C&D International Investment Group Limited
建發國際投資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1908)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board (the "Board") of directors (the "Directors") of C&D International Investment Group Limited (the "Company" or "C&D International Group") is pleased to announce the following audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2015 (the "Year") together with the comparative figures for the year ended 31 December 2014.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015** **RMB'000**	2014 RMB'000 (Restated)
Revenue	4	**133,767**	272,771
Cost of sales		**(70,271)**	(207,724)
Gross profit		**63,496**	65,047
Other income	6	**3,162**	1,228
Gain on changes in fair value of investment properties	11	**2,600**	17,770
Administrative expenses		**(26,551)**	(31,756)
Selling expenses		**(4,752)**	(5,573)
Finance costs	7	**(2,485)**	—
Profit before income tax	8	**35,470**	46,716
Income tax expense	9	**(20,057)**	(17,325)
Profit for the year		**15,413**	29,391
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**4,895**	1,358
Total comprehensive income for the year		**20,308**	30,749
Profit for the year attributable to:			
Equity holders of the Company		**12,668**	24,896
Non-controlling interests		**2,745**	4,495
		15,413	29,391
Total comprehensive income for the year attributable to:			
Equity holders of the Company		**17,563**	26,254
Non-controlling interests		**2,745**	4,495
		20,308	30,749
Earnings per share for profit attributable to the equity holders of the Company			
– Basic (RMB cents)	10	**3.9**	8.3
– Diluted (RMB cents)	10	**3.9**	8.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	**31 December 2015 RMB'000**	31 December 2014 RMB'000 (Restated)	1 January 2014 RMB'000 (Restated)
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment		**13,138**	13,776	7,604
Interests in leasehold land		**312**	323	334
Investment properties	11	**679,850**	677,250	662,703
Interest in an associate		**20,000**	—	—
Available-for-sale financial assets		**—**	—	6,335
Deferred tax assets		**3,038**	—	—
		716,338	691,349	676,976
Current assets				
Inventories of properties	12	**481,919**	102,104	193,665
Trade and other receivables	13	**10,296**	9,601	19,354
Tax recoverable		**—**	2,565	814
Cash and cash equivalents		**71,925**	155,909	82,201
		564,140	270,179	296,034
Current liabilities				
Trade and other payables	14	**66,259**	78,960	78,470
Advances received from the pre-sale of properties under development and properties held for sale		**—**	15,621	97,382
Amounts due to non-controlling shareholders	15	**60,000**	—	—
Interest-bearing borrowings	16	**3,749**	11,309	9,615
Income tax liabilities		**15,032**	11,460	7,682
		145,040	117,350	193,149
Net current assets		**419,100**	152,829	102,885
Total assets less current liabilities		**1,135,438**	844,178	779,861
Non-current liabilities				
Interest-bearing borrowings	16	**—**	59,503	29,871
Loan from intermediate holding company	15	**115,507**	—	—
Deferred tax liabilities		**170,690**	167,398	159,186
		286,197	226,901	189,057
Net assets		**849,241**	617,277	590,804
EQUITY				
Share capital		**29,135**	24,321	24,321
Reserves	17	**728,051**	531,150	509,172
Equity attributable to the equity holders of the Company		**757,186**	555,471	533,493
Non-controlling interests		**92,055**	61,806	57,311
Total equity		**849,241**	617,277	590,804

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Equity attributable to the equity holders of the Company										
	Share capital RMB'000	Share premium* RMB'000	Statutory reserve* RMB'000	Exchange reserve* RMB'000	Capital reserve* RMB'000	Revaluation reserve* RMB'000	Proposed final dividend* RMB'000	Retained earnings* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2014, as restated	24,321	19,607	25,993	(2,050)	21,102	2,692	4,276	437,552	533,493	57,311	590,804
Total comprehensive income for the year											
Profit for the year	—	—	—	—	—	—	—	24,896	24,896	4,495	29,391
Other comprehensive income											
– Currency translation differences	—	—	—	1,358	—	—	—	—	1,358	—	1,358
Total comprehensive income	—	—	—	1,358	—	—	—	24,896	26,254	4,495	30,749
Transactions with owners											
Dividends paid	—	—	—	—	—	—	(4,276)	—	(4,276)	—	(4,276)
Total transactions with owners	—	—	—	—	—	—	(4,276)	—	(4,276)	—	(4,276)
Balance at 31 December 2014, as restated	24,321	19,607	25,993	(692)	21,102	2,692	—	462,448	555,471	61,806	617,277
Balance at 1 January 2015, as restated	24,321	19,607	25,993	(692)	21,102	2,692	—	462,448	555,471	61,806	617,277
Total comprehensive income for the year											
Profit for the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**12,668**	**12,668**	**2,745**	**15,413**
Other comprehensive income											
– Currency translation differences	**—**	**—**	**—**	**4,895**	**—**	**—**	**—**	**—**	**4,895**	**—**	**4,895**
Total comprehensive income	**—**	**—**	**—**	**4,895**	**—**	**—**	**—**	**12,668**	**17,563**	**2,745**	**20,308**
Transactions with owners											
Issue of share capital	**4,814**	**181,001**	**—**	**—**	**—**	**—**	**—**	**—**	**185,815**	**—**	**185,815**
Share issue expenses	**—**	**(1,663)**	**—**	**—**	**—**	**—**	**—**	**—**	**(1,663)**	**—**	**(1,663)**
Capital contribution from non-controlling shareholders	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**30,000**	**30,000**
Dividends paid to non-controlling shareholders	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(2,496)**	**(2,496)**
Total transactions with owners	**4,814**	**179,338**	**—**	**—**	**—**	**—**	**—**	**—**	**184,152**	**27,504**	**211,656**
Balance at 31 December 2015	**29,135**	**198,945**	**25,993**	**4,203**	**21,102**	**2,692**	**—**	**475,116**	**757,186**	**92,055**	**849,241**

