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**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)

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

**FINANCIAL HIGHLIGHTS**

- Revenue for the six months ended 30 June 2018 amounted to RMB4,771 million, a slight decrease of 5.7% compared with the corresponding period in 2017.
- Gross profit margin for the period was 36.0%, an increase of 9.7% compared with 26.3% for the corresponding period in 2017.
- Profit attributable to equity shareholders of the Company for the period amounted to RMB550 million, an increase of 35.7% compared with the corresponding period in 2017.
- Net profit margin for the period was 12.0%, an increase of 2.7% compared with 9.3% for the corresponding period in 2017.
- Basic earnings per share for the period was RMB22.28 cents, an increase of 34.3% compared with the corresponding period in 2017.
- An interim dividend of HK7.16 cents per share for the six months ended 30 June 2018.

## INTERIM RESULTS

The board (the “Board”) of directors (the “Directors” and each a “Director”) of Central China Real Estate Limited (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2018, together with the relevant comparative figures in 2017 as follows:

### CONSOLIDATED INCOME STATEMENT

*for the six months ended 30 June 2018 - unaudited*

*(Expressed in Renminbi)*

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2018</b>	2017
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>	4	<b>4,770,643</b>	5,057,721
Cost of sales	6	<u><b>(3,050,977)</b></u>	<u>(3,725,840)</u>
<b>Gross profit</b>		<b>1,719,666</b>	1,331,881
Other revenue	5	<b>131,511</b>	71,255
Other net (loss)/ income	5	<b>(45,794)</b>	50,902
Selling and marketing expenses		<b>(432,813)</b>	(175,653)
General and administrative expenses		<b>(582,862)</b>	(414,128)
Impairment losses on trade and other receivables, including contract assets	6	<u><b>(40,513)</b></u>	<u>—</u>
		<b>749,195</b>	864,257
Finance costs	6	<b>(163,940)</b>	(234,973)
Share of losses of associates		<b>(4,969)</b>	(1,703)
Share of profits less losses of joint ventures		<u><b>(65,107)</b></u>	<u>18,257</u>
<b>Profit before change in fair value of investment property and income tax</b>		<b>515,179</b>	645,838
Net valuation gains on investment property		<u><b>563,555</b></u>	<u>227,533</u>
<b>Profit before taxation</b>	6	<b>1,078,734</b>	873,371
Income tax	7	<u><b>(504,469)</b></u>	<u>(404,335)</u>
<b>Profit for the period</b>		<u><b>574,265</b></u>	<u>469,036</u>

## CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2018 - unaudited (Continued)

(Expressed in Renminbi)

		Six months ended 30 June	
	Note	2018	2017
		RMB'000	RMB'000
<b>Attributable to:</b>			
Equity shareholders of the Company		550,011	405,256
Non-controlling interests		<u>24,254</u>	<u>63,780</u>
<b>Profit for the period</b>		<b><u>574,265</u></b>	<b><u>469,036</u></b>
<b>Earnings per share</b>	8		
– Basic (RMB cents)		<b><u>22.28</u></b>	<b><u>16.59</u></b>
– Diluted (RMB cents)		<b><u>21.84</u></b>	<b><u>16.59</u></b>

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2018 - unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
<b>Profit for the period</b>	<b>574,265</b>	<b>469,036</b>
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>		
<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)	<b>43,982</b>	–
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on:		
– translation of financial statements to the presentation currency	<b>9,161</b>	(40,464)
– arising on a monetary item that forms part of net investment in foreign operations	<b>(117,547)</b>	91,594
Cash flow hedge:		
– effective portion of changes in fair value	<b>(817)</b>	(33,069)
– transfer from equity to profit or loss	<b>–</b>	74,225
<b>Other comprehensive income for the period</b>	<b>(65,221)</b>	<b>92,286</b>
<b>Total comprehensive income for the period</b>	<b>509,044</b>	<b>561,322</b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>484,968</b>	496,981
Non-controlling interests	<b>24,076</b>	64,341
<b>Total comprehensive income for the period</b>	<b>509,044</b>	<b>561,322</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2018 - unaudited

(Expressed in Renminbi)

	Note	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		4,104,061	3,793,340
Investment property		2,825,020	1,297,000
Intangible assets		192,413	204,300
Biological assets		105,114	—
Interest in associates	9	518,068	536,549
Interest in joint ventures	10	8,700,373	9,026,377
Other financial assets		569,413	486,366
Deferred tax assets		170,485	100,742
		<u>17,184,947</u>	<u>15,444,674</u>
<b>Current assets</b>			
Trading securities		75,754	97,105
Biological assets		124,016	—
Inventories and other contract costs	11	32,721,668	24,341,214
Contract assets		41,635	—
Trade and other receivables	12	3,027,925	1,664,421
Deposits and prepayments	13	7,339,296	6,554,002
Tax recoverable		1,340,571	1,016,854
Restricted bank deposits		2,390,342	2,125,062
Cash and cash equivalents		12,566,772	11,283,853
		<u>59,627,979</u>	<u>47,082,511</u>
<b>Current liabilities</b>			
Bank loans	14	(1,113,526)	(450,118)
Other loans	15	(445,000)	(90,000)
Trade and other payables	16	(18,936,408)	(22,034,089)
Receipts in advance		—	(15,087,593)
Contract liabilities		(26,882,551)	—
Corporate bonds	18	(2,991,480)	—
Senior notes	17	(1,315,830)	(3,890,692)
Taxation payable		(998,489)	(1,116,940)
		<u>(52,683,284)</u>	<u>(42,669,432)</u>
<b>Net current assets</b>		<u>6,944,695</u>	<u>4,413,079</u>
<b>Total assets less current liabilities</b>		<u>24,129,642</u>	<u>19,857,753</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2018 – unaudited (continued)

(Expressed in Renminbi)

		At 30 June 2018 <i>RMB'000</i>	At 31 December 2017 <i>RMB'000</i>
	<i>Note</i>		
<b>Non-current liabilities</b>			
Bank loans	14	(3,844,095)	(3,437,460)
Other loans	15	(180,000)	(210,000)
Trade and other payables		(28,302)	(58,302)
Corporate bonds	18	–	(2,986,914)
Senior notes	17	(9,774,081)	(4,518,961)
Deferred tax liabilities		(354,236)	(172,947)
		<u>(14,180,714)</u>	<u>(11,384,584)</u>
<b>Net assets</b>		<u><b>9,948,928</b></u>	<u><b>8,473,169</b></u>
<b>Capital and reserves</b>			
Share capital		239,958	216,916
Reserves		<u>8,706,324</u>	<u>7,477,757</u>
<b>Total equity attributable to equity shareholders of the Company</b>		<b>8,946,282</b>	<b>7,694,673</b>
<b>Non-controlling interests</b>		<u><b>1,002,646</b></u>	<u><b>778,496</b></u>
<b>Total equity</b>		<u><b>9,948,928</b></u>	<u><b>8,473,169</b></u>

## NOTES:

### 1 BASIS OF PREPARATION

The interim results set out in the announcement do not constitute the Group's interim financial report for the six months ended 30 June 2018 but are extracted from the report.

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 21 August 2018.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any changes in accounting policies are set out in note 2 and the accounting policy added for biological assets.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included in the interim financial report sent to shareholders. In addition, this interim financial report has been reviewed by the Company's Audit Committee.

The financial information relating to the financial year ended 31 December 2017 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory annual consolidated financial statements for the year ended 31 December 2017 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 12 March 2018.

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\$").

## **2 CHANGES IN ACCOUNTING POLICIES**

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:

- HKFRS 9, *Financial instruments*
- HKFRS 15, *Revenue from contracts with customers*
- 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.

### **HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation***

#### **(i) *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.



Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;
- FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or
- FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

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.

**(ii) Credit losses**

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with the 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.

The Group applies the new ECL model to the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables;
- contract assets as defined in HKFRS 15;
- debt securities measured at FVOCI (recycling);
- lease receivables;
- financial guarantee contracts issued; and
- loan commitments issued, which are not measured at FVPL.

Financial assets measured at fair value, including equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

**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.

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.

**(i) *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 goods had passed to the customers.

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 People's Republic of China ("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. For 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.

***(ii) 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*.

**(iii) *Sales commissions payable related to property sales contracts***

The Group previously recognised sales commissions payable related to property sales contracts as selling and marketing expenses 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.

**(iv) *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 consideration, or is contractually required to pay 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 Group’s properties sales which meet the situations for recognising revenue over time was included within inventory until the such properties were transferred to the customers, and the risk and reward of ownership of revenue was recognised for the reasons explained in paragraph (i) above.

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFRS 9 and HKFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by HKFRS 9 and/or HKFRS 15:

	At 31 December 2017 <i>RMB'000</i>	Impact on initial application of HKFRS 9 <i>RMB'000</i>	Impact on initial application of HKFRS 15 <i>RMB'000</i>	At 1 January 2018 <i>RMB'000</i>
Interest in joint ventures	9,026,377	–	15,779	9,042,156
Other financial assets	486,366	33,002	–	519,368
Deferred tax assets	100,742	11,359	(5,103)	106,998
<b>Total non-current assets</b>	<b>15,444,674</b>	<b>44,361</b>	<b>10,676</b>	<b>15,499,711</b>
Inventories and other contract costs	24,341,214	–	(671,649)	23,669,565
Contract assets	–	–	42,542	42,542
Trade and other receivables	1,664,421	(45,437)	(42,542)	1,576,442
<b>Total current assets</b>	<b>47,082,511</b>	<b>(45,437)</b>	<b>(671,649)</b>	<b>46,365,425</b>
Contract liabilities	–	–	(14,179,075)	(14,179,075)
Receipts in advance	(15,087,593)	–	15,087,593	–
Taxation payable	(1,116,940)	–	(60,313)	(1,177,253)
<b>Total current liabilities</b>	<b>(42,669,432)</b>	<b>–</b>	<b>848,205</b>	<b>(41,821,227)</b>
<b>Net current assets</b>	<b>4,413,079</b>	<b>(45,437)</b>	<b>176,556</b>	<b>4,544,198</b>
<b>Total assets less current liabilities</b>	<b>19,857,753</b>	<b>(1,076)</b>	<b>187,232</b>	<b>20,043,909</b>
Deferred tax liabilities	(172,947)	(8,250)	(8,872)	(190,069)
<b>Total non-current liabilities</b>	<b>(11,384,584)</b>	<b>(8,250)</b>	<b>(8,872)</b>	<b>(11,401,706)</b>
<b>Net assets</b>	<b>8,473,169</b>	<b>(9,326)</b>	<b>178,360</b>	<b>8,642,203</b>
Reserves	7,477,757	(9,326)	178,360	7,646,791
<b>Total equity attributable to equity shareholders of the Company</b>	<b>7,694,673</b>	<b>(9,326)</b>	<b>164,619</b>	<b>7,849,966</b>
Non-controlling interests	778,496	–	13,741	792,237
<b>Total equity</b>	<b>8,473,169</b>	<b>(9,326)</b>	<b>178,360</b>	<b>8,642,203</b>

Further details of these changes are set out in the Group's interim financial report.

