

[For immediate release]



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

Central China Real Estate Limited announces 2018 Annual Results

Significant Growth in Contracted Sales Amounting to RMB72,366 million in 2018, Up 97.2%

Contracted Sales of Heavy Assets amounted RMB53,675 million Up76.5%

Achieved its Annual Sales Target

Contracted Sales of Light Assets amounted RMB18,691 million Up197.2%

Profit Attributable to Equity Shareholders Increased by 42.3% to RMB1,154 million

Actively Expand Business and Diversify Revenue

Strategic Layout Has Achieved Remarkable Results

Financial Highlights:

RMB million	For the year ended 31 December		
	2018	2017	Changes
Revenue	14,783	13,879	+6.5%
Gross Profit	5,091	3,281	+55.2%
Gross Margin	34.4%	23.6%	+10.8ppt
Profit for the year	1,415	899	+57.4%
Net Profit Margin	9.6%	6.5%	+3.1ppt
Profit attributable to equity shareholders	1,154	811	+42.3%
Basic earnings per share (RMB cents)	44.3	33.19	+33.5%
Final dividends per share (HK cents)	14.12	-	-
Full year Dividend (HK cents)	21.28	12.29	+73.1%

(28 Mar 2019 – 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 annual results for the year ended 31 December 2017 (the “Year”).

During the Year, the Group stepped up its sales of properties and achieved a significant growth in contracted sales amounting to RMB72,366 million in 2018, representing a year-on-year increase of approximately 97.2%, of which the contracted sales of heavy assets amounted to RMB53,675 million, representing a year-on-year increase of approximately 76.5%, and the contracted sales of light assets amounted to RMB18,691 million, representing a year-on-year increase of approximately 197.2%. The contracted area sold by the Company was approximately 7.43 million sq.m., representing an increase of 62.2%. The average selling price amounted to RMB7,221 per sq.m., representing an increase of 8.8% year-on-year. In terms of total contracted sales amount, the market share of the Company in 2018 in Henan Province was 9.0%.

For the year ended 31 December 2018, the Group’s revenue increased by 6.5% to approximately RMB14,783 million from approximately RMB13,879 million in 2017. Started from 2018, the revenue recorded did not increase significantly as contracted sales due to the delay in revenue recognition of certain properties as a result of the application of HKFRS15. If the revenue for 2018 had been calculated in accordance with old accounting policies, the revenue for 2018 would have been approximately RMB19,165 million, representing a year-on-year increase of approximately 38.1% and the profit attributable to the equity shareholders of the Company in 2018 would have been approximately RMB1,588 million, representing a year-on-year increase of approximately 95.8%.

In 2018, the Group's gross profit increased by 55.2% to approximately RMB5.091 million and the gross margin grew by 10.8 percentage points from 26.3% of 2017 to 34.3% for 2018. Profit attributable to equity holders of the Company was up 42.3% to RMB1,154 million. Basic earnings per share amounted to RMB44.3 cents, representing an increase of approximately 33.5% compared with that in 2017. The Board recommends the payment of a final dividend of HK\$14.12 cents per share for the year ended 31 December 2018. The total dividend for the year is HK\$21.28 cents, together with the interim dividend of HK\$7.16 cents per share.

Revenue from property sales increased by 3.2% to approximately RMB13,629 million for the year 2018 from RMB13,211 million in 2017. Revenue from property leasing grew by 54.7% from approximately RMB95 million in 2017 to approximately RMB147 million. Revenue from hotel operation increased by 7.1% to approximately RMB285 million in 2018 from approximately RMB266 million in 2017. Revenue from project management service increased by 119.2% to approximately RMB675 million from approximately RMB308 million in 2017.

As at 31 December 2018, the Group completed construction of 38 projects in total with a total GFA of approximately 4,689,000 sq.m. The Group commenced construction of 87 projects in total with newly commenced GFA of 13,619,000 sq.m., which exceeded the target set at the beginning of the Year by 35.6%. The Group had 118 projects under development with a total GFA of approximately 21,721,000 sq.m., including 16 projects in Zhengzhou and 102 projects in other cities of Henan Province.

During the Year, the Group acquired land with a total GFA of approximately 13.51 million sq.m. through tendering, auctions and listing and equity acquisitions, in line with the development plan formulated by the Group. As at 31 December 2018, the Group had land reserves with a total GFA of approximately 46.08 million sq.m., including attributable GFA of approximately 34.66 million sq.m.

As at 31 December 2018, the Group sped up its development of light-asset projects and signed an accumulated number of 110 projects with a total planned GFA of approximately 16.62 million sq.m. In 2018, revenue project management service recorded approximately RMB675 million in 2018, up 119.2%. The Group expects the light-asset projects will generate steady income to the Group in the coming years.

As at 31 December 2018, the contracted sales of the Company which was not recognized was approximately RMB39,908 million with corresponding gross profits of approximately RMB10,598 million. The amount is expected to be recognized as revenue and gross profit in the next two or three years.

In addition to property sales, the Group has been expanding its revenue base and spreading its operational risks through expanding and diversifying its business to hotel operation, cultural tourism projects and green bases. The Group has currently entered into strategic partnerships with a number of internationally renowned hotels to jointly operate five high-end hotel projects. In 2018, hotel operation income increased by 7.1% to RMB285 million, mainly due to the growth of occupancy rate and room rates as compared with those in 2017 since the increasingly prosperous tourism in Henan's famous tourist cities such as Zhengzhou, Nanyang and Luohe and the official operation of Yanling Jianye The Mist Hot Spring Hotel, the first self-operated hotel of the Group during the Year.

In terms of cultural tourism business, the Group has been committed to the development and operation of cultural and tourist real estate projects in Henan province. As at 31 December 2018, the Group owned four cultural tourism projects includes "Jianye Huayi Brothers Film Town", "Unique in Henan (只有河南)", Zhengping Fang in Luoyang and Jianye Ivi 1895. As at 31 December 2018, the first phase of "Jianye Huayi Brothers Film Town" was topped out and planned to open in 2019. Meanwhile, "Henan Unique" commenced construction in March 2018 and was planned to open in 2020.

CCRE's green houses are main body of the establishment and operation of CCRE's modern agriculture project. As at 31 December 2018, the Company had completed and in operation, namely Yanling Jianye Green House and Hebi Jianye Green House; one greenhouse initially constructed and ready for visiting, namely Zhoukou Jianye Green House; one greenhouse the construction of which was commenced: namely Wuzhi Jianye Green House; two green houses in preparation: Nanyang Jianye Green House and Shangqiu Jianye Green House.

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 the increase in contracted sales and cash collection of sales were satisfactory, the cash, cash equivalents and restricted bank deposits of the Group in total amounted to approximately RMB17,782 million as at 31 December 2018. Net gearing ratio was approximately 55% as at 31 December 2018.

Looking ahead, **Mr. Wu Po Sum, Chairman of the Group** concluded that "In 2019, the Group will maintain stable land acquisition and development progress, focus on enhancing market share in important regions, and actively promote the strategic development of light-asset projects to achieve quality growth. At the same time, the Group will continue to use innovative marketing ideas to ensure the annual performance and lay the basis for further sustainable, stable and healthy development, thus promoting a new leap in the company's ambitious business."

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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 26th on the "China Real Estate Listed Company Ranking List", according to Evaluation and Research Report on the Listed Real Estate Companies in the PRC in 2017" 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 ninth year in a row and repeatedly ranked among the top five Hong Kong-listed mainland Chinese property companies in terms of performance and remains the top real estate developer in Henan province.

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Disclaimer

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