* These reserve accounts comprise the Group's reserves of RMB728,051,000 (2014: RMB531,150,000) in the consolidated statement of financial position.

1. GENERAL INFORMATION

C&D International Investment Group Limited (the "Company", formerly known as South West Eco Development Limited) was incorporated in the Cayman Islands on 18 February 2011 as an exempted company with limited liability under Companies Law, Cap 22 of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, 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 ("GEM") of the Stock Exchange.

The name of the Company was changed from South West Eco Development Limited to C&D International Investment Group Limited. This change of name was approved by shareholders at the Extraordinary General Meeting held on 28 December 2015 and became effective on 1 March 2016.

The principal activity of the Company is investment holding. The Group is principally engaged in the businesses of property development, property leasing, property management and consultancy services in the People's Republic of China (the "PRC").

As disclosed in the announcement of the Company dated 14 December 2014, pursuant to the conditional agreement in relation to the sale and purchase of shares in the Company between Well Land International Limited ("Well Land") and the then controlling shareholders of the Company (i.e. First Beijing International Limited, Ease Gain Holdings Limited and Chosen Leader Limited), Well Land agreed to acquire 225,000,000 shares, representing 75% of the entire issued share capital of the Company at a cash consideration of HK$735,030,000 (equivalent to RMB588,966,000).

Well Land was incorporated in the British Virgin Islands ("BVI") with limited liability on 27 May 2014, and it is an indirect wholly owned subsidiary of Xiamen C&D Inc., a Shanghai-listed company which is a subsidiary of Xiamen C&D Corporation Limited. Following the completion of the transaction on 23 December 2014, Well Land and Xiamen C&D Corporation Limited became the Company's immediate and ultimate holding company's respectively.

Since the Group mainly operates its business in the PRC and most of the assets and liabilities of the Group are denominated in Renminbi ("RMB"), the directors of the Company consider that it is more appropriate to use RMB as the presentation currency of the Group and the presentation of financial statements in RMB can provide more relevant information for management to control and monitor the financial performance and financial position of the Group. Accordingly, the Group has changed its presentation currency for the preparation of the financial statements from Hong Kong dollars ("HK$") to RMB starting from 1 January 2015. The comparative figures have been restated to conform with current year's presentation in RMB and an additional consolidated statement of financial position as at 1 January 2014 has been presented in these consolidated financial statements.

For the purpose of re-presentation of the consolidated financial statements of the Group from HK$ to RMB, the assets and liabilities as of 1 January 2014 and 31 December 2014 are translated into RMB at the closing rate as of the respective reporting dates. Income and expenses are translated at the average exchange rates for the respective years. Share capital, share premium and reserves are translated at the exchange rate at the date when the amount was determined (i.e. historical exchange rates).

2. BASIS OF PREPARATION

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

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

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

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

3. ADOPTION OF NEW AND AMENDED HKFRSs

Amended HKFRSs that are effective for annual periods beginning on or after 1 January 2015

In the current year, the Group has applied all of the amendments to HKFRSs issued by HKICPA that are relevant to its operations and effective for annual period beginning on or after 1 January 2015. The adoption of the new amendments has no material effect on how the results and financial position for the current and prior periods have been prepared and presented.

Issued but not yet effective HKFRSs

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

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKAS 1	Disclosure Initiative[1]
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016

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

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

HKFRS 9 (2014) "Financial Instruments"

The release of HKFRS 9 "Financial Instruments" (2014) represents the completion of the project to replace HKAS 39. The new standard introduces extensive changes to HKAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. HKFRS 9 also provides new guidance on the application of hedge accounting.

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

- the classification and measurement of the Group's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed; and
- an expected credit loss-based impairment will need to be recognised on the Group's trade receivables (see note 13) to reflect changes in credit risk since initial recognition.

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

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

Issued but not yet effective HKFRSs *(Continued)*

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 presents new requirements for the recognition of revenue, replacing HKAS 18 "Revenue", HKAS 11 "Construction Contracts", and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing HKFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

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

4. REVENUE

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

	2015	2014
	RMB'000	RMB'000
		(Restated)
Building management income	**4,957**	7,462
Consultancy service income	**966**	205
Rental income of investment properties (note)	**43,720**	41,482
Sales of properties	**84,124**	223,622
	133,767	272,771

Note: The Group has contingent rental income of investment properties of approximately RMB1,855,000 (2014: RMB2,092,000) for the year ended 31 December 2015. The contingent rental income of investment properties is calculated based on a percentage of the relevant sales of the tenants pursuant to the rental agreements.

