建業地產股份有限公司 *

Central China Real Estate Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0832)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2016 amounted to approximately RMB9,495 million, representing a decrease of approximately 24.4% compared with the year 2015.
- Gross profit margin for the year was 24.1%, representing an increase of 1.9 percentage points as compared with the last year.
- Profit attributable to equity shareholders of the Company for the year amounted to approximately RMB403 million, representing a decrease of approximately 49.7% compared with the year 2015.
- Net profit margin for the year was 4.3%, as compared with 6.4% for the year 2015.
- Basic earnings per share for the year was RMB16.50 cents, a decrease of approximately 49.8% compared with the year 2015.

* *For identification purposes only*

CHAIRMAN'S STATEMENT

Dear Shareholders,

I have the pleasure to present, on behalf of the board (the "Board") of directors (the "Directors" and each a "Director") of Central China Real Estate Limited (the "Company", together with its subsidiaries, the "Group"), the consolidated annual results of the Group for the year ended 31 December 2016 (the "Annual Results").

2016 was a thrilling year with economic growth in China continuing to slow down, thereby putting China's property market on roller-coaster ride. In the first half of 2016, land price records were repeatedly broken and transaction volume and prices in the property market soared under the backdrop of favourable policies on inventory clearance since the beginning of 2016. In the second half of 2016, however, transaction volume plunged in red-hot markets where most potential buyers tended to be passive as a number of policies on housing purchase restrictions were implemented in those markets according to their circumstances. Site area of land transactions nationwide recorded a year-on-year decrease in 2016, while total transaction amount had been increasing.

The increase in transaction volume and price of land acquisitions was the combined effects of (1) transaction structure that land supply had been shrinking in the third and fourth-tier cities under the policies of "inventory clearance" and the proportion of land acquisition at high price in the first and second-tier cities increased; and, more importantly, (2) the coming of "the year of record-breaking land price".

Markets divergence, industrial consolidation, transformation and upgrade have been an inexorable trend in China's property market. Under such operating environment and industrial development, the Company has delivered steady results and elevated its positions in the industry by grasping new market opportunities under our accurate judgement and firmly facilitating the transformation and upgrade to a new lifestyle services provider from a traditional residential property developer, laying a concrete foundation for stepping up to another level in the future.

SOLID OPERATING RESULTS MAINTAINED WITH STEADY PROGRESS MADE IN DEVELOPMENT STRATEGY

The operating performance of the Company steadily improved in 2016 with a contracted sales amount of approximately RMB20,100 million, representing a year-on-year growth of 28%. The Company was ranked 28th in the "2016 Top 500 Chinese Property Developers" in the "2016 Assessment Report on Top 500 Chinese Property Enterprises" and topped the list of "Top 10 Chinese Property Developers in Regional Operations" for eight consecutive years in a row and continued to be ranked in "Top 5 PRC Listed Property Companies in Operations Performance". According to the Evaluation and Research Report on the Listed Real Estate Companies in the PRC in 2016, the Company was ranked 26th on the "China Real Estate Listed Company Ranking List" and ranked 4th among the listed property companies in China in terms of operational performance.

OPTIMISING DEBT STRUCTURE AND FINANCE COST BY TAKING ADVANTAGE OF OPPORTUNITIES IN CAPITAL MARKET

On 14 April 2016, the Company completed its public offering of 5-year 6% corporate bonds with an offering size of RMB3 billion. The issuer and the bonds were assigned "AA" rating. The Company was the first Henan local real estate developer to issue corporate bonds and the largest in terms of the size of single issuances by private real estate developers within similar class in 2016, setting a benchmark in the industry as well as setting the lowest interest rate of such large-scale issuance by single issuer in property market in 2016.

A number of financing transactions involving a large amount of proceeds entered into by the Company have attracted great attention in capital markets, demonstrating the brand value of the Company and providing stronger support to firmly implement the development strategy of being "new lifestyle services provider".

FIRMLY IMPLEMENTING THE STRATEGY OF BEING NEW LIFESTYLE SERVICES PROVIDER FOR UPGRADE AND TRANSFORMATION

In 2016, high internet penetration, technological innovation and management reforms increasingly led to a brand new economic model. New values and concepts, such as product iteration, services upgrade and the importance of craftsmanship, have been redefining our living, and top real estate developers in China tended to establish business presence in Henan province, thus we were in urgent need of transformation and innovation. The Company has firmly implemented the strategy of transforming itself to a new lifestyle services provider from a traditional residential property developer and upgrading its brand association from "a good property developer" to "a good living provider". During the reporting period, the Company further expanded its light-asset expansion model featuring "delivery of our brands, management and capital" based on the "New Blue Ocean Strategy", exerting a stronger growth driving force for our development by maximising the brand premium and leveraging the management advantage.

The commercial ecology of the "Great Jianye" created by the Company has further been expanded and properly adjusted. In June 2016, the Company established the "CCRE Junlin Club" version 3.0, a brand new customer service platform for embodying 5 core values of "neighbourhood, social network, intelligence think tank, growth and cooperation", and recruited 2,000 high-end members in the province in only six months. The successful launch of "Jianye Tongbao" connected all sectors in an easy and convenient way, allowing customers to use the rich resources within the commercial ecology of CCRE. The number of registered full-name users of "E+ Family" APP, a community O2O platform, was in excess of 110,000, and the number of offline community service stations reached approximately 50, thereby preliminarily formed a customer service network across 18 cities in Henan province.

As to our cultural tourism sector, in addition to a film culture town co-developed with Huayi Brothers Group, the "Unique", performing arts rich in culture of central China, was introduced to Zhengzhou in November 2016 jointly by the Company and Wang Chaoge, a well-known director, forming a perfect combination of brand resources and local culture. In December 2016, we delivered Jianye Tianzhu, our fourth generation representative product demonstrating the concepts of "green, modern, technology and detailedly crafted", marking a new era of property market in Henan on providing high-end housing with full renovation.

By fully exploiting resources for new lifestyle services as part of our core property business, the Company finely interpreted a new lifestyle of "well-being, prestige, sharing and happiness" advocated in its new strategic period, further strengthening the Company's core competitiveness and expanding its brand influence.

Discipline is the bridge between goals and accomplishment. Property market tends to become stable after further adjustments in 2017. However, with the approval of urban agglomeration plan of central China, the success of Zhengzhou as a national central city, the approval of a series of national strategic platforms such as China (Zhengzhou) Cross-Border E-Commerce Comprehensive Pilot Zone and National Big Data Comprehensive Experimental Zone, and the emergence of multi-directional expansion of the high speed railway network, Henan province will undergo a new urbanisation to a greater extent.

Having taken root in Henan province for 24 years, the Company possesses two major leading advantages to support its long-term development, namely the wide customer base built up for 24 years, and its brand reputation representing trustworthiness and localness for Henan's people. If we want to make progress, we have to consolidate our core property business by achieving at least 20% growth. In 2017, we will expand our land reserve in key regions in Henan Province and Zhengzhou by leveraging its consolidated resources including the use of Jianye brand and innovating channel for land acquisition, further upgrade product and service standards, build "Great Jianye" commercial ecological resources system by vigourously develop the new lifestyle services, tourism and hotel businesses as well as attract more talents specializing in finance with investment banking mindset and talents specialising in information technology with platform building background and high-end services with international vision. In addition, we would accelerate synergic development of traditional property business and the "New Blue Ocean" business, supporting each other and taking our ambitious undertaking to the next level.

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
24 March 2017

ANNUAL RESULTS

The Board announces the consolidated results (the "Annual Results") of the Group for the year ended 31 December 2016 with comparative figures for the preceding financial year, as follows:

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2016
(Expressed in Renminbi)

	Note	**2016** *RMB'000*	2015 *RMB'000*
Revenue	*3*	**9,495,022**	12,562,724
Cost of sales		**(7,202,155)**	(9,774,701)
Gross profit		**2,292,867**	2,788,023
Other revenue	*4*	**228,696**	195,884
Other net income	*4*	**17,600**	182,735
Selling and marketing expenses		**(478,899)**	(560,248)
General and administrative expenses		**(808,433)**	(721,195)
Other operating income		**43,037**	48,143
		1,294,868	1,933,342
Share of loss of an associate		**(1,160)**	(1,723)
Share of profits less losses of joint ventures		**107,386**	268,767
Finance costs	*5(a)*	**(400,806)**	(434,054)
Profit before change in fair value of investment properties and income tax		**1,000,288**	1,766,332
Net increase/(decrease) in fair value of investment properties		**27,223**	(25,033)
Profit before taxation	*5*	**1,027,511**	1,741,299
Income tax	*6(a)*	**(623,391)**	(937,264)
Profit for the year		**404,120**	804,035
Attributable to:			
Equity shareholders of the Company		**402,973**	801,290
Non-controlling interests		**1,147**	2,745
Profit for the year		**404,120**	804,035
Earnings per share	*7*		
— Basic (RMB cents)		**16.50**	32.84
— Diluted (RMB cents)		**16.50**	32.84

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016
(Expressed in Renminbi)

	2016 *RMB'000*	2015 *RMB'000*
Profit for the year	**404,120**	804,035
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
— Exchange differences on translation of financial statements of overseas subsidiaries	**(539,441)**	(76,831)
— Cash flow hedge:		
— Effective portion of changes in fair value	**(18,276)**	(114,056)
— Transfer from equity to profit or loss	**31,705**	102,938
Other comprehensive income for the year	**(526,012)**	(87,949)
Total comprehensive income for the year	**(121,892)**	716,086
Attributable to:		
Equity shareholders of the Company	**(121,314)**	713,717
Non-controlling interests	**(578)**	2,369
Total comprehensive income for the year	**(121,892)**	716,086

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2016
(Expressed in Renminbi)

	Note	2016 RMB'000	2015 RMB'000
Non-current assets			
Property, plant and equipment		**3,024,802**	2,902,180
Investment properties		**575,870**	442,870
Intangible asset		**131,250**	146,250
Interests in associates		**27,168**	25,328
Interests in joint ventures	9	**6,276,091**	6,532,270
Other financial assets		**190,080**	109,080
Deferred tax assets		**127,461**	128,558
		10,352,722	10,286,536
Current assets			
Trading securities		**105,868**	76,932
Properties for sale	10	**18,026,529**	15,371,656
Trade and other receivables	11	**887,613**	1,111,176
Deposits and prepayments	12	**3,161,766**	3,658,339
Tax recoverable		**610,171**	519,294
Restricted bank deposits		**1,404,821**	1,311,721
Cash and cash equivalents		**9,776,310**	7,422,350
		33,973,078	29,471,468
Current liabilities			
Bank loans	13	**(514,265)**	(1,045,045)
Other loans	14	**(90,000)**	(725,000)
Payables and accruals	15	**(14,842,040)**	(14,750,237)
Receipts in advance		**(6,832,439)**	(5,602,346)
Senior notes		**(960,216)**	(771,354)
Taxation payable		**(1,151,686)**	(1,321,570)
		(24,390,646)	(24,215,552)
Net current assets		**9,582,432**	5,255,916
Total assets less current liabilities		**19,935,154**	15,542,452

	Note	**2016**	2015
		RMB'000	*RMB'000*
Non-current liabilities			
Bank loans	*13*	**(1,851,175)**	(1,136,733)
Other loans	*14*	**(300,000)**	(397,700)
Patent Payable		**(60,000)**	(105,000)
Corporate bonds		**(2,978,128)**	–
Senior notes		**(7,662,270)**	(6,515,531)
Deferred tax liabilities		**(86,255)**	(69,969)
		(12,937,828)	(8,224,933)
NET ASSETS		**6,997,326**	7,317,519
CAPITAL AND RESERVES			
Share capital		**216,322**	216,322
Reserves		**6,205,741**	6,582,338
Total equity attributable to equity shareholders of the Company		**6,422,063**	6,798,660
Non-controlling interests		**575,263**	518,859
TOTAL EQUITY		**6,997,326**	7,317,519

NOTES:

(Expressed in Renminbi)

1. GENERAL

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and statement of compliance

The consolidated results set out in this announcement do not constitute the consolidated financial statements of the Group of the year ended 31 December 2016, but are extracted from those consolidated financial statements.

