2018
INTERIM REPORT

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

房地產開發及房地產產業鏈綜合投資服務商
Real estate development and real estate industry chain investment services

CONTENTS

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. ZHUANG Yuekai *(Chairman)*
Mr. SHI Zhen
Ms. ZHAO Chengmin

Non-executive Directors

Ms. WANG Xianrong
Ms. WU Xiaomin
Mr. HUANG Wenzhou

Independent Non-executive Directors

Mr. WONG Chi Wai
Mr. WONG Tat Yan, Paul
Mr. CHAN Chun Yee

COMPANY SECRETARY

Miss LEUNG Ching Ching

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

PRINCPAL 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
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213 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LEGAL ADVISER AS TO HONG KONG LAWS

King & Wood Mallesons

STOCK CODE

1908

COMPANY'S WEBSITE

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board (the "Board") of directors (the "Directors") of C&D International Investment Group Limited (the "Company") is pleased to announce the following unaudited interim consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2018 (the "Period") together with the comparative figures for the corresponding period in 2017 (the "corresponding period of the previous year").

	Notes	**For the six months ended 30 June 2018 RMB'000 (Unaudited)**	For the six months ended 30 June 2017 RMB'000 (Unaudited) (Restated)
Revenue	5	**708,533**	66,072
Cost of sales		**(336,067)**	(31,041)
Gross profit		**372,466**	35,031
Other income	7	**37,390**	10,795
Gain on changes in fair value of investment properties		**–**	9,320
Administrative expenses		**(21,700)**	(11,196)
Selling expenses		**(52,561)**	(38,391)
Finance costs	8	**(89,379)**	(65,714)
Share of loss of associates		**(2,992)**	(540)
Profit/(Loss) before income tax	9	**243,224**	(60,695)
Income tax expense	10	**(95,738)**	15,033
Profit/(Loss) for the period		**147,486**	(45,662)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**(3,939)**	(4,822)
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income, net of tax		**4,474**	—
Total comprehensive income/(loss) for the period		**148,021**	(50,484)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Continued)

	Notes	**For the six months ended 30 June 2018 RMB'000 (Unaudited)**	For the six months ended 30 June 2017 RMB'000 (Unaudited) (Restated)
Profit/(Loss) for the period attributable to:			
Equity holders of the Company		**132,853**	(37,977)
Non-controlling interests		**14,633**	(7,685)
		147,486	(45,662)
Total comprehensive income/(loss) for the period attributable to:			
Equity holders of the Company		**133,589**	(42,799)
Non-controlling interests		**14,432**	(7,685)
		148,021	(50,484)
Earnings/(Loss) per share for profit/(loss) attributable to the equity holders of the Company			
– Basic (RMB cents)	12	**18.08**	(8.87)
– Diluted (RMB cents)	12	**18.08**	(7.55)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 June 2018 RMB'000 (Unaudited)**	As at 31 December 2017 RMB'000 (Unaudited) (Restated)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**69,219**	66,221
Interests in leasehold land		**284**	290
Investment properties	13	**1,233,668**	642,330
Interests in associates		**1,079,980**	211,003
Interest in a joint venture		**47,939**	46,747
Financial asset at fair value through other comprehensive income		**69,583**	—
Financial assets at amortised cost	14	**200,000**	—
Available-for-sale financial assets		**—**	63,000
Deposits for land acquisitions		**64,166**	64,166
Deferred tax assets		**500,513**	285,836
		3,265,352	1,379,593
Current assets			
Inventories of properties	15	**35,219,085**	19,200,779
Trade and other receivables	16	**566,384**	224,378
Contract assets		**57,882**	—
Deposits for land acquisitions		**551,160**	3,680,330
Prepayments for proposed property development projects	17	**3,076,188**	1,891,068
Prepaid tax		**763,168**	176,089
Cash at bank and in hand	18	**4,675,846**	1,735,864
		44,909,713	26,908,508
Current liabilities			
Trade and other payables	19	**1,099,349**	1,250,580
Advances received from the pre-sale of properties under development and properties held for sale		**—**	5,618,545
Contract liabilities		**10,864,708**	—
Amounts due to intermediate holding companies	20	**467,785**	586,470
Amounts due to non-controlling shareholders	20	**2,671,003**	1,649,053
Interest-bearing borrowings	21	**1,480,598**	258,240
Tax payables		**281,192**	329,932
		16,864,635	9,692,820
Net current assets		**28,045,078**	17,215,688
Total assets less current liabilities		**31,310,430**	18,595,281

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	Notes	**As at 30 June 2018 RMB'000 (Unaudited)**	As at 31 December 2017 RMB'000 (Unaudited) (Restated)
Non-current liabilities			
Loans from intermediate holding companies	20	**17,065,193**	9,664,747
Interest-bearing borrowings	21	**8,332,128**	5,691,273
Receipts under securitisation arrangement	22	**2,500,000**	—
Deferred tax liabilities		**278,217**	171,194
		28,175,538	15,527,214
Net assets		**3,134,892**	3,068,067
EQUITY			
Share capital	23	**61,532**	61,532
Reserves		**2,223,133**	2,383,006
Equity attributable to the equity holders of the Company		**2,284,665**	2,444,538
Non-controlling interests		**850,227**	623,529
Total equity		**3,134,892**	3,068,067

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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	645,302	2,692	447,008	1,594,695	190,884	1,785,579
Effect of business combination under common control (Note 2)	–	–	–	–	–	50,000	–	(2)	49,998	–	49,998
Balance at 1 January 2017, as restated	35,219	–	431,997	25,993	6,484	695,302	2,692	447,006	1,644,693	190,884	1,835,577
Total comprehensive income for the year											
Loss for the period (restated)	–	–	–	–	–	–	–	(37,977)	(37,977)	(7,685)	(45,662)
Other comprehensive income											
– Currency translation differences	–	–	–	–	(4,822)	–	–	–	(4,822)	–	(4,822)
Total comprehensive income	–	–	–	–	(4,822)	–	–	(37,977)	(42,799)	(7,685)	(50,484)
Transactions with owners											
Insurance of perpetual convertible bond	–	442,850	–	–	–	–	–	–	442,850	–	442,850
2016 final dividend approved and paid	–	–	(37,737)	–	–	–	–	–	(37,737)	–	(37,737)
Capital contribution from non-controlling shareholder	–	–	–	–	–	–	–	–	–	150	150
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(999)	(999)
Business combination under common control	–	–	–	–	–	(51,211)	–	–	(51,211)	107,953	56,742
Total transactions with owners	–	442,850	(37,737)	–	–	(51,211)	–	–	353,902	107,104	461,006
Balance at 30 June 2017, as restated (unaudited)	35,219	442,850	394,260	25,993	1,662	644,091	2,692	409,029	1,955,796	290,303	2,246,099

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

	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 2018, as previously reported	61,532	–	1,540,056	71,939	(7,907)	1,601	2,692	730,478	2,400,391	612,282	3,012,673
Effect of business combination under common control (Note 2)	–	–	–	–	–	134,210	–	(90,063)	44,147	11,247	55,394
Adjustment on adoption of HKFRS 9, net of tax (Note 3 (a))	–	–	–	–	–	–	–	463	463	–	463
Adjustment on adoption of HKFRS 15, net of tax (Note 3 (b))	–	–	–	–	–	–	–	29,684	29,684	7,049	36,733
Balance at 1 January 2018, as restated	61,532	–	1,540,056	71,939	(7,907)	135,811	2,692	670,562	2,474,685	630,578	3,105,263
Total comprehensive income for the Period											
Profit for the Period	–	–	–	–	–	–	–	132,853	132,853	14,633	147,486
Other comprehensive income											
– Currency translation differences	–	–	–	–	(3,738)	–	–	–	(3,738)	(201)	(3,939)
– Change in fair value of financial assets at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	–	4,474	4,474	–	4,474
Total comprehensive income	–	–	–	–	(3,738)	–	–	137,327	133,589	14,432	148,021
Transactions with owners											
2017 final dividend approved and paid	–	–	(180,618)	–	–	–	–	—	(180,618)	—	(180,618)
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	—	—	417,900	417,900
Acquisition of a subsidiary	–	–	–	–	–	–	–	—	—	117,994	117,994
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	—	—	(163,999)	(163,999)
Business combination under common control	–	–	–	–	–	(139,669)	–	—	(139,669)	—	(139,669)
Changes in ownership interests in subsidiaries without change of control	–	–	(3,322)	–	–	–	–	–	(3,322)	(166,678)	(170,000)
Total transactions with owners	–	–	(183,940)	–	–	(139,669)	–	–	(323,609)	205,217	(118,392)
Balance at 30 June 2018 (unaudited)	61,532	–	1,356,116	71,939	(11,645)	(3,858)	2,692	807,889	2,284,665	850,227	3,134,892

* These reserve accounts comprise the Group's reserves of RMB2,223,133,000 (30 June 2017: RMB1,920,577,000 (restated)) in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the six months ended 30 June 2018 RMB'000 (Unaudited)	For the six months ended 30 June 2017 RMB'000 (Unaudited) (Restated)
Net cash used in from operating activities		**(8,479,843)**	(1,388,161)
Net cash used in from investing activities		**(2,881,436)**	(55,068)
Net cash generated financing activities (Note)		**14,061,073**	3,410,110
Net increase in cash and cash equivalents		**2,699,794**	1,966,881
Cash and cash equivalents as at 1 January		**1,277,633**	607,360
Effect of foreign exchange rates changes on cash and cash equivalents		**1,510**	(2,246)
Cash and cash equivalents as at 30 June	18	**3,978,937**	2,571,995

Note: Included in net cash used in financing activities for the six months ended 30 June 2018 were repayment of interest-bearing borrowings of approximately RMB32,348.55 million (2017: RMB5,316.55 million).