5. SEGMENT INFORMATION

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

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

Property leasing	— Leasing of commercial units, residential units and commercial shops;
Property development	— Construction and sales of residential units, commercial shops and car parking spaces;
Building management services	— Rendering of building management services; and
Advisory and consultancy services	— Rendering of advisory and consultancy 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.

5. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

	Property leasing RMB'000	Property development RMB'000	Building management services RMB'000	Advisory and consultancy services RMB'000	Total RMB'000
Year ended 31 December 2015					
Reportable segment revenue	**46,672**	**84,124**	**4,957**	**1,615**	**137,368**
Reportable segment profit	**24,666**	**11,811**	**2,098**	**306**	**38,881**
Other segment information:					
Interest income	**935**	**975**	**164**	**55**	**2,129**
Amortisation of interests in leasehold land	**11**	**—**	**—**	**—**	**11**
Gain on changes in fair value of investment properties	**2,600**	**—**	**—**	**—**	**2,600**
Income tax expense	**2,298**	**8,099**	**—**	**—**	**10,397**
Depreciation of property, plant and equipment	**389**	**418**	**29**	**10**	**846**
Year ended 31 December 2014 (Restated)					
Reportable segment revenue	41,798	223,623	7,552	1,432	274,405
Reportable segment profit	27,406	21,432	140	18	48,996
Other segment information:					
Interest income	227	575	9	2	813
Amortisation of interests in leasehold land	11	—	—	—	11
Gain on changes in fair value of investment properties	17,770	—	—	—	17,770
Income tax expense	7,142	424	—	—	7,566
Depreciation of property, plant and equipment	836	565	66	2	1,469

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

	Property leasing RMB'000	Property development RMB'000	Building management services RMB'000	Advisory and consultancy services RMB'000	Total RMB'000
As at 31 December 2015					
Reportable segment assets	**695,229**	**559,090**	**3,782**	**1,416**	**1,259,517**
Reportable segment liabilities	**(182,288)**	**(212,122)**	**(4,041)**	**(1,286)**	**(399,737)**
Other segment information:					
Additions to non-current assets	**106**	**87**	**—**	**—**	**193**
Investment in an associate	**—**	**20,000**	**—**	**—**	**20,000**
As at 31 December 2014 (Restated)					
Reportable segment assets	701,021	228,899	4,096	437	934,453
Reportable segment liabilities	(215,122)	(93,750)	(3,402)	(69)	(312,343)
Other segment information:					
Additions to non-current assets	4,433	8	—	—	4,441

5. SEGMENT INFORMATION *(Continued)*

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

	2015	2014
	RMB'000	RMB'000
		(Restated)
Reportable segment revenue	**137,368**	274,405
Inter-segment revenue elimination	**(3,601)**	(1,634)
Consolidated revenue	**133,767**	272,771
Reportable segment profit	**38,881**	48,996
Unallocated income and expenses	**(13,808)**	(9,845)
Unallocated income tax expense	**(9,660)**	(9,760)
Consolidated profit for the year	**15,413**	29,391
Reportable segment assets	**1,259,517**	934,453
Unallocated corporate assets	**20,961**	27,075
Total consolidated assets	**1,280,478**	961,528
Reportable segment liabilities	**(399,737)**	(312,343)
Unallocated taxation liabilities	**(9,790)**	(11,460)
Unallocated withholding tax liabilities	**(14,633)**	(14,633)
Unallocated corporate liabilities	**(7,077)**	(5,815)
Total consolidated liabilities	**(431,237)**	(344,251)

Segment assets consist primarily of property, plant and equipment, investment properties, interests in leasehold land, interest in an associate, inventories of properties, trade and other receivables and cash and cash equivalents.

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

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

For the years ended 31 December 2015 and 2014, the Group did not depend on any single customer under each of the segments.

6. OTHER INCOME

	2015	2014
	RMB'000	RMB'000
		(Restated)
Bank interest income		
– from bank deposits	**1,095**	706
– from structured bank deposits	**1,843**	438
Sundry income	**224**	84
	3,162	1,228

7. FINANCE COSTS

	2015	2014
	RMB'000	RMB'000
		(Restated)
Interest charges on:		
Bank borrowings wholly repayable within five years	**141**	163
Bank borrowings not wholly repayable within five years	**2,105**	4,521
Loan from intermediate holding company	**2,630**	—
Total borrowing costs	**4,876**	4,684
Less: interest capitalised	**(2,391)**	(4,684)
	2,485	—

The analysis shows the finance costs of bank and other borrowings, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the respective loan agreements. The interest charges on bank borrowings which contain a repayment on demand clause amounted to approximately RMB141,000 (2014: RMB163,000) for the year ended 31 December 2015.

The weighted average capitalisation rate of general borrowings was 2.87% (2014: 3.52%) per annum for the year.

