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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)

**UNAUDITED ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2019 amounted to approximately RMB30,767 million, representing an increase of approximately 108.1% compared with the year 2018.
- Gross profit margin for the year was 26.0%, representing a decrease of 8.4 percentage points as compared with 2018.
- Profit attributable to equity shareholders of the Company for the year amounted to approximately RMB2,015 million, representing an increase of approximately 74.6% compared with the year 2018.
- Net profit margin for the year was 7.9%, representing a decrease of 1.7 percentage points as compared with 2018.
- Basic earnings per share for the year was RMB73.75 cents, an increase of approximately 66.5% compared with the year 2018.
- The Board recommended to declare a final dividend of HK\$31.00 cents (approximately RMB28.44 cents) per share.

UNAUDITED ANNUAL RESULTS

The Board announces the unaudited consolidated results (the “Annual Results”) of the Group for the year ended 31 December 2019 with comparative figures for the preceding financial year, as follows:

UNAUDITED CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2019

(Expressed in Renminbi)

		2019 (unaudited) RMB'000	2018 (Note) RMB'000
	Note		
Revenue	2	30,766,698	14,783,480
Cost of sales		<u>(22,761,356)</u>	<u>(9,692,377)</u>
Gross profit		8,005,342	5,091,103
Other revenue	3	262,766	234,854
Other net income	3	799,526	64,192
Selling and marketing expenses		(1,901,334)	(1,188,393)
General and administrative expenses		(1,721,783)	(1,552,404)
Impairment losses on trade and other receivables, including contract assets		<u>(169,642)</u>	<u>(54,623)</u>
		5,274,875	2,594,729
Finance costs	4(a)	(395,249)	(226,152)
Share of profits less losses of associates	7	(33,918)	(17,905)
Share of profits less losses of joint ventures	8	<u>177,868</u>	<u>15,638</u>
Profit before change in fair value of investment property and income tax		5,023,576	2,366,310
Net valuation gain on investment property		<u>92,773</u>	<u>605,673</u>
Profit before taxation	4	5,116,349	2,971,983
Income tax	5(a)	<u>(2,700,827)</u>	<u>(1,556,860)</u>
Profit for the year		<u><u>2,415,522</u></u>	<u><u>1,415,123</u></u>

		2019	2018
		(unaudited)	<i>(Note)</i>
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Attributable to:			
Equity shareholders of the Company		2,015,064	1,154,262
Non-controlling interests		400,458	260,861
		<u>2,415,522</u>	<u>1,415,123</u>
Profit for the year		2,415,522	1,415,123
Earnings per share	<i>6</i>		
– Basic (RMB cents)		73.75	44.30
– Diluted (RMB cents)		72.34	43.51

Note:

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1(c).

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2019

(Expressed in Renminbi)

	2019 (unaudited) <i>RMB'000</i>	2018 (Note) <i>RMB'000</i>
Note		
Profit for the year	2,415,522	1,415,123
Other comprehensive income for the year (after tax and reclassification adjustments)		
<i>Items that will not be reclassified to profit or loss:</i>		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	(59,422)	64,627
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on:		
– Translation of financial statements to the presentation currency	(199,011)	(358,273)
– Arising on a monetary item that forms part of net investment in foreign operations	(114,363)	(338,350)
Cash flow hedge: net movement in the hedging reserve	(529)	529
Other comprehensive income for the year	(373,325)	(631,467)
Total comprehensive income for the year	2,042,197	783,656
Attributable to:		
Equity shareholders of the Company	1,642,817	524,555
Non-controlling interests	399,380	259,101
Total comprehensive income for the year	2,042,197	783,656

Note:

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1(c).

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2019
(Expressed in Renminbi)

		2019	2018
		(unaudited)	(Note)
	<i>Note</i>	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		5,343,435	4,808,494
Investment property		3,212,830	2,916,000
Intangible assets		–	518,008
Biological assets		245,349	203,946
Interests in associates	7	310,518	449,913
Interests in joint ventures	8	9,533,912	9,915,331
Other financial assets		1,425,571	651,865
Deferred tax assets		412,877	248,318
		20,484,492	19,711,875
Current assets			
Trading securities		70,596	82,775
Biological assets		42,643	32,778
Inventories and other contract costs	9	69,992,554	50,315,979
Contract assets		214,828	137,691
Trade and other receivables	10	4,435,453	2,577,140
Deposits and prepayments	11	15,146,290	9,161,824
Tax recoverable		2,795,431	2,160,457
Restricted bank deposits		8,077,443	3,579,597
Cash and cash equivalents		22,707,659	14,202,259
		123,482,897	82,250,500
Current liabilities			
Bank loans	12	(3,734,424)	(1,756,130)
Other loans	13	(2,437,022)	(593,150)
Trade and other payables	14	(43,615,817)	(28,924,187)
Contract liabilities		(52,954,902)	(40,829,626)
Corporate bonds		(1,489,608)	(2,996,760)
Senior notes		(4,857,923)	–
Lease liabilities		(54,268)	–
Taxation payable		(1,153,501)	(833,264)
		(110,297,465)	(75,933,117)
Net current assets		13,185,432	6,317,383
Total assets less current liabilities		33,669,924	26,029,258

		2019	2018
		(unaudited)	<i>(Note)</i>
	<i>Note</i>	RMB'000	<i>RMB'000</i>
Non-current liabilities			
Bank loans	12	(3,504,035)	(4,074,351)
Other loans	13	(850,325)	(240,030)
Corporate bonds		(1,499,870)	–
Senior notes		(13,117,418)	(10,190,829)
Lease liabilities		(481,508)	–
Deferred tax liabilities		(1,614,447)	(1,254,264)
		<u>(21,067,603)</u>	<u>(15,759,474)</u>
NET ASSETS		<u>12,602,321</u>	<u>10,269,784</u>
CAPITAL AND RESERVES			
Share capital		240,662	239,958
Reserves		<u>9,477,363</u>	<u>8,597,132</u>
Total equity attributable to equity shareholders of the Company		9,718,025	8,837,090
Non-controlling interests		<u>2,884,296</u>	<u>1,432,694</u>
TOTAL EQUITY		<u>12,602,321</u>	<u>10,269,784</u>

Note:

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1(c).

NOTES:

(Expressed in Renminbi)

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

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation and functional and presentation currency

- (i) The consolidated financial statements for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interest in associates and joint ventures. 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\$”).

(ii) The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- investment property, including interests in leasehold land and buildings held as investment property where the Group is the registered owner of the property interest;
- investments in debt and equity securities; and
- derivative financial instruments.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The HKICPA has issued a new HKFRS, HKFRS 16, Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, Leases, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, Leases

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HK(IFRIC) 4, Determining whether an arrangement contains a lease, HK(SIC) 15, Operating leases – incentives, and HK(SIC) 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less (“short-term leases”) and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 7.32%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

- (i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;
- (ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and
- (iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019
	<i>RMB'000</i>
Operating lease commitments at 31 December 2018	636,695
<i>Less:</i> commitments relating to leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 31 December 2019	<u>(784)</u>
	635,911
<i>Less:</i> total future interest expenses	<u>(276,261)</u>
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019	359,650
<i>Add:</i> finance lease liabilities recognised as at 31 December 2018	<u>–</u>
Total lease liabilities recognised at 1 January 2019	<u><u>359,650</u></u>

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018.

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, instead of “obligations under finance leases”, these amounts are included within “lease liabilities”, and the depreciated carrying amount of the corresponding leased assets is identified as right-of-use assets. There is no impact on the opening balance of equity.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018 <i>RMB'000</i>	Capitalisation of operating lease contracts <i>RMB'000</i>	Carrying amount at 1 January 2019 <i>RMB'000</i>
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Property, plant and equipment	4,808,494	376,979	5,185,473
Total non-current assets	19,711,875	376,979	20,088,854
Deposits and prepayments	9,161,824	(17,329)	9,144,495
Current assets	82,250,500	(17,329)	82,233,171
Lease liabilities (current)	–	(30,715)	(30,715)
Current liabilities	(75,933,117)	(30,715)	(75,963,832)
Net current assets	6,317,383	(48,044)	6,269,339
Total assets less current liabilities	26,029,258	328,935	26,358,193
Lease liabilities (non-current)	–	(328,935)	(328,935)
Total non-current liabilities	(15,759,474)	(328,935)	(16,088,409)
Net assets	10,269,784	–	10,269,784

c. *Impact on the financial result and cash flows of the Group*

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated income statement, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

d. *Leasehold investment property*

Under HKFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("leasehold investment properties"). The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements as the Group previously elected to apply HKAS 40, Investment properties, to account for all of its leasehold properties that were held for investment purposes as at 31 December 2018.

Consequently, these leasehold investment properties continue to be carried at fair value.

e. *Lessor accounting*

In addition to leasing out the investment property referred to in paragraph d. above, the Group leases out a number of properties as the lessor of operating leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17.

Under HKFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements in this regard.

2. REVENUE AND SEGMENT REPORTING

(a) Revenue

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

(i) Disaggregation of revenue

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

	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i>
Revenue from contracts with customers		
within the scope of HKFRS15		
Disaggregated by major products or service lines		
– Sales of properties	29,161,164	13,629,185
– Revenue from hotel operations	322,598	284,628
– Revenue from project management service	1,022,918	675,266
– Others	96,954	47,479
	<u>30,603,634</u>	<u>14,636,558</u>
Revenue from other sources		
Rental income from investment properties		
– Lease payments that are fixed or depend on an index or a rate	95,493	92,411
– Variable lease payments that do not depend on an index or a rate	18,114	14,258
Rental income from properties for sale		
– Lease payments that are fixed or depend on an index or a rate	48,306	38,078
– Variable lease payments that do not depend on an index or a rate	1,151	2,175
	<u>163,064</u>	<u>146,922</u>
	<u><u>30,766,698</u></u>	<u><u>14,783,480</u></u>

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

	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i>
Point in time		
– Sales of properties	20,627,128	5,967,104
– Revenue from hotel operations	322,598	284,628
– Others	96,954	47,479
	<u>21,046,680</u>	<u>6,299,211</u>
Over time		
– Sales of properties	8,534,036	7,662,081
– Revenue from project management service	1,022,918	675,266
– Rental income from investment properties	113,607	106,669
– Rental income from properties for sale	49,457	40,253
	<u>9,720,018</u>	<u>8,484,269</u>
	<u>30,766,698</u>	<u>14,783,480</u>

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

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

As at 31 December 2019, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB65,337,188,000 (2018: RMB57,867,866,000). This amount represents revenue expected to be recognised in the future from pre-completion sales contracts for properties under development and project management service entered into by the customers with the Group. This amount includes the interest component of pre-completion properties sales contracts under which the Group obtains significant financing benefits from the customers. The Group will recognise the expected revenue in future when or as the control is transferred or by measuring the progress towards complete satisfaction of the performance obligation, which is expected to occur over the next 12 to 36 months (2018: next 12 to 36 months).

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

(iii) Lease income

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

The Group's undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	
Total future minimum lease income from:		
Investment properties:		
Within 1 year	141,693	105,782
After 1 year but within 2 years	113,888	93,156
After 2 year but within 3 years	90,984	76,940
After 3 year but within 4 years	78,494	64,842
After 4 year but within 5 years	59,298	58,902
After 5 years	342,179	359,995
	826,536	759,617

	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i>
Properties held for sale:		
Within 1 year	17,039	16,294
After 1 year but within 2 years	14,011	14,176
After 2 year but within 3 years	7,833	12,644
After 3 year but within 4 years	7,360	6,791
After 4 year but within 5 years	6,742	6,415
After 5 years	31,238	32,083
	84,223	88,403

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

(b) Segment reporting

(i) Services from which reportable segments derive their revenue

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

(ii) Geographical information

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

3. OTHER REVENUE AND OTHER NET INCOME

	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i>
Other revenue		
Interest income	249,780	219,138
Dividend income from equity securities	6,149	5,155
Government grants	6,304	8,814
Others	533	1,747
	<u>262,766</u>	<u>234,854</u>
Other net income		
Net realised and unrealised gain/(loss)		
on financial assets measured at FVPL	9,523	(37,655)
Inventory write-down (<i>note 9(a)</i>)	(68,539)	(20,271)
Changes in fair value of biological assets less cost to sell	11,400	11,979
Net (loss)/gain on disposals of property, plant and equipment	(4,425)	19,383
Net gain on disposals of subsidiaries	68,138	–
Net gain/(loss) on disposal of a joint venture (<i>note 8(a)</i>)	441,240	(17,292)
Net fair value gain on deemed disposals of joint ventures (<i>note 8(b)</i>)	425,729	91,432
Net fair value gain on deemed disposals of associates	19,415	–
Net exchange loss	(49,204)	(37,652)
Others	(53,751)	54,268
	<u>799,526</u>	<u>64,192</u>

4. PROFIT BEFORE TAXATION

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

	2019 (unaudited) RMB'000	2018 (Note) RMB'000
(a) Finance costs		
Interest on bank loans and other borrowings	2,235,875	1,296,349
Interest on lease liabilities	28,864	–
Interest accrued on advance payments from customers	<u>2,296,175</u>	<u>1,042,564</u>
 Total interest expense on financial liabilities not at fair value through profit or loss	 4,560,914	 2,338,913
Less: Borrowing costs capitalised into properties under development*	<u>(4,091,577)</u>	<u>(2,074,731)</u>
	----- 469,337	----- 264,182
 Net change in fair value of derivatives		
– call options	65,378	(1,591)
– foreign exchange rate swap contract	(68,305)	(5,990)
– foreign exchange forward contracts (note 10(e))	(72,307)	(28,900)
– foreign exchange option (note 10(e))	<u>1,146</u>	<u>(1,549)</u>
	----- (74,088)	----- (38,030)
	<u><u>395,249</u></u>	<u><u>226,152</u></u>

Note:

The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1(c).

* The capitalisation rate used to capitalise interest on general borrowings in 2019 was 7.36% per annum (2018: 7.18% per annum).

	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i>
(b) Staff costs		
Contributions to defined contribution retirement plan	156,732	105,350
Equity settled share-based payment expenses	62,690	43,059
Salaries, wages and other benefits	800,766	662,242
	<u>1,020,188</u>	<u>810,651</u>

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

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

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

	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i>
(c) Other items		
Amortisation	15,874	23,868
Depreciation		
– owned property, plant and equipment	253,453	244,591
– right-of-use assets*	28,918	–
	<u>282,371</u>	<u>244,591</u>
Expense relating to short-term leases and other leases with remaining lease term ending on or before 31 December 2019 *	20,414	–
Total minimum lease payments for leases previously classified as operating leases under HKAS 17	–	26,481
Impairment losses on trade and other receivables, including contract assets	169,642	54,623
Group auditor's remuneration		
– audit services	4,724	4,646
– other services	3,830	2,850
Local statutory auditors' remuneration		
– audit services	3,705	3,393
– other services	798	752
Cost of inventories (<i>note 9(a)</i>)	22,322,081	9,415,270
Advertising and promotion expenses to football club	436,443	298,245
Rental income from investment properties less direct outgoings of RMB7,948,000 (2018: RMB2,209,000)	(105,659)	(104,460)
Rental income from properties for sale less direct outgoings of RMB22,409,000 (2018: RMB7,925,000)	(27,048)	(32,328)

- * *The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 1(c).*

5. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

- (a) Taxation in the consolidated income statement represents:

	2019 RMB'000 (unaudited)	2018 RMB'000
Current tax		
PRC Corporate Income Tax	1,378,921	476,472
PRC Land Appreciation Tax	1,004,754	190,968
Withholding tax	108,777	48,400
	<u>2,492,452</u>	<u>715,840</u>
Deferred tax		
PRC Corporate Income Tax	275,467	386,967
PRC Land Appreciation Tax	(67,092)	454,053
	<u>208,375</u>	<u>841,020</u>
	<u>2,700,827</u>	<u>1,556,860</u>

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

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

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

The PRC subsidiaries were subject to the actual taxation method, were charged CIT at a rate of 25% (2018: 25%) on the estimated assessable profits for the year.

(iv) Land Appreciation Tax (“LAT”)

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

(v) Withholding tax

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

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

	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i>
Profit before taxation	5,116,349	2,971,983
Tax on profit before tax, calculated at 25% (2018: 25%)	1,279,087	742,996
Difference in tax rates for certain subsidiaries	26,655	32,854
Tax effect of non-taxable income	(40,239)	(18,727)
Tax effect of non-deductible expenses	497,764	225,738
Tax effect of unused tax losses not recognised	150,010	60,916
Utilisation of tax loss not recognised in prior years	(24,473)	(19,083)
Withholding tax	108,777	48,400
LAT	937,662	645,021
Tax effect of LAT	(234,416)	(161,255)
Income tax expense	<u>2,700,827</u>	<u>1,556,860</u>

6. **EARNINGS PER SHARE**

(a) **Basic earnings per share**

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB2,015,064,000 (2018: RMB1,154,262,000) and the weighted average of 2,732,425,733 ordinary shares (2018: 2,605,807,674 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2019 <i>'000</i> (unaudited)	2018 <i>'000</i>
Issued ordinary shares at 1 January	2,731,263	2,444,334
Effect of ordinary shares issued	–	161,474
Effect of share options exercised	<u>1,163</u>	<u>–</u>
Weighted average number of ordinary shares at 31 December	<u>2,732,426</u>	<u>2,605,808</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB2,015,064,000 (2018: RMB1,154,262,000) and the weighted average number of ordinary shares of 2,785,463,786 shares (2018: 2,652,760,163 shares), calculated as follows:

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

	2019 RMB'000 (unaudited)	2018 RMB'000
Profit attributable to equity shareholders (diluted)	2,015,064	1,154,262

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

	2019 '000 (unaudited)	2018 '000
Weighted average number of ordinary shares at 31 December	2,732,426	2,605,808
Effect of deemed issue of shares under the Company's share option scheme	53,038	46,952
Weighted average number of ordinary shares (diluted) at 31 December	2,785,464	2,652,760

7. INTERESTS IN ASSOCIATES

	2019 RMB'000 (unaudited)	2018 RMB'000
Share of net assets	249,149	202,462
Amounts due from associates	61,369	247,451
	310,518	449,913

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

Management considers that none of the associates of the Group have a significant impact to the financial position and performance of the Group individually.