1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding. The Group is principally engaged in property development, real estate industrial chain investment service and emerging industry investment in the People's Republic of China (the "PRC").

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

2. BASIS OF PREPARATION

The interim condensed consolidated financial information (the "interim financial information") for the six months ended 30 June 2018 is prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The interim condensed consolidated financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2017.

Business combination under common control

On 16 January 2018, Xiamen Yi Yue Property Company Limited* (廈門益悅置業有限公司) ("Xiamen Yi Yue"), an indirect wholly-owned subsidiary of the Company entered into the following agreements (the "Transactions"):

(i) the Changsha Zhaoxi Real Estate Development Company Limited* (長沙兆禧房地產有限公司) ("Changsha Zhaoxi") Equity Transfer Agreement with Xiamen Jianhui Real Estate Development Company Limited* (廈門建匯房地產開發有限公司) ("Xiamen Jianhui"), pursuant to which Xiamen Jianhui agreed to sell and Xiamen Yi Yue agreed to purchase 100% equity interests in Changsha Zhaoxi. The cash consideration there and shall be RMB51,131,603.05;

(ii) the Taicang Jianjin Real Estate Development Company Limited* (太倉建晉房地產開發有限公司) ("Taicang Jianjin") Equity Transfer Agreement with 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 sell and Xiamen Yi Yue agreed to purchase 100% equity interests in Taicang Jianjin. The cash consideration there and shall be RMB54,343,700.84;

2. BASIS OF PREPARATION *(Continued)*

Business combination under common control *(Continued)*

(iii) Nanning Dingchi Real Estate Development Company Limited* (南寧市鼎馳置業投資有限責任公司) ("Nanning Dingchi") Equity Transfer Agreement with C&D Real Estate Corporation Nanning Limited* (建發房地產集團南寧有限公司) ("C&D Nanning"), pursuant to which C&D Nanning agreed to sell and Xiamen Yi Yue agreed to purchase 51% equity interests in Nanning Dingchi. The cash consideration there and shall be RMB3,561,599.42; and

(iv) 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") Equity Transfer Agreement with C&D Nanning, pursuant to which C&D Nanning agreed to sell and Xiamen Yi Yue agreed to purchase 51% equity interests in Nanning Qinghe. The cash consideration there and shall be RMB30,632,143.28.

Details of the above Transactions have been set out in the Company's announcement dated 16 January 2018 and the circular dated 23 April 2018.

The Transactions were completed during the Period.

In preparation of the condensed consolidated financial statements of the Company for the six months ended 30 June 2018, it was determined that the Group and Changsha Zhaoxi, Taicang Jianjin, Nanning Dingchi and Nanning Qinghe (the"Target Companies") were commonly controlled by the same substantial shareholder, C&D Real Estate, before and after the Transactions, and that control was 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 acquisitions had been completed at the beginning of the earliest period presented.

The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2018 and 2017 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 condensed consolidated statement of financial position of the Group as at 30 June 2018 and 31 December 2017 have been prepared to present the assets and liabilities of the Group using the existing carrying values from the substantial shareholder perspective. No adjustments were made to reflect fair values, or recognise any new assets or liabilities as a result of the Transactions.

Equity interests in subsidiaries and/or businesses 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.

3. ADOPTION OF NEW AND AMENDED HKFRSS

New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2018

During the Period, the Group has applied for the first time the following new and amended Hong Kong Financial Reporting Standards ("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 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

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.

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

New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2018 *(Continued)*

(a) HKFRS 9 'Financial Instruments'

HKFRS 9 Financial Instruments replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. The standard introduces new requirements for classification and measurement and impairment. The Group had adopted HKFRS 9 from 1 January 2018. The Group did not restate comparative information and recognised any material transition adjustments against the opening balance of equity at 1 January 2018. The impacts relate to the classification and measurement and the impairment requirements and are summarised as follows:

(i) Classification and measurement

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through other comprehensive income. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instrument's contractual cash flows represent solely payments of principal and interest on the principal amount outstanding (the "SPPI" criterion).

The new classification and measurement of the Group's financial assets are as follows:

– Debt instruments at amortised cost that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade and other receivables, deposits for land acquisitions, prepayments for proposed property development projects, financial assets at amortised cost.

– Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its unquoted equity instruments as equity instruments at fair value through other comprehensive income. Equity instruments at fair value through other comprehensive income are not subject to an impairment assessment under HKFRS 9. Under HKAS 39, the Group's unquoted equity instruments were classified as available-for-sale investments.

The effects of the adoption of HKFRS 9 are set out in Note 4(a).

(ii) Impairment

The adoption of HKFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach. HKFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at fair value through profit or loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

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

New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2018 *(Continued)*

(a) HKFRS 9 'Financial Instruments' *(Continued)*

(ii) Impairment *(Continued)*

As at 30 June 2018, the Group has applied the simplified approach and recorded lifetime ECLs on trade and other receivables. The Group determined that there are no significant financial impact arising from these changes.

(b) HKFRS 15 'Revenue from Contracts with Customers'

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted HKFRS 15 using the modified retrospective method of adoption and it elected to apply that method to only those contracts that were not completed at the date of initial application. The comparative information for each of the primary financial statements would be presented based on the requirements of HKAS 18 and related interpretations, thus the comparative figures have not been restated. The effects of the adoption of HKFRS 15 are set out in Note 4(b).

The Group mainly engages in the businesses of property development, commercial assets management, entrusted construction services and smart construction services. The effects of the adoption of HKFRS 15 are further explained as follows:

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

New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2018 *(Continued)*

(b) HKFRS 15 'Revenue from Contracts with Customers' *(Continued)*

(i) Accounting for property development activities

Under HKFRS 15, revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

For the Period, the Group has assessed that there is an enforceable right to payment from the customers for performance completed to date for few properties. Thus, the Group has concluded that the adoption of HKFRS 15 did not have a material impact on the timing of revenue recognition.

For contracts where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price and the amount of revenue from the sales of completed properties is adjusted for the effects of a financing component, if significant. For the Period, the Group has assessed that the financing component effect is insignificant.

Under HKFRS 15, proceeds from customers of pre-sold properties, which previously presented as receipt in advance from customers included in "other payables and accruals", are recorded as "contract liabilities" before relevant sale revenue is recognised.

(ii) Accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract

Following the adoption of HKFRS 15, stamp duty, sales commissions and other costs directly attributable to obtaining a contract, if recoverable, are capitalised as "contract assets".

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

New and amended HKFRSs that are effective for annual periods beginning on or after 1 January 2018 *(Continued)*

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 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKFRS 28	Long term Interests in Associates and Joint Ventures[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]
HK (IFRIC) - Int 23	Uncertainty over Income Tax Treatments[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective date not yet determined

The Directors anticipate that all the relevant new and amended HKFRSs will be adopted in the Group's accounting policy for the first period beginning after the effective date of such standards. The Group is in the process of making an assessment of the impact of these new and amended HKFRSs upon initial application. Currently it has been considered that adoption of them is unlikely to have an impact on the Group's results of operations and financial position.

4. CHANGE IN ACCOUNTING POLICY

(a) HKFRS 9 'Financial Instruments'

As explained in Note 3(a) above, the Group has adopted HKFRS 9 from 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated. As a consequence, any adjustment to the carrying amounts of financial assets or liabilities are recognised at the beginning of the Period, with the difference recognised in opening retained earnings. Provisions for impairment have not been restated in the comparative period as well.

The Management has assessed the business models and the contractual terms of the cash flows applied to the financial assets held by the Group at the date of initial application of HKFRS 9 (1 January 2018) and has classified its financial instruments into the appropriate HKFRS 9 categories, which are those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and those to be measured at amortised cost. The main effects resulted from this reclassification are as follows:

At 1 January 2018	**Available-for-sale financial assets RMB'000**	**Financial assets at fair value through other comprehensive income RMB'000**
Opening balance – HKAS 39	**63,000**	—
Reclassification:		
Reclassify non-trading unlisted equity securities from available-for-sale financial assets to financial assets at fair value through other comprehensive income	**(63,000)**	**63,000**
Remeasurement:		
From cost less impairment to fair value	—	**618**
Opening balance – HKFRS 9	—	**63,618**

4. CHANGE IN ACCOUNTING POLICY *(Continued)*

(a) HKFRS 9 'Financial Instruments' *(Continued)*

The main effects resulted from this reclassification on the Group's equity are as follows:

At 1 January 2018	**Effect on financial assets at fair value through other comprehensive income reserves RMB'000**
Opening balance - HKAS 39	—
Change in fair value of financial assets at fair value through other comprehensive income, net of tax	**463**
Adjustment to retained earnings from adoption of HKFRS 9	**463**

Equity interest in an unlisted investment company with cost of RMB63,000,000 was reclassified from available-for-sale financial assets to financial assets at fair value through other comprehensive income, and accumulated fair value gain (net of tax) of RMB463,000 were adjusted to financial assets at fair value through other comprehensive income reserves on 1 January 2018.

(b) HKFRS 15 'Revenue from Contracts with Customers'

As explained in Note 3(b) above, the Group has adopted HKFRS 15 since 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts recognized in the consolidated financial statements. In accordance with the transitional provisions in HKFRS 15, comparative figures have not been restated.

