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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

- Revenue decreased by approximately 45.7% to approximately RMB34.4 million as compared with the corresponding period of previous year.
- Gross profit decreased by approximately 10.7% to approximately RMB24.2 million as compared with the corresponding period of previous year.
- Profit before income tax for the period increased by approximately 18.9% to approximately RMB13.9 million as compared with the corresponding period of previous year.
- Profit attributable to owners of the Company increased by approximately 208.8% to approximately RMB11.9 million as compared with the corresponding period of previous year.
- Basic earnings per share increased to approximately RMB3.31 cents.
- The Board does not recommend the payment of an interim dividend.
- Cash and bank balances amounted to approximately RMB87.4 million as at 30 June 2016.

The board (the "Board") of directors (the "Directors") of C&D International Investment Group Limited (the "Company") is pleased to announce the following unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2016 together with the comparative figures for the corresponding period in 2015.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
	Notes	2016 (Unaudited) RMB'000	2015 (Unaudited) (Restated) RMB'000
Revenue	4	34,410	63,346
Cost of sales		(10,257)	(36,307)
Gross profit		24,153	27,039
Other income	5	5,029	1,392
Gain/(Loss) on changes in fair value of investment properties		450	(3,348)
Administrative expenses		(9,137)	(11,573)
Selling expenses		(6,539)	(1,785)
Finance costs	6	(20)	—
Profit before income tax	7	13,936	11,725
Income tax expense	8	(2,823)	(6,764)
Profit for the period		11,113	4,961
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		274	16
Total comprehensive income for the period		11,387	4,977

		For the six months ended 30 June	
	Notes	2016 (Unaudited) RMB'000	2015 (Unaudited) (Restated) RMB'000
Profit for the period attributable to:			
Owners of the Company		11,919	3,855
Non-controlling interests		(806)	1,106
		11,113	4,961
Total comprehensive income/(loss) attributable to:			
Owners of the Company		12,193	3,871
Non-controlling interests		(806)	1,106
		11,387	4,977
Earnings per share for profit attributable to the owners of the Company			
	10		
– Basic (RMB cents)		3.31	1.29
– Diluted (RMB cents)		3.31	1.29

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2016 (Unaudited) RMB'000	As at 31 December 2015 (Audited) RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		61,188	13,138
Interests in leasehold land		308	312
Investment properties		680,300	679,850
Interest in an associate		25,000	20,000
Deferred tax assets		3,038	3,038
		769,834	716,338
Current assets			
Inventories of properties		736,324	481,919
Trade and other receivables	11	77,164	10,296
Cash at banks and in hand		87,354	71,925
		900,842	564,140
Current liabilities			
Trade and other payables	12	79,712	66,259
Amounts due to non-controlling shareholders	13	200,872	60,000
Interest-bearing borrowings		3,495	3,749
Taxation liabilities		14,202	15,032
		298,281	145,040
Net current assets		602,561	419,100
Total assets less current liabilities		1,372,395	1,135,438

	Notes	As at 30 June 2016 (Unaudited) RMB'000	As at 31 December 2015 (Audited) RMB'000
Non-current liabilities			
Loan from intermediate holding company	13	314,665	115,507
Deferred tax liabilities		171,671	170,690
		486,336	286,197
Net assets		886,059	849,241
EQUITY			
Share capital	14	29,135	29,135
Other reserves		740,244	728,051
Equity attributable to the owners of the Company		769,379	757,186
Non-controlling interests		116,680	92,055
Total equity		886,059	849,241

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the equity holders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium*	Statutory reserve*	Exchange reserve*	Capital reserve*	Revaluation reserve*	Proposed final dividend*	Retained earnings*	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2015, as restated	24,321	19,607	25,993	(692)	21,102	2,692	—	462,448	555,471	617,277
Total comprehensive income for the period										
Profit for the period	—	—	—	—	—	—	—	3,855	3,855	4,961
Other comprehensive income										
– Currency translation differences	—	—	—	16	—	—	—	—	16	16
Total comprehensive income	—	—	—	16	—	—	—	3,855	3,871	4,977
Transactions with owners										
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	(2,496)
Total transactions with owners	—	—	—	—	—	—	—	—	—	(2,496)
Balance at 30 June 2015, as restated (Unaudited)	24,321	19,607	25,993	(676)	21,102	2,692	—	466,303	559,342	619,758
Balance at 1 January 2016	29,135	198,945	25,993	4,203	21,102	2,692	—	475,116	757,186	849,241
Total comprehensive income for the period										
Profit for the period	—	—	—	—	—	—	—	11,919	11,919	(806)
Other comprehensive income										
– Currency translation differences	—	—	—	274	—	—	—	—	274	274
Total comprehensive income	—	—	—	274	—	—	—	11,919	12,193	(806)
Transactions with owners										
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	—	25,431
Total transactions with owners	—	—	—	—	—	—	—	—	—	25,431
Balance at 30 June 2016 (Unaudited)	29,135	198,945	25,993	4,477	21,102	2,692	—	487,035	769,379	886,059

