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.HK
www.centralchina.com

根植中原造福百姓

胡葆森

From the land of Henan, for the people of China.

2017
Interim Report

建业集团
CENTRAL CHINA

25th
1992-2017

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Wu Po Sum *(Chairman)*
Mr. Liu Weixing (Appointed on 24 March 2017)
Ms. Yan Yingchun

Non-executive Directors

Mr. Lucas Ignatius Loh Jen Yuh *(Vice-Chairman)*
Mr. Puah Tze Shyang
Ms. Wu Wallis (alias Li Hua)

Independent Non-executive Directors

Mr. Cheung Shek Lun
Mr. Xin Luo Lin
Mr. Muk Kin Yau

BOARD COMMITTEES

Audit Committee

Mr. Cheung Shek Lun *(Chairman)*
Mr. Xin Luo Lin
Mr. Lucas Ignatius Loh Jen Yuh

Remuneration Committee

Mr. Xin Luo Lin *(Chairman)*
Mr. Wu Po Sum
Mr. Cheung Shek Lun

Nomination Committee

Mr. Wu Po Sum *(Chairman)*
Mr. Cheung Shek Lun
Mr. Xin Luo Lin

CHIEF EXECUTIVE OFFICER

Mr. Chen Jianye (Resigned on 24 March 2017)
Mr. Yuan Xujun (Appointed on 24 March 2017)

COMPANY SECRETARY

Mr. Kwok Pak Shing (Resigned on 26 June 2017)
Mr. Deng Ren Yu (Appointed on 10 July 2017)

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Block E, Jianye Office Building
Nongye East Road, Zhengzhou City
Henan Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 7701B–7702A
77th Floor, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House,
24 Shedden Road, George Town,
Grand Cayman KY1-1110, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East,
Wanchai, Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
China Construction Bank Corporation
Industrial and Commercial Bank of China (Asia) Limited

LEGAL ADVISERS

As to Hong Kong Law

Li & Partners

As to Cayman Islands Law

Conyers Dill & Pearman (Cayman) Limited

INDEPENDENT AUDITORS

KPMG
Certified Public Accountants

WEBSITE

www.centralchina.com

CORPORATE PROFILE

Central China Real Estate Limited (hereinafter referred to as "CCRE" or the "Company", together with its subsidiaries hereinafter referred to as the "Group", stock code: 832.HK) was incorporated in the Cayman Islands on 15 November 2007 as an exempt company with limited liability, the shares of which were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 6 June 2008. The Group has been granted the "First Class Honor of Real Estate Developer" in the People's Republic of China (the "PRC" or "China").

The Company has been committed to the development of branded properties as its principal activity since its establishment. Over 25 years, we have continued to guide residents to new exposures in lifestyle through our articulately crafted architectural masterpieces in honour of our core value of "Taking Root in Central China and Contributing to Society." The Company is of the view that enterprises relate to society in the same way as trees relate to the earth. When we establish our presence in a city, we cooperate with our local peer developers to contribute to the local community by improving the standards of construction, increasing tax collections for local governments and creating job opportunities. Our relentless efforts in driving the urbanisation process and promoting the economic and social growth in Henan Province have won the accolades of government authorities, professionals, peers, investors, customers and our employees.

The Company positions itself as a facilitator of urbanisation and all-round social progress for the region of central China. Having taken root in Henan Province for 25 years, we are resolute as ever in our vision and mission of "building quality houses for the people of Henan". With the development of housing complexes such as "Forest Peninsula", "U-Town", "Code One City", "Sweet-Scented Osmanthus Garden", "Jianye Eighteen Cities" and "New Asia", we have improved the standard of residential housing in various cities in the Henan Province. In addition, the launch of light-asset model of the Company has secured synergetic effect with its property development business, making important contributions to the urbanisation process of the province. Meanwhile, the Company endeavours to construct a "tailor-made" mega service regime by integrating internal and external resources, such as property, education, hotel, football, commerce and green house, with a view to activating the "New Blue Ocean Strategy" and transforming the Company from an urban complex developer to a new lifestyle services provider for urban residents.

The Company is firmly committed to its philosophy of "providing customers with zero-defect products and first-rated services". In addition, we apply concepts of scientific decision-making, management standardisation and operation professionalisation in our business management to ensure the quality of our products and services.

In its persistent professional pursuit of premium residential housing development over the past 25 years, the Company has fostered a "CCRE model" focused on provincial and regional development, created a brand name well trusted for social responsibility, groomed a high calibre management team, given substance to the corporate philosophy of "perseverance for excellence" and embarked on a development cycle of "ongoing profitability and stable growth".

As at 30 June 2017, the Company has established its presence in Henan Province's 18 prefecture-level cities and 41 county-level cities. The Company had completed development projects with an accumulated aggregate gross floor area ("GFA") of approximately 19.60 million square metres ("sq.m.") and owned 51 projects under development, total GFA under development of approximately 6.96 million sq.m. and land reserves GFA of approximately 24.12 million sq.m., including beneficially interested GFA of approximately 19.32 million sq.m.. During the reporting period, GFA measured approximately 1.81 million sq.m. for newly commenced projects and approximately 2.26 million sq.m. for contracted sales.

CORPORATE PROFILE *(Continued)*

In line with its corporate culture underpinned by "honesty, responsibility, integrity and focus", a state of business featuring a high level of integration between "economic and social benefits, material and spiritual pursuits, corporate and staff interests, strategic objectives and execution process" is coming into shape.

The Company ranked 45th in the "2017 Top 500 Chinese Property Developers" in the "2017 Assessment Report on Top 500 Chinese Property Developers" published on 22 March 2017 and topped the list of "Top 10 Chinese Property Developers in Regional Operations" for nine consecutive years in a row. According to the "Evaluation and Research Report on the Listed Real Estate Companies in the PRC in 2017" published on 25 May 2017, the Company ranked 26th on the "China Real Estate Listed Company Ranking List" and ranked 4th among the listed property companies in China in terms of operations performance.

The Company adheres to its corporate philosophy of "Perseverance for Excellence" and its core value of "Taking Root in Central China and Contributing to Society". The Company remains committed to making contributions to the development of the real estate industry and the private economic sector, as well as the strengthening of the nation and the prosperity of the country.

PROJECTS OVERVIEW

As at 30 June 2017, the Company had 140 projects completed and under development, covering Henan Province's 18 prefecture-level cities and 41 county-level cities.

Zhengzhou

1. Blossom Garden
2. Champagne Garden
3. City Garden
4. Code International Garden
5. Code One City
6. Code Two City
7. Forest Peninsula
8. Gongyi Code One City
9. Gongyi Spring Time
10. Jianye Huayi Brothers Film Culture Town
11. Jinshui Garden
12. Jianye Square
13. Jiuru House
14. Landmark
15. Maple Garden
16. New World • Sweet-Scented Osmanthus Garden
17. Shangjie Forest Peninsula
18. Spring Time
19. St. Andrews
20. Suoxu River Garden
21. The Five Buildings
22. Tianzhu
23. Tihome Jianye International City
24. Triumph Plaza
25. U-Town
26. Wisdom Port
27. Wulong City
28. Xiangsheng Garden
29. Zhengxi U-Town
30. Shangyue House
31. Xuhui Zhongyue Project*
32. Lvbo Garden
33. Baisha Project*

Kaifeng

34. Chrysanthemum Garden
35. Dongjingmenghua

Luoyang

36. Code One City
37. Forest Peninsula
38. Gentlest Lake
39. Golf Garden
40. Huayang Square
41. Sweet-Scented Osmanthus Garden
42. Triumph Plaza
43. Wisdom Port
44. Yanshi Forest Peninsula
45. Huayang Fengdu
46. Poly Champagne International

Pingdingshan

47. Baofeng Forest Peninsula
48. Eighteen Cities
49. Forest Peninsula
50. Sweet-Scented Osmanthus Garden
51. Wugang Forest Peninsula

* New project names to be confirmed.

CORPORATE PROFILE *(Continued)*

Anyang

52. Forest Peninsula
53. Guihua House
54. Huaxian Jianye Code One City
55. Sweet-Scented Osmanthus Garden
56. Tangyin Forest Peninsula
57. Jianye City
58. Linzhou CCRE Mall

Hebi

59. Code One City
60. Forest Peninsula
61. Sweet-Scented Osmanthus Garden

Xinxiang

62. Changyuang Forest Peninsula
63. Code One City
64. Forest Peninsula
65. Green Garden
66. U-Town
67. Jianye City
68. Beverly Manor

Jiaozuo

69. Code One City
70. Forest Peninsula
71. Park Lane
72. Xiuwu Forest Peninsula

Puyang

73. City Garden
74. Code One City
75. Jianye City
76. Sweet-Scented Osmanthus Garden
77. Jianye New City
78. Shihe House

Xuchang

79. Changge Sweet-Scented Osmanthus Garden
80. Code One City
81. Forest Peninsula
82. Palladio Luxurious House
83. Yanling Eco-City
84. Yuzhou Jundu New World
85. Yanling Jianye Hot Spring Hotel
86. Jianye City
87. Shihe House
88. Changge Spring Time
89. Yuzhou Jianye City
90. Sweet-Scented Osmanthus Garden
91. Xiangcheng Sweet-Scented Osmanthus Garden

Luohe

92. Code One City
93. Forest Peninsula
94. Linying Sweet-Scented Osmanthus Garden
95. Moco New World
96. Xicheng Forest Peninsula

Sanmenxia

97. Code One City
98. Forest Peninsula
99. Green Garden
100. Lakeside Square
101. Lingbao Forest Peninsula
102. New World • SOHO
103. U-Town
104. New District Forest Peninsula

Shangqiu

105. Eighteen Cities
106. Forest Peninsula
107. Green Garden
108. Sweet-Scented Osmanthus Garden
109. U-Town
110. Yongchen U-Town
111. Zhecheng U-Town
112. Yangguang Road Project*

Zhoukou

113. Forest Peninsula
114. Huaiyang Sweet-Scented Osmanthus Garden
115. Luyi Jianye City
116. Luyi Mingdao City
117. Shenqiu Jianye City
118. Xihua County Project*

Zhumadian

119. Eighteen Cities
120. Forest Peninsula
121. Suiping Forest Peninsula
122. Xiping Forest Peninsula
123. Gushi Jianye City

Nanyang

124. Code One City
125. Forest Peninsula
126. Green Garden
127. Taohua Island
128. Triumph Plaza
129. Qilin Lake Project*

Xinyang

130. Code One City
131. Forest Peninsula
132. Jianye City
133. South Lake No. 1
134. U-Town

Jiyuan

135. Code One City
136. Forest Peninsula
137. New World • Pedestrian Street
138. U-Town
139. Code One City-North Terrace

Sanya

140. Sanya Hongtangwan Project*

* New project names to be confirmed.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I have the pleasure to present, on behalf of the board of directors of the Company, to you the unaudited consolidated interim results and the business review of the Group for the six months ended 30 June 2017.

In the first half of 2017, the global economy generally maintained steady, however recovery is imbalanced, significant growth in economic structure is not shown, a number of risks and uncertainties remained. In face of the perplexing economic landscape within and outside China, the Chinese economy continued to maintain a steady rise. In the first half of 2017, China's gross domestic product (GDP) grew by 6.9% as compared with the corresponding period in 2016 to approximately RMB38,149 billion, ranking among the best in the major economies of the world.

The approval of the proposal for establishing urban agglomeration in central China will be a key driving force for the economic development of western and central China, becoming another favourable factor to the rise of Central China. Henan Province, the strategically principal place of business of the Company, ranked first in GDP among the six provinces in Central China with an amount of RMB2,030.8 billion, representing a year-on-year growth of 8.2%. The province has shown a stronger performance in economic competitiveness in the region.

As for the property market, since the beginning of 2017, the emphasis on housing for dwelling has led to the tightening of the control policies on property market in major cities in China by imposing purchase limits, mortgage restrictions, price ceiling and sale limits as well as escalating various regulatory measures. The more stringent regulations on real estate financing have curbed demand for housing speculation and investment. In addition, the PRC government has introduced the Administrative Regulations for the Rental of Residential Properties to accelerate the establishment of sell and lease dual track housing system with an aim to speed up the progress of long-term mechanism establishment through deepened land and urbanization reforms, providing a favourable environment for steady and healthy development of the property market. In fact, we are of the view that the control over the property market is an inherent deep-seated need for continuous development of the property market. In such a perplexing situation of the industry with accelerated consolidation, the property developers with solid operations will be able to benefit from the control policies by acting on the courage of their convictions, being patient for growth and sustaining steady development.

Given the prediction and analysis for industry overview and competitive landscape by the Company in addition to our 25-year accumulative branding effects, the sales of the Company in the first half of 2017 increased by 48% as compared with the corresponding period in 2016 to RMB13.88 billion, becoming the "Double Champion" in Henan region in terms of cash flow and sales GFA. Meanwhile, the Company ranked 26th on the "Top 100 China Real Estate Listed Company Ranking List" compiled by China Real Estate Association, the only property developer in Henan province on the list. The Company ranked 4th among the listed property companies in China in terms of operations performance and topped the list of "Top 10 Chinese Property Developers in Regional Operations" for nine consecutive years. Also, the Company was listed on the "Top 50 Property Developers in China 2017".