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2015	2014
	RMB'000	RMB'000
		(Restated)
Amortisation of interests in leasehold land	**11**	11
Auditors' remuneration	**568**	839
Cost of properties sold	**49,461**	176,390
Depreciation of property, plant and equipment	**1,204**	1,578
Donation	**—**	816
Loss on disposal of property, plant and equipment	**76**	83
Provision for doubtful trade receivables	**69**	—
Net foreign exchange loss	**5,010**	1,139
Operating lease charges	**4,012**	4,303
Outgoings in respect of investment properties that generated rental income	**4,490**	4,353

9. INCOME TAX EXPENSE

	2015	2014
	RMB'000	RMB'000
		(Restated)
Current income tax		
PRC corporate income tax		
– Current year	**11,034**	7,912
– Over provision in respect of prior years	**(1,374)**	—
	9,660	7,912
PRC land appreciation tax	**10,168**	1,215
	19,828	9,127
Deferred tax		
PRC corporate income tax	**2,183**	5,912
PRC land appreciation tax	**(1,954)**	438
PRC withholding income tax	**—**	1,848
	229	8,198
Total income tax expense	**20,057**	17,325

9. INCOME TAX EXPENSE *(Continued)*

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

	2015 **RMB'000**	2014 RMB'000 (Restated)
Profit before income tax	**35,470**	46,716
Tax on profit before income tax, calculated at the rates applicable to profit in the tax jurisdictions concerned	**10,063**	12,545
Tax effect of non-deductible expenses	**2,691**	865
LAT deductible for calculation of income tax	**(590)**	(742)
LAT charges	**10,168**	1,653
Effect of withholding income tax at 10% on distributable profits of the Group's PRC subsidiaries	**—**	1,848
Over provision in respect of prior years	**(1,374)**	—
Others	**(901)**	1,156
Income tax expense	**20,057**	17,325

Note:

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not derive any assessable profit arising in Hong Kong during the year (2014: nil).

(b) PRC corporate income tax

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

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

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

9. INCOME TAX EXPENSE *(Continued)*

Note: *(Continued)*

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

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

Pursuant to the written notice for the LAT assessment issued by the local tax bureau dated 20 June 2012, Nanning WTS Real Estate Development and Investment Company Limited (南寧威特斯房地產開發投資有限公司, "WTS Real Estate") is subject to LAT and the LAT is calculated at 5% to 7% (2014: 5% to 7%) of its sales of properties in accordance with the authorised taxation method.

(d) PRC withholding income tax

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

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the equity holders of the Company for the year ended 31 December 2015 of approximately RMB12,668,000 (2014: RMB24,896,000), and the weighted average number of ordinary shares of 328,274,000 (2014: 300,000,000) in issue during the year.

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

11. INVESTMENT PROPERTIES

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

	2015	2014
	RMB'000	RMB'000
		(Restated)
Carrying amount at 1 January	**677,250**	662,703
Change in fair value of investment properties	**2,600**	17,770
Additions		
– acquisitions and subsequent expenditures	**—**	1,135
– interest capitalised	**—**	3,266
Transfer to property, plant and equipment	**—**	(7,813)
Exchange differences	**—**	189
Carrying amount at 31 December	**679,850**	677,250

11. INVESTMENT PROPERTIES *(Continued)*

The carrying amounts of the Group's investment properties attributable to the properties without the relevant title certificates were approximately RMB2,800,000 (2014: RMB2,800,000). As at 31 December 2014, the Group had not obtained the land use rights certificates and building ownership certificates of these properties, for which the application were in progress. The fair values of these properties were estimated assuming the Group had valid land use rights certificates and building ownership certificates of these properties and all land premium and related fees for the grant of certificates had been fully settled. The land premium and related fees for the grant of certificates were not significant. During the year ended 31 December 2015, the Group obtained the building ownership certificates of these properties whereas the application for the land use rights certificates were still in progress.

The Group had rented out and received rental income from these properties during the years ended 31 December 2015 and 2014. 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 31 December 2014, the bank borrowings were secured by investment properties with a carrying amount of approximately RMB320,550,000. Such securities were released during the year ended 31 December 2015.

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

	2015 **RMB'000**	2014 RMB'000 (Restated)
In PRC:		
Leases of between 10 to 50 years	**679,850**	677,250

During the year ended 31 December 2014, the Group did not renew the lease to related company in respect of a parcel of office premise, which is used for self-occupation and administrative purpose, and this portion has been reclassified to property, plant and equipment. The fair value of the property was approximately RMB7,813,000 immediately before the transfer.

11. INVESTMENT PROPERTIES *(Continued)*

Valuation process and methodologies

Investment properties were valued at 31 December 2015 and 2014 by independent, professional qualified valuers, DTZ Debenham Tie Leung International Property Advisers (Guangzhou) Co., Ltd. ("DTZ"), who has the relevant experience in the location and category of properties being valued. DTZ have used direct capitalisation approach by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties.

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

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

Fair value hierarchy

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

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

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

	Fair value measurements categorised into			
	Level 1	**Level 2**	**Level 3**	**Fair value**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Recurring fair value measurement				
At 31 December 2015				
Investment properties	**—**	**—**	**679,850**	**679,850**
At 31 December 2014 (Restated)				
Investment properties	—	—	677,250	677,250

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

11. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

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

	Valuation techniques	Significant unobservable inputs	Range As at 31 December	
			2015	2014
Investment properties	Direct capitalisation method	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc (RMB/sq.m.)	**35 - 1,150**	33 - 1,150
		Capitalisation rate of reversionary income	**3.50% - 7.50%**	3.50% - 7.50%

Relationships of unobservable inputs to fair value are as follows:

– The higher the prevailing rents, the higher the fair value.

