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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2017 amounted to approximately RMB13,879 million, representing an increase of approximately 46.2% compared with the year 2016.
- Gross profit margin for the year was 23.6%, representing a decrease of 0.5 percentage point as compared with the last year.
- Profit attributable to equity shareholders of the Company for the year amounted to approximately RMB811 million, representing an increase of approximately 101.3% compared with the year 2016.
- Net profit margin for the year was 6.5%, as compared with 4.3% for the year 2016.
- Basic earnings per share for the year was RMB33.19 cents, an increase of approximately 101.2% compared with the year 2016.
- The Board recommended to declare a final dividend of HK$12.29 cents (approximately RMB9.93 cents) per share.

* *For identification purposes only*

ANNUAL RESULTS

The Board announces the consolidated results (the "Annual Results") of the Group for the year ended 31 December 2017 with comparative figures for the preceding financial year, as follows:

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2017
(Expressed in Renminbi)

	Note	**2017**	2016
		RMB'000	*RMB'000*
Revenue	*3*	**13,879,207**	9,495,022
Cost of sales		**(10,598,430)**	(7,202,155)
Gross profit		**3,280,777**	2,292,867
Other revenue	*4*	**106,810**	228,696
Other net income	*4*	**258,358**	17,600
Selling and marketing expenses		**(697,149)**	(478,899)
General and administrative expenses		**(1,087,227)**	(808,433)
Other operating income		**48,627**	43,037
		1,910,196	1,294,868
Share of losses of associates		**(4,422)**	(1,160)
Share of profits less losses of joint ventures		**198,943**	107,386
Finance costs	*5(a)*	**(408,051)**	(400,806)
Profit before change in fair value of investment properties and income tax		**1,696,666**	1,000,288
Net valuation gain on investment properties		**243,400**	27,223
Profit before taxation	*5*	**1,940,066**	1,027,511
Income tax	*6(a)*	**(1,040,784)**	(623,391)
Profit for the year		**899,282**	404,120
Attributable to:			
Equity shareholders of the Company		**811,365**	402,973
Non-controlling interests		**87,917**	1,147
Profit for the year		**899,282**	404,120
Earnings per share	*7*		
– Basic *(RMB cents)*		**33.19**	16.50
– Diluted *(RMB cents)*		**32.95**	16.50

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2017

(Expressed in Renminbi)

	2017	2016
	RMB'000	*RMB'000*
Profit for the year	**899,282**	404,120
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of overseas subsidiaries	**395,114**	(539,441)
– Cash flow hedge:		
– Effective portion of changes in fair value	**(33,069)**	(18,276)
– Transfer from equity to profit or loss	**74,225**	31,705
Other comprehensive income for the year	**436,270**	(526,012)
Total comprehensive income for the year	**1,335,552**	(121,892)
Attributable to:		
Equity shareholders of the Company	**1,246,481**	(121,314)
Non-controlling interests	**89,071**	(578)
Total comprehensive income for the year	**1,335,552**	(121,892)

There is no tax effect relating to the above component of the other comprehensive income.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2017
(Expressed in Renminbi)

	Note	2017 RMB'000	2016 RMB'000
Non-current assets			
Property, plant and equipment		**3,793,340**	3,024,802
Investment properties		**1,297,000**	575,870
Intangible assets		**204,300**	131,250
Interests in associates		**536,549**	27,168
Interests in joint ventures	*9*	**9,026,377**	6,276,091
Other financial assets		**486,366**	190,080
Deferred tax assets		**100,742**	127,461
		15,444,674	10,352,722
Current assets			
Trading securities		**97,105**	105,868
Properties for sale	*10*	**24,341,214**	18,026,529
Trade and other receivables	*11*	**1,664,421**	887,613
Deposits and prepayments	*12*	**6,554,002**	3,161,766
Tax recoverable		**1,016,854**	610,171
Restricted bank deposits		**2,125,062**	1,404,821
Cash and cash equivalents		**11,283,853**	9,776,310
		47,082,511	33,973,078
Current liabilities			
Bank loans	*13*	**(450,118)**	(514,265)
Other loans	*14*	**(90,000)**	(90,000)
Payables and accruals	*15*	**(22,034,089)**	(14,842,040)
Receipts in advance		**(15,087,593)**	(6,832,439)
Senior notes		**(3,890,692)**	(960,216)
Taxation payable		**(1,116,940)**	(1,151,686)
		(42,669,432)	(24,390,646)
Net current assets		**4,413,079**	9,582,432
Total assets less current liabilities		**19,857,753**	19,935,154

	Note	2017 RMB'000	2016 RMB'000
Non-current liabilities			
Bank loans	*13*	**(3,437,460)**	(1,851,175)
Other loans	*14*	**(210,000)**	(300,000)
Payables and accruals		**(58,302)**	(60,000)
Corporate bonds		**(2,986,914)**	(2,978,128)
Senior notes		**(4,518,961)**	(7,662,270)
Deferred tax liabilities		**(172,947)**	(86,255)
		(11,384,584)	(12,937,828)
NET ASSETS		**8,473,169**	6,997,326
CAPITAL AND RESERVES			
Share capital		**216,916**	216,322
Reserves		**7,477,757**	6,205,741
Total equity attributable to equity shareholders of the Company		**7,694,673**	6,422,063
Non-controlling interests		**778,496**	575,263
TOTAL EQUITY		**8,473,169**	6,997,326

NOTES:

(Expressed in Renminbi)

1. GENERAL

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and statement of compliance

The consolidated results set out in this announcement do not constitute the consolidated financial statements of the Group of the year ended 31 December 2017, but are extracted from those consolidated financial statements.

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been compared by the Group's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and consequently no assurance has been expressed by the auditors.

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

(b) 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 impact on the accounting policies of the Group. However, additional disclosure will be included in annual report to satisfy the new disclosure requirements introduced by the amendments to HKAS 7, *Statement of cash flows: Disclosure initiative*, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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

3. REVENUE

The principal activities of the Group are property development, property leasing, hotel operations and provision of project management service.

Revenue represents income from sales of properties, rental income, revenue from hotel operations and project management service fee income. The amount of each significant category of revenue recognised in revenue during the year is as follows:

	2017	2016
	RMB'000	*RMB'000*
Income from sales of properties	**13,210,985**	9,119,947
Rental income	**94,930**	94,537
Revenue from hotel operations	**265,530**	241,514
Project management service fee income	**307,762**	39,024
	13,879,207	9,495,022

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

4. OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	2017	2016
	RMB'000	*RMB'000*
Other revenue		
Interest income on financial assets not at fair value through profit or loss	**91,309**	225,675
Dividend income from equity securities	**13,776**	1,521
Government grants	**1,725**	1,500
	106,810	228,696
Other net income/(loss)		
Net loss on disposals of property, plant and equipment	**(412)**	(295)
Net gain on disposals of subsidiaries *(note 9(b))*	**189,647**	813
Net gain/(loss) on deemed disposals of subsidiaries *(note 9(c))*	**280**	(18,611)
Net fair value gain on acquisition of subsidiaries	**–**	66,961
Net gain on disposal of a joint venture	**12,577**	–
Net exchange gain/(loss)	**59,362**	(45,503)
Unrealised (loss)/gain on trading securities	**(1,081)**	19,583
Write down of properties for sale	**(64,766)**	(26,271)
Others	**62,751**	20,923
	258,358	17,600

5. PROFIT BEFORE TAXATION

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

	2017	2016
	RMB'000	*RMB'000*
(a) Finance costs		
Interest on bank loans	**194,910**	139,603
Interest on other loans	**39,355**	112,751
Interest on amounts due to joint ventures	**–**	107,674
Interest on senior notes	**660,510**	588,331
Interest on corporate bonds	**188,787**	136,229
	1,083,562	1,084,588
Less: Borrowing costs capitalised*	**(846,043)**	(635,237)
	237,519	449,351
Net change in fair value of derivatives embedded in senior notes	**170,532**	(48,545)
	408,051	400,806

* *Borrowing costs have been capitalised at a rate of 4.35% – 20% per annum (2016: 4.35% – 11.8% per annum).*

		2017	2016
		RMB'000	*RMB'000*
(b)	**Staff costs**		
	Salaries, wages and other benefits	**588,470**	326,582
	Including:		
	– Retirement scheme contributions	**68,849**	45,243
	– Equity settled share-based payment expenses	**12,258**	437

		2017	2016
		RMB'000	*RMB'000*
(c)	**Other items**		
	Depreciation and amortisation	**255,448**	228,012
	Group auditor's remuneration		
	– audit services	**4,546**	4,062
	– review and other services	**1,300**	1,280
	Local statutory auditors' remuneration		
	– audit services	**574**	537
	– review and other services	**1,645**	1,760
	Cost of properties sold	**10,385,586**	7,019,341
	Sponsorship fee for local football events	**137,100**	128,400
	Operating lease charges in respect of properties	**30,973**	32,990
	Rental income from investment properties	**(28,563)**	(11,911)
	Rental income from properties for sale less direct outgoings of RMB1,344,000 (2016: RMB12,354,000)	**(65,023)**	(68,112)

6. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2017	2016
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax	**554,960**	373,535
PRC Land Appreciation Tax		
– Provision for the year	**386,314**	274,794
– Over-provision in prior years	**(13,901)**	(49,413)
Withholding tax	**–**	7,092
	927,373	606,008
Deferred tax		
Revaluation of properties	**60,518**	6,474
PRC Land Appreciation Tax	**26,719**	1,097
Others	**26,174**	9,812
	113,411	17,383
	1,040,784	623,391

(i) Pursuant to the rule and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

(ii) No Hong Kong Profits Tax has been provided for as the Group has no estimated assessable profits in Hong Kong.

(iii) PRC Corporate Income Tax ("CIT")

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

Certain PRC subsidiaries were subject to CIT calculated based on the deemed profit which represents 10% (2016: 10%) of their revenue in accordance with the authorised taxation method pursuant to the applicable PRC tax regulations. The tax rate was 25% (2016: 25%) on the deemed profit. Other PRC subsidiaries, which were subject to the actual taxation method, were charged CIT at a rate of 25% (2016: 25%) on the estimated assessable profits for the year.

(iv) Land Appreciation Tax ("LAT")

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

(v) Withholding tax

Withholding taxes are levied on the Company's subsidiaries in Hong Kong ("Hong Kong subsidiaries") in respect of dividend distributions arising from profit of PRC subsidiaries earned after 1 January 2008 and interest on inter-company balance received by Hong Kong subsidiaries from PRC subsidiaries ranged from 5% to 12%.

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 RMB811,365,000 (2016: RMB402,973,000) and the weighted average of 2,444,333,701 ordinary shares (2016: 2,442,270,760 ordinary shares) in issue during the year, calculated as follows:

	2017	2016
	'000	*'000*
Issued ordinary shares at 1 January	**2,442,271**	2,442,271
Effect of share options exercised	**2,063**	–
Weighted average number of ordinary shares at 31 December	**2,444,334**	2,442,271

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholder of the Company of RMB811,365,000 (2016: RMB402,973,000) and the weighted average number of ordinary shares of 2,462,316,916shares (2016: 2,442,270,760 shares), calculated as follows:

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

	2017	2016
	RMB'000	*RMB'000*
Profit attributable to equity shareholders (diluted)	**811,365**	402,973

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

	2017	2016
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**2,444,334**	2,442,271
Effect of deemed issue of shares under the Company's share option scheme	**17,983**	–
Weighted average number of ordinary shares (diluted) at 31 December	**2,462,317**	2,442,271

8 SEGMENT REPORTING

(a) Services from which reportable segments derive their revenue

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

(b) Revenue from major services

The Group's revenue from its major services is set out in note 3.

(c) Geographical information

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

9 INTERESTS IN JOINT VENTURES

	2017	2016
	RMB'000	*RMB'000*
Share of net assets	**3,642,625**	3,490,712
Amounts due from joint ventures	**5,383,752**	2,785,379
	9,026,377	6,276,091

Amounts due from joint ventures, except for amounts of RMB1,912,713,000 (2016: RMB1,450,042,000) which are interest bearing at 10% – 12% per annum, are unsecured, interest-free and have no fixed terms of repayment, and are expected to be recovered more than one year.