Based on the coordination and analysis on different cities in the region, the Company has adopted a dual approach of light and heavy assets for development to explore projects resources through multi-channel expansion. In the reporting period, the Company newly acquired land reserves with a total GFA of approximately 4,080,000 sq.m.. In relation to light assets, the Company has entered into 52 agreements of light-asset model projects with planned GFA of approximately 9,660,000 sq.m. in aggregate. The diversified development will effectively enhance the market share and the brand influence of the Company, allowing the Company to achieve its development goals.

At present, as tightened control has been imposed on the property market by the PRC government, financing capability becomes one of the core competitive strengths for property developers. The Company, as always, has maintained stable and healthy financial positions and optimized its liability structure based on its cautious analysis and response to the capital market, further reducing its overall financing cost.

The Company has been striving to improve living environment and enhance living quality of our customers over the past 25 years by placing emphasis on fine tuning and innovation in products and services, earning our customers' respect and trust. In 2017, the Company launched its quality enhancement programme focusing on further enhancement of the quality of the products and services under our core business, bringing new set of "Jianye Standards" in the new era. In respect of management, the Company has introduced new management approach, such as "business partnership scheme and co-investment system", with an aim to increase labour efficiency and effectiveness as well as achieve growth through innovation and transformation, fulfilling the requirements for an organization in internet era.

The Company has been reaping the harvest of the allocation and transformation of resources for new lifestyle services over the past two years, in particular the "Jianye Green Base" has been strategically built in 5 locations in the province for promoting agri-tourism, and Jianye Huayi Brothers Film Culture Town will open in 2018. Such move and exploration have demonstrated the success of the development and transformation of the Company into a new lifestyle services provider, created positive synergies with the principal property development business of the Company for acquiring land resources at low cost.

In next 2 decades, upgrades and diversification of consumption will be inevitable in China. As a company accustomed to taking a long-term perspective in formulating development strategies, we are determined to adapt changing environment by continuously restraining short-sighted actions for long-lasting foundation, and operating the Company in a concrete and effective way for future development. The Company will establish "the commercial ecology of the Great Jianye" directed by customers' demand in a dual model of light and heavy assets in 3 to 5 years by fully taking advantages of our corporate culture, strategy, brands and resource synergy.

Our value represents our corporate ethical bottom line and our corporate brand value increases with the passage of time. For the sake of a brighter future, our people shall enhance our qualities of vigilance, diligence, persistence and excellence. As such, corporate strategies can be implemented in an extensive as well as intensive manner; CCRE could be steadfast at the age of thirty; our talents can deliver our objectives that we long for, which is creating wealth and earning respect.

APPRECIATION

I would like to take this opportunity to express sincere gratitude to our staff for their diligent work and contributions. In this era of change, the trust and recognition of shareholders remain the driving force for us to go forward. We will continue to maximise shareholders' value by acting as the facilitator of urbanisation and social progress in cities in central China, and enhancing our contributions to the healthy and sustainable development of China's real estate industry.

Wu Po Sum
Chairman

30 August 2017

FINANCIAL HIGHLIGHTS

SUMMARY OF INCOME STATEMENT

For the period ended 30 June

	2017	2016	*Changes*
Revenue *(RMB'000)*	**5,057,721**	2,549,351	+98.4%
Gross profit *(RMB'000)*	**1,331,881**	967,931	+37.6%
Gross profit margin	**26.3%**	38.0%	–11.7*
Gross profit from core businesses *(RMB'000)*	**1,131,957**	880,458	+28.6%
Net profit *(RMB'000)*	**469,036**	252,699	+85.6%
Net profit margin	**9.3%**	9.9%	–0.6*
Net profit from core businesses *(RMB'000)*	**538,048**	417,075	+29.0%
Net profit margin from core businesses	**11.3%**	17.5%	–6.2*
Profit attributable to equity shareholders *(RMB'000)*	**405,256**	255,437	+58.7%
Basic earnings per share *(RMB cents)*	**16.59**	10.46	+58.6%
Diluted earnings per share *(RMB cents)*	**16.59**	10.46	+58.6%

SUMMARY OF STATEMENT OF FINANCIAL POSITION

As at 30 June

	2017	2016	*Changes*
Total cash (including cash and cash equivalents and restricted bank deposits) *(RMB'000)*	**10,906,672**	10,942,155	–0.3%
Total assets *(RMB'000)*	**52,548,532**	42,226,066	+24.4%
Total liabilities *(RMB'000)*	**44,916,586**	34,924,007	+28.6%
Total equity (including non-controlling interests) *(RMB'000)*	**7,631,946**	7,302,059	+4.5%
Total borrowings *(RMB'000)*	**15,236,379**	12,476,305	+22.1%
Net borrowings *(RMB'000)*	**6,185,877**	3,088,801	+100.3%
Current ratio	**120.8%**	128.6%	–7.8*
Net gearing ratio	**81.1%**	42.3%	+38.8*
Net asset value per share *(RMB)*	**3.12**	3.00	+4.0%
Equity attributable to equity shareholders *(RMB)*	**2.83**	2.78	+1.8%

Notes: * change in percentage points

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Overall Performance

The Group is pleased to announce a significant growth in contracted sales amounted to RMB13,884 million for the six months ended 30 June 2017, representing a year-on-year increase of 47.5%, the growth in contracted sales contributed a significant operational cash inflow. This was achieved through the Group's great effort in expediting sales and inventory clearance.

As at 30 June 2017, the Group has entered into contracts for fifty two light-asset model projects. These light-asset model projects will continue to contribute steady income to the Group during the period.

Revenue: Revenue of the Group increased by 98.4% to approximately RMB5,058 million for the six months ended 30 June 2017 from approximately RMB2,549 million for the same period of 2016, primarily due to an increase in number of completed projects during the period.

- **Income from sales of properties:** Revenue from property sales increased by 100.1% to approximately RMB4,782 million for the six months ended 30 June 2017 from approximately RMB2,390 million for the same period of 2016, due to the Group's persistence to implement destocking strategy resulting in an increase in GFA carried forward to 880,741 sq.m. for the six months ended 30 June 2017 from 467,124 sq.m. for the same period of 2016 and an increase in average selling price to RMB5,358 per sq.m. for the six months ended 30 June 2017 from RMB5,116 per sq.m. for the same period of 2016.

- **Rental income:** Income from property leasing was approximately RMB45 million for the six months ended 30 June 2017, which was mainly derived from rental income of commercial buildings and shopping malls.

- **Revenue from hotel operation:** Revenue from hotel operation increased by 19.5% to approximately RMB132 million for the six months ended 30 June 2017 from approximately RMB111 million for the same period of 2016. The increase was due to continual improvement in hotel operation.

- **Project management service fee income:** Project management service fee income for the period was in relation to the management service fee from provision of light-asset projects by the Group amounting to approximately RMB99 million.

Cost of sales: The Group's cost of sales increased by 135.6% to approximately RMB3,726 million for the six months ended 30 June 2017 from approximately RMB1,581 million for the same period of 2016. The increase in cost of sales was due to the increase in GFA carried forward in property sales as mentioned above and the corresponding increase in land and construction costs.

Gross profit: As a result of the aforesaid changes in revenue and cost of sales, gross profit of the Group increased by 37.6% to approximately RMB1,332 million for the six months ended 30 June 2017 from approximately RMB968 million for the same period of 2016, while our gross profit margin decreased from 38.0% for the six months ended 30 June 2016 to 26.3% for the same period of 2017. It was principally due to: (1) a decrease of the proportion of sales of parking spaces with higher gross profit; and (2) prior years' sales promotion resulted in revenue recognised at a lower price during the period.

Other revenue: Other revenue of the Group decreased by 50.4% to approximately RMB59 million for the six months ended 30 June 2017 from approximately RMB119 million for the same period of 2016. Such decrease was mainly because the decrease in interest income.

Other net income: Other net income of approximately RMB51 million for the six months ended 30 June 2017 was primarily attributable to net exchange gain and penalty gain.

Selling and marketing expenses: Selling and marketing expenses increased by 24.0% to approximately RMB176 million for the six months ended 30 June 2017 from approximately RMB142 million for the same period of 2016. The increase was primarily due to larger scale of sales resulting in an increase in selling and marketing expenses.

General and administrative expenses: General and administrative expenses increased by 16.0% to approximately RMB414 million for the six months ended 30 June 2017 from approximately RMB357 million for the same period of 2016. This increase was primarily due to an increase in staff costs.

Share of profits less losses of joint ventures: The Group's share of profits less losses of joint ventures decreased by 72.1% to approximately RMB18 million for the six months ended 30 June 2017 from approximately RMB66 million for the same period of 2016, primarily due to a decrease in the recognition of revenue of the joint ventures.

Finance costs: Finance costs increased by 90.8% to approximately RMB235 million for the six months ended 30 June 2017 from approximately RMB123 million for the same period of 2016. Such increase was due to settlement of swaps and derivatives at maturity.

Income tax: Income tax comprises corporate income tax and land appreciation tax. Our income tax increased by 91.0% to RMB404 million for the period ended 30 June 2017 from RMB212 million for the same period of 2016. It was principally due to: (1) change in use of certain properties for sale to investment properties resulting in deferred tax expense of approximately RMB 51 million incurred by an increase of fair value; and (2) an increase of profits from sales of properties leads to the increase in income tax during the period.

Profit for the period: As a result of the foregoing, profit of the Group for the six months ended 30 June 2017 increased by 85.6% to approximately RMB469 million from approximately RMB253 million for the same period of 2016.

Financial resources and utilisation: As at 30 June 2017, the Group's cash and cash equivalents amounted to approximately RMB9,051 million (31 December 2016: approximately RMB9,776 million). No interim dividend was proposed for the period.

Structure of Borrowings and Deposits

The Group continue to adopt a prudent financial policy and centralise our funding and financial management. Therefore, the Group is able to continue to maintain a high cash-on-hand ratio and a reasonable level of gearing. As at 30 June 2017, the repayment schedule of the Group's bank and other borrowings was as follows:

Repayment Schedule	As at 30 June 2017 RMB'000	As at 31 December 2016 RMB'000
Bank loans		
Within one year	**866,523**	514,265
More than one year, but not exceeding two years	**368,250**	393,695
More than two years, but not exceeding five years	**1,681,378**	683,985
Exceeding five years	**791,750**	773,495
	3,707,901	2,365,440
Other loans		
Within one year	**838,000**	90,000
More than one year, but not exceeding two years	**90,000**	90,000
More than two years, but not exceeding five years	**180,000**	180,000
Exceeding five years	**30,000**	30,000
	1,138,000	390,000
Corporate bonds		
More than one year, but not exceeding two years	**2,982,417**	–
More than two years, but not exceeding five years	**–**	2,978,128
	2,982,417	2,978,128
Senior notes		
Within one year	**2,702,769**	960,216
More than one year, but not exceeding two years	**–**	2,795,026
More than two years, but not exceeding five years	**4,705,292**	4,867,244
	7,408,061	8,622,486
Total borrowings	**15,236,379**	14,356,054
Deduct:		
Cash and cash equivalents	**(9,050,502)**	(9,776,310)
Restricted bank deposits secured bank loans and other loans	**–**	(6,026)
Net borrowings	**6,185,877**	4,573,718
Total equity	**7,631,946**	6,997,326
Net gearing ratio (%)	**81.1%**	65.4%

Pledge of assets: As at 30 June 2017, the Group had pledged properties for sales, property, plant and equipment and bank deposits with an aggregate carrying amount of approximately RMB2,702 million (31 December 2016: approximately RMB3,109 million) to secure general bank credit facilities and other loans granted to us. The Group also pledged properties for sales, investment properties and plant and equipment with aggregate carrying amount of approximately RMB nil (31 December 2016: approximately RMB466 million) to secure bank loans and other loans of joint ventures.

Contingent liabilities: As at 30 June 2017, the Group provided guarantees of approximately RMB20,414 million (31 December 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 the Group as well as those of our joint ventures. The Group also provided guarantees to bank loans and other loans of joint ventures amounting to approximately RMB2,143 million as at 30 June 2017 (31 December 2016: approximately RMB2,914 million). Apart from the above, the Group provided liquidity support in favour of Jianye Property Management for an amount of RMB650 million as at 30 June 2017 in relation to Assets-backed Securities issued by it.

Capital commitment: As at 30 June 2017, the Group had contractual commitments undertaken by subsidiaries and joint ventures attributable to the Group, the performance of which was underway or ready, in respect of property development amounting to approximately RMB8,769 million (31 December 2016: approximately RMB6,450 million), and the Group had authorised, but not yet contracted for, a further approximately RMB15,743 million (31 December 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 30 June 2017, our major non-RMB assets and liabilities are (i) bank deposits denominated in U.S. dollar and (ii) the senior notes denominated in U.S. dollar. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in non-RMB currencies. The majority of our foreign currency transactions and balances are denominated in H.K. dollar, U.S. dollar and SGD.

Interest rate risks: 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. The Group currently do not use derivative instruments to hedge its interest rate risks.