### **3 SEGMENT REPORTING**

#### **(a) Products and 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 to be only one operating segment under the requirements of HKFRS 8, *Operating segments*.

#### **(b) Revenue from principal activities**

The Group's revenue from its principal activities is set out in note 4.

#### **(c) Geographic 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.

## 4 REVENUE

### Disaggregation of revenue

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

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:

	Six months ended 30 June	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS15</b>		
Disaggregation by major products or service lines		
– Sales of properties	4,329,414	4,781,586
– Revenue from hotel operations	132,356	132,113
– Revenue from project management service	248,901	99,024
	<u>4,710,671</u>	<u>5,012,723</u>
<b>Revenue from other sources</b>		
– Rental income	59,972	44,998
	<u>4,770,643</u>	<u>5,057,721</u>
<b>Disaggregation by timing of revenue recognition:</b>		
– Point in time	1,281,552	4,913,699
– Over time	3,489,091	144,022
	<u>4,770,643</u>	<u>5,057,721</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.



## 5 OTHER REVENUE AND OTHER NET (LOSS)/INCOME

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
<b>Other revenue</b>		
Interest income on financial assets measured at amortised cost	91,845	42,965
Dividend income	2,076	15,090
Government grants	22,443	750
Financial guarantee contract issued	915	975
Others	14,232	11,475
	<u>131,511</u>	<u>71,255</u>
<b>Other net (loss)/income</b>		
Net exchange (loss)/gain	(10,061)	30,360
Unrealised loss on trading securities	(21,778)	(8,695)
Net fair value gain on deemed disposals of a joint venture	14,107	–
Inventory write-down and losses net of reversals ( <i>note 11</i> )	(18,670)	(5,845)
Net gain on deemed disposals of subsidiaries	–	280
Net gain/(loss) on disposals of property, plant and equipment	136	(91)
Forfeited income from a tenant	–	31,623
Others	(9,528)	3,270
	<u>(45,794)</u>	<u>50,902</u>

## 6 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
<b>(a) Finance costs</b>		
Interest on borrowings	916,146	507,555
Less: borrowing costs capitalised	<u>(776,068)</u>	<u>(392,996)</u>
	140,078	114,559
Net change in fair value of derivatives	<u>23,862</u>	<u>120,414</u>
Total finance costs	<u><b>163,940</b></u>	<u><b>234,973</b></u>
<b>(b) Other items</b>		
Depreciation and amortisation	127,703	126,518
Impairment losses on trade and other receivables, including contract assets	40,513	–
Cost of properties sold	2,971,852	3,649,629
Sponsorship fee for local football development	<u><b>190,000</b></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.

## 7 INCOME TAX

	Six months ended 30 June	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Current tax</b>		
PRC Corporate Income Tax	229,371	186,577
PRC Land Appreciation Tax		
– Provision for the period	216,114	147,889
– Over-provision in prior years	(27,036)	(6,458)
	<u>418,449</u>	<u>328,008</u>
<b>Deferred tax</b>		
Revaluation of properties	140,889	56,883
PRC Land Appreciation Tax	(56,703)	22,084
Others	1,834	(2,640)
	<u>86,020</u>	<u>76,327</u>
	<u><b>504,469</b></u>	<u><b>404,335</b></u>

- (a) Pursuant to the rule and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.
- (b) No Hong Kong Profits Tax has been provided for as the Group has no estimated assessable profits in Hong Kong.
- (c) **PRC Corporate Income Tax (“CIT”)**

The provision for CIT is based on the respective applicable rates on the estimated assessable profits of the Company’s subsidiaries in the PRC (“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 period.

**(d) 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.

## **8 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 RMB550,011,000 (2017: RMB405,256,000) and the weighted average of 2,468,577,628 ordinary shares (2017: 2,442,270,760 shares) in issue during the interim period.

**(b) Diluted earnings per share**

The calculation of diluted earnings per share was based on the profit attributable to ordinary equity shareholders of the Company of RMB550,011,000 (2017: RMB405,256,000) and the weighted average number of ordinary shares of 2,518,263,696 (2017: 2,442,270,760 shares), calculated as follows:

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

	<b>Six months ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Profit attributable to equity shareholders (diluted)	<b>550,011</b>	<b>405,256</b>

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

	<b>Six months ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Weighted average number of ordinary shares at 30 June	<b>2,468,578</b>	2,442,271
Effect of deemed issue of ordinary shares under the Company's share option scheme	<b>49,686</b>	–
Weighted average number of ordinary shares at 30 June (diluted)	<b>2,518,264</b>	2,442,271

**9 INTEREST IN ASSOCIATES**

	<b>At 30 June 2018 RMB'000</b>	<b>At 31 December 2017 RMB'000</b>
Share of net assets	<b>118,778</b>	122,746
Amounts due from associates	<b>399,290</b>	413,803
	<b>518,068</b>	536,549

**10 INTEREST IN JOINT VENTURES**

	<b>At 30 June 2018 RMB'000</b>	<b>At 31 December 2017 RMB'000</b>
Share of net assets	<b>3,197,225</b>	3,642,625
Amounts due from joint ventures	<b>5,503,148</b>	5,383,752
	<b>8,700,373</b>	9,026,377

## 11 INVENTORIES AND OTHER CONTRACT COSTS

	At 30 June 2018 <i>RMB'000</i>	At 31 December 2017 <i>RMB'000</i>
Properties held for future development and under development for sale	28,660,118	19,785,224
Completed properties held for sale	3,992,090	4,555,990
Other contract costs	<u>69,460</u>	<u>—</u>
	<u><b>32,721,668</b></u>	<u><b>24,341,214</b></u>

*Notes:* 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.

During six months ended 30 June 2018, RMB18,670,000 (six months ended 30 June 2017: RMB5,845,000) has been recognised as a reduction in the amount of properties for sale recognised as an expense in profit or loss during the period in order to state these properties at the lower of their cost and estimated net realisable value.

As at 30 June 2018, the Group's inventories of RMB449,954,000 (31 December 2017: RMBNil) were pledged as securities of a joint venture's other loan.

## 12 TRADE AND OTHER RECEIVABLES

	At 30 June 2018 <i>RMB'000</i>	At 31 December 2017 <i>RMB'000</i>
Trade debtors and bills receivable, net of loss allowance ( <i>note (a)</i> )	113,118	82,354
Other debtors	1,935,023	912,098
Amounts due from related companies ( <i>note (b)</i> )	79,365	35,501
Amounts due from non-controlling interests ( <i>note (c)</i> )	<u>854,122</u>	<u>590,619</u>
Financial assets measured at amortised cost	2,981,628	1,620,572
Derivative financial instruments		
– Redemption call options embedded in senior notes	28,974	43,849
– Foreign exchange forward contracts	<u>17,323</u>	<u>–</u>
	<u><b>3,027,925</b></u>	<u><b>1,664,421</b></u>

*Notes:*

- (a) As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable and net of loss allowance based on the invoice date (or date of revenue recognition, if earlier) is as follows:

	At 30 June 2018 <i>RMB'000</i>	At 31 December 2017 <i>RMB'000</i>
Within 1 month	21,558	32,853
1 to 3 months	4,215	2,593
3 to 6 months	41,021	6,199
6 to 12 months	18,423	24,131
Over 1 year	27,901	16,578
	<u>113,118</u>	<u>82,354</u>

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".

- (b) The balance included amount due from a joint venture of RMB69,688,000 and amount due from entities controlled by the ultimate controlling shareholder of RMB9,677,000 which are unsecured, interest-free and have no fixed terms of repayment.
- (c) The amounts due from non-controlling interests are unsecured, interest-free and have no fixed terms of repayment.

### 13 DEPOSITS AND PREPAYMENTS

At 30 June 2018, the balance included deposits and prepayments for leasehold land of RMB4,432,058,000 (31 December 2017: RMB3,829,342,000).



## 14 BANK LOANS

(a) At 30 June 2018, bank loans were repayable as follows:

	At 30 June 2018 <i>RMB'000</i>	At 31 December 2017 <i>RMB'000</i>
Within 1 year or on demand	<u>1,113,526</u>	<u>450,118</u>
After 1 year but within 2 years	1,603,996	986,674
After 2 years but within 5 years	1,687,714	1,785,876
After 5 years	<u>552,385</u>	<u>664,910</u>
	<u>3,844,095</u>	<u>3,437,460</u>
	<u>4,957,621</u>	<u>3,887,578</u>

(b) At 30 June 2018, the bank loans were secured as follows:

	At 30 June 2018 <i>RMB'000</i>	At 31 December 2017 <i>RMB'000</i>
Bank loans		
– secured	3,086,250	2,003,125
– unsecured	<u>1,871,371</u>	<u>1,884,453</u>
	<u>4,957,621</u>	<u>3,887,578</u>

As at 30 June 2018, the secured bank loans are secured over equity interest in subsidiaries of the Group and other assets as follows:

	At 30 June 2018 <i>RMB'000</i>	At 31 December 2017 <i>RMB'000</i>
Properties for sale	1,579,007	721,365
Property, plant and equipment	762,725	792,220
Equity interest in a joint venture	412,305	53,197
	<u>2,754,037</u>	<u>1,566,782</u>

- (c) 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. As at 30 June 2018 and 31 December 2017, none of the covenants relating to drawn down facilities had been breached.

## 15 OTHER LOANS

At 30 June 2018, other loans were repayable as follows:

	At 30 June 2018 <i>RMB'000</i>	At 31 December 2017 <i>RMB'000</i>
Within 1 year or on demand	445,000	90,000
After 1 year but within 2 years	90,000	90,000
After 2 years but within 5 years	90,000	90,000
After 5 years	—	30,000
	<u>180,000</u>	<u>210,000</u>
	<u>625,000</u>	<u>300,000</u>

As at 30 June 2018, the other loans are unsecured (31 December 2017: unsecured).

## 16 TRADE AND OTHER PAYABLES

	At 30 June 2018 <i>RMB'000</i>	At 31 December 2017 <i>RMB'000</i>
Trade creditors and bills payables ( <i>note (a)</i> )	10,174,816	8,450,966
Other creditors and accruals	3,269,505	3,281,632
Patent payables	60,000	35,000
Amounts due to related parties ( <i>note (b)</i> )	4,158,457	9,352,517
Amounts due to non-controlling interests ( <i>note (c)</i> )	1,176,990	830,852
	<hr/>	<hr/>
Financial liabilities measured at amortised cost	18,839,768	21,950,967
Financial guarantee issued	3,042	3,957
Derivative financial instruments		
– Foreign exchange rate swap contract ( <i>note 17(d)</i> )	92,781	79,165
– Interest rate swap contracts	817	–
	<hr/>	<hr/>
	<b>18,936,408</b>	<b>22,034,089</b>
	<hr/>	<hr/>

At 30 June 2018, included in trade and other payables are retention payable of RMB40,843,000 (31 December 2017: RMB47,993,000), which are expected to be settled after more than one year.

