



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

2021 Annual Results Announcement

March 2022

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Company Representatives



Chairman
Mr. Wu Po Sum



Mr. Yang Ming Yao
Chief Executive Officer



Mr. Felix Wang
Executive Director



Mr. Michael Zhao
Chief Financial Officer



Mr. Vinh Mai
**Head of Investor Relations
& Chief Investment Officer**

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Overview

2021 Financial Results Summary

- ▲ Revenue decreased by 3.1% to RMB41,959 mn (excluding attributable revenue from JCEs of RMB3,795 mn)
- ▲ Total recognized GFA amounted to 5.71 mn sq.m., down 6.5%
- ▲ Recognized ASP increased by 5.9% to RMB6,856 per sq.m.
- ▲ Gross profit decreased by 20.8% to RMB6,811 mn, achieved gross profit margin of 16.2%
- ▲ EBITDA RMB4,889 mn, down 31.9%
- ▲ Net profit down 40.4% to RMB1,253 mn due to the light asset business spin-off and inventory write-downs
- ▲ Profit attributable to equity shareholders at RMB605 mn
- ▲ Recommended a final dividend of HK2.70 cents per share (equivalent to RMB2.21 cents per share), together with interim dividend of HK14.75 cents, full year dividend reached HK17.45 cents

Overview

2021 Operational Achievements

- ▲ In 2021, contracted sales achieved RMB60.1 bn, down 12.0%; with attributable interest at 65.0%
- ▲ In 2021, contracted sales GFA amounted to 8.2 mn sq.m, down 8.2%
- ▲ In 2021, contracted sales ASP was RMB7,360 /sq.m., down 4.2%
- ▲ Market share in Henan reached 6.9% in 2021 (vs 7.2% in 2020), Jianye Group market share amounted to 11.3% (vs 10.8% in 2020)
- ▲ As at 31 Dec 2021, unrecognized contracted sales amounted to RMB74.1 bn, including RMB59.6 bn at the consolidated level and RMB14.5 bn at JCEs
- ▲ Debt reduction by 29.9% to RMB21.9 bn
- ▲ Repaid a total of USD1.1 bn of offshore senior notes in 2021
- ▲ Successful listing of light asset business, Central China Management Company Limited (9982.HK) on 31 May 2021

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Financial Highlights

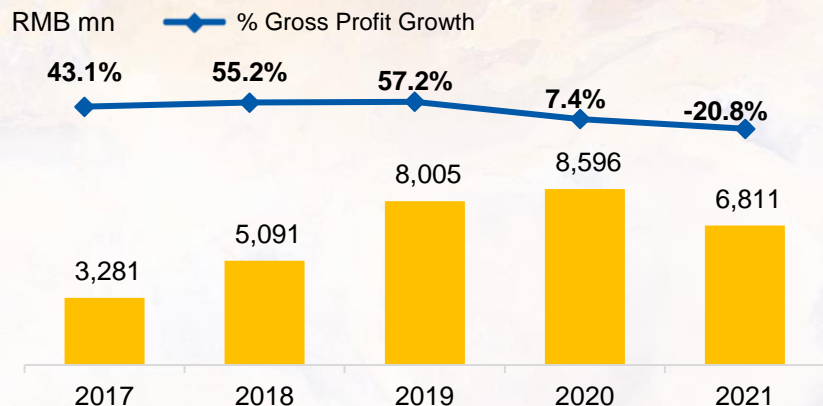
- Revenue decreased by 3.1% to RMB41.9bn, on lower recognized GFA due to the flood and epidemic in 2H2021
- Gross profit decreased by 20.8% to RMB6.8 bn and achieved gross profit margin of 16.2%, the decrease in gross profit margin was mainly due to destocking and weaker market sentiment
- EBITDA decreased by 31.9% to RMB4.9 bn on lower gross profit
- Net profit was lower at RMB1,253 mn, due to decrease of RMB372 mn profit contribution of light asset business after the spin-off and an increase in inventory write-downs of RMB290 mn

	2021	2020	Change
Revenue (RMB mn)	41,959	43,304	-3.1%
Gross profit (RMB mn)	6,811	8,596	-20.8%
Gross profit margin	16.2%	19.9%	-3.7p.p.
EBIT (RMB mn)	4,592	6,868	-33.1%
EBIT margin	10.9%	15.9%	-5.0p.p.
EBITDA (RMB mn)	4,889	7,174	-31.9%
EBITDA margin	11.7%	16.6%	-4.9p.p.
Income tax (RMB mn)	2,094	2,834	-26.1%
Net profit (RMB mn)	1,253	2,102	-40.4%
Net profit margin	3.0%	4.9%	-1.9p.p.
Profit attributable to equity shareholders of the Company (RMB mn)	605	1,802	-66.4%
Basic earnings per share (RMB cents)	21.21	64.70	-67.2%
Diluted earnings per share (RMB cents)	21.20	63.60	-66.7%

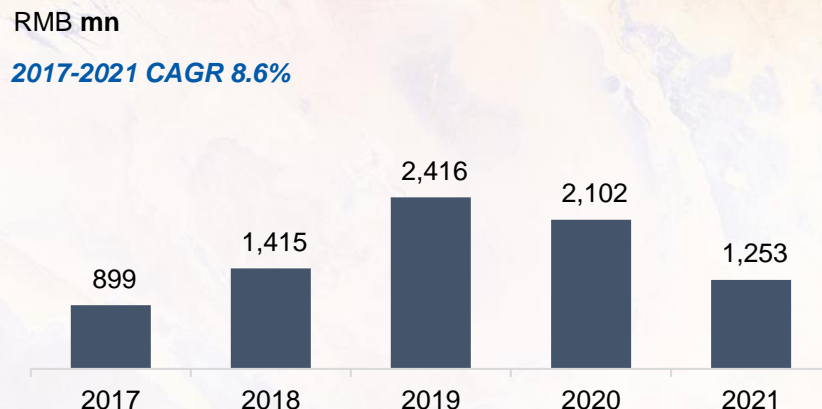
Financial Highlights (cont'd)

