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**建業地產股份有限公司\***

**Central China Real Estate Limited**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 0832)

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

**FINANCIAL HIGHLIGHTS**

- Revenue for the six months ended 30 June 2020 amounted to RMB13,019 million, an increase of 43.6% compared with the corresponding period in 2019.
- Gross profit margin for the period was 23.7%, a decrease of 3.6 percentage points compared with 27.3% for the corresponding period in 2019.
- Profit attributable to equity shareholders of the Company for the period amounted to RMB727 million, an increase of 10.5% compared with the corresponding period in 2019.
- Net profit margin for the period was 6.0%, a decrease of 2.5 percentage points compared with 8.5% for the corresponding period in 2019.
- Basic earnings per share for the period was RMB26.43 cents, an increase of 9.8% compared with the corresponding period in 2019.
- An interim dividend of HK11.0 cents per share for the six months ended 30 June 2020.

## INTERIM RESULTS

The board (the “Board”) of directors (the “Directors” and each a “Director”) of Central China Real Estate Limited (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2020, together with the relevant comparative figures in 2019 as follows:

### CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2020 – unaudited

(Expressed in Renminbi)

		Six months ended 30 June	
		2020	2019
	Note	RMB'000	RMB'000
<b>Revenue</b>	3	<b>13,018,858</b>	9,068,042
Cost of sales	5	<u>(9,930,084)</u>	<u>(6,593,702)</u>
<b>Gross profit</b>		<b>3,088,774</b>	2,474,340
Other revenue	4	<b>170,131</b>	124,672
Other net income	4	<b>522,151</b>	597,388
Selling and marketing expenses		<b>(907,309)</b>	(751,395)
General and administrative expenses		<b>(822,815)</b>	(771,813)
Impairment losses on trade and other receivables, including contract assets	5	<u><b>(95,498)</b></u>	<u>(61,419)</u>
		<b>1,955,434</b>	1,611,773
Finance costs	5	<b>(369,524)</b>	(230,098)
Share of profits less losses of associates		<b>(2,557)</b>	(3,897)
Share of profits less losses of joint ventures		<u><b>(41,259)</b></u>	<u>164,617</u>
<b>Profit before change in fair value of investment property and income tax</b>		<b>1,542,094</b>	1,542,395
Net valuation (losses)/gains on investment property		<u><b>(84,789)</b></u>	<u>20,420</u>
<b>Profit before taxation</b>	5	<b>1,457,305</b>	1,562,815
Income tax	6	<u><b>(671,148)</b></u>	<u>(794,526)</u>
<b>Profit for the period</b>		<u><b>786,157</b></u>	<u>768,289</u>

## CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2020 – unaudited (Continued)

(Expressed in Renminbi)

		Six months ended 30 June	
		2020	2019
	Note	RMB'000	RMB'000
<b>Attributable to:</b>			
Equity shareholders of the Company		726,982	657,720
Non-controlling interests		<u>59,175</u>	<u>110,569</u>
<b>Profit for the period</b>		<u>786,157</u>	<u>768,289</u>
<b>Earnings per share</b>	7		
– Basic (RMB cents)		<u>26.43</u>	<u>24.08</u>
– Diluted (RMB cents)		<u><u>25.93</u></u>	<u><u>23.64</u></u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2020 – unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
<b>Profit for the period</b>	<b>786,157</b>	<b>768,289</b>
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	456	(27,640)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on:		
– translation of financial statements to the presentation currency	(120,184)	105,855
– arising on a monetary item that forms part of net investment in foreign operations	(99,355)	(8,070)
Cash flow hedge:		
– effective portion of changes in fair value	–	5,937
<b>Other comprehensive income for the period</b>	<b>(219,083)</b>	<b>76,082</b>
<b>Total comprehensive income for the period</b>	<b>567,074</b>	<b>844,371</b>
<b>Attributable to:</b>		
Equity shareholders of the Company	510,927	732,564
Non-controlling interests	56,147	111,807
<b>Total comprehensive income for the period</b>	<b>567,074</b>	<b>844,371</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*at 30 June 2020 – unaudited*

*(Expressed in Renminbi)*

		At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment		7,466,584	5,343,435
Investment property		3,151,630	3,212,830
Goodwill		1,045,660	–
Biological assets		215,698	245,349
Interests in associates	8	306,844	310,518
Interests in joint ventures	9	4,382,653	9,533,912
Other financial assets		726,544	1,425,571
Deferred tax assets		579,118	412,877
		17,874,731	20,484,492
<b>Current assets</b>			
Trading securities		66,360	70,596
Biological assets		42,904	42,643
Inventories and other contract costs	10	88,701,381	69,992,554
Contract assets		171,909	214,828
Trade and other receivables	11	5,342,931	4,435,453
Deposits and prepayments	12	16,304,181	15,146,290
Tax recoverable		3,891,314	2,795,431
Restricted bank deposits		6,215,084	8,077,443
Cash and cash equivalents		25,554,776	22,707,659
		146,290,840	123,482,897
<b>Current liabilities</b>			
Bank loans	13	(4,234,394)	(3,734,424)
Other loans	14	(2,333,674)	(2,437,022)
Trade and other payables	15	(42,372,587)	(43,615,817)
Contract liabilities		(68,520,768)	(52,954,902)
Corporate bonds	17	(2,999,126)	(1,489,608)
Senior notes	16	(9,855,142)	(4,857,923)
Lease liabilities		(46,006)	(54,268)
Taxation payable		(1,288,775)	(1,153,501)
		(131,650,472)	(110,297,465)
<b>Net current assets</b>		14,640,368	13,185,432
<b>Total assets less current liabilities</b>		32,515,099	33,669,924

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2020 – unaudited (Continued)

(Expressed in Renminbi)

		At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
	<i>Note</i>		
<b>Non-current liabilities</b>			
Bank loans	<i>13</i>	(2,866,375)	(3,504,035)
Other loans	<i>14</i>	(1,381,075)	(850,325)
Corporate bonds	<i>17</i>	–	(1,499,870)
Senior notes	<i>16</i>	(12,651,137)	(13,117,418)
Lease liabilities		(523,493)	(481,508)
Deferred tax liabilities		(2,005,131)	(1,614,447)
		<u>(19,427,211)</u>	<u>(21,067,603)</u>
<b>NET ASSETS</b>		<u>13,087,888</u>	<u>12,602,321</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		244,306	240,662
Reserves		9,354,945	9,477,363
<b>Total equity attributable to equity shareholders of the Company</b>		<b>9,599,251</b>	<b>9,718,025</b>
<b>Non-controlling interests</b>		<u>3,488,637</u>	<u>2,884,296</u>
<b>TOTAL EQUITY</b>		<u><b>13,087,888</b></u>	<u><b>12,602,321</b></u>

## NOTES:

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 its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. This interim financial report as at and for the six months ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interests in associates and joint ventures. The principal activity of the Company is investment holding and the Group are principally engaged in property development, property leasing, hotel operations and provision of project management service in Henan Province in the People’s Republic of China (“the PRC”).

### 1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 25 August 2020.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

## 2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these 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 in this interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 3 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:

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS15</b>		
Disaggregation by major products or service lines		
– Sales of properties	12,364,883	8,393,660
– Revenue from hotel operations	92,495	149,166
– Revenue from project management service	462,048	404,296
– Others	41,954	42,413
	<u>12,961,380</u>	<u>8,989,535</u>
<b>Revenue from other sources</b>		
– Rental income from investment properties	38,317	49,805
– Rental income from properties for sale	19,161	28,702
	<u>57,478</u>	<u>78,507</u>
	<u>13,018,858</u>	<u>9,068,042</u>



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

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Point in time</b>		
– Sales of properties	7,763,374	5,152,614
– Revenue from hotel operations	92,495	149,166
– Others	41,954	42,413
	<u>7,897,823</u>	<u>5,344,193</u>
<b>Over time</b>		
– Sales of properties	4,601,509	3,241,046
– Revenue from project management service	462,048	404,296
– Rental income from investment properties	38,317	49,805
– Rental income from properties for sale	19,161	28,702
	<u>5,121,035</u>	<u>3,723,849</u>
	<u><b>13,018,858</b></u>	<u><b>9,068,042</b></u>

**(b) Segment reporting**

**(i) Products and services from which reportable segments derive their revenue**

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

**(ii) Geographic information**

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

#### 4 OTHER REVENUE AND OTHER NET INCOME

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Other revenue</b>		
Interest income	154,583	101,362
Dividend income from equity securities	6,734	7,805
Government grants	3,059	14,972
Others	5,755	533
	<u>170,131</u>	<u>124,672</u>
<b>Other net income</b>		
Net realised and unrealised (loss)/gain on trading securities	(3,782)	13,882
Inventory write-down	(289,411)	(14,074)
Net loss on disposals of property, plant and equipment	(2,228)	(7,868)
Net gain on deemed disposals and disposals of joint ventures	894,029	689,361
Net gain/(loss) on deemed disposals and disposals of subsidiaries	21,439	(40,054)
Net gain on deemed disposals of associates	8,399	–
Net exchange loss	(23,768)	(31,174)
Others	(82,527)	(12,685)
	<u>522,151</u>	<u>597,388</u>

## 5 PROFIT BEFORE TAXATION

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

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>(a) Finance costs</b>		
Interest on bank loans and other borrowings	<b>1,338,450</b>	973,419
Interest on lease liabilities	<b>21,752</b>	13,380
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	<b>1,360,202</b>	986,799
Interest accrued on advance payments from customers	<b>1,398,281</b>	735,268
Less: interest expense capitalised into properties under development	<b>(2,303,675)</b>	(1,408,482)
	<hr/>	<hr/>
	<b>454,808</b>	313,585
Net change in fair value of derivatives	<b>(85,284)</b>	(83,487)
	<hr/>	<hr/>
	<b>369,524</b>	230,098
	<hr/> <hr/>	<hr/> <hr/>
<b>(b) Other items</b>		
Amortisation	–	10,448
Depreciation charge		
– owned property, plant and equipment	<b>126,601</b>	117,517
– right-of-use assets	<b>29,836</b>	13,680
Impairment losses on trade and other receivables, including contract assets	<b>95,498</b>	61,419
Cost of properties sold	<b>9,755,390</b>	6,458,494
Advertising and promotion expenses to football club	<b>225,000</b>	200,983
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**6 INCOME TAX**

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Current tax</b>		
PRC Corporate Income Tax	<b>515,134</b>	79,506
PRC Land Appreciation Tax	<b>210,950</b>	97,342
Withholding tax	<b>50,000</b>	40,000
	<u><b>776,084</b></u>	<u>216,848</u>
	<u><b>776,084</b></u>	<u>216,848</u>
<b>Deferred tax</b>		
PRC Corporate Income Tax	<b>(129,281)</b>	423,368
PRC Land Appreciation Tax	<b>24,345</b>	154,310
	<u><b>(104,936)</b></u>	<u>577,678</u>
	<u><b>(104,936)</b></u>	<u>577,678</u>
	<u><b>671,148</b></u>	<u>794,526</u>
	<u><b>671,148</b></u>	<u>794,526</u>

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

**(c) PRC Corporate Income Tax (“CIT”)**

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

The PRC subsidiaries were subject to the actual taxation method, charged CIT at a rate of 25% (2019: 25%) on the estimated assessable profits for the period.

**(d) Land Appreciation Tax (“LAT”)**

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 of land value, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation of land value do not exceed 20% of the sum of the total deductible items.

**(e) 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%.

**7 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 RMB726,982,000 (2019: RMB657,720,000) and the weighted average of 2,750,284,882 ordinary shares (2019: 2,731,415,985 shares) in issue during the interim period.

**(b) Diluted earnings per share**

The calculation of diluted earnings per share was based on the profit attributable to ordinary equity shareholders of the Company of RMB726,982,000 (2019: RMB657,720,000) and the weighted average number of ordinary shares of 2,803,809,403 (2019: 2,781,838,316 shares).

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

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Profit attributable to equity shareholders (diluted)	<u>726,982</u>	<u>657,720</u>

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

	Six months ended 30 June	
	2020	2019
Weighted average number of ordinary shares at 30 June	2,750,284,882	2,731,415,985
Effect of deemed issue of ordinary shares under the Company's share option scheme	<u>53,524,521</u>	<u>50,422,331</u>
Weighted average number of ordinary shares at 30 June (diluted)	<u>2,803,809,403</u>	<u>2,781,838,316</u>

## 8 INTEREST IN ASSOCIATES

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Share of net assets	243,312	249,149
Amounts due from associates	<u>63,532</u>	<u>61,369</u>
	<u><b>306,844</b></u>	<u><b>310,518</b></u>

## 9 INTEREST IN JOINT VENTURES

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Share of net assets	1,363,563	2,467,155
Amounts due from joint ventures	<u>3,019,090</u>	<u>7,066,757</u>
	<u><b>4,382,653</b></u>	<u><b>9,533,912</b></u>

### (a) Deemed disposal of joint ventures in step acquisitions

During the six months ended 30 June 2020, the Group entered into equity transfer agreements with respective joint ventures to acquire additional equity interests. Upon completion of the above transactions, these joint ventures became subsidiaries of the Group.

The net gain of RMB894,029,000 on deemed disposals of these joint ventures was recognised in profit or loss during the period, by remeasuring the Group's previously held equity interests in these entities at the acquisition date fair value.

### (b) Amounts due from joint ventures

Amounts due from joint ventures included amount of RMB874,389,000 (31 December 2019: RMB796,209,000) which are interest-bearing at 10%-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.

## 10 INVENTORIES AND OTHER CONTRACT COSTS

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
<b>Inventories</b>		
Properties held for future development and under development for sale	<b>80,204,914</b>	65,235,041
Completed properties held for sale	<b>8,255,228</b>	4,523,557
Others	<b>13,738</b>	14,246
	<u><b>88,473,880</b></u>	<u>69,772,844</u>
<b>Other contract costs</b>	<u><b>227,501</b></u>	<u>219,710</u>
	<u><b>88,701,381</b></u>	<u>69,992,554</u>

As at 30 June 2020, the Group's inventories of RMB3,585,203,000 (31 December 2019: RMB3,373,648,000) were pledged as securities of joint ventures' loans.



