. Mr. Chan is a member of the Law Society of Hong Kong, associate member of Chartered Institute of Arbitrators and fellow member of Hong Kong Institute of Arbitrators and has been a practising solicitor in Hong Kong for more than 10 years in general legal practice and in different areas of law. Mr. Chan has been working as a solicitor at the law firm of C.T. Chan & Co., Solicitors since 2002 and become a partner of that law firm since April 2015. Mr. Chan has experience in advising on the legal aspects of a broad range of company, commercial and corporate finance matters.

SENIOR MANAGEMENT

Mr. LIN Weiguo (林偉國) ("Mr. Lin")

Mr. Lin, aged 38, has been appointed as the Financial Controller of the Company since 20 March 2015 (resigned on 15 March 2016), and the Chief Operating Officer of the Company since 15 March 2016. He served as the general manager of Xiamen Overseas Chinese Electronic Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600870). He joined the C&D Real Estate Corporation Limited in 2007 and served as the financial controller and assistant to general manager of C&D Real Estate Corporation Limited. He is currently serves as the deputy general manager of C&D Real Estate Corporation Limited and as a director of some subsidiaries of the Group. Mr. Lin is responsible for the overall daily operation and management of the Group.

Mr. Lin, with a bachelor's degree, is a senior economist and a senior accountant.

Mr. CHEN Xiaopeng (陳小鵬) ("Mr. Chen")

Mr. Chen, aged 35, has been appointed as the financial controller of the Company since 1 April 2016, and resigned on 1 April 2018. He has engaged in financial field for nearly 10 years, accumulating a wealth of financial management experience. He joined the C&D Real Estate Corporation Limited in 2010 and served as the assistant to general manager and vice-general manager of the finance department of C&D Real Estate Corporation Limited. He served as the general manager of the finance department of C&D Real Estate Corporation Limited.

Mr. Chen is a postgraduate with a master's degree, a certified public accountant in the PRC, a certified internal auditor, a senior accountant and statistician, and is qualified to engage in the securities industry.

Ms. JIN Liuyuan (金柳媛) ("Ms. Jin")

Ms. Jin, aged 33, has been appointed as the financial controller of the Company since 1 April 2018. She has engaged in financial field for nearly 10 years, accumulating a wealth of financial management experience. Prior to joining the Group, Ms. Jin worked as auditor in PricewaterhouseCoopers Zhong Tian LLP from October 2010 to May 2015. She joined the C&D Real Estate Corporation Limited in 2015 and served as the assistant to general manager of the finance department of C&D Real Estate Corporation Limited. She currently serves as the vice general manager of the finance department of C&D Real Estate Corporation Limited.

Ms. Jin is a postgraduate with a master's degree, a certified public accountant in the PRC, an intermediate accountant, and is qualified to engage in the legal industry.

Mr. CAI Zhenping (蔡振平) ("Mr. Cai")

Mr. Cai, aged 36, has been appointed as the internal audit controller of the Company since 1 April 2016, and resigned on 1 April 2018. He has engaged in financial field for nearly 14 years and in audit field for more than 5 years, accumulating a wealth of financial and auditing management experience. He joined the C&D Real Estate Corporation Limited in April 2008 and served as the assistant general manager of the finance department of C&D Real Estate Corporation Limited, and the assistant general manager and vice-general manager of the auditing department of C&D Real Estate Corporation Limited. He currently serves as the general manager of the auditing department of C&D Real Estate Corporation Limited.

Mr. Cai is a postgraduate with a master's degree, and an intermediate accountant.

Ms. PAN Yanxia (潘燕霞) ("Ms. Pan")

Ms. Pan, aged 34, has been appointed as the internal audit controller of the Company since 1 April 2018. She has engaged in financial field for nearly 11 years, accumulating a wealth of financial and auditing management experience. Ms. Pan worked in Ernst & Young Hua Ming LLP for seven years. Prior to joining C&D Real Estate Corporation Limited, she has been a vice-director of corporate finance in a private company. She joined C&D Real Estate Corporation Limited in 2016 and served as the assistant to general manager of the finance department of C&D Real Estate Corporation Limited. She currently serves as the vice-general manager of the auditing department of C&D Real Estate Corporation Limited. Ms. Pan is responsible for the internal audit of the Group.

Ms. Pan, with a bachelor's degree, is a certified public accountant in the PRC.

COMPANY SECRETARY

Miss LEUNG Ching Ching ("Miss Leung")

Miss Leung, aged 37, has been appointed as the company secretary of the Company since 1 November 2017. Miss Leung is a Manager of the Corporate Services Division of Tricor Services Limited. She has over 10 years of experience in company secretarial industry, and provided services to clients ranging from private companies to public companies listed on the main board of the Stock Exchange. Other than the Company, Miss Leung is currently also named company secretary to other three Hong Kong listed companies. Miss Leung is a Chartered Secretary and an Associate of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom. Miss Leung graduated from The Chinese University of Hong Kong and admitted to the Degree of Bachelor of Social Science. She also received a Master of Arts in Professional Accounting and Information System from City University of Hong Kong.

The Directors are pleased to present to the shareholders of the Company the annual report and the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The principal activities and other particulars of its subsidiaries are set out in note 21 to the consolidated financial statements.

Further discussion and analysis of the business review required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the "Management Discussion and Analysis" set out on pages 8 to 21 of the annual report and the "Environmental, Social and Governance Report" set out on pages 64 to 77 of the annual report. The relevant discussion in the "Management Discussion and Analysis" and the "Environmental, Social and Governance Report" sections forms part of this annual report.

RESULTS

The results of the Group for the Year and the state of affairs of the Company and of the Group as at 31 December 2017 are set out in the consolidated financial statements and their accompanying notes on pages 84 to 179 of this report.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK$30 cents per Share in respect of the Year (2016: final dividend of HK$10 cents per Share), subject to the approval at the AGM. Based on the 734,864,745 Shares in issue as at 31 December 2017, it is expected that the final dividend payable will amount to HK$220,459,423.5 (equivalent to approximately RMB184,284,000). 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 Friday, 15 June 2018.

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 Monday, 21 May 2018 to Friday, 25 May 2018 (both days inclusive). In order to qualify for attending and voting at the AGM, all transfer documents 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 Friday, 18 May 2018.

For the purpose of ascertaining shareholders' entitlement to the final dividend, the register of members of the Company will be closed from Friday, 1 June 2018 to Tuesday, 5 June 2018 (both days inclusive). In order to qualify for the final dividend, all transfer documents 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 Thursday, 31 May 2018.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Friday, 25 May 2018.

FINANCIAL SUMMARY

A summary of the financial results as well as the assets and liabilities of the Group for the last five financial years is set out on page 180 of this annual report.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 31 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Year are set out in note 32 to the consolidated financial statements and the consolidated statement of changes in equity on pages 90 to 91 respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2017, the Company's reserves available for distribution to equity holders, comprising the share premium, capital reserve and retained earnings, amounted to approximately RMB2,038.66 million.

Under the Companies Law of the Cayman Islands, the share premium account of the Company in the amount of approximately RMB1,540.06 million may be applied for paying distributions or dividends to shareholders of the Company provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company (the "Articles of Association") or the laws of the Cayman Islands in relation to the issue of new shares.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group for the Year are set out in note 15 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of the movements in the investment properties of the Group for the Year are set out in note 17 to the consolidated financial statements.

CHARITABLE DONATIONS

During the Year, the Group did not make charitable donations (2016: nil).

MAJOR CUSTOMERS AND SUPPLIERS

Sales attributable to the Group's largest customer and five largest customers accounted for approximately 1% and 2% of the Group's total revenue for the Year respectively.

During the Year, the Group's largest suppliers were general contractors. The purchases made by the Group from its largest supplier and the five largest suppliers accounted for approximately 4% and 18% of the Group's total purchases for the Year respectively.

One of the five largest customers was 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"). Jiaying Real Estate, which is 50% owned by C&D Real Estate, is a subsidiary of C&D Real Estate, a controlling shareholder of the Company.

Save as disclosed above, none of the Directors or any of their close associates (as defined in the Listing Rules) or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers during the Year.

BOARD OF DIRECTORS

The Directors who were in office during the Year and up to the date of this annual report are as follows:

Executive Directors

Mr. Zhuang Yuekai *(Chairman)* R/N
Mr. Shi Zhen
Ms. Zhao Chengmin

Non-executive Directors (the "NEDs")

Ms. Wang Xianrong
Ms. Wu Xiaomin
Mr. Huang Wenzhou

Independent Non-executive Directors (the "INEDs")

Mr. Wong Chi Wai A/R/N
Mr. Wong Tat Yan, Paul A/R/N
Mr. Chan Chun Yee A/R/N

Notes:

A: Member of the Audit Committee
R: Member of the Remuneration Committee
N: Member of the Nomination Committee

In accordance with Article 105 of the Articles of Association, Mr. Zhuang Yuekai, Mr. Huang Wenzhou and Mr. Chan Chun Yee will retire from office by rotation and being eligible, will offer themselves for re-election at the AGM.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHICAL DETAILS

Biographical details of the Directors and the senior management of the Group are set out on pages 22 to 27 of the annual report.

CONFIRMATION OF INDEPENDENCE OF INEDS

The Company has received from each of the INEDs, namely Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. As at the date of this annual report, the Company still considered all of them to be independent.

SERVICE CONTRACTS OF DIRECTORS

Each of the executive Directors has entered into a service agreement with the Company for a term of three years commencing on 10 February 2015, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his/her appointment, and either the executive Director or the Company may terminate the agreement by giving the other party not less than one month's notice in writing. Each of the executive Directors is entitled to a director's emolument of HK$1,200,000 per annum (which was determined by the Board with reference to his/her experience, knowledge, qualification, duties and responsibilities within the Group and the prevailing market conditions), and such management bonus and other benefits as may be determined by and at the sole discretion of the Board (upon the recommendation of the remuneration committee of the Board) from time to time.

Each of the NEDs has entered into a service agreement / letter of appointment with the Company for a term of three years commencing from 10 February 2015, 20 March 2015 and 29 April 2015 respectively, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his/her appointment, and either the NED or the Company may terminate the agreement by giving the other party not less than one month's notice in writing. Each of the NEDs does not receive any director's emolument but he/she may be entitled to such discretionary bonus and/or other benefits as may be determined by and at the sole discretion of the Board (upon the recommendation of the remuneration committee of the Board) from time to time.

Each of the INEDs has entered into a letter of appointment with the Company for a term of one year commencing on 14 December 2012, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his appointment, and either the INED or the Company may terminate the agreement by giving the other party not less than three months' notice in writing. Each of the INEDs is entitled to a director's emolument of HK$120,000 per annum from 14 December 2012 and the emolument has been revised to HK$150,000 per annum from 21 March 2015, and the emolument has been further revised to HK$180,000 per annum from 24 March 2017.

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

As at 31 December 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 positions in the shares of the Company

Name of Director	Capacity/nature of interests	Number of issued Shares/underlying Shares held	Approximate percentage of shareholding in the issued share capital *(Note 1)*
Zhuang Yuekai	Founder of a discretionary trust	59,372,000 *(Note 2)*	8.08%
Shi Zhen	Founder of a discretionary trust	59,372,000 *(Note 2)*	8.08%
Zhao Chengmin	Founder of a discretionary trust	59,372,000 *(Note 2)*	8.08%

Notes:

1 The percentage of shareholding was calculated based on the Company's total issued share capital of 734,864,745 Shares in issue as at 31 December 2017.

2 These Shares were registered in the name of Diamond Firetail Limited ("Diamond Firetail"), 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 31 December 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 Shareholders	Capacity/nature of interests	Number of issued Shares/underlying Shares held	Approximate percentage of shareholding in issued share capital *(Note 1)*
Well Land International Limited (益能國際有限公司) ("Well Land")	Beneficial owner	446,336,745	60.74%
Well Honour International Limited (益鴻國際有限公司) ("Well Honour")	Interest of controlled corporation	446,336,745 *(Note 2)*	60.74%
C&D Real Estate	Interest of controlled corporations	446,336,745 *(Note 2)*	60.74%
Xiamen C & D Inc. (廈門建發股份有限公司)	Interest of controlled corporations	446,336,745 *(Note 2)*	60.74%
Xiamen C & D Corporation Limited (廈門建發集團有限公司) ("Xiamen C & D")	Interest of controlled corporations	446,336,745 *(Note 2)*	60.74%
Diamond Firetail	Beneficial owner	59,372,000	8.08%
Equity Trustee	Interest of controlled corporation	59,372,000 *(Note 3)*	8.08%
Zhang Yunxia	Founder of a discretionary trust	59,372,000 *(Note 3)*	8.08%
Cheng Bing	Founder of a discretionary trust	59,372,000 *(Note 3)*	8.08%
Viewforth Limited ("Viewforth")	Beneficial owner	60,000,000	8.16%
Fullshare Holdings Limited ("Fullshare Holdings")	Interest of controlled corporation	60,000,000 *(Note 4)*	8.16%
Magnolia Wealth International Limited ("Magnolia Wealth")	Interest of controlled corporations	60,000,000 *(Note 4)*	8.16%
Ji Changqun	Interest of controlled corporations	60,000,000 *(Note 4)*	8.16%

Notes:

1 The percentage of shareholding was calculated based on the Company's total issued share capital of 734,864,745 Shares in issue as at 31 December 2017.

2 Well Land is a wholly-owned subsidiary of Well Honour. Well Honour is a wholly-owned subsidiary of 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). Xiamen C&D, a state-owned group of companies under the supervision of Xiamen Municipality, is 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 held by Well Land by virtue of the SFO.

3 These Shares were registered in the name of Diamond Firetail, a company incorporated in the British Virgin Islands. Diamond Firetail is 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.

4 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.

ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as provided under the Share Option Scheme, at no time during the Year was the Company or any of its subsidiaries a party to any arrangement to enable a Director to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save for those connected transactions and continuing connected transactions set out on pages 36 to 44 of this annual report, there was no transaction, arrangement or contract of significance in relation to the Company's business, to which the Company or any of the Company's subsidiaries was a party, subsisting at the end of the Year or at any time during the Year, and in which a Director or an entity connected with a Director had, whether directly or indirectly, a material interest, nor was there any other transaction, arrangement or contract of significance in relation to the Company's business between the Company or any of the Company's subsidiaries and a controlling shareholder or any of its subsidiaries.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the Year and up to the date of this annual report, none of the Directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interest.

MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken in the ordinary course of business by the Group during the Year are set out in note 38 to the consolidated financial statements, and save as disclosed in the paragraphs headed "Connected Transactions" and "Continuing Connected Transactions" below, none of them constituted and there were no transactions which constituted a connected transaction (as defined under the Listing Rules) of the Company and was subject to reporting requirement during the Year and as at 31 December 2017.

LITIGATIONS

There was no material litigations and obligations of the Group during the Year.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period of the Group are set out in note 42 to the consolidated financial statements.

CONNECTED TRANSACTIONS

1. On 5 January 2017, Xiamen Yi Yue, an indirect wholly-owned subsidiary of the Company, entered into the second capital increase agreement (the "Second Capital Increase Agreement") 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") will be further increased from RMB114,940,000 to RMB200,000,000. Xiamen Yi Yue has agreed to contribute an aggregate amount of RMB1,449,910,000 in cash, including (i) RMB85,060,000 as payment for the registered capital; (ii) RMB44,220,000 as payment for the share premium; and (iii) a three-year shareholder's loan in the amount of RMB1,320,630,000 at an interest rate of 5.8% per annum for the repayment of part of the shareholder's loan previously made by Suzhou Zhaoxiang according to the proportion of equity interests to be taken by Xiamen Yi Yue. Assuming no further shares will be issued by Suzhou Zhaoxiang upon completion of the capital increase, Xiamen Yi Yue will hold 50% of the registered capital of Suzhou Zhaoxiang as enlarged by the capital increase in Suzhou Zhaoxiang. As each of Suzhou Zhaokun and Xiamen Liyuan is a subsidiary of C&D Real Estate, a controlling shareholder of the Company, Suzhou Zhaokun and Xiamen Liyuan are considered as connected persons of the Company. The entering into of the Second Capital Increase Agreement therefore constitutes a connected transaction under Chapter 14A of the Listing Rules. At the extraordinary general meeting of the Company held on 16 March 2017, the proposed resolution approving the transactions contemplated under the Second Capital Increase Agreement was passed by the independent shareholders of the Company by way of poll.

2. On 5 January 2017, Xiamen Yi Yue entered into (i) the share transfer agreement (the "Zhao Run Share Transfer Agreement") pursuant to which Fujian Zhao Run Property Company Limited* (福建兆潤房地產有限公司) ("Zhao Run") agreed to sell and Xiamen Yi Yue agreed to purchase 30% equity interests in the Fujian Zhaohe Real Estate Company Limited* (福建兆和房地產有限公司) (the "Joint Venture"); and (ii) the share transfer agreement (the "Licheng Share Transfer Agreement") pursuant to which Licheng Enterprise Management Comapny Limited* (廈門利承企業管理有限公司) ("Licheng") agreed to sell and Xiamen Yi Yue agreed to purchase 30% equity interests in the Joint Venture. The cash consideration under each of the Zhao Run Share Transfer Agreement and the Licheng Share Transfer Agreement (collectively, the "Share Transfer Agreements") shall be RMB21,670,000. Xiamen Yi Yue shall also repay the shareholder's loan in the amount of RMB404,070,000 previously made by Zhao Run and Licheng to the Joint Venture according to the proportion of equity interests to be acquired by Xiamen Yi Yue. With effect from completion of the acquisitions, Xiamen Yi Yue will hold 100% equity interests in the Joint Venture. As each of Zhao Run and Licheng is a subsidiary of C&D Real Estate, a controlling shareholder of the Company, Zhao Run and Licheng are considered as connected persons of the Company. The entering into of the Share Transfer Agreements therefore constitutes a connected transaction under Chapter 14A of the Listing Rules. At the extraordinary general meeting of the Company held on 16 March 2017, the proposed resolution approving the transactions contemplated under the Share Transfer Agreements was passed by the independent shareholders of the Company by way of poll.

3. On 25 April 2017, C&D Real Estate Fuzhou Limited* (建發房地產集團福州有限公司) ("C&D Real Estate Fuzhou Company") entered into the equity transfer agreement (the "Equity Transfer Agreement") with Xiamen Yi Yue, pursuant to which C&D Real Estate Fuzhou Company agreed to sell and Xiamen Yi Yue agreed to purchase 78% equity interests in Lianjiang Zhaorun Real Estate Development Company Limited* (連江兆潤房地產開發有限公司) ("Lianjiang Zhaorun"). The cash consideration under the Equity Transfer Agreement shall be RMB81,491,000. Xiamen Yi Yue shall also repay the shareholder's loan in the amount of RMB505,361,900 previously advanced by C&D Real Estate Fuzhou Company to Lianjiang Zhaorun. With effect from completion of the acquisition, Xiamen Yi Yue will hold 78% equity interests in Lianjiang Zhaorun. As C&D Real Estate Fuzhou Company is a subsidiary of C&D Real Estate, a controlling shareholder of the Company, C&D Real Estate Fuzhou Company is considered as a connected person of the Company. The entering into of the Equity Transfer Agreement therefore constitutes a connected transaction under Chapter 14A of the Listing Rules. At the extraordinary general meeting of the Company held on 10 July 2017, the proposed resolution approving the transactions contemplated under the Equity Transfer Agreement was passed by the independent shareholders of the Company by way of poll.

4. On 17 August 2017, Xiamen Yi Yue entered into (i) the interest transfer agreement (the "Interest Transfer Agreement (C&D)") with C&D Real Estate; (ii) the supplemental agreement with C&D Real Estate, Changsha Jiuzhitang (Group) Co., Ltd.* (長沙九芝堂(集團)有限公司) ("Jiuzhitang") and Yongjin Investment Holding Company Limited* (湧金投資控股有限公司) ("Yongjin Investment"); and (iii) the equity transfer agreement (the "Equity Transfer Agreement (Jiuzhitang)") with Jiuzhitang. Pursuant to the Interest Transfer Agreement (C&D), Xiamen Yi Yue shall pay C&D Real Estate the total consideration which comprises of: (i) the initial consideration: RMB437,893,237.85, being the interest appraised value of Changsha Yuefa Property Development Co., Ltd.* (長沙悦發房地產有限公司) ("Changsha Yuefa") as at 16 May 2017; and (ii) the adjusted consideration in the sum of RMB14,446,195.02. Jiuzhitang, at the direction of C&D Real Estate, shall transfer its 100% legal interests in Changsha Yuefa to Xiamen Yi Yue pursuant to the Equity Transfer Agreement (Jiuzhitang). With effect from the completion of the acquisition, Xiamen Yi Yue will hold 100% legal and beneficial interests in Changsha Yuefa. As C&D Real Estate is a controlling shareholder of the Company, C&D Real Estate is considered as a connected person of the Company. As such, the transactions contemplated under the abovementioned transfer agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules. At the extraordinary general meeting of the Company held on 11 December 2017, the proposed resolutions approving the transactions contemplated under the abovementioned transfer agreements were passed by the independent shareholders of the Company by way of poll.

5. On 24 August 2017, Xiamen Yi Yue entered into the equity transfer agreement (the "Equity Transfer Agreement (Suzhou Zhaokun)") with Suzhou Zhaokun, pursuant to which Xiamen Yi Yue agreed to purchase and Suzhou Zhaokun agreed to sell 70% equity interests in Zhangjiagang Jianfeng Property Development Company Limited* (張家港建豐房地產開發有限公司) ("Zhangjiagang Jianfeng") at the total consideration of RMB821,698,089.16. The equity transfer consideration under the Equity Transfer Agreement (Suzhou Zhaokun) shall be RMB34,989,633.41. Meanwhile, Xiamen Yi Yue shall also repay the shareholder's loan in the amount of RMB786,708,455.75 previously provided by Suzhou Zhaokun to Zhangjiagang Jianfeng. With effect from completion of the Acquisition, Xiamen Yi Yue will hold 70% equity interests in Zhangjiagang Jianfeng. As Suzhou Zhaokun is a subsidiary of C&D Real Estate, a controlling shareholder of the Company, Suzhou Zhaokun is considered as a connected person of the Company. As such, the transaction contemplated under the Equity Transfer Agreement (Suzhou Zhaokun) constitutes a connected transaction under Chapter 14A of the Listing Rules. At the extraordinary general meeting of the Company held on 11 December 2017, the proposed resolution approving the transactions contemplated under the Equity Transfer Agreement (Suzhou Zhaokun) was passed by the independent shareholders of the Company by way of poll.

6. On 30 August 2017 (after trading hours), the Company entered into the subscription agreement (the "Well Land Subscription Agreement") with Well Land pursuant to which Well Land has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 120,000,000 new Shares at the subscription price of HK$4.51 per subscription share to Well Land. On 30 August 2017 (after trading hours), the Company entered into the subscription agreement (the "Diamond Firetail Subscription Agreement") with Diamond Firetail pursuant to which Diamond Firetail has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 8,000,000 new shares at the subscription price of HK$4.51 per subscription share to Diamond Firetail. Since Well Land is a controlling shareholder of the Company and Diamond Firetail is a substantial shareholder of the Company, and hence connected persons of the Company under Rule 14A.07(1) of the Listing Rules, the subscriptions under the Well Land Subscription Agreement and the Diamond Firetail Subscription Agreement constitute connected transactions for the Company. At the extraordinary general meeting of the Company held on 4 December 2017, the proposed resolutions approving the transactions contemplated under the abovementioned subscription agreements were passed by the independent shareholders of the Company by way of poll.

7. On 31 October 2017, Xiamen Yi Yue, an indirect wholly-owned subsidiary of the Company, entered into the following agreements with C&D Real Estate: (1) the equity transfer agreement (the "Longyan Hengfu Equity Transfer Agreement"), pursuant to which C&D Real Estate agreed to sell and Xiamen Yi Yue agreed to purchase 40% equity interests in Longyan Hengfu Real Estate Development Company Limited* (龍岩恒富房地產開發有限公司) ("Longyan Hengfu") at a cash consideration of RMB23,868,688.81 and Xiamen Yi Yue shall also repay the shareholder's loan in the amount of RMB138,192,533.33 previously advanced by C&D Real Estate to Longyan Hengfu; and (2) the equity transfer agreement (the "Longyan Lirong Equity Transfer Agreement"), pursuant to which C&D Real Estate agreed to sell and Xiamen Yi Yue agreed to purchase 30% equity interests in Longyan Lirong Real Estate Development Company Limited* (龍岩利榮房地產開發有限公司) ("Longyan Lirong") at a cash consideration of RMB17,683,268.25 and Xiamen Yi Yue shall also repay the shareholder's loan in the amount of RMB155,045,691.52 previously advanced by C&D Real Estate to Longyan Lirong. With effect from completion of the acquisitions, Xiamen Yi Yue will hold 40% and 30% equity interests in Longyan Hengfu and Longyan Lirong, respectively. As C&D Real Estate is the controlling shareholder of the Company, C&D Real Estate is considered as a connected person of the Company. As such, the transactions contemplated under the Longyan Hengfu Equity Transfer Agreement and the Longyan Lirong Equity Transfer Agreement constitute connected transactions under Chapter 14A of the Listing Rules. At the extraordinary general meeting of the Comapny held on 27 December 2017, the proposed resolutions approving the transactions contemplated under the Longyan Hengfu Equity Transfer Agreement and the Longyan Lirong Equity Transfer Agreement were passed by the independent shareholders of the Company by way of poll.

CONTINUING CONNECTED TRANSACTIONS

1. Continuing connected transactions in relation to the entrusted construction agreements

On 14 December 2015, Zhaocheng Construction, an indirect wholly-owned subsidiary of the Company, entered into two entrusted construction agreements with Xiamen Heshan Construction and Development Limited* (廈門禾山建設發展有限公司) ("Heshan Construction") in respect of the Fanghu Yayuan Resettlement Housing* (枋湖雅苑安置房) project (the "Fanghu Project") and the Xueling Village Redevelopment Resettlement Housing* (薛嶺舊村改造安置房) project (the "Xueling Project") respectively, pursuant to which Zhaocheng Construction shall provide construction management services to Heshan Construction in respect of the Fanghu Project and the Xueling Project.