Aggregate information of associates is as below:

	2019 RMB'000 (unaudited)	2018 <i>RMB'000</i>
– Aggregate share of net assets of associates	249,149	202,462
– Aggregate amount due from associates	61,369	247,451
Aggregate carrying amount of associates in the consolidated financial statements	<u>310,518</u>	<u>449,913</u>

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

Loss from continuing operations	(33,918)	(17,905)
Total comprehensive income	(33,918)	(17,905)

8. INTERESTS IN JOINT VENTURES

	2019 RMB'000 (unaudited)	2018 <i>RMB'000</i>
Share of net assets	2,467,155	2,879,212
Amounts due from joint ventures	7,066,757	7,036,119
	<u>9,533,912</u>	<u>9,915,331</u>

Amounts due from joint ventures included amount of RMB796,209,000 (2018: RMB607,378,000) which are interest-bearing at 8%-12% per annum, unsecured and have no fixed terms of payment. The remaining amounts due from joint ventures are unsecured, interest-free and have no fixed terms of payment. They are expected to be recovered after more than one year.

As at 31 December 2019, the Group's interest in a joint venture with carrying amount of RMB16,000,000 (2018: RMB66,858,000) was pledged against the Group's bank loan (see note 12).

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

Name of company	Place of incorporation and business	Registered capital	Proportion of ownership interest		Principal activities	Legal form
			Held by the Company	Held by a subsidiary		
Henan Central China Taihong Real Estate Limited	Henan, the PRC	RMB231,020,000	–	51.00%	Property development	Limited company
Henan Central China Fuju Investment Company Limited	Henan, the PRC	RMB100,000,000	–	45.00%	Property development	Limited company
Zhengzhou Anyong Properties Limited	Henan, the PRC	RMB20,000,000	–	80.00%	Property development	Limited company

Note: The English name of the above companies in the PRC are translated by management only for the purpose of these financial statements as no English name has been registered or available.

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

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

	Henan Central China Taihong Real Estate Limited		Henan Central China Fuju Investment Company Limited		Zhengzhou Anyong Properties Limited	
	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i>	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i>	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i>
Gross amounts of joint ventures						
Current assets	5,043,216	5,117,000	10,651,214	9,649,934	1,368,626	1,613,619
Non-current assets	131,846	136,689	86,145	104,986	13,613	544
Current liabilities	(4,342,761)	(4,192,717)	(9,879,962)	(7,241,830)	(1,500,595)	(1,105,954)
Non-current liabilities	(444,000)	(745,551)	(728,302)	(2,513,090)	–	–
Equity	388,301	315,421	129,095	–	479,043	508,209
Included in the above assets and liabilities:						
Cash and cash equivalents	172,941	134,679	554,211	603,711	2,588	275
Current financial liabilities (excluding trade and other payables and provisions)	(195,000)	(80,800)	–	–	–	–
Non-current financial liabilities (excluding trade and other payables and provisions)	(444,000)	(745,551)	(719,650)	(2,513,090)	–	–

	Henan Central China Taihong Real Estate Limited		Henan Central China Fuju Investment Company Limited		Zhengzhou Anyong Properties Limited	
	2019	2018	2019	2018	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)		(unaudited)		(unaudited)	
Revenue	1,715,140	2,268,185	2,439,834	2,245,543	–	–
(Loss)/profit from continuing operations	272,800	302,622	156,961	(27,867)	(29,166)	(17,078)
Total comprehensive income	272,800	302,622	156,961	(27,867)	(29,166)	(17,078)
Dividend received from the joint ventures	102,000	132,600	–	–	–	–
Included in the above (loss)/profit:						
Depreciation and amortisation	(1,472)	(1,579)	(762)	(830)	(298)	(178)
Interest income	5,816	4,886	108	2,927	27	31
Interest expense	–	–	(13)	(38)	(21)	(11,611)
Income tax expense	(64,097)	(99,859)	(115,643)	(99,336)	(7,294)	(1,586)
Reconciled to the Group's interest in joint ventures						
Gross amounts of net assets of the joint ventures	388,301	315,421	156,961	–	479,043	508,209
Group's effective interest	51.00%	51.00%	45.00%	45.00%	80.00%	80.00%
Group's share of net assets of the joint ventures	198,034	160,865	58,093	–	383,235	406,567
Amount due from joint ventures	–	–	2,347,812	1,481,498	1,103,180	1,085,715
Carrying amount in the consolidated financial statements	<u>198,034</u>	<u>160,865</u>	<u>2,405,905</u>	<u>1,481,498</u>	<u>1,486,415</u>	<u>1,492,282</u>

Aggregate information of joint ventures that are not individually material:

	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	
– Aggregate share of net assets of individually immaterial joint ventures	1,827,793	2,311,780
– Aggregate amount due from individually immaterial joint ventures	<u>3,615,765</u>	<u>4,468,906</u>
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	<u>5,443,558</u>	<u>6,780,686</u>

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

Loss from continuing operations	(8,560)	(112,497)
Total comprehensive income	(8,560)	(112,497)

(a) Disposal of a joint venture

During the year ended 31 December 2019, the Group entered into an equity transfer agreement with the joint venturer to dispose its 50.31% equity interest with a carrying amount of RMB26,168,000 at total consideration of RMB527,400,000, which will be paid by instalment before May 2021. A net gain of RMB441,240,000 recognised in profit or loss represented the difference between the present value of consideration to be received and net book value of the joint venture.

(b) Deemed disposal of joint ventures in step acquisitions

During the year ended 31 December 2019, the Group entered into equity transfer agreements with respective joint venturers to acquire additional equity interest. Upon completion of the above transactions, these joint ventures became subsidiaries of the Group.

The net gain of RMB425,729,000 on deemed disposals of these joint ventures was recognised in profit or loss, by remeasuring the Group's previously held equity interests in these entities at fair value on the acquisition date.

9. INVENTORIES AND OTHER CONTRACT COSTS

	<i>Note</i>	2019 RMB'000 (unaudited)	2018 RMB'000
Inventories			
– Properties held for future development and under development for sale		65,235,041	46,628,504
– Completed properties held for sale		4,523,557	3,570,986
– Others		14,246	3,369
		69,772,844	50,202,859
Other contract costs			
	<i>(d)</i>	219,710	113,120
		69,992,554	50,315,979

- (a) The analysis of the amount of properties for sale recognised as an expense and included in profit or loss is as follows:

	2019 RMB'000 (unaudited)	2018 <i>RMB'000</i>
Carrying amount of inventories sold	22,322,081	9,415,270
Write down of inventories	68,539	21,180
Reversal of write-down of inventories	<u>–</u>	<u>(909)</u>
	<u>22,390,620</u>	<u>9,435,541</u>

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

The amount of properties for future development and under development expected to be recovered after more than one year is RMB31,733,389,000 (2018: RMB30,615,760,000). All of the other inventories are expected to be recovered within one year.

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

	2019 RMB'000 (unaudited)	2018 <i>RMB'000</i>
In the PRC, with remaining lease term of:		
– long leases	29,944,770	18,270,173
– medium-term leases	<u>4,052,313</u>	<u>4,567,544</u>
	<u>33,997,083</u>	<u>22,837,717</u>

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

At 31 December 2019, the Group's properties for sale of RMB3,373,648,000 (2018: RMB449,954,000) were pledged as securities for joint ventures' loan.

(d) Contract costs

Contract costs capitalised as at 31 December 2019 relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of "selling and marketing expense" in the consolidated income statement in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was RMB203,331,000 (2018: RMB97,320,000). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year (2018: Nil).

The amount of capitalised contract costs that is expected to be recovered after more than one year is RMB103,904,000 (2018: RMB63,884,000).

10. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2019 RMB'000 (unaudited)	2018 RMB'000
Trade debtors and bills receivable, net of loss allowance	(a)	76,287	43,984
Other debtors	(b)	1,279,804	760,281
Amounts due from joint ventures	(c)	139,876	69,092
Amounts due from associations	(c)	3,080	–
Amounts due from entities controlled by the ultimate controlling shareholder	(c)	35,268	15,400
Amounts due from entities jointly controlled by a close family member of the ultimate controlling shareholder	(c)	1,365	–
Amounts due from non-controlling interests	(d)	2,705,953	1,593,499
Amounts due from a joint venturer	(d)	100,000	–
Financial assets measured at amortised cost		4,341,633	2,482,256
Derivative financial instruments:			
– redemption call options embedded in senior notes		31,790	62,533
– foreign exchange forward contracts and option contracts	(e)	62,030	31,799
– interest rate swap contracts		–	552
		93,820	94,884
		4,435,453	2,577,140

(a) **Aging analysis**

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

	2019 RMB'000 (unaudited)	2018 <i>RMB'000</i>
Within 1 month	50,698	16,241
1 to 3 months	5,204	5,764
3 to 6 months	3,360	1,073
6 to 12 months	8,882	7,910
Over 1 year	8,143	12,996
	76,287	43,984

Trade debtors and bills receivable are due upon the invoicing.

- (b) Other debtors mainly included receivables due from disposal of a joint venture (note 8(a)), advances made to former non-controlling shareholders of certain subsidiaries and land purchase deposits to be returned. Allowance for other debtors related to certain long outstanding balance and management assessed that only a portion of the receivables is expected to be recovered.
- (c) Amounts due from joint ventures and associates are interest-free, unsecured and have no fixed terms of payment.

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

Amounts due from entities jointly controlled by a close family member of the ultimate controlling shareholder mainly represented amount receivable due from Shanghai Meihua Yuezhang Investment Company 上海美華樂章投資有限公司 (“Shanghai Meihua”) together with its subsidiaries, which are interest-free, unsecured and to be settled according to the contract terms.

- (d) Amounts due from non-controlling interests are interest-free, unsecured and have no fixed terms of payment.

Amounts due from a joint venture is interest-bearing at 18% per annum, secured and will mature in three months.

- (e) The Company entered into foreign exchange forward contracts and option contracts to manage its exposure currency risk. As at 31 December 2019, the aggregate notional principal amounts of the outstanding foreign exchange forward contracts and option contracts are US\$600 million (2018: US\$350 million) and the remaining contracts will mature in 2020 and 2021 respectively. The foreign exchange forward contracts and option contracts are accounted for at fair value as derivative financial instrument and recognised in derivative financial assets at RMB62,030,000 and derivative financial liability at RMB10,908,000 (2018: derivative financial assets at RMB31,799,000).
- (f) The amount of derivative financial instruments expected to be recovered or recognised as expense after more than one year is RMB29,836,000 (2018: RMB75,390,000). All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

11. DEPOSITS AND PREPAYMENTS

As at 31 December 2019, the balance included deposits and prepayments for leasehold land of RMB10,274,453,000 (2018: RMB4,247,968,000).

12. BANK LOANS

At 31 December 2019, the bank loans were repayable as follows:

	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i>
Within 1 year or on demand	3,734,424	1,756,130
After 1 year but within 2 years	2,273,910	2,232,976
After 2 years but within 5 years	758,750	1,368,250
After 5 years	471,375	473,125
	<u>3,504,035</u>	<u>4,074,351</u>
	<u>7,238,459</u>	<u>5,830,481</u>

At 31 December 2019, the bank loans were secured as follows:

	2019 RMB'000 (unaudited)	2018 <i>RMB'000</i>
Bank loans		
– secured	4,865,783	3,419,705
– unsecured	2,372,676	2,410,776
	<u>7,238,459</u>	<u>5,830,481</u>

At 31 December 2019, the secured bank loans are secured over equity interest in subsidiaries of the Group and other assets of the Group as follows:

	2019 RMB'000 (unaudited)	2018 <i>RMB'000</i>
Properties for sale	5,862,338	2,238,693
Property, plant and equipment	839,401	792,220
Investment property	343,189	–
Interest in a joint venture	16,000	66,858
Restricted bank deposits	697,620	–
	<u>7,758,548</u>	<u>3,097,771</u>

The effective interest rates of bank loans of the Group at 31 December 2019 were ranged from 4%-7.5% (2018: 4.75%-9.3%) per annum.

Certain banking facilities of the Group are subject to the fulfilment of covenants relating to certain of the Group's statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants. At 31 December 2019 and 2018, none of the covenants relating to drawn down facilities had been breached.

13. OTHER LOANS

At 31 December 2019, other loans represented loans from external financial institutions and were repayable as follows:

	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i>
Within 1 year	2,437,022	593,150
After 1 year but within 2 years	<u>850,325</u>	<u>240,030</u>
	<u>3,287,347</u>	<u>833,180</u>

At 31 December 2019, the other loans were secured as follows:

	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i>
Other loans		
– secured	2,530,545	490,250
– unsecured	<u>756,802</u>	<u>342,930</u>
	<u>3,287,347</u>	<u>833,180</u>

The effective interest rates of other loans of the Group at 31 December 2019 were ranged from 6.8%-12.0% (2018: 7.0% – 12.0%) per annum.

At 31 December 2019, the secured other loans are secured over assets of subsidiaries of the Group as follows:

	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i>
Properties for sale	2,783,273	983,577
Property, plant and equipment	49,082	49,082
Investment property	<u>218,336</u>	<u>218,336</u>
	<u>3,050,691</u>	<u>1,250,995</u>

14. TRADE AND OTHER PAYABLES

	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i>
Trade creditors and bills payable	21,296,417	16,159,800
Other creditors and accrued charges	7,899,149	3,418,226
Patent payable	–	40,000
Amounts due to joint ventures	6,979,796	5,079,664
Amounts due to associates	709,593	225,607
Amounts due to entities controlled by the ultimate controlling shareholder	567,352	94,639
Amounts due to non-controlling interests	<u>6,143,374</u>	<u>3,828,999</u>
Financial liabilities measured at amortised cost	<u>43,595,681</u>	<u>28,846,935</u>
Derivative financial instruments:		
– foreign exchange rate swap contract	9,228	77,252
– foreign exchange forward contracts and option contracts	<u>10,908</u>	<u>–</u>
	<u><u>43,615,817</u></u>	<u><u>28,924,187</u></u>

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

Amounts due to entities controlled by the ultimate controlling shareholder mainly included amount due to Central China New Life together with its subsidiaries of RMB474,237,000 for receiving services from these entities (2018: RMB78,482,000) and amount due to Drawin Intelligent Manufacture Technology Industry Group Limited 築友智造科技產業集團有限公司 (“Drawin Intelligent Manufacture”) together with its subsidiaries of RMB93,115,000 (2018:Nil), which are interest-free, unsecured and to be settled according to the contract terms.

Amounts due to non-controlling interests included amount of RMB524,461,000 (2018: RMB873,072,000) which are interest-bearing at 6%-20% (2018: 12%-17%) per annum, unsecured and have no fixed terms of payment. The interest expenses for the year amounted to RMB143,909,000 (2018: RMB32,500,000). The remaining amounts due to non-controlling interests are interest-free, unsecured and have no fixed terms of payment.

The amount of retention payable and derivative financial instruments expected to be settled after more than one year are RMB133,403,000 (2018: RMB61,067,000) and 9,228,000 (2018: RMB77,252,000) respectively. All of the trade and other payables are expected to be settled within one year.

(a) Aging analysis

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

	2019 RMB'000 (unaudited)	2018 <i>RMB'000</i>
Within 1 month	9,359,338	7,839,814
1-3 months	5,398,255	2,543,872
3-6 months	2,357,186	1,440,263
6-12 months	1,547,284	905,144
Over 12 months	2,634,354	3,430,707
	<u>21,296,417</u>	<u>16,159,800</u>

15. DIVIDENDS

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

	2019 RMB'000 (unaudited)	2018 <i>RMB'000</i>
Interim dividend declared and paid of HK\$15.6 cents (equivalent to RMB14.0 cents) per ordinary share (2018: HK\$7.16)	382,798	165,000
Final dividend proposed after the end of the reporting period of HK\$31.00 cents (equivalent to RMB28.44 cents) per ordinary share (2018: HK\$14.12 cents)	<u>779,430</u>	<u>330,210</u>

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

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

	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$14.12 cents (equivalent to RMB12.09 cents) per ordinary share (2018: HK\$12.29)	<u>326,848</u>	<u>243,915</u>

16. COMMITMENTS

- (a) Capital commitments outstanding at 31 December 2019 not provided for in the financial statements are as follows:

	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i>
Capital commitments for property development		
– Authorised but not contracted for	49,306,769	44,534,992
– Contracted but not provided for	<u>25,865,751</u>	<u>24,153,219</u>
	<u>75,172,520</u>	<u>68,688,211</u>

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

	Properties <i>RMB'000</i>
Within 1 year	25,619
After 1 year but within 5 years	93,459
After 5 years	<u>517,617</u>
	<u>636,695</u>

The Group is the lessee in respect of a number of properties held under leases which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see note 1(c)). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position.

17. FINANCIAL GUARANTEE

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

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by buyers of the Group's and joint ventures' properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these buyers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted buyers to banks. The Group's guarantee periods commence from the dates of grants of the relevant mortgage loans and end after the buyers obtain the individual property ownership certificate of the property purchased. The amount of guarantees given to banks for mortgage facilities granted to the buyers of the Group's and joint ventures' properties at 31 December 2019 is as follows:

	2019 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i>
Guarantees given to banks for mortgage facilities granted to buyers of:		
– the Group's properties	37,561,304	27,135,358
– the joint ventures' properties (the Group's shared portion)	<u>4,821,070</u>	<u>2,387,633</u>
	<u>42,382,374</u>	<u>29,522,991</u>

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

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

The Group provided guarantees to bank loans and other loans of joint ventures and associates amounting to RMB10,046,993,000 at 31 December 2019 (2018: RMB4,984,799,000). The Group closely monitors the repayment progress of the relevant loans by those joint ventures. At the end of the reporting period, the directors do not consider it probable that claims will be made against the Group under these guarantees.