*Notes:*

- (a) 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:

	At 30 June 2018 <i>RMB'000</i>	At 31 December 2017 <i>RMB'000</i>
Within 1 month	2,423,354	1,817,736
1 – 3 months	1,077,828	1,711,165
3 – 6 months	2,513,501	2,281,060
6 – 12 months	2,378,283	1,035,045
Over 12 months	1,781,850	1,605,960
	<b>10,174,816</b>	<b>8,450,966</b>

- (b) The balance included amounts due to joint ventures of RMB4,152,203,000 (31 December 2017: RMB9,352,517,000) and amounts due to entities controlled by the ultimate controlling shareholder of RMB6,254,000 (31 December 2017: Nil) which are unsecured, interest-free and have no fixed terms of repayment.
- (c) The amounts due to non-controlling interests included an amount of RMB268,500,000 (31 December 2017: RMB105,000,000) which is unsecured, interest bearing at 10%-12% (31 December 2017: 10%) per annum and has no fixed terms of repayment.

The remaining amounts due to non-controlling interests are unsecured, interest-free and have no fixed terms of repayment.

## 17 SENIOR NOTES

Liability component of the Senior Notes:

	At 30 June 2018 <i>RMB'000</i>	At 31 December 2017 <i>RMB'000</i>
USD200million due in 2020 ( <i>note (a)</i> )	1,313,646	1,295,951
USD400million due in 2018 ( <i>note (b)</i> )	–	2,596,209
USD300million due in 2021 ( <i>note (c)</i> )	1,964,560	1,937,635
USD200million due in 2021 ( <i>note (d)</i> )	1,303,729	1,285,374
USD200million due in 2018 ( <i>note (e)</i> )	1,315,830	1,294,484
USD300million due in 2021 ( <i>note (f)</i> )	1,956,323	–
USD386million due in 2020 ( <i>note (g)</i> )	2,514,170	–
SGD150million due in 2020 ( <i>note (h)</i> )	721,653	–
	<b>11,089,911</b>	8,409,653
<i>Less: amount due for maturity within 12 months</i> (classified as current liabilities)	<b>(1,315,830)</b>	(3,890,692)
	<b><u>9,774,081</u></b>	<b><u>4,518,961</u></b>

(a) On 21 January 2013, the Company issued senior notes with principal amount of USD200million due in 2020. The senior notes are interest bearing at 8% per annum which is payable semiannually in arrears and with a redemption call option.

(b) On 22 May 2013, the Company issued senior notes with principal amount of USD400million due in 2018. The senior notes are interest bearing at 6.5% per annum which is payable semiannually in arrears and with a redemption call option.

On 4 June 2018, the Company redeemed the outstanding senior notes upon maturity.

(c) On 23 April 2015, the Company issued senior notes with principal amount of USD300million due in 2021. The senior notes are interest bearing at 8.75% per annum which is payable semiannually in arrears and with a redemption call option.

- (d) On 8 November 2016, the Company issued senior notes with principal amount of USD200million due in 2021. The senior notes are interest bearing at 6.75% per annum which is payable semi-annually in arrears and with a redemption call option.

The Company entered into a foreign exchange rate swap contract to manage its exposure to foreign exchange rate risk of the USD200m senior notes due in 2021 by swapping the senior notes principal of USD200million into RMB1,385,600,000. The aggregate notional principal amounts of the foreign exchange rate swap contract is USD200 million and the contract will mature on 8 November 2021. The foreign exchange rate swap contract is accounted for at fair value at the end of reporting period as derivative financial instrument in accordance with the Group's accounting policy. As at 30 June 2018, the fair value of the foreign exchange rate swap contract liability amounted to RMB92,781,000 (note 16) is measured based on market price quoted by brokers and the fair value change loss of RMB12,113,000 is recorded under "Finance cost" (note 6(a)).

- (e) On 18 July 2017, the Company issued senior notes with principal amount of USD200million due in 2018. The senior notes are interest bearing at 6% per annum which is payable semi-annually in arrears and with a redemption call option.
- (f) On 5 March 2018, the Company issued senior notes with principal amount of USD300million due in 2021. The senior notes are interest bearing at 6.5% per annum which is payable semi-annually in arrears and with a redemption call option.
- (g) On 23 April 2018 and 5 June 2018, the Company issued senior notes with principal amount of USD386million due in 2020. The senior notes are interest bearing at 6.875% per annum which is payable semiannually in arrears and with a redemption call option.
- (h) On 2 May 2018, the Company issued senior notes with principal amount of SGD150million due in 2020. The senior notes are interest bearing at 6.25% per annum which is payable semiannually in arrears and with a redemption call option.
- (i) The above senior notes are secured by the corporate guarantees given by certain subsidiaries of the Company. The details of the senior notes are disclosed in the relevant offering memorandums.

## 18 CORPORATE BONDS

	At 30 June 2018 <i>RMB'000</i>	At 31 December 2017 <i>RMB'000</i>
At the beginning of the period/year	<b>2,986,914</b>	2,978,128
Interest and transaction costs amortised	<b>4,566</b>	8,786
	<b><u>2,991,480</u></b>	<b><u>2,986,914</u></b>

On 15 March 2016, China Securities Regulatory Commission approved the application of Central China Real Estate Group (China) Company Limited (“CCRE China”), a company established in the PRC and a wholly-owned subsidiary of the Company, for a proposed issue of corporate bonds of up to RMB3,000,000,000 (the “Corporate Bonds”).

On 13 April 2016, CCRE China issued Corporate Bonds with principal amount of RMB3,000,000,000 due in 2021 listed on the Shanghai Stock Exchange. The coupon rate of the Corporate Bonds was fixed at 6% per annum which is payable annually in arrears. The maturity date of the Corporate Bonds is 12 April 2021.

At the end of third year, CCRE China may at its option adjust the coupon rate of the Corporate Bonds and the holders of the Corporate Bonds may at their options redeem the Corporate Bonds, in whole or in part, at a predetermined price.

The details of Corporate Bonds are disclosed in the relevant offering memorandum.

## 19 DIVIDENDS

Dividends payable to equity shareholders attributable to the interim period

	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Interim dividend declared after the interim period of HK7.16 cents (equivalent to RMB6.04 cents) (2017: Nil) per ordinary share	<u><b>165,000</b></u>	<u>–</u>

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

## 20 COMMITMENTS

Capital commitments outstanding not provided for in the interim financial report are as follows:

	At 30 June 2018 <i>RMB'000</i>	At 31 December 2017 <i>RMB'000</i>
Properties under development undertaken by the Group		
– Authorised but not contracted for	<b>24,808,437</b>	12,352,427
– Contracted for	<u><b>11,909,906</b></u>	<u>6,814,843</u>
	<u><b>36,718,343</b></u>	<u>19,167,270</u>



## 21 CONTINGENT LIABILITIES

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

The Group and joint ventures provide 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 and joint ventures are responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted buyers to banks. The Group's and joint ventures' guarantee periods commence from the dates of grants of the relevant mortgage loans and end after the buyers obtain the individual property ownership certificates of the properties purchased. The amount of guarantees given to banks for mortgage facilities granted to the buyers of the Group's and joint ventures' properties at 30 June 2018 are as follows:

	At 30 June 2018 <i>RMB'000</i>	At 31 December 2017 <i>RMB'000</i>
Guarantees given to banks for mortgage facilities granted to buyers of:		
– the Group's properties	22,179,918	18,738,540
– the joint ventures' properties (the Group's shared portion)	<u>3,116,880</u>	<u>4,602,718</u>
	<u><b>25,296,798</b></u>	<u><b>23,341,258</b></u>

The directors do not consider it is probable that the Group and joint ventures will sustain a loss under these guarantees during the periods under guarantees as the Group and joint ventures have not applied for individual property ownership certificates for these buyers and can take over the ownership 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 guaranteed by the Group and joint ventures in the event that the buyers default payments to the banks.

**(b) Guarantees given to financial institutions for bank loans and other loans granted to joint ventures:**

The Group provided guarantees to bank loans and other loans of joint ventures amounting to RMB6,650,935,000 as at 30 June 2018 (31 December 2017: RMB6,511,840,000). At the end of the reporting period, the directors do not consider it is probable that claims will be made against the Group under these guarantees. The Group has not recognised any deferred income in respect of these guarantees as their fair values cannot be reliably measured using observable market data and their transaction prices were RMBNil (31 December 2017: RMBNil).

**(c) Liquidity support given to 河南建業物業管理有限公司 (for identification purpose, in English, Henan Jianye Property Management Company Limited (“Jianye Property Management”)):**

The Group provided liquidity support, not exceeding RMB650,000,000, in favour of Jianye Property Management for outstanding amount in relation to Asset-backed Securities of RMB850,000,000 issued by Jianye Property Management in April 2016.

The liquidity support fee of RMB915,000 was recognised for the six months ended 30 June 2018 (2017: RMB975,000).

## **22 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD**

- (a) On 4 July 2018, the Group entered into the Pledge Agreement and the Guarantee Agreement with Ping An Trust, pursuant to which the Group agreed to provide pledge and guarantee in favor of a Group’s joint venture for its trust loan of RMB1,600,000,000 granted by Ping An Trust.
- (b) On 16 July 2018, the Company has redeemed outstanding senior notes due in 2018 upon maturity with principal amount of USD200,000,000 and nominal interest rate of 6% at the predetermined redemption price.
- (c) After the end of the reporting period, the Board declared an interim dividend. Further details are disclosed in note 19.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### *Overall performance*

The Group is pleased to announce a significant growth in contracted sales amounting to RMB25,329 million for the six months ended 30 June 2018, representing a year-on-year increase of 82.4%. 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 RMB14,957 million as at 30 June 2018.

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”) and revenue recognized during the period decreased slightly as compared to the corresponding period of last year, due to the delay in the sales carried forward of some 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 elected and thereby not allowing the delay of sales carried forward from previous years to current or subsequent periods.

In addition to property sales, the Group has been expanding its revenue base and spreading its operational risks through expanding hotel and cultural tourism projects and diversifying businesses. Yanling Jianye The Mist Hot Spring Hotel, the first self-operated hotel of the Group, has put into trial operation during the period. The management believes that injecting part of the resources into these new businesses would improve the Group’s industry value-chain by integrating interactive business segments including properties, hotels and cultural tourism and offering “tailor-made” services to our customers.