The construction management fees shall be calculated based on 5% of the direct development costs of the Fanghu Project and the Xueling Project.

The annual caps (as revised) of the construction management services provided by Zhaocheng Construction to Heshan Construction under the entrusted construction agreement in respect of the Fanghu Project (the "Fanghu Entrusted Construction Agreement") were as follows:

Financial year	Annual caps under the Fanghu Entrusted Construction Agreement
1 January 2016 to 31 December 2016	RMB4,477,200
1 January 2017 to 31 December 2017	RMB6,000,000
1 January 2018 to 31 December 2018	RMB1,094,390

The annual caps (as revised) of the construction management services provided by Zhaocheng Construction to Heshan Construction under the entrusted construction agreement in respect of the Xueling Project (the "Xueling Entrusted Construction Agreement") were as follows:

Financial year	Annual caps under the Xueling Entrusted Construction Agreement
1 July 2016 to 31 December 2016	RMB3,340,000
1 January 2017 to 31 December 2017	RMB6,680,000
1 January 2018 to 31 December 2018	RMB9,000,000
1 January 2019 to 31 December 2019	RMB5,460,000

Heshan Construction is a wholly-owned subsidiary of C&D Real Estate, a controlling shareholder of the Company and is therefore a connected person of the Company.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions under the Fanghu Entrusted Construction Agreement and the transactions under the Xueling Entrusted Construction Agreement should be aggregated. As the applicable percentage ratios for the aggregated transactions exceeded 5% but were less than 25% and the consideration was more than HK$10 million, the aggregated transaction constituted a discloseable transaction and a non-exempt connected transaction for the Company under Chapters 14 and 14A of the Listing Rules. As such, the aggregated transactions were subject to reporting, announcement and independent shareholders'approval requirements. At the extraordinary general meeting of the Company held on 9 May 2016, the Fanghu Entrusted Construction Agreement and the Xueling Entrusted Construction Agreement and the proposed annual caps (as revised) thereunder have been approved by the independent shareholders of the Company. Please refer to the Company's announcements dated 14 December 2015, 20 January 2016 and 20 April 2016 and circular dated 21 April 2016 for further details of the above continuing connected transactions.

During the Year, the construction management fees receivable from Heshan Construction under the Fanghu Entrusted Construction Agreement amounted to RMB2,604,000 and the construction management fees payable to Heshan Construction under the Xueling Entrusted Construction Agreement, amounted to RMB3,151,000.

2. Continuing connected transactions in relation to the lease of properties

On 14 March 2016, Shanghai Zhaoyu, a subsidiary of the Company, entered into a lease (the "Huayuan Lease") in respect of the Xinjiangwan Huayuan* (新江灣華苑) project (the "Huayuan Project") and a lease (the "Jiayuan Lease") in respect of the Xinjiangwan Jiayuan* (新江灣嘉苑) project (the "Jiayuan Project") with Shanghai Zhongyue Real Estate Development Limited Company* (上海中悦房地產開發有限公司) ("Shanghai Zhongyue") and Shanxidi Real Estate Development Limited Company* (上海山溪地房地產開發有限公司) ("Shanghai Shanxidi") respectively, pursuant to which Shanghai Zhongyue and Shanghai Shanxidi agreed to respectively certain properties in the Huayuan Project and the Jiayuan Project to Shanghai Zhaoyu.

The term of the Jiayuan Lease is 60 months commencing from 15 March 2016 to 14 March 2021, while the term of the Huayuan Lease is 60 months commencing from 1 July 2016 to 30 June 2021. An independent financial advisor has been appointed by the Company to opine on the term of the two leases, each of which is more than three years and to confirm that it is a normal business practice for agreements of this type to be of such duration.

The rent payable under each of the Jiayuan Lease and the Huayuan Lease shall be calculated daily at RMB0.28 per sq.m., RMB0.3 per sq.m., RMB0.32 per sq.m., RMB0.34 per sq.m., RMB0.36 per sq.m. and RMB0.36 per sq.m., for the years ended 31 December 2016 and 2017 and for the years ending 31 December 2018, 2019, 2020 and 2021 respectively, which is determined based on arm's length basis by reference to the prevailing market rates of the rental charge of properties in Shanghai.

The respective annual caps of the transactions contemplated under the Jiayuan Lease and the Huayuan Lease were as follows:

Financial year	Annual caps under the Jiayuan Lease	Annual caps under the Huayuan Lease
Year ended 31 December 2016	RMB2,160,000	RMB1,810,000
Year ended 31 December 2017	RMB2,850,000	RMB3,720,000
Year ending 31 December 2018	RMB3,040,000	RMB3,980,000
Year ending 31 December 2019	RMB3,230,000	RMB4,230,000
Year ending 31 December 2020	RMB3,430,000	RMB4,500,000
Year ending 31 December 2021	RMB700,000	RMB2,290,000

Each of Shanghai Shanxidi and Shanghai Zhongyue is a subsidiary of C&D Real Estate and is therefore a connected person of the Company.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Jiayuan Lease and the Huayuan Lease are required to be aggregated and treated as if they were one transaction. After aggregation, as all the applicable percentage ratios in respect of the highest annual cap of the two leases exceed 0.1% but are less than 5% on an annual basis, the transactions contemplated under the two leases are subject to the reporting, announcement and annual review requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Please refer to the Company's announcement dated 14 March 2016 for further details of the above continuing connected transactions.

During the Year, the rent payable to Shanghai Zhongyue under the Huayuan Lease amounted to RMB3,705,000 and the rent payable to Shanghai Shanxidi under the Jiayuan Lease amounted to RMB2,841,000.

3. Continuing connected transactions in relation to the consignment agreements

On 19 August 2016, Shanghai Zhaoyu entered into a consignment agreement with each of Shanghai Shanxidi and Shanghai Zhongyue respectively, pursuant to which Shanghai Zhaoyu agreed to act as the agent for Shanghai Shanxidi and Shanghai Zhongyue for the sale of certain properties under the Jiayuan Project and the Huayuan Project in consideration of consignment fees. Please refer to the Company's announcement dated 19 August 2016 for further details regarding pricing policy for the consignment fees and basis for the capital caps of the above continuing connected transactions.

The respective annual caps of the transactions contemplated under the consignment agreement with Shanghai Shanxidi (the "Jiayuan Consignment Agreement") and the consignment agreement with Shanghai Zhongyue (the "Huayuan Consignment Agreement") were as follows:

Financial year	Annual caps under the Jiayuan Consignment Agreement	Annual caps under the Huayuan Consignment Agreement
Year ended 31 December 2017	RMB8,767,000	RMB11,701,500
Year ending 31 December 2018	RMB8,767,000	RMB11,701,500
Year ending 31 December 2019	RMB8,767,000	RMB11,701,500

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Jiayuan Consignment Agreement and the Huayuan Consignment Agreement, as well as the transactions under the Jiayuan Lease and the Huayuan Lease are required to be aggregated and treated as if they were one transaction. After aggregation, as one of the applicable percentage ratios in respect of the highest annual cap exceed 5% but are less than 25%, the aggregated transactions are subject to the reporting, announcement and independent shareholders' approval requirements. At the extraordinary general meeting of the Company held on 12 October 2016, the transactions contemplated under the Jiayuan Consignment Agreement and the Huayuan Consignment Agreement and the proposed annual caps thereunder have been approved by the independent shareholders of the Company. Please refer to the Company's announcement dated 19 August 2016 and the Company's circular dated 24 September 2016 for further details of the above continuing connected transactions.

During the Year, there were no consignment fees payable to Shanghai Shanxidi and Shanghai Zhongyue under the Jiayuan Consignment Agreement and the Huayuan Consignment Agreement respectively.

4. Continuing connected transaction in relation to the lease of properties

On 18 July 2017, Shanghai Zhaoyu entered into a lease (the "Yangpu Lease") 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 agreed to lease certain properties located in Yangpu District* (楊浦區), Shanghai to Shanghai Zhaoyu.

The term of Yangpu Lease is 10 years commencing from 1 July 2017 to 30 June 2027. An independent financial advisor has been appointed by the Company to opine on the term of the Yangpu Lease, which is more than three years and to confirm that it is a normal business practice for agreements of this type to be of such duration.

The rent payable under the Yangpu Lease shall be calculated on a daily basis. For the two years from 1 July 2017 to 30 June 2019, the rent shall be calculated daily at RMB1.00 per sq.m.; for the year from 1 July 2019 to 30 June 2020, the rent shall be calculated daily at RMB2.00 per sq.m.; for the two years from 1 July 2020 to 30 June 2022, the rent shall be calculated daily at RMB2.10 per sq.m.; for the two years from 1 July 2022 to 30 June 2024, the rent shall be calculated daily at RMB2.21 per sq.m.; for the two years from 1 July 2024 to 30 June 2026, the rent shall be calculated daily at RMB2.32 per sq.m.; and for the year from 1 July 2026 to 30 June 2027, the rent shall be calculated daily at RMB2.44 per sq.m. The rate is determined based on arm's length basis by reference to the prevailing market rates of the rental charge of properties in Shanghai. Shanghai Zhaoyu is required to pay the quarterly rent to Shanghai Zhaoyu Investment Development at the beginning of each quarter in advance.

The annual caps of the transactions contemplated under the Yangpu Lease were as follows:

Financial Year	Annual caps under the Yangpu Lease
Year ended 31 December 2017	RMB1,700,000
Year ending 31 December 2018	RMB3,500,000
Year ending 31 December 2019	RMB5,200,000
Year ending 31 December 2020	RMB7,200,000
Year ending 31 December 2021	RMB7,300,000
Year ending 31 December 2022	RMB7,500,000
Year ending 31 December 2023	RMB7,700,000
Year ending 31 December 2024	RMB7,900,000
Year ending 31 December 2025	RMB8,100,000
Year ending 31 December 2026	RMB8,300,000
Year ending 31 December 2027	RMB4,200,000

As all the applicable percentage ratios in respect of the highest annual cap of the Yangpu Lease are less than 25% and the total consideration is less than HK$10,000,000 on an annual basis, the transaction contemplated under the Yangpu Lease is subject to the reporting, announcement and annual review requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. As Shanghai Zhaoyu Investment Development is a wholly-owned subsidiary of Xiamen C&D Co., Ltd.* (廈門建發集團有限公司) which is a controlling shareholder of the Company, Shanghai Zhaoyu Investment Development is considered as a connected person of the Company. The entering into of the Yangpu Lease between Shanghai Zhaoyu and Shanghai Zhaoyu Investment Development therefore constitutes continuing connected transactions under Chapter 14A of the Listing Rules. Please refer to the Company's announcement dated 18 July 2017 for further details of the above continuing connected transaction.

During the Year, the rent payable of Shanghai Zhaoyu under the Yangpu Lease amounted to RMB1,488,000.

5. Continuing connected transaction in relation to provision of entrusted management services

On 1 August 2017, Zhaocheng Construction, a wholly-owned subsidiary of the Company, entered into an entrusted management service agreement (the "Jianyang Entrusted Management Service Agreement") in relation to the Jianyang Western District Ecological City* (建陽西區生態城) project (the "Jianyang Project") with Jiaying Real Estate, pursuant to which Zhaocheng Construction shall provide entrusted management services to Jiaying Real Estate in respect of the Jianyang Project for a term commencing from 1 August 2017 and expiring on 31 July 2020.

The entrusted management service fee shall be 8% of total sales of Jianyang Project payable on a lump sum basis, which is expected to be no more than RMB70,000,000, including (i) Zhaocheng Construction's marketing and management costs incurred for the performance of the entrusted management service; and (ii) the project development and management fee, brand license fee and other service fee received by Zhaocheng Construction from Jiaying Real Estate.

The annual caps of the entrusted management service fee to be received by Zhaocheng Construction under the Jianyang Entrusted Management Service Agreement in respect of the Jianyang Project were as follows:

Financial Year	Annual caps under the Jianyang Entrusted Management Service Agreement
Year ended 31 December 2017	RMB13,000,000
Year ending 31 December 2018	RMB30,000,000
Year ending 31 December 2019	RMB20,000,000
Year ending 31 December 2020	RMB7,000,000

As one of the applicable percentage ratios in respect of the transaction contemplated under the Jianyang Entrusted Management Service Agreement exceeds 25% but is less than 75%, such transaction constitutes a major transaction and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14 of the Listing Rules. Jiaying Real Estate, which is 50% owned by C&D Real Estate, is a subsidiary of C&D Real Estate, a controlling shareholder of the Company. Jiaying Real Estate is therefore considered to be a connected person of the Company. Accordingly, the entering into of the Jianyang Entrusted Management Service Agreement between Zhaocheng Construction and Jiaying Real Estate constitutes a continuing connected transaction under Chapter 14A of the Listing Rules. At the extraordinary general meeting of the Company held on 27 October 2017, the transaction contemplated under the Jianyang Entrusted Management Service Agreement and the proposed annual caps thereunder have been approved by the independent shareholders of the Company. Please refer to the Company's announcement dated 1 August 2017 and the Company's circular dated 11 October 2017 for further details of the above continuing connected transaction.

During the Year, the entrusted management service fee receivable under the Jianyang Entrusted Management Service Agreement amounted to RMB12,169,000.

Review by independent non-executive Directors and the auditor of the Company

Pursuant to Rule 14A.55 of the Listing Rules, the INEDs of the Company have reviewed the abovementioned continuing connected transactions and confirmed that such transactions have been conducted:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or better; and

(3) according to the relevant agreements governing the relevant transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was also engaged to report on the Group's continuing connected transactions with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange. Based on its work, the Company's auditor of the Company has provided the Board with a letter confirming that, with respect to the aforesaid continuing connected transactions:

(a) nothing has come to the auditor's attention that causes the auditor to believe that the aforesaid continuing connected transactions have not been approved by the Board;

(b) nothing has come to the auditor's attention that causes the auditor to believe that the transactions have not followed the Group's pricing policy in any material aspect;

(c) nothing has come to the auditor's attention that causes the auditor to believe that the transactions have not been carried out in any material way in accordance with the relevant agreements;

(d) in relation to the aggregate amounts for each of the aforesaid continuing connected transactions, nothing has come to the auditor's attention that causes the auditor to believe that the actual transaction amount of any of the aforesaid continuing connected transactions has exceeded the cap determined by the Company for the Year.

Save as disclosed above, a summary of significant related party transactions made during the Year is disclosed in note 38 to the financial statements. To the extent that the Group's related party transactions constituted connected transactions or continuing connected transactions as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the Year.

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 Board to the Main Board in 2014. So the Share Option Scheme is still effective after the transfer. The principal terms of the Share Option Scheme are set out below:

Participants

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants to take up options to subscribe for the Shares in the Company:

(a) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of the subsidiaries or any entity ("Invested Entity") in which any member of the Group holds an equity interest;

(b) any non-executive directors (including independent non-executive directors) of the Company, any of the subsidiaries or any Invested Entity;

(c) any supplier of goods or services to any member of the Group or any Invested Entity;

(d) any customer of any member of the Group or any Invested Entity;

(e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;

(f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(g) any advisor (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; or

(h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

Maximum number of Shares under the Share Option Scheme

The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the share capital of the Company in issue from time to time. The total number of the Shares which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue from the GEM Listing Date, that is 30,000,000 Shares.

Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (the "Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the shareholders in general meeting of the Company.

Any grant of options under the Share Option Scheme to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates must be approved by INEDs (excluding INED who or whose associates is the proposed grantee of the options). In addition, any grant of options to a substantial shareholder or an INED or any of their respective associates in aggregate over 0.1% of the Shares in issue or with an aggregate value, based on the closing price of the Shares at the date of each offer, in excess of HK$5 million, in the 12-month period up to and including the date of such grant, must be approved by the shareholders in general meeting of the Company.

Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option to be accompanied by the payment of consideration of HK$1, being acceptance of the grant of an option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

Subscription price for the Shares and consideration for the option

The subscription price for the Shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer for the grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a Share.

Remaining life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on 14 December 2012, being the adoption date of the Share Option Scheme.

No share options were granted, exercised or cancelled by the Company or lapsed under the Share Option Scheme during the Year and there were no outstanding share options under the Share Option Scheme as at 31 December 2017.

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 current year to the retirement benefits scheme managed by respective local social security bureau in accordance with government regulations in different jurisdictions. Please refer to note 2.19 to the consolidated financial statements for the Year for more information.

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

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 of 31 December 2017
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 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 (i) approximately HK$6,500,000 has been used as administrative and management expenses; (ii) approximately HK$1,500,000 has been used as investment in industries relating to property development; and (iii) approximately HK158,960,000 has been used as inputs in property development projects

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 of 31 December 2017
4 December 2016	1 March 2017	Issue of perpetual convertible bond in an aggregate principal amount of HK$500,000,000 to Well Land. 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. 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. All of the perpetual convertible bond were fully converted into 110,864,745 conversion shares by Well Land on 28 December 2017.	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 All of the proceeds will be applied to repay loans from the shareholders	HK$4.95	All of the proceeds will be applied to repay loans from the shareholders

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 of 31 December 2017
30 August 2017	22 December 2017	Placing of 68,000,000 new ordinary shares at a placing price of HK$4.51 per placing share to not less than six placees under specific mandate	Approximately HK$306,000,000	All of net proceeds for repayment of shareholder's loan incurred from (i) the acquisition of 100% equity interests in Changsha Yueta as announced by the Company on 17 August 2017; and (ii) the acquisition of 70% equity interests in Zhangjiagang Jianfeng as announced by the Company on 24 August 2017.	HK$5.19	HK$294,000,000 out of the net proceeds for repayment of shareholders' loan incurred from the acquisition of 100% equity interests in Changsha Yuefa as announced by the Company on 17 August 2017 amounted to approximately RMB249,900,000 (HK$294,000,000); and the remaining balance of the net proceeds of approximately RMB10,400,000 (HK$12,000,000) for repayment of shareholders' loan incurred from the acquisition of 70% equity interests in Zhangjiagang Jianfeng as announced by the Company on 24 August 2017.

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 of 31 December 2017
30 August 2017	22 December 2017	Issuance of 120,000,000 and 8,000,000 new ordinary shares at a subscription price of HK$4.51 per subscription share to Well Land and Diamond Firetail respectively under specific mandate	Approximately HK$576,000,000	Same as above	HK$5.19	All of net proceeds of approximately RMB489,600,000 (HK$576,000,000) for repayment of shareholders' loan incurred from the acquisition of 70% equity interests in Zhangjiagang Jianfeng as announced by the Company on 24 August 2017.

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.

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 52 to 63 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company had maintained a sufficient public float (i.e. at least 25% of the issued Shares were held by the public) as required by Rule 8.08 of the Listing Rules (as appropriate).

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 31 December 2017, there were still 72 lease agreements pending to be registered due to: after Nanning Real Estate Management Bureau updated the system in August 2017, one premises permit can be only dealt with one lease filing. Yufeng project, Wan Guo project, Cabinet Project of the Company only has one premises permit, which Nanning Real Estate Management Bureau was unable to process the lease filing temporarily. After numbers of communications and negotiations, Nanning Real Estate Management Bureau agreed that resume the lease filing but the progress was slow.

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 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), the property ownership certificate was issued on 11 May 2012 in respect of the refurbished Wan Guo Plaza and 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 31 December 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.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company (comprising all the three INEDs, namely Mr. Wong Chi Wai (committee chairman), Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee) has reviewed the audited consolidated financial statements of the Company for the Year with the management.

INDEPENDENT AUDITOR

The consolidated financial statements of the Company for the Year have been audited by Grant Thornton Hong Kong Limited which will retire and, being eligible, offer itself for re-appointment at the AGM. Having approved by the Board upon the Audit Committee's recommendation, a resolution to re-appoint Grant Thornton Hong Kong Limited and to authorise the Directors to fix its remuneration will be proposed at the AGM.

On behalf of the Board

ZHUANG Yuekai
Chairman

Hong Kong, 22 March 2018

The Board is pleased to present this corporate governance report for the Year.

CORPORATE GOVERNANCE PRACTICES

The Board 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's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

The Board is of the view that throughout the year ended 31 December 2017 (the Year), the Company has complied with all the code provisions as set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules for dealings in securities of the Company by the Directors and relevant employees who are likely to be in possession of unpublished inside information of the Company.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the Year.

No incident of non-compliance of the Model Code by the relevant employees was noted by the Company during the Year.

BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

BOARD COMPOSITION

During the Year, the Board comprised the following 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

The biographical information of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 22 to 27 of this annual report.

None of the members of the Board is related to one another.

BOARD MEETINGS AND DIRECTORS' ATTENDANCE RECORDS

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

Apart from regular Board meetings, the Chairman also held meetings with the non-executive Directors (including independent non-executive Directors) without the presence of executive Directors during the Year.

During the Year, four Board meetings and one annual general meeting (the "AGM") were held. Details of the attendance of the Directors are as follows:

Name of Directors	Attendance of Board Meeting	Attendance of AGM
Mr. Zhuang Yuekai	4/4	1/1
Mr. Shi Zhen	4/4	1/1
Ms. Zhao Chengmin	4/4	1/1
Ms. Wang Xianrong	4/4	0/1
Ms. Wu Xiaomin	4/4	0/1
Mr. Huang Wenzhou	4/4	0/1
Mr. Wong Chi Wai	4/4	1/1
Mr. Wong Tat Yan, Paul	4/4	1/1
Mr. Chan Chun Yee	4/4	1/1

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The position of chairman of the Board ("Chairman") is held by Mr. Zhuang Yuekai. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board.

There is no chief executive officer appointed by the Company currently. Mr. Lin Weiguo was appointed as the chief operating officer of the Company who is responsible for the Company's business development and daily management and operations, performing the main duties of the chief executive officer.

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the Year, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The non-executive Directors of the Company are appointed for a specific term of three years from their respective date of appointment, subject to renewal after the expiry of the then current term and retirement by rotation and re-election at the AGM in accordance with the Articles of Association of the Company.

Each of the independent non-executive Directors has been appointed for an initial term of one year commencing on 14 December 2012, which is renewable automatically for successive terms of one year each from the day immediately after the expiry of the then current term, subject to retirement by rotation and re-election at the AGM in accordance with the Articles of Association of the Company.

The Company's Articles of Association provides that all Directors appointed to fill a casual vacancy shall be subject to election by shareholders of the Company at the first general meeting after appointment.

Under the Articles of Association of the Company, at each AGM, one-third of the Directors for the time being, or if their number is not three of a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election. Accordingly, Mr. Zhuang Yuekai, Mr. Huang Wenzhou and Mr. Chan Chun Yee will retire from office by rotation at the forthcoming AGM and being eligible, have offered themselves for re-election. None of the Directors who is proposed for re-election or any other Directors has a service contract that is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

RESPONSIBILITIES OF THE DIRECTORS

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development ("CPD") to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The record of CPD relating to director's duties and regulatory and business development that have been received by the Directors for the year ended 31 December 2017 are summarized as follows:

Name of Directors	Type of Training [Note]
Executive Directors	
Mr. Zhuang Yuekai	A/B
Mr. Shi Zhen	A/B
Ms. Zhao Chengmin	A/B
Non-executive Directors	
Ms. Wang Xianrong	A/B
Ms. Wu Xiaomin	A/B
Mr. Huang Wenzhou	A/B
Independent Non-executive Directors	
Mr. Wong Chi Wai	A/B
Mr. Wong Tat Yan, Paul	A/B
Mr. Chan Chun Yee.	A/B

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2.

AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive Directors, namely Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee. Mr. Wong Chi Wai is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the Year, the Audit Committee held two meetings to review the annual financial results and report in respect of the year ended 31 December 2016, the interim results and report for the six months ended 30 June 2017, and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and engagement of non-audit services and relevant scope of works and, connected transactions and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors twice without the presence of the executive Directors.

The attendance records of the members of the Audit Committee are as follows:

Name of Members of the Audit Committee	Attendance
Mr. Wong Chi Wai *(Chairman)*	2/2
Mr. Wong Tat Yan, Paul	2/2
Mr. Chan Chun Yee	2/2

REMUNERATION COMMITTEE

The Remuneration Committee consists of four members, namely Mr. Zhuang Yuekai, executive Director, Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee, independent non-executive Directors. Mr Wong Tat Yan, Paul is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

During the Year, the Remuneration Committee held one meeting to review and make recommendation to the Board on the remuneration policy and structure of the Company and the remuneration packages of the executive Directors and senior management and other related matters.

The attendance records of the members of the Remuneration Committee are as follows:

Name of Members of the Remuneration Committee	**Attendance**
Mr. Wong Tat Yan, Paul *(Chairman)*	1/1
Mr. Zhuang Yuekai	1/1
Mr. Wong Chi Wai	1/1
Mr. Chan Chun Yee	1/1

Details of the remuneration of the Directors and senior management of the Company for the Year are set out in note 14 to the consolidated financial statements.

NOMINATION COMMITTEE

The Nomination Committee consists of four members, namely Mr. Zhuang Yuekai, executive Director, Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee, independent non-executive Directors. Mr. Zhuang Yuekai is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience etc. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the Year, the Nomination Committee held one meeting to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring directors standing for election at the AGM. The Nomination Committee considered that an appropriate balance of diversity perspectives of the Board is maintained and has not set any measurable objective implementing the Board diversity policy.

Name of Members of the Nomination Committee	Attendance
Mr. Zhuang Yuekai *(Chairman)*	1/1
Mr. Chan Chun Yee	1/1
Mr. Wong Chi Wai	1/1
Mr. Wong Tat Yan, Paul	1/1

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the Year, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including risk identification, risk analysis, risk response, risk monitoring and risk reporting processes.

The objectives of the Company's risk management systems are to ensure that the Company operates an effective risk management system, to introduce the established risk management policy into the daily operations of the Company's business units, to cultivate and encourage awareness of risk management within the Group and to measure different risks, to monitor and control risks effectively and to ensure effective mitigation of risks, and the reduction of impact of risks.