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2016 (Unaudited) RMB'000	2015 (Unaudited) (Restated) RMB'000
Net cash (used in)/generated from operating activities	(174,112)	5,506
Net cash (used in)/generated from investing activities	(22,867)	1,202
Net cash generated/(used in) financing activities (Note)	212,269	(69,249)
Net increase/(decrease) in cash and cash equivalents	15,290	(62,541)
Cash and cash equivalents as at 1 January	71,925	153,442
Effect of foreign exchange rates changes on cash and cash equivalents	139	200
Cash and cash equivalents as at 30 June	87,354	91,101
Add: Restricted deposits	—	2,514
Cash at banks and in hand as at 30 June	87,354	93,615

Note: Included in net cash used in financing activities for the six months ended 30 June 2016 were repayment of interest-bearing borrowings of RMB3.76 million (2015: RMB67 million).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

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 the 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 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 the shareholders of the Company at the extraordinary general meeting held on 28 December 2015 and became effective on 29 December 2015.

The principal activity of the Company is investment holding. The Group is principally engaged in property development, business operation and management, property management and provision of consultancy services.

Since the Group mainly operates its business in the People's Republic of China ("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 comprehensive income for the six months ended 30 June 2015 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, income and expenses for the six months ended 30 June 2015 are translated into RMB at the average exchange rates for the respective years. Share capital, share premium and reserves as of 1 January 2015 are translated at the exchange rate at the date when the amount was determined (i.e. historical exchange rates).

2. BASIS OF PRESENTATION AND PREPARATION

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

The basis of preparation and accounting policies adopted in preparing these unaudited condensed consolidated financial statements are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 December 2015, except for the adoption of the new and revised Hong Kong Financial Reporting Standards issued by the HKICPA that have become effective for accounting period beginning on 1 January 2016 (the "New and Revised HKFRSs").

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

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

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

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

3. SEGMENT INFORMATION

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

Segment revenue and results

	Property leasing (Unaudited) RMB'000	Property development (Unaudited) RMB'000	Property management services (Unaudited) RMB'000	Consultancy services (Unaudited) RMB'000	Total (Unaudited) RMB'000
For the six months ended					
30 June 2016					
Reportable segment revenue	25,944	1,456	5,674	2,514	35,588
Reportable segment profit	8,751	1,290	1,956	1,096	13,093
Other segment information:					
Interest income	14	124	2	6	146
Amortisation of leasehold land	5	—	—	—	5
Gain on fair value of investment properties	450	—	—	—	450
Income tax expense	665	6	—	404	1,075
Depreciation of property, plant and equipment	757	565	66	2	1,390
For the six months ended					
30 June 2015 (Restated)					
Reportable segment revenue	21,577	39,129	2,723	76	63,505
Reportable segment profit/(loss)	7,900	6,849	403	(6)	15,146
Other segment information:					
Interest income	1,255	6	3	1	1,265
Amortisation of leasehold land	6	—	—	—	6
Loss on fair value of investment properties	3,348	—	—	—	3,348
Income tax expense	954	945	—	—	1,899
Depreciation of property, plant and equipment	308	154	20	—	482

3. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

	Property leasing (Unaudited) RMB'000	Property development (Unaudited) RMB'000	Property management services (Unaudited) RMB'000	Consultancy services (Unaudited) RMB'000	Total (Unaudited) RMB'000
As at 30 June 2016					
Reportable segment assets	755,925	878,068	8,124	6,812	1,648,929
Reportable segment liabilities	(207,062)	(538,216)	(9,641)	(734)	(755,653)
Other segment information:					
Additions to non-current assets	4	8	—	—	12
Investment in an associate	—	25,000	—	—	25,000