As at 30 June 2018, the Group has participated in 93 light-asset projects with a total planned GFA of approximately 14.25 million sq.m.. The Group expects the light-asset projects will generate steady income to the Group in the coming years and such income will increase following the development of the projects.

**Revenue:** Our revenue decreased by 5.7% to approximately RMB4,771 million for the six months ended 30 June 2018 from approximately RMB5,058 million for the six months ended 30 June 2017, primarily due to the delay in the sales carried forward of some properties since the current period as a result of the application of HKFRS15.

- **Income from sales of properties:** Revenue from property sales decreased by 9.5% to approximately RMB4,329 million for the six months ended 30 June 2018 from approximately RMB4,782 million for the six months ended 30 June 2017 due to a decrease in sold area by 22.9% to 679,243 sq.m. for the six months ended 30 June 2018 from 880,741 sq.m. for the six months ended 30 June 2017. The average selling price (excluding underground parking spaces) increased by 1.3% to RMB5,427 per sq.m. for the six months ended 30 June 2018 from RMB5,358 per sq.m. for the six months ended 30 June 2017.
- **Rental income:** Income from property leasing was approximately RMB60 million for the six months ended 30 June 2018, representing an increase of 33.3% as compared to RMB45 million in the corresponding period of last year, which was mainly derived from rental income of commercial buildings and shopping malls.
- **Revenue from hotel operation:** Revenue from hotel operation was approximately RMB132 million for the six months ended 30 June 2018, basically the same with the corresponding period of last year.
- **Revenue from provision of project management service:** Revenue from provision of project management service increased by 151.5% to approximately RMB249 million for the six months ended 30 June 2018 from approximately RMB99 million for the six months ended 30 June 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 18.1% to approximately RMB3,051 million for the six months ended 30 June 2018 from approximately RMB3,726 million for the six months ended 30 June 2017. The decrease in cost of sales was due to a decrease in GFA sold during the current period as mentioned above.

**Gross profit:** The Group's gross profit increased by 29.1% to approximately RMB1,720 million for the six months ended 30 June 2018 from approximately RMB1,332 million for the six months ended 30 June 2017, while our gross profit margin increased significantly by 9.7% from 26.3% for the six months ended 30 June 2017 to 36.0% for the six months ended 30 June 2018. It was principally due to: 1) an increase in the proportion of sales of car park spaces with higher gross profit margin as a result of an increased sales volume; 2) an increase in revenue from project management service with higher gross profit margin; and 3) prior years' sales promotion resulted in revenue recognised at a lower price during the corresponding period of last year.

**Other revenue:** Other revenue increased by 85.9% to approximately RMB132 million for the six months ended 30 June 2018 from approximately RMB71 million for the same period of 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 (loss)/income:** Other net income decreased by 190.2% to a loss of approximately RMB46 million for the six months ended 30 June 2018 from an income of approximately RMB51 million for the six months ended 30 June 2017. This was primarily due to 1) the exchange loss of RMB10 million for the period as compared to the exchange gain of RMB30 million for the corresponding period of last year; and 2) the forfeited income from a tenant recorded during the corresponding period of last year.

**Selling and marketing expenses:** Our selling and marketing expenses increased significantly by 146.0% to approximately RMB433 million for the same period of 2018 from approximately RMB176 million for the six months ended 30 June 2017. The increase was primarily due to 1) an increase in brand advertising and property marketing expenses; and 2) the charitable donation of RMB190 million to sports recognized during the period (30 June 2017: Nil).

**General and administrative expenses:** Our general and administrative expenses increased by 40.8% to approximately RMB583 million for the same period of 2018 from approximately RMB414 million for the six months ended 30 June 2017. This increase was primarily due to a significant increase in the number of administrative staff as a result of our business expansion. On the other hand, since the significant increase in the demand for administrative staff with experience in Mainland real estate, the Group adjusted the wages of its administrative staff according to the market conditions so as to reduce administrative staff turnover.

**Impairment losses on trade and other receivables, including contract assets:** Impairment losses on trade and other receivables, including contract assets, amounted to approximately RMB41 million for the six months ended 30 June 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.

**Share of profits less losses of joint ventures:** Our share of profits less losses of joint ventures decreased by 461.1% to a loss of approximately RMB65 million for the six months ended 30 June 2018 from a profit of approximately RMB18 million for the corresponding period of 2017, primarily due to substantial new joint ventures are still under the progress of project construction.

**Finance costs:** Our finance costs decreased by 30.2% to approximately RMB164 million for the six months ended 30 June 2018 from approximately RMB235 million for the corresponding period of 2017, mainly due to the change in fair value of derivatives.

**Net valuation gain on investment property:** A net increase of approximately RMB564 million in valuation gain on our investment property for the six months ended 30 June 2018 was recorded, which was mainly due to the use of Luoyang Triumph Plaza during the period 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 for the period mainly comprises corporate income tax and land appreciation tax. The Group’s income tax increased by 24.8% to approximately RMB504 million for the six months ended 30 June 2018 from approximately RMB404 million for the corresponding period of 2017. It 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.

**Profit for the period:** As a result of the foregoing, our profit for the period increased by 22.4% to approximately RMB574 million for the six months ended 30 June 2018 as compared to approximately RMB469 million for the same period of 2017.

**Financial resources and utilisation:** As at 30 June 2018, the Group’s cash and cash equivalents amounted to approximately RMB12,567 million (31 December 2017: approximately RMB11,284 million). Subsequent to the reporting period, the Group has declared an interim dividend of approximately RMB165 million in total to the shareholders of the Company in relation to profit attributable to the six months ended 30 June 2018 (30 June 2017: Nil).

## 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 period, 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 30 June 2018, the repayment schedule of the Group’s bank and other borrowings was as follows:

	As at 30 June 2018 <i>RMB’000</i>	As at 31 December 2017 <i>RMB’000</i>
<b>Repayment Schedule</b>		
<b>Bank loans</b>		
Within one year	1,113,526	450,118
More than one year, but not exceeding two years	1,603,996	986,674
More than two years, but not exceeding five years	1,687,714	1,785,876
Exceeding five years	552,385	664,910
	<u>4,957,621</u>	<u>3,887,578</u>
<b>Other loans</b>		
Within one year	445,000	90,000
More than one year, but not exceeding two years	90,000	90,000
More than two years, but not exceeding five years	90,000	90,000
Exceeding five years	—	30,000
	<u>625,000</u>	<u>300,000</u>
<b>Corporate bonds</b>		
Within one year	2,991,480	—
More than one year, but not exceeding two years	—	2,986,914
	<u>2,991,480</u>	<u>2,986,914</u>

	As at 30 June 2018 <i>RMB'000</i>	As at 31 December 2017 <i>RMB'000</i>
<b>Repayment Schedule</b>		
<b>Senior notes</b>		
Within one year	1,315,830	3,890,692
More than one year, but not exceeding two years	2,035,299	–
More than two years, but not exceeding five years	7,738,782	4,518,961
	<u>11,089,911</u>	<u>8,409,653</u>
<b>Total borrowings</b>	<u>19,664,012</u>	<u>15,584,145</u>
<b>Deduct:</b>		
Cash and cash equivalents	<u>(12,566,772)</u>	<u>(11,283,853)</u>
<b>Net borrowings</b>	<u>7,097,240</u>	<u>4,300,292</u>
<b>Total equity</b>	<u>9,948,928</u>	<u>8,473,169</u>
<b>Net gearing ratio (%)</b>	<u>71.3%</u>	<u>50.8%</u>

**Pledge of assets:** As at 30 June 2018, we had pledged completed properties, properties under development, properties for future development, property, plant and equipment and equity interest in a joint venture with an aggregate carrying amount of approximately RMB2,754 million (31 December 2017: approximately RMB1,567 million) to secure general bank credit facilities and other loans granted to us. We also pledged properties under development (31 December 2017: property, plant and equipment) with an aggregate carrying amount of approximately RMB450 million (31 December 2017: approximately RMB160 million) to secure bank loans (31 December 2017: other loans) of joint ventures.



**Contingent liabilities:** As at 30 June 2018, we provided guarantees of approximately RMB25,297 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 RMB6,651 million as at 30 June 2018 (31 December 2017: approximately RMB6,512 million) in respect of bank loans and other loans of joint ventures. 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 30 June 2018 (31 December 2017: RMB650 million) in relation to Assets-backed Securities issued by Jianye Property Management.

**Capital commitment:** As at 30 June 2018, we had contractual commitments undertaken by subsidiaries and joint ventures attributable to our Group, the performance of which was underway or ready, in respect of property development amounting to approximately RMB11,910 million (31 December 2017: approximately RMB6,815 million), and we had authorised, but not yet contracted for, a further approximately RMB24,808 million (31 December 2017: approximately RMB12,352 million) in expenditure in respect of property development.

**Foreign exchange risk:** Our businesses are principally conducted in RMB. The majority of our assets are denominated in RMB. As at 30 June 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\$200m 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\$200m 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. General Situation*

In the first half of 2018, in the face of an extremely complicated and severe situation at home and abroad, the Chinese Central Government adhered to the general tone of striving for economic growth on the basis of steadiness as it actively practised the new development concept with dogged determination and aligned itself with the requirements on high quality development, resulting in the stable and continuous development of its economy, further advancement of its structural adjustments, continuous shift of the new and old growth drivers, and steady improvement in development quality and efficiency, securing it a good start for its economic development towards a high standard. The business environment in China continued to improve, with the operating profits of the Chinese enterprises, financial revenue of the governments at various levels and income of the Chinese residents increasing rapidly and steadily, demonstrating significantly improved economic efficiency. In the first half of 2018, China achieved a GDP of approximately RMB41.90 trillion, representing a year-on-year increase of 6.8%.

Since the beginning of the year, Henan Province has been determinedly implementing the Central Government's policies and arrangements while adhering to the general tone of striving for economic growth on the basis of steadiness and the new development concept as well as the general direction of high quality development. Under the guidelines of promoting the "Four Principles" and playing the "Four Cards (Industrial Structure Optimization and Upgrading, Innovation-driven Development, Basic Capacity Building, and New Urbanization)" with the best effect, the people in Henan, with concerted efforts and relentless hard work in exploration and innovation, strove to keep Henan Province's economic and social development in a correct and stable trend, with its economic structure adjustment constantly optimized, new growth drivers developing rapidly, quality and efficiency continuing to improve, accomplishing a good start for the sustainable development. In the first half of 2018, Henan Province achieved a GDP of approximately RMB2.22 trillion, representing a year-on-year increase of 7.8%, 1.0 percentage point higher than the national average.

## 2. *The Property Market*

In the first half of 2018, the Chinese property market continued to improve its long-term development mechanism under the basic tone of “Houses are for living, not for speculation”. From the central government’s perspective, focus was placed on deepening the reform of fundamental critical systems, strengthening financial supervision and risk prevention and control, accelerating the construction of property leasing system, and ensuring the people’s basic housing needs; from the perspective of the local governments, efforts have been made in further promoting housing system reform, optimizing the housing and land supply structure, and improving the basic housing system.

