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 2017

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2017, the Group together with its joint ventures and associates achieved contracted sales of approximately RMB10.1118 billion with contracted sales GFA of approximately 615,500 sq.m., representing a significant year-on-year increase of by RMB8.39489 billion and 535,800 sq.m. respectively as compared with the previous year (restated) .
- Cash collected from sales of properties totalled approximately RMB8.04199 billion.
- For the year of 2017, the Group's total revenue rose by about RMB3.13357 billion year on year to approximately RMB3.23768 billion as compared with the previous year (restated) . Revenue from the property development segment grew by RMB3.01041 billion year on year to approximately RMB3.02157 billion as compared with the previous year (restated) .
- The Group's gross profit increased by RMB998.07 million year on year to approximately RMB1.06438 billion as compared with the previous year (restated) .
- The profit attributable to the owners of the Company rose by RMB357.50 million year on year to approximately RMB329.42 million as compared with the previous year (restated), an increase by RMB314.78 million (2,150.14%) year on year as compared with the previous year (before restated).
- The Group's basic earnings per share was RMB72.6 cents.
- The Board recommended payment of a final dividend of HK$30 cents per share in the form of cash.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

The board (the "Board") of directors (the "Directors") of C&D International Investment Group Limited (the "Company") is pleased to announce the following audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2017 (the "Year") together with the comparative figures for the year ended 31 December 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	**2017** **RMB'000**	2016 RMB'000 (Restated)
Revenue	4	**3,237,677**	104,103
Cost of sales		**(2,173,296)**	(37,798)
Gross profit		**1,064,381**	66,305
Other income	6	**43,556**	8,787
Gain on changes in fair value of investment properties	12	**9,330**	687
Administrative expenses		**(34,716)**	(29,053)
Selling expenses		**(207,787)**	(52,801)
Finance costs	7	**(97,726)**	(18,294)
Share of loss of associates	13	**(954)**	(12)
Share of loss of a joint venture		**—**	(51)
Profit/(Loss) before income tax	8	**776,084**	(24,432)
Income tax expense	9	**(316,624)**	(2,065)
Profit/(Loss) for the year		**459,460**	(26,497)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**(14,244)**	2,281
Total comprehensive income/(loss) for the year		**445,216**	(24,216)
Profit/(Loss) for the year attributable to:			
Equity holders of the Company		**329,416**	(28,076)
Non-controlling interests		**130,044**	1,579
		459,460	(26,497)
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Company		**315,025**	(25,795)
Non-controlling interests		**130,191**	1,579
		445,216	(24,216)
Earnings/(Loss) per share for profit/(loss) attributable to the equity holders of the Company			
– Basic (RMB cents)	11	**72.6**	(7.8)
– Diluted (RMB cents)	11	**62.8**	(7.8)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	**31 December 2017 RMB'000**	31 December 2016 RMB'000 (Restated)	1 January 2016 RMB'000 (Restated)
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment		**64,892**	72,464	13,138
Interests in leasehold land		**290**	301	312
Investment properties	12	**642,330**	682,130	679,850
Interests in associates	13	**211,003**	38,988	—
Interest in a joint venture		**46,747**	50,024	—
Available-for-sale financial assets		**63,000**	—	—
Deposits for land acquisitions	16	**64,166**	64,166	—
Deferred tax assets		**255,327**	28,598	3,049
		1,347,755	936,671	696,349
Current assets				
Inventories of properties	14	**14,322,812**	6,490,753	4,326,623
Trade and other receivables	15	**190,339**	20,144	10,296
Deposits for land acquisitions	16	**3,301,680**	466,200	655,400
Prepayments for proposed property development projects	17	**1,891,068**	—	—
Prepaid tax		**176,089**	51,028	—
Cash at bank and in hand	18	**1,626,866**	631,282	72,935
		21,508,854	7,659,407	5,065,254
Current liabilities				
Trade and other payables	19	**1,005,816**	316,041	179,059
Advances received from the pre-sale of properties under development and properties held for sale		**5,618,545**	1,183,782	—
Amounts due to intermediate holding companies	20	**582,123**	—	—
Amounts due to non-controlling shareholders	20	**1,455,650**	226,872	60,000
Interest-bearing borrowings	21	**248,240**	3,236	3,749
Income tax liabilities		**329,932**	27,751	15,032
		9,240,306	1,757,682	257,840
Net current assets		**12,268,548**	5,901,725	4,807,414
Total assets less current liabilities		**13,616,303**	6,838,396	5,503,763
Non-current liabilities				
Loans from intermediate holding companies	20	**4,981,163**	4,339,197	4,353,864
Interest-bearing borrowings	21	**5,451,273**	540,000	—
Deferred tax liabilities		**171,194**	173,620	170,690
		10,603,630	5,052,817	4,524,554
Net assets		**3,012,673**	1,785,579	979,209
EQUITY				
Share capital	22	**61,532**	35,219	29,135
Reserves	23	**2,338,859**	1,559,476	808,019
Equity attributable to the equity holders of the Company		**2,400,391**	1,594,695	837,154
Non-controlling interests		**612,282**	190,884	142,055
Total equity		**3,012,673**	1,785,579	979,209