(c) Guarantee given to Henan Hongdao Business Information Consultation Company Limited 河南弘道商務信息諮詢有限公司 (“Henan Hongdao”)

On 24 December 2019, the Group entered into an arrangement to provide guarantee to Henan Hongdao, an entity controlled by Mr. Wu Po Sum, in respect of its five-year bank loan amounting to RMB500,000,000, with annual guarantee fee at 1% of the principal amount outstanding.

(d) 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, a subsidiary of Central China New Life, for outstanding amount in relation to Asset-backed Securities of RMB850,000,000 issued by Jianye Property Management in April 2016. In April 2019, Jianye Property Management repaid all remaining balance of the Asset-backed Securities. The liquidity support fee of RMB533,000 was recognised for the year ended 31 December 2019 (2018: RMB915,000).

18. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (a)** On 9 January 2020 and 5 February 2020, the Company issued senior notes with principal amount of US\$200,000,000 due in 2024 and US\$300,000,000 due in 2021, interest-bearing at 7.25% and 6.875% per annum, respectively, which is payable semi-annually in arrears. The details are disclosed in the relevant announcements published by the Company.

- (b) On 17 January 2020, the Group entered into an acquisition agreement with Guangzhou R&F Properties Co., Ltd. (“Guangzhou R&F”), pursuant to which, the Group agreed to acquire 10% equity interests and debt due to Guangzhou R&F in Central China R&F Investment Co., Ltd. (“Central China R&F”) at the consideration of RMB1,000,000,000. Upon completion of the acquisition, Central China R&F was 55% owned by the Group, and became a subsidiary of the Group.
- (c) On 12 February 2020, the Group entered into an arrangement to provide guarantee to Jiayao Global Investments Limited, an entity controlled by Mr. Wu Po Sum, in respect of its bonds issued amounting to US\$203,000,000 due in 2021, with annual guarantee fee at 1% of the principal amount of the bond.
- (d) The coronavirus outbreak since early 2020 has brought about additional uncertainties in the Group’s operating environment and has impacted the Group’s operations and financial position.

As far as the Group’s businesses are concerned, the outbreak has caused delay of the project constructions and pre-sale of the properties. The Group has been closely monitoring the impact of the developments on the Group’s businesses. Based on the information currently available, the management estimated that the coronavirus outbreak will not have a significant impact on the Group’s financial position and operation results for 2019. The Group will continue to monitor and evaluate the impact in 2020 as situation continues to evolve and further information may become available.

- (e) After the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in note 15(i).

FINANCIAL HIGHLIGHTS

SUMMARY OF INCOME STATEMENT

For the period ended 31 December

	2019 (unaudited)	2018	Changes
Revenue (<i>RMB'000</i>)	30,766,698	14,783,480	108.1%
Gross profit (<i>RMB'000</i>)	8,005,342	5,091,103	57.2%
Gross profit margin	26.0%	34.4%	–8.4*
Gross profit from core businesses (<i>RMB'000</i>)	6,839,083	4,213,916	62.3%
Gross profit margin from core businesses	23.5%	30.8%	–7.3*
Net profit (<i>RMB'000</i>)	2,415,522	1,415,123	70.7%
Net profit margin	7.9%	9.6%	–1.7*
Profit attributable to equity shareholders (<i>RMB'000</i>)	2,015,064	1,154,262	74.6%
Basic earnings per share (<i>RMB</i>)	0.7375	0.4430	66.5%
Diluted earnings per share (<i>RMB</i>)	0.7234	0.4351	66.3%
Final dividends per share (<i>HK\$</i>)	0.3100	0.1412	119.5%

SUMMARY OF STATEMENT OF FINANCIAL POSITION

As at 31 December

	2019 (unaudited)	2018	Changes
Total cash (including cash and cash equivalents and restricted bank deposits) (RMB'000)	30,785,102	17,781,856	73.1%
Total assets (RMB'000)	143,967,389	101,962,375	41.2%
Total liabilities (RMB'000)	131,365,068	91,692,591	43.3%
Total equity (including non-controlling interests) (RMB'000)	12,602,321	10,269,784	22.7%
Total borrowings (RMB'000)	31,490,625	19,851,250	58.6%
Net borrowings (RMB'000)	8,085,346	5,648,991	43.1%
Current ratio ⁽¹⁾	112.0%	108.3%	3.7*
Net gearing ratio ⁽²⁾	64.2%	55.0%	9.2*
Net asset value per share (RMB)	4.60	3.76	22.3%
Equity attributable to equity shareholders (RMB)	3.55	3.24	9.6%

Notes: * Change in percentage points

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

(2) Please refer to pages 49 to 50 for the calculation process

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Overall performance

The Company is pleased to announce a growth in contract sales amounting to RMB101,150 million in 2019, representing a year-on-year increase of approximately 39.8%, of which the contract sales of heavy assets amounted to RMB71,801 million, representing a year-on-year increase of approximately 33.8%, and the contract sales of light assets amounted to RMB29,349 million, representing a year-on-year increase of approximately 57.0%. As the increase in contract sales and cash collection of sales were satisfactory, the cash and cash equivalents and restricted bank deposits of the Company in total amounted to approximately RMB30,785 million as at 31 December 2019.

As at 31 December 2019, net borrowings in total amounted to approximately RMB8,085 million with net gearing ratio of approximately 64.2%. The Company has persisted in adhering to a prudent principle in financial management, thus maintaining a high proportion of cash with a reasonable level of borrowing.

The Company continued to implement a prudent approach to acquire land and accelerated project construction, so as to shorten the development cycle. The property projects delivered by the Company amounted to 63 in 2019, an increase of 25 than in 2018. Furthermore, the Company owned 151 projects under development for the year ended 31 December 2019, an increase of 33 projects as compared with 2018. As a result, revenue from the real estate business recognised upon delivery and according to the percentage of completion recorded an increase. The profit attributable to the equity shareholders of the Company in 2019 was approximately RMB2,015 million, representing a year-on-year increase of approximately 74.6%.

As at 31 December 2019, the Company had entered into contracts for 163 light-asset project in total with expected GFA of approximately 23.94 million sq.m. according to those contracts. Those light-asset projects contracts generated revenues of approximately RMB1,023 million in 2019 for the Company, representing a year-on-year increase of approximately 51.5%. Such light-asset projects will generate steady income to the Company in the coming years.

As at 31 December 2019, the contract sales of properties of the Company which was not recognised was approximately RMB63,471 million with corresponding gross profits of approximately RMB14,605 million. The amount is expected to be recognised as revenue and gross profit in the next two or three years. In addition, the contract sales of the joint ventures and associates that were not recognised was approximately RMB17,466 million with corresponding gross profit of approximately RMB4,058 million.

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

Revenue: Our revenue increased by 108.1% to approximately RMB30,767 million in 2019 from approximately RMB14,783 million in 2018, primarily due to the increase in the number of property projects delivered and projects under development recognised according to the percentage of completion that were eligible for revenue recognition.

- **Income from sales of properties:** Revenue from property sales increased by 114.0% to approximately 29,161 million in 2019 from approximately RMB13,629 million in 2018 due to an increase in the GFA recognised by 140.8% to approximately 4,506,000 sq.m. in 2019 from approximately 1,871,000 sq.m. in 2018, while the average selling price (excluding underground parking space) decreased by 11.1% to RMB6,472 per sq.m. in 2019 from RMB7,284 per sq.m. in 2018.

- **Rental income:** Revenue from property leasing increased by 11.0% to approximately RMB163 million in 2019 from approximately RMB147 million in 2018, which was mainly due to the completion of renovation of Luoyang Triumph Plaza in the mid of 2018, with an increase of its average occupancy rate from approximately 89% in 2018 to approximately 95% in 2019.
- **Revenue from hotel operation:** Revenue from hotel operation increased by approximately 13.3% to RMB323 million in 2019 from approximately RMB285 million in 2018, as the market of the famous tourist cities in Henan Province, such as Nanyang and Luohe, were rather prosperous during the year than in 2018, with the occupancy rate and room rates increasing as compared with that of 2018.
- **Revenue from provision of project management service:** Revenue from provision of project management service increased by 51.5% to approximately RMB1,023 million in 2019 from approximately RMB675 million in 2018 which was derived from operation and management services provided by the Company under light-asset projects. The increase was mainly attributable to a rapid increase in projects.

Cost of sales: Our cost of sales increased by 134.8% to approximately RMB22,761 million in 2019 from approximately RMB9,692 million in 2018. The increase in cost of sales was mainly due to the increase in GFA of recognised properties as mentioned above.

Gross profit: The Company's gross profit increased by 57.2% to approximately RMB8,005 million in 2019 from approximately RMB5,091 million in 2018, while our gross profit margin decreased by 8.4 percentage points from 34.4% in 2018 to 26.0% in 2019. It was principally because that: 1) the proportion of recognised sales of car park spaces with high gross margins decreased from approximately 13.8% in 2018 to approximately 6.5% in 2019; and 2) Zhengzhou and Luoyang, with high gross margins, saw a decrease in the proportion of recognised property sales from approximately 32% in 2018 to approximately 20% in 2019.

Other revenue: Other revenue increased by 11.9% to approximately RMB263 million in 2019 from approximately RMB235 million in 2018. This was primarily due to the increase in bank interest income.

Other net income: Other net income increased significantly by 1,145.5% to approximately RMB800 million in 2019 from approximately RMB64 million in 2018. This was primarily due to 1) an increase of approximately RMB334 million in the gain from deemed disposal of joint ventures and 2) an increase of approximately RMB459 million in gain from the disposal of a joint venture recorded this year.

Selling and marketing expenses: Our selling and marketing expenses increased by 60.0% to approximately RMB1,901 million in 2019 from approximately RMB1,188 million in 2018. The increase was primarily due to the increase in contract sales and revenue and the increase of sales staff resulting in an increase in the salary and bonuses, sales commissions, advertising marketing expenses and other related marketing expenses, of which 1) the advertising expenses increased by approximately RMB210 million, 2) staff costs increased by approximately RMB158 million, 3) advertising fees paid for football club increased by approximately RMB138 million, and 4) property management fees for sales centre and vacant properties increased by approximately RMB53 million. The rate for the selling and marketing expenses to its revenues decreased from approximately 8.0% in 2018 to approximately 6.2% in 2019, representing an decrease of 1.8 percentage points.

General and administrative expenses: Our general and administrative expenses increased by 10.9% to approximately RMB1,722 million in 2019 from approximately RMB1,552 million in 2018. This increase was primarily because the number of projects under development of the Company increased by 33, from 118 in 2018 to 151 at the end of 2019, thus resulting in an increase by approximately RMB151 million in staff costs in 2019 as compared with that of 2018. The rate for the general and administrative expenses to its revenues decreased from approximately 10.5% in 2018 to approximately 5.6% in 2019, representing an decrease of 4.9 percentage points.

Impairment losses on trade and other receivables and contract assets: Impairment losses on trade and other receivables and contract assets increased by 210.6% to approximately RMB170 million in 2019 from approximately RMB55 million in 2018, which was mainly due to the increase in the contract assets and balances of receivable as at the end of 2019, leading to an increase in the provision for expected credit loss.

Finance costs: Our finance costs increased by 74.8% to approximately RMB395 million in 2019 from approximately RMB226 million in 2018, mainly due to an increase of total borrowings as compared with that of last year. As at 31 December 2019, the total borrowings were approximately RMB31,491 million, representing an increase of approximately 58.6% from RMB19,851 million at the end of last year.

Share of profits less losses of associates: Our share of losses of associates increased by 89.4% to approximately RMB34 million in 2019 from approximately RMB18 million in 2018, primarily due to an increase in losses attributable to associates, which was because that some of the associates were not eligible for revenue recognition.

Share of profits less losses of joint ventures: Our share of profits of joint ventures increased by 1,037.4% to approximately RMB178 million in 2019 from approximately RMB16 million in 2018, primarily due to the increase in revenue recognised in respect of the joint ventures as relatively large-scaled joint venture projects were eligible for revenue recognition.

Net valuation gain on investment property: A net valuation gain of approximately RMB93 million on the Company's investment properties for 2019 was recorded, which was mainly due to the rising rents of the commercial buildings such as the Five Buildings of Zhengzhou Jianye, Luoyang Triumph Plaza and Nanyang Triumph Plaza, resulting in an increase in the valuation of investment properties.

Income tax: Income tax mainly comprises corporate income tax and land appreciation tax. The Company's income tax increased by 73.5% to approximately RMB2,701 million in 2019 from approximately RMB1,557 million in 2018. It was principally due to the increase in income tax as a result of the increase in the recognised revenue from sales of properties during the year.

Profit for the year: As a result of the foregoing, our profit increased by 70.7% to approximately RMB2,416 million in 2019 from approximately RMB1,415 million in 2018.

Financial resources and their utilisation: As at 31 December 2019, the Company's cash and cash equivalents amounted to approximately RMB22,708 million (31 December 2018: approximately RMB14,202 million). The Company has declared an interim dividend of approximately RMB383 million in total during the year and announced a proposal to distribute a final dividend of approximately RMB779 million to the shareholders of the Company in relation to profit attributable to the year ended 31 December 2019 (2018: approximately RMB330 million).

Structure of Borrowings and Deposits

The Company continued to adopt a prudent principle on financial management and centralise our funding and financial management. Therefore, we maintain a high proportion of cash with a reasonable level of borrowing. During the year, we successfully issued 6 senior notes with a total principal amount of US\$1.3 billion. As at 31 December 2019, the repayment schedule of the Company's bank loans and other borrowing was as follows:

	As at 31 December 2019 <i>RMB'000</i> (unaudited)	As at 31 December 2018 <i>RMB'000</i>
Repayment Schedule		
Bank loans		
Within one year	3,734,424	1,756,130
More than one year, but not exceeding two years	2,273,910	2,232,976
More than two years, but not exceeding five years	758,750	1,368,250
Exceeding five years	471,375	473,125
	<u>7,238,459</u>	<u>5,830,481</u>
Other loans		
Within one year	2,437,022	593,150
More than one year, but not exceeding two years	850,325	240,030
	<u>3,287,347</u>	<u>833,180</u>

Repayment Schedule	As at 31 December 2019 <i>RMB'000</i> (unaudited)	As at 31 December 2018 <i>RMB'000</i>
Corporate bonds		
Within one year	1,489,608	2,996,760
More than one year, but not exceeding two years	1,499,870	–
	<u>2,989,478</u>	<u>2,996,760</u>
Senior notes		
Within one year	4,857,923	–
More than one year, but not exceeding two years	7,626,964	4,744,799
More than two years, but not exceeding five years	5,490,454	5,446,030
	<u>17,975,341</u>	<u>10,190,829</u>
Total borrowings	<u>31,490,625</u>	<u>19,851,250</u>
<i>Deduct:</i>		
Cash and cash equivalents	(22,707,659)	(14,202,259)
Restricted bank deposits secured bank loans and other loans	(697,620)	–
Net borrowings	<u>8,085,346</u>	<u>5,648,991</u>
Total equity	<u>12,602,321</u>	<u>10,269,784</u>
Net gearing ratio (%)	<u>64.2%</u>	<u>55.0%</u>

Pledge of assets: As at 31 December 2019, we had pledged restricted bank deposits, completed properties, properties under development, properties available for future development, plants and equipment, equity interest in a joint venture with an aggregate carrying amount of approximately RMB10,809 million (31 December 2018: approximately RMB4,349 million) to secure general bank credit facilities and other loans granted to us. We also pledged properties for sale with an aggregate carrying amount of approximately RMB3,374 million (31 December 2018: approximately RMB450 million) to secure loans granted to joint ventures.

Contingent liabilities: As at 31 December 2019, we had provided guarantees of approximately RMB42,382 million (31 December 2018: approximately RMB29,523 million) to banks in respect of the mortgage loans provided by the banks to customers who purchased the developed properties of the Company and its joint ventures. We also provided guarantees of approximately RMB10,047 million as at 31 December 2019 (31 December 2018: approximately RMB4,985 million) in respect of bank loans and other loans of joint ventures and an associate.

Capital commitment: As at 31 December 2019, we had contractual commitments undertaken by subsidiaries of the Group, the performance of which was underway or ready, in respect of property development amounting to approximately RMB25,866 million (31 December 2018: approximately RMB24,153 million), and we had authorised, but not yet contracted for, a further approximately RMB49,307 million (31 December 2018: approximately RMB44,535 million) in expenditures in respect of property development and capital investments.

Foreign exchange risk: Our businesses are principally conducted in RMB. The majority of our assets are denominated in RMB. As at 31 December 2019, 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 risk arising from future commercial transactions and recognised assets and liabilities denominated in currencies other than RMB. Considering the main income stream of the Company denominated in RMB, we have changed the currency to repay the principal and interest of the US\$200 million Senior Notes issued in 2016 into RMB through a foreign exchange swap contract, and locked the exchange rate of the net investment denominated in RMB with an equivalent amount of US\$600 million through foreign exchange forward contract and options contracts.

Interest rate risk: The interest rate for a proportion of our loans were floating. Upward fluctuation in interest rates will increase the interest cost of new and existing loans. We currently do not use derivatives to hedge their interest rate risk.

REVIEW OF OPERATIONS

(I) Market Review

1. The Macro-economic Environment

Facing the complicated situation of increasing risks and challenges at home and abroad in 2019, all local departments earnestly implemented the decisions and arrangements of the central leadership and the State Council under the strong leadership of the CPC Central Committee as they maintained the basic tune of “seeking progress while maintaining stability” for the economic work, upheld the new development philosophy, continued to promote supply-side structural reform, made efforts to boost high-quality development, and kept employment, the financial sector, foreign trade, foreign and domestic investments, and expectations stable, contributing to significant breakthroughs in three tough battles, stable and sustainable growth for the national economy, further advancement in development outcome and great accomplishment in main projected targets, and paving the way for building of a moderately prosperous society in all respects. In 2019, China achieved a GDP of approximately RMB99.09 trillion, representing a year-on-year increase of 6.1%.