As at 31 December 2017, the Group's interest in a joint venture with carrying amount of RMB53,197,000 (2016: Nil) was pledged against the Group's bank loan of RMB546,000,000 (2016: Nil) (see note 13).

Notes:

(a) On 31 March 2017, the Group entered into an equity transfer agreement with Zhongyuan Trust Company Limited ("Zhongyuan Trust") to acquire 34.375% equity interest in Henan Central China Union Zhiye Company Limited ("CCRE Union Zhiye") at the consideration of RMB330,000,000.

On 31 March 2017, the Group entered into an equity transfer agreement with Changjiang Treasure Assets Management Company Limited ("Changjiang Treasure") to acquire 30% equity interest in Henan Longyu Real Estate Company Limited ("Henan Longyu") at the consideration of RMB124,949,000.

Upon completion of the above transactions, CCRE Union Zhiye and Henan Longyu became wholly-owned subsidiaries of the Group.

(b) On 27 December 2017, the Group entered into an equity transfer agreement with Bridge Trust Company Limited ("Bridge Trust") to transfer 40% equity interest in Henan Longyu at the consideration of RMB145,000,000.

On 27 June 2017, the Group entered into the Cooperation Framework Agreement, Equity Transfer Agreement, Loan Agreement and Equity Transfer Agreement on Investment Withdrawal (together as the "Framework Agreements") with 上海中城勇逸投資中心（有限合夥）(For identification purpose only, in English, Shanghai Zhongcheng Yongyi Investment Center (Limited Partnership) ("Zhongcheng Fund") and, on 21 July 2017, the Group and Zhongcheng Fund entered into the second supplemental agreement to the Cooperation Framework Agreement, Supplemental Equity Transfer Agreement and Supplemental Loan Agreement (together as the "Supplemental Agreements") for the amendments of the terms of Framework Agreements. Pursuant to which the Group agreed to sell and Zhongcheng Fund agreed to acquire 20% equity interest in 鄭州安永置業有限公司 (For identification purpose only, in English, Zhengzhou Anyong Properties Limited ("Zhengzhou Anyong")) at the consideration of RMB150,000,000. The details are disclosed in the relevant announcements dated 3 July 2017 and 21 July 2017 issued by the Company.

Upon completion of the above transactions, neither Bridge Trust and Zhongcheng Fund nor the Group has controlling power over the board of directors pursuant to the articles of association.

The net gain on disposals of Henan Longyu and Zhengzhou Anyong of RMB189,647,000 was recognised in profit or loss during the year (note 4).

(c) On 9 May 2017, Wuhu Yuanxiang Jiada Investment Management Centre Limited Partnership ("Wuhu Yuanxiang") invested in Zhengzhou Jianye Eighteen Cities Zhiye Company Limited ("Zhengzhou Eighteen Cities"), which was previously a wholly-owned subsidiary of the Group. After the investment by Wuhu Yuanxiang, Zhengzhou Eighteen Cities is regarded as a joint ventures as neither Wuhu Yuanxiang nor the Group has controlling power over the board of directors pursuant to the articles of association.

The net gain on deemed disposals of Zhengzhou Eighteen Cities of RMB280,000 was recognised in profit or loss during the year (note 4).

10 PROPERTIES FOR SALE

	2017	2016
	RMB'000	*RMB'000*
Properties held for future development and under development for sale	**19,785,224**	11,924,548
Completed properties held for sale	**4,555,990**	6,101,981
	24,341,214	18,026,529

At 31 December 2017, properties for sale of RMB24,341,214,000 (2016: RMB18,026,529,000) are net of a provision of RMB149,085,000 (2016: RMB87,483,000) in order to state these properties at the lower of their cost and estimate net realisable value.

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

	2017	2016
	RMB'000	*RMB'000*
In the PRC		
– long leases	**11,370,264**	5,531,470
– medium-term leases	**2,535,776**	1,404,179
	13,906,040	6,935,649

(b) The amount of properties for sale expected to be recovered after more than one year is analysed as follows:

	2017	2016
	RMB'000	*RMB'000*
Properties held for future development and under development for sale	**14,700,271**	8,715,359

(c) Certain of the Group's properties for sale was pledged as securities for the Group's bank loan. Details are set out in note 13.

At 31 December 2017, the Group's properties for sale of RMBNil (2016: RMB306,273,000) were pledged as securities for a joint venture's other loan.

(d) The Group temporarily leased out certain completed properties held for sale under operating leases. The lease runs for an initial period of one to five years. The Group's total future minimum lease income under non-cancellable operating leases is receivable as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 1 year	**119,230**	108,511
After 1 year to 5 years	**166,246**	236,164
After 5 years	**333,414**	422,389
	618,890	767,064

The directors confirm that the Group intends to sell the properties together with the respective leases.

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

	2017	2016
	RMB'000	*RMB'000*
Carrying amount of inventories sold	**10,385,586**	7,023,920
Write down of inventories	**64,766**	26,271
Reversal of write-down of inventories	**–**	(4,579)
	10,450,352	7,045,612

11 TRADE AND OTHER RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Bills receivables *(note (a))*	**2,900**	6,794
Trade receivables *(note (a))*	**79,454**	42,926
Other receivables	**898,013**	470,885
Amounts due from related companies *(note (b))*	**35,501**	106,684
Amounts due from non-controlling interests *(note (c))*	**590,619**	184,548
Derivative financial instruments	**43,849**	61,691
Others	**14,085**	14,085
	1,664,421	887,613

Notes:

(a) As of the ended of the reporting period, the ageing analysis of bills and trade receivables, based on the invoice date (or date of revenue recognition, if earlier) and all of which are neither individually nor collectively considered to be impaired, is as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 1 month	**32,853**	19,707
1 to 3 months	**2,593**	1,727
3 to 6 months	**6,199**	3,650
6 to 12 months	**24,131**	16,733
Over 1 year	**16,578**	7,903
	82,354	49,720

The Group has a defined credit policy. In respect of trade receivables of mortgage sales, no credit terms will be granted to the buyers. The Group normally arranges bank financing for buyers of properties up to 70% of the total purchase price of the property and provides guarantee to secure repayment obligations of such buyers. The Group's guarantee periods commence from the dates of grants of relevant mortgage loans and end upon completion of construction and the mortgage registration documents are delivered to the relevant banks after the issue of the building ownership certificate.

If there is default in payments by these buyers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted buyers to banks. Under such circumstances, the Group is able to retain the customer's deposit, take over the ownerships of relevant properties and sell the properties to recover any amounts paid by the Group to the banks since the Group has not applied for individual building ownership certificates for these purchasers until full payment are received. Sales and marketing staff of the Group is delegated to determine credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management reviews the recoverable amount of each debtor at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts, if any.

Based on assessment, management believes that no impairment allowance is necessary in respect of the overdue balances and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(b) The amount due from a related company of RMB35,486,000 (2016: Nil) represents the prepaid expected basic return to the trust manager of joint ventures, Ping'an Trust Company Limited, according to the cooperation agreements. The amount is unsecured, interest-free and has no fixed terms of repayment.

The remaining amounts due from related companies are unsecured, and have no fixed terms of repayment.

(c) The amount due from non-controlling interests are unsecured, interest-free and have no fixed terms of repayment.

12 DEPOSITS AND PREPAYMENTS

At 31 December 2017, the balance included deposits and prepayments for leasehold land of RMB3,829,342,000 (2016: RMB2,220,145,000).

13. BANK LOANS

(a) At 31 December 2017, the bank loans were repayable as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 1 year or on demand	**450,118**	514,265
After 1 year but within 2 years	**986,674**	393,695
After 2 years but within 5 years	**1,785,876**	683,985
After 5 years	**664,910**	773,495
	3,437,460	1,851,175
	3,887,578	2,365,440

(b) At 31 December 2017, the bank loans were secured as follows:

	2017	2016
	RMB'000	*RMB'000*
Bank loans		
– secured	**2,003,125**	1,650,440
– unsecured	**1,884,453**	715,000
	3,887,578	2,365,440

At 31 December 2017, the secured bank loans are secured over share of interest in a subsidiary of the Group and other assets as follows:

	2017	2016
	RMB'000	*RMB'000*
Properties for sale	**721,365**	2,271,039
Property, plant and equipment	**792,220**	831,650
Restricted bank deposits	**–**	6,026
Interest in a joint venture	**53,197**	–
	1,566,782	3,108,715

(c) The effective interest rates of bank loans of the Group at 31 December 2017 were ranged from 4.35% – 6.50% (2016: 4.35% – 7.34%) per annum.

(d) Certain banking facilities of the Group are subject to the fulfilment of covenants relating to certain of the Group's statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants. At 31 December 2017 and 2016, none of the covenants relating to drawn down facilities had been breached.

14 OTHER LOANS

(a) At 31 December 2017, other loans were repayable as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 1 year	**90,000**	90,000
After 1 year but within 2 years	**90,000**	90,000
After 2 years but within 5 years	**90,000**	180,000
After 5 years	**30,000**	30,000
	210,000	300,000
	300,000	390,000

(b) At 31 December 2017, the other loans were unsecured (2016: unsecured) as follows:

	2017	2016
	RMB'000	*RMB'000*
Other loans		
– secured	**–**	–
– unsecured	**300,000**	390,000
	300,000	390,000

(c) The effective interest rates of other loans of the Group at 31 December 2017 were ranged from 1.2% – 7% (2016: 1.2% – 7%) per annum.

15 PAYABLES AND ACCRUALS

	2017	2016
	RMB'000	*RMB'000*
Bills payable *(note (a))*	**1,939,729**	334,633
Trade payables *(note (a))*	**6,511,237**	5,004,184
Other payables and accruals	**3,292,389**	2,453,910
Patent payable	**35,000**	45,000
Amounts due to joint ventures *(note (b))*	**9,345,717**	6,642,758
Amounts due to non-controlling interests *(note (c))*	**830,852**	202,161
Derivative financial instruments		
– held as cash flow hedging instrument	**–**	159,394
– foreign exchange swap contracts	**79,165**	–
	22,034,089	14,842,040

At 31 December 2017, included in payables and accruals are retention payable of RMB47,993,000 (2016: RMB35,760,000) which are expected to be settled more than one year.

Notes:

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

	2017	2016
	RMB'000	*RMB'000*
Within 1 month	**1,817,736**	2,090,689
1 – 3 months	**1,711,165**	789,930
3 – 6 months	**2,281,060**	760,841
6 – 12 months	**1,035,045**	416,262
Over 12 months	**1,605,960**	1,281,095
	8,450,966	5,338,817

(b) The amounts due to joint ventures are unsecured, interest-free and have no fixed terms of repayment.

(c) The amounts due to non-controlling interest included amounts of RMB105,000,000 (2016: RMB76,634,000) which is unsecured, interest bearing at 10% (2016: 4.35%) per annum and has no fixed terms of repayment.

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

16. DIVIDENDS

Dividends payable to equity shareholders of the Company attributable to the year

	2017	2016
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of HK$12.29 cents (equivalent to RMB9.93 cents) (2016: HK$Nil) per ordinary share	**243,212**	–

No interim dividend was declared and paid during the year.