The Company encourages employees to adopt a proactive risk management approach to further strengthen the Group's risk awareness culture. The risk management system is incorporated into the business processes of our business units within the Group in order to mitigate the impact of risks with effective risk management policies. Evaluation has been conducted at least annually to confirm that risk management procedures and control policies are properly complied with. The Company also has engaged external professional firm for performing independent review of the adequacy and effectiveness of the risk management and internal control systems.

The Company has an internal audit function to focus on the adequacy and effectiveness of its risk management and internal control systems.

The management assessed the likelihood of risk occurrence, provided treatment plans, and monitored the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems. The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2017.

The Board, as supported by the Audit Committee as well as the management, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2017, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2017.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditors' Report" on pages 78 to 83.

AUDITORS' REMUNERATION

The remuneration paid to the Company's external auditors in respect of audit services and non-audit services for the year ended 31 December 2017 amounted to HKD880,000 and HKD1,200,000 respectively.

An analysis of the remuneration paid to the external auditors of the Company, Grant Thornton Hong Kong Limited, in respect of audit services and non-audit services for the year ended 31 December 2017 is set out below:

Service Category	Fees Paid/Payable
Audit Services	Nil/HKD880,000
Non-audit Services	
– risk management review and internal control review, and service in environmental, social and governance reporting (Paid to Grant Thornton Advisory Services Limited)	HKD410,000/250,000
– professional services for acquisition	HKD540,000/Nil

COMPANY SECRETARY

Ms. Soon Yuk Tai of Tricor Services Limited, external service provider, has resigned as the Company's company secretary with effect from 1 November 2017 and the Company has engaged Miss Leung Ching Ching of Tricor Services Limtied as the Company's company secretary to fill the vacancy left by Ms. Soon Yuk Tai. Its primary contact person at the Company is Mr. Lu Jinwen the Deputy General Manay of the Company.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters.

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting

Shareholders are encouraged to attend all general meetings of the Company. According to Article 64 of the Articles of Association, shareholders holding not less than 10% of the paid up capital of the Company having the right of voting at general meetings can request to convene an Extraordinary General Meeting ("EGM") by depositing a requisition in writing to the Directors or the company secretary for such purpose. The written requisition shall be deposited to the Company's office located at Office No. 3517, 35th Floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong.

Putting Forward Proposals at General Meetings

There are no provisions allowing shareholders to put forward new resolutions at the general meetings under the Cayman Islands Companies Law (2013 Revision) or the Articles of Association of the Company. However, shareholders who wish to put forward proposal at general meetings may make a requisition to convene an EGM following the procedures set out above.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	Office No. 3517, 35th Floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong (For the attention of the Board of Directors)
Fax:	(852) 2525 7890
Tel:	(852) 2525 7922

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Procedures for Shareholders to Propose a Person for Election as a Director

The following procedures are subject to the Articles of Association and the applicable legislation and regulations.

If a shareholder, who is duly qualified to attend and vote at the general meeting convened to deal with appointment/election of director(s), wishes to propose a person (other than the member himself/herself) for election as a director at that meeting, he/she/it can deposit a written notice at either of the following addresses:

Head office and principal place of business of the Company in Hong Kong
Office No. 3517
35th Floor
Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong

Hong Kong branch share registrar and transfer office of the Company
Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

In order for the Company to inform all shareholders of that proposal, the written notice must state the full name of the person proposed for election as a Director, his/her biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the shareholder concerned together with a written notice of the person proposed for election as a director indicating his/her willingness to be elected.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

During the year under review, the Company has not made any changes to its Articles of Association. An up to date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PURPOSE AND CRITERIA OF THE REPORT

To comply with the requirements set out in the Environmental, Social and Governance Reporting Guide in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, C&D International Investment Group Limited ("C&D International" or the "Group") hereby presents its Environmental, Social and Governance Report (the "Report") for the year ended 31 December 2017.

The purpose of the Report is to identify and disclose the major issues of C&D International in relation to the environment, society and governance as well as its key performance indicators while illustrating its pursuit of sustainable development and practice of its social responsibility in every aspect.

SCOPE AND PERIOD OF THE REPORT

The Report discloses the major issues and key performance indicators of the main key projects in the operations and real estate development business of C&D International and its selected subsidiaries in respect of environmental management, social responsibility and governance during the year of 2017.

In the future, the Group will continue to improve its data collection and reporting system on environmental management, social responsibility and governance performance, gradually expand the scope of disclosure and enhance the quality and comprehensiveness of the Report in the long run.

DATA COLLECTION METHODOLOGY

The data used in the Report comes from the relevant functional departments of C&D International and its selected subsidiaries.

CONCERNS OF THE STAKEHOLDERS

The Group attaches great importance to its social responsibility and sustainability in the course of operation and tries its best to understand the concerns of its stakeholders and meet their expectations and requirements through operations and various communication channels, so as to grow strong together with them and contribute the greatest value to the community.

Stakeholders	Concerns	Response of the Group
Government	• Operation in compliance • Economic growth • Community construction	We maintain strict compliance with the laws and regulations, paying taxes honestly, fighting corruption, money laundering and bribery; we give full play to our strengths in resource integration while "enacting measures according to local conditions and applying them on well-chosen targets"; we will further optimize our real estate development business and strive to establish a strategic presence in the development of high-end homes and smart communities.

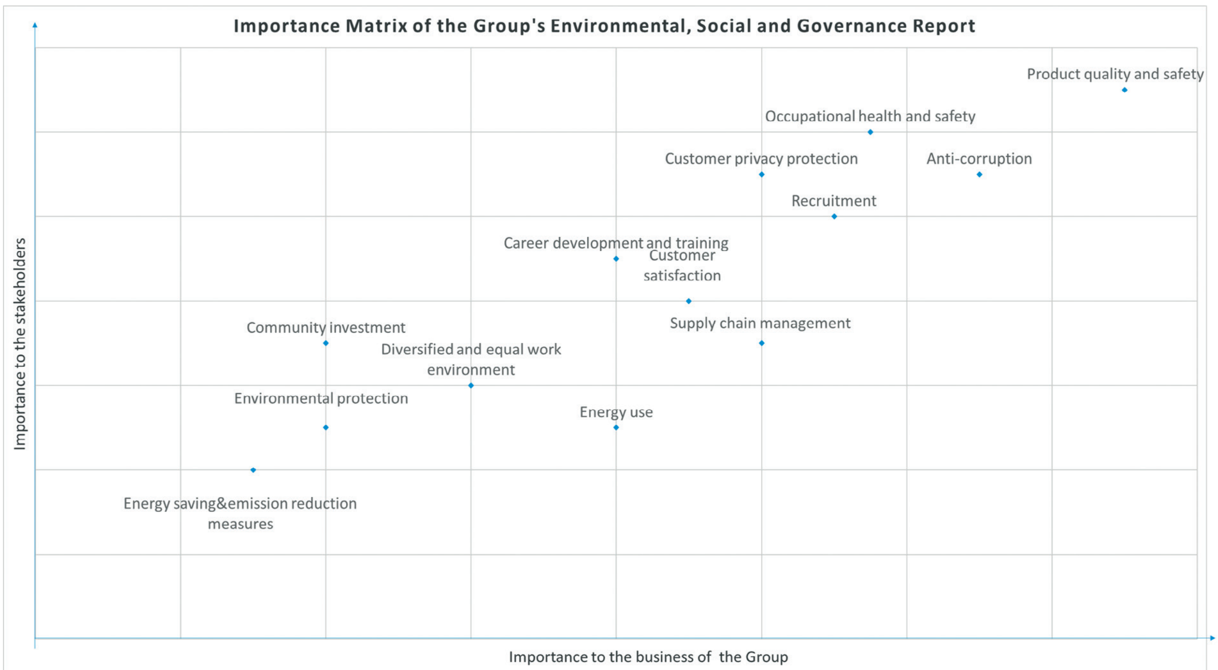
Stakeholders	Concerns	Response of the Group
Customers	• Product quality & safety • Experience & customer services • Privacy & confidentiality	We strive to build high-quality houses and smart living environment in accordance with strict quality standards for housing and building materials; we have set up multiple customer communication and feedback channels to listen to their opinions and handle inquiries or complaints; we have in place multiple protection measures for the privacy of customer data, with those who have direct access to the customer information required to sign a Customer Data Confidentiality Agreement.
Investors	• Investment returns • Information transparency • Interests protection	We are making great efforts to capture the market trends while constantly enhancing our management capabilities, our brand influence and value. We maintain close and transparent communication with our investors and the market through investor meetings, shareholders' meetings and release of annual reports and interim reports; we have in place a rigorous risk management and internal control system in cooperation with the internal audit function, so that the management and audit committee can focus on the adequacy and effectiveness of our risk management and internal control system.
Employees	• Health & safety • Career development • Training opportunities	We strive to create a competitive work environment, a sound performance appraisal system and a remuneration and welfare system while constantly improving our training and development system, so as to help our employees blend into the long-term development of the Group, spark off their potentials and enhance their satisfaction and sense of belonging.
Suppliers	• Transparency in procurement process • Development opportunities • Commercial integrity	We have in place a well-maintained supplier management system, which enables a clear division of the supervisory functions and combines supplier assessment and approval, supplier selection and performance evaluation to oversee the supply chain management in all aspects.

Stakeholders	Concerns	Response of the Group
Community	• Job opportunities • Environment-friendliness & energy saving • Public welfare	We are committed to long-term and ambitious development of our business and creating more job opportunities for the community. We will try our best to gradually reduce emission and consumption of energy, reduce greenhouse gas emission and improve energy efficiency while vigorously practicing our corporate social responsibility and promoting the development of philanthropy in the regions where we operate.

IMPORTANCE OF THE TOPICS

The Group has conducted an assessment of the importance of the topics in this environmental, social and governance report. The factors to consider include the Group's strategic objectives and policies, industry standards, legal and regulatory responsibilities, environmental protection, resource utilization, quality control and employee protection, etc. with the aim of helping the Group identify important issues. Through such an assessment and analysis, the Group has identified 13 major issues and has described the Group's response to such important issues in a more complete and accurate way in this report.

The following is the Group's importance matrix:



13 important topics identified by the Group

Environmental protection	Supply chain management
Energy use	Product quality and safety
Energy-saving & emission reduction measures	Customer satisfaction
Occupational health and safety	Customer privacy protection
Career development and training	Anti-corruption
Diversified and equal work environment	Community investment
Recruitment	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE DISCLOSURE

A. ENVIRONMENT

The Group has been committed to ensuring strict compliance of its business activities with local laws and regulations. It also imposes stringent requirements on the management measures for environmental protection and discusses the reduction plans with its contractors and requires them to strictly follow the relevant requirements.

The Group has also formulated a series of environment protection measures to reduce emissions and energy consumption, prevent dust and reduce noise, so as to integrate environmental management into its daily operation and reduce the impact of the Group's operations on the environment in the long run.

A1 EMISSIONS

Emission reduction is an important issue in the Group's environmental protection program, for which it is making constant efforts to reduce emission in its daily operations and enhance its energy efficiency. In our daily operations, we used environment-friendly devices such as T5 lighting and LED bulbs. We also installed architectural structures that can lower energy consumption, for example, we apply heat-preserving and energy-saving architecture and use recoverable aluminum films in the process of construction. We also convened video conferences frequently instead of face-to-face meetings which require business trips by plane.

During the year, the Group included in its assessment the emissions of greenhouse gas and other air pollutants by its core projects of the real estate business and collected data by region and development project. It also plans to improve the existing data collection mechanism year by year in the future so as to ensure a more thorough disclosure of emissions data. The Group's emissions of greenhouse gases and other air pollutants for the year are set forth as follows:

Emission of greenhouse gases	Emission (kg)	Density (kg)
Direct greenhouse gas emission	2,205,823	2,171
Indirect greenhouse gas emission	584,880	576
Other indirect emissions	25,720	25

Emission of air pollutants	Emission (g)
Nitrogen oxides	1,787,558
Granules	128,580
Sulfur dioxide	7,351

The Group promotes and encourages its employees to participate in the waste recycling program, and arranges twice a year for its printed documents to be sent to a designated paper mill for destruction and recycling. In respect of the construction works, the Group adopted a variety of environment protection measures, for example, using recyclable aluminum molds to replace the traditional wood molds, to reduce waste at source. In addition, the Group transported the wastes to a specific centralized disposal site for processing. During the year, a total of 820 cubic meters of construction waste was recycled and processed. The waste generated by the Group during the year is as follows:

Waste generated by the Group	Amount (Ton)	Density (Ton)
Hazardous waste	0	0
Harmless waste	1,784	2

A2 USE OF RESOURCES

Improving the efficiency of resource utilization to reduce energy consumption is also an environmental protection issue to which the Group attaches great importance. Accordingly, the Group has been enthusiastic in creating an eco-friendly working environment and fostering its employees' awareness of energy conservation, emission reduction and environmental protection, and encouraging them to be environment-friendly by saving materials, using substitute materials and reducing land use in the process of design and construction, so as to cut costs. The Group also requires its employees to switch off the electric devices such as computers and printers and other unnecessary electric appliances before they leave the office. At the same time, the Company is taking active steps to complete its electronic document management system and strives to realize paper-less office operation in the future in order to reduce paper consumption. Outside the office, the Group encourages its employees to use car-hailing apps and public transportation and reduce the use of corporate and private vehicles, with the aim of indirectly cutting energy consumption and greenhouse gas emission through increasing the use of public transportation.

Durin the year, the Group will include various types of energy consumption by its core projects of the real estate business into the assessment and collect data by region and development project. The data on energy consumption by the Group during the year is set forth as follows:

Type of energy	Consumption	Density
Direct energy consumption		
Diesel (L)	423,200	417
Gas (L)	36,584	36
Indirect energy consumption		
Electricity (KW)	586,720	577
Consumption in water supply through pipeline		
Water (Ton)	63,240	62

A3 ENVIRONMENT AND NATURAL RESOURCES

Aiming at the lowest resource consumption and pollutant emission, the Group is committed to promoting environment-friendly architecture and instilling the concept in every stage of the whole construction project i.e. planning, design, construction and service, striving to deliver the green, low-carbon architecture and lifestyle.

With regard to architecture design, our professionals conduct an in-depth study on the natural conditions in the construction areas, including geography, water resources and meteorology, aiming to fit their design in the nature harmoniously while advocating the concept of green architecture i.e. saving of energy, water, material and land and optimization of the interior and exterior environment, so as to create a comfortable living space. In respect of technology, the Group conducts joint research with professional green architecture research institutions to develop and integrate various energy-saving and environmental protection technologies, and research and develop the applied technology systems for highly-comfortable green residential buildings.

In terms of construction work, the Group complies with the national and local environmental protection laws and various types of environmental protection laws and regulations promulgated by the State as it carries out its project development. In the stage of planning and construction in real estate development, the Group tries to reduce land excavation and mountain damage through careful planning and design, and constructs flood discharge trenches and sedimentation tanks on the construction site to prevent soil erosion. The Group uses aluminum film as well as recyclable templates on the construction site to reduce waste and site pollution. At the same time, it uses commercial concrete and commercial mortar, installs sprayers and covers on the construction site and has dust cleaning systems in place to clean the vehicles leaving the construction site. It also adopts various dust prevention measures which has effectively reduced the amount of dust caused by the construction work. The Group advocates green construction work and strives to save resources and reduce the impact of construction work on the environment through scientific management and technological advancement.

B. SOCIETY

B1 EMPLOYMENT

Our employees are valuable assets of the Group. We respect every employee and guarantee their remuneration and other fundamental rights. By creating a competitive work environment, a sound performance appraisal system and compensation and benefits system, the Group constantly improves its training and career development system, encouraging its employees to take an active part in the long-term development of the Group, so as to ignite their potential and enhance their satisfaction and sense of belonging.

Policies on Employee's Compensation and Benefits

In order to attract and retain talents, the Group takes the characteristics and needs of the posts and positions into full account when it is hiring people, forbidding gender discrimination and promoting gender equality. In addition, for the protection and welfare of its employees, the Group tries its best to provide them with good protection and care, including competitive remuneration, equal and fair pay, a comfortable and safe work environment, considerate health management (commercial insurance and body examination etc.) and various kinds of caring welfare and benefits.

The Group pays social insurance and housing accumulation fund for all its employees and pay Mandatory Provident Fund for overseas employees in strict compliance with the law. It also contributes to the social insurance and housing accumulation fund for its female employees in line with national provisions, particularly during their three special periods (pregnancy, delivery and lactation); The Group allows maternity and breastfeeding leave during female employees' pregnancy, delivery and lactation and pays their salaries in accordance with regulations. It also presents gifts for the wedding or birthdays of its employees or during holidays and extend its condolence to them for the loss of their family members. The Group also offers relocation subsidies, home renting subsidies and other special subsidies as well as allowance for transportation, communication, meals and sunstroke, etc.

The Group also has a complete and competitive employee performance management system. Performance management has been adopted based on demands for employees in different business forms. The results of employees' performance were linked to appointment, appraisal and awards and adjustment of remuneration. As for employees in probation period, the Group designated tutors for newcomers on the basis of one-on-one tutoring and employed different methods to track and evaluate their performance. Our senior management would regularly conduct impartial performance assessment. The Group would assess all senior management by the end of each year and ensure the assessment is objective and fair by combining performance evaluation, anonymous online evaluation and employee interviews.

Equal Opportunity

The Group adhered to the principle of openness, justice and fairness in recruitment and a unified principle without discrimination in employment standards and selection procedures. Those who have made significant contributions in daily work would be rewarded based on the reward & punishment measures for employees. Outstanding employees would be given priority when opportunities for promotion or improvement came up during annual employee appointment.

Employee Diversity

The Group cares about the diversity of its employees and constantly expands its recruitment channels (campus recruitment, social recruitment, headhunting, internal and external referrals, etc.), aiming to maintain the diversity of its employee structure in such aspects as employee education, working background and specialties. The Group analyzes the diversity of its current employee structure on a regular basis to provide guidance for the follow-up recruitment.

Anti-discrimination and Anti-harassment

The Group's labour and employment procedures are strictly aligned with national policies, requirements and standards on anti-discrimination and no discrimination against religion, ethnicity, race and gender was found in policies for recruitment and daily employment procedures. We also strictly adhered to and observed related institutional norms and ensured the execution was in place in various ways including regular reviews, random checks, feedback, notification, rectification and self-inspection in each subsidiary in daily work.

The Group have also set clear regulations to severely punish different kinds of discrimination and harassment behaviours in violation of the regulations and encouraged employees to report behaviours that were against the regulations or incidents harmful to the Group's interests. Employees may report relating behaviours through various channels at any time. As phone numbers and emails of the Group's management and head of each department were open to employees, employees may report anonymously or in their real names at any time. HR and administrative personnel would collect employee opinions and suggestions in such ways as making questionnaire among all employees and doing individual interviews to gather relating information from our employees. During this reporting year, the Group has not received any report on discrimination/harassment incidents. The Group would solemnly deal with such reports in accordance with the laws and regulations once any reports were submitted.

Employment Highlights

By the end of 2017, the total number of employees of the Group was 175, and all of them were engaged with labour contracts.

	Total number of employees
By gender	
Male	101
Female	74
By age	
30 and below	56
31 to 40	90
over 41	29
By region	
China Mainland	173
– Nanning	92
– Suzhou	35
– Xiamen	11
– Changsha	11
– Zhangzhou	11
– Fuzhou	7
– Quanzhou	6
Hong Kong	2

B2 - HEALTH AND SAFETY

Safe Work Environment Management

The Group provides our employees a comfortable and safe work environment with well-equipped office hardware and simple but decent atmosphere. The office building is spacious with abundant ancillary resources including a dining room, resting areas and safe, convenient basic household appliances. The Group promotes safety guidance through various channels, carries out safety fire drills and reminds our employees of paying attention to public safety during holidays. Fire extinguishers, fire escape masks and safety helmets at construction sites have been also placed in prominent locations in the offices to make such devices easily available for employees.

Career Development and Training

In respect of employee health and medical protection, the Group provides free health check-up services and health guidance services each year for employees, and also provides third-party medical services for employees and their families. At the same time, the Group provides commercial insurance and supplementary medical insurances for employees, among which includes such insurances for major diseases, illness and death, accident injuries, accident medical care, hospital allowances, supplementary work-related injuries, outpatient and inpatient medical care, and there are various employee family insurance packages available to purchase.

The Group has been complying with all laws and regulations relating to health and safety. The Group also has specific safety requirement documents. It conducts safety inspections on site each year to ensure the health and safety of employees at the workplace. The following is the work related injuries and deaths records of employees of the Group during the reporting period:

Loss of working days caused by work-related injuries (day)	Deaths caused by work-related injuries (person)	Death ratio caused by work(%)
0	0	0

B3 - DEVELOPMENT AND TRAINING

The Group highly emphasizes employees' professional skill improvement, training and learning and allows employees to fully utilize their specialty and potentials at different positions. The Group sticks to the double channels of "management" + "specialist" for talent training, encourages individuals to combine their own specialty and habits with the Group's business development and proactively strive for opportunities. In addition, the Group also encourages employees to take internal job rotation and develop across functions. The Group has already set up a mature training and learning system including hierarchical and classified training and learning maps, matched with all sorts of training projects. The Group also has diversified resources and patterns to support employees' training and learning, such as, online learning platform, internal training, external training and so on.

The Group ensures the pertinence and practicability when designing training plans. Every year the Group combines with the need of business development and sets up corresponding learning projects according to different business sections, specialties, titles and levels, job categories so as to make sure employees of various positions can obtain corresponding training and learning opportunities and resources according to their job types. Every year the Group formulates annual training plans according to the need of businesses and employees and regularly reviews them to make proper adjustments in order to ensure learning arrangements conform to the need of business and employee development.

In the annual training plan, the Group will formulate exclusive internal and external learning plans and opportunities aiming at the present status and business challenges faced by middle and high level management so as to make sure middle and high level management also has rich learning opportunities. For all the internal training projects, we conduct research before training and make evaluation after training, listen to opinions and suggestions of attendants about learning arrangements, meanwhile make relevant arrangement adjustments based on the results and outcomes of training. The Group's training plan, notices about detailed training programs and coverage after training will be informed to employees timely via a variety of channels.

The following is the employees' average training hours record of the Group during the reporting period, which is categorized by rank and gender:

By gender	Male	Female
Total (person)	101	74
No. of employees trained (person)	92	63
Training rates (%)	91	85
Average hours of training provided (hour)	17	18

By employees' rank	Junior	Senior	Management
(%)Training ratio (%)	88	100	100
average hours of trainings provided (hour)	17	10	10

B4 - LABOUR STANDARDS

Recruitment

The Group adopts internal competition for certain positions and prioritizes the deployment or selection of suitable qualified employees from internal of the Group. The Group advocates employees to participate actively pursuant to competition conditions and procedures, and encourages each departments to support employees to participate in internal competition without barriers. The Group would also apply open elections, regardless of qualifications, sources and backgrounds, all applicants must follow the Group's recruitment principles and pass the required inspections from all aspects and our Group only recruits qualified applicant. The Group takes the Company's culture and value as the basic recruitment criteria, and mainly focuses on the adaptability and also takes into consideration the future development potential. In addition, the Group strictly prohibits the recruitment of persons with specific family relationships with the employees of the headquarters of C&D and C&D Real Estate Corporation Limited*(建發房地產集團有限公司).

The labour policies and standards of the Group conform to all sorts of national regulations and rules. Related labour environment, employment duration, working time, rest and vacation and other rules all complied with laws and regulations. Meanwhile, the Group clarified in labour contracts labour protection, labour conditions and occupational hazard protection and also kept employees informed about these items. The Group also complied with the requirements of national and local laws and regulations in aspects of labour handling procedures, procedure completeness and procedures thereof. The Group will keep a sharp eye on the latest status of related governmental laws and regulations and make according adjustment and update about its internal systems and procedures. At the beginning of every year, the Group also conducts analysis and evaluation about present systems and policies and makes optimization and adjustment accordingly.

Measures for Prevention of Child Labour or Forced Labour

As for prevention of child labour or forced labour, the Group ensure that applicants have the right to interview and apply for a job voluntarily. Meanwhile, it sets up a strict approval procedure for labour employment. Before employment, all sorts of credentials, files and information should be comprehensive and undergo strict inspection. Employment should also get approval from all levels of management so as to effectively avoid child labour or other nonstandard labour employment. The Group also complies with equal and voluntary labour employment. When signing contracts or agreements with employees, the Group will completely and accurately convey necessary statutory information such as labour working location, time, working salary and so on. Both sides sign labour contract or agreement under the voluntary principle in order to avoid forced labour.

B5 - SUPPLY-CHAIN MANAGEMENT

The Group has a well-established supplier management system, including a clear division of supervisory function, supplier assessment and approval, supplier selection and performance evaluation, and supervises the supply-chain management from various aspects. When selecting suppliers, we would inspect their contract performance, honesty and legal compliance, meanwhile incorporate proper appraisal so as to make a comprehensive evaluation. Through contractual agreements, we required that all the suppliers must comply with national and local environmental laws and regulations and we properly evaluated them to make sure they complied with all the environmental and social requirements and fulfilled their environmental and social responsibilities.

B6 - PRODUCT RESPONSIBILITY

Product Quality Management

The Group highly emphasizes product quality management and establishes a strict product quality management system within the Group. Every quarter, the Group carries out a third-party inspection to make sure the quality of all products met standards. The construction materials that our Group used were of high quality, which satisfied the relevant requirements in terms of construction and environmental protection on one hand, and promoted environmental-friendly and power-saving construction.

The Group also has a complete repair and maintenance mechanism. Once product defects are found, the Group would be responsible for repair at its own costs, and would arrange delivery only upon the completion of repair works. If customer suffered a loss due to quality defects, or if there are still quality problems that seriously affect the normal residential use of the buyer after various repeated repairs, the Group would definitely follow up carefully and pay compensation or arrange the return of the house if appropriate. On the other hand, the Group also has post-disaster response measures, upon encountering natural disasters such as typhoons, earthquakes and fires, the Group will conduct comprehensive inspection towards buildings and public facilities, including aluminum doors and windows, entry doors, railings, curtain walls, public decoration, various water & electricity systems and equipment, etc., as well as carry out repair or reinforcement works according to the damage level.