REVIEW OF OPERATIONS

(I) Market and Operations Review

1. The Macro-economic Environment

In the first half of 2017, China's economy continued its commitment to the general principle of making progress while keeping performance stable 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. China's economy has been running within the proper range and structural adjustments have been further intensified with increasing positive changes materialized. In the first half of 2017, China's gross domestic product (GDP) amounted to approximately RMB38.1 trillion, representing a year-on-year growth of 6.9%.

In the first half of 2017, Henan province continued its commitment to the general principle of making progress while keeping performance stable with an aim to achieve new normal of economy with new development concept. In practice, Henan province, by fully leveraging its advantages, strived for the optimization and upgrade of sectoral structure, innovation driven development, basic ability construction and new urbanization, made progress on the establishment of Pilot Free Trade Zone, Zhengzhou Aviation Port Economic Integration Trial Zone, Zheng Luo New National Independent Innovation Demonstration Zone and Central China Urban Agglomeration through careful arrangements for long run and short run, the economy of Henan province has been growing in stability with positive momentum. In the first half of 2017, Henan's GDP amounted to approximately RMB2.0 trillion, representing a year-on-year growth of 8.2%, which was 1.3 percentage points higher than the national average.

2. The Property Market

In the first half of 2017, the PRC government tightened its control over the property market for curbing housing speculation by maintaining a general control policy subject to adjustments on local property market. For first and second tier cities, the sales of commodity housing decreased as compared to that in the corresponding period in 2016 as a result of the policies of purchase limits, mortgage restrictions, price ceiling and sale limits. Nevertheless, the policies on the property market in third and fourth tier cities remained lenient, the excess demand from first and second tier cities and the effects from the policy of currency compensation for shanty area renovation have further facilitated inventory clearance in third and fourth tier cities. Level of concentration in real estate industry has further increased with clearer polarization in the industry. In the first half of 2017, the GFA of commodity housing sold in the nationwide property market amounted to 746,620,000 sq.m., representing a year-on-year growth of 16.1%, the sales amount of which was RMB5,915.2 billion, representing a year-on-year growth of 21.5%.

As new urbanization being promoted by the PRC government in Henan province, demand for housing in the province has been stimulated and released as a result of the support of home purchase for farmers and migrant workers in urban area as well as increased proportion of receipt of currency compensation for shanty area renovation, maintaining healthy development of the property market in the province. In the first half of 2017, the GFA of commodity housing sold in Henan province was 46,094,600 sq.m., representing a year-on-year growth of 24.1%, sales amount of which was RMB245.832 billion, representing a year-on-year growth of 38.5%.

(II) Project Development

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 the Group operates, and moderately stocked up high quality projects in cities with better development prospects with an aim to ensure stable operation and sound development of the Company.

(a) Property Sales Performance

During the reporting period, the Company achieved steady growth in sales performance through greater sales effort and accelerated inventory clearance. In the first half of 2017, the contracted sales achieved by the Company amounted to RMB13,884 million, representing an increase of 47.5% over the corresponding period in 2016; and the contracted area sold by the Company was 2,263,446 sq.m., representing an increase of 100.8% over the corresponding period in 2016. In terms of contracted sales amount, the market share of the Company in Henan province was approximately 5.6% in the first half of 2017.

	Actual contracted sales amount in 2017 (RMB'000)	Actual contracted GFA in 2017 (sq.m.)
Zhengzhou	2,966,363	277,053
Kaifeng	190,319	21,233
Luoyang	1,554,572	209,735
Pingdingshan	343,404	69,951
Anyang	762,379	180,980
Hebi	466,672	104,786
Xinxiang	854,179	144,878
Jiaozuo	444,416	86,411
Puyang	309,482	68,018
Xuchang	954,563	145,925
Luohe	440,126	91,255
Sanmenxia	557,114	98,743
Shangqiu	1,485,414	272,570
Zhoukou	721,210	169,826
Zhumadian	982,979	200,091
Nanyang	566,949	69,355
Xinyang	239,114	44,444
Jiyuan	44,702	8,192
Total	**13,883,957**	**2,263,446**

(b) *Newly Commenced Property Projects*

During the reporting period, the Company commenced construction of 20 projects in total with newly commenced GFA of 1,813,302 sq.m., representing a growth of 54.2% as compared to the corresponding period in 2016.

Details of Newly Commenced Projects in the First Half of 2017

City	**Project Name**	**Newly commenced GFA** (sq.m.)
Xinxiang	Code One City	193,241
Zhumadian	Eighteen Cities	152,382
Zhengzhou	Tihome Jianye International City	145,968
Xinxiang	Beverly Manor	120,701
Zhoukou	Luyi Jianye City	116,585
Puyang	Code One City	108,418
Zhengzhou	Suoxu River Garden	105,498
Sanmenxia	Code One City	104,627
Kaifeng	Chrysanthemum Garden	98,010
Xuchang	Sweet-Scented Osmanthus Garden	86,597
Xuchang	Changge Spring Time	85,571
Sanmenxia	New District Forest Peninsula	78,902
Shangqiu	Yongcheng U-Town	75,721
Anyang	Linzhou CCRE Mall	73,759
Pingdingshan	Wugang Forest Peninsula	60,102
Xuchang	Xuchang Code One City	50,678
Luoyang	Luoyang Sweet-Scented Osmanthus Garden	50,050
Others		106,492
Total		**1,813,302**

(c) Property Projects under Development

As at 30 June 2017, the Company had 51 projects under development with a total GFA of 6,959,692 sq.m..

City	Project name	GFA under development (sq.m.)
Zhengzhou	Tihome Jianye International City	762,083
Zhengzhou	Wulong City	592,938
Xinxiang	Code One City	410,814
Zhumadian	Eighteen Cities	343,990
Zhengzhou	Triumph Plaza	247,208
Zhengzhou	Spring Time	244,904
Anyang	Jianye City	244,645
Hebi	Code One City	222,023
Luoyang	Sweet-Scented Osmanthus Garden	193,345
Puyang	Code One City	188,643
Zhengzhou	Tianzhu	174,413
Xinxiang	Beverly Manor	174,320
Zhengzhou	Jiuru House	171,037
Zhengzhou	Suoxu River Garden	168,452
Shangqiu	Eighteen Cities	159,814
Shangqiu	Yongchen U-Town	149,072
Jiaozuo	Park Lane	139,645
Sanmenxia	Code One City	138,543
Zhengzhou	Zhengxi U-Town	128,451
Xuchang	Code One City	122,378
Luoyang	Huayang Fengdu	121,380
Zhoukou	Luyi Jianye City	120,013
Nanyang	Code One City	113,872
Luohe	Code One City	110,159
Xinyang	Jianye City	100,858
Kaifeng	Chrysanthemum Garden	98,010
Shangqiu	Zhecheng U-Town	97,682
Luohe	Xicheng Forest Peninsula	93,692
Luoyang	Poly Champagne International	88,353
Xuchang	Sweet-Scented Osmanthus Garden	86,597
Xuchang	Changge Spring Time	85,571
Sanmenxia	New District Forest Peninsula	78,902
Luoyang	Yanshi Forest Peninsula	75,574
Anyang	Linzhou CCRE Mall	73,759
Puyang	Jianye New City	68,652
Zhumadian	Suiping Forest Peninsula	65,164
Pingdingshan	Wugang Forest Peninsula	64,436
Sanmenxia	Lingbao Forest Peninsula	62,234
Hebi	Sweet-Scented Osmanthus Garden	59,633
Others		318,433
Total		**6,959,692**

(d) *Property Projects Completed*

During the reporting period, the Company had 21 projects/phases completed in total with a total completed GFA of 851,766 sq.m..

City	**Project name**	**Actual completed GFA** (sq.m.)
Luoyang	Poly Champagne International	122,775
Zhengzhou	Gongyi Code One City	105,364
Kaifeng	Chrysanthemum Garden	98,165
Sanmenxia	Sanmenxia U-Town	55,646
Zhoukou	Luyi Jianye City	54,204
Hebi	Code One City	50,876
Zhumadian	Xiping Forest Peninsula	43,033
Xuchang	Code One City	42,887
Pingdingshan	Wugang Forest Peninsula	39,331
Jiaozuo	Xiuwu Forest Peninsula	26,159
Xinxiang	U-Town	24,987
Shangqiu	Yongcheng U-Town	24,482
Others		163,857
Total		**851,766**

2. Light-asset Model Projects

The Company has launched its light-asset development strategy in relation to the delivery of its brands, its management and its capital based on the Company's judgement of the development of the real estate industry as well as its understanding of demand for cooperation in development of real estate market in order to strengthen the profitability, expand the market share and enhance the composite competitiveness as well as to maximise the value of the Company's brands.

As at 30 June 2017, the Company had entered into 52 agreements of the light-asset model projects. In accordance with the terms of the agreements, those projects are expected to have a total GFA of approximately 9,660,000 sq.m.. To ensure sustainable and steady growth of the light-asset business, the Company has established an independent body for managing the light-asset business, with an aim to consolidate internal and external resources as well as strengthen operation and management, thus developing a sustainable development mechanism.

The implementation of the light-asset model, as a complement to the existing business of the Company, has substantially improved the proportion of heavy-to-light assets of the Company and accelerated the business expansion in county-level markets, enhancing the Company's composite competitiveness.

(III) Land Reserves

During the reporting period, the Company newly acquired land reserves with a total GFA of approximately 4,080,000 sq.m.. As at 30 June 2017, the Company had land reserves with a total GFA of 24.12 million sq.m., including beneficially interested GFA of approximately 19.32 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 June 2017, the Group acquired the land use rights of a land parcel located at the east of Yugong Road and the north of Jianye Code One City in Jiyuan City. The purchase price of the acquisition was approximately RMB169 million. The land parcel has a site area of 59,762 sq.m..

In June 2017, the Group acquired the land use rights of a land parcel located at the west of Zhouxi Highway and the north of Ankang Avenue in Xihua County, Zhoukou City. The purchase price of the acquisition was approximately RMB78 million. The land parcel has a site area of 72,875 sq.m..

2. Equity Interest Acquisitions and Disposals

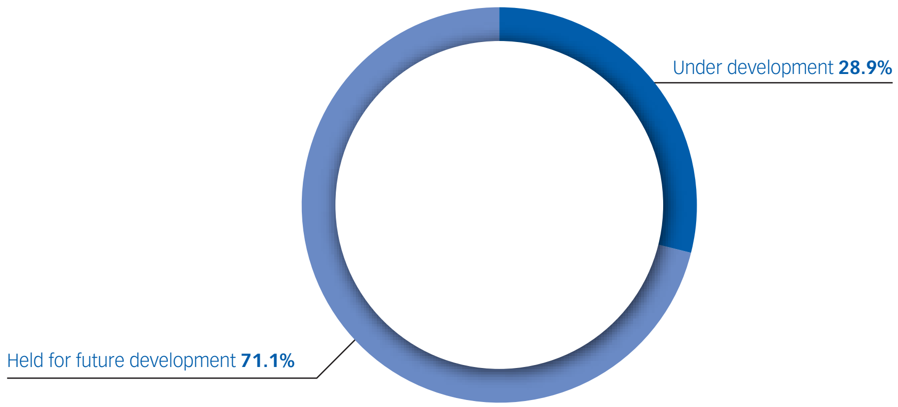
As at 30 June 2017, the Group, through equity interest acquisitions, acquired six, in aggregate, land parcels with a total site area of 256,205 sq.m. in Zhengzhou City and Shangqiu City.

On 30 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 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 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) 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.