Historical profitability performance

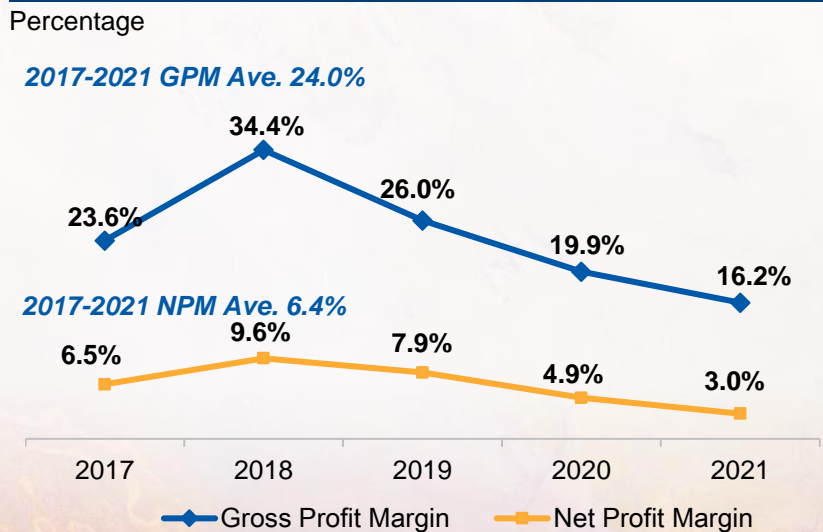
Gross Profit



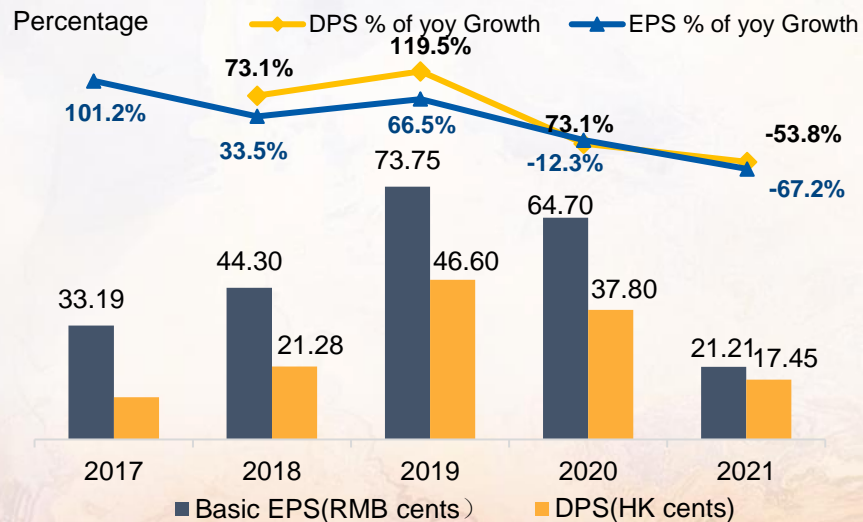
Net Profit



Gross Profit Margin & Net Profit Margin



Dividend per Share & Earnings per Share



Recognized Sales and GFA sold

▲ In 2021, revenue and recognized property sales recorded a slight decrease as a result of lower recognized GFA due to the flood and epidemic in 2H2021

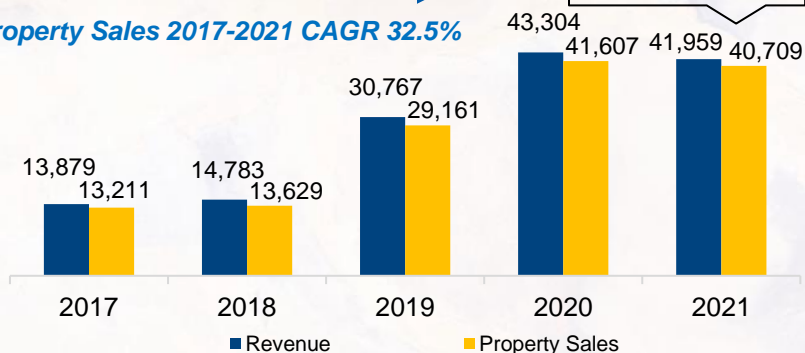
Revenue and Property Sales

RMB mn

Revenue 2017-2021 CAGR 31.9%

Property Sales 2017-2021 CAGR 32.5%

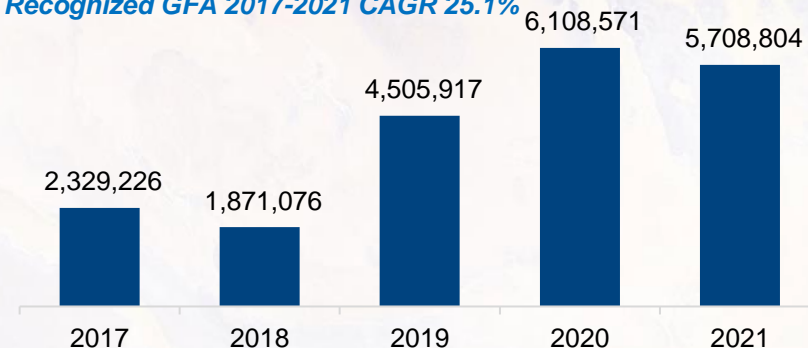
Revenue down 3.1%
Recognized property sales down 2.2%



Recognized GFA

sq.m.

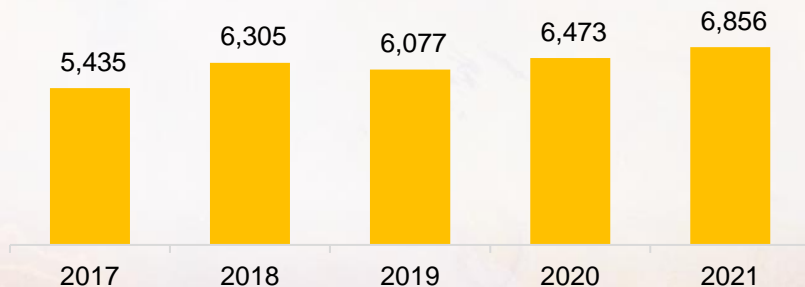
Recognized GFA 2017-2021 CAGR 25.1%



Recognized Average Selling Price

RMB per sq.m.

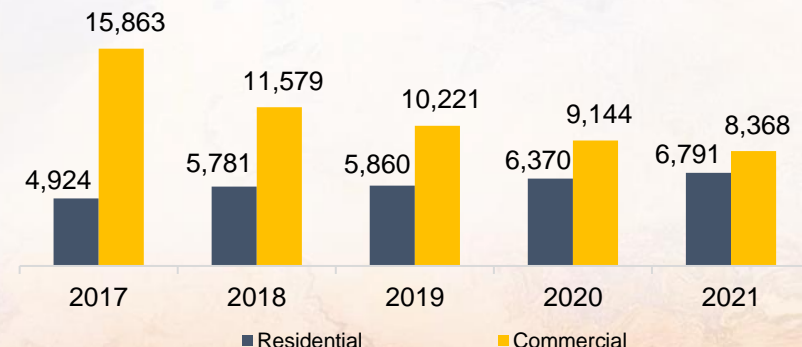
2017-2021 Ave. ASP RMB6,229 /sq.m.



Recognized ASP by Property Type

RMB per sq.m.