## 11 TRADE AND OTHER RECEIVABLES

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Trade debtors and bills receivable, net of loss allowance	210,148	76,287
Other debtors	1,681,132	1,279,804
Amounts due from joint ventures	139,503	139,876
Amounts due from associates	2,619	3,080
Amounts due from entities controlled		
by the ultimate controlling shareholder	73,892	35,268
Amounts due from a related party	45,067	–
Amounts due from entities jointly controlled by a close family		
member of the ultimate controlling shareholder	3,278	1,365
Amounts due from non-controlling interests	3,045,411	2,705,953
Amounts due from a joint venture	–	100,000
	<hr/>	<hr/>
Financial assets measured at amortised cost	5,201,050	4,341,633
Derivative financial instruments		
– redemption call options embedded in senior notes	64,177	31,790
– foreign exchange forward contracts and option contracts	48,748	62,030
– interest rate swap contracts	28,956	–
	<hr/>	<hr/>
	<b>5,342,931</b>	<b>4,435,453</b>
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Amounts due from joint ventures and non-controlling interests are unsecured, interest-free and has no fixed terms of repayment.

Amounts due from entities controlled by the ultimate controlling shareholder mainly represented amount due from Henan Hongdao Business Information Consultancy Co., Ltd. 河南弘道商務信息諮詢有限公司 (“Henan Hongdao”) and Jiayao Global Investments Limited 嘉耀 (國際) 投資有限公司 (“Jiayao Global”) (note 20(c)) and 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. Amount receivable due from Central China New Life 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.

**(a) Aging analysis**

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

	At <b>30 June</b> <b>2020</b> <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Within 1 month	<b>111,342</b>	50,698
1 to 3 months	<b>66,292</b>	5,204
3 to 6 months	<b>14,129</b>	3,360
6 to 12 months	<b>1,572</b>	8,882
Over 1 year	<b>16,813</b>	8,143
	<b>210,148</b>	76,287

Trade debtors and bills receivable are due upon the invoicing.

**12 DEPOSITS AND PREPAYMENTS**

At 30 June 2020, the balance included deposits and prepayments for leasehold land for development purpose of RMB11,952,534,000 (31 December 2019: RMB10,274,453,000), which will be transferred to inventory upon the registration of the ownership interest in the land.

### 13 BANK LOANS

(a) At 30 June 2020, bank loans were repayable as follows:

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Within 1 year or on demand	4,234,394	3,734,424
After 1 year but within 2 years	1,783,750	2,273,910
After 2 years but within 5 years	631,250	758,750
After 5 years	451,375	471,375
	<u>2,866,375</u>	<u>3,504,035</u>
	<u><u>7,100,769</u></u>	<u><u>7,238,459</u></u>

(b) At 30 June 2020, the bank loans were secured as follows:

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Bank loans		
– secured	5,566,548	4,865,783
– unsecured	1,534,221	2,372,676
	<u>7,100,769</u>	<u>7,238,459</u>
	<u><u>7,100,769</u></u>	<u><u>7,238,459</u></u>

- (c) As at 30 June 2020, the secured bank loans are secured over equity interest in subsidiaries of the Group and other assets as follows:

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Properties for sale	6,692,889	5,862,338
Property, plant and equipment	837,388	839,401
Investment property	343,189	343,189
Interest in a joint venture	–	16,000
Restricted bank deposits	707,950	697,620
	<u>8,581,416</u>	<u>7,758,548</u>

#### 14 OTHER LOANS

- (a) At 30 June 2020, other loans were repayable as follows:

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Within 1 year or on demand	2,333,674	2,437,022
After 1 year but within 2 years	1,381,075	850,325
	<u>3,714,749</u>	<u>3,287,347</u>

- (b) At 30 June 2020, the other loans were secured as follows:

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Other loans		
– secured	2,979,449	2,530,545
– unsecured	735,300	756,802
	<u>3,714,749</u>	<u>3,287,347</u>

(c) As at 30 June 2020, the secured other loans are secured over interests in subsidiaries of the Group and other assets as follows:

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Properties for sale	2,450,078	2,783,273
Property, plant and equipment	–	49,082
Investment Property	–	218,336
	<u>2,450,078</u>	<u>3,050,691</u>

## 15 TRADE AND OTHER PAYABLES

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Trade creditors and bills payable	23,422,922	21,296,417
Other creditors and accrued charges	8,752,830	7,899,149
Amounts due to joint ventures	3,861,922	6,979,796
Amounts due to associates	200,601	709,593
Amounts due to entities controlled by the ultimate controlling shareholder	1,102,805	567,352
Amounts due to non-controlling interests	4,995,647	6,143,374
Financial liabilities measured at amortised cost	<u>42,336,727</u>	<u>43,595,681</u>
Derivative financial instruments		
– foreign exchange rate swap contract	–	9,228
– foreign exchange forward contracts and option contracts	–	10,908
	<u>–</u>	<u>20,136</u>
Financial guarantees issued	<u>35,860</u>	–
	<u>42,372,587</u>	<u>43,615,817</u>

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

Amounts due to entities controlled by the ultimate controlling shareholder mainly included amount due to Central China New Life together with its subsidiaries of RMB649,231,000 (2019: RMB474,237,000) and amount due to Drawin Intelligent Manufacture Technology Industry Group Limited together with its subsidiaries of RMB97,432,000 (2019: RMB93,115,000), for receiving services from these entities, which are interest free, unsecured and to be settled according to the contract terms, and amount due to Jiayao Global of RMB356,142,000 (2019: RMB Nil) which is unsecured, interest bearing at 6.875% per annum.

Amounts due to non-controlling interests included amount of RMB162,191,000 (2019: RMB524,461,000) which are unsecured, interest bearing at 6%-12% (2019: 6%-20%) per annum and repayable within 1 year. The remaining amounts due to non-controlling interests are unsecured, interest-free and have no fixed terms of payment.

The amount of financial guarantees issued expected to be recognised as income after more than one year is RMB13,274,000 (2019: RMB Nil).

**(a) Aging analysis**

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

	At <b>30 June</b> <b>2020</b> <i><b>RMB'000</b></i>	At 31 December 2019 <i>RMB'000</i>
Within 1 month	<b>10,069,057</b>	9,359,338
1 – 3 months	<b>6,200,864</b>	5,398,255
3 – 6 months	<b>2,667,820</b>	2,357,186
6 – 12 months	<b>1,607,604</b>	1,547,284
Over 12 months	<b>2,877,577</b>	2,634,354
	<b><u>23,422,922</u></b>	<b><u>21,296,417</u></b>

## 16 SENIOR NOTES

### Liability component of the Senior Notes:

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
USD386 million due in 2020	2,745,252	2,686,810
SGD150 million due in 2020	–	774,599
USD200 million due in 2020	–	1,396,514
USD300 million due in 2021	2,136,727	2,092,144
USD200 million due in 2021	1,418,774	1,389,840
USD200 million due in 2021	1,401,630	1,367,312
USD300 million due in 2021	2,131,552	2,087,360
USD100 million due in 2021	707,229	690,307
USD300 million due in 2021	2,134,382	–
USD300 million due in 2022	2,099,610	2,051,867
USD400 million due in 2023	2,814,871	–
USD300 million due in 2023	2,105,581	2,060,769
USD200 million due in 2023	1,406,780	1,377,819
USD200 million due in 2024	1,403,891	–
	<u>22,506,279</u>	<u>17,975,341</u>
Representing:		
– Current	9,855,142	4,857,923
– Non-current	12,651,137	13,117,418
	<u>22,506,279</u>	<u>17,975,341</u>

During six months ended 30 June 2020, the Company redeemed in full the outstanding senior notes in the principal amount of USD200,000,000 and SGD150,000,000 due in 2020 at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest and issued senior notes in the principal amount of USD200,000,000 due in 2024, USD300,000,000 due in 2021 and USD400,000,000 due in 2023.

## 17 CORPORATE BONDS

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
At the beginning of the period/year	2,989,478	2,996,760
Redemption	–	(2,771,609)
Net proceeds from re-sale	–	1,271,417
Net proceeds from issuance	–	1,488,000
Interest and transaction costs amortised	<u>9,648</u>	<u>4,910</u>
	<u><b>2,999,126</b></u>	<u><b>2,989,478</b></u>
Representing:		
– Current	2,999,126	1,489,608
– Non-current	<u>–</u>	<u>1,499,870</u>
	<u><b>2,999,126</b></u>	<u><b>2,989,478</b></u>

## 18 DIVIDENDS

### Dividends payable to equity shareholders attributable to the interim period

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interim dividend declared after the interim period of HK11.0 cents (equivalent to RMB10.1 cents) (2019 interim: HK15.6 cents (equivalent to RMB14.0 cents)) per ordinary share	<u><b>279,157</b></u>	<u><b>382,798</b></u>

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



## 19 COMMITMENTS

### Capital commitments outstanding at 30 June 2020 not provided for in the interim financial report

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
<b>Capital commitment for property development</b>		
– Authorised but not provided for	34,513,464	49,306,769
– Contracted for	40,913,047	25,865,751
	<u>75,426,511</u>	<u>75,172,520</u>

## 20 FINANCIAL GUARANTEE

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

The Group, joint ventures and associates provide guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by buyers of properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these buyers, the Group, joint ventures and associates are responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted buyers to banks. The Group's, joint ventures' and associates' guarantee periods commence from the dates of grants of the relevant mortgage loans and end after the buyers obtain the individual property ownership certificates of the properties purchased. The amount of guarantees given to banks for mortgage facilities granted to the buyers of the properties at 30 June 2020 are as follows:

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Guarantees given to banks for mortgage facilities granted to buyers of:		
– the Group's properties	49,816,512	37,561,304
– the joint ventures' and associates' properties (the Group's shared portion)	1,013,511	4,821,070
	<u>50,830,023</u>	<u>42,382,374</u>

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

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

The Group provided guarantees to bank loans and other loans of joint ventures and associates amounting to RMB8,990,176,000 as at 30 June 2020 (31 December 2019: RMB10,046,993,000). The Group closely monitors the repayment progress of the relevant loans by those joint ventures and associates. At the end of the reporting period, the directors do not consider it is probable that claims will be made against the Group under these guarantees.

**(c) Guarantee given to Henan Hongdao and Jiayao Global**

On 24 December 2019 and 7 May 2020, the Group entered into two arrangements to provide guarantee to Henan Hongdao and Jiayao Global, the entities controlled by Mr. Wu Po Sum, in respect of Henan Hongdao five-year bank loan amounting to RMB500,000,000, with annual guarantee fee at 1% of the principal amount outstanding and in respect of Jiayao Global bonds issued amounting to US\$203,000,000 due in 2021, with annual guarantee fee at 1.5% of the principal amount of the bond, respectively.

During the six months ended 30 June 2020, financial guarantee income of RMB5,755,000 was recognised.

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

- (a) On 13 July 2020, the Company has redeemed outstanding senior notes due in 2021 upon maturity with principal amount of USD300,000,000 and nominal interest rate of 8.75% at the predetermined redemption price.
- (b) On 6 August 2020, the Company issued senior notes with principal amount of USD300,000,000 due in 2024, interest-bearing at 7.25% per annum, which is payable semi-annually in arrears. The details are disclosed in the relevant announcements published by the Company.
- (c) After the end of the reporting period, the board of directors of the Company declared an interim dividend. Further details are disclosed in note 18.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Review

### *Overall performance*

The Group is pleased to announce a growth in contracted sales amounting to RMB42,951 million for the six months ended 30 June 2020, representing a year-on-year increase of approximately 8.5%, of which the contracted sales of heavy assets amounted to RMB30,016 million, representing a year-on-year increase of approximately 8.5%, and the contracted sales of light assets amounted to RMB12,935 million, representing a year-on-year increase of approximately 8.4%. As the increase in contracted sales and cash collection of sales were satisfactory, the cash and cash equivalents and restricted bank deposits of the Group in total amounted to approximately RMB31.77 billion as at 30 June 2020.

As at 30 June 2020, net borrowings in total amounted to approximately RMB10,058 million with net gearing ratio of approximately 76.9%. The Group has persisted in a prudent principle in financial management, thus maintaining a high proportion of cash with a reasonable level of borrowing.

The Group continued to implement a prudent approach to acquire land and accelerated the project construction progress, so as to shorten the development cycle. During the six months ended 30 June 2020, the property projects delivered by the Group amounted to 30, a decrease of 1 project over the corresponding period of last year. While, the Group owned 174 projects under development during the six months ended 30 June 2020, an increase of 47 projects over the corresponding period of last year. 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 for the six months ended 30 June 2020 was approximately RMB727 million, representing a year-on-year increase of approximately 10.5%.

As at 30 June 2020, the Company has entered into contracts for 209 light-asset model projects in total with expected total GFA of approximately 29.30 million sq.m. according to those contracts. Those light-asset model projects contracts generated a revenue of approximately RMB462 million in the six months ended 30 June 2020 for the Group, representing a year-on-year increase of approximately 14.3%.

As at 30 June 2020, the contracted sales of the Company which was not recognised was approximately RMB76,273 million with a corresponding gross profit of approximately RMB15,189 million. The amount is expected to be recognised as revenue and gross profit in the next two or three years. In addition, the contracted sales of the joint ventures and associates that were not recognised was approximately RMB16,637 million with a corresponding gross profit of approximately RMB3,419 million.

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

**Revenue:** Our revenue increased by 43.6% to approximately RMB13,019 million for the six months ended 30 June 2020 from approximately RMB9,068 million for the six months ended 30 June 2019, primarily due to an increase in the GFA recognised and the average selling price for the current period as compared with the same period of last year.

- **Income from sales of properties:** Income from property sales increased by 47.3% to approximately RMB12,365 million for the six months ended 30 June 2020 from approximately RMB8,394 million for the six months ended 30 June 2019 due to an increase in the GFA sold by 29.5% to 1,782,725 sq.m. for the six months ended 30 June 2020 from 1,376,219 sq.m. for the six months ended 30 June 2019, while the average selling price (excluding underground parking spaces) increased by 11.2% to RMB6,389 per sq.m. for the six months ended 30 June 2020 from RMB5,747 per sq.m. for the six months ended 30 June 2019.
- **Rental income:** Income from property leasing decreased by 26.8% to approximately RMB57 million for the six months ended 30 June 2020 from approximately RMB79 million for the six months ended 30 June 2019, which was mainly due to the rental relief for tenants affected by the epidemic in shopping malls and commercial buildings of the Group.