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been compared by the Group's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and consequently no assurance has been expressed by the auditors.

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

(b) Changes in accounting policies

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

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

3. REVENUE

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

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

	2016	2015
	RMB'000	*RMB'000*
Income from sales of properties	**9,119,947**	12,286,693
Rental income	**94,537**	101,274
Revenue from hotel operations	**241,514**	174,757
Project management service fee income	**39,024**	–
	9,495,022	12,562,724

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

4. OTHER REVENUE AND OTHER NET INCOME

	2016	2015
	RMB'000	*RMB'000*
Other revenue		
Interest income	**225,675**	188,940
Dividend income from equity securities	**1,521**	5,444
Government grants	**1,500**	1,500
	228,696	195,884
Other net income		
Net loss on disposals of property, plant and equipment	**(295)**	(94)
Net gain/(loss) on disposals of subsidiaries	**813**	(116,422)
Net (loss)/gain on deemed disposals of subsidiaries *(note 9(b))*	**(18,611)**	39,373
Net fair value gain upon acquisition of subsidiaries *(note 9(a))*	**66,961**	369,896
Net exchange loss	**(45,503)**	(102,694)
Unrealised and realised gain on trading securities	**19,583**	15,946
Write down of properties for sale	**(26,271)**	(19,849)
Gain on disposal of an associate	**–**	1,567
Others	**20,923**	(4,988)
	17,600	182,735

5. PROFIT BEFORE TAXATION

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

	2016 *RMB'000*	2015 *RMB'000*
(a) Finance costs		
Interest on bank loans	**139,603**	210,359
Interest on other loans	**112,751**	154,405
Interest on amounts due to joint ventures	**107,674**	–
Interest on senior notes	**588,331**	534,755
Interest on corporate bonds	**136,229**	–
Other ancillary borrowing costs	**–**	9,795
	1,084,588	909,314
Less: Borrowing costs capitalised*	**(635,237)**	(482,575)
	449,351	426,739
Net change in fair value of derivatives embedded in senior notes	**(48,545)**	7,315
	400,806	434,054

* Borrowing costs have been capitalised at a rate of 4.35%–11.8% per annum (2015: 5.54%–11.36% per annum).

	2016 *RMB'000*	2015 *RMB'000*
(b) Staff costs		
Salaries, wages and other benefits	**326,582**	324,578
Including:		
— Retirement scheme contributions	**45,243**	29,078
— Equity settled share-based payment expenses	**437**	2,295

	2016	2015
	RMB'000	*RMB'000*
(c) Other items		
Depreciation and amortisation	**228,012**	160,464
Group auditor's remuneration		
— audit services	**4,062**	4,000
— review and other services	**1,280**	1,150
Local statutory auditors' remuneration		
— audit services	**537**	428
— review and other services	**1,760**	1,840
Cost of properties sold	**7,019,341**	9,639,092
Sponsorship fee for local football events/to a football club	**128,400**	123,560
Operating lease charges in respect of properties	**32,990**	30,423
Rental income from investment properties less direct outgoings of RMB2,160,000 (2015: RMB2,254,000)	**(11,911)**	(11,946)
Rental income from properties for sale less direct outgoings of RMB12,354,000 (2015: RMB13,822,000)	**(68,112)**	(73,252)

6. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2016	2015
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax	**373,535**	513,261
PRC Land Appreciation Tax		
— Provision for the year	**274,794**	438,777
— Over-provision in prior years	**(49,413)**	(143,604)
Withholding tax	**7,092**	29,641
	606,008	838,075
Deferred tax		
Revaluation of properties	**6,474**	(6,591)
PRC Land Appreciation Tax	**1,097**	22,159
Others	**9,812**	83,621
	17,383	99,189
	623,391	937,264

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

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

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

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

Certain PRC subsidiaries were subject to CIT calculated based on the deemed profit which represents 10% (2015: 10% to 15%) of their revenue in accordance with the authorised taxation method pursuant to the applicable PRC tax regulations. The tax rate was 25% (2015: 25%) on the deemed profit. Other PRC subsidiaries, which were subject to the actual taxation method, were charged CIT at a rate of 25% (2015: 25%) on the estimated assessable profits for the year.

(iv) Land Appreciation Tax ("LAT")

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

(v) Withholding tax

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

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB402,973,000 (2015: RMB801,290,000) and the weighted average of 2,442,270,760 ordinary shares (2015: 2,439,624,133 ordinary shares) in issue during the year, calculated as follows:

	2016	2015
	'000	*'000*
Issued ordinary shares at 1 January	**2,442,271**	2,435,345
Effect of exercised share options	**–**	4,279
Weighted average number of ordinary shares at 31 December	**2,442,271**	2,439,624

(b) Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share for 2016 as all potentially dilutive potential ordinary shares were anti-dilutive.

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholder of the Company of RMB402,973,000 (2015: RMB801,290,000) and the weighted average number of ordinary shares of 2,422,270,760 shares (2015: 2,439,642,049 shares), calculated as follows:

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

	2016	2015
	RMB'000	*RMB'000*
Profit attributable to equity shareholders (diluted)	**402,973**	801,290

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

	2016	2015
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**2,442,271**	2,439,624
Effect of exercise of share options	**–**	18
Weighted average number of ordinary shares (diluted) at 31 December	**2,442,271**	2,439,642

8. SEGMENT REPORTING

(a) Services from which reportable segments derive their revenue

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

(b) Revenue from major services

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

(c) Geographical information

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

9. INTERESTS IN JOINT VENTURES

	2016	2015
	RMB'000	*RMB'000*
Share of net assets	**3,490,712**	3,579,431
Amounts due from joint ventures	**2,785,379**	2,952,839
	6,276,091	6,532,270

Amounts due from joint ventures, except for amounts of RMB1,450,042,000 (2015: RMB165,000,000) which is interest bearing at 4.35%–13.65% per annum, are unsecured, interest-free and have no fixed terms of repayment, and are expected to be recovered more than one year.

Notes:

(a) On 21 November 2016, the Group entered into two equity transfer agreements with Bridge Trust Company Limited to acquire 48.78% equity interests in Puyang Central China City Development Company Limited ("CCRE Puyang") and 48.39% equity interests in Henan Yuanda Company Limited ("CCRE Yuanda") at the considerations of RMB594,369,000 and RMB422,772,000 respectively.

On 15 April 2016, the Group entered into an equity transfer agreement with Orient Minerva Asset Management Company Limited ("Orient Minerva") to acquire 42.47% equity interests in Universal Food City Development (Henan) Company Limited ("Universal Food City") at the considerations of RMB150,000,000.

Upon completion of the above transactions, CCRE Puyang, CCRE Yuanda and Universal Food City became wholly-owned subsidiaries of the Group, and a net fair value gain of RMB66,961,000 is recognised in profit or loss during the year (note 4).

(b) During the year, the capital of Ping An Trust and Investment Company Limited ("Ping An Trust") and Henan Orient Jindian Property Group Company Limited ("Henan Jindian") invested in Kaifeng Central China Real Estate Company Limited ("CCRE Kaifeng") and Xinyang Tianheng Real Estate Company Limited ("Xingyang Tianheng") respectively, which were previously wholly-owned subsidiaries of the Group. After the investment by Ping An Trust and Henan Jindian, CCRE Kaifeng and Xingyang Tianheng are regarded as joint ventures as neither Ping An Trust and Henan Jindian nor the Group has controlling power over the board of directors pursuant to the articles of association.

The net loss on deemed disposals of CCRE Kaifeng and Xingyang Tianheng of RMB18,611,000 was recognised in profit or loss during the year (note 4).

10. PROPERTIES FOR SALE

	2016	2015
	RMB'000	*RMB'000*
Properties held for future development and under development for sale	**11,924,548**	10,421,304
Completed properties held for sale	**6,101,981**	4,950,352
	18,026,529	15,371,656

At 31 December 2016, properties for sale of RMB18,026,529,000 (2015: RMB15,371,656,000) are net of a provision of RMB87,483,000 (2015: RMB65,791,000) in order to state these properties at the lower of their cost and estimate net realisable value.

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

	2016	2015
	RMB'000	*RMB'000*
In the PRC		
— long leases	**5,531,470**	5,685,680
— medium-term leases	**1,404,179**	1,817,624
	6,935,649	7,503,304

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

	2016	2015
	RMB'000	*RMB'000*
Properties held for future development and under development for sale	**8,715,359**	6,428,100

(c) Certain of the Group's properties for sale was pledged as securities for the Group's bank and other loans. Details are set out in notes 13 and 14 respectively.

At 31 December 2016, the Group's properties for sale of RMB306,273,000 (2015: RMB982,472,000) were pledged as securities for a joint venture's other loan (2015: joint ventures' bank loans and other loans).

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

	2016	2015
	RMB'000	*RMB'000*
Within 1 year	**108,511**	88,591
After 1 year to 5 years	**236,164**	243,040
After 5 years	**422,389**	486,067
	767,064	817,698

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

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

	2016	2015
	RMB'000	*RMB'000*
Carrying amount of inventories sold	**7,023,920**	9,649,821
Write down of inventories	**26,271**	19,849
Reversal of write-down of inventories	**(4,579)**	(10,729)
	7,045,612	9,658,941

11. TRADE AND OTHER RECEIVABLES

	2016	2015
	RMB'000	*RMB'000*
Bills receivables *(note (a))*	**6,794**	2,700
Trade receivables *(note (a))*	**42,926**	44,672
Other receivables	**470,885**	438,049
Amounts due from related companies *(note (b))*	**106,684**	364,376
Amounts due from non-controlling interests *(note (c))*	**184,548**	236,789
Derivative financial instruments	**61,691**	10,505
Others	**14,085**	14,085
	887,613	1,111,176

Notes:

(a) 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:

	2016	2015
	RMB'000	*RMB'000*
Current	**19,707**	36,313
1 to less than 3 months overdue	**1,727**	141
3 to less than 6 months overdue	**3,650**	3,331
6 months to less than 1 year overdue	**16,733**	686
More than 1 year overdue	**7,903**	6,901
	49,720	47,372

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

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

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

(b) The amounts due from related companies included an amount of RMB39,015,000 (2015: 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 RMB62,082,000 (2015: RMB226,051,000) 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 remaining amounts due from related companies are unsecured, and have no fixed terms of repayment.

(c) The amounts due from non-controlling interests included (i) amounts of RMB20,000,000 (2015: RMB20,000,000) which is secured by the equity interests of certain PRC subsidiaries that partially owned by the non-controlling interests, interest-free and have no fixed terms of repayment; and (ii) an amount of RMB3,500,000 (2015: RMB3,500,000) which is unsecured, interest bearing at 24% per annum and has no fixed terms of repayment; and (iii) an amount of RMB17,980,000 which is unsecured, interest bearing at 18% per annum and has no fixed terms of repayment.

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

12. DEPOSITS AND PREPAYMENTS

At 31 December 2016, the balance included deposits and prepayments for leasehold land of RMB2,220,145,000 (2015: RMB2,721,687,000).