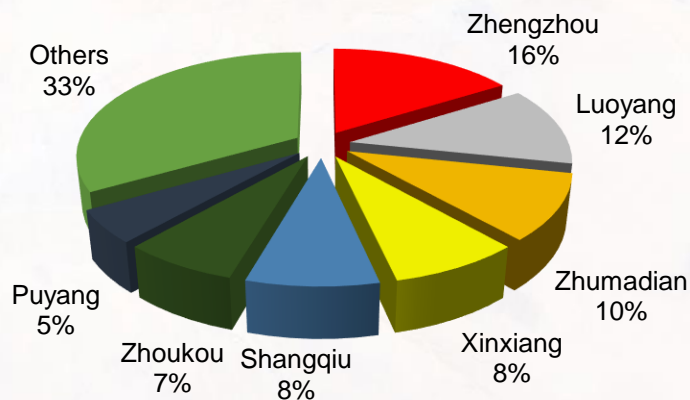
Residential ASP up 6.6% yoy



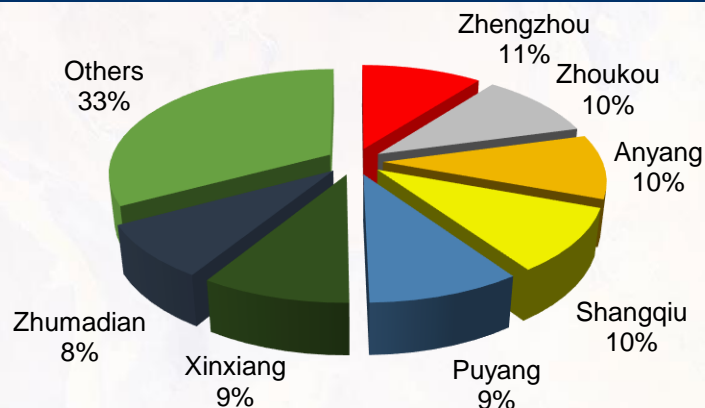
Recognized Sales and GFA sold (Breakdown by Cities)

- ▲ Zhengzhou projects accounted 16% of total recognized sales to RMB6.1 bn, with average GP margin of 15%
- ▲ Tier 3 & 4 cities contributed 80% of total recognized sales with average GP margin of 15%
- ▲ County level cities accounted for 4% of total recognized sales with average GP margin of 8%
- ▲ Attributable interest of recognized sales at 77%

Recognized Sales in 2021

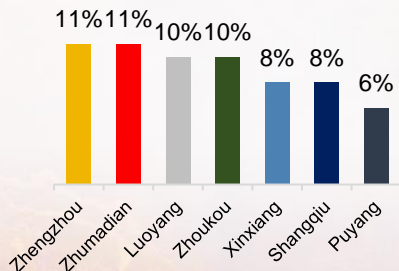


Recognized Sales in 2020

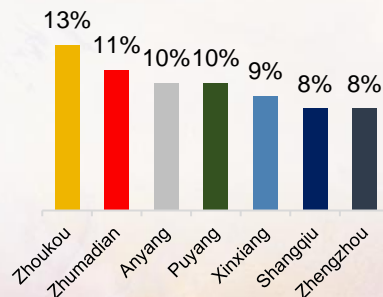


Recognized GFA

2021



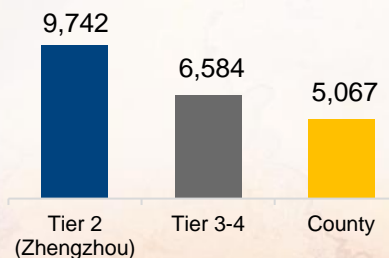
2020



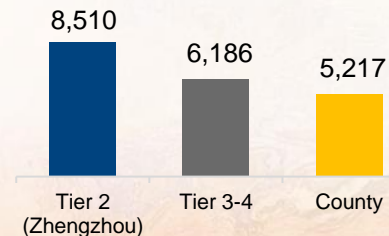
Recognized ASP (excluding carpark)

RMB per sq.m.

2021



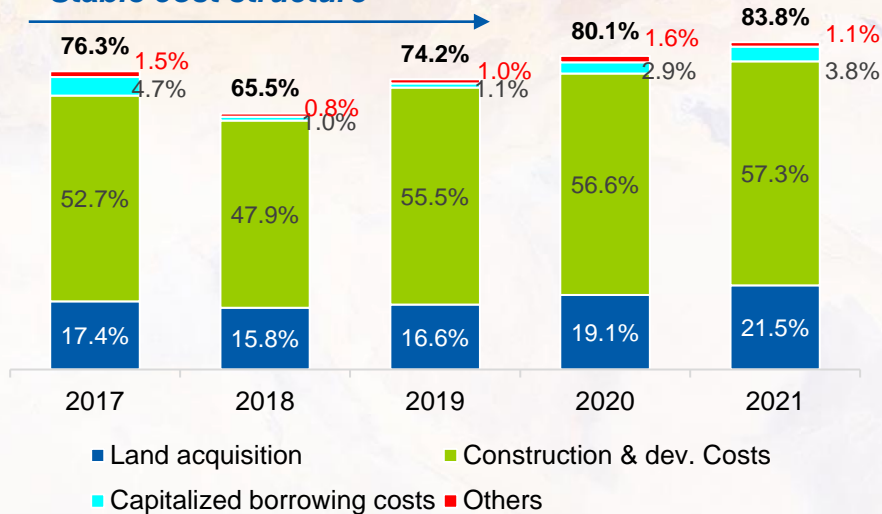
2020



Cost Analysis

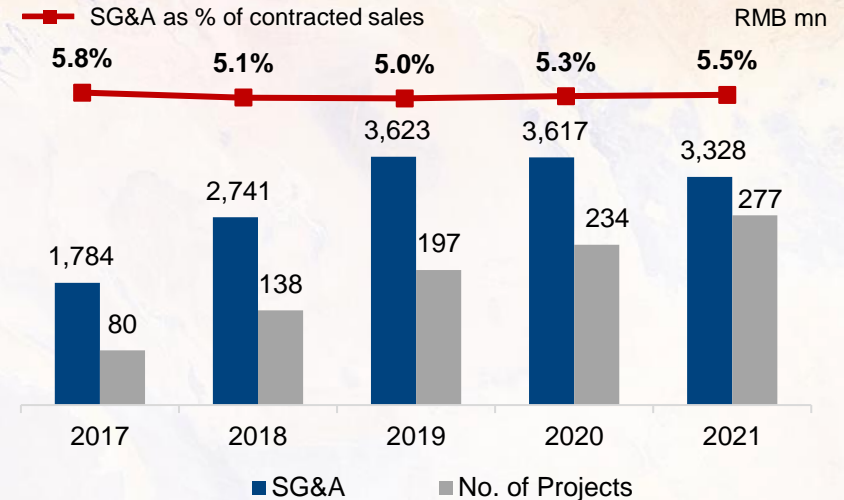
Cost of Sales (as % of revenue)

Stable cost structure



- ▲ In 2021, cost of sales as percentage of revenue increased by 3.7 p.p. to 83.8%
- ▲ Land acquisition costs as percentage of revenue has increased by 2.4 p.p. to 21.5% in 2021

SG&A (as % of contracted sales)



- ▲ In 2021, the total SG&A as percentage of contracted sales maintained stable at 5.5%
- ▲ Selling & marketing expenses decreased by 7.8% to RMB1,725 mn due to the decrease of RMB133 mn in sports promotion expenses
- ▲ General & administrative expenses decreased by 8.2% to RMB1,602 mn due to the decrease of RMB165 mn in staff costs

Balance Sheet Highlights

- ▲ Achieved cash balance (incl. restricted cash) of RMB9.8 bn to cover 1.5 times short-term debt
- ▲ Total debt decreased by 29.9% to RMB21.9 bn
- ▲ Short-term debt decreased by 55.7% to RMB6.8 bn
- ▲ Total shareholders' equity decreased by 12.6% to RMB12.7 bn
- ▲ Book value per share decreased by 16.5% to RMB4.30