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Equity attributable to the equity holders of the Company										
	Share capital RMB'000	Perpetual convertible bond* RMB'000	Share premium* RMB'000	Statutory reserve* RMB'000	Exchange reserve* RMB'000	Capital reserve* RMB'000	Revaluation reserve* RMB'000	Retained earnings* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2016, as previously reported	29,135	–	198,945	25,993	4,203	21,102	2,692	475,116	757,186	92,055	849,241
Effect of business combination under common control (Note 2)	–	–	–	–	–	80,000	–	(32)	79,968	50,000	129,968
Balance at 1 January 2016, as restated	29,135	–	198,945	25,993	4,203	101,102	2,692	475,084	837,154	142,055	979,209
Total comprehensive income for the year											
Loss for the year (restated)	–	–	–	–	–	–	–	(28,076)	(28,076)	1,579	(26,497)
Other comprehensive income											
– Currency translation differences	–	–	–	–	2,281	–	–	–	2,281	–	2,281
Total comprehensive income	–	–	–	–	2,281	–	–	(28,076)	(25,795)	1,579	(24,216)
Transactions with owners											
Issue of share capital (Note 22a)	6,084	–	235,467	–	–	–	–	–	241,551	–	241,551
Share issue expenses	–	–	(2,415)	–	–	–	–	–	(2,415)	–	(2,415)
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	13,500	13,500
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	12,749	12,749
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(999)	(999)
Business combination under common control	–	–	–	–	–	544,200	–	–	544,200	22,000	566,200
Total transactions with owners	6,084	–	233,052	–	–	544,200	–	–	783,336	47,250	830,586
Balance at 31 December 2016, as restated	35,219	–	431,997	25,993	6,484	645,302	2,692	447,008	1,594,695	190,884	1,785,579
Balance at 1 January 2017, as previously reported	35,219	–	431,997	25,993	6,484	21,102	2,692	489,755	1,013,242	119,011	1,132,253
Effect of business combination under common control (Note 2)	–	–	–	–	–	624,200	–	(42,747)	581,453	71,873	653,326
Balance at 1 January 2017, as restated	35,219	–	431,997	25,993	6,484	645,302	2,692	447,008	1,594,695	190,884	1,785,579
Total comprehensive income for the year											
Profit for the year	–	–	–	–	–	–	–	329,416	329,416	130,044	459,460
Other comprehensive income											
– Currency translation differences	–	–	–	–	(14,391)	–	–	–	(14,391)	147	(14,244)
Total comprehensive income	–	–	–	–	(14,391)	–	–	329,416	315,025	130,191	445,216
Transactions with owners											
Issue of share capital (Note 22b)	16,494	–	727,360	–	–	–	–	–	743,854	–	743,854
Insurance of perpetual convertible bond (Note 22c)	–	442,850	–	–	–	–	–	–	442,850	–	442,850
Distributions to holders of perpetual convertible bond (Note 22c)	–	–	(13,902)	–	–	–	–	–	(13,902)	–	(13,902)
Conversion of perpetual convertible bond (Note 22c)	9,819	(442,850)	433,031	–	–	–	–	–	–	–	–
Share issue expenses	–	–	(693)	–	–	–	–	–	(693)	–	(693)
2016 final dividend approved and paid	–	–	(37,737)	–	–	–	–	–	(37,737)	–	(37,737)
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	–	225,350	225,350
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	3,906	3,906
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(999)	(999)
Business combination under common control	–	–	–	–	–	(643,701)	–	–	(643,701)	62,950	(580,751)
Transfer to statutory reserve	–	–	–	45,946	–	–	–	(45,946)	–	–	–
Total transactions with owners	26,313	–	1,108,059	45,946	–	(643,701)	–	(45,946)	490,671	291,207	781,878
Balance at 31 December 2017	61,532	–	1,540,056	71,939	(7,907)	1,601	2,692	730,478	2,400,391	612,282	3,012,673

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding. The Group is principally engaged in the businesses of property development, real estate industrial chain investment service and emerging industry investment.

Well Land International Limited ("Well Land") is the Company's immediate holding company which was incorporated in the British Virgin Islands ("BVI") with limited liability on 27 May 2014, and it is an indirect subsidiary of Xiamen C&D Inc., the shares of which were listed in the Shanghai Stock Exchange and which is a subsidiary of Xiamen C&D Corporation Limited, the Company's ultimate holding company.

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 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.

2. **BASIS OF PREPARATION** *(Continued)*

Business combination under common control

During the Year, Xiamen Yi Yue Property Company Limited* (廈門益悦置業有限公司) ("Xiamen Yi Yue"), an indirect wholly-owned subsidiary of the Company has entered into the following agreements (the "Transactions"):

(i) On 5 January 2017, Xiamen Yi Yue entered into the Second Capital Increase Agreement (the "Capital Increase") with Suzhou Zhaokun Real Estate Development Company Limited* (蘇州兆坤房地產開發有限公司) ("Suzhou Zhaokun"), and Xiamen Liyuan Investment Company Limited* (廈門利源投資有限公司) ("Xiamen Liyuan"), pursuant to which the parties agreed that the registered capital of Suzhou Zhaoxiang Real Estate Development Company Limited* (蘇州兆祥房地產開發有限公司) ("Suzhou Zhaoxiang"), a company controlled by a controlling shareholder of the Company, would be further increased from RMB114,940,000 to RMB200,000,000. Before the Capital Increase, the Group held 13% equity interest in Suzhou Zhaoxiang. Upon completion of the Capital Increase, Xiamen Yi Yue would hold 50% equity interest in Suzhou Zhaoxiang.

(ii) On 5 January 2017, Xiamen Yi Yue entered into share transfer agreements for (a) the acquisition of 30% equity interests in the Fujian Zhaohe Real Estate Company Limited* (福建兆和房地產有限公司) ("Fujian Zhaohe"), a company controlled by a controlling shareholder of the Company, from Fujian Zhaorun Property Company Limited* (福建兆潤房地產有限公司) ("Fujian Zhaorun") ("Zhaorun Acquisition"); and (b) the acquisition of 30% of equity interests in Fujian Zhaohe from Licheng Enterprise Management Company Limited* (廈門利承企業管理有限公司) ("Licheng Enterprise") ("Licheng Acquisition") for a total consideration of RMB43,340,000.

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

(iii) On 25 April 2017, Xiamen Yi Yue entered into the Equity Transfer Agreement ("Lianjiang Acquisition") with C&D Estate Fuzhou Company Limited* (建發房地產集團福州有限公司) ("C&D Estate Fuzhou"), pursuant to which Xiamen Yi Yue agreed to purchase and C&D Estate Fuzhou agreed to sell 78% equity interest in Lianjiang Zhaorun Estate Development Company Limited* (連江兆潤房地產開發有限公司) ("Lianjiang Zhaorun") for a total consideration of RMB81,491,000. Details of the Lianjiang Acquisition have been set out in the Company's announcements dated 25 April 2017 and the circular dated 23 June 2017.