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

17. COMMITMENTS

(a) Capital commitments outstanding at 31 December 2017 not provided for in the financial statements are as follows:

	2017	2016
	RMB'000	*RMB'000*
Properties under development undertaken by the Group		
– Authorised but not contracted for	**12,352,427**	11,831,350
– Contracted but not provided for	**6,814,843**	5,443,571
	19,167,270	17,274,921
Properties under development undertaken by joint ventures attributable to the Group		
– Authorised but not contracted for	**1,115,758**	1,617,493
– Contracted but not provided for	**270,684**	1,006,293
	1,386,442	2,623,786

(b) At 31 December 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 1 year	**4,253**	4,253
After 1 year but within 5 years	**17,015**	17,015
After 5 years	**84,370**	88,624
	105,638	109,892

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

18. CONTINGENT LIABILITIES

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

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by buyers of the Group's and joint ventures' properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these buyers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted buyers to banks. The Group's guarantee periods commence from the dates of grants of the relevant mortgage loans and end after the buyers obtain the individual property ownership certificate of the property purchased. The amount of guarantees given to banks for mortgage facilities granted to the buyers of the Group's and joint ventures' properties at 31 December 2017 is as follows:

	2017	2016
	RMB'000	*RMB'000*
Guarantees given to banks for mortgage facilities granted to buyers of:		
– the Group's properties	**18,738,540**	14,514,045
– the joint ventures' properties (the Group's shared portion)	**4,602,718**	4,562,996
	23,341,258	19,077,041

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

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

The Group provided guarantees to bank loans and other loans of joint ventures amounting to RMB6,511,840,000 at 31 December 2017 (2016: RMB2,914,300,000). At the end of the reporting period, the directors do not consider it probable that claims will be made against the Group under these guarantees. The Group has not recognised any deferred income in respect of these guarantees as their fair values cannot be reliably measured using observable market data and their transaction prices were RMBNil.

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

The Group provided liquidity support in favour of Jianye Property Management, an independent third party, for an amount of RMB650,000,000 (2016: RMB650,000,000) as at 31 December 2017 in relation to Asset-backed Securities issued by Jianye Property Management. Details of the Assets-backed Securities are disclosed in the Company's announcement dated 13 April 2016. The service fee of RMB1,950,000 (2016: RMB1,300,000) was recognised in 2017.

19. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 5 March 2018, the Company issued senior notes with principal amount of US$300,000,000 due in 2021. The senior notes are interest bearing at 6.5% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 5 March 2021. The details of the redemption price are disclosed in the relevant offering memorandum dated 27 February 2018 issued by the Company.

FINANCIAL HIGHLIGHTS

SUMMARY OF CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

	2017	2016	Changes
Revenue *(RMB'000)*	**13,879,207**	9,495,022	46.2%
Gross profit *(RMB'000)*	**3,280,777**	2,292,867	43.1%
Gross profit margin	**23.6%**	24.1%	-0.5*
Gross profit from core business *(RMB'000)*	**2,825,399**	2,100,606	34.5%
Net profit *(RMB'000)*	**899,282**	404,120	122.5%
Net profit margin	**6.5%**	4.3%	2.2*
Net profit from core business *(RMB'000)*	**1,074,547**	707,289	51.9%
Net profit margin from core business	**8.1%**	7.8%	0.3*
Profit attributable to equity shareholders *(RMB'000)*	**811,365**	402,973	101.3%
Basic earnings per share *(RMB)*	**0.3319**	0.1650	101.2%
Diluted earnings per share *(RMB)*	**0.3295**	0.1650	99.7%
Final dividends per share *(HK$)*	**0.1229**	Nil	N/A

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	2017	2016	**Changes**
Total cash (including cash and cash equivalents and restricted bank deposits) *(RMB'000)*	**13,408,915**	11,181,131	19.9%
Total assets *(RMB'000)*	**62,527,185**	44,325,800	41.1%
Total liabilities *(RMB'000)*	**54,054,016**	37,328,474	44.8%
Total equity (including non-controlling interests) *(RMB'000)*	**8,473,169**	6,997,326	21.1%
Total borrowings *(RMB'000)*	**15,584,145**	14,356,054	8.6%
Net borrowings *(RMB'000)*	**4,300,292**	4,573,718	-6.0%
Current ratio	**110.3%**	139.3%	-29.0*
Net gearing ratio	**50.8%**	65.4%	-14.6*
Net asset value per share *(RMB)*	**3.47**	2.87	20.9%
Equity attributable to equity shareholders per share *(RMB)*	**3.14**	2.63	19.4%

Note: * change in percentage points

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Overall performance

The Group is pleased to announce a significant growth in contracted sales amounting to RMB30,415 million in 2017, representing a year-on-year increase of 51.0%. 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 RMB13,409 million as at 31 December 2017.

As at 31 December 2017, net borrowings in total amounted to approximately RMB4,300 million with net gearing ratio of approximately 50.8%. The Group has persisted in adhering to a prudent principle in financial management, thus maintaining a high proportion of cash with a reasonable level of borrowing.

The Group has implemented a proactive and aggressive approach to acquire land and accelerated the project construction progress since the second half of the year, so as to shorten the development cycle. In 2017, many projects of the Group were accounted for as sales carried forward. As a result, the Group recorded a significant increase in land reserves and property sales carried forward in terms of gross floor area ("GFA") and revenue recognised in 2017.

In addition to property sales, the Group has been expanding its revenue base and spreading its operational risks through expanding hotel and cultural tourism projects and diversifying businesses. Yanling Jianye The Mist Hot Spring Hotel, the first self-operated hotel of the Group, has started trial operation in February 2018; while Jianye Huayi Brothers Film Culture Town has been listed in the "First Batch Type-A Key Construction Projects in Henan Province" in 2017. The management believes that injecting part of the resources into these new businesses would improve the Group's industry value-chain by integrating interactive business segments including properties, hotels and cultural tourism and offering "tailor-made" services to our customers.

In 2017, the Group facilitated the strategic development of its light-asset projects. As at 31 December 2017, the Group has participated in 75 light-asset projects with a total planned GFA of approximately 12.46 million sq. m.. The Group expects the light-asset projects will generate steady income to the Group in the coming years and such income will increase following the development of the projects.

Revenue: Our revenue increased by 46.2% to approximately RMB13,879 million in 2017 from approximately RMB9,495 million in 2016, primarily due to an increase in number of completed projects.

- **Income from sales of properties:** Revenue from property sales increased by 44.9% to approximately RMB13,211 million in 2017 from approximately RMB9,120 million in 2016 due to an increase in sold area to 2,329,226 sq. m. in 2017 from 1,738,628 sq. m. in 2016, and the average selling price increased to RMB5,672 per sq. m. in 2017 from RMB5,245 per sq. m. in 2016. The increase in the average selling price was in line with the government's control policies on the real estate market.

- **Rental income:** Revenue from property leasing maintained stable at approximately RMB95 million in 2017 and 2016, which was mainly derived from rental income of the properties held.

- **Revenue from hotel operation:** Revenue from hotel operation increased by 9.9% to approximately RMB266 million in 2017 from approximately RMB242 million in 2016. The increase was due to the reception of a number of conference teams as a result of various large-scale conferences and exhibitions held in Nanyang, Luohe and Kaifeng and other cities where the Group's hotels are located in 2017.

- **Revenue from provision of project management service:** Revenue from provision of project management service increased by 688.6% to approximately RMB308 million in 2017 from approximately RMB39 million in 2016 which was derived from operation and management services provided by the Group under light-asset projects. The increase was mainly because most of the projects in 2016 did not reflect full-year revenue and 39 projects were newly added in 2017.

Cost of sales: Our cost of sales increased by 47.2% to approximately RMB10,598 million in 2017 from approximately RMB7,202 million in 2016. The increase in cost of sales was due to an increase in GFA carried forward as mentioned above and a corresponding increase in land and construction costs.

Gross profit: The Group's gross profit increased by 43.1% to approximately RMB3,281 million in 2017 from approximately RMB2,293 million in 2016, while our gross profit margin decreased slightly by 0.5% from 24.1% in 2016 to 23.6% in 2017. It was principally due to: 1) a decrease in the proportion of sales of parking spaces with higher gross profit margin as a result of a decreased sales volume; and 2) prior years' sales promotion resulted in revenue recognised at a lower price during the period.

Other revenue: Other revenue decreased by 53.3% to approximately RMB107 million in 2017 from approximately RMB229 million in 2016. This was primarily due to a decrease in advances to joint ventures and third parties resulting in a decrease in corresponding interest income.

Other net income: Other net income of approximately RMB258 million in 2017 was primarily attributable to the aggregate revenue of approximately RMB249 million from gain on disposal of subsidiaries and exchange gain.

Selling and marketing expenses: Our selling and marketing expenses increased by 45.6% to approximately RMB697 million in 2017 from approximately RMB479 million in 2016. The increase was primarily due to 1) an increase in brand advertising and property marketing expenses; and 2) an increase in the number of sales personnel and staff salaries.

General and administrative expenses: Our general and administrative expenses increased by 34.5% to approximately RMB1,087 million in 2017 from approximately RMB808 million in 2016. This increase was primarily due to a significant increase in the number of administrative staff as a result of our business expansion. On the other hand, since the average market wage has risen by about 25% as a result of the significant increase in the demand for administrative staff with experience in Mainland real estate, the Group adjusted the wages of its administrative staff according to the market conditions so as to reduce staff turnover.

Other operating income: Other operating income increased by 13.0% to approximately RMB49 million in 2017 from approximately RMB43 million in 2016. The increase was mainly due to an increase in project management fees.

Share of profits less losses of joint ventures: Our share of profits less losses of joint ventures increased by 85.3% to approximately RMB199 million in 2017 from approximately RMB107 million in 2016, primarily due to an increase in the recognition of revenue from the joint ventures. The revenue from the Group's joint ventures amounted to approximately RMB8,463 million (2016: RMB2,323 million), representing GFA sold of 820,354 sq. m. (2016: 230,653 sq. m.) during 2017, in which revenue of RMB4,483 million (2016: RMB1,335 million), representing GFA sold of 426,171 sq. m. (2016: 123,476 sq. m.), was attributable to the Group.

Finance costs: Our finance costs increased by 1.8% to approximately RMB408 million in 2017 from approximately RMB401 million in 2016.

Net valuation gain on investment properties: A net increase of approximately RMB243 million in valuation gain on our investment properties in 2017 was recorded, which was mainly due to the usage of The Five Buildings and Lakeside Square was changed from sale with lease to self-held lease and therefore transferred from inventories to investment real estate.

Income tax: Income tax for the year mainly comprises corporate income tax and land appreciation tax. The Group's income tax increased by 67.0% to approximately RMB1,041 million in 2017 from approximately RMB623 million in 2016. It was principally due to: 1) the deferred tax incurred by the valuation gain as a result of the change in use of certain properties for sale to investment properties; 2) the increase in income tax incurred by an increase of profits from sales of properties; and 3) a rise in relevant land appreciation tax as a result of an increase in income from sales of properties.

Profit for the year: As a result of the foregoing, our profit for the year increased by 122.5% to approximately RMB899 million in 2017 as compared to approximately RMB404 million in 2016.

Financial resources and utilisation: As at 31 December 2017, the Group's cash and cash equivalents amounted to approximately RMB11,284 million (2016: approximately RMB9,776 million). During the year, the Group distributed a final dividend of approximately RMB243 million to the shareholders of the Company in relation to full-year profit attributable to the year ended 31 December 2017 (2016: nil).