In the first half of 2018, the GFA of commodity housing sold in the nationwide property market amounted to 771.43 million sq.m., representing a year-on-year increase of 3.3%; the sales of commodity housing amounted to RMB6,694.5 billion, representing a year-on-year growth of 13.2%; total investment in real estate development was RMB5,553.1 billion, representing a year-on-year growth of 9.7%.

Driven by new urbanization construction in Henan Province, the real estate market in Henan remained generally stable during the first half of the year. The provincial government adhered to the Central Government’s basic tone of “Houses are for living, not for speculation”, and started to straighten the order in the hotspots of the real estate market with specific policies tailored for specific places as well as classified regulation, in line with which Zhengzhou’s control and regulation policies have been constantly tightening. Meanwhile, excited by the shanty area innovation policy, which released the demand in the short term, the real estate market in Henan resumed its vitality. In the first half of 2018, the GFA of commodity housing sold in Henan’s property market amounted to 53.3750 million sq.m., representing a year-on-year increase of 15.8%; the sales of commodity housing amounted to RMB306.913 billion, representing a year-on-year growth of 24.8%; total investment in real estate development was RMB313.132 billion, representing a year-on-year growth of 5.6%.

## ***(II) Project Development***

### ***1. Property Development***

The Company continued to grow in the first half of 2018. It orderly commenced all works set out in the annual operating plan. By leveraging our strengths, the Company persistently focused on Henan while developing the cities where we operate, and moderately stocked up high quality projects in cities with better development prospects with an aim to ensure stable operation and sound development of the Company.

#### ***(a) Property Sales Performance***

During the reporting period, the Company achieved steady growth in sales performance through greater sales effort and accelerated inventory clearance. As at 30 June 2018, the contracted sales achieved by the Company amounted to RMB25,329 million, representing a year-on-year increase of 82.4%; and the contracted area sold by the Company was 3,447,000 sq.m., representing a year-on-year increase of 52.3%. In terms of contracted sales amount, the market share of the Company as at 30 June 2018 in Henan province was approximately 8.3%.

## Geographical Breakdown of Contracted Sales in the first half of 2018

City	Contracted sales amount (RMB million)			Contracted GFA ('000 sq.m.)		
	1H2018	1H2017	Change	1H2018	1H2017	Change
Zhengzhou	7,598	2,966	156%	642	277	132%
Kaifeng	306	190	61%	36	21	67%
Luoyang	1,575	1,555	1%	184	210	-12%
Pingdingshan	508	344	48%	99	70	41%
Anyang	1,153	762	51%	209	181	15%
Hebi	125	467	-73%	21	105	-80%
Xinxiang	1,137	854	33%	174	145	20%
Jiaozuo	873	445	96%	150	86	73%
Puyang	1,283	309	315%	190	68	180%
Xuchang	1,595	955	67%	218	146	49%
Luohe	572	440	30%	81	91	-11%
Sanmenxia	718	557	29%	116	99	17%
Shangqiu	819	1,485	-45%	120	273	-56%
Zhoukou	2,865	721	297%	469	170	176%
Zhumadian	2,329	983	137%	474	200	137%
Nanyang	1,013	567	79%	120	69	73%
Xinyang	196	239	-18%	43	44	-2%
Jiyuan	664	45	1,386%	101	8	1,134%
Total	<b>25,329</b>	<b>13,884</b>	<b>82%</b>	<b>3,447</b>	<b>2,263</b>	<b>52%</b>

(b) Newly Commenced Property Projects

During the reporting period, the Company commenced construction of 41 projects in total with newly commenced GFA of 5,643,320 sq.m., representing an increase of 212% as compared with the same period last year. The Company strengthened the efforts in market research and optimized 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.

City	Project name	Principal use	Newly commenced GFA during the period (sq.m.)
Zhengzhou	Zhengxi U-Town	Residential	117,489
Zhengzhou	Gongyi CCRE Mall	Residential	53,831
Zhengzhou	Dengfeng Songyue Mansion	Residential	317,343
Zhengzhou	Wulong Century New City	Residential	241,707
Zhengzhou	Spring Time	Residential	206,780
Luoyang	Yanshi Forest Peninsula	Residential	27,987
Luoyang	Huayang Fengdu	Residential	30,900
Pingdingshan	Ruzhou Sweet-Scented Osmanthus Garden	Residential	169,869
Pingdingshan	Eighteen Cities	Residential	207,881
Anyang	Sweet-Scented Osmanthus Garden	Residential	49,300
Anyang	Linzhou CCRE Mall	Residential	141,212
Xinxiang	Beverly Manor	Residential	151,958
Xinxiang	Code One City North	Residential	53,459
Jiaozuo	Chinoiserie House	Residential	208,651
Jiaozuo	Spring Time	Residential	212,496
Puyang	Code One City	Residential	106,517
Puyang	Chinoiserie House	Residential	155,515
Puyang	Tonghe Fu	Residential	187,647

City	Project name	Principal use	Newly commenced GFA during the period (sq.m.)
Xuchang	Changge Senyuan Eco City	Residential	95,790
Luohe	Sweet-Scented Osmanthus Garden	Residential	113,605
Shangqiu	Xingfuli	Residential	128,512
Shangqiu	Sky Mansion	Residential	123,097
Shangqiu	Central Garden	Residential	229,384
Zhoukou	Code One City	Residential	122,957
Zhoukou	Huaiyang Jianye City	Residential	210,168
Zhoukou	Luyi Jianye City	Residential	130,389
Zhoukou	Chinoiserie House	Residential	124,106
Zhumadian	Eighteen Cities	Residential	145,315
Zhumadian	Suiping Forest Peninsula	Residential	226,940
Zhumadian	Xiping Forest Peninsula	Residential	114,753
Zhumadian	Xincal CCRC Mall	Residential	36,826
Zhumadian	Ru'nan Jianye City	Residential	188,384
Zhumadian	Pingyu Jianye City	Residential	141,027
Zhumadian	Zhengyang Jianye City	Residential	168,954
Nanyang	Shilishushan	Residential	82,071
Xinyang	Gushi Jianye City	Residential	116,784
Others			503,717
Total			<u>5,643,321</u>

(c) Property Projects under Development

As of 30 June 2018, the Company had 88 projects under development with a total GFA of approximately 13,315,401 sq.m., including 14 projects under development in Zhengzhou and 74 projects under development in other cities of Henan Province.

City	Project name	Principal use	GFA under development (sq.m.)
Zhengzhou	Canal Courtyard	Residential	168,452
Zhengzhou	Tihome Jianye International City	Residential	738,818
Zhengzhou	Blossom Garden	Residential	27,005
Zhengzhou	Zhengxi U-Town	Residential	241,703
Zhengzhou	Wulong Century New City	Residential	688,788
Zhengzhou	Gongyi Spring Time	Residential	165,265
Zhengzhou	Gongyi CCRE Mall	Residential	53,831
Zhengzhou	Xinmi Code One City	Residential	84,806
Zhengzhou	Xuhui Zhengrong Grand Mansion	Residential	163,666
Zhengzhou	Intelligent Palace	Residential	164,356
Zhengzhou	Dengfeng Songyue Mansion	Residential	317,342
Zhengzhou	Spring Time	Residential	206,780
Kaifeng	Chrysanthemum Garden	Residential	98,010
Kaifeng	Dongjingmenghua	Commercial	1,428
Luoyang	Sweet-Scented Osmanthus Garden	Residential	132,211
Luoyang	Yanshi Forest Peninsula	Residential	76,982
Luoyang	Poly Champagne International	Residential	15,337
Luoyang	Dingding House	Residential	101,100
Luoyang	Code Two City	Residential	208,686
Luoyang	Huayang Fengdu	Residential	30,900



<b>City</b>	<b>Project name</b>	<b>Principal use</b>	<b>GFA under development (sq.m.)</b>
Pingdingshan	Eighteen Cities	Residential	231,795
Pingdingshan	Wugang Forest Peninsula	Residential	60,102
Pingdingshan	Wugang CCRE Mall	Residential	29,496
Anyang	Forest Peninsula	Residential	16,698
Anyang	Sweet-Scented Osmanthus Garden	Residential	99,168
Anyang	Hua County Code One City	Residential	134,499
Anyang	Jianye City	Residential	14,769
Anyang	Tangyin Forest Peninsula	Residential	70,150
Anyang	Jianye City	Residential	144,771
Anyang	Linzhou CCRE Mall	Residential	163,416
Hebi	Sweet-Scented Osmanthus Garden	Residential	4,603
Hebi	Code One City	Residential	197,996
Xinxiang	Beverly Manor	Residential	441,592
Xinxiang	Code One City	Residential	410,814
Xinxiang	Changyuan Forest Peninsula	Residential	139,890
Xinxiang	U-Town	Residential	79,173
Jiaozuo	Xiuwu Forest Peninsula	Residential	54,588
Jiaozuo	Central Garden	Residential	256,895
Jiaozuo	Qinyang Spring Time	Residential	78,733
Jiaozuo	Spring Time	Residential	212,496
Jiaozuo	Chinoiserie House	Residential	208,651
Puyang	Code One City	Residential	243,115
Puyang	Sweet-Scented Osmanthus Garden	Residential	22,608
Puyang	Jianye City	Residential	49,491
Puyang	Chinoiserie House	Residential	155,515
Puyang	Tonghefu	Residential	187,647

<b>City</b>	<b>Project name</b>	<b>Principal use</b>	<b>GFA under development (sq.m.)</b>
Xuchang	Code One City	Residential	60,860
Xuchang	Changge Spring Time	Residential	220,809
Xuchang	Yanling Eco-City	Residential	51,529
Xuchang	Sweet-Scented Osmanthus Garden	Residential	90,718
Xuchang	Chinoiserie House	Residential	198,768
Xuchang	Yuzhou Sweet-Scented Osmanthus Garden	Residential	226,817
Xuchang	Ruzhou Sweet-Scented Osmanthus Garden	Residential	169,869
Xuchang	Changge Senyuan Eco City	Residential	95,790
Luohe	Xicheng Forest Peninsula	Residential	219,142
Luohe	Code One City	Residential	43,333
Luohe	Sweet-Scented Osmanthus Garden	Residential	113,605
Sanmenxia	Code One City	Residential	122,304
Sanmenxia	U-Town	Residential	10,025
Sanmenxia	Lingbao Forest Peninsula	Residential	38,717
Sanmenxia	New District Forest Peninsula	Residential	170,228
Shangqiu	Zhecheng U-Town	Residential	37,394
Shangqiu	Xingfuli	Residential	128,512
Shangqiu	Sky Mansion	Residential	123,097
Shangqiu	Central Garden	Residential	229,384
Zhoukou	Luyi Jianye City	Residential	292,643
Zhoukou	Forest Peninsula	Residential	47,898
Zhoukou	Landmark	Residential	94,275
Zhoukou	Shenqiu Jianye City (West )	Residential	121,581
Zhoukou	Forest Peninsula	Residential	25,037
Zhoukou	Mingdao City	Commercial	52,452
Zhoukou	Xiangcheng Spring Time	Residential	78,777
Zhoukou	Code One City	Residential	122,957
Zhoukou	Huaiyang Jianye City	Residential	210,168
Zhoukou	Chinoiserie House – Phase I	Residential	124,106