Under the development of national economic in 2019, Henan Province adhered to the general tone of striving for economic growth on the basis of steadiness while closely following the guidance of the new development theories and general direction of high-quality development, carrying on the supply-side structural reform as its principal task, and concentrating its efforts and resources in boosting healthy economic development. Consequently, its economy has maintained an overall stable and progressive development trend with its economic structural adjustment constantly optimized, new growth drivers developing rapidly, and quality and efficiency continuing to improve, providing a solid foundation for building a moderately prosperous society in all respects and successfully implementing the 13th Five-Year Plan. In 2019, Henan Province achieved a GDP of approximately RMB5.43 trillion, representing a year-on-year increase of 7%, which is 0.9 percentage points higher than the national average.

2. *The Property Market*

In 2019, the central government adhered to the principle of “housing is for accommodation, not for speculation” and tightened its control by emphasizing the policy of, “implementing the long-term management mechanism for the real estate market, and not using real estate as a short-term means of stimulating the economy”. Focusing on keeping land prices, housing prices and expectations stable, local authorities fully implemented differentiated policies in light of different situations in different places that adopt tight monetary policy to prevent overheating economy, and institute moderately easy policy to avoid sluggish economy so as to ensure that the real estate market achieved a steady development. In spite of the weakening driving force of the renovation plan to address housing in rundown urban areas, the real estate industry showed its strong resilience with areas sold hitting a high level and sales amount reaching a new height.

In 2019, the area of commercial house sold in China amounted to 171,600 sq.m., down 0.1% year on year; the commercial house sales amounted to RMB15.97 trillion, up 6.5% year on year; and the investment in real estate development amounted to RMB13.22 trillion, up 9.9% year on year.

Henan Province insisted on the guideline known as “housing is for accommodation, not for speculation”, shouldered responsibilities of an urban government, took targeted and differentiated measures combining advantages and disadvantages with solutions to root causes, and implemented the strategy of “One Policy for One City” to gradually develop and improve a long-term mechanism to achieve stable and sustainable development in real estate industry. Although renovation bonus weakened, benefiting from the large population and rapid urbanization, industries in Henan Province showed strong resistance with performance beyond expectation in 2019, and sales further increased with a rate higher than the national average. While the overall performance remained stable, there was clear differentiation in performance in different cities and areas as the renovation plan was about to come to an end.

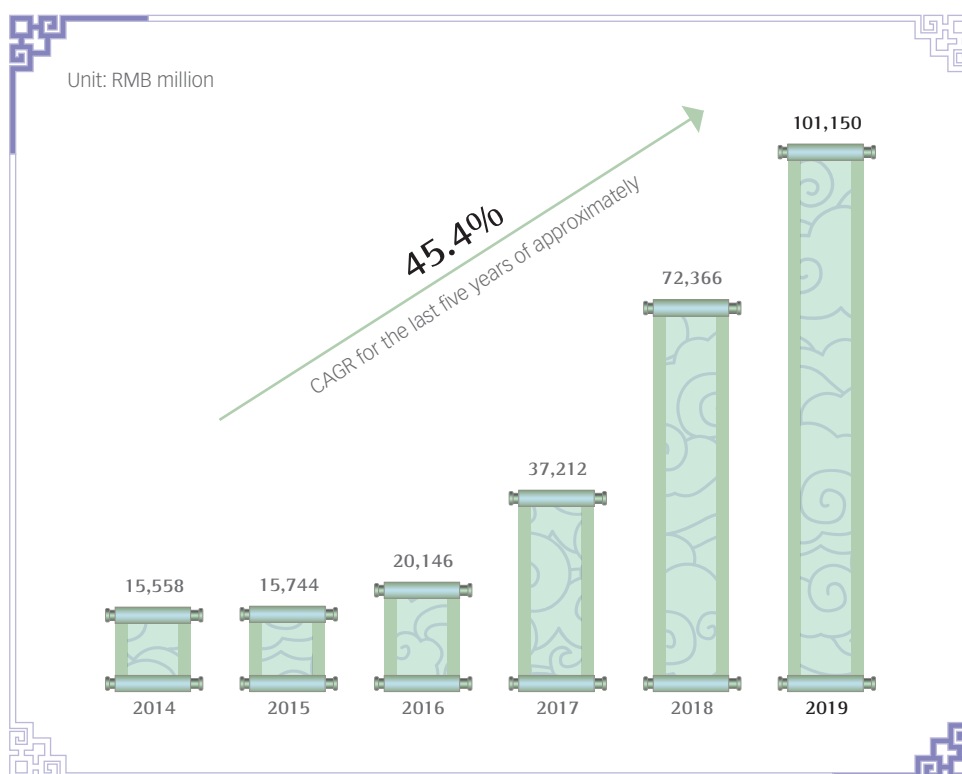
In 2019, the area of commercial house sold in Henan Province amounted to 142,775,500 sq.m., up 2.1% year on year; the commercial house sales amounted to RMB900.998 billion, up 11.9% year on year; and the investment in real estate development amounted to RMB746.459 billion, up 6.4% year on year.

(II) Project Development

1. Real Estate Development

(a) Property Sales Performance

During the reporting period, a progressive growth in property sales and a breakthrough in sale target were achieved through our great effort in expediting property sales. In 2019, the contracted sales sold by the Company amounted to approximately RMB101.15 billion, representing a compound annual growth rate of 45.4% in the past five years. In particular, the contracted sales of heavy assets amounted to RMB71.801 billion, representing an increase of 33.8%, and the contracted area sold of heavy assets was approximately 9,193,000 sq.m., representing an increase of 23.7%. In terms of contracted sales amount, the market share of the Company in 2019 in Henan Province was 7.97%.



City	Contracted sales amount (RMB million)			Contracted GFA (‘000 sq.m.)		
	2019	2018	Change	2019	2018	Change
Zhengzhou	16,029	13,799	16%	1,097	1,254	-13%
Kaifeng	596	512	16%	98	69	42%
Luoyang	7,993	3,732	114%	895	432	107%
Pingdingshan	1,686	1,258	34%	294	232	27%
Anyang	2,593	4,734	-45%	387	758	-49%
Hebi	1,461	228	541%	171	38	350%
Xinxiang	7,072	2,941	140%	976	446	119%
Jiaozuo	1,919	1,673	15%	309	263	17%
Puyang	3,346	3,725	-10%	563	600	-6%
Xuchang	3,220	2,459	31%	468	343	36%
Luohe	1,666	1,287	29%	237	185	28%
Sanmenxia	515	971	-47%	80	156	-49%
Shangqiu	4,852	3,601	35%	664	473	40%
Zhoukou	7,048	5,546	27%	1,149	894	29%
Zhumadian	5,393	4,399	23%	908	882	3%
Nanyang	3,102	1,342	131%	390	156	150%
Xinyang	1,241	408	204%	200	93	115%
Jiyuan	2,069	1,060	95%	307	159	93%
Total	71,801	53,675	34%	9,193	7,433	24%

(b) Newly Commenced Property Projects

As of 31 December 2019, the Company commenced the construction of 100 projects in total with newly commenced GFA of 14,982,000 sq.m., representing an increase of 7% compared with the target of projects commencement at the beginning of the year. The Company strengthened the efforts in market research and optimised product plans based on the geological distribution of customers and estimated sales. This helped the Company to further enhance its product competitiveness and market performance, and contributed to a safe and reasonable inventory structure.

City	Project name	Principal use of property	GFA commenced during the year (sq.m.)
Zhengzhou	Zhengzhou CCRE Tihome-International City-Joint project	Residential	586,781
Zhengzhou	Zhengzhou Jianye Fuju-Shengyue Mansion-Joint project	Residential	221,557
Zhengzhou	Zhengzhou Blossom Garden	Residential	242,602
Zhengzhou	Zhengzhou Wonderland (Harbour Zone Land No. 123)	Residential	134,829
Zhengzhou	Zhengzhou J18 Project	Residential	361,207
Zhengzhou	Zhengxi U-Town	Residential	145,080
Zhengzhou	Financial Island	Commercial	451,554
Zhengzhou	Jianye Art Mansion (Unique in Henan)	Residential	139,219
Zhengzhou	Jianye Chengyuan (Movie Town)	Residential	257,517
Zhengzhou	Gongyi Chinoiserie House	Residential	160,870
Zhengzhou	Gongyi Spring Time	Residential	195,625

City	Project name	Principal use of property	GFA commenced during the year (sq.m.)
Zhengzhou	Dengfeng Songyue Mansion (East)	Residential	146,340
Zhengzhou	Zhengzhou Junlin Grand Courtyard Bamboo Garden	Residential	132,014
Kaifeng	Tongxu Code One City	Residential	168,761
Kaifeng	Tongxu Jianye City	Residential	113,712
Kaifeng	Lankao Red World	Commercial	28,052
Kaifeng	Kaifeng Jianye Country Garden-Majestic Mansion -Joint project	Residential	31,606
Luoyang	Yanshi Forest Peninsula	Residential	38,127
Luoyang	Luoyang Honour Mansion	Residential	112,069
Luoyang	Luoyang Longcheng Dongwang	Residential	206,986
Luoyang	Luoyang Technology City	Residential	156,893
Luoyang	Luoyang Dingding Palace	Residential	375,027
Luoyang	Luoyang Binhelong House	Residential	237,424
Luoyang	Luanchuan Luanzhou Palace	Residential	92,980
Pingdingshan	Wugang Forest Peninsula	Residential	151,478
Pingdingshan	Wugang Jianye Country Garden-Jade County-Joint project	Residential	80,973
Pingdingshan	Pingdingshan Spring Time	Residential	247,507
Anyang	Anyang Code One City	Residential	120,178
Anyang	Anyang Tonghe Palace	Residential	172,941
Anyang	Anyang Chinoiserie Palace	Residential	43,606
Anyang	Anyang Jianye City	Residential	40,440
Anyang	Tangyin Central Garden	Residential	121,259
Hebi	Hebi Zhenyuehui	Residential	105,832
Hebi	Hebi Chinoiserie Palace	Residential	224,546

City	Project name	Principal use of property	GFA commenced during the year (sq.m.)
Xinxiang	Changyuan Forest Peninsula Courtyard	Residential	191,922
Xinxiang	Xinxiang Chinoiserie Palace	Residential	621,718
Xinxiang	Xinxiang U-Town	Residential	135,330
Xinxiang	Beverly Manor	Residential	195,694
Xinxiang	Hui County Code One City	Residential	78,315
Xinxiang	Hui County Spring Time	Residential	21,455
Xinxiang	Xinxiang Blossom Garden	Residential	108,774
Xinxiang	Weihui Spring Time	Residential	206,449
Xinxiang	Hui County Gongcheng Dongwang	Residential	177,759
Jiaozuo	Wuzhi Star Mall	Residential	97,192
Jiaozuo	Jiaozuo Chinoiserie Palace	Residential	1,932
Jiaozuo	Jiaozuo Spring Time	Residential	2,945
Jiaozuo	Bo'ai Spring Time	Residential	237,450
Puyang	Puyang Zhenyuehui	Residential	140,749
Puyang	Puyang Code One City	Residential	48,974
Puyang	Puyang Tonghe House	Residential	42,770
Puyang	Puyang Chinoiserie Palace	Residential	192,548
Puyang	Puyang Jianye New City	Residential	107,392
Puyang	Puyang Puyuan	Residential	45,533
Xuchang	Changge Forest Eco-City	Residential	35,538
Xuchang	Changge Sweet-Scented Osmanthus Garden New City	Residential	129,472
Xuchang	Yuzhou Spring Time	Residential	97,986
Xuchang	Yanling Eco-City	Residential	97,182
Xuchang	Xuchang Zhenyuehui	Residential	150,078
Xuchang	Xiangcheng CCRE Mall	Residential	280,245
Xuchang	Yuzhou Dachengxiaoyuan	Residential	84,140

City	Project name	Principal use of property	GFA commenced during the year (sq.m.)
Luohe	Luohe Xicheng Forest Peninsula	Residential	174,780
Luohe	Luohe Blossom Garden (Jinjiang Road Project)	Residential	172,443
Luohe	Luohe Sweet-Scented Osmanthus Garden West District	Residential	117,199
Luohe	Linying County Forest Peninsula	Residential	97,891
Shangqiu	Yucheng Hill Water Lake City (Yucheng Project)	Residential	159,207
Shangqiu	Minquan Happy Place (Minquan Project)	Residential	136,585
Shangqiu	Shangqiu Eighteen Cities	Residential	153,332
Shangqiu	Shangqiu Chengyuan	Residential	181,904
Zhoukou	Zhoukou Code One City	Residential	2,114
Zhoukou	Zhoukou Forest Peninsula	Residential	2,570
Zhoukou	Zhoukou Jianye City	Residential	161,924
Zhoukou	Taikang Happy Place East	Residential	130,194
Zhoukou	Taikang Eco-City	Residential	59,465
Zhoukou	Taikang Jianye City North Courtyard	Residential	40,580
Zhoukou	Shangshui Yangcheng Courtyard	Residential	43,060
Zhoukou	Luyi Jianye City	Residential	70,136
Zhoukou	Huaiyang CCRE Mall	Residential	42,395
Zhumadian	Zhumadian Chinoiserie Palace	Residential	265,150
Zhumadian	Zhumadian Honour Mansion	Residential	151,330
Zhumadian	Zhumadian Spring Time	Residential	215,093
Zhumadian	Xincai Sweet-Scented Osmanthus Garden	Residential	144,237
Zhumadian	Pingyu Central Garden (Project at the Cross of Dexin Road and Cheyu Avenue)	Residential	122,145
Zhumadian	Xiping Spring Time	Residential	106,560
Zhumadian	Suiping Jianye City	Residential	144,893

City	Project name	Principal use of property	GFA commenced during the year (sq.m.)
Nanyang	Xixia Central Garden	Residential	123,263
Nanyang	Nanzhao Jianye City	Residential	131,753
Nanyang	Nanyang Shilihushan	Residential	35,164
Nanyang	Nanyang Longyue City	Residential	656,741
Nanyang	Nanyang Central Garden	Residential	56,607
Nanyang	Fangcheng Jianye Country Garden-Dragon Bay-Joint project	Residential	104,592
Nanyang	Dengzhou Central Garden	Residential	44,290
Nanyang	Nanyang Art Mansion	Residential	139,452
Xinyang	Xinyang Jianye City	Residential	222,773
Xinyang	Huaibin County Sweet-Scented Osmanthus Garden	Residential	115,370
Jiyuan	Jiyuan Jianye City	Residential	258,797
Jiyuan	Jiyuan Spring Time	Residential	98,014
Jiyuan	Jiyuan Blossom Garden	Residential	74,658
Hainan	Dongfang Jiayuan	Residential	335,000
Hainan	Danzhou Junlin Grand Courtyard	Residential	95,372
Hainan	Chengmai Zhonghe Jiayuan	Residential	19,966
Total			<u>14,982,133</u>

(c) *Property Projects under Development*

As at 31 December 2019, the Company had 151 projects under development with a total GFA of approximately 30,196,000 sq.m., including 20 projects under development in Zhengzhou and 131 projects under development in other cities of Henan Province.

City	Project name	Principal use of property	GFA under development (sq.m.)
Zhengzhou	Dengfeng Songyue Mansion	Residential	463,683
Zhengzhou	Gongyi CCRE Mall	Residential	53,831
Zhengzhou	Gongyi Spring Time	Residential	435,951
Zhengzhou	Gongyi Chinoiserie Palace	Residential	160,870
Zhengzhou	Financial Island	Commercial	838,863
Zhengzhou	Xinmi Code One City	Residential	81,159
Zhengzhou	Zhengxi U-Town	Residential	442,869
Zhengzhou	Zhengzhou Spring Time	Residential	52,185
Zhengzhou	Zhengzhou Blossom Garden	Residential	569,988
Zhengzhou	Jianye Chengyuan	Residential	446,928
Zhengzhou	Zhengzhou Junlin Grand	Residential	132,015
	Courtyard Bamboo Garden		
Zhengzhou	Zhengzhou Jianye Fuli Intelligent Square-Joint project	Commercial	230,205
Zhengzhou	Zhengzhou Jianye Fuli Intelligent Palace-Joint project	Residential	164,355
Zhengzhou	Zhengzhou Jianye Fuli Wulong Century New City-Joint project	Residential	317,086
Zhengzhou	Zhengzhou Jianye Shengyue Royal Mansion-Joint project	Residential	221,557
Zhengzhou	Zhengzhou CCRE Tihome International City-Joint project	Residential	1,488,306
Zhengzhou	Jianye Art Mansion	Residential	257,844
Zhengzhou	Zhengzhou J18Project	Commercial	361,207
Zhengzhou	Zhengzhou Wonderland (Harbour Zone Land No. 123)	Residential	134,829
Zhengzhou	Zhengzhou Jianye Cifi Zhenro Grand Mansion-Joint project	Residential	221,307