Structure of Borrowings and Deposits

The Group continued to adopt a prudent principle on financial management and centralise our funding and financial management. Therefore, we maintained a high proportion of cash with a reasonable level of borrowing. During the year, we successfully issued the 6.00% senior notes due 2018 with a principal amount of US$200,000,000 (the "US$200m Senior Notes Due 2018"). As at 31 December 2017, the repayment schedule of the Group's bank and other borrowings was as follows:

Repayment Schedule	**As at 31 December 2017** *RMB'000*	As at 31 December 2016 *RMB'000*
Bank loans		
Within one year	**450,118**	514,265
More than one year, but not exceeding two years	**986,674**	393,695
More than two years, but not exceeding five years	**1,785,876**	683,985
Exceeding five years	**664,910**	773,495
	3,887,578	2,365,440
Other loans		
Within one year	**90,000**	90,000
More than one year, but not exceeding two years	**90,000**	90,000
More than two years, but not exceeding five years	**90,000**	180,000
Exceeding five years	**30,000**	30,000
	300,000	390,000

Repayment Schedule	**As at 31 December 2017** ***RMB'000***	As at 31 December 2016 *RMB'000*
Corporate bonds		
More than two years, but not exceeding five years	**2,986,914**	2,978,128
Senior notes		
Within one year	**3,890,692**	960,216
More than one year, but not exceeding two years	**–**	2,795,026
More than two years, but not exceeding five years	**4,518,961**	4,867,244
	8,409,653	8,622,486
Total borrowings	**15,584,145**	14,356,054
Deduct:		
Cash and cash equivalents	**(11,283,853)**	(9,776,310)
Restricted bank deposits secured bank loans and other loans	**–**	(6,026)
Net borrowings	**4,300,292**	4,573,718
Total equity	**8,473,169**	6,997,326
Net gearing ratio (%)	**50.8%**	65.4%

Pledge of assets: As at 31 December 2017, we had pledged completed properties, properties under development, properties for future development, property, plant and equipment, bank deposits and interest in a joint venture with an aggregate carrying amount of approximately RMB1,567 million (2016: approximately RMB3,109 million) to secure general bank credit facilities and other loans granted to us. We also pledged properties under development and property, plant and equipment with an aggregate carrying amount of approximately RMB160 million (2016: approximately RMB466 million) to secure bank loans and other loans of joint ventures.

Contingent liabilities: As at 31 December 2017, we provided guarantees of approximately RMB23,341 million (2016: approximately RMB19,077 million) to banks in favor of customers in respect of the mortgage loans provided by the banks to these customers for the purchase of the developed properties of our Group as well as those of its joint ventures. We also provided guarantees to bank loans and other loans of joint ventures amounting to approximately RMB6,512 million as at 31 December 2017 (2016: approximately RMB2,914 million). Apart from the above, the Group provided liquidity guarantee support in favour of Jianye Property Management in an amount of RMB650 million as at 31 December 2017 (2016: RMB650 million) in relation to Assets-backed Securities issued by Jianye Property Management.

Capital commitment: As at 31 December 2017, we had contractual commitments undertaken by subsidiaries and joint ventures attributable to our Group, the performance of which was underway or ready, in respect of property development amounting to approximately RMB7,086 million (2016: approximately RMB6,450 million), and we had authorised, but not yet contracted for, a further approximately RMB13,468 million (2016: approximately RMB13,449 million) in expenditure in respect of property development.

Foreign exchange risk: Our businesses are principally conducted in RMB. The majority of our assets are denominated in RMB. As at 31 December 2017, 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 rate risk arising from future commercial transactions denominated in currencies other than RMB and recognised assets and liabilities. Considering the main income stream of the Group denominated in RMB, we have translated the principal and interest of the US$200m Senior Notes issued in 2016 into RMB through a forward swap.

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 its interest rate risk.

Human resources and remuneration policy: As at 31 December 2017, we had 2,966 employees (2016: 2,467 employees). Staff remuneration is determined on the basis of individual performance, experience and prevailing industry practices. We review our remuneration policy and arrangements on a regular basis and staff may be rewarded with bonuses and cash payments depending on individual performance appraisals. Our policies for insurance and provident fund are in compliance with national and local laws and regulations on labour affairs and social welfare. At the date of this announcement, there was no significant labor dispute which had or might have an adverse impact on our business operations.

REVIEW OF OPERATIONS

(I) Market and Operations Review

1. The Macro-economic Environment

In face of perplexing economic landscape within and outside China in 2017, the central government upheld its commitment to the general principle of making progress while keeping performance stable and consistently reinforced new development notion by pressing ahead with supply-side structural reform so as to effectively facilitate the progress of various works. China's economy has maintained positive momentum in stability with constant optimisation in economic structure as well as remarkable enhancement in stability, coordination, and sustainability. Economic growth maintained within a proper range during the whole year. Furthermore, major macro indicators outperformed the expectation, as demonstrated by a stable increase in employment in urban areas, rapid growth in fiscal income, corporate profit and rural and urban residents' income as well as a rise in quality and effectiveness of the economy. In 2017, China's gross domestic product (GDP) amounted to approximately RMB82.71 trillion, representing a year-on-year growth of 6.9%.

In 2017, Henan Province continued to thoroughly implement strategies formulated by the central government by pressing ahead with supply-side structural reform, fully leveraging on its advantages to play the "Four Cards" well, proactively pursuing four primary development strategies of "three areas and one community", exerting effort to commence "four battles" to attain complete implementation of each policy, maintain positive momentum behind stable economic development in general of Henan Province, achieve considerable progress in transformation and upgrades, successively shift from old to new growth drivers, improve quality and effectiveness of economic development. In 2017, Henan's GDP amounted to approximately RMB4.49 trillion, representing a year-on-year growth of 7.8%, which was 0.9 percentage points higher than the national average.

2. *The Property Market*

In 2017, policies on the property market kept abreast with the general principle of "houses are built to be inhabited, not for speculation". Moreover, local governments regarded urban agglomeration as the key targets for market regulation, switching its strategies from traditional demand-side adjustments to supply-side reforms. Purchase limits, mortgage restrictions, sale limits and restrictions on land auctions resulted in the optimisation of supply-side structure, which gradually demonstrated the effectiveness of regulatory policies. In addition, the short-term regulation was more aligned with the long-term mechanism, which significantly facilitated the development of residential leasing market and joint ownership housing provisional scheme in an attempt to control housing price level, while improving the multi-level housing supply system, establishing a real estate system of housing purchase and renting as well as urging the establishment and perfection of a long-term mechanism.

In 2017, China's sales GFA of commodity housing in the nationwide property market amounted to approximately 1,694,000,000 sq. m., representing a year-on-year growth of 7.7%, the sales amount of which was approximately RMB13,370 billion, representing a year-on-year growth of 13.7%. Property development investment amounted to approximately RMB10,980 billion, representing a year-on-year growth of 7.0%.

Under the backdrop of strong promotion of new urbanisation in Henan's property market, the principle of "houses are built to be inhabited, not for speculation" was emphasised. With the introduction of policies according to cities' circumstances, provision of guidance based on different categories and tightened regulations over the property market from Zhengzhou, demands for housing in the cities of Henan Province have been released due to short-term favourable factors to the property market. In 2017, the sales GFA of commodity housing sold in Henan Province was approximately 133,000,000 sq. m., representing a year-on-year growth of 17.8%, the sales amount of which was approximately RMB712.94 billion, representing a year-on-year growth of 27.0%. Property development investment amounted to approximately RMB709.025 billion, representing a year-on-year growth of 14.7%.

(II) Project Development

During the reporting period, the Company further improved its overall business layout by integrating its businesses into interactive segments including property, hotel, cultural tourism, commerce and modern agriculture.

Considerable synergy was created, as a result, by the formation of business segments under the operation of the platform of the Company. On the one hand, the property business has been broadening customer base by introducing quality customers to the Company. On the other hand, rapid development of other business segments, such as hotel, cultural tourism, commerce and modern agriculture, has provided our property customers and other customers with featured services, thereby enhancing brand influence and promoting property segment development. The major business segments of the Company have established a mutually-beneficial relationship.

In order to enhance profitability, expand market share and improve comprehensive competitiveness, the Company also maximised its brand value by launching its light-asset business featuring "delivery of our brands, management and capital", and satisfactory performance had been achieved in the reporting period.

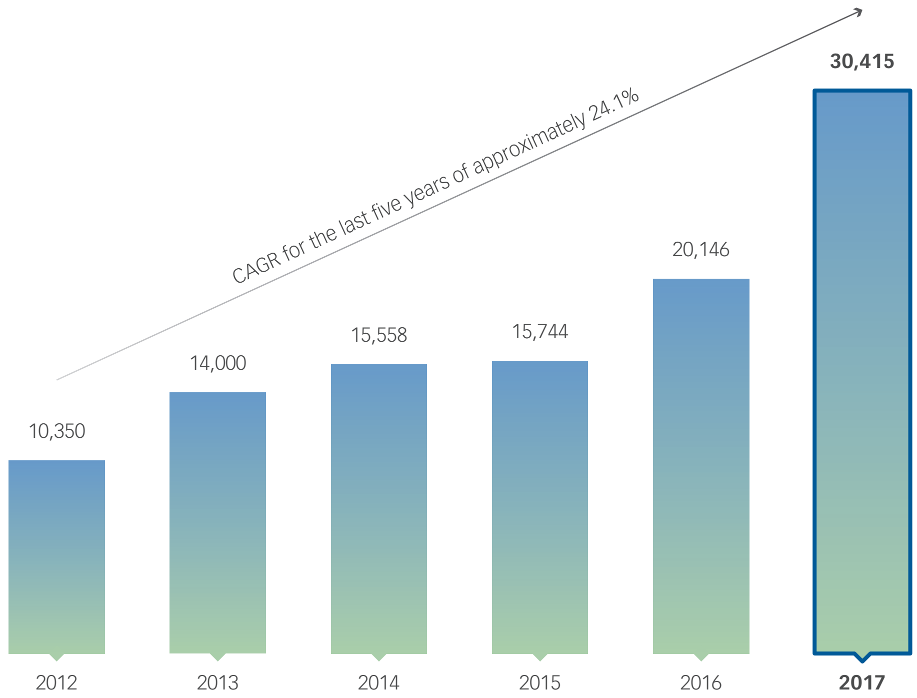
1. Property Development

The Company continued to grow in 2017. It orderly commenced all works set out in the annual operating plan. By leveraging our strengths, the Company persistently focused on Henan while developing the cities where we operate, and moderately stocked up a number of high quality projects in cities with better development prospects with an aim to ensure stable operation and sound development of the Company.

(a) Property Sales Performance

During the reporting period, a progressive growth in property sales and a breakthrough in sale target were achieved through our great effort in expediting property sales. In 2017, the contracted sales sold by the Company amounted to approximately RMB30,415 million, representing an increase of 51.0%; and the contracted area sold by the Company was approximately 4,584,000 sq. m., representing an increase of 65.8%. The compound annual growth rate of the Company's contracted sales in the past five years was approximately 24.1%. In terms of contracted sales amount, the market share of the Company in 2017 in Henan Province was 4.3%.

Unit: RMB million



Geographical Breakdown of Contracted Sales in 2017

City	Contracted sales amount (RMB million) 2017	2016	Change	Contracted GFA ('000 sq. m.) 2017	2016	Change
Zhengzhou	**8,033**	10,698	–25%	**720**	833	–14%
Kaifeng	**386**	276	40%	**41**	50	–18%
Luoyang	**2,246**	1,315	71%	**292**	220	33%
Pingdingshan	**516**	517	0%	**106**	115	–8%
Anyang	**1,292**	304	325%	**301**	77	291%
Hebi	**1,022**	516	98%	**221**	131	69%
Xinxiang	**3,052**	832	267%	**468**	179	161%
Jiaozuo	**933**	397	135%	**173**	73	137%
Puyang	**838**	590	42%	**170**	131	30%
Xuchang	**2,071**	858	141%	**290**	178	63%
Luohe	**899**	700	28%	**153**	152	1%
Sanmenxia	**1,073**	320	235%	**192**	53	262%
Shangqiu	**1,987**	560	255%	**362**	111	226%
Zhoukou	**2,564**	564	355%	**500**	127	294%
Zhumadian	**2,008**	859	134%	**385**	187	106%
Nanyang	**1,007**	252	300%	**130**	29	348%
Xinyang	**394**	279	41%	**63**	52	21%
Jiyuan	**94**	309	–70%	**17**	66	–74%
Total	**30,415**	20,146	51%	**4,584**	2,764	66%

(b) *Newly Commenced Property Projects*

During the reporting period, the Company commenced the construction of 54 projects in total with newly commenced GFA of 5,869,335 sq. m., representing an increase of 7.5% compared with the target of projects commencement at the beginning of the year. The Company strengthened the efforts in market research and optimized product plans based on the geological distribution of customers and estimated sales. This helped the Company to further enhance its product competitiveness and market performance, and contributed to a safe and reasonable inventory structure.