(iv) On 17 August 2017, Xiamen Yi Yue entered into: (a) the Interest Transfer Agreement with C&D Real Estate Corporation Limited* (建發房地產集團有限公司) ("C&D Real Estate"); (b) the Equity Transfer Agreement with Changsha Jiuzhitang (Group) Co., Ltd.* (長沙九芝堂(集團) 有限公司) ("Jiuzhitang"); and (c) the Supplemental Agreement with C&D Real Estate, Jiuzhitang, and Yongjin Investment Holding Company Limited* (涌金投資控股有限公司) ("Yongjin Investment") ((a), (b) and (c) collectively "Transfer Agreements"); pursuant to which C&D Real Estate agreed Xiamen Yi Yue to purchase the 100% beneficial and legal interest in Changsha Yuefa Property Development Limited* (長沙悦發房地產有限公司) ("Changsha Yuefa") for a total consideration of RMB452,139,000.

2. BASIS OF PREPARATION *(Continued)*

Business combination under common control *(Continued)*

(v) On 24 August 2017, Xiamen Yi Yue entered into the Equity Transfer Agreement ("Zhangjiagang Acquisition") with Suzhou Zhaokun, pursuant to which Xiamen Yi Yue agreed to purchase and Suzhou Zhaokun agreed to sell 70% equity interest in Zhangjiagang Jianfeng Property Development Company Limited* (張家港建豐房地產開發有限公司) ("Zhangjiagang Jianfeng") for a total consideration of RMB34,990,000.

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

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

The Transactions were completed during the year.

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

The financial statements have been prepared in accordance with the principles of merger accounting as set out in Accounting Guideline 5 Merger Accounting for Common Control Combinations issued by the HKICPA, as if the acquisitions had been completed at the beginning of the earliest period presented.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Company and its subsidiaries (collectively referred to as the "Group") for the years ended 31 December 2017 and 2016 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the dates when the subsidiaries first came under common control of the substantial shareholder, where this is a shorter period. The consolidated statement of financial position of the Group as at 31 December 2016 and 1 January 2016 have been prepared to present the assets and liabilities of the Group using the existing carrying values from the substantial shareholder perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Transactions.

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

2. BASIS OF PREPARATION *(Continued)*

Business combination under common control *(Continued)*

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

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

2. BASIS OF PREPARATION *(Continued)*

Business combination under common control *(Continued)*

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

2. BASIS OF PREPARATION *(Continued)*

Business combination under common control *(Continued)*

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

	31 December 2016 RMB'000 (As previously reported)	Acquired subsidiaries RMB'000	Elimination RMB'000	31 December 2016 RMB'000 (Restated)	1 January 2016 RMB'000 (As previously reported)	Acquired subsidiaries RMB'000	Elimination RMB'000	1 January 2016 RMB'000 (Restated)
ASSETS AND LIABILITIES								
Non-current assets								
Property, plant and equipment	70,906	1,558	—	72,464	13,138	—	—	13,138
Interests in leasehold land	301	—	—	301	312	—	—	312
Investment properties	682,130	—	—	682,130	679,850	—	—	679,850
Interests in associates	821,928	—	(782,940)	38,988	20,000	—	(20,000)	—
Interest in a joint venture	50,024	—	—	50,024	—	—	—	—
Deposits for land acquisitions	64,166	—	—	64,166	—	—	—	—
Deferred tax assets	6,904	21,694	—	28,598	3,038	11	—	3,049
	1,696,359	23,252	(782,940)	936,671	716,338	11	(20,000)	696,349
Current assets								
Inventories of properties	821,504	5,685,065	(15,816)	6,490,753	481,919	3,844,704	—	4,326,623
Trade and other receivables	18,901	1,243	—	20,144	10,296	—	—	10,296
Deposits for land acquisitions	—	466,200	—	466,200	—	655,400	—	655,400
Prepaid tax	—	—	51,028	51,028	—	—	—	—
Cash at bank and in hand	246,429	384,853	—	631,282	71,925	1,010	—	72,935
	1,086,834	6,537,361	35,212	7,659,407	564,140	4,501,114	—	5,065,254
Current liabilities								
Trade and other payables	103,192	956,025	(743,176)	316,041	66,259	112,800	—	179,059
Advances received from the pre-sale of properties under development and properties held for sale	71,212	1,112,570	—	1,183,782	—	—	—	—
Amounts due to non-controlling shareholders	218,872	8,000	—	226,872	60,000	—	—	60,000
Interest-bearing borrowings	3,236	—	—	3,236	3,749	—	—	3,749
Income tax liabilities	20,915	(44,192)	51,028	27,751	15,032	—	—	15,032
	417,427	2,032,403	(692,148)	1,757,682	145,040	112,800	—	257,840
Net current assets	669,407	4,504,958	727,360	5,901,725	419,100	4,388,314	—	4,807,414
Total assets less current liabilities	2,365,766	4,528,210	(55,580)	6,838,396	1,135,438	4,388,325	(20,000)	5,503,763

2. BASIS OF PREPARATION *(Continued)*

Business combination under common control *(Continued)*

	31 December 2016 RMB'000 (As previously reported)	Acquired subsidiaries RMB'000	Elimination RMB'000	31 December 2016 RMB'000 (Restated)	1 January 2016 RMB'000 (As previously reported)	Acquired subsidiaries RMB'000	Elimination RMB'000	1 January 2016 RMB'000 (Restated)
Non-current liabilities								
Loans from intermediate holding companies	1,059,893	3,279,304	—	4,339,197	115,507	4,238,357	—	4,353,864
Interest-bearing borrowings	—	540,000	—	540,000	—	—	—	—
Deferred tax liabilities	173,620	—	—	173,620	170,690	—	—	170,690
	1,233,513	3,819,304	—	5,052,817	286,197	4,238,357	—	4,524,554
Net assets	1,132,253	708,906	(55,580)	1,785,579	849,241	149,968	(20,000)	979,209
EQUITY								
Share capital	35,219	731,140	(731,140)	35,219	29,135	150,000	(150,000)	29,135
Reserves	978,023	(22,234)	603,687	1,559,476	728,051	(32)	80,000	808,019
Equity attributable to the equity holders of the Company	1,013,242	708,906	(127,453)	1,594,695	757,186	149,968	(70,000)	837,154
Non-controlling interests	119,011	—	71,873	190,884	92,055	—	50,000	142,055
Total equity	1,132,253	708,906	(55,580)	1,785,579	849,241	149,968	(20,000)	979,209