	Property leasing (Audited) RMB'000	Property development (Audited) RMB'000	Property management services (Audited) RMB'000	Consultancy services (Audited) RMB'000	Total (Audited) 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

3. SEGMENT INFORMATION *(Continued)*

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

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
		(Restated)
	RMB'000	RMB'000
Reportable segment revenue	35,588	63,504
Inter-segment revenue elimination	(1,178)	(158)
Revenue	34,410	63,346
Reportable segment profit	13,093	15,146
Unallocated expenses	(232)	(5,321)
Unallocated income tax expense	(1,748)	(4,864)
Profit for the period	11,113	4,961

	As at 30 June 2016	As at 31 December 2015
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Reportable segment assets	1,648,929	1,259,517
Unallocated corporate assets	21,747	20,961
Total consolidated assets	1,670,676	1,280,478
Reportable segment liabilities	755,653	399,737
Unallocated taxation liabilities	12,805	9,790
Unallocated deferred tax liabilities	15,615	14,633
Unallocated corporate liabilities	544	7,077
Total consolidated liabilities	784,617	431,237

4. REVENUE

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

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
		(Restated)
	RMB'000	RMB'000
Property management income	5,674	2,723
Consultancy service income	2,514	76
Rental income of investment properties (Note)	24,766	21,419
Sales of properties	1,456	39,128
	34,410	63,346

Note:

The Group has contingent rental income of investment properties of approximately RMB1,134,000 (2015: RMB1,085,000) for the six months ended 30 June 2016. The contingent rental income of investment properties is calculated based on a percentage of the relevant sales of the tenants pursuant to the rental agreements.

5. OTHER INCOME

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
		(Restated)
	RMB'000	RMB'000
Bank interest income	158	1,342
Reversal of Directors' and supervisors' compensation in previous years	2,694	—
Income from compensation for default	1,962	—
Sundry income	215	50
	5,029	1,392

6. FINANCE COSTS

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
		(Restated)
	RMB'000	RMB'000
Interest charges on:		
Bank borrowings wholly repayable within five years	20	—
Bank borrowings not wholly repayable within five years	—	2,178
Loan from intermediate holding company	6,309	—
Total borrowing costs	6,329	2,178
Less: interest capitalised	(6,309)	(2,178)
	20	—

The analysis shows the finance costs of bank borrowings, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the respective loan agreements. The interest charges on bank borrowings which contain a repayment on demand clause amounted to approximately RMB20,000 and RMB73,000 for the six months ended 30 June 2016 and 2015 respectively.

7. PROFIT BEFORE INCOME TAX

	For the six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
		(Restated)
	RMB'000	RMB'000
Profit before income tax is arrived at after charging/(crediting):		
Amortisation of interests in leasehold land	5	6
Auditors' remuneration	3	114
Cost of properties sold	620	26,422
Depreciation of property, plant and equipment	738	729
Loss on exchange differences, net	23	31
Loss on disposals of property, plant, and equipment	80	109
Operating lease charges	2,989	2,095
Outgoings in respect of investment properties that generated rental income	2,030	2,103

8. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited) (Restated)
	RMB'000	RMB'000
Current income tax		
PRC corporate income tax	1,776	3,729
PRC land appreciation tax	66	969
	1,842	4,698
Deferred tax	981	2,066
Total income tax expense	2,823	6,764

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.

PRC corporate income tax

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

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

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

PRC land appreciation tax ("LAT")

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

Pursuant to the written notice for the LAT assessment issued by the local tax bureau dated 20 June 2012 and its subsequent changes, Nanning WTS Real Estate Development and Investment Company Limited* (南寧威特斯房地產開發投資有限公司) is subject to LAT and the LAT is calculated at 5% to 8% (2015: 5% to 8%) of its sales of properties in accordance with the authorised taxation method.

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: Nil).

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to the owners of the Company for the six months ended 30 June 2016 of approximately RMB11,919,000 (2015: RMB3,855,000), and the number of ordinary shares of 360,000,000 (2015: 300,000,000 shares) in issue during the period.