13. BANK LOANS

(a) At 31 December 2016, the bank loans were repayable as follows:

	2016	2015
	RMB'000	*RMB'000*
Within 1 year or on demand	**514,265**	1,045,045
After 1 year but within 2 years	**393,695**	234,258
After 2 years but within 5 years	**683,985**	404,985
After 5 years	**773,495**	497,490
	1,851,175	1,136,733
	2,365,440	2,181,778

(b) At 31 December 2016, the bank loans were secured as follows:

	2016	2015
	RMB'000	*RMB'000*
Bank loans		
— secured	**1,650,440**	1,311,778
— unsecured	**715,000**	870,000
	2,365,440	2,181,778

At 31 December 2016, assets of the Group secured against bank loans are analysed as follows:

	2016	2015
	RMB'000	*RMB'000*
Properties for sale	**2,271,039**	2,653,888
Property, plant and equipment	**831,650**	882,079
Restricted bank deposits	**6,026**	15,678
	3,108,715	3,551,645

(c) The effective interest rates of bank loans of the Group at 31 December 2016 were ranged from 4.35%–7.34% (2015: 5.15%–8.00%) per annum.

(d) Certain banking facilities of the Group are subject to the fulfilment of covenants relating to certain of the Group's statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2016 and 2015, none of the covenants relating to drawn down facilities had been breached.

14. OTHER LOANS

(a) At 31 December 2016, other loans were repayable as follows:

	2016	2015
	RMB'000	*RMB'000*
Within 1 year	**90,000**	725,000
After 1 year but within 2 years	**90,000**	90,000
After 2 years but within 5 years	**180,000**	277,700
After 5 years	**30,000**	30,000
	300,000	397,700
	390,000	1,122,700

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

	2016	2015
	RMB'000	*RMB'000*
Other loans		
— secured	**–**	592,700
— unsecured	**390,000**	530,000
	390,000	1,122,700

At 31 December 2016, assets of the Group secured against other loans are analysed as follows:

	2016	2015
	RMB'000	*RMB'000*
Properties for sales	**–**	43,673
Restricted bank deposits	**–**	20,005
	–	63,678

(c) The effective interest rates of other loans of the Group at 31 December 2016 were ranged from 1.2%–7% (2015: 8.0%–11.8%) per annum.

15. PAYABLES AND ACCRUALS

	2016	2015
	RMB'000	*RMB'000*
Bills payable *(note (a))*	**334,633**	740,686
Trade payables *(note (a))*	**5,004,184**	5,031,416
Other payables and accruals	**2,453,910**	2,777,265
Patent payable	**45,000**	35,000
Amounts due to joint ventures *(note (b))*	**6,642,758**	5,336,229
Amounts due to non-controlling interests *(note (c))*	**202,161**	571,630
Amount due to an associate	**–**	21,381
Derivative financial instruments		
— held as cash flow hedging instrument	**159,394**	236,630
	14,842,040	14,750,237

At 31 December 2016, included in payables and accruals are retention payable of RMB35,760,000 (2015: RMB61,493,000) which are expected to be settled more than one year.

Notes:

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

	2016	2015
	RMB'000	*RMB'000*
Within 1 month	**2,090,689**	2,754,128
1–3 months	**789,930**	985,469
3–6 months	**760,841**	578,561
6–12 months	**416,262**	588,618
Over 12 months	**1,281,095**	865,326
	5,338,817	5,772,102

(b) The amounts due to joint ventures included amounts of RMB4,924,097,000 (2015: Nil) which is unsecured, interest bearing at 4.35%–9.14% per annum and has no fixed terms of repayment.

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

(c) The amounts due to non-controlling interest included amounts of RMB76,634,000 (2015: Nil) 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.

16. DIVIDENDS

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

	2016	2015
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of nil (2015: HK$11.61 cents (equivalent to RMB9.84 cents) per ordinary share)	**–**	240,387

No interim dividend was declared and paid during the year.

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

17. COMMITMENTS

(a) Capital commitments outstanding at 31 December 2016 not provided for in the financial statements are as follows:

	2016	2015
	RMB'000	*RMB'000*
Properties under development undertaken by the Group		
— Authorised but not contracted for	**11,831,350**	13,229,742
— Contracted but not provided for	**5,443,571**	4,693,284
	17,274,921	17,923,026
Properties under development undertaken by joint ventures attributable to the Group		
— Authorised but not contracted for	**1,617,493**	1,901,687
— Contracted but not provided for	**1,006,293**	456,254
	2,623,786	2,357,941

(b) Commitments for operating leases

At 31 December 2016, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2016	2015
	RMB'000	*RMB'000*
Within 1 year	**4,253**	6,475
After 1 year but within 5 years	**17,015**	16,893
After 5 years	**88,624**	92,207
	109,892	115,575

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

18. CONTINGENT LIABILITIES

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

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by buyers of the Group's and joint ventures' properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these buyers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted buyers to banks. The Group's guarantee periods commence from the dates of grants of the relevant mortgage loans and end after the buyers obtain the individual property ownership certificate of the property purchased. The amount of guarantees given to banks for mortgage facilities granted to the buyers of the Group's and joint ventures' properties at 31 December 2016 is as follows:

	2016	2015
	RMB'000	*RMB'000*
Guarantees given to banks for mortgage facilities granted to buyers of:		
— the Group's properties	**14,514,045**	13,061,140
— the joint ventures' properties (the Group's shared portion)	**4,562,996**	1,751,341
	19,077,041	14,812,481

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

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

The Group provided guarantees to bank loans and other loans of joint ventures amounting to RMB2,914,300,000 at 31 December 2016 (2015: RMB3,901,330,000). At the end of the reporting period, the directors do not consider it probable that claims will be made against the Group under these guarantees. The Group has not recognised any deferred income in respect of these guarantees as their fair values cannot be reliably measured using observable market data and their transaction prices were RMBNil.

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

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

FINANCIAL HIGHLIGHTS

SUMMARY OF CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

	2016	2015	Changes
Revenue *(RMB'000)*	**9,495,022**	12,562,724	–24.4%
Gross profit *(RMB'000)*	**2,292,867**	2,788,023	–17.8%
Gross profit margin	**24.1%**	22.2%	1.9*
Gross profit from core businesses *(RMB'000)*	**2,100,606**	2,647,601	–20.7%
Net profit *(RMB'000)*	**404,120**	804,035	–49.7%
Net profit margin	**4.3%**	6.4%	–2.1*
Net profit from core businesses *(RMB'000)*	**707,289**	1,093,304	–35.3%
Net profit margin from core businesses	**7.8%**	8.9%	–1.1*
Profit attributable to equity shareholders *(RMB'000)*	**402,973**	801,290	–49.7%
Basic earnings per share *(RMB)*	**0.1650**	0.3284	–49.8%
Diluted earnings per share *(RMB)*	**0.1650**	0.3284	–49.8%
Final dividends per share *(HK$)*	**Nil**	0.1161	N/A

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	2016	2015	Changes
Total cash (including cash and cash equivalents and restricted bank deposits) *(RMB'000)*	**11,181,131**	8,734,071	28.0%
Total assets *(RMB'000)*	**44,325,800**	39,758,004	11.5%
Total liabilities *(RMB'000)*	**37,328,474**	32,440,485	15.1%
Total equity (including non-controlling interests) *(RMB'000)*	**6,997,326**	7,317,519	–4.4%
Total borrowings *(RMB'000)*	**14,356,054**	10,591,363	35.5%
Net borrowings *(RMB'000)*	**4,573,718**	3,133,330	46.0%
Current ratio	**139.3%**	121.7%	17.6*
Net gearing ratio	**65.4%**	42.8%	22.6*
Net asset value per share *(RMB)*	**2.87**	3.00	–4.3%
Equity attributable to equity shareholders *(RMB)*	**2.63**	2.78	–5.4%

Note: * change in percentage points

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Overall performance

The Group is pleased to announce a significant growth in contracted sales amounting to RMB20,146 million in 2016, representing a year-on-year increase of 28.0%. 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 RMB11,181 million as at 31 December 2016. As at 31 December 2016, net borrowings totaled approximately RMB4,574 million with net gearing ratio of approximately 65.4%. The Group has persisted in adhering to a prudent principle in financial management, thus maintaining a high proportion of cash with a reasonable level of borrowing.

Nevertheless, the progress of certain of our projects has fallen short of expectation due to the environmental protection policies implemented by the government of the People's Republic of China (the "PRC"), resulting in a decrease in the Group's property sales carried forward in terms of GFA and revenue recognised in 2016. Our gross profit margin gradually climbed up to 24.1% in 2016 after the policy on accelerated inventory clearance launched since the first half of 2015. In view of the aforesaid factors, net profit margin from core businesses decreased from 8.9% in 2015 to 7.8% in 2016.

In addition to property sales, the Group has been expanding its revenue base and spreading its operational risks through expanding hotel and cultural tourism projects and diversifying businesses. The management believes that injecting part of the resources into these new businesses would improve the Group's industry value-chain by integrating interactive business segments including properties, hotels and cultural tourism and offering "tailor-made" services to our customers.

In 2016, the Group facilitated the strategic development of its light-asset projects. As at 31 December 2016, the Group has participated in 36 light-asset projects with total planned GFA of approximately 7,060,000 sq.m.. The Group expects the light-asset projects will generate steady income to the Group in the coming years and such income will significantly increase following the development of the projects.

Revenue: Our revenue decreased by 24.4% to approximately RMB9,495 million in 2016 from approximately RMB12,563 million in 2015, primarily due to a decrease in income from sales of properties.

- **Income from sales of properties:** Revenue from property sales decreased by 25.8% to approximately RMB9,120 million in 2016 from approximately RMB12,287 million in 2015 due to a decrease in sold area to 1,752,945 sq.m. in 2016 from 2,037,117 sq.m. in 2015, and the average selling price decreased to RMB5,042 per sq.m. in 2016 from RMB5,993 per sq.m. in 2015. The decrease in the average selling price was due to a change in the product mix.

- **Rental income:** Revenue from property leasing decreased by 6.7% to approximately RMB95 million in 2016 from approximately RMB101 million in 2015, which was mainly derived from rental income of the properties held.

- **Revenue from hotel operation:** Revenue from hotel operation increased by 38.2% to approximately RMB242 million in 2016 from approximately RMB175 million in 2015. The increase was due to the opening of Pullman Kaifeng Jianye in the second half of 2015 and continuous improvement in operation of each hotel.

- **Revenue from provision of project management service:** Revenue from provision of project management service was approximately RMB39 million in 2016 which was derived from operation and management services provided by the Group under light-asset projects.

Cost of sales: Our cost of sales decreased by 26.3% to approximately RMB7,202 million in 2016 from approximately RMB9,775 million in 2015. The decrease in cost of sales was due to a decrease in GFA sold in property sales as mentioned above and a corresponding decrease in land and construction costs.

Gross profit: As a result of the aforesaid changes in revenue and cost of sales, our gross profit decreased by 17.8% to approximately RMB2,293 million in 2016 from approximately RMB2,788 million in 2015, while our gross profit margin increased from 22.2% in 2015 to 24.1% in 2016.

Other revenue: Our other revenue increased by 16.8% to approximately RMB229 million in 2016 from approximately RMB196 million in 2015. This was primarily due to an increase in interest income from advances to related parties and third parties.

Other net income: Other net income of approximately RMB18 million in 2016 was primarily attributable to the fair value gain upon acquisition of subsidiaries offset by the exchange loss.

Selling and marketing expenses: Our selling and marketing expenses decreased by 14.5% to approximately RMB479 million in 2016 from approximately RMB560 million in 2015. The decrease was primarily due to the enhanced cost control measures on advertising and promotional expenses.