2. BASIS OF PREPARATION *(Continued)*

Business combination under common control *(Continued)*

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

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

3. ADOPTION OF NEW AND AMENDED HKFRSS

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

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

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

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

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

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

Amendments to HKAS 7 "Disclosure Initiative"

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

Issued but not yet effective HKFRSs

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[1]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective date not yet determined

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

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

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

HKFRS 9 "Financial instruments"

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

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

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

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

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 and the related clarification to HKFRS 15 (hereinafter referred to as "HKFRS 15") presents new requirements for the recognition of revenue, replacing HKAS 18 "Revenue", HKAS 11 "Construction Contracts", and several revenue-related Interpretations. HKFRS 15 establishes a single comprehensive model that applies to contracts with customers and two approaches to recognising revenue; at a point in time or overtime. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

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

(a) *Timing of revenue recognition*

Currently, revenue arising from provision of services is recognised over time, whereas revenue from sale of goods is generally recognised when the risks and rewards of ownership have passed to the customers.

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

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

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

(a) Timing of revenue recognition (Continued)

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

- When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

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

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

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

(b) Significant financing component

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

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

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

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

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

(b) *Significant financing component (Continued)*

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

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

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

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

HKFRS 16 "Leases"

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

Currently, the Group classifies leases into operating leases. The Group enters into some leases as the lessor and others as the lessee.

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

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

HKFRS 16 "Leases" (Continued)

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

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

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

4. REVENUE

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

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

Note: Commercial assets management income comprises rental income from property leasing of RMB113,843,000 (2016: RMB73,392,000) and building management income of RMB10,644,000 (2016: RMB5,163,000). The Group has contingent rental income of investment properties of approximately RMB427,000 (2016: RMB1,461,700) for the year ended 31 December 2017. The contingent rental income of investment properties is calculated based on a percentage of the relevant sales of the tenants pursuant to the rental agreements.

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

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Certain revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segment's profit that is used by the chief operating decision-maker for assessment of segment performance.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

5. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

5. SEGMENT INFORMATION *(Continued)*

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

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

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

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

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

For the years ended 31 December 2017 and 2016, the Group did not depend on any single customer under each of the segments.

6. OTHER INCOME

	2017	2016
	RMB'000	RMB'000
		(Restated)
Bank interest income	**15,745**	1,693
Compensation income	**8,484**	2,822
Interest income on loans to associates (note 13)	**73**	—
Interest income on loans to intermediate holding companies	**261**	—
Write back of accrued Directors' remuneration	**—**	2,739
Gain on disposal of investment properties	**2,150**	—
Sundry income	**16,843**	1,533
	43,556	8,787

7. FINANCE COSTS

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

The analysis shows the finance costs of bank and other borrowings, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the respective loan agreements. The interest charges on bank borrowings which contain a repayment on demand clause amounted to approximately RMB39,007,000 (2016: RMB713,000) for the year ended 31 December 2017.

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

8. PROFIT/(LOSS) BEFORE INCOME TAX

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

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

9. INCOME TAX EXPENSE

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

9. INCOME TAX EXPENSE *(Continued)*

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

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

Notes:

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not derive any assessable profit arising in Hong Kong during the Year (2016: Nil).

(b) PRC corporate income tax

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

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

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

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

(d) PRC withholding income tax

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

10. DIVIDEND

(a) Dividend attributable to the Year

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

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

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

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

11. EARNINGS/(LOSS) PER SHARE

(A) BASIC EARNINGS/(LOSS) PER SHARE

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

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

11. EARNINGS/(LOSS) PER SHARE *(Continued)*

(B) DILUTED EARNINGS/(LOSS) PER SHARE

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

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

12. INVESTMENT PROPERTIES

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

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

12. INVESTMENT PROPERTIES *(Continued)*

The carrying amounts of the Group's investment properties attributable to the properties without the relevant title certificates were approximately RMB2,900,000 (2016: RMB2,900,000). As at 31 December 2016, the Group obtained the building ownership certificates of these properties whereas the application for the land use rights certificates were in progress. The fair values of these properties were estimated assuming the Group had valid land use rights certificates of these properties and all land premium and related fees for the grant of certificates had been fully settled. The land premium and related fees for the grant of certificates were not significant. During the year ended 31 December 2017 and the date of this consolidated financial statements, the application for the land use rights certificates were still in progress.

The Group had rented out and received rental income from these properties during the years ended 31 December 2017 and 2016. As advised by the Company's PRC legal advisor, the Group had significant risks and rewards of ownership of these properties and was entitled to use and lease these properties notwithstanding the absence of title certificates. Further, subject to the Group complying with applicable PRC laws and regulations, there was no legal impediment for the Group to obtain the title certificates for these properties. As such, the control, significant risks and rewards of ownership of these properties were vested with the Group and the Group had recognised these properties as investment properties.

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

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

Valuation process and methodologies

Investment properties were valued at 31 December 2017 and 2016 by independent, professional qualified valuers, DTZ Debenham Tie Leung International Property Advisers (Guangzhou) Co., Ltd. ("DTZ"), who has the relevant experience in the location and category of properties being valued.

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

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

12. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy

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

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

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

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

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

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

12. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

	Valuation techniques	**Significant unobservable inputs**	**Range As at 31 December 2017**	**2016**
Investment properties	Direct capitalisation method	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc (RMB/sq.m.)	**35-1,300**	35-1,150
		Capitalisation rate of reversionary income	**3.50%-7.25%**	3.50%-7.50%

Relationships of unobservable inputs to fair value are as follows:

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

— The higher the capitalisation rate, the lower the fair value.