<b>City</b>	<b>Project name</b>	<b>Principal use</b>	<b>GFA under development (sq.m.)</b>
Zhumadian	Eighteen Cities	Residential	395,497
Zhumadian	The West Lake Villa	Residential	141,190
Zhumadian	Suiping Forest Peninsula	Residential	348,446
Zhumadian	Xiping Forest Peninsula	Residential	208,652
Zhumadian	Xincal CCRC Mall	Residential	137,413
Zhumadian	Ru'nan Jianye City	Residential	188,384
Zhumadian	Pingyu Jianye City	Residential	141,027
Zhumadian	Zhengyang Jianye City	Residential	168,954
Nanyang	Code One City	Residential	275,829
Nanyang	Shilihushan	Residential	82,071
Xinyang	Jianye City	Residential	91,842
Xinyang	Gushi Jianye City	Residential	116,784
Jiyuan	Code One City North	Residential	104,380
Total			<u>13,315,401</u>

(d) Property Projects Completed

During the reporting period, the Company had 14 projects or phases completed in total with a total completed GFA of 733,060 sq.m..

City	Project name	Principal use	Actual completed GFA (sq.m.)
Zhengzhou	Triumph Plaza	Commercial	50,263
Zhengzhou	Blossom Garden	Residential	209,176
Zhengzhou	Wulong Century New City	Residential	81,057
Luoyang	Poly Champagne International	Residential	184,828
Anyang	Linzhou CCRE Mall	Residential	51,555
Xuchang	Shenhou World	Residential	12,233
Luohe	Xicheng Forest Peninsula	Residential	3,295
Shangqiu	Zhecheng U-Town	Residential	27,277
Shangqiu	Yongcheng U-Town	Residential	75,721
Others			37,655
Total			733,060

2. *Light-asset Model Projects*

On the basis of the in-depth judgement 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, establish a complementary, win-win, open and dynamic enterprise ecosystem, and set up an ecological platform where the principal, property owners, suppliers, employees and investors can benefit each other and grow together, thus enhancing its comprehensive competitiveness and ability of creating value.

Henan Zhongyuan Central China Construction and City Development Limited\* (河南中原建設城市發展有限公司, hereinafter referred to as “Zhongyuan Jianye”), 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. For the period ended 30 June 2018, the Company has entered into contracts for 18 light-asset model projects in total with expected total GFA of approximately 2 million sq.m. according to those contracts. Zhongyuan Jianye is responsible for constantly formulating and optimizing standardized 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.

### **3. Land Reserves**

During the reporting period, the Company acquired new land reserves with a total GFA of approximately 8.16 million sq.m.. As at 30 June 2018, the Company had land reserves with a total GFA of 39.63 million sq.m., including beneficially interested GFA of approximately 29.91 million sq.m..

#### **1. Public Land Auctions**

In January 2018, the Group acquired the land use rights of two land parcels located at the south of Guihua Road, west of residential district, north of Renmin Middle Road and east of Guihua Road, Xin Cai County, Zhumadian City. The purchase price for the acquisition was approximately RMB85 million. The two land parcels have a total site area of 77,220 sq.m..

In January 2018, the Group acquired the land use right of a land parcel located at the south of Kaiyuan Road and west of Tianyuan Road, Zhengzhou City. The purchase price for the acquisition was approximately RMB71 million. The land parcel has a site area of 8,860 sq.m..

In February 2018, the Group acquired the land use right of a land parcel located at the west of Tianjin Road, east of Longlin Road, south of flood control channels and north of Jiudu Road, Luoyang City. The purchase price for the acquisition was approximately RMB312 million. The land parcel has a site area of 45,893 sq.m..

In February 2018, the Group acquired the land use right of a land parcel located at the southwest of the intersection between Zhanhe South Road and Kaifa Second Road, Pingdingshan City. The purchase price for the acquisition was approximately RMB271 million. The land parcel has a site area of 94,240 sq.m..

In March 2018, the Group acquired the land use right of a land parcel located at the southwest of old city and northeast of the Shuizhu Avenue and Junmingongjian Road, Hui County, Xinxiang City. The purchase price for the acquisition was approximately RMB212 million. The land parcel has a site area of 67,712 sq.m..

In March 2018, the Group acquired the land use rights of two land parcels located at the west of Zijinshan Road, east of Songshan Road, north of Lianqing Road and south of Xiangyu Road, southeast of Gongyi City. The purchase price for the acquisition was approximately RMB401 million. The two land parcels have a total site area of 74,698 sq.m..

In March 2018, the Group acquired the land use right of a land parcel located at the west of Guihua Road, east of Baiyunshan Road, North of Guihualvdi and South of Jiankang Road, Gongyi City. The purchase price for the acquisition was approximately RMB262 million. The land parcel has a site area of 58,068 sq.m..

In April 2018, the Group acquired the land use right of a land parcel located at the south of Weiba Road, north of Weiqi Road, west of the Runhua Beautiful Valley and east of Zhongke Sunny Town, Xinxiang City. The purchase price for the acquisition was approximately RMB185 million. The land parcel has a site area of 48,931 sq.m..

In April 2018, the Group acquired the land use right of a land parcel located at the east of west third ring and west of the Beijing-Guangzhou Expressway, Zhengzhou High-tech Zone. The purchase price for the acquisition was approximately RMB416 million. The land parcel has a site area of 34,996 sq.m..

In May 2018, the Group acquired the land use rights of two land parcels located at the east of Jiangjun Road and north of Hongchang Avenue, Fugou County, Zhoukou City. The purchase price for the acquisition was approximately RMB246 million. The two land parcels have a total site area of 107,703 sq.m..

In May 2018, the Group acquired the land use rights of eleven land parcels located at the north of Jianye Eco-City, Chenhuadian Town, Yanling County, Xuchang City. The purchase price for the acquisition was approximately RMB200 million. The eleven land parcels have a total site area of 262,845 sq.m..

In May 2018, the Group acquired the land use right of a land parcel located at the east of Kejiao Avenue and west of Litai Road, Kaifeng City. The purchase price for the acquisition was approximately RMB120 million. The land parcel has a site area of 44,256 sq.m..

In June 2018, the Group acquired the land use right of a land parcel located at the west of the north section of Jingyi Road, Qi County, Kaifeng City. The purchase price for the acquisition was approximately RMB54 million. The land parcel has a site area of 43,080 sq.m..

In June 2018, the Group acquired the land use right of a land parcel located at the north of Guangming Road, west of Hancheng Road and east of Zhoukou Swan Technical Secondary School, Zhoukou City. The purchase price for the acquisition was approximately RMB503 million. The land parcel has a site area of 73,542 sq.m..

In June 2018, the Group acquired the land use right of a land parcel located at the south of Longcheng Road and east of Binhe East Road, Nanyang City. The purchase price for the acquisition was approximately RMB146 million. The land parcel has a site area of 41,078 sq.m..

In June 2018, the Group acquired the land use right of a land parcel located at the north of Liyuan Road, east of Redian North Road and South of Jinzhuang reservoir, Nanyang High-tech Zone. The purchase price for the acquisition was approximately RMB715 million. The land parcel has a site area of 163,138 sq.m..

In June 2018, the Group acquired the land use right of a land parcel located at the southwest of Pingyuan Road and Santai Street, Beiguan District, Anyang City. The purchase price for the acquisition was approximately RMB168 million. The land parcel has a site area of 36,778 sq.m..

## 2. *Equity Interest Acquisitions and Disposals*

As at 30 June 2018, the Group, through equity interest acquisitions, acquired 47, in aggregate, land parcels with a total site area of 2,030,652 sq.m. in Zhengzhou City, Shangqiu City, Zhumadian City, Zhoukou City, Anyang City, Luoyang City, Puyang City, Sanmenxia City, Xuchang City, Jiyuan City, Kaifeng City, Pingdingshan City, Jiaozuo City, Nanyang City and Xinxiang City.

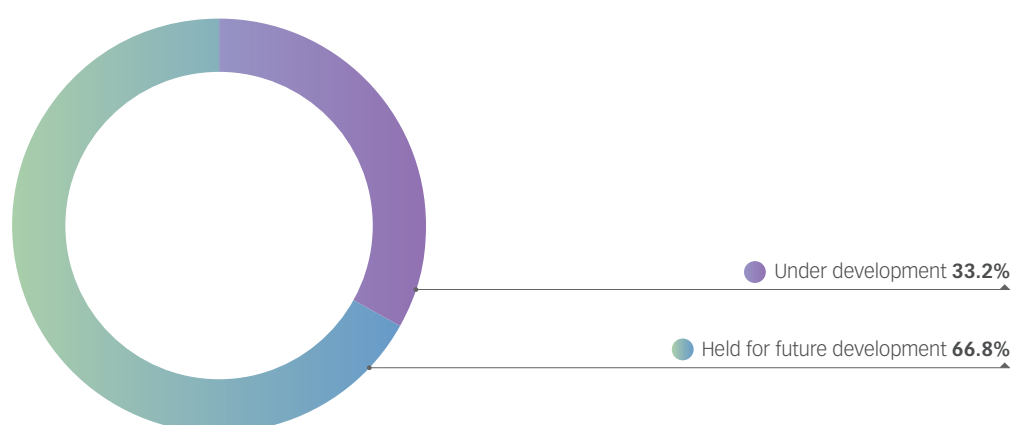
## 3. *Distribution of Land Reserves*

(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**

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(as at 30 June 2018)