City	**Project name**	**Principal use of property**	**Newly commenced GFA during the year** *(sq. m.)*
Zhengzhou	Blossom Garden	Residential	212,254
Zhengzhou	Xuhui Zhengrong Grand Mansion	Residential	163,666
Zhengzhou	Xinmi Code One City	Residential	84,806
Zhengzhou	Zhengxi U-Town	Residential	124,214
Zhengzhou	Gongyi Spring Time	Residential	165,265
Zhengzhou	Canal Courtyard	Residential	105,498
Zhengzhou	Intelligent Palace	Residential	164,355
Zhengzhou	Tihome Jianye International City	Residential	145,968
Luoyang	Sweet-Scented Osmanthus Garden	Residential	90,225
Luoyang	Dingding House	Residential	101,100
Luoyang	Code Two City	Residential	208,686
Kaifeng	Chrysanthemum Garden	Residential	98,010
Shangqiu	Yongcheng U-Town	Residential	75,721
Zhumadian	The West Lake Villa	Residential	141,190
Zhumadian	Xiping Forest Peninsula	Residential	93,901
Zhumadian	Eighteen Cities	Residential	250,182
Zhumadian	Xincai CCRE Mall	Residential	100,587
Zhumadian	Suiping Forest Peninsula	Residential	78,412
Sanmenxia	Jianye New District Forest Peninsula	Residential	170,228
Sanmenxia	Code One City	Residential	104,627

City	Project name	Principal use of property	Newly commenced GFA during the year *(sq. m.)*
Pingdingshan	Wugang Forest Peninsula	Residential	60,102
Luohe	Xicheng Forest Peninsula	Residential	219,142
Xuchang	Code One City	Residential	74,397
Xuchang	Sweet-Scented Osmanthus Garden	Residential	104,608
Xuchang	Yanling Eco-City	Residential	57,357
Xuchang	Changge Spring Time	Residential	220,809
Xuchang	Chinoiserie Palace	Residential	83,468
Xuchang	Yuzhou Sweet-Scented Osmanthus Garden	Residential	55,167
Anyang	Huaxian Code One City	Residential	129,790
Anyang	Linzhou CCRE Mall	Residential	73,759
Jiyuan	Code One City-North Terrace	Residential	50,921
Puyang	Code One City	Residential	108,418
Xinxiang	Jianye Beverly Manor	Residential	238,454
Xinxiang	Code One City	Residential	193,241
Xinxiang	U-Town	Residential	79,173
Xinxiang	Changyuang Forest Peninsula	Residential	91,458
Jiaozuo	Central Garden	Residential	137,885
Jiaozuo	Qinyang Spring Time	Residential	78,733
Jiaozuo	Xiuwu Forest Peninsula	Residential	54,683
Nanyang	Code One City	Residential	161,957
Zhoukou	Luyi Jianye City	Residential	267,234
Zhoukou	Luyi Mingdao City	Residential	52,452
Zhoukou	Shenqiu Jianye City	Residential	121,581
Zhoukou	Xiangcheng Spring Time	Residential	78,777
Zhoukou	Landmark	Residential	94,275
Others			302,599
Total			5,869,335

(c) Property Projects under Development

As of 31 December 2017, the Company had 65 projects under development with a total GFA of approximately 8,417,000 sq. m., including 10 projects under development in Zhengzhou and 55 projects under development in other cities of Henan Province.

City	**Project name**	**Principal use of property**	**GFA under development** *(sq. m.)*
Zhengzhou	Canal Courtyard	Residential	168,452
Zhengzhou	Tihome Jianye International City	Residential	738,818
Zhengzhou	Blossom Garden	Residential	236,182
Zhengzhou	Zhengxi U-Town	Residential	124,214
Zhengzhou	Wulong Century New City	Residential	528,138
Zhengzhou	Triumph Plaza	Commercial	50,263
Zhengzhou	Gongyi Spring Time	Residential	165,265
Zhengzhou	Xinmi Code One City	Residential	84,806
Zhengzhou	Xuhui Zhengrong Grand Mansion	Residential	163,666
Zhengzhou	Intelligent Palace	Residential	164,356
Kaifeng	Chrysanthemum Garden	Residential	98,010
Luoyang	Sweet-Scented Osmanthus Garden	Residential	126,901
Luoyang	Poly Champagne International	Residential	88,353
Luoyang	Dingding House	Residential	101,100
Luoyang	Code Two City	Residential	208,686
Anyang	Huaxian Code One City	Residential	134,499
Anyang	Jianye City	Residential	144,771
Anyang	Linzhou CCRE Mall	Residential	73,759
Hebi	Code One City	Residential	197,996
Xinxiang	Beverly Manor	Residential	289,634
Xinxiang	Code One City	Residential	410,814
Xinxiang	Changyuang Forest Peninsula	Residential	139,890
Xinxiang	U-Town	Residential	79,173
Jiaozuo	Central Garden	Residential	262,289
Jiaozuo	Qinyang Spring Time	Residential	78,733
Jiaozuo	Xiuwu Forest Peninsula	Residential	54,588

City	Project name	Principal use of property	GFA under development *(sq. m.)*
Puyang	Code One City	Residential	136,598
Xuchang	Code One City	Residential	60,860
Xuchang	Changge Spring Time	Residential	220,809
Xuchang	Yanling Eco-City	Residential	51,529
Xuchang	Sweet-Scented Osmanthus Garden	Residential	90,718
Xuchang	Chinoiserie Palace	Residential	83,468
Xuchang	Yuzhou Sweet-Scented Osmanthus Garden	Residential	55,167
Luohe	Xicheng Forest Peninsula	Residential	259,394
Sanmenxia	Code One City	Residential	122,304
Sanmenxia	New District Forest Peninsula	Residential	170,228
Shangqiu	Zhecheng U-Town	Residential	64,648
Shangqiu	Yongcheng U-Town	Residential	75,721
Zhoukou	Luyi Jianye City	Residential	162,254
Zhoukou	Landmark	Residential	94,275
Zhoukou	Shenqiu Jianye City (West)	Residential	121,581
Zhoukou	Forest Peninsula	Residential	72,934
Zhoukou	Luyi Mingdao City	Residential	52,452
Zhoukou	Xiangcheng Spring Time	Residential	78,777
Zhumadian	Jianye Eighteen Cities	Residential	254,028
Zhumadian	The West Lake Villa	Residential	141,190
Zhumadian	Suiping Forest Peninsula	Residential	122,097
Zhumadian	Xiping Forest Peninsula	Residential	93,901
Zhumadian	Xincai CCRE Mall	Residential	100,587
Nanyang	Code One City	Residential	275,829
Xinyang	Jianye City	Residential	91,842
Jiyuan	Code One City-North Terrace	Residential	50,921
Others			399,274
Total			8,416,742

(d) Property Projects Completed

During the reporting period, the Company had 46 projects completed in total with a total completed GFA of 3,519,000 sq. m..

City	**Project name**	**Principal use of property**	**Saleable GFA** *(sq. m.)*
Zhengzhou	Sky Mansion	Residential	174,413
Zhengzhou	Triumph Plaza	Commercial	196,945
Zhengzhou	Gongyi Code One City	Residential	105,364
Zhengzhou	Jiuru House	Residential	171,037
Zhengzhou	Zhengxi U-Town	Residential	127,766
Zhengzhou	Spring Time	Residential	220,976
Luoyang	Sweet-Scented Osmanthus Garden	Residential	137,585
Luoyang	Poly Champagne International	Residential	122,775
Luoyang	Huayang Fengdu	Residential	121,380
Kaifeng	Chrysanthemum Garden	Residential	98,165
Shangqiu	Yongcheng U-Town	Residential	103,251
Shangqiu	Zhecheng U-Town	Residential	70,428
Shangqiu	Eighteen Cities	Residential	62,746
Shangqiu	Hill Water Lake City	Residential	223,688
Zhumadian	Eighteen Cities	Residential	187,762
Zhumadian	Xiping Forest Peninsula	Residential	43,003
Sanmenxia	U-Town	Residential	77,647
Pingdingshan	Wugang Forest Peninsula	Residential	39,331
Luohe	Code One City	Residential	75,904
Luohe	Xicheng Forest Peninsula	Residential	53,440
Xuchang	Code One City	Residential	128,124
Anyang	Jianye City	Residential	85,104
Hebi	Sweet-Scented Osmanthus Garden	Residential	55,030
Hebi	Code One City	Residential	74,903
Puyang	Jianye New City	Residential	84,706
Puyang	Code One City	Residential	52,045
Jiaozuo	Xiuwu Forest Peninsula	Residential	55,748
Zhoukou	Luyi Jianye City	Residential	162,613
Others			407,376
Total			3,519,255

2. *Hotels*

Henan Jianye Zhizun Hotel Investment Co., Ltd. (河南建業至尊酒店管理有限公司), a wholly-owned subsidiary of the Company, is responsible for brand management, design management, engineering management, opening preparation and operation management for all hotel projects of the Group. Currently, it has established strategic cooperation with three international well-known groups of hotel management, namely Marriott, InterContinental and Accor, under which five hotel projects are in operation, i.e. Aloft Zhengzhou Shangjie, Holiday Inn Nanyang, Four Points by Sheraton Luohe, Le Méridien Zhengzhou and Pullman Kaifeng Jianye.

In the meantime, the Group is developing its own brand hotel, Yanling Jianye The Mist Hot Spring Hotel and Zhengzhou Jianye Sky Mansion will make their wonderful appearance in 2018. The Company's hotels are identified with high-quality services and are popular among, and well recognised by, high-income consumers. This enhances the Company's brand and reputation, and promotes higher profitability of property projects.

As at 31 December 2017, the Company had 5 hotels completed. Revenue from hotel operation in the reporting period increased by 9.9% as compared with that in the same period last year, demonstrating a sustainable and steady revenue from the hotel segment.

Le Méridien Zhengzhou

Le Méridien Zhengzhou opened on 31 October 2013 with a site area of 5,391 sq. m. and a total GFA of approximately 65,007 sq. m.. It is located at the junction of Zhengbian Road and Zhongzhou Avenue, Zhengzhou. It is a five-star hotel inheriting the European tradition of elegance and integrating contemporary culture, and is gorgeous and unique in design. It has 350 guest rooms or suites and is currently managed by Marriott International Group.

Aloft Zhengzhou Shangjie

Aloft Zhengzhou Shangjie opened on 6 August 2011 with a site area of 12,701 sq. m. and a total GFA of approximately 19,800 sq. m.. It is located at No. 101, Zhongxin Road, Shangjie District, Zhengzhou City. It is a five-star hotel inheriting the European tradition of elegance and integrating contemporary culture, and is fashionable and simplistic in design. It has 172 guest rooms or suites and is currently managed by Marriott International Group.

Holiday Inn Nanyang

Holiday Inn Nanyang opened on 8 August 2012 with a site area of approximately 66,700 sq. m. and a total GFA of approximately 50,138 sq. m.. It is located at the junction of State Road 312 and Binhe Road in Nanyang which is in close proximity to Baihe River Tourist Attraction. It is a five-star garden design style hotel and the first multifunctional hotel in Nanyang for the purposes of commerce, holiday, administration and conference. It has 360 guest rooms or suites and is currently managed by InterContinental Hotels Group.

Four Points by Sheraton Luohe

Four Points by Sheraton Luohe opened on 23 November 2012 with a site area of approximately 34,426 sq. m. and a total GFA of approximately 40,441 sq. m.. It is located at Songshan Road West Branch, Yancheng District, Luohe which is in close proximity to the Convention and Exhibition Center and around a 10-minute ride to the city center of Luohe and the railway station. Four Points by Sheraton Luohe is an intelligent composite five-star hotel comprising business conference, food & beverage, accommodation, leisure and entertainment in classic and fashionable design. With 244 guest rooms or suites, it is the best choice for business conference, leisure and entertainment and is currently managed by Marriott International Group.