Customers Communication Channels

In addition, we are committed to satisfying the needs of our customers and providing related after-sales services. We also have a number of channels for handling customer inquiries and complaints, such as customer service front desks and special lines, and complaint E-mail.

Customer Privacy Protection

For customer data privacy maintenance, the Group has strict requirements. The Group stipulates that all personnel who access customer information resulting from performing job responsibilities can only use customer information for business, customer service, etc., and may not provide customer information to third parties without the approval of their supervisors. Persons in charge are the first responsible person for customer data security management. We also designate specific customer data management specialists to maintain customer data in order to strengthen customer privacy protection.

In addition, all scrapped business materials with customer information must be promptly destroyed by relevant personnel to prevent the loss or leakage of customer information. Responsible personnel are prohibited from outputting, printing, photographing, scanning, copying, carrying outside of the Company or uploading to the network during the use of customer information, and are also not allowed to transfer to other departments of the Group, and the confidentiality of customer information needs to be strictly followed. When a business person outsides of the office, he or she must lock the business material with customer information into the drawer or file cabinet, preventing unauthorized persons from reading it. During work, the relevant personnel who directly contact and manage the customer information materials shall sign the "Customer Data Confidentiality Agreement《客戶資料保密協議》" and clearly specify the confidentiality responsibilities that they should bear.

B7 - ANTI-CORRUPTION

The Group strictly complied with law requirements and put them into practice. All the employees, directors and high-level management should comply with commercial ethics and honesty. Without the Group's permission, anyone mustn't disclose, announce, or make public the Group's commercial secret or other confidential commercial information. The Group insisted on taking the education of combating corruption and upholding integrity as one basic job, paid attention to beforehand education and prior prevention. Meanwhile, the Group utilized various education methods to establish an upright and incorruptible opinion atmosphere. The Group continuously propagated regulations about uprightness and self-discipline from the central government and reminded employees from time to time. We also prohibited employees to utilize their convenience of power or positions to seek profiteering for themselves or others, required them to stick to their duties, conform to their promises and protect the Group's interests.

The Group frequently and regularly inspects policies about anti-corruption. It requires all the employees to shoulder their responsibilities, be responsible and incorruptible, and teach others by setting a good example and verbal instruction. The Group strengthened the internal management, clarified the disciplines, set up clear rules for punishment and rewards and advocated positive working atmosphere so as to promote employees' sense of self-discipline, honesty and regulated operation and ensure the healthy development of various business of the Group.

We complied with all the laws and regulations about corruption, money laundering and bribery. During the reporting year, there was not any reported or legal case about corruption, bribery and money laundering and so on. The board of directors are also responsible proper for supervising any such case, accepts anonymous reporting about illegal financial behaviors. At the same time, it also provides proper reporting channels.

B8 - COMMUNITY INVESTMENT

The Group strives to implement corporate social responsibility and promote the development of philanthropy in various business areas. In 2017, the Group organized employees and landlords to participate in the community activities, including:

"WHERE THERE IS LOVE THERE IS A WAY(有愛就有路)"— participated donation and scholarship activities in Quanzhou to help outstanding students in poverty to continue study and realize their dreams, to provide students with care and warmth, and to cultivate our future pillars of society.

"HAPPY TIME RUN(跑出趣味、跑出快樂、跑出健康)"— participated happy time run in Changsha and created a healthy and positive living environment for communities and the city.

"YONGERS LOVE PINGPONG"— participated national landlords pingpong game across all regions so that young landlords can show their talents and develop youngers' sports spirit and physical strength through such activity.

Grant Thornton
致同

To the members of C&D International Investment Group Limited
(incorporated in the Cayman Islands with limited liability)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of C&D International Investment Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 84 to 179, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Key Audit Matter	How the matter was addressed in our audit
Merger accounting for business combination under common control Refer to note 2.1 in the consolidated financial statements.	
The merger accounting for business combination under common control comprised the acquisitions of Fujian Zhaohe, Suzhou Zhaoxiang, Lianjiang Zhaorun, Changsha Yuefa, Zhangjiagang Jianfeng and Longyan Hengfu (the "Target Companies"). We have identified the acquisitions as a key audit matter because of its financial significance to the consolidated financial statements and because the acquisitions significantly affected the composition of the Group's businesses and activities.	Our procedures in relation to the acquisitions included: – read the related share purchase agreements, capital increase agreement and other transaction documents entered into by the Group to assess the accounting implications of the acquisitions to the consolidated financial statements; – checked the shareholding structures of the Group and the Target Companies to confirm they were under common control; – assessed if the acquisitions fulfilled the requirements of business combination under common control for applying merger accounting; and – tested balances of the assets and liabilities as at 1 January 2016 and 31 December 2016 included in the financial statements under merger accounting for the business combination.

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How the matter was addressed in our audit
Merger accounting for business combination under common control *(Continued)* Refer to note 2.1 in the consolidated financial statements. *(Continued)*	– compared the accounting policies of the Target Companies against the Group and assessing the appropriateness of the nature and amount of adjustments made; – agreed the carrying amounts of the income, expenses, assets and liabilities of the Target Companies as at 31 December 2016 and for the year then ended, which have been reflected in the restated comparative figures of the Group's consolidated financial statements, to the audited combined financial statements of the Target Companies for the year ended 31 December 2016 and obtaining independent audit evidences on material opening balances of the Target Companies as we considered necessary; and – reviewed and assessed the accuracy and completeness of the consolidation adjustments made.

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter	How the matter was addressed in our audit
Valuation of inventories of properties Refer to note 22 in the consolidated financial statements. As at 31 December 2017, the Group had properties under development and properties held for sale amounting to approximately RMB13,642 million and approximately RMB681 million, respectively, which in total represented approximately 63% of the total assets of the Group. These properties are carried at the lower of cost and net realisable value. Significant management judgement is required in determining the estimated net realisable values of these properties with reference to the latest selling prices of the properties and the budgeted costs to be incurred until completion and sale. Accordingly the valuation of inventories of properties is considered to be a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the judgement associated with determining the net realisable value.	Our procedures in relation to management's valuation of inventories of properties included: – tested the calculation for the impairment assessment performed by management; – assessed the construction costs to be incurred; – compared the carrying amounts of the properties taking into account the estimated amounts to completion with the related net realisable value with regard to properties under development; and – compared to the latest selling prices of the properties.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2017 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

22 March 2018

Lin Ching Yee Daniel
Practising Certificate No.: P02771

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	**2017** **RMB'000**	2016 RMB'000 (Restated)
Revenue	5	**3,237,677**	104,103
Cost of sales		**(2,173,296)**	(37,798)
Gross profit		**1,064,381**	66,305
Other income	7	**43,556**	8,787
Gain on changes in fair value of investment properties	17	**9,330**	687
Administrative expenses		**(34,716)**	(29,053)
Selling expenses		**(207,787)**	(52,801)
Finance costs	8	**(97,726)**	(18,294)
Share of loss of associates	18	**(954)**	(12)
Share of loss of a joint venture	19	**—**	(51)
Profit/(Loss) before income tax	9	**776,084**	(24,432)
Income tax expense	10	**(316,624)**	(2,065)
Profit/(Loss) for the year		**459,460**	(26,497)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**(14,244)**	2,281
Total comprehensive income/(loss) for the year		**445,216**	(24,216)
Profit/(Loss) for the year attributable to:			
Equity holders of the Company		**329,416**	(28,076)
Non-controlling interests		**130,044**	1,579
		459,460	(26,497)
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Company		**315,025**	(25,795)
Non-controlling interests		**130,191**	1,579
		445,216	(24,216)
Earnings/(Loss) per share for profit/(loss) attributable to the equity holders of the Company			
– Basic (RMB cents)	12	**72.6**	(7.8)
– Diluted (RMB cents)	12	**62.8**	(7.8)

The notes on pages 92 to 179 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	**31 December 2017 RMB'000**	31 December 2016 RMB'000 (Restated)	1 January 2016 RMB'000 (Restated)
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	15	**64,892**	72,464	13,138
Interests in leasehold land	16	**290**	301	312
Investment properties	17	**642,330**	682,130	679,850
Interests in associates	18	**211,003**	38,988	—
Interest in a joint venture	19	**46,747**	50,024	—
Available-for-sale financial asset	20	**63,000**	—	—
Deposits for land acquisitions	24	**64,166**	64,166	—
Deferred tax assets	30	**255,327**	28,598	3,049
		1,347,755	936,671	696,349
Current assets				
Inventories of properties	22	**14,322,812**	6,490,753	4,326,623
Trade and other receivables	23	**190,339**	20,144	10,296
Deposits for land acquisitions	24	**3,301,680**	466,200	655,400
Prepayments for proposed development projects	25	**1,891,068**	—	—
Prepaid tax		**176,089**	51,028	—
Cash at bank and in hand	26	**1,626,866**	631,282	72,935
		21,508,854	7,659,407	5,065,254
Current liabilities				
Trade and other payables	27	**1,005,816**	316,041	179,059
Advances received from the pre-sale of properties under development and properties held for sale		**5,618,545**	1,183,782	—
Amounts due to intermediate holding companies	28	**582,123**	—	—
Amounts due to non-controlling shareholders	28	**1,455,650**	226,872	60,000
Interest-bearing borrowings	29	**248,240**	3,236	3,749
Income tax liabilities		**329,932**	27,751	15,032
		9,240,306	1,757,682	257,840
Net current assets		**12,268,548**	5,901,725	4,807,414
Total assets less current liabilities		**13,616,303**	6,838,396	5,503,763

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	31 December 2017 RMB'000	31 December 2016 RMB'000 (Restated)	1 January 2016 RMB'000 (Restated)
Non-current liabilities				
Loans from intermediate holding companies	28	**4,981,163**	4,339,197	4,353,864
Interest-bearing borrowings	29	**5,451,273**	540,000	—
Deferred tax liabilities	30	**171,194**	173,620	170,690
		10,603,630	5,052,817	4,524,554
Net assets		**3,012,673**	1,785,579	979,209
EQUITY				
Share capital	31	**61,532**	35,219	29,135
Reserves	32	**2,338,859**	1,559,476	808,019
Equity attributable to the equity holders of the Company		**2,400,391**	1,594,695	837,154
Non-controlling interests		**612,282**	190,884	142,055
Total equity		**3,012,673**	1,785,579	979,209

SHI Zhen
Director

ZHAO Chengmin
Director

The notes on pages 92 to 179 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Note	2017 RMB'000	2016 RMB'000 (Restated)
Cash flows from operating activities			
Profit/(loss) before income tax		**776,084**	(24,432)
Adjustments for:			
Amortisation of interests in leasehold land		**11**	11
Depreciation of property, plant and equipment		**14,893**	6,135
Gain on changes in fair value of investment properties		**(9,330)**	(687)
Gain on disposal of investment properties		**(2,150)**	—
Loss on disposal of property, plant and equipment		**63**	86
Provision for impairment of trade receivables, net		**57**	17
Interest expense		**97,726**	18,294
Interest income		**(16,079)**	(1,693)
Share of loss of associates		**954**	12
Share of loss of a joint venture		**—**	51
Operating profit/(loss) before working capital changes		**862,229**	(2,206)
Increase in inventories of properties		**(6,969,290)**	(1,034,374)
Increase in trade and other receivables		**(170,865)**	(9,585)
Increase in deposit paid for acquisition of land use right		**(3,301,680)**	(466,200)
Increase in prepayments for proposed development projects		**(1,891,068)**	—
Increase in trade and other payables		**680,339**	130,727
Increase in advances received from the pre-sale of properties under development and properties held for sale		**4,434,763**	1,183,782
Cash used in operations		**(6,355,572)**	(197,856)
Income tax paid		**(373,459)**	(62,905)
Net cash used in operating activities		**(6,729,031)**	(260,761)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Note	2017 RMB'000	2016 RMB'000 (Restated)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(9,899)**	(65,296)
Subsequent expenditure on investment properties		**—**	(1,593)
Placement of structured bank deposits		**—**	(128,000)
Proceeds from disposal of property, plant and equipment		**—**	110
Proceeds from disposal of investment properties		**51,280**	—
Payment for interests in associates		**(26,683)**	(39,000)
Increase in loans to associates		**(146,286)**	—
Payment for interest in a joint venture		**—**	(50,075)
Acquisition of subsidiaries		**(13,213)**	(17,941)
Withdrawal of structured bank deposits		**—**	128,000
Increase in restricted and pledged bank deposits		**(434,094)**	(21,646)
Interest received		**15,745**	1,693
Payment for investment in available-for-sale financial asset		**(63,000)**	—
Consideration paid for acquisition of subsidiaries pursuant to a group reorganisation		**(635,829)**	—
Net cash used in investing activities		**(1,261,979)**	(193,748)
Cash flows from financing activities			
Proceeds from issuance of share capital		**743,854**	241,551
Share issuance expenses		**(693)**	(2,415)
Proceeds from new borrowings		**5,239,000**	540,000
Repayments of borrowings		**(99,959)**	(732)
Addition in loans from intermediate holding companies		**31,448,148**	3,044,637
Repayment of loans from an intermediate holding company		**(30,806,182)**	(3,342,985)
Capital contribution from non-controlling shareholders		**225,350**	13,500
Increase in amounts due to non-controlling shareholders		**1,593,408**	—
Repayments of amounts due to non-controlling shareholders		**(422,709)**	(66,672)
Dividends paid to non-controlling shareholders		**(999)**	(999)
Dividends paid		**(37,737)**	—
Interest paid		**(163,696)**	(1,537)
Acquisition of additional interest in a subsidiary		**55,078**	566,200
Proceeds from issued perpetual convertible bond		**442,850**	—
Distributions to holders of perpetual convertible bond		**(13,902)**	—
Increase in amounts due to intermediate holding companies		**376,802**	—
Repayments of amounts due to intermediate holding companies		**(16,997)**	—
Net cash from financing activities		**8,561,616**	990,548

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Note	2017 RMB'000	2016 RMB'000 (Restated)
Net increase in cash and cash equivalents		**570,606**	536,039
Cash and cash equivalents as at 1 January		**607,145**	70,444
Effect of foreign exchange rates changes on cash and cash equivalents		**(9,116)**	662
Cash and cash equivalents as at 31 December	26	**1,168,635**	607,145

The notes on pages 92 to 179 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Equity attributable to the equity holders of the Company										
	Share capital RMB'000	Perpetual convertible bond* RMB'000	Share premium* RMB'000	Statutory reserve* RMB'000	Exchange reserve* RMB'000	Capital reserve* RMB'000	Revaluation reserve* 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 (note 2.1)	–	–	–	–	–	80,000	–	(32)	79,968	50,000	129,968
Balance at 1 January 2016, as restated	29,135	–	198,945	25,993	4,203	101,102	2,692	475,084	837,154	142,055	979,209
Total comprehensive income/(loss) for the year											
Loss for the year (restated)	–	–	–	–	–	–	–	(28,076)	(28,076)	1,579	(26,497)
Other comprehensive income											
– Currency translation differences	–	–	–	–	2,281	–	–	–	2,281	–	2,281
Total comprehensive income/(loss)	–	–	–	–	2,281	–	–	(28,076)	(25,795)	1,579	(24,216)
Transactions with owners											
Issue of share capital (note 31(a))	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 (note 37)	–	–	–	–	–	–	–	–	–	12,749	12,749
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(999)	(999)
Business combination under common control	–	–	–	–	–	544,200	–	–	544,200	22,000	566,200
Total transactions with owners	6,084	–	233,052	–	–	544,200	–	–	783,336	47,250	830,586
Balance at 31 December 2016, as restated	35,219	–	431,997	25,993	6,484	645,302	2,692	447,008	1,594,695	190,884	1,785,579

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Equity attributable to the equity holders of the Company										
	Share capital RMB'000	Perpetual convertible bond* RMB'000	Share premium* RMB'000	Statutory reserve* RMB'000	Exchange reserve* RMB'000	Capital reserve* RMB'000	Revaluation reserve* 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 (note 2.1)	–	–	–	–	–	624,200	–	(42,747)	581,453	71,873	653,326
Balance at 1 January 2017, as restated	35,219	–	431,997	25,993	6,484	645,302	2,692	447,008	1,594,695	190,884	1,785,579
Total comprehensive income for the year											
Profit for the year	–	–	–	–	–	–	–	329,416	329,416	130,044	459,460
Other comprehensive income											
– Currency translation differences	–	–	–	–	(14,391)	–	–	–	(14,391)	147	(14,244)
Total comprehensive income	–	–	–	–	(14,391)	–	–	329,416	315,025	130,191	445,216
Transactions with owners											
Issue of share capital (note 31(b))	16,494	–	727,360	–	–	–	–	–	743,854	–	743,854
Insurance of perpetual convertible bond (note 31(c))	–	442,850	–	–	–	–	–	–	442,850	–	442,850
Distributions to holders of perpetual convertible bond (note 31(c))	–	–	(13,902)	–	–	–	–	–	(13,902)	–	(13,902)
Conversion of perpetual capital instruments (note 31(c))	9,819	(442,850)	433,031	–	–	–	–	–	–	–	–
Share issue expenses	–	–	(693)	–	–	–	–	–	(693)	–	(693)
2016 final dividend approved and paid	–	–	(37,737)	–	–	–	–	–	(37,737)	–	(37,737)
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	225,350	225,350
Acquisition of a subsidiary (note 37)	–	–	–	–	–	–	–	–	–	3,906	3,906
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(999)	(999)
Business combination under common control	–	–	–	–	–	(643,701)	–	–	(643,701)	62,950	(580,751)
Transfer from statutory reserve	–	–	–	45,946	–	–	–	(45,946)	–	–	–
Total transactions with owners	26,313	–	1,108,059	45,946	–	(643,701)	–	(45,946)	490,671	291,207	781,878
Balance at 31 December 2017	61,532	–	1,540,056	71,939	(7,907)	1,601	2,692	730,478	2,400,391	612,282	3,012,673

* These reserve accounts comprise the Group's reserves of RMB2,338,859,000 (2016: RMB1,559,476,000 (restated)) in the consolidated statement of financial position.

The notes on pages 92 to 179 form part of these consolidated financial statements.

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 GEM of the Stock Exchange.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 21 to the consolidated financial statements.

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 were listed in the Shanghai Stock Exchange and which is a subsidiary of Xiamen C&D Corporation Limited, the Company's ultimate holding company.

The consolidated financial statements for the year ended 31 December 2017 were approved for issue by the board of directors on 22 March 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These annual consolidated financial statements on pages 84 to 179 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 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.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

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

2.1 Basis of preparation *(Continued)*

Business combination under common control

During the year, Xiamen Yi Yue Property Company Limited* (廈門益悅置業有限公司) ("Xiamen Yi Yue"), an indirectly wholly-owned subsidiary of the Company have entered into the following agreements (the "Transactions"):

(i) On 5 January 2017, Xiamen Yi Yue 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. Before the Capital Increase, the Group has hold 13% equity interest in Suzhou Zhaoxiang. Upon completion of the Capital Increase, Xiamen Yi Yue would hold 50% equity interest in Suzhou Zhaoxiang.

(ii) On 5 January 2017, Xiamen Yi Yue entered into share transfer agreements for (a) 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 Xiamen Yi Yue ("Zhao Run Acquisition"); and (b) 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 Xiamen Yi Yue ("Licheng Acquisition") for a total consideration of RMB43,340,000.

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.

(iii) On 25 April 2017, Xiamen Yi Yue 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 Xiamen 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") for a total consideration of RMB81,491,000. Details of the Lianjiang Acquisition have been set out in the Company's announcements dated 25 April 2017 and the circular dated 23 June 2017.

(iv) On 17 August 2017, Xiamen Yi Yue 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 C&D Real Estate agreed Xiamen Yi Yue to purchase the 100% beneficial and legal interest in Changsha Yuefa Property Development Limited* (長沙悦發房地產有限公司) ("Changsha Yuefa") for a total consideration of RMB452,139,000.

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

2.1 Basis of preparation *(Continued)*

Business combination under common control (Continued)

(v) On 24 August 2017, Xiamen Yi Yue entered into the Equity Transfer Agreement ("Zhangjiagang Acquisition") with Suzhou Zhaokun, pursuant to which Xiamen 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") for a total consideration of RMB34,990,000.

Details of the Transfer Agreements and Zhangjiagang Acquisition have been set out in the Company's announcements dated 17 August 2017 and 24 August 2017 and the circular dated 24 November 2017.

(vi) On 31 October 2017, Xiamen Yi Yue entered into the Equity Transfer Agreement ("Longyan Hengfu Acquisition") with C&D Real Estate, pursuant to which Xiamen Yi Yue agreed to purchase and C&D Real Estate agreed to sell 40% equity interest in Longyan Hengfu Real Estate Development Company Limited* (龍岩恒富房地產開發有限公司) ("Longyan Hengfu") for a total consideration of RMB23,869,000. Details of the Longyan Hengfu Acquisition have been set out in the Company's announcements dated 31 October 2017 and the circular dated 7 December 2017.

* The English translation of the company name is for reference only. The official names of these companies are in Chinese.

The Transactions were completed during the year.

In preparation of the consolidated financial statements of the Company for the year ended 31 December 2017, it was determined that the Group and Suzhou Zhaoxiang, Fujian Zhaohe, Lianjiang Zhaorun, Changsha Yuefa, Zhangjiagang Jianfeng and Longyan Hengfu (the "Target Companies") were common controlled by the same substantial shareholder, C&D Real Estate, before and after the Transactions, and that control is not transitory. The Group and the Target Companies were regarded as continuing entities as at the date of business combination and hence the Transactions were accounted for as a business combination of entities under common control by applying the principles of merger accounting as if the Target Companies had occurred on the date when the combining entities first came under the control of the substantial shareholder.

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 HKICPA, as if the acquisition had been completed at the beginning of the earliest period presented.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Company and its subsidiaries (collectively referred to as the "Group") for the years ended 31 December 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 common control of the substantial shareholder, where this is a shorter period. The consolidated statement of financial position of the Group as at 31 December 2016 and 1 January 2016 have been prepared to present the assets and liabilities of the Group using the existing carrying values from the substantial shareholder perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Transactions.

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

2.1 Basis of preparation *(Continued)*

Business combination under common control (Continued)

Equity interests in subsidiaries and/or business held by parties other than the substantial shareholder prior to the Transactions are presented as non-controlling interests in equity in applying the principles of merger accounting.