- **Revenue from hotel operation:** Revenue from hotel operation decreased by 38.0% to approximately RMB92 million for the six months ended 30 June 2020 from approximately RMB149 million for the six months ended 30 June 2019, which was primarily due to the weak tourism market of the famous tourist cities in Henan Province as compared with that of the corresponding period of 2019.
- **Revenue from provision of project management service:** Revenue from provision of project management service increased by 14.3% to approximately RMB462 million for the six months ended 30 June 2020 from approximately RMB404 million for the six months ended 30 June 2019 which was derived from operation and management services provided by the Group under light-asset projects. The increase was mainly attributable to a rapid increase in projects.

**Cost of sales:** Our cost of sales increased by 50.6% to approximately RMB9,930 million for the six months ended 30 June 2020 from approximately RMB6,594 million for the six months ended 30 June 2019. The increase in cost of sales was due to the increase in GFA of properties sold as mentioned above.

**Gross profit:** The Group's gross profit increased by 24.8% to approximately RMB3,089 million for the six months ended 30 June 2020 from approximately RMB2,474 million for the six months ended 30 June 2019, while our gross profit margin decreased by 3.6 percentage points from 27.3% for the six months ended 30 June 2019 to 23.7% for the six months ended 30 June 2020. It was principally because that 1) the decrease of gross profit margin for sales of car parks to approximately 32.6% for the current period from approximately 51.7% of the same period of last year; 2) the adoption of a sales de-stocking strategy in some cities during the current period to stimulate sales of various projects and narrow the range of overall sales mark-up.

**Other revenue:** Other revenue increased by 36.5% to approximately RMB170 million for the six months ended 30 June 2020 from approximately RMB125 million for the six months ended 30 June 2019. This was primarily due to an increase in interest income.

**Other net income:** Other net income decreased by 12.6% to RMB522 million for the six months ended 30 June 2020 from approximately RMB597 million for the six months ended 30 June 2019. This was primarily due to the increase of inventory write-down by approximately RMB275 million, part of which was offset by the increase of net gain on deemed disposals and disposals of joint ventures by approximately RMB205 million.

**Selling and marketing expenses:** Our selling and marketing expenses increased by 20.7% to approximately RMB907 million for the six months ended 30 June 2020 from approximately RMB751 million for the six months ended 30 June 2019. The increase was primarily due to the increase in contracted sales and revenue resulting in an increase in the salary and bonuses, sale commissions, advertising marketing expenses and other related marketing expenses, of which 1) the staff costs increased by RMB58 million; 2) the advertising marketing expenses increased by RMB53 million; and 3) sports promotion expenses increased by approximately RMB24 million; and 4) consulting fees increased by approximately RMB17 million.

**General and administrative expenses:** Our general and administrative expenses increased by 6.6% to approximately RMB823 million for the six months ended 30 June 2020 from approximately RMB772 million for the six months ended 30 June 2019. This increase was primarily due to 1) the increase of approximately RMB25 million for the depreciation charges of property, plant and equipment and right-of-use assets; and 2) the increase of RMB21 million for other related taxes.

**Impairment losses on trade and other receivables, including contract assets:** Impairment losses on trade and other receivables, including contract asset increased by 55.5% to approximately RMB95 million for the six months ended 30 June 2020 from approximately RMB61 million for the six months ended 30 June 2019, which was mainly due to the increase in the contract assets and balance of trade receivables as at the end of the period, leading to an increase in the provision of expected credit loss.

**Finance costs:** Our finance costs increased by 60.6% to approximately RMB370 million for the six months ended 30 June 2020 from approximately RMB230 million for the six months ended 30 June 2019, mainly due to the increase in interest expenses on borrowings.

**Share of profits less losses of associates:** Our share of losses of associates decreased by 34.4% to approximately RMB3 million for the six months ended 30 June 2020 from approximately RMB4 million for the six months ended 30 June 2019, primarily due to the gradually stabilizing operation of certain associates which were still at early stage of development.

**Share of profits less losses of joint ventures:** Our share of profits less losses of joint ventures decreased by 125.1% to a loss of approximately RMB41 million for the six months ended 30 June 2020 from a profit of approximately RMB165 million for the six months ended 30 June 2019, primarily due to the loss in respect of the joint ventures as the revenue of certain joint venture projects did not meet the recognition criteria.

**Net valuation (losses)/gains on investment property:** A net valuation loss of approximately RMB85 million on our investment property for the six months ended 30 June 2020 was recorded, which was mainly due to the decrease in rental of the commercial buildings such as The Five Buildings of Zhengzhou Jianye and Luoyang Triumph Plaza, resulting in an decrease in the valuation of investment properties.

**Income tax:** Income tax mainly comprises corporate income tax and land appreciation tax. The Group's income tax decreased by 15.5% to approximately RMB671 million for the six months ended 30 June 2020 from approximately RMB795 million for the six months ended 30 June 2019. It was principally due to the increase of deferred tax assets arising from the inventory write-down and the decrease of deferred tax liabilities arising from the valuation of investment properties during the period, leading to a decrease in income tax expenses during the period.

**Profit for the period:** As a result of the foregoing, our profit increased by 2.3% to approximately RMB786 million for the six months ended 30 June 2020 as compared to approximately RMB768 million for the six months ended 30 June 2019.

**Financial resources and utilisation:** As at 30 June 2020, the Group's cash and cash equivalents amounted to approximately RMB25,555 million (31 December 2019: approximately RMB22,708 million). Subsequent to the reporting period, the Company announced to distribute an interim dividend of approximately RMB279 million in total to the shareholders of the Company in relation to profit attributable to the six months ended 30 June 2020 (30 June 2019: approximately RMB383 million).



## Structure of Borrowings and Deposits

The Group continued to adopt a prudent principle on financial management and centralise our funding and financial management. Therefore, we maintained a high proportion of cash with a reasonable level of borrowing. During the period, we have successfully issued the senior notes with a total principal amount of US\$900,000,000. As at 30 June 2020, the repayment schedule of the Group's bank and other borrowings was as follows:

<b>Repayment Schedule</b>	<b>As at 30 June 2020 RMB'000</b>	<b>As at 31 December 2019 RMB'000</b>
<b>Bank loans</b>		
Within one year	4,234,394	3,734,424
More than one year, but not exceeding two years	1,783,750	2,273,910
More than two years, but not exceeding five years	631,250	758,750
Exceeding five years	451,375	471,375
	<u>7,100,769</u>	<u>7,238,459</u>
	-----	-----
<b>Other loans</b>		
Within one year	2,333,674	2,437,022
More than one year, but not exceeding two years	1,381,075	850,325
	<u>3,714,749</u>	<u>3,287,347</u>
	-----	-----
<b>Corporate bonds</b>		
Within one year	2,999,126	1,489,608
More than one year, but not exceeding two years	-	1,499,870
	<u>2,999,126</u>	<u>2,989,478</u>
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	As at <b>30 June</b> <b>2020</b> <i>RMB'000</i>	As at 31 December 2019 <i>RMB'000</i>
<b>Repayment Schedule</b>		
<b>Senior notes</b>		
Within one year	<b>9,855,142</b>	4,857,923
More than one year, but not exceeding two years	<b>2,820,404</b>	7,626,964
More than two years, but not exceeding five years	<b>9,830,733</b>	5,490,454
	<u><b>22,506,279</b></u>	<u>17,975,341</u>
<b>Total borrowings</b>	<u><b>36,320,923</b></u>	<u>31,490,625</u>
<b>Deduct:</b>		
Cash and cash equivalents	<b>(25,554,776)</b>	(22,707,659)
Restricted bank deposits used to pledge bank loans and other borrowings	<b>(707,950)</b>	(697,620)
<b>Net borrowings</b>	<u><b>10,058,197</b></u>	<u>8,085,346</u>
<b>Total equity</b>	<u><b>13,087,888</b></u>	<u>12,602,321</u>
<b>Net gearing ratio (%)</b>	<u><b>76.9%</b></u>	<u>64.2%</u>

**Pledge of assets:** As at 30 June 2020, we had pledged restricted bank deposits, completed properties, properties under development, properties for future development, plant and equipment, and equity interest in a joint venture with an aggregate carrying amount of approximately RMB11,031 million (31 December 2019: approximately RMB10,809 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 RMB3,585 million (31 December 2019: approximately RMB3,374 million) to secure loans granted to joint ventures.

**Contingent liabilities:** As at 30 June 2020, we provided guarantees of approximately RMB50,830 million (31 December 2019: approximately RMB42,382 million) to banks in respect of the mortgage loans provided by the banks to customers who purchased the developed properties of the Group, its joint ventures and its associates. We also provided guarantees of approximately RMB8,990 million as at 30 June 2020 (31 December 2019: approximately RMB10,047 million) in respect of bank loans and other loans of joint ventures and associates.

**Capital commitment:** As at 30 June 2020, we had contractual commitments undertaken by subsidiaries, the performance of which was underway or ready, in respect of property development amounting to approximately RMB40,913 million (31 December 2019: approximately RMB25,866 million), and we had authorised, but not yet contracted for, a further approximately RMB34,513 million (31 December 2019: approximately RMB49,307 million) in other 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 30 June 2020, 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. 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 Group denominated in RMB, we have changed the currency to repay the principal and interest of the US\$200 million Senior Notes issued in 2016 into RMB through a foreign exchange swap contract, and locked the exchange rate of the net investment denominated in RMB and with an equivalent amount of US\$700 million through foreign exchange forward contracts.

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

## **I. Market and Operations Review**

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

In the first half of 2020, facing the extremely complicated and severe situation at home and abroad brought by COVID-19 outbreak, the nation comprehensively promoted epidemic prevention and control and the economic and social development, under the strong leadership of the Party Central Committee with Comrade Xi Jinping at its core. The nation has made solid efforts to ensure “Six Stability”, and comprehensively ensure effective implementation of “Six Guarantees”. The domestic situation of epidemic prevention and control continued to improve, and the resumption of work, production, business and market was accelerated. In the first half of the year, China’s economy fell first and then rose. In the second quarter, economic growth turned from negative to positive, with recovery growth in major indicators, steady recovery of economic operations, and strong guarantee of basic needs of people. The market is expected to be generally positive and the overall situation of social development is stable. The gross domestic product in the first half of this year was RMB45,661.4 billion, a year-on-year decrease of 1.6%.

In the first half of the year, under the principles from General Secretary Xi Jinping’s important addresses as well as the instructions and guidelines, Henan Province promoted the prevention and control of the COVID-19 outbreak and the economic and social development, strengthened the implementation of various policies and measures. The resumption of work, production, business, and market has been vigorously promoted, production demand has gradually improved, and the economic operation has gradually seen progress in a favourable direction. The growth of the province’s main economic indicators has steadily rebounded. In the first half of the year, Henan Province’s GDP was RMB2,560.8 billion, and saw a year-on-year decrease of 0.3%, which was 1.3 percentage points higher than the national level.

## **2. *The Property Market***

In the first half of 2020, in order to fully unleash the potential of domestic consumption, the new urbanization and urban development strategy had been intensified. With the decentralization of land approval rights, the improvement of the market-oriented distribution of production factors, and the acceleration of the reconstruction of old and small communities, mid-long term positives of the property market thus bloomed. In the context of the “Six Stability” and “Six Guarantees”, the central government controlled the regulation direction of real estate by still adhering to the main tone of “housing is for accommodation, not for speculation”, performing strict supervision on the real estate sector. In response to the impact of the COVID-19 in the short term, many local governments introduced real estate support policies after taking into consideration of both the supply and demand. The governments flexibly performed the principle of “One Policy for One City” while adhering to the bottom line of policies such as “restrictions on purchases” and “restrictions on loans”. Demands were created through relaxing restriction of population settlement, lowering the threshold of talent introduction and increasing housing subsidies.

In the first half of 2020, the sales area of commodity housing in China amounted to 694.04 million sq.m., a year-on-year decrease of 8.4%; the value of sales of commodity housing amounted to RMB6,689.5 billion, a year-on-year decrease of 5.4%; the investment in national real estate development amounted to RMB6,278 billion, a year-on-year increase of 1.9%.

Henan Province actively promoted the resumption of work from the epidemic and economic and social development, stuck to the positioning of “housing is for accommodation, not for speculation”, adhered to performing the principle of “One Policy for One City”, and implemented the main responsibility of the city. The construction of new urbanization was accelerating and the urban space was expanding, which constantly promoted the establishment and improvement of a long-term mechanism for the stable and healthy development of real estate. In the first half of 2020, the sales area of commodity housing in Henan Province amounted to 54.47 million sq.m., a year-on-year decrease of 5.2%; the value of sales of commodity housing amounted to RMB353.6 billion, a year-on-year decrease of 4.0%; the investment for real estate development amounted to RMB334.6 billion, a year-on-year increase of 2.6%.

## **II. Market Outlook**

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

In the second half of 2020, under the condition that the domestic epidemic situation has been basically controlled, China’s economy is expected to improve in successive quarters. However, due to the circulated pandemic caused by imported cases, impeded international trade and escalated trade friction between the United States and China, we should remain vigilant against the risks brought by various uncertainties, and the overall economic growth pressure is still greater. Even so, the relatively loose financial environment in China, as well as the adequate and reasonable liquidity, provides more favorable capital needs for economic recovery and development. The Producer Price Index (PPI) inflation may rebound, while the Consumer Price Index (CPI) inflation is expected to stay at a low level. Considering the economic growth is still in recovery and the employment pressure, it’s expected that our policies will remain stable in the second half of the year. The increasing currency and credit and massive financial support will continue to facilitate the economic growth in the second half of the year.