Pullman Kaifeng Jianye

Pullman Kaifeng Jianye opened on 8 October 2015 with a site area of approximately 58,349 sq. m. and a total GFA of approximately 43,836 sq. m.. It is located at No. 16, Longting North Road, Longting District, Kaifeng City. Pullman Kaifeng Jianye is a five-star resort hotel comprising business conference, food & beverage, accommodation, leisure and entertainment. The building is a post-modern architecture in Northern Song style. It has 186 guest rooms or suites and is currently managed by Accor Hotels Group.

Yanling Jianye The Mist Hot Spring Hotel

Yanling Jianye The Mist Hot Spring Hotel, with a site area of 37,140 sq. m. and a total GFA of approximately 19,940 sq. m., is the first self-operated hotel of the Group. Yanling Jianye The Mist Hot Spring Hotel is a hot spring resort hotel comprising business conference, accommodation, food & beverage, leisure and entertainment, and has 51 guest rooms or suites. Its soft launch was in February 2018.

Zhengzhou Jianye Sky Mansion

Zhengzhou Jianye Sky Mansion is located at the northwest corner of the intersection of Dongfeng East Road and Kangning Street with a site area of approximately 3,847 sq. m. and a GFA of approximately 33,015 sq. m.. The project is featured as a high-end service apartment of the Group with a total of 302 rooms, ranging from single-family apartments to four-bedroom apartments. The apartment is equipped with all-day dining restaurant, Japanese Izakaya, gym center, swimming pool, children's play room and other facilities to provide occupants with safe, convenient, warm and comfortable living space. The soft launch of Zhengzhou Jianye Sky Mansion is scheduled to be in May 2018.

3. Cultural Tourism

Cultural tourism sector of the Company is engaged in development and operation of real estate projects for cultural tourism principally located in historic cities in Henan Province, such as Zhengzhou, Kaifeng and Luoyang. Having been rich in history, culture and natural resources, it tells the "Jianye story of cultural tourism" in different style, forms and substance through theme park, tourist district and real scenery performance. As at 31 December 2017, the Company had 4 projects for cultural tourism, namely Jianye • Huayi Brothers Film Town, Jianye "Henan Unique • The Country of War（只有河南•戰之國）", Zhengping Fang Cultural and Creativity Park in Luoyang and Jianye Ivi 1895.

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

Jianye Unique is a large-scale acting and performance project co-developed with Wang Chaoge（王潮歌）, a director of real scenery performance, and is also one of the Type-A Key Construction Projects in Henan Province for 2017. 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 and applying an innovative performing way, the project aims to reveal the rich Central Plain culture as well as the glorious Chinese culture through the combination of several drama units with outdoor scene space as well as function space by making use of its unique architectural space, facilitating people to learn about those history and culture in multi-sensory approach. Jianye Unique will be developed as a contemporary themed drama park integrating acting and performance, exhibition and experience with the feature of Central Plain culture, custom and habit, as well as a perfect and innovative complex satisfying different needs for culture, arts, tourism and business. The construction land for the project was granted in August 2017. As planned, the construction of the project will be commenced in April 2018, and its opening will be in 2020.

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

Jianye Ivi 1895 is a cinematic theme event venue for culture and leisure co-developed with ivimovie Cultural Development Co. Ltd. The project pairs technology with culture, film with arts and vogue with leisure. Jianye Ivi 1895 provides cinema, performance theatre, cultural creativity center, reading room and technology zone, and its products featured by "uniqueness and customization" will be shown at cinemas simultaneously, creating a site for diversified cultural and entertainment. As at 31 December 2017, three Ivi theatres were in operation in Zhengzhou, and among the 71 Ivi theatres all over the country, three Jianye Ivi ranked the fifth, sixth and seventh respectively during the year. Moreover, since its opening, the synchronous hall in the MIXC theatre has recorded the highest output per seat and the highest purchasing rate of members in Henan.

4. Green House

CCRE's green houses are the establishment and operation of CCRE's modern agricultural projects. As at 31 December 2017, the Company had one green house completed and in operation, namely Yanling Jianye Green House, one green house initially constructed and ready for visiting, namely Hebi Jianye Green House, and two green houses under development, namely Zhoukou Jianye Green House and Yichuan 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 total site area of approximately 3.33 million sq. m.. It is a countryside complex covering modern facility farming, traditional farming, agri-tourism and unique cuisine. The project is equipped with intelligent gutter-connected glass greenhouse, multi-functional exhibition hall, technology research center and culture room for cut flowers as well as 3,000 Chinese-mu eco-tree seedlings.

The number of visitors of Yanling Jianye Green House was in excess of 650,000 in 2017, including provincial and city level officials, local and foreign experts and researchers in relevant areas, Jianye property owners and members of "Jianye Junlin Club". The achievement transformation project of Henan Province of "Introduction and popularization of ornamental lotus", which is cooperated by the Project and Shanghai Institutes for Biological Sciences, Chinese Academy of Sciences, has passed the expert assessment and will be granted financial support from the local government for project research.

Hebi Jianye Green House

Hebi Jianye Green House is located at the urban-rural integration demonstration zone in Hebi City with a total site area of approximately 0.34 million sq. m.. It is a countryside complex covering popular science, experience, creativity, tourism and leisure. During the reporting period, the Project has completed more than 100 Chinese-mu of characteristic flower hill planting, and construction of 20,000 sq. m. of artificial lake and wedding lawn, 60,000 sq. m. of intelligent gutter-connected greenhouse, as well as flower trading center in North Henan. Hebi Jianye Foodcourt and Flower Trading Center has been put in operation.

Zhoukou Jianye Green House

The land circulation of Zhoukou Jianye Green House is 5,700 Chinese-mu, with the remaining about 1,000 Chinese-mu of channel land are under circulation. The Project has fulfilled the following constructions: firstly, the main structure of about 5,000 sq. m. of office and accommodation area is currently under renovation and is expected to be accomplished by March; secondly, the main structure of 36,000 sq. m. of greenhouse area is currently under installation of the top of the outer facade and the external construction is scheduled to be completed before the Spring Festival; thirdly, 80% of a landscape demonstration area of about 150,000 sq. m., and tree planting have completed.

Yichuan Jianye Green House

Yichuan Jianye Green House is located in North of Zhangyao Village, Jiangzuo Town, Yichuan County, Luoyang City, with approximately 5,900 Chinese-mu and total investment amount of RMB2 billion. The overall positioning strategy of the project is a countryside complex concerning six highlights of "modern agriculture, ecological leisure, cultural creativity, experience center, science popularization and healthcare", with maintaining sustainable development for protecting ecological environment as its basis and with development strategy focusing on "agricultural + cultural tourism + healthy", by establishing of "demonstration zone of modern agricultural complex + ecological culture protection + picturesque village + Jianye foodcourt". During the reporting period, the temporary office of the project was completed and has been put in operation.

Six newly signed countryside complexes in 2017:

In 21 July, "agricultural complex" project signed with the People's Government of Shangqiu Suiyang District;

In 2 September, agreement signed with Cultural Tourism of Jigong Mountain Management Zone Investment Promotion;

In 11 October, strategic cooperation framework agreement signed with the People's Government of Lankao County, Kaifeng City;

In 27 October, strategic cooperation agreement signed with the People's Government of Wuzhi County, Jiaozuo City;

In 14 December, strategic cooperation agreement signed with the People's Government of Xiangcheng County, Xuchang City;

In 29 December, strategic cooperation agreement signed with the People's Government of Wolong District, Nanyang City.

5. *Light-asset Model Projects*

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

Henan Zhongyuan Central China Construction and City Development Limited* (河南中原建設城市發展有限公司, hereinafter referred to as "Zhongyuan Jianye"), a subsidiary of the Company, is in charge of expanding and management of light-asset business and positions itself as a comprehensive service provider for real estate development. As at 31 December 2017, the Company has entered into contracts for 75 light-asset model projects in total with expected total GFA of approximately 12,460,000 sq. m. according to those contracts. Zhongyuan Jianye is responsible for constantly formulating and optimizing standardized management principles and agreements, improving talent development program, partnership pairing up and evaluation mechanism, enhancing products and services supervision mechanism, and building resources integration and share platform.

(III) Land Reserves

During the reporting period, the Group acquired land with a GFA of approximately 5.75 million sq. m. through public land auctions and equity acquisitions, which newly added land reserves with a total GFA of approximately 14.67 million sq. m.. As at 31 December 2017, the Company had land reserves with a total GFA of approximately 31.88 million sq. m., including beneficially interested GFA of approximately 24.25 million sq. m..

1. Public Land Auctions

In January 2017, the Group acquired the land use rights of three land parcels located at the east of Zijing Road, Gongyi County, Zhengzhou City. The purchase price for the acquisition was approximately RMB219 million. The three land parcels have a total site area of 125,981 sq. m..

In March 2017, the Group acquired the land use rights of a land parcel located at the south of Bode Road West and the west of Zhiyuan Avenue, Luyi County, Zhoukou City. The purchase price for the acquisition was approximately RMB85 million. The land parcel has a site area of 63,988 sq. m..

In March 2017, the Group acquired the land use rights of a land parcel located at the south-east of the intersection between Yancheng Road and Bailing Avenue, Xiangcheng County, Xuchang City. The purchase price for the acquisition was approximately RMB72 million. The land parcel has a site area of 56,349 sq. m..

In March 2017, the Group acquired the land use rights of four land parcels located at the east of Pushang Road North and the south of Longze Avenue in Puyang City. The purchase price of the acquisition was approximately RMB794 million. The four land parcels have a total site area of 252,032 sq. m..

In April 2017, the Group acquired the land use rights of twelve land parcels located at Hongtang Bufu Village, Tianya Town, Sanya City, Hainan Province. The purchase price of the acquisition was approximately RMB2,626 million. The twelve land parcels have a total site area of 887,920 sq. m..

In May 2017, the Group acquired the land use rights of two land parcels located at the central business district of Shenqiu County. The purchase price of the acquisition was approximately RMB145 million. The two land parcels have a total site area of 103,779 sq. m..

In May 2017, the Group acquired the land use rights of three land parcels located at Wolong District, Nanyang City. The purchase price of the acquisition was approximately RMB113 million. The three land parcels have a total site area of 55,026 sq. m..

In June 2017, the Group acquired the land use rights of a land parcel located at the Dongfeng Road North and the east of Rantun Road East, Zhengzhou City. The purchase price of the acquisition was approximately RMB367 million. The land parcel has a site area of 34,700 sq. m..

In June 2017, the Group acquired the land use rights of three land parcels located at the west of Daling Road and the south of Zhongxin Avenue, Sanmenxia City. The purchase price of the acquisition was approximately RMB107 million. The three land parcels have a total site area of 55,026 sq. m..

In June 2017, the Group acquired the land use rights of two land parcels located at the south of Xinsi Street, Gushi County, Zhumadian City. The purchase price of the acquisition was approximately RMB123 million. The two land parcels have a total site area of 122,627 sq. m..

In July 2017, the Group acquired the land use rights of seven land parcels located at the International Cultural and Creative Industrial Park in Zhengzhou City. The purchase price for the acquisition was approximately RMB1,109 million. The seven land parcels have a total site area of 322,002 sq. m..

In July 2017, the Group acquired the land use right of a land parcel located at the north of Renminzhong Road, Xincai County, Zhumadian City. The purchase price for the acquisition was approximately RMB69 million. The land parcel has a site area of 63,673 sq. m..

In July 2017, the Group acquired the land use right of a land parcel located at the east of Shiju Road and the north of Tuanjie Road, Qinyang County, Jiaozuo City. The purchase price for the acquisition was approximately RMB98 million. The land parcel has a site area of 51,751 sq. m..

In July 2017, the Group acquired the land use right of a land parcel located at the north of Fengshou Road and the east of New Jiaozuo University, Jiaozuo City. The purchase price for the acquisition was approximately RMB427 million. The land parcel has a site area of 57,432 sq. m..

In July 2017, the Group acquired the land use right of a land parcel located at the north of Renmin Road and the east of Zhongxing Road, Macun District, Jiaozuo City. The purchase price for the acquisition was approximately RMB126 million. The land parcel has a site area of 73,337 sq. m..