(RMB mn)	31 Dec 2021	31 Dec 2020	Change
Cash	5,902	22,619	-73.9%
Cash plus restricted deposit	9,848	29,327	-66.4%
Total assets	145,807	163,901	-11.0%
Total debt	21,940	31,304	-29.9%
Short-term debt	6,761	15,258	-55.7%
Net current assets	5,371	14,046	-61.8%
Total capitalization	34,683	45,886	-24.4%
Total shareholders' equity	12,743	14,582	-12.6%
Book value per share (RMB)	4.30	5.15	-16.5%

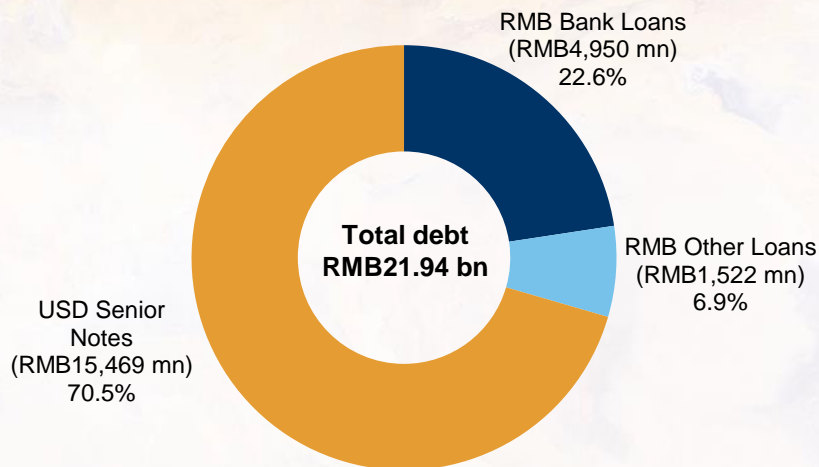
Key Financial Ratios

- ▲ Return on equity at 9.2% in 2021
- ▲ Asset turnover at 27.1% in 2021
- ▲ Net debt to equity ratio (including restricted cash) at 94.9%
- ▲ Cash/short-term debt at 1.5 times
- ▲ EBITDA/interest coverage ratio at 2.2 times

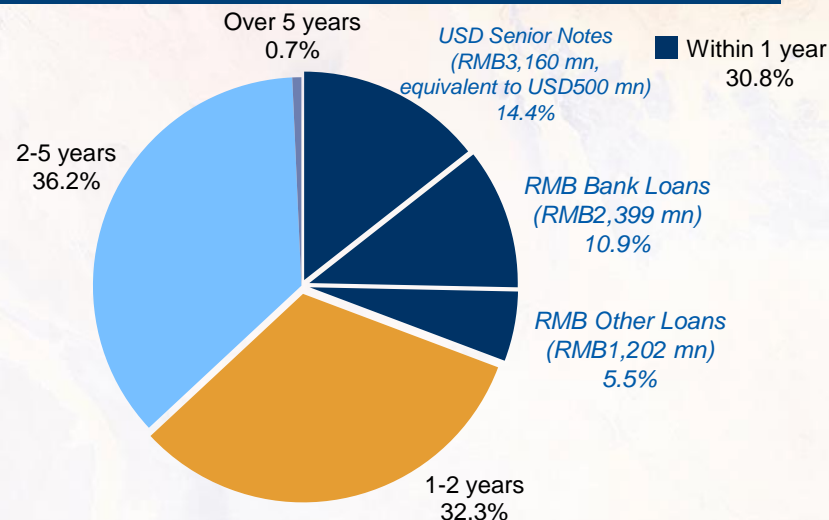
	2021	2020
Asset turnover	27.1%	28.1%
Return on equity	9.2%	15.5%
Return on assets	0.8%	1.4%
Net debt to total equity ratio (with restricted cash)	94.9%	13.6%
Net debt to total equity ratio (without restricted cash)	125.9%	56.8%
Total debt/total capitalization	63.3%	68.2%
Total liabilities/total assets	91.3%	91.1%
Current ratio (times)	104.6%	110.8%
Cash/short-term debt (with restricted cash)	145.7%	192.2%
EBITDA/interest (times)	2.2x	3.1x

Debt Profile

Funding Source



Debt Maturity with Short-term Debt Breakdown



- ▲ Reduced total debt by RMB9.4 bn in 2021
- ▲ Redeemed a total of USD1.1 bn offshore senior notes
- ▲ Redeemed RMB3.0 bn onshore corporate bonds
- ▲ Maintained average debt maturity of 2.2 years as at the end of 2021
- ▲ Stable average funding cost at 7.7% as at 31 Dec 2021 (31 Dec 2020: 7.4%)
- ▲ Debt structure of 29.5% onshore debt and 70.5% offshore debt
- ▲ Undrawn onshore banking facility line amounted to RMB30.1 bn as at 31 Dec 2021

Cash Flow Highlights

- ▲ Net cash outflow of RMB16.7 bn due to debt repayment
- ▲ Total contracted sales receipts at RMB43.4 bn, achieved cash collection ratio of 72.3%
- ▲ Achieved cash balance of RMB9.8 bn (incl. restricted cash) as at 31 December 2021

(RMB mn)		2021	2020	YoY Change
Initial cash position (excl. restricted cash)		22,619	22,708	
Inflow	Contract sales receipts	30,360	50,526	-39.9%
	Contract sales receipts obtained from JCEs	13,120	9,998	31.2%
	Amount obtain from /repaid to JCEs & Other working capital movement	(8,378)	(10,441)	-19.8%
	Bank & other loans, restricted cash, inflow/(outflow)	(2,095)	(3,255)	-35.6%
	Offshore Bond Issuance	2,908	10,277	-71.7%
Total Cash Inflow		35,915	57,105	-37.1%
Outflow	Land acquisition related cashflow	(9,930)	(13,200)	-24.8%
	Construction costs	(21,520)	(24,370)	-11.7%
	Redemption of USD senior notes	(7,131)	(6,510)	9.5%
	Redemption of RMB corporate bonds	(3,000)	--	--
	Finance costs	(2,869)	(2,587)	10.9%
	SG&A expenses	(4,157)	(6,543)	-36.5%
	Income tax (LAT and CIT)	(2,423)	(2,517)	-3.7%
	Dividend	(1,602)	(1,467)	9.2%
Total Cash Outflow		(52,632)	(57,194)	-8.0%
End cash position (excl. restricted cash)		5,902	22,619	-73.9%
End cash position (incl. restricted cash)		9,848	29,327	-66.4%