City	Project name	Principal use of property	GFA under development (sq.m.)
Kaifeng	Kaifeng Blossom Garden	Residential	81,223
Kaifeng	Kaifeng Chrysanthemum Garden	Residential	16,820
Kaifeng	Lankao Red World	Commercial	44,853
Kaifeng	Qi County Yipin Blossom Garden	Residential	91,968
Kaifeng	Tongxu Code One City	Residential	246,897
Kaifeng	Tongxu Jianye City	Residential	113,712
Kaifeng	Kaifeng Jianye Country Garden	Residential	31,606
	Majestic Mansion-Joint project		
Luoyang	Luoyang Dingding Palace	Residential	516,195
Luoyang	Luoyang Code Two City	Residential	304,085
Luoyang	Luoyang Technology City	Residential	284,614
Luoyang	Luoyang Honour Mansion	Residential	190,036
Luoyang	Yanshi Forest Peninsula	Residential	38,127
Luoyang	Luanchuan Luanzhou Palace	Residential	92,980
Luoyang	Luoyang Longcheng Dongwang	Residential	206,986
Luoyang	Luoyang Binhelong House	Residential	237,424
Pingdingshan	Pingdingshan Spring Time	Residential	340,407
Pingdingshan	Pingdingshan Eighteen Cities	Residential	265,648
Pingdingshan	Ruzhou Sweet-Scented Osmanthus Garden	Residential	169,869
Pingdingshan	Wugang CCRE Mall	Residential	29,496
Pingdingshan	Wugang Forest Peninsula	Residential	248,925
Pingdingshan	Wugang Jianye Country Garden Jade County-Joint project	Residential	80,973
Anyang	Anyang Sweet-Scented Osmanthus Garden	Residential	320,720
Anyang	Anyang Jianye City	Residential	136,608
Anyang	Anyang Chinoiserie Palace	Residential	197,009
Anyang	Anyang Code One City	Residential	260,787
Anyang	Anyang Tonghe House	Residential	172,941
Anyang	Hua County Code One City	Residential	251,813
Anyang	Tangyin Forest Peninsula	Residential	152,594
Anyang	Tangyin Central Garden	Residential	121,259

City	Project name	Principal use of property	GFA under development (sq.m.)
Hebi	Hebi Code One City	Residential	92,187
Hebi	Hebi Zhenyuehui	Residential	105,832
Hebi	Hebi Chinoiserie Palace	Residential	224,546
Xinxiang	Hui County Spring Time	Residential	177,746
Xinxiang	Hui County Code One City	Residential	187,800
Xinxiang	Beverly Manor	Residential	679,071
Xinxiang	Xinxiang Spring Time	Residential	126,134
Xinxiang	Xinxiang U-Town	Residential	140,187
Xinxiang	Xinxiang Code One City	Residential	25,078
Xinxiang	Xinxiang Commercial Street of Code One City	Commercial	14,266
Xinxiang	Changyuan Forest Peninsula Courtyard	Residential	191,922
Xinxiang	Xinxiang Chinoiserie Palace	Residential	621,718
Xinxiang	Xinxiang Blossom Garden	Residential	108,774
Xinxiang	Weihui Spring Time	Residential	206,449
Xinxiang	Hui County Gongcheng Dongwang	Residential	177,759
Jiaozuo	Bo'ai Spring Time	Residential	271,673
Jiaozuo	Jiaozuo Spring Time	Residential	178,331
Jiaozuo	Jiaozuo Central Garden	Residential	94,011
Jiaozuo	Jiaozuo Chinoiserie Palace	Residential	210,583
Jiaozuo	Wen County Spring Time	Residential	119,468
Jiaozuo	Wuzhi Star Mall	Residential	97,192
Puyang	Puyang Jianye New City	Residential	284,015
Puyang	Puyang Chinoiserie Palace	Residential	506,875
Puyang	Puyang Tonghe House	Residential	296,990
Puyang	Puyang Code One City	Residential	164,905
Puyang	Puyang Zhenyuehui	Residential	214,000
Puyang	Puyang Puyuan	Residential	45,533
Xuchang	Yanling Eco-City	Residential	88,093
Xuchang	Xuchang Chinoiserie Palace	Residential	197,070
Xuchang	Yuzhou Sweet-Scented Osmanthus Garden	Residential	160,212
Xuchang	Yuzhou Spring Time	Residential	97,986
Xuchang	Yuzhou Dachengxiaoyuan	Residential	84,140
Xuchang	Changge Spring Time	Residential	101,123
Xuchang	Changge Forest Eco-City	Residential	125,019

City	Project name	Principal use of property	GFA under development (sq.m.)
Xuchang	Changge Sweet-Scented Osmanthus Garden New City	Residential	129,472
Xuchang	Xuchang Zhenyuehui	Residential	150,078
Xuchang	Xiangcheng CCRE Mall	Residential	280,245
Luohe	Luohe Sweet-Scented Osmanthus Garden	Residential	258,138
Luohe	Luohe Xicheng Forest Peninsula	Residential	362,550
Luohe	Luohe Blossom Garden (Jinjiang Road)	Residential	172,443
Luohe	Linying County Forest Peninsula	Residential	97,891
Sanmenxia	Sanmenxia Jianye City	Residential	124,338
Sanmenxia	Sanmenxia New District Forest Peninsula	Residential	91,326
Sanmenxia	Sanmenxia Honour Mansion	Residential	75,863
Shangqiu	Shangqiu Central Garden	Residential	262,178
Shangqiu	Shangqiu Blossom Garden	Residential	154,169
Shangqiu	Shangqiu Sky Mansion	Residential	123,097
Shangqiu	Shangqiu Happy Place	Residential	128,512
Shangqiu	Shangqiu Headquarter Port	Residential	108,052
Shangqiu	Shangqiu Eighteen Cities	Residential	153,332
Shangqiu	Shangqiu Chengyuan	Residential	181,904
Shangqiu	Yucheng Hill Water Lake City (Yucheng Project)	Residential	159,207
Shangqiu	Minquan Happy Place (Minquan Project)	Residential	136,585
Zhoukou	Fugou Jianye New City	Residential	254,037
Zhoukou	Huaiyang Jianye City	Residential	206,516
Zhoukou	Luyi Jianye City	Residential	228,532
Zhoukou	Shangshui Yangcheng Courtyard	Residential	101,745
Zhoukou	Taikang Jianye City North Courtyard	Residential	105,801
Zhoukou	Taikang Happy Place	Residential	130,194
Zhoukou	Taikang Eco-City	Residential	59,465

City	Project name	Principal use of property	GFA under development (sq.m.)
Zhoukou	Xihua Central Garden	Residential	87,318
Zhoukou	Xihua Jicheng Courtyard	Residential	205,154
Zhoukou	Xiangcheng Jianye City	Residential	147,409
Zhoukou	Zhoukou Jianye City	Residential	311,637
Zhoukou	Zhoukou Forest Peninsula	Residential	64,269
Zhoukou	Zhoukou Chinoiserie Palace	Residential	206,692
Zhoukou	Zhoukou Shiyue Mansion	Residential	189,152
Zhoukou	Zhoukou Code One City	Residential	24,449
Zhoukou	Huaiyang CCRE Mall	Residential	42,395
Zhumadian	Pingxing Jianye City	Residential	85,194
Zhumadian	Pingyu Central Garden	Residential	122,145
	(Project at the Cross of Dexin Road and Cheyu Avenue)		
Zhumadian	Runan Jianye City	Residential	325,671
Zhumadian	Suiping Forest Peninsula	Residential	234,362
Zhumadian	Suiping Jianye City	Residential	144,893
Zhumadian	Xiping Forest Peninsula	Residential	104,672
Zhumadian	Xiping Spring Time	Residential	106,560
Zhumadian	Xincai CCRE Mall	Residential	92,106
Zhumadian	Zhengyang Jianye City	Residential	187,010
Zhumadian	Zhumadian Spring Time	Residential	467,575
Zhumadian	Zhumadian Eighteen Cities	Residential	214,909
Zhumadian	Zhumadian The West Lake Villa	Residential	141,190
Zhumadian	Zhumadian Chinoiserie Palace	Residential	265,150
Zhumadian	Zhumadian Honour Mansion	Residential	151,330
Zhumadian	Xincai Sweet-Scented Osmanthus Garden	Residential	144,237

City	Project name	Principal use of property	GFA under development (sq.m.)
Nanyang	Fangcheng Jianye Country Garden-Dragon Bay-Joint project	Residential	119,469
Nanyang	Nanyang Shilihushan	Residential	79,456
Nanyang	Nanyang Code One City	Residential	80,337
Nanyang	Nanyang Longyue City	Residential	656,741
Nanyang	Nanyang Art Mansion	Residential	139,452
Nanyang	Xixia Central Garden	Residential	123,263
Nanyang	Nanzhao Jianye City	Residential	131,753
Nanyang	Nanyang Central Garden	Residential	56,607
Nanyang	Dengzhou Central Garden	Residential	44,291
Xinyang	Gushi Jianye City	Residential	80,957
Xinyang	Xinyang Jianye City	Residential	231,690
Xinyang	Huaibin County Sweet-Scented Osmanthus Garden	Residential	115,371
Jiyuan	Jiyuan Blossom Garden	Residential	283,753
Jiyuan	Jiyuan Jianye City	Residential	457,856
Jiyuan	Jiyuan Spring Time	Residential	98,014
Jiyuan	Jiyuan Code One City North Courtyard	Residential	7,603
Hainan	Dongfang Jiayuan	Residential	335,000
Hainan	Danzhou Junlin Grand Courtyard	Residential	95,372
Hainan	Chengmai Zhonghe Jiayuan	Residential	19,966
Total			<u><u>30,196,401</u></u>

(d) *Property Projects Delivered*

As at 31 December 2019, the Company had 63 projects delivered in total with a total GFA of approximately 6,579,000 sq.m..

City	Project name	Principal use of property	GFA delivered during the year (sq.m.)
Zhengzhou	Zhengzhou Canal Courtyard	Residential	105,498
Zhengzhou	Zhengzhou Jianye Tihome- International City-Joint Project	Residential	314,421
Zhengzhou	Zhengzhou Blossom Garden	Residential	290,112
Zhengzhou	Zhengzhou Jianye Fuli-Wulong Century New City-Joint project	Residential	174,045
Zhengzhou	Zhengxi U-Town	Residential	251,593
Zhengzhou	Xinmi Dian-Xinmi Code One City -Joint project	Residential	10,515
Zhengzhou	Gongyi Spring Time	Residential	37,968
Zhengzhou	Zhengzhou Spring Time	Residential	154,595
Kaifeng	Kaifeng Chrysanthemum Garden	Residential	116,190
Luoyang	Yanshi Forest Peninsula	Residential	102,438
Luoyang	Luoyang Sweet-Scented Osmanthus Garden	Residential	95,249
Luoyang	Luoyang Fengdu	Residential	30,790
Luoyang	Luoyang Dingding House	Residential	101,172
Pingdingshan	Wugang Forest Peninsula	Residential	30,638
Anyang	Hua County Code One City	Residential	134,611
Anyang	Anyang Jianye City	Residential	161,524
Anyang	Anyang Sweet-Scented Osmanthus Garden	Residential	38,560
Anyang	Linzhou Zhongji-Linzhou CCRE Mall-Joint project	Residential	141,212
Hebi	Hebi Code One City	Residential	98,018
Xinxiang	Beverly Manor	Residential	156,348
Xinxiang	Changyuan Forest Peninsula	Residential	110,433
Xinxiang	Xinxiang Code One City	Residential	168,163
Xinxiang	Xinxiang U-Town	Residential	74,316

City	Project name	Principal use of property	GFA delivered during the year (sq.m.)
Jiaozuo	Xiuwu Forest Peninsula	Residential	54,481
Jiaozuo	Qinyang Spring Time	Residential	88,290
Jiaozuo	Jiaozuo Central Garden	Residential	153,607
Jiaozuo	Jiaozuo Spring Time	Residential	37,110
Puyang	Puyang Code One City	Residential	99,003
Puyang	Puyang Jianye New City	Residential	36,323
Xuchang	Changge Spring Time	Residential	79,080
Xuchang	Yuzhou Shenhou World	Commercial	1,991
Xuchang	Yuzhou Sweet-Scented Osmanthus Garden	Residential	66,605
Xuchang	Yanling Eco-City	Residential	66,446
Xuchang	Xuchang Code One City	Residential	40,180
Xuchang	Xuchang Chinoiserie Palace	Residential	79,982
Xuchang	Xuchang Sweet-Scented Osmanthus Garden	Residential	99,617
Luohe	Luohe Code One City	Residential	30,263
Luohe	Luohe Xicheng Forest Peninsula	Residential	64,004
Sanmenxia	Sanmenxia Code One City	Residential	87,556
Sanmenxia	Sanmenxia New District Forest Peninsula	Residential	78,902
Sanmenxia	Lingbao Forest Peninsula	Residential	33,070
Shangqiu	Zhecheng U-Town	Residential	37,394
Shangqiu	Yongcheng U-Town	Residential	75,721
Shangqiu	Shangqiu Hill Water Lake City	Residential	222,992
Shangqiu	Shangqiu Central Garden	Residential	59,843
Shangqiu	Yongcheng U-Town	Residential	73,531
Zhoukou	Zhoukou Forest Peninsula	Residential	68,823
Zhoukou	Zhoukou Landmark	Residential	164,427
Zhoukou	Xiangcheng Spring Time	Residential	78,779
Zhoukou	Shenqiu Jianye City (West)	Residential	121,581
Zhoukou	Luyi Jianye City	Residential	239,227
Zhoukou	Zhoukou Zhonghang-Zhoukou Code One City-Joint project	Residential	100,621

City	Project name	Principal use of property	GFA delivered during the year (sq.m.)
Zhumadian	Zhumadian Eighteen Cities	Residential	180,588
Zhumadian	Zhengyang Jianye City	Residential	134,636
Zhumadian	Xincai CCRE Mall	Residential	94,036
Zhumadian	Xiping Forest Peninsula	Residential	81,061
Zhumadian	Suiping Forest Peninsula	Residential	114,055
Zhumadian	Pingxing Jianye City	Residential	141,027
Nanyang	Nanyang Code One City	Residential	195,492
Nanyang	Nanyang Shilihushan	Residential	107,509
Xinyang	Xinyang Jianye City	Residential	11,772
Xinyang	Gushi Jianye City	Residential	83,920
Jiyuan	Jiyuan Code One City North	Residential	97,296
Total			<u>6,579,250</u>

2. Hotels

Hotel profile

Henan Jianye Zhizun Hotel Investment Co., Ltd., an indirect wholly-owned subsidiary of the Company, is mainly responsible for brand management, design management, engineering management, opening preparation and operation management for all hotel projects of the Group. Currently, the Group has established strategic cooperation with various international well-known groups of hotel management, such as Marriott, Inter-Continental and Accor, under which five high-end hotel projects are in operation. Each of the five high-end hotel projects, namely Le Méridien Zhengzhou, Pullman Kaifeng Jianye, Holiday Inn Nanyang, Four Points by Sheraton Luohe and Aloft Zhengzhou Shangjie opened successively from 2011 to 2015. In addition, our own-brand hotels, namely Yanling Jianye The Mist Hot Spring Hotel and Zhengzhou Jianye Sky Mansion, opened successively in 2018 and 2019 respectively, while the hotel projects in Pingdingshan and Zhumadian will also commence construction successively in the second half of 2019. Thus, our total investment in hotels at present has reached RMB4.15 billion. In the next 3-5 years, the number of hotels invested in Henan will increase to 12 with further development in the construction of the mega-service regime.

Le Méridien Zhengzhou

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

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

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

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

Aloft Zhengzhou Shangjie

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

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

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

Tel: 0371-68136666

Holiday Inn Nanyang

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

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

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

Tel: 0377-60218888

Four Points by Sheraton Luohe

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

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

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

Pullman Kaifeng Jianye

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

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

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

Zhengzhou Jianye Sky Mansion

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

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

Address: Block 9, 58 Kangning Street, Zhengzhou City

Tel: 0371-65686888

Yanling Jianye The Mist Hot Spring Hotel

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

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

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

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

Tel: 0374-7968888

Unique Theatre Hotel (Under Construction)

Unique Theatre Hotel is the hotel designed for the project of Unique in Henan Drama Magic City. It is located at the northeast corner of the intersection of Ping'an Avenue and Wenchuang Road in a core area of Zhengbian Industrial Belt. About 25 kilometers from downtown Zhengzhou, it takes only about 30 minutes' drive to Zhengzhou High-speed Rail Station.

Unique Theatre Hotel still employs the design style of Drama Magic City by integrating drama elements into its classic design. It offers functions for tourism, vacation, leisure, dining, meeting and banquet, bringing more diversified and immersive experience. The hotel has a total of 393 exquisite and comfortable guest rooms equipped with 24-hour hot water, Wi-Fi and other facilities. The hotel also has VIP rooms, lobby bar, gym, children's activity area, all-day dining restaurant and other facilities. Unique Theatre Hotel is currently at main part construction stage, and is expected to start business in October 2020.

Address: Southeast corner of the intersection of Wenchuang Road and Jianying Road, International Cultural and Creative Industrial Park in Zhengzhou

Hotel Projects in Pingdingshan and Zhumadian (Under Construction)

Hotel projects in Pingdingshan and Zhumadian are our own-brand hotels, both of which are standard hotels built with all efforts by Henan Jianye Zhizun Hotel Investment Co., Ltd.. Hotel in Pingdingshan is also the representative of our standard hotel construction. The hotels currently plan to offer 161 guest rooms and are equipped with banquet hall, all-day dining restaurant, conference room, gym and other facilities to meet the needs of business travellers. The hotels in Pingdingshan and Zhumadian commenced construction in the second half of 2019 respectively and are expected to go into operation at the end of 2022.

3. *Cultural Tourism*

Cultural tourism sector of the Company is engaged in development and operation of real estate projects for cultural tourism principally located in historic cities in Henan Province, such as Zhengzhou, Kaifeng and Luoyang. Having been rich in history, culture and natural resources, it tells the “Jianye story of cultural tourism” in different style, forms and substance through theme park, tourist district and real scenery performance. As at 31 December 2019, the Company had the following projects for cultural tourism, namely Jianye Huayi Brothers Movie Town, Unique in Henan Drama Magic City (只有河南戲劇幻城), Zhengping Fang in Luoyang, Jianye Ivi 1895, and Qishengjiao in Kaifeng.

Jianye Huayi Brothers Movie Town is the Company’s strategic cooperation project with Huayi Brothers (Tianjin) Real Scene Entertainment Company Limited (the “Huayi Brothers”). The project is located in International Cultural and Creative Industrial Park in Zhengzhou with a planned total site area of approximately 1.33 million sq.m. and a total GFA of approximately 1.80 million sq.m.. In the form of film scene and with an essence of historical culture and memory of the city, the project provides an experiential site for experiencing film culture incorporating tour of film scene, exhibition of film culture, film interactive games, folk and intangible cultural heritage experience, a series of large-scale performance, unique cuisine and themed inns.