Gains on changes in fair value of investment properties of RMB9,330,000 (2016: RMB687,000) recognised in profit or loss and presented on the face of the consolidated statement of profit or loss and other comprehensive income arise from the investment properties held at the end of the reporting period.

13. INTERESTS IN ASSOCIATES

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

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

13. INTERESTS IN ASSOCIATES *(Continued)*

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

Name	Form of business structure	Country/ Place of incorporation	Particulars of issued and paid up capital	% of interest held	Principal activities and place of operation
Xiamen Jianfa Furniture Company Limited* (廈門建發家居有限公司, "Xiamen Jianfa Furniture")	Corporation	PRC	RMB10,000,000	30%	Sales of furniture, PRC (Note (i))
Xiamen Jianfa Youkehui Internet Technology Company Limited* (廈門建發優客會網路科技有限公司, "Xiamen Jianfa You Ke Hui")	Corporation	PRC	RMB10,000,000	20%	Provision of internet and information technology services, PRC (Note (ii))
Guangzhou Jian Xin Small Loan Company Limited* (廣州建信小貸有限公司, "Guangzhou Jian Xin Small Loan")	Corporation	PRC	RMB100,000,000	34%	Provision of small loan businesses, PRC (Note (iii))
Xiamen Wanjia Health Industry Investment Company Limited* (廈門萬家健康產業投資有限公司, "Xiamen Wanjia Health")	Corporation	PRC	RMB20,000,000	45%	Investment and asset management (Note (iv))
Longyan Lirong Real Estate Development Company Limited* (龍岩利榮房地產開發有限公司, "Longyan Lirong")	Corporation	PRC	RMB50,000,000	30%	Property development (Note (v))

Notes:

(i) On 5 April 2016, the Group, Xiamen C&D Inc. and Fujian Province Anya Rose Wood Furniture Company Limited entered into a cooperation agreement for the formation of Xiamen Jianfa Furniture for carrying out the sales of high-end rosewood furniture. The Group has subscribed for 30% of the registered share capital of Xiamen Jianfa Furniture for cash consideration of RMB3,000,000.

(ii) On 1 February 2016, the Group, Xiamen C&D Inc. and three fellow subsidiaries entered into a cooperation agreement for the formation of Xiamen Jianfa You Ke Hui. The Group has subscribed for 20% of the registered share capital of Xiamen Jianfa You Ke Hui for cash consideration of RMB2,000,000.

(iii) On 25 October 2016, the Group, C&D Real Estate and Hong Xin Chuang Ye Worksite Investment Group Shares Company Limited entered into an agreement for the formation of Guangzhou Jian Xin Small Loan for carrying out, among others, the provision of small loan business and other approved business in the PRC upon receiving the necessary approvals from the relevant PRC government authorities. The Group has subscribed for 34% of the registered share capital of Guangzhou Jian Xin Small Loan for cash consideration of RMB34,000,000.

13. INTERESTS IN ASSOCIATES *(Continued)*

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

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

Aggregate information of associates that are not individually material:

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

14. INVENTORIES OF PROPERTIES

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

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

As at 31 December 2017, the carrying amount of properties under development of RMB5,717,911,000 (2016: RMB3,839,178,000 (restated)) have been pledged to banks to secure the Group's bank borrowing. Details of the secured bank borrowings are set out in note 21.

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

14. INVENTORIES OF PROPERTIES *(Continued)*

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

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

15. TRADE AND OTHER RECEIVABLES

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

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

Trade receivables generally have credit terms of 30 days and no interest is charged. Trade receivables in respect of sales of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. For the trade receivables derived from rental income, building management fee income, entrusted services income and smart construction services income, the income is paid in accordance with the terms of the respective agreements and the balance is due on presentation.

15. TRADE AND OTHER RECEIVABLES *(Continued)*

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

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

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

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

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. As at 31 December 2017, the Group has determined trade receivables of approximately RMB57,000 (2016: RMB86,000) as individually impaired. The impaired trade receivables are due from customers who have defaulted in the scheduled payments after due dates and the Group performed an assessment and concluded the chance of recovering the account receivables is low such that full impairment had been recognised in respect of these receivables.

15. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	2017	2016
	RMB'000	RMB'000
Neither past due nor impaired	**98,721**	7,886
1-90 days past due	**972**	20
91-180 days past due	**63**	9
181-360 days past due	**164**	23
Over 360 days past due	**—**	70
	99,920	8,008

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

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

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

16. DEPOSITS FOR LAND ACQUISITIONS

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

17. PREPAYMENTS FOR PROPOSED PROPERTY DEVELOPMENT PROJECTS

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

18. CASH AT BANK AND IN HAND

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

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

Restricted bank deposits represented guarantee deposits for construction of pre-sale properties denominated in RMB placed in designated accounts. In accordance with relevant government requirements, certain property development companies of the Group are required to place in designated bank accounts certain amount of pre-sale proceeds as guarantee deposits for the constructions of the related properties. The deposits can only be used for payments for construction costs of the relevant properties when approval from related government authority is obtained. Such guarantee deposits will be released after the completion of construction of the related properties.

19. TRADE AND OTHER PAYABLES

	2017	2016
	RMB'000	RMB'000
		(Restated)
Trade payables		
To third parties	**705,222**	193,319
Other payables		
Accruals and other payables	**164,135**	71,385
Deposits received	**85,699**	35,119
Receipts in advance	**50,760**	16,218
	300,594	122,722
	1,005,816	316,041

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

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

	2017	2016
	RMB'000	RMB'000
		(Restated)
0-30 days	**699,813**	184,646
31-60 days	**13**	11
Over 90 days	**5,396**	8,662
	705,222	193,319

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

As at 31 December 2017 and 2016, the amounts due to non-controlling shareholders/intermediate holding companies are unsecured, except for an amount of RMB585,197,000 of amounts due to non-controlling shareholders as at 31 December 2017 bear interest at 6% per annum, interest-free and repayable on demand.