Agenda

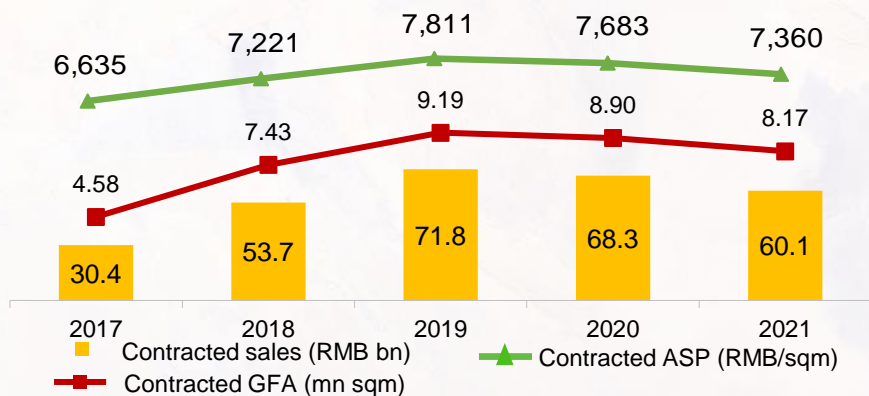
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Contracted Sales – Market Leader

- ▲ Achieved market share of 6.9% in Henan in 2021
- ▲ Contracted sales reached RMB60.1 bn in 2021, achieving a CAGR of 18.6% since 2017
- ▲ Achieved sell-through rate of approximately 68.2% in 2021 (vs 66.2% in 2020), on RMB88.1 bn saleable resources
- ▲ Contracted sales GFA achieved 8.17 mn sq.m., achieving a CAGR of 15.6% since 2017
- ▲ ASP decreased by 4.2% to RMB7,360 / sq.m.

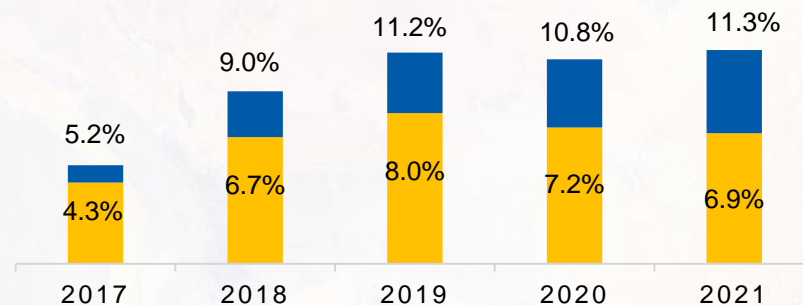
Contracted Sales & GFA & ASP

Sales 2017-2021 CAGR 18.6% GFA 2017-2021 CAGR 15.6%

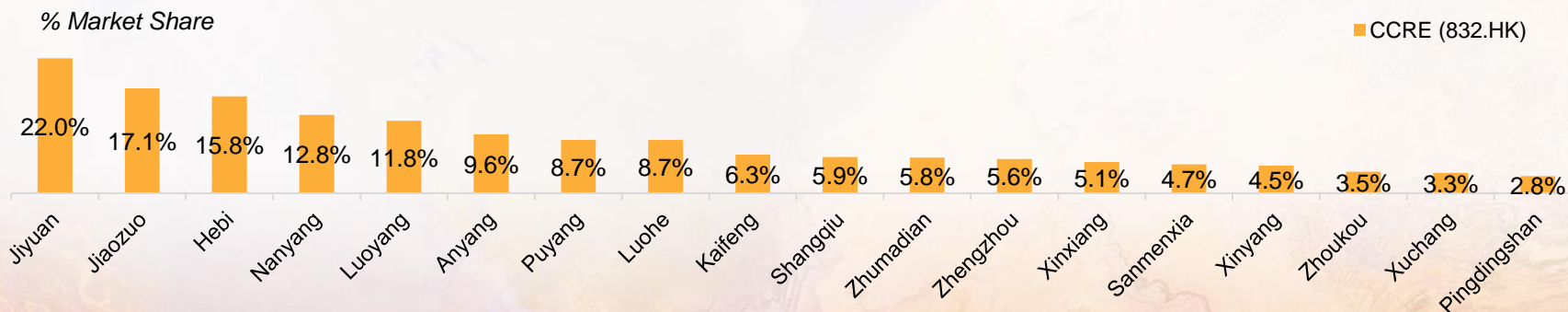


Jianye Group Market Share in Henan Province (a)

■ CCRE (832.HK) ■ CCMGT (9982.HK)



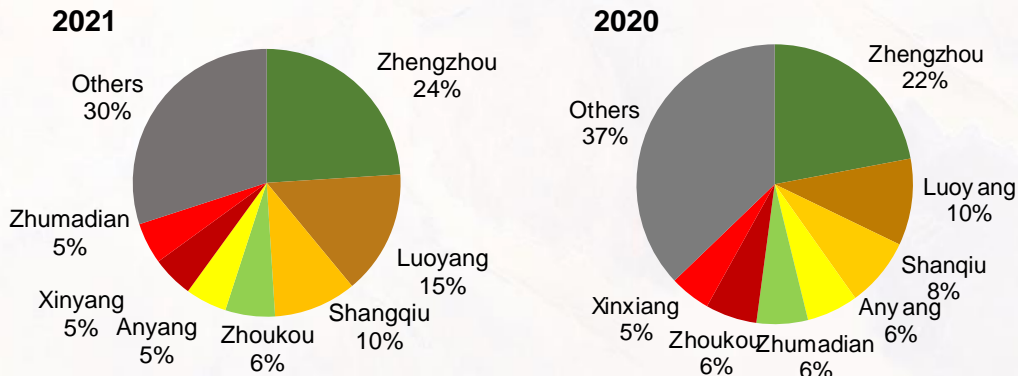
2021 CCRE Market Share in Prefecture Cities (b)



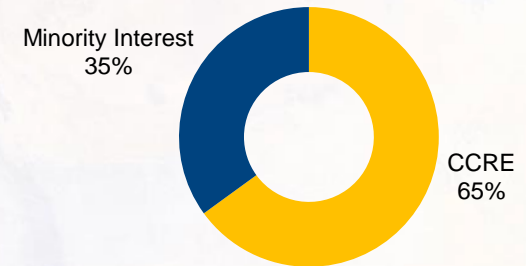
Contracted Sales Drivers in 2021

- Contracted sales were highly diversified across 277 projects
- Contracted sales from Zhengzhou was RMB14.5 bn, accounted for 24% of total contracted sales in 2021
- Tier 3/4 accounted for 54% of sales (vs 56% in 2020), and county level accounted for 22% of sales (vs 22% in 2020)
- Sales from properties with ASP less than 11,000 was at 80% in 2021 reflecting high affordability
- Properties size between 90 to 140 sq.m. accounted for 76% of contracted sales in 2021