The effects of the adoption of HKFRS 15 are as follows:

4. CHANGE IN ACCOUNTING POLICY *(Continued)*

(b) HKFRS 15 'Revenue from Contracts with Customers' *(Continued)*

Following the adoption of HKFRS 15, stamp duty and sales commissions directly attributable to obtaining a contract, if recoverable, are capitalised as contract assets.

(i) The impact on the Group's financial position by the application of HKFRS 15 as compared to HKAS 18 and HKAS 11 that were previously in effect before the adoption of HKFRS 15 is as follows:

	As at 1 January 2018					
	As previously stated RMB'000	Effect of business combination under common control (Note 1) RMB'000	Adjustments under HKFRS 9 RMB'000	Reclassifications under HKFRS 15 RMB'000	Adjustments under HKFRS 15 RMB'000	Restated RMB'000
Consolidated statement of financial position (extract)						
Contract assets	—	—	—	—	48,977	48,977
Advances received from the pre-sale of properties under development and properties held for sale	5,618,545	—	—	(5,618,545)	—	—
Contract liabilities	—	—	—	5,618,545	—	5,618,545
Deferred income tax liabilities	171,194	—	155	—	12,244	183,593
Retained earnings	730,478	(90,063)	463	—	29,684	670,562
Non-controlling interests	612,282	11,247	—	—	7,049	630,578

4. CHANGE IN ACCOUNTING POLICY *(Continued)*

(b) HKFRS 15 'Revenue from Contracts with Customers' *(Continued)*

Accounting for costs incurred to obtain a contract (Continued)

(ii) The amount by each financial statements line items affected in the current period and period to date by the application of HKFRS 15 as compared to HKAS 18 and HKAS 11 that were previously in effect before the adoption of HKFRS 15 is as follows:

	As at 30 June 2018		
	Results without the adoption of HKFRS 15 RMB'000	**Effects of the adoption of HKFRS 15 RMB'000**	**Results as reported RMB'000**
Consolidated statement of financial position (extract)			
Contract assets	—	57,882	57,882
Advances received from the pre-sale of properties under development and properties held for sale	10,864,708	(10,864,708)	—
Contract liabilities	—	10,864,708	10,864,708
Deferred income tax liabilities	263,747	14,470	278,217
Retained earnings	774,442	33,447	807,889
Non-controlling interests	840,262	9,965	850,227

	Six months ended 30 June 2018		
	Results without the adoption of HKFRS 15 RMB'000	**Effects of the adoption of HKFRS 15 RMB'000**	**Results as reported RMB'000**
Consolidated statement of comprehensive income (extract)			
Cost of sales	(332,334)	(3,733)	(336,067)
Selling expense	(65,199)	12,638	(52,561)
Income tax expense	(93,512)	(2,226)	(95,738)

(iii) Details of contract assets are as follows:

	As at 30 June 2018 RMB'000	As at 1 January 2018 RMB'000
Costs for obtaining contracts	**57,882**	48,977

5. REVENUE

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

	For the six months ended 30 June 2018 RMB'000 (Unaudited)	For the six months ended 30 June 2017 RMB'000 (Unaudited) (Restated)
Sales of properties	**504,661**	6,675
Commercial assets management income (Note)	**76,462**	54,521
Entrusted construction services income	**127,115**	3,508
Smart construction services income	**295**	1,368
	708,533	66,072

Note: Commercial assets management income comprises rental income from property leasing of RMB68,747,000 (corresponding period of the previous year: RMB50,199,000) and building management income of RMB7,715,000 (corresponding period of the previous year: RMB2,546,000) for the Period. The Group has contingent rental income of investment properties of approximately RMB638,000 (corresponding period of the previous year: RMB427,000) for the Period. The contingent rental income of investment properties was 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 Group has four reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

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

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 (unaudited)	Commercial assets management RMB'000 (unaudited)	Entrusted construction services RMB'000 (unaudited)	Smart construction services RMB'000 (unaudited)	Total RMB'000 (unaudited)
For the six months ended 30 June 2018					
Reportable segment revenue	**504,661**	**77,902**	**127,115**	**295**	**709,973**
Reportable segment profit/(loss)	**32,745**	**27,277**	**92,489**	**(645)**	**151,866**
Other segment information:					
Interest income	**30,623**	**523**	**26**	**1**	**31,173**
Interest expenses	**(82,654)**	**(4,851)**	**(1,840)**	**—**	**(89,345)**
Amortisation of interests in leasehold land	**—**	**5**	**—**	**—**	**5**
Income tax (expense)/credit	**(56,777)**	**(8,346)**	**(30,830)**	**215**	**(95,738)**
Depreciation of property, plant and equipment	**(358)**	**(7,414)**	**—**	**(1)**	**(7,773)**
For the six months ended 30 June 2017 (Restated)					
Reportable segment revenue	6,675	56,030	3,508	1,368	67,581
Reportable segment profit/(loss)	(69,323)	28,013	574	344	(40,392)
Other segment information:					
Interest income	3,511	450	11	1	3,973
Interest expenses	(64,796)	—	—	—	(64,796)
Amortisation of interests in leasehold land	1	5	—	—	6
Gain on changes in fair value of investment properties	—	9,320	—	—	9,320
Income tax (expense)/credit	22,960	(7,621)	(192)	(114)	15,033
Depreciation of property, plant and equipment	(124)	(6,475)	—	—	(6,599)

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

	Property development RMB'000 (unaudited)	Commercial assets management RMB'000 (unaudited)	Entrusted construction service RMB'000 (unaudited)	Smart construction service RMB'000 (unaudited)	Total RMB'000 (unaudited)
As at 30 June 2018					
Reportable segment assets	**46,516,285**	**1,419,732**	**116,345**	**6,279**	**48,058,641**
Reportable segment liabilities	**(44,099,900)**	**(540,960)**	**(379,530)**	**(2,064)**	**(45,022,454)**
Other segment information:					
Additions to non-current assets	**7,129**	**592,402**	**6**	**6**	**599,543**
Additions to investment in associates	**104,500**	**—**	**—**	**—**	**104,500**
As at 31 December 2017 (Restated)					
Reportable segment assets	27,331,094	805,976	18,293	4,895	28,160,258
Reportable segment liabilities	(24,927,931)	(218,841)	(50,765)	(4,146)	(25,201,683)
Other segment information:					
Additions to non-current assets	3,524	3,971	—	—	7,495
Additions to investment in associates	17,683	—	—	—	17,683

6. SEGMENT INFORMATION (Continued)

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

	For the six months ended 30 June 2018 RMB'000 (Unaudited)	For the six months ended 30 June 2017 RMB'000 (Unaudited) (Restated)
Reportable segment revenue	**709,973**	67,581
Inter-segment revenue elimination	**(1,440)**	(1,509)
Consolidated revenue	**708,533**	66,072
Reportable segment profit/(loss)	**151,866**	(40,392)
Unallocated interest income	**5**	376
Unallocated interest expenses	**(34)**	(918)
Unallocated share of loss of associates	**—**	(540)
Unallocated share of loss of joint venture	**—**	—
Unallocated income and expenses	**(4,058)**	(3,987)
Unallocated income tax credit/(expense)	**—**	—
Unallocated depreciation	**(293)**	(201)
Consolidated profit/(loss) for the Period	**147,486**	(45,662)

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Unaudited) (Restated)
Reportable segment assets	**48,058,641**	28,160,258
Unallocated associates	**47,831**	47,034
Unallocated joint venture	**47,939**	46,747
Unallocated deferred tax assets	**38**	39
Unallocated corporate assets	**20,616**	34,023
Total consolidated assets	**48,175,065**	28,288,101
Reportable segment liabilities	**(45,022,454)**	(25,201,683)
Unallocated taxation liabilities	**—**	(506)
Unallocated deferred tax liabilities	**(799)**	(793)
Unallocated withholding tax liabilities	**(14,633)**	(14,633)
Unallocated corporate liabilities	**(2,287)**	(2,419)
Total consolidated liabilities	**(45,040,173)**	(25,220,034)

6. SEGMENT INFORMATION *(Continued)*

Segment assets consist primarily of property, plant and equipment, investment properties, interests in leasehold land, interests in associates, available-for-sale financial assets, 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.

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 and the Group's assets are substantially located inside the PRC, no geographical information is presented.

For the six months ended 30 June 2017 and 2018, the Group did not depend on any single customer under each of the segments.

7. OTHER INCOME

	For the six months ended 30 June 2018 RMB'000 (Unaudited)	For the six months ended 30 June 2017 RMB'000 (Unaudited) (Restated)
Bank interest income	**9,391**	4,349
Compensation income	**3,192**	5,000
Interest income from associates and third parties	**21,787**	—
Government grants	**2,235**	—
Sundry income	**785**	1,446
	37,390	10,795

8. FINANCE COSTS

	For the six months ended 30 June 2018 RMB'000 (Unaudited)	For the six months ended 30 June 2017 RMB'000 (Unaudited) (Restated)
Interest charges on:		
Bank borrowings	**187,407**	41,927
Loans from intermediate holding companies	**407,315**	139,455
Amounts due to non-controlling shareholders	**9,927**	10,324
Total borrowing costs	**604,649**	191,706
Less: Interest capitalised	**(515,270)**	(125,992)
	89,379	65,714

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 and other borrowings which contain a repayment on demand clause amounted to approximately RMB9,961,000 (corresponding period of the previous year: RMB10,368,000 (restated)) for the Period.

Borrowing costs have been capitalised at various applicable rates ranging from 4.51% to 7.3% per annum (corresponding period of the previous year : 4.51% to 6.3% per annum (restated)).