3. Distribution of land reserves

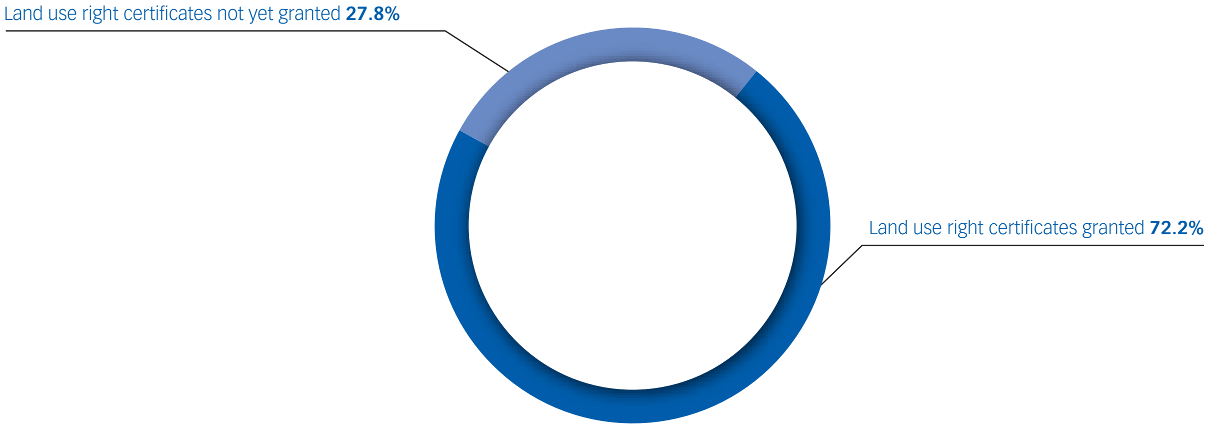
(1) Distribution of the Company's land reserves by current development status

Fig: distribution of land under development and land held for future development in the Company's land reserves (as at 30 June 2017)



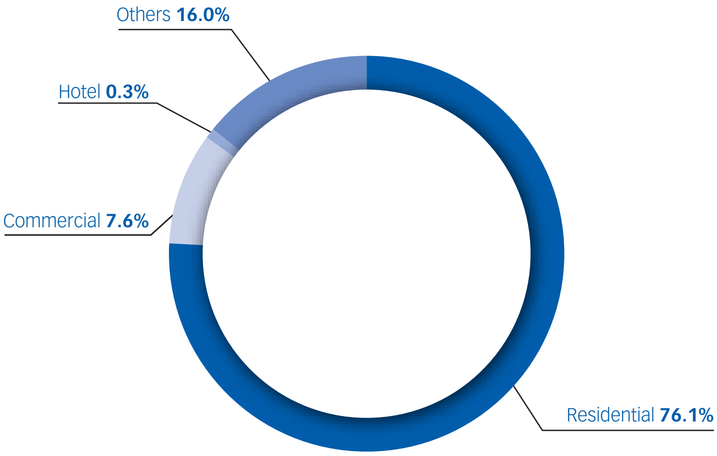
(2) Distribution of the Company's land reserves by land use right certificates

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 30 June 2017)



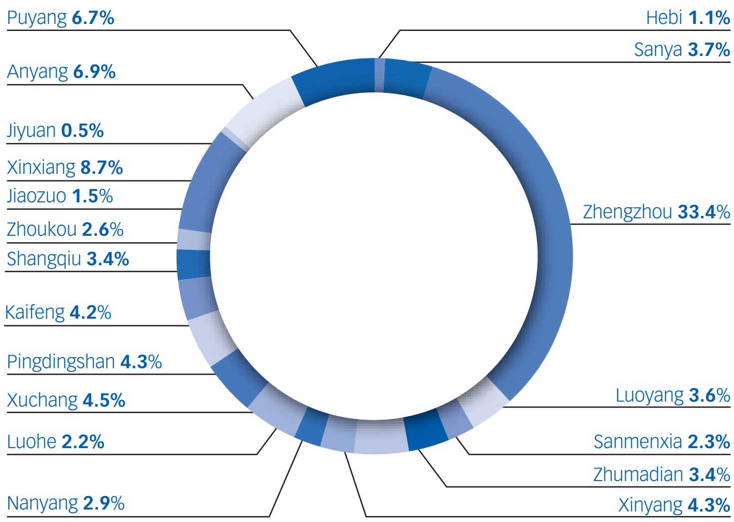
(3) Distribution of the Company's land reserves by property types

Fig: distribution of the Company's land reserves by property types (as at 30 June 2017)



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

Fig: distribution of the Company's land reserves by cities (as at 30 June 2017)



(IV) Product Research and Development

The Company always adhere to the general principles of serialisation, standardisation and commercialisation for product development, and progressively scales up its products to commercialised scale on a concrete foundation of serialisation and standardisation which the Company had laid for years. For product development of the Group, 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.

Product Research, Development and Innovation

During the reporting period, the Company made greater efforts in product innovation as well as research and development in addition to upgrading its existing products as stated in the annual plan for "quality enhancement" of the Company. The "Platform for Product Standardisation, Design and Management" was established for regulating design and management procedures, compiling product data base and securing finished product quality by means of informatization. The Company has been diversifying its architectural design and promoting the application of the advanced building information modeling (BIM) technology in the industry with an aim to enhance design accuracy. In addition, the Company conducted its study on residential projects based on its development concepts of "green, low-carbon and energy-saving" so as to minimise secondary pollution and resource wastage. Meanwhile, intelligent technological elements have been infused into our product design in order to show tender care for patrons with our products.

Serialisation, standardisation and commercialisation

During the reporting period, the Company continued to carry out in-depth research on product serialisation and standardisation. To maintain its strategic presence in Henan province, the Company, on the basis of its original series of products, developed a new series of product of Asian style in accordance with market conditions by way of continuous product innovation and iteration. Meanwhile, the Company closely monitored changes in market demand and lifestyle in order to enhance the standards of ancillary facilities for residential housing such as community facilities and module units.

As to commercialisation of residential properties, on the basis of mature serialisation, standardised products series and long term industrialised technology exploration, the Company researched and developed the technology standard. Through connection with large-scale domestic construction companies, the Company has set up a production base for prefabricated concrete structures jointly with a major domestic constructor to apply technology for commercialisation to design and construction of Tianzhu project and Blossom Garden project.

(V) Customer Service and Customer Relations

In 2017, the Company continued to transform itself 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 people in central China with bliss and serenity.

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 and strictly observing the requirements for joint acceptance inspection. In addition, the Company has upgraded our mystery shopper program and the "Improvement and Enhancement" campaign (琢玉行動), while coming up with new idea of working by introducing one-stop property delivery services for further optimizing property delivery procedure. The "Fix-it Quick" maintenance team has been established for solving minor problems in the course of the inspection and acceptance procedure. 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. In addition to the improvement of customer service regime and release of addresses of customer service counter, the Company has initiated a research on product positioning and demand, implemented the "Model Flat" program and introduced "housekeeping services" at the reception of the sales offices to unceasingly elevate customers' satisfaction.

BUSINESS OUTLOOK

(I) Market Outlook

1. *The Macro-economic Landscape*

Looking ahead to the second half of 2017, the global economy will continue to recover though uncertainties may exist in the global economic growth, such as increase in interest rate and shrinkage of balance sheet by US Federal Reserve, trade protectionism and geopolitics. China's macro-economy is expected to maintain the state of "seeking progress in stability" by adamantly implementing proactive fiscal policies and prudent monetary policies. As the supply-side structural reforms has further intensified with increasing positive changes materialized, China's macro-economy is expected to maintain steady growth even under the circumstances of deleveraging of the financial system and strict control over the property market in China.

With Zhengzhou being identified as a national central city, the approval obtained for national strategic plans, such as the launch of the Rise of Central China "13th Five-Year" Plan, Zhengluo New National Independent Innovation Demonstration Zone and Henan Free Trade Zone, further progress has been made on urban agglomeration in central China, Central Plains Economic Zone and new urbanization. The on-going planning and implementation of national strategies, such as Zhengzhou Aviation Port Economic Integration Trial Zone, have been intensified, the acceleration of multi-directional expansion of the high speed railway network, the rapid establishment of industrial park and on-going industrial migration will allow Henan to be well-positioned for full convergence on "Belt and Road" Initiative Projects of China in terms of various dimensions, and thus further strengthening the potential for development in Henan province. The Company expects the economic growth of Henan Province in the second half of 2017 will continue to be higher than the national economic average.

2. *The Property Market*

Looking ahead to the second half of 2017, transformation and upgrading of the property industry will be necessary as a result of tough competition, enhanced integration in the industry and shrinking profitability, and the development and exploration of property developers will continue to speed up. Control over the domestic property market is expected to maintain strict with different degree of control over different cities subject to actual market situation. In the second half of 2017, the Company expects an intensified adjustments in the property market in the first and second tier cities under a strict control policy, while further inventory clearance will be facilitated in the third and fourth tier cities.

With the positive effects of a number of national strategic plans focusing on Zhengzhou, demand for housing improvement and rigid demand for housing in Henan will be further released in the background of new urbanization and currency compensation for shanty area renovation. The Company expects that sales performance of commodity housing in Henan province will stay positive in the second half of 2017, bolstering an on-going and stable development of property market in the province.

(II) Business Planning

In the second half of 2017, the Company will make greater efforts on land acquisition, accelerate property development and steadily promote the expansion and operation of light-asset model projects so as to realise quality growth in our scale. In addition, the Company will adopt multiple measures for further enhancing product quality and service level, strengthening our brand to lay a concrete foundation for boosting project sales and securing the achievement of our annual business targets.

1. *Construction Plans*

In the second half of 2017, the Company plans to commence construction of a total of 52 projects or phases, with a GFA of approximately 3,674,079 sq.m..

Location	**GFA planned for construction** (sq.m.)	**Percentage** (%)
Zhengzhou	1,341,366	37%
Other cities in Henan Province	2,332,713	63%
Total	**3,674,079**	**100%**

2. *Completion plan*

The Company expects to complete 29 projects/phases with a completed GFA of 1,858,655 sq.m. in the second half of 2017.

City	**Project name**	**Planned completed GFA** (sq.m.)
Zhumadian	Eighteen Cities	187,157
Zhengzhou	Tianzhu	172,899
Zhengzhou	Triumph Plaza	170,739
Zhengzhou	Jiuru House	169,154
Luoyang	Sweet-Scented Osmanthus Garden	143,552
Xuchang	Code One City	125,180
Anyang	Jianye City	98,546
Zhengzhou	Tihome Jianye International City	76,340
Shangqiu	Yongcheng U-Town	72,961
Luohe	Xicheng Forest Peninsula	59,077
Zhoukou	Luyi Jianye City	59,028
Xinyang	Jianye City	58,774
Hebi	Sweet-Scented Osmanthus Garden	58,501
Luohe	Code One City	56,484
Others		350,263
Total		**1,858,655**

(III) Employees and Remuneration Policy

As at 30 June 2017, the Group had 2,721 employees (31 December 2016: 2,467 employees). Staff remuneration is determined on the basis of individual performance, experience and prevailing industry practices. The Group reviews its remuneration policy and arrangements on a regular basis and staff may be rewarded with bonuses and cash payments depending on individual performance appraisals. The Group's policies for insurance and provident fund are in compliance with national and local laws and regulations on labour affairs and social welfare. As at the date of this report, there was no significant labour dispute which has or may have an adverse impact on our business operations.

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 30 June 2017, the interests and short positions of the Directors and chief executives in the shares (the "Shares"), underlying Shares and debentures (the "Debentures") of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules, were as follows or as disclosed under the section headed "Share Option Schemes" below:

(a) Long positions in the Shares

Name of Director or chief executive	Capacity and nature of interest	Number of share options held	Number of Shares held	Approximate percentage of the interest in the Company's issued share capital[4]
Mr. Wu Po Sum	Interest in a controlled corporation	–	1,146,315,639[1]	46.94%
	Beneficial owner	2,050,400[2]	–	0.08%
Ms. Yan Yingchun	Beneficial owner	10,000,000[2]	500,000	0.43%
Ms. Wu Wallis (alias Li Hua)	Beneficial owner	8,500,000[2, 3]	900,000[3]	0.38%
Mr. Chen Jianye (Resigned on 24 March 2017)	Beneficial owner	6,132,000[2]	–	0.25%
Mr. Liu Weixing (Appointed on 24 March 2017)	Beneficial owner	20,000,000[2]	–	0.82%
Mr. Yuan Xujun (Appointed on 24 March 2017)	Beneficial owner	20,000,000[2]	–	0.82%

DISCLOSURE OF INTERESTS *(Continued)*

(b) Long positions in the Debentures

— US$200,000,000 aggregate principal amount of its 8.0% Senior Notes due 2020 (the "US$200 Million Senior Notes")

Name	Capacity	Amount of Debentures	Approximate percentage of the interest in the US$200 Million Senior Notes[5]
Mr. Lucas Ignatius Loh Jen Yuh	Beneficial owner	US$500,000	0.25%

Notes:

1. The 1,146,315,639 Shares were registered in the name and were beneficially owned by Joy Bright Investments Limited ("Joy Bright"), a company wholly owned by Mr. Wu Po Sum. Accordingly, he was deemed to be interested in the 1,146,315,639 Shares by virtue of the SFO.

2. Such interest in the Shares is held pursuant to the share options granted under the Share Option Scheme (as defined below), the details of which are disclosed on pages 29 to 30 of this interim report.

3. The 8,500,000 share options are beneficially owned by the spouse of Ms. Wu Wallis (alias Li Hua), therefore Ms. Wu Wallis (alias Li Hua) is deemed to be interested in her spouse's share options for the purposes of the SFO.

4. The approximate percentage of the interest in the Company's issued share capital is based on a total of 2,442,270,760 Shares of the Company as at 30 June 2017 in issue.

5. The percentage of the interest in the US$200 Million Senior Notes is based on the aggregate principal amount of US$200,000,000.

Save as disclosed above or under the section headed "Share Option Schemes" below, as at 30 June 2017, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any Shares, underlying Shares and Debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives were deemed or taken to have under the provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF INTERESTS *(Continued)*

SHARE OPTION SCHEME

The shareholders of the Company (the "Shareholders") conditionally adopted the share option scheme (the "Share Option Scheme") pursuant to the written resolutions dated 14 May 2008. The purpose of the Share Option Scheme is to provide the people and the parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company, thus aligning their interest with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group.

Under the Share Option Scheme, the employees of the Group (including the executive Directors) and such other persons as the Board may consider appropriate may be granted options which entitle them to subscribe for Shares representing, when aggregated with any Shares subject to any other scheme(s) of the Company, up to a maximum of 10% of the Shares in issue of the Company as of 6 June 2008, unless the Company obtains a fresh approval from the Shareholders to renew the said limit or the Shareholders specifically approve the grant.