In the first half of the year, the adverse impact posed by the epidemic on the economy of Henan Province was gradually overcome, and the economic operation was gradually improved. In the second half of the year, it is expected that Henan Province will promote the integration of routine epidemic prevention and control with economic and social development, through working steadfastly to achieve the “Six stabilities”, fully implementing the “Six guarantees”, and ensure various policy initiatives put into effective actions, with a view to maintaining economic development and overall social stability.

## **2. *Outlook of the Property Market***

In the second half of 2020, adhering to the main tone of “Houses are for accommodation, not for speculation”, and declining using the real estate as a short-term means to boost economy, local governments will implement the strategy of “One Policy for One City” to ensure the smooth development of the market. Despite the stable and loose financial environment, the real estate is still under strict financial regulation and the room of improving the financing environment for the real estate developers is limited. Based on factors such as the operation of economy and the central government’s determination to regulate the real estate market, it is expected that the real estate market will be in a pattern characterized by “market size adjustment, stable housing prices, steady rise of new construction and rapid growth in investment” in the second half of the year. Housing prices do not have the basis for a sustained and all-round rise. Moreover, with the gradual release of demand and the weakening of marginal effect of favorable policies, demand gradually returns to be rational, and the pressure of selling will gradually emerge.

In the first half of 2020, Henan Province supported to prevent and resolve risks in the real estate market on multiple aspects, further enlarged the urban framework, introduced a talent subsidy policy, and speeded up the flow of economic factors. At the same time, Henan increased its investment on development of the central city of Zhengzhou and two major metropolitan areas of Zhengzhou and Luoyang. Affected by COVID-19, Zhengzhou’s land market witnessed both supply and demand declining year on year, but land transaction prices remained high. In the second half of 2020, under the general tone of maintaining stable, it is unlikely to loosen the industry policies. Local governments are expected to give greater support to the land transfer and real estate transaction based on the principles of “One Policy for One City” and “supporting market entities”.

## Property sales performance

The Company put greater efforts into property sales, achieving steady growth in sales performance. As of 30 June 2020, the contracted sales achieved by the Company amounted to approximately RMB42,951 million with contracted area sold of 5,877,700 sq.m.; in particular, the contracted sales of heavy assets amounted to RMB30,016 million, representing a year-on-year increase of 8.5%, and the contracted GFA of the heavy assets amounted approximately 3,687,400 sq.m., representing a year-on-year increase of -3.6%. In terms of contracted sales amount, the market share of the Company as at 30 June 2020 in Henan Province was 12.0%, of which the market share of heavy assets was 8.5%.

City	Contracted sales amount (RMB million)			Contracted GFA (‘000 sq.m.)		
	1H2020	1H2019	Change	1H2020	1H2019	Change
Zhengzhou	<b>9,053</b>	4,959	83%	<b>538</b>	426	26%
Kaifeng	<b>429</b>	362	18%	<b>86</b>	59	45%
Luoyang	<b>2,493</b>	3,641	-32%	<b>298</b>	407	-27%
Pingdingshan	<b>1,140</b>	946	21%	<b>190</b>	174	9%
Anyang	<b>1,721</b>	1,275	35%	<b>260</b>	194	34%
Hebi	<b>632</b>	34	1756%	<b>91</b>	8	1080%
Xinxiang	<b>1,687</b>	2,921	-42%	<b>261</b>	399	-35%
Jiaozuo	<b>758</b>	852	-11%	<b>128</b>	135	-6%
Puyang	<b>1,039</b>	1,733	-40%	<b>164</b>	308	-47%
Xuchang	<b>1,170</b>	940	24%	<b>186</b>	119	56%
Luohe	<b>491</b>	498	-1%	<b>77</b>	64	20%
Sanmenxia	<b>581</b>	185	214%	<b>102</b>	28	263%
Shangqiu	<b>2,314</b>	1,679	38%	<b>349</b>	201	74%
Zhoukou	<b>1,261</b>	3,112	-59%	<b>199</b>	558	-64%
Zhumadian	<b>1,691</b>	2,356	-28%	<b>291</b>	433	-33%
Nanyang	<b>1,366</b>	1,035	32%	<b>171</b>	130	32%
Xinyang	<b>1,018</b>	400	155%	<b>156</b>	71	120%
Jiyuan	<b>1,019</b>	733	39%	<b>135</b>	111	22%
Hainan	<b>154</b>	-	-	<b>8</b>	-	-
<b>Total</b>	<b>30,016</b>	<b>27,660</b>	<b>9%</b>	<b>3,687</b>	<b>3,824</b>	<b>-4%</b>



## Newly commenced property projects

During the reporting period, the Company commenced the construction of 45 projects in total with newly commenced GFA of 4,552,000 sq.m., representing a decrease of 37% compared with that of the corresponding period of last year. The Company adhered to determining the output based on sales volume to ensure the match among supply, sales and inventory. It conducted construction management based on the geological distribution of customers and estimated sales, which enabled the Company to further enhance the competitiveness and market performance of its products, and maintain a safe and reasonable inventory structure.

City	Project name	Principal use of property	Newly commenced GFA for the 1H (sq.m.)
Zhengzhou	Rongyang Central Garden Phase I	Residential	178,264
Zhengzhou	Xinmi Spring Time Phase I	Residential	74,639
Zhengzhou	Junlin Grand Courtyard	Residential	132,015
Zhengzhou	Zhengzhou Fuju Huayuankou resettlement area (Huihua New City)	Residential	157,083
Kaifeng	Lankao CCRE Mall Phase I	Residential	95,609
Kaifeng	Kaifeng Jianye Country Garden-Majestic Mansion Phase I	Residential	145,728
Luoyang	Luoyang Dingding Palace Primary School	Residential	27,035
Luoyang	Luoyang Code Two City Phase V	Residential	51,234
Luoyang	Yichuan Dragon Mansion Phase I	Residential	94,436
Luoyang	Luoyang Dachengxiaoyuan Phase I	Residential	74,472
Luoyang	Luoyang Dachengxiaoyuan Phase II	Residential	74,032
Pingdingshan	Pingdingshan Eighteen Cities Phase V	Commercial	29,900
Pingdingshan	Pingdingshan Pingxi Honour Mansion Phase I	Residential	104,477
Pingdingshan	Pingdingshan Light House Phase I	Residential	138,374
Anyang	Anyang Jianye City Phase III	Residential	88,565
Anyang	Tangyin Central Garden Phase I	Residential	22,709
Anyang	Anyang Tonghe Palace Phase I	Residential	32,811
Hebi	Qi County Jianye City	Residential	139,140
Xinxiang	Xinxiang Chinoiserie Palace Phase I	Residential	8,845
Xinxiang	Hui County Gongcheng Dongwang Phase I	Residential	32,192
Xinxiang	Fengqiu Jianye City (Central Garden)	Residential	47,328
Jiaozuo	Wuzhi Star Mall Phase II	Residential	39,869

City	Project name	Principal use of property	Newly commenced GFA for the 1H (sq.m.)
Puyang	Puyang Longcheng Phase I	Residential	108,451
Puyang	Puyang Puyuan	Residential	103,647
Xuchang	Yanling Eco-City Phase III Second Batch	Residential	98,489
Xuchang	Changge Sweet-Scented Osmanthus Garden New City Phase II	Residential	83,617
Xuchang	Xuchang Pleasure Garden Phase I	Residential	265,417
Luohe	Luohe Danjiang House Phase I	Residential	80,081
Sanmenxia	Sanmenxia Honour Mansion Phase II	Residential	62,007
Shangqiu	Shangqiu Future City Phase I	Residential	114,172
Shangqiu	Shangqiu Art Mansion Phase I	Residential	101,755
Shangqiu	Xiayi Jianye City Phase I	Residential	183,254
Shangqiu	Sui County Shangheyuan	Residential	108,649
Zhoukou	Zhoukou Chinoiserie Palace Phase II	Residential	227,463
Zhoukou	Huaiyang CCRE Mall	Residential	58,159
Zhoukou	Zhoukou Hill Water Lake City Phase I	Residential	276,463
Zhoukou	Luyi Mingdao City Phase II	Commercial	17,524
Zhumadian	Zhumadian Binhelong Palace Phase I	Residential	139,231
Zhumadian	Xincai CCRE Mall Phase II	Residential	6,883
Nanyang	Nanyang Central Garden Phase II	Residential	42,781
Xinyang	Xi County Jianye New City Phase I	Residential	111,825
Xinyang	Xinyang House Phase I	Residential	193,474
Xinyang	Huangchuan Huangguo Palace Phase I	Residential	173,542
Xinyang	Gushi Future City Phase I	Residential	142,146
Jiyuan	Jiyuan Code One City Majestic Mansion	Residential	64,094
	Total		<u><u>4,551,881</u></u>

## Property projects under development

As of 30 June 2020, the Company had 174 projects under development with a total GFA of approximately 32,476,000 sq.m., including 23 projects under development in Zhengzhou and 151 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	37,775
Zhengzhou	Gongyi Spring Time	Residential	313,751
Zhengzhou	Gongyi Chinoiserie Palace	Residential	160,870
Zhengzhou	Financial Island	Commercial	838,863
Zhengzhou	Rongyang Central Garden	Residential	178,264
Zhengzhou	Xinmi Spring Time	Residential	74,639
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	Zhengzhou Junlin Grand Courtyard	Residential	132,015
Zhengzhou	Jianye Chengyuan	Residential	446,928
Zhengzhou	Zhengzhou Intelligent Square	Commercial	230,205
Zhengzhou	Zhengzhou Intelligent Palace	Residential	164,355
Zhengzhou	Zhengzhou Wulong Century New City	Residential	317,086
Zhengzhou	Zhengzhou Shengyue Royal Mansion	Residential	221,557
Zhengzhou	Zhengzhou Fujū Huayuankou Resettlement Area (Huihua New City)	Residential	157,083
Zhengzhou	Zhengzhou CCRE Tihome International City	Residential	1,488,306
Zhengzhou	Jianye Art Mansion	Residential	257,844
Zhengzhou	Zhengzhou J18 Project	Commercial	361,207
Zhengzhou	Zhengzhou Wonderland	Residential	134,829
Zhengzhou	Zhengzhou Jianye Cifi Zhenro Grand Mansion	Residential	52,735

<b>City</b>	<b>Project name</b>	<b>Principal use of property</b>	<b>GFA under development (sq.m.)</b>
Kaifeng	Kaifeng Blossom Garden	Residential	81,223
Kaifeng	Lankao Red World	Commercial	140,462
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 Majestic Mansion	Residential	177,333
Luoyang	Luoyang Dingding Palace	Residential	543,230
Luoyang	Luoyang Code Two City	Residential	355,320
Luoyang	Luoyang Technology City	Residential	284,614
Luoyang	Luoyang Honour Mansion	Residential	190,036
Luoyang	Yichuan Dragon Mansion	Residential	94,436
Luoyang	Luoyang Dachengxiaoyuan	Residential	148,505
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	204,662
Pingdingshan	Ruzhou Sweet-Scented Osmanthus Garden	Residential	169,869
Pingdingshan	Pingdingshan Honour Mansion	Residential	104,477
Pingdingshan	Pingdingshan Light House	Residential	138,374
Pingdingshan	Wugang CCRE Mall	Residential	29,496
Pingdingshan	Wugang Forest Peninsula	Residential	244,905
Pingdingshan	Wugang Jianye Country Garden Jade County	Residential	80,973
Anyang	Anyang Sweet-Scented Osmanthus Garden	Residential	320,720
Anyang	Anyang Jianye City	Residential	225,173
Anyang	Anyang Chinoiserie Palace	Residential	197,009
Anyang	Anyang Code One City	Residential	260,787
Anyang	Anyang Tonghe House	Residential	205,752
Anyang	Hua County Code One City	Residential	251,813
Anyang	Tangyin Forest Peninsula	Residential	152,594

<b>City</b>	<b>Project name</b>	<b>Principal use of property</b>	<b>GFA under development (sq.m.)</b>
Anyang	Tangyin Central Garden	Residential	143,968
Hebi	Hebi Code One City	Residential	92,187
Hebi	Hebi Zhenyuehui	Residential	105,832
Hebi	Hebi Chinoiserie Palace	Residential	224,546
Hebi	Qi County Jianye City	Residential	139,140
Xinxiang	Hui County Spring Time	Residential	177,746
Xinxiang	Hui County Code One City	Residential	187,800
Xinxiang	Beverly Manor	Residential	578,153
Xinxiang	Xinxiang Spring Time	Residential	126,134
Xinxiang	Xinxiang U-Town	Residential	127,100
Xinxiang	Xinxiang Code One City	Residential	24,622
Xinxiang	Xinxiang Commercial Street of Code One City	Commercial	14,266
Xinxiang	Changyuan Forest Peninsula Courtyard	Residential	191,922
Xinxiang	Xinxiang Chinoiserie Palace	Residential	630,563
Xinxiang	Xinxiang Blossom Garden	Residential	108,774
Xinxiang	Weihui Spring Time	Residential	206,449
Xinxiang	Hui County Gongcheng Dongwang	Residential	209,951
Xinxiang	Fengqiu Central Garden	Residential	47,328
Jiaozuo	Bo'ai Spring Time	Residential	271,673
Jiaozuo	Jiaozuo Spring Time	Residential	143,438
Jiaozuo	Jiaozuo Central Garden	Residential	94,011
Jiaozuo	Jiaozuo Chinoiserie Palace	Residential	128,215
Jiaozuo	Wen County Spring Time	Residential	119,468
Jiaozuo	Wuzhi Star Mall	Residential	137,061
Puyang	Puyang Jianye New City	Residential	271,054
Puyang	Puyang Chinoiserie Palace	Residential	315,393
Puyang	Puyang Tonghe House	Residential	167,083
Puyang	Puyang Code One City	Residential	164,905
Puyang	Puyang Zhenyuehui	Residential	214,000
Puyang	Puyang Puyuan	Residential	149,180
Puyang	Puyang Longcheng	Residential	108,451