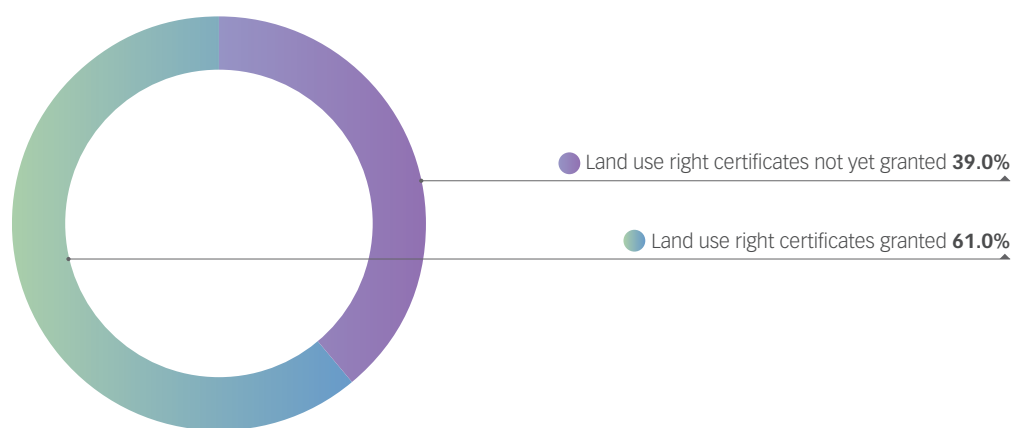




(2) Distribution of the Company's land reserves by land use right certificates

**Fig: percentage of the Company's land reserves for which land use right certificates had been granted and those had not been granted**

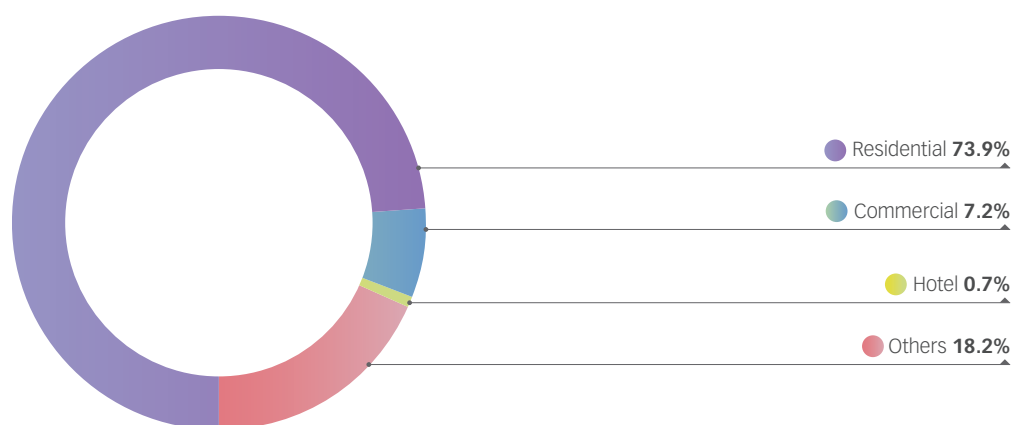
(as at 30 June 2018)



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

**Fig: distribution of the Company's land reserves by property types**

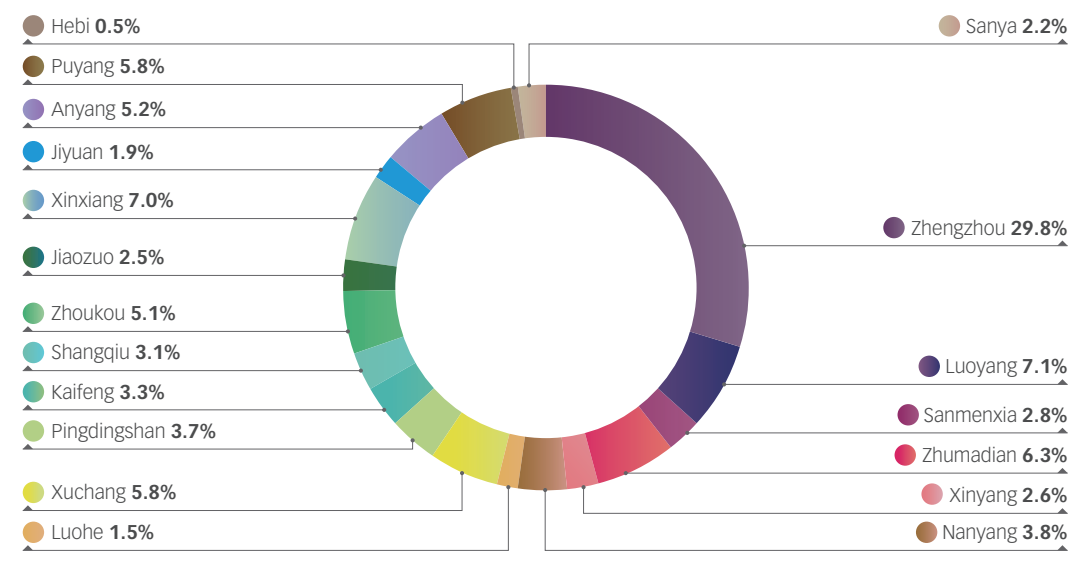
(as at 30 June 2018)



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

**Fig: distribution of the Company's land reserves by cities**

(as at 30 June 2018)



***(IV) Product Research and Development***

The Company has established a unique product line system on a concrete foundation of serialization and standardisation which the Company had laid for years. For product development of the Company, customers' demands has been considered as the essence, "Green, Low-carbon, Energy-saving and Technology" as the notion for research and development of product as well as design and construction.

### *Product Research, Development and Innovation*

During the reporting period, the Company continuously deepened and refined the architectural design, and on the basis of its original series of products, developed new products through an understanding of customers' needs. New series standards such as New Asia and Metropolis have been developed to better meet the demands of market. The Company was able to improve the accuracy of design by employing the advanced BIM technology in advance for our key projects.

### *Fully Decorated House*

The Company adheres to the development concept of “Green, Low-carbon, Energy-saving and Technology” and conducts study on the fully decorated house system. During the reporting period, through research and development, the Company formulated the guidelines and standards for refined decoration such as “Standards for C Grade Refined Decoration”, “Standards for C+ Grade Refined Decoration” and “Standards for D Grade Refined Decoration” which were promoted and then applied to some key projects in Zhengzhou and other cities. By incorporating the elements of intelligence and technology into product design, the Company shows meticulous care to its customers.

### *Commercialisation*

Riding on the established foundation of standardisation, the Company developed research and development plans of commercialisation and made technical research and development on commercialisation technology, established corresponding technical standards and applied commercialization technology to architectural design of key projects.

## **(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 Company focused on improving customer satisfaction, consolidated basic innovative services, and continuously improved product and service quality. It launched complete upgrade for the 9617777 call center management system, with which the previous manual dispatch and statistics was changed and more convenient and smooth services were provided to customers through access to the Group's large database to realize customer portraits, smart dispatch, voice navigation, time limit warning, WeChat customer service, return visit by way of questionnaire, defect statistics, SMS reminder, online worksheet processing and other service functions; in addition, the Company created a full-process customer service concept, built the CCRE customer risk management system, and implemented "troubleshooting operation" to sort out the complaints from customers that may be involved in six stages of land acquisition, planning, sales, construction, delivery, and occupancy, and appropriate control actions and operation guidelines were formulated to minimize the property owner's complaints that may arise in the later stage; 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; in respect of feedback on product and service defects, the 100+ Customer Concerns (《客戶痛點100+》) photo album was prepared to avoid recurrence of problems and promote the enhancement of product standards and product quality; the "Improvement and Enhancement" campaign (琢玉行動) was further carried out for old communities to improve the dwelling environment of old communities and dwelling quality of property owners; in addition to integration of internal and external resources, the large campaigns for property owners organized by the Company including 10,000-people brisk walking and city run received unanimous praise from the local government, all walks of life and property owners and generated positive social effects.

## **Business Outlook**

### ***(I) Market Outlook***

#### *1. The Macro-economic Landscape*

2018 represents a new start for the 40 years of Reform and Opening-up. In the first half of the year, the national economic development was generally stable and sound. Looking forward to the second half of 2018, the Central Government will adhere to the supply-side structural reform as the main direction, continue to expand the effective demand, focus on revitalising the real economy, actively respond to the external challenges, prevent and resolve potential risks, sensitively direct social expectations, and carry on its tasks in a scientific and systematic manner, i.e. stabilizing economic growth, promoting reform, adjusting structure, improving the people's livelihood, and preventing all kinds of risks, so as to ensure the stable and healthy economic operation. In the second half of the year, since the State Council executive meeting held on July 23 had deployed the guidelines of "Giving a better play of the role of fiscal and financial policies, with moderate and stable monetary policy and a more proactive fiscal policy", it is expected that economic operation will remain within a reasonable range in the second half of the year, so as to better cope with external uncertainty. At the time of the shift of new and old growth drivers, China's new economic growth momentum comes from the "Belt and Road" initiative, new urbanization, industrial structure upgrading, and state-owned enterprise reform. It is expected that China's macro economy will maintain a stable operation in the second half of 2018.

In the first half of 2018, Henan Province's economic operation was generally stable, showing good resilience, with many economic indicators conquering the annual targets, its economic structure continuing to improve, the development quality steadily enhanced, and new development momentum continuing to build up. Looking forward to the second half of the year, Henan Province will make dedicated efforts to prudently implement its policies, enhance the organic capacity and competitiveness, and promote the sustainable development of its economy. From the perspective of Henan Province's actual circumstances, its advantages of being an integrated transportation hub has been constantly enhanced, and the industrial transformation and upgrading have been vigorously advanced. The Central City Conglomerate has been driving the integrated urban and rural development, releasing huge market demand. At the same time, the superimposition of multiple national strategies is releasing policy credits and building up great momentum for its high quality development. It is expected that the macro economy of Henan Province will maintain a steady growth momentum on the track of sustainable development in the second half of 2018.

## *2. Outlook of the Property Market*

In the first half of 2018, the operating environment of the nationwide real estate market was further restricted. The Ministry of Housing and Urban-Rural Development repeatedly reaffirmed that the real estate market regulation will be unwavering and such efforts will not be relaxed. The regulation and control over some overheated markets has been escalated with the market expectations sensitively directed. In the financial sector, the availability of credit facility in the real estate industry has been tightened, with the mortgage interest rate continuing to rise and expand to the surrounding cities. Based on the comprehensive factors such as the deepening regulation and active advancement of long-term regulation mechanism, the overall sales of the nationwide real estate market is expected to decline year-on-year in the second half of 2018; the sales of properties in the cities at various tiers will diversify year-on-year: the regulation guidelines in the first-tier cities will shift from controlling demand to increasing supply, the regulation in the second-tier cities will continue to tighten, with slight probability of new breakthroughs in the annual sales; the effect of destocking in the third- and fourth-tier cities is significant, while with the downward adjustment of the proportion of cash resettlement compensation for shanty area renovation, the effective market demand will be reduced; benefiting from the improvement in the overall supply and demand relationship, the sales prices will stabilize; construction of the new projects and investment in real estate development will maintain low- to medium-speed growth. Steadily driven by the structural deleveraging initiative, China will enter a stage of leverage stabilization, and the financing environment for the enterprises is expected to improve to some extent.