With its phase one witnessing a big opening on 21 September 2019, the project has made a hit. As at 31 December 2019, it had attracted 827,300 visits within approximately 90 days. The project has become one of the hottest Internet-famous sites for taking photos in central China. Successively mentioned in special reports of government media like China Central Television, Xinhua News Agency, Xuexi Qiangguo (xuexi.cn), the project has received favorable comments from all sectors.

Unique in Henan Drama Magic City is a large-scale acting and performance project co-developed with Wang Chao (王潮歌), a director of real scenery performance, and is also one of the Type-A Key Construction Projects in Henan Province for 2019. The project is located in International Cultural and Creative Industrial Park in Zhengzhou with a total site area of approximately 600,000 sq.m. Inspired by the long-standing and rich history and culture of Henan with innovated forms of performance, the project aims to reveal the rich Central China culture as well as the glorious Chinese culture through the combination of several dramas with outdoor scenes as well as functional spaces by making use of its unique architectural space, helping people understand the history and culture in multi-sensory approach. The project is of great significance for highlighting the characteristics, reshaping the style, manifesting the spirit and contributing to cultural confidence of Henan. The construction of the project commenced in March 2018, and the main part of the theatre has been basically completed by 31 December 2019.

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

Jianye Ivi 1895 is a cinematic theme event venue for culture and leisure co-developed with Ivimovie Cultural Development Co. Ltd. The project pairs technology with culture, film with arts and vogue with leisure, and integrates film-viewing space, performing arts space, cultural creation space, reading space and technology space. Its products featured by “uniqueness and customisation” will be shown at cinemas simultaneously, creating a site for diversified culture and entertainment for consumers. As at 31 December 2019, three Jianye Ivi theatres were in operation in Zhengzhou, with another three franchise cinemas and nine audio-visual halls distributed in various cities in Henan. In 2019, the number of film watchers reached 220,000. Among the 22 Ivi theatres all over the country, three Jianye Ivi theatres ranked third, sixth, and eighth respectively. Moreover, since its opening, the synchronous hall in the MIXC theatre has repeatedly recorded the highest ticket purchase rate of members in Henan.

Located at Longting District, Kaifeng City (used to be the Ancient Capital of Eight Dynasties), Henan Province, Kaifeng Qishengjiao project is a culture, tourism and leisure street which imitates the style of Song Dynasty, featuring shopping, unique cuisine, guest houses, entertainment, leisure, and cultural experience. With rich tourism resources nearby, the project enjoys obvious advantages. Adjacent to the 2 km Yuhe River constructed with our investment, the project has highlighted the characteristics of a northern waterside city and has successfully connected tourism resources. Since the opening in 2014, Qishengjiao has attracted attention from all walks of life, becoming a new spot popular with tourists. The project is facing adjustment and exploration to keep with the increasingly mature tourist market. Currently it is accelerating the pace of upgrading.

4. *Green House*

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

Yanling Jianye Green House

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

The number of visitors of Yanling Jianye Green House for the past three years was in excess of 2 million, including provincial and city level officials, local and foreign experts and researchers in relevant areas, Jianye property owners and members of "Jianye Junlin Club".

In recent years, Yanling Jianye Green House successively won the honorary titles of national 4A tourist attraction, the “Municipal Leading Enterprise of Agricultural Industrialisation of Xuchang City for 2019-2020”, the “Provincial Key Leading Enterprise of Agricultural Industrialisation for 2019-2021” and “Top 10 Scenery Spot in Xuchang City”. Yanling Jianye Green House is the “Special Social Practical Education Base for Primary and Secondary Schools in Henan Province”. In addition, at International Horticultural Exhibition 2019 Beijing, anthurium produced by Yanling Jianye Green House obtained five special prizes and nine gold prizes.

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

Hebi Jianye Green House

Hebi Jianye Green House is located at the urban-rural integration demonstration zone in Hebi City with a total site area of approximately 4,450 Chinese-mu. It is a countryside complex zone covering modern agriculture, leisure and tourism, and rural community. At present, Hebi Jianye Green House is equipped with six functional areas, namely, welcome area, folk culture experience area, efficient agriculture tourist area, farming culture experience area, waterside ecological sightseeing area, and farming, forestry and breed demonstration area, of which, 60,000 sq.m. of 13 intelligent gutter-connected greenhouses, 20,000 sq.m. of Qishui Biyu Lake, colourful flower field and wedding lawn, 150 Chinese-mu of eastern flower area, and 4,000 Chinese-mu of ecological conservancy belt and pick your own farm have been open to the public. Hebi Jianye Foodcourt has also been put into use. The project also cooperated with Chenzhai Flower Group, a China “Top 3 Enterprises” in respect of flower, with a view to building a flower trading center in North Henan Province.

After four years of collaborative and innovative development, Hebi Jianye Green House has been successively rated as one of the Agricultural Parks of the PRC (中國農業公園) by Ministry of Agriculture and Rural Affairs, Henan Migrant Workers Returning Home Entrepreneurship Demonstration Park by the People's Government of Henan Province, Provincial Key Leading Enterprise of Agricultural Industrialisation of Henan Province by Henan Agricultural and Rural Affairs Department, Leisure and Sightseeing Park of Henan Province by Henan Cultural Tourism Department, Hebi Agricultural Science and Technology Park by the municipal science and technology bureau; in the meantime, Hebi Jianye Green House took the lead to set up Henan Leisure Agriculture Industrialisation Union; the House proactively participated in poverty alleviation, directly or indirectly offered over 5,000 jobs for local farmers, provided more than 1,000 science popularisation education sessions for migrant workers and middle and primary school students. Thus, the Company was awarded the titles of Municipal Creditworthy SMEs and “Advanced Unit” with outstanding contributions.

Based on the production, education and research cooperation platform established by Facilities Horticulture Intensive Cultivation Engineering and Technology Research Center of Hebi City, together with Henan University, and Xinyang Agriculture and Forestry University, Hebi Jianye Green House is able to provide support for the Company to repeatedly update its technology. “Jianye Green House Qihe Ecological Conservancy Belt Project” was listed as a national comprehensive pilot project of energy conservation and emission reduction and “Jianye Green House Agricultural Complex Project” was listed as a key construction project of Henan Province for three consecutive years.

Zhoukou Jianye Green House

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

Construction progress as at the end of the reporting period: 1) the office and accommodation area of approximately 6,000 sq.m.; 2) the intelligent gutter-connected greenhouse of 36,000 sq.m.; to introduce projects including agricultural science and technology museum and comprehensive exhibition hall; 3) the core landscape demonstration area of 200,000 sq.m.; 4) the sports park of 20,000 sq.m. has been basically completed with optimization plan still in the stage of design; 5) the experience agriculture demonstration park of 60 Chinese-mu has been basically completed; 6) Jianye foodcourt has been basically completed; 7) planting area of seedlings, fruit trees and lawns has achieved 1,900 Chinese-mu.

Yichuan Jianye Green House

Yichuan Jianye Green House is located in North of Zhangyao Village, Jiangzuo Town, Yichuan County, Luoyang City, with approximately 6,725 Chinese-mu and total investment amount of approximately RMB2 billion. The overall positioning strategy of the project is a countryside complex concerning six highlights of “modern agriculture, ecological leisure, cultural creativity, experience center, science popularization and healthcare”, with maintaining sustainable development for protecting ecological environment as its basis and with development strategy focusing on “agricultural + cultural tourism + healthy”, by establishing of “demonstration zone of modern agricultural complex + ecological culture protection + picturesque village + Jianye foodcourt”. Construction progress as at the end of the reporting period: 1) The park planning and design and construction of infrastructures including roads and pipe network in the park had been completed; 2) folk culture experience cave of 500 sq.m. had been completed; 3) domestic leading double-storey intelligent gutter-connected greenhouse of 11,000 sq.m., flower forcing caves of 510 sq.m. and equipment installation, the plant factory and sightseeing cave of 630 sq.m., and the lakeside properties of 1,400 sq.m. had been completed; 4) the park gate and the dam had been completed; 5) core tourism area and children’s playground had been completed and park lighting and atmosphere building project had also been completed; 6) phase I forest form transformation had been completed, and a total of approximately 56,000 ornamental seedlings including ginkgo, sakura and flowering peach were planted, contributing a green area of approximately 330,000 sq.m..

Wuzhi Jianye Green House

Wuzhi Jianye Green House is located in Jiayingguan Township, Wuzhi County, covering an area of 2,568.6 Chinese-mu and a total planned investment of about RMB1 billion. The proposed construction includes the Yellow River ancient road cultural exhibition area, the ancient and modern commercial and cultural complex (square-shaped city), pastoral style hotel, pastoral high-end residence, comprehensive demonstration area of modern agriculture, and Jianye foodcourt.

As at the end of the reporting period, the decoration on the exterior walls of the ancient and modern commercial and cultural complex (square-shaped city) had been completed, and decoration of square-shaped city's west exhibition hall and south exhibition hall had been completed; the sewage treatment plant (capacity of 500 cubic meters/day) had been built, supporting facilities, including towerless water supply facility, box type transformer and natural gas, had been put into use; approximately 85% of phase I landscape project of 125,000 sq.m. and 80% of the main part of intelligent greenhouse had been completed; purchase of greenhouse facilities and equipment, fire fighting, security, air conditioner and boiler had been completed; foodcourt decoration had been completed and business license and food hygiene licence had been obtained. The project is expected to go into operation in the first half of 2020.

The intelligent greenhouse of Wuzhi Jianye Green House is scheduled to complete construction and go into production in 2020, with phase I of the project fully open to the public at that time.

Xiangcheng Jianye Green House

Xiangcheng Jianye Green House is located in the south of Ruhe River, which is at the south side of downtown Xiangcheng County, Xuchang City. Adjacent to S329 provincial road in the north, facing Shoushan in the south, and reaching west of Yaozhuang in the east and Shoushan Ring Road in the west, Xiangcheng Jianye Green House covers an area of 2,050 Chinese-mu and has a total planned investment of about RMB400 million, of which RMB110 million is scheduled to be invested before operation. Based on the natural environment, the project utilizes the resources of agriculture, forest, field, house, mountain, spring, river, flower, and grass, combined with multiple cultural elements, such as Xiangcheng red stone culture, religious culture, business culture in central China, tobacco culture, academy culture, Quyi, and red culture, in an attempt to build a countryside complex of “rural scenery with antique appeal”, which, with flower trading as its core business, integrates functions covering ecological tourism, original countryside culture experience, high-end healthy resorts, theme leisure and entertainment, agricultural science and technology, education, and research, creative agricultural experience, circular agriculture demonstration, and industry integration and output. As at the end of the reporting period, the project is still at the initial stage of planning and design and construction has not been commenced yet.

5. *Light-asset Model Projects*

Henan Zhongyuan Central China City Development Company Limited* (河南中原建業城市發展有限公司, hereinafter referred to as “CCRE Zhongyuan”), a subsidiary of the Company, is in charge of expanding and management of light-asset business. Positioning itself as a comprehensive service provider for real estate development, CCRE Zhongyuan is resolute as ever in its vision and mission of “building quality houses for the people of Henan” and “providing quality living standards for the people of Henan”, and delivers its brands, management and capital by leveraging the impressive brand influence of CCRE in its target markets, the outstanding management team, the established product system and service system, as well as the comprehensive capability of resources allocation and integration. In addition, the Company devotes itself to consolidating regional resources, and developing a comprehensive service platform built and shared by real estate developer for real estate development and operation to establish a complementary, win-win, open and dynamic enterprise ecosystem and enhance its comprehensive competitiveness and ability of creating value. It helps the Group to achieve its strategic transformation from a real estate developer to a new lifestyle service provider as the Group deems it as its duty to facilitate urbanization construction of CCRE and improve living environment in the region.

In 2019, in accordance with the strategic development plan of the Group, CCRE Zhongyuan began to extend its business into markets in other provinces, and received letters of intent for cooperation from over 30 local governments and enterprises across the country. After visits to CCRE town and CCRE residential projects, the business partners thought highly of CCRE products and expressed strong intention for cooperation. Adhering to the principle of ensuring that all projects can be a success, and cooperation can be gained on an ongoing basis, CCRE Zhongyuan is still at a stage to map out and explore its strategy of “going out of Henan”. As of 31 December 2019, CCRE Zhongyuan has followed up 31 projects located outside Henan Province (entered into contract for 2 projects). The 5 key projects followed up included 1 project similar to the style of CCRE Cultural Town and 4 residential projects.

In 2019, the Company entered into 55 agreements in relation to light-asset model projects with planned GFA of approximately 7.78 million sq.m. in aggregate and sales amount of RMB29.3 billion. Together with heavy asset, the Company finished full coverage at 122 cities of county level or above in Henan, and set a record of sales amount reaching over RMB100 billion.

As of 31 December 2019, light-asset model projects contracted added up to 163 with total planned GFA of approximately 23.94 million sq.m. CCRE Zhongyuan 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.

The establishment of CCRE Zhongyuan group-based operation model and full implementation of business layout promoted the Group's strategy for both light and heavy asset to a new level. CCRE Zhongyuan will continue to make innovation in products, operations and services, keep improving management system, build a stronger talent team, and further facilitate coordination between different internal businesses to integrate relevant internal and external resources, develop and expand upstream and downstream of the industry chain, and make great effort to connect to the capital market. Besides, the Company will also greatly improve its comprehensive competitiveness and ability of creating values, and enhance the share of light-asset segment in the contribution to the Company's profits in the long run.

(III) Land Reserves

During the reporting period, the Group acquired land with a site area of approximately 4.765 million sq.m. through tendering, auction and listing and equity acquisitions, which newly added land reserves with a total GFA of approximately 13.03 million sq.m.. As at 31 December 2019, the Company had land reserves with a total GFA of approximately 50.93 million sq.m., including beneficially interested GFA of approximately 38.58 million sq.m..

1. Land Tendering, Auction and Listing

On 21 January 2019, the Group acquired the land use right of a land parcel (Zhengzhengdongchu No. [2018]24(Wang)) located at Beilonghu Area, Zhengdong New District which is at the south of North 3rd Ring and east of Jiuru East Road in online tendering (listing) for sale process on the online listing system held by Zhengzhou City Public Resources Trading Centre* (鄭州市公共資源交易中心) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB1.32 billion. Zhengzhengdongchu No. [2018]24 (wang) land parcel has a site area of 33,048.3 sq.m. with a mandatory detailed planned plot ratio of 1.7.

On 25 January 2019, the Group acquired the land use rights of three land parcels (No. 6-24-36, 6-24-39, 6-24-42) located at the southeast corner of the South Dongbinhe Road and Xinshiji Avenue in Nanzhao County in online tendering (listing) for sale process on the online exchange system organised by Department of Land and Resources of Henan Province* (河南省國土資源廳) for transfer of land use rights. The purchase prices for the acquisitions were RMB103 million, RMB59.5 million and RMB156 million respectively. Land parcel No. 6-24-36 has a site area of 42,926.82 sq.m. with a mandatory detailed planned plot ratio of 2.3; land parcel No. 6-24-39 has a site area of 39,685.68 sq.m. with a mandatory detailed planned plot ratio of 2.3; land parcel No. 6-24-42 has a site area of 65,049.51 sq.m. with a mandatory detailed planned plot ratio of 2.3.

On 31 January 2019, the Group acquired the land use right of a land parcel (Zhengzhengchu No. [2018]185) located at Huiji District, Zhengzhou City which is adjacent to the Garden North Road (main road of the downtown) in the east and North University Town in the west in online tendering (listing) for sale process on the online listing system held by Zhengzhou City Public Resources Trading Centre* (鄭州市公共資源交易中心) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB98.9 million. Zhengzhengchu No. [2018]185 land parcel has a site area of 8,820.35 sq.m. with a mandatory detailed planned plot ratio of 4.2.

On 26 February 2019, the Group acquired the land use right of a land parcel (Zhengzhengchu No. [2018]27 (Wang)) located at Beilonghu Area, Zhengdong New District, Zhengzhou which is at the south of North 3rd Ring and west of Jiuru East Road in online tendering (listing) for sale process on the online listing system held by Zhengzhou City Public Resources Trading Centre* (鄭州市公共資源交易中心) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB1.68 billion. Zhengzhengchu No. [2018]27 (Wang) land parcel has a site area of 43,232.88 sq.m. with a mandatory detailed planned plot ratio of 1.7.

On 8 March 2019, the Group acquired the land use right of a land parcel (Zhengzhengdongchu No. [2018]25 (Wang)) located at Beilonghu Area, Zhengdong New District, Zhengzhou which is at the east of Jiuru East Road and south of Ruyihedong 2nd Street in online tendering (listing) for sale process on the online listing system held by Zhengzhou City Public Resources Trading Centre* (鄭州市公共資源交易中心) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB2.52 billion. Zhengzhengdongchu No. [2018]25 (Wang) land parcel has a site area of 64,692.24 sq.m. with a mandatory detailed planned plot ratio of 1.7.

On 19 March 2019, the Group acquired the land use right of a land parcel (No. (2019)004) located at the east of Binhe Lane and north of Wuwan South Street in an online public auction for sale process on the online listing system held by Department of Natural Resources of Henan Province (河南省自然資源廳) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB75 million. No. (2019)004 land parcel has a site area of 37,678 sq.m. with a mandatory detailed planned plot ratio of 2.5.

On 12 April 2019, the Group acquired the land use right of a land parcel (No. 2019-8) located at the south of Huanglong Road and west of Huxi Road, Linying County in online tendering (listing) for sale process on the online listing system held by Natural Resources Bureau of Linying County (臨潁縣自然資源局) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB133 million. No. 2019-8 land parcel has a site area of 56,944 sq.m. with a mandatory detailed planned plot ratio of 2.0.

