

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



建業地產股份有限公司 *

Central China Real Estate Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0832)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2018 amounted to approximately RMB14,783 million, representing an increase of approximately 6.5% compared with the year 2017.
- Gross profit margin for the year was 34.4%, representing an increase of 10.8 percentage points as compared with 2017.
- Profit attributable to equity shareholders of the Company for the year amounted to approximately RMB1,154 million, representing an increase of approximately 42.3% compared with the year 2017.
- Net profit margin for the year was 9.6%, representing an increase of 3.1 percentage points as compared with 2017.
- Basic earnings per share for the year was RMB44.30 cents, an increase of approximately 33.5% compared with the year 2017.
- The Board recommended to declare a final dividend of HK\$14.12 cents (approximately RMB12.09 cents) per share.

ANNUAL RESULTS

The Board announces the consolidated results (the “Annual Results”) of the Group for the year ended 31 December 2018 with comparative figures for the preceding financial year, as follows:

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2018

(Expressed in Renminbi)

		2018	2017
	<i>Note</i>	<i>RMB'000</i>	<i>(Note)</i> <i>RMB'000</i>
Revenue	2	14,783,480	13,879,207
Cost of sales		<u>(9,692,377)</u>	<u>(10,598,430)</u>
Gross profit		5,091,103	3,280,777
Other revenue	3	234,854	155,437
Other net income	3	64,192	258,358
Selling and marketing expenses		(1,188,393)	(697,149)
General and administrative expenses		(1,552,404)	(1,087,227)
Impairment losses on trade and other receivables, including contract assets		<u>(54,623)</u>	–
		2,594,729	1,910,196
Finance costs	4(a)	(226,152)	(408,051)
Share of profits less losses of associates		(17,905)	(4,422)
Share of profits less losses of joint ventures		<u>15,638</u>	<u>198,943</u>
Profit before change in fair value of investment property and income tax		2,366,310	1,696,666
Net valuation gain on investment property		<u>605,673</u>	<u>243,400</u>
Profit before taxation	4	2,971,983	1,940,066
Income tax	5(a)	<u>(1,556,860)</u>	<u>(1,040,784)</u>
Profit for the year		<u>1,415,123</u>	<u>899,282</u>

		2018	2017
			<i>(Note)</i>
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Attributable to:			
Equity shareholders of the Company		1,154,262	811,365
Non-controlling interests		260,861	87,917
		<u>1,415,123</u>	<u>899,282</u>
Profit for the year		<u>1,415,123</u>	<u>899,282</u>
Earnings per share	<i>6</i>		
– Basic (<i>RMB cents</i>)		44.30	33.19
– Diluted (<i>RMB cents</i>)		43.51	32.95
		<u>44.30</u>	<u>32.95</u>

Note:

- (i) The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 1.
- (ii) The Group has aggregated the line item of “other operating income”, which was presented separately in prior years, into “other revenue” due to materiality consideration and reclassified the comparative information to conform to change in presentation in the current period.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2018

(Expressed in Renminbi)

	2018	2017
<i>Note</i>	<i>RMB'000</i>	<i>(Note)</i> <i>RMB'000</i>
Profit for the year	1,415,123	899,282
Other comprehensive income for the year (after tax and reclassification adjustments)		
<i>Items that will not be reclassified to profit or loss:</i>		
Equity investments at fair value through other comprehensive income		
– net movement in fair value reserve (non-recycling)	64,627	–
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on:		
– Translation of financial statements to the presentation currency	(358,273)	151,780
– Arising on a monetary item that forms part of net investment in foreign operations	(338,350)	243,334
Cash flow hedge: net movement in the hedging reserve	529	41,156
Other comprehensive income for the year	(631,467)	436,270
Total comprehensive income for the year	783,656	1,335,552
Attributable to:		
Equity shareholders of the Company	524,555	1,246,481
Non-controlling interests	259,101	89,071
Total comprehensive income for the year	783,656	1,335,552

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 1.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2018

(Expressed in Renminbi)

		2018	2017
	<i>Note</i>	<i>RMB'000</i>	<i>(Note)</i> <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		4,808,494	3,793,340
Investment property		2,916,000	1,297,000
Intangible assets		518,008	204,300
Biological assets		203,946	–
Interests in associates	7	449,913	536,549
Interests in joint ventures	8	9,915,331	9,026,377
Other financial assets		651,865	486,366
Deferred tax assets		248,318	100,742
		19,711,875	15,444,674
Current assets			
Trading securities		82,775	97,105
Biological assets		32,778	–
Inventories and other contract costs	9	50,315,979	24,341,214
Contract assets		137,691	–
Trade and other receivables	10	2,577,140	1,664,421
Deposits and prepayments	11	9,161,824	6,554,002
Tax recoverable		2,160,457	1,016,854
Restricted bank deposits		3,579,597	2,125,062
Cash and cash equivalents		14,202,259	11,283,853
		82,250,500	47,082,511
Current liabilities			
Bank loans	12	(1,756,130)	(450,118)
Other loans	13	(593,150)	(90,000)
Trade and other payables	14	(28,924,187)	(22,034,089)
Receipts in advance		–	(15,087,593)
Contract liabilities		(40,829,626)	–
Corporate bonds		(2,996,760)	–
Senior notes		–	(3,890,692)
Taxation payable		(833,264)	(1,116,940)
		(75,933,117)	(42,669,432)
Net current assets		6,317,383	4,413,079
Total assets less current liabilities		26,029,258	19,857,753

		2018	2017
			<i>(Note)</i>
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities			
Bank loans	12	(4,074,351)	(3,437,460)
Other loans	13	(240,030)	(210,000)
Trade and other payables		–	(58,302)
Corporate bonds		–	(2,986,914)
Senior notes		(10,190,829)	(4,518,961)
Deferred tax liabilities		(1,254,264)	(172,947)
		<u>(15,759,474)</u>	<u>(11,384,584)</u>
NET ASSETS		<u>10,269,784</u>	<u>8,473,169</u>
CAPITAL AND RESERVES			
Share capital		239,958	216,916
Reserves		8,597,132	7,477,757
Total equity attributable to equity shareholders of the Company		8,837,090	7,694,673
Non-controlling interests		1,432,694	778,496
TOTAL EQUITY		<u>10,269,784</u>	<u>8,473,169</u>

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 1.

NOTES:

(Expressed in Renminbi)

Central China Real Estate Limited (“the Company”) is a limited liability company incorporated in the Cayman Islands on 15 November 2007. Its principal place of business is at Room 7701B–7702A, 77th Floor, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong and has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal activity of the Company is investment holding and its subsidiaries are principally engaged in property development in Henan Province in the People’s Republic of China (“the PRC”).

1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

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

The consolidated financial statements are presented in Renminbi (“RMB”) rounded to the nearest thousand, while the Company’s functional currency is the Hong Kong dollar (“HK\$”).

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s financial statements:

- (i) HKFRS 9, *Financial instruments*
- (ii) HKFRS 15, *Revenue from contracts with customers*
- (iii) HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to HKFRS 9, *Prepayment features with negative compensation* which have been adopted at the same time as HKFRS 9.

(i) **HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation***

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on retained earnings and reserves and the related tax impact at 1 January 2018.

	<i>RMB'000</i>
Retained earnings	
Recognition of additional expected credit losses on:	
– financial assets measured at amortised cost	(42,255)
– contract assets	(3,182)
Related tax	<u>11,359</u>
Net decrease in retained earnings at 1 January 2018	<u><u>(34,078)</u></u>
Fair value reserve (non-recycling)	
Recognition of fair value changes relating to equity securities which were measured at cost less impairment losses and are now measured at FVOCI (non-recycling) and increase in fair value reserve (non-recycling) at 1 January 2018	33,002
Related tax	<u>(8,250)</u>
Net decrease in retained earnings at 1 January 2018	<u><u>24,752</u></u>

a. *Classification of financial assets and financial liabilities*

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under HKFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The measurement categories for all financial liabilities remain the same, except for financial guarantee contracts. The carrying amounts for all financial liabilities (including financial guarantee contracts) at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

b. *Credit losses*

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" (ECL) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

c. *Hedge accounting*

The Group has elected to adopt the new general hedge accounting model in HKFRS 9. Depending on the complexity of the hedge, this new accounting model allows a more qualitative approach to assess hedge effectiveness compared to HKAS 39 to be applied, and the assessment is always forward-looking. The adoption of HKFRS 9 has not had a significant impact on the Group's financial statements in this regard.

(ii) **HKFRS 15, Revenue from contracts with customers**

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

The following table summarises the impact of transition to HKFRS 15 on retained earnings and the related tax impact at 1 January 2018:

	<i>RMB'000</i>
Retained earnings	
Earlier revenue and profit recognition for certain sales of properties	201,380
Capitalisation of sales commissions	35,489
Related tax	(74,288)
Net increase in share of profit in joint ventures resulted from application of HKFRS 15	15,779
<i>Less:</i> attributable to non-controlling interests	<u>(13,741)</u>
Net increase in retained earnings at 1 January 2018	<u><u>164,619</u></u>

Further details of the nature and effect of the changes on previous accounting policies are set out below:

a. *Timing of revenue recognition*

Previously, revenue arising from provision of services was recognised over time, whereas revenue from sale of properties was generally recognised at a point in time when the risks and rewards of ownership of the properties had passed to the customers. In the comparative period, revenue from sales of properties was recognised upon the later of the signing of the sale and purchase agreement and the completion of the properties, which was taken to be the point in time when the risks and rewards of ownership of the property had passed to the buyer. The management considers the completion of the properties to be the point in time when completion of construction is certified jointly by the Group and four external parties which are responsible for inspection, design, construction and supervision respectively.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- B. 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;
- C. 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 is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from provision of services. However, the timing of revenue recognition for sales of properties is affected as follows:

- Sales of properties: the Group's property development activities are carried out in Mainland China only. Taking into account the contract terms, the Group's business practice and the legal and regulatory environment of the PRC, certain property pre-sale contracts meet the criteria for recognising revenue over time. Previously the Group recognised revenue from property sales upon the later of the signing of the sale and purchase agreement and the completion of the property development, which was taken to be the point in time when the risks and rewards of ownership of the property were transferred to the customer. Certain fully prepaid pre-sales of properties under development, when the properties under development have no alternative use to the Group due to contractual reasons and the Group has an enforceable right to payment from the customer for performance completed to date, satisfy the criteria for category C for recognising revenue over time during the developing process, whereas previously the Group did not recognise revenue until the risks and rewards of ownership of the property were transferred to the customer. Accordingly, revenue and the associated costs for these contracts are recognised in profit or loss earlier under HKFRS 15 than under HKAS 18.

For other sales of properties, revenue is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Accordingly, revenue and the associated costs for these contracts are recognised in profit or loss later under HKFRS 15 than under HKAS 18.

As a result of this change in policy, the Group has made adjustments to opening balance at 1 January 2018 which increased retained earnings by RMB138,002,000, increased non-controlling interests by RMB13,741,000, increased deferred tax liabilities by RMB60,313,000, increased in investment in joint ventures by RMB15,779,000, decreased receipts in advance by RMB1,113,672,000, decreased inventories by RMB912,292,000 and decreased deferred tax assets by RMB5,103,000 as at 1 January 2018.

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 of revenue recognition or significantly deferred.

Previously, the Group only applied such a policy when payments were significantly deferred, which was not common in the Group's arrangements with its customers. The Group did not apply such a policy when payments were received in advance.

Advance payments are common in the Group's arrangement with its customers, when properties are marketed by the Group while the property is still under construction.

Where payment schemes include a significant financing component, the transaction price is adjusted to separately account for this component. In the case of payments in advance, such adjustment results in interest expense being accrued by the Group to reflect the effect of the financing benefit obtained by the Group from the customers during the period between the payment date and the completion date of legal assignment. This accrual increases the amount of the contract liability during the period of construction, and therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer. The interest is expensed as accrued unless it is eligible to be capitalised under HKAS 23, *Borrowing costs*.

As a result of this change in policy, the Group has made adjustments which increased inventories and contract liabilities by RMB205,154,000 at 1 January 2018. As all of the accrued interest was eligible to be capitalised into projects still under construction, this change in policy has had no effect on retained earnings as at 1 January 2018.

c. Sales commissions payable related to property sales contracts

The Group previously recognised sales commissions payable related to property sales contracts as distribution costs when they were incurred. Under HKFRS 15, the Group is required to capitalise these sales commissions as costs of obtaining contracts when they are incremental and are expected to be recovered, unless the expected amortisation period is one year or less from the date of initial recognition of the asset, in which case the sales commissions can be expensed when incurred. Capitalised commissions are charged to profit or loss when the revenue from the related property sale is recognised and are included as selling and marketing expenses at that time.

As a result of this change in accounting policy, the Group has capitalised sales commissions payable related to property sales contracts and increased other contract costs by RMB35,489,000, increased deferred tax liabilities by RMB8,872,000 and increased retained earnings by RMB26,617,000 at 1 January 2018.

d. Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays non-refundable consideration, or is contractually required to pay non-refundable consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, contract balances relating to sales of properties and provision of services were presented in the statement of financial position under “trade and other receivables” or “receipts in advance” respectively, and properties under development in respect of the such property sales which meet the situations for recognising revenue over time was included within inventory until such properties were delivered to the customers, and the risk and reward of ownership of revenue was recognised for the reasons explained in paragraph (a) above.

To reflect these changes in presentation, the Group has made the following adjustments at 1 January 2018, as a result of the adoption of HKFRS 15:

- (i) “Trade debtors and bills receivable” amounting to RMB42,542,000 relating to provision of services, which were previously included in trade and other receivables are now included under contract assets;
- (ii) “Receipts in advance” amounting to RMB13,973,921,000 are now included under contract liabilities;
- (iii) As explained in a. above, reclassification to opening balances have been made to contract liabilities by RMB1,113,672,000 from “Receipts in advance” related to sale of properties and decrease inventories (properties under development) by RMB912,292,000 in respect of the Group’s properties sales which meet the situations for recognising revenue over time.

e. **Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 December 2018 as a result of the adoption of HKFRS 15 on 1 January 2018.**

The following tables summarise the estimated impact of adoption of HKFRS 15 on the Group's consolidated financial statements for the year ended 31 December 2018, by comparing the amounts reported under HKFRS 15 in these consolidated financial statements with estimates of the hypothetical amounts that would have been recognised under HKAS 18 if those superseded standards had continued to apply to 2018 instead of HKFRS 15. These tables show only those line items impacted by the adoption of HKFRS 15:

	Amounts reported in accordance with HKFRS 15 (A) RMB'000	Hypothetical amounts under HKAS 18 (B) RMB'000	Difference: Estimated impact of adoption of HKFRS 15 on 2018 (A)-(B) RMB'000
Line items in the consolidated income statement for year ended 31 December 2018 impacted by the adoption of HKFRS 15:			
Revenue	14,783,480	19,165,066	(4,381,586)
Cost of sales	(9,692,377)	(13,372,934)	3,680,557
Gross profit	5,091,103	5,792,132	(701,029)
Selling and marketing expenses	(1,188,393)	(1,266,024)	77,631
Profit from operations	2,594,729	3,218,127	(623,398)
Share of profits less losses of associates	(17,905)	(20,598)	2,693
Share of profits less losses of joint ventures	15,638	138,702	(123,064)
Profit before taxation	2,971,983	3,715,752	(743,769)
Income tax	(1,556,860)	(1,876,129)	319,269
Profit for the year	1,415,123	1,839,623	(424,500)
Profit attributable to equity shareholders of the Company	1,154,262	1,588,450	(434,188)
Profit attributable to non-controlling interests	260,861	251,173	9,688
Earnings per share			
Basic (RMB cents)	44.30	60.96	(16.66)
Diluted (RMB cents)	43.51	59.88	(16.37)
Line items in the consolidated statement of comprehensive income for year ended 31 December 2018 impacted by the adoption of HKFRS 15:			
Total comprehensive income for the year	783,656	1,208,156	(424,500)
Total comprehensive income attributable to the equity shareholders of the Company	524,555	958,743	(434,188)
Total comprehensive income attributable to non-controlling interests	259,101	249,413	9,688

	Amounts reported in accordance with HKFRS 15 (A) RMB'000	Hypothetical amounts under HKAS 18 (B) RMB'000	Difference: Estimated impact of adoption of HKFRS 15 on 2018 (A)-(B) RMB'000
Line items in the consolidated statement of financial position as at 31 December 2018 impacted by the adoption of HKFRS 15:			
Interests in joint ventures	9,915,331	10,022,615	(107,284)
Interests in associates	449,913	447,220	2,693
Deferred tax assets	248,318	235,731	12,587
Total non-current assets	19,711,875	19,803,879	(92,004)
Inventories and other contract costs	50,315,979	47,616,615	2,699,364
Contract assets	137,691	–	137,691
Trade and other receivables	2,577,140	2,714,831	(137,691)
Tax recoverable	2,160,457	2,074,964	85,493
Total current assets	82,250,500	79,465,643	2,784,857
Trade and other payables	(28,924,187)	(30,353,926)	1,429,739
Contract liabilities	(40,829,626)	–	(40,829,626)
Receipts in advance	–	(36,313,994)	36,313,994
Taxation payable	(833,264)	(1,860,957)	1,027,693
Total current liabilities	(75,933,117)	(73,874,917)	(2,058,200)
Net current assets	6,317,383	5,590,726	726,657
Total assets less current liabilities	26,029,258	25,394,605	634,653
Deferred tax liabilities	(1,254,264)	(373,471)	(880,793)
Total non-current liabilities	(15,759,474)	(14,878,681)	(880,793)
Net assets	10,269,784	10,515,924	(246,140)
Reserves	8,597,132	8,866,701	(269,569)
Total equity attributable to equity shareholders of the Company	8,837,090	9,106,659	(269,569)
Non-controlling interests	1,432,694	1,409,265	23,429
Total equity	10,269,784	10,515,924	(246,140)
Line items in the reconciliation of profit before taxation to cash generated from operations for year ended 31 December 2018 impacted by the adoption of HKFRS 15:			
Profit before taxation	2,971,983	3,715,752	(743,769)
Increase in inventories and other contract costs	(20,513,456)	(17,814,092)	(2,699,364)
Decrease in trade and other receivables	1,321,305	1,183,614	137,691
Increase in contract assets	(137,691)	–	(137,691)
Increase in trade and other payables	3,852,505	5,298,024	(1,445,519)
(Decrease)/increase in receipts in advance	(15,087,593)	18,451,293	(33,538,886)
Increase in contract liabilities	38,128,806	–	38,128,806

The significant differences arise as a result of the changes in accounting policies described above.

(iii) **HK(IFRIC) 22, Foreign currency transactions and advance consideration**

This interpretation provides guidance on determining “the date of the transaction” for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that “the date of the transaction” is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC) 22 does not have any material impact on the financial position and the financial result of the Group.

2. REVENUE AND SEGMENT REPORTING

(a) **Revenue**

The principal activities of the Group are property development, property leasing, hotel operations and provision of project management service. Revenue of the Group for the period is analysed as follows:

(i) **Disaggregation of revenue**

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2018	2017
	<i>RMB'000</i>	<i>(Note)</i> <i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sales of properties	13,629,185	13,210,985
– Revenue from hotel operations	284,628	265,530
– Revenue from project management service	675,266	307,762
– Others	47,479	–
	14,636,558	13,784,277
Revenue from other sources		
– Rental income from investment properties	106,669	28,568
– Rental income from properties for sale	40,253	66,362
	146,922	94,930
	14,783,480	13,879,207

Disaggregation of revenue from contracts with customers by timing of revenue recognition is as follows:

	2018	2017
	<i>RMB'000</i>	<i>(Note)</i> <i>RMB'000</i>
Point in time		
– Sales of properties	5,967,104	13,210,985
– Revenue from hotel operations	284,628	265,530
– Others	47,479	–
	<u>6,299,211</u>	<u>13,476,515</u>
Over time		
– Sales of properties	7,662,081	–
– Revenue from project management service	675,266	307,762
– Rental income from investment properties	106,669	28,568
– Rental income from properties for sale	40,253	66,362
	<u>8,484,269</u>	<u>402,692</u>
	<u>14,783,480</u>	<u>13,879,207</u>

Note: The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18 (see note 1(ii)).

The Group's customer base is diversified and none of the customers of the Group with whom transactions have exceeded 10% of the Group's revenue.

(ii) Revenue expected to be recognised in the future arising from sales of properties and project management service

As at 31 December 2018, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB57,867,866,000. This amount represents revenue expected to be recognised in the future from pre-completion sales contracts for properties under development and project management service entered into by the customers with the Group. This amount includes the interest component of pre-completion properties sales contracts under which the Group obtains significant financing benefits from the customers. The Group will recognise the expected revenue in future when or as the control is transferred or by measuring the progress towards complete satisfaction of the performance obligation, which is expected to occur over the next 12 to 36 months.

The above amount also does not include any amounts of completion bonuses that the Group may earn in the future by meeting the conditions set out in the Group's project management service contracts with customers, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those bonuses.

(iii) Lease income

The Group leases out its investment properties and certain completed properties held for sale under operating leases. The leases typically run for an initial period of one to ten years, with an option to renew the lease after that date at which time all terms are renegotiated.

The Group's total future minimum lease income under non-cancellable operating leases are receivable as follows:

	2018	2017
	RMB'000	RMB'000
Total future minimum lease income from:		
Investment properties:		
Within 1 year	105,782	24,767
After 1 year but within 5 years	293,840	86,843
After 5 years	359,995	47,444
	759,617	159,054
Properties held for sale:		
Within 1 year	16,294	119,230
After 1 year to 5 years	40,026	166,246
After 5 years	32,083	333,414
	88,403	618,890

For properties held for sale under operating leases, the directors confirm that the Group intends to sell the properties together with the respective leases.

(b) Segment reporting

(i) Services from which reportable segments derive their revenue

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more focused on the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance on property development. Resources are allocated based on what is beneficial for the Group in enhancing its property development activities as a whole rather than any specific service. Performance assessment is based on the results of the Group as a whole. Therefore, management considers there is only one operating segment under the requirements of HKFRS 8, *Operating segments*.

(ii) Geographical information

No geographical information is shown as the revenue and profit from operations of the Group is substantially derived from activities in Henan province in the PRC.