– The higher the capitalisation rate, the lower the fair value

Gains on changes in fair value of investment properties of RMB2,600,000 (2014: RMB17,770,000) recognised in profit or loss and presented on the face of the consolidated statement of comprehensive income arise from the investment properties held at the end of the reporting period.

12. INVENTORIES OF PROPERTIES

	2015 RMB'000	2014 RMB'000 (Restated)
Properties under development	**429,276**	—
Properties held for sale	**52,643**	102,104
	481,919	102,104
Properties under development include:		
– cost of leasehold land	**419,700**	—
– construction costs and capitalised expenditure	**7,185**	—
– interests capitalised	**2,391**	—
	429,276	—

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

As at 31 December 2015, properties under development were expected to be completed and available for sale to the customers more than twelve months from the end of the reporting period.

13. TRADE AND OTHER RECEIVABLES

	2015 RMB'000	2014 RMB'000 (Restated)
Trade receivables		
From third parties	**1,728**	4,402
Less: Accumulated impairment loss	**(69)**	(128)
	1,659	4,274
Other receivables		
Deposits	**6,127**	1,111
Prepayment	**685**	502
Other receivables	**1,825**	3,714
	8,637	5,327
	10,296	9,601

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.

13. TRADE AND OTHER RECEIVABLES *(Continued)*

Trade receivables in respect of sales of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. For the trade receivables derived from rental income, building management fee income and consultancy service 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:

	2015	2014
	RMB'000	RMB'000
		(Restated)
0-30 days	**1,370**	3,164
31-90 days	**88**	680
91-180 days	**23**	266
181-365 days	**21**	102
Over 1 year	**157**	62
	1,659	4,274

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

	2015	2014
	RMB'000	RMB'000
		(Restated)
At 1 January	**128**	128
Provision for impairment	**69**	—
Amount written off as uncollectible	**(128)**	—
At 31 December	**69**	128

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. As at 31 December 2015, the Group has determined trade receivables of approximately RMB69,000 (2014: nil) as individually impaired. The impaired trade receivables are due from customers who have defaulted in the scheduled payments after due dates and the Group performed an assessment and concluded the chance of recovering the account receivables is low such that full impairment had been recognised in respect of these receivables.

13. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	2015	2014
	RMB'000	RMB'000
		(Restated)
Neither past due nor impaired	**1,258**	2,655
1-90 days past due	**200**	1,189
91-180 days past due	**23**	266
181-360 days past due	**21**	102
Over 360 days past due	**157**	62
	1,659	4,274

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

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

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

14. TRADE AND OTHER PAYABLES

	2015 RMB'000	2014 RMB'000 (Restated)
Trade payables		
To third parties	**15,440**	30,926
Other payables		
Accruals and other payables	**14,188**	21,176
Deposits received	**29,155**	14,294
Receipts in advance	**7,476**	12,564
	50,819	48,034
	66,259	78,960

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

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

	2015 RMB'000	2014 RMB'000 (Restated)
0-30 days	**3,725**	22,590
31-60 days	**—**	200
61-90 days	**110**	89
Over 90 days	**11,605**	8,047
	15,440	30,926

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

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

As at 31 December 2015, the loan from intermediate holding company is unsecured, interest-bearing at 3-year floating lending rate of People's Bank of China (the "PBOC rate") per annum and would not be repayable within one year.

The carrying amounts of the balances approximate their fair values.

16. INTEREST-BEARING BORROWINGS

	2015	2014
	RMB'000	RMB'000
		(Restated)
Current		
Bank loans, secured	**3,749**	11,309
Non-current		
Bank loans, secured	**—**	59,503
Total borrowings	**3,749**	70,812

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

	2015	2014
	RMB'000	RMB'000
		(Restated)
Current		
Portion of bank loans due for repayment within one year	**718**	7,698
Portion of bank loans due for repayment after one year which contain repayment on demand clause	**3,031**	3,611
	3,749	11,309
Non-current		
Portion of bank loans due for repayment after one year	**—**	59,503
	3,749	70,812

The Group's bank loans are repayable as follows:

	2015	2014
	RMB'000	RMB'000
		(Restated)
Within one year or on demand	**3,749**	11,309
In the second year	**—**	7,000
In the third to fifth year	**—**	21,000
After the fifth year	**—**	31,503
	—	59,503
	3,749	70,812

16. INTEREST-BEARING BORROWINGS *(Continued)*

As at 31 December 2014, the Group's bank loans are secured by legal charges over the followings:

(a) certain of the Group's property, plant and equipment with carrying value of approximately RMB10,713,000;

(b) certain of the Group's interests in leasehold land with carrying value of approximately RMB323,000;

(c) certain of the Group's investment properties with carrying value of approximately RMB320,550,000; and

(d) assignments of rental income arising from the tenancy agreements of subsidiaries' certain properties.

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

As at 31 December 2014, the bank loan amounted to approximately RMB66,504,000 was denominated in RMB and bore a floating interest rate ranging from 7.69% to 8.19% per annum. The bank loan was fully settled during the year ended 31 December 2015. The bank loan of approximately RMB4,308,000 was denominated in HK$ which bore a floating interest rate of 3.5% per annum.