As at 31 December 2017 and 2016, the loans from intermediate holding companies are unsecured, interest-bearing at 3-year floating lending rate of the People's Bank of China ("PBOC") rate per annum and would not be repayable within one year.

The carrying amounts of the balances approximate their fair values.

21. INTEREST-BEARING BORROWINGS

	2017 **RMB'000**	2016 RMB'000 (Restated)
Bank loans		
– Secured	**3,428,788**	543,236
– Unsecured	**2,270,725**	—
	5,699,513	543,236

At 31 December 2017, the Group's bank loans were repayable as follows:

	2017 **RMB'000**	2016 RMB'000 (Restated)
Carrying amount repayable		
Within one year	**246,858**	864
In the second year	**525,003**	45,808
In the third to fifth year	**3,728,700**	494,192
After the fifth years	**1,197,570**	—
	5,698,131	540,864
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause	**1,382**	2,372
	5,699,513	543,236
Less: Amounts shown under current liabilities	**(248,240)**	(3,236)
	5,451,273	540,000

As at 31 December 2017 and 2016, the Group's bank loan is secured by the legal charges over the Group's property, plant and equipment with carrying value of approximately RMB10,098,000 (2016: RMB11,178,000) and properties under development with carrying value of approximately RMB5,717,911,000 (2016: RMB3,839,178,000 (restated)) (note 14).

As at 31 December 2017, the unsecured borrowings were guaranteed by the intermediate holding company of the Group.

As at 31 December 2017 and 2016, the bank loans of approximately RMB2,217,000 (2016: RMB3,236,000) and RMB17,570,000 (2016: Nil) were denominated in HK$ and AUD which bore floating interest rate of 3.4% (2016: 3.4%) and 4.78% (2016: Nil) per annum respectively.

22. SHARE CAPITAL

	Number of shares	Amount
		RMB'000
Authorised:		
Ordinary shares of HK$0.1 each		
At 31 December 2016 and 2017	**1,000,000,000**	81,055
Issued and fully paid:		
At 31 January 2016	**360,000,000**	29,135
Issue of new shares (Note a)	**68,000,000**	6,084
At 31 December 2016 and 1 January 2017	**428,000,000**	35,219
Issue of new shares (Note b)	**196,000,000**	16,494
Conversion of perpetual convertible bonds (Note c)	**110,864,745**	9,819
At 31 December 2017	**734,864,745**	61,532

Notes:

a) On 4 December 2016, the Company completed the placing of 68,000,000 ordinary shares of HK$0.1 each at a placing price of HK$3.97 per share under general mandate, giving rise to an increase of share premium of approximately RMB235,467,000. Share issuance expenses directly attributable to the issue of new shares amounting to RMB2,415,000 was treated as a deduction against the share premium account.

b) On 22 December 2017, the Company completed the placing of 196,000,000 ordinary shares of HK$0.1 each at a placing price of HK$4.51 per share under general mandate, giving rise to an increase of share premium of approximately RMB727,360,000. Share issuance expenses directly attributable to the issue of new shares amounting to RMB693,000 was treated as a deduction against the share premium account.

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

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

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

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

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

22. SHARE CAPITAL *(Continued)*

Notes: *(Continued)*

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

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

On 28 December 2017, Well Land exercised the conversion rights to convert the Perpetual Convertible Bonds in the principal amount of HK$500,000,000 into 110,864,745 shares. That contributes to approximately 17.77% of the latest total shares of 624,000,000 back to 22 December 2017. The price of HK$4.51 per share, giving rise to an increase of share premium of approximately RMB433,031,000. Distributions to holders of perpetual convertible bond amounting to RMB13,902,000 was treated as a deduction against the share premium account.

23. 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.

23. RESERVES *(Continued)*

Capital reserve

Capital reserve represents the difference between issued share capital of the Company and the aggregate nominal value of the respective share capital/paid-in capital of the companies acquired by the Group. The capital reserve also resulted from the acquisition of additional interest in a subsidiary which represents the difference between the fair value of the considerations given and the carrying amount of the net assets attributable to the additional interest in a subsidiary acquired from non-controlling interests. The capital reserve also represents the excess of investments cost over the share capital and share premium of the common control entities. The Transactions were accounted for using merger accounting as detailed in note 2.

Revaluation reserve

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

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During 2017, the Chinese government continued to implement real estate control policies in various ways including restricting purchases, restricting loans and restricting sales. At the same time, it tightened the supply of land in an attempt to ensure that residential real estate properties will serve the purpose of personal use instead of speculation, thereby facilitating the restructuring of the real estate market and realizing its long-term, stable and balanced development. During this period, the speculative demand for real estates was suppressed, and prices gradually returned to rationality. However, the policies implemented by the Chinese government did not aim to suppress the demand for living and improving. There will still be a huge potential for growth in future. In the long run, the prospects of the real estate market are promising.

BUSINESS REVIEW

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

During the Year, revenue of the Group was RMB3.23768 billion, representing a year-on-year increase by RMB3.13357 billion as compared with the previous financial year (restated). Gross profit was 1.06438 billion, representing a year-on-year increase by RMB998.07 million as compared with the previous financial year (restated). Gross profit margin was 32.87%, representing a year-on-year decrease of 48% as compared with the previous financial year (restated). Profit for the Year increased by RMB485.96 million year-on-year to approximately RMB459.46 million in 2017 as compared with the previous financial year (restated). Profit attributable to the owners of the Company increased by RMB357.50 million year-on-year to approximately RMB329.42 million as compared with previous financial year (restated) and by RMB314.78 million year on year as compared with the previous financial year (not restated).