3. OTHER REVENUE AND OTHER NET INCOME

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Other revenue		
Interest income on financial assets measured at amortised cost	152,496	58,753
Other interest income	66,642	32,556
Dividend income from equity securities	5,155	13,776
Government grants	8,814	1,725
Others	1,747	48,627
	<u>234,854</u>	<u>155,437</u>
Other net income		
Net realised and unrealised loss on trading securities	(37,655)	(1,081)
Inventory write-down (<i>note 9(a)</i>)	(20,271)	(64,766)
Changes in fair value of biological assets less cost to sell	11,979	–
Net gain/(loss) on disposals of property, plant and equipment	19,383	(412)
Net gain on disposals of subsidiaries	–	189,647
Net gain on deemed disposal of a subsidiary	–	280
Net (loss)/gain on disposal of a joint venture	(17,292)	12,577
Net fair value gain on deemed disposals of joint ventures (<i>notes 8(a)</i>)	91,432	–
Net exchange (loss)/gain	(37,652)	59,362
Others	54,268	62,751
	<u>64,192</u>	<u>258,358</u>

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
(a) Finance costs		
Interest on bank loans and other borrowings	1,296,349	1,083,562
Interest accrued on advance payments from customers	<u>1,042,564</u>	<u>–</u>
Total interest expense on financial liabilities not at fair value through profit or loss	2,338,913	1,083,562
Less: Borrowing costs capitalised into properties under development*	<u>(2,074,731)</u>	<u>(846,043)</u>
	----- 264,182	----- 237,519
Net change in fair value of derivatives		
– call options	(1,591)	(12,242)
– foreign exchange rate swap contract	(5,990)	108,549
– foreign exchange forward contracts (<i>note 10</i>)	(30,449)	–
– reclassification adjustment for cash flow hedge transferred to finance costs	<u>–</u>	<u>74,225</u>
	----- (38,030)	----- 170,532
	<u><u>226,152</u></u>	<u><u>408,051</u></u>

* *The capitalisation rate used to capitalise interest on general borrowings in 2018 was 7.18% per annum (2017: 7.05% per annum).*

	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
(b) Staff costs		
Contributions to defined contribution retirement plan	105,350	68,849
Equity settled share-based payment expenses	43,059	12,258
Salaries, wages and other benefits	662,242	507,363
	810,651	588,470

Employees of the Company's subsidiaries in the PRC ("PRC subsidiaries") are required to participate in defined contribution retirement schemes which are administered and operated by the local municipal government. The PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group also participates in a Mandatory Provident Fund Scheme ("the MPF Scheme") for all qualifying employees in Hong Kong. The Group's and employee's contributions to the MPF Scheme are based on 5% of the relevant income of the relevant employee (up to a cap of monthly relevant income of HK\$30,000) and in accordance with the requirements of the Mandatory Provident Fund Schemes Ordinance and related regulations.

The Group has no other material obligation for the payment of retirement benefits associated with these schemes beyond the annual contributions described above.

	2018	2017
	<i>RMB'000</i>	<i>(Note)</i> <i>RMB'000</i>
(c) Other items		
Amortisation	23,868	21,290
Depreciation	244,591	234,158
Impairment losses on trade and other receivables, including contract assets	(54,623)	–
Group auditor's remuneration		
– audit services	4,646	4,546
– review and other services	2,850	1,300
Local statutory auditors' remuneration		
– audit services	3,393	1,645
– review and other services	752	574
Cost of inventories (<i>note 9(a)</i>)	9,415,270	10,385,586
Sponsorship fee for local football events	298,245	137,100
Operating lease charges in respect of properties	26,481	30,973
Rental income from investment properties less direct outgoing of RMB2,209,000 (2017: RMB5,000)	(104,460)	(28,563)
Rental income from properties for sale less direct outgoings of RMB7,925,000 (2017: RMB1,339,000)	(32,328)	(65,023)
	<u> </u>	<u> </u>

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 1.

5. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Current tax		
PRC Corporate Income Tax	476,472	554,960
PRC Land Appreciation Tax		
– Provision for the year	213,496	386,314
– Over-provision in prior years	(22,528)	(13,901)
Withholding tax	48,400	–
	<u>715,840</u>	<u>927,373</u>
Deferred tax		
PRC Corporate Income Tax	386,967	113,411
PRC Land Appreciation Tax	454,053	–
	<u>841,020</u>	<u>113,411</u>
	<u><u>1,556,860</u></u>	<u><u>1,040,784</u></u>

- (i) Pursuant to the rule and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.
- (ii) No Hong Kong Profits Tax has been provided for as the Group has no estimated assessable profits in Hong Kong.

(iii) PRC Corporate Income Tax (“CIT”)

The provision for CIT is based on the respective applicable rates on the estimated assessable profits of the PRC subsidiaries as determined in accordance with the relevant income tax rules and regulations of the PRC.

Certain PRC subsidiaries were subject to CIT calculated based on the deemed profit which represents 10% (2017: 10%) of their revenue in accordance with the authorised taxation method pursuant to the applicable PRC tax regulations. The tax rate was 25% (2017: 25%) on the deemed profit. Other PRC subsidiaries, which were subject to the actual taxation method, were charged CIT at a rate of 25% (2017: 25%) on the estimated assessable profits for the year.

(iv) Land Appreciation Tax (“LAT”)

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

(v) Withholding tax

Withholding taxes are levied on the Company’s subsidiaries in Hong Kong (“Hong Kong subsidiaries”) in respect of dividend distributions arising from profit of PRC subsidiaries earned after 1 January 2008 and interest on inter-company balance received by Hong Kong subsidiaries from PRC subsidiaries ranged from 5% to 10%.

(b) **Reconciliation between tax expense and accounting profit at applicable tax rates:**

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Profit before taxation	<u>2,971,983</u>	<u>1,940,066</u>
Tax on profit before tax, calculated at 25% (2017: 25%)	742,996	485,017
Difference in tax rates for certain subsidiaries	32,854	68,069
Tax effect of non-taxable income	(18,727)	(76,333)
Tax effect of non-deductible expenses	225,738	194,374
Tax effect of unused tax losses not recognised	60,916	104,591
Utilisation of tax loss not recognised in prior years	(19,083)	(14,244)
Withholding tax	48,400	–
LAT	667,549	386,314
Over-provision of LAT in prior years	(22,528)	(13,901)
Tax effect of LAT	<u>(161,255)</u>	<u>(93,103)</u>
Income tax expense	<u>1,556,860</u>	<u>1,040,784</u>

6. **EARNINGS PER SHARE**

(a) **Basic earnings per share**

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB1,154,262,000 (2017: RMB811,365,000) and the weighted average of 2,605,807,674 ordinary shares (2017: 2,444,333,701 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2018 <i>'000</i>	2017 <i>'000</i>
Issued ordinary shares at 1 January	2,444,334	2,442,271
Effect of ordinary shares issued	161,474	–
Effect of share options exercised	–	2,063
Weighted average number of ordinary shares at 31 December	<u>2,605,808</u>	<u>2,444,334</u>

(b) **Diluted earnings per share**

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholder of the Company of RMB1,154,262,000 (2017: RMB811,365,000 and the weighted average number of ordinary shares of 2,652,760,163 shares (2017: 2,462,316,916 shares), calculated as follows:

(i) ***Profit attributable to ordinary equity shareholders of the Company (diluted)***

	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to equity shareholders (diluted)	<u>1,154,262</u>	<u>811,365</u>

(ii) ***Weighted average number of ordinary shares (diluted)***

	2018	2017
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares at 31 December	2,605,808	2,444,334
Effect of deemed issue of shares under the Company's share option scheme	<u>46,952</u>	<u>17,983</u>
Weighted average number of ordinary shares (diluted) at 31 December	<u>2,652,760</u>	<u>2,462,317</u>

7. INTERESTS IN ASSOCIATES

	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Share of net assets	202,462	122,746
Amounts due from associates	247,451	413,803
	<u>449,913</u>	<u>536,549</u>

Amounts due from associates are unsecured, interest-free and have no fixed terms of repayment, and are expected to be recovered after more than one year.

The following list contains the particulars of a material associate, which is an unlisted corporate entity whose quoted market price is not available:

Name of company	Place of incorporation and business	Registered capital	Proportion of ownership interest		Principal activities	Legal form
			Held by the Company	Held by a subsidiary		
Zhengzhou Financial Island Construction & Development Group Co., Ltd. ("Zhengzhou Financial Island")	Henan, the PRC	RMB600,000,000	–	20%	Property development	Limited liability company

Note: The English name of the particulars of the associate in the PRC referred to above was translated by management only for the purpose of these financial statements as no English name has been registered or available.

The above associate is accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

Zhengzhou Financial Island

	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Gross amounts of the associate's		
Current assets	3,562,626	2,213,223
Non-current assets	2,475	1,239
Current liabilities	(1,808,092)	(1,620,386)
Non-current liabilities	(1,214,500)	–
Equity	542,509	594,076
Revenue	1,232	–
Loss from continuing operations	(51,567)	(5,925)
Post-tax profit or loss from discontinued operations	–	–
Other comprehensive income	–	–
Total comprehensive income	(51,567)	(5,925)
Dividend received from the associate	–	–
Reconciled to the Group's interests in the associate		
Gross amounts of net assets of the associate	542,509	594,076
Group's effective interest	20%	20%
Group's share of net assets of the associate	108,502	118,815
Amount due from the associate	183,585	329,470
Carrying amount in the consolidated financial statements	<u>292,087</u>	<u>448,285</u>

Aggregate information of associates that are not individually material:

	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
– Aggregate share of net assets of individually immaterial associates	93,960	3,931
– Aggregate amount due from individually immaterial associates	63,866	84,333
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	<u>157,826</u>	<u>88,264</u>

Aggregate amounts of the Group's share of those associates'

Loss from continuing operations	(7,592)	(3,237)
Post-tax profit or loss from discontinued operations	–	–
Other comprehensive income	–	–
Total comprehensive income	<u>(7,592)</u>	<u>(3,237)</u>

8. INTERESTS IN JOINT VENTURES

	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Share of net assets	2,879,212	3,642,625
Amounts due from joint ventures	7,036,119	5,383,752
	<u>9,915,331</u>	<u>9,026,377</u>

Amounts due from joint ventures included amount of RMB607,378,000 (2017: RMB1,912,713,000) which are unsecured, interest bearing at 10%-12% per annum and have no fixed terms of payment. The remaining amounts due from joint ventures are unsecured, interest-free and have no fixed terms of payment. They are expected to be recovered after more than one year.

As at 31 December 2018, the Group's interest in a joint venture with carrying amount of RMB66,858,000 (2017: RMB53,197,000) was pledged against the Group's bank loan of RMB517,000,000 (2017: RMB546,000,000) (see note 12).

The following list contains only the particulars of material joint ventures, all of which are unlisted corporate entities whose quoted market price is not available:

Name of company	Place of incorporation and business	Registered capital	Proportion of ownership interest		Principal activities	Legal form
			Held by the Company	Held by a subsidiary		
Henan Central China Hengxin Property Company Limited ("Henan Hengxin")	Henan, the PRC	RMB220,000,000	–	28.57% ⁽ⁱ⁾	Property development	Limited company
Henan Central China Taihong Real Estate Limited	Henan, the PRC	RMB231,020,000	–	51.00%	Property development	Limited company
Henan Central China Fujin Investment Company Limited	Henan, the PRC	RMB100,000,000	–	45.00%	Property development	Limited company
Henan Central China Haima Real Estate Company Limited	Henan, the PRC	RMB100,000,000	–	60.00%	Property development	Limited company
Henan Longyu Real Estate Company Limited	Henan, the PRC	RMB77,000,000	–	60.00%	Property development	Limited company
Kaifeng Central China Real Estate Company Limited	Henan, the PRC	RMB100,000,000	–	60.00%	Property development	Limited company
Xinyang Tianheng Real Estate Company Limited	Henan, the PRC	RMB48,300,000	–	50.31%	Property development	Limited company
Zhengzhou Jianye Eighteen Cities Zhiye Company Limited	Henan, the PRC	RMB200,000,000	–	50.00%	Property development	Limited company
Zhengzhou Anyong Properties Limited	Henan, the PRC	RMB20,000,000	–	80.00%	Property development	Limited company
Zhengzhou Renji Real Estate Development Co., Ltd.	Henan, the PRC	RMB100,000,000	–	60.00%	Property development	Limited company
Luoyang Zhuzong Yutai Real Estate Development Co., Ltd.	Henan, the PRC	RMB50,000,000	–	40.00%	Property development	Limited company

Notes:

- (i) The English names of the Group's joint ventures in the PRC referred to above are translated by management only for the purpose of these financial statements as no English names have been registered or available.
- (ii) Pursuant to the investment agreement between the Group and Bridge Trust Co., Ltd., the Group paid up 54.55% of Henan Hengxin's registered capital while the Group's effective interest in Henan Hengxin is 28.57%, which was determined by the percentage of total investment capital paid by both joint venturers.

The above joint ventures strengthen the Group's property development business in Henan, the PRC. All of the above joint ventures are accounted for using the equity method in the consolidated financial statements.

(a) Deemed disposal of joint ventures in step acquisitions

During the year ended 31 December 2018, the Group entered into equity transfer agreements with respective joint venturers to acquire additional equity interest. Upon completion of the above transactions, these joint ventures became subsidiaries of the Group.

The net gain of RMB91,432,000 on deemed disposals of these joint ventures was recognised in profit or loss during the year, by remeasuring the Group's previously held equity interests with carrying amount of RMB1,202,545,000 in these entities at the acquisition date fair value.

Summarised financial information of material joint ventures, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	Henan Central China Haina Real Estate Company Limited		Henan Central China Hengjin Property Company Limited		Henan Central China Taihong Real Estate Limited		Henan Central China Fuji Investment Company Limited		Kaifeng Central China Real Estate Company Limited		Xinyang Tianheng Real Estate Company Limited		Henan Longyu Real Estate Company Limited		Zhengzhou Jiayue Eighteen Cities Zhilue Company Limited		Zhengzhou Anyong Properties Limited		Zhengzhou Renji Real Estate Development Co., Ltd.		Luoyang Zhongyue Yitai Real Estate Development Co., Ltd.	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross amounts of joint ventures																						
Current assets	191,339	566,807	6,293,999	5,024,892	5,117,000	4,862,009	9,649,934	9,879,503	1,386,653	1,529,825	674,516	632,227	1,044,037	1,983,035	2,734,533	2,725,422	1,613,619	1,342,240	851,507	309,286	2,429,897	1,541,458
Non-current assets	2,422	79	91,625	84,980	136,689	22,506	104,986	166,846	353,125	176,951	286	1,923	132	1,898	23	58	544	7,874	86,607	183,818	516	376
Current liabilities	(67,678)	(473,371)	(4,110,663)	(2,526,196)	(4,192,717)	(4,135,416)	(7,241,830)	(7,754,349)	(501,833)	(425,633)	(620,614)	(574,131)	(423,750)	(743,046)	(1,286,070)	(1,274,431)	(1,105,954)	(724,827)	(922,371)	(413,343)	(1,128,418)	(1,107,010)
Non-current liabilities	-	-	(1,688,900)	(1,970,000)	(745,551)	(476,300)	(2,513,090)	(2,292,000)	-	-	-	-	(369,500)	(878,500)	(1,216,898)	(1,265,898)	-	-	-	-	(90,000)	-
Equity	126,083	93,515	586,061	613,676	315,421	272,799	-	-	1,238,145	1,280,243	54,188	60,019	250,911	363,387	182,588	185,151	508,209	525,287	15,743	79,761	1,211,995	434,824
Included in the above assets and liabilities:																						
Cash and cash equivalents	8,496	50,594	40,109	46,848	134,679	229,964	603,711	447,940	7,656	3,092	1,762	3,770	32,216	11,267	1,707	4,241	275	12,675	5,199	4,032	451,599	265,622
Current financial liabilities (excluding trade and other payables and provisions)	-	-	(247,400)	-	(80,800)	(530,000)	-	-	-	-	-	-	-	(8,940)	-	-	-	-	-	-	-	-
Non-current financial liabilities (excluding trade and other payables and provisions)	-	-	(1,688,900)	(950,000)	(745,551)	(476,300)	(2,513,090)	(2,292,000)	-	-	-	-	(369,500)	(878,500)	(1,216,898)	(1,265,898)	-	-	-	-	(90,000)	-
Revenue	218,373	2,573,184	272,043	1,868,095	2,268,185	460,781	2,245,543	-	15,172	125,550	-	-	217,108	-	-	-	-	-	-	-	694,299	55,998
(Loss)/profit from continuing operations	115,568	168,138	(25,334)	163,325	302,622	120,749	(27,667)	-	(42,097)	10,487	(5,832)	(4,174)	(112,477)	(40,267)	(2,564)	(2,646)	(17,078)	(3,596)	(71,535)	(20,238)	72,438	(65,178)
Post-tax profit or loss from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	115,568	168,138	(25,334)	163,325	302,622	120,749	(27,667)	-	(42,097)	10,487	(5,832)	(4,174)	(112,477)	(40,267)	(2,564)	(2,646)	(17,078)	(3,596)	(71,535)	(20,238)	72,438	(65,178)
Dividend received from the joint ventures	49,800	77,400	-	-	132,600	45,900	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Included in the above (loss)/profit:																						
Depreciation and amortisation	(63)	(90)	(214)	(177)	(1,579)	(1,644)	(830)	(230)	(4,325)	(2,692)	(75)	(39)	(235)	(60)	(34)	-	(178)	-	(26)	(8)	(136)	(188)
Interest income	2,534	6,145	1,314	1,704	4,886	18,069	2,927	4,765	20	78	6	4	411	1,510	12	85	31	-	15	178	1,662	13,190
Interest expense	-	-	(213,435)	-	-	-	(58)	-	-	-	-	-	(75,804)	-	-	-	(11,611)	-	(50,017)	(26,467)	(15,481)	(51,533)
Income tax expense	(24,066)	(61,308)	(9,013)	(69,176)	(99,859)	(49,736)	(99,336)	-	(102)	22,606	1,592	927	(1,707)	-	-	-	(1,586)	-	12,024	-	(25,189)	(32,214)
Reconciled to the Group's interest in joint ventures																						
Gross amounts of net assets of the joint ventures	126,083	93,515	586,061	613,676	315,421	272,799	-	-	1,238,145	1,280,243	54,188	60,019	250,911	363,387	182,588	185,151	508,209	525,287	15,743	79,761	1,211,995	434,824
Group's effective interest	60.00%	60.00%	28.57%	28.57%	51.00%	51.00%	45.00%	45.00%	60.00%	60.00%	50.31%	50.31%	60.00%	60.00%	50.00%	50.00%	80.00%	80.00%	60.00%	60.00%	40.00%	40.00%
Group's share of net assets of the joint ventures	75,659	56,109	167,438	175,327	160,865	139,127	-	-	742,887	768,146	27,262	30,196	150,546	218,032	91,294	92,576	406,567	420,230	9,446	47,857	484,798	173,929
Amount due from joint ventures	10	16	435,239	15,664	-	-	1,481,498	2,329,824	361,512	222,733	351,222	310,831	176,090	15,375	1,273,909	1,273,909	1,085,715	474,028	607,378	412,969	14	-
Carrying amount in the consolidated financial statements																						
	75,660	56,125	602,677	190,991	160,865	139,127	1,481,498	2,329,824	1,384,399	990,879	379,484	341,027	326,636	233,407	1,365,203	1,366,485	1,492,282	894,258	616,824	460,826	484,812	173,929

Aggregate information of joint ventures that are not individually material:

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
– Aggregate share of net assets of individually immaterial joint ventures	562,459	1,521,096
– Aggregate amount due from individually immaterial joint ventures	<u>1,262,532</u>	<u>328,403</u>
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	<u><u>1,824,991</u></u>	<u><u>1,849,499</u></u>

Aggregate amounts of the Group's share of those joint ventures'

(Loss)/profit from continuing operations	(63,700)	52,198
Post-tax profit or loss from discontinued operations	–	–
Other comprehensive income	–	–
Total comprehensive income	<u><u>(63,700)</u></u>	<u><u>52,198</u></u>

9 INVENTORIES AND OTHER CONTRACT COSTS

	31 December 2018 <i>RMB'000</i>	1 January 2018 (i) <i>RMB'000</i>	31 December 2017 (i) <i>RMB'000</i>
<i>Notes</i>			
Inventories			
– Properties held for future development and under development for sale	(ii) 46,628,504	19,078,086	19,785,224
– Completed properties held for sale	3,570,986	4,555,990	4,555,990
– Others	<u>3,369</u>	–	–
	<u><u>50,202,859</u></u>	<u><u>23,634,076</u></u>	<u><u>24,341,214</u></u>
Other contract costs	(iv) <u><u>113,120</u></u>	<u><u>35,489</u></u>	–
	<u><u>50,315,979</u></u>	<u><u>23,669,565</u></u>	<u><u>24,341,214</u></u>

Notes:

- (i) The Group has initially applied HKFRS 15 using the cumulative effect method and adjusted the opening balances at 1 January 2018. Comparative information has not been restated.
- (ii) Upon the adoption of HKFRS 15, opening adjustments were made as at 1 January 2018 to recognise revenue arising from certain fully prepaid sales of properties under development. This has resulted in a decrease in the amount of the Group's properties under development for sale and an increase in contract assets as at that date (see note 1(ii)).
- (iii) Upon the adoption of HKFRS 15, opening adjustments were made as at 1 January 2018 to accrue interest on certain advance payments received from customers. This interest was eligible for capitalisation into the carrying value of the Group's properties under development for sale, which has resulted in an increase in that balance as at that date (see note 1(ii)).
- (iv) Upon the adoption of HKFRS 15, opening adjustments were made as at 1 January 2018 to capitalise certain sales commissions which were expensed in prior periods. This has resulted in an increase in contract costs as at that date (see note 1(ii)).
- (a) The analysis of the amount of properties for sale recognised as an expense and included in profit or loss is as follows:

	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of inventories sold	9,415,270	10,385,586
Write down of inventories	21,180	64,766
Reversal of write-down of inventories	(909)	–
	<u>9,435,541</u>	<u>10,450,352</u>

The reversal of write-down of inventories made in prior years arose due to an increase in the estimated net realisable value of inventories as a result of a change in market price.

The amount of properties for future development and under development expected to be recovered after more than one year is RMB30,615,760,000 (2017: RMB14,700,271,000). All of the other inventories are expected to be recovered within one year.

- (b) The analysis of carrying value of leasehold land held for property development for sale is as follows:

	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
In the PRC		
– long leases	18,270,173	11,370,264
– medium-term leases	4,567,544	2,535,776
	<u>22,837,717</u>	<u>13,906,040</u>

- (c) Certain of the Group's properties for sale was pledged as securities for the Group's bank loans and other loans. Details are set out in notes 12 and 13.

At 31 December 2018, the Group's properties for sale of RMB449,954,000 (2017: Nil) were pledged as securities for a joint venture's loan.

(d) Contract costs

Contract costs capitalised as at 31 December 2018 relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of "selling and marketing expense" in the consolidated income statement in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was RMB29,112,000. There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year.

In the comparative period, such sales commissions were recognised as "selling and marketing expense" when incurred and therefore an opening balance adjustment was made on 1 January 2018 in this regard (see note 1(ii)).

The amount of capitalised contract costs that is expected to be recovered after more than one year is RMB63,884,000.

10. TRADE AND OTHER RECEIVABLES

		31 December 2018	1 January 2018	31 December 2017
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade debtors and bills receivable, net of loss allowance	<i>(i),(ii)</i>	43,984	26,880	82,354
Other debtors		760,281	896,734	912,098
Amounts due from joint ventures		69,092	35,154	35,486
Amounts due from entities controlled by the ultimate controlling shareholder		15,400	15	15
Amounts due from non-controlling interests		<u>1,593,499</u>	<u>576,992</u>	<u>590,619</u>
Financial assets measured at amortised cost		<u>2,482,256</u>	<u>1,535,775</u>	<u>1,620,572</u>
Derivative financial instruments:				
– redemption call options embedded in senior notes		62,533	43,849	43,849
– foreign exchange forward contracts <i>(b)</i>		31,799	–	–
– interest rate swap contracts		<u>552</u>	<u>–</u>	<u>–</u>
		<u>94,884</u>	<u>43,849</u>	<u>43,849</u>
		<u>2,577,140</u>	<u>1,579,624</u>	<u>1,664,421</u>

Notes:

- (i) Upon the adoption of HKFRS 9, an opening adjustment as at 1 January 2018 was made to recognise additional ECLs on trade debtors and bills receivable (see note 1(i)).
- (ii) Upon the adoption of HKFRS 15, some of the trade receivables, for which the Group's entitlement to the consideration was conditional on achieving certain milestones, were reclassified to "contract assets" (see note 1(ii)).