As at 31 December 2015, the bank loan of approximately RMB3,749,000 was denominated in HK$ which bore a floating interest rate of 3.5% per annum.

17. RESERVES

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

Share premium

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

Statutory reserve

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

Exchange reserve

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

Capital reserve

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

Revaluation reserve

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company and its subsidiaries (collectively the "Group") is principally engaged in the businesses of property development, property leasing, property management and the provision of consultancy services. It is an award winning green building property developer and has many years of experience in developing and leasing properties and in managing properties in numerous locations in the PRC.

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

The Group recorded a profit attributable to the equity holders of the Company for the Year of approximately RMB12.7 million (2014: RMB24.9 million). It represented a decrease in the profit by approximately 49.1% as compared to that of the year of 2014.

Property development business

Li Yuan, a lohas residential project with a total saleable gross floor area (the "GFA") of over 46,000 sq. m. in New & Hi-Tech Industrial Development Zone, Nanning, was aggregately sold and pre-sold for over 79% as at 31 December 2015. For the Year, approximately 7,231 sq. m. of residential units, commercial shops and car parking spaces with revenue of approximately RMB71.4 million were sold and delivered to the purchasers.

Fond England, a green residential project with a total GFA of over 150,000 sq. m. in Nanning, was aggregately sold and pre-sold for over 98% as at 31 December 2015. For the Year, approximately 2,118 sq. m. (including car parking spaces) with revenue of approximately RMB12.7 million were sold and delivered to the purchasers.

New properties development projects

From September 2015, the Group has successfully acquired land use rights at open tender and a development project by way of acquiring controlling equity interests of the project companies. There are three new properties development projects under planning and/or preliminary construction activities:

1. 長沙中央悦府項目Changsha Zhongyangyuefu
2. 泉州洛江中泱天成項目Quanzhou Zhongyangtiancheng
3. 漳州長泰新亭項目Zhangzhou Changtaixinting

The presale of first two projects will be scheduled at late 2016.

Property leasing business

The leasing fee income from the Group's property leasing business was approximately RMB43.7 million for the Year (2014: RMB41.5 million).

The Group's leasing properties are mainly located in two districts, namely Xingning District (興寧區) and Xixiangtang District (西鄉塘區) of Nanning. As of 31 December 2015, the Group's retail units (which were held for the purpose of leasing to independent third parties) comprised an aggregate rentable GFA of approximately 23,241 sq. m. in the PRC, of which an aggregate GFA of approximately 18,190 sq.m. in the PRC were leased out.

Property management and consultancy business

The property management and consultancy service fee income from the Group's property management and consultancy business of approximately RMB5.0 million (2014: RMB7.5 million) and RMB1.0 million (2014: RMB0.2 million) respectively were contributed to the Group's revenue for the Year.

The Group's property management business comprises managing properties that the Group holds in its investment property portfolio, properties that the Group has developed, as well as properties owned or legally used by independent third party property owners or users. The Group's property management services include setting property management procedures, providing security, maintaining the properties, landscaping, developing environmental protection policies, event planning and consultancy services. These business activities are carried out under Nanning Golden Yu Feng Property Services Co., Limited* (南寧金裕豐物業服務有限公司) ("Golden Yu Feng"), an indirect non-wholly owned subsidiary of the Company, which holds a valid Class 3 qualification allowing it to carry out property management of up to 200,000 sq. m. for each residential property and up to 50,000 sq. m. for each non-residential property it manages.

As of 31 December 2015, the Group derived its property management income mainly from Yu Feng Plaza (裕豐大廈), Wan Guo Plaza (萬國廣場) (formerly named as Yu Feng High Street) and International Kitchen Supplies Centre (國際廚櫃中心) in Nanning.

For the property project consultancy business, the Group will provide construction management consultancy services to Xiamen Heshan Construction and Development Limited (廈門禾山建設發展有限公司) ("Heshan Construction") in 2016. On 14 December 2015, Xiamen Zhaocheng Engineering Construction and Management Limited* (廈門兆誠工程建設管理有限公司) ("Zhaocheng Engineering"), an indirect wholly-owned subsidiary of the Company, entered into the entrusted construction agreements with Heshan Construction in respect of (i) the Fanghu Yayuan Resettlement Housing project and (ii) the Xueling Village Redevelopment Resettlement Housing project.

* *For identification purpose only*

FINANCIAL REVIEW

Since the Group mainly operates its business in the PRC and most of the assets and liabilities of the Group are denominated in RMB, the directors of the Company consider that it is more appropriate to use RMB as the presentation currency of the Group and the presentation of financial statements in RMB can provide more relevant information for management to control and monitor the financial performance and financial position of the Group. Accordingly, the Group has changed its presentation currency for the preparation of the financial statements from HK$ to RMB starting from 1 January 2015. The comparative figures have been restated to conform with current year's presentation in RMB and an additional consolidated statement of financial position as at 1 January 2014 has been presented in these consolidated financial statements.

For the purpose of re-presentation of the consolidated financial statements of the Group from HK$ to RMB, the assets and liabilities as of 1 January 2014 and 31 December 2014 are translated into RMB at the closing rate as of the respective reporting dates. Income and expenses are translated at the average exchange rates for the respective years. Share capital, share premium and reserves are translated at the exchange rate at the date when the amount was determined (i.e. historical exchange rates).