In July 2017, the Group acquired the land use right of a land parcel located at the south of Yuhe Road and the west of Yuquanshan Road, Luohe City. The purchase price for the acquisition was approximately RMB138 million. The land parcel has a site area of 84,105 sq. m..

In August 2017, the Group acquired the land use rights of nine land parcels located at the International Cultural and Creative Industrial Park in Zhengzhou City. The purchase price for the acquisition was approximately RMB1,556 million. The nine land parcels have a total site area of 597,227 sq. m..

In August 2017, the Group acquired the land use rights of two land parcels located at the south of Yuying Middle School, Zhengyang County, Zhumadian City. The purchase price for the acquisition was approximately RMB90 million. The two land parcels have a total site area of 88,543 sq. m..

In September 2017, the Group acquired the land use rights of three land parcels located at the southwest of the junction between Qinghe Avenue and Chaoyang Road, Pingyu County, Zhumadian City. The purchase price for the acquisition was approximately RMB153 million. The three land parcels have a total site area of 170,344 sq. m..

In September 2017, the Group acquired the land use right of a land parcel located at the west of Fumin Road, the south of Jianshe Road and the north of Renmin Road Elementary School, Xiangcheng County, Zhoukou City. The purchase price for the acquisition was approximately RMB66 million. The land parcel has a site area of 35,638 sq. m..

In September 2017, the Group acquired the land use right of a land parcel located at the south of Boduo West Road and the east of Mingdao Road, Luyi County, Zhoukou City. The purchase price for the acquisition was approximately RMB122 million. The land parcel has a site area of 74,153 sq. m..

In September 2017, the Group acquired the land use rights of three land parcels located at the intersection between Yinghe Road and Guihua 3rd Road, Dengfeng County, Zhengzhou City. The purchase price for the acquisition was approximately RMB340 million. The three land parcels have a total site area of 148,704 sq. m..

In September 2017, the Group acquired the land use rights of a land parcel located at the northeast of the intersection between Xindong Road and Zhongyuan East Road, Puyang City. The purchase price for the acquisition was approximately RMB280 million. The land parcel has a site area of 92,051 sq. m..

In September 2017, the Group acquired the land use rights of three land parcels located at the east of Canglong East Road, west of Ganshan Road and north of Boyang Road, Sanmenxia City. The purchase price for the acquisition was approximately RMB370 million. The three land parcels have a total site area of 164,567 sq. m..

In October 2017, the Group acquired the land use rights of two land parcels located at the north on east section of Hexin Road, Suiping County, Zhumadian City. The purchase price for the acquisition was approximately RMB108 million. The two land parcels have a total site area of 99,464 sq. m..

In October 2017, the Group acquired the land use rights of two land parcels located at the east of Longshan Avenue and the south of Guihua Jiancai Road, Ruzhou County, Pingdingshan City. The purchase price for the acquisition was approximately RMB168 million. The two land parcels have a total site area of 92,768 sq. m..

In October 2017, the Group acquired the land use rights of two land parcels located at the south of Runing Avenue and the east of Kangqiang Road, Runan County, Zhumadian City. The purchase price for the acquisition was approximately RMB132 million. The two land parcels have a total site area of 87,721 sq. m..

In December 2017, the Group acquired the land use rights of a land parcel located at the south of Boduo West Road and east of Mingdao Road, Luyi County, Zhoukou City. The purchase price for the acquisition was approximately RMB121 million. The land parcel has a site area of 64,139 sq. m..

In December 2017, the Group acquired the land use rights of three land parcels located at the south of Xiyuan Road and east of Xinmin Road, Huaiyang County, Zhoukou City. The purchase price for the acquisition was approximately RMB117 million. The three land parcels have a total site area of 102,932 sq. m..

In December 2017, the Group acquired the land use rights of twelve land parcels located at the outer ring of the Hudao Island on Beilong Lake, Zhengdong New District, Zhengzhou City. The purchase price for the acquisition was approximately RMB2,073 million. The twelve land parcels have a total site area of 115,895 sq.m..

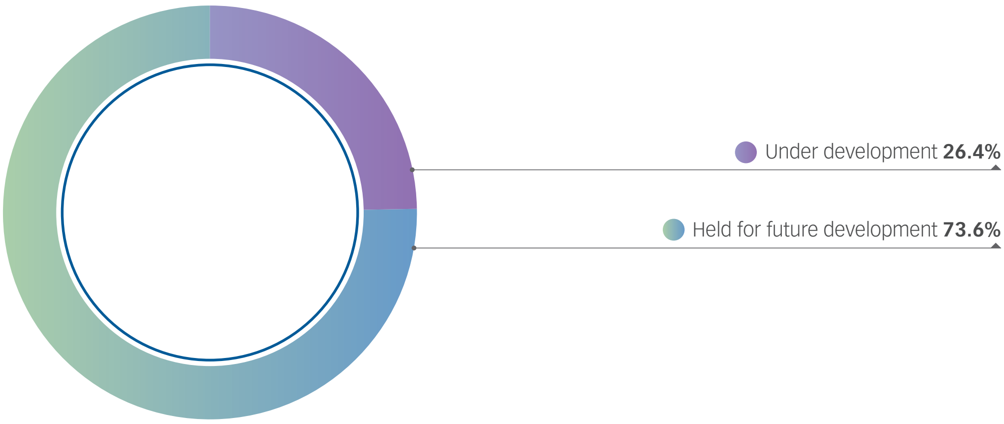
2. *Equity Interest Acquisitions and Disposals*

As at 31 December 2017, the Group, through equity interest acquisitions, acquired 33, in aggregate, land parcels with a total site area of 1,277,150 sq. m. in Zhengzhou City, Shangqiu City, Zhumadian City, Zhoukou City, Luoyang City and Anyang City.

3. Distribution of land reserves

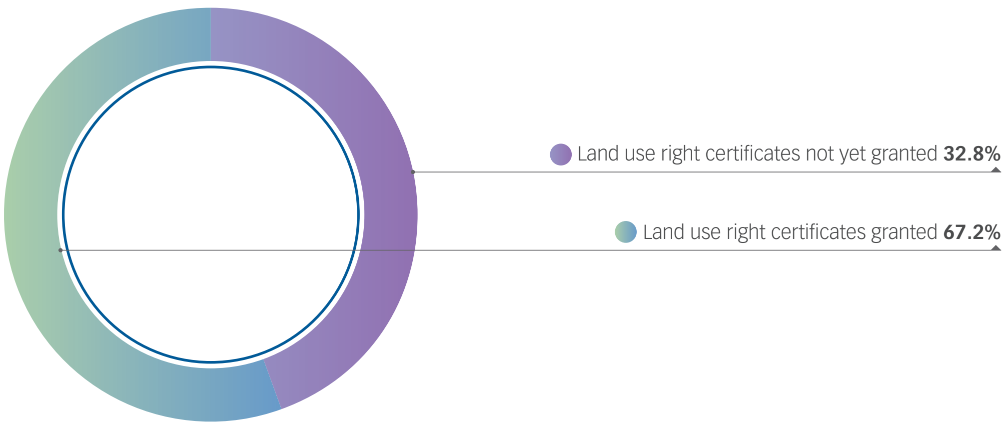
(1) Distribution of the Company's land reserves by current development status

Fig: distribution of land under development and land held for future development in the Company's land reserves (as at 31 December 2017)



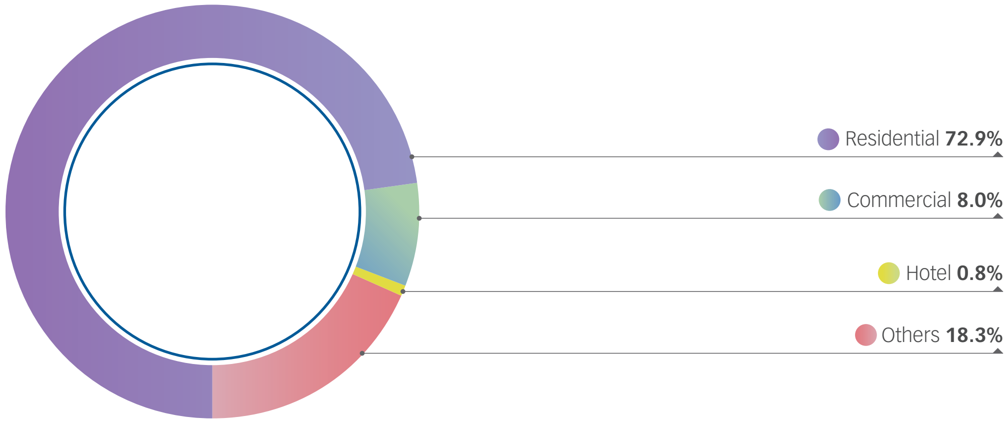
(2) Distribution of the Company's land reserves by land use right certificates

Fig: percentage of the Company's land reserves for which land use right certificates had been granted and those had not been granted (as at 31 December 2017)



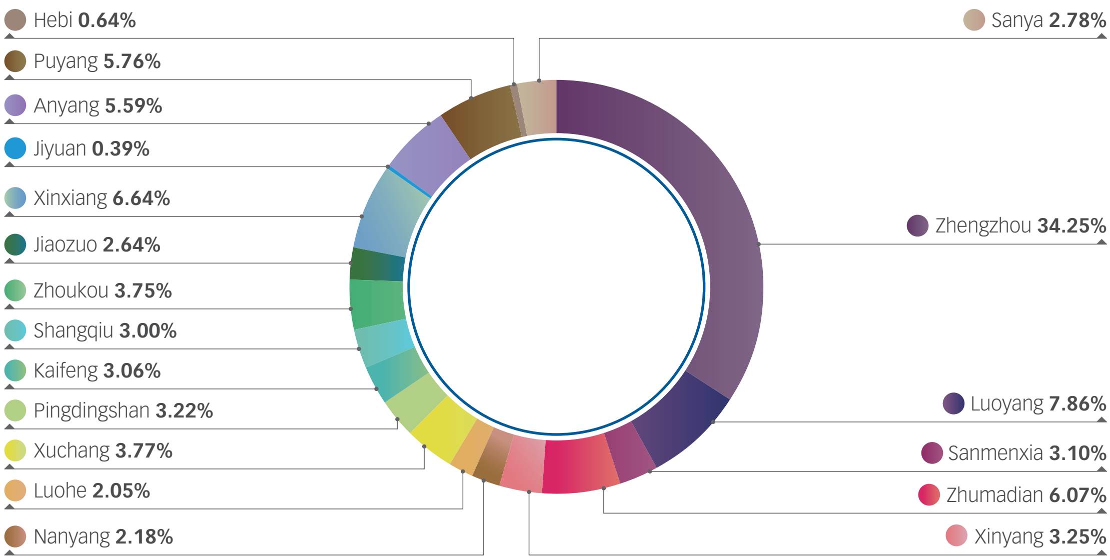
(3) Distribution of the Company's land reserves by property types

Fig: distribution of the Company's land reserves by property types (as at 31 December 2017)



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

Fig: distribution of the Company's land reserves by cities (as at 31 December 2017)



(IV) Product Research and Development

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

Quality Enhancement

2017 marks the year of "Quality Enhancement" for the Company. During the reporting period, oriented from customer experience, the Company made amendments and enhancement to its product standards, and comprehensively improved the quality of both the old and new housing complexes through establishing relevant systems, conducting inspection and appraisal and other methods.

Product Line Sorting

During the reporting period, the Company sorted and studied thoroughly the original series and standards, refined the classification of customers and land, and matched the products with land and customers as well as product identifying with product classification. With all those measures, the Company has established a unique product line system.

Product Research, Development and Innovation

During the reporting period, the Company continuously deepened and refined the architectural design, and came out with products of wide and horizontal living rooms with increased competitiveness through an understanding of customers' needs. The "Platform for Product Standardisation, Design and Management" was launched for regulating design and management procedures, compiling product data base and securing product quality by means of informatisation. The Company was able to improve the accuracy of design by employing the advanced building information modeling (BIM) technology in advance for our key projects.