<b>City</b>	<b>Project name</b>	<b>Principal use of property</b>	<b>GFA under development (sq.m.)</b>
Xuchang	Yanling Eco-City	Residential	186,582
Xuchang	Xuchang Chinoiserie Palace	Residential	103,085
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	18,207
Xuchang	Changge Forest Eco-City	Residential	125,019
Xuchang	Changge Sweet-Scented Osmanthus Garden New City	Residential	213,089
Xuchang	Xuchang Zhenyuehui	Residential	150,078
Xuchang	Xiangcheng CCRE Mall	Residential	280,245
Xuchang	Xuchang Pleasure Garden	Residential	265,417
Luohe	Luohe Sweet-Scented Osmanthus Garden	Residential	258,138
Luohe	Luohe Xicheng Forest Peninsula	Residential	264,610
Luohe	Luohe Blossom Garden	Residential	172,443
Luohe	Linying County Forest Peninsula	Residential	97,891
Luohe	Luohe Danjiang House	Residential	80,081
Sanmenxia	Sanmenxia Jianye City	Residential	124,338
Sanmenxia	Sanmenxia New District Forest Peninsula	Residential	14,420
Sanmenxia	Sanmenxia Honour Mansion	Residential	137,870
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	Shangqiu Future City	Residential	114,172
Shangqiu	Shangqiu Art Mansion	Residential	101,755
Shangqiu	Xiayi Jianye City	Residential	183,254
Shangqiu	Yucheng Hill Water Lake City	Residential	159,207
Shangqiu	Sui County Shangheyuan	Residential	108,649

<b>City</b>	<b>Project name</b>	<b>Principal use of property</b>	<b>GFA under development (sq.m.)</b>
Shangqiu	Minquan Happy Place	Residential	136,585
Zhoukou	Fugou Jianye New City	Residential	254,037
Zhoukou	Huaiyang Jianye City	Residential	48,380
Zhoukou	Luyi Jianye City	Residential	112,982
Zhoukou	Luyi Mingdao City	Residential	17,524
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
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	374,410
Zhoukou	Zhoukou Shiyue Mansion	Residential	189,152
Zhoukou	Zhoukou Code One City	Residential	24,449
Zhoukou	Zhoukou Hill Water Lake City	Residential	276,463
Zhoukou	Huaiyang CCRE Mall	Residential	100,554
Zhumadian	Pingyu Jianye City	Residential	69,171
Zhumadian	Pingyu Central Garden	Residential	122,145
Zhumadian	Runan Jianye City	Residential	240,009
Zhumadian	Suiping Forest Peninsula	Residential	149,601
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	59,987
Zhumadian	Zhengyang Jianye City	Residential	147,140
Zhumadian	Zhumadian Spring Time	Residential	467,575
Zhumadian	Zhumadian Eighteen Cities	Residential	214,909
Zhumadian	Zhumadian The West Lake Villa	Residential	34,312
Zhumadian	Zhumadian Chinoiserie Palace	Residential	265,150

<b>City</b>	<b>Project name</b>	<b>Principal use of property</b>	<b>GFA under development (sq.m.)</b>
Zhumadian	Zhumadian Honour Mansion	Residential	151,330
Zhumadian	Xincai Sweet-Scented Osmanthus Garden	Residential	144,237
Zhumadian	Zhumadian Binhelong Palace	Residential	139,231
Nanyang	Fangcheng Jianye Country Garden- Dragon Bay	Residential	119,469
Nanyang	Nanyang Shilihushan	Residential	79,456
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	99,388
Nanyang	Dengzhou Central Garden	Residential	44,291
Xinyang	Gushi Jianye City	Residential	80,957
Xinyang	Xinyang Jianye City	Residential	220,495
Xinyang	Huaibin County Sweet-Scented Osmanthus Garden	Residential	115,371
Xinyang	Xi County Jianye New City	Residential	111,825
Xinyang	Xinyang House	Residential	193,474
Xinyang	Huangchuan Huangguo Palace	Residential	173,542
Xinyang	Gushi Future City	Residential	142,146
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	1,234
Jiyuan	Jiyuan Code One City Majestic Mansion	Residential	64,094
Hainan	Dongfang Jiayuan	Residential	335,000
Hainan	Danzhou Junlin Grand Courtyard	Residential	95,372
Hainan	Chengmai Zhonghe Jiayuan	Residential	19,965
	<b>Total</b>		<b><u>32,476,366</u></b>



## Property Projects Delivered

As of 30 June 2020, the Company had 30 projects delivered in total, with a GFA of approximately 2,192,000 sq.m..

City	Project name	Principal use of property	GFA delivered (sq.m.)
Zhengzhou	Gongyi CCRE Mall	Residential	16,056
Zhengzhou	Gongyi Spring Time Phase II	Residential	122,200
Zhengzhou	Zhengzhou Cifi - Zhenro Grand Mansion Phase I	Residential	168,572
Kaifeng	Kaifeng Chrysanthemum Garden Phase II	Residential	11,633
Pingdingshan	Pingdingshan Eighteen Cities Phase III	Residential	90,886
Pingdingshan	Wugang Forest Peninsula Phase III	Residential	4,020
Xinxiang	Beverly Manor Phase II	Residential	100,918
Xinxiang	Xinxiang Code One City Phase IV	Residential	47,369
Xinxiang	Xinxiang U-Town Phase III	Residential	13,087
Jiaozuo	Jiaozuo Spring Time Phase I	Residential	34,892
Jiaozuo	Jiaozuo Chinoiserie Palace Phase I	Residential	82,368
Puyang	Puyang Chinoiserie Palace Phase I	Residential	191,482
Puyang	Puyang Jianye New City Phase III	Residential	12,961
Puyang	Puyang Tonghe House Phase I	Residential	129,907
Xuchang	Changge Spring Time Phase II	Residential	82,915
Xuchang	Xuchang Chinoiserie Palace Phase II	Residential	93,985
Luohe	Luohe Xicheng Peninsula Phase II	Residential	97,940
Sanmenxia	Sanmenxia New District Forest Peninsula Phase II	Residential	76,907
Zhoukou	Huaiyang Jianye City Phase I	Residential	158,136
Zhoukou	Zhoukou Chinoiserie Palace Phase I	Residential	59,745
Zhoukou	Luyi Jianye City Phase VII and VIII	Residential	115,550
Zhumadian	Suiping Forest Peninsula Phase V	Residential	84,761

<b>City</b>	<b>Project name</b>	<b>Principal use of property</b>	<b>GFA delivered (sq.m.)</b>
Zhumadian	Zhengyang Jianye City Phase I	Residential	39,871
Zhumadian	Runan Jianye City Phase I	Residential	85,662
Zhumadian	Xincai CCRE Mall Phase II	Residential	39,002
Zhumadian	Pingyu Jianye City	Residential	16,023
Zhumadian	Zhumadian The West Lake Villa	Residential	106,878
Nanyang	Nanyang Code One City Phase II	Residential	91,175
Xinyang	Xinyang Jianye City Phase I	Residential	11,195
Jiyuan	Jiyuan Code One City North Courtyard	Residential	6,370
	Total		<u><u>2,192,466</u></u>

### ***Hotel profile***

Henan Jianye Zhizun Hotel Investment Co., Ltd. (河南建業至尊酒店管理有限公司), a wholly-owned subsidiary of Central China Real Estate Group (China) Company Limited, is mainly responsible for brand management, design management, engineering management, opening preparation and operation management for all hotel projects of the Group. Currently, the Group has established strategic cooperation with various international well-known groups of hotel management, such as Marriott, InterContinental and Accor, under which five high-end hotel projects are in operation. 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, Zhengzhou Jianye Sky Mansion, Xuchang Shenhou Town • Jianye Starry Hills (Phase I) opened successively from 2018 to 2019, while the hotel projects in Pingdingshan, Zhumadian and Unique Theatre Hotel, Xuchang Shenhou Town • Jianye Starry Hills (Phase II) and Xinyang Jigongshan • Jianye Starry Hills are all under construction. Thus, our total investment in hotels at present has reached RMB4.42 billion. In the next 3-5 years, the number of hotels invested in Henan will increase to 14 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 Centre. It takes about 10 minutes' drive to the downtown and Luohe Railway Station, and only 90 minutes' drive to Zhengzhou Xingzheng International Airport.

The hotel has 244 warmly designed rooms, with the only international buffet restaurant in the city, namely The Eatery (宜客樂), a Chinese restaurant integrated with traditional and new Cantonese cuisine, namely Juweixuan (聚味軒), an indoor heated swimming pool, sauna equipment, a fitness centre, 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 the 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 centre, banquet centre, 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, covering an 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 sets of rooms, ranging from bachelor 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 providing 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 located at Chenhuadian Town, Yanling County, Xuchang, Henan Province, covering an area of 50,264 sq.m..

The hotel offers 51 sets of 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.

The hotel, a joint masterpiece of Amata Luphaiboon and Twitee Vajrabhaya Teparkum who are both internationally renowned architects, has officially opened on 28 March 2018.

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

Tel: 0374-7968888

#### *Xuchang Shenhou Town • Jianye Starry Hills*

Shenhou Jianye Starry Hills Inn is located in Shenhou Town, southwest of Yuzhou City, covering a total GFA of 1,700 sq.m.. Phase I covers a GFA of 1,300 sq.m., and has 24 guest rooms, including 2 VIP suites, 10 king-size rooms for families, 8 business standard rooms, and supporting facilities such as restaurants and book bars.

Phase II covers an area of 400 sq.m., with 4 business king-bed rooms and 2 business suites, and equipped with tea room and reception hall.

Jianye Shenhou Starry Hills Inn, which imitates the antique traditional residential architecture style and recalls the architectural essence of Chinese traditional “courtyard”, can satisfy people’s yearning and pursuit for pastoral, quiet and simple life. Once you visit the town, the scene of thousands of years will emerge in your brain. Starry Hills Inn is your ideal choice for relaxing.

Address: East Ring Road, Shenhou Town, Yuzhou, Xuchang City, Henan Province

Tel: 0374-8616999

### *Xinyang Jigongshan • Jianye Starry Hills*

Xinyang Jigongshan • Jianye Starry Hills is located at the waist of Jigong Mountain in Xinyang, and is adjacent to the “villa group of countries” built from the end of Qing Dynasty to the early Republic of China. You can have a panoramic view of the beautiful mountain landscape from the hotel, which provides a space for visitors to view different architectural styles and explore history, thus interpreting the brand proposition of “living alongside the stars and doing at will”.

89 guest rooms, together with restaurants, meeting rooms, shared space, mahjong room and other supporting facilities, can meet the vacationing needs of individuals, teams, families etc., enabling you to experience the pleasure in seeing, knowing and loving mountains.

Address: near the square of Zhongzheng air-raid shelter, Jigongshan Scenic Spot, Xinyang City

### *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 stay 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 first-class facilities. Unique Theatre Hotel is currently at main part construction stage, and is expected to go into operation 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.. The 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 travelers. 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 30 June 2020, 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·戏剧幻城), Zhengping Fang in Luoyang, Jianye Ivi 1895, Qishengjiao in Kaifeng, and Yingtaogou Football Town project of Jianye Central China Cultural Town. On 2 January 2020, in the most influential professional award held in Shanghai in China's cultural and tourism industry – Long Que Award, Jianye cultural tourism was awarded as the fastest-growing cultural tourism enterprise.



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 total site area of approximately 600 Chinese-mu. In the form of film scenario and with an essence of historical culture and memory of the city, the project provides a site for experiencing film culture incorporating tour of film scenario, exhibition of film culture, film interactive games, folk and intangible cultural heritage experience, a series of large-scale performances, unique cuisine and themed inns.

Two blocks of the Project Phase I covering an area of 163.2 Chinese-mu witnessed its grand opening on 21 September 2019 and has made a hit in the market once put into operation. The project has become the hottest Internet-famous site for taking photos in central China. Successively mentioned in special reports of national media like China Central Television, Xinhua News Agency, Xuexi Qiangguo (xuexi.cn), the project has received favorable comments from all walks of life. As part of epidemic prevention and control, the park was closed from 24 January to 27 March 2020. With the improving landscape of epidemic prevention and control, the park has continued unabated in the market since its reopening. It had attracted 520,000 visits in the first half of 2020, with an operating income of nearly RMB70 million. On 9 May 2020, the film town was awarded the best tourism town at the 9th China Tourism Investment ITIA Award Ceremony. On 18 May 2020, the project attracted Zhejiang Satellite TV's "Keep Running" to record the show on the spot, and its first broadcast on 19 June received topped the audience ratings among all other entertainment programs.

Unique in Henan Drama Magic City is a large-scale acting and performance project co-developed with Wang Chaoge (王潮歌), a famous 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 and 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.

Zhengping Fang in Luoyang is a large-scale cultural and tourism complex project located in Ancient Capital of 13 Dynasties, Luoyang City, Henan Province. It's development currently under good progress.

Jianye Ivi 1895 is a cinematic theme event venue for culture and leisure co-developed with Jiangsu 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 of 30 June 2020, three Jianye Ivi cinemas were in operation in Zhengzhou, with another three franchise cinemas and nine audio-visual halls distributed in various cities in Henan. Due to Covid-19 outbreak, according to the notice from the State Film Administration, all theaters in our country had to suspend operation from 24 January 2020, as a result, during the first half of the year, the project theaters were closed as required.

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 geographical advantages. Adjacent to the 2-km-long Yuhe River constructed with our investment, the project has highlighted the characteristics of a northern waterside city and has successfully connected tourism resources. Since its 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. The project is currently speeding up to upgrade.

The Yingtaogou Football Town project of Jianye Central China Cultural Town is a sports tourism resort town integrating sports, leisure, culture and tourism, which is focused on football events and cultural experience, driven by innovation and creativity for sports industry, developed by training, events and sports meeting. It is located in the Yingtaogou scenic area, a 4A Scenic Spot in Erqi District of Zhengzhou City, with a planned construction area of over 2,500 Chinese-mu.

On 28 September 2018, a grand opening ceremony was commenced for the project, announcing an official opening for part of the project's launched area, including the Football Park of Ecological Football Stadium, Outdoor-themed Basketball Court, All-age Intelligent Sports Park including the Nordic Paradise, Cycling Paradise providing outdoor mountain bike cycling experience, Jianye Food Court providing opera and folk culture experience. At present, the town is still under continual construction, with more life project involving sports, culture, leisure and healthcare under plan.