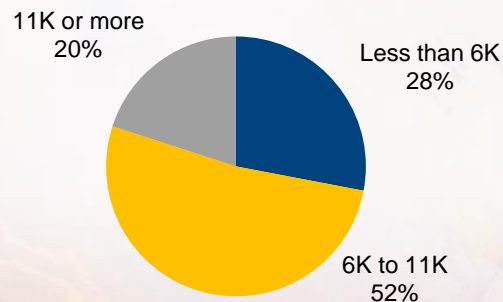
Contracted Sales by Cities



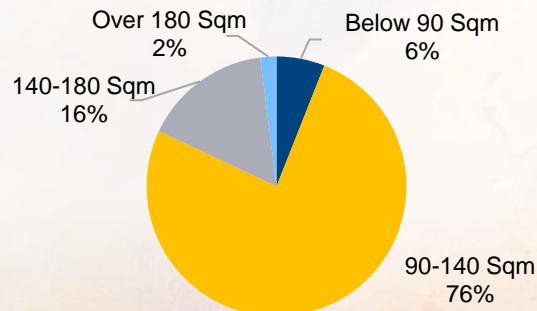
By Attributable Interest



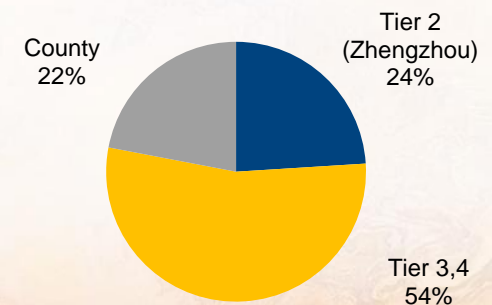
By ASP



By Unit Size



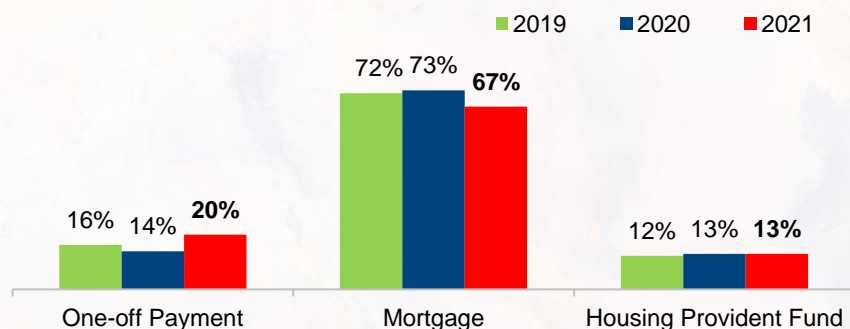
By City Level



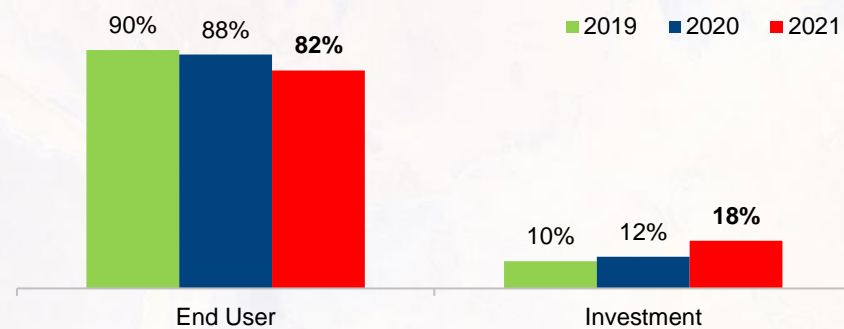
Customer Distribution

- Customer base consists of 82% end-users, with 94% were local buyers from Henan
- One-off payment buyers at 20%, mortgage payment buyers is higher at 67%, and buyers using HPF at 13%
- Affordable pricing with 78% of property unit sold under RMB1 million reflecting end-user market demand
- The number of units sold above RMB1 million was stable at 22% in 2021

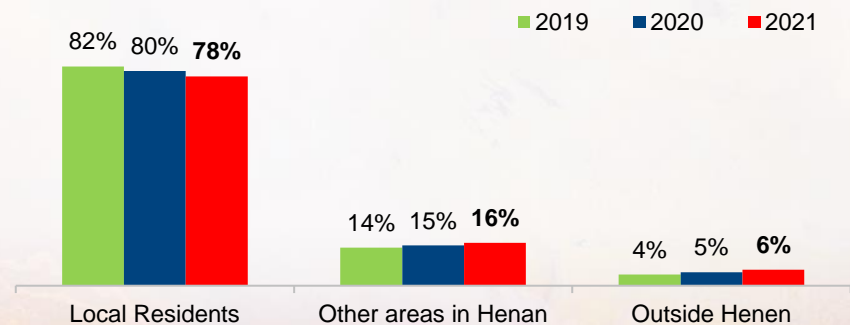
Breakdown of Purchasers by Payment Method



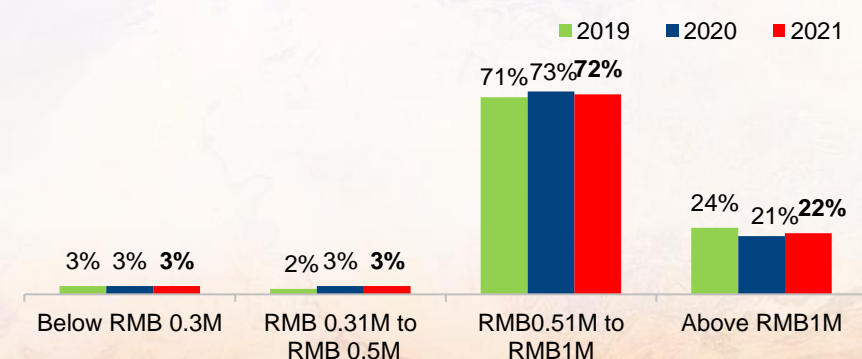
Breakdown of Purchasers by Usage



Breakdown of Purchasers by Region



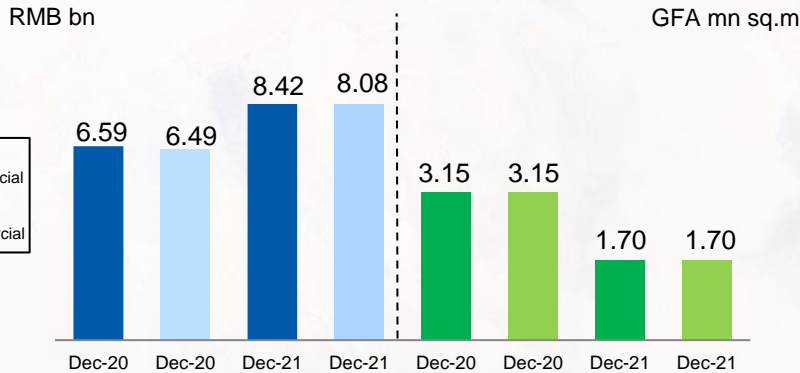
Breakdown of Purchasers by Selling Price