The effect of the merger accounting restatement described above on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2016 by line items is as follows:

	2016 RMB'000 (As previously reported)	Acquired subsidiaries RMB'000	Elimination RMB'000	2016 RMB'000 (Restated)
Revenue	104,103	—	—	104,103
Cost of sales	(37,798)	—	—	(37,798)
Gross profit	66,305	—	—	66,305
Other income	24,329	274	(15,816)	8,787
Gain on changes in fair value of investment properties	687	—	—	687
Administrative expenses	(26,954)	(2,099)	—	(29,053)
Selling expenses	(18,351)	(34,450)	—	(52,801)
Finance costs	(15,534)	(2,760)	—	(18,294)
Share of loss of associates	(2,948)	—	2,936	(12)
Share of loss of a joint venture	(51)	—	—	(51)
Profit/(Loss) before income tax	27,483	(39,035)	(12,880)	(24,432)
Income tax (expense)/credit	(11,138)	9,073	—	(2,065)
Profit/(Loss) for the year	16,345	(29,962)	(12,880)	(26,497)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	2,281	—	—	2,281
Total comprehensive income/(loss) for the year	18,626	(29,962)	(12,880)	(24,216)

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

2.1 Basis of preparation *(Continued)*

Business combination under common control (Continued)

	2016 RMB'000 (As previously reported)	Acquired subsidiaries RMB'000	Elimination RMB'000	2016 RMB'000 (Restated)
Profit/(Loss) for the year attributable to:				
Equity holders of the Company	14,639	(29,962)	(12,753)	(28,076)
Non-controlling interests	1,706	—	(127)	1,579
	16,345	(29,962)	(12,880)	(26,497)
Total comprehensive income/(loss) for the year attributable to:				
Equity holders of the Company	16,920	(29,962)	(12,753)	(25,795)
Non-controlling interests	1,706	—	(127)	1,579
	18,626	(29,962)	(12,880)	(24,216)
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company				
– Basic (RMB cents)	4.0	(8.3)	(3.5)	(7.8)
– Diluted (RMB cents)	4.0	(8.3)	(3.5)	(7.8)

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

2.1 Basis of preparation *(Continued)*

Business combination under common control (Continued)

The effects of the merger accounting restatement described above on the consolidated statements of financial position as at 1 January 2016 and 31 December 2016 by line items are as follows:

	31 December 2016 RMB'000 (As previously reported)	Acquired subsidiaries RMB'000	Elimination RMB'000	31 December 2016 RMB'000 (Restated)	1 January 2016 RMB'000 (As previously reported)	Acquired subsidiaries RMB'000	Elimination RMB'000	1 January 2016 RMB'000 (Restated)
ASSETS AND LIABILITIES								
Non-current assets								
Property, plant and equipment	70,906	1,558	—	72,464	13,138	—	—	13,138
Interests in leasehold land	301	—	—	301	312	—	—	312
Investment properties	682,130	—	—	682,130	679,850	—	—	679,850
Interests in associates	821,928	—	(782,940)	38,988	20,000	—	(20,000)	—
Interest in a joint venture	50,024	—	—	50,024	—	—	—	—
Deposits for land acquisitions	64,166	—	—	64,166	—	—	—	—
Deferred tax assets	6,904	21,694	—	28,598	3,038	11	—	3,049
	1,696,359	23,252	(782,940)	936,671	716,338	11	(20,000)	696,349
Current assets								
Inventories of properties	821,504	5,685,065	(15,816)	6,490,753	481,919	3,844,704	—	4,326,623
Trade and other receivables	18,901	1,243	—	20,144	10,296	—	—	10,296
Deposits for land acquisitions	—	466,200	—	466,200	—	655,400	—	655,400
Prepaid tax	—	—	51,028	51,028	—	—	—	—
Cash at bank and in hand	246,429	384,853	—	631,282	71,925	1,010	—	72,935
	1,086,834	6,537,361	35,212	7,659,407	564,140	4,501,114	—	5,065,254

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

2.1 Basis of preparation *(Continued)*

Business combination under common control (Continued)

	31 December 2016 RMB'000 (As previously reported)	Acquired subsidiaries RMB'000	Elimination RMB'000	31 December 2016 RMB'000 (Restated)	1 January 2016 RMB'000 (As previously reported)	Acquired subsidiaries RMB'000	Elimination RMB'000	1 January 2016 RMB'000 (Restated)
Current liabilities								
Trade and other payables	103,192	956,025	(743,176)	316,041	66,259	112,800	—	179,059
Advances received from the pre-sale of properties under development and properties held for sale	71,212	1,112,570	—	1,183,782	—	—	—	—
Amounts due to non-controlling shareholders	218,872	8,000	—	226,872	60,000	—	—	60,000
Interest-bearing borrowings	3,236	—	—	3,236	3,749	—	—	3,749
Income tax liabilities	20,915	(44,192)	51,028	27,751	15,032	—	—	15,032
	417,427	2,032,403	(692,148)	1,757,682	145,040	112,800	—	257,840
Net current assets	669,407	4,504,958	727,360	5,901,725	419,100	4,388,314	—	4,807,414
Total assets less current liabilities	2,365,766	4,528,210	(55,580)	6,838,396	1,135,438	4,388,325	(20,000)	5,503,763
Non-current liabilities								
Loans from intermediate holding companies	1,059,893	3,279,304	—	4,339,197	115,507	4,238,357	—	4,353,864
Interest-bearing borrowings	—	540,000	—	540,000	—	—	—	—
Deferred tax liabilities	173,620	—	—	173,620	170,690	—	—	170,690
	1,233,513	3,819,304	—	5,052,817	286,197	4,238,357	—	4,524,554
Net assets	1,132,253	708,906	(55,580)	1,785,579	849,241	149,968	(20,000)	979,209

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

2.1 Basis of preparation *(Continued)*

Business combination under common control (Continued)

	31 December 2016 RMB'000 (As previously reported)	Acquired subsidiaries RMB'000	Elimination RMB'000	31 December 2016 RMB'000 (Restated)	1 January 2016 RMB'000 (As previously reported)	Acquired subsidiaries RMB'000	Elimination RMB'000	1 January 2016 RMB'000 (Restated)
EQUITY								
Share capital	35,219	731,140	(731,140)	35,219	29,135	150,000	(150,000)	29,135
Reserves	978,023	(22,234)	603,687	1,559,476	728,051	(32)	80,000	808,019
Equity attributable to the equity holders of the Company	1,013,242	708,906	(127,453)	1,594,695	757,186	149,968	(70,000)	837,154
Non-controlling interests	119,011	—	71,873	190,884	92,055	—	50,000	142,055
Total equity	1,132,253	708,906	(55,580)	1,785,579	849,241	149,968	(20,000)	979,209

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

2.1 Basis of preparation *(Continued)*

Business combination under common control (Continued)

The effects of the merger accounting restatement described above to the Group's equity on 1 January 2016 and 31 December 2016 are as follows:

	31 December 2016 RMB'000 (As previously reported)	Acquired subsidiaries RMB'000	Elimination RMB'000	31 December 2016 RMB'000 (Restated)	1 January 2016 RMB'000 (As previously reported)	Acquired subsidiaries RMB'000	Elimination RMB'000	1 January 2016 RMB'000 (Restated)
Share capital	35,219	731,140	(731,140)	35,219	29,135	150,000	(150,000)	29,135
Share premium	431,997	7,760	(7,760)	431,997	198,945	—	—	198,945
Statutory reserve	25,993	—	—	25,993	25,993	—	—	25,993
Exchange reserve	6,484	—	—	6,484	4,203	—	—	4,203
Capital reserve	21,102	—	624,200	645,302	21,102	—	80,000	101,102
Revaluation reserve	2,692	—	—	2,692	2,692	—	—	2,692
Retained earnings	489,755	(29,994)	(12,753)	447,008	475,116	(32)	—	475,084
Non-controlling interests	119,011	—	71,873	190,884	92,055	—	50,000	142,055
	1,132,253	708,906	(55,580)	1,785,579	849,241	149,968	(20,000)	979,209

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

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

2.2 Basis of consolidation *(Continued)*

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

Changes in the Group's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

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

2.3 Associates and joint ventures

An associate is an entity over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions relating about relevant activities require the unanimous consent of the parties sharing control.

In consolidated financial statements, an investment in an associate or a joint venture is initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the Group's interest in the associate or joint venture is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associate or joint venture's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal Group that is classified as held for sale). The profit or loss for the year includes the Group's share of the post-acquisition, post-tax results of the associate or joint venture for the year, including any impairment loss on the investment in associate or joint venture recognised for the year. The Group's other comprehensive income for the year includes its share of the associate or joint venture's other comprehensive income for the year.

Unrealised gains on transactions between the Group and its associate and joint venture are eliminated to the extent of the Group's interest in the associates or joint venture. Where unrealised losses on assets sales between the Group and its associate or joint venture are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where the associate or joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate or joint venture's accounting policies to those of the Group when the associate or joint venture's financial statements are used by the Group in applying the equity method.

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

2.3 Associates and joint ventures *(Continued)*

When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. For this purpose, the Group's interest in the associate or joint venture is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or joint venture.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates or joint venture. At each reporting date, the Group determines whether there is any objective evidence that the investment in associate or joint venture is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (higher of value in use and fair value less costs of disposal) of the associate or joint venture and its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including cash flows arising from the operations of the associate or joint venture and the proceeds on ultimate disposal of the investment.

2.4 Business combinations under common control

As explained in note 2.1 above, the acquisition of subsidiaries under common control has been accounted for using the merger method of accounting. The acquisition method of accounting is used to account for the acquisition of subsidiaries not under common control.

Under the merger method of accounting, the net assets of the combining entities or businesses are combined using their existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination. The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

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

2.5 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is Hong Kong dollars (HK$). The Company's primary subsidiaries were incorporated in PRC and these subsidiaries consider RMB as their functional currency. As the development and operation of the Group during the years are within the PRC, the Group determined to present the financial statements in RMB, unless otherwise stated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, 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.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale.

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

2.6 Property, plant and equipment

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

Depreciation is provided to write off the cost over their estimated useful lives, using the straight-line method, at the following rates per annum:

Land and buildings	2.5%
Leasehold improvement	5 years or over the lease terms, whichever is shorter
Furniture and fixtures	9 to 33 1/3%
Plant and machinery	9 to 20%
Motor vehicles	4 to 20%

The assets' depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Any revaluation surplus remaining in equity is transferred to retained profits on the disposal of land and building.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

2.7 Interests in leasehold land

Interests in leasehold land represent upfront payments made to acquire land held under an operating lease. They are stated at costs less accumulated amortisation and any accumulated impairment losses. The determination if an arrangement is or contains a lease and the lease is an operating lease is detailed in note 2.14. Amortisation is calculated on a straight line basis over the term of the lease/ right of use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

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

2.8 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease.

On initial recognition, investment property is measured at cost and subsequently at fair value, unless its fair value cannot be reliably determined at that time.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Fair value is determined by external professional valuers, with sufficient experience with respect to both the location and the nature of the investment property. The carrying amounts recognised at the reporting date reflect the prevailing market conditions at the reporting date.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories of properties, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Gains or losses arising from either changes in the fair value or the sale of an investment property are included in profit or loss in the period in which they arise.

2.9 Financial assets

The Group's accounting policies for financial assets other than interests in subsidiaries are set out below. Financial assets are classified as loans and receivables and available-for-sale financial assets.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

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

2.9 Financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Available-for-sale financial assets

Non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets are classified as available-for-sale financial assets.

For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition.

Impairment of financial assets

At each reporting date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

– Significant financial difficulty of the debtor;

– A breach of contract, such as a default or delinquency in interest or principal payments;

– It becoming probable that the debtor will enter bankruptcy or other financial re-organisation; and

– Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

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

2.9 Financial assets *(Continued)*

Impairment of financial assets (Continued)

If any such evidence exists, the impairment loss is measured and recognised as follows:

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

(ii) Financial assets carried at cost

The amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Impairment losses of financial assets other than trade and other receivables that are stated at amortised cost, are written off against the corresponding assets directly. Where the recovery of trade and other receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade and other receivables is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

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

2.10 Inventories of properties

Inventories of properties comprise properties under development and properties held for sale. Properties under development are investments in land and buildings on which construction work has not been completed and which, upon completion, management intends to hold for sale purposes. Inventories of properties are initially recognised at cost, and subsequently at the lower of cost and net realisable value. The costs of inventories of properties consist of land held under operating lease, development expenditures including construction costs, borrowing costs and other direct costs attributable to the development of such properties. Net realisable value is determined on the basis of anticipated sales proceeds in the ordinary course of business less estimated cost to completion and estimated selling expenses.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.12 Financial liabilities

The Group's financial liabilities include trade and other payables, loans from intermediate holding companies, amounts due to non-controlling shareholders and intermediate holding companies and interest-bearing borrowings. They are separately shown on the face of the consolidated statement of financial position.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see note 2.20).

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

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

Interest-bearing borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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

2.12 Financial liabilities *(Continued)*

Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to non-controlling shareholders and intermediate holding companies and loans from intermediate holding companies, which are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

2.13 Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount i.e., the amount initially recognised less accumulated amortisation, where appropriate.

2.14 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

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

2.14 Leases *(Continued)*

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2.8); and

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon, at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease (see note 2.6). For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Operating lease charges as the lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to the income statement on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rental are charged to profit or loss in the accounting period in which they are incurred.

For property interest in land included in properties under development and properties held for sale, the amortisation of prepaid land lease is capitalised as part of the building cost during the development period but charged to profit or loss for completed properties sold. Other amortisation of prepaid land lease is expensed.

(iii) Assets leased out under operating leases as the lessor

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

Rental income receivable from operating leases is recognised in profit or loss on a straight-line basis over the periods covered by the lease term, except where an alternative basis is more representative of the time pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

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

2.15 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.16 Share capital and share premium

Ordinary shares are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issuing of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

Share premium includes any premiums received on the issuance of shares over the par value. Any transaction costs associated with the issuance of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of properties and services in the ordinary course of the Group's activities. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Revenue arising from the sale of properties held for sale is recognised upon the contract for the sale of properties has been signed, and the properties have been completed and approved by the relevant government authorities and are in conformity with the conditions for the recognition of sales revenue. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under advances received from the pre-sale of properties under development and properties held for sale.

Rental income under operating leases is recognised in equal instalments over the accounting periods covered by the lease terms.

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

2.17 Revenue recognition *(Continued)*

Building management income, entrusted construction services income and smart construction services income are recognised in the accounting period when the respective services are rendered.

Interest income is recognised on an accrual basis using the effective interest method.

Dividend income is recognised in the accounting period when the right to receive payment is established.

2.18 Impairment of non-financial assets

Property, plant and equipment, interests in leasehold land, interest in associates, interest in joint venture and interests in subsidiaries are subject to impairment testing. They are tested for impairment whenever there are indications that the assets' carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Impairment losses are charged pro rata to the assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

An impairment loss is reversed and recognised as income immediately if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

2.19 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The group entities established in the PRC make monthly contributions to a state-sponsored defined contribution scheme for the local staff. The contributions are made at a specific percentage on the standard salary pursuant to laws of the PRC and relevant regulation issued by local social security authorities.

In addition, the group entities incorporated in Hong Kong manages a defined contribution Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee for those employees who are eligible to participate in the MPF Scheme. The Group makes contributions based on a percentage of the eligible employees' salaries funded by the Group and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable to these plans.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

2.20 Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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

2.21 Accounting for income tax

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint venture except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For investment property measured using the fair value model in accordance with the accounting policy above, the measurement of the related deferred tax liability or asset reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale, unless the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

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

2.21 Accounting for income tax *(Continued)*

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.22 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision-maker i.e. the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's line of business.

The Group has four reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. All inter-segment transfers, if any, are carried out at arm's length prices. 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.

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

2.22 Segment reporting *(Continued)*

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except for corporate income and expenses (including income tax expense) which are not directly attributable to the business activities of any operating segment and are not included in arriving at the operating results of the operating segment.

Segment assets include all assets except for unallocated deferred tax assets. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include unallocated taxation liabilities and deferred tax liabilities, which are not directly attributable to the business activities of any operating segment.

2.23 Related parties

For the purpose of these consolidated financial statements, a party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) the party is an entity and if any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group and the sponsoring employers are also related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. ADOPTION OF NEW AND AMENDED HKFRSs

New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2017

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014-2016 Cycle	Disclosure of Interests in Other Entities

Other than as noted below, the adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Amendments to HKAS 7 "Disclosure Initiative"

The amendments require an entity to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. A reconciliation between the opening and closing balances of liabilities arising from financing activities is set out in note 39. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 39, the application of these amendments has had no impact on the Group's consolidated financial statements.

Issued but not yet effective HKFRSs

The Group has not early adopted the following new or amended HKFRSs 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[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[1]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

3 Effective date not yet determined

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 HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's financial statements.

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

Issued but not yet effective HKFRSs *(Continued)*

HKFRS 9 "Financial instruments"

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement". It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an "expected credit loss" model for the impairment of financial assets.

HKFRS 9 also contains new requirements on the application of hedge accounting. The new requirements look to align hedge accounting more closely with entities' risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assessing hedge effectiveness.

The directors have identified the following areas that are expected to be most impacted:

- the impairment of financial assets applying the expected credit loss model. This will apply to the Group's trade receivables. For contract assets arising from HKFRS 15 and trade receivables, the Group applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing components.
- the measurement of equity investments at cost less impairment. All such investments will instead be measured at fair value with changes in fair value presented either in profit or loss or in other comprehensive income. To present changes in other comprehensive income requires making an irrevocable designation on initial recognition or at the date of transition to HKFRS 9. This will affect the Group's investment in unlisted equity securities (see note 20) which the Group intends to hold beyond 1 January 2018. Currently, the Group is intending to elect to present the equity investment at fair value through other comprehensive income.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 and the related clarification to HKFRS 15 (hereinafter referred to as "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 establishes a single comprehensive 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.

HKFRS 15 is effective for annual periods beginning on or after 1 January 2018. Based on the assessment completed to date, the Group has identified the following areas which are expected to be affected:

(a) Timing of revenue recognition

The Group's revenue recognition policies are disclosed in note 2.17. Currently, revenue arising from provision of services is recognised over time, whereas revenue from sale of goods is generally recognised when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

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

Issued but not yet effective HKFRSs *(Continued)*

HKFRS 15 "Revenue from Contracts with Customers" (Continued)

(a) Timing of revenue recognition *(Continued)*

(i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(ii) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

(iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when transfer of control occurs.

The Group has assessed that the sales of properties is expected to be affected as follows:

Currently, the Group's property development activities are carried out in PRC. Taking into account the contract terms, the Group's business practice and the legal and regulatory environment of PRC, the Group has assessed that its property sales contracts will not meet the criteria for recognising revenue over time and therefore revenue from property sales will continue to be recognised at a point in time. Currently, the Group recognises revenue from property sales upon the later of the signing of the sale and purchase agreement and the completion of the property development, which is taken to be the point in time when the risks and rewards of ownership of the property have been transferred to the customer. The Group has assessed that under the transfer-of-control approach in HKFRS 15 revenue from property sales will generally be recognised when the legal assignment is completed, which is the point in time when the customer has the ability to direct the use of property and obtain substantially all of the remaining benefits of the property. This may result in revenue being recognised differently than at present.

(b) Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears.

Currently, the Group would only apply such a policy when payments are significantly deferred, which is currently not common in the Group's arrangements with its customers. Currently, the Group does not apply such a policy when payments are received in advance.

Advance payments are not common in the Group's arrangements with its customers, with the exception of when residential properties are marketed by the Group while the property is still under construction. In this situation, the Group may offer customers a discount compared to the sales price payable, provided the customers agree to pay the balance of the purchase price early.

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

Issued but not yet effective HKFRSs *(Continued)*

HKFRS 15 "Revenue from Contracts with Customers" (Continued)

(b) Significant financing component *(Continued)*

In assessing whether such advance payments schemes include a significant financing component, the Group has considered the difference between the discounted price offered to those customers and the cash selling price, and the length of time between the payment date and the completion date of legal assignment (i.e. the date when the customers obtain control of the properties) based on the typical arrangements entered into with the customers.

Where such advance payment schemes include a significant financing component, the transaction price will need to be adjusted to separately account for this component. Such adjustment will result in interest expense being recognised to reflect the effect of the financing benefit obtained from the customers during the period between the payment date and the completion date of legal assignment, with a corresponding increase to revenue on sale of properties recognised when control of the completed property is transferred to the customer. However, the actual extent of impact of this new accounting policy will also depend on whether and by how much such interest expense can be capitalised as part of the cost of the properties under HKAS 23, *Borrowing costs*. If the interest expense is to be capitalised until the construction work is completed, then this new accounting policy will not have a material impact on the Group's net profits during the construction period and gross profit from the sales of properties. The Group is in the process of assessing the implication of the significant financing component identified from the property sales on its capitalisation policy.

The Group plans to elect to use the cumulative effect transition method for the adoption of HKFRS 15 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. As allowed by HKFRS 15, the Group plans to apply the new requirements only to contracts that are not completed before 1 January 2018. Since the number of "open" contracts for sales of properties and provision of services at 31 December 2017 is limited, the Group expects that the transition adjustment to be made upon the initial adoption of HKFRS 15 will not be material. However, the expected changes in accounting policies as described above could have an impact on the Group's financial results from 2018 onwards.

HKFRS 16 "Leases"

HKFRS 16 "Leases" will replace HKAS 17 and three related Interpretations.

As disclosed in note 2.14, currently the Group classifies leases into operating leases. The Group enters into some leases as the lessor and others as the lessee.

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

Issued but not yet effective HKFRSs *(Continued)*

HKFRS 16 "Leases" (Continued)

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease, the lessee will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee would recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases of properties which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 34, as at 31 December 2017, the Group's future minimum lease payments under non-cancellable operating leases amount to RMB31,595,000 for leases of properties, the majority of which is payable either between 1 and 5 years after the reporting date or in more than 5 years. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard offers different transition options and practical expedients, including the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. If this practical expedient is chosen, the Group will apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. If the practical expedient is not chosen, the Group will need to reassess all of its decisions about which existing contracts are, or contain, leases, using the new definition. Depending on whether the Group elects to adopt HKFRS 16 retrospectively or follow a modified retrospective method of recognising a cumulative-effect adjustment to the opening balance of equity at the date of initial application, the Group may or may not need to restate comparative information for any changes in accounting resulting from the reassessment.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair value measurement of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions.

The fair value measurement of investment properties utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are (the 'fair value hierarchy'):

– Level 1: unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

– Level 2: observable inputs other than quoted prices included within Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available; and

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

As at 31 December 2017, the fair value of investment properties was RMB642,330,000 (2016: RMB682,130,000). For more detail information in relation to the fair value measurement of the investment properties, please refer to note 17.

Estimated net realisable value of inventories of properties

Management reviews the net realisable value of inventories of properties at the end of each reporting period. The net realisable value is the estimated selling price of the properties less estimated cost to completion and estimated costs to sell. Management determines the net realisable value of inventories of properties by using prevailing market data such as most recent sale transactions and market survey reports available from independent professional valuers and internally available information, as bases for evaluation.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.1 Critical accounting estimates and assumptions *(Continued)*

Estimated net realisable value of inventories of properties (Continued)

These estimates require judgement as to the anticipated sale prices by reference to recent sale transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs of completion of properties, the legal and regulatory framework and general market conditions.

As at 31 December 2017, the carrying amount of the inventories of properties was RMB14,322,812,000 (2016: RMB6,490,753,000) (note 22).

Revenue recognition

The Group has recognised revenue from the sale of properties held for sale as disclosed in note 2.17. The assessment of when an entity has transferred the significant risks and rewards of ownership to purchasers requires the examination of the circumstances of the transactions. In most cases, the transfer of risks and rewards of ownership coincides with the transfer of the legal title or the passing of possession to the buyer or a completion certificate is issued by the relevant government authorities. The Group believes that its recognition basis of sales is appropriate and is the current practice in the PRC.

Income tax and deferred taxation

As detailed in note 10, the Group is subject to income tax in the PRC. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and income tax expense in the periods in which such estimate is changed. The outcome of their actual utilisation may be different.

As at 31 December 2017, the carrying amounts of deferred tax assets and deferred tax liabilities were RMB255,327,000 (2016: RMB28,598,000) and RMB171,194,000 (2016: RMB173,620,000), respectively (note 30).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.1 Critical accounting estimates and assumptions *(Continued)*

PRC land appreciation tax

As detailed in note 10, the Group is subject to land appreciation tax ("LAT") in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised certain of its LAT calculation and payments with any local tax authorities in the PRC for most of its property development projects. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related LAT. The Group recognised LAT based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expenses and tax provision in periods in which such taxes have been finalised with local tax authorities.

4.2 Critical judgments in applying the entity's accounting policies

Control over Quanzhou Zhaoyue Property Co., Ltd. (泉州兆悦置業有限公司, "Quanzhou Zhaoyue"), Longyan Hengfu Real Estate Development Company Limited* (龍岩恆富房地產開發有限公司, "Longyan Hengfu"), Suzhou Zhaoxiang Real Estate Development Company Limited* (蘇州兆祥房地產開發有限公司, "Suzhou Zhaoxiang) and Nanjing Meiye Real Estate Development Co., Ltd.* (南京美業房地產發展有限公司, "Nanjing Meiye")*

Although the Group only holds 40% ownership interest in Quanzhou Zhaoyue and Longyan Hengfu and 50% ownership interest in Suzhou Zhaoxiang and Nanjing Meiye, the Group has the power to appoint and remove the majority member of the board of directors of those companies and holds more than half of the voting rights by virtue of an agreement with other investors. The management of the Group concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of those companies and therefore has control over those companies. As a result, those companies are classified as subsidiaries of the Company.

* The English translation of the company name is for reference only. The official names of these companies are in Chinese.

5. REVENUE

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

	2017	2016
	RMB'000	RMB'000
Sales of properties	**3,021,566**	11,161
Commercial assets management income (note)	**143,227**	79,391
Entrusted construction services income	**51,711**	5,825
Smart construction services income	**21,173**	7,726
	3,237,677	104,103

Note: Commercial assets management income comprises rental income from property leasing of RMB113,843,000 (2016: RMB73,392,000) and building management income of RMB10,644,000 (2016: RMB5,163,000). The Group has contingent rental income of investment properties of approximately RMB427,000 (2016: RMB1,461,700) for the year ended 31 December 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.

6. 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 chief operating decision-maker has been identified as the Company's executive directors. The executive directors have identified the Group's four business lines as operating segments as further described in note 2.22.

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.

6. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

	Property development RMB'000	Commercial assets management RMB'000	Entrusted construction services RMB'000	Smart construction services RMB'000	Total RMB'000
Year ended 31 December 2017					
Reportable segment revenue	**3,021,566**	**146,151**	**51,711**	**21,173**	**3,240,601**
Reportable segment profit	**366,191**	**66,119**	**35,492**	**6,272**	**474,074**
Other segment information:					
Interest income	**14,142**	**1,253**	**16**	**2**	**15,413**
Interest expenses	**97,640**	**—**	**—**	**—**	**97,640**
Amortisation of interests in leasehold land	**—**	**11**	**—**	**—**	**11**
Gain on changes in fair value of investment properties	**—**	**9,330**	**—**	**—**	**9,330**
Income tax expense	**286,988**	**15,696**	**11,866**	**2,091**	**316,641**
Depreciation of property, plant and equipment	**227**	**14,107**	**—**	**—**	**14,334**
Year ended 31 December 2016 (Restated)					
Reportable segment revenue	11,161	82,316	5,825	7,726	107,028
Reportable segment profit/(loss)	(46,275)	23,372	3,535	98	(19,270)
Other segment information:					
Interest income	885	740	14	2	1,641
Interest expenses	17,581	—	—	—	17,581
Amortisation of interests in leasehold land	—	11	—	—	11
Gain on changes in fair value of investment properties	—	687	—	—	687
Income tax expense/(credit)	(7,264)	7,743	1,178	32	1,689
Depreciation of property, plant and equipment	244	5,502	—	2	5,748

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

	Property development RMB'000	Commercial assets management RMB'000	Entrusted construction service RMB'000	Smart construction service RMB'000	Total RMB'000
As at 31 December 2017					
Reportable segment assets	**21,899,602**	**805,976**	**18,293**	**4,895**	**22,728,766**
Reportable segment liabilities	**(19,551,833)**	**(218,841)**	**(50,765)**	**(4,146)**	**(19,825,585)**
Other segment information:					
Additions to non-current assets	**2,195**	**3,971**	**—**	**—**	**6,166**
Investment in an associate	**17,683**	**—**	**—**	**—**	**17,683**
As at 31 December 2016 (Restated)					
Reportable segment assets	7,516,272	788,730	10,493	4,490	8,319,985
Reportable segment liabilities	(6,491,882)	(228,972)	(420)	(1,665)	(6,722,939)
Other segment information:					
Additions to non-current assets	1,024	62,206	—	25	63,255

6. SEGMENT INFORMATION *(Continued)*

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

	2017 **RMB'000**	2016 RMB'000 (Restated)
Reportable segment revenue	**3,240,601**	107,028
Inter-segment revenue elimination	**(2,924)**	(2,925)
Consolidated revenue	**3,237,677**	104,103
Reportable segment profit/(loss)	**474,074**	(19,270)
Unallocated interest income	**666**	52
Unallocated interest expenses	**(86)**	(713)
Unallocated share of loss of associates	**(954)**	(212)
Unallocated share of loss of joint venture	**—**	(51)
Unallocated income and expenses	**(13,698)**	(5,540)
Unallocated income tax credit/(expense)	**17**	(376)
Unallocated depreciation	**(559)**	(387)
Consolidated profit/(loss) for the year	**459,460**	(26,497)
Reportable segment assets	**22,728,766**	8,319,985
Unallocated associates	**—**	38,988
Unallocated joint venture	**46,747**	50,024
Unallocated deferred tax assets	**39**	—
Unallocated corporate assets	**81,057**	187,081
Total consolidated assets	**22,856,609**	8,596,078
Reportable segment liabilities	**(19,825,585)**	(6,722,939)
Unallocated taxation liabilities	**(506)**	(386)
Unallocated deferred tax liabilities	**(793)**	(849)
Unallocated withholding tax liabilities	**(14,633)**	(14,633)
Unallocated corporate liabilities	**(2,419)**	(71,692)
Total consolidated liabilities	**(19,843,936)**	(6,810,499)

Segment assets consist primarily of property, plant and equipment, investment properties, interests in leasehold land, interests in associates, available-for-sale financial asset, deferred tax assets, deposits for land acquisitions, inventories of properties, trade and other receivables, cash at bank and in hand, prepaid tax and prepayments for proposed development projects.