9. PROFIT/(LOSS) BEFORE INCOME TAX

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

	For the six months ended 30 June 2018 RMB'000 (Unaudited)	For the six months ended 30 June 2017 RMB'000 (Unaudited) (Restated)
Amortisation of interests in leasehold land	**5**	6
Auditor's remuneration	**—**	—
Cost of properties sold	**291,825**	5,608
Depreciation of property, plant and equipment	**8,066**	6,800
Loss on disposal of property, plant and equipment	**77**	—
Impairment loss on trade receivables	**—**	118
Net foreign exchange gain	**(308)**	(838)
Operating lease charges	**8,067**	4,877
Outgoings in respect of investment properties that generated rental income	**1,999**	1,315

10. INCOME TAX EXPENSE

	For the six months ended 30 June 2018 RMB'000 (Unaudited)	For the six months ended 30 June 2017 RMB'000 (Unaudited) (Restated)
Current income tax		
PRC corporate income tax		
– The period	**172,440**	51,538
– Under provision in respect of prior years	**29**	—
	172,469	51,538
PRC land appreciation tax	**44,813**	1,056
	217,282	52,594
Deferred tax	**(121,544)**	(67,627)
Total income tax expense	**95,738**	(15,033)

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 Period (2017: 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% (2017: 25%).

(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

The Board proposed not to declare an interim dividend for the Period (corresponding period of the previous year: Nil).

12. EARNINGS/(LOSS) PER SHARE

(A) BASIC EARNINGS/(LOSS) PER SHARE

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

	For the six months ended 30 June 2018 RMB'000 (Unaudited)	For the six months ended 30 June 2017 RMB'000 (Unaudited) (Restated)
Profit/(Loss) used to determine basic earnings per share	**132,853**	(37,977)
Weighted average number of ordinary shares in issue ('000)	**734,865**	428,000
Earnings/(Loss) per share (expressed in RMB cents per share)	**18.08**	(8.87)

(B) DILUTED EARNINGS/(LOSS) PER SHARE

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares to assume conversion of all dilutive potential ordinary shares.

	For the six months ended 30 June 2018 RMB'000 (Unaudited)	For the six months ended 30 June 2017 RMB'000 (Unaudited) (Restated)
Profit/(Loss) for the period attributable to the equity holders of the Company	**132,853**	(37,977)
Weighted average number of ordinary shares for the purpose of basic earnings per share ('000)	**734,865**	428,000
Perpetual convertible bond	**—**	74,727
Weighted average number of ordinary shares in issue ('000)	**734,865**	502,727
Earnings/(Loss) per share (expressed in RMB cents per share)	**18.08**	(7.55)

13. INVESTMENT PROPERTIES

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

	2018 **RMB'000** **(Unaudited)**	2017 RMB'000 (Unaudited) (Restated)
Carrying amount at 1 January	**642,330**	682,130
Acquisition of subsidiary	**591,338**	—
Change in fair value of investment properties	**—**	9,330
Disposal	**—**	(49,130)
Carrying amount at 30 June 2018/ 31 December 2017	**1,233,668**	642,330

As at 30 June 2018, the carrying amounts of the Group's investment properties attributable to the properties without the relevant title certificates were approximately RMB2,900,000 (31 December 2017: 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 six months ended 30 June 2018 and as at the date of this report, 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 six months ended 30 June 2018 and 2017. 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.

As at 30 June 2018, the fair value of investment properties of RMB591,338,000 (31 December 2017: Nil) have been pledged to banks to secure the Group's bank borrowings. Details of the secured bank borrowings are set out in Note 21.

13. INVESTMENT PROPERTIES *(Continued)*

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

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Unaudited) (Restated)
In PRC:		
Leases of between 10 to 50 years	**1,233,668**	642,330

Valuation process and methodologies

Investment properties were valued at 30 June 2018 and 2017 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 Period. 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.

13. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

	Fair value measurements categorised into			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Fair value RMB'000
Recurring fair value measurement				
At 30 June 2018				
Investment properties	**—**	**—**	**1,233,668**	**1,233,668**
At 31 December 2017				
Investment properties	—	—	642,330	642,330

There were no transfers into or out of Level 3 during the Period. 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 30 June 2018	Range 31 December 2017
Investment properties	Direct capitalisation method	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc	**35 - 1,350 (RMB/sq.m.)**	35 - 1,300 (RMB/sq.m.)
		Capitalisation rate of reversionary income	**3.25% - 7.25%**	3.50% - 7.25%

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 RMB0 (2017: RMB9,330,000) 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 Period.

14. FINANCIAL ASSETS AT AMORTISED COST

The financial asset is due to the subscription of the senior tranche A in the amount of RMB100,000,000 and the subordinate tranche in the amount of RMB100,000,000 of the asset-backed securities backed by the account receivables for the balance payments of properties sold (the "Asset-Backed Securities") issued by Xiamen Yi Yue on 20 June 2018.

15. INVENTORIES OF PROPERTIES

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Unaudited) (Restated)
Properties under development	**34,837,590**	18,519,679
Properties held for sale	**381,495**	681,100
	35,219,085	19,200,779
Properties under development include:		
– Cost of leasehold land	**30,313,881**	16,051,503
– Construction costs and capitalised expenditure	**3,475,669**	1,935,406
– Interests capitalised	**1,048,040**	532,770
	34,837,590	18,519,679

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 30 June 2018, the carrying amount of properties under development of RMB12,540,958,000 (31 December 2017: RMB6,432,641,000 (restated)) have been pledged to banks to secure the Group's bank borrowings. Details of the secured bank borrowings are set out in Note 21.

As at 30 June 2018, properties under development amounted to approximately RMB28,430,249,000 (31 December 2017: RMB14,892,143,000 (restated)) were expected to be completed and available for sale to the customers in more than twelve months from the end of the Period.

15. INVENTORIES OF PROPERTIES *(Continued)*

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

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Unaudited) (Restated)
Properties under development		
– PRC	**34,778,301**	18,460,749
– Australia	**59,289**	58,930
	34,837,590	18,519,679
Properties held for sale		
– PRC	**381,495**	681,100
	381,495	681,100
	35,219,085	19,200,779

16. TRADE AND OTHER RECEIVABLES

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Unaudited) (Restated)
Trade receivables		
From third parties	**24,984**	100,063
Less: Accumulated impairment loss	**(143)**	(143)
	24,841	99,920
Other receivables		
Deposits	**212,308**	30,902
Prepayment	**136,790**	34,518
Other receivables	**192,445**	59,038
	541,543	124,458
	566,384	224,378

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.

16. TRADE AND OTHER RECEIVABLES *(Continued)*

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:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Unaudited) (Restated)
0-30 days	**12,135**	98,721
31-90 days	**925**	727
91-180 days	**—**	245
181-365 days	**11,746**	63
Over 1 year	**35**	164
	24,841	99,920

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

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Unaudited) (Restated)
At 1 January	**143**	86
Provision for impairment	**—**	57
At 30 June 2018/31 December 2017	**143**	143

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 30 June 2018, a provision of RMB143,000 (31 December 2017: RMB143,000 (restated)) was made against the gross amounts of trade receivables. 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.

16. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Unaudited) (Restated)
Neither past due nor impaired	**22,879**	98,721
1-90 days past due	**13**	972
91-180 days past due	**1,528**	63
181-360 days past due	**421**	164
Over 360 days past due	**—**	—
	24,841	99,920

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 was necessary in respect of these balances as there has not been any significant change in credit quality and the balances Were 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.

17. PREPAYMENTS FOR PROPOSED PROPERTY 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.

18. CASH AT BANK AND IN HAND

	As at 30 June 2018 RMB'000 (unaudited)	As at 31 December 2017 RMB'000 (unaudited) (Restated)
Cash at bank and in hand	**4,675,846**	1,735,864
Less: Restricted bank deposits	**(696,909)**	(458,231)
Cash and cash equivalents per the consolidated statement of cash flows	**3,978,937**	1,277,633

Included in cash at bank and in hand of the Group is RMB1,724,650,000 (31 December 2017: RMB1,615,652,000 (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.

19. TRADE AND OTHER PAYABLES

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Unaudited) (Restated)
Trade payables		
To third parties	**719,492**	718,510
Other payables		
Accruals and other payables	**247,804**	382,149
Deposits received	**115,398**	99,161
Receipts in advance	**16,655**	50,760
	379,857	532,070
	1,099,349	1,250,580

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 aging analysis, based on invoice dates, as at the end of the Period:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Unaudited) (Restated)
0-30 days	**387,653**	712,803
31-90 days	**26,013**	29
Over 90 days	**305,826**	5,678
	719,492	718,510

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

As at 30 June 2018 and 31 December 2017, the amounts due to intermediate holding companies are unsecured, interest-free and would not be repayable on demand.

As at 30 June 2018 and 31 December 2017, the amounts due to controlling shareholders are unsecured, interest-free except for the amounts due to non-controlling shareholders of RMB68,553,000 as at 30 June 2018 bear interest at 6% per annum (31 December 2017: RMB766,067,000 interest-bearing at 6% to 6.3% per annum (restated)) and would not be repayable on demand.

As at 30 June 2018 and 31 December 2017, the loans from intermediate holding companies are unsecured, interest-bearing at 5.9% to 6.18% per annum (31 December 2017: 4.75% to 6.3% (restated)) and would not be repayable within one year.

The carrying amounts of the balances approximate their fair values.

