

[For immediate release]



建業地產股份有限公司
Central China Real Estate Limited

Central China Real Estate Announces 2016 Interim Results

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Contracted Sales Reached a Record High and Increased Significantly by 58%

Sales Focused in Zhengzhou, Achieved 8% Market Share in 1H2016

Implemented Light-Asset Strategy Proactively to Achieve Stable Contribution to Revenue

(19 Aug 2016 – Hong Kong) — **Central China Real Estate Limited** (“CCRE” or the “Company”, together with its subsidiaries, the “Group”; SEHK stock code: 832), one of the leading Henan-based property developers, announced its unaudited interim results for the six months ended 30 June 2016.

For the six months ended 30 June 2016 (the “Period”), as the Group stepped up sales efforts in Zhengzhou, the contracted sales reached a record high, amounting to approximately RMB9.42 billion. That represented an increase of 58% year on year and achieved a 52% lock-in rate of the Group’s annual sales target of RMB18 billion. Also the Group’s market share in Zhengzhou achieved 8% in 1H2016. Due to the significant sales increase in the Zhengzhou market, the average selling price (“ASP”) for the Period was RMB 8,354 per sq.m., up 69.5% from the corresponding period of the last year. During the Period, the Group’s contracted gross floor areas (“GFA”) sold reached approximately 1.13 million sq.m..

Nevertheless, as fewer projects were completed during the Period, the Group’s revenue dropped by 34.5% to approximately RMB2.55 billion. Gross profit was around RMB968 million. But gross profit margin rose to 38.0% from 27.9% a year ago, which was attributed to the relatively low gross profit margin caused by the execution of the strategy of accelerated inventory clearance in the first half of 2015. Net core profit was around RMB417 million, remaining flat compared to the corresponding period of 2015. Profit attributable to the equity holders of the Company was RMB255 million. Basic earnings per share were RMB10.46 cents.

In terms of revenue breakdown, as the Group’s areas sold during the Period decreased to approximately 467,000 sq.m. from approximately 695,000 sq.m. in the corresponding period of 2015, revenue from property sales declined from RMB3.77 billion in the corresponding period of 2015 to RMB2.39 billion for the Period. The ASP decreased from RMB5,419 per sq.m. in the corresponding period of 2015 to RMB5,116 per sq.m. for the Period because of the change of product mix. Revenue from property leasing was approximately RMB49 million during the Period, which was mainly derived from the rental income of commercial buildings and shopping malls. During the Period, due to the opening of Hotel Pullman Kaifeng Jianye in the second half year of 2015 and the continuous improvement in hotel operation in each hotel, revenue from hotel operations increased by 42.6% to RMB111 million for the Period from RMB78 million in the corresponding period of 2015.

During the Period, the Group completed 17 projects/phases with total completed GFA of approximately 359,000 sq.m.. The Group commenced construction of 12 projects with newly commenced GFA of approximately 1,176,000 sq.m.. The Group had 54 projects under development with total GFA of approximately 5,537,000 sq.m., including 9 projects in Zhengzhou and 45 projects in other cities in Henan.

During the Period, the Group acquired land reserves with GFA of approximately 730,000 sq.m. through public land auctions, which was in line with the development plan formulated by the Group. As at 30 June 2016, the Group had land reserves with total GFA of approximately 18.96 million sq.m., including equity-owned GFA of approximately 15.65 million sq.m..

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During the Period, the Group carried out its light-asset development strategy proactively through delivery of its brand, management and capital in order to maximize its brand value and management advantages. As at 30 June 2016, the Group has engaged in 15 light-asset model projects with planned GFA of approximately 3,120,000 sq.m. and estimated base management fee of approximately RMB659 million in total. During the Period, management fee income of RMB 25 million was recognized from these light-asset model projects. At the same time, the Group gradually scaled up its products to commercialized level based on a concrete foundation of serialization and standardization laid by the Group. For product development, customers' experience was considered as the core objective and "green, low-carbon, energy-saving and technology" as the primary consideration and guidelines for the research and development of the Group. In addition, the Group continued to transform itself into a "new lifestyle services provider" proactively by providing personalized, customized and differentiated services and products, with an aim to create a new lifestyle to customers.

Looking forward, **Mr. Wu Po Sum, Chairman of CCRE** concluded, "Due to Henan's competitive edge in terms of geographic location, population, economic growth, and urban development, strong and stable rigid demand for housing should be made by the development of property market in the advancement of new urbanization, and enormous potential from elevated demand for housing will bolster long-term steady development of the property market. In the second half of 2016, the Group will maintain its efforts and speed on land acquisition and development, respectively, in its key markets such as Zhengzhou, facilitate the expansion and the operation of light-asset model projects in the tier 3, 4 cities, further enhance the profit from the key regions and achieve material growth in scale. On the other hand, the Group will adopt various measures to further enhance product quality and services, strengthen brand recognition of the Group with an aim to lay a concrete foundation for boosting project sales and securing the accomplishment of the annual business targets."

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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, CCRE 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 Research Association, 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 eighth 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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