Amounts due from joint ventures and non-controlling interests are unsecured, interest-free and has no fixed terms of repayment.

Amount due from entities controlled by the ultimate controlling shareholder mainly represented amount receivable due from Henan Jianye New Life Service Company Limited 河南建業新生活服務有限公司 ("New Life") together with its subsidiaries, which are interest free, unsecured and to be settled according to the contract terms.

The amount of derivative financial instruments expected to be recovered or recognised as expense after more than one year is RMB75,390,000 (2017: RMB43,525,000). All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

(a) Aging analysis

The ageing analysis of bills and trade receivables, based on the invoice date (or date of revenue recognition, if earlier) and net of loss allowance, is as follows:

	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	16,241	32,853
1 to 3 months	5,764	2,593
3 to 6 months	1,073	6,199
6 to 12 months	7,910	24,131
Over 1 year	12,996	16,578
	43,984	82,354

Trade debtors and bills receivable are due upon the invoicing.

(b) Foreign exchange forward contracts

In 2018, the Company entered into foreign exchange forward contracts to manage its exposure to foreign exchange rate risk of the net investment denominated in RMB. The aggregate notional principal amounts of the foreign exchange forward contracts are US\$350 million and the contracts will mature in 2019 and 2020 respectively. The foreign exchange forward contracts are accounted for at fair value at the end of reporting period as derivative financial instrument in accordance with the Group's accounting policy.

11. DEPOSITS AND PREPAYMENTS

As at 31 December 2018, the balance included deposits and prepayments for leasehold land of RMB4,247,968,000 (2017: RMB3,829,342,000).

12. BANK LOANS

At 31 December 2018, the bank loans were repayable as follows:

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Within 1 year or on demand	1,756,130	450,118
After 1 year but within 2 years	2,232,976	986,674
After 2 years but within 5 years	1,368,250	1,785,876
After 5 years	473,125	664,910
	<u>4,074,351</u>	<u>3,437,460</u>
	<u>5,830,481</u>	<u>3,887,578</u>

At 31 December 2018, the bank loans were secured as follows:

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Bank loans		
– secured	3,419,705	2,003,125
– unsecured	2,410,776	1,884,453
	<u>5,830,481</u>	<u>3,887,578</u>

At 31 December 2018, the secured bank loans are secured over share of interest in a subsidiary of the Group and other assets as follows:

	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Properties for sale	2,238,693	721,365
Property, plant and equipment	792,220	792,220
Interest in a joint venture	66,858	53,197
	<u>3,097,771</u>	<u>1,566,782</u>

The effective interest rates of bank loans of the Group at 31 December 2018 were ranged from 4.75%-9.3% (2017: 4.35%-6.50%) per annum.

Certain banking facilities of the Group are subject to the fulfilment of covenants relating to certain of the Group's statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants. At 31 December 2018 and 2017, none of the covenants relating to drawn down facilities had been breached.

13. OTHER LOANS

At 31 December 2018, other loans represented loans from external financial institutions and were repayable as follows:

	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	593,150	90,000
After 1 year but within 2 years	240,030	90,000
After 2 years but within 5 years	-	90,000
After 5 years	-	30,000
	<u>240,030</u>	<u>210,000</u>
	<u>833,180</u>	<u>300,000</u>

At 31 December 2018, the other loans were secured (2017: unsecured) as follows:

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Other loans		
– secured	490,250	–
– unsecured	342,930	300,000
	833,180	300,000

The effective interest rates of other loans of the Group at 31 December 2018 were ranged from 7%–12% (2017: 1.2%–7%) per annum.

At 31 December 2018, the secured other loans are secured over share of interest in a subsidiary of the Group and other assets as follows:

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Properties for sale	983,577	–
Property, plant and equipment	49,082	–
Investment Property	218,336	–
	1,250,995	–

14. TRADE AND OTHER PAYABLES

	31 December 2018 RMB'000	31 December 2017 RMB'000
Trade creditors and bills payable	16,159,800	8,450,966
Other creditors and accrued charges	3,418,226	3,285,589
Patent payable	40,000	35,000
Amounts due to joint ventures	5,079,664	9,352,517
Amounts due to associates	225,607	–
Amounts due to entities controlled by the ultimate controlling shareholder	94,639	–
Amounts due to non-controlling interests	3,828,999	830,852
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	28,846,935	21,954,924
	<hr/>	<hr/>
Derivative financial instruments:		
– foreign exchange rate swap contract	77,252	79,165
	<hr/>	<hr/>
	28,924,187	22,034,089
	<hr/> <hr/>	<hr/> <hr/>

Amounts due to joint ventures and associates are unsecured, interest-free and have no fixed terms of payment.

Amounts due to entities controlled by the ultimate controlling shareholder mainly included amount due to New Life together with its subsidiaries of RMB78,482,000 for receiving services from these entities (2017: Nil), which are interest free, unsecured and to be settled according to the contract terms.

Amounts due to non-controlling interests included amount of RMB873,072,000 (2017: RMB105,000,000) which are unsecured, interest bearing at 12%-17% (2017: 10%) per annum and have no fixed terms of payment. The remaining amounts due to non-controlling interests are unsecured, interest-free and have no fixed terms of payment.

The amount of retention payable and derivative financial instruments expected to be settled after more than one year are RMB61,067,000 (2017: RMB47,993,000) and RMB77,252,000 (2017: RMB79,165,000) respectively. All of the trade and other payables are expected to be settled within one year.

(a) Aging analysis

As of the end of the reporting period, the ageing analysis of trade creditors and bills payables based on the invoice date is as follows:

	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 month	7,839,814	1,817,736
1-3 months	2,543,872	1,711,165
3-6 months	1,440,263	2,281,060
6-12 months	905,144	1,035,045
Over 12 months	3,430,707	1,605,960
	<u>16,159,800</u>	<u>8,450,966</u>

15. DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Interim dividend declared and paid of HK\$7.16 cents (equivalent to RMB6.04 cents) per ordinary share (2017: Nil)	165,000	–
Final dividend proposed after the end of the reporting period of HK\$14.12 cents (equivalent to RMB12.09 cents) per ordinary share (2017: HK\$12.29 cents (equivalent to RMB9.93 cents) per ordinary share)	<u>330,210</u>	<u>243,212</u>

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

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$12.29 cents (equivalent to RMB9.96 cents) per ordinary share (2017: Nil)	<u>243,915</u>	<u>–</u>

16. COMMITMENTS

- (a) Capital commitments outstanding at 31 December 2018 not provided for in the financial statements are as follows:

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
– Authorised but not contracted for	44,534,992	12,352,427
– Contracted but not provided for	<u>24,153,219</u>	<u>6,814,843</u>
	<u>68,688,211</u>	<u>19,167,270</u>

- (b) At 31 December 2018, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Within 1 year	25,619	4,253
After 1 year but within 5 years	93,459	17,015
After 5 years	<u>517,617</u>	<u>84,370</u>
	<u>636,695</u>	<u>105,638</u>

The Group is the lessee in respect of a number of properties under operating leases. The leases typically run for an initial period of one to thirty years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

17. CONTINGENT LIABILITIES

(a) Guarantees given to financial institutions for mortgage facilities granted to buyers of the Group's and joint venture's properties

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by buyers of the Group's and joint ventures' properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these buyers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted buyers to banks. The Group's guarantee periods commence from the dates of grants of the relevant mortgage loans and end after the buyers obtain the individual property ownership certificate of the property purchased. The amount of guarantees given to banks for mortgage facilities granted to the buyers of the Group's and joint ventures' properties at 31 December 2018 is as follows:

	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Guarantees given to banks for mortgage facilities granted to buyers of:		
– the Group's properties	27,135,358	18,738,540
– the joint ventures' properties (the Group's shared portion)	2,387,633	4,602,718
	<u>29,522,991</u>	<u>23,341,258</u>

The directors do not consider it probable that the Group will sustain a loss under these guarantees during the periods as the Group and the joint ventures have not applied for individual building ownership certificates for these buyers and can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group/joint ventures to the banks. The Group and joint ventures have not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors. The directors also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans generated by the Group and joint ventures in the event the buyers default payments to the banks.

(b) Guarantees given to financial institutions for bank loans and other loans granted to joint ventures and given to trust manager of a joint venture

The Group provided guarantees to bank loans and other loans of joint ventures amounting to RMB4,984,799,000 at 31 December 2018 (2017: RMB6,511,840,000). The Group closely monitors the repayment progress of the relevant loans by those joint ventures. At the end of the reporting period, the directors do not consider it probable that claims will be made against the Group under these guarantees. The Group also provided guarantee to trust manager of a joint venture for expected minimum return as stipulated in the corporation agreements. As at 31 December 2018, the Group extended the minimum return of RMB69,092,000 (2017: RMB35,486,000) to the trust manager, which is receivable from the joint venture. The directors consider that the likelihood of default in payment and the financial guarantees measured at fair value are minimal.

(c) Liquidity support given to Henan Jianye Property Management Company Limited 河南建業物業管理有限公司 (“Jianye Property Management”)

In April 2016, the Group provided liquidity support, not exceeding RMB650,000,000, in favour of Jianye Property Management, a subsidiary of New Life, for an outstanding amount in relation to Asset-backed Securities of RMB850,000,000. The liquidity support fee of RMB1,747,000 was recognised in 2018 (2017: RMB1,950,000).

18. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (a) On 29 January 2019, the Company issued senior notes with principal amount of US\$200,000,000. The senior notes are interest bearing at 7.325% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 27 January 2020. The details of the redemption price are disclosed in the relevant offering memorandum published by the Company on 30 January 2019.
- (b) On 30 January 2019, the extraordinary general meeting held by the Group approved the entering into of the equity transfer agreement with Joy Bright Investments Limited, the equity interest of which was 100% held by Mr. Wu Po Sum, the ultimate controlling shareholder of the Company, dated 14 December 2018 to acquire 100% equity interest in Pacific Prestige Holdings Limited at the consideration of RMB765,000,000.

- (c) On 29 January 2019, the Group entered into an acquisition agreement with Bridge Trust Co., Ltd., pursuant to which, the Group agreed to acquire 45.45% equity interests in Henan Hengxin at the consideration of RMB709,685,000. Upon completion of the acquisition, Henan Hengxin was 100% owned by the Group, and became a subsidiary of the Group.
- (d) The Group may at its option adjust the coupon rate of the Corporate Bonds issued on 13 April 2016 and the holders of the Corporate Bonds may at their options redeem the Corporate Bonds, in whole or in part, at a pre-determined price. On 1 March 2019, the Group has commenced the implementation of sale back regarding the Corporate Bonds and, based on current market condition, decides to raise the coupon rate by 120 basis points to 7.20%, which will remain unchanged for the last two years of the duration (12 April 2019 to 11 April 2021).
- (e) After the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in note 15.

FINANCIAL HIGHLIGHTS

SUMMARY OF CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

	2018	2017	Changes
Revenue (RMB'000)	14,783,480	13,879,207	6.5%
Gross profit (RMB'000)	5,091,103	3,280,777	55.2%
Gross profit margin	34.4%	23.6%	10.8*
Gross profit from core business (RMB'000)	4,213,916	2,825,399	49.1%
Gross profit margin from core business	30.8%	21.1%	9.7*
Net profit (RMB'000)	1,415,123	899,282	57.4%
Net profit margin	9.6%	6.5%	3.1*
Profit attributable to equity shareholders (RMB'000)	1,154,262	811,365	42.3%
Basic earnings per share (RMB)	0.4430	0.3319	33.5%
Diluted earnings per share (RMB)	0.4351	0.3295	32.0%
Final dividends per share (HK\$)	0.1412	0.1229	14.9%

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	2018	2017	Changes
Total cash (including cash and cash equivalents and restricted bank deposits) (RMB'000)	17,781,856	13,408,915	32.6%
Total assets (RMB'000)	101,962,375	62,527,185	63.1%
Total liabilities (RMB'000)	91,692,591	54,054,016	69.6%
Total equity (including non-controlling interests) (RMB'000)	10,269,784	8,473,169	21.2%
Total borrowings (RMB'000)	19,851,250	15,584,145	27.4%
Net borrowings (RMB'000)	5,648,991	4,300,292	31.4%
Current ratio ⁽¹⁾	108.3%	110.3%	-2.0*
Net gearing ratio ⁽²⁾	55.0%	50.8%	4.2*
Net asset value per share (RMB)	3.76	3.47	8.4%
Equity attributable to equity shareholders per share (RMB)	3.24	3.14	3.2%

Note: * change in percentage points

(1) calculated based on the Group's total current assets divided by the Group's total current liabilities

(2) calculated as set out on page 55

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Overall performance

The Group is pleased to announce a significant growth in contracted sales amounting to RMB72,366 million in 2018, representing a year-on-year increase of approximately 97.2%, of which the contracted sales of heavy assets amounted to RMB53,675 million, representing a year-on-year increase of approximately 76.5%, and the contracted sales of light assets amounted to RMB18,691 million, representing a year-on-year increase of approximately 197.2%. As the increase in contracted sales and cash collection of sales were satisfactory, the cash and cash equivalents and restricted bank deposits of the Group in total amounted to approximately RMB17,782 million as at 31 December 2018.

As at 31 December 2018, net borrowings in total amounted to approximately RMB5,649 million with net gearing ratio of approximately 55.0%. The Group has persisted in adhering to a prudent principle in financial management, thus maintaining a high proportion of cash with a reasonable level of borrowing.

The Group has implemented a proactive and aggressive approach to acquire land and accelerated the project construction progress since the second half of 2017, so as to shorten the development cycle. However, the property sales carried forward in terms of gross floor area (“GFA”) recognised during the year decreased as compared to 2017, and the revenue recorded did not increase significantly as contracted sales due to the delay in revenue recognition of certain properties as a result of the application of HKFRS15, which no longer required the restatement of 2017 financial statement under the transition method the Group selected and thereby not adjusting the delay of sales recognised from previous years to current or subsequent periods. If the revenue for 2018 had been calculated in accordance with old accounting policies, the revenue for 2018 would have been approximately RMB19,165 million, representing a year-on-year increase of approximately 38.1% and the profit attributable to the equity shareholders of the Company in 2018 would have been approximately RMB1,588 million, representing a year-on-year increase of approximately 95.8%.

As at 31 December 2018, the Company has entered into contracts for 110 light-asset model projects in total with expected total GFA of approximately 16.62 million sq.m. according to those contracts. Those light-asset model projects contracts generated revenues of approximately RMB675 million in 2018 for the Group, representing a year-on-year increase of approximately 119.2%. Such light-asset projects will generate steady income to the Group in the coming years.

As at 31 December 2018, the contracted sales of the Company which was not recognised was approximately RMB39,908 million with corresponding gross profits of approximately RMB10,598 million. The amount is expected to be recognised as revenue and gross profit in the next two or three years.

In addition to property sales, the Group has been developing hotel, cultural tourism, green house and light-asset projects, so as to diversify its businesses, expand its revenue base and spread its operational risks. The management believes that the injection of part of the resources into these new businesses would improve the Group's industry value-chain and the integration of its businesses into interactive business segments such as properties, hotels, cultural tourism and green house, which will enable it to offer "personalised" services to its customers.

Revenue: Our revenue increased by 6.5% to approximately RMB14,783 million in 2018 from approximately RMB13,879 million in 2017, primarily due to the delay in revenue recognition of certain properties since 2018 as a result of the application of HKFRS15, which resulted in the decrease in the GFA of the properties recognised during the year as compared to 2017, therefore the revenue recorded did not increase significantly as the contracted sales.

- **Income from sales of properties:** Revenue from property sales increased by 3.2% to approximately RMB13,629 million for 2018 from approximately RMB13,211 million for 2017 due to a decrease in area recognised by 19.7% to 1,871,076 sq.m. for 2018 from 2,329,226 sq.m. for 2017, while the average selling price (excluding underground parking spaces) increased by 28.4% to RMB7,284 per sq.m. for 2018 from RMB5,672 per sq.m. for 2017.

- **Rental income:** Income from property leasing increased by 54.7% to approximately RMB147 million for 2018 from RMB95 million for 2017, which was mainly due to the rental income from the newly-opened shopping malls and commercial buildings.
- **Revenue from hotel operation:** Revenue from hotel operation increased by 7.1% to approximately RMB285 million in 2018 from approximately RMB266 million in 2017, as the markets of the famous tourist cities of Henan, such as Zhengzhou, Nanyang and Luohe, were rather prosperous as compared with 2017, with the occupancy rate and room rates increasing remarkably. In addition, Yanling Jianye The Mist Hot Spring Hotel and Zhengzhou Jianye Sky Mansion commenced operation and was put into trial operation during the year respectively.
- **Revenue from provision of project management service:** Revenue from provision of project management service increased by 119.2% to approximately RMB675 million for 2018 from approximately RMB308 million for 2017 which was derived from operation and management services provided by the Group under light-asset projects. The increase was mainly attributable to a rapid increase in projects.

Cost of sales: Our cost of sales decreased by 8.5% to approximately RMB9,692 million for 2018 from approximately RMB10,598 million for 2017. The decrease in cost of sales was due to a decrease in GFA sold during the year as mentioned above.

Gross profit: The Group's gross profit increased by 55.2% to approximately RMB5,091 million for 2018 from approximately RMB3,281 million for 2017, while our gross profit margin increased significantly by 10.8 percentage points from 23.6% for 2017 to 34.4% for 2018. It was principally due to during the year: 1) the increase of the average selling price of property sales recognised was higher than the increase of the average cost of sales; 2) an increase in the proportion of sales of car park spaces with higher gross profit margin as a result of an increased sales volume; 3) an increase in the proportion of sales volume in cities with higher gross profit margin, such as Zhengzhou and Luoyang; and 4) an increase in revenue from project management service with higher gross profit margin.

Other revenue: Other revenue increased by 51.6% to approximately RMB235 million for 2018 from approximately RMB155 million for 2017. This was primarily due to 1) an increase in advances to third parties resulting in an increase in related interest income; and 2) an increase in government compensation.

Other net income: Other net income decreased by 75.2% to approximately RMB64 million for 2018 from approximately RMB258 million for 2017, which was primarily due to 1) the exchange loss of RMB40 million for 2018 as compared to the exchange gain of RMB60 million for 2017; and 2) the revenue for 2017 included the gain on disposal of a subsidiary.

Selling and marketing expenses: Our selling and marketing expenses increased by 70.4% to approximately RMB1,188 million for 2018 from approximately RMB697 million for 2017. The increase was primarily due to an increase in brand advertising and property marketing expenses, including the contribution of RMB298 million to sports events during the year to strengthen brand promotion.

General and administrative expenses: Our general and administrative expenses increased by 42.8% to approximately RMB1,552 million for 2018 from approximately RMB1,087 million for 2017, which is because the Group continued its business expansion, and expanded into 13 county-level cities in Henan province, while the number of projects under development of the Group increased from 92 as at the end of 2017 by approximately 110.9% to 194 as at the end of 2018, leading to 1) an increase in staff cost of approximately RMB198 million in 2018 as compared to 2017; 2) an increase in other relevant tax expenses of approximately RMB104 million in 2018 as compared to 2017 and; 3) an increase in travelling expenses of approximately RMB56 million in 2018 as compared to 2017.

Impairment losses on trade and other receivables, including contract assets: Impairment losses on trade and other receivables, including contract assets, amounted to approximately RMB55 million for 2018, mainly due to the impairment of financial assets resulting from the application of “expected credit loss”, a new impairment model under the HKFRS 9.

Finance costs: Our finance costs decreased by 44.6% to approximately RMB226 million for 2018 from approximately RMB408 million for 2017, mainly due to the change in fair value of derivatives.

Shares of profits less losses of associates: Our share of losses of associates increased by 350.0% to approximately RMB18 million for 2018 from approximately RMB4 million for 2017, mainly due to new associates are during early stages of project construction.

Share of profits less losses of joint ventures: Our share of profits of joint ventures decreased by 92.0% to approximately RMB16 million for 2018 from approximately RMB199 million for 2017, primarily due to substantial new joint ventures are still under the progress of project construction.

Net valuation gain on investment property: Net valuation gain of approximately RMB606 million on our investment property for 2018 was recorded, which was mainly due to the use of Luoyang Triumph Plaza during the year was changed from sale with lease to self-held lease and therefore the plaza was transferred from inventories to investment property.

Income tax: Income tax mainly comprises corporate income tax and land appreciation tax. The Group's income tax increased by 49.6% to approximately RMB1,557 million for 2018 from approximately RMB1,041 million for 2017, which was principally due to the deferred tax incurred by the valuation gain as a result of the change in use of certain properties for sale to investment properties during the year.

Profit for the year: As a result of the foregoing, our profit for the year increased by 57.4% to approximately RMB1,415 million for 2018 as compared to approximately RMB899 million for 2017.

Financial resources and utilisation: As at 31 December 2018, the Group's cash and cash equivalents amounted to approximately RMB14,202 million (31 December 2017: approximately RMB11,284 million). During the year, the Company has declared an interim dividend of RMB165 million in total to the shareholders of the Company and recommended a final dividend of approximately RMB330 million in total to the shareholders of the Company in relation to profit attributable to the year ended 31 December 2018 (2017: approximately RMB243 million).

Structure of Borrowings and Deposits

The Group continued to adopt a prudent principle on financial management and centralise our funding and financial management. Therefore, we maintained a high proportion of cash with a reasonable level of borrowing. During the year, we successfully issued the 6.50% senior notes due 2021 with a principal amount of US\$300,000,000 (the “US\$300m Senior Notes Due 2021”), 6.875% senior notes due 2020 with a principal amount of US\$386,000,000 (the “US\$386m Senior Notes Due 2020”) and 6.25% senior notes due 2020 with a principal amount of SGD150,000,000 (the “SGD150m Senior Notes Due 2020”), respectively. As at 31 December 2018, the repayment schedule of the Group’s bank and other borrowings was as follows:

Repayment Schedule	As at 31 December 2018 RMB’000	As at 31 December 2017 RMB’000
Bank loans		
Within one year	1,756,130	450,118
More than one year, but not exceeding two years	2,232,976	986,674
More than two years, but not exceeding five years	1,368,250	1,785,876
Exceeding five years	473,125	664,910
	<u>5,830,481</u>	<u>3,887,578</u>
Other loans		
Within one year	593,150	90,000
More than one year, but not exceeding two years	240,030	90,000
More than two years, but not exceeding five years	–	90,000
Exceeding five years	–	30,000
	<u>833,180</u>	<u>300,000</u>

Repayment Schedule	As at 31 December 2018 RMB'000	As at 31 December 2017 RMB'000
Corporate bonds		
Within one year	2,996,760	–
More than one year, but not exceeding two years	<u>–</u>	<u>2,986,914</u>
	<u>2,996,760</u>	<u>2,986,914</u>
Senior notes		
Within one year	–	3,890,692
More than one year, but not exceeding two years	4,744,799	–
More than two years, but not exceeding five years	<u>5,446,030</u>	<u>4,518,961</u>
	<u>10,190,829</u>	<u>8,409,653</u>
Total borrowings	<u>19,851,250</u>	<u>15,584,145</u>
Deduct:		
Cash and cash equivalents	<u>(14,202,259)</u>	<u>(11,283,853)</u>
Net borrowings	<u>5,648,991</u>	<u>4,300,292</u>
Total equity	<u>10,269,784</u>	<u>8,473,169</u>
Net gearing ratio (%)	<u>55.0%</u>	<u>50.8%</u>

Pledge of assets: As at 31 December 2018, we had pledged completed properties, properties under development, properties for future development, plant and equipment, and equity interest in a joint venture with an aggregate carrying amount of approximately RMB4,349 million (31 December 2017: approximately RMB1,567 million) to secure general bank credit facilities and other loans granted to us. We did not pledge property, plant and equipment to secure loans granted to our joint ventures (31 December 2017: property, plant and equipment with an aggregate carrying amount of approximately RMB160 million to secure other loans granted to our joint ventures).