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

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2016 (Unaudited) RMB'000	As at 31 December 2015 (Audited) RMB'000
Trade receivables		
From third parties	2,018	1,728
Less: Accumulated impairment loss	(69)	(69)
	1,949	1,659
Other receivables		
Deposits	6,300	6,127
Prepayment	64,836	685
Other receivables	4,079	1,825
	75,215	8,637
	77,164	10,296

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

11. 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:

	As at 30 June 2016 (Unaudited) RMB'000	As at 31 December 2015 (Audited) RMB'000
0-30 days	292	1,370
31-90 days	114	88
91-180 days	517	23
181-365 days	580	21
Over 1 year	446	157
	1,949	1,659

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

	As at 30 June 2016 (Unaudited) RMB'000	As at 31 December 2015 (Audited) RMB'000
At 1 January	69	128
Provision for impairment	—	69
Amount written off as uncollectible	—	(128)
At 30 June 2016/31 December 2015	69	69

At each reporting date, the Group reviews the evidence for the impairment of receivables on both individual and collective basis. As at 30 June 2016, the Group has determined trade receivables of approximately RMB69,000 (31 December 2015: RMB69,000) as individually impaired. The impaired trade receivables are due from customers who have defaulted in the scheduled payments after due dates and the Group performed an assessment and concluded the chance of recovering the account receivables is low such that full impairment had been recognised in respect of these receivables.

11. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	As at 30 June 2016 (Unaudited) RMB'000	As at 31 December 2015 (Audited) RMB'000
Neither past due nor impaired	1,396	1,258
1-90 days past due	58	200
91-180 days past due	27	23
181-360 days past due	22	21
Over 360 days past due	446	157
	1,949	1,659

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

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

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

12. TRADE AND OTHER PAYABLES

	As at 30 June 2016 (Unaudited) RMB'000	As at 31 December 2015 (Audited) RMB'000
Trade payables		
To third parties	13,661	15,440
Other payables		
Accruals and other payables	31,948	14,188
Deposits received	18,754	29,155
Receipts in advance	15,349	7,476
	66,051	50,819
	79,712	66,259

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

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

	As at 30 June 2016 (Unaudited) RMB'000	As at 31 December 2015 (Audited) RMB'000
0-30 days	3,088	3,725
31-60 days	461	—
61-90 days	2	110
Over 90 days	10,110	11,605
	13,661	15,440

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

As at 30 June 2016 and 31 December 2015, the amounts due to non-controlling shareholders are unsecured, interest-free and repayable on demand.

As at 30 June 2016 and 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.

14. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.1 each		
At 31 December 2015 (Audited) and 30 June 2016 (Unaudited)	1,000,000,000	81,055
Issued and fully paid:		
Ordinary shares of HK\$0.1 each		
At 31 December 2015 (Audited) and 30 June 2016 (Unaudited)	360,000,000	29,135

15. EVENTS AFTER THE REPORTING DATE

Save as disclosed elsewhere in this announcement, the following significant events took place subsequent to 30 June 2016:

- (i) As disclosed in the announcement of the Company dated 4 August 2016, Lee Jie International Limited (the "Purchaser"), a wholly-owned subsidiary of the Group, entered into a share subscription agreement (the "Share Subscription Agreement") with J-Bridge Investment Co., Ltd. ("J-Bridge") and the current shareholder of J-Bridge, pursuant to which the Purchaser agreed to subscribe for an aggregate of 12,500 ordinary shares of J-Bridge (the "Subscription"), and the aggregate consideration of the Subscription was US\$6,532,125. The provision of the Share Subscription Agreement has commenced from 3 August 2016.
- (ii) As disclosed in the announcement dated 12 August 2016, Shanghai Zhaoyu Asset Management Company Limited* (上海兆昱資產管理有限公司) ("Shanghai Zhaoyu"), a business management company indirectly controlled by the Group, entered into a property lease and management agreement for a term of 15 years with Shanghai Xincheng Wanjia Property Limited* (上海新城萬嘉房地產有限公司). The total rental cost (including tax) for the term of 15 years is RMB62.32 million and the term of lease is tentatively scheduled to commence from 25 August 2016.