The total number of Shares issued or to be issued upon exercise of the share options granted and yet to be exercised under the Share Option Scheme adopted by the Company must not exceed 30% of the total number of Shares in issue from time to time. The amount payable by a grantee on acceptance of a grant of the option is HK$1.00 (or its equivalent in RMB or any other currency acceptable to the Company).

The maximum number of Shares issued and to be issued upon exercise of the share options granted and to be granted pursuant to the Share Option Scheme and any other share option scheme(s) of the Company to each participant in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of Shares in issue. Any further grant of options which would result in the number of the Shares issued as aforesaid exceeding the said 1% limit must be approved by the Shareholders in general meeting at which such participant and his or her associates must abstain from voting.

Any grant of share options to a participant who is a Director, chief executives, or substantial Shareholder or any of their respective associates must be approved by the independent non-executive Directors, excluding any independent non-executive Director who is the grantee of the share options.

The exercise periods of the share options may be specified by the Company at the time of the grant, and the share options shall expire no later than 10 years from the relevant date of the grant. As at 30 June 2017, share options to subscribe for 124,117,720 Shares (representing approximately 5.08% of the issued share capital of the Company as at 30 June 2017 (i.e. 2,442,270,760 shares)) remained outstanding.

The subscription price for the Shares under the Share Option Scheme shall be determined by the Board in its absolute discretion and notified to a participant, provided that such price shall be at least the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of a share option which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five consecutive trading days immediately preceding the date of offer; and (iii) the nominal value of a Share.

The Share Option Scheme will expire on 13 May 2018.

Movement of share options granted under the Share Option Scheme for the 6 months from 1 January 2017 to 30 June 2017 were as follows:

Number of share options granted under the Share Option Scheme

Name or category of participants	Date of grant	Exercise price per Share	Exercise period (Notes)	As at 1 January 2017	Granted during the period	Exercised during the period	Lapsed during the period	As at 30 June 2017
Directors								
Mr. Wu Po Sum	25 May 2010	HK$1.853	2	2,050,400	–	–	–	2,050,400
Ms. Yan Yingchun	25 May 2010	HK$1.853	2	–	–	–	–	–
	27 March 2013	HK$2.560	4	500,000	–	–	–	500,000
	23 May 2017	HK$1.764	5	–	10,000,000	–	–	10,000,000
Mr. Liu Weixing	23 May 2017	HK$1.764	5	–	20,000,000	–	–	20,000,000
Ms. Wu Wallis[6]	27 March 2013	HK$2.560	4	1,500,000	–	–	–	1,500,000
	23 May 2017	HK$1.764	5	–	7,000,000	–	–	7,000,000
Chief Executive Officer								
Mr. Chen Jianye (Resigned on 24 March 2017)	25 May 2010	HK$1.853	2	1,132,000	–	–	–	1,132,000
	25 July 2011	HK$2.160	3	5,000,000	–	–	–	5,000,000
Mr. Yuan Xujun (Appointed on 24 March 2017)	23 May 2017	HK$1.764	5	–	20,000,000	–	–	20,000,000
Senior Management, other employees and consultants of the Group	25 May 2010	HK$1.853	2	4,615,560	–	–	–	4,615,560
	25 July 2011	HK$2.160	3	1,500,000	–	–	–	1,500,000
	27 March 2013	HK$2.560	4	12,819,760	–	–	–	12,819,760
	23 May 2017	HK$1.764	5	–	38,000,000	–	–	38,000,000
				29,117,720	95,000,000	–	–	124,117,720

Notes:

1. In relation to each grantee of the share options granted under the Share Option Scheme, no share option is exercisable within the first year from the respective dates of grant, that is, 25 May 2010, 25 July 2011, 27 March 2013 and 23 May 2017 (the "Dates of Grant"), not more than 20% of the share options are exercisable within the second year from the respective Dates of Grant and not more than 40% of the share options are exercisable in each of the third and fourth year from the respective Dates of Grant.

   The initial exercise price of the share options granted on 25 May 2010 under the Share Option Scheme was HK$1.9 per share and was adjusted to HK$1.853 per share on 28 June 2011 as a result of and following the Rights Issue conducted by the Company.

2. The share options are divided into 3 tranches exercisable from 25 May 2011, 25 May 2012 and 25 May 2013 respectively to 24 May 2020.

3. The share options are divided into 3 tranches exercisable from 25 July 2012, 25 July 2013 and 25 July 2014 respectively to 24 July 2021.

4. The share options are divided into 3 tranches exercisable from 27 March 2014, 27 March 2015 and 27 March 2016 respectively to 26 March 2023.

5. The share options are divided into 3 tranches exercisable from 23 May 2018, 23 May 2019 and 23 May 2020 respectively to 22 May 2027.

6. The 8,500,000 share options are beneficially owned by the spouse of Ms. Wu Wallis (alias Li Hua), therefore Ms. Wu Wallis (alias Li Hua) is deemed to be interested in her spouse's share options for the purposes of the SFO.

Additional information in relation to the Share Option Scheme is set out in note 21 to the financial statements of this interim report.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

So far as is known to any Directors or chief executives of the Company, as at 30 June 2017, other than the interests and short positions of the Directors or chief executives of the Company as disclosed in the sections headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares or Debentures" and "Share Option Schemes" above, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in the Shares

Name of Shareholder	Capacity and nature of interest	Number of Shares held	Approximate percentage of the interest in the Company's issued share capital[1]
Joy Bright	Beneficial owner	1,146,315,639[2]	46.94%
CapitaLand LF (Cayman) Holdings Co., Ltd ("CapitaLand (Cayman)")	Beneficial owner	658,116,228[3]	26.95%
CapitaLand China Holdings Pte Ltd. ("CapitaLand China")	Interest of controlled corporation	658,116,228[3]	26.95%
CapitaLand Residential Limited ("CapitaLand Residential")	Interest of controlled corporation	658,116,228[3]	26.95%
CapitaLand Limited ("CapitaLand")	Interest of controlled corporation	658,116,228[3]	26.95%
Temasek Holdings (Private) Limited ("Temasek Holdings")	Interest of controlled corporation	658,116,228[3]	26.95%

Notes:

1. The approximate percentage of the interest in the Company's issued share capital is based on a total of 2,442,270,760 Shares of the Company as at 30 June 2017 in issue.

2. Mr. Wu Po Sum holds 100% of the issued share capital of Joy Bright and is deemed to be interested in the 1,146,315,639 Shares held by Joy Bright for the purposes of the SFO.

3. CapitaLand (Cayman) is directly wholly owned by CapitaLand China. CapitaLand China is directly wholly owned by CapitaLand Residential and CapitaLand Residential is directly wholly owned by CapitaLand. Temasek Holdings has an interest in approximately 40.97% of the issued share capital of CapitaLand. Therefore, each of CapitaLand China, CapitaLand Residential, CapitaLand and Temasek Holdings (Private) Limited is deemed or taken to be interested in the 658,116,228 Shares which are owned by CapitaLand (Cayman) for the purposes of the SFO.

Save as disclosed above, as at 30 June 2017, there was no other person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE PRACTICES

The Company has always valued the superiority, steadiness and rationality of having a sound system of corporate governance and is committed to continuously improve its corporate governance and disclosure practices. For the six months ended 30 June 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 Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange with the exception of code provisions A.6.7 and E.1.2 as addressed below.

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

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

Ms. Wu Walls (alias Li Hua), being a non-executive Director, and Mr. Xin Luo Lin and Mr. Muk Kin Yau, being 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 of the Board (the "Chairman") to invite the chairman of the audit, remuneration and nomination committees to attend the annual general meeting.

Mr. Wu Po Sum, being an executive Director 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules as the code of conduct for the Directors in their dealings in the Company's securities. Having made specific enquires with each Director, the Company confirmed that the Directors had complied with the required standard as set out in the Model Code for the six months ended 30 June 2017.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CHANGES SINCE 31 DECEMBER 2016

There were no other significant changes in the Group's financial position or from the information disclosed under Management Discussion and Analysis in the annual report of the Company for the year ended 31 December 2016.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The Audit Committee of the Company has discussed with the management and external auditors the accounting principles and policies adopted by the Group, and has reviewed the Group's unaudited interim consolidated financial statements for the six months ended 30 June 2017.

INTERIM DIVIDEND

The Board resolved not to recommend an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2017 — unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2017	2016
	Note	**RMB'000**	RMB'000
Revenue	*4*	**5,057,721**	2,549,351
Cost of sales		**(3,725,840)**	(1,581,420)
Gross profit		**1,331,881**	967,931
Other revenue	*5*	**58,805**	118,616
Other net income/(loss)	*5*	**50,902**	(82,626)
Selling and marketing expenses		**(175,653)**	(141,612)
General and administrative expenses		**(414,128)**	(356,887)
Other operating income		**12,450**	17,198
		864,257	522,620
Share of loss of an associate		**(1,703)**	(1,481)
Share of profits less losses of joint ventures		**18,257**	65,520
Finance costs	*6(a)*	**(234,973)**	(123,168)
Profit before change in fair value of investment properties and income tax		**645,838**	463,491
Net valuation gain on investment properties	*10*	**227,533**	896
Profit before taxation	*6*	**873,371**	464,387
Income tax	*7*	**(404,335)**	(211,688)
Profit for the period		**469,036**	252,699
Attributable to:			
Equity shareholders of the Company		**405,256**	255,437
Non-controlling interests		**63,780**	(2,738)
Profit for the period		**469,036**	252,699
Earnings per share	*8*		
— Basis (RMB cents)		**16.59**	10.46
— Diluted (RMB cents)		**16.59**	10.46

The notes on pages 41 to 71 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 21(a).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2017 — unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Profit for the period	**469,036**	252,699
Other comprehensive income for the period		
Items that are or may be reclassified subsequently to profit or loss:		
— Exchange differences on translation of financial statements of foreign subsidiaries	**51,130**	(34,185)
— Cash flow hedge:		
— effective portion of changes in fair value	**(33,069)**	(150,856)
— transfer from equity to profit or loss	**74,225**	149,773
Total other comprehensive income for the period	**92,286**	(35,268)
Total comprehensive income for the period	**561,322**	217,431
Attributable to:		
Equity shareholders of the Company	**496,981**	220,336
Non-controlling interests	**64,341**	(2,905)
Total comprehensive income for the period	**561,322**	217,431

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

The notes on pages 41 to 71 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2017 — unaudited
(Expressed in Renminbi)

	Note	At 30 June 2017 RMB'000 (unaudited)	At 31 December 2016 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	*9*	**3,048,846**	3,024,802
Investment properties	*10*	**1,248,820**	575,870
Intangible asset		**216,432**	131,250
Interests in an associate		**25,465**	27,168
Interests in joint ventures	*11*	**6,823,863**	6,276,091
Other financial assets		**190,080**	190,080
Deferred tax assets		**105,377**	127,461
		11,658,883	10,352,722
Current assets			
Trading securities		**95,240**	105,868
Properties for sale	*12*	**21,420,820**	18,026,529
Trade and other receivables	*13*	**1,244,561**	887,613
Deposits and prepayments	*14*	**6,332,904**	3,161,766
Taxation recoverable		**889,452**	610,171
Restricted bank deposits	*15*	**1,856,170**	1,404,821
Cash and cash equivalents		**9,050,502**	9,776,310
		40,889,649	33,973,078
Current liabilities			
Bank loans	*16*	**(866,523)**	(514,265)
Other loans	*17*	**(838,000)**	(90,000)
Payables and accruals	*18*	**(16,801,702)**	(14,842,040)
Receipts in advance		**(11,662,947)**	(6,832,439)
Senior notes	*19*	**(2,702,769)**	(960,216)
Taxation payable		**(985,060)**	(1,151,686)
		(33,857,001)	(24,390,646)
Net current assets		**7,032,648**	9,582,432
Total assets less current liabilities		**18,691,531**	19,935,154

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

at 30 June 2017 — unaudited
(Expressed in Renminbi)

	Note	**At 30 June 2017 RMB'000 (unaudited)**	At 31 December 2016 RMB'000 (audited)
Non-current liabilities			
Bank loans	*16*	**(2,841,378)**	(1,851,175)
Other loans	*17*	**(300,000)**	(300,000)
Patent payable		**(90,000)**	(60,000)
Senior notes	*19*	**(4,705,292)**	(7,662,270)
Corporate bonds	*20*	**(2,982,417)**	(2,978,128)
Deferred tax liabilities		**(140,498)**	(86,255)
		(11,059,585)	(12,937,828)
Net assets		**7,631,946**	6,997,326
Capital and reserves			
Share capital		**216,322**	216,322
Reserves		**6,704,178**	6,205,741
Total equity attributable to equity shareholders of the Company		**6,920,500**	6,422,063
Non-controlling interests		**711,446**	575,263
Total equity		**7,631,946**	6,997,326

The notes on pages 41 to 71 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2017 — unaudited
(Expressed in Renminbi)