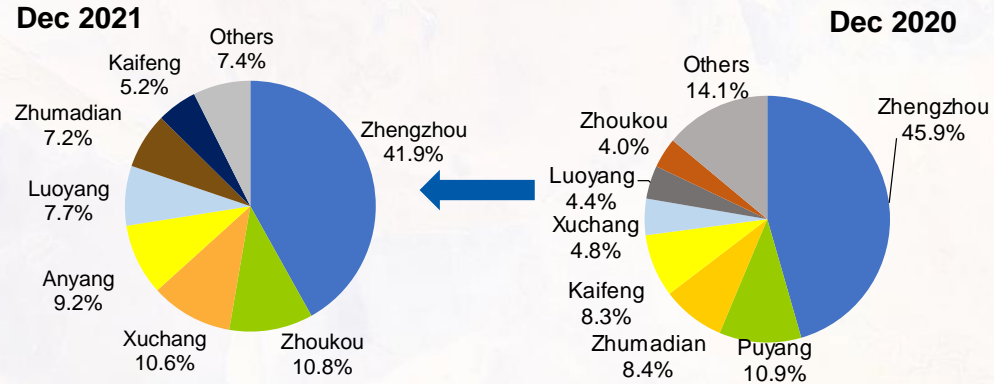
Inventory Analysis

- Successful destocking with total saleable inventory declined by 15.4% to RMB28.0 bn; saleable inventory GFA decreased by 23.7% to 2.9 mn sqm
- As at 31 Dec 2021, completed properties held for sales (at cost) increased to RMB8.4 bn
- Saleable inventory in Zhengzhou amounted to RMB7.2 bn, representing 25.6% of total saleable inventory
- 75.2% of saleable inventories are residential properties and 12.5% commercial (By GFA)

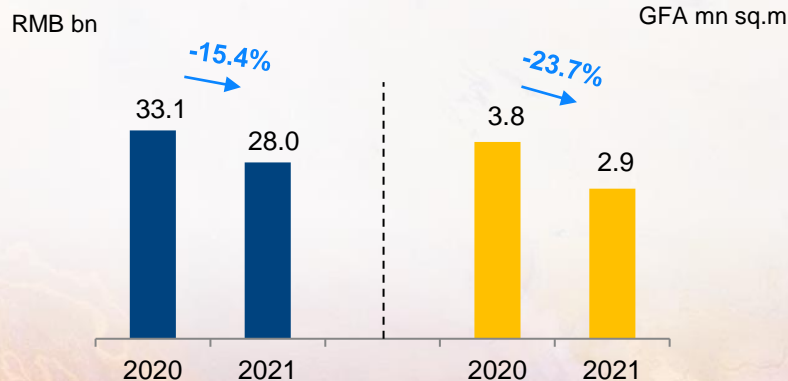
Completed Properties Held for Sales



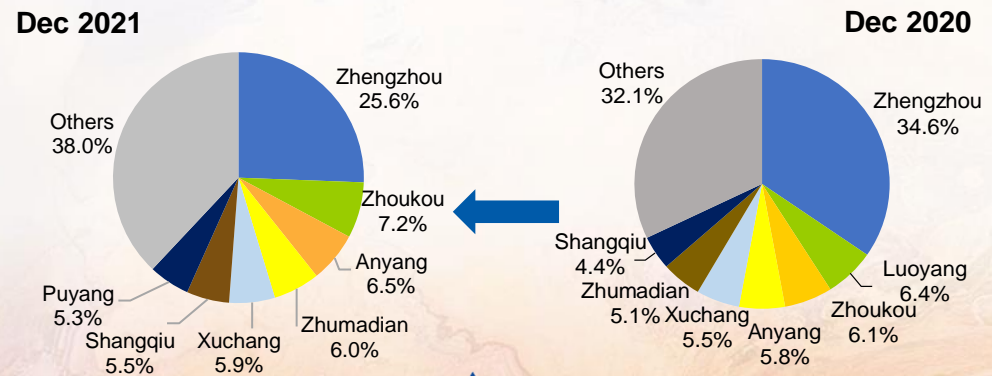
Proportion of Completed Properties Held for Sales



Total Saleable Inventory



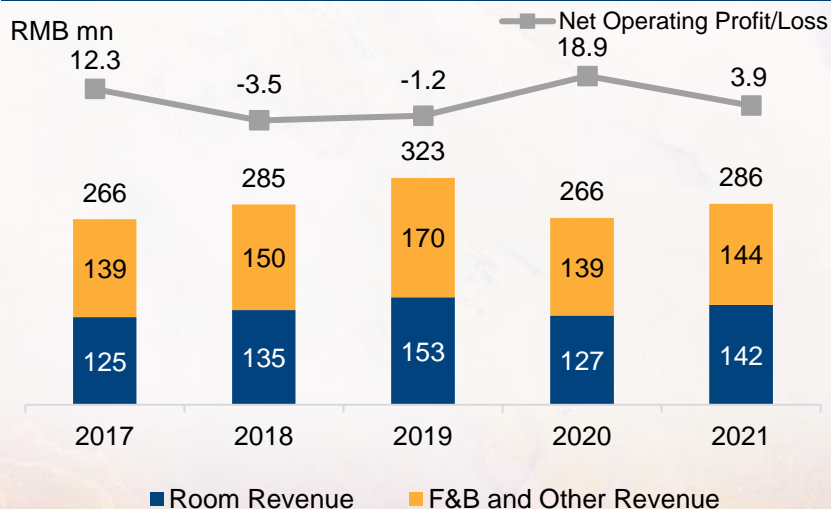
Proportion of Total Saleable Inventory in RMB by City



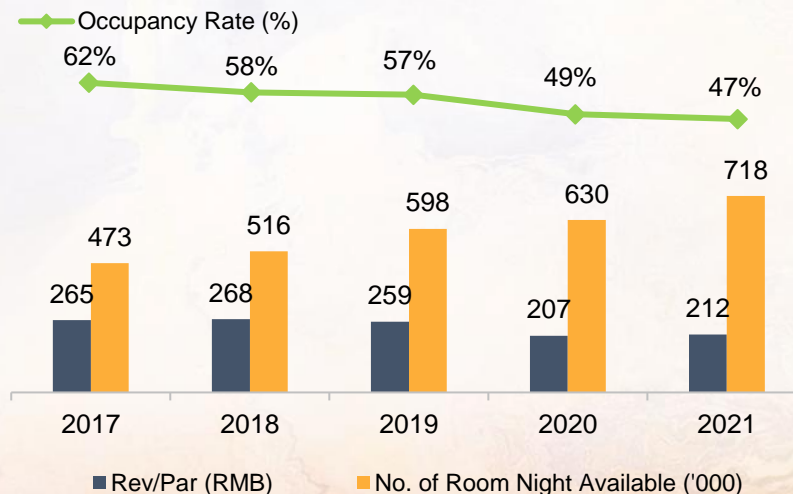
Hotel Operations

- ▲ In 2021 revenue from hotel operations increased by 7.4% y-o-y to RMB286 mn, with GPM of 32.1%
- ▲ Room revenue increased by 11.8% to RMB142 mn, while F&B and other revenue increased by 3.6% to RMB144 mn
- ▲ Average occupancy rate maintained at 47% in 2021 (vs 49% in 2020) due to the pandemic
- ▲ RevPar at RMB212 /room in 2021
- ▲ Net operating profit was RMB3.9 mn (vs net operating profit of RMB18.9 mn in 2020)
- ▲ In 2021, net loss from hotel operation was lower at RMB156 mn (vs RMB166 mn in 2020) due to depreciation