Contingent liabilities: As at 31 December 2018, we provided guarantees of approximately RMB29,523 million (31 December 2017: approximately RMB23,341 million) to banks in respect of the mortgage loans provided by the banks to customers who purchased the developed properties of our Group and its joint ventures. We also provided guarantees of approximately RMB4,985 million as at 31 December 2018 (31 December 2017: approximately RMB6,512 million) in respect of bank loans and other loans of joint ventures. We also provided guarantee to trust manager of a joint venture for expected minimum return as stipulated in the corporation agreements as at 31 December 2018. Apart from the above, the Group provided liquidity guarantee support in favour of Jianye Property Management in an amount of not exceeding RMB650 million as at 31 December 2018 (31 December 2017: RMB650 million) in relation to Assets-backed Securities issued by Jianye Property Management.

Capital commitment: As at 31 December 2018, we had contractual commitments undertaken by subsidiaries, the performance of which was underway or ready, in respect of property development amounting to approximately RMB24,153 million (31 December 2017: approximately RMB6,815 million), and we had authorised, but not yet contracted for, a further approximately RMB44,535 million (31 December 2017: approximately RMB12,352 million) in expenditure in respect of property development and capital investments.

Foreign exchange risk: Our businesses are principally conducted in RMB. The majority of our assets are denominated in RMB. As at 31 December 2018, our major non-RMB assets and liabilities are (i) bank deposits denominated in H.K. dollar; and (ii) the senior notes denominated in U.S. dollar and Singapore dollar. We are subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities denominated in currencies other than RMB. Considering the main income stream of the Group denominated in RMB, we have changed the currency to repay the principal and interest of the US\$200 million Senior Notes issued in 2016 into RMB through a foreign exchange swap contract, and locked the exchange rate of the net investment denominated in RMB and with an equivalent amount of US\$350 million through foreign exchange forward contracts.

Interest rate risk: The interest rates for a portion of our loans were floating. Upward fluctuation in interest rates will increase the interest cost of new and existing loans. We have swapped the floating rate of the borrowing of US\$150 million to fixed rates through interest rate swap contracts to hedge part of the interest rate risk.

REVIEW OF OPERATIONS

(I) Market and Operations Review

1. The Macro-economic Environment

The year 2018 marked the opening of the 19th National Congress and witnessed profound changes in the international situation as well as the escalation of Sino-US trade friction. Facing the complicated and turbulent domestic and international environment, the Chinese Central Government adhered to its basic guideline of making progress on a sustainable basis, concentrating all its efforts and resources to conquer difficulties and promote high-quality social and economic development under the guidance of the new development theories, as a result of which China's economy has been developing within a reasonable range and making steady progress. All its preset targets of social and economic development have been accomplished with an encouraging employment rate and rapid growth in the government revenue, business profits and household income, and the quality and efficiency of economic development have been constantly improving. In 2018, China achieved a GDP of approximately RMB90.03 trillion, representing a year-on-year increase of 6.6%, slightly above the preset target of around 6.5%.

During the year, Henan Province conscientiously implemented the Central Government's decisions and arrangements while closely following the guidance of the new development theories and general direction of high-quality development, carrying on the supply-side structural reform as its principal task and concentrating its efforts and resources in implementing all kinds of policies, resulting in continuous optimization of its economic structure, a smooth switch of the old and new economic growth drivers, constant improvement in the quality and efficiency of its economic development and a rapid growth in the profits of the enterprises in Henan. Consequently, its economy has maintained an overall stable and progressive development trend. In 2018, Henan Province achieved a GDP of approximately RMB4.81 trillion, representing a year-on-year increase of 7.6%, which is 1.0 percentage point higher than the national average.

2. *The Property Market*

The two important meetings of the Central Committee of CPC held in the first and second half of 2018 respectively have set the key tone for its regulation of the real estate industry throughout the year. In March, the two meetings further emphasised that “housing is for accommodation, not for speculation” while firmly carrying on its differentiated regulation. In July, the meeting of the Central Political Bureau of CPC underlined its resolution on “curbing the rise of housing prices.” Under such a general principle, the local governments’ regulation policies tended to be tightening while maintaining a stable stance, continuing to apply differentiated policies in light of different situations in different places. On the demand side, the local governments have increased their efforts in market supervision and curbing speculation on real estate, aiming to protect people’s reasonable demands for housing; on the supply side, they focused on adjustment to the housing supply structure, while vigorously developing the residential leasing market and increasing supply of affordable housing such as houses with joint property rights. Overall, the regulation on the real estate industry throughout the year has been accurately implemented from both sides, i.e. the supply side and demand side, and the market expectation has gradually returned to a rational level, indicating that the regulation policy has achieved phased success.

In 2018, the area of commercial house sold in China amounted to 1,716,540,000 sq.m., up 1.3% year on year; the commercial house sales amounted to RMB14,997.3 billion, up 12.2% year on year; and the investment in real estate development amounted to RMB12,026.4 billion, up 9.5% year on year.

Propelled by the new urbanization campaign, Henan Province insisted on the guideline known as “housing is for accommodation, not for speculation” and strengthened its regulation on the real estate industry by applying differentiated policies in light of different situations in different places, as a result of which its real estate market remained generally stable with significantly improved market demand, and the sharp rise in property prices has been successfully curbed. Zhengzhou City has maintained its strict control over the real estate market. Due to the effect of destocking which has been basically completed and the tightening of the policies on housing in rundown urban areas, there was clear differentiation in performance in the markets in different cities. In 2018, the area of commercial house sold in Henan Province amounted to 139,905,000 sq.m., up 5.1% year on year; the commercial house sales amounted to RMB805.53 billion, up 13.0% year on year; and the investment in real estate development amounted to RMB701.547 billion, down 1.1% year on year.

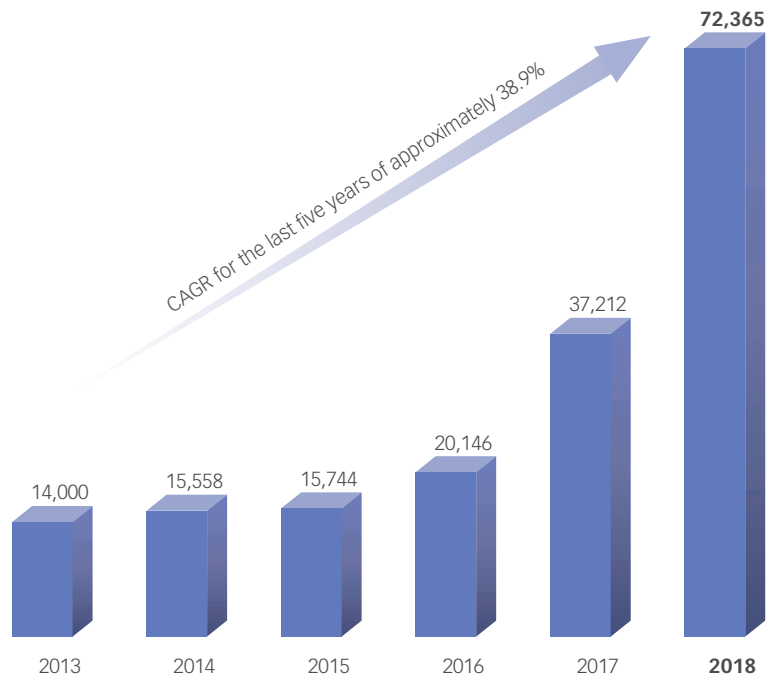
(II) Project Development

1. Real Estate Development

(a) Property Sales Performance

During the reporting period, a progressive growth in property sales and a breakthrough in sale target were achieved through our great effort in expediting property sales. In 2018, the contracted sales sold by the Company amounted to approximately RMB53,675 million, representing an increase of 76.5%; and the contracted area sold by the Company was approximately 7,433,000 sq.m., representing an increase of 62.2%. The compound annual growth rate of the Company’s contracted sales in the past five years was 30.8%. In terms of contracted sales amount, the market share of the Company in 2018 in Henan Province was 6.7%.

Unit: RMB million



Geographical Breakdown of Contracted Sales in 2018

City	Contracted sales amount (RMB million)			Contracted GFA (‘000 sq.m.)		
	2018	2017	Change	2018	2017	Change
Zhengzhou	13,799	8,033	72%	1,254	720	74%
Kaifeng	512	386	33%	69	41	68%
Luoyang	3,732	2,246	66%	432	292	48%
Pingdingshan	1,258	516	144%	232	106	119%
Anyang	4,734	1,292	266%	758	301	152%
Hebi	228	1,022	-78%	38	221	-83%
Xinxiang	2,941	3,052	-4%	446	468	-5%
Jiaozuo	1,673	933	79%	263	173	52%
Puyang	3,725	838	345%	600	170	253%
Xuchang	2,459	2,071	19%	343	290	18%
Luohe	1,287	899	43%	185	153	21%
Sanmenxia	971	1,073	-10%	156	192	-19%
Shangqiu	3,601	1,987	81%	473	362	31%
Zhoukou	5,546	2,564	116%	894	500	79%
Zhumadian	4,399	2,008	119%	882	385	129%
Nanyang	1,342	1,007	33%	156	130	20%
Xinyang	408	394	4%	93	63	48%
Jiyuan	1,060	94	1,028%	159	17	835%
Total	<u>53,675</u>	<u>30,415</u>	76%	<u>7,433</u>	<u>4,584</u>	62%

(b) *Newly Commenced Property Projects*

As of 31 December 2018, the Company commenced the construction of 87 projects in total with newly commenced GFA of 13,619,000 sq.m., representing an increase of 35.6% compared with the target of projects commencement at the beginning of the year. The Company strengthened the efforts in market research and optimised product plans based on the geological distribution of customers and estimated sales. This helped the Company to further enhance its product competitiveness and market performance, and contributed to a safe and reasonable inventory structure.

Region	Project name	Principal use of property	Newly commenced GFA during the year (sq.m.)
Zhengzhou	Dengfeng Songyue Mansion	Residential	317,343
Zhengzhou	Gongyi CCRE Mall	Residential	53,831
Zhengzhou	Gongyi Spring Time	Residential	113,015
Zhengzhou	Blossom Garden	Residential	39,743
Zhengzhou	Financial Island	Commercial	387,309
Zhengzhou	Zhengxi U-Town	Residential	297,344
Zhengzhou	Spring Time	Residential	206,780
Zhengzhou	Jianye– Chengyuan (Movie Town)	Residential	189,411
Zhengzhou	Kaiyue Plaza	Commercial	230,205
Zhengzhou	Wulong Century New City	Residential	492,534
Zhengzhou	Tihome Jianye International City	Residential	955,359
Zhengzhou	Jianye – Art Mansion (Zhiyou Henan)	Residential	118,625
Kaifeng	Blossom Garden (Xiangfu District)	Residential	81,223
Kaifeng	Lankao Red World	Commercial	16,801
Kaifeng	Qi County Yipin Blossom Garden	Residential	91,968

Region	Project name	Principal use of property	Newly commenced GFA during the year (sq.m.)
Luoyang	Poly Champagne International	Residential	111,811
Luoyang	Dingding House	Residential	147,036
Luoyang	Code Two City	Residential	265,375
Luoyang	Sweet-Scented Osmanthus Garden	Residential	5,310
Luoyang	Huayang Fengdu	Residential	30,900
Luoyang	Technology City	Residential	127,721
Luoyang	Honorable Mansion	Residential	77,967
Luoyang	Yanshi Forest Peninsula	Residential	53,466
Pingdingshan	Eighteen Cities	Residential	207,881
Pingdingshan	Ruzhou Sweet-Scented Osmanthus Garden	Residential	169,869
Pingdingshan	Wugang CCRE Mall	Residential	29,496
Pingdingshan	Wugang Forest Peninsula	Residential	67,983
Anyang	Sweet-Scented Osmanthus Garden	Residential	187,025
Anyang	Jianye City	Residential	68,206
Anyang	Chinoiserie House	Residential	137,711
Anyang	Code One City	Residential	80,209
Anyang	Hua County Code One City	Residential	251,803
Anyang	Linzhou CCRE Mall	Residential	141,212
Anyang	Tangyin Forest Peninsula	Residential	152,594
Xinxiang	Hui County Spring Time	Residential	156,290
Xinxiang	Hui County Code One City	Residential	49,092
Xinxiang	Beverly Manor	Residential	151,958
Xinxiang	Spring Time	Residential	126,134
Xinxiang	Code One City	Residential	12,932

Region	Project name	Principal use of property	Newly commenced GFA during the year (sq.m.)
Jiaozuo	Bo'ai Spring Time	Residential	34,223
Jiaozuo	Spring Time	Residential	212,496
Jiaozuo	Chinoiserie House	Residential	208,651
Jiaozuo	Wen County Spring Time	Residential	119,468
Puyang	Jianye New City	Residential	163,455
Puyang	Chinoiserie House	Residential	306,703
Puyang	Tonghe House	Residential	300,169
Puyang	Code One City	Residential	106,517
Puyang	Zhenyuehui	Residential	73,251
Xuchang	Chinoiserie House	Residential	193,583
Xuchang	Yuzhou Sweet-Scented Osmanthus Garden	Residential	171,650
Xuchang	Changge Senyuan Eco City	Residential	89,481
Luohe	Sweet-Scented Osmanthus Garden	Residential	113,605
Luohe	Xicheng Peninsula	Residential	32,632
Sanmenxia	Jianye City	Residential	124,338
Sanmenxia	Honour Mansion	Residential	75,863
Shangqiu	Central Garden	Residential	229,384
Shangqiu	Blossom Garden	Residential	154,169
Shangqiu	Sky Mansion	Residential	123,097
Shangqiu	Xingfuli	Residential	128,512
Shangqiu	Headquarter Port	Commercial	108,052
Shangqiu	Yongcheng U-Town	Residential	83,354

Region	Project name	Principal use of property	Newly commenced GFA during the year (sq.m.)
Zhoukou	Fugou Jianye City	Residential	254,942
Zhoukou	Huaiyang Jianye City	Residential	210,168
Zhoukou	Luyi Jianye City	Residential	130,389
Zhoukou	Shangshui Yangcheng Courtyard	Residential	58,685
Zhoukou	Taikang Jianye City	Residential	65,221
Zhoukou	Xihua Jicheng Courtyard	Residential	58,019
Zhoukou	Jianye City	Residential	149,714
Zhoukou	Shiyue House	Residential	62,419
Zhoukou	Forest Peninsula	Residential	57,588
Zhoukou	Chinoiserie House	Residential	124,106
Zhoukou	Code One City	Residential	122,957
Zhoukou	Landmark	Residential	164,427
Zhumadian	Pingxing Jianye City	Residential	288,446
Zhumadian	Runan Jianye City	Residential	325,671
Zhumadian	Suiping Forest Peninsula	Residential	226,940
Zhumadian	Xiping Forest Peninsula	Residential	114,753
Zhumadian	Xincai CCRE Mall	Residential	122,381
Zhumadian	Zhengyang Jianye City	Residential	321,646
Zhumadian	Spring Time	Residential	252,483
Zhumadian	Eighteen Cities	Residential	145,315
Nanyang	Shilihushan	Residential	151,801
Nanyang	Fangcheng Dragon Bay	Residential	14,876
Xinyang	Gushi Jianye City	Residential	293,260
Jiyuan	Code One City North	Residential	53,459
Jiyuan	Blossom Garden	Residential	135,329
Jiyuan	Jianye City	Residential	159,880
Total			<u><u>13,619,000</u></u>

(c) *Property Projects under Development*

As of 31 December 2018, the Company had 118 projects under development with a total GFA of approximately 21,721,000 sq.m., including 16 projects under development in Zhengzhou and 102 projects under development in other cities of Henan Province.

Region	Project name	Principal use of property	GFA under development (sq.m.)
Zhengzhou	Dengfeng Songyue Mansion	Residential	317,343
Zhengzhou	Gongyi CCRE Mall	Residential	53,831
Zhengzhou	Gongyi Spring Time	Residential	278,294
Zhengzhou	Financial Island	Commercial	387,309
Zhengzhou	Xinmi Code One City	Residential	91,674
Zhengzhou	Zhengxi U-Town	Residential	549,382
Zhengzhou	Spring Time	Residential	206,780
Zhengzhou	Blossom Garden	Residential	617,499
Zhengzhou	Jianye– Chengyuan	Residential	189,411
Zhengzhou	Kaiyue Plaza	Commercial	230,205
Zhengzhou	Intelligent Palace	Residential	164,355
Zhengzhou	Wulong Century New City	Residential	491,131
Zhengzhou	Tihome Jianye International City	Residential	1,215,946
Zhengzhou	Jianye – Art Mansion	Residential	118,625
Zhengzhou	Xuhui Zhengrong Grand Mansion	Residential	221,307
Zhengzhou	Canal Courtyard	Residential	105,498
Kaifeng	Blossom Garden	Residential	81,223
Kaifeng	Chrysanthemum Garden	Residential	133,010
Kaifeng	Lankao Red World	Commercial	16,801
Kaifeng	Qi County Yipin Blossom Garden	Residential	91,968
Kaifeng	Tongxu Code One City	Residential	78,136

Region	Project name	Principal use of property	GFA under development (sq.m.)
Louyang	Lingbao Forest Peninsula	Residential	30,091
Louyang	Dingding House	Residential	242,340
Louyang	Code Two City	Residential	304,085
Louyang	Sweet-Scented Osmanthus Garden	Residential	105,470
Louyang	Huayang Fengdu	Residential	30,900
Louyang	Technology City	Residential	127,721
Louyang	Honour Mansion	Residential	77,967
Louyang	Yanshi Forest Peninsula	Residential	102,438
Pingdingshan	Spring Time	Residential	92,900
Pingdingshan	Eighteen Cities	Residential	265,648
Pingdingshan	Ruzhou Sweet-Scented Osmanthus Garden	Residential	169,869
Pingdingshan	Wugang CCRE Mall	Residential	29,496
Pingdingshan	Wugang Forest Peninsula	Residential	128,085
Anyang	Sweet-Scented Osmanthus Garden	Residential	359,280
Anyang	Jianye City	Residential	257,692
Anyang	Chinoiserie House	Residential	153,403
Anyang	Code One City	Residential	140,609
Anyang	Hua County Code One City	Residential	386,424
Anyang	Linzhou CCRE Mall	Residential	141,212
Anyang	Tangyin Forest Peninsula	Residential	152,594
Hebi	Code One City	Residential	190,205
Xinxiang	Hui County Spring Time	Residential	156,290
Xinxiang	Hui County Code One City	Residential	109,485
Xinxiang	Beverly Manor	Residential	639,725
Xinxiang	Spring Time	Residential	126,134
Xinxiang	U-Town	Residential	79,173
Xinxiang	Code One City	Residential	193,241
Xinxiang	Commercial Street of Code One City	Commercial	14,266
Xinxiang	Changyuan Forest Peninsula	Residential	91,458

Region	Project name	Principal use of property	GFA under development (sq.m.)
Jiaozuo	Bo'ai Spring Time	Residential	34,223
Jiaozuo	Spring Time	Residential	212,496
Jiaozuo	Central Garden	Residential	247,618
Jiaozuo	Chinoiserie House	Residential	208,651
Jiaozuo	Qinyang Spring Time	Residential	88,196
Jiaozuo	Wen County Spring Time	Residential	119,468
Jiaozuo	Xiuwu Forest Peninsula	Residential	58,002
Puyang	Jianye New City	Residential	212,946
Puyang	Chinoiserie House	Residential	314,327
Puyang	Tonghe House	Residential	254,220
Puyang	Code One City	Residential	214,935
Puyang	Zhenyuehui	Residential	73,251
Xuchang	Shenhou World	Commercial	14,218
Xuchang	Eco-City	Residential	57,357
Xuchang	Sweet-Scented Osmanthus Garden	Residential	86,597
Xuchang	Chinoiserie House	Residential	277,051
Xuchang	Code One City	Residential	34,870
Xuchang	Yuzhou Sweet-Scented Osmanthus Garden	Residential	226,817
Xuchang	Changge Spring Time	Residential	180,203
Xuchang	Changge Senzhiyuan Eco-City	Residential	89,481
Luohe	Sweet-Scented Osmanthus Garden	Residential	140,940
Luohe	Xicheng Forest Peninsula	Residential	251,774
Luohe	Code One City	Residential	25,060
Sanmenxia	Jianye City	Residential	124,338
Sanmenxia	New District Forest Peninsula	Residential	170,228
Sanmenxia	Code One City	Residential	87,556
Sanmenxia	Honour Mansion	Residential	75,863
Shangqiu	Central Garden	Residential	322,021
Shangqiu	Blossom Garden	Residential	154,169
Shangqiu	Hill Water Lake City	Residential	159,814
Shangqiu	Sky Mansion	Residential	123,097
Shangqiu	Xingfuli	Residential	128,512
Shangqiu	Headquarter Port	Commercial	108,052
Shangqiu	Yongcheng U-Town	Residential	159,075
Shangqiu	Zhecheng U-Town	Residential	37,324

Region	Project name	Principal use of property	GFA under development (sq.m.)
Zhoukou	Fugou Jianye New City	Residential	254,037
Zhoukou	Huaiyang Jianye City	Residential	206,516
Zhoukou	Luyi Jianye City	Residential	397,623
Zhoukou	Shangshui Yangcheng Courtyard	Residential	58,685
Zhoukou	Shenqiu Jianye City	Residential	121,581
Zhoukou	Taikang Jianye City	Residential	65,221
Zhoukou	Xihua Central Garden	Residential	87,318
Zhoukou	Xihua Jicheng Courtyard	Residential	205,154
Zhoukou	Xiangcheng Jianye City	Residential	147,409
Zhoukou	Xiangcheng Spring Time	Residential	78,778
Zhoukou	Jianye City	Residential	149,714
Zhoukou	Forest Peninsula	Residential	130,522
Zhoukou	Chinoiserie House	Residential	206,692
Zhoukou	Shiyue House	Residential	189,152
Zhoukou	Code One City	Residential	122,957
Zhoukou	Landmark	Residential	164,427
Zhumadian	Pingxing Jianye City	Residential	226,222
Zhumadian	Runan Jianye City	Residential	325,671
Zhumadian	Suiping Forest Peninsula	Residential	348,416
Zhumadian	Xiping Forest Peninsula	Residential	185,733
Zhumadian	Xincai CCRE Mall	Residential	186,142
Zhumadian	Zhengyang Jianye City	Residential	321,646
Zhumadian	Spring Time	Residential	252,483
Zhumadian	Eighteen Cities	Residential	395,497
Zhumadian	The West Lake Villa	Residential	141,190
Nanyang	Fangcheng Dragon Bay	Residential	14,876
Nanyang	Shilihushan	Residential	151,801
Nanyang	Code One City	Residential	275,829
Xinyang	Gushi Jianye City	Residential	164,877
Xinyang	Jianye City	Residential	20,689
Jiyuan	Blossom Garden	Residential	209,095
Jiyuan	Jianye City	Residential	199,059
Jiyuan	Code One City Noth	Residential	104,900
Total			<u><u>21,720,591</u></u>

(d) *Property Projects Delivered*

As of 31 December 2018, the Company had 38 projects delivered in total with a total GFA of approximately 4,689,000 sq.m..