- (iii) As disclosed in the announcement dated 15 August 2016, 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 Group, entered into entrusted construction agreements with Xiamen Hu Li Qu Construction Bureau* (廈門市湖里區建設局) in respect of the Jin Lin Wan project and the Mei Lun Hua Yuan project, respectively, pursuant to which Zhaocheng Engineering shall provide construction and management services to Xiamen Hu Li Qu Construction Bureau in respect of the Jin Lin Wan project and the Mei Lun Hua Yuan project. The Jin Lin Wan project will commence from December 2016 and is expected to be completed in December 2022. The aggregate construction and management fees will be approximately RMB18.76 million. The Mei Lun Hua Yuan project will commence from December 2017 and is expected to be completed in December 2022. The aggregate construction and management fees will be approximately RMB9.58 million.
- (iv) As disclosed in the announcement dated 18 August 2016, Xiamen Yi Yue Property Company Limited* (廈門益悅置業有限公司) ("Yi Yue"), an indirect wholly-owned subsidiary of the Group, entered into a capital increase agreement with Suzhou Zhaokun Real Estate Development Company Limited* (蘇州兆坤房地產開發有限公司) and Xiamen Liyuan Investment Company Limited* (廈門利源投資有限公司), pursuant to which the parties agreed to increase the registered capital of Suzhou Zhaoxiang Real Estate Development Company Limited* (蘇州兆祥房地產開發有限公司) (the "Target Company") from RMB100,000,000 to RMB114,940,000. Yi Yue has agreed to contribute an aggregate amount of RMB517,900,000 in cash, including (i) payment of registered capital of RMB14,940,000; (ii) payment of share premium of RMB7,760,000; and (iii) repayment of a three-year shareholder's loan in the amount of RMB495,200,000 at an interest rate of 5.8% per annum in certain shareholder loans by Yi Yue on behalf of the Target Company in proportion to its shareholding. Assuming no further shares will be issued by Target Company, upon completion of the capital increase, Yi Yue will hold approximately 13% of the registered capital of the Target Company as enlarged by the capital increase in Target Company.
- (v) As disclosed in the announcement dated 19 August 2016, Shanghai Zhaoyu, a subsidiary of the Company, entered into the Jiayuan consignment agreement and the Huayuan consignment agreement with Shanghai Shanxidi Real Estate Development Company Limited* (上海山溪地房地產開發有限公司) ("Shanghai Shanxidi") and Shanghai Zhongyue Real Estate Development Company Limited* (上海中悅房地產開發有限公司) ("Shanghai Zhongyue"), respectively, pursuant to which Shanghai Zhaoyu will act as an agent of Shanghai Shanxidi and Shanghai Zhongyue to sell certain properties of the Jiayuan project and the Huayuan project at a consideration of agency sale commission.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In the first half of 2016, the real estate market in the PRC continued its upward trend since the second half of 2015. As affected by moderately easing monetary policy and real estate industry policy in the PRC, the real estate market in the PRC showed a strong recovery trend, which can be evidenced not only by significant increase in selling volume and price of properties in first-tier cities such as Beijing and Shanghai, but also by significant increase in selling price in major second-tier cities such as Suzhou, Xiamen, Hefei and Nanjing.

During the period, there was a remarkable trend of segregation of cities characterised by continuous significant increase in selling volume in first-tier and major second-tier cities and severe destocking pressure faced by third- and fourth-tier cities.

BUSINESS REVIEW

The Group is principally engaged in the businesses of property development, commercial operation and management and the provision of construction contractor consultancy services. During the period, the main source of income of the Company was the rental income of commercial operation and management, primarily due to the reason that new property development project of the Group had not been completed and delivered, all property projects of the Group under sales were close to selling out and other new businesses were still in their early stage of development.

The Group recorded a profit for the period attributable to owners of the Company for the six months ended 30 June 2016 of approximately RMB11.92 million (corresponding period of 2015: RMB3.86 million). It represented an increase in the profit by approximately 208.8% as compared to that of the corresponding period of 2015. The primary reason for the increase in the profit was the increase of property leasing business as compared to the corresponding period of 2015.

1. Property Development Business

During the period, contracted sales amounted to RMB1.27 million and contracted sales area amounted to approximately 223.02 sq.m..

Properties under sales close to selling out

Li Yuan, a lohas residential project with a total saleable gross floor area (the "GFA") of over 46,000 sq.m. in New & Hi-Tech Industrial Development Zone, Nanning, was aggregately sold and pre-sold for over 79% as at 30 June 2016. For the six months ended 30 June 2016, approximately 49.57 sq.m of residential units, commercial shops and car parking spaces with revenue of approximately RMB180,000 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 30 June 2016. For the six months ended 30 June 2016, approximately 173.45 sq.m. including car parking spaces with revenue of approximately RMB1.09 million were sold and delivered to the purchasers.