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

6. SEGMENT INFORMATION *(Continued)*

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 2017 and 2016, the Group did not depend on any single customer under each of the segments.

7. OTHER INCOME

	2017 **RMB'000**	2016 RMB'000 (Restated)
Bank interest income	**15,745**	1,693
Compensation income	**8,484**	2,822
Interest income on loans to associates (note 18)	**73**	—
Interest income on loans to intermediate holding companies	**261**	—
Write back of accrued Directors' remuneration	**—**	2,739
Gain on disposal of investment properties	**2,150**	—
Sundry income	**16,843**	1,533
	43,556	8,787

8. FINANCE COSTS

	2017 **RMB'000**	2016 RMB'000 (Restated)
Interest charges on:		
Bank borrowings	**172,211**	1,537
Loans from intermediate holding companies	**222,579**	283,681
Amounts due to non-controlling shareholders	**38,922**	—
Total borrowing costs	**433,712**	285,218
Less: interest capitalised	**(335,986)**	(266,924)
	97,726	18,294

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 RMB39,007,000 (2016: RMB713,000) for the year ended 31 December 2017.

Borrowing costs have been capitalised at various applicable rates ranging from 4.51% to 6% per annum (2016: 4.75% to 6.3% per annum (restated)).

9. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(Loss) before income tax is arrived at after charging/(crediting):

	2017	2016
	RMB'000	RMB'000
Amortisation of interests in leasehold land	**11**	11
Auditor's remuneration	**773**	718
Cost of properties sold	**2,000,285**	4,371
Depreciation of property, plant and equipment	**14,893**	6,135
Loss on disposal of property, plant and equipment	**—**	86
Property, plant and equipment written off	**63**	—
Impairment loss on trade receivables	**57**	86
Net foreign exchange (gain)/loss	**(1,862)**	1,818
Operating lease charges	**16,663**	9,942
Outgoings in respect of investment properties that generated rental income	**4,038**	3,256

10. INCOME TAX EXPENSE

		2017	2016
		RMB'000	RMB'000
	Note		(Restated)
Current income tax			
PRC corporate income tax			
– Current year		**392,667**	23,663
– (Over)/Under provision in respect of prior years		**(45)**	4
		392,622	23,667
PRC land appreciation tax		**157,957**	898
		550,579	24,565
Deferred tax	30	**(233,955)**	(22,500)
Total income tax expense		**316,624**	2,065

10. INCOME TAX EXPENSE *(Continued)*

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

	2017 RMB'000	2016 RMB'000 (Restated)
Profit/(Loss) before income tax	**776,084**	(24,432)
Tax on profit/(loss) before income tax, calculated at the rates applicable to profit in the tax jurisdictions concerned	**195,252**	(5,540)
Tax effect of non-deductible expenses	**1,000**	7,023
LAT deductible for calculation of income tax	**(38,135)**	(227)
LAT charges	**157,957**	898
Utilisation of tax loss previously not recognised	**—**	(8)
(Over)/Under provision in respect of prior years	**(45)**	4
Others	**595**	(85)
Income tax expense	**316,624**	2,065

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 (2016: 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.

PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2016: 25%).

10. 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.

(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.

11. DIVIDEND

(a) Dividend attributable to the year

	2017 **RMB'000**	2016 RMB'000
Proposed final dividend of HK$30 cents per ordinary share (2016: HK$10 cents)	**184,284**	38,285

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

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2017 **RMB'000**	2016 RMB'000
Final dividend in respect of the previous financial year, of HK$10 cents per ordinary share (2016: HK$ nil cents)	**37,737**	—

12. EARNINGS/(LOSS) PER SHARE

(A) BASIC EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by adjusting the profit/(loss) for the year attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2017 **RMB'000**	2016 RMB'000 (Restated)
Profit/(Loss) for the year attributable to the equity holders of the Company	**329,416**	(28,076)
Distributions to holders of perpetual convertible bond	**(13,902)**	—
Profit/(Loss) used to determine basic earnings/(loss) per share	**315,514**	(28,076)
Weighted average number of ordinary shares in issue (thousands)	**434,585**	362,044
Earnings/(loss) per share (expressed in RMB cents per share)	**72.6**	(7.8)

(B) DILUTED EARNINGS/(LOSS) PER SHARE

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: perpetual convertible bond. The perpetual convertible bond are assumed to have been converted into ordinary shares.

	2017 **RMB'000**	2016 RMB'000 (Restated)
Profit/(Loss) for the year attributable to the equity holders of the Company	**329,416**	(28,076)
Weighted average number of ordinary shares for the purpose of basic earnings per share (thousands)	**434,585**	362,044
Effect of dilutive potential ordinary shares:		
Perpetual convertible bond	**89,977**	—
Weighted average number of ordinary shares in issue (thousands)	**524,562**	362,044
Earnings/(loss) per share (expressed in RMB cents per share)	**62.8**	(7.8)

13. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	2017 RMB'000	2016 RMB'000
Salaries, wages and other benefits	**122,395**	25,137
Contributions to defined contribution retirement plan	**1,987**	2,645
Less: Employee benefit expenses capitalised in properties under development	**(63,792)**	(6,111)
	60,590	21,671

14. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' and chief executive's emoluments

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Fees RMB'000	Salaries and benefits in kind RMB'000	Retirement scheme contribution RMB'000	Total RMB'000
Year ended 31 December 2017				
Executive directors:				
Mr. Zhuang Yuekai	**1,054**	—	—	**1,054**
Mr. Shi Zhen	**1,054**	—	—	**1,054**
Ms. Zhao Chengmin	**1,054**	—	—	**1,054**
	3,162	—	—	**3,162**
Non-executive directors:				
Ms. Wang Xianrong				
Ms. Wu Xiaomin	—	—	—	—
Mr. Huang Wenzhou	—	—	—	—
Mr. Wong Chi Wai*	**158**	—	—	**158**
Mr. Wong Tat Yan, Paul*	**158**	—	—	**158**
Mr. Chan Chun Yee*	**158**	—	—	**158**
	474	—	—	**474**
Total emoluments	**3,636**	—	—	**3,636**

14. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

	Fees RMB'000	Salaries and benefits in kind RMB'000	Retirement scheme contribution RMB'000	Total RMB'000
Year ended 31 December 2016				
Executive directors:				
Mr. Zhuang Yuekai	1,030	—	—	1,030
Mr. Shi Zhen	1,030	—	—	1,030
Ms. Zhao Chengmin	1,030	—	—	1,030
	3,090	—	—	3,090
Non-executive directors:				
Ms. Wang Xianrong	—	—	—	—
Ms. Wu Xiaomin	—	—	—	—
Mr. Huang Wenzhou	—	—	—	—
Mr. Wong Chi Wai*	128	—	—	128
Mr. Wong Tat Yan, Paul*	128	—	—	128
Mr. Chan Chun Yee*	128	—	—	128
	384	—	—	384
Total emoluments	3,474	—	—	3,474

* Independent non-executive directors

14. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(b) Five highest paid individuals

The five highest paid individuals in the Group do not include (2016: include three) directors of the Company whose emoluments are included in the disclosures in note 14(a) above.

	2017 RMB'000	2016 RMB'000
Salaries and benefits in kind	**8,846**	1,802
Retirement scheme contributions	**142**	45
	8,988	1,847

The above emoluments were within following bands:

	No. of individuals 2017	2016
Emolument bands		
Nil to HK$1,000,000	**—**	2
HK$1,000,001 – HK$1,500,000	**—**	—
HK$1,500,001 – HK$2,000,000	**—**	—
HK$2,000,001 – HK$2,500,000	**5**	—
	5	2

No emoluments were paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. Three directors have agreed to waive the emoluments during the year (2016: three) and none of five highest paid individuals have waived or agreed to waive any emoluments during the year (2016: nil).

(c) Senior management personnel

The emoluments paid or payable to members of senior management were within following bands:

	No. of individuals 2017	2016
Emolument bands		
Nil to HK$1,000,000	**9**	9
HK$1,000,001 – HK$1,500,000	**3**	3

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RMB'000	Leasehold improvement RMB'000	Furniture and fixtures RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 January 2016 (Restated)						
Cost	13,408	5,534	4,342	1,148	3,317	27,749
Accumulated depreciation	(2,557)	(4,884)	(3,824)	(821)	(2,525)	(14,611)
Net book amount	10,851	650	518	327	792	13,138
Year ended 31 December 2016						
Opening net book amount	10,851	650	518	327	792	13,138
Additions	—	63,622	1,156	—	518	65,296
Disposals	—	—	(100)	(33)	(63)	(196)
Depreciation	(356)	(5,720)	(153)	(81)	(203)	(6,513)
Exchange differences	716	16	7	—	—	739
Closing net book amount (Restated)	11,211	58,568	1,428	213	1,044	72,464

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

	Land and buildings RMB'000	Leasehold improvement RMB'000	Furniture and fixtures RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Total RMB'000
At 31 December 2016 and 1 January 2017 (Restated)						
Cost (Restated)	13,408	69,156	5,398	1,115	3,772	92,849
Accumulated depreciation (Restated)	(2,197)	(10,588)	(3,970)	(902)	(2,728)	(20,385)
Net book amount	11,211	58,568	1,428	213	1,044	72,464
Year ended 31 December 2017						
Opening net book amount (Restated)	11,211	58,568	1,428	213	1,044	72,464
Additions	—	6,392	2,184	65	1,258	9,899
Written off	—	—	(10)	(53)	—	(63)
Depreciation	(366)	(15,297)	(587)	(61)	(361)	(16,672)
Exchange differences	(714)	(16)	(6)	—	—	(736)
Closing net book amount	10,131	49,647	3,009	164	1,941	64,892
At 31 December 2017						
Cost	13,408	75,548	7,572	1,127	5,030	102,685
Accumulated depreciation	(3,277)	(25,901)	(4,563)	(963)	(3,089)	(37,793)
Net book amount	10,131	49,647	3,009	164	1,941	64,892

The bank borrowings are secured by property, plant and equipment with a net book amount of approximately RMB10,098,000 (2016: RMB11,178,000) as at 31 December 2017 (note 29).

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

Depreciation charges have been included in:

	2017 RMB'000	2016 RMB'000 (Restated)
Consolidated statement of financial position		
– Capitalised in inventories of properties	**1,779**	378
Consolidated statement of profit or loss and other comprehensive income		
– Cost of sales	**13,892**	5,186
– Selling expenses	**5**	30
– Administrative expenses	**996**	919
	14,893	6,135
	16,672	6,513

16. INTERESTS IN LEASEHOLD LAND

The interests in leasehold land represented prepaid operating payments and the movements in the net carrying amounts are analysed as follows:

	2017 RMB'000	2016 RMB'000
Opening net carrying amount	**301**	312
Amortisation	**(11)**	(11)
Closing net carrying amount	**290**	301

The analysis of the net carrying amounts of interests in leasehold land according to lease periods are as follows:

	2017 RMB'000	2016 RMB'000
In PRC:		
Leases of between 10 to 50 years	**290**	301

17. INVESTMENT PROPERTIES

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

	2017	2016
	RMB'000	RMB'000
Carrying amount at 1 January	**682,130**	679,850
Change in fair value of investment properties	**9,330**	687
Additions		
– Subsequent expenditures	**—**	1,593
Disposal	**(49,130)**	—
Carrying amount at 31 December	**642,330**	682,130

The carrying amounts of the Group's investment properties attributable to the properties without the relevant title certificates were approximately RMB2,900,000 (2016: RMB2,900,000). As at 31 December 2016, 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 2017 and the date of this consolidated financial statements, 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 2017 and 2016. 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.

17. INVESTMENT PROPERTIES *(Continued)*

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

	2017 **RMB'000**	2016 RMB'000
In PRC:		
Leases of between 10 to 50 years	**642,330**	682,130

Valuation process and methodologies

Investment properties were valued at 31 December 2017 and 2016 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.

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 profit or loss and other 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.

17. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

	Fair value measurements categorised into			
	Level 1	**Level 2**	**Level 3**	**Fair value**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Recurring fair value measurement				
At 31 December 2017				
Investment properties	**—**	**—**	**642,330**	**642,330**
At 31 December 2016				
Investment properties	—	—	682,130	682,130

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.

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 As at 31 December 2017**	**2016**
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.)	**35 - 1,300**	35 - 1,150
		Capitalisation rate of reversionary income	**3.50% - 7.25%**	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 RMB9,330,000 (2016: RMB687,000) recognised in profit or loss and presented on the face of the consolidated statement of profit or loss and other comprehensive income arise from the investment properties held at the end of the reporting period.

18. INTERESTS IN ASSOCIATES

	2017 RMB'000	2016 RMB'000 (Restated)
Unlisted shares, at cost	**65,683**	39,000
Share of results of associates	**(966)**	(12)
Loan to an associate	**146,286**	—
	211,003	38,988

The loan to an associate is unsecured, except for an amount of RMB133,863,000 as at 31 December 2017 which is interest-bearing at 6% per annum, interest free and would not be repayable within one year.

Particulars of the Group's unlisted associates at as 31 December 2017 are as follows:

Name	Form of business structure	Country/Place of incorporation	Particulars of issued and paid up capital	% of interest held	Principal activities and place of operation
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 (note (i))
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 (note (ii))
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 (note (iii))
Xiamen Wanjia Health Industry Investment Company Limited.* (廈門萬家健康產業投資有限公司, "Xiamen Wanjia Health")	Corporation	PRC	RMB20,000,000	45%	Investment and asset management (note (iv))
Longyan Lirong Real Estate Development Company Limited* (龍岩利榮房地產開發有限公司, "Longyan Lirong")	Corporation	PRC	RMB50,000,000	30%	Property development (note (v))

* The English translation of the company name is for reference only. The official names of these companies are in Chinese.

18. INTERESTS IN ASSOCIATES *(Continued)*

Notes:

(i) 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.

(ii) 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.

(iii) On 25 October 2016, the Group, C&D Real Estate 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.

(iv) On 11 October 2016, the Group and Shenzhen Pingan Wan Jia Health Assets Investment Management Company Limited entered into a cooperation agreement for the formation of Xiamen Wanjia Health for carrying out the Investment and asset management. The Group has subscribed 45% of the registered share capital of Xiamen Wanjia Health for cash consideration of RMB9,000,000.

(v) On 31 October 2017, the Group and C&D Real Estate entered into an equity transfer agreement for the acquisition of 30% equity interests in Longyan Lirong for cash consideration of RMB17,683,000. The Group shall also repay the shareholder's loan in the amount of RMB155,046,000 previously advanced by C&D Real Estate to Longyan Lirong.

Aggregate information of associates that are not individually material:

	2017 **RMB'000**	2016 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**64,717**	38,988
Aggregate amounts of the Group's share of those associates': Loss and total comprehensive expense for the period	**(954)**	(12)

19. INTEREST IN A JOINT VENTURE

	2017 RMB'000	2016 RMB'000
Cost of investments in a joint venture	**42,591**	45,573
Share of results of a joint venture	**(51)**	(51)
Loan to a joint venture	**4,207**	4,502
	46,747	50,024

The loan to a joint venture is unsecured, interest-free and would not be repayable within one year.

Particulars of the Group's unlisted joint venture as at 31 December 2017 are as follows:

Name	Form of business structure	Country/place of incorporation	Particulars of issued and paid up capital	% of interest held	Principal activities and place of operation
J-Bridge Investment Co., Ltd. ("J-Bridge")	Company	BVI	USD25,000	50%	Investment holding

During the year ended 31 December 2016, the Group entered into a share subscription agreement with J-Bridge Investment Co., Ltd. ("J-Bridge") to subscribe for 50% of its share capital for cash consideration of USD6,532,125.

Aggregate information of joint venture that is not individually material:

	2017 RMB'000	2016 RMB'000
Aggregate carrying amount of individually immaterial joint venture in the consolidated financial statements	**42,540**	45,522
Aggregate amounts of the Group's share of this joint venture's:		
Loss and total comprehensive expense for the period	**—**	(51)

20. AVAILABLE-FOR-SALE FINANCIAL ASSET

	2017 RMB'000	2016 RMB'000
Unlisted equity investment, at cost	**63,000**	—

Unlisted investments as at 31 December 2017 represented approximately 10.5% equity interest in Hangzhou Zhenlu Investment Company Limited* (杭州臻祿投資有限公司), a company in the PRC.

The Group did not have significant influence nor participate in the policy-making process and the operating and financial decisions of these unlisted investments as at 31 December 2017.

The unlisted investments are measured at cost less impairment at the reporting date as the range of fair values is so significant that the directors of the Company are of the opinion that the fair values cannot be measured reliably.

* The English translation of the company name is for reference only. The official names of these companies are in Chinese.

21. SUBSIDIARIES

Particulars of the principal subsidiaries, each of which is a limited liability company, as at 31 December 2017, were as follows:

Name	Form of business structure	Country/place and date of incorporation/ establishment	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Company	Principal activities and place of operation
Interests held directly					
Global Touch Holdings Limited	Corporation	BVI 8 November 2010	10,000 ordinary shares of US$1.00 each	100% (2016: 100%)	Investment holding, Hong Kong
Interests held indirectly					
Leepark Holdings Limited	Corporation	Hong Kong 5 June 2006	Ordinary shares of HK$1,000,000	100% (2016: 100%)	Investment holding, Hong Kong
New Merit Holdings Limited	Corporation	BVI 25 November 2009	Ordinary shares of US$1.00 each	100% (2016: 100%)	Investment holding, Hong Kong
Ruby Properties Limited	Corporation	Hong Kong 19 October 2009	Ordinary shares of HK$200	100% (2016: 100%)	Investment holding, Hong Kong
Leepark (Netherlands) Limited	Corporation	Hong Kong 27 May 2006	Ordinary shares of HK$10,000	100% (2016: 100%)	Investment holding, Hong Kong
Guangxi Nanning Leepark Business Service Company Limited* (廣西南寧利柏商務服務有限公司)	Corporation	PRC 29 September 2003	RMB800,000	100% (2016: 100%)	Investment holding, PRC
Guangxi Nanning Baiyi Commercial Company Limited* (廣西南寧百益商貿有限公司)	Corporation	PRC 9 September 1997	RMB23,408,000	87.52% (2016: 87.52%)	Property leasing and property development, PRC
Nanning Golden Yu Feng Property Services Company Limited* (南寧金裕豐物業服務有限公司)	Corporation	PRC 4 August 2003	RMB3,000,000	98.77% (2016: 98.77%)	Property management, property consultancy and property leasing, PRC
Nanning Yu Feng Real Estate Development Company Limited* (南寧裕豐房地產開發有限公司)	Corporation	PRC 27 July 1993	RMB33,544,000	93.84% (2016: 93.84%)	Property leasing, PRC
WTS Real Estate Development and Investment Company Limited* (南寧威特斯房地產開發投資有限公司)	Corporation	PRC 3 August 2001	RMB10,000,000	93.84% (2016: 93.84%)	Property development, PRC

21. SUBSIDIARIES *(Continued)*

Name	Form of business structure	Country/place and date of incorporation/ establishment	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Company	Principal activities and place of operation
Interests held indirectly					
Xiamen Yiyue Property Co., Ltd.* (廈門益悦置業有限公司)	Corporation	PRC 18 May 2016	RMB10,000,000	100% (2016: 100%)	Property investment and development business, PRC
Xiamen Yirui Investment Management Co., Ltd.* (廈門益睿投資管理有限公司)	Corporation	PRC 19 July 2016	RMB1,000,000	100% (2016: 100%)	Investment business, PRC
Xiamen C&D Zhaocheng Construction Operations Management Co. Ltd.* (formerly known as Xiamen Zhaocheng Engineering Construction and Management Co. Ltd.) (廈門建發兆誠建設運營管理有限公司(前稱為廈門兆誠工程建設管理有限公司))	Corporation	PRC 11 November 2015	RMB5,000,000	100% (2016: 100%)	Project construction and management, PRC
Changsha Zhaoyue Real Estate Co., Ltd.* (長沙兆悦房地產有限公司)	Corporation	PRC 7 September 2015	RMB50,000,000	100% (2016: 100%)	Property development, PRC
Shanghai C&D Zhaoyu Asset Management Company Limited *# (formerly known as Shanghai Zhaoyu Asset Management Co., Ltd.) (上海建發兆昱資產管理有限公司 (前稱為上海兆昱資產管理有限公司), "Shanghai Zhaoyu")	Corporation	PRC 17 December 2015	RMB30,000,000	55% (2016: 55%)	Commercial assets management and operation, PRC
Shanghai Zhaoxiang Business Management Co., Ltd.* (上海兆祥商業經營管理有限公司)	Corporation	PRC 14 October 2014	RMB1,000,000	55% (2016: 55%)	Property leasing
Shanghai Zhaoyi Corporate Management Co., Ltd.*# (上海兆屹企業管理有限公司, "Shanghai Zhaoyi")	Corporation	PRC 24 August 2016	RMB1,000,000	46.75%# (2016: 46.75%)	Property leasing
Xiamen Zhaohui Internet Technology Co. Ltd.* (廈門兆慧網絡科技有限公司)	Corporation	PRC 7 September 2015	RMB500,000	100% (2016: 100%)	Provision for software and system development services, PRC

21. SUBSIDIARIES *(Continued)*

Name	Form of business structure	Country/place and date of incorporation/ establishment	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Company	Principal activities and place of operation
Interests held indirectly					
Quanzhou Zhaoyue Property Co., Ltd.* (泉州兆悦置業有限公司)	Corporation	PRC 4 November 2015	RMB50,000,000	40% (Note 4.2) (2016: 40%)	Property development, PRC
Fujian Zhaojia Real Estate Co., Ltd.* (福建兆嘉房地產有限公司)	Corporation	PRC 11 August 2006	RMB10,000,000	60% (2016: 60%)	Property development, PRC
Zhangzhou Fanhua Industrial Co., Ltd.* (漳州泛華實業有限公司)	Corporation	PRC 12 March 2015	RMB19,972,188	60% (2016: 60%)	Property development, PRC
Metropolitan investment holding group PTY. LTD.	Corporation	Australia 28 February 2014	AUD 10 Ordinary share	60% (2016: Nil)	Property development, Australia
Xiamen Zhaoyuelong Property Development Company Limited* (廈門兆玥瓏房產開發有限公司)	Corporation	PRC 27 June 2017	RMB1,000,000	100% (2016: Nil)	Property development, PRC
Longyan Hengfu Real Estate Development Company Limited* (龍岩恒富房地產開發有限公司, "Longyan Hengfu")	Corporation	PRC 19 January 2017	RMB50,000,000	40% (Note 4.2) (2016: Nil)	Property development, PRC
Wuxi Jian Yue Real Estate Development Co., Ltd.* (無錫建悦房地產開發有限公司, "Wuxi Jian Yue")	Corporation	PRC 11 December 2017	RMB3,065,000,000	51% (2016: Nil)	Property development, management, PRC
Changsha Yuefa Property Development Company Limited* (長沙悦發房地產有限公司)	Corporation	PRC 28 November 2016	RMB466,200,000	100% (2016: 100%)	Property evelopment, management, PRC

21. SUBSIDIARIES *(Continued)*

Name	Form of business structure	Country/place and date of incorporation/ establishment	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Company	Principal activities and place of operation
Interests held indirectly					
Suzhou Zhaoxiang Real Estate Development Company Limited* (蘇州兆祥房地產開發有限公司, "Suzhou Zhaoxiang")	Corporation	PRC 20 October 2015	RMB200,000,000	50% (Note 4.2) (2016: 50%)@	Property investment and development business, PRC
Fujian Zhaohe Property Development Company Limited* (福建兆和房地產有限公司)	Corporation	PRC 1 December 2015	RMB50,000,000	100% (2016: 100%)@	Property management property consultancy and construction, PRC
Lianjiang Zhaoruen Real Estate Development Co., Ltd.* (連江兆潤房地產開發有限公司)	Corporation	PRC 25 July 2016	RMB100,000,000	78% (2016: 78%)@	Property management property consultancy and construction, PRC
Zhangjiagang Jianfeng Real Estate Development Co., Ltd.* (張家港建豐房地產開發有限公司)	Corporation	PRC 6 January 2017	RMB50,000,000	70% (2016: Nil)	Property investment and development business, PRC
Nanjing Meiye Real Estate Development Co., Ltd.* (南京美業房地產發展有限公司, "Nanjing Meiye")	Corporation	PRC 6 November 2017	RMB400,000,000	50% (Note 4.2) (2016: Nil)	Property investment and development business, PRC

* The English translation of the company name is for reference only. The official names of these companies are in Chinese.

\# Shanghai Zhaoyi is owned as to 85% by Shanghai Zhaoyu, a 55% owned subsidiary of the Group. The Group can exercise control over Shanghai Zhaoyi via its control over Shanghai Zhaoyu.

@ These subsidiaries were acquired during the year and under common control of the substantial shareholder of the Group (note 2.1). In accordance with the principles of merger accounting as set out in Accounting Guideline 5 Merger Accounting for Common Control Combinations issued, the subsidiaries had been combined from the earliest date presented or since the date when the subsidiaries first came under common control, where this is a shorter period, regardless of the date of the common control combination.

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

21. SUBSIDIARIES *(Continued)*

The following table lists out the information related to Suzhou Zhaoxiang, the subsidiary of the Group which have material non-controlling interests. The summarised financial information presented below represents the amounts before any inter-company elimination.