21. INTEREST-BEARING BORROWINGS

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Unaudited) (Restated)
Bank loans		
– Secured	**6,682,001**	3,678,788
– Unsecured	**3,130,725**	2,270,725
	9,812,726	5,949,513

21. INTEREST-BEARING BORROWINGS *(Continued)*

At 30 June 2018, the Group's bank loans were repayable as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Unaudited) (Restated)
Carrying amount repayable		
Within one year	**1,479,636**	256,858
In the second year	**887,995**	545,003
In the third to fifth year	**7,127,355**	3,948,700
After the fifth years	**316,778**	1,197,570
	9,811,764	5,948,131
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	**962**	1,382
	9,812,726	5,949,513
Less: Amounts shown under current liabilities	**(1,480,598)**	(258,240)
	8,332,128	5,691,273

As at 30 June 2018 and 31 December 2017, the Group's bank loan was secured by the legal charges over the Group's property, plant and equipment with carrying value of approximately RMB10,009,000 (31 December 2017: RMB10,098,000 (restated)), properties under development with carrying value of approximately RMB12,540,958,000 (31 December 2017: RMB6,432,641,000 (restated)) and investment properties with fair value of approximately RMB591,338,000 (31 December 2017: Nil).

As at 30 June 2018, the unsecured borrowings of approximately RMB2,905,725,000 were guaranteed by the intermediate holding company of the Group, the unsecured borrowings of approximately RMB225,000,000 were joint guaranteed by the intermediate holding company of the Group and non-controlling shareholders.

As at 30 June 2018 and 31 December 2017, the bank loans of approximately RMB1,818,000 (31 December 2017: RMB2,217,000) and RMB16,778,000 (31 December 2017: RMB17,570,000) were denominated in HK$ and AUD which bore floating interest rate of 3.4% (31 December 2017: 3.4%) and 4.78% (31 December 2017: 4.78%) per annum respectively.

22. RECEIPTS UNDER SECURITISATION ARRANGEMENTS

It represents proceeds received as a result of securitisation arrangements collateralised by certain future trade receivables for the remaining payments of sales of properties. These properties have not yet been delivered to the property buyers as at 30 June 2018. These receipts bear an interest rate of 6.3% to 6.6% per annum.

23. SHARE CAPITAL

	Number of shares	Amount RMB'000
Authorised:		
Ordinary shares of HK$0.1 each		
At 31 December 2017 (audited) and 30 June 2018 (unaudited)	**1,000,000,000**	81,055
Issued and fully paid:		
At 31 December 2017 (audited) and 30 June 2018 (unaudited)	**734,864,745**	61,532

24. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group entered into following transactions with related parties:

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Intermediate holding companies:		
Interest expenses on loan from intermediate holding company (Note a)	**407,315**	139,455
Associates:		
Interest income on loans to associates (Note b)	**2,082**	—
Construction management fee received (Note c)	**53,774**	—
Fellow subsidiaries:		
Construction management fee received (Note d)	**15,163**	2,018
Rental expenses (Note e)	**5,369**	3,193
Management services expenses (Note f)	**1,422**	370

24. RELATED PARTY TRANSACTIONS *(Continued)*

Notes:

a) During the Period, the Group incurred loan interest expenses of RMB352,937,000 (2017: interest expenses of RMB139,455,000 (restated)) to C&D Real Estate, the intermediate holding companies. Pursuant to framework loan agreement with C&D Real Estate, C&D Real Estate agreed to grant RMB30,000 million loan facilities to certain subsidiaries of the Company for their project development at the benchmark lending interest rate promulgated by the People's Bank of China (Note 20).

b) During the Period, the Group earned interest income of RMB2,082,000 from Longyan Lirong Real Estate Development Company Limited* (龍岩利榮房地產開發有限公司) ("Longyan Lirong") by granting loans for their operations at 6% interest rate per annum.

c) During the Period, the Group earned construction fee income by providing services ranging from design, construction and completion to delivery throughout the project construction process with Longyan Lirong.

d) During the Period, the Group earned construction fee income by providing services ranging from design, construction and completion to delivery throughout the project construction process with Xiamen Heshan Construction and Development Limited* (廈門禾山建設發展有限公司) and Nanping City Jiangyang District Jiaying Real Estate Limited* (南平市建陽區嘉盈房地產有限公司).

e) During the Period, the Group rented properties from Shanghai Zhongyue Real Estate Development Limited Company* (上海中悦房地產開發有限公司), Shanghai Shanxidi Real Estate Development Limited Company* (上海山溪地房地產開發有限公司) and Shanghai Zhaoyu Investment Development Company Limited* (上海兆御投資有限公司).

f) During the Period, Yijiayuan (Xiamen) Property Management Company Limited* (悦家園(廈門)物業管理有限公司) ("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:

	For the six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Basic salaries and allowances	**2,020**	1,847
Retirement benefit scheme contributions	**15**	—
	2,035	1,847

25. EVENTS AFTER THE REPORTING DATE

Save as disclosed elsewhere in this report, the following significant events took place subsequent to 30 June 2018:

(a) As set out in the announcement of the Company dated 4 July 2018, Xiamen Yi Yue, Xiamen Zhaoqilong Property Development Company Limited* (廈門兆祁隆房地產開發有限公司) and Wuhan Real Estate Holding Company Limited* (武漢地產控股有限公司) ("Wuhan Real Estate") entered into the cooperation agreement, pursuant to which, among other things, Xiamen Yi Yue and Wuhan Real Estate agreed to form a joint venture for the acquisition of the land use rights of the land located at Jimei New City* (集美新城), Jimei District, Xiamen, Fujian Province , the PRC, in which Xiamen Yi Yue and Wuhan Real Estate shall own 51% and 49% equity interests in the joint venture, respectively. The total amount of capital commitment payable by Xiamen Yi Yue was approximately RMB1,219,920,000; and

(b) As set out in the announcement of the Company dated 4 July 2018, Xiamen Yi Yue, Xiamen Zhaoyuelong Property Development Company Limited* (廈門兆玥瓏房地產開發有限公司) and Wuhan Real Estate entered into the cooperation agreement, pursuant to which, among other things, Xiamen Yi Yue and Wuhan Real Estate agreed to form joint venture for the acquisition of the land use rights of the land located at Jimei New City* (集美新城), Jimei District, Xiamen, Fujian Province, the PRC, in which Xiamen Yi Yue and Wuhan Real Estate shall own 49% and 51% equity interests in the joint venture, respectively. The total amount of capital commitment payable by Xiamen Yi Yue was approximately RMB843,780,000.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the first half of 2018, the Chinese real estate control policy continued the notion of "housing for living instead of speculating" with the purpose to curb irrational demand on an on-going basis. Escalated regulatory policies were successively introduced in various cities across the nation for stronger market monitoring and the building of rental housing and policy housing mechanism was accelerated simultaneously. Meanwhile, in the macro financial environment of accelerated deleveraging, the monitoring of financing for the real estate industry was further tightened, causing a further increase in financing cost and difficulties.

As the regulation of real estate market forges ahead steadily, the differences in operational efficiencies, product development capabilities and financing capabilities, etc. among real estate enterprises will further intensify the industry differentiation. Rational real estate prices and a stable capital flow together will have a positive impact on real estate enterprises with product, brand and management as their core competencies.

BUSINESS REVIEW

The Group is principally engaged in the business of property development, real estate industrial chain investment services and emerging industry investment. During the Period, the main source of revenue was sales of properties.

The Group recorded profit attributable to equity holders of the Company for the Period of approximately RMB132.85 million (corresponding period of the previous year: loss attributable to equity holders of the Company of approximately RMB37.98 million (restated); corresponding period of the previous year: approximately RMB11.19 million (before restated)). Profit attributable to the equity holders of the Company for the Period increased by approximately 1,088% compared to that for the corresponding period of the previous year (before restated). The main reason for the increase was revenue and profit realized from the delivery of real estate development projects of the Group located in Changsha and Suzhou.

Property Development Business

Sales of Properties for the Period

For the Period, the Group's revenue from sales of properties was approximately RMB504.66 million, representing an increase by approximately RMB497.98 million as compared with the corresponding period of the previous year and accounting for approximately 71.23% of the Group's total revenue. During the Period, the gross floor area ("GFA") of delivered properties was approximately 39,900 sq.m., representing an increase by approximately 39,100 sq.m. as compared with the corresponding period of the previous year. The average selling price for delivered and recognized properties of the Period was approximately RMB12,643 per sq.m., representing an increase by approximately RMB4,355 as compared with the corresponding period of the previous year.

The Group excels in branding in Suzhou and Changsha and is a pioneer of Chinese style trend. During the Period, approximately 99.58% of the total revenue from sales of properties was derived from Suzhou and Changsha. Going forward, delivery procedures will be completed successively for the properties sold in different cities. With the continuous growth of revenue from sales of properties, 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 during the Period are set out in the following table:

Name of Project	City	Amount (RMB ten thousand)	GFA (sq.m.)	Average selling price (RMB/sq.m.)
Dushuwan* （獨墅灣）	Suzhou	16,885	7,740	21,815
Zhongyangyuefu* （中央悅府）	Changsha	33,370	31,464	10,606
Li Yuan* （裕豐荔園）	Nanning	163	644	2,531
Fond England* （裕豐英倫）	Nanning	48	68	7,059
Total		**50,466**	**39,916**	**12,643**

The amount and GFA of each project recognized for sales in the corresponding period of previous year are set out in the following table:

Name of Project	City	Amount (RMB ten thousand)	GFA (sq.m.)	Average selling price (RMB/sq.m.)
Li Yuan* （裕豐荔園）	Nanning	585	704	8,310
Fond England* （裕豐英倫）	Nanning	83	102	8,137
Total		**668**	**806**	**8,288**

Contracted Sales for the Period

For the Period, the Group achieved contracted sales of approximately RMB7.65955 billion, representing an increase by approximately RMB5.41474 billion as compared with the corresponding period of the previous year (corresponding period of the previous year: approximately 2.24481 billion). During the Period, the contracted GFA of properties was approximately 470,800 sq.m., representing an increase by approximately 356,800 sq.m. as compared with the corresponding period of the previous year (corresponding period of the previous year: approximately 114,000 sq.m.). The average selling price for contracted sales of properties was approximately RMB16,270 per sq.m., representing a decrease by approximately RMB3,421 as compared with the corresponding period of the previous year (corresponding period of the previous year: approximately RMB19,691 per sq.m.).