In the first half of 2018, the land price of Zhengzhou's urban area remained high, with the land market continuing to prosper and expand. The suburbs have become the main battlefields, where both the sales volume and price were increasing; the shanty area renovation in the cities and regions has been accelerated, with the construction of infrastructure transportation strengthened, resulting in the sales of properties in most third- and fourth-tier cities recording strong growth. The real estate developers, when considering deployment, preferred those areas with good planning and infrastructure such as the Zhengzhou Rim, Free Trade Zone and central cities in the region. In the second half of 2018, it is expected that policy and regulation will continue to tighten, with more precise policies tailored for the specific cities rolled out, and the real estate sales of Zhengzhou, the provincial capital of Henan, will maintain a stable price with increase in sales volume; affected by such factors as authorization in shanty area renovation being revoked, the proportion of monetized resettlement compensation dropping, the driving effect of shanty area renovation for the real estate market has also weakened. In 2017, the urbanization rate of permanent residents in Henan Province exceeded 50% for the first time. In the following five years, Henan Province will remain in the process of high-speed urbanization. With the continuous release of benefits from urbanization, the space of development of Henan's real estate market will be huge.

## ***(II) Business Planning***

In the second half of 2018, the Company will make greater vigor in land acquisitions and land development as well as the profitability enhancement of key regions with an aim to achieve quality growth in scale. In addition, co-branding partnerships will be formed for exploring creative marketing ideas to maintain a satisfactory annual performance of the Company, laying a concrete foundation for sustainable and stable development of the Company.

# 1. Construction Plans

In the second half of 2018, the Company plans to commence construction of a total of 39 projects, with a GFA of approximately 5,507,707 sq.m..

City	Project name	GFA Planned for construction (sq.m.)
Zhengzhou	Zhengxi U-Town	151,367
Zhengzhou	Blossom Garden	330,715
Zhengzhou	Intelligent Palace – Kaiyue Plaza	230,205
Zhengzhou	Movie Town – Chengyuan	106,181
Zhengzhou	Zhiyou Henan – Art Mansion	100,314
Zhengzhou	J18	364,206
Zhengzhou	Financial Island	220,000
Luoyang	Technology City	166,762
Luoyang	Honorable Mansion	193,384
Sanmenxia	Jianye City	116,690
Sanmenxia	Honorable Mansion	134,398
Kaifeng	Lankao Red World	9,746
Kaifeng	Taihe House	210,000
Kaifeng	Blossom Garden	76,013
Shangqiu	Headquarter Port	108,052
Zhumadian	Xincai CCRE Mall	114,374
Zhumadian	Zhengyang Jianye City	154,000



City	Project name	GFA Planned for construction (sq.m.)
Xinyang	Jianye City	118,347
Xinyang	Yinxiang Hushan	130,183
Xuchang	Chinoiserie House	105,000
Xuchang	Changge Senyuan Eco City	14,577
Pingdingshan	Wugang Forest Peninsula	71,940
Pingdingshan	Spring Time	100,000
Anyang	Hua County Code One City	197,884
Anyang	Jianye City	110,725
Anyang	Sweet-Scented Osmanthus Garden	135,504
Anyang	Chinoiserie House	180,000
Anyang	Code One City	178,000
Anyang	Tangyin Forest Peninsula	83,467
Puyang	Chinoiserie House	205,096
Xinxiang	U-Town	118,150
Xinxiang	Eighteen Cities	248,730
Jiaozuo	Chinoiserie House	12,414
Nanyang	Shilihushan	48,037
Nanyang	Longyue City	252,684
Zhoukou	Landmark	130,000
Zhoukou	Forest Peninsula	67,462
Zhoukou	Shiyue House	101,800
Zhoukou	Shangshui Jianye New City	111,300
Total		<u><u>5,507,707</u></u>

## 2. *Completion plan*

The Company expects to complete 42 projects or phases with a completed GFA of 4,505,149 sq.m. for delivery in the second half of 2018.

<b>City</b>	<b>Project name</b>	<b>Planned completed GFA (sq.m.)</b>
Zhengzhou	Zhengxi U-Town	115,605
Zhengzhou	Gongyi Spring Time	173,875
Zhengzhou	Canal Courtyard	105,498
Zhengzhou	Blossom Garden	582,152
Zhengzhou	Intelligent Palace	166,045
Zhengzhou	Wulong Century New City	33,000
Zhengzhou	Tihome Jianye International City	401,762
Luoyang	Sweet-Scented Osmanthus Garden	104,317
Luoyang	Code Two City	104,343
Kaifeng	Lankao Red World	8,973
Kaifeng	Chrysanthemum Garden	52,885
Shangqiu	Central Garden	86,923
Shangqiu	Zhecheng U-Town	73,489
Zhumadian	Eighteen Cities	148,233
Zhumadian	Xiping Forest Peninsula	89,151
Zhumadian	Xincai CCRE Mall	150,363
Zhumadian	Pingyu Jianye City	50,000
Zhumadian	Suiping Forest Peninsula	42,640
Jiaozuo	Central Garden	102,043

<b>City</b>	<b>Project name</b>	<b>Planned completed GFA (sq.m.)</b>
Sanmenxia	Lingbao Forest Peninsula	52,345
Luohe	Code One City	19,017
Luohe	Xicheng Forest Peninsula	67,220
Xuchang	Changge Spring Time	85,571
Xuchang	Chinoiserie House	67,288
Xuchang	Yuzhou Sweet-Scented Osmanthus Garden	66,742
Xuchang	Yanling Eco-City	52,105
Xuchang	Shenhou World	5,118
Xuchang	Code One City	35,095
Pingdingshan	Eighteen Cities	136,240
Pingdingshan	Wugang CCRE Mall	29,496
Pingdingshan	Wugang Forest Peninsula	55,768
Hebi	Code One City	92,002
Puyang	Code One City	121,452
Xinxiang	Changyuan Forest Peninsula	72,734
Xinxiang	Beverly Manor	60,826
Xinxiang	Code One City	197,775
Nanyang	Code One City	269,914
Nanyang	Shilihushan	109,033
Zhoukou	Forest Peninsula	56,609
Zhoukou	Mingdao City	53,359
Zhoukou	Jianye City	152,079
Xinyang	Jianye City	56,064
Total		<u><u>4,505,149</u></u>

## RISK MANAGEMENT

The Company are committed to improve our risk management capability for ensuring on-going profitability and steady growth of our business.

### **Risk Management Philosophy of the Company**

Risk is inherent in property market and the Company's business. The challenge is to identify risks and manage those risks to maximise benefit. We recognise that risk management is the responsibility of every staff within the Group. Rather than being a separate and standalone process, risk management is integrated into business processes including strategy development, business planning, capital allocation, investment decisions, internal control and day-to-day operations.

### **(III) Employees and remuneration policy**

#### ***I. Analysis of employees as at 30 June 2018***

As at 30 June 2018, the Group had 3,349 employees with an turnover rate of approximately 6.4%. The numbers of employees by age, education level and function are set out as below:

##### **Age:**

20-30(including 19)	1,696
31-40	1,256
41-50	325
51-60	59
61 or above	13

##### **Education level:**

Master degree or above	327
Bachelor degree	2,022
Associate degree	942
Middle school or below	58

**Function:**

Finance and accounting (finance and costing)	464
Engineering	587
Management	311
Design	222
Investment (investment, preliminary work)	161
Sales, marketing and customer service	1,022
Administration	330
Others	252

***II. Remuneration policy***

In order to promote healthy competition among employees and motivate them to deliver their best performance, the Company has further optimised its existing remuneration and incentive system and established a performance-oriented management concept and remuneration and incentive system, according to which the remuneration levels, remuneration adjustment and job transfer of employees will be determined based on their performance appraisal results. The overall remuneration system of the Company will also be adjusted regularly with reference to the prevailing market remuneration level to ensure the external competitiveness and internal equity of the remunerations of our employees and provide guarantees for retaining and attracting talent.

In addition, the Company has formulated and implemented human resource policies which are conducive to the sustainable development of the Company. Adhering to the talent concept of “professional spirit and professional quality”, the Company takes professional ethics and professional ability as important standards for selecting and employing employees and strengthens employee training and continuing education to constantly improve their quality. Meanwhile, the Company also places high emphasis on the career development of its employees. It assists employees to plan out their career paths according to their expertise and capabilities, provides them with various career channels and development opportunities, and cultivates and retains talent for key posts to promote the continuous improvement of its organising ability.

## 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 improve its corporate governance and disclosure practices. For the six months ended 30 June 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 Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange with the exception of code provisions A.6.7 and E.1.2 as addressed below.

- 1. Code provision A.6.7 — This code provision stipulates that independent non-executive Directors and other non-executive Directors, as equal Board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.**

All Directors have given the Board and the committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation.

Mr. Lucss Ignatius Loh Jen Yuh and Mr. Puah Tze Shyang, being non-executive Directors, and Mr. Xin Luo Lin and Dr. Sun Yuyang, being independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 19 April 2018 (the “2018 AGM”) as they were out of town for other businesses.

- 2. Code provision E.1.2 — This code provision requires the chairmen of the Board (the “Chairman”) 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, 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.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) 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 the Directors had complied with the required standard as set out in the Model Code for the six months ended 30 June 2018.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

## **CHANGES SUBSEQUENT TO 31 DECEMBER 2017**

The Company issued 282,000,000 ordinary shares on 30 May 2018 to Joy Bright Investments Limited and six third party subscribers under a subscription agreement and a third party subscription agreement both dated 26 March 2018. The issued shares of the Company has been increased from 2,449,262,560 ordinary shares to 2,731,262,560 ordinary shares. Please refer to the announcements dated 26 March 2018 and 30 May 2018 and circular dated 10 May 2018 of the Company for details.

There were no other significant changes in the Group’s financial position or from the information disclosed under Management Discussion and Analysis in the annual report of the Company for the year ended 31 December 2017.

## **REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE**

The Audit Committee of the Company has discussed with the management and external auditors the accounting principles and policies adopted by the Group, and has reviewed the Group's unaudited interim consolidated financial statements for the six months ended 30 June 2018.

## **INTERIM DIVIDEND**

The Board declared an interim dividend (the "Interim Dividend") of HK7.16 cents per share for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

The Interim Dividend will be paid on or around 14 September 2018 to the shareholders of the Company whose names appear on the register of members of the Company on 5 September 2018.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the entitlement of the shareholders to the Interim Dividend, the register of members of the Company will be closed on Wednesday, 5 September 2018. In order to qualify for the Interim Dividend, 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 Tuesday, 4 September 2018, for registration. The Interim Dividend will be paid on or around 14 September 2018.



## **PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY**

This interim results announcement is published on the websites of the Company (<http://www.jianye.com.cn>) and the Stock Exchange (<http://www.hkexnews.hk>). The Company's interim report for the six months ended 30 June 2018 will be despatched to the shareholders and published on the aforesaid websites in due course.

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

Hong Kong, 21 August 2018

*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.*

\* For identification purposes only