General and administrative expenses: Our general and administrative expenses increased by 12.1% to approximately RMB808 million in 2016 from approximately RMB721 million in 2015. This increase was primarily due to an increase in depreciation of hotels due to the opening of Pullman Kaifeng Jianye since the second half of 2015.

Other operating income: Other operating income decreased by 10.6% to approximately RMB43 million in 2016 from approximately RMB48 million in 2015. The decrease was mainly due to a decrease in sales of construction materials.

Share of profits less losses of joint ventures: Our share of profits less losses of joint ventures decreased by 60.0% to approximately RMB107 million in 2016 from approximately RMB269 million in 2015, primarily due to a decrease in the recognition of revenue from the joint ventures. The revenue from the Group's joint ventures amounted to approximately RMB2,323 million (2015: RMB3,542 million), representing GFA sold of 230,653 sq.m. (2015: 467,119 sq.m.) during 2016, in which revenue of RMB1,335 million (2015: RMB1,931 million), representing GFA sold of 123,476 sq.m. (2015: 242,497 sq.m.), was attributable to the Group.

Finance costs: Our finance costs decreased by 7.7% to approximately RMB401 million in 2016 from approximately RMB434 million in 2015.

Net increase/(decrease) in fair value of investment properties: An increase of approximately RMB27 million in fair value of our investment properties in 2016 was recorded, as compared to a decrease of approximately RMB25 million in 2015.

Income tax: Income tax for the year comprises corporate income tax, land appreciation tax and withholding tax payable on dividend declared by PRC enterprises to non-PRC resident enterprises. Our income tax decreased by 33.5% to approximately RMB623 million in 2016 from approximately RMB937 million in 2015 due to a decrease in gross profit. Effective tax rate increased to 60.7% in 2016 from 53.8% in 2015, which was mainly due to decrease in a reversal of over-provision for land appreciation tax in prior year as compared to that in 2015.

Profit for the year: As a result of the foregoing, our profit for the year decreased by 49.7% to approximately RMB404 million in 2016 as compared to approximately RMB804 million in 2015.

Financial resources and utilisation: As at 31 December 2016, the Group's cash and cash equivalents amounted to approximately RMB9,776 million (31 December 2015: approximately RMB7,422 million). During the year, the Group distributed a final dividend of approximately RMB240 million to the shareholders of the Company in relation to full-year profit attributable to the year ended 31 December 2015. No payment of final dividend for the year ended 31 December 2016 is recommended.

Structure of Borrowings and Deposits

We continued to adopt a prudent principle on financial management and centralise our funding and financial management. Therefore, we maintained a high proportion of cash with a reasonable level of borrowing. During the year, we successfully issued the senior notes with principal amount of US$200,000,000 at a coupon rate of 6.75% due 2021 (the "US$200m Senior Notes"). As at 31 December 2016, the repayment schedule of the Group's bank and other borrowings was as follows:

Repayment Schedule	**As at 31 December 2016** *RMB'000*	As at 31 December 2015 *RMB'000*
Bank loans		
Within one year	**514,265**	1,045,045
More than one year, but not exceeding two years	**393,695**	234,258
More than two years, but not exceeding five years	**683,985**	404,985
Exceeding five years	**773,495**	497,490
	2,365,440	2,181,778
Other loans		
Within one year	**90,000**	725,000
More than one year, but not exceeding two years	**90,000**	90,000
More than two years, but not exceeding five years	**180,000**	277,700
Exceeding five years	**30,000**	30,000
	390,000	1,122,700
Corporate bonds		
More than two years, but not exceeding five years	**2,978,128**	–
Senior notes		
Within one year	**960,216**	771,354
More than one year, but not exceeding two years	**2,795,026**	886,916
More than two years, but not exceeding five years	**4,867,244**	3,756,619
Exceeding five years	**–**	1,871,996
	8,622,486	7,286,885
Total borrowings	**14,356,054**	10,591,363
Deduct:		
Cash and cash equivalents	**(9,776,310)**	(7,422,350)
Restricted bank deposits secured bank loans and other loans	**(6,026)**	(35,683)
Net borrowings	**4,573,718**	3,133,330
Total equity	**6,997,326**	7,317,519
Net gearing ratio (%)	**65.4%**	42.8%

Pledge of assets: As at 31 December 2016, we had pledged completed properties, properties under development, properties for future development, property, plant and equipment and bank deposits with an aggregate carrying amount of approximately RMB3,109 million (2015: approximately RMB3,615 million) to secure general bank credit facilities and other loans granted to us. We also pledged properties under development and property, plant and equipment with aggregate carrying amount of approximately RMB466 million (2015: approximately RMB1,299 million) to secure bank loans and other loans of joint ventures.

Contingent liabilities: As at 31 December 2016, we provided guarantees of approximately RMB19,077 million (2015: approximately RMB14,812 million) to banks in favor of customers in respect of the mortgage loans provided by the banks to these customers for the purchase of the developed properties of our Group as well as those of its joint ventures. We also provided guarantees to bank loans and other loans of joint ventures amounting to approximately RMB2,914 million as at 31 December 2016 (2015: approximately RMB3,901 million). Apart from the above, the Group provided liquidity support in favour of Jianye Property Management in an amount of RMB650,000,000 as at 31 December 2016 in relation to Assets-backed Securities issued by Jianye Property Management.

Capital commitment: As at 31 December 2016, we had contractual commitments undertaken by subsidiaries and joint ventures attributable to our Group, the performance of which was underway or ready, in respect of property development amounting to approximately RMB6,450 million (2015: approximately RMB5,150 million), and we had authorised, but not yet contracted for, a further approximately RMB13,449 million (2015: approximately RMB15,131 million) in expenditure in respect of property development.

Foreign exchange risk: Our businesses are principally conducted in RMB. The majority of our assets are denominated in RMB. As at 31 December 2016, our major non-RMB assets and liabilities are (i) bank deposits denominated in H.K. dollar and (ii) the senior notes denominated in U.S. dollar and SGD. We are subject to foreign exchange rate risk arising from future commercial transactions denominated in currencies other than RMB and recognised assets and liabilities. The majority of our foreign currency transactions and balances are denominated in H.K. dollar, U.S. dollar and SGD. Considering the main income stream of the Group denominated in RMB, we have translated the principal and interest of the US$200m Senior Notes issued in 2016 into RMB through a forward swap.

Interest rate 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. We currently do not use derivative instruments to hedge its interest rate risks.

Human resources and remuneration policy: As at 31 December 2016, we had 2,467 employees (31 December 2015: 2,153 employees). Staff remuneration is determined on the basis of individual performance, experience and prevailing industry practices. We review our remuneration policy and arrangements on a regular basis and staff may be rewarded with bonuses and cash payments depending on individual performance appraisals. Our policies for insurance and provident fund are in compliance with national and local laws and regulations on labour affairs and social welfare. At the date of this announcement, there was no significant labor dispute which had or might have an adverse impact on our business operations.

REVIEW OF OPERATIONS

(I) Market and Operations Review

1. The Macro-economic Environment

In face of the perplexing economic landscape within and outside the PRC in 2016, 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 modestly increase domestic demand, firmly proceed with reforms and properly rise up to risks and challenges. The national economy has been running within the proper range and showing moderate yet stable and sound momentum of development. In addition, economic structure continued to optimise, reforms and opening up achieved breakthroughs, and people's livelihood and ecological environment unceasingly improved. In 2016, China's gross domestic product (GDP) amounted to approximately RMB74.41 trillion, representing a year-on-year growth of 6.7%.

In 2016, Henan province pursued to formulate and implement new development concept by pressing ahead with supply-side structural reform, placing stronger focus to promote steady growth, facilitate reforms, adjust structures, strengthen foundations, improve livelihood, manage risks and strike a right balance comprehensively, resulting in keeping the economy run in stability, make progress and improve quality while ensuring stability. In 2016, Henan's GDP amounted to RMB4.02 trillion, representing a year-on-year growth of 8.1%, which is 1.4 percentage points higher than the national average.

2. The Property Market

For the first three quarters of 2016, the policy on the nationwide property market remained lenient. Policies including lowering the minimum down payment requirement and transaction taxes and fees, implementing loose credit policies to facilitate inventory clearance, resulted in significant rise in transaction volume and price of commodity housing. However, the PRC government launched over 20 property market cooling measures since 30 September 2016 and elevated control level over the property market with an aim to combat asset bubbles. As such, urban divergence further intensified in 2016 whereby excessive demand presented in the first and second-tier cities and red-hot markets with housing prices soared and record-breaking land sales appeared frequently in the year, whereas excess inventory pressure in the third and fourth-tier cities remained serious. As a result, branded property developers recorded significant increase in sales. The increasingly noticeable divergence among companies accelerated industrial consolidation and further increased its concentration. Under such circumstances, the property market reached its cyclic climax within its fluctuations and annual transaction volume had hit a record high. The sales GFA of commodity housing in the nationwide property market amounted to 1,573,490,000 sq.m., representing a year-on-year growth of 22.5%, the sales amount of which was RMB11.76 trillion, representing a year-on-year growth of 34.8%.

Demand for housing in Henan province has been released by strong promotion of new urbanisation under the backdrop of easing credit policy and new inventory clearance policy adopted by prefecture-level and city-level government, thereby promoting a stable development of the property market. In 2016, the sales GFA of commodity housing sold in Henan province was approximately 1,131,000,000 sq.m., representing a year-on-year growth of 32.1%, sales amount of which was RMB561.3 billion, representing a year-on-year growth of 42.3%.

(II) Project Development

During the reporting period, the Company further improved its overall business layout by integrating its businesses into interactive segments including property, hotel, cultural tourism and green house. Considerable synergy was created, as a result, by the formation of business segments under the operation of the platform of the Company. On the one hand, the property business has been broadening customer base by introducing quality customers to the Company. On the other hand, rapid development of other business segments, such as hotel, cultural tourism and green house, has provided our property customers and other customers featured services, thereby enhancing brand influence and promoting property segment development. The major business segments of the Company have established a mutually-beneficial relationship.

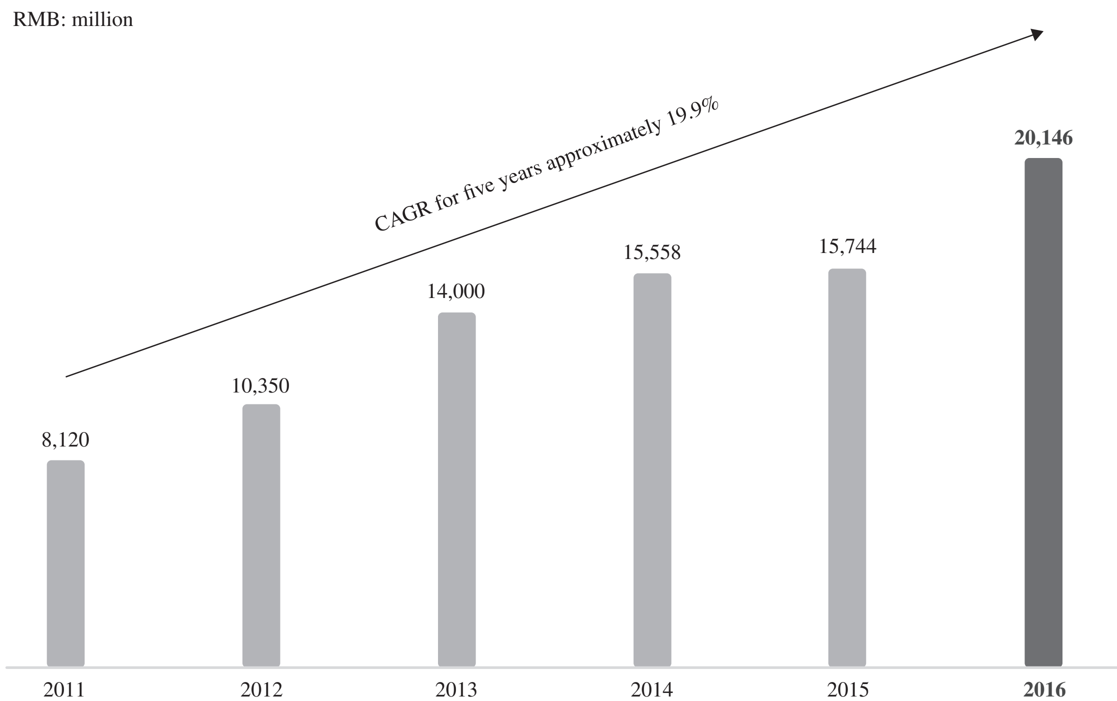
In order to enhance profitability, expand market share and improve comprehensive competitiveness, the Company also maximised its brand value by launching its light-asset business featuring "delivery of our brands, management and capital", and satisfactory performance had been achieved in the reporting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

1. Property Development

The Company continued to grow in 2016. It orderly commenced all works set out in the annual operating plan. By leveraging our strengths, the Company persistently focused on Henan while developing the cities where we operate, and moderately stocked up a number of high quality projects in cities with better development prospects with an aim to ensure stable operation and sound development of the Company.