Region	Project name	Principal use of property	GFA delivered (sq.m.)
Zhengzhou	Gongyi Code One City	Residential	105,347
Zhengzhou	Blossom Garden	Residential	299,583
Zhengzhou	Intelligent Palace	Residential	454,530
Zhengzhou	Wulong Century New City	Residential	494,004
Zhengzhou	Jiuru House	Residential	2,601
Zhengzhou	Tihome Jianye International City	Residential	836,117
Zhengzhou	Triumph Plaza	Commercial	112,111
Zhengzhou	Sky Mansion	Residential	186,866
Luoyang	Huayang Fengdu	Residential	121,380
Luoyang	Sweet-Scented Osmanthus Garden	Residential	20,534
Luoyang	Poly Champagne International	Residential	176,770
Luoyang	Wisdom Port	Commercial	33,200
Pingdingshan	Eighteen Cities	Residential	75,499
Pingdingshan	Wugang Forest Peninsula	Residential	42,674
Anyang	Jianye City	Residential	80,830
Anyang	Linzhou CCRE Mall	Residential	52,888
Anyang	Tangyin Forest Peninsula	Residential	22,440
Hebi	Code One City	Residential	90,975
Xinxiang	Beverly Manor	Residential	14,369
Xinxiang	Code One City	Residential	157,597
Xinxiang	Changyuan Forest Peninsula	Residential	67,667
Jiaozuo	Xiuwu Forest Peninsula	Residential	55,654
Puyang	Jianye New City	Residential	84,706
Puyang	Code One City	Residential	52,479
Xuchang	Code One City	Residential	182,889

Region	Project name	Principal use of property	GFA delivered (sq.m.)
Luohe	Xicheng Forest Peninsula	Residential	68,680
Luohe	Code One City	Residential	75,904
Sanmenxia	Lingbao Forest Peninsula	Residential	28,015
Sanmenxia	U-Town	Residential	87,672
Sanmenxia	Code One City	Residential	17,071
Shangqiu	Yongcheng U-Town	Residential	84,195
Shangqiu	Zhecheng U-Town	Residential	97,705
Zhoukou	Luyi Jianye City	Residential	60,972
Zhoukou	Luyi Mingdao City	Commercial	53,359
Zhumadian	Suiping Forest Peninsula	Residential	22,096
Zhumadian	Xiping Forest Peninsula	Residential	43,033
Zhumadian	Eighteen Cities	Residential	157,743
Xinyang	Jianye City	Residential	68,857
Total			<u><u>4,689,012</u></u>

2. Hotels

Hotel profile

Henan Jianye Zhizun Hotel Investment Co., Ltd. (河南建業至尊酒店管理有限公司), a wholly-owned subsidiary of the Company, is mainly responsible for brand management, design management, engineering management, opening preparation and operation management for all hotel projects of the Group. Currently, the Group has established strategic cooperation with various international well-known groups of hotel management, such as Marriott, InterContinental and Accor, under which five high-end hotel projects are in operation. Each of the five high-end hotel projects, namely Le Méridien Zhengzhou, Pullman Kaifeng Jianye, Holiday Inn Nanyang, Four Points by Sheraton Luohe and Aloft Zhengzhou Shangjie opened successively from 2011 to 2015. In addition, our brand new own-brand hotels, namely Yanling Jianye The Mist Hot Spring Hotel and Zhengzhou Jianye Sky Mansion, opened successively and was put into trial operation in 2018 respectively. Thus, our total investment in hotels has reached RMB4.1 billion. In the next 3-5 years, the number of hotels invested in Henan will increase to 10 with further development in the construction of the mega-service regime.

Le Méridien Zhengzhou

Le Méridien Zhengzhou is the first international brand hotel focusing on art, design and culture in central China. Adjacent to Zhengdong New District and Zhengzhou East Railway Station, the largest railway station in Asia, it only takes 10 minutes' and 28 minutes' drive to Zhengzhou International Convention and Exhibition Center and Xinzheng International Airport, respectively.

Located at No. 1188, Zhongzhou Avenue, Zhengzhou City, the hotel composes a complete integrated business district together with the surrounding shopping malls, restaurants and commercial office buildings. Modern art elements and local colors are integrated into the design of the restaurant, guest room and lobby in the hotel. The unique design and brand concept present you the distinctive Le Méridien Zhengzhou.

The hotel has a total of 337 deluxe rooms and suites, equipped with world-class facilities and a mix of classic design and fashion elements. The characteristic restaurant and bar will enrich your stay experience and provide you with splendid Chinese and international cuisines. The fitness center combining fitness, spa, swimming pool, yoga and jogging track, the sizeable pillarless banquet covering an area of 800 sq.m., and 8 multi-function halls, are all ideal places for you to relax and hold events.

Address: No. 1188, Zhongzhou Avenue (northwest corner of the junction of Zhengbian Road and Zhongzhou Avenue), Zhengzhou City
Tel: 0371-55998888

Aloft Zhengzhou Shangjie

Located on the opposite of the District Government of Shangjie District, Zhengzhou City, Henan Province, Aloft Zhengzhou Shangjie is conveniently located, within only 50 minutes' and one hour's drive from Zhengzhou Railway Station and Zhengzhou Xinzheng International Airport, respectively.

The 16-floor hotel has 172 stylish, fresh and fun Aloft Cheerful Rooms (樂窩客房), including 8 deluxe Cheerful Suites (樂窩套房) and 2 accessible Cheerful Rooms. Besides, inspired by the 9-foot ceiling, velvety dreaming beds, Wi-Fi internet service, 42-inch LCD TVs, oversized shower space with rain showers, and fragrant specialty coffee, the 3,698 sq.m. cool conference room and the sizeable banquet space, countless whimsies would spark here and there.

Address: No.101, Zhongxin Road, Shangjie District, Zhengzhou (opposite to the District Government of Shangjie District)

Tel: 0371-68136666

Holiday Inn Nanyang

Holiday Inn Nanyang is located in Nanyang, the ancient capital of China, which is famous for its natural fresh air and jade culture. Holiday Inn Nanyang is the first internationally renowned five-star hotel in Nanyang. Covering an area of 66,700 sq.m., the hotel has a favorable geographical location with pleasant garden landscape and a rippling lake.

The 353 guestrooms and suites are tailor-made for your luxury and comfort experience. The 1,000 sq.m. sizeable banquet hall offers banquet services to both local and international companies, with wireless Internet accessing to all areas of the hotel, including the fitness center and the swimming pool. Whether you are on vacation, planning a wedding or holding a meeting, Holiday Inn Nanyang is the perfect choice for you.

Address: No. 2000, Xincheng Road East, Wancheng District, Nanyang City

Tel: 0377-60218888

Four Points by Sheraton Luohe

Four Points by Sheraton Luohe is located by the west branch of Songshan Road, Yancheng District, Luohe City, adjacent to Luohe International Convention and Exhibition Center. It takes about 10 minutes' drive to the downtown and Luohe Railway Station, and only 90 minutes' drive to Zhengzhou Xinzheng International Airport.

The hotel has 244 warmly designed rooms, with the only international buffet restaurant in the city, namely The Eatery, a Chinese restaurant integrated with traditional and new Cantonese cuisine, namely Juweixuan (聚味軒), an indoor heated swimming pool, sauna equipment, a fitness center, chess rooms and a pillarless banquet hall, which can bring you infinite surprises of accommodation, catering and leisure.

Address: No. 6, west branch of Songshan Road, Yancheng District, Luohe City
Tel: 0395-2566999

Pullman Kaifeng Jianye

Embraced by the rippling surface of a lake, Pullman Kaifeng Jianye is located on the northwest side of the ancient city walls in downtown Kaifeng, within 10 minutes' drive from Kaifeng Railway Station and 50 minutes' drive from Xinzheng International Airport. The hotel covers a total GFA of approximately 43,836 sq.m. and a site area of approximately 58,300 sq.m., with the vegetation within city wall area remaining intact.

Pullman Kaifeng Jianye offers 186 guest rooms or suites and is a five-star resort hotel comprising business conference, food & beverage, accommodation, leisure and entertainment. The hotel is equipped with conference center, banquet center, all-day dining restaurant, Chinese restaurant, featured bar, lobby bar, executive lounge, gym, swimming pool, SPA, yoga room, indoor golf and other facilities to provide occupants with convenience and sense of superiority. The building is a post-modern architecture in Northern Song Dynasty style, adopting wood-like exterior finishing material to cast beautiful reflections in the blue waters.

Address: No. 16, Longting North Road, Longting District, Kaifeng City
Tel: 0371-23589999

Zhengzhou Jianye Sky Mansion

Zhengzhou Jianye Sky Mansion is located at the northwest corner of the intersection of Dongfeng East Road and Kangning Street with a site area of approximately 32,929.8 sq.m..

The project is featured as a high-end service apartment of the Group with a total of 302 rooms, ranging from single-family apartments to four-bedroom apartments. The apartment is equipped with all-day dining restaurant, Japanese Izakaya, gym center, children's play room and other facilities to provide occupants with safe, convenient, warm and comfortable living space.

Address: Block 9, 58 Kangning Street, Zhengzhou City

Tel: 0371-65686888

Yanling Jianye The Mist Hot Spring Hotel

Yanling Jianye The Mist Hot Spring Hotel is situated in Chenhuadian Town, Yanling County, Xuchang, Henan with a site area of 50,264 sq.m..

The hotel offers 51 guest rooms or suites and is equipped with all-day dining restaurant, Chinese restaurant, outdoor hot spring and pool, indoor swimming pool and pool, SPA, gym center, lobby bar, tea room, banquet hall and other facilities.

Yanling Jianye The Mist Hot Spring Hotel is a joint masterpiece of internationally renowned architects, namely Amata Luphaiboon and Twitee Vajrabhaya Teparkum. It was officially launched in 2018.

Address: North side of Huadu Avenue, Chenhuadian Town, Yanling County, Xuchang City, Henan Province

Tel: 0374-7968888

3. Cultural tourism

Cultural tourism sector of the Company is engaged in development and operation of real estate projects for cultural tourism principally located in historic cities in Henan Province, such as Zhengzhou, Kaifeng and Luoyang. Having been rich in history, culture and natural resources, it tells the “Jianye story of cultural tourism” in different style, forms and substance through theme park, tourist district and real scenery performance. As at 31 December 2018, the Company had 4 projects for cultural tourism, namely Jianye Huayi Brothers Film Town, Jianye “Unique in Henan (只有河南)”, Zhengping Fang in Luoyang and Jianye Ivi 1895.

Jianye Huayi Brothers Film Town is the Company’s strategic cooperation project with Huayi Brothers (Tianjin) Real Scene Entertainment Company Limited (the “Huayi Brothers”) and one of the Type-A Key Construction Projects in Henan Province for 2017. The project is located in International Cultural and Creative Industrial Park in Zhengzhou with a planned total site area of approximately 1.33 million sq.m. and a total GFA of approximately 1.80 million sq.m. In the form of film scene and with an essence of historical culture and memory of the city, the project provides an experiential site for experiencing film culture incorporating tour of film scene, exhibition of film culture, film interactive games, folk and intangible cultural heritage experience, a series of large-scale performance, unique cuisine and themed inns. As at 31 December 2018, the first phrase of the project has been topped out, and the opening of the project was scheduled to be in 2019.

Unique in Henan is a large-scale acting and performance project co-developed with Wang Chaoge (王潮歌), a director of real scenery performance, and is also one of the Type-A Key Construction Projects in Henan Province for 2018. The project is located in International Cultural and Creative Industrial Park in Zhengzhou with a total site area of approximately 600,000 sq.m.. Inspired by the long-standing and rich history and culture of Henan with innovated forms of performance, the project aims to reveal the rich Central China culture as well as the glorious Chinese culture through the combination of several dramas with outdoor scenes as well as functional spaces by making use of its unique architectural space, helping people understand the history and culture in multi-sensory approach. Unique in Henan will be developed as a contemporary themed drama park integrating acting and performance, exhibition and experience with the feature of Central China culture, custom and habit, as well as a perfect and innovative complex satisfying different needs for culture, arts, tourism and business. The construction land for the project was granted in August 2017. As planned, the construction of the project will be commenced in March 2018, and its opening is scheduled to be in 2020.

Zhengping Fang in Luoyang is a large-scale acting and performance projects co-developed with Wang Chaoge (王潮歌), a director of real scenery performance. Zhengping Fang Cultural and Creativity Park in Luoyang is located at Ancient Capital of 13 Dynasties, Luoyang City, Henan Province, and its development is currently under good progress.

Jianye Ivi 1895 is a cinematic theme event venue for culture and leisure co-developed with Ivimovie Cultural Development Co. Ltd. The project pairs technology with culture, film with arts and vogue with leisure, and integrates film-viewing space, performing arts space, cultural creation space, reading space and technology space. Its products featured by “uniqueness and customization” will be shown at cinemas simultaneously, creating a site for diversified cultural and entertainment for consumers. As at 31 December 2018, three Jianye Ivi theatres were in operation in Zhengzhou, with another six franchise cinemas distributed in various cities in Henan. In 2018, the number of film watchers posted in the whole year of 2018 reached 240,000. Among the 71 Ivi theatres all over the country, three Jianye Ivi theatres ranked fifth, sixth and seventh respectively for the year. Moreover, since its opening, the synchronous hall in the MIXC theatre has repeatedly recorded the highest ticket purchase rate of members in Henan.

4. *Green House*

CCRE's green houses are main body of the establishment and operation of CCRE's modern agricultural projects. As at the end of the reporting period, the Company had two green houses completed and in operation, namely Yanling Jianye Green House and Hebi Jianye Green House; one green house initially constructed and ready for visiting, namely Zhoukou Jianye Green House; one green house under development, namely Yichuan Jianye Green House; one green house the construction of which was commenced: namely Wuzhi Jianye Green House; two green houses in preparation: namely Nanyang Jianye Green House and Shangqiu Jianye Green House.

Yanling Jianye Green House

Yanling Jianye Green House is located in Yanling County, Xuchang City, less than 100 km from Zhengzhou City, with a site area of over 5,000 Chinese-mu. The project is equipped with intelligent gutter-connected glass greenhouse, multi-functional exhibition hall, technology research center and culture room for cut flowers as well as 3,000 Chinese-mu eco-tree seedlings, endeavouring to build a modern agricultural countryside complex zone concerning six highlights of "efficient agriculture, agri-tourism, cultural creativity agriculture, experience center agriculture, science popularization agriculture, and healthcare and well-being improvement agriculture".

The number of visitors of Yanling Jianye Green House was in excess of 800,000 in 2018, including provincial and city level officials, local and foreign experts and researchers in relevant areas, Jianye property owners and members of "Jianye Junlin Club".

In September 2018, Yanling Jianye Green House won the title of national 4A tourist attraction; in November 2018, Yanling Jianye Green House passed the acceptance of "Special Social Practical Education Base for Primary and Secondary Schools in Henan Province" and was officially licensed; in December 2018, Yanling Jianye Green House successively won the honorary titles of the "Municipal Leading Enterprise of Agricultural Industrialization of Xuchang City for 2019-2020" and the "Provincial Key Leading Enterprise of Agricultural Industrialization for 2019-2021".

The abovementioned achievements and honours represent the affirmation of the government and all sectors of society for the role of the Company in effective promotion of local industrial upgrading, farmers' prosperity and rural revitalization.

Hebi Jianye Green House

Hebi Jianye Green House is located at the urban-rural integration demonstration zone in Hebi City with a total site area of approximately 4,450 Chinese-mu. It is a countryside complex covering modern agriculture, leisure and tourism, and rural community. Hebi Jianye Green House is equipped with approximately 4,200 Chinese-mu of eco-tree seedlings, over 100 Chinese-mu of characteristic flower hill planting, 20,000 sq.m. of artificial lake and wedding lawn, and 60,000 sq.m. of intelligent gutter-connected greenhouse. Hebi Jianye Foodcourt has also been put into use and Chenzhai Flower Group, a China "Top 3 Enterprises" in respect of flower, settled in the project.

After three years of collaborative and innovative development, Hebi Jianye Green House has been successively rated as Leisure and Sightseeing Park of Henan Province by Henan Cultural Tourism Bureau, Provincial Key Leading Enterprise of Agricultural Industrialization of Henan Province by Henan Agricultural and Rural Affairs Department, and Hebi Agricultural Science and Technology Park by the municipal science and technology bureau; "Jianye Green House Qihe Ecological Conservancy Belt Project" was listed as a national comprehensive pilot project of energy conservation and emission reduction and "Jianye Green House Agricultural Complex Project" was listed as a key construction project of Henan Province. In addition, the Company has also undertaken provincial and municipal key projects including the municipal vegetable basket project. Hebi Jianye Green House proactively participated in poverty alleviation for agriculture and country, provided 2,000 science popularization education sessions benefiting over 50,000 people from universities, middle and primary schools, enterprises and institutions and offered over 1,000 jobs for local farmers. Thus, the Company was awarded the title of "Advanced Unit" with outstanding contributions.

Zhoukou Jianye Green House

Zhoukou Jianye Green House is located on the banks of the old canal in Xuwan Village, Xuwan Township, Dongxin District, Zhoukou City with a site area of 6,450 Chinese-mu and a planned total investment of RMB2 billion. The project covers modern eco-agriculture, old canal reconstruction and urban wetland restoration, leisure experience, cultural tourism, health and elderly care, etc. and integrates high-end flower, fruit and vegetable production, fine seedling and flower cultivation, culture mining of century-old shipping ferry, experience of special diet in Central Plains, urban wetland and riverside landscape belt along the old canal, folk wedding celebration photography base, etc. with a view to forming an urban countryside complex with an international leading and domestic first-class modern agricultural industry chain integrating “research and development, production, demonstration and experience”.

Construction progress as at 31 December 2018: 1) the office and accommodation area of approximately 6,000 sq.m. has been put into use; 2) the intelligent gutter-connected greenhouse of 36,000 sq.m., the Netherlands tomato and Netherlands anthurium production area of 10,000 sq.m. have been put into use and the rest is still in the stage of business type research and program design; 3) the core landscape demonstration area of 200,000 sq.m. has been completed and in the stage of detail treatment; 4) the sports park of 20,000 sq.m. has been completed and put into use; 5) the experience agriculture demonstration park of 60 Chinese-mu has been completed and in the stage of detail treatment; 6) Jianye foodcourt has been basically renovated and opened as scheduled.

Yichuan Jianye Green House

Yichuan Jianye Green House is located in North of Zhangyao Village, Jiangzuo Town, Yichuan County, Luoyang City, with approximately 6,725 Chinese-mu and total investment amount of approximately RMB2 billion. The overall positioning strategy of the project is a countryside complex concerning six highlights of “modern agriculture, ecological leisure, cultural creativity, experience center, science popularization and healthcare”, with maintaining sustainable development for protecting ecological environment as its basis and with development strategy focusing on “agricultural + cultural tourism + healthy”, by establishing of “demonstration zone of modern agricultural complex + ecological culture protection + picturesque village + Jianye foodcourt”. As at 31 December 2018, the temporary office premises had been completed and put into use. The project planning and design and construction of infrastructures including roads and pipe network in the park had been completed. 1 domestic leading four-storey intelligent gutter-connected greenhouse of 12,000 sq.m. and the main part of the lakeside properties of 1,400 sq.m. had been topped out. The main part of 2 flower forcing caves of 510 sq.m. and approximately 40% of the sightseeing cave of 630 sq.m. had been completed. The main engineering of phase I including the park gate and main landscape road were under accelerated construction; in the landscape lighting and forest form transformation, a total of approximately 26,000 ornamental seedlings including ginkgo were planted, contributing a green area of approximately 330,000 sq.m..

Wuzhi Jianye Green House

Wuzhi Jianye Green House is located in Jiayinguan Township, Wuzhi County, covering an area of 2,568.6 Chinese-mu and a total planned investment of about RMB1 billion. The proposed construction includes the Yellow River ancient road cultural exhibition area, the ancient and modern commercial and cultural complex, pastoral style hotel, pastoral high-end residence, comprehensive demonstration area of modern agriculture, and Jianye foodcourt. As at 31 December 2018, the project land transfer agreement, had been signed the overall concept design scheme, the foodcourt design and 70% of the construction drawings had been completed; the greenhouse scheme had been completed and was under joint examination; 80% of the scheme on the landscape concept scheme for the boot area had been completed.

Nanyang Jianye Green House

Nanyang Jianye Green House is located in Zhangying Village, Taxia Village and Xuzhai Village, Pushan Town, Wolong District, Nanyang City with a planned area of 4,500 Chinese-mu and a total planned investment of approximately RMB2.3 billion. The project is based on the good natural ecological environment in the field and integrates resources in terms of agriculture, forestry, paddy field, residence, mountain, spring, river, flower, grass, etc. On the basis of the cultural deposits formed by a number of native cultures including the unique Central Plains Chu culture, Han culture, medicine culture, water culture, religious culture, commercial culture, jade culture, academy culture, folk art culture, etc. of Nanyang, a countryside complex featured by “landscape and idyll, flower sea and herbal aroma, green forest and villeggiatura” integrating complex functions including eco-tourism, hometown cultural experience, high-end rehabilitation, health and vacation, themed leisure and entertainment, education and study on agricultural science and technology, creative agriculture experience, circular agriculture demonstration, industrial integration output, etc. will be built with flower as the main business supplemented by wormwood. As at 31 December 2018, the project was in the planning and design stage and the construction had not been officially commenced.

Shangqiu Jianye Green House

Shangqiu Jianye Green House is located in Renlou Village, Likou Town, Suiyang District, Shangqiu with a planned area of 3,000 Chinese-mu and a total planned investment of approximately RMB2 billion. The overall positioning strategy of the project is a countryside complex concerning six highlights of “modern agriculture, ecological leisure, cultural creativity, experience center, science popularization and healthcare”, with maintaining sustainable development for protecting ecological environment as its basis and with development strategy focusing on “agricultural + cultural tourism + healthy”, by establishing of “demonstration zone of modern agricultural complex + modern greenhouse + Jianye foodcourt”. As at 31 December 2018, the Company had set up the project headquarters for Shangqiu Jianye Green House.

5. *Light-asset Model Projects*

On the basis of the intensive judgment of the development trend of the real estate industry by the Company and leveraged the impressive brand influence of CCRE in its target markets, the outstanding management team, the established product system and service system, the comprehensive capability of resources allocation and integration, the Company delivered its brands, management and capital, thus expanding its market share and enhancing its profitability, in order to accomplish the mission of “building quality houses for the people of Henan”. In addition, the Company further consolidated its resources of quality lands, design, construction and other service, and constantly strengthened its capability of management, operation and providing services. The Company strove to build and share a comprehensive service platform for real estate development and operation and to establish a complementary, win-win, open and dynamic enterprise ecosystem, to enhance its comprehensive competitiveness and creativity.