During the Period, the pre-sale of eight new projects, namely Shanwaishan* (山外山), Jianfa Xiyuan* (建發璽院), Shangyue House* (尚悦居), Lingjun * (領郡), Guandi* (觀邸), Yulongwan* (御瓏灣), Zhongyangtiancheng* (中泱天成) and Xixiyunlu* (西溪雲廬) started.

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

Name of Project	City	Amount (RMB ten thousand)	GFA (sq.m.)	Average selling price (RMB/sq.m.)
Shanwaishan* （山外山）	Changtai	53,987	36,020	14,988
Bihushuangxi* （碧湖雙璽）	Zhangzhou	26,510	15,427	17,184
Jianfa Xiyuan* （建發璽院）	Longyan	93,111	84,729	10,989
Shangyue House*（尚悦居）	Longyan	77,695	71,269	10,902
Lingjun* （領郡）	Lianjiang	9,515	7,077	13,445
Guandi* （觀邸）	Shaxian	32,273	44,587	7,238
Dushuwan* （獨墅灣）	Suzhou	123,419	53,099	23,243
Yulongwan* （御瓏灣）	Zhangjiagang	137,278	89,276	15,377
Zhongyangyuefu*（中央悦府）	Changsha	26,672	25,362	10,517
Zhongyangtiancheng* （中泱天成）	Quanzhou	10,978	9,505	11,550
Xixiyunlu* （西溪雲廬）	Hangzhou	174,295	33,705	51,712
Li Yuan* （裕豐荔園）	Nanning	171	644	2,655
Fond England* （裕豐英倫）	Nanning	51	68	7,500
Total		**765,955**	**470,768**	**16,270**

The amount and GFA of each project contracted for sales in the corresponding period of previous year are set out in the following table:

Name of Project	City	Amount (RMB ten thousand)	GFA (sq.m.)	Average selling price (RMB/sq.m.)
Bihushuangxi* （碧湖雙璽）	Zhangzhou	80,581	40,731	19,784
Zhongyangyuefu* （中央悦府）	Changsha	33,577	26,147	12,842
Dushuwan* （獨墅灣）	Suzhou	110,204	46,893	23,501
Li Yuan* （裕豐荔園）	Nanning	55	198	2,778
Fond England* （裕豐英倫）	Nanning	64	34	18,824
Total		**224,481**	**114,003**	**19,691**

Land Reserves

As at 30 June 2018, the Group had a total of 35 projects in the PRC and Australia, and the aggregate saleable GFA of land reserves were approximately 4.3934 million sq.m.. The average land cost was approximately RMB18,078 per sq.m.. The Group deems present land reserves sufficient but anticipates further land acquisitions in the future.

The amount of saleable GFA of land reserves as at 30 June 2018 are set out in the following table:

Name of Project	City	Equity Interest held by the Group	Total saleable GFA (sq.m.)
Shanwaishan* （山外山）	Changtai	60%	91,535
Xiamen Jimei Project Land Plot No. 2017JP03* （廈門集美項目2017JP03號地塊）	Xiamen	100%	79,858
Xiamen Jimei Project Land Plot No. 2018JP01* （廈門集美項目2018JP01號地塊）	Xiamen	100%	122,461
Linghu Garden* （領湖花園）	Lianjiang	51.60%	184,535
Land Plot No. 1,3,4 in Pukou, Lianjiang* （連江浦口1、3、4號地塊）	Lianjiang	46.15%	110,531
Land Plot No. 2 in Pukou, Lianjiang*（連江浦口2號地塊）	Lianjiang	55.58%	179,942
Donghu Fushan Yuyuan* （東湖富山御苑）	Lianjiang	70%	95,807
Jianyang Western District Ecocity C07* （建陽西區生態城C07）	Jianyang	70%	155,528
Zhongyangshoufu*（中央首府）	Changsha	100%	159,734
Yangzhu* （央著）	Changsha	100%	392,615
Wuhan Land Plot No. 168* （武漢168號地塊）	Wuhan	49%	151,530
Xiyuan* （璽院）	Zhangzhou	100%	123,211
Jianfa Xiyuan* （建發璽院）	Longyan	30%	96,824
Qinglong Project* （慶隆項目）	Hangzhou	40.18%	44,354
Wuxi Project No. 2016-31* （無錫項目2016-31號）	Wuxi	100%	456,177
Nanjing Project No. 2017-G55* （南京項目2017-G55號）	Nanjing	50%	71,803
Yulongwan* （御瓏灣）	Zhangjiagang	70%	269,323
Taicang Jianjin* （太倉建晉）	Taicang	100%	235,202
Suzhou Project Xiang Cheng Land Plot 2017-79* （蘇州項目相城地塊2017-79）	Suzhou	55%	56,372
Lishui G19* （溧水G19）	Nanjing	40%	156,124
Zhang Di Land Plot No. 2012-A23-A-2* （張地2012-A23-A-2號地塊）	Zhangjiagang	100%	150,893
Shitan Road Land Plot No. 444* （石潭路444號地塊）	Guangzhou	64%	102,318
Wu Yi West Land Plot* （五一西地塊）	Nanning	51%	95,635
Zhu Guo Land Reserve 2017-73* （珠國土儲2017-73）	Zhuhai	100%	105,288
Lingjun*（領郡）	Lianjiang	78%	96,934
Guandi*（觀邸）	Shaxian	51%	66,117
Zhongyangyuefu*（中央悦府）	Changsha	100%	13,195
Bihushuangxi*（碧湖雙璽）	Zhangzhou	100%	12,300
Shangyue House*（尚悦居）	Longyan	40%	45,291
Zhongyangtiancheng*（中泱天成）	Quanzhou	40%	11,660
Xixiyunlu*（西溪雲廬）	Hangzhou	10.50%	61,985
Dushuwan*（獨墅灣）	Suzhou	50%	213,509
Taicang Land Plot No. WG 2017-19-1* （太倉WG2017-19-1號地塊）	Taicang	30%	121,379
Land Located on the East Side of Huxin Road, Baiteng Lake* (白藤湖湖心路東側地塊)	Zhuhai	51%	55,795
Project in Australia*（澳洲項目）	Sydney	60%	7,663
Total			**4,393,428**

The amount of saleable GFA of land reserves as at 31 December 2017 are set out in the following table:

Name of Project	Region	Equity Interest held by the Group	Total Saleable GFA (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
Project in Australia* （澳洲項目）	Australia	60%	7,663
Yulongwan* （御瓏灣）	Zhangjiagang	70%	294,087
Dushuwan* （獨墅灣）	Suzhou	50%	151,632
Jianfa Xiyuan* （建發璽院）	Longyan	30%	62,590
Shanwaishan* （山外山）	Xiamen	60%	63,987
Total			**1,372,630**

Real Estate Industrial Chain Investment Services

1. *Commercial assets management*

The revenue from the Group's commercial assets management business during the Period amounted to approximately RMB76.46 million (corresponding period of the previous year: approximately RMB54.52 million (restated)).

The Group's own leasing properties are mainly located in Xingning District* (興寧區) and Xixiangtang District* (西鄉塘區) of Nanning and Putuo District* (普陀區) of Shanghai. As at 30 June 2018, the Group's retail units (held for the purpose of leasing to independent third parties) comprised an aggregate rentable GFA of approximately 33,563 sq.m. (31 December 2017: approximately 20,547 sq.m.) in the PRC (including an underground parking area of approximately 3,954 sq.m. used as a temporary parking area (31 December 2017: approximately 3,954 sq.m.)), of which an aggregate GFA of approximately 29,850 sq.m. in the PRC had been leased out (31 December 2017: approximately 19,693 sq.m.).

The Group's third party leasing properties, leased out through Shanghai C&D Zhaoyu Asset Management Company Limited* (上海建發兆昱資產管理有限公司) are located in Yangpu District* (楊浦區) and Jiading District* (嘉定區), Shanghai. As at 30 June 2018, retail units of the leasing properties comprised an aggregate rentable GFA of approximately 80,518 sq.m. in the PRC (31 December 2017: approximately 82,713 sq.m.), of which an aggregate GFA of approximately 73,095 sq.m. in the PRC had been leased out (31 December 2017: approximately 74,233 sq.m.).

2. Projects operation and management (entrusted construction)

Revenue from the Group's entrusted construction during the Period was derived from entrusted construction agreements and management and entrusted construction services by Xiamen C&D Zhaocheng Construction Operation and Management Limited* (廈門建發兆誠建設運營管理有限公司), an indirect wholly-owned subsidiary of the Group, amounting to approximately RMB127.12 million (corresponding period of the previous year (restated): approximately RMB3.51 million).

3. Informatization services and smart community

Revenue from smart construction services during the Period was derived from smart construction services by Xiamen Zhaohui Internet Technology Co., Ltd.* (廈門兆慧網絡科技有限公司), an indirect wholly-owned subsidiary of the Group, amounting to approximately RMB0.3 million (corresponding period of the previous year (restated): approximately RMB1.37 million).