Revenue

During the Year, the Group's revenue was derived from (i) sales of properties; (ii) rental income of investment properties owned by the Group and independent third parties; (iii) building management income; and (iv) consultancy service income.

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

	2015		2014 (Restated)	
	RMB'000	**%**	RMB'000	%
Sales of properties	**84,124**	**62.9**	223,622	82.0
Rental income of investment properties	**43,720**	**32.7**	41,482	15.2
Building management income	**4,957**	**3.7**	7,462	2.7
Consultancy service income	**966**	**0.7**	205	0.1
	133,767	**100**	272,771	100

Sales of properties decreased by about 62.4% from approximately RMB223.6 million in 2014 to approximately RMB84.1 million in 2015. Saleable GFA delivered for the financial years ended 31 December 2014 and 2015 were approximately 32,258 sq. m. and approximately 9,349 sq. m. respectively. The revenue derived from the sales of properties for the Year decreased as the decrease in saleable GFA sold and delivered in the Year.

Cost of Sales

Cost of sales decreased by about 66.2% from approximately RMB207.7 million for the year ended 31 December 2014 to approximately RMB70.3 million for the Year. This result was primarily attributable to the decrease in saleable GFA of Li Yuan sold and delivered during the Year.

Gross Profit and Gross Profit Margin

The gross profit amounted to approximately RMB65.0 million and approximately RMB63.5 million for the years ended 31 December 2014 and 2015 respectively, representing a gross profit margin of approximately 23.8% and 47.5% respectively. The overall increase in gross profit margin was mainly due to the relatively higher gross profit margin contributed by the sales of commercial shops of Li Yuan in the Year.

Other Income

Other income increased from approximately RMB1.2 million in the previous financial year to approximately RMB3.2 million for the Year. The main reason for the increase was an increase in bank interest income in the Year.

Borrowing Costs

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

Capitalised borrowing costs decreased from approximately RMB 4.7 million for the year ended 31 December 2014 to approximately RMB 2.4 million for the Year. The decrease was mainly due to the completion of construction projects.

Gain on Changes in Fair Value of Investment Properties

The gain on changes in fair value of investment properties for the Year decreased to approximately RMB 2.6 million from approximately RMB17.8 million in the previous financial year. The decrease reflected the adjustments in the property value in Nanning during the Year.

Administrative Expenses

Administrative expenses decreased by about 16.4% to approximately RMB 26.6 million for the Year from approximately RMB 31.8 million for the year ended 31 December 2014. This was primarily due to the decrease in directors' emoluments.

Selling Expenses

Selling expenses decreased by about 14.7% to approximately RMB 4.8 million for the Year from approximately RMB 5.6 million for the year ended 31 December 2014, primarily due to reduction in promotion expenses incurred in the Year.

Profit before Income Tax

As a cumulative effect of the foregoing factors, the Group had recorded a profit before income tax of approximately RMB35.5 million for the Year, representing a decrease of approximately 24.1% from approximately RMB 46.7 million in the previous financial year.

Income Tax Expense

Income tax expense increased from approximately RMB 17.3 million in the previous financial year to approximately RMB 20.1 million for the Year. The increase in income tax was mainly due to an increase in land appreciation tax ("LAT") of Li Yuan during the Year.

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

The profit attributable to the equity holders of the Company decreased by about 49.1% from approximately RMB24.9 million in the previous financial year to approximately RMB 12.7 million for the Year.

Liquidity and Financial Resources

The long-term funding and working capital required by the Group are primarily derived from income generated from core business operations, bank borrowings, the loan from intermediate holding company and cash proceeds received 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 in the Year.

The Group continues to adopt a prudent financing policy and sustain a sound capital structure with healthy cashflow. As at 31 December 2015, the Group's cash and cash equivalents and restricted cash amounted to approximately RMB71.9 million (2014: RMB 155.9 million) while total assets and net assets (after deducting non-controlling interests) were approximately RMB 1,280.5 million (2014: RMB 961.5 million) and RMB 757.2 million (2014: RMB 555.5 million) respectively. As at 31 December 2015, the Group's working capital amounted to approximately RMB 419.1 million (2014: RMB 152.8 million). As at 31 December 2015, the Group recorded net debt of approximately RMB47.3 million with net debt to equity ratio of 5.6%, while the Group did not have any net debt gearing and recorded a net cash balance of RMB 85.1 million as at 31 December 2014.

As at 31 December 2015, the Group had (i) a loan facility of approximately RMB3.7 million (2014: RMB4.3 million) denominated in HK$ and bore a floating interest rate of 3.5% (2014: 3.5%) per annum, and (ii) loan from intermediate holding company of approximately RMB115.5 million (2014: Nil) denominated in RMB and bore a 3-year floating lending rate of People's Bank of China (the "PBOC rate") per annum. The Group had no bank borrowings which was denominated in RMB (2014: RMB66.5 million). No particular trend of seasonality was observed for the Group's borrowing requirements for the Year.

The Group's gearing ratio (total borrowings divided by total equity) increased to 14.0% as at 31 December 2015 (2014: 11.5%) as the loan from intermediate holding company increased in the Year.