Property Development Business

Sales of Properties in 2017

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

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

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

Name of Project	City	Amount (RMB ten thousand)	GFA (sq.m.)	Average selling price after tax (RMB/sq.m.)
Dushuwan (Phase I)* 獨墅灣 (一期)	Suzhou	213,243	100,932	21,127
Zhongyangyuefu* 中央悅府	Changsha	86,968	70,400	12,353
Li Yuan* 裕豐荔園	Nanning	1,765	1,803	9,789
Fond England* 裕豐英倫	Nanning	181	171	10,585
Total		**320,157**	**173,306**	**17,435**

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

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

Contracted Sales in 2017

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

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

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

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

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

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

Land Reserves

As of 31 December 2017, the aggregate saleable GFA of land reserves of the Group was 1.373 million sq.m., with over 10 projects located in 10 cities in 8 regions, respectively. The average land cost was approximately RMB9,602 per sq.m..

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

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

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

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

Real Estate Industrial Chain Investment Services

1. Commercial assets management

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

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

The Group's third party leasing properties, leased out through Shanghai C&D Zhaoyu Asset Management Company Limited* (上海建發兆昱資產管理有限公司) ("Shanghai Zhaoyu") are located in Yangpu District* (楊浦區) and Jiading District* (嘉定區), Shanghai. As of 31 December 2017, retail units of the leasing properties comprised an aggregate rentable GFA of approximately 82,713 sq.m. in the PRC (2016: 74,103 sq.m.), of which an aggregate GFA of approximately 74,233 sq.m. in the PRC had been leased out (2016: 56,739 sq.m.).

2. Projects operation and management (entrusted construction)

Revenue from the Group's entrusted construction during the Year was derived from entrusted construction agreements and management and entrustred construction services by Xiamen C&D Zhaocheng Construction Operation and Management Limited* (廈門建發兆誠建設運營管理有限公司), an indirect wholly-owned subsidiary of the Group, amounting to approximately RMB51.71 million (corresponding period in 2016 (restated): approximately RMB5.83 million).

3. Informatization services and smart community

Revenue from smart construction services during the Year was derived from smart construction services by Xiamen Zhaohui Internet Technology Co., Ltd.* (廈門兆慧網絡科技有限公司), an indirectly wholly-owned subsidiary of the Group, amounting to approximately RMB21.17 million (corresponding period in 2016 (restated): approximately RMB7.73 million).

FINANCIAL REVIEW

Revenue

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

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

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

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

Cost of Sales

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

Gross Profit and Gross Profit Margin

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

Other Income

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

Borrowing Costs

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

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

Gain on Changes in Fair Value of Investment Properties

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

Administrative Expenses

Administrative expenses increased by about 5.67 million to approximately RMB34.72 million for the Year from approximately RMB29.05 million for the year ended 31 December 2016 (restated). This was primarily due to the increase in consultancy fee in relation to the acquisitions during the Year.

Selling Expenses

Selling expenses increased by about RMB154.99 million to approximately RMB207.79 million for the Year from approximately RMB52.8 million for the year ended 31 December 2016 (restated). It was primarily due to an increase in advertising and promotion expenses and sales commission as a result of higher sales from projects during the Year than the sales of projects in 2016.

Profit before Income Tax

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

Income Tax Expense

Income tax expense increased from approximately RMB2.07 million in the previous financial year (restated) to approximately RMB316.62 million for the Year. The increase in income tax was mainly due to an increase in income from property sales during the Year.

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

The profit attributable to the equity holders of the Company increased by about RMB357.50 million from a loss of approximately RMB28.08 million in the previous financial year (restated) to an earning of approximately RMB329.42 million for the Year, an increase by RMB314.78 million (2,150.14%) year on year as compared with the previous financial year (not restated).

Liquidity and Financial Resources

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

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

As at 31 December 2017, the Group had (i) loan facilities of approximately RMB2.22 million (31 December 2016: RMB3.24 million) and RMB17.57 million (31 December 2016: Nil) denominated in HK$ and AUD respectively which bore a floating interest rate of 3.4% (31 December 2016: 3.4%) and 4.78% (31 December 2016 (restated): Nil) per annum respectively, and (ii) a loan facility of approximately RMB5.67973 billion (31 December 2016: RMB540 million) denominated in RMB which bore a floating interest rate from 4.51% to 5.13% (31 December 2016 (restated): a floating interest rate from 4.75% to 5%) per annum, and (iii) loans from intermediate holding companies of approximately RMB4.98116 billion (31 December 2016 (restated): RMB4.33920 billion, at 3-year floating lending rate of the PBOC rate per annum) denominated in RMB and at 3-year floating lending rate of the PBOC rate per annum, and (iv) the amounts due to non-controlling shareholders of RMB585.20 million (31 December 2016: nil) denominated in RMB and bore an interest rate of 6% per annum. No particular trend of seasonality was observed for the Group's borrowing requirements for the Year.

The Group's gearing ratio (total borrowings divided by total equity) increased to 373.95% as at 31 December 2017 (2016 (restated): 273.44%) as the loans from shareholders and banks increased during the Year.

Of the total borrowings, approximately RMB883.44 million was repayable within one year while approximately RMB10.43244 billion was repayable after one year but within five years.

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

Financial Guarantee Contracts

The Group had arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. The balance as at 31 December 2017 was approximately RMB2.70127 billion (2016 (restated): RMB470.85 million). The increase was mainly attributable to the increase of real estate mortgage loan due to the increase of the sales of property commenced to be sold in the Year.

Capital Commitments

Capital commitments were those contracts concluded but not provided for leasehold improvements and the construction of properties under development. The capital commitment was approximately RMB2.62634 billion as at 31 December 2017 (2016 (restated): RMB280.48 million). The significant increase was attributable to the increase in the number of the completion of projects during the Year as compared to 2016.

Pledge of Assets

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

Capital Structure

As at 31 December 2017, the Company's issued share capital was HK$73,486,474.5, divided into 734,864,745 ordinary shares (the "Shares") of HK$0.1 each (31 December 2016: HK$42,800,000 divided into 428,000,000 Shares).

Foreign Currency Exposure

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

As at 31 December 2017, except for the bank deposits denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations.