Fully Decorated House

The Company adheres to the development concept of "Green, Low-carbon, Energy-saving and Technology" and conducts study on the fully decorated house system. During the reporting period, through research and development, the Company formulated the "Standard Product Rating System for Refined Decoration House of CCRE" which was promoted and then applied to some key projects, such as Spring Time. By incorporating the elements of intelligence and technology into product design, the Company shows meticulous care to its customers.

Commercialisation

Riding on the established foundation of standardisation, the Company made technical research and development on commercialisation technology, established corresponding technical standards and applied commercialisation technology to architectural design of CCRE Orange Garden（建業橙園）.

(V) Customer Service and Customer Relations

In 2017, the Company continued to actively transform into a "New Lifestyle Service Provider" by providing personalised, customised and differentiated products and services, with an aim to create a new lifestyle to the customers.

2017 is the year of "Quality Enhancement" of the Company in which the Company is fully enhancing the quality of our products and services in six dimensions, creating better houses, better services and better lifestyle for the people in Henan with our professional attitude of striving for excellence. Provision of better houses represents our breakthrough improvements on site selection, layout planning, auxiliary facilities, scenic view and house configuration with our extensive research and development capability with an aim to satisfy the basic housing need of the people in Henan with our novel products. Better services represent provision of fully upgraded services through our three major service regimes, namely the CCRE Property 1.0, the "E + Family" APP 2.0 and the "Jianye Junlin Club" 3.0, for satisfying the need of property owners for more delicate, civilized and personalized services. Better lifestyle represents the development of comprehensive intelligent living, such as travel, hotel lifestyle, wealth investment and countryside for increasing the fondness of the people in Henan for new lifestyle with our sufficient internal and external resources.

During the reporting period, the Company continued to enhance customers' satisfaction and product quality, strengthened basic services by emphasizing risks management, upgrading our mystery shopper program and the "Improvement and Enhancement" campaign（琢玉行動）and strictly observing the requirements for joint acceptance inspection, while coming up with new idea of working by introducing one-stop property delivery services and establishing a "Fix-it Quick" maintenance team for further optimizing property delivery procedure, improving our customer service regime by releasing the addresses of customer service counter. The "Sunshine Declaration" was posted at the place where the sale is to take place in order to reduce the risk of receiving customers' complaints. The "Home Broadcast" has been launched, focusing on the continuous care for signed customers. The Company has implemented the "Model Flat" program and introduced "Housekeeping Services" to promote the standardization of marketing services, initiated "Jianye with You" to enable property owners to get a foretaste of property service before moving in, which have promoted continuous improvement of customer satisfaction and stability in the ranks of satisfactory for excellent property enterprises.

BUSINESS OUTLOOK

1. The Macro-economic Landscape

In 2017, the macro economic landscape maintained positive momentum in stability with remarkable enhancement in stability, coordination, and sustainability of economic development. Looking forward, in the year 2018, the government is expected to maintain consistency and stability of its policy, continue to implement an active fiscal policy and a prudent and neutral monetary policy, take coordinated steps to achieve steady growth, facilitate reforms, adjust structures, improve livelihood and prevent risks, optimise two pillars of monetary policy and macro-prudential policy framework and prevent and divert financial risks. In terms of the total demand, it is possible that there will be an insignificant decline in the demand of the government and residential segments and a sign of slight cyclical downturn after a rise in respect of the economy as a whole. The major conflict of the movement of interest rates will be converted into "deleveraging vs stable growth". The Company anticipated that the macro-economic landscape in 2018 will remain stable in general.

In 2017, the major macroeconomic indicators of Henan Province maintained steady growth. Adjustment and optimisation of economic structure, continuous improvement in quality and efficiency, steady enhancement in development drivers gave rise to the trend of positive growth in stability and emergence of new momentums. Leveraging on the national strategy in tandem with extra advantages, Henan Province was able to demonstrate its role as a hub for transportation, increasingly accelerating the progress of industrial upgrades, thereby further facilitating economic development. It is expected that the macro-economic landscape in Henan Province will continue to record steady growth in 2018.

2. Property Market Outlook

In 2017, against the backdrop of the central government's emphasis on housing for dwelling, local governments adopted clearly different regulatory policies. The regulatory policies in red-hot cities were tightened constantly and governments at all levels intensified property purchase restrictions and mortgage restrictions as well as various regulatory measures. While strengthening regulations on real estate financing, the governments imposed restrictions on property sales and the scope of which was being expanded, with a view to curbing demands for housing speculation and investment. Under such an environment, China saw a more fragmented property market, and the first-tier cities, former red-hot second-tier cities and third and fourth-tier cities around the first-tier cities became the key targets of market regulation. The property market will face a challenging environment in 2018. According to our judgments made based on factors such as the curbing of demands, the reduction of residents' leverage and unbalanced demand and supply, in 2018, the sales amount and GFA of the industry will fall slightly from high levels. Affected by a tightening financing environment, property developers will be less willing to invest and will remain cautious when it comes to land acquisition, and it is very likely that the sales volume in the land market will decline while the price remain stable or decline. There is a possibility that all kinds of indicators will stabilize and improve as property developers adapt to relevant policies subsequently, however, various growth rates will still lag behind those in 2017.

The growth rate of the macroeconomy in Henan Province is faster than the national average with relatively slow urbanization development. Therefore, the property market in Henan Province still has a high potential for development. In 2017, the sales GFA of commodity housing in Henan Province increased by 27.01%, which was much higher than the national average of 13.7% and demonstrated the strong development of the property market in Henan Province. The property market in Zhengzhou, a "New First-tier" city, entered a period of adjustment while the property markets in most of the third and fourth-tier cities in the province reported strong sales growth. In 2018, as the property market in Zhengzhou will continue its adjustment and the property markets in most of the third and fourth-tier cities will cool down gradually, the growth of the property sales in Henan Province will slow down quickly, however, the performance of the property market in Henan Province as a whole will still beat the national average.

RISK MANAGEMENT

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

Risk Management Philosophy of the Company

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

MATERIAL RISKS OF THE GROUP

During 2017, our business planning process has identified the following as material risks of the Company:

Risk Description	Risk Changes in 2017	Key Measures for Risk Management
Financial Risks		
The Company's credit ratings may be downgraded. A downgrade may trigger higher costs of corporate financing of the Company in the future.	With the announcement of 2016 annual results, the credit rating of the Company was downgraded in the second quarter.	1. Evaluate business strategies, review capital structure and lock in long-term funding to ensure liquidity; and 2. Maintain sufficient undrawn credit facilities to fulfill the liquidity demand of the Company.
Senior notes of the Company are mainly denominated in USD, whereas the source of income of the Company is in RMB. RMB exchange rate volatility may expose the Company to foreign currency risk.	RMB exchange rate volatility has become a market norm.	1. Hedge currency exposures in line with the Company's business strategies; and 2. Closely monitor the effects of RMB exchange rate volatility on the Company.

Risk Description	Risk Changes in 2017	Key Measures for Risk Management
Operational Risks		
There is uncertainty in requirements by the government on project planning. Changes requested by the government at stage of approval may increase our development costs.	Uncertainty in requirements by the government increases due to the continuous changing urban planning and every kind of new policies.	Enhance communication with governmental departments for minimising repeated reporting on construction for approval.
Major property developers may commence operations in Henan Province, resulting in fierce market competition.	Risk level remains broadly the same.	1. Bolster the brand's market influence; and 2. Enhance product quality and improve comprehensive service
Government's progress of land clearance or adjustment on urban planning of individual projects may be below expectation and affect the development progress.	Risk level remains broadly the same.	Enhance communication and coordination with governmental departments for satisfying criteria of commencement of construction of the projects promptly.
Massive impact of increase in steel price made on steel products.	Impact of increase in steel price by approximately 30% during the year on real estate cost.	1. Introduce a mechanism for price adjustment included in central procurement tendering for eliminating continual impact of subsequent steel price volatility on prices of materials; and 2. Pay attention to the impact of steel price on cost.
Policy Risks		
Purchase limits, mortgage restrictions, sale limits in 2017, a general increase in mortgage interest rates by approximately 20% and extensive market regulations may have significant impact on property sales and may also create opportunities for leasing market	Risk level has been increasing.	1. Closely monitor the changes in policies; 2. Adjust product structure promptly; 3. Flexibly adjust the sales pace and strategy; and 4. Enhance asset management capabilities and operating competitiveness.

EVENTS AFTER THE REPORTING PERIOD

On 5 March 2018, the Company issued senior notes in the principal amount of US$300 million which will be due in 2021. The senior notes bear interest at the rate of 6.5% per annum, payable semi-annually in arrears. The senior notes will be due on 5 March 2021. The details of the redemption price were disclosed in the relevant offering memorandum dated 26 February 2018 published by the Company on the Stock Exchange website on 27 February 2018.

ISSUANCE OF SENIOR NOTES

On 18 July 2017, the Company issued 6.00% senior notes of US$200 million which will be due in 2018. The interests are payable semi-annually in arrears. The senior notes will be due on 16 July 2018. For further details of the issuance of senior notes of US$200 million, please refer to the relevant offering memorandum dated 12 July 2017 published by the Company on the Stock Exchange website on 24 July 2017.

FINAL DIVIDEND

The Board resolved to recommend a final dividend of HK$12.29 cents (equivalent to RMB9.93 cents) per share for the year ended 31 December 2017 (for the year ended 31 December 2016: nil).

ANNUAL GENERAL MEETING

The 2018 AGM will be held on Thursday, 19 April 2018 and the notice thereof will be published and despatched to the shareholders of the Company in a manner as required by the Listing Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders' eligibility to attend and vote at the 2018 AGM, the register of members of the Company will be closed from Monday, 16 April 2018 to Thursday, 19 April 2018 (both days inclusive), during which period no transfer of shares will be registered. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 13 April 2018, for registration.

For the purposes of determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on Wednesday, 25 April 2018, during that day no transfer of shares will be registered. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 24 April 2018, for registration.

CORPORATE GOVERNANCE PRACTICES

The Company has always valued the superiority, steadiness and rationality of having a sound system of corporate governance and is committed to continuously improving its corporate governance and disclosure practices. For the year ended 31 December 2017, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code (the "Corporate Governance Code") in Appendix 14 to the Listing Rules with the exception of Code Provisions A.6.7 and E.1.2 as addressed below.

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

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

   Ms. Wu Walls (alias Li Hua), being a non-executive Director, and Mr. Xin Luo Lin and Mr. Muk Kin Yau, being an independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 19 May 2017 (the "2017 AGM") as they were out of town for other businesses.

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

   Mr. Wu Po Sum, being an executive Director and the chairman of the Board and the nomination committee of the Company, was unable to attend the 2017 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 2017 AGM as he was out of town for other business.

   In their absence, the other members of the Board, Ms. Yan Yingchun and Mr. Liu Weixing, and Mr. Cheung Shek Lun, being a member of the Board, the remuneration committee and the nomination committee, attended the 2017 AGM and answered questions raised at the meeting.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct for the Directors in their dealings in the Company's securities. Having made specific enquires with each Director, the Company confirmed that all Directors had complied with the required standard as set out in the Model Code throughout the year ended 31 December 2017.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries and its joint ventures purchased, redeemed or sold any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Annual Results, including the accounting principles and practices adopted by the Group, and discussed auditing, risk management and internal control systems and financial reporting matters as well as reviewed the audited financial statements for the year ended 31 December 2017 with the management.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT

This Annual Results announcement is published on the HKExnews website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.jianye.com.cn. The Company's annual report for the year ended 31 December 2017 will be published on both websites and despatched to the shareholders of the Company in due course.

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

Hong Kong, 12 March 2018

For the purpose of this announcement, unless otherwise indicated, the conversion of RMB into HK$ is based on the exchange rate of RMB1.00 = HK$1.2379. Such rate is for the purpose of illustration only and does not constitute a representation that any amount in RMB or HK$ has been or could have been or may be converted at such or another rate or at all.

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