Properties under construction

As at 30 June 2016, the Group had three new property development projects under planning and/or preliminary construction activities.

Changsha Shuxiangjiayuan* (長沙·書香佳緣)

A residential project located in Yuhua District, Changsha with a total GFA of approximately 100,260 sq.m.. The pre-sale is scheduled at the end of 2016.

Quanzhou Zhongyangtiancheng* (泉州·中泱天成)

A residential project located in Wanfu Community, Wan'an Sub-district, Luojiang District, Quanzhou with a total GFA of 62,087 sq.m..

Zhangzhou Bihushuangxi* (漳州·碧湖雙璽)

A residential project located to the west of Hubin Road and north of Hubin Road, Longwen District, Zhangzhou with a total GFA of approximately 152,415 sq.m.. The Group holds 40% interest in this project.

Properties held for future development

Zhangzhou Green pavillion* (漳州·發現之旅)

A low-density and high-rise residential project located at Zhangzhou City neighboring to Xiamen City with a total GFA of approximately 358,000 sq.m..

2. Commercial operation management business

The leasing fee income from the Group's property leasing business was approximately RMB24.77 million for the six months ended 30 June 2016 (2015: RMB21.60 million).

The Group's self-owned 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 30 June 2016, the Group's retail units (which were held for the purpose of leasing to independent third parties) comprised an aggregate rentable GFA of approximately 23,226 sq.m. in the PRC, of which an aggregate GFA of approximately 17,835 sq.m. in the PRC were leased out and an underground car park area of 4,324 sq.m. is used as temporarily pay car park area.

The Group's new leasing properties leased by Shanghai Zhaoyu from third parties during the period are mainly located in Yangpu District, Shanghai. As of 30 June 2016, the retail units of these new leasing properties comprised an aggregate rentable GFA of approximately 61,392 sq.m. in the PRC, of which an aggregate GFA of approximately 22,645 sq.m. in the PRC were leased out.

3. Property management and entrusted construction consultancy business

The property management and consultancy service fee income from the Group's property management and entrusted construction consultancy business of approximately RMB5.67 million (2015: RMB2.72 million) and RMB2.51 million (2015: RMB0.08 million) respectively were contributed to the Group's revenue for the six months ended 30 June 2016.

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 property owners or users who are independent third parties. 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. As of 30 June 2016, the Group derived its property management income mainly from the lease and management of commercial properties in Nanning.

The Group's consultancy business mainly comprises entrusted construction management consultancy and smart household installation services. As of 30 June 2016, the Group derived its consultancy service income mainly from the construction management consultancy services for entrusted construction contract secured by Zhaocheng Engineering, an indirect wholly-owned subsidiary of the Group, and smart household installation services provided by Xiamen Zhaohui Network Technology Co., Ltd.* (廈門兆慧網絡科技有限公司), an indirect wholly-owned subsidiary of the Group.

FINANCIAL REVIEW

Revenue

During the period, 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) property management income; and (iv) consultancy service income.

Sales of properties decreased by approximately 96% from approximately RMB39.13 million for the six months ended 30 June 2015 to approximately RMB1.46 million for the six months ended 30 June 2016. Saleable GFA delivered for the financial year ended 30 June 2015 and 2016 were approximately 4,984 sq.m. and 223 sq.m., respectively. The revenue from sales of properties during the period decreased as compared with the corresponding period of previous year because the new property development projects were yet to be completed for delivery, while there remained very limited number of properties on sale, in addition to that, the occupancy rate for projects was low and the sales of car parking space also decreased as compared with the corresponding period of previous year.

Cost of Sales

Cost of sales decreased by approximately 71.7% to approximately RMB10.26 million for the six months ended 30 June 2016 from approximately RMB36.31 million for the six months ended 30 June 2015, which was primarily attributable to the decrease in saleable GFA sold and delivered in relation to Li Yuan during the period.