(a) Property Sales Performance

During the reporting period, a progressive growth in property sales and a breakthrough in sale target were achieved through our great effort in expediting property sales. In 2016, the contracted sales sold by the Company amounted to approximately RMB20,146 million, representing an increase of 28.0%; and the contracted area sold by the Company was approximately 2,764,000 sq.m., representing an increase of 1.2%. The compound annual growth rate of the Company's contracted sales in the past five years was approximately 19.9%. In terms of contracted sales amount, the market share of the Company in Henan province was approximately 3.6%.



Geographical Breakdown of Contracted Sales in 2016

City	Contracted sales amount *(RMB million)*			Contracted GFA *('000 sq.m.)*		
	2016	2015	*Change*	**2016**	2015	*Change*
Zhengzhou	**10,698**	4,939	117%	**833**	568	47%
Kaifeng	**276**	231	19%	**50**	29	72%
Luoyang	**1,315**	1,321	–0%	**220**	214	3%
Pingdingshan	**517**	584	–11%	**115**	123	–7%
Anyang	**304**	338	–10%	**77**	95	–19%
Hebi	**516**	544	5%	**131**	126	4%
Xinxiang	**832**	632	32%	**179**	143	25%
Jiaozuo	**397**	558	–29%	**73**	111	–34%
Puyang	**590**	568	4%	**131**	118	11%
Xuchang	**858**	844	2%	**178**	173	3%
Luohe	**700**	637	10%	**152**	139	9%
Sanmenxia	**320**	369	–13%	**53**	79	–33%
Shangqiu	**560**	1,030	–46%	**111**	207	–46%
Zhoukou	**564**	526	7%	**127**	127	0%
Zhumadian	**859**	772	11%	**187**	172	9%
Nanyang	**252**	1,141	–78%	**29**	160	–82%
Xinyang	**279**	348	–20%	**52**	68	–24%
Jiyuan	**309**	362	–15%	**66**	79	–16%
Total	**20,146**	15,744	28%	**2,764**	2,731	1%

(b) Newly Commenced Property Projects

During the reporting period, the Company completed the target of projects commencement by adapting market change, strengthening management and enhancing efficiency. The Company commenced construction of 33 projects in 2016 with newly commenced GFA of 3,319,493 sq.m..

Details of Newly Commenced Projects in 2016

City	**Project name**	**Principal use of property**	**Newly commenced GFA** *(sq.m.)*
Zhengzhou	Blossom Garden	Residential	244,902
Zhengzhou	Jiuru House	Residential	171,037
Zhengzhou	Zhengxi U-Town	Residential	128,451
Luoyang	Poly Champagne International	Residential	73,017
Luoyang	Huayang Fengdu	Residential	121,380
Anyang	Jianye City	Residential	229,876
Puyang	Code One City	Residential	80,385
Puyang	Jianye New City	Residential	84,706
Hebi	Code One City	Residential	190,205
Xinxiang	Beverly Manor	Residential	53,619
Xinxiang	Code One City	Residential	197,775
Xinxiang	Changyuan Forest Peninsula	Residential	72,734
Jiaozuo	Park Lane	Residential	175,021
Jiaozuo	Xiuwu Forest Peninsula	Residential	55,654
Xuchang	Code One City	Residential	99,907
Luohe	Code One City	Residential	110,159
Shangqiu	Eighteen Cities	Residential	117,064
Shangqiu	Yongcheng U-Town	Residential	97,833
Shangqiu	Zhecheng U-Town	Residential	70,428
Zhoukou	Luyi Jianye City	Residential	118,071
Zhumadian	Eighteen Cities	Residential	191,608
Nanyang	Code One City	Residential	113,872
Sanmenxia	Lingbao Forest Peninsula	Residential	67,124
Sanmenxia	U-Town	Residential	87,672
Xinyang	Jianye City	Residential	157,430
Others			209,563
Total			3,319,493

(c) Property Projects under Development

As at 31 December 2016, the Company had 54 projects under development with a total GFA of approximately 6,019,755 sq.m., including 9 projects under development in Zhengzhou and 45 projects under development in other cities of Henan province.

Details of Projects under Development as at 31 December 2016

City	**Project name**	**Principal use of property**	**Total GFA** *(sq.m.)*
Zhengzhou	Tianzhu	Residential	174,413
Zhengzhou	Triumph Plaza	Commercial	247,208
Zhengzhou	Gongyi Code One City	Residential	105,434
Zhengzhou	Suoxu River Garden	Residential	62,954
Zhengzhou	Tihome International City	Residential	616,114
Zhengzhou	Blossom Garden	Residential	244,904
Zhengzhou	Jiuru House	Residential	171,037
Zhengzhou	Zhengxi U-Town	Residential	128,451
Zhengzhou	Wulong City	Residential	592,938
Kaifeng	Chrysanthemum Garden	Residential	98,164
Luoyang	Sweet-Scented Osmanthus Garden	Residential	158,562
Luoyang	Poly Champagne International	Residential	211,129
Luoyang	Huayang Fengdu	Residential	121,380
Anyang	Jianye City	Residential	229,876
Xinxiang	Beverly Manor	Residential	53,619
Xinxiang	Code One City	Residential	217,573
Jiaozuo	Park Lane	Residential	139,645
Jiaozuo	Xiuwu Forest Peninsula	Residential	55,654
Xuchang	Code One City	Residential	114,587
Sanmenxia	Code One City	Residential	62,957
Sanmenxia	U-Town	Residential	87,672

City	Project name	Principal use of property	Total GFA
			(sq.m.)
Sanmenxia	Lingbao Forest Peninsula	Residential	67,124
Shangqiu	Eighteen Cities	Residential	156,564
Shangqiu	Zhecheng U-Town	Residential	97,682
Shangqiu	Yongcheng U-Town	Residential	97,833
Zhumadian	Eighteen Cities	Residential	191,608
Zhumadian	Suiping Forest Peninsula	Residential	65,164
Nanyang	Code One City	Residential	113,872
Hebi	Code One City	Residential	272,898
Hebi	Sweet-Scented Osmanthus Garden	Residential	59,633
Puyang	Code One City	Residential	80,225
Puyang	Jianye New City	Residential	84,706
Luohe	Xicheng Forest Peninsula	Residential	93,692
Luohe	Code One City	Residential	110,159
Zhoukou	Luyi Jianye City	Residential	57,632
Xinyang	Jianye City	Residential	114,783
Others			461,909
Total			6,019,755

(d) Property Projects Completed

During the reporting period, the Company had 39 projects/phases completed in total with a total completed GFA of 2,037,471 sq.m..

Details of Project Completed in 2016

City	**Project name**	**Principal use of property**	**Saleable GFA** *(sq.m.)*
Zhengzhou	Gongyi Code One City	Residential	119,208
Zhengzhou	Suoxu River Garden	Residential	95,193
Luoyang	Wisdom Port	Commercial	66,400
Pingdingshan	Eighteen Cities	Residential	61,059
Anyang	Tangyin Forest Peninsula	Residential	41,561
Anyang	Sweet-Scented Osmanthus Garden	Residential	78,335
Hebi	Code One City	Residential	95,417
Hebi	Huaxian Code One City	Residential	51,361
Hebi	Sweet-Scented Osmanthus Garden	Residential	52,972
Xinxiang	Code One City	Residential	55,415
Jiaozuo	Park Lane	Residential	77,748
Puyang	Code One City	Residential	81,458
Xuchang	Changge Sweet-Scented Osmanthus Garden	Residential	46,060
Xuchang	Code One City	Residential	92,265
Luohe	Xicheng Forest Peninsula	Residential	67,248
Sanmenxia	Code One City	Residential	43,823
Shangqiu	Eighteen Cities	Residential	94,129
Shangqiu	Zhecheng U-Town	Residential	45,493
Zhoukou	Luyi Jianye City	Residential	56,134
Zhoukou	Huaiyang Sweet-Scented Osmanthus Garden	Residential	42,273
Zhumadian	Eighteen Cities	Residential	68,779
Nanyang	Triumph Plaza	Commercial	282,019
Xinyang	Jianye City	Residential	42,647
Jiyuan	U-Town	Residential	70,518
Others			209,956
Total			2,037,471

2. *Hotels*

The Company was of the view that multiple business portfolio may diversify operational risks and increase revenue size and stability. Through successful development and operation of a series of high-end hotel projects, the Company has accumulated itself with comprehensive ability to develop, invest in and operate high-end hotels, and has established sound working relationships with internationally renowned hotel conglomerates such as Marriott, InterContinental and AccorHotels. The Company's hotels are identified with high-quality services and are popular among, and well recognised by, high-income consumers. This enhances the Company's brand and reputation, and promotes higher profitability of property projects.

As at 31 December 2016, the Company had 5 hotels completed and 1 self-operated hotels under development with a total GFA of approximately 230,000 sq.m.. Revenue from hotel operation in the reporting period increased by 38.2% as compared with that in the same period last year, demonstrating a sustainable and steady revenue from the hotel segment.

Le Méridien Zhengzhou

Le Méridien Zhengzhou opened on 31 October 2013 with a site area of 5,391 sq.m. and a total GFA of approximately 65,007 sq.m.. It is located at the junction of Zhengbian Road and Zhongzhou Avenue, Zhengzhou. It is an international five-star hotel with world-class facilities, mixing stylish elements with classic design. It has 350 guest rooms or suites and is currently managed by Marriott International Group.

Aloft Zhengzhou Shangjie

Aloft Zhengzhou Shangjie opened on 6 August 2011 with a site area of 12,701 sq.m. and total GFA of approximately 19,457 sq.m.. It is located at No. 101, Zhongxin Road, Shangjie District, Zhengzhou City. Aloft Zhengzhou Shangjie is an intelligent composite 4-star hotel comprising food & beverage, accommodation, conference and entertainment in fashionable and simplistic design. It has 172 guest rooms or suites and is currently managed by Marriott International Group.

Holiday Inn Nanyang

Holiday Inn Nanyang opened on 8 August 2012 with a site area of approximately 66,700 sq.m. and a total GFA of approximately 50,574 sq.m.. It is located at the junction of State Road 312 and Binhe Road in Nanyang which is in close proximity to Baihe River Tourist Attraction. It is a five-star garden design style hotel and the first multi-functional hotel in Nanyang for the purposes of commerce, holiday, administration and conference. It has 360 guest rooms or suites and is currently managed by InterContinental Hotels Group.