On 23 April 2019, the Group acquired the land use right of a land parcel (No. SP-2019-01) located at the south of the intersection of Jianshe Road and Quyang Avenue through public trading, in an online auction for sale process held by Suiping County Public Resources Trading Centre* (遂平縣公共資源交易中心) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB138 million. No. SP-2019-01 land parcel has a site area of 40,012.43 sq.m. with a mandatory detailed planned plot ratio of 2.8.

On 10 May 2019, the Group acquired the state-owned construction land use right of a land parcel (No. 2019-1) located at the south of Gaoxin District, Xinxiang City, within the 107 National Highway section in Langgongmiao Town, Xinxiang County, at the west of the planned East Ring Road and north of the planned Heti South Road in online tendering (listing) for sale process held by Xinxiang County Public Resources Trading Centre* (新鄉縣公共資源交易中心) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB85 million. No. 2019-1 land parcel has a site area of 43,452.26 sq.m.(about 65.178 Chinese-mu) with a mandatory detailed planned plot ratio of 2.0.

On 21 May 2019, the Group acquired the state-owned construction land use right of a land parcel (No. 2019-008) located in the urban area of Huaibin County which is surrounded by roads at three directions, i.e. adjacent to Bailuhe Road at the west, Qingnian Street at the south and Langan Street at the north in online tendering (listing) for sale process held by Xinyang City State-owned Land Use Rights Trading Portal (信陽市國有土地使用權交易門戶網站) for transfer of state-owned land use rights. The purchase price for the acquisition was RMB163 million. No. 2019-008 land parcel has a site area of 39,739.9 sq.m. with a mandatory detailed planned plot ratio of 2.4.

On 24 May 2019, the Group acquired the state-owned construction land use right of a land parcel (No. 2019-4) located at the east of Seventh Avenue and north of Anshun Road in online tendering (listing) for sale process held by Kaifeng City Public Resources Trading Centre* (開封市公共資源交易中心) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB566 million. No. 2019-4 land parcel has a site area of 57,463.4 sq.m. with a mandatory detailed planned plot ratio of 2.5.

On 11 June 2019, the Group acquired the state-owned construction land use right of a land parcel (No. 2018-36) located at the southeast corner of the intersection of Jidu Avenue and Yucai Road, Jiyuan City in tendering (listing) for sale process held by Jiyuan City Public Resources Trading Centre* (濟源市公共資源交易中心) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB143 million. No. 2018-36 land parcel has a site area of 38,199.86 sq.m. with a mandatory detailed planned plot ratio of 2.0.

On 18 June 2019, the Group acquired the state-owned construction land use right of land parcel (No. 2019-(8)) located at the northwest of the county government building of Sui County in tendering (listing) for sale process on the online exchange system held by the Land and Resources Bureau of Sui County (睢縣國土資源局) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB101.5 million. Land parcel No. 2019-(8) has a site area of 45,018.2 sq.m. with a mandatory detailed planned plot ratio of 2.0.

On 20 June 2019, the Group acquired the state-owned construction land use rights of land parcels (No. GTZ2019-4, GTZ2019-5 and GTZ2019-10) located at the west of Yulu Avenue, east and west of Zhongshan North Street, north of Zhongshan Road and south of Renmin Road, Lankao County in tendering (listing) for sale process on the online exchange system held by Department of Land and Resources of Henan Province (河南省國土資源廳) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB105 million, RMB99 million and RMB53 million respectively. Land parcel No. GTZ2019-4 has a site area of 38,667.98 sq.m. with a mandatory detailed planned plot ratio of 2.0; land parcel No. GTZ2019-5 has a site area of 36,228.7 sq.m. with a mandatory detailed planned plot ratio of 2.0; land parcel No. GTZ2019-10 has a site area of 27,954.6 sq.m. with a mandatory detailed planned plot ratio of 2.0.

On 29 June 2019, the Group acquired the state-owned construction land use right of land parcel (Dengzhengchu No. [2019]14) located at the northeast of the intersection of Yangcheng Road and Yinghe Road, Dengfeng City in tendering (listing) for sale process held by Dengfeng City Public Resources Trading Centre* (登封市公共資源交易中心) for transfer of state-owned land use rights. The purchase price for the acquisition was RMB90 million. Dengzhengchu No. [2019]14 land parcel has a site area of 22,409.1 sq.m. with a mandatory detailed planned plot ratio of 2.0.

On 2 July 2019, the Group acquired the land use right of a land parcel (No. PY-2019-33-2) located at the southwest of the intersection between the planned Chaoyang Road and Dexin Road in online tendering (listing) for sale process on the online exchange system organised by Zhumadian City for state-owned construction land use rights. The purchase price for the acquisition was RMB103 million. Land parcel No. PY-2019-33-2 has a site area of 43,323.99 sq.m. with a mandatory detailed planned plot ratio of 2.6.

On 5 July 2019, the Group acquired the state-owned construction land use right of a land parcel (Shangtuwanggua No. 2019-14) in Suiyang District, extending to Chunguang Road (planned) in the east, to Ankang Road (planned) in the south, to Sutong Road (planned) in the west, and to Changjiang Road in the north in online tendering (listing) for sale process held by Shangqiu Natural Resources and Planning Bureau (商丘市自然資源和規劃局) for state-owned construction land use rights. The purchase price for the acquisition was RMB341 million. Shangtuwanggua No. 2019-14 has a site area of 73,137.536 sq.m. with a mandatory detailed planned plot ratio of 2.5.

On 5 July 2019, the Group acquired the land state-owned construction use rights of land parcel (No. YDJ2019-21) located at the west of Gaoke Road and north of Gaoxin Seventh Road in Binhe New District of Yichuan County in tendering (listing) for sale process held by Yichuan County Public Resources Trading Centre* (伊川縣公共資源交易中心) for transfer of state-owned land use rights. The purchase price for the acquisition was RMB99 million. Land parcel No. YDJ2019-21 has a site area of 43,989.35 sq.m. with a mandatory detailed planned plot ratio of 2.2.

On 5 July 2019, the Group acquired the land use rights of land parcel (No. YDJ2019-20) located at the east of Dukang Road and north of Gaoxin Seventh Road in Binhe New District of Yichuan County in tendering (listing) for sale process held by Yichuan County Public Resources Trading Centre* (伊川縣公共資源交易中心) for transfer of state-owned land use rights. The purchase price for the acquisition was RMB84 million. Land parcel No. YDJ2019-20 has a site area of 37,393.16 sq.m. with a mandatory detailed planned plot ratio of 2.2.

On 18 July 2019, the Group acquired the state-owned construction land use rights of land parcel (No. 2019-32) located at the west of Taibaishan Road and north of Danjiang Road (former S241) in Xicheng District of Luohe City in tendering (listing) for sale process on the online exchange system held by Department of Land and Resources of Luohe City (漯河市國土資源局) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB156 million. Land parcel No. 2019-32 has a site area of 28,070 sq.m. with a mandatory detailed planned plot ratio of 2.2.

On 25 July 2019, the Group acquired the land use rights of land parcels (2019-03A1, 2019-03A3, 2019-03A6, 2019-03A7, 2019-03A8, 2019-03A16) located at the east of South-to-North Water Diversion Canal in Huixian County in tendering (listing) for sale process on the online exchange system held by Department of Natural Resources of Henan Province (河南省自然資源廳) for transfer of state-owned land use rights. The purchase prices for the acquisitions were RMB86.5 million, RMB49.2 million, RMB48.9 million, RMB52.6 million, RMB64.0 million, and RMB86.0 million respectively. Land parcel No. 2019-03A1 has a site area of 67,865 sq.m. with a mandatory detailed planned plot ratio of 2.2. Land parcel No. 2019-03A3 has a site area of 38,575 sq.m. with a mandatory detailed planned plot ratio of 2.2. Land parcel No. 2019-03A6 has a site area of 38,353 sq.m. with a mandatory detailed planned plot ratio of 2.2. Land parcel No. 2019-03A7 has a site area of 41,290 sq.m. with a mandatory detailed planned plot ratio of 2.2. Land parcel No. 2019-03A8 has a site area of 50,188 sq.m. with a mandatory detailed planned plot ratio of 2.2. Land parcel No. 2019-03A16 has a site area of 67,443 sq.m. with a mandatory detailed planned plot ratio of 2.2.

On 30 July 2019, the Group acquired the land use rights of land parcels (No. G2019-05 and No. G2019-07) located at the east of East Ring Road and south of Zhujiang Road in Shifan District in tendering (listing) for sale process on the online exchange system held by Department of Natural Resources of Henan Province (河南省自然資源廳) for transfer of state-owned construction land use rights. The purchase prices for the acquisitions were RMB270 million and RMB146 million respectively. Land parcel No. G2019-05 has a site area of 27,004.7 sq.m. with a mandatory detailed planned plot ratio of 2.5. Land parcel No. G2019-07 has a site area of 15,191.6 sq.m. with a mandatory detailed planned plot ratio of 2.5.

On 30 July 2019, the Group acquired the land use rights of a land parcel (Xixian No. XT(2019)18) located at the west of Shuyinggong Avenue and north of Xirang Avenue in Xixian County in tendering (listing) for sale process on the online exchange system held by Xinyang City for transfer of state-owned land use rights. The purchase prices for the acquisitions was RMB136 million. Land parcel Xixian No. XT(2019)18 has a site area of 57,950.41 sq.m. with a mandatory detailed planned plot ratio of 2.2.

On 5 August 2019, the Group acquired the land use right of a land parcel (Ping No. XH(2018)018) located at the west of the upstream of Chenzhuang Ditch in Xinhua District of Pingdingshan and north of South Lewu South Road in tendering (listing) for sale process on the online exchange system held by Pingdingshan Land and Resources Trading Centre* (平頂山市大地國土資源中心) for transfer of state-owned construction land use rights. The purchase prices for the acquisitions was RMB203 million. Land parcel Ping No. XH(2018)018 has a site area of 51,774.69 sq.m. with a mandatory detailed planned plot ratio of 2.0.

On 3 September 2019, the Group acquired the land use right of land parcels (Puxiandi No. 2018-57 and Puxiandi No. 2018-58) located at the north of Hongqi Road, east of Gongye Road, and west of the planned Jiqing Road in the urban area of Puyang County in an auction for sale process on the online exchange system organised by Department of Land and Resources of Henan Province (河南省國土資源廳) for transfer of state-owned construction land use rights. The purchase price for the acquisition were RMB154 million and RMB161 million, respectively. Land parcel Puxiandi No. 2018-57 has a site area of 60,406.4 sq.m. with a mandatory detailed planned plot ratio of 2.5. Land parcel Puxiandi No. 2018-58 has a site area of 63,165.1 sq.m. with a mandatory detailed planned plot ratio of 2.5.

On 13 September 2019, the Group acquired the land use right of a land parcel (No. WG2019-1801) located at the south of Kejiao Road, west of Tuanjie Road, north of Pingqiao Avenue, and east of Pingxigou in Xinyang City in online tendering (listing) for sale process for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB718 million. Land parcel No. WG2019-1801 has a site area of 95,906.82 sq.m. with a mandatory detailed planned plot ratio of 3.0.

On 18 September 2019, the Group acquired the land use right of a land parcel (No. G(2019)009) located at the east of Huangguo Road in Huangchuan County in online tendering (listing) for sale process on the online exchange system held by Natural Resources Bureau of Huangchuan County (潢川縣自然資源局) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB177 million. Land parcel No. G(2019)009 has a site area of 45,373 sq.m. with a mandatory detailed planned plot ratio of 3.0.

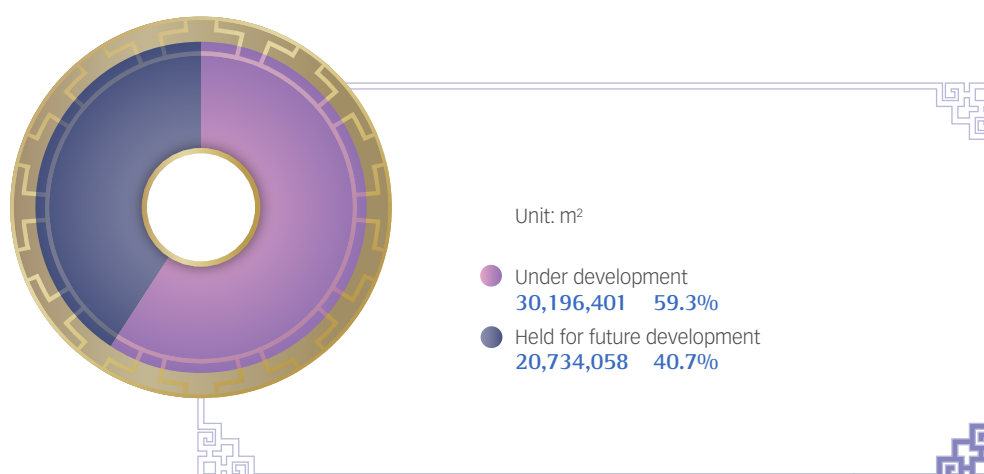
2. *Equity Interest Cooperation*

As at 31 December 2019, the Group acquired 68, in aggregate, land parcels with a total site area of 3,045,688 sq.m. in Luoyang City, Zhoukou City, Anyang City, Nanyang City and Shangqiu City by way of equity interest cooperation.

3. *Distribution of Land Reserves*

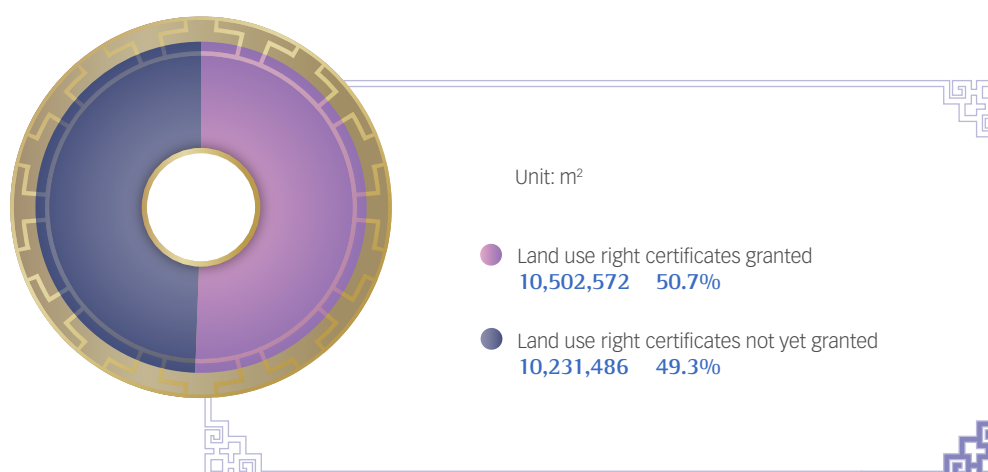
(1) *Distribution of the Company's land reserves by current development status*

As at 31 December 2019, the distribution of the Company's land reserves by current development status is set out in the table below:



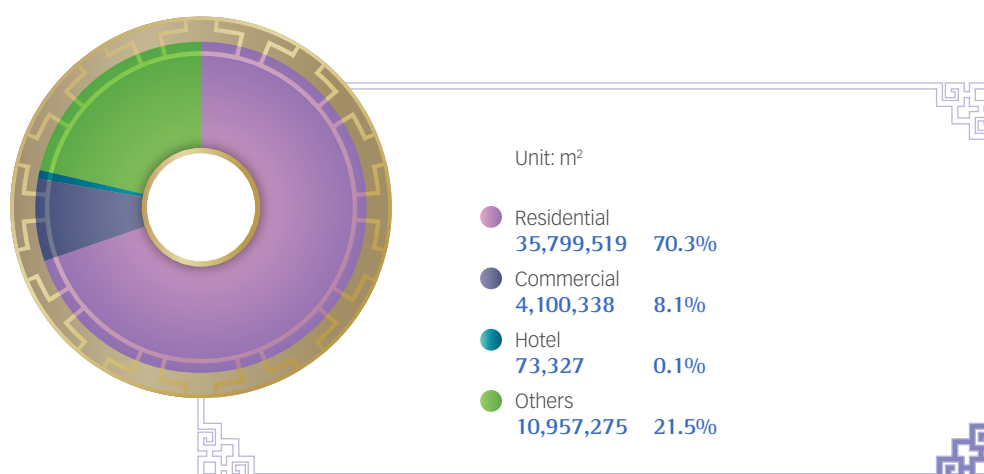
(2) *Distribution of the Company's land reserves by land use right certificates*

As at 31 December 2019, the distribution of the Company's land reserves by land use right certificates is set out in the table below:



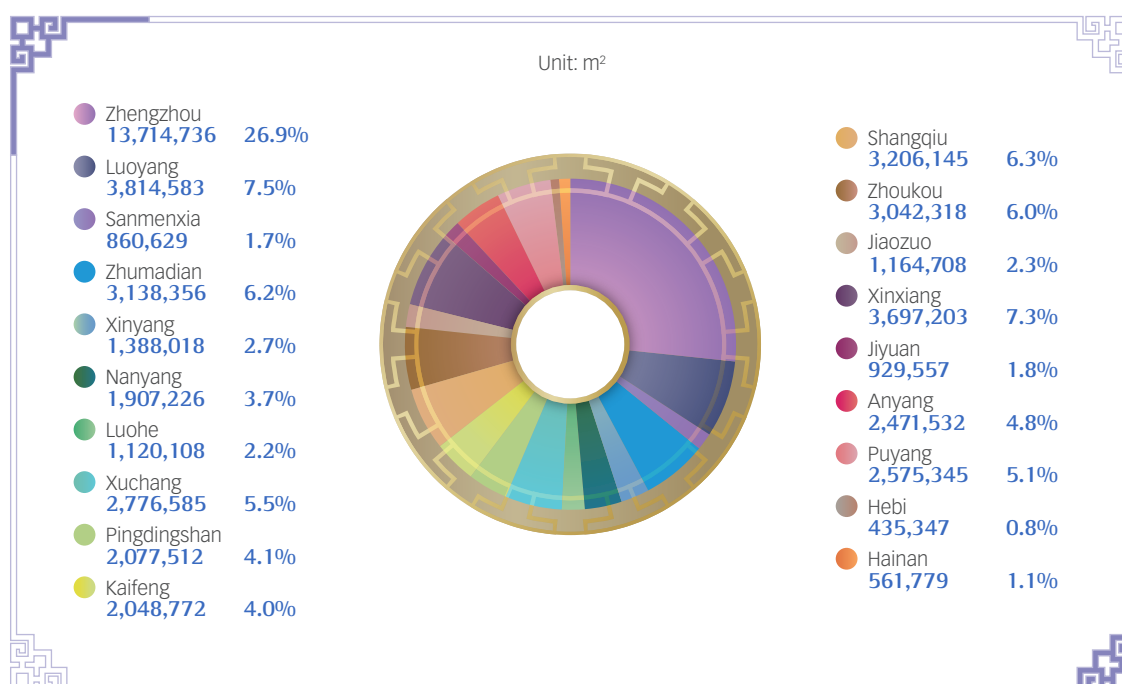
(3) *Distribution of the Company's land reserves by property types*

As at 31 December 2019, the distribution of the Company's land reserves by property types is as follows:



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

As at 31 December 2019, the distribution of the Company's land reserves by cities is as follows:



(IV) Product Research and Development

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

1. *Product Development and Serialisation, Standardisation and Commercialisation*

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

Through the research on the urbanization process, market trend and culture trend and considering the development characteristics of the Group, the Company has put forward the "2 + 3 + X" product line. Based on its product line system, the Company constantly deepened and improved the serialization and standardization construction of architecture, landscape and decoration centering on product line and product adaptation. Meanwhile, the Company continuously refined the architectural design, and came out with products of living rooms with increased competitiveness through conducting research on customers' needs and by reference to changes in relevant design specifications in the industry.