	Note	Attributable to equity shareholders of the Company										Non-controlling interests	Total equity
		Share capital	Share premium	Statutory reserve fund	Other capital reserve	Exchange reserve	Share-based compensation reserve (Note 21(b)(iv))	Property revaluation reserve	Hedging reserve	Retained profits	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2016		216,322	1,666,254	1,766,679	478,232	45,268	19,067	6,479	(54,585)	2,654,944	6,798,660	518,859	7,317,519
Changes in equity for the six months ended 30 June 2016:													
Profit/(loss) for the period		–	–	–	–	–	–	–	–	255,437	255,437	(2,738)	252,699
Other comprehensive income		–	–	–	–	(34,018)	–	–	(1,083)	–	(35,101)	(167)	(35,268)
Total comprehensive income		–	–	–	–	(34,018)	–	–	(1,083)	255,437	220,336	(2,905)	217,431
Dividend declared and paid	21(a)(ii)	–	–	–	–	–	–	–	–	(240,295)	(240,295)	–	(240,295)
Dividend paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(2,000)	(2,000)
Appropriation to statutory reserve fund		–	–	17,970	–	–	–	–	–	(17,970)	–	–	–
Capital contribution from non-controlling interests		–	–	–	–	–	–	–	–	–	–	9,000	9,000
Equity settled share-based payment		–	–	–	–	–	(773)	–	–	1,177	404	–	404
Balance at 30 June 2016 and 1 July 2016		216,322	1,666,254	1,784,649	478,232	11,250	18,294	6,479	(55,668)	2,653,293	6,779,105	522,954	7,302,059
Changes in equity for the six months ended 31 December 2016:													
Profit/(loss) for the period		–	–	–	–	–	–	–	–	147,536	147,536	3,885	151,421
Other comprehensive income		–	–	–	–	(503,698)	–	–	14,512	–	(489,186)	(1,558)	(490,744)
Total comprehensive income		–	–	–	–	(503,698)	–	–	14,512	147,536	(341,650)	2,327	(339,323)
Dividend paid to non-controlling interests		–	–	–	–	–	–	–	–	–	–	(24,200)	(24,200)
Appropriation to statutory reserve fund		–	–	182,270	–	–	–	–	–	(182,270)	–	–	–
Capital contribution from non-controlling interests		–	–	–	–	–	–	–	–	–	–	66,968	66,968
Equity settled share-based payment		–	–	–	–	–	1,210	–	–	(1,177)	33	–	33
Forfeited/Lapse of share-based transaction		–	–	–	–	–	(2,388)	–	–	2,388	–	–	–
Disposals of subsidiaries		–	–	–	–	–	–	–	–	–	–	(40,744)	(40,744)
Disposal of partial interest in a subsidiary		–	–	–	(329)	–	–	–	–	–	(329)	11,729	11,400
Acquisitions of additional interests in subsidiaries		–	–	–	(15,096)	–	–	–	–	–	(15,096)	(14,523)	(29,619)
Acquisitions of subsidiaries		–	–	–	–	–	–	–	–	–	–	50,752	50,752
Balance at 31 December 2016		216,322	1,666,254	1,966,919	462,807	(492,448)	17,116	6,479	(41,156)	2,619,770	6,422,063	575,263	6,997,326

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

for the six months ended 30 June 2017 — unaudited
(Expressed in Renminbi)

		Attributable to equity shareholders of the Company											
		Share capital	Share premium	Statutory reserve fund	Other capital reserve	Exchange reserve	Share-based compensation reserve (Note 21(b)(iv))	Property revaluation reserve	Hedging reserve	Retained profits	Total	Non-controlling interests	Total equity
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2017		216,322	1,666,254	1,966,919	462,807	(492,448)	17,116	6,479	(41,156)	2,619,770	6,422,063	575,263	6,997,326
Changes in equity for the six months ended 30 June 2017:													
Profit/(loss) for the period		-	-	-	-	-	-	-	-	405,256	405,256	63,780	469,036
Other comprehensive income		-	-	-	-	50,569	-	-	41,156	-	91,725	561	92,286
Total comprehensive income		-	-	-	-	50,569	-	-	41,156	405,256	496,981	64,341	561,322
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(10,265)	(10,265)
Capital contribution from non-controlling interests		-	-	-	-	-	-	-	-	-	-	65,357	65,357
Equity settled share-based payment	*21(b)(iv)*	-	-	-	-	-	1,456	-	-	-	1,456	-	1,456
Appropriation to statutory reserves fund		-	-	27,399	-	-	-	-	-	(27,399)	-	-	-
Disposal of a subsidiary		-	-	-	-	-	-	-	-	-	-	(24,802)	(24,802)
Disposal of partial interest in a subsidiary		-	-	-	-	-	-	-	-	-	-	3,973	3,973
Acquisitions of subsidiaries		-	-	-	-	-	-	-	-	-	-	37,579	37,579
Balance at 30 June 2017		216,322	1,666,254	1,994,318	462,807	(441,879)	18,572	6,479	-	2,997,627	6,920,500	711,446	7,631,946

The notes on pages 41 to 71 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2017 — unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Operating activities		
Cash generated from operations	**2,229,385**	2,397,278
Income tax paid	**(730,299)**	(571,092)
Net cash generated from operating activities	**1,499,086**	1,826,186
Investing activities		
Payment for purchase of property, plant and equipment	**(138,530)**	(103,796)
Payment for purchase of intangible asset	**(94,339)**	(35,000)
Net cash paid upon acquisitions of subsidiaries	**(314,780)**	(140,908)
Net cash outflow upon deemed disposals of subsidiaries	**(876)**	(787,074)
Net cash inflow upon disposal of partial interest of a subsidiary	**3,973**	–
Advances to joint ventures	**(1,461,774)**	(449,363)
Repayment from joint ventures	**56,831**	454,952
Other cash flows arising from investing activities	**60,703**	107,126
Net cash used in investing activities	**(1,888,792)**	(954,063)
Financing activities		
Net proceeds from issuance of corporate bonds	**–**	2,972,090
Redemption of senior notes	**(1,098,655)**	(792,968)
Proceeds from bank loans and other loans	**1,896,128**	783,001
Repayment of bank loans and other loans	**(558,667)**	(1,236,698)
Other cash flows arising from financing activities	**(538,455)**	(674,201)
Net cash (used in)/generated from financing activities	**(299,649)**	1,051,224
Net (decrease)/increase in cash and cash equivalents	**(689,355)**	1,923,347
Cash and cash equivalents at 1 January	**9,776,310**	7,422,350
Effect of changes in foreign exchange rate	**(36,453)**	16,506
Cash and cash equivalents at 30 June	**9,050,502**	9,362,203

The notes on pages 41 to 71 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 30 August 2017.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Central China Real Estates Limited (the "Company") and its subsidiaries (collectively referred as the "Group") since the 2016 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 72. In addition, this interim financial report has been reviewed by the Company's Audit Committee.

The financial information relating to the financial year ended 31 December 2016 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory annual consolidated financial statements for the year ended 31 December 2016 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 24 March 2017.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

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

3 SEGMENT REPORTING

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

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

(b) Revenue from principal activities

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

(c) Geographic information

No geographical information is shown as the revenue and profit from operations of the Group is substantially derived from activities in Henan province in the People's Republic of China ("PRC").

4 REVENUE

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Income from sales of properties	**4,781,586**	2,389,762
Rental income	**44,998**	49,004
Revenue from hotel operations	**132,113**	110,585
Project management service fee income	**99,024**	–
	5,057,721	2,549,351

5 OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Other revenue		
Interest income	**42,965**	91,431
Dividend income from equity securities	**15,090**	1,406
Government grants	**750**	750
Others	**–**	25,029
	58,805	118,616
Other net income/(loss)		
Net exchange gain/(loss)	**30,360**	(49,187)
Unrealised (loss)/gain on trading securities	**(8,695)**	1,508
Net gain/(loss) on deemed disposals of subsidiaries	**280**	(18,611)
Net (loss)/gain on disposals of property, plant and equipment *(note 9)*	**(91)**	80
Write-down of properties for sale	**(5,845)**	(19,753)
Forfeited income from a tenant	**31,623**	–
Others	**3,270**	3,337
	50,902	(82,626)

6 PROFIT BEFORE TAXATION

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

		Six months ended 30 June	
		2017	2016
		RMB'000	RMB'000
(a)	**Finance costs**		
	Interest on bank loans	**74,260**	64,514
	Interest on other loans	**26,904**	55,615
	Interest on senior notes	**312,841**	278,709
	Interest on corporate bonds	**93,550**	40,392
		507,555	439,230
	Less: borrowing costs capitalised	**(392,996)**	(308,702)
		114,559	130,528
	Net loss/(gain) of derivatives embedded to senior notes	**120,414**	(7,360)
		234,973	123,168
(b)	**Other items**		
	Depreciation and amortisation	**126,518**	115,215
	Cost of properties sold	**3,649,629**	1,509,304

7 INCOME TAX

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Current tax		
PRC Corporate Income Tax	**186,577**	135,650
PRC Land Appreciation Tax		
— Provision for the period	**147,889**	104,204
— Over-provision in prior years	**(6,458)**	(23,309)
	328,008	216,545
Deferred tax		
Revaluation of properties	**56,883**	59
PRC Land Appreciation Tax	**22,084**	(4,385)
Others — fair value adjustment upon acquisitions of subsidiaries	**(2,640)**	(531)
	76,327	(4,857)
	404,335	211,688

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

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

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

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

Certain PRC subsidiaries were subject to CIT calculated based on the deemed profit which represents 10% (six months ended 30 June 2016: 10%) of their revenue in accordance with the authorised taxation method pursuant to the applicable PRC tax regulations. The tax rate was 25% (six months ended 30 June 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% (six months ended 30 June 2016: 25%) on the estimated assessable profits for the period.

7 INCOME TAX (continued)

(d) Land Appreciation Tax ("LAT")

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

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB405,256,000 (six months ended 30 June 2016: RMB255,437,000) and the weighted average of 2,442,270,760 ordinary shares (six months ended 30 June 2016: 2,442,270,760 shares) in issue during the interim period.

	Six months ended 30 June	
	2017	2016
	'000	'000
Issued ordinary shares at 1 January	**2,442,271**	2,442,271
Effect of exercised share options	**–**	–
Weighted average number of ordinary shares at 30 June	**2,442,271**	2,442,271

(b) Diluted earnings per share

The Company's share options as at 30 June 2017 do not give rise to any dilution effect to the earnings per share and there are no other potential dilutive ordinary shares in existence during the six months ended 30 June 2017, and hence diluted earnings per share is the same as the basic earnings per share.

9 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired items of property, plant and equipment with a cost of RMB138,530,000 (six months ended 30 June 2016: RMB103,796,000). Items of property, plant and equipment with a net book value of RMB532,000 (six months ended 30 June 2016: RMB637,000) were disposed of during the six months ended 30 June 2017, resulting in a net loss on disposal of RMB91,000 (six months ended 30 June 2016: net gain of RMB80,000).

10 INVESTMENT PROPERTIES

The valuations of investment properties were updated at 30 June 2017 by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the December 2016 valuations. As a result of the update, a net gain of RMB227,533,000 (six months ended 30 June 2016: RMB896,000), and deferred tax thereon of RMB56,883,000 has been recognised in profit or loss for the six months ended 30 June 2017 (six months ended 30 June 2016: RMB224,000).

During the six months ended 30 June 2017, properties held for sale of RMB445,726,000 (six months ended 30 June 2016: RMB3,384,000) were transferred from "properties for sale" to "investment properties" as a result of change of use. The properties were measured at fair value at the time of transfer and revaluation gain of RMB202,724,000 (six months ended 30 June 2016: loss of RMB784,000) had been dealt with in profit or loss.

11 INTERESTS IN JOINT VENTURES

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Share of net assets	**2,633,542**	3,490,712
Amounts due from joint ventures	**4,190,321**	2,785,379
	6,823,863	6,276,091

At 30 June 2017, amounts due from joint ventures are unsecured, interest-free (31 December 2016: except for amounts of RMB1,450,042,000 which are interest bearing at 4.35%–13.65% per annum) and have no fixed terms of repayment, and are expected to be recovered after more than one year.

12 PROPERTIES FOR SALE

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Properties held for future development and under development for sale	**16,612,410**	11,924,548
Completed properties held for sale	**4,808,410**	6,101,981
	21,420,820	18,026,529

During six months ended 30 June 2017, RMB5,845,000 (six months ended 30 June 2016: RMB19,753,000) has been recognised as a reduction in the amount of properties for sale recognised as an expense in profit or loss during the period in order to state these properties at the lower of their cost and estimated net realisable value.

13 TRADE AND OTHER RECEIVABLES

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Bills receivables *(note (a))*	–	6,794
Trade receivables *(note (a))*	168,087	42,926
Other receivables *(note (b))*	545,573	484,970
Amounts due from related companies *(note (c))*	166,437	106,684
Amounts due from non-controlling interests *(note (d))*	331,157	184,548
Derivative financial instruments *(notes 19(a), 19(b), 19(d), 19(e) and 22(a))*	33,307	61,691
	1,244,561	887,613

Notes:

(a) As of the end 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:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Within 1 month	130,757	19,707
1 to 3 months	5,634	1,727
3 to 6 months	4,373	3,650
6 to 12 months	2,094	16,733
Over 1 year	25,229	7,903
	168,087	49,720

In respect of trade receivables of mortgage sales, no credit terms are granted to the buyers. The buyers of properties normally obtain bank financing up to 70% of the total purchase price of the properties and the Group provides guarantee to secure repayment obligations of such buyers. The Group's guarantee periods commence from the date of grant 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 property 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 buyers' deposit, take over the ownership 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 property ownership certificates for these buyers until full payments are received. Sales and marketing staff of the Group are 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 to be fully recoverable. The Group does not hold any collateral over these balances.