	Suzhou Zhaoxiang	
	2017	2016
	RMB'000	RMB'000
Non-controlling interests percentage	**50%**	50%
Non-current assets	**18,754**	14,673
Current assets	**3,983,747**	4,622,505
Current liabilities	**(1,801,168)**	(3,995,603)
Non-current liabilities	**(1,627,253)**	(540,000)
Net assets	**574,080**	101,575
Carrying amount of non-controlling interests	**287,040**	50,788
Revenue	**2,132,433**	—
Profit/(loss) for the year/period	**343,225**	(21,125)
Total comprehensive income/(loss) for the year/period	**343,225**	(21,125)
Profit/(loss) and total comprehensive income/(loss) attributable to non-controlling interests	**171,613**	(10,563)
Dividends paid to non-controlling shareholders	**—**	—
Cash flows used in operating activities	**(1,445,300)**	(310,094)
Cash flows used in investing activities	**(124,813)**	(1,166)
Cash flows from financing activities	**1,370,862**	562,700
Net cash (outflows)/inflows	**(199,251)**	251,440

22. INVENTORIES OF PROPERTIES

	2017 RMB'000	2016 RMB'000 (Restated)
Properties under development	**13,641,712**	6,445,262
Properties held for sale	**681,100**	45,491
	14,322,812	6,490,753
Properties under development include:		
– cost of leasehold land	**11,436,680**	5,485,733
– construction costs and capitalised expenditure	**1,808,417**	690,214
– interests capitalised	**396,615**	269,315
	13,641,712	6,445,262

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

As at 31 Decmber 2017, the carrying amount of properties under development of RMB5,717,911,000 (2016: RMB3,839,178,000 (restated)) have been pledged to banks to secure the Group's bank borrowing. Details of the secured bank borrowings are set out in note 29.

As at 31 December 2017, properties under development amounted to approximately RMB10,014,176,000 (2016: RMB2,226,574,000 (restated)) were expected to be completed and available for sale to the customers more than twelve months from the end of the reporting period.

The properties held for sale and properties under development of the Group are located as follows:

	2017 RMB'000	2016 RMB'000 (Restated)
Properties under development		
– PRC	**13,582,782**	6,445,262
– Australia	**58,930**	—
	13,641,712	6,445,262
Properties held for sale		
– PRC	**681,100**	45,491
	681,100	45,491
	14,322,812	6,490,753

23. TRADE AND OTHER RECEIVABLES

	2017 RMB'000	2016 RMB'000 (Restated)
Trade receivables		
From third parties	100,063	8,094
Less: Accumulated impairment loss	(143)	(86)
	99,920	8,008
Other receivables		
Deposits	9,022	5,552
Prepayment	32,737	2,091
Other receivables	48,660	4,493
	90,419	12,136
	190,339	20,144

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 generally have credit terms of 30 days and no interest is charged. 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 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:

	2017 RMB'000	2016 RMB'000
0-30 days	98,721	7,906
31-90 days	727	—
91-180 days	245	9
181-365 days	63	23
Over 1 year	164	70
	99,920	8,008

23. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	2017	2016
	RMB'000	RMB'000
At 1 January	**86**	69
Provision for impairment	**57**	86
Amount written off as uncollectible	**—**	(69)
At 31 December	**143**	86

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. As at 31 December 2017, the Group has determined trade receivables of approximately RMB57,000 (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.

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

	2017	2016
	RMB'000	RMB'000
Neither past due nor impaired	**98,721**	7,886
1-90 days past due	**972**	20
91-180 days past due	**63**	9
181-360 days past due	**164**	23
Over 360 days past due	**—**	70
	99,920	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.

24. DEPOSITS FOR LAND ACQUISITIONS

Deposits for land acquisitions arise from the acquisitions of lands in various regions in the PRC. These deposits would be converted into land use rights when the rights to use the lands have been obtained. The carrying a mounts of the Group's deposits for land acquisitions are denominated in RMB.

25. PREPAYMENTS FOR PROPOSED DEVELOPMENT PROJECTS

The Group has entered into a number of contractual arrangements relating to developing certain development projects with independent third parties and has made prepayments in accordance with the terms of these respective contracts. These prepayments would be converted into properties under development upon the completion of the contracts.

26. CASH AT BANK AND IN HAND

	2017	2016
	RMB'000	RMB'000
		(Restated)
Cash at bank and in hand	**1,626,866**	631,282
Less: Restricted bank deposits	**(458,231)**	(24,137)
Cash and cash equivalents per the consolidated statement of cash flows	**1,168,635**	607,145

Included in cash at bank and in hand of the Group is RMB1,615,652,000 (2016: RMB479,336,000 (restated)) of bank balances denominated in RMB placed with banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

Restricted bank deposits represented guarantee deposits for construction of pre-sale properties denominated in RMB placed in designated accounts. In accordance with relevant government requirements, certain property development companies of the Group are required to place in designated bank accounts certain amount of pre-sale proceeds as guarantee deposits for the constructions of the related properties. The deposits can only be used for payments for construction costs of the relevant properties when approval from related government authority is obtained. Such guarantee deposits will be released after the completion of construction of the related properties.

27. TRADE AND OTHER PAYABLES

	2017 RMB'000	2016 RMB'000 (Restated)
Trade payables		
To third parties	**705,222**	193,319
Other payables		
Accruals and other payables	**164,135**	71,385
Deposits received	**85,699**	35,119
Receipts in advance	**50,760**	16,218
	300,594	122,722
	1,005,816	316,041

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:

	2017 RMB'000	2016 RMB'000 (Restated)
0-30 days	**699,813**	184,646
31-60 days	**13**	11
Over 90 days	**5,396**	8,662
	705,222	193,319

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

As at 31 December 2017 and 2016, the amounts due to non-controlling shareholders/intermediate holding companies are unsecured, except for an amount of RMB585,197,000 of amounts due to non-controlling shareholders as at 31 December 2017 bear interest at 6% per annum, interest-free and repayable on demand.

As at 31 December 2017 and 2016, the loans from intermediate holding companies are unsecured, interest-bearing at 3-year floating lending rate of the People's Bank of China ("PBOC") rate per annum and would not be repayable within one year.

The carrying amounts of the balances approximate their fair values.

29. INTEREST-BEARING BORROWINGS

	2017 RMB'000	2016 RMB'000 (Restated)
Bank loans		
Secured	3,428,788	543,236
Unsecured	2,270,725	—
	5,699,513	543,236

At 31 December 2017, the Group's bank loans were repayable as follows:

	2017 RMB'000	2016 RMB'000 (Restated)
Carrying amount repayable		
Within one year	246,858	864
In the second year	525,003	45,808
In the third to fifth year	3,728,700	494,192
After the fifth years	1,197,570	—
	5,698,131	540,864
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause	1,382	2,372
	5,699,513	543,236
Less: Amounts shown under current liabilities	(248,240)	(3,236)
	5,451,273	540,000

As at 31 December 2017 and 2016, the Group's bank loan is secured by the legal charges over the Group's property, plant and equipment with carrying value of approximately RMB10,098,000 (2016: RMB11,178,000) (note 15) and properties under development with carrying value of approximately RMB5,717,911,000 (2016: RMB3,839,178,000 (restated)) (note 22).

As at 31 December 2017, the unsecured borrowings were guaranteed by the intermediate holding company of the Group.

As at 31 December 2017 and 2016, the bank loans of approximately RMB2,217,000 (2016: RMB3,236,000) and RMB17,570,000 (2016: nil) were denominated in HK$ and AUD which bore floating interest rate of 3.4% (2016: 3.4%) and 4.78% (2016: nil) per annum respectively.

30. DEFERRED TAXATION

The net movement of deferred tax liabilities/(assets) are as follows:

	2017 **RMB'000**	2016 RMB'000 (Restated)
At the beginning of the year	**145,022**	167,641
Recognised in profit or loss	**(233,955)**	(22,500)
Acquisition of a subsidiary (note 37)	**4,855**	(151)
Exchange differences	**(55)**	32
At the end of the year	**(84,133)**	145,022

Deferred tax liabilities

	Revaluation of inventories of properties RMB'000	**Revaluation of investment properties RMB'000**	**Withholding tax RMB'000**	**Total RMB'000**
At 1 January 2016	366	155,691	14,633	170,690
Charged to profit or loss	315	2,583	—	2,898
Exchange differences	—	32	—	32
At 31 December 2016 and 1 January 2017	681	158,306	14,633	173,620
Charged to profit or loss	117	(7,522)	—	(7,405)
Acquisition of a subsidiary	5,034	—	—	5,034
Exchange differences	—	(55)	—	(55)
At 31 December 2017	**5,832**	**150,729**	**14,633**	**171,194**

30. DEFERRED TAXATION *(Continued)*

Deferred tax assets

	LAT RMB'000	Prepaid income tax RMB'000	Tax loss RMB'000	Others RMB'000	Total RMB'000
At 1 January 2016 (Restated)	(1,311)	—	—	(1,738)	(3,049)
Credited to profit or loss	—	(24,151)	(66)	(1,181)	(25,398)
Acquisition of subsidiaries	—	—	(151)	—	(151)
At 31 December 2016 and 1 January 2017 (Restated)	(1,311)	(24,151)	(217)	(2,919)	(28,598)
Credited to profit or loss	(23,705)	(155,694)	(33,284)	(13,867)	(226,550)
Acquisition of a subsidiary	—	—	(179)	—	(179)
At 31 December 2017	**(25,016)**	**(179,845)**	**(33,680)**	**(16,786)**	**(255,327)**

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2017 RMB'000	2016 RMB'000
Deferred tax assets	**(255,327)**	(28,598)
Deferred tax liabilities	**171,194**	173,620
	(84,133)	145,022

As at 31 December 2017, no deferred tax has been recognised for withholding taxes that would be payable on certain of the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the PRC. In the opinion of the directors, the Company controls the dividend policy of these subsidiaries and it is not probable that the temporary differences will reverse in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in the PRC for which deferred tax liabilities have not been recognised was RMB646,656,000 as at 31 December 2017 (2016: RMB30,239,000).

31. SHARE CAPITAL

	Number of shares	Amount RMB'000
Authorised:		
Ordinary shares of HK$0.1 each		
At 31 December 2016 and 2017	**1,000,000,000**	81,055
Issued and fully paid:		
At 1 January 2016	**360,000,000**	29,135
Issue of new shares (note a)	**68,000,000**	6,084
At 31 December 2016 and 1 January 2017	**428,000,000**	35,219
Issue of new shares (note b)	**196,000,000**	16,494
Conversion of perpetual convertible bonds (note c)	**110,864,745**	9,819
At 31 December 2017	**734,864,745**	61,532

31. SHARE CAPITAL *(Continued)*

Notes:

a) On 4 December 2016, the Company completed the placing of 68,000,000 ordinary shares of HK$0.1 each at a placing price of HK$3.97 per share under general mandate, giving rise to an increase of share premium of approximately RMB235,467,000. Share issuance expenses directly attributable to the issue of new shares amounting to RMB2,415,000 was treated as a deduction against the share premium account.

b) On 22 December 2017, the Company completed the placing of 196,000,000 ordinary shares of HK$0.1 each at a placing price of HK$4.51 per share under specific mandate, giving rise to an increase of share premium of approximately RMB727,360,000. Share issuance expenses directly attributable to the issue of new shares amounting to RMB693,000 was treated as a deduction against the share premium account.

c) On 1 March 2017, the Company issued perpetual convertible bond with an aggregate principal of HK$500,000,000 to Well Land 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 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 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.

The Company may redeem in whole the outstanding perpetual convertible bond: (1) on written consent by Well Land; (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.

On 28 December 2017, an exercise of conversion rights under the Perpetual Convertible Bonds in the principal amount of HK$500,000,000 occurred with conversion of 110,864,745 shares. That contributes to approximately 17.77% of the latest total shares of 624,000,000 back to 22 December 2017. The price of HK$4.51 per share, giving rise to an increase of share premium of approximately RMB433,031,000. Distributions to holders of perpetual convertible bond amounting to RMB13,902,000 was treated as a deduction against the share premium account.

32. 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 acquired by 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. The capital reserve also represents the excess of investment cost over the share capital and share premium of the common control entities. The Transaction were accounted for using merger accounting as detailed in note 2.1.

Revaluation reserve

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

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	31 December 2017 RMB'000	31 December 2016 RMB'000
ASSETS AND LIABILITIES		
Non-current assets		
Interests in subsidiaries	**693,596**	742,219
Current assets		
Prepayments and other receivables	**285**	167
Amounts due from subsidiaries	**1,381,660**	161,854
Cash at bank and in hand	**4,541**	151,440
	1,386,486	313,461
Current liabilities		
Accruals and other payables	**1,164**	624
Net current assets	**1,385,322**	312,837
Total assets less current liabilities	**2,078,918**	1,055,056
Non-current liabilities		
Loan from intermediate holding company	**—**	50,557
Net assets	**2,078,918**	1,004,499
EQUITY		
Share capital	**61,532**	35,219
Other reserves (note)	**2,017,386**	969,280
Total equity	**2,078,918**	1,004,499

SHI Zhen
Director

ZHAO Chengmin
Director

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

Note:

The movements of the Company's other reserves are as follows:

	Perpetual convertible bond RMB'000	Share premium RMB'000	Capital reserve (Note (a)) RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2016	—	198,945	490,259	25,387	(12,735)	701,856
Loss and total comprehensive expense for the year	—	—	—	—	(14,902)	(14,902)
Currency translation differences	—	—	—	49,274	—	49,274
Share issue expenses	—	(2,415)	—	—	—	(2,415)
Issue of new shares (note 31(a))	—	235,467	—	—	—	235,467
At 31 December 2016 and 1 January 2017	—	431,997	490,259	74,661	(27,637)	969,280
Profit and total comprehensive income for the year	—	—	—	—	35,971	35,971
Currency translation differences	—	—	—	(95,924)	—	(95,924)
Insurance of perpetual convertible Bond (note 31(c))	442,850	—	—	—	—	442,850
Distributions to holders of perpetual convertible bond (note 31(c))	—	(13,902)	—	—	—	(13,902)
Conversion of perpetual convertible bond (note 31(c))	(442,850)	433,031	—	—	—	(9,819)
Share issue expenses		(693)				(693)
Issue of new shares (note 31(b))	—	727,360	—	—	—	727,360
2016 final dividend approved and paid	—	(37,737)	—	—	—	(37,737)
At 31 December 2017	**—**	**1,540,056**	**490,259**	**(21,263)**	**8,334**	**2,017,386**

Note:

(a) The capital reserve of the Company represented the difference between the net asset value of the subsidiaries acquired and the nominal value of the share capital of the Company issued in exchange thereof pursuant to the initial listing on the GEM of the Stock Exchange.

34. OPERATING LEASE ARRANGEMENTS

a. As lessor

At the reporting date, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of the Group's properties as follows:

	2017 **RMB'000**	2016 RMB'000
Within one year	**117,166**	41,533
After one year but within five years	**213,041**	69,045
After five years	**55,689**	24,967
	385,896	135,545

The Group leases its investment properties under operating lease arrangements which run for an initial period of one to ten years (2016: one to ten years), with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants. Certain leases (including contingent rental) are negotiated with reference to the level of business. The terms of the leases generally also require the tenants to pay security deposits.

b. As lessee

At the reporting date, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of the Group's properties as follows:

	2017 **RMB'000**	2016 RMB'000
Within one year	**3,186**	4,195
After one year but within five years	**12,744**	17,535
After five years	**15,665**	18,851
	31,595	40,581

The Group leases properties under operating leases. The leases run for an initial period of one to twenty years (2016: one to twenty years), with an option to renew the leases and renegotiate the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords. None of the leases includes contingent rental.

35. CAPITAL COMMITMENTS

At the reporting date, the Group had the following capital commitments:

	2017 RMB'000	2016 RMB'000 (Restated)
Contracted but not provided for		
– proposed development projects	**216,800**	—
– leasehold improvements	**3,628**	—
– properties under development	**2,405,915**	280,480

36. FINANCIAL GUARANTEE CONTRACTS

The face value of the financial guarantees issued by the Group is analysed as below:

	2017 RMB'000	2016 RMB'000 (Restated)
Guarantees given to banks and financial institutions for mortgage facilities granted to purchasers of the Group's properties	**2,701,272**	470,851

The amount represented the guarantees in respect of mortgage facilities granted by certain banks and financial institutions relating to the mortgage loans arranged for certain purchasers of the Group's property units. Such guarantees are provided to secure obligations of those purchasers for repayments, the guarantees period would be started from the date of grant of the mortgage and terminated upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage loan payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and financial institutions and the Group is entitled to take over the legal title and possession of the related properties. In case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the consolidated financial statements. The directors of the Company considered that the fair value of financial guarantee is insignificant due to low applicable default rate.

37. ACQUISITION OF A SUBSIDIARY

For the year ended 31 December 2017, the Group acquired 60% controlling equity interest of a subsidiary at a consideration of approximately RMB13,399,000. This company did not operate any business prior to the acquisition and only had a land. Therefore, the Group considered this would be an acquisition of asset in substance and as a result the difference between the purchase consideration paid and the net asset acquired would be recognized as adjustment to the carrying value of the land cost.

The consideration of this transaction was based on the fair value of the asset acquired.

38. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group entered into following transactions with related parties:

Name of related parties	Nature of transactions	2017 RMB'000	2016 RMB'000 (Restated)
Intermediate holding companies:			
C&D Real Estate (note a)	Interest expenses on loan from intermediate holding company	**222,579**	283,681
Well Honour (note a)	Interest (income)/expenses on loan to/from intermediate holding company	**(261)**	604
Associates:			
Longyan Lirong (note b)	Interest income on loans to associates	**(73)**	—
Fellow subsidiaries:			
Xiamen Heshan Construction and Development Limited ("Heshan Construction") (note c)	Construction management fee received	**5,755**	4,224
Nanping City Jianyang District Jiaying Real Estate Limited ("Jiaying Real Estate") (note c)	Construction management fee received	**12,169**	—
Shanxidi Real Estate Development Company Limited ("Shanghai Shanxidi") (note d)	Rental expenses	**2,841**	2,152
Shanghai Zhongyue Real Estate Development Company Limited ("Shanghai Zhongyue") (note d)	Rental expenses	**3,705**	1,769
Shanghai Zhaoyu Investment Development Company Limited ("Shanghai Zhaoyu") (note d)	Rental expenses	**1,488**	—
Yijiayuan (Xiamen) Property Management Company Limited ("Yijiayuan (Xiamen)") (note e)	Management services expenses	**1,805**	429

38. RELATED PARTY TRANSACTIONS *(Continued)*

Notes:

a) During the year ended 31 December 2017, the Group incurred loan interest expenses of RMB222,579,000 (2016: interest expenses of RMB283,681,000 (restated)) and loan interest income of RMB261,000 (2016: interest expenses of RMB604,000) to C&D Real Estate and from Well Honour respectively, the intermediate holding companies. Pursuant to framework loan agreement with C&D Real Estate, C&D Real Estate agreed to grant RMB5,000 million loan facilities to certain subsidiaries of the Company for their project development at the benchmark lending interest rate promulgated by the PBOC (note 28).

b) During the year ended 31 December 2017, the Group earned interest income of RMB73,000 from Longyan Lirong by granting loans for their operations at 6% interest rate per annum.

c) During the year ended 31 December 2017, the Group earned construction fee income by providing services ranging from design, construction and completion to delivery throughout the project construction process with Heshan Construction and Jiaying Real Estate.

d) During the year ended 31 December 2017, the Group rented properties from Shanghai Zhongyue, Shanghai Shanxidi and Shanghai Zhaoyu.

e) During the year ended 31 December 2017, Yijiayuan (Xiamen) had provided management services to the Group.

Key management personnel remuneration

Key management of the Group are members of the board of directors and senior management. Included in employee benefit expenses are key management personnel remuneration which includes the following expenses:

	2017 **RMB'000**	2016 RMB'000
Basic salaries and allowances	**3,638**	3,463
Retirement benefit scheme contributions	**—**	—
	3,638	3,463

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Interest-bearing borrowings RMB'000	Loan from intermediate holding companies RMB'000	Amounts due to intermediate holding companies RMB'000	Amounts due to non-controlling shareholders RMB'000	Total RMB'000
1 January 2017	543,236	4,339,197	—	226,872	5,109,305
Cash-flows:					
– Repayment	(99,959)	(30,806,182)	(16,997)	(422,709)	(31,345,847)
– Proceeds	5,239,000	31,448,148	376,802	1,593,408	38,657,358
Non-cash:					
– Acquisition of subsidiary	17,848	—	—	19,157	37,005
– Exchange difference	(612)	—	—	—	(612)
– Interest payable	—	—	222,318	38,922	261,240
31 December 2017	5,699,513	4,981,163	582,123	1,455,650	12,718,449

40. FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the board of directors. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets.

40. FINANCIAL RISK MANAGEMENT *(Continued)*

40.1 Categories of financial assets and financial liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities. See note 2.9 and 2.12 for explanations about how the category of financial instruments affects their subsequent measurement.

	2017 RMB'000	2016 RMB'000 (Restated)
Financial assets		
Available-for-sale financial assets:		
Unlisted equity investment	**6,300**	—
Loans and receivables:		
Trade and other receivables	**148,580**	12,501
Cash at bank and in hand	**1,626,866**	631,282
Loans to associates	**146,286**	—
Loan to a joint venture	**4,207**	4,502
	1,932,239	648,285
Financial liabilities		
Amortised cost:		
Trade and other payables	**869,357**	264,704
Amounts due to intermediate holding companies	**582,123**	—
Amounts due to non-controlling shareholders	**1,455,650**	226,872
Loans from intermediate holding companies	**4,981,163**	4,339,197
Interest-bearing borrowings	**5,699,513**	543,236
	13,587,806	5,374,009

40.2 Foreign currency risk

The Group's businesses are principally conducted in RMB. The majority of assets is denominated in RMB, The majority of non-RMB assets and liabilities are other receivables, cash at bank and in hand, trade and other payables, amounts due to non-controlling shareholders, loans from intermediate holding companies and interest-bearing borrowings in Hong Kong Dollar ("HK$") and Australian Dollar (AUD).

40. FINANCIAL RISK MANAGEMENT *(Continued)*

40.2 Foreign currency risk *(Continued)*

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective dates of statement of financial position are as follows:

	2017 RMB'000	2016 RMB'000
Assets		
HK$	**6,131**	150,054
AUD	**5,204**	—
	11,335	150,054
Liabilities		
HK$	**(3,425)**	(4,419)
AUD	**(29,355)**	—
	(32,780)	(4,419)

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. Should RMB strengthened/weakened by 5% against the relevant currencies, the effect on the comprehensive income for the year would be as follows:

	Change of comprehensive income - Increase/(decrease)	
	2017 RMB'000	2016 RMB'000
RMB against HK$:		
Strengthened by 5%	**(135)**	(7,282)
Weakened by 5%	**135**	7,282
RMB against AUD:		
Strengthened by 5%	**1,208**	—
Weakened by 5%	**(1,208)**	—

40. FINANCIAL RISK MANAGEMENT *(Continued)*

40.3 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. Except for bank balances, the Group has no significant interest-bearing assets.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans from intermediate holding companies and bank loans with floating interest rates. The interest rates and terms of repayment of the Group's borrowings are disclosed in notes 28 and 29 to the consolidated financial statements. The Group's policy is to obtain the most favourable interest rates available for its borrowings. Management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

At 31 December 2017, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after income tax and retained profits by approximately RMB33,952,000. At 31 December 2016, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit after income tax and retained profits by approximately RMB15,945,000 (restated). The 50 basis point increase/decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

40.4 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and its investing activities. The Group is also exposed to credit risk arising from the provision of financial guarantees and the amounts of which are disclosed in note 36.

The Group's trade and other receivables are actively monitored to avoid significant concentrations of credit risk. The Group also continually evaluates the credit risk of its customers to ensure appropriateness of the amount of credit granted. Credit is extended to customers based on the evaluation of individual customer's financial conditions. In this regard, directors of the Company consider the Group's credit risk is significantly reduced. There is no requirement for collaterals by the Group, except for leases which generally require the tenants to pay security deposits.

The Group has deposited its cash with various banks. The credit risk on cash and bank balances is limited because most of the Group's cash are deposited with major banks located in Hong Kong and the PRC.

None of the Group's financial assets are secured by collateral or other credit enhancements.

The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

40. FINANCIAL RISK MANAGEMENT *(Continued)*

40.5 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, amounts due to intermediate holding companies and non-controlling shareholders, loans from intermediate holding companies and its financing obligations, and also in respect of its cash flow management. The Group's policy is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term. Management monitors the utilisation of bank borrowings and ensure compliance with loan covenants.

The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risk.

Analysed below is the Group's remaining contractual maturities for its financial liabilities as at 31 December 2017 and 2016. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Specifically, interest-bearing borrowings subject to a repayment on demand clause which can be exercised at the bank's sole direction, are included in the "on demand" time band as the lenders have unconditional rights to call the loans with immediate effect. The maturity analysis for other financial liabilities is prepared based on the scheduled repayment dates.