Four Points by Sheraton Luohe

Four Points by Sheraton Luohe opened on 23 November 2012 with a site area of approximately 35,326 sq.m. and a total GFA of approximately 37,398 sq.m.. It is located at Songshan Road West Branch, Yancheng District, Luohe which is in close proximity to the Convention and Exhibition Center. Four Points by Sheraton Luohe is an intelligent composite 5-star hotel comprising business conference, food & beverage, accommodation, leisure and entertainment in classic and fashionable design. It has 244 guest rooms or suites and is currently managed by Marriott International Group.

Pullman Kaifeng Jianye

Pullman Kaifeng Jianye opened on 8 October 2015 with a site area of approximately 58,349 sq.m. and a total GFA of approximately 43,836 sq.m.. It is located at No. 16, Longtin North Road, Longtin District, Kaifeng City. Pullman Kaifeng Jianye is a 5-star resort hotel comprising business conference, food & beverage, accommodation, leisure and entertainment. The building is a post-modern architecture in Northern Song style. It has 186 guest rooms or suites and is currently managed by Accor Hotels Group.

Yanling Jianye Flowerbed Hot Spring Hotel (under development)

Yanling Jianye Flowerbed Hot Spring Hotel will be developed in two phases. The first phase has a site area of approximately 24,679 sq.m. and a total GFA of approximately 20,000 sq.m.. It will be the first self-operated hotel of the Group with 51 guest rooms or suites. Yaning Jianye Flowerbed Hot Spring Hotel will be a hot spring resort hotel comprising business conference, food & beverage, accommodation, leisure and entertainment. Its soft launch is planned to be in 2018.

3. *Cultural Tourism*

Cultural tourism sector of the Company is engaged in development and operation of real estate projects for cultural tourism principally located in historic cities in Henan province, such as Zhengzhou, Kaifeng and Luoyang. Having been rich in history, culture and natural resources, it tells the "Jianye story of cultural tourism" in different style, forms and substance through theme park, tourist district and real scenery performance. As at 31 December 2016, the Company had 4 projects for cultural tourism, namely Jianye Huayi Brothers Film Culture Town, Zhengping Fang Cultural and Creativity Park in Luoyang, Jianye Unique and Jianye Ivi 1895.

Jianye Huayi Brothers Film Culture Town is the Company's strategic cooperation project with Huayi Brothers (Tianjin) Real Scene Entertainment Company Limited (the "Huayi Brothers"). The project is located in International Cultural and Creative Industrial Park in Zhengzhou with a planned total site area of approximately 1.33 million sq.m. and a total GFA of approximately 1.80 million sq.m.. As a project designated for film, real scenery and cultural tourism, it provides cinematic culture, cinema interactive games, cinematic exhibition, folk performance, folk exhibitions, unique cuisine and commercial tourism, constituting a comprehensive commercial zone for leisure, entertainment and tourism in form of a film culture town with the essence of cultural diversity and urban leisure. First phase of the project is planned to commence operation in second half of 2018.

Zhengping Fang Cultural and Creativity Park in Luoyang and Jianye Unique are the two large-scale acting and performance projects co-developed with Wang Chaoge (王潮歌), a director of real scenery performance. Zhengping Fang Cultural and Creativity Park in Luoyang is located at Ancient Capital of 13 Dynasties, Luoyang City, Henan Province; and Jianye Unique is located at International Cultural and Creative Industrial Park in Zhengzhou, the two projects are currently under progressive development.

Jianye Ivi 1895 is a cinematic theme event venue for culture and leisure co-developed with ivimovie Cultural Development Co. Ltd. The project pairs technology with culture, film with arts and vogue with leisure. Jianye Ivi 1895 provides cinema, performance theatre, cultural creativity center, reading room and technology zone, creating a site for diversified cultural and entertainment. As at 31 December 2016, three Ivi theatres were in operation in Zhengzhou.

4. Green House

CCRE's green houses are the establishment and operation of CCRE's modern agricultural projects. As at 31 December 2016, the Company had one green house completed and in operation, namely Yanling Jianye Green House, and one green house under development, namely Hebi Green House.

Yanling Green House

Yanling Jianye Green House is located in Xuchang City, Yanling County, less than 100 km from Zhengzhou City, with a total site area of approximately 3.33 million sq.m.. It is a modern agricultural complex covering modern farming, traditional farming, agri-tourism and unique cuisine. The project is equipped with intelligent gutter-connected glass greenhouse, multi-functional exhibition hall, technology research centre and culture room for cut flowers as well as 3,000 Chinese-mu eco-tree seedlings.

The number of visitors of Yanling Jianye Green House was in excess of 370,000 in 2016, including provincial and city level officials, local and foreign experts and researchers in relevant areas, Jianye property owners and members of "Jianye Junlin Club". The project has been rated as the "Model Enterprise of Urban Eco-agriculture" and the "Enterprise of Technological Innovation" by the government of Xuchang City; the Museum of Traditional House in Central China, a follow-up project, has been listed in the "First Batch Type-A Key Construction Projects in Henan Province" in 2016 by the Henan Development and Reform Commission; and the research centre has been rated as the "Engineering Research Centre for High-end Cut Flowers in Henan Province".

Hebi Green House (under development)

Hebi Green House is located at the urban-rural integration demonstration zone in Hebi City with a total site area of approximately 3.40 million sq.m.. It is modern agricultural complex covering modern farming, traditional farming, agri-tourism, health and well-being improvement as well as unique cuisine. 180,000 seedling pots for landscape plantation were in place during the reporting period, and a multi-functional exhibition hall and the intelligent gutter-connected glass green house were under construction.

5. ***Light-asset Model Projects***

The Company launched its light-asset development strategy in relation to the delivery of its brands, its management and its capital in 2015 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 31 December 2016, the Company had entered into 36 agreements for the light-asset model projects (whereas the agreements for the light-asset project in Gongyi City entered into on 28 March 2016 and the light-asset project in Yanling County entered into on 5 July 2016 were cancelled for certain reasons). In accordance with the terms of the agreements, those projects are expected to have a total GFA of approximately 7,060,000 sq.m.. In addition, the Company has formulated normative management standards, and further implemented a continuing talent development programme and quality control mechanism for our products and services.

(III) Land Reserves

During the reporting period, the Group newly acquired land reserves with a site area of approximately 1,510,000 sq.m. and a total GFA of approximately 4,340,000 sq.m. through public land auctions and equity interest acquisitions. As at 31 December 2016, the Group had land reserves with a total GFA of approximately 20.92 million sq.m., including beneficially interested GFA of approximately 17.44 million sq.m., a total GFA under development of approximately 6.02 million sq.m. and a total GFA held for future development of approximately 14.90 million sq.m..

1. *Public Land Auctions*

On 25 January 2016, the Group acquired the land use rights of one land parcel located at the south of Heluo Road, the west of Chuncheng Road and the north of Yanguang Road in High-Tech Industrial Development Zone, Luoyang City. The purchase price for the acquisition was approximately RMB172 million. The land parcel has a site area of 37,416 sq.m..

On 27 January 2016, the Group acquired the land use rights of three land parcels located in Jinwa Village, Huiji District, Zhengzhou City. The purchase price for the acquisitions was approximately RMB613 million. The three land parcels have a site area of 89,964 sq.m..

On 2 February 2016, the Group acquired the land use rights of one land parcel located at the north of Beihuan Road, the east of National Highway 209 in Sanmenxia City. The purchase price for the acquisition was approximately RMB139 million. The land parcel has a site area of 44,223 sq.m..

On 2 March 2016, the Group acquired the land use rights of one land parcel located at the Northwest corner of the junction between West Hebin Road and Shuangtian Road in Wulongpian District, Lingbao City. The purchase price for the acquisition was approximately RMB21 million. The land parcel has a site area of 15,424 sq.m..

On 18 May 2016, the Group acquired the land use rights of two land parcels located at the Southwest of the junction between Pingyuan Road and Santai Street in Anyang City. The purchase price for the acquisitions was approximately RMB111 million. The two land parcels have a total site area of 76,769 sq.m..

On 27 May 2016, the Group acquired the land use rights of one land parcel located at the south of Xueyuan Road and the west of Huaihai Road in Zhecheng County. The purchase price for the acquisition was approximately RMB22 million. The land parcel has a site area of 27,145 sq.m..

On 29 August 2016, the Group acquired the land use rights of one land parcel located at the core area of Model Zone in Pingyuan, Xinxiang City. The purchase price for the acquisition was approximately RMB204 million. The land parcel has a site area of 146,574 sq.m..

On 30 September 2016, the Group acquired the land use rights of two land parcels located in Shangqiu City, where eastern edge is Xueyuan Road, western edge is Guide Road and northern edge is Zhuyun West Road. The purchase price for the acquisition was approximately RMB206 million. The two land parcels have a site area of 85,899 sq.m..

On 25 October 2016, the Group acquired the land use rights of one land parcel located at the south of Kangsheng Street and the east of Jingfu Road in Xuchang City. The purchase price for the acquisition was approximately RMB96 million. The land parcel has a site area of 28,604 sq.m..

On 16 December 2016, the Group acquired the land use rights of two land parcel located at the west of Taibaishan Road, Xicheng District, Luohe City. The purchase price for the acquisition was approximately RMB297 million. The two land parcels have a site area of 139,397 sq.m..

On 21 December 2016, the Group acquired the land use rights of one land parcel located at the east of Weiwen Road and the north of Hongteng Road in Xuchang City. The purchase price for the acquisition was approximately RMB418 million. The land parcel has a site area of 110,170 sq.m..

On 21 December 2016, the Group acquired the land use rights of one land parcel located in Luyi County, where the south edge is Ziqi Avenue, a trunk road, the north edge is Xiantai Road and the west edge is Laojuntai Road. The purchase price for the acquisition was approximately RMB239 million. The land parcel has a site area of 58,928 sq.m..

On 29 December 2016, the Group acquired the land use rights of two land parcels located at the junction between Xiangyun Avenue and Xuanyuan Road in Yuzhou City. The purchase price for the acquisition was approximately RMB159 million. The two land parcels have a site area of 67,925 sq.m..

2. *Equity Interest Acquisitions*

As at 31 December 2016, the Group, through equity interest acquisitions, acquired 11, in aggregate, land parcels with a total site area of 624,195 sq.m. in Zhengzhou City, Sanmenxia City, Xinxiang City and Xuchang City.

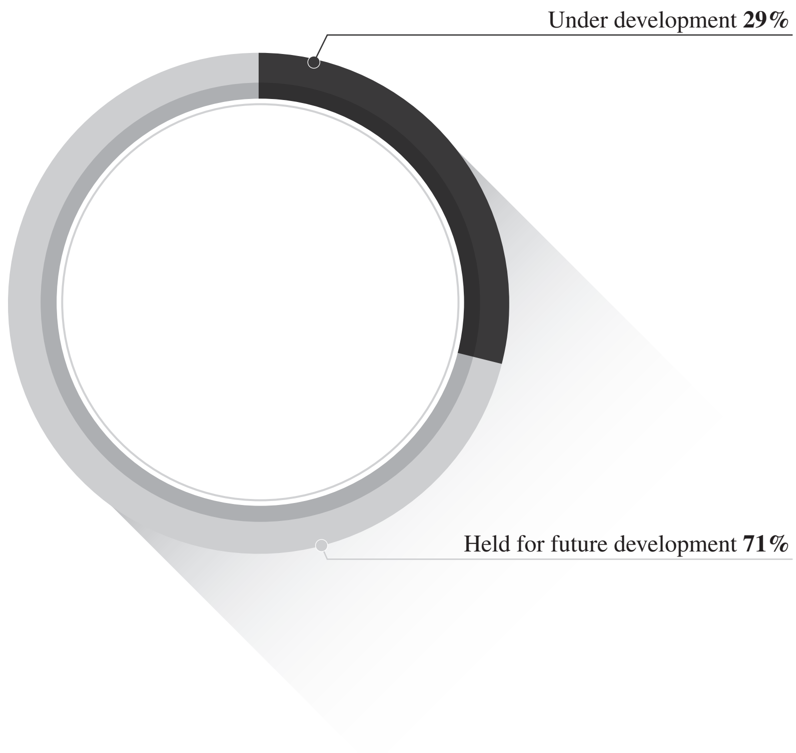
3. *Land reserves acquired after the reporting period*

On 4 January 2017, the Group acquired the land use rights of three land parcels located at the east of Zijing Road and the south of Xiangyu Road in Gongyi 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..