13 TRADE AND OTHER RECEIVABLES (continued)

Notes: (continued)

(b) Other receivables included an amount of RMB37,250,000 (31 December 2016: RMBnil) which is unsecured, interest-free and recoverable within one year.

The remaining other receivables are unsecured, interest-free and have no fixed terms of repayment.

(c) The amounts due from related companies included an amount of RMB39,015,000 (31 December 2016: RMB39,015,000) in relation to sales of properties in previous years to a subsidiary of CapitaLand Limited, the ultimate holding company of a substantial shareholder of the Company. The amount is unsecured, interest-free and recoverable on demand.

The amount due from a related company of RMB85,468,000 (31 December 2016: RMB62,082,000) represents the prepaid expected basic return to the trust manager of joint ventures, Bridge Trust Company Limited, according to the cooperation agreements. The amount is unsecured, interest-free and has no fixed terms of repayment.

The amount due from a related company of RMB35,486,000 (31 December 2016: RMBnil) represents the prepaid expected basic return to the trust manager of joint ventures, Ping An Trust and Investment 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, interest-free and have no fixed terms of repayment.

(d) The amounts due from non-controlling interests included an amount of RMB3,500,000 (31 December 2016: RMB3,500,000) which is unsecured, interest bearing at 24% per annum and has no fixed terms of repayment.

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

14 DEPOSITS AND PREPAYMENTS

At 30 June 2017, the balance included deposits and prepayments for leasehold land of RMB4,657,842,000 (31 December 2016: RMB2,220,145,000).

15 RESTRICTED BANK DEPOSITS

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Guarantee deposits in respect of:		
— mortgage loans related to property sale	**978,615**	958,348
— bills payables	**877,555**	440,447
— Bank loans *(note 16)*	**–**	6,026
	1,856,170	1,404,821

16 BANK LOANS

(a) At 30 June 2017, bank loans were repayable as follows:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Within 1 year or on demand	**866,523**	514,265
After 1 year but within 2 years	**368,250**	393,695
After 2 years but within 5 years	**1,681,378**	683,985
After 5 years	**791,750**	773,495
	2,841,378	1,851,175
	3,707,901	2,365,440

16 BANK LOANS (continued)

(b) At 30 June 2017, bank loans were secured as follows:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Bank loans		
— secured	**1,586,773**	1,650,440
— unsecured	**2,121,128**	715,000
	3,707,901	2,365,440

At 30 June 2017, assets of the Group against which bank loans are secured are analysed as follows:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Properties for sale	**1,672,063**	2,271,039
Property, plant and equipment	**870,008**	831,650
Restricted bank deposits *(note 15)*	**–**	6,026
	2,542,071	3,108,715

(c) Certain banking facilities of the Group are subject to the fulfilment of covenants relating to certain of the Group's statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants. At 30 June 2017, except for a covenant of a bank loan amounting to RMB150,000,000 which was repaid in July 2017, none of the covenants relating to drawn down facilities had been breached. At 31 December 2016, none of the covenants relating to drawn down facilities had been breached.

17 OTHER LOANS

(a) At 30 June 2017, other loans were repayable as follows:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Within 1 year or on demand	**838,000**	90,000
After 1 year but within 2 years	**90,000**	90,000
After 2 years but within 5 years	**180,000**	180,000
After 5 years	**30,000**	30,000
	300,000	300,000
	1,138,000	390,000

(b) At 30 June 2017, the other loans were secured as follows:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Other loans		
— secured	**748,000**	–
— unsecured	**390,000**	390,000
	1,138,000	390,000

At 30 June 2017, assets of the Group against which other loans are secured as follows:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Property, plant and equipments	**160,050**	–

18 PAYABLES AND ACCRUALS

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Bills payables *(note (a))*	**1,445,903**	334,633
Trade payables *(note (a))*	**5,091,456**	5,004,184
Other payables and accruals	**3,026,681**	2,453,910
Patent payables	**71,604**	45,000
Amounts due to joint ventures *(note (b))*	**6,199,339**	6,642,758
Amounts due to non-controlling interests *(note (c))*	**947,607**	202,161
Derivative financial instruments		
— held as cash flow hedging instrument *(notes 19(c) and 22(a))*	**–**	159,394
— foreign exchange swap contracts *(notes 19(e) and 22(a))*	**19,112**	–
	16,801,702	14,842,040

At 30 June 2017, included in payables and accruals are retention payable of RMB46,640,000 (31 December 2016: RMB35,760,000), which are expected to be settled after more than one year.

Notes:

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

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Within 1 month	**1,520,410**	2,090,689
1–3 months	**1,232,478**	789,930
3–6 months	**1,269,104**	760,841
6–12 months	**1,559,605**	416,262
Over 1 year	**955,762**	1,281,095
	6,537,359	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 interests included an amount of RMB5,879,000 (31 December 2016: RMB76,634,000) which is unsecured, interest bearing at 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.

19 SENIOR NOTES

Liability component of the Senior Notes

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
US$200m Senior Notes *(note (a))*	**1,349,753**	1,396,432
US$400m Senior Notes *(note (b))*	**2,702,769**	2,795,026
SGD200m Senior Notes *(note (c))*	**–**	960,216
US$300m Senior Notes *(note (d))*	**2,017,620**	2,087,429
US$200m Senior Notes due in 2021 *(note (e))*	**1,337,919**	1,383,383
	7,408,061	8,622,486
Less: amount due for maturity within 12 months (classified as current liabilities)	**(2,702,769)**	(960,216)
	4,705,292	7,662,270

(a) On 21 January 2013, the Company issued senior notes with principal amount of US$200,000,000 due in 2020 ("US$200m Senior Notes"). The senior notes are interest bearing at 8% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 28 January 2020. At any time and from time to time on or after 28 January 2017, the Company may at its option redeem the senior notes, in whole or in part, at a predetermined redemption price. In addition, at any time prior to 28 January 2017, the Company may at its option redeem the senior notes, in whole but not in part, at another predetermined redemption price. Certain covenants of the senior notes would limit the Group's ability to, among other things, incur additional indebtedness and declare dividends under certain circumstances. The details of the redemption price are disclosed in the relevant offering memorandum.

(b) On 22 May 2013, the Company issued senior notes with principal amount of US$400,000,000 due in 2018 ("US$400m Senior Notes"). 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 4 June 2018. At any time and from time to time on or after 4 June 2016, the Company may at its option redeem the senior notes, in whole or in part, at a predetermined redemption price. In addition, at any time prior to 4 June 2016, the Company may at its option redeem the senior notes, in whole but not in part, at another predetermined redemption price. Certain covenants of the senior notes would limit the Group's ability to, among other things, incur additional indebtedness and declare dividends under certain circumstances. The details of the redemption price are disclosed in the relevant offering memorandum.

19 SENIOR NOTES (continued)

(c) On 15 May 2014, the Company issued senior notes with principal amount of SGD200,000,000 due in 2017 ("SGD200m Senior Notes"). 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 26 May 2017. At any time prior to 26 May 2017, the Company may at its option redeem the senior notes, in whole but not in part, at a predetermined redemption price. Certain covenants of the senior notes would limit the Group's ability to, among other things, incur additional indebtedness and declare dividends under certain circumstances. The details of the redemption price are disclosed in the relevant offering memorandum.

The Company entered into a foreign exchange rate swap contract to manage its exposure to foreign exchange rate risk of the SGD200m Senior Notes by swapping the senior notes principal of SGD200,000,000 into US$160,000,000. The aggregate notional principal amounts of the foreign exchange rate swap contract is SGD200 million and the contract was matured on 26 May 2017. The foreign exchange rate swap contract is accounted for at fair value at the end of reporting period as derivative financial instrument in accordance with the Group's accounting policy. On 26 May 2017, the foreign exchange rate swap contract was terminated and the loss of RMB74,225,000 is recorded under "Finance costs" (note 6(a)).

On 26 May 2017, the Company redeemed all outstanding SGD200m Senior Notes upon maturity with principal amount of SGD200,000,000 at the predetermined redemption price.

(d) On 23 April 2015, the Company issued senior notes with principal amount of US$300,000,000 due in 2021 ("US$300m Senior Notes"). The senior notes are interest bearing at 8.75% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 23 January 2021. At any time and from time to time on or after 23 January 2019, the Company may at its option redeem the senior notes, in whole or in part, at a predetermined redemption price. In addition, at any time prior to 23 January 2019, the Company may at its option redeem the senior notes, in whole but not in part, at another predetermined redemption price. Certain covenants of the senior notes would limit the Group's ability to, among other things, incur additional indebtedness and declare dividends under certain circumstances. The details of the redemption price are disclosed in the relevant offering memorandum.

19 SENIOR NOTES (continued)

(e) On 8 November 2016, the Company issued senior notes with principal amount of US$200,000,000 due in 2021 ("US$200m Senior Notes due in 2021"). The senior notes are interest bearing at 6.75% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 8 November 2021. At any time prior to 8 November 2021, the Company may at its option redeem the senior notes, in whole but not in part, at a predetermined redemption price. Certain covenants of the senior notes would limit the Group's ability to, among other things, incur additional indebtedness and declare dividends under certain circumstances. The details of the redemption price are disclosed in the relevant offering memorandum.

The Company entered into a foreign exchange rate swap contract to manage its exposure to foreign exchange rate risk of the US$200m Senior Notes due in 2021 by swapping the senior notes principal of US$200,000,000 into RMB1,385,600,000. The aggregate notional principal amounts of the foreign exchange rate swap contract is US$200 million and the contract will mature on 8 November 2021. The foreign exchange rate swap contract is accounted for at fair value at the end of reporting period as derivative financial instrument in accordance with the Group's accounting policy. As at 30 June 2017, the fair value of the foreign exchange rate swap contract liability amounted to RMB19,112,000 (note 18) is measured based on market price quoted by brokers and the fair value change loss of RMB46,051,000 is recorded under "Finance costs" (note 6(a)).

(f) The senior notes are secured by the corporate guarantees given by certain subsidiaries of the Company.

20 CORPORATE BONDS

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
At the beginning of the period	**2,978,128**	–
Proceeds from issuance corporate bonds	**–**	3,000,000
Transaction costs	**–**	(27,910)
Net proceeds	**–**	2,972,090
Interest and transaction costs amortised	**4,289**	6,038
	2,982,417	2,978,128

20 CORPORATE BONDS (continued)

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

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

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

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

21 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) No interim dividend proposed after the interim period.

(ii) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 30 June	
	2017 **RMB'000**	2016 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of Nil (six months ended 30 June 2016: HK11.61 cents (equivalent to RMB9.84 cents) per ordinary share)	**–**	240,295

21 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Equity Settled Share-Based Transaction

(i) Share options granted on 25 May 2010

On 25 May 2010, the Company conditionally granted share options to the Company's directors and employees. The exercise of these share options would entitle the Company's directors and employees of the Group to subscribe for an aggregate of 6,000,000 shares and 14,000,000 shares of the Company respectively. The exercise price is HK$1.9 per share. Under the share option scheme, no share options are exercisable within first year from the date of grant. Not more than 20% of the share options are exercisable within the second year from the date of grant and not more than 40% of the share options are exercisable in each of the third and fourth year from the date of grant. Each option gives the holders the right to subscribe for one ordinary share of the Company.

On 28 June 2011, upon the rights issue of the Company, the exercise price of share options granted on 25 May 2010 was adjusted to HK$1.853 and the number of outstanding share options was adjusted from 20,000,000 to 20,504,000.

(ii) Share options granted on 25 July 2011

On 25 July 2011, the Company conditionally granted certain share options to the Company's employees. The exercise of these share options would entitle six employees of the Group to subscribe for an aggregate of 12,500,000 shares of the Company. The exercise price is HK$2.16 per share. The share option scheme was effective from 25 July 2011. Under the share option scheme, no share option is exercisable within first year from the date of grant. Not more than 20% of the share options are exercisable within the second year from the date of grant and not more than 40% of the share options are exercisable in each of the third and fourth year from the date of grant. Each option gives the holders the right to subscribe for one ordinary share of the Company.

(iii) Share options granted on 27 March 2013

On 27 March 2013, the Company conditionally granted certain share options to the Company's directors and employees. The exercise of these share options would entitle the Company's directors and employees of the Group to subscribe for an aggregate of 24,000,000 shares of the Company. The exercise price is HK$2.56 per share. The share option scheme was effective from 27 March 2013. Under the share option scheme, no share option is exercisable within first year from the date of grant. Not more than 20% of the share options are exercisable within the second year from the date of grant and not more than 40% of the share options are exercisable in each of the third and fourth year from the date of grant. Each option gives the holders the right to subscribe for one ordinary share of the Company.