Henan Zhongyuan Central China City Development Company Limited* (河南中原建設城市發展有限公司, hereinafter referred to as “CCRE Zhongyuan”), a subsidiary of the Company, is in charge of expanding and management of light-asset business and positions itself as a comprehensive service provider for real estate development. As at 31 December 2018, the Company has entered into contracts for 110 light-asset model projects in total with expected total GFA of approximately 16.62 million sq.m. according to those contracts. CCRE Zhongyuan is responsible for constantly formulating and optimizing standardised management principles and agreements, improving talent development program, partnership pairing up and evaluation mechanism, enhancing products and services supervision mechanism, and building resources integration and share platform.

Following the successful implementation of the light-asset model by CCRE Zhongyuan, we duplicated this model to the whole Hennan Province, which further demonstrated the brand value of the Company and created a new situation where we transform from heavy-asset model to a model which achieves balance between the light and heavy-asset models. In order to ensure development during the transformation, CCRE Zhongyuan will carry out the light-asset business in a diversified way, enrich product contents, seek new growth points and enhance the share of light-asset segment in the contribution to the Company’s profits in the long run.

(III) Land Reserves

As at 31 December 2018, the Group acquired land with a site area of approximately 5.48 million sq.m. through tendering, auction and listing and equity acquisitions, which newly added land reserves with a total GFA of approximately 13.51 million sq.m.. The Company had land reserves with a total GFA of approximately 46.08 million sq.m., including beneficially interested GFA of approximately 34.66 million sq.m..

1. Land Tendering, Auction and Listing

On 19 January 2018, the Group acquired the land use right of a land parcel (Zhengzhengchu No. [2017]95) located at Jinda Road North, Zhengzhou City in online tendering (listing) for sale process on the online exchange system organised by Zhengzhou City Land and Resources Bureau (鄭州市國土資源局) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB110 million. Zhengzhengchu No. [2017]95 land parcel has a site area of 13,851.12 sq.m. with a mandatory detailed planned plot ratio of 1.1-3.3.

On 31 January 2018, the Group acquired the land use rights of two land parcels (No. XCR-17087, XCR-17088) in Xincui County in online tendering (listing) for sale process organised by Xincui County Public Resources Trading Centre* (新蔡縣公共資源交易中心) for transfer of state-owned construction land use rights. The purchase prices for the acquisitions were RMB31 million and RMB53 million respectively. Land parcel No. XCR-17087 has a site area of 28,673.98 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0; land parcel No. XCR-17088 has a site area of 48,546.42 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0.

On 31 January 2018, the Group acquired the land use right of a land parcel (No. 2017-C-14) located at Jingkai Road East, Shengli Road North, Puyang City in online tendering (listing) for sale process organised by Puyang City Public Resources Trading Centre* (濮陽市公共資源交易中心) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB93 million. Land parcel No. 2017-C-14 has a site area of 23,013.9 sq.m. with a mandatory detailed planned plot ratio of or less than 5.0.

On 1 February 2018, the Group acquired the land use right of a land parcel (No. A-01) located at Kaifa Second Road, Pingdingshan City in online tendering (listing) for sale process organised by Dadi Land and Resources Center, Pingdingshan City* (平頂山市大地國土資源中心). The purchase price for the acquisition was RMB271 million. Land parcel No. A-01 has a site area of 94,239.72 sq.m. with a mandatory detailed planned plot ratio of or less than 3.0.

On 1 February 2018, the Group acquired the land use right of a land parcel (No. 411202001083GB00087) located at Daling Road West, Xiangchuan Road South, Sanmenxia City in online tendering (listing) for sale process on the online exchange system organised by Department of Land and Resources of Henan Province (河南省國土資源廳) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB113 million. Land parcel No. 411202001083GB00087 has a site area of 23,306 sq.m. with a mandatory detailed planned plot ratio of 1.0-5.0.

On 7 February 2018, the Group acquired the land use right of a land parcel (No. LYTD-2018-01) located at Luoyang High-tech Zone in online tendering (listing) for sale process on the online exchange system organised by Luoyang City Public Resources Trading Centre* (洛陽市公共資源交易中心) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB310 million. Land parcel No. LYTD-2018-01 has a site area of 45,893.33 sq.m. with a mandatory detailed planned plot ratio of and less than 3.2.

On 5 March 2018, the Group acquired the land use right of a land parcel (No. RN-2017-23) located at south of Runing Avenue, Runan County in a listing for sale process held by Zhumadian City Land Transaction Centre* (駐馬店市地產交易中心) for state-owned construction land use rights. The purchase price for the acquisition was RMB100.59 million. Land parcel No. RN-2017-23 has a site area of 59,346.42 sq.m. with a mandatory detailed planned plot ratio of 1.0-1.8.

On 8 March 2018, the Group acquired the land use right of a land parcel (No. 2017-157) located at Yuhang Road South, Xinglin Road East, Zhujiang Road North, Shangqiu City in online tendering (listing) for sale process organised by Shangqiu City Land and Resources Bureau (商丘市國土資源局) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB180 million. Land parcel No. 2017-157 has a site area of 54,519.329 sq.m. with a mandatory detailed planned plot ratio of 1.0-3.3.

On 16 March 2018, the Group acquired the land use right of a land parcel (No. 2018-01A1) located at northeast of the Shuizhu Avenue and Junmingongjian Road, Hui County in online tendering (listing) for sale process on the online exchange system organised by Department of Land and Resources of Henan Province (河南省國土資源廳) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB211 million. Land parcel No. 2018-01A1 has a site area of 67,712.052 sq.m. with a mandatory detailed planned plot ratio of 1.5-2.2.

On 16 March 2018, the Group acquired the land use rights of three land parcels (No. 2017-026, 2017-028, 2017-027) located at the southeast corner of Songshan Road and Xiangyu Road, Gongyi City in online tendering (listing) for sale process on the online exchange system organised by Department of Land and Resources of Henan Province (河南省國土資源廳) for transfer of state-owned construction land use rights. The purchase prices for the acquisitions were RMB192 million, RMB262 million and RMB208 million respectively. Land parcel No. 2017-026 has a site area of 34,820.99 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0; land parcel No. 2017-028 has a site area of 58,067.76 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0; land parcel No. 2017-027 has a site area of 39,876.8 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0.

On 16 April 2018, the Group acquired the land use right of a land parcel (No. 2017-10) located at the east of Yingbin Road, south of Nanjing Road in tendering (listing) for sale process held by Yanshi City Public Resources Trading Centre* (偃師市公用資源交易中心) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB15 million. Land parcel No. 2017-10 has a site area of 7,925.35 sq.m. with a mandatory detailed planned plot ratio of 1.0-3.37.

On 20 April 2018, the Group acquired the land use right of a land parcel (Shangtuwanggua No. 2017-77) extending in the west to Fushang Avenue and the collective land of Dongzhuang Village Committee, and in the north to Fangyu Road, Shangqiu City in tendering (listing) for sale process held by Shangqiu City Land and Resources Bureau (商丘市國土資源局) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB84 million. Shangtuwanggua No. 2017-77 land parcel has a site area of 27,458.28 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.8.

On 27 April 2018, the Group acquired the land use right of a land parcel (Zhengzhengchu No. [2018]58) located at the east of Xisanhuan, High-tech Zone, west of Beijing-Guangzhou Expressway, Zhengzhou City in online tendering (listing) for sale process held by Zhengzhou City Public Resources Trading Centre* (鄭州市公共資源交易中心) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB416 million. Zhengzhengchu No. [2018]58 land parcel has a site area of 34,996.29 sq.m. with a mandatory detailed planned plot ratio of 1.0-5.133.

On 28 April 2018, the Group acquired the land use right of a land parcel (Xinjingkaituwangguagaozi No. [2018]3) located at Jingkai District, Xinxiang City in online tendering (listing) for sale process on the online exchange system organised by Department of Land and Resources of Henan Province (河南省國土資源廳) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB184 million. Xinjingkaituwangguagaozi No. [2018]3 land parcel has a site area of 48,930.64 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0.

On 28 April 2018, the Group acquired the land use rights of two land parcels (Pugongdi No. 2018-03, Pugongdi No. 2018-04) extending in the east to Lanhai Road, and in the north to Huanghe East Road, Puyang City in online tendering (listing) for sale process on the online exchange system organised by Puyang City Land and Resources Bureau (濮陽市國土資源局) for transfer of state-owned construction land use rights. The purchase prices for the acquisitions were RMB47 million and RMB111 million respectively. Pugongdi No. 2018-03 land parcel has a site area of 26,658.3 sq.m. with a mandatory detailed planned plot ratio of or less than 4.0; Pugongdi No. 2018-04 land parcel has a site area of 64,919.89 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.5.

On 2 May 2018, the Group acquired the land use right of a land parcel (Yonggua No. 2015-42) located at the north of Yongsu Road, Yongcheng City in tendering (listing) for sale process held by Yongcheng City Public Resources Trading Centre* (永城市公共資源交易中心) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB64 million. Yonggua No. 2015-42 land parcel has a site area of 36,924.45 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0.

On 4 May 2018, the Group acquired the land use rights of two land parcels (No. FGG-2018-09, FGG-2018-08) located at the east of Jiangjun Road, north of Hongchang Avenue, Fugou County in online tendering (listing) for sale process on the online exchange system organised by Department of Land and Resources of Henan Province (河南省國土資源廳) for transfer of state-owned construction land use rights. The purchase prices for the acquisitions were RMB85.5 million and RMB160 million respectively. Land parcel No. FGG-2018-09 has a site area of 48,576.5 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0; land parcel No. FGG-2018-08 has a site area of 59,126.4 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0.

On 7 May 2018, the Group acquired the land use rights of land parcels (No. YC-18-10#, YC-18-11#, YC-18-12#, YC-18-13#, YC-18-14#, YC-18-15#, YC-18-16#, YC-18-17#, YC-18-18#, YC-18-19# and YC-18-20#) located at Chenhuadian Town, Yanling County in online tendering (listing) for sale process organised by Yanling County Public Resources Trading Centre* (鄆陵縣公共資源交易中心) for transfer of state-owned construction land use rights. The purchase prices for the acquisitions were RMB33.3 million, RMB39.3 million, RMB38.4 million, RMB36.4 million, RMB3.2 million, RMB5.6 million, RMB6.3 million, RMB22 million, RMB9.2 million, RMB4.6 million and RMB1.1 million respectively. The above eleven land parcels have site area of 262,845 sq.m. in total, in which land parcels No. YC-18-10, 11, 12, 13, 17, 19, 20# have mandatory detailed planned plot ratio of 1.0-2.0, while land parcels No. YC-18-14, 18, 16# have mandatory detailed planned plot ratio of or less than 0.6, 1.0 and 0.9 respectively.

On 23 May 2018, the Group acquired the land use rights of two land parcels (No. GT2018-08, GT2018-16) located at the west of the square in front of the station of Lankao County Railway Station in online tendering (listing) for sale process on the online exchange system organised by Department of Land and Resources of Henan Province (河南省國土資源廳) for transfer of state-owned construction land use rights. The purchase prices for the acquisitions were RMB44 million and RMB35 million respectively. Land parcel No. GT2018-08 has a site area of 24,581.8 sq.m. with a mandatory detailed planned plot ratio of or less than 2.0; land parcel No. GT2018-16 has a site area of 20,197.8 sq.m. with a mandatory detailed planned plot ratio of or less than 0.62.

On 25 May 2018, the Group acquired the land use rights of land parcels (No. 1810, 1811) located at Jian'an District, Xuchang City in online tendering (listing) for sale process organised by Public Resources Trading Centre of Jian'an District, Xuchang City * (許昌市建安區公共資源交易中心) for transfer of state-owned construction land use rights. The purchase prices for the acquisitions were RMB270 million and RMB248 million respectively. Land parcel No. 1810 has a site area of 43,517 sq.m. with a mandatory detailed planned plot ratio of 1.0-3.0; land parcel No. 1811 has a site area of 40,611 sq.m. with a mandatory detailed planned plot ratio of 1.0-3.0.

On 31 May 2018, the Group acquired the land use rights of seven land parcels (No. YC-17-27#, YC-17-28#, YC-17-29#, YC-17-30#, YC-17-31#, YC-17-32#, YC-17-33#) located at the south of Jianye Avenue, Mafang Town, Yanling County in tendering (listing) for sale process held by Yanling County Public Resources Trading Centre* (鄢陵縣公共資源交易中心) for transfer of state-owned construction land use rights. The purchase prices for the acquisitions were RMB25 million, RMB26 million, RMB36 million, RMB38 million, RMB21 million, RMB22 million, RMB23 million and RMB22 million respectively. Land parcel No. YC-17-27# has a site area of 48,136 sq.m. with a mandatory detailed planned plot ratio of less than 1.5; land parcel No. YC-17-28# has a site area of 49,795 sq.m. with a mandatory detailed planned plot ratio of less than 1.5; land parcel No. YC-17-29# has a site area of 61,189 sq.m. with a mandatory detailed planned plot ratio of less than 2.0; land parcel No. YC-17-30# has a site area of 63,567 sq.m. with a mandatory detailed planned plot ratio of less than 2.0; land parcel No. YC-17-31# has a site area of 35,709 sq.m. with a mandatory detailed planned plot ratio of less than 2.0; land parcel No. YC-17-32# has a site area of 37,547 sq.m. with a mandatory detailed planned plot ratio of less than 2.0; land parcel No. YC-17-33 has a site area of 38,481 sq.m. with a mandatory detailed planned plot ratio of less than 2.0.

On 4 June 2018, the Group acquired the land use right of a land parcel (No. 2018-02) located at the east of Kejiao Avenue, Xiangfu District, Kaifeng City in online tendering (listing) for sale process on the online exchange system organised by Department of Land and Resources of Henan Province (河南省國土資源廳) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB120 million. Land parcel No. 2018-02 has a site area of 70,719 sq.m. with a mandatory detailed planned plot ratio of or less than 2.5; Xinzhengchu No. (2017) 028 (Wang) land parcel has a site area of 44,256.27 sq.m. with a mandatory detailed planned plot ratio of 1.0-1.8.

On 5 June 2018, the Group acquired the land use right of a land parcel (No. WXGT2018-27) located in the northwest of the old town, adjacent to Sima Street in the west, Wen County in tendering (listing) for sale process organised by Wen County Public Resources Trading Centre* (溫縣公共資源交易中心) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB173 million. Land parcel No. WXGT2018-27 has a site area of 51,676.9 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0.

On 6 June 2018, the Group acquired the land use right of a land parcel (No. TD-G-20180504-009) adjacent to Longcheng Road in the north and Binhe East Road (Main Road) in the west, Fangcheng County in tendering (listing) for sale process organised by Fangcheng County Public Resources Trading Centre* (方城縣公共資源交易中心) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB145 million. Land parcel No. TD-G-20180504-009 has a site area of 41,078 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.5.

On 30 May 2018, the Group acquired the land use right of a land parcel (Wuchu No. 2018-13) located at the west of the Government Building, Wugang City in online tendering (listing) for sale process on the online exchange system organised by Department of Land and Resources of Henan Province (河南省國土資源廳) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB48 million. Wuchu No. 2018-13 land parcel has a site area of 37,479 sq.m. with a mandatory detailed planned plot ratio of 1.0-1.8.

On 8 June 2018, the Group acquired the land use right of a land parcel (No. ZK2018-24) located at the north of Guangming Road, west of Yucheng Road, Zhoukou City in online tendering (listing) for sale process on the online exchange system organised by Department of Land and Resources of Henan Province (河南省國土資源廳) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB502 million. Land parcel No. ZK2018-24 has a site area of 73,542.12 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0.

On 22 June 2018, the Group acquired the land use rights of land parcels (No. ZYCR-2018-016, ZYCR-2018-017) located at east of Qingshuihe Road, Zhengyang County in a listing for sale process on the online exchange system organised by Zhumadian City Land Transaction Centre, Henan Province (河南省駐馬店市地產交易中心) for state-owned construction land use rights. The purchase prices for the acquisitions were RMB43 million and RMB41 million respectively. Land parcel No. ZYCR-2018-016 has a site area of 38,828.6 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0; land parcel No. ZYCR-2018-017 has a site area of 38,813.28 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0

On 25 June 2018, the Group acquired the land use rights of two land parcels (No. 2017-017, 2018-013 in Guotu (Wang) Gua 2018-4) located at west of Zhengxin Avenue, north of Changjiang Avenue, Pingyuan New District, Zhengzhou City in online tendering (listing) for sale process on the online exchange system organised by the Land and Resources Bureau under the Management Committee of Pingyuan New District, Xinxiang* (新鄉平原新區管委會國土資源局) for transfer of state-owned construction land use rights. The purchase prices for the acquisitions were RMB204 million and RMB272 million respectively. Land parcel No. 2017-017 has a site area of 67,097.33 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0; land parcel No. 2018-013 has a site area of 56,183.89 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0.

On 27 June 2018, the Group acquired the land use rights of land parcels (No. 2018-7, 2018-8, 2018-9) located at Nanhuan Road South, High-tech Industrial Development Zone, Jiyuan City in tendering (listing) for sale process held by Jiyuan City Public Resources Trading Centre* (濟源市公用資源交易中心) for transfer of state-owned construction land use rights. The purchase prices for the acquisitions were RMB146 million, RMB138 million and RMB100 million respectively. Land parcel No. 2018-7 has a site area of 56,387 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0; land parcel No. 2018-8 has a site area of 56,555.8 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0; land parcel No. 2018-9 has a site area of 32,119 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0.

On 29 June 2018, the Group acquired the land use right of a land parcel (No. AYS-2017-48) located at the southwest of Pingyuan Road and Santai Street, Beiguan District, Anyang City in tendering (listing) for sale process on the online exchange system organised by Department of Land and Resources of Henan Province (河南省國土資源廳) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB168 million. Land parcel No. AYS-2017-48 has a site area of 36,778.12 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.5.

On 5 July 2018, the Group acquired the land use rights of two land parcels (No. WG2018-05-7, WG2018-05-6) located at the east of Longshan Avenue, west of Guihuazong Twelveth Road, Ruzhou in tendering (listing) for sale process on the online exchange system held by Department of Land and Resources of Henan Province (河南省國土資源廳) for transfer of state-owned construction land use rights. The purchase prices for the acquisitions were RMB63 million and RMB34 million. Land parcel No. WG2018-05-7 has a site area of 27,455.99 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0; land parcel No. WG2018-05-6 has a site area of 33,122.8 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0.

On 7 July 2018, the Group acquired the land use right of a land parcel (No. JGT2018-2) located at the east of Jiaodong Road, south of Heping Road, Jiaozuo City in tendering (listing) for sale process on the online listing-for-sale system of Jiaozuo City designed for state-owned construction land use right and mining right* (焦作市國有建設用地使用權採礦權網上掛牌出讓系統). The purchase price for the acquisition was RMB347 million. Land parcel No. JGT2018-2 has a site area of 51,490 sq.m. with a mandatory detailed planned plot ratio of 1.0-1.98.

On 10 July 2018, the Group acquired the land use rights of land parcels (No. XH-201803) located at the south of Yingbin Avenue, east of Renhe Road, Xixia County in tendering (listing) for sale process on the online exchange system held by Department of Land and Resources of Henan Province (河南省國土資源廳) for transfer of state-owned construction land use rights. The purchase price for the acquisition were RMB231.4 million. Land parcel No. XH-201803 has a site area of 72,393.4 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.4.

On 13 July 2018, the Group acquired the land use rights of land parcels (No. G2018-04, G2018-05) located at Nanpu Health Industry Park, Changyuan County in tendering (listing) for sale process held by Changyuan County Land and Resources Bureau (長垣縣國土資源局) for transfer of state-owned construction land use rights. The purchase prices for the acquisitions were RMB50.9 million and RMB102 million respectively. Land parcel No. G2018-04 has a site area of 25,916.83 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0; land parcel No. G2018-05 has a site area of 51,802.05 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0.

On 23 July 2018, the Group acquired the land use right of a land parcel (Zhenggangchu No. [2018]123) located at south of Zhiyang Road, west of Dianzikeji second Street, Aviation Port District in tendering (listing) for sale process on the online exchange system held by the Public Resources Trading Centre of Zhengzhou Aviation Port Economic Integration Trial Zone* (鄭州航空港經濟綜合實驗區公共資源交易中心) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB439 million. Zhenggangchu No. [2018]123 land parcel has a site area of 38,903.8 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.5.

On 24 July 2018, the Group acquired the land use right of a land parcel (No. SS2018-3) located at the Weiliu Road South, west of Provincial Highway 213, Shangshui County in tendering (listing) for sale process on the online exchange system held by Department of Land and Resources of Henan Province (河南省國土資源廳) for transfer of state-owned construction land use rights. The purchase price for the acquisition were RMB89 million. Land parcel No. SS2018-3 has a site area of 49,000 sq.m. with a mandatory detailed planned plot ratio of 1.0-1.8.

On 27 July 2018, the Group acquired the land use rights of two land parcels (No. BAGT2018-05, BAGT2018-06) located at the north of Fazhan Avenue, Beibucheng District, Bo'ai County in tendering (listing) for sale process on the Jiaozuo City Land and Resources Online Trading System* (焦作市國土資源網交易系統) held by Bo'ai County Public Resources Trading Centre* (博愛縣公共資源交易中心) for transfer of state-owned construction land use rights. The purchase prices for the acquisitions were RMB109 million and RMB75 million respectively. Land parcel No. BAGT2018-05 has a site area of 60,000 sq.m. with a mandatory detailed planned plot ratio of or less than 2.2; land parcel No. BAGT2018-06 has a site area of 41,607.97 sq.m. with a mandatory detailed planned plot ratio of or less than 2.2.

On 30 July 2018, the Group acquired the land use right of a land parcel (No. 2018-012 in the Guotu (Wang) Gua 2018-6) located at the east of Jingxi Road, south of Danjiang Road, Pingyuan New District, Zhengzhou City in online tendering (listing) for sale process on the online exchange system organised by the Land and Resources Bureau under the Management Committee of Pingyuan New District, Xinxiang* (新鄉平原新區管委會國土資源局) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB40.1 million. Land parcel No. 2018-012 in the Guotu (Wang) Gua 2018-6 has a site area of 20,615.92 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.5.

On 31 July 2018, the Group acquired the land use right of a land parcel (Pudi No. 2018-C-04) (east to the Guihua Qinghe Road, Puyang City) in a listing for sale process on the online listing-for-sale system of Puyang City designed for state-owned construction land use right and mining right (濮陽市國有建設用地使用權採礦權網上掛牌出讓系統). The purchase price for the acquisition was RMB374 million. Pudi No. 2018-C-04 land parcel has a site area of 84,158.26 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.5.

On 1 August 2018, the Group acquired the land use right of a land parcel (No. DT[2018]13) located at the north of Tuanbin North Road, west of Beijing Avenue, Dengzhou City in tendering (listing) for sale process on the online exchange system held by Department of Land and Resources of Henan Province (河南省國土資源廳) for transfer of state-owned construction land use rights. The purchase price for the acquisition were RMB117 million. Land parcel No. DT[2018]13 has a site area of 29,528.2 sq.m. with a mandatory detailed planned plot ratio of 1.0-1.5.