4. Distribution of land reserves

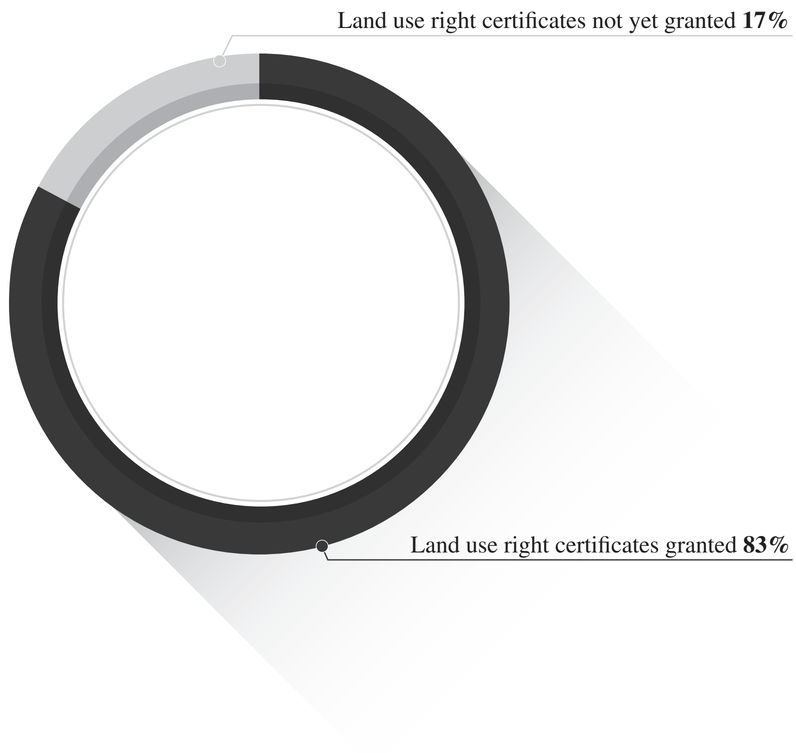
(1) Distribution of the Company's land reserves by current development status

Fig: distribution of land under development and land held for future development in the Company's land reserves (as at 31 December 2016)



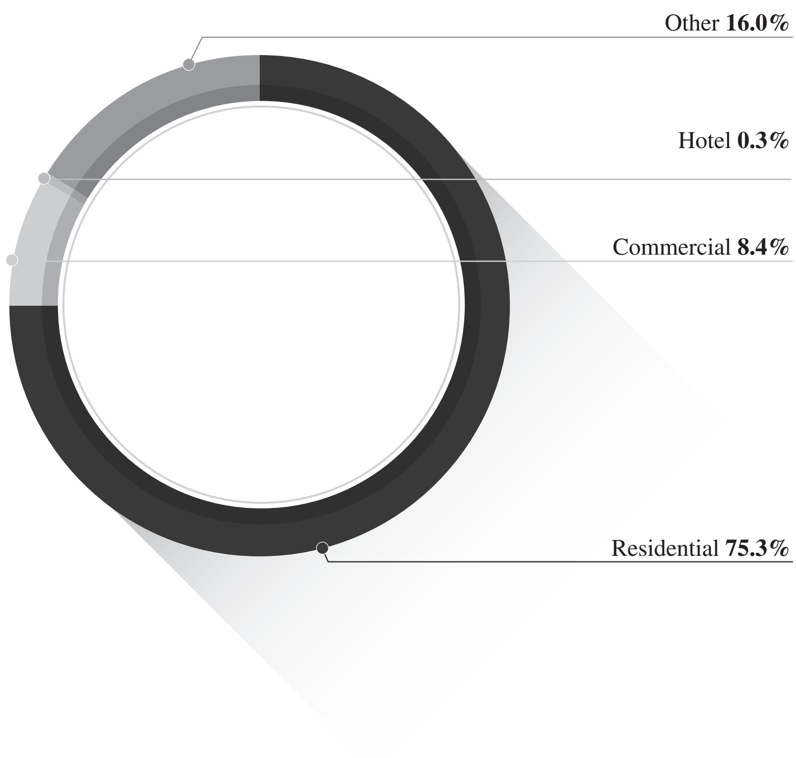
(2) Distribution of the Company's land reserves by land use right certificates

Fig: percentage of the Company's land reserves for which land use right certificates had been granted and those had not been granted (as at 31 December 2016)



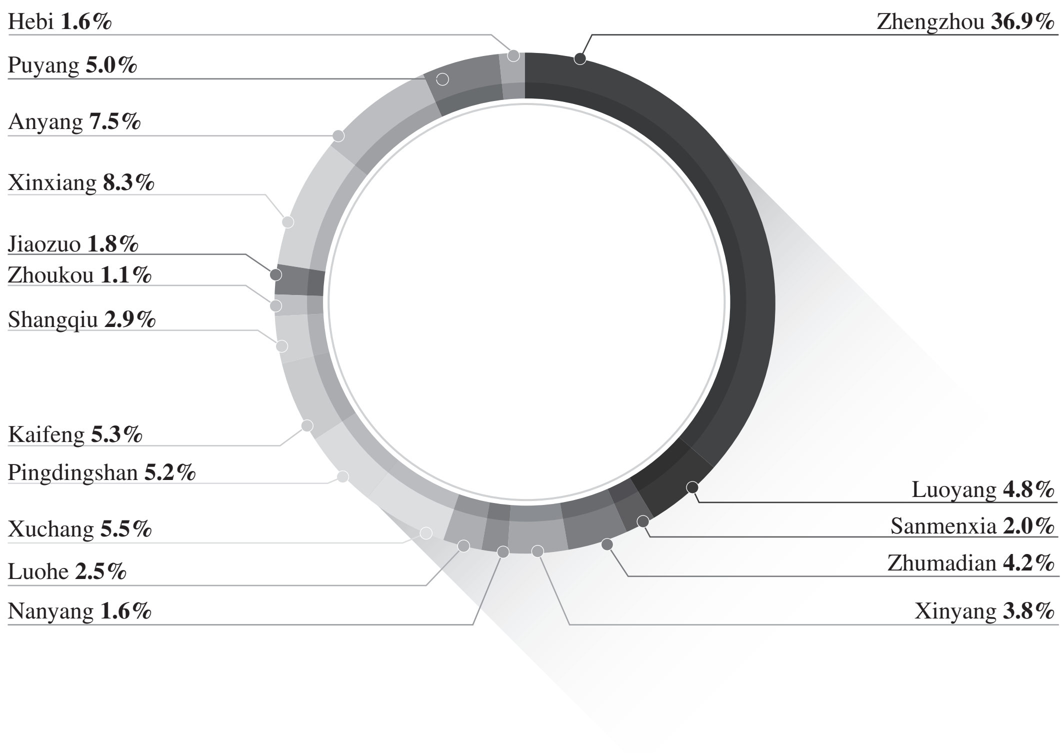
(3) Distribution of the Company's land reserves by property types

Fig: distribution of the Company's land reserves by property types (as at 31 December 2016)



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

Fig: distribution of the Company's land reserves by cities (as at 31 December 2016)



(IV) Product Research and Development

The Company always adheres 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 continuously deepened the architectural design in a detailed manner and, utilising internet means to monitor the charge of demands from customers for residential properties during different periods, developed a flexible product catering for the whole life cycle of customers. The "Platform for Product Standardisation, Design and Management" was established for regulating design and management procedures, compiling product data base and securing product quality by means of informatization. The Company has been diversifying its architectural design and employing the advanced building information modeling (BIM) technology in advance for our key projects. 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 pollution from renovation works 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 2016, the Company continued to transform into a "new lifestyle service provider" by providing personalised, customised and differentiated products and services, with an aim to create a new lifestyle to the customers.

During the reporting period, the Company established the "Jianye Junlin Club", thereby creating a common platform by the brand credibility of the Company as a bonding agent for life sharing, intelligence inclusion, commercial cooperation and win-win investments through sharing of quality internal and external resources of the Company with an aim to establish a new form of neighbour relationship and provide the members new diversified living services closely relating to quality life, business networking and investment cooperation.

During the reporting period, the Company has continued to enhance product quality by increasing customers' satisfaction, strengthening basic services, emphasizing risks management and strictly observing the requirements for joint acceptance inspection. In keeping with the "Improvement and Enhancement" campaign (琢玉行動), the Company carried out upgrades and improvements of the facilities and amenities of old housing complexes to improve their living environment and quality. Visits to property owners were organised to collect comments and opinions for receiving insight into demand of customers. The Company shifted its traditional way of property delivery to a smart mode of "mobile property inspection", broadening customers' experience and enhancing our customer service standards. In addition, the Company integrated its internal and external quality resources by launching an "E+ Family" APP to provide a series of online functions, such as smart doorlock, one-press for repair appointment and online shopping, establishing a new form of neighbour and harmonious smart community. The Company would pursue the continual increase of customers' satisfaction through managing and monitoring customers satisfaction works in phases.

BUSINESS OUTLOOK

(I) Market Outlook

(1) The Macro-economic Landscape

As seen in policy direction of the PRC government at the end of 2016, it is expected that a combination of policies that "maintaining prudent monetary policy, instigating more fiscal policy and undergoing accelerated reforms in key sectors" will be implemented in 2017. In relation to monetary policy, a prudent and neutral monetary policy will be implemented while keeping liquidity fundamentally stable by comprehensively employing various monetary tools. Macro-prudential policy framework will be further optimised for providing prudential practice guide to financial institutions. Fiscal policy aims to seek progress amid stability, and rapid expansion of "quasi-fiscal activities" and early introduction of public private partnership will be the key drivers; and the core domains of fiscal policy will be supply-side reforms, reduction in taxes and fees as well as safeguarding people's livelihood. "Instigating reforms" will be increasingly important in the coming year on the foundation of "preventing risks", and reforms of key domains, such as state-owned enterprises, taxation system and financial system may make a significant breakthrough. New sources of economic growth in China will play a more crucial role in 2017, transiting further to a new model. The Company expects that the Chinese economic growth, in general, tends to be stable.

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 recognized Zhengzhou as a national high-speed rail hub under plan. The acceleration of multi-directional expansion of the high speed railway network, the rapid establishment of industrial park and on-going industrial migration will further enhance geographic and demographic benefits of Henan province as well as its strength in transportation, further improve industrial composition, further accelerate economic development and new urbanization, further optimize economic structure, further elevate effectiveness and quality of economic development and further expand industrial capacity and regional economic competitiveness. The Company expects the economic growth of Henan Province in 2017 will continue to be higher than the national economic average.