Gross Profit and Gross Profit Margin

The gross profit amounted to approximately RMB24.15 million and RMB27.04 million for the six months ended 30 June 2016 and 2015 respectively, representing a gross profit margin of approximately 70% and 43% respectively. The overall increase in gross profit margin was mainly due to the increase in property leasing business during the period.

Other Income

Other income amounted to approximately RMB5 million and RMB1.39 million for the six months ended 30 June 2016 and 2015, respectively. The main reason for the increase was that there were reversals of expenses during the period as the Board determined not to pay the remuneration of the Executive Directors for 2015.

Borrowing Costs

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

Capitalised borrowing costs increased from approximately RMB2.18 million for the six months ended 30 June 2015 to approximately RMB6.31 million for the six months ended 30 June 2016. The increase was mainly due to the increase in the borrowings from shareholders during the period.

Gain/Loss on Changes in Fair Value of Investment Properties

There was a gain on changes in fair value of investment properties for the six months ended 30 June 2016 of approximately RMB0.45 million while there was a loss of approximately RMB3.35 million in the previous corresponding financial period. The gain reflected the adjustment of property value in Nanning during the period.

Administrative Expenses

Administrative expenses decreased by 21% to approximately RMB9.14 million for the six months ended 30 June 2016 from approximately RMB11.57 million for the six months ended 30 June 2015, which was primarily due to the decrease in Directors' remuneration during the period.

Selling Expenses

Selling expenses increased to approximately RMB6.54 million for the six months ended 30 June 2016 from approximately RMB1.79 million in the previous corresponding period, which was mainly attributable to the increase in the related office expenses from Shanghai Zhaoxiang Commercial Operation Management Co., Ltd.* (上海兆祥商業經營管理有限公司), a new consolidated company, during the period.

Profit before Income Tax

As a combined effect of the foregoing factors, the Group had recorded a profit before tax of approximately RMB13.94 million for the six months ended 30 June 2016, representing an increase of 18.9% from approximately RMB11.73 million in the corresponding period of previous year.

Income Tax Expense

Income tax expense decreased to approximately RMB2.82 million for the six months ended 30 June 2016 from approximately RMB6.76 million in the previous corresponding period. The decrease in income tax expense was mainly due to the decrease in revenue from sales of properties during the period.

Profit for the period attributable to the Owners of the Company

The profit for the period attributable to the owners of the Company increased by approximately 208.8% to approximately RMB11.92 million for the six months ended 30 June 2016 from approximately RMB3.86 million in the corresponding period of previous year.

Liquidity and Financial Resources

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

The Group continues to adopt a prudent financing policy and sustain a sound capital structure with healthy cash flow. As at 30 June 2016, the Group's cash and cash equivalents and restricted cash amounted to approximately RMB87.35 million (2015: RMB71.90 million) while total assets and net assets (after deducting non-controlling interests) were approximately RMB1,670.20 million (2015: RMB1,280.50 million) and RMB769.20 million (2015: RMB757.20 million), respectively. As at 30 June 2016, the Group's working capital amounted to approximately RMB602.56 million (2015: RMB419.10 million). As at 30 June 2016, the Group recorded net liabilities of RMB230.81 million (2015: RMB47.30 million) and its net debt to equity ratio was 26.1% (2015: 5.6%).

As at 30 June 2016, the Group had (i) a loan facility of approximately RMB3.50 million (2015: RMB3.70 million with a floating interest of 3.5% per annum.) denominated in Hong Kong dollar with a floating interest rate of 3.5% per annum; and (ii) loans from intermediate holding company of approximately RMB314.70 million (2015: RMB115.50 million) denominated in RMB and bearing interest at a floating three-year lending rate set by the PBoC Rate. the Group did not have bank borrowings denominated in RMB. No particular trend of seasonality was observed for the Group's borrowing requirements for the period.

As at 30 June 2016, the Group's gearing ratio (total borrowings divided by total equity) increased to 35.9% (2015: 14.0%) due to the increase in loans from the controlling shareholders during the period.

Of the total borrowings, approximately RMB3.50 million was repayable within one year and approximately RMB314.70 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 sufficient available banking facilities and compliance with loan covenants.

Pledge of Assets

As at 30 June 2016, the Group's bank loans were guaranteed by its legal charge over its property, plant and equipment with the carrying amount of approximately RMB10.858 million.