#### **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 three green houses completed and in operation, namely Yanling Jianye Green House, Hebi Jianye Green House and Yichuan Jianye Green House; one green house in trial operation, namely Zhoukou Jianye Green House; one green house under development, namely Wuzhi 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 mainly equipped with intelligent gutter-connected glass greenhouse, multi-functional exhibition hall, scientific research centre and tissue culture room for cut flowers as well as 3,000 Chinese-mu eco-tree seedlings, endeavouring to build a countryside complex zone concerning six highlights of “efficient agriculture, agri-tourism, cultural creativity agriculture, demonstration experience agriculture, science popularisation agriculture, and healthcare and well-being improvement agriculture”.

In the first half of 2020, the number of visitors of Yanling Jianye Green House was in excess of 6,000, including provincial and city level officials, local experts and researchers in relevant areas, research and study groups, Jianye property owners and members of “Jianye Junlin Club”.

On 15 February 2020, the CCTV News program named “Together We Fight Against Covid-19” used Yanling House as a case for live broadcast in new media, and relevant source materials were broadcasted on the CCTV Network News Broadcast on 17 February. In view of the outstanding performance during the epidemic, on 25 March 2020, Yanling Jianye Green House was praised by the Organization Department of CPC Xuchang Municipal Committee. In June 2020, Yanling Jianye Green House won the honorary title of “Party Organization of Double Strong and Six Good Non-public Enterprises”.

The above mentioned 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 Construction Co., Ltd. was founded in 2015 and is located in the eastern section of Fuchunjiang Road in demonstration area of urban-rural integration in Hebi city, with a site area of 4,450 Chinese-mu. The House is equipped with 13 intelligent gutter-connected greenhouse, landscape areas of over 430 Chinese-mu including Flower Sea in the Eastern, Qishui BiyuLake, Colorful Flower Fields, Lawn for Greeting, and Chenzhai Flower Trading Center of Hebi, Jianye Foodcourt, multi-functional exhibition hall and flower cultivation center, as well as 3,500 Chinese-mu eco-tree seedlings, endeavouring to build a countryside complex zone concerning six highlights of “efficient facilities, relaxing tourism, cultural creativity, experience centre, science popularisation and healthcare”.

In the first half of 2020, Hebi Jianye Green House received a total of 54 visiting teams with more than 3,374 people, including government leaders, leaders of the Group, Jianye property owners, social organizations and students.

In the first half of 2020, Hebi Jianye Green House has successively won the honorary titles such as “Demonstration Park for Migrant Workers Returning Home to Start a Business in Henan Province”, “Key Protection Enterprise for Epidemic Prevention and Control in Henan Province”, “Advanced Unit of Project Construction in Urban-Rural Integration Demonstration Zone in Hebi City”, “Outstanding Contribution Award for Ancient City Office Project of Urban-Rural Integration Demonstration Zone in Hebi City”, “Title of Primary and Secondary School Social Practice Education Base in Hebi City”.

### *Yichuan Jianye Green House*

Yichuan Jianye Green House is located in North of Zhangyao Village, Jiangzuo Town, Yichuan County, Luoyang City, with a site area of 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 “efficient facilities, relaxing tourism, cultural creativity, experience centre, science popularisation 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”.

By the end of the reporting period, the construction of phase I of the modern agricultural demonstration zone had been completed, which was equipped with a number of high-specification agricultural facilities such as 11,000 sq.m. of high-standard intelligent greenhouses, plant factories, cave dwellings for fungus growing, 16.3km-long park roads, 200 Chinese-mu dropper fields, 70,000 sq.m. overflow dam for irrigation and water storage, etc.. In addition, a number of leisure and entertainment facilities had been completed and put into use, including Yaji Lakeside Restaurant, Cave Dwelling Experience Residence, Forest Valley Natural Restaurant & Bar, Meng Chong Paradise, Children's Playground, Fruit and Vegetable Picking Experience Garden, Forest Leisure Area, and etc.

On 1 May 2020, Yichuan Jianye Green House was open to welcome visitors. In the first half of the year, it received more than 20 inspections from leaders at all levels, cooperated to organize 66 events involving about 4,000 people, and received a total of over 30,000 tourists.

Yichuan Jianye Green House has successively won honorary titles including “Key Construction Project of Henan Province in 2020”, “Luoyang Valley Economic Demonstration Zone Project in 2020”, “Luoyang Cultural Tourism Key Project in 2020”, “Luoyang Research Travel Demonstration Base” and “Base for Pre-employment Traineeship in Yichuan County”.

#### *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 old canal 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 of Zhoukou Jianye Green House as at 30 June 2020 is as follows: (1) the office and accommodation area of approximately 6,000 sq.m. have been put into trial use; (2) as to the intelligent gutter-connected greenhouse of 36,000 sq.m. (the Netherlands tomato and Netherlands anthurium production area of 10,000 sq.m. have been put into trial use. Three projects including the science and technology agricultural planting experience pavilion, the corporate exhibition hall and the convention and exhibition center which occupy site area of 5,000 sq.m. respectively are under construction, and they are expected to be completed by the end of August this year); (3) the core landscape demonstration area of 200,000 sq.m. has been completed and put into use; (4) the Tongle Valley (formerly Sports Park) of 20,000 sq.m. has completed inviting businesses and been in operation; (5) the experience agriculture demonstration park of 60 Chinese-mu has been upgraded and put into operation; (6) Jianye Foodcourt of 5,000 sq.m. has been opened to the public and operated well ; (7) 40% of the desilting of phase I of the old canal has been completed, and the prototype of the river course has been presented; (8) the earthwork backfilling on both banks of the riverside ancient street has been completed; (9) the surface leveling of the first batch of residential land has been completed; (10) the conceptual design of phase I of the riverside ancient street and Health and Wellness Community has been completed, and the in-depth design is underway; (11) the overall planning of the project has been submitted for approval; (12) 1,500 Chinese-mu of fine seedlings have been planted.

Zhoukou Green House has been officially opened to the public on 5 April 2020, and the Jianye Foodcourt was also open at the same time. As of 30 June 2020, Zhoukou Green House has received a total of 400,000 tourists, and times of viewing We Media of the Green House has reached 12.58 million; according to statistics, there are about 5,000 tourists per day on weekdays and more than 10,000 tourists a day on holidays. At present, Zhoukou Green House has become an internet-famous site for leisure, entertainment and catering among Zhoukou and surrounding residents. According to incomplete statistics, Zhoukou Green House has attracted visitors from Shangqiu, Xuchang, Kaifeng, Zhumadian, Luohe, Pingdingshan, Fuyang, Bozhou and other places, and increasingly appeals to the residents in Henan Province.

### *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 RMB1 billion. The proposed construction includes the Yellow River ancient road cultural exhibition area, the ancient and modern commercial and cultural complex, pastoral style hotel, high-end residence, comprehensive demonstration area of modern agriculture, and Jianye Foodcourt, etc.

Construction progress of Wuzhi Jianye Green House as at 30 June 2020: (1) the decoration construction of the exterior walls of the square-shaped city has been completed; (2) the Jianye Foodcourt has been decorated and satisfied operating conditions; (3) 90% of the landscape in the start-up area has been completed as a whole; (4) the construction of the main civil structure of the intelligent greenhouses as well as the glass installation has been completed; the decoration team has entered the construction site, and the sand, stone and ceramic tile materials are being shipped; about 55% of the overall installation of the equipment has been completed; (5) the contract for imported anthurium fresh cut flowers has been signed and seedlings are being raised; (6) the application for creation of 4A scenic spot has been submitted, and the supporting facilities are being improved.

### *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 approximately 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 of 30 June 2020, the project is still at the initial stage of planning and design and construction has not been commenced yet.



## **5. *Light Asset***

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 managing 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 resources by leveraging the impressive brand influence of CCRE in its target markets, the outstanding management capacity, the mature 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 advantages, win-win cooperation, 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 the first half of 2020, in accordance with the strategic development plan of the Group, CCRE Zhongyuan continued 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 30 June 2020, CCRE Zhongyuan has followed up approximately 30 projects located outside Henan Province (approximately 5 projects has been contracted). Approximately 15 key projects it followed up included approximately 2 projects similar to the style of CCRE Cultural Town and approximately 10 residential projects.

In the first half of 2020, the Company entered into more than 40 new agreements in relation to light-asset model projects with planned GFA of approximately 5.35 million sq.m. in aggregate and sales amount of approximately RMB 13 billion. The diversified practices of development models enabled the Company to effectively improve its market share and brand influence, and assisted the Company to achieve its development goals.

As of 30 June 2020, light-asset model projects contracted added up to approximately 209 with total planned GFA of approximately 29.30 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 quality 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 profitability of light-asset segment.

### **III. Land Reserves**

During the reporting period, the Group acquired land with a site area of approximately 1.211 million sq.m. through tendering, auction and listing as well as equity cooperation, which newly added land reserves with a total GFA of approximately 3.655 million sq.m. As of 30 June 2020, the Company had land reserves with a total GFA of approximately 52.65 million sq.m., including beneficially interested GFA of approximately 40.31 million sq.m..

## **1. Land Tendering, Auction and Listing**

On 2 January 2020, the Group acquired the land use right of a land parcel (No. 2019-15) located at the east of Jianguo Road and north of Dongfeng Road of Fengqiu County in online tendering (listing) 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 RMB70 million. No. 2019-15 land parcel has a site area of 38,898 sq.m. with a mandatory detailed planned plot ratio of 1.94.

On 6 January 2020, the Group acquired the land use right of a land parcel (Qidichu No. 2019-42) located at the west of Heqi Avenue, the south of Weier Road, the east of Jingsi Road, and the north of Planning Branch Road of the main urban area of Qi County in online tendering (listing) for sale process held by Natural Resources Bureau of Qi County (淇縣自然資源局) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB93 million. Qidichu No. 2019-42 land parcel has a site area of 54,344 sq.m. with a mandatory detailed planned plot ratio of 2.10.

On 20 May 2020, the Group acquired the land use right of three land parcels (No. HT2020-3, No. HT2020-4 and No. HT2020-5) located at the intersection of Fuchunjiang Road and Binhe Road in the Hebi Urban-rural Integration Demonstration Area in online tendering (listing) for sale process held by Hebi Natural Resources and Planning Bureau (鶴壁市自然資源和規劃局) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB586 million. No. HT2020-3, No. HT2020-4 and No. HT2020-5 land parcels have a site area of 88,551 sq.m., 92,198 sq.m. and 102,721 sq.m. respectively with a mandatory detailed planned plot ratio of 1.60, 1.50 and 1.80 respectively.

On 5 June 2020, the Group acquired the land use right of a land parcel (Dengzhengchu No. [2020]10) located at the east of Yangcheng Road and the west of Xiezishan of Dengfeng in online tendering (listing) for sale process held by Dengfeng Natural Resources and Planning Bureau (登封市自然資源和規劃局) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB96 million. Dengzhengchu No. [2020]10 land parcel has a site area of 23,983 sq.m. with a mandatory detailed planned plot ratio of 2.00.

On 24 June 2020, the Group acquired the land use right of two land parcels (No. ZK2020-39 and No. ZK2020-40) located at the south of Kaiyuan Avenue, the west of Bayi Road and the east of Wuyi Road of Zhoukou in online tendering (listing) for sale process held by Zhoukou Natural Resources and Planning Bureau (周口市自然資源和規劃局) for transfer of state-owned construction land use rights. The purchase price for the acquisition was RMB369 million. No. ZK2020-39 and No. ZK2020-40 land parcels have a site area of 58,215 sq.m. and 61,140 sq.m. respectively with a mandatory detailed planned plot ratio of 2.93.

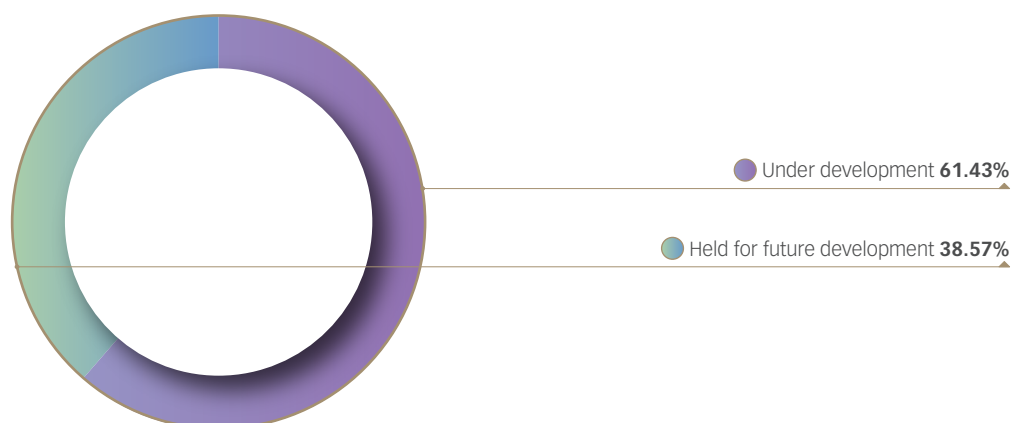
## **2. Equity Cooperation**

As at 30 June 2020, the Group acquired 13, in aggregate, land parcels with a total site area of 690,714 sq.m. in Luoyang City, Zhoukou City, Zhumadian City, Shangqiu City and Anyang City by way of equity cooperation.