FINANCIAL REVIEW

Revenue

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

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

	For the six months ended 30 June 2018		For the six months ended 30 June 2017	
	RMB'000	**%**	RMB'000	%
Sales of properties	**504,661**	**71.23**	6,675	10.10
Commercial assets management income	**76,462**	**10.79**	54,521	82.52
Entrusted construction services income	**127,115**	**17.94**	3,508	5.31
Smart construction services income	**295**	**0.04**	1,368	2.07
Total	**708,533**	**100**	66,072	100

Sales of properties increased by about RMB497.98 million from approximately RMB6.68 million in the corresponding period of the previous year to approximately RMB504.66 million in the Period. Saleable GFA delivered for the six months ended 30 June 2017 and 2018 were approximately 806 sq.m. and approximately 39,916 sq.m., respectively. The revenue derived from the sales of properties for the Period increased due to the increase in saleable GFA sold and delivered in the Period as compared with the corresponding period of the previous year, which was attributable to the income carried forward for the successively completed delivery procedures of Suzhou Dushuwan (Phase I) and Changsha Zhongyangyuefu since the second half of 2017.

Cost of Sales

Cost of sales increased by about RMB305.03 million from approximately RMB31.04 million for the corresponding period of the previous year (restated) to approximately RMB336.07 million for the Period. It was primarily attributable to the increase of income recognized for the delivery of Suzhou Dushuwan (Phase I) and Changsha Zhongyangyuefu as compared with the corresponding period of the previous year.

Gross Profit and Gross Profit Margin

The gross profit amounted to approximately RMB35.03 million (restated) and approximately RMB372.47 million for the six months ended 30 June 2017 and 2018 respectively, representing a gross profit margin of approximately 53.02% (restated) and 52.57% respectively. The revenue structure for the Period has changed. The revenue for the corresponding period of the previous year was mainly income generated from commercial asset management, accounting for approximately 82.52% of the total revenue, while the revenue for the Period was mainly income generated from the sales of properties, representing approximately 71.23% of the total revenue. The gross profit margin of sales of properties was lower than that of commercial assets management. The proportion of entrusted construction services income increased to approximately 17.94% for the Period from approximately 5.31% for the corresponding period of the previous year. As the gross profit margin of entrusted construction services was the highest among the four segments, which offset the decrease in gross profit margin due to increased proportion of sales of properties, the overall gross profit margin for the Period did not significantly change as compared with the corresponding period of the previous year.

Other Income

Other income amounted to approximately RMB10.80 million (restated) and approximately RMB37.39 million for the six months ended 30 June 2017 and 2018 respectively. The increase was mainly due to an increase in the interest income during the Period.

Borrowing Costs

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

Total borrowing costs increased from approximately RMB191.71 million (restated) for the corresponding period of the previous year to approximately RMB604.65 million for the Period. 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 Group had nil gain on changes in fair value of investment properties for the Period, while there was a gain of approximately RMB9.32 million in the corresponding period of the previous year. The carrying amounts of investment properties in the balances reflected their fair values as at 30 June 2018.

Administrative Expenses

Administrative expenses increased by about RMB10.50 million to approximately RMB21.70 million for the Period from approximately RMB11.20 million (restated) for the corresponding period of the previous year. It was primarily due to the increase in consultancy fee in relation to the acquisitions during the Period.

Selling Expenses

Selling expenses increased by about RMB14.17 million to approximately RMB52.56 million for the Period from approximately RMB38.39 million (restated) for the corresponding period of the previous year. It was primarily due to an increase in advertising and promotion expenses as a result of more sales of projects during the Period than in the corresponding period of the previous year.

Profit before Income Tax

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB243.22 million for the Period, representing an increase of approximately RMB303.92 million from a loss of approximately RMB60.70 million (restated) in the corresponding period of the previous year.

Income Tax Expense

Income tax increased from profit before income tax of approximately RMB15.03 million (restated) in the corresponding period of previous year to income tax expense of approximately RMB95.74 million for the Period. The increase in income tax was mainly due to an increase in income from property sales and entrusted construction services income during the Period.

Profit for the Period Attributable to the Equity Holders of the Company

The profit for the Period attributable to the equity holders of the Company increased by about RMB170.83 million from a loss of approximately RMB37.98 million (restated) in the corresponding period of the previous year to an earning of approximately RMB132.85 million for the Period, an increase by RMB121.67 million (1,088%) year on year as compared with the corresponding period of the previous year (before 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 Period.

The Group continued to adopt a prudent financing policy and sustain a sound capital structure with healthy cashflow. As at 30 June 2018, the Group's cash and cash equivalents and restricted cash amounted to approximately RMB4,675.85 million (31 December 2017: approximately RMB1,735.86 million (restated)) while total assets and net assets (after deducting non-controlling interests) were approximately RMB48,175.06 million (31 December 2017: approximately RMB28,288.10 million (restated)) and RMB2,284.67 million (31 December 2017: approximately RMB2,444.54 million (restated)) respectively. As at 30 June 2018, the Group's working capital amounted to approximately RMB28,045.07 million (31 December 2017: approximately RMB17,215.69 million (restated)). As at 30 June 2018, the Group recorded net debt of approximately RMB24,770.62 million (31 December 2017: approximately RMB14,644.47 million (restated)) with net debt to equity ratio of approximately 790.16% (31 December 2017: approximately 477.32% (restated)).

As at 30 June 2018, the Group had (i) loan facilities of approximately RMB1.82 million (31 December 2017: approximately RMB2.22 million) and RMB16.78 million (31 December 2017: approximately RMB17.57 million) denominated in HK$ and AUD respectively which bore a floating interest rate of 3.4% (31 December 2017: 3.4%) and 4.78% (31 December 2017: 4.78%) per annum respectively, and (ii) a loan facility (receipts under securitisation arrangements included) of approximately RMB12,294.13 million (31 December 2017: approximately RMB5,929.72 million) denominated in RMB which bore a floating interest rate from 4.51% to 7.3% (31 December 2017 (restated): a floating interest rate from 4.51% to 5.13%) per annum, and (iii) loans from intermediate holding companies of approximately RMB17,065.19 million (31 December 2017: approximately RMB9,664.75 million) denominated in RMB which bore interest at 5.9% to 6.18% per annum (31 December 2017: 4.75% to 6.3% (restated)), and (iv) the amounts due to non-controlling shareholders of approximately RMB68.55 million (31 December 2017: approximately RMB766.07 million) denominated in RMB which bore an interest rate of 6% (31 December 2017: 6%-6.3% (restated)) per annum. No particular trend of seasonality was observed for the Group's borrowing requirements for the Period.

The Group's gearing ratio (total borrowings divided by total equity) increased to approximately 939.32% as at 30 June 2018 (31 December 2017: approximately 533.90% (restated)) as the loans from shareholders and banks increased during the Period.

Of the total borrowings, approximately RMB1,549.15 million was repayable within one year while approximately RMB27,580.54 million was repayable after one year but within five years.

To manage liquidity risk, the Group monitored and maintained a level of cash and cash equivalents which the management considered to be adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flow. The Group's management also monitored its net current assets/liabilities and the utilisation of borrowings to ensure 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 30 June 2018 was approximately RMB5.4967 billion (31 December 2017: approximately RMB2.70127 billion). 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 Period.

Capital Commitments

Capital commitments were those contracts concluded but not provided for leasehold improvements, prepayments for intended cooperative projects concluded but not provided for and construction of properties under development not provided for. The capital commitment was approximately RMB9.49819 billion as at 30 June 2018 (31 December 2017: approximately RMB3.15209 billion (restated)). The significant increase was attributable to the increase in the number of the newly commenced projects and newly entered cooperation agreements during the Period as compared to the corresponding period of the previous year.

Pledge of Assets

As at 30 June 2018, the Group's bank loan was secured by the legal charges over its property, plant and equipment with carrying value of approximately RMB10.01 million (31 December 2017: approximately RMB10.10 million), investment properties with fair value of approximately RMB591.34 million (31 December 2017: Nil) and properties under development with carrying value of approximately RMB12.54096 billion (31 December 2017: approximately RMB6.43264 billion (restated)).

Capital Structure

As at 30 June 2018, 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 2017: HK$73,486,474.5 divided into 734,864,745 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 30 June 2018, except for the bank deposits denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations (31 December 2017: Nil).

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

Contingent Liabilities

As at 30 June 2018, the Group did not have any material contingent liabilities (31 December 2017: Nil).

Employees and Emolument Policy

As at 30 June 2018, the Group employed a total of 275 full-time employees (31 December 2017: 185 full-time employees (restated)). During the Period, total staff costs, including Directors' emoluments, of the Group were approximately RMB76.33 million (corresponding period of the previous year: approximately RMB36.25 million (restated)). The Group reviewed the remuneration policies and packages on a regular basis and made necessary adjustment commensurate with the remuneration level in the industry. In addition to a basic monthly salary, year-end bonuses were offered to those staff with outstanding performance. A share option scheme has been adopted to attract and retain eligible employees to contribute to the Group.

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

USE OF PROCEEDS

During the period from the date of the listing of shares on GEM ("GEM Listing") on 14 December 2012 (the "GEM Listing Date") to 30 June 2018, the net proceeds from the GEM Listing had been applied as below (which application was in line with that stated in the prospectus of the Company dated 30 November 2012 (the "Prospectus")):

Fund raising from the GEM Listing

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

	Adjusted use of proceeds in the same manner and proportion as shown in the Prospectus from the GEM Listing Date to 30 June 2018 HK$ million	**Actual use of proceeds from the GEM Listing Date to 30 June 2018 HK$ million**	**Actual use of proceeds during the Period HK$ million**
The development and operation of featured theme shopping mall and maintenance of other investment properties	13.2	1.4	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 Property		*9.8*	—
General working capital and other general corporate purposes of the Group	2.5	2.5	—
	25.5	13.7	0.7

All the unused net proceeds have been placed as interest bearing deposits with licensed bank in Hong Kong and the PRC. As at the date of this report, there is no detailed schedule for the utilization of the remaining proceeds.