During the reporting period, the Company continued to research and develop new types of product models, completing the standardization R&D work of series products such as "Jianye Central China Cultural Town", "U-Block" and "Education Complex of Central China". These projects enriched the product line of the Group, facilitated the land purchase for investment and expansion and the Group's strategic transformation, and contributed to the increase in the brand values of the Company.

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

Residence commercialisation is beneficial to improve the quality of residence projects, save energy and reduce emissions, and improve the living environment. It is an inevitable trend of residence construction and development. In 2019, the Group actively pushed forward residence commercialisation. The projects of Linying Forest Peninsula and Luohe Danjiang Road adopted the construction technique that combines cast-in-situ vertical components, prefabricate horizontal components, and prefabricate inner walls. It has found a construction commercialisation road that meets market needs and suits company development. During the reporting period, the Company has designed about 500,000 sq.m. the commercialisation projects of residential properties to actively and steadily carry out the commercialisation of residential properties.

2. *Customized Design*

With the increasing demand for residential quality, the traditional product design model can not fully satisfy the new demand of upgraded consumption.

Insisting on the core concept of “providing quality living standards for the people of Henan”, the Company launched the Junlin Grand Courtyard project based on customized design. The project took the customer needs as the starting point and achieved customization in ten aspects including the house type, building style, landscape design, supporting facilities, elevator configuration, decorative style, standard of house decoration, kitchenware, bathroom articles, and property services, so as to satisfy the needs of the people in the new era for better house, break the original development and design mode of real estate, and lead the residence product into the era of customization and personalization.

3. *Fully Decorated House*

Completed fully decorated houses: By leveraging the integrated strength of the Group and following the concept of “being a new lifestyle service provider”, the Company completed the design or cooperative work of implementation for projects of Zhengzhou Beilong Lake Junlin Grand Courtyard, Zhengzhou Spring Time Phase II, Zhengzhou Beverly Manor Phase III, Zhengzhou Air Harbour Zone Wonderland, Zhengzhou Zhongyi Industrial Park, Shangqiu Sky Mansion, and Xinyang Tuanjielu Xinyang House, with a total design area of 640,000 sq.m..

New mode of finished houses: Zhengzhou Beilong Lake Junlin Grand Courtyard adopted the customized service mode, subverting the traditional batch factory production mode. It provided innovative, high-tech, and green personalized decoration services based on the personalized needs of the house owner, leading the customization fashion. Based on the comprehensive analysis and research on the characteristics of target customers and geographical features, the Company provided a variety of customized schemes from effect design, configuration standard to material selection. Customized decoration is a reform in decoration, bringing more comfortable, modern, and quality life for the owners!

Environmental Protection and Energy Conservation

To facilitate the development of green architecture and promote green life culture, the Company has formulated the Green Architecture Measures of CCRE in accordance with the Evaluation Standards for Green Buildings issued by the Ministry of Housing and Urban-Rural Development of PRC and the Evaluation Standards for Green Buildings of Henan Province, and issued the Green Manifesto of CCRE in 2010. We earnestly implement green building development plans by gradually using power-saving LED lights, water-saving spray irrigation, rainwater collection system, air-source energy heat pump, geothermal heat pump and other tools and technologies, thereby comprehensively improving the effectiveness of environmental protection and energy conservation for our corporate property projects. In 2019, 31 projects with total GFA of 5,390,000 sq.m. have successively passed the National Green Building Certification, of which 19 projects were rated as One Star Green Building with GFA of 3,450,000 sq.m., and 12 projects were rated as Two Stars Green Building with GFA of 1,940,000 sq.m..

Waste and Emission Reduction

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

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

Product Responsibilities

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

1. Design

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

2. Approval

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

3. Before Construction

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

4. Material Examination

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

5. During Construction

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

6. Project Acceptance

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

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

(V) Customer Service and Customer Relations

In 2019, after 27 years of accumulation and several years of exploration and development, the Company has formed a rich “Jianye+” ecosystem concerning people’s well-being based through its continuous effort to integrate internal and external quality resources and keep renewing itself, and created a new lifestyle and happiness for our customers by providing personalised, customised and differentiated services and products.

During the reporting period, the Group focused on improving customer satisfaction, consolidated basic innovative services, and continuously improved product and service quality. The Company made a comprehensive summary on customer contact points and established a customer service system which sets out standardised customer care and services at every contact point covering contract signing, house delivery to moving-in so as to improve the overall customer services. The Company strengthened risk management by establishing the Real Estate Sector Risk Management System 2.0, and enhanced the awareness of risk control of all employees, so as to effectively mitigate the risk of complaint. Besides, the Company strengthened its process management, and pioneered in the adoption of the dynamic customer satisfaction management approach targeted at each key point by conducting mystery customer survey and establishing joint multidepartment inspection mechanism to ensure super execution of services. In order to further improve products and services, the Company held the activity of “visiting property owners (走進千家萬戶，全員拜訪業主)” to communicate with property owners at “zero distance” and learn more about their requirements. With its goal to further improve product quality, the Company entrusted third-party institutes to conduct delivery assessment on indoor perception, public area, external facade, landscape design and all kinds of certificates. In addition, the Company intensified its “Improvement and Enhancement” campaign (琢玉行動) to improve the dwelling environment and dwelling quality of old communities, and expanded its brand influence through inviting property owners to attend the construction commencement ceremony and displaying the achievements made in the campaign on special festivals. Moreover, the Company arranged a large customer campaign “A Tour in Zhengzhou for Million Customers (因愛而游－百萬客戶游鄭州)” that allowed property owners to further explore the diverse forms of “Jianye+” diversified eco-service system and enjoy the great achievements gained through the development of Jianye. Furthermore, a series of customer campaigns and considerate services, including Brisk Walking in Xinxiang, Puyang City Run, providing property owners signing a contract with testing service for water and electricity supply, “cooling service” for new settlement, cleaning air conditioning filter, and taking family photo, received unanimous praise from the public and property owners.

BUSINESS OUTLOOK

1. The Macro-economic Landscape

The year 2020 is the concluding year of the goal of building a moderately prosperous society in all respects and the 13th Five-Year Plan. In order to achieve the first century-long goal and lay a solid foundation for the 14th Five-Year Plan and the second century-long goal, it is crucial to do a good job in economic work. However, affected by COVID-19, economic development has been adversely impacted in 2020 as enterprises were prohibited from resuming work and consumption intention was weakened, and downward pressure on the economy has notably increased. In order to reduce negative influences of the epidemic on the economy, central and local governments have instituted a series of stimulation policies to create a relatively easing monetary and financial environment, and to ensure healthy economic operation. In 2020, the government will prioritize the task of keeping stable growth stable, and ensure that economy develops steadily through moderately loose countercyclical regulation. It is expected that economic growth will decrease dramatically in the first quarter of 2020 as affected by the epidemic, but as governments at different levels has kept issuing relevant policies to stimulate economy, economy will gradually become stable in the second quarter, and rebound in the third and fourth quarters. In the whole year, the economy will initially decline and gradually gain momentum in the later part of the year, and its growth will further decline in the entire year, but the economy will remain stable in general.

Based on the development of national economy in 2020, Henan, as a province with aggregate economic contribution exceeding RMB5 trillion, will seize historical opportunities provided by the two national strategies – ecological protection and high-quality development of the Yellow River basin and the rise of central China – to further transform its driving force, method and development. The government will maximize advantages, make up for weaknesses, and make holistic efforts to maintain stable growth, advance reform, make structural adjustments, improve living standards, prevent risks, and ensure stability to fully deal with impact brought by the epidemic on economic development, maintain economic performance within the proper range, and safeguard social stability. In 2020, affected by the overall economic environment and the epidemic, economic development in Henan is expected to slow down, but it will still keep its leading level across China, and realize moderate to rapid development.

2. Property Market Outlook

In 2020, it is expected that the state will uphold its basic tune of “housing is for accommodation, not for speculation”, and keep consistency in regulation continuity in its macro control policies. Regarding local situation, property markets in some areas might face great downward pressure due to the impacts of the epidemic on property markets. It is expected that all local governments will further implement differentiated policies in light of different situations in different places, so the number of cities with temporary loose control will increase significantly so as to eliminate negative influences brought by the epidemic and ensure stability in regional property markets. In the first half of 2020, especially the first quarter, sales in the industry will drop sharply since work resumption is postponed and sales departments are closed. With economic rebound and relatively easy policy environment in the second half of the year, property industry will gain impetus, and it is expected that sales in the whole year will drop compared with that in 2019, but still keep its high level on the whole. Meanwhile, there will be a clear differentiation in different cities as the renovation plan to address housing in rundown urban areas is about to come to an end and influences of the epidemic differ from area to area.

Regarding policies in 2020, in order to reduce negative influences brought by the epidemic on the industry, all cities in Henan Province, especially those severely hit by the epidemic, are expected to enjoy easy economic control policies so as to avoid sharp drop in the market and other risks, and ensure stability in the property market. Regarding land market, in the first half of 2020, it is expected that the land supply from the government will decrease remarkably, property enterprises will become prudent in purchasing land due to their greater capital pressure, thus resulting in stagnant development in land market; however, situations will get better in the second half of the year as land supply and transaction will increase gradually. Regarding commodity property market, the industry is plagued by great downward pressure as affected by both the completion of the renovation plan to address housing in rundown urban areas and COVID-19 outbreak, and it is expected that market performance will decline dramatically in the first half of 2020, but the large population, fast economic development and rapid urbanization development will provide effective support for the industry, so market performance will increase in the second half of the year, and sales will grow slowly in the entire year but remain stable on the whole.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

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

The Board performs the duty of reviewing the interim and annual results with the Audit Committee, the management of the Company, the internal audit function and external independent auditors in accordance with the procedures, and conducts a review and assessment on the effectiveness of the Company's risk management and internal control systems and procedures at least annually. The Board and the Audit Committee act pursuant to any opinion from the internal audit function and external auditors. They also reviewed the resources, qualifications and experience of staff of the Company's accounting, internal audit and financial reporting functions and their training programmes and budget and were satisfied with their adequacy. The Board believes that the existing risk management and internal control systems are adequate and effective for the year ended 31 December 2019.

EVENTS AFTER THE REPORTING PERIOD

On 9 January 2020 and 5 February 2020, the Company issued senior notes with principal amount of US\$200,000,000 due in 2024 and US\$300,000,000 due in 2021, interest-bearing at 7.25% and 6.875% per annum, respectively, which is payable semi-annually in arrears. Please refer to the relevant announcements for details.

On 17 January 2020, Shanghai Yujin Investment Consulting Co., Ltd. (“Shanghai Yujin”), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Guangzhou R&F Properties Co., Ltd. (“Guangzhou R&F”) and Central China R&F on the acquisition, pursuant to which Shanghai Yujin has agreed to acquire 10% equity of Central China R&F from Guangzhou R&F and the creditor’s rights of RMB262,326,648.32 owned by Guangzhou R&F, with a total cost of RMB1 billion. Upon completion, Shanghai Yujin will own 55% of the equity of Central China R&F, and Central China R&F will become an indirect non-wholly owned subsidiary of the Company from a jointly controlled entity of the Company. Please refer to our announcement dated 17 January 2020 for details.

On 12 February 2020, the Company and some of its subsidiaries entered into the acquisition agreement with Jiayao (International) Investment Co., Ltd. (“Jiayao”) and China Ping An Insurance Overseas (Holdings) Co., Ltd. (“Ping An”). Pursuant to which, Jiayao agreed to issue, and Ping An agreed to subscribe for and pay or cause to subscribe for and pay 6.875% secured bonds of US\$203 million, while the Company and some of its subsidiaries agree to provide a guarantee in favor of the trustee, Deutsche Trust (Hong Kong) Limited, as a collateral for Jiayao’s performance obligations under the bonds, trust deed and agency agreements. The Company will charge 1% of the total principal of the bonds as the annual guarantee fee. As of the date of this report, the Company has not convened a special shareholders’ meeting to consider this transaction. Please refer to our announcement dated 13 February 2020 for details.

Save as above, there are no significant events subsequent to 31 December 2019 which would materially affect the Group’s operating and financial performance as of the date of this announcement.

FINAL DIVIDEND

The Board resolved to recommend a final dividend of HK\$31.00 cents (equivalent to RMB28.44 cents) per share for the year ended 31 December 2019 (for the year ended 31 December 2018: HK\$14.12 cents), subject to (i) the audited Annual Results upon completion of the auditing process will be consistent in all material respects with the unaudited Annual Results set out in this announcement; and (ii) the approval obtained at the 2020 AGM.

HK\$15.6 cents per share (for the six months ended 30 June 2018: HK\$7.16 cents) was distributed as interim dividend for the six months ended 30 June 2019.

ANNUAL GENERAL MEETING

The 2020 AGM will be held on Thursday, 14 May 2020 and the notice thereof will be published and despatched to the shareholders of the Company in a manner as required by the Listing Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders’ eligibility to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Monday, 11 May 2020 to Thursday, 14 May 2020 (both days inclusive), during which period no transfer of shares will be registered. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 8 May 2020, for registration.

For the purposes of determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on Wednesday, 20 May 2020, which no transfer of shares will be registered. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 19 May 2020, for registration.

CORPORATE GOVERNANCE PRACTICES

The Company has always valued the superiority, steadiness and rationality of having a sound system of corporate governance and is committed to continuously improving its corporate governance and disclosure practices. For the year ended 31 December 2019, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code (the “Corporate Governance Code”) in Appendix 14 to the Listing Rules with the exception of Code Provision E.1.2 as addressed below.

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

Mr. Xin Luo Lin, an independent non-executive Director and the chairman of the remuneration committee of the Company, was unable to attend the 2019 AGM as he was out of town for other business.

In the absence of the chairman of the remuneration committee, Mr. Cheung Shek Lun, being a member of the Board, the remuneration committee and the nomination committee, attended the 2019 AGM and answered questions raised at the meeting.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct for the Directors in their dealings in the Company’s securities. Having made specific enquires with each Director, the Company confirmed that all Directors had complied with the required standard as set out in the Model Code throughout the year ended 31 December 2019.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries and its joint ventures purchased, redeemed or sold any of the Company’s listed securities.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the unaudited Annual Results, including the accounting principles and practices adopted by the Group, and discussed auditing, risk management and internal control systems and financial reporting matters with the management as well as reviewed the unaudited consolidated financial statements for the year ended 31 December 2019.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the consolidated financial statements of the Group for the year ended 31 December 2019 has not been completed due to travel restrictions and suspension of work resulting from the COVID-19 coronavirus outbreak. The unaudited Annual Results contained in this announcement have not been agreed with the Company's auditor as required under Rule 13.49(2) of the Listing Rules.

PUBLICATION OF FURTHER ANNOUNCEMENT(S), THE FINAL RESULTS AND THE ANNUAL REPORT

This unaudited Annual Results announcement is published on the website of the Stock Exchange www.hkexnews.hk and the Company's website at www.jianye.com.cn. Following the completion of the auditing process, the Company will issue further announcement(s) if necessary in relation to (i) the annual results as agreed by the Company's auditor and the accounting adjustment or material differences (if any) as compared with the unaudited Annual Results contained herein, and (ii) if there is any adjustment, (a) the confirmed final dividend recommended for the year ended 31 December 2019, (b) the payment date, book closure period and record date of such proposed final dividend, and (c) the proposed convention date, book closure period and record date of the 2020 AGM. In addition, the Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process. The Company expects the auditing process will be completed on or before 30 April 2020. The Company's annual report for the year ended 31 December 2019 will be published on both websites and despatched to the shareholders of the Company in due course.

The financial information contained in this announcement in respect of the Annual Results has not been audited and have not been agreed with the auditor of the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 31 March 2020

For the purpose of this announcement, unless otherwise indicated, the conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 = HK\$1.09. Such rate is for the purpose of illustration only and does not constitute a representation that any amount in RMB or HK\$ has been or could have been or may be converted at such or another rate or at all.

As at the date of this announcement, the Board comprises nine Directors, of which Mr. Wu Po Sum, Mr. Liu Weixing, Mr. Wang Jun and Mr. Yuan Xujun are executive Directors, Mr. Lim Ming Yan 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*