(Expressed in Renminbi)

21 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Equity Settled Share-Based Transaction (continued)

(iv) Share options granted on 23 May 2017

On 23 May 2017, the Company conditionally granted certain share options to the Company's directors and employees. The exercise of these share options would entitle the Company's directors and employees of the Group to subscribe for an aggregate of 95,000,000 shares of the Company. The exercise price is HK$1.764 per share. The share option scheme was effective from 23 May 2017. Under the share option scheme, no share option is exercisable within first year from the date of grant. Not more than 20% of the share options are exercisable within the second year from the date of grant and not more than 40% of the share options are exercisable in each of the third and fourth year from the date of grant. Each option gives the holders the right to subscribe for one ordinary share of the Company.

The weighted average value per share option granted during the year estimated at the date of grant using binomial (Coz, Ross, Rubinstein) model was HK$0.522. The weighted average assumptions used are as follows:

Fair value at measurement date	HK$0.522
Share price	HK$1.750
Exercise price	HK$1.764
Expected volatility	46%
Option life	10 years
Expected dividends	7%
Risk-free interest rate	1.36%

The expected volatility was based on statistical analysis of daily share average prices of Group of listed companies in the similar industry over the one year immediately preceding the grant date, adjusted for any expected changes to future volatility based on publicly available information. Expected dividends were estimated based on the dividend policy of the Group. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition had not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

(Expressed in Renminbi)

21 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Equity Settled Share-Based Transaction (continued)

(v) The number and the weighted average exercise price of share options are as follows:

	2017		2016	
	Weighted average exercise price HK$	Number of options	Weighted average exercise price HK$	Number of options
Outstanding at 1 January	**2.31**	**29,117,720**	2.34	32,867,720
Issued during the period	**1.76**	**95,000,000**	–	–
Forfeited/Lapsed during the period	**–**	**–**	2.56	(2,000,000)
Outstanding at 30 June	**1.89**	**124,117,720**	2.33	30,867,720
Exercisable at 30 June	**2.31**	**29,117,720**	2.33	30,867,720

The options outstanding at 30 June 2017 had a weighted average exercise price of HK$1.89 (30 June 2016: HK$2.33) and a weighted average remaining contractual life of 8.69 years (2016: 5.78 years).

22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(a) Financial assets and liabilities measured at fair value (continued)

(i) Fair value hierarchy (continued)

— Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 30 June 2017 RMB'000	Fair value measurements as at 30 June 2017 categorised into Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
Assets:				
Trading securities:				
— Listed equity securities in Hong Kong	95,240	95,240	–	–
Derivative financial instruments:				
— Redemption call option of US$200m Senior Notes	20,986	–	20,986	–
— Redemption call option of US$400m Senior Notes	2,031	–	2,031	–
— Redemption call option of US$300m Senior Notes	10,290	–	10,290	–
Liabilities:				
Derivative financial instruments:				
— Foreign exchange swap contracts	19,112	–	19,112	–

22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(a) Financial assets and liabilities measured at fair value (continued)

(i) Fair value hierarchy (continued)

	Fair value at 31 December 2016 RMB'000	Fair value measurements as at 31 December 2016 categorised into Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
Assets:				
Trading securities:				
— Listed equity securities in Hong Kong	105,868	105,868	–	–
Derivative financial instruments:				
— Redemption call option of US$200m Senior Notes	19,411	–	19,411	–
— Redemption call option of US$400m Senior Notes	2,873	–	2,873	–
— Redemption call option of US$300m Senior Notes	12,333	–	12,333	–
— Foreign exchange swap contracts	27,074	–	27,074	–
Liabilities:				
Derivative financial instruments:				
— Foreign exchange swap contracts	159,394	–	159,394	–

During the six months ended 30 June 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 June 2016: Nil). The Group's policy is to recognised transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

22 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

(a) Financial assets and liabilities measured at fair value (continued)

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of redemption call options of US$200m Senior Notes, US$400m Senior Notes and US$300m Senior Notes in Level 2 are determined by assessing the difference between the fair value of the senior notes by quoted price and the pure bond value.

The fair value of foreign exchange swap contracts in Level 2 is determined by discounting the contractual forward price and deducting the current spot rate. The discount rate used is derived from the relevant interest rate swap and cross currency basis swap yield curve as at the end of the reporting period plus an adequate credit spread.

The fair values of these financial instruments are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

(b) Fair values of financial instruments carried at other than fair value

All these financial instruments are carried at amounts not materially different from their fair values as at 30 June 2017 and 31 December 2016.

23 COMMITMENTS

Capital commitments outstanding at 30 June 2017 not provided for in the interim financial report are as follows:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Properties under development undertaken by the Group		
— Authorised but not contracted for	**15,169,996**	11,831,350
— Contracted but not provided for	**7,621,036**	5,443,571
	22,791,032	17,274,921

23 COMMITMENTS (continued)

Capital commitments in respect of land and development costs for the Group's properties under development by joint ventures:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Properties under development undertaken by joint ventures attributable to the Group		
— Authorised but not contracted for	**573,320**	1,617,493
— Contracted but not provided for	**1,148,435**	1,006,293
	1,721,755	2,623,786

24 CONTINGENT LIABILITIES

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

The Group and joint ventures provide guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by buyers of the Group's and joint ventures' properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these buyers, the Group and joint ventures are responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted buyers to banks. The Group's and joint ventures' guarantee periods commence from the dates of grants of the relevant mortgage loans and end after the buyers obtain the individual property ownership certificates of the properties purchased. The amount of guarantees given to banks for mortgage facilities granted to the buyers of the Group's and joint ventures' properties at 30 June 2017 are as follows:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Guarantees given to banks for mortgage facilities granted to buyers of:		
— the Group's properties	**16,647,939**	14,514,045
— the joint ventures' properties (the Group's shared portion)	**3,765,798**	4,562,996
	20,413,737	19,077,041

24 CONTINGENT LIABILITIES (continued)

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

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

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

The Group provided guarantees to bank loans and other loans of joint ventures amounting to RMB2,143,363,000 as at 30 June 2017 (31 December 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 nil.

(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 for an amount of RMB650,000,000 as at 30 June 2017 (31 December 2016: RMB650,000,000) in relation to Assets-backed Securities issued by Jianye Property Management. Details of the Assets-backed Securities are disclosed in the Company's announcement dated 13 April 2016.

25 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in this interim financial report, other material related party transactions entered by the Group during the six months ended 30 June 2017 are as follows:

		Six months ended 30 June	
		2017	2016
	Note	**RMB'000**	RMB'000
Interest income from joint ventures	*(a)*	**5,821**	37,551
Interest income from non-controlling interests	*(a)*	**377**	35
Interest expenses to non-controlling interests	*(b)*	**–**	(4,427)
Directors' and chief executive's emoluments	*(c)*	**(8,137)**	(4,156)

25 MATERIAL RELATED PARTY TRANSACTIONS (continued)

Notes:

(a) The amounts represent interest income in relation to advances to joint ventures and non-controlling interests.

(b) The amounts represent interest expenses in relation to loans from non-controlling interests.

(c) The directors' and chief executive's emoluments during the period are as follows:

	Six months ended 30 June	
	2017 **RMB'000**	2016 RMB'000
Directors' fees	**318**	290
Salary and other emoluments	**5,339**	3,853
Contribution to retirement benefit schemes	**80**	5
Share-based payment	**776**	8
Discretionary bonuses	**1,624**	–
	8,137	4,156

26 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) On 30 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) 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.

(b) On 18 July 2017, the Company issued senior notes with principal amount of US$200,000,000 due in 2018. The senior notes are interest bearing at 6.0% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 18 July 2018. The details of the redemption price are disclosed in the relevant offering memorandum dated 12 July 2017 issued by the Company.

(c) On 23 August 2017, the Group entered into the Equity Transfer Agreement with Lu Yubo and Wu Yunhua, pursuant to which the Group agreed to acquire 100% of equity interest in 北京藍德匯豐房地產開發有限公司 (For identification purpose only, in English, Beijing Lande Huifeng Property Development Limited) which has 40% equity interest in 洛陽住總宇泰房地產開發有限公司 (For identification purpose only, in English, Luoyang Zhuzong Yutai Property Development Limited) at the consideration of RMB609,394,000. The details are disclosed in the relevant announcement dated 23 August 2017 issued by the Company.

27 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2017

A number of amendments and new standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Group has not early adopted any new or amended standards in preparing this interim financial report.

The Group has the following updates to the information provided in the last annual financial statements about the possible impacts of the new standards issued but not yet effective which may have a significant impact on the Group's consolidated financial statements.

HKFRS 9, Financial instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, *Financial instruments: Recognition and measurement*. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. The Group has decided not to adopt HKFRS 9 until it becomes mandatory on 1 January 2018. Expected impacts of the new requirements on the Group's financial statements are as follows:

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI) as follows:

— The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then effective interest, impairments and gains/losses on disposal will be recognised in profit or loss.

— For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

Based on the preliminary assessment, the Group expects that its financial assets currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of HKFRS 9.

27 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2017 (continued)

HKFRS 9, Financial instruments (continued)

(a) Classification and measurement (continued)

With respect to the Group's financial assets currently classified as "available-for-sale", these are investments in equity securities which the Group may classify as either FVTPL or irrevocably elect to designate as FVTOCI (without recycling) on transition to HKFRS 9. The Group has not yet decided whether it will irrevocably designate these investments as FVTOCI or classify them as FVTPL. Either classification would give rise to a change in accounting policy as the current accounting policy for available-for-sale equity investments is to recognise fair value changes in other comprehensive income until disposal or impairment, when gains or losses are recycled to profit or loss. This change in policy will have no impact on the Group's net assets and total comprehensive income but will impact on reported performance amounts such as profit and earnings per share.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement may not have any impact on the Group on adoption of HKFRS 9.

(b) Impairment

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

(c) Hedge accounting

HKFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under HKAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. The Group preliminarily assesses that its current hedge relationships will qualify as continuing hedges upon the adoption of HKFRS 9 and therefore it expects that the accounting for its hedging relationships will not be significantly impacted.

27 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2017 (continued)

HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, *Revenue*, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specifies the accounting for revenue from construction contracts. The Group is currently assessing the impacts of adopting HKFRS 15 on its financial statements. Based on the preliminary assessment, the Group has identified the following areas which are likely to be affected:

(a) Timing of revenue recognition

Currently, revenue arising from construction contracts and the provision of services is recognised over time, whereas revenue from the sale of goods is generally recognised when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

(a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

(b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

(c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

27 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2017 (continued)

HKFRS 15, Revenue from contracts with customers (continued)

(a) Timing of revenue recognition (continued)

As a result of this change from the risk-and-reward approach to the contract-by contract transfer-of-control approach, it is possible that once the Group adopts HKFRS 15 some of the Group's contract manufacturing and residential property development activities that are currently recognised at a point in time may meet the HKFRS 15 criteria for revenue recognition over time. This will depend on the terms of the sales contract and the enforceability of any specific performance clauses in that contract, which may vary depending on the jurisdiction in which the contract would be enforced. It is also possible that for the remainder of the Group's contracts the point in time when revenue is recognised may be earlier or later than under the current accounting policy. However, further analysis is required to determine whether this change in accounting policy may have a material impact on the amounts reported in any given financial reporting period.

(b) Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears.

Currently, the Group would only apply such a policy when payments are significantly deferred, which is currently not common in the Group's arrangements with its customers. Currently, the Group does not apply such a policy when payments are received in advance.

Advance payments are not common in the Group's arrangements with its customers, with the exception of when residential properties are marketed by the Group while the property is still under construction. In this situation, the Group may offer buyers a discount compared to the sales price payable, provided the buyer agrees to pay the balance of the purchase price early.

Currently, the revenue from property sales is recognised when the property is complete, measured at the amount received from the customer, irrespective of whether the customer pays early or on completion. However, under HKFRS 15 such advance payment schemes are likely to be regarded as including a financing component.

The Group is in the process of assessing whether this component in the Group's advance payment schemes would be significant to the contract and therefore whether, once HKFRS 15 is adopted, the transaction price would need to be adjusted for the purposes of recognising revenue. Any adjustment to the transaction price under HKFRS 15, if considered necessary, would result in interest expense being recognised while the construction work is still in progress to reflect the effect of the financing benefit obtained from the customers, with a corresponding increase to revenue on sale of properties recognised when control of the completed property is transferred to the customer.

27 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2017 (continued)

HKFRS 15, Revenue from contracts with customers (continued)

(c) Sales with a right of return

Currently when the customers are allowed to return the products, the Group estimates the level of returns and makes an adjustment against revenue and cost of sales.

The Group expects that the adoption of HKFRS 15 will not materially affect how the Group recognises revenue and cost of sales when the customers have a right of return. However, the new requirement to recognise separately a return asset for the products expected to be returned will impact the presentation in the consolidated statement of financial position as the Group currently adjusts the carrying amounts of inventory for the expected returns, instead of recognising a separate asset.

HKFRS 16, Leases

Currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee. HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group has decided not to early adopt HKFRS 16 in its 2018 consolidated financial statements.

KPMG

REVIEW REPORT TO THE BOARD OF DIRECTORS OF CENTRAL CHINA REAL ESTATE LIMITED
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 34 to 71 which comprises the consolidated statement of financial position of Central China Real Estate Limited as of 30 June 2017 and the related consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2017 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 August 2017