## **3. Distribution of Land Reserves**

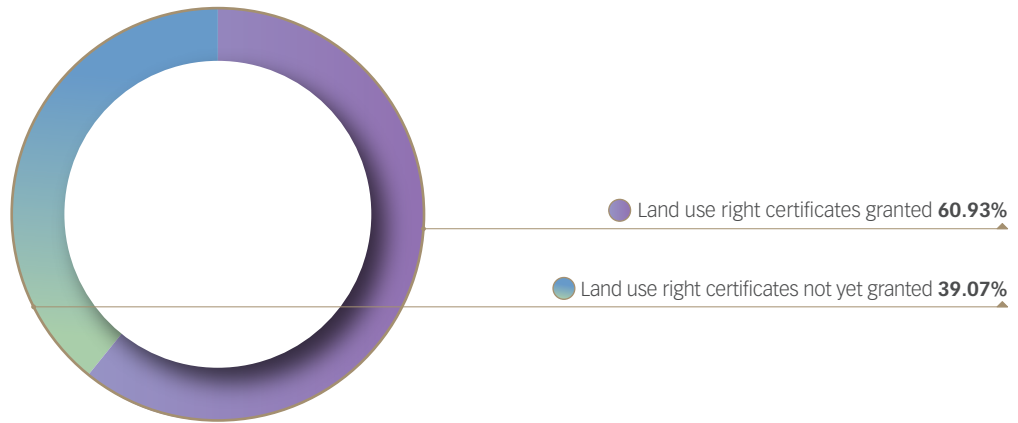
### *(1) Distribution of the Company's land reserves by current development status*

As at 30 June 2020, the distribution of the Company's land reserves by current development status is set out in the table below:



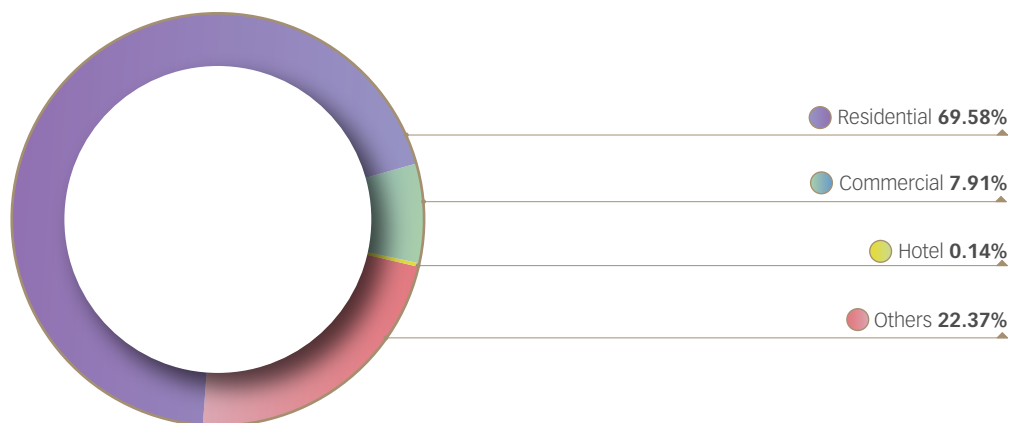
(2) *Distribution of the Company's land reserves by land use right certificates*

As at 30 June 2020, the distribution of the Company's land reserves by land use right certificates is set out in the table below:



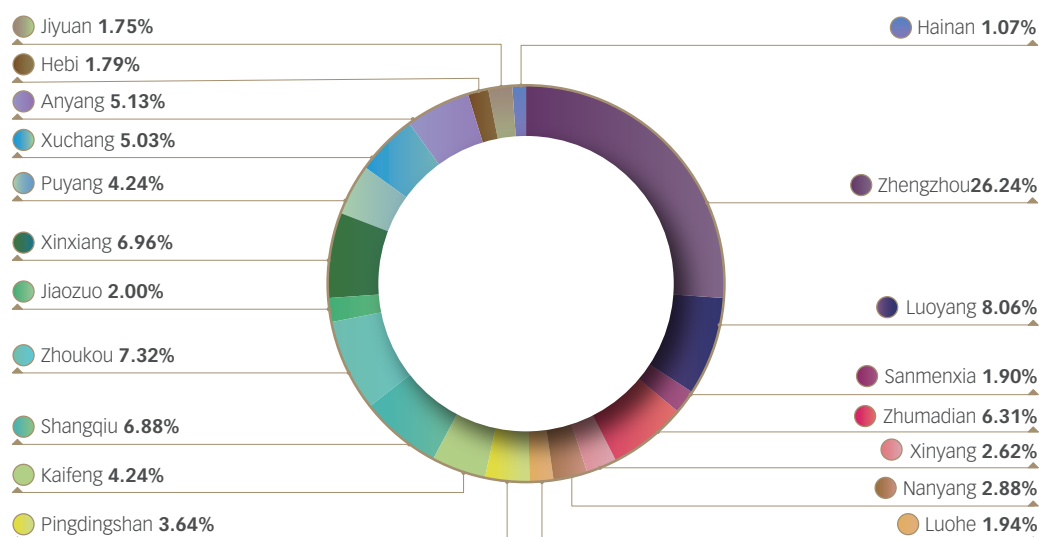
(3) *Distribution of the Company's land reserves by property types*

As at 30 June 2020, the distribution of the Company's land reserves by property types is set out in the table below:



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

As at 30 June 2020, the distribution of the Company's land reserves by cities is set out in the table below:



## Product Research and Development

### 1. *Product Research and Development, Serialisation, Standardisation and Industrialization*

The Company has always been adhering to the development strategy of product serialisation, standardization and housing industrialization. Under the guidance of this strategy, CCRE again made efforts on product research, development and innovation. After summarizing the experience from developing the former four generations of products, CCRE set about driving residential product lines to upgrade in all aspects with core IP of the fifth-generation product as the top-level design idea, so as to achieve comprehensive iteration of products, and comprehensively enhance the power of CCRE's products.

J-LIFE5, the fifth-generation product of the Company, was developed under the core concept of creation spirit and aesthetic rejuvenation, and four core competences of industrialization, technicalization, customization and stylization were built respectively in combination with the theme of extreme creation and extreme beauty. At the same time, CCRE adhered to the mission of “Providing quality living standards for the people of Henan”, and based on the four core competences, continuously stuck to people-oriented principle and sought for a newer lifestyle, with a view of moulding unique lifestyle with the features of Central Plains, improving more proposition for a health trend, promoting the delicacy for a life full of convenience and intelligence, restoring the historical grace of the Central Plains in cultural heritage, and realizing its reflection on products and life and its commitments to customers.

The top-level design of the fifth-generation product is based on the product architecture named “2+3+X”, and guided by product positioning research. The fifth-generation product completed the IP shaping as a CCRE’s product in two high-end product lines, and realized provincial product coverage supported by three medium and high-end product lines. Its x characteristic types of products well meet the development requirements of products in different business formats. At present, the new product line has been applied in many projects such as Nanyang Jianye Art Mansion, Puyang Longcheng, Anyang Jianye City Phase III, Zhumadian Jianye Binhelong Palace, and Zhoukou Hill Water Lake City. The standardized research and development of a series of characteristic products such as “Jianye Central plains Cultural Characteristic Town”, “U-Block” and “Jianye Education Complex” enriched the Group’s product lines, and boosted various regions to acquire land and do investment, promoted strategic transformation of the Group, and increased the Company’s brand premium. Among them, a series of products of “Jianye Central Plains Cultural Characteristic Town” have been applied in Zhoukou Green Base and other projects.

## **2. *Customized Design***

By leveraging the Beilong Lake Junlin Grand Courtyard Project, The Company created a precedent of customized design mode. The project was given a core concept of taking customer needs as the starting point. Through many rounds of face-to-face and one-to-one communication with the house owners, the standard and process of customized design of Junlin Grand Courtyard project was established. The Company is relied on the customized design of house type, building style, landscape design, supporting facilities, decorative style, standard of house decoration, and property services, so as to satisfy the needs of the people in the new era for better house. CCRE's customized products broke the original development and design mode of real estate, and led the residence product into the era of customization and personalization. The Company continued to innovate the customization model on the basis of the Beilong Lake Junlin Grand Courtyard project, and realized the upgrade of the product customization mode of the Yanling Junlin Grand Courtyard.

## **3. *Fully Decorated House***

The research and development of fully decorated house relied on the strong integrated strength and years of in-depth strategic forward-looking of CCRE to create “products that understand the people of the Central Plains best”. The product design depended on the synchronous upgrade of the storage system to create a “more capable” magic storage system with “modularization + refinement” design. Through in-depth research and analysis of local culture and customer needs, we provided house owners with more humane and high-quality housing, and made home warmer with ingenuity and sincerity. At present, the Company has completed the design or implementation for projects of Beilong Lake Junlin Grand Courtyard, Zhengzhou Blue Sea Zhengfeng, Zhengzhou Blossom Garden, Zhengzhou Air Harbour Zone Wonderland, and Zhengzhou Jianye Riverside Bungalows.



## **Customer Service and Customer Relations**

After 28 years of accumulation, exploration and development, the Company has constantly enriched and innovated the “Jianye+” ecosystem concerning people’s well-being through its continuous effort to integrate internal and external quality resources; and created a new lifestyle and a happy life for the people of Henan by providing personalised, customised and differentiated services and products.

During the reporting period, confronted with the complex industry situation and external environment, the Company adhered to the guiding principle of “fully consideration, dynamically planning, creatively working, and flexibly responding”, focused on improving customer satisfaction, steady base and innovative services, and continuously improved product and service quality with a focus on the three major themes of “controlling risks, ensuring delivery, and optimizing services”. During the COVID-19 outbreak, we opened a Green Channel to help fight the epidemic, provided “warm-hearted agent purchasing” and “running an errand” services in cooperation with the property team, and established an exclusive channel for repairing application to promptly solve customer problems; innovatively compiled the “Guide Manual for Customer Satisfaction Improvement” as a guidance to improve customer satisfaction in each region; strengthen risk control operation process and released the “Risk Pre-control Operation Manual” to promote the refined management of risk control; launched the “Selected Collection of Improvement and Enhancement Cases” through summarizing and analyzing typical cases over years; re-examined our products and services from the perspective of customers to avoid the repetitive occurrences of similar problems; optimized the delivery and evaluation system, established a “6-4-2-1” three-level warning system, pre-considered the delivery work, and strictly controlled the delivery quality from the perspective of customers; besides, provided intimate service, like implementing the “Renewal Plan” with innovation, organizing online-customer visits, introducing General Manager’s Reception Day, and continuing to launch “Improvement and Enhancement” campaign to constantly improve customer experience and customer satisfaction.

## Commencement Plan

In the second half of 2020, the Company plans to commence construction of 71 projects with a GFA of approximately 8.461 million sq.m..

City	Project name	Principal use of property	GFA (sq.m.)
Zhengzhou	Xinzheng Blue Ocean Zhengfeng (Bailihui)	Residential	471,308
Zhengzhou	Zhengzhou Junlin Grand Courtyard	Residential	20,000
Zhengzhou	Dengfeng Songyue Mansion	Residential	50,700
Zhengzhou	Zhengzhou Chengyuan	Residential	190,995
Zhengzhou	Gongyi Chinoiserie House	Residential	109,967
Zhengzhou	Zhengxi U-Town	Residential	198,748
Zhengzhou	Project to be acquired in Zhengzhou	Residential	111,111
Zhengzhou	Zhengzhou Yingtaogou	Residential	165,634
Zhengzhou	Zhengzhou Art Mansion	Residential	167,060
Zhengzhou	Zhengzhou Riverside House	Residential	114,952
Kaifeng	Kaifeng Taihe Mansion	Residential	22,164
Luoyang	Luoyang Dingding Palace	Residential	253,744
Luoyang	Luoyang Code Two City	Residential	160,321
Luoyang	Luoyang Zhongzhou Mansion	Residential	350,844
Luoyang	Luoyang Binhelong House	Residential	110,508
Luoyang	Luoyang Longcheng Dongwang	Residential	65,847
Luoyang	Yichuan Dragon Mansion	Residential	86,338
Luoyang	Luanchuan Luanzhou Palace Phase I	Residential	175,610
Luoyang	Project to be acquired in Luoyang	Residential	410,000
Pingdingshan	Pingdingshan Eighteen Cities	Residential	40,631
Pingdingshan	Wugang Forest Peninsula	Residential	83,900
Pingdingshan	Ruzhou Sweet-Scented Osmanthus Garden	Residential	88,494
Anyang	Anyang Jianye City	Residential	97,209
Anyang	Linzhou Jianye City	Residential	179,220
Anyang	Anyang Junlin Grand Courtyard	Residential	85,811
Anyang	Anyang Zhongxin Plot	Residential	111,896
Hebi	Hebi Tonghe Palace	Residential	95,252

<b>City</b>	<b>Project name</b>	<b>Principal use of property</b>	<b>GFA (sq.m.)</b>
Hebi	Hebi Green House	Residential	214,410
Xinxiang	Xinxiang U-Town	Residential	194,914
Xinxiang	Hui County Gongcheng Dongwang	Residential	104,123
Xinxiang	Fengqiu Jianye City (Central Garden)	Residential	43,517
Xinxiang	Xinxiang City Dingguo Lake Plot	Residential	137,706
Jiaozuo	Project to be acquired in Wuzhi	Residential	199,920
Puyang	Puyang Code One City	Residential	33,226
Puyang	Puyang Seven Village Integration Project	Residential	225,000
Xuchang	Xiangcheng CCRE Mall	Residential	40,500
Xuchang	Changge Forest Peninsula (Forest Eco-City)	Residential	34,633
Xuchang	Changge Sweet-Scented Osmanthus Garden New City	Residential	8,041
Xuchang	Yuzhou Dachengxiaoyuan	Residential	60,755
Xuchang	Xuchang Junlin Grand Courtyard	Residential	54,549
Luohe	Luohe Sweet-Scented Osmanthus Garden	Residential	63,548
Luohe	Luohe Blossom Garden	Residential	112,842
Luohe	Linying County Forest Peninsula	Residential	97,668
Sanmenxia	Sanmenxia Honour Mansion	Residential	91,980
Shangqiu	Yucheng Hill Water Lake City	Residential	248,438
Shangqiu	Shangqiu Art Mansion	Residential	50,175
Shangqiu	Xiayi Jianye City	Residential	30,052
Shangqiu	Projects to be acquired in downtown Shangqiu	Residential	79,025
Shangqiu	Project One to be acquired in county in Shangqiu	Residential	88,042
Shangqiu	Project Two to be acquired in county in Shangqiu	Residential	157,804
Shangqiu	Shangqiu Yuelong Palace	Residential	150,920
Zhoukou	Project to be acquired in Zhoukou	Residential	563,400
Zhoukou	Zhoukou Landmark	Residential	133,217
Zhoukou	Zhoukou Dachengxiaoyuan	Residential	23,269
Zhumadian	Zhumadian Chinoiserie Palace	Residential	137,296
Zhumadian	Xiping Spring Time	Residential	13,554

<b>City</b>	<b>Project name</b>	<b>Principal use of property</b>	<b>GFA (sq.m.)</b>
Zhumadian	Pingyu Central Garden	Residential	20,173
Zhumadian	Xincai Sweet-Scented Osmanthus Garden	Residential	50,418
Zhumadian	Zhumadian Spring Time North Plot	Residential	330,100
Zhumadian	Zhumadian Chinoiserie Palace	Residential	80,000
Nanyang	Nanyang Shilihushan	Residential	19,612
Nanyang	Nanyang Longyue City	Residential	57,392
Nanyang	Nanyang Art Mansion	Residential	51,595
Nanyang	Fangcheng Dragon Bay Phase I	Residential	9,233
Xinyang	Xinyang Jianye City	Residential	163,411
Xinyang	Xi County Jianye New City	Residential	41,237
Xinyang	Shangcheng Project	Residential	65,329
Jiyuan	Project to be acquired in Jiyuan	Residential	42,800
Hainan	Chengmai Zhonghe Jiayuan	Residential	55,228
Hainan	Danzhou Junlin Grand Courtyard	Residential	27,607
Hainan	Dongfang City Dongfang Jiayuan	Residential	35,762
	<b>Total</b>		<b><u>8,460,685</u></b>

In the second half of 2020, the Company plans to deliver 60 projects in total with a total GFA of approximately 5,149,000 sq.m..

