

[For immediate Release]



**Central China Real Estate Limited announces 2016 annual results**

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**Revenue decreased 24.4% to RMB9.495 billion  
Contracted sales rose by 28.0% to RMB20.1 billion in 2016  
Transformation into a provider of services for new lifestyle in progress with  
asset-light business model**

(24 March 2017 – Hong Kong) - Central China Real Estate Limited (“CCRE” or the “Company”, which together with its subsidiaries, is referred to as the “Group”; SEHK stock code: 832), one of the leading Henan-based property developers, announced its annual results for the year ended 31 December 2016 (the “Year”).

During the Year, the Group stepped up sales of properties, leading to noticeable growth in sales, which exceeded the sales target of RMB18 billion set at the beginning of the Year. In 2016, the Group’s contracted sales increased by 28.0% to approximately RMB20.146 billion, which also represented a compound annual growth rate of 19.9% in the past five years. The increased contribution from the Group’s property sales in Zhengzhou, the provincial capital of Henan province, and the change to the product mix led to a 26.4% increase in average selling price to RMB7,288 per square metre (sq.m.). Approximately 2,764,000 sq.m. of GFA were sold under contracts.

In 2016, the group’s recognized property sales decreased in terms of area sold and income. Revenue decreased by 24.4% to RMB9.496 billion in 2016. Gross profit decreased by 17.8% to approximately RMB2.293 billion. Affected by China’s environmental policy, progress in some property projects did not meet expectations. Gross profit margin increased by 1.9 percentage points to 24.1% in 2016. Profit attributable to equity holders of the Company was approximately RMB403 million. The basic earnings per share were RMB0.1655.

A breakdown of revenues shows that revenue from property sales decreased by 25.8% to approximately RMB9.12 billion because the sold area decreased to 1,752,945 sq.m. in 2016 from 2,037,117 million sq.m. in 2015. The rental income from properties which were held by the Group for investment decreased by 6.7% to RMB95 million in 2016. As the hotel Pullman Kaifeng Jianye was opened for business in the second half of 2015 and the operating performance of all the Group’s hotels continued to improve, revenue from the hotel business increased by 38.2% to approximately RMB242 million in 2016 from the approximately RMB175 million in 2015.

During the Year, 39 of the Group’s projects were either completed or had some of their phases completed, with a total gross floor area (“GFA”) of approximately 2,037,471 sq.m. completed. The Group also started construction of 33 projects with GFA of 3,319,493 sq.m. The Group had 54 projects which were under development with a total GFA of approximately 6,019,755 sq.m., including 9 projects in Zhengzhou and 45 projects in other cities of Henan province.

During the Year, the Group acquired land reserves with a total GFA of approximately 4,340,000 sq.m. through public auctions or acquisition of equity interests. As at 31 December 2016, the Group had land reserves with a total GFA of about 20,920,000 sq.m., which included GFA of about 17,440,000 sq.m. attributable to the Group’s equity interests. The average land cost was RMB 854 per sq.m.

During the Year, the Group sped up its strategic development with the asset-light business model. As at 31 December 2016, the Group had entered into agreements over 36 projects which would be undertaken with its asset-light business model. In accordance with the terms of the agreements, those projects had planned GFA of approximately 7,060,000 sq.m. In 2016, the Group derived RMB39 million in management service fees from its project operation and management services with asset-light business model. Such projects will be able to generate stable income for the Group over the next several years.

In addition to property sales, the Group has been expanding its revenue base and spreading out operational risk by diversifying into hotels and cultural tourism projects. The management believes that investing part of its resources in these new businesses will be able to improve the Group's business mix. Such move will also enable the Group to coordinate the developments of its businesses of property development, hotels and cultural tourism projects and provide customized services.

The Group strictly adhered to its principle of prudent financial management, and maintained a high proportion of cash in its assets and a reasonable level of borrowings. As at 31 December 2016, the Group's cash, cash equivalents and restricted bank deposits increased by 28% to approximately RMB11.181 billion. The increase was due to the growth in contracted sales and the satisfactory collection of cash from property sales. As at 31 December 2016, the Group's net gearing ratio was 65.4%

Looking ahead to the future, **Mr. Wu Po Sum, Chairman of the Group** said, "Having taken root in Henan province for 25 years, the Company will continue to use its two competitive advantages of a huge customer base and a strong brand to continue its development. It will maintain and reinforce its property business to ensure sustainable growth. In 2017, we will expand its land reserve in key regions in Henan and Zhengzhou by innovative means and by using its advantage and resources, such as the Jianye brand. It will also upgrade its products and raise the standards of its services. The Group will continue to build up its businesses of services for a new lifestyle, tourism and hotel, etc. which will form a large ecosystem. It will seek to make its property business and new businesses under its 'New Blue Ocean' strategy complement each other in their synergistic development. This will help to take the Group's business to the next level."

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#### **About CCRE**

Central China Real Estate Limited is one of the leading Henan-based property developers which focus on developing high-quality residential properties. Known for its outstanding product quality, strong brand and experienced management team, the company ranked 28th among the "Top 500 Chinese Property Developers in 2016", according to "2016 Research Report on Top 500 Chinese Property Developers" jointly published by China Real Estate Association and China Real Estate Appraisal. CCRE also topped the list of "Top 10 Chinese Property Developers in Regional Operations" for the sixth year in a row and repeatedly ranked among the top five Hong Kong-listed mainland Chinese property companies in terms of performance. It is also the only central China-based property developer to rank among the country's top 30 real estate firms and remains the top real estate developer in Henan province.

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