On 1 August 2018, the Group acquired the land use right of a land parcel (No. ZMDY-2018-1) located at northeast of intersection of Qianjin Avenue and Beiquan Road, Zhumadian City in tendering (listing) for sale process on the online exchange system held by Zhumadian City Land Transaction Centre (駐馬店市地產交易中心) for state-owned construction land use rights. The purchase price for the acquisition was RMB493 million. Land parcel No. ZMDY-2018-1 has a site area of 120,429.54 sq.m. with a mandatory detailed planned plot ratio of 1.0-3.0.

On 2 August 2018, the Group acquired the land use right of a land parcel (No. LYTD-2018-23) located at the northwest corner of the intersection of Gaotie Avenue and Xiaowen Avenue, Yibin District, Luoyang City in tendering (listing) for sale process held by Luoyang City Public Resources Trading Centre* (洛陽市公用資源交易中心) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB467 million. Land parcel No. LYTD-2018-23 has a site area of 74,049.57 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.5.

On 9 August 2018, the Group acquired the land use rights of four land parcels (No. 2018-17#, 2018-18#, 2018-19#, 2018-20#4 in Changege City Wang Pai No.[2018]7) located at the east of Jianshe Road, south of Benma Road, Changege City in tendering (listing) for sale process on the online exchange system held by Department of Land and Resources of Henan Province (河南省國土資源廳) for transfer of state-owned construction land use rights. The purchase prices for the acquisitions were RMB109 million, RMB106 million, RMB109 million and RMB110 million respectively. Land parcel No. 2018-17# has a site area of 31,245.83 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0; land parcel No. 2018-18# has a site area of 30,539.72 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0; land parcel No. 2018-19# has a site area of 31,338.18 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0; land parcel No. 2018-20# has a site area of 31,857.58 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.0.

On 10 August 2018, the Group acquired the land use rights of four land parcels (No. MJTD-2018-36, MJTD-2018-37, MJTD-2018-38, MJTD-2018-39) located at north of Lianhuo Expressway, west of Luoji Expressway, Mengjin County in tendering (listing) for sale process on the online exchange system held by Mengjin County Land Transaction Centre* (孟津縣地產交易中心) for state-owned construction land use rights. The purchase prices for the acquisitions were RMB27 million, RMB28 million, RMB34 million and RMB29 million respectively. Land parcel No. MJTD-2018-36 has a site area of 35,664.28 sq.m. with a mandatory detailed planned plot ratio of or less than 1.3; Land parcel No. MJTD-2018-37 has a site area of 36,809.41 sq.m. with a mandatory detailed planned plot ratio of or less than 1.3; Land parcel No. MJTD-2018-38 has a site area of 43,979.38 sq.m. with a mandatory detailed planned plot ratio of or less than 1.3; Land parcel No. MJTD-2018-39 has a site area of 38,269.07 sq.m. with a mandatory detailed planned plot ratio of or less than 1.3.

On 30 August 2018, the Group acquired the land use right of a land parcel (No. 2018-05A2) located at the southeast of Qingyuan Road and Shuizhu Avenue, Hui County in tendering (listing) for sale process on the online exchange system held by Department of Land and Resources of Henan Province (河南省國土資源廳) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB124 million. Land parcel No. 2018-05A2 has a site area of 45,606.243 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.2.

On 10 September 2018, the Group acquired the land use rights of two land parcels (No. ZK2018-15, ZK2018-74) located at the east of Bayi Road, Chuanhui District, Zhoukou City in tendering (listing) for sale process on the online exchange system held by Department of Land and Resources of Henan Province (河南省國土資源廳) for transfer of state-owned construction land use rights. The purchase prices for the acquisitions were RMB180 million and RMB284 million respectively. Land parcel No. ZK2018-15 has a site area of 40,144.6 sq.m. with a mandatory detailed planned plot ratio of 1.0-3.0; land parcel No. ZK2018-74 has a site area of 52,401.7 sq.m. with a mandatory detailed planned plot ratio of 1.0-3.0.

On 12 September 2018, the Group acquired the land use right of a land parcel (No. 2018-45) located at the west of Jianshe Road South Section, south of Wei'er Road, Taikang County in tendering (listing) for sale process on the online exchange system held by Department of Land and Resources of Henan Province (河南省國土資源廳) for transfer of state-owned construction land use rights. The purchase price for the acquisition were RMB63 million. Land parcel No. 2018-45 has a site area of 37,506.5 sq.m. with a mandatory detailed planned plot ratio of 1.0-1.8.

On 8 October 2018, the Group acquired the land use rights of three land parcels (Dengzhengchu No. [2018]12, 13, 24) located at the north of Yinghe Road, Dengfeng City in tendering (listing) for sale process held by Dengfeng City Public Resources Trading Centre* (登封市公共資源交易中心) for transfer of state-owned construction land use rights. The purchase prices for the acquisitions were RMB193 million, RMB213 million and RMB19 million respectively. Dengzhengchu No. [2018]12 land parcel has a site area of 56,113.92 sq.m. with a mandatory detailed planned plot ratio of 1.0-1.8; Dengzhengchu No. [2018]13 land parcel has a site area of 61,960.58 sq.m. with a mandatory detailed planned plot ratio of 1.0-1.8; Dengzhengchu No. [2018]24 land parcel has a site area of 9,597.47 sq.m. with a mandatory detailed planned plot ratio of or less than 0.6.

On 7 December 2018, the Group acquired the land use rights of land parcels (Dengzhengchu No. [2018]40, Dengzhengchu No. [2018]41) located at the south of Shaolin Avenue, north of Xiezishan, Dengfeng City in tendering (listing) for sale process held by Dengfeng City Public Resources Trading Centre* (登封市公共資源交易中心) for transfer of state-owned construction land use rights. The purchase prices for the acquisitions were RMB49 million and RMB21 million respectively. Dengzhengchu No. [2018]40 land parcel has a site area of 22,289.8 sq.m. with a mandatory detailed planned plot ratio of or less than 1.0; Dengzhengchu No. [2018]41 land parcel has a site area of 9,534.68 sq.m. with a mandatory detailed planned plot ratio of or less than 1.0.

On 7 December 2018, the Group acquired the land use rights of two land parcels (No. WZGT2018-22, WZGT2018-23) located at the core section of Muluan New District, Wuzhi County in tendering (listing) for sale process on the online listing-for-sale system of Jiaozuo City designed for state-owned construction land use right and mining right* (焦作市國有建設用地使用權採礦權網上掛牌出讓系統). The purchase prices for the acquisitions were RMB38 million and RMB92 million respectively. Land parcel No. WZGT2018-22 has a site area of 12,689.56 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.5; land parcel No. WZGT2018-23 has a site area of 30,968.06 sq.m. with a mandatory detailed planned plot ratio of 1.0-2.5.

On 14 December 2018, the Group acquired the land use right of a land parcel (Zhengzhengchu No. [2018]146 (Wang)) located at Guancheng District, Zhengzhou City in tendering (listing) for sale process on the online listing system held by Zhengzhou City Public Resources Trading Centre* (鄭州市公共資源交易中心) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB430 million. Zhengzhengchu No. [2018]146 (Wang) land parcel has a site area of 43,968.03 sq.m. with a mandatory detailed planned plot ratio of or less than 1.0.

On 20 December 2018, the Group acquired the land use right of a land parcel (No. LYTD-2018-43) located at north of Binhe North Road, Luohe District, Luoyang City in tendering (listing) for sale process held by Luoyang City Public Resources Trading Centre* (洛陽市公共資源交易中心) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB511 million. Land parcel No. LYTD-2018-43 has a site area of 49,539.366 sq.m. with a mandatory detailed planned plot ratio of 1.0-3.9.

On 21 December 2018, the Group acquired the land use right of a land parcel (No. TK2018-58) located at the west of Jianshe Road South Section, Taikang County in tendering (listing) for sale process on the online exchange system held by Department of Land and Resources of Henan Province (河南省國土資源廳) for transfer of state-owned construction land use rights. The purchase price for the acquisition were RMB64 million. Land parcel No. TK2018-58 has a site area of 41,884 sq.m. with a mandatory detailed planned plot ratio of 1.0-1.8.

On 21 December 2018, the Group acquired the land use right of a land parcel (No. TK2018-55) located at the west of Jianshe Road South Section, south of Wei'er Road, Taikang County in tendering (listing) for sale process on the online exchange system held by Department of Land and Resources of Henan Province (河南省國土資源廳) for transfer of state-owned construction land use rights. The purchase price for the acquisition were RMB23 million. Land parcel No. TK2018-55 has a site area of 13,681.2 sq.m. with a mandatory detailed planned plot ratio of 1.0-1.8.

On 21 December 2018, the Group acquired the land use right of a land parcel (No. TK2018-47) located at the east of Yangxia Road, north of National Highway 311, Taikang County in tendering (listing) for sale process on the online exchange system held by Department of Land and Resources of Henan Province (河南省國土資源廳) for transfer of state-owned construction land use rights. The purchase price for the acquisition were RMB110 million. Land parcel No. TK2018-47 has a site area of 60,338.2 sq.m. with a mandatory detailed planned plot ratio of 1.0-1.8.

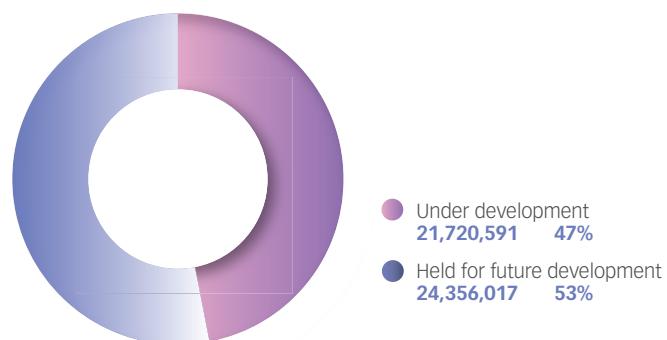
2. *Equity Interest Acquisitions*

As at 31 December 2018, the Group acquired 30, in aggregate, land parcels with a total site area of 1,536,058 sq.m. in Zhengzhou City, Luoyang City, Zhoukou City, Anyang City, Nanyang City and Xuchang City by way of equity interest acquisitions.

3. *Distribution of land reserves*

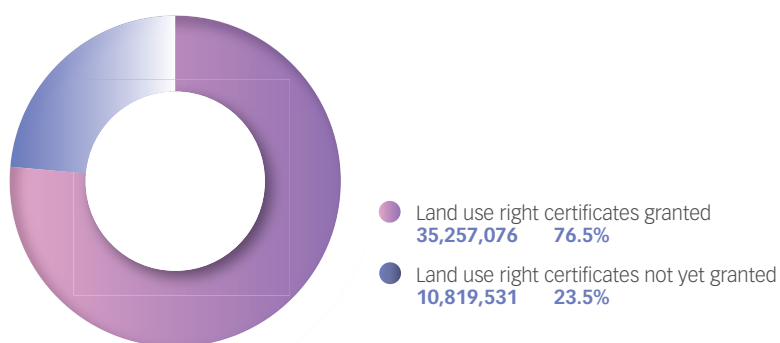
(1) *Distribution of the Company's land reserves by current development status*

Fig: distribution of land under development and land held for future development in the Company's land reserves
(as at 31 December 2018)



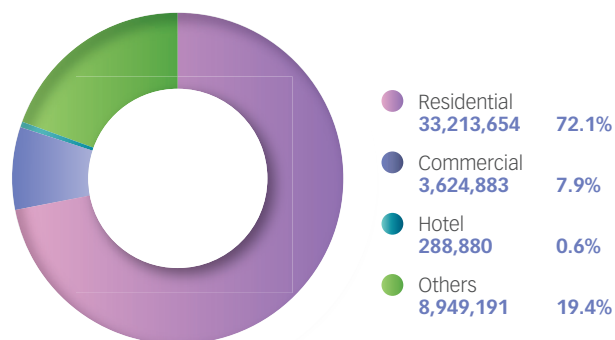
(2) *Distribution of the Company's land reserves by land use right certificates*

Fig: percentage of the Company's land reserves for which land use right certificates had been granted and those had not been granted
(as at 31 December 2018)



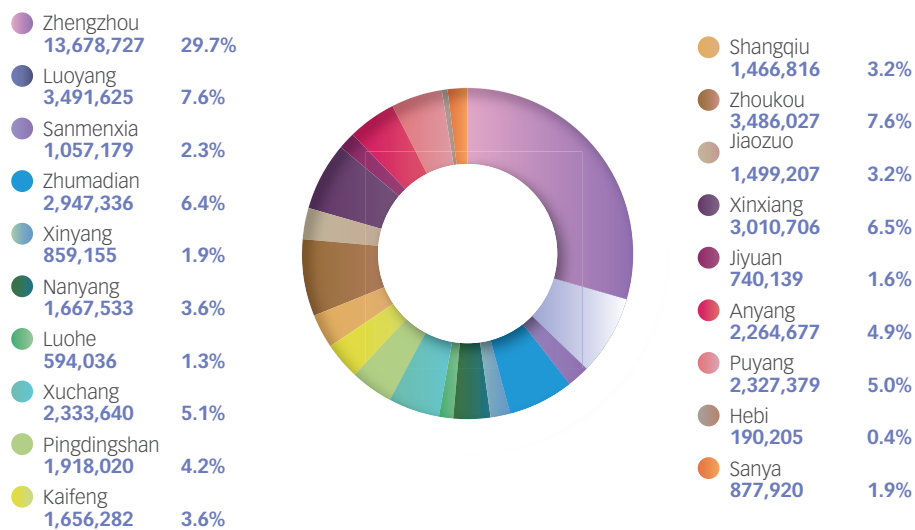
(3) *Distribution of the Company's land reserves by property types*

Fig: distribution of the Company's property types
(as at 31 December 2018)



(4) *Distribution of the Company's land reserves by cities*

Fig: distribution of the Company's land reserves by cities
(as at 31 December 2018)



(IV) Product Research and Development

The Company always adheres to the general principles of serialisation, standardisation and commercialisation for product development, and has progressively achieved large-scale commercialisation on a concrete foundation of serialization and standardisation which the Company had laid for years. The Company always keeps developing highly competitive products with customers' experience as an essence and conducts research and development for product design and construction with the main notion of achieving "Green, Low-carbon, Energy-saving and Technology."

1. Product Development and Serialisation, Standardisation and Commercialisation

During the reporting period, the Company made greater efforts in new product innovation as well as research and development according to corporate strategy in addition to upgrading its existing products. It continued to refine and deepen the research of product serialisation and standardisation and conduct product innovation and computations according to the market condition, with particular focus on changes in market demand and the new lifestyle of customers.

Based on its product line system, the Company constantly deepened and improved the serialization and standardization construction of architecture, landscape and decoration centering on product line and product adaption. Meanwhile, the Company continuously refined the architectural design, and came out with products of wide and transparent living rooms with increased competitiveness through conducting research on customers' needs and by reference to changes in relevant design specifications in the industry.

The Company has completed the research and development of the series products of CCRE Mall, a small urban complex, and released the standardised architectural, decorative and landscape design files of the series. The construction of the series has been standardised in various aspects such as positioning, scale, form, materials and practices, accumulated technologies in investment, operation, planning, design, construction and other aspects for small urban complexes to be constructed in the future, and contributed to the increase in the brand values of the Company.

The Company optimised its “Platform for Product Standardisation, Design and Management” to regulate design and management procedures, compiling product data base and securing product quality by means of informatisation. Architectural design tools were enriched by promoting the use of leading BIM technologies in the industry, and the accuracy of design was thus improved. Meanwhile, adhering to the development concept of “Green, Low-carbon, Energy-saving”, the Company incorporated the elements of green, health, technology and intelligence into product design to further show its meticulous care to customers.

As to the commercialisation of residential properties, on the basis of mature serialisation, standardised products series and long-term industrialised technology exploration, the Company researched and developed its technology standards, and applied the industrialised technologies in the design and construction of Luoyang Jianye Technology City, Puyang Jianye Tonghefu House, Shangqiu Jianye Blossom Garden and Xuchang Jianye Zhenyuehui. Promoting the application of industrialised technologies in projects demonstrates that the products of the Company has been marching toward an era of large-scale commercialization.

2. *Fully Decorated House*

The Company adheres to the development concept of “Green, Low-carbon, Energy-saving and Technology”, and formulated the “Product Planning System for Fully Decorated House of CCRE”, according to which the standards for renovation at each level have been established. Through the standardised management as required in the “Management System for Fully Decorated House of CCRE,” we completed the delivery of the fully decorated houses under Phase II of Zhengzhou Spring Time, Phase III of Zhengzhou Beverly Manor and Shangqiu Sky Mansion, which has enhanced customer satisfaction and gained market recognition.

Environmental Protection and Energy Conservation

To facilitate the development of green architecture and promote green life culture, the Company has formulated the Green Architecture Measures of CCRE in accordance with the Evaluation Standards for Green Buildings issued by the Ministry of Housing and Urban-Rural Development of PRC and the Evaluation Standards for Green Buildings of Henan Province, and issued the Green Manifesto of CCRE in 2010. We earnestly implement green building development plans by gradually using power-saving LED lights, water-saving spray irrigation, rainwater collection system, air-source energy heat pump, geothermal heat pump and other tools and technologies, thereby comprehensively improving the effectiveness of environmental protection and energy conservation for our corporate property projects. During the reporting period, eleven of our new projects, including Shangqiu Jianye Sky Mansion, Shangqiu Jianye Headquarter Port, Phase I of Zhumadian Spring Time, Phase VI of Zhengxi Jianye U-Town have successively passed the National Green Building Certification, of which 7 projects were rated as one star with certified GFA of 977,400 sq.m., and 4 projects were rated as two stars with certified GFA of 650,200 sq.m. We have hastened our footsteps in developing green buildings, our development strategies are also well recognised.

Waste and Emission Reduction

The waste generated in the course of the Company's daily operation mainly includes construction waste, household trash and wastewater, and the emission of such waste always abides by national standards. For the disposal of waste, the Company always, pursuant to the requirements of relevant local authorities, conducts concentrated collection of construction and household waste and takes appropriate measures for recycling or disposal according to the waste category while household wastewater will undergo a precipitation process before discharged into municipal sewage network and the underground wastewater will be used for irrigation or be discharged into the municipal rainwater pipe network.

The Company fully understands that preventing waste from the source is essential for alleviating environmental pollution in the long run. To this end, the Company vigorously advances the industrialisation of property development and residential systems in Henan by setting up exemplary construction sites in various projects concerning industrialisation of property development and residential systems. The originally complex construction procedures are streamlined, changing the production processes by switching from distributive to concentrated interior design and centralizing the procurements and construction works performed, thereby reducing material consumption, waste emission, waste air and greenhouse gas emission and noise pollution, mitigating social costs. Meanwhile, the Company has established an environmental impact assessment mechanism in accordance with state regulations to assess the environmental impacts at all construction phases, and formulated the Emergency Response Measures to minimize the negative impact of construction projects on the surrounding environment. Next year, the Company will continue to step up its emission reduction initiatives and amend the waste management policy where needed in a bid to improve the effectiveness of waste reduction.

Product Responsibility

Thanks to our rigorous product research and development and product safety supervision procedures, the Company's construction projects have reached the industry's highest standards in terms of applicability, safety and weight resistance. The Company has formulated its product research and development system and product management policy pursuant to state regulations and industry standards, providing detailed guidelines on product design, repair, maintenance, testing and inspection with a focus on planning and design, house configuration, product landing, material check and equipment testing in order to exercise all round supervision on the design, production and construction processes.

1. Design

According to regulatory plans, and taking into consideration of the market condition and its product lines, the Company designs projects in a scientific, reasonable and user-friendly way.

2. Approval

Project materials are improved and submitted to meet all the requirements under the regulations and policies of relevant government authorities in relation to project construction.

3. Before Construction

Construction drawings are reviewed by a professional cooperative institution to ensure compliance with national and industry standards.

4. Material Examination

Suppliers of building materials are carefully chosen, and their certification files are strictly examined and are subject to a review by a professional cooperative manufacturer.

5. During Construction

An external consultant is engaged to closely monitor project construction and progress.

6. Project Acceptance

Before completion, relevant projects will be checked by and filed with relevant government authorities.

To meet the expectations and needs of our customers, the Company will contact relevant customers to conduct opinion survey, making sure that the issued are completely solved. Meanwhile, the Company will also collect relevant cases to study and summarise, aiming to prevent similar issues from happening again and further improve the quality of our products and services.

(V) Customer Service and Customer Relations

In 2018, after 26 years of accumulation and 3 years of exploration and development, the Company has formed a rich “Jianye+” ecosystem concerning people’s well-being based on the framework of internal and external quality resources; and created a new lifestyle and happiness for our customers by providing personalised, customised and differentiated services and products.

During the reporting period, the Group focused on improving customer satisfaction, consolidated basic innovative services, and continuously improved product and service quality. The Company built the CCRE customer risk management system, and innovated and implemented “troubleshooting operation” to sort out the complaints from customers that may be involved in every stage of real estate development, and appropriate control actions and operation guidelines were formulated to effectively mitigate the risk of complaint; full-time 9617777 agents have been appointed to enhance the service capacity and professional level of the operators, in an effort to build a high-standard around-the-clock manual-operated call center in the industry; the 9617777 call system has been upgraded, with which more convenient and smooth services were provided to customers through access to the Group’s large database to realize smart dispatch, time limit warning, WeChat customer service, return visit by way of questionnaire, SMS reminder, online worksheet processing and other service functions; acceptance approaches have been innovated and third party delivery assessment was introduced to conduct a comprehensive assessment of higher standards and requirements for the delivered projects, to ensure delivery of products satisfactory to property owners; concerns of customers have been sorted out to prepare a defect case base in the form of an atlas, namely, the 100+ Customer Concerns (《客戶痛點100+》), in a view to avoiding recurrence of similar problems and promoting the further enhancement of product standards and product quality; the “Improvement and Enhancement” campaign (琢玉行動) was further carried out to improve comprehensively the dwelling environment and dwelling quality of old communities; in addition to integration of internal and external resources, the large campaigns for large accounts organised by the Company included 10,000-people sporting carnivals, Jianye city run and Jianye life festival. Through a series of feasibility control measures, the Company continued to improve customer satisfaction and maintained its position as one of the outstanding enterprises in the real estate sector in terms of customer satisfaction.

BUSINESS OUTLOOK

1. The Macro-economic Landscape

In 2018, China's macroeconomic development was stable and progressive, with the preset targets satisfactorily accomplished and the quality of development continuing to improve. The year 2019 marks the 70th anniversary of the founding of the People's Republic of China and is a crucial year for the mission of building a well-off society in an all-round way. Looking forward to 2019, the Chinese Government is to seize and make good use of the important strategic opportunities, insist on promoting high-quality development, carry on the supply-side structural reform as its principal task, concentrate its efforts and resources in fighting the "three tough battles" (i.e. controlling risks, reducing poverty and tackling pollution), strive to stimulate market vitality, demand potential and organic power, and coordinate the efforts in securing steady growth, advancing reform, optimizing structure, improving people's welfare, and preventing risks. China's macroeconomic policies are expected to strengthen the countercyclical adjustment, while its structural policies will aim to expedite the institutional and systematic construction, so as to maintain sustained and healthy economic development and overall social stability. It will carry on a proactive fiscal policy and prudent monetary policy, whereby the proactive fiscal policy should be strengthened for better effect, and the prudent monetary policy should be well balanced in strength. The term "strengthened" is reflected in the implementation of a larger scale of tax and fee reduction and a significant increase in the scale of the local government's special bonds, while "better effect" is reflected in the improvement on the efficiency in the allocation and use of the fiscal funds; the prudent monetary policy should be well-balanced in strength to maintain a reasonable and sufficient liquidity as well as a reasonable growth in the supply of capital, credit facilities and social financing, so as to offer more financial support to the private sector, and unblock the channel for the implementation of monetary policies. It is expected that China's macro economy will remain generally stable in 2019.