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

Contingent Liabilities

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

Employees and Emolument Policy

As at 31 December 2017, the Group employed a total of 175 full-time employees (2016 (restated): 171 full-time employees). Total staff costs, including Directors' emoluments, of the Group were approximately RMB124.38 million (2016 (restated): RMB27.78 million). The Group reviews the remuneration policies and packages on a regular basis and makes necessary adjustment commensurate with the remuneration level in the industry. In addition to a basic monthly salary, year-end bonuses are offered to those staff with outstanding performance. A share option scheme has been adopted to attract and retain eligible employees to contribute to the Group.

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

EVENTS AFTER REPORTING PERIOD

Save as disclosed elsewhere in this announcement, the following significant events took place subsequent to 31 December 2017:

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

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

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

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

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

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

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

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

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

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

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

vii) As set out in the announcement dated 13 February 2018, Xiamen Yi Yue entered into confirmation letters with the Lianjiang Public Resources Trade Services Centre* (連江縣公共資源交易服務中心) on 13 February 2018 to confirm that Xiamen Yi Yue has successfully won the bid for the auction for the land use rights of the lands which are located at the Songwu Village* (松塢村), Pukou County* (浦口鎮), Lianjiang, Fujian Province, the PRC (Land Plot nos. Lian Di Pai Mai* (連地拍賣)(2018)01, 03 and 04) for a total consideration of RMB374,500,000.

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

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

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

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

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

OUTLOOK

For the Group's positioning and planning, the Group will also engage in light-asset extension business related to the real estate industry such as entrusted construction and commercial operation management while developing its major property business in future. Moreover, the Group will also actively seek for the right timing to increase investments in sectors such as properties for the elderly, high-end education and other emerging industries. By leveraging the abundant resources and mature branding strength of its parent company, introducing advanced management concepts and excellent corporate culture to fully utilize the advantages of the capital platform in Hong Kong, the Group is gradually approaching the new stage of leaping development.

FINAL DIVIDEND

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

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Friday, 25 May 2018. A notice convening the AGM of the Company will be published and dispatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 21 May 2018 to Friday, 25 May 2018 (both days inclusive). In order to qualify for attending and voting at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by 4:30 p.m. on Friday, 18 May 2018.

For the purpose of ascertaining shareholders' entitlement to the final dividend, the register of members of the Company will be closed from Friday, 1 June 2018 to Tuesday, 5 June 2018 (both days inclusive). In order to qualify for the final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at the abovementioned address for registration by 4:30 p.m. on Thursday, 31 May 2018.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules 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 set out in the Model Code for the Year.

CORPORATE GOVERNANCE PRACTICES

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

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 LISTED SECURITIES OF OUR COMPANY

Date of agreement	Date of completion	Fund raising activity	Net proceeds raised	Reasons for fund raising and use of net proceeds	Closing price of last trading date before the date of agreement	Actual use of net proceeds as at the date of this announcement
4 December 2016	21 December 2016	Placing of 68,000,000 new ordinary shares at a placing price of HK$3.97 per placing share to independent third parties under general mandate	Approximately HK$266,960,000	Raise capital for the Company and broaden the Shareholders' base and capital base of the Company HK$100,000,000 out of the net proceeds for the repayment of loans from shareholders, and the remaining balance of the net proceeds for general working capital purposes	HK$4.95	HK$100,000,000 out of the net proceeds for the repayment of loans from shareholders, and the remaining balance of the net proceeds for (i) approximately HK$6,500,000 has been used as administrative and management expenses; (ii) approximately HK$1,500,000 has been used as investment in industries relating to property development; and (iii) approximately HK158,960,000 has been used as inputs in property development projects
4 December 2016	1 March 2017	Issuance of perpetual convertible bond in an aggregate principal amount of HK$500,000,000 to Well Land. The perpetual convertible bond is convertible into 108,695,652 conversion shares at the initial conversion price of HK$4.6 per conversion share under special mandate	Approximately HK$499,400,000	Broaden the Company's financing channels, optimize the Company's debt structure and further enhance its risk-resisting capability and capability of sustainable development. All of the proceeds for repayment of loans from the shareholders	HK$4.95	All of the proceeds for repayment of loans from shareholders

Date of agreement	Date of completion	Fund raising activity	Net proceeds raised	Reasons for fund raising and use of net proceeds	Closing price of last trading date before the date of agreement	Actual use of net proceeds as at the date of this announcement
30 August 2017	22 December 2017	Placing of 68,000,000 new ordinary shares at a placing price of HK$4.51 per placing share to not less than six placees under specific mandate	Approximately HK$306,000,000	All of net proceeds for repayment of shareholders' loan incurred from (i) the acquisition of 100% equity interests in Changsha Yuefa as announced by the Company on 17 August 2017; and (ii) the acquisition of 70% equity interests in Zhangjiagang Jianfeng as announced by the Company on 24 August 2017.	HK$5.19	HK$294,000,000 out of the net proceeds for repayment of shareholders' loan incurred from the acquisition of 100% equity interests in Changsha Yuefa as announced by the Company on 17 August 2017 amounted to approximately RMB249,900,000 (HK$294,000,000); and the remaining balance of the net proceeds of approximately RMB10,400,000 (HK$12,000,000) for repayment of shareholders' loan incurred from the acquisition of 70% equity interests in Zhangjiagang Jianfeng as announced by the Company on 24 August 2017.
30 August 2017	22 December 2017	Issuance of 120,000,000 and 8,000,000 new ordinary shares at a subscription price of HK$4.51 per subscription share to Well Land and Diamond Firetail Limited respectively under specific mandate	Approximately HK$576,000,000	Same as above	HK$5.19	All of net proceeds of approximately RMB489,600,000 (HK$576,000,000) for repayment of shareholders' loan incurred from the acquisition of 70% equity interests in Zhangjiagang Jianfeng as announced by the Company on 24 August 2017.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

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, 22 March 2018

As at the date of this announcement, the Board 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.

* *demotes English translation of the name of a Chinese company, entity and place and is provided for identification purpose only*