Of the total borrowings, approximately RMB3.7 million was repayable within one year while approximately RMB115.5 million was repayable after one year but within three years.

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

Financial Guarantee Contracts

The Group had arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. The balance as at 31 December 2015 was approximately RMB133.8 million (2014: RMB90.1 million). The increase was mainly attributable to an increase of the guarantees upon the real estate mortgage loan by purchasers of Li Yuan in the Year.

Capital Commitments

Capital commitments were those contracts concluded but not provided for leasehold improvements and the construction of properties under development. The capital commitment was RMB 172.3 million as at 31 December 2015 (2014: Nil). The increase was attributable to the new construction projects and office renovation commenced in the Year.

Pledge of Assets

The Group used the facilities from its bank and other borrowings to finance its property development and overall expansion of its business. Secured borrowings were secured by property, plant and equipment.

Capital Structure

As at 31 December 2015, the Company's issued share capital was HK$36,000,000, divided into 360,000,000 ordinary shares of HK$0.1 each (2014: HK$30,000,000 divided into 300,000,000 shares of HK$0.1 each).

Foreign Currency Exposure

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

As at 31 December 2015, except for the bank deposits denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations.

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

Contingent Liabilities

As at 31 December 2015, the Group did not have any material contingent liabilities (2014: Nil).

Employees and Emolument Policy

As at 31 December 2015, the Group employed a total of 92 full-time employees (2014: 103 employees). Total staff costs, including Directors' emoluments, of the Group were approximately RMB16.5 million (2014: RMB 20.6 million). The Group reviews the remuneration policies and packages on a regular basis and makes necessary adjustment commensurate with the remuneration level in the industry. In addition to a basic monthly salary, year-end bonuses are offered to those staff with outstanding performance. A share option scheme has been adopted to attract and retain eligible employees to contribute to the Group.

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

OUTLOOK

For C&D International Group's positioning and planning, C&D International Group will also engage in light-asset extension business related to the real estate industry such as construction contractor and commercial operation management while performing its major property business in future. Moreover, C&D International Group will also actively seek for the right timing to increase investments in sectors such as properties for the elderly, cultural properties, construction of environmental protection ancillary facilities and infrastructure, and investment in other emerging industries. By leveraging on the abundant resources and mature branding strength of its parent, introducing advanced management concepts and excellent corporate culture to fully utilize the advantages of the capital platform in Hong Kong, C&D International Group is gradually approaching the new stage of leaping development.

FINAL DIVIDENDS

The Board does not recommend any payment of final dividend for the Year (2014: Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders' entitlement to attend and vote at the forthcoming annual general meeting of the Company (the "AGM"), the register of members of the Company will be closed from Friday, 6 May 2016 to Monday, 9 May 2016 (both days inclusive) during which no transfer of shares in the Company (the "Shares") may be effected. In order to qualify for attending the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged for registration with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on Thursday, 5 May 2016.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted a set of codes of conduct pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules during the year ended 31 December 2015 as its own code of conduct for dealings in securities of the Company by its Directors. The Company had made specific enquiries of all Directors and each of them confirmed that they had complied with the required standard of dealings and its code of conduct regarding securities transactions by Directors for the Year.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to fulfilling its responsibilities to its shareholders and protecting and enhancing shareholder value through solid corporate governance. The Company had followed the principles of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules during the year ended 31 December 2015 by adopting the code provisions and certain recommended best practices set out in the CG Code as its own code of corporate governance. Throughout the Year, the Company had complied with the code provisions set out in the CG Code, except for the deviation from code provision A.2.1 of the CG Code.

Pursuant to code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separated and assumed by different individuals to ensure a balance of power and authority so that power is not concentrated in any Board member.

Dr. Lee Kai Hung ("Dr. Lee") acted as both the chairman and the chief executive officer of the Company up to 9 February 2015. The Board is of the view that given that Dr. Lee had been primarily responsible for leading the strategic planning and business development of the Group, the arrangement would provide the Company with strong and consistent leadership, and allow for effective and efficient planning and implementation of business decisions and strategies. In addition, Dr. Lee's involvement in the Nanning property market industry would enable the Group to tap into the latest market development. The Board considers that the arrangement was overall beneficial to the management and development of the Group's business.

Upon the completion of the mandatory unconditional cash offer (the "Mandatory Cash Offer") as disclosed in the Company's announcement dated 10 February 2015, Mr. Zhuang Yuekai and Mr. Shi Zhen were appointed as chairman and chief executive officer of the Company respectively on 10 February 2015 and the roles of chairman and chief executive officer have been separated since then.

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

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

During the Year, the Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell any such securities.

REVIEW OF RESULTS BY AUDIT COMMITTEE

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

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

Hong Kong, 21 March 2016

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

Executive Directors:
Mr. Zhuang Yuekai (Chairman)
Mr. Shi Zhen
Ms. Zhao Chengmin

Non-executive Director
Ms. Wang Xianrong
Ms. Wu Xiaomin
Mr. Huang Wenzhou

Independent Non-executive Directors:
Mr. Wong Chi Wai
Mr. Wong Tat Yan, Paul
Mr. Chan Chun Yee

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