ADDITIONAL DISCLOSURES

Registration of lease agreements in the PRC

As disclosed in the Prospectus of the Company dated 30 November 2012 (the "Prospectus"), some lease agreements in respect of certain investment properties in the PRC held or leased by the Group, which are required to be registered under the PRC laws, were not registered or registrable.

As at 30 June 2018, there were still 95 lease agreements pending to be registered due to the fact that the merchants shall bring their ID cards and go to the competent Real Estate Bureau together with relevant staff of the Group to complete the registration. However, the merchants did not actively assist the Company in completing such registration.

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

Property ownership certificate of Wan Guo Plaza* (萬國廣場) (formerly named as Yu Feng High Street* (裕豐高街))

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

As at 30 June 2018, 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 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.

MAJOR ACQUISITIONS AND DISPOSALS

On 16 January 2018, Xiamen Yi Yue entered into equity transfer agreement with C&D Real Estate pursuant to which Xiamen Yi Yue agreed to acquire 100% equity interests in Taicang Jianjin. On 16 January 2018, Xiamen Yi Yue entered into equity transfer agreements with C&D Nanning pursuant to which Xiamen Yi Yue agreed to acquire 51% equity interests in Nanning Dingchi and 51% equity interests in Nanning Qinghe. On 16 January 2018, Xiamen Yi Yue entered into equity transfer agreements with Xiamen Jianhui pursuant to which Xiamen Yi Yue agreed to acquire 100% equity interests in Changsha Zhaoxi. Details of the above transactions have been set out in the announcement and the circular of the Company dated 16 January 2018 and 23 April 2018 respectively.

On 14 March 2018, Xiamen Yi Yue entered into the equity transfer agreement with Jianyang Jiasheng Property Development Company Limited* (建陽嘉盛房地產有限公司) in relation to, among other things, the acquisition of 40% equity interests in Nanjing Jiayang Property Development Company Limited* (南京嘉陽房地產開發有限公司). Details of the above transaction have been set out in the announcement and the circular of the Company dated 14 March 2018 and 12 April 2018 respectively.

On 3 April 2018, Xiamen C&D Property Management Service Company Limited* (廈門建發物業管理服務有限公司) ("C&D Property") entered into the equity transfer agreement with C&D Real Estate in relation to, among other things, the acquisition of 100% equity interests in Huijia (Xiamen) Property Management Company Limited* (匯嘉(廈門)物業管理有限公司). On 3 April 2018, C&D Property entered into the equity transfer agreement with C&D Real Estate and Xiamen Liyuan Investment Company Limited* (廈門利源投資有限公司) in relation to, among other things, the acquisition of 100% equity interests in Yijiayuan (Xiamen). Details of the above transactions have been set out in the announcement and the circular of the Company dated 3 April 2018 and 21 June 2018 respectively.

On 11 June 2018, Xiamen Yi Yue entered into the cooperation agreement with The Wharf Property (Guangzhou) Company Limited* (九龍倉置業(廣州)有限公司) and Guangzhou Changzheng Real Estate Development Company Limited* (廣州昌正房地產開發有限公司) pursuant to which a joint venture will be formed for the acquisition of the land located in Guangzhou. Details of the above transaction have been set out in the announcements and the circular of the Company dated 9 January 2018, 11 June 2018 and 29 June 2018 respectively.

PROSPECT AND OUTLOOK

The Group is rooted in its business positioning as "an integrated service provider in real estate development and real estate industry investment". Relying on the strong background and capital support of the Group's controlling shareholder, C&D Real Estate, as a state-owned enterprise, the Group steadily expands its scale and business scope and promote growth in the Group's businesses. The Group develops its market and promotes its brand with boutique products and quality service. The Group will vigorously develop its main business of real estate development, extend its real estate industrial chain investment service and pay close attention to opportunities to invest in emerging industries.

1. Real estate development: Leveraging our advantages in branding, operations and funding, the Group will make greater efforts in merger and acquisition and flexibly innovate cooperation model with a focus on the selection of projects to effectively control risks arising from project operations. With strict control over the positioning and quality of products, the Group will expand its business footprint and promote its brand influence concurrently to build a cross-region, multi-layered and differentiated "boutique developer". The Group will integrate with business synergy formed with the real estate industrial chain investment service business to exert its overall core competitiveness, thereby increasing the profit margin of the Group's projects in an effective way;

2. Real estate industrial chain investment services: The Group will accelerate its layout in project operation and management services (entrusted construction), commercial asset management business and other fields, and actively expand external markets and serve more real estate development enterprises to achieve the "asset-light and profit-diversification". With the reliance on our subsidiary, Xiamen C&D Property Management Co., Ltd.* (廈門建發物業管理有限公司), the Group will further improve its industrial chain investment services by fully utilizing the related community resources to develop diversified businesses, explore innovative benefits, generate stable cash flow and gain reasonable profitability, thereby enhancing its value as a listed company; and

3. Investment in emerging industries: The Group will pay continuous attention to new growth points with a focus on investigating opportunities for projects in elderly, healthcare and high-end education. The Group will select opportunities for investment.

The Group will increase its investment in real estate development business and continue to scale up its asset size and land reserves to maintain the driving force for future growth. Meanwhile, it will maintain and enhance the quality of its real estate industrial chain investment service and seek opportunities to invest in emerging industries. The Group will also optimize its own capital structure by actively using capital market pipelines to continuously create value for shareholders.

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

As at 30 June 2018, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Long position in the shares of the Company

Name of Directors	Capacity/Nature of Interest	Number of issued Shares/ underlying Shares held	Approximate percentage of shareholding in issued share capital *(Note 1)*
Mr. Zhuang Yuekai	Founder of a discretionary trust	57,034,000 *(Note 2)*	7.76%
Mr. Shi Zhen	Founder of a discretionary trust	57,034,000 *(Note 2)*	7.76%
Ms. Zhao Chengmin	Founder of a discretionary trust	57,034,000 *(Note 2)*	7.76%

Notes:

1. The percentage of shareholding was calculated based on the Company's total number of 734,864,745 Shares in issue as at 30 June 2018.

2. These Shares were registered in the name of Diamond Firetail Limited ("Diamond Firetail"), a company incorporated in BVI 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, as at 30 June 2018, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO); or (ii) required to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2018, 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 Interest	Number of issued Shares/ underlying Shares held	Approximate percentage of shareholding in issued share capital *(Note 1)*
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 corporation	446,336,745 *(Note 2)*	60.74%
Xiamen C&D Inc. (廈門建發股份有限公司)	Interest of controlled corporation	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 corporation	446,336,745 *(Note 2)*	60.74%
Diamond Firetail	Beneficial owner	57,034,000	7.76%
Equity Trustee	Interest of controlled corporation	57,034,000 *(Note 3)*	7.76%
Ms. Zhang Yunxia	Founder of a discretionary trust	57,034,000 *(Note 3)*	7.76%
Ms. Cheng Bing	Founder of a discretionary trust	57,034,000 *(Note 3)*	7.76%
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 corporation	60,000,000 *(Note 4)*	8.16%
Mr. Ji Changqun	Interest of controlled corporation	60,000,000 *(Note 4)*	8.16%

Notes:

(1) The percentage of shareholding was calculated based on the Company's total number of 734,864,745 Shares in issue as at 30 June 2018.

(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 and the underlying 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 BVI. 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 BVI. 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.

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

SHARE OPTION SCHEME

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

No share options were granted, exercised or cancelled by the Company or lapsed under the Share Option Scheme during the Period and there were no outstanding share options under the Share Option Scheme as at 30 June 2018.

CHANGE IN DIRECTORS' INFORMATION

From 1 January 2018 to the date of this report, the change in Directors' information of the Company are as follows:

Mr. Zhuang Yuekai, an executive Director of the Company, ceased to be a director of Well Honour with effect from 21 May 2018.

Mr. Shi Zhen, an executive Director of the Company, ceased to be a director of Well Land and Well Honour with effect from 21 May 2018.

Ms. Zhao Chengmin, an executive Director of the Company, was appointed as a director of Well Honour with effect from 21 May 2018. On the same date, Ms. Zhao Chengmin ceased to be a director and the legal representative of some subsidiaries of the Group.

Ms. Wu Xiaomin, a non-executive Director of the Company, ceased to be a director of Well Honour with effect from 21 May 2018.

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

RETIREMENT BENEFIT SCHEMES/PENSION SCHEME

Retirement benefits to employees are provided through defined contribution plans.

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

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

There were no purchases, sales or redemption of the Company's listed securities by the Company or any of its subsidiaries during the Period.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct for dealings in securities of the Company by its Directors. The Company had made specific enquiries with all Directors and each of them confirmed that they had complied with the Model Code during the six months ended 30 June 2018.

INTERIM DIVIDEND

The Board proposed not to declare an interim dividend for the Period (corresponding period of the previous year: Nil).

CORPORATE GOVERNANCE

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

AUDIT COMMITTEE REVIEW

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

The audit committee of the Board has reviewed with management the accounting principles and practices adopted by the Group and the interim report and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2018 and is of the opinion that such statements comply with the applicable accounting standards and requirement, and that adequate disclosure has been made.

APPRECIATION

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

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

Hong Kong, 27 August 2018

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

** For identification purpose only*