2. *The Property Market*

With a prudent and moderately tight monetary policy in 2017, the PRC government will emphasize "preventing risks and combating asset bubbles" in first and second-tier cities, but persist in inventory clearance in third and fourth-tier cities by striking an appropriate balance between supply and demand to improve market environment. In addition, the government will make significant progress on establishment of highly efficient and long-lasting mechanism for property market, regional integration and new urbanization. It is anticipated that sales volume of property market in general will drop slightly, performance of first and second-tier cities as well as red-hot cities in terms of transaction volume and prices will decrease to a small extent under adjustment and control measures adopted; while inventory clearance pressure in third and fourth-tier cities will be stably released with the support of inventory clearance policy, differentiated credit policy and urbanization.

In the long run, new urbanization in Henan province in a steady manner and the gradual implementation of various national strategic plans will enhance Zhengzhou's pivotal role in Henan province and demographic benefits, further accelerate economic development, industrial deployment and urbanization, and further enlarge demand for residential property in the region. Functions of prefecture-level and county level cities will be increasingly essential and industrial support will be enhanced, whereas development of property market is lagging behind, increase in product quality and enormous potential from elevated demand for housing, in addition to continual release of rigid demand for property, are expected to release demand for quality and improved products earlier.

The Company expects that inventory clearance of commodity housing in Henan province will stay positive in 2017, and accelerated release of potential for housing spending and housing upgrade will bolster an on-going and stable development of property market in Henan province.

(II) BUSINESS PLANNING

In 2017, the Company will make greater vigor in land acquisitions and land development as well as the profitability enhancement of key regions with an aim to achieve substantial growth in scale. In addition, co-branding partnerships will be formed for exploring creative marketing ideas to maintain a satisfactory annual performance of the Company, laying the Company a concrete foundation for sustainable and stable development.

1. *Construction Plans#*

In 2017, the Company plans to commence construction of a total of 52 projects or phases, with a GFA of approximately 5,461,366 sq.m..

City	Project name	Principal use of property	GFA planned for construction *(sq.m.)*
Zhengzhou	Tihome Jianye International City	Residential	272,230
Zhengzhou	Shangyue House	Residential	247,000
Zhengzhou	Wulong City	Residential	170,000
Zhengzhou	Anyong Project	Residential	226,373
Zhengzhou	Spring Time	Residential	188,245
Zhengzhou	Blossom Garden	Residential	182,564
Zhengzhou	Gongyi Nanguanzhuang Project	Residential	80,095
Zhengzhou	Zhengxi U-Town	Residential	107,827
Luoyang	Sweet-Scented Osmanthus Garden	Residential	76,642
Luoyang	Yanshi Forest Peninsula	Residential	70,218
Kaifeng	Chrysanthemum Garden	Residential	109,243
Kaifeng	Taihe House	Residential	52,462
Shangqiu	Shanshuihucheng	Residential	84,779
Shangqiu	Yongcheng U-Town	Residential	84,076
Zhumadian	Westlake Manor	Residential	113,664
Zhumadian	Xiping Forest Peninsula	Residential	50,426
Zhumadian	Eighteen Cities	Residential	267,441
Zhumadian	Xincai Baichengtiandi	Residential	75,085
Xinyang	Jianye City	Residential	98,314
Xinyang	North Lake U-Town	Residential	121,922
Pingdingshan	Eighteen Cities	Residential	181,276
Sanmenxia	New District Forest Peninsula	Residential	68,400
Sanmenxia	Code One City	Residential	121,716
Sanmenxia	U-Town	Residential	64,234
Sanmenxia	Wugang Forest Peninsula	Residential	52,613
Luohe	Xicheng Forest Peninsula	Residential	70,273

City	Project name	Principal use of property	GFA planned for construction *(sq.m.)*
Xuchang	Sweet-Scented Osmanthus Garden	Residential	105,235
Xuchang	Yanling Eco-City	Residential	143,790
Xuchang	Changge Spring Time	Residential	177,651
Anyang	Jianye City	Residential	108,541
Anyang	Tangyin Forest Peninsula	Residential	67,914
Jiyuan	Code One City-North Terrace	Residential	122,972
Puyang	Jianye New City	Residential	106,225
Puyang	Code One City	Residential	133,473
Xinxiang	Beverly Manor	Residential	169,632
Xinxiang	Code One City	Residential	98,863
Xinxiang	Eighteen Cities	Residential	131,611
Xinxiang	U-Town	Residential	73,223
Nanyang	Qilin Lake Project	Residential	74,459
Nanyang	Code One City	Residential	160,175
Zhoukou	Luyi Jianye City	Residential	117,769
Zhoukou	Forest Peninsula	Residential	67,462
Others			365,253
Total			5,461,366

2. *Completion Plans*#

The Group plans to complete 41 projects or phases with a completed GFA of 2,704,425 sq.m. for delivery in 2017.

City	**Project name**	**Principal use of property**	**Planned completed GFA** *(sq.m.)*
Zhengzhou	Tihome Jianye International City	Residential	76,340
Zhengzhou	Jiuru House	Residential	169,154
Zhengzhou	Tianzhu	Residential	172,899
Zhengzhou	Triumph Plaza	Commercial	210,738
Zhengzhou	Gongyi Code One City	Residential	104,932
Sanmenxia	U-Town	Residential	53,301
Luoyang	Sweet-Scented Osmanthus Garden	Residential	163,936
Luoyang	Poly Champagne International	Residential	107,100
Luoyang	Yanshi Forest Peninsula	Residential	44,533
Kaifeng	Chrysanthemum Garden	Residential	96,760
Kaifeng	Dongjingmenghua	Commercial	50,577
Shangqiu	Shanshuihucheng	Residential	44,705
Shangqiu	Yongcheng U-Town	Residential	97,443
Shangqiu	Zhecheng U-Town	Residential	40,733
Zhumadian	Eighteen Cities	Residential	187,157
Zhumadian	Xiping Forest Peninsula	Residential	47,524
Xinyang	Jianye City	Residential	72,699
Pingdingshan	Wugang Forest Peninsula	Residential	43,250
Luohe	Xicheng Forest Peninsula	Residential	59,077
Luohe	Code One City	Residential	56,484
Xuchang	Code One City	Residential	125,180
Anyang	Jianye City	Residential	98,546
Hebi	Sweet-Scented Osmanthus Garden	Residential	58,501
Hebi	Code One City	Residential	65,198
Xinxiang	Eighteen Cites	Residential	40,000
Zhoukou	Luyi Jianye City	Residential	116,052
Other			301,606
Total			2,704,425

Note:

Construction plans and completion plans may be adjusted in accordance with the approval progress by the government toward projects and other environmental factors.

RISK MANAGEMENT

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

Risk Management Philosophy of the Company

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

Material Risks of the Group

During 2016, our business planning process has identified the following as material risks of the Company:

Risk Description	Risk Changes in 2016	Key Measures for Risk Management
Financial Risks		
The Company's credit ratings may be downgraded. A downgrade may trigger higher costs of corporate financing of the Company in the future.	With a decrease in net profit of the Company in 2016, there is a higher possibility that credit rating of the Company will be downward adjusted.	1. Strengthen and accelerate the stock clearance in third and fourth-tier cities so as to increase turnover rate and profit margin; and 2. Maintain sufficient undrawn credit facilities to meet the liquidity demand of the Company.
The Company may not meet its planned profit target.	Having been affected by market environment and government policies, recognized GFA sold and revenue may be lower than expectation.	1. Accelerate construction progress and meet criteria recognition as planned; and 2. Accelerate sales of properties which can be recognized.

Risk Description	Risk Changes in 2016	Key Measures for Risk Management
Senior notes of the Company are denominated in USD and SGD, whereas the source of income of the Company is in RMB. RMB exchange rate volatility may expose the Company to foreign currency risk.	On-going depreciation in RMB against USD.	1. Hedge currency exposures in line with the Company's business model; and 2. Closely monitor the effects of RMB exchange rate volatility on the Company.
Operational Risks		
Lack of land reserves and unfavourable progress in project development may fail to accomplish construction commencement plan, thereby affecting accomplishment of other operation goals.	Inadequate land reserves in some regions and longer development cycle of some projects.	1. Accelerate acquisition of quality land; and 2. Accelerate initial preparation works and development progress to shorten development cycle.
Slowdown in sales of completed properties may adversely affect cash return and capital turnover rate.	Sales performance of completed properties for sales is not satisfactory.	1. Formulate sales strategy and incentive measures for selling slow moving property inventory, such as villa, commercial building, office and basement, to accelerate inventory clearance.
Policy Risks		
Control policies on property market may be favourable or unfavourable to the Company's sales performance	Favourable policies implemented in the first three quarters of 2016 facilitated property sales of the Company, while its performance was slightly affected by the control policies since 30 September 2016.	1. Closely monitor changes in policies; and 2. Adjust product structure in due course; and 3. Flexibly adjust sales schedule and strategy.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events subsequent to 31 December 2016 which would materially affect the Group's operating and financial performance as of the date of this announcement.

ISSUANCE OF SENIOR NOTES

On 1 November 2016, the Company issued the US$200m Senior Notes due 2021 at a coupon rate of 6.75% per annum for the purposes of repayment of existing indebteness. Further details relating to the issue of the US$200m Senior Notes are disclosed in the announcements of the Company dated 31 October and 1 November 2016. The issuance was completed on 8 November 2016 and US$200m in Senior Notes started bearing interest on that date.

FINAL DIVIDEND

The Board resolved not to recommend a final dividend for the year ended 31 December 2016 (year ended 31 December 2015: HK11.61 cents (equivalent to RMB9.84 cents) per share).

ANNUAL GENERAL MEETING

The 2017 AGM will be held on Friday, 19 May 2017 and the notice thereof will be published and despatched to the shareholders of the Company in a manner as required by the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders' eligibility to attend and vote at the 2017 AGM, the register of members of the Company will be closed from Wednesday, 17 May 2017 to Friday, 19 May 2017 (both days inclusive), during which period no transfer of shares will be registered. All properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 16 May 2017, for registration.

CORPORATE GOVERNANCE PRACTICES

The Company has always valued the superiority, steadiness and rationality of having a sound system of corporate governance and is committed to continuously improve its corporate governance and disclosure practices. For the year ended 31 December 2016, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code (the "Corporate Governance Code") in Appendix 14 to the Listing Rules with the exception of code provisions A.6.7 and E.1.2 as addressed below.

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

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

   Mr. Lucas Ignatius Loh Jen Yuh and Mr. Puah Tze Shyang, all being non-executive Directors, 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 17 May 2016 (the "2016 AGM") as they were out of town for other businesses.

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

   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 2016 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 2016 AGM as he was out of town for other business.

   In their absence, the other members of the Board, namely Ms. Yan Yingchun and Ms. Wu Wallis (alias Li Hua) and Mr. Cheung Shek Lun being a member of the Board, the remuneration committee and the nomination committee, attended the 2016 AGM and answered questions raised at the meeting.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct for the Directors in their dealings in the Company's securities. Having made specific enquires with each Director, the Company confirmed that the Directors had complied with the required standard as set out in the Model Code for the year ended 31 December 2016.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2016, neither the Company nor any of its subsidiaries and its joint ventures purchased, redeemed or sold any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Annual Results, including the accounting principles and practices adopted by the Group, and discussed auditing, risk management and internal control systems and financial reporting matters as well as reviewed the audited financial statements for the year ended 31 December 2016 with the management.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT

This Annual Results announcement is published on the HKExnews website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.centralchina.com. The Company's annual report for the year ended 31 December 2016 will be published on both websites and despatched to the shareholders of the Company in due course.

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

Hong Kong, 24 March 2017

For the purpose of this announcement, unless otherwise indicated, the conversion of RMB into HK$ is based on the exchange rate of RMB1.00 = HK$1.11. Such rate is for the purpose of illustration only and does not constitute a representation that any amount in question in RMB or HK$ has been or could have been or may be converted at such or another rate or at all.

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