In 2018, the economic development of Henan Province was generally stable and progressive, maintaining a “stable, progressive, and satisfactory” trend. Looking forward to 2019, the provincial government will adhere to its new development theories while carrying on the supply-side structural reform as its principal task, unswervingly deepening the reform and opening up, and further stabilizing employment, financial market, foreign trade, foreign investment, domestic investment, and expectations. Efforts will be directed to increase effective investment and foster new growth drivers, so as to promote the high-quality development of the industrial zones, further reduce the operating costs of the business enterprises, increase the financial support to the real economy, increase supply of credit facilities, boost market demand, optimize the business environment, and stabilize social employment. It is expected that Henan Province will maintain a stable and healthy economic growth in 2019.

2. Property Market Outlook

In 2018, with the regulation and control over the real estate industry strengthened from both sides, i.e. the supply side and demand side, the market expectation has gradually returned to a rational level, and the effect of regulation has become evident, creating a favorable environment for the stable operation of the market and the smooth implementation of the regulation policies in the coming year. Looking forward to 2019, on the premise that the real estate market maintains its stable operation, the regulation policies will focus on achieving stability, especially stability in the land prices, property prices, and expectations. The government will continue to apply differentiated policies in different cities with specific guidance, aiming to underline the function of the city, maintain the continuity and stability of its policies, improve the housing supply structure, and curb speculation on real estate. It is expected that the whole real estate market of China will be under considerable pressure in 2019. Due to the effect of various factors such as economic growth, supply of currency and credit facilities, and policy regulation, the real estate market will show some signs such as high market volatility, stability in price and slow growth in new projects and investments. On the demand side, the regulation will be carried on to further stabilize the expectations. However, due to the inactivity in the market, the downward pressure on the area of commercial house sold in the third- and fourth-tier cities may eventually build up. On the supply side, the large-scale land reserve of the real estate developers will give a strong boost to the number of new projects to be launched, and their strategies of accelerating project turnover and sales proceeds collection will guarantee the continuous growth in new housing supply and in turn drive up the investment.

The urbanization rate of the regular residential population in Henan Province is lower than the national average by approximately 8 percentage points, while the growth rate of the area of commercial house sold is higher than the national average by approximately 4 percentage points, indicating that Henan Province is still in the process of high-speed urbanization, and there is huge room for the development of the real estate market. In 2019, the regulation of the real estate market in Henan Province will continue with better-targeted application of different policies in different cities, and the real estate market will continue to grow.

3. Business Planning

In 2019, the Company will continue to make greater vigor in land acquisitions and land development as well as the profitability enhancement of key regions with an aim to achieve substantial growth in scale. Meanwhile, creative marketing ideas will be explored to maintain a satisfactory annual performance of the Company, laying the Company a concrete foundation for sustainable and stable development.

1. Construction Plans

In 2019, the Company plans to commence the construction of a total of 144 projects or phases, with a GFA of approximately 13,976,061 sq.m..

City	Project Name	Principal Use of Property	Total GFA (sq.m.)
Zhengzhou	Gongyi Spring Time	Residential	201,282
Zhengzhou	Gongyi Chinoiserie Palace	Residential	87,504
Zhengzhou	Jianye – Chengyuan	Residential	116,667
Zhengzhou	Jianye – Art Mansion	Residential	346,440
Zhengzhou	Land Parcel Located at Northeast of Xinmi	Residential	76,528
Zhengzhou	Land Parcel Located at Southeast of Xinmi	Residential	152,816
Zhengzhou	Xinzheng Tianhuicheng	Residential	198,684
Zhengzhou	Zhengxi U-Town	Residential	305,317
Zhengzhou	Project of Zhengzhou J18	Commercial	324,042

City	Project Name	Principal Use of Property	Total GFA (sq.m.)
Zhengzhou	Zhengzhou Beilong Lake Land No. 24	Residential	82,495
Zhengzhou	Zhengzhou Harbour Zone Land No. 123	Residential	129,786
Zhengzhou	Zhengzhou Blossom Garden	Residential	37,044
Zhengzhou	Zhengzhou Jianye Fuju-Huayuankou Intelligent Square	Commercial	92,833
Zhengzhou	Zhengzhou Jianye Fuju-Wulong Century New City	Residential	206,300
Zhengzhou	Zhengzhou Jianye Tihome-International City	Residential	690,565
Zhengzhou	Dengfeng Songyue Mansion	Residential	231,296
Zhengzhou	Zhengzhou Yingtaogou	Residential	141,996
Kaifeng	Kaifeng CCRE Mall	Residential	165,935
Kaifeng	Kaifeng Jianye Headquarter Port	Commercial	87,866
Kaifeng	Kaifeng Taihe House	Residential	145,497
Kaifeng	Lankao Music Town	Residential	273,319
Kaifeng	Project of Qi County Jingsan Road	Residential	79,960
Luoyang	Luanchuan Luanzhou House	Residential	199,199
Luoyang	Luoyang Binhelong House	Residential	235,798
Luoyang	Luoyang Dachengxiaoyuan	Residential	92,274
Luoyang	Luoyang Dingding House	Residential	155,596
Luoyang	Luoyang Jianye Technology City	Residential	87,835
Luoyang	Luoyang Longcheng Dongwang	Residential	151,477
Luoyang	Luoyang Honorable Mansion	Residential	20,424
Luoyang	Yanshi Forest Peninsula	Residential	36,966
Pingdingshan	Pingdingshan Spring Time	Residential	230,394
Pingdingshan	Pingdingshan Eighteen Cities	Residential	43,377
Pingdingshan	Ruzhou Sweet-Scented Osmanthus Garden	Residential	147,637
Pingdingshan	Wugang Forest Peninsula	Residential	66,132
Anyang	Anyang Sweet-Scented Osmanthus Garden	Residential	58,691

City	Project Name	Principal Use of Property	Total GFA (sq.m.)
Anyang	Anyang Jianye City	Residential	113,536
Anyang	Anyang Xingye Avenue	Residential	120,367
Hebi	Hebi Green House	Residential	81,383
Hebi	Hebi Qishuiguanlu	Residential	113,403
Xinxiang	Project of Fengqiu Huangchi Road	Residential	244,004
Xinxiang	Hui County Code One City	Residential	125,544
Xinxiang	Jianye Beverly Manor	Residential	294,436
Xinxiang	Xinxiang U-Town	Residential	4,875
Xinxiang	Xinxiang Chinoiserie House	Residential	519,960
Xinxiang	Changyuan Forest Peninsula Courtyard	Residential	187,259
Jiaozuo	Jiaozuo Zhenyuehui	Residential	141,514
Jiaozuo	Wuzhi Star Mall	Residential	132,356
Puyang	Puyang Industrial Park	Residential	132,453
Puyang	Puyang Jianye New City	Residential	4,613
Puyang	Puyang Jianye Landmark	Residential	147,860
Puyang	Puyang Chinoiserie House	Residential	333,715
Puyang	Puyang Code One City	Residential	34,265
Puyang	Puyang Zhenyuehui	Residential	142,689
Xuchang	Xiangcheng CCRE Mall	Residential	283,937
Xuchang	Yanling Eco-City	Residential	31,602
Xuchang	Yuzhou Spring Time	Residential	207,625
Xuchang	Changge Sweet-Scented Osmanthus Garden New City	Residential	252,107
Xuchang	Changge Forest Eco-City	Residential	96,518
Luohe	Luohe Sweet-Scented Osmanthus Garden West District	Residential	123,718
Luohe	Project Luohe Jinjiang Road	Residential	216,282
Luohe	Luohe Xicheng Forest Peninsula	Residential	93,861
Sanmenxia	Sanmenxia New District Forest Peninsula	Residential	63,937
Sanmenxia	Sanmenxia Honorable Mansion	Residential	91,980

City	Project Name	Principal Use of Property	Total GFA (sq.m.)
Shangqiu	Minquan Project	Residential	204,602
Shangqiu	Shangqiu Blossom Garden	Residential	141,407
Shangqiu	Sui County Project	Residential	77,017
Shangqiu	Yongcheng Project	Residential	199,981
Shangqiu	Yucheng Project	Residential	62,310
Shangqiu	Zhecheng Project	Residential	221,192
Zhoukou	Huaiyang CCRE Mall	Residential	90,639
Zhoukou	Shangshui Yangcheng Courtyard	Residential	20,976
Zhoukou	Taikang Jianye City	Residential	16,240
Zhoukou	Taikang Eco-City	Residential	95,604
Zhoukou	Taikang Xingfuli East Garden	Residential	128,754
Zhoukou	Xihua Jicheng Courtyard	Residential	30,590
Zhoukou	Zhoukou Jianye City	Residential	188,486
Zhoukou	Zhoukou Jianye Landmark	Residential	107,647
Zhoukou	Zhoukou Green House	Residential	206,175
Zhoukou	Zhoukou Shiyue House	Residential	35,490
Zhumadian	Project at the Cross of Dexin Road and Cheyu Avenue, Pingyu	Residential	298,809
Zhumadian	Pingyu Jianye City	Residential	8,165
Zhumadian	Xincai Jianye CCRE Mall	Residential	20,833
Zhumadian	Xincai Jianye Sweet-Scented Osmanthus Garden	Residential	151,720
Zhumadian	Zhengyang Jianye City	Residential	7,600
Zhumadian	Zhumadian Spring Time	Residential	226,696
Zhumadian	Zhumadian Zhenyuehui	Residential	282,451
Nanyang	Nanyang Longyue City	Residential	190,049
Xinyang	Gushi Jianye City	Residential	112,423
Xinyang	Huangchuan Project	Residential	124,412
Xinyang	Luoshan Project	Residential	90,000
Xinyang	Xi County Project	Residential	89,539
Xinyang	XinyangYinxiang Hushan	Residential	211,661
Xinyang	Xinyang Jianye City	Residential	235,513
Jiyuan	Jiyuan Code One City Noth	Residential	63,309
	Total		13,976,061

2. *Delivery Plans*

In 2019, the Company plans to deliver a total of 53 projects or phases, with a GFA of approximately 6,105,415 sq.m..

City	Project Name	Principal Use of Property	Total GFA (sq.m.)
Zhengzhou	Gongyi Spring Time	Residential	172,522
Zhengzhou	Zhengzhou Jianye Tihome- International City	Residential	337,276
Zhengzhou	Xinmi Code One City	Residential	63,238
Zhengzhou	Zhengxi U-Town	Residential	219,942
Zhengzhou	Zhengzhou Huayuankou Intelligent Palace	Residential	160,025
Zhengzhou	Zhengzhou Blossom Garden	Residential	324,446
Zhengzhou	Zhengzhou Fuli-Wulong Century New City	Residential	250,021
Zhengzhou	Zhengzhou Canal Courtyard	Residential	93,022
Kaifeng	Kaifeng Chrysanthemum Garden	Residential	130,115
Luoyang	Luoyang Sweet-Scented Osmanthus Garden	Residential	120,382
Luoyang	Yanshi Forest Peninsula	Residential	79,638
Pingdingshan	Wugang Forest Peninsula	Residential	29,187
Anyang	Anyang Jianye City	Residential	155,018
Anyang	Hua County Code One City	Residential	126,592
Hebi	Hebi Code One City	Residential	86,413
Xinxiang	Jianye Beverly Manor	Residential	149,336
Xinxiang	Qinyang Jianye Spring Time	Residential	86,919
Xinxiang	Xinxiang Code One City	Residential	103,057
Xinxiang	Changyuan Forest Peninsula	Residential	110,697
Jiaozuo	Jiaozuo Spring Time	Residential	22,898
Jiaozuo	Jiaozuo Central Garden	Residential	82,540
Jiaozuo	Xiuwu Forest Peninsula	Residential	54,481
Puyang	Puyang Jianye New City	Residential	61,483
Puyang	Puyang Code One City	Residential	121,046
Xuchang	Xuchang Sweet-Scented Osmanthus Garden	Residential	135,188
Xuchang	Xuchang Chinoiserie House	Residential	71,234

City	Project Name	Principal Use of Property	Total GFA (sq.m.)
Xuchang	Xuchang Code One City	Residential	32,574
Xuchang	Yanling Eco-City	Residential	28,162
Xuchang	Yuzhou Sweet-Scented Osmanthus Garden	Residential	69,965
Xuchang	Changge Spring Time	Residential	83,352
Luohe	Luohe Xicheng Forest Peninsula	Residential	81,624
Luohe	Luohe Code One City	Residential	30,541
Sanmenxia	Lingbao Forest Peninsula	Residential	34,433
Sanmenxia	Sanmenxia New District Forest Peninsula	Residential	80,825
Sanmenxia	Sanmenxia Code One City	Residential	84,200
Shangqiu	Shangqiu Central Garden	Residential	80,073
Shangqiu	Shangqiu Hill Water Lake City	Residential	222,992
Shangqiu	Yongcheng U-Town	Residential	76,340
Shangqiu	Zhecheng U-Town	Residential	37,324
Zhoukou	Luyi Jianye City	Residential	271,744
Zhoukou	Shenqiu Jianye City	Residential	120,981
Zhoukou	Xiangcheng Spring Time	Residential	73,247
Zhoukou	Zhoukou Jianye Landmark	Residential	164,973
Zhoukou	Zhoukou Forest Peninsula	Residential	76,098
Zhumadian	Pingyu Jianye City	Residential	163,033
Zhumadian	Suiping Jianye Forest Peninsula	Residential	120,033
Zhumadian	Xiping Forest Peninsula	Residential	88,695
Zhumadian	Xincai Jianye CCRE Mall	Residential	104,662
Zhumadian	Zhengyang Jianye City	Residential	167,816
Zhumadian	Zhumadian Jianye Eighteen Cities	Residential	188,890
Nanyang	Nanyang Shilihushan	Residential	71,608
Nanyang	Nanyang Code One City	Residential	178,716
Xinyang	Xinyang Jianye City	Residential	25,798
	Total		6,105,415

RISK MANAGEMENT AND INTERNAL CONTROL

The Company clearly defines the authorisations and responsibilities of the Board, the Audit Committee, the management, the internal audit function and other units to ensure the establishment, implementation and effective assessment of risk management and internal control systems.

The Company's risk management and internal control systems aim to manage, but not eliminate, risks of failing to achieve business objectives, and make reasonable, but not absolute, guarantee that there is no material misstatement or loss only.

The Board has the responsibility to evaluate and determine the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and to ensure the Company establish and maintain appropriate and effective risk management and internal control systems on an ongoing basis. The Board also monitors the management regarding the design, implementation and supervision of the risk management and internal control systems.

Key risks, control measures and management actions are continually identified, reviewed and monitored by the management. The management has established a risk identification and management process. The risk assessment report is reported to the Audit Committee and the Board on a regular basis to highlight changes in the risk assessment, quantitative and qualitative factors affecting the inherent risks and effectiveness of mitigating measures on other risks.

A Three Lines of defence system for risk management and internal control has been put in place, namely frontline defence in business operation, functional centralised defence in internal control department, and the independent oversight defence in the internal audit department. In order to enhance our risk management and internal control, each department is accountable for its daily operations, and is required to conduct regular self-evaluation on internal control and establish internal control team. The internal control team is responsible to regularly carry out spot check and improvement on the internal control guidelines, issue report on the internal control as well as work out remedies for inadequacies identified during internal control and independent audit, which are inspected and followed up by the internal audit department of the Company regularly in order to ensure the relevant remedial actions are performed on a timely basis. Review findings have been reported to the Audit Committee for further follow-up actions.

The risk management systems of the Company are continually being monitored and refined by the Audit Committee and the Board. The Board has received assurance from the CEO and the management of the Company regarding the effectiveness of the risk management systems of the Company.

The Board performs the duty of reviewing the interim and annual results with the Audit Committee, the management of the Company, the internal audit function and external independent auditors in accordance with the procedures, and conducts a review and assessment on the effectiveness of the Company's risk management and internal control systems and procedures at least annually. The Board and the Audit Committee act pursuant to any opinion from the internal audit function and external auditors. They also reviewed the resources, qualifications and experience of staff of the Company's accounting, internal audit and financial reporting functions and their training programmes and budget and were satisfied with their adequacy. The Board believes that the existing risk management and internal control systems are adequate and effective for the year ended 31 December 2018.

EVENTS AFTER THE REPORTING PERIOD

On 14 December 2018, Joy Ascend Holdings entered into the equity transfer agreement with Joy Bright Investments Limited, pursuant to which Joy Ascend Holdings Limited agreed to acquire the 100% equity interest in Pacific Prestige Holdings Limited at a consideration of RMB765,000,000. The transaction was approved at the extraordinary general meeting on 30 January 2019.

On 29 January 2019, Central China Real Estate Group (China) Company Limited* ("CCRE China") and Bridge Trust Co., Ltd.* ("Bridge Trust") entered into an acquisition agreement, pursuant to which, CCRE China agreed to acquire 45.45% equity interests in Henan Central China Hengxin Property Company Limited* ("CCRE Hengxin") from Bridge Trust at a consideration of approximately RMB709,685,000. As at the date of the beforementioned transaction, CCRE Hengxin was owned as to 54.55% and 45.45% by CCRE China and Bridge Trust respectively. Upon the completion, CCRE Hengxin is now owned as to 100% by CCRE China, and has changed from a jointly controlled entity of the Company to an indirect wholly-owned subsidiary of the Company.

* *For identification purposes only*

On 29 January 2019, the Company issued senior notes in the principal amount of US\$200 million which will be due in 2020. The senior notes bear interest at the rate of 7.325% per annum, payable semi-annually in arrears. The senior notes will be due on 27 January 2020. The details of the redemption price were disclosed in the relevant offering memorandum dated 22 January 2019 of the Company published by the Company on the Stock Exchange website on 30 January 2019.

On 30 January 2019, the Company entered into a framework agreement with Central China New Life Service Company Limited (“Central China New Life”), pursuant to which the Company has agreed to acquire, and Central China New Life agreed to provide tourism services based on the Group’s business needs. Please refer to the announcement of the Company dated 30 January 2019 for details.

On 30 January 2019, the Company entered into a framework agreement with Central China New Life, pursuant to which the Company has agreed to acquire, and Central China New Life agreed to provide hotel management services based on the Group’s business needs. Please refer to the announcement of the Company dated 30 January 2019 for details.

On 31 January 2019, the Company entered into a framework agreement with Central China New Life, pursuant to which the Company has agreed to acquire, and Central China New Life agreed to provide consultation services, marketing centre management services, vacant properties management services, self-owned properties management services and properties pre-delivery inspection services based on the Group’s business needs. Please refer to the announcement of the Company dated 31 January 2019 for details.

ISSUANCE OF SENIOR NOTES

On 5 March 2018, the Company issued the 6.5% senior notes with principle amount of US\$300 million due 2021, which will be due on 5 March 2021. For further details of the issuance of senior notes, please refer to the relevant offering memorandum dated 26 February 2018 published by the Company on the Stock Exchange website on 6 March 2018.

On 23 April 2018 and 5 June 2018, the Company issued the 6.875% senior notes with total principle amount of US\$386 million (with additionally-issued) due 2020, which will be due on 23 October 2020. For further details of the issuance of senior notes, please refer to the relevant offering memorandums dated 16 April 2018 and 28 May 2018 published by the Company on the Stock Exchange website on 24 April 2018 and 6 June 2018, respective.

On 2 May 2018, the Company issued the 6.25% senior notes with principle amount of SGD150 million due 2020, which will be due on 2 May 2020. For further details of the issuance of senior notes, please refer to the relevant offering memorandum dated 24 April 2018 published by the Company on the Stock Exchange website on 3 May 2018.

FINAL DIVIDEND

The Board resolved to recommend a final dividend of HK\$14.12 cents (equivalent to RMB12.09 cents) per share for the year ended 31 December 2018 (for the year ended 31 December 2017: nil).

HK\$7.16 cents per share (for the six months ended 30 June 2017: Nil) was distributed as interim dividend for the six months ended 30 June 2018.

ANNUAL GENERAL MEETING

The 2019 AGM will be held on Tuesday, 30 April 2019 and the notice thereof will be published and despatched to the shareholders of the Company in a manner as required by the Listing Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders’ eligibility to attend and vote at the 2019 AGM, the register of members of the Company will be closed from Thursday, 25 April 2019 to Tuesday, 30 April 2019 (both days inclusive), during which period no transfer of shares will be registered. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 24 April 2019, for registration.

For the purposes of determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 7 May 2019 to Thursday, 9 May 2019 (both days inclusive), during which period no transfer of shares will be registered. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 6 May 2019, for registration.

CORPORATE GOVERNANCE PRACTICES

The Company has always valued the superiority, steadiness and rationality of having a sound system of corporate governance and is committed to continuously improving its corporate governance and disclosure practices. For the year ended 31 December 2018, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code (the "Corporate Governance Code") in Appendix 14 to the Listing Rules with the exception of Code Provision E.1.2 as addressed below.

Code provision E.1.2 — This code provision requires the chairmen to invite the chairman of the audit, remuneration and nomination committees to attend the annual general meeting.

Mr. Wu Po Sum, being an executive Director and the chairman of the Board and the nomination committee of the Company, was unable to attend the 2018 AGM as he was out of town for other business.

Mr. Xin Luo Lin, an independent non-executive Director and the chairman of the remuneration committee of the Company, was unable to attend the 2018 AGM as he was out of town for other business.

In their absence, the other members of the Board, Ms. Yan Yingchun and Mr. Cheung Shek Lun, being a member of the Board, the remuneration committee and the nomination committee, attended the 2018 AGM and answered questions raised at the meeting.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct for the Directors in their dealings in the Company's securities. Having made specific enquires with each Director, the Company confirmed that all Directors had complied with the required standard as set out in the Model Code throughout the year ended 31 December 2018.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2018, neither the Company nor any of its subsidiaries and its joint ventures purchased, redeemed or sold any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Annual Results, including the accounting principles and practices adopted by the Group, and discussed auditing, risk management and internal control systems and financial reporting matters as well as reviewed the audited financial statements for the year ended 31 December 2018 with the management.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT

This Annual Results announcement is published on the HKExnews website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.jianye.com.cn. The Company's annual report for the year ended 31 December 2018 will be published on both websites and despatched to the shareholders of the Company in due course.

By Order of the Board
Central China Real Estate Limited
Wu Po Sum
Chairman

Hong Kong, 27 March 2019

For the purpose of this announcement, unless otherwise indicated, the conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 = HK\$1.1679. Such rate is for the purpose of illustration only and does not constitute a representation that any amount in RMB or HK\$ has been or could have been or may be converted at such or another rate or at all.

As at the date of this announcement, the Board comprises nine Directors, of which Mr. Wu Po Sum, Mr. Liu Weixing and Mr. Wang Jun are executive Directors, Mr. Lucas Ignatius Loh Jen Yuh, Mr. Puah Tze Shyang and Ms. Wu Wallis (alias Li Hua) are non-executive Directors, Mr. Cheung Shek Lun, Mr. Xin Luo Lin and Dr. Sun Yuyang are independent non-executive Directors.