The contractual maturity analysis of the Group below is based on the undiscounted cash flows of the financial liabilities:

	Within 1 year or on demand RMB'000	Over 1 year but within 2 years RMB'000	Over 2 years but within 5 years RMB'000	Over 5 years RMB'000	Total contractual amount RMB'000	Carrying amount RMB'000
As at 31 December 2017						
Trade and other payables	869,357	—	—	—	869,357	869,357
Amounts due to intermediate holding companies	582,123	—	—	—	582,123	582,123
Amounts due to non-controlling shareholders	1,455,650	—	—	—	1,455,650	1,455,650
Loans from intermediate holding companies	236,605	236,605	5,217,769	—	5,690,979	4,981,163
Other interest-bearing borrowings (note)	523,123	787,992	3,966,558	1,256,230	6,533,903	5,699,513
	3,666,858	1,024,597	9,184,327	1,256,230	15,132,012	13,587,806
Financial guarantees issued Maximum amount guaranteed	2,701,272	—	—	—	2,701,272	—

40. FINANCIAL RISK MANAGEMENT *(Continued)*

40.5 Liquidity risk *(Continued)*

	Within 1 year or on demand RMB'000	Over 1 year but within 2 years RMB'000	Over 2 years but within 5 years RMB'000	Over 5 years RMB'000	Total contractual amount RMB'000	Carrying amount RMB'000
As at 31 December 2016 (Restated)						
Trade and other payables	264,704	—	—	—	264,704	264,704
Amounts due to non-controlling shareholders	226,872	—	—	—	226,872	226,872
Loans from intermediate holding companies	206,112	206,112	4,545,310	—	4,957,534	4,339,197
Other interest-bearing borrowings (note)	28,886	565,650	—	—	594,536	543,236
	726,574	771,762	4,545,310	—	6,043,646	5,374,009
Financial guarantees issued						
Maximum amount guaranteed	470,851	—	—	—	470,851	—

Note:

Bank loans with a repayment on demand clause are included in the "Within 1 year or on demand" time band in the above maturity analysis. As at 31 December 2017, the aggregate undiscounted principal amounts of these bank loans amounted to RMB2,217,000 (2016: RMB3,236,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid within three years (2016: four years) after the reporting date in accordance with the scheduled repayment date set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to RMB2,328,000 (2016: RMB3,442,000).

41. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the net debt to equity ratio. For this purpose net debt is defined as borrowings less cash at bank and in hand. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The Group's net debt to equity ratio at the reporting date was:

	2017	2016
	RMB'000	RMB'000 (Restated)
Interest-bearing borrowings	**5,699,513**	543,236
Loans from intermediate holding companies	**4,981,163**	4,339,197
Amounts due to non-controlling shareholders	**585,197**	—
	11,265,873	4,882,433
Less: Cash at bank and in hand	**(1,626,866)**	(631,282)
Net debt	**9,639,007**	4,251,151
Total equity	**3,012,673**	1,785,579
Net debt to equity ratio	**319.9%**	238.1%

42. EVENTS AFTER THE REPORTING DATE

Save as disclosed elsewhere in this report, the following significant events took place subsequent to 31 December 2017:

i) As set out in the announcement dated 3 January 2018, the Company entered into the Framework Agreement with its controlling shareholder, C&D Real Estate Corporation Limited ("C&D Real Estate"), pursuant to which C&D Real Estate agreed to grant the shareholder loan facility in an aggregate principal amount of not exceeding RMB5,000,000,000 to the Company and its subsidiaries during the three-year period from the date of the Framework Agreement. Taking into account of the shareholder loan framework agreement entered into between the Company and C&D Real Estate dated 11 April 2016, C&D Real Estate will grant an aggregate principal amount of the shareholder loan facilities of not exceeding RMB10,000,000,000 to the Company and its subsidiaries.

ii) As set out in the announcement dated 9 January 2018, Xiamen Yi Yue, an indirect wholly-owned subsidiary of the Company, entered into the Confirmation Letter and the Land Use Rights Grant Contract with the Guangzhou Land Commission on 9 January 2018 to confirm that Xiamen Yi Yue has successfully won the bid for the auction for, and acquired the land use rights of the Land which is located at No.444, Shitan Road (石潭路), Shijing Town (石井鎮), Baiyun District (白雲區), Guangzhou, Guangdong Province, the PRC (Land No.: 2017KJ01110015) for a total consideration of RMB4,022,100,000.

iii) As set out in the announcement dated 10 January 2018, Xiamen Yi Yue, and Wuhan Chengkai Real Estate Development Company Limited* (武漢城開房地產開發有限公司) ("Wuhan Chengkai") entered into the Cooperation Agreement, pursuant to which, among other things, Xiamen Yi Yue and Wuhan Chengkai agreed to develop the Land through the setting up of the Project Company, in which Xiamen Yi Yue and Wuhan Chengkai agreed to contribute RMB4,900,000 and RMB5,100,000 respectively to the registered capital of the Project Company.

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

iv) As set out in the announcement dated 16 January 2018, Xiamen Yi Yue entered into the following agreements ((1), (2), (3) and (4) collectively "Equity Transfer Agreements"):

(1) the Changsha Zhaoxi Equity Transfer Agreement, pursuant to which a wholly owned subsidiary of C&D Real Estate, Xiamen Jianhui Real Estate Development Company Limited* (廈門建匯房地產開發有限公司), ("Xiamen Jianhui") agreed to sell and Xiamen Yi Yue agreed to purchase 100% equity interests in Changsha Zhaoxi Real Estate Development Company Limited* (長沙兆禧房地產有限公司) ("Changsha Zhaoxi"). The cash consideration under the Changsha Zhaoxi Equity Transfer Agreement shall be RMB51,131,000. Xiamen Yi Yue shall also repay the shareholder's loan in the amount of RMB3,161,614,000 previously advanced by Xiamen Jianhui to Changsha Zhaoxi;

(2) the Taicang Jianjin Equity Transfer Agreement, pursuant to which C&D Real Estate agreed to sell and Xiamen Yi Yue agreed to purchase 100% equity interests in Taicang Jianjin Real Estate Development Company Limited* (太倉建晉房地產開發有限公司) ("Taicang Jianjin"). The cash consideration under the Taicang Jianjin Equity Transfer Agreement shall be RMB54,343,000. Xiamen Yi Yue shall also repay the shareholder's loan in the amount of RMB1,497,285,000 previously advanced by C&D Real Estate to Taicang Jianjin;

(3) the Nanning Dingchi Equity Transfer Agreement, pursuant to which a wholly owned subsidiary of C&D Real Estate, C&D Real Estate Corporation Nanning Limited* (建發房地產集團南寧有限公司) ("C&D Nanning") agreed to sell and Xiamen Yi Yue agreed to purchase 51% equity interests in Nanning Dingchi Real Estate Development Company Limited* (南寧市鼎馳置業投資有限責任公司) ("Nanning Dingchi"). The cash consideration under the Nanning Dingchi Equity Transfer Agreement shall be RMB3,561,000. Xiamen Yi Yue shall also repay the shareholder's loan in the amount of RMB189,507,000 previously advanced by C&D Nanning to Nanning Dingchi; and

(4) the Nanning Qinghe Equity Transfer Agreement, pursuant to which C&D Nanning agreed to sell and Xiamen Yi Yue agreed to purchase 51% equity interests in Nanning Qinghe Real Estate Development Company Limited* (南寧市慶和房地產開發有限責任公司) ("Nanning Qinghe"). The cash consideration under the Nanning Qinghe Equity Transfer Agreement shall be RMB30,632,000.

The transactions contemplated under the Equity Transfer Agreements is subject to the independent shareholders' approval at an extraordinary general meeting to be held by the Company.

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

v) As set out in the announcement dated 6 February 2018, Shanghai Zhaoyu, an indirect subsidiary of the Company, and the Vendors entered into the Agreement, pursuant to which the Vendors conditionally agreed to sell, and Shanghai Zhaoyu conditionally agreed to acquire in aggregate 100% equity interests in Shanghai Putuo Yueda Property Company Limited* (上海普陀悦達置業有限公司) ("Shanghai Putuo") at the cash consideration of RMB294,953,000. Shanghai Zhaoyu shall also provide shareholder's loan to the Shanghai Putuo for repaying the relevant debt of the Shanghai Putuo in the sum of approximately RMB60,046,000. The total consideration shall be approximately RMB355,000,000.

vi) As set out in the announcement dated 7 February 2018, Xiamen Yi Yue and Beijing Shoukai Stock Company Limited* (北京首都開發股份有限公司) ("Beijing Shoukai") agreed to establish the Joint Venture, Xiamen Zhaochun Property Company Limited* (廈門兆淳置業有限公司), in the PRC, in which Xiamen Yi Yue and Beijing Shoukai will each hold 50% equity interests in the Joint Venture.

vii) As set out in the announcement dated 13 February 2018, Xiamen Yi Yue entered into Confirmation Letters with the Lianjiang Public Resources Centre on 13 February 2018 to confirm that Xiamen Yi Yue has successfully won the bid for the auction for the land use rights of the Lands which are located at the Songwu Village* (松塢村), Pukou County* (浦口鎮), Lianjiang, Fujian Province, the PRC (Land Plot nos. Lian Di Pai Mai (2018)01, 03 and 04 (連地拍賣 (2018) 01、03及04)) for a total consideration of RMB374,500,000.

viii) As set out in the announcement dated 27 February 2018, Xiamen Yi Yue entered into a Confirmation Letter with the Suzhou Land Bureau on 27 February 2018 to confirm that Xiamen Yi Yue has successfully won the bid for the auction for the land use rights of the Land which is located at the Weitang Town* (渭塘鎮), Xiangcheng District* (相城區), Suzhou, Jiangsu Province, the PRC (Land Plot no. 2017-WG-79) for a total consideration of RMB458,350,000.

ix) As set out in the announcement dated 9 March 2018, Xiamen Yi Yue entered into the Confirmation Letter with the Zhuhai Public Resources Centre on 9 March 2018 to confirm that Xiamen Yi Yue has successfully won the bid for the listing-for-sale for, and acquired the land use rights of the Land which is located at the west of Huxin Road* (湖心路) and the north of Tengyi Road* (騰逸路), Doumen District* (斗門區), Zhuhai City, Guangdong Province, the PRC (Land Plot No. Zhu Guo Tu Chu 2017-73 (珠國土儲2017-73)) for a total consideration of RMB1,246,000,000.

x) As set out in the announcement dated 14 March 2018, Xiamen Yi Yue entered into the Equity Transfer Agreement ("Nanjing Jiayang Equity Transfer Agreement") with Jianyang Jiasheng Property Development Company Limited* (建陽嘉盛房地產有限公司) ("Jianyang Jiasheng"), pursuant to which Jianyang Jiasheng agreed to sell and Xiamen Yi Yue agreed to purchase 40% equity interests in Nanjing Jiayang Property Development Company Limited* (南京嘉陽房地產開發有限公司) at the cash consideration of RMB80,000,000. Xiamen Yi Yue shall also repay the shareholder's loan (principal and interest) in the amount of RMB297,955,000 previously advanced by Jianyang Jiasheng (or its shareholder) to Nanjing Jiayang. The transaction contemplated under the Nanjing Jiayang Equity Transfer Agreement is subject to independent shareholders' approval at the forthcoming extraordinary general meeting to be held by the Company.

xi) As set out in the announcement dated 19 March 2018, Yi Yue (Hong Kong) Limited ("Yi Yue (Hong Kong)"), an indirect wholly-owned subsidiary of the Company, and Prosper Wealth International Limited ("Prosper Wealth") entered into a sale and purchase agreement, pursuant to which, among other things, Yi Yue (Hong Kong) agreed to purchase and Prosper Wealth agreed to sell 100% equity interests of the Fullshare Healthcare Limited ("Fullshare Healthcare") at the cash consideration of RMB1,092,000. Yi Yue (Hong Kong) shall also provide fund to the Fullshare Healthcare to repay the shareholder's loan in the amount of RMB168,957,000 previously advanced by Fullshare Holdings Limited.

* The English translation of the company name is for reference only. The official names of these companies are in Chinese.

FINANCIAL SUMMARY

FINANCIAL RESULTS

	Year ended 31 December				
	2017	2016	2015	2014	2013
	RMB$'000	RMB$'000	RMB$'000	RMB$'000	RMB$'000
		(Restated)		(Restated)	(Restated)
Revenue	**3,237,677**	104,103	133,767	272,771	303,297
Gross profit	**1,064,381**	66,305	63,496	65,047	109,636
Profit before income tax	**776,084**	(24,432)	35,470	46,716	94,429
Profit for the year	**459,460**	(26,497)	15,413	29,391	54,875
Profit for the year attributable to the equity owners of the Company	**329,416**	(28,076)	12,668	24,896	50,288

ASSETS, LIABILITIES AND EQUITY

	2017	2016	2015	2014	2013
	RMB$'000	RMB$'000	RMB$'000	RMB$'000	RMB$'000
		(Restated)	(Restated)	(Restated)	(Restated)
Non-current assets	**1,347,755**	936,671	696,349	691,349	676,976
Current assets	**21,508,854**	7,659,407	5,065,254	270,179	296,034
Non-current liabilities	**10,603,630**	5,052,817	4,524,554	226,901	189,057
Current liabilities	**9,240,306**	1,757,682	257,840	117,350	193,149
Net current assets	**12,268,548**	5,901,725	4,807,414	152,829	102,885
Total equity	**3,012,673**	1,785,579	979,209	617,277	590,804

PROPERTIES PORTFOLIO

PROPERTIES HELD FOR INVESTMENT AS AT 31 DECEMBER 2017

Property name		Address and lot no.	Type	Total GFA (sq.m.)	Lease term expiry date (if applicable)
1.	Yu Feng Plaza	8 retail units on 1/F,1 retail unit on 2/F,1 office unit on 7/F and 100 car parking spaces in the basement, Yu Feng Plaza, No. 1 Xiguan Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail, office and carparks	8,579	31 March 2074
2.	Wan Guo Plaza and other properties	Front yard of No. 107, Room No.1 on 1/F and 2/F of No.107-1 and No. 113 Minsheng Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	8,048	31 May 2044 and 25 February 2044
3.	Other properties	1/F of No. 119, Xingning Road; and Room No. 1 and 2 on 1/F of No. 66, Minsheng Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	478	31 August 2044
4.	Other properties	Room No. 1 to 7 on 1/F and Room No. 1 to 5 on 2/F of No. 61 Chaoyang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	863	16 April 2044

PROPERTIES HELD FOR INVESTMENT AS AT 31 DECEMBER 2017 *(Continued)*

Property name	Address and lot no.	Type	Total GFA (sq.m.)	Lease term expiry date (if applicable)
5. Other properties	The whole of 1/F and 2/F of No. 78 Chaoyang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	2,237	25 February 2044
6. Other properties	The whole 1/F of No. 11, 13 Xinmin Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	250	6 September 2044
7. Other properties	No. 99 and 99-1 Huaqiang Road and Room No. 1 on 1/F of No. 1 Huaxi Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	210	22 April 2044
8. Other properties	1/F of Block No.1 of No. 220-4 and No. 220-5 and the whole of Block No. 2 of No. 220-4 and No. 220-5 Mingxiu Dong Road, Xixiangtang District, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	217	25 February 2044
9. Other properties	1/F of Block No. 1 and Block No. 2 and 3 of No. 218-9 Xinyang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	381	20 February 2044 and 6 September 2044
10. Other properties	No. 80 Changgang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	210	20 February 2044
11. Other properties	Block No. 1 to 4 of No. 80-1 Changgang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Industrial	1,141	16 November 2054
12. Other properties	No. 128 Daxue Dong Road and Block No. 1 of No. 1 Liyuan Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	510	7 September 2044

PROPERTIES HELD FOR INVESTMENT AS AT 31 DECEMBER 2017 *(Continued)*

Property name	Address and lot no.	Type	Total GFA (sq.m.)	Lease term expiry date (if applicable)
13. Other properties	No. 117 Gonghe Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	161	Note
14. Other properties	Retail unit No. 23 and residential unit Nos. 701, 702, 703, 739, 750, 751, 752 and 753 of Xinan Shangdu, No. 29 Chaoyang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail and residential	879	25 May 2049 (retail unit) and 25 May 2079 (residential units)

Note: According to the remark stated in the State-owned Land Use Rights Certificate No. (2010) 518938, the property is situated on a site on which a road is planned to be built and is used temporarily by the Group.

PROPERTIES CONTRACTED TO BE HELD FOR INVESTMENT AS AT 31 DECEMBER 2017

Property name	Address and lot no.	Type	Total GFA (sq.m.)	Lease term expiry date (if applicable)
1. Other properties	4 retail units on 1/F of Lvdu Shangsha, No. 131 Minsheng Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	Note	Note

Note: As at 31 December 2017, the State-owned Land Use Rights Certificate of the property have not been obtained. According to the Resettlement Agreement entered into between Guangxi Lvzhidu Real Estate Development Ltd.* (廣西綠之都房地產開發有限公司) (Party A) and Nanning Bai Yi Industrial Enterprise Limited* (南寧百益實業有限公司) (Party B) dated 31 October 2002, Party B agreed that 4 retail units with a gross floor area of 127.00 sq.m. on 1/F of Lvdu Shangsha shall be assigned by Party A to Party B after redevelopment of the original buildings. According to the ownership certificate obtained by Party B, the resettled 4 residential units has a total gross floor area of 96.25 sq.m.

COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2017

Property name	Address and lot no.	Site area (sq.m.)	Type	Total saleable GFA (sq.m.)	Group's interest (%)
1. Fond England* 裕豐英倫	The unsold carpark units of Fond England, No. 10 Foziling Road, Qingxiu District, Nanning, Guangxi Zhuang Autonomous District, the PRC	65,965(note 1)	Carparks	4,301	93.84
2. Li Yuan* 裕豐荔園	The unsold portion of Li Yuan Residential Development, No. 128 Daxue East Road, New & Hi-Tech Industrial Development Zone, Nanning, Guangxi Zhuang Autonomous District, the PRC	9,074(note 2)	Residential, retail and carparks	16,951	87.52
3. Dushuwan (Phase I)* 獨墅灣(一期)	Lot No. 2015-WG-27, east of Dongfang Avenue, south of Shanghu Road, Suzhou Wuzhong Economic Development Zone, Suzhou, Jiangsu Province, the PRC	67,953 (note 3)	Residential, retail, ancillaries and car park	145,405	50
4. Zhongyangyuefu* 中央悦府	No. 180 Laodong Road East, Yuhua District, Changsha, Hunan Province, the PRC	25,642 (note 4)	Residential, commercial and car park	118,831	100

Notes:

(1) According to the State-owned Land Use Rights Certificate No. (2014)648323 issued by People's Government of Nanning dated 19 December 2014, the land use rights of the property with a total site area of 65,964.88 sq.m. have been granted to 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) for urban composite residential use, which are due to expire on 25 March 2074.

(2) According to the State-owned Land Use Rights Certificate Nos. (2011)584349 and (2011)584350 issued by People's Government of Nanning both dated 19 December 2011, the land use rights of the property with a total site area of 9,074.37 sq.m. have been granted to Guangxi Nanning Bai Yi Commercial Company Limited* (廣西南寧百益商貿有限公司) for urban residential and commercial uses starting from 10 November 2011.

(3) According to Real Estate Title Certificate No.(2016) 6008623 issued by Land Resources Bureau of Suzhou Municipal, the land use rights of the property comprising a site area of 224,623.60 sq.m., has been granted to Suzhou Zhaoxiang Real Estate Development Company Limited* (蘇州兆祥房地產開發有限公司) with terms due to expire on 15 November 2055 and 15 November 2085 for wholesale and retail and urban residential uses respectively. Among the which, Dushuwan (Phase 1) has a site area of 67,953 sq.m..

(4) According to the State-owned Land Use Rights Certificate NO. (2015) 098350 issued by people's Government of Changsha dated 30 September 2015, the land use right of the property with a total site area of 25,642.04 sq.m. have been granted to Changsha Zhaoyue Real Estate Company Limited* (長沙兆悦房地產有限公司) for urban composite residential use, which are due to expire on 31 August, 2085.

PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2017

	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area (sq.m.)	Total or estimated total GFA (sq.m.)	Expected completion date	Group's interest (%)
1.	Zhongyantiancheg* 中泱天成	Wanan Road, Wanfu Community, Luojiang District, Quanzhou, Fujian Province, the PRC	Residential, retail and carparks	pre-sold	22,174 (Note 1)	62,186	by the end of 2018	40
2.	Bihushuangxi* 碧湖雙璽	The west of Hubin Road and north of Xiaguang Road and east of Bizhou Road, Longwen District, Zhangzhou, Fujian Province, the PRC	Residential, retail and carpark	pre-sold	44,828.15 (Note 2)	181,916	by the end of 2018	100
3.	Dushuwan (Phase II)* 獨墅灣(二期)	No. 3666, Dongfang Road, Wuzhong District, Suzhou, Jiangsu Province, the PRC	Residential, retail, ancillaries and carpark	pre-sold	100,350.98 (Note 3)	146,640	by the end of 2018	50
4.	Yulongwan (Phase I)* 御瓏灣(一期)	Science and Technology Eco-city in Northern Zhangjiagang City, Jiangsu Province, The PRC	Residential, commercial, ancillaries and car park	pre-sold	56,556.37 (Note 4)	160,536	Mid-2021	70
5.	Hanzhou Liuxia project* 杭州留下項目	Xihu, District, Hangzhou, Zhejiang Province, The PRC	Residential and car park	pre-sold	42,357 (Note 5)	95,685	By the end of 2021	10.5
6.	Jianfa Xiyuan (Phase I-II)* 建發璽院(一至二期)	South-west end of the intersection of Longteng Road and East Xiao Area and to the south of the western Longyan exit of Xiarong Expressway, Xinluo District, Longyan City, Fujian Province, the PRC	Residential, commercial, kindergarten, ancillaries and basement	pre-sold	72,825.01 (Note 6)	183,635	By the end of 2019	30
7.	Shanwaishan* (山外山) (A1, A2地塊)	Xinting, Shili Village, Zhangtai County, Fujian Province, The PRC	Residential, commercial and car park	pre-sold	66,506.7 (Note 7)	54,384	By the end of 2020	60
8.	Lingjun* 領郡	South-west corner of the intersection of 104 National Road of Lianjiang and Wenbi West Road, and on the north-west side of Liyu Port in Lianjiang County, Fuzhou City, Fujian Province, the PRC	Residential, commercial, ancillaries and car park	pre-sold	52,643 (Note 8)	170,449	By the end of 2019	78
9.	Shangyue House* 尚悅居	South-east corner of the intersection of Xinluo District Longteng Road and Shuangyang Road and on the south-east side of Block C of Tianyu Residential Area, Longyan City, Fujian Province, the PRC	Residential, ancillaries and basement	pre-sold	28,494.60 (Note 9)	143,676	At the beginning of 2020	40

Notes:

(1) According to the State-owned Land Use Rights Certificate洛國用(2015)NO.42 issued by people's Government of Quanzhou luojiangqu dated 31 December 2015, the land use right of the property with a total site area of 22,174 sq.m. have been granted to Quanzhou Zhaoyue Property Limited* (泉州兆悦置業有限公司) for urban composite residential use, which are due to expire on 9 November 2085.

(2) According to the State-owned Land Use Rights Certificate漳龍國用(2016)NO.00983 issued by people's Government of Zhangzhou dated 23 March 2016, the land use right of the property with a total site area of 44,828.15 sq.m. have been granted to Fujian Zhaohe Real Estate Company Limited* (福建兆和房地產有限公司) for urban, residential and retail use, which are due to expire on 4 January, 2086.

(3) According to the State-owned Land Use Rights Certificate蘇(2016)NO.6008623 (Fixed Asset) issued by Suzhou Municipal Bureau of National Land and Resources dated 1 April 2016, the land use right of the property with a total site area of 224,623.6 sq.m. have been granted to Suzhou Zhaoxiang Real Estate Development Company Limited* (蘇州兆祥房地產開發有限公司) for urban and composite use, which are due to expire on 15 November, 2085. Among the which, in accordance with the planning, Dushuwan (Phase II) has an expected site area of 100,350.98 sq.m.

(4) According to 3 Real Estate Title Certificates issued by Land Resources Bureau of Zhangjiagang on 22 June 2017 and 15 September 2017, the land use rights of the Zhangjiagang Land with a total site area of 191,347.18 sq.m., has been granted to the Zhangjiagang Jianfeng Real Estate Development Company Limited* (張家港建豐房地產開發有限公司) as below:

Certificates No.	Land Use Term Expiry Date	Site Area sq.m.
(2017) 0057162	Commercial: 18 June 2057	
	Residential: 18 June 2087	68,818.03
(2017) 0057150	Commercial: 11 September 2057	
	Residential: 11 September 2087	52,888.60
(2017) 0097841	Commercial: 18 June 2057	
	Residential: 18 June 2087	69,640.55
Total:		191,347.18

Among the which, in accordance with the planning, Yulongwan (Phase I) has a expected site area of 56,556.37 sq.m.

(5) According to Real Estate Title Certificate No. (2017) 0163115 dated 31 May 2017, the land use right of the land with a site area of 42,357 sq.m. have been granted to Hangzhou Zhenlu Investment Company Limited* (杭州臻祿投資有限公司) for residential use, which are due to expire on 18 May 2087.

(6) According to Real Estate Title Certificate No. (2017) 0030314 dated 21 July 2017, the land use rights of the Lirong Land comprising a total site area of 95,925.48 sq.m. has been granted to the Longyan Lirong Real Estate Development Company Limited* (龍岩利菜房地產開發有限公司) with terms due to expire on 11 May 2057, 11 May 2067 and 11 May 2087 for commercial, science and education (Kindergarten) and residential uses respectively. Among the which, in accordance with the planning, Jianfa Xiyuan (Phase I-II) has a expected site area of 72,825.01 sq.m.

(7) According to Real Estate Title Certificate No. (2007) 00963 and No. (2007) 00964 issued by Land Resources Bureau of Changtai, the land use right of the land with a site area of 66,506.7 sq.m. have been granted to Zhangzhou Fanhua Industrial Comapny Limited* (漳州泛華實業有限公司) for commercial and residential use, which are due to expire on 20 July 2047 and 20 July 2077.

(8) According to Real Estate Title Certificate No. (2017) 0001112 issued by Land Resources Bureau of Lianjiang County, the land use right of the land with a site area of 52,643 sq.m. have been granted to Lianjiang Zhaorun Real Estate Development Company Limited* (連江兆潤房地產開發有限公司) for wholesale and urban residential use, which are due to expire on 19 September 2056 and 19 September 2086, respectively.

(9) According to Real Estate Title Certificate No. (2017) 0030732 dated 26 July 2017, the land use right of the Hengfu land with a total site area of 28,494.60 sq.m. have been granted to Longyan Hengfu Real Estate Development Company Limited* (龍岩恒富房地產開發有限公司) for urban residential use, which are due to expire on 23 May 2087.

* demotes English translation of the name of a Chinese company, entity and place and is provided for identification purpose only