Capital Structure

As at 30 June 2016, the Company's issued share capital was HK\$36 million, divided into 360,000,000 ordinary shares (the "Shares") of HK\$0.1 each (31 December 2015: HK\$36 million divided into 360,000,000 Shares).

Foreign Currency Exposure

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

As at 30 June 2016, except for the bank deposits denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations.

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

Contingent Liabilities

As at 30 June 2016, the Group did not have any material contingent liabilities (31 December 2015: Nil).

Employees and Emolument Policy

As at 30 June 2016, the Group employed a total of 174 full-time employees (31 December 2015: 92 employees). The total salaries and related costs (including the Directors' fee) amounted to approximately RMB9.6 million (2015: approximately RMB7.5 million) for the six months ended 30 June 2016. 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.

ADDITIONAL DISCLOSURES

Registration of lease agreements in the PRC

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

As at 30 June 2016, there were still 19 lease agreements pending to be registered due to:

- the delay or refusal of the counter-parties to provide the necessary information to effect registration in a timely manner (18 lease agreements were involved); and
- the lack of the relevant building ownership certificates (1 lease agreement was involved).

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

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

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

As at 30 June 2016, the application process for the new property ownership certificate was still ongoing. Given that the application for a new property ownership certificate under the above special circumstance is not one which is usually taken out before the relevant PRC authorities, the Group expects that the processing time would be longer than is normally required. There was no indication from the PRC authorities as to how long such process would take. The Group will maintain its communication with the relevant PRC authorities closely so as to obtain the up-to-date status of the application progress until the new property ownership certificate covering the shortfall in GFA is issued.

PROSPECT

On 29 December 2015, the Company officially changed its name to "C&D International Investment Group Limited" and adopted the Chinese name of "建發國際投資集團有限公司". The stock short name of the shares of the Company on the Stock Exchange has been changed to "C&D INTL GROUP" with effect from 1 March 2016.

Leveraging on the strong background of C&D Real Estate Corporation Limited ("Parent Company"), the Group's parent company, as a state-owned enterprise and its abundant financial support, the Group will continue to acquire land efficiently at competitive prices and increase high-quality land reserves by developing properties with its Parent Company or investing in properties owned by its Parent Company. For the purpose of business operations, the Group will make full use of the branding strength, operational excellence and financial advantages of the Parent Company. The Group's projects will be conducted under the Parent Company's brand to obtain brand premium. In terms of operation, the Parent Company's management and customer resources will help to reduce operating costs and improve operating efficiency of the Group. In terms of financing, the Group will adopt a diversified yet prudent financing approach to obtain low-cost funds from the Parent Company's excellent credit.

OUTLOOK

With respect to the positioning and planning of the Group, the Group will strive to be an "Integrated Investment Service Provider in the Real Estate Industry Chain", always adhering to create an integral value for customers. While focusing on its principal business of property development, the Group will, based on the upstream and downstream industry chain of real estate, actively expand its business boundaries, extend business lines in the industrial chain, seek opportunities to speed up its business layout and nurture related industrial chain businesses, such as commercial operation management, entrusted construction consultancy services, consumption and industrial finance, cultural and creative industrial park, smart home and smart city.

With growing aging population in China and significant increase in demand for health care, the Group will collaborate with strategic partners to seek opportunities to make strategic investment in health and pension industries by leveraging on resources and experience accumulated over the years by Xiamen C&D Corporation Limited and Parent Company, in health care and other service sectors. In addition, the Company will actively look for relative safe financial investment opportunities to gain stable investment returns.

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

There were no purchases, sales or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months ended 30 June 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 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 own code during the six months ended 30 June 2016.

INTERIM DIVIDEND

The Board proposed not to declare an interim dividend for the six months ended 30 June 2016 (2015: Nil).

CORPORATE GOVERNANCE

The Company had complied with the applicable code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules during the six months ended 30 June 2016.

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 are to review and supervise the financial reporting process, internal controls and risk management 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 unaudited consolidated financial statements of the Group for the six months ended 30 June 2016 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.

INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2016 will be dispatched to the shareholders of the Company and available on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 22 August 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 Directors:

Ms. Wang Xianrong

Ms. Wu Xiaomin

Mr. Huang Wenzhou

Independent Non-executive Directors:

Mr. Wong Chi Wai

Mr. Wong Tat Yan, Paul

Mr. Chan Chun Yee

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

** for identification purpose only*