<b>City</b>	<b>Project name</b>	<b>Principal use of property</b>	<b>GFA (sq.m.)</b>
Zhengzhou	Zhengzhou Blossom Garden	Residential	49,681
Zhengzhou	Zhengxi U-Town	Residential	104,807
Zhengzhou	Gongyi Spring Time	Residential	83,630
Zhengzhou	Dengfeng Songyue Mansion	Residential	195,429
Zhengzhou	Zhengzhou International City	Residential	112,932
Zhengzhou	Zhengzhou Wulong Century New City	Residential	10,346
Zhengzhou	Zhengzhou Intelligent Palace	Residential	112,099
Kaifeng	Kaifeng Blossom Garden	Residential	66,586
Kaifeng	Qi County Blossom Garden	Residential	77,580
Kaifeng	Lankao Red World	Commercial	12,832
Luoyang	Luoyang Technology City	Residential	127,721
Luoyang	Luoyang Code Two City	Residential	86,302
Pingdingshan	Pingdingshan Eighteen Cities	Residential	26,240
Pingdingshan	Pingdingshan Spring Time	Residential	94,404
Pingdingshan	Wugang Forest Peninsula	Residential	18,573
Pingdingshan	Ruzhou Sweet-Scented Osmanthus Garden	Residential	129,227
Anyang	Anyang Sweet-Scented Osmanthus Garden	Residential	183,139
Anyang	Anyang Code One City	Residential	140,609
Anyang	Anyang Chinoiserie Palace	Residential	121,894
Anyang	Tangyin Forest Peninsula	Residential	129,997
Anyang	Hua County Code One City	Residential	198,751
Xinxiang	Beverly Manor	Residential	110,669
Xinxiang	Xinxiang Chinoiserie Palace	Residential	112,861
Xinxiang	Xinxiang Spring Time	Residential	90,546
Xinxiang	Hui County Spring Time	Residential	147,140
Jiaozuo	Jiaozuo Central Garden	Residential	63,756
Jiaozuo	Jiaozuo Spring Time	Residential	54,752
Jiaozuo	Wen County Spring Time	Residential	101,522
Puyang	Puyang Code One City	Residential	106,516
Puyang	Puyang Chinoiserie Palace	Residential	158,938

<b>City</b>	<b>Project name</b>	<b>Principal use of property</b>	<b>GFA (sq.m.)</b>
Puyang	Puyang Jianye New City	Residential	142,270
Puyang	Puyang Tonghe House	Residential	56,728
Xuchang	Yanling New Eco-City	Residential	30,330
Xuchang	Change Forest Peninsula (Forest Eco-City)	Residential	61,255
Luohe	Luohe Sweet-Scented Osmanthus Garden	Residential	81,255
Luohe	Luohe Xicheng Forest Peninsula	Residential	32,632
Sanmenxia	Sanmenxia Honour Mansion	Residential	56,761
Sanmenxia	Sanmenxia Jianye City	Residential	98,561
Shangqiu	Shangqiu Central Garden	Residential	160,460
Shangqiu	Shangqiu Sky Mansion	Residential	53,114
Shangqiu	Shangqiu Happy Place	Residential	127,247
Shangqiu	Shangqiu Blossom Garden	Residential	56,031
Zhoukou	Zhoukou Chinoiserie Palace	Residential	94,799
Zhoukou	Zhoukou Jianye City	Residential	115,593
Zhoukou	Xihua Jicheng Courtyard	Residential	169,823
Zhoukou	Fugou Jianye New City	Residential	88,825
Zhoukou	Xihua Central Garden	Residential	18,361
Zhoukou	Xiangcheng Jianye City	Residential	54,441
Zhoukou	Shangshui Yangcheng Courtyard	Residential	24,948
Zhoukou	Taikang Jianye City	Residential	59,828
Zhumadian	Zhumadian Eighteen Cities	Residential	89,580
Zhumadian	Suiping Forest Peninsula	Residential	96,789
Zhumadian	Xiping Forest Peninsula	Residential	99,776
Zhumadian	Zhengyang Jianye City	Residential	5,296
Zhumadian	Runan Jianye City	Residential	73,270
Zhumadian	Xincai CCRE Mall	Residential	6,872
Nanyang	Nanyang Shilihushan	Residential	50,793
Nanyang	Dengzhou Central Garden	Residential	43,760
Xinyang	Gushi Jianye City	Residential	69,095
Jiyuan	Jiyuan Code One City North Courtyard	Residential	1,234
	<b>Total</b>		<b><u>5,149,206</u></b>

# **RISK MANAGEMENT AND INTERNAL CONTROL REPORT DURING THE FIRST HALF OF 2020**

## **I. Summary**

According to the relevant regulations of The Hong Kong Stock Exchange's revision of the "Corporate Governance Code" and the "Corporate Governance Report" and the working requirements of the "Risk Management System of Central China Real Estate Limited" approved by the Board Meeting, the Company's risk management department built the risk management and internal control in an orderly manner in accordance with the annual work plan, and strictly perform risk identification, analysis, evaluation, alert and responding. In the whole, the Company has completed the work well in the first half of 2020, and strives to give full play to the role of risk management and internal control in effectively promoting operating efficiency and reducing the uncertainty of achieving business objectives.

## **II. Current Situation of the Building of Risk Management and Internal Control System**

### ***(I) Risk Management Principles***

The Company's risk management is based on the following principles: (i) strategy-oriented principle, i.e. risk management is aligned to the Company's development strategy in pursuit of the strategic objectives; (ii) prevention first principle, i.e. the Company extends risk management to its business preparation process by strengthening the prevention and systematic management of risks; and (iii) principle of materiality, i.e. risk management focuses on identifying, assessing and managing risks that have significant impact on the Company's development as well as achieving the best benefit at reasonable costs.

### ***(II) Risk Management Structure***

According to the actual conditions of the Company's risk management and internal control, the Company has clearly defined the responsibilities of the Board, the audit committee, the management, the internal audit which are responsible for the establishment, implementation, evaluation and effective assessment of the risk management and internal control systems.

In order to improve our risk management and internal control, the Company has established the Risk Management and Internal Control leading Group to organize and conduct such efforts. The Company has appointed three fulltime internal control personnel at its head office who are responsible for coordinating the specific implementation. Each company in cities of the large regions has 1 full-time internal control personnel respectively (12 internal control personnels in total in the large regions), who are responsible for the implementation of the risk management and internal control systems.

### ***(III) Risk Management Procedure***

The risk management and internal control group is responsible for organizing our regional companies to identify, evaluate, alert and cope with the risks associated with our core businesses, and reporting our performance to the Risk Management and Internal Control leading Group. According to its work requirements, the Group shall sort out key risk control points on a monthly basis and update the internal control assessment template in a timely manner. The internal control assessment template in respect of six segments including human resources, cost, finance, customer service, marketing and engineering has been updated and optimized during the first half of 2020.

### ***(IV) Scope and Approaches of Risk Management Assessment***

The core risk focused in the first half of 2020 mainly include financial risks (risks associated with achieving profit target and trade receivables), operation risks (risks associated with realizing operation plan and investment & development plan), investment risks (land bank risks), complaint risks (risks associated with achieving customer satisfaction), engineering quality risks and specific project plan risks (risks associated with achieving investment return and recognition risk). Assessment approaches of risk management and internal control mainly comprise regional self-assessment and peer assessment amongst regional companies.



**(V) Achievements made in the establishment of risk management and internal control systems during the first half of 2020**

1. *Updating and revising internal control assessment template, and executing all management policies and operation guidelines*

During the first half of the year, the Company updated and revised the internal control assessment template in respect of six professional series including human resources, cost, financing, customer service, marketing and engineering, with an aggregate of 170 internal control assessment templates approved for execution after the revision, 102 of which are key controls and 68 are general controls, effectively covering the business control points of the relevant profession series, so as to ensure efficient execution of each management policy and operation guideline.

2. *Conducting internal control self-assessment and peer assessment of each large region for the first half of the year*

Each large region has completed internal control self-assessment for the first half of the year as scheduled, while the real estate head office has organised and completed peer assessment on seven series including financing, funding cost customer service, marketing, procurement and engineering. Meanwhile, as to the issues identified during the internal control assessment, we have taken timely measures to rectify the defects in such systems at the large region level in accordance with the system process and operation regulations.

3. *Organising trainings on internal control knowledge*

According to plans on the establishment of internal control systems, the risk management and internal control group provides continuous trainings for internal control personnel. In the first half of 2020, a professional training with the theme of “Internal Control in the Business Cycle” was organized, focusing on the essence of management and control in the business cycle and control problems in actual work, along with a large number of classic cases that integrates control activities and methods, to improve the risk management level of internal control personnel within the enterprise.

### **III. Risk management and internal control improvement plan for the second half of 2020**

- (1) According to work requirements, gradually improve the risk management and internal control system;
- (2) Organise internal control self-evaluation and cross-evaluation in each region;
- (3) Revise and improve the internal control evaluation template on the basis of results of the internal control evaluation work and the update of the Company's policies;
- (4) Organize and carry out training on professional knowledge and skills of internal control to build the risk prevention awareness among all employees.

#### ***I. Analysis of employees as at 30 June 2020***

As at 30 June 2020, the Group had 4,134 employees with a semi-annual turnover rate of approximately 8.8%. The numbers of employees by age, education level and function are set out as below:

##### **By Age**

###### **Age**

20-30	1,940 (including 20 employees aged 16-19)
31-40	1,803
41-50	321
51-60	63
61 or above	<u>7</u>
Total	<u><u>4,134</u></u>

## By Education Level

### Education level

Master degree or above	449
Bachelor degree	2,613
Associate degree	811
Middle school or below	<u>261</u>
Total	<u><u>4,134</u></u>

## By Function

### Function

Finance and cost	597
Engineering	821
Management	328
Design	282
Investment & preliminary work	154
Sales, marketing and customer service	745
Administration	398
Others	<u>809</u>
Total	<u><u>4,134</u></u>

## II. *Remuneration policy*

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

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

## **CORPORATE GOVERNANCE PRACTICES**

The Company has always valued the superiority, steadiness and rationality of having a sound system of corporate governance and is committed to continuously improving its corporate governance and disclosure practices. For the six months ended 30 June 2020, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code (the “Corporate Governance Code”) in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (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 of the Board (the “Chairman”) to invite the chairman of the audit, remuneration and nomination committees to attend the annual general meeting.**

Mr. Wu Po Sum, the Executive Director, the Chairman of the Board and the Chairman of the Nomination Committee of the Company, was unable to attend the 2020 AGM as he was out of town for other business.

Mr. Xin Luo Lin, an independent non-executive Director and the chairman of the remuneration committee of the Company, was unable to attend the 2020 AGM as he was out of town for other business.

In their absence, Mr. Wang Jun, being a member of the Board and Mr. Cheung Shek Lun, being a member of the Board, the remuneration committee and the nomination committee, attended the 2020 AGM and answered questions raised at the meeting.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in Appendix 10 to the Listing Rules as the code of conduct for the Directors in their dealings in the Company’s securities. Having made specific enquires with each Director, the Company confirmed that the Directors had complied with the required standard as set out in the Model Code for the six months ended 30 June 2020.

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

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

## **CHANGES SUBSEQUENT TO 31 DECEMBER 2019**

There were no other significant changes in the Group’s financial position or from the information disclosed under Management Discussion and Analysis in the annual report of the Company for the year ended 31 December 2019.

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

The Audit Committee of the Company has discussed with the management and external auditors the accounting principles and policies adopted by the Group, and has reviewed the Group’s unaudited interim consolidated financial statements for the six months ended 30 June 2020.

## **INTERIM DIVIDEND**

The Board declared an interim dividend (the “Interim Dividend”) of HK11.0 cents per share for the six months ended 30 June 2020 (six months ended 30 June 2019: HK15.6 cents per share).

The Interim Dividend will be paid on or around Friday, 25 September 2020 to the shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 16 September 2020.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the entitlement of the shareholders to the Interim Dividend, the register of members of the Company will be closed on Wednesday, 16 September 2020. In order to qualify for the Interim Dividend, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 15 September 2020, for registration. The Interim Dividend will be paid on or around Friday, 25 September 2020.

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

This interim results announcement is published on the websites of the Company (<http://www.jianye.com.cn>) and the Stock Exchange (<http://www.hkexnews.hk>). The Company's interim report for the six months ended 30 June 2020 will be despatched to the shareholders and published on the aforesaid websites in due course.

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

Hong Kong, 25 August 2020

*As at the date of this announcement, the Board comprises nine Directors, of which Mr. Wu Po Sum, Mr. Wang Jun and Mr. Yuan Xujun are executive Directors, Mr. Lim Ming Yan, Ms. Wu Wallis (alias Li Hua) and Ms. Chen Ying 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*