Hotel Revenue and Net Operating Profit/ Loss



Occupancy Rate vs RevPar and no. of Room Night Available



Hotel Operations



Hotel	No. of Guestrooms	Total GFA (sq.m.)	Occupancy Rate	y-o-y change	RevPar (RMB)	y-o-y change	Opening Time
Aloft Shangjie	172	19,457	48%	-4 p.p.	95	-3.4%	2011 Aug
Holiday Inn Nanyang	353	50,574	49%	5 p.p.	186	18.7%	2012 Aug
Four Points by Sheraton Luohe	244	37,398	58%	3 p.p.	193	13.6%	2012 Nov
Le Méridien Zhengzhou	337	64,721	64%	2 p.p.	369	6.3%	2013 Oct
Pullman Kaifeng Jianye	186	43,836	39%	-1 p.p.	272	-0.7%	2015 Nov
Yanling Jianye The MIST Hot Spring Hotel	51	19,951	20%	4 p.p.	351	24.0%	2018 Feb
Zhengzhou Jianye Sky Mansion	302	34,252	58%	14 p.p.	214	22.4%	2018 Oct
Yuzhou Jianye Starry Hills	24	1,657	39%	7 p.p.	128	43.0%	2019 Sep
Xinyang Jianye Starry Hills	89	7,878	20%	-8 p.p.	87	-23.3%	2020 May
Unique in Henan Hotel	400	32,040	23%	--	87	--	2021 Jun
Total / Average	2,158	311,764	47%	-2 p.p.	211	2.3%	

Light Asset Business – Central China Management Company Ltd (9982.HK)

- Completed the spin-off and separately listing of Central China Management Company Limited (CCMC) on 31 May 2021
- For the period ended 30 May 2021*, revenue contribution from the light asset business was RMB554 mn
- For the period ended 30 May 2021*, net profit contribution from the light asset business was RMB309 mn
- As of 30 May 2021, CCMC had 243 projects under management, with an area under management of 29.56 mn sq.m.; amongst which 19 of them were located outside Henan, in Hainan, Xinjiang, Shanxi, Shaanxi, Hebei and Anhui

Unlock Brand Value

Target Customer

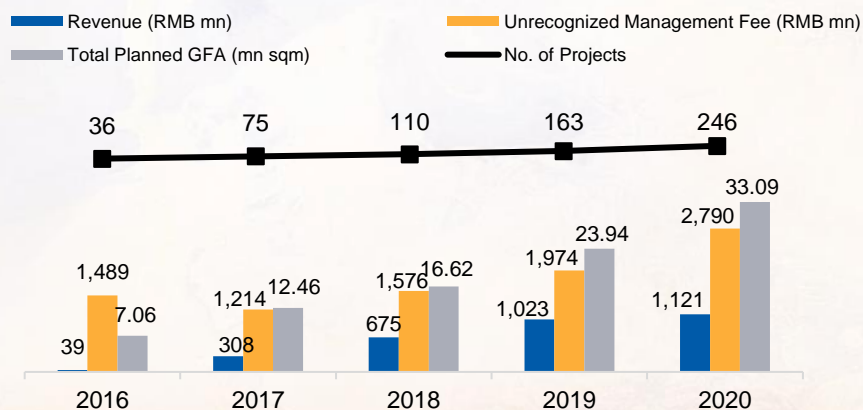
- High quality land owner
- Sufficient capital provided
- Highly recognized CCRE's culture
- Manageable market risk

Competitive Strength

- CCRE is the renown regional developer in Henan with high recognition and brand value
- CCRE has thorough management system and diversified market oriented products

Fee Structure

- Average Basic Management Fee: RMB214 /sq.m.
- Incentive Fee: 10-20% of selling price premium over pre-set ASP



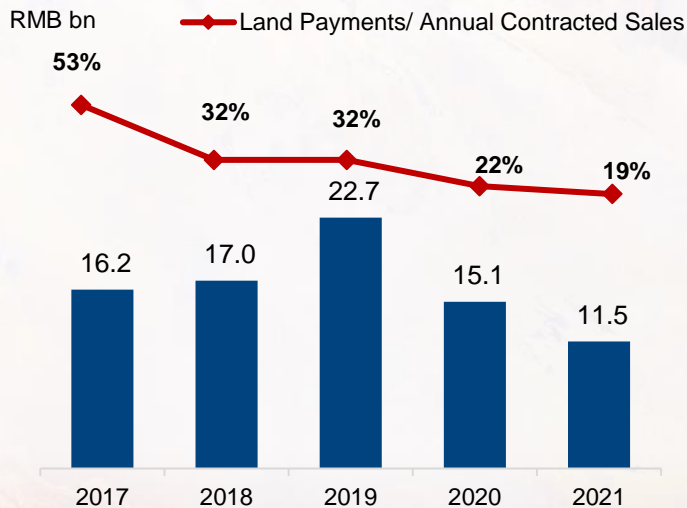
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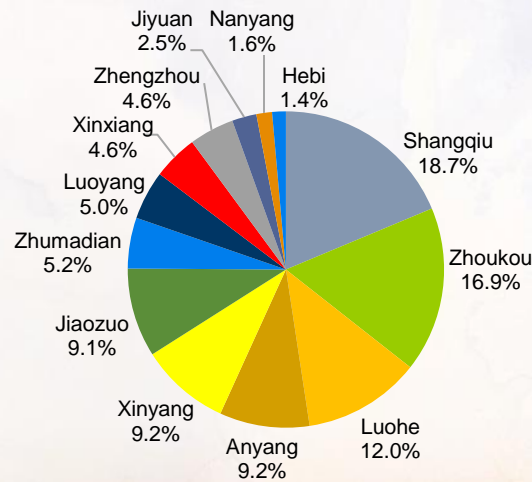
Land Acquisition Strategy in 2021

- ▲ In 2021, total land premium was RMB11.5 bn, accounted for 19% of 2021 contracted sales of RMB60.1 bn
- ▲ Acquired a total of 8.09 mn sq.m. of new land bank at an average cost of RMB1,423 /sq.m.
- ▲ Low land cost per sq.m., represents 19% of the contracted sales ASP of RMB7,360 /sq.m in 2021
- ▲ Consistent with the Group's strategy of controlling land cost, 72% (by GFA) of the new land in 2020 was acquired through equity acquisition or cooperation
- ▲ In 2021, the attributable interest of the new land acquired was at 60%

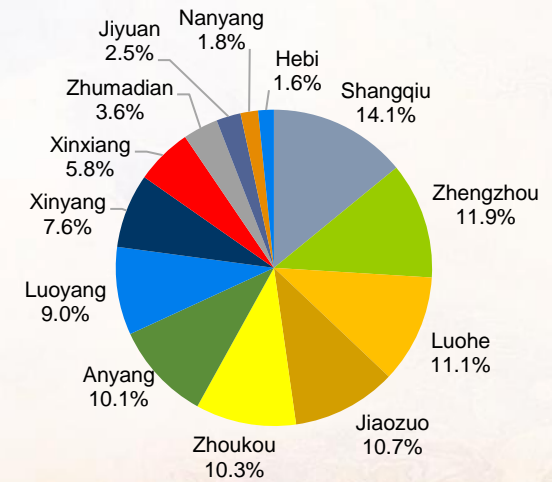
Total Land Premium and Total Land Premium as % of Contracted Sales



Land Acquisition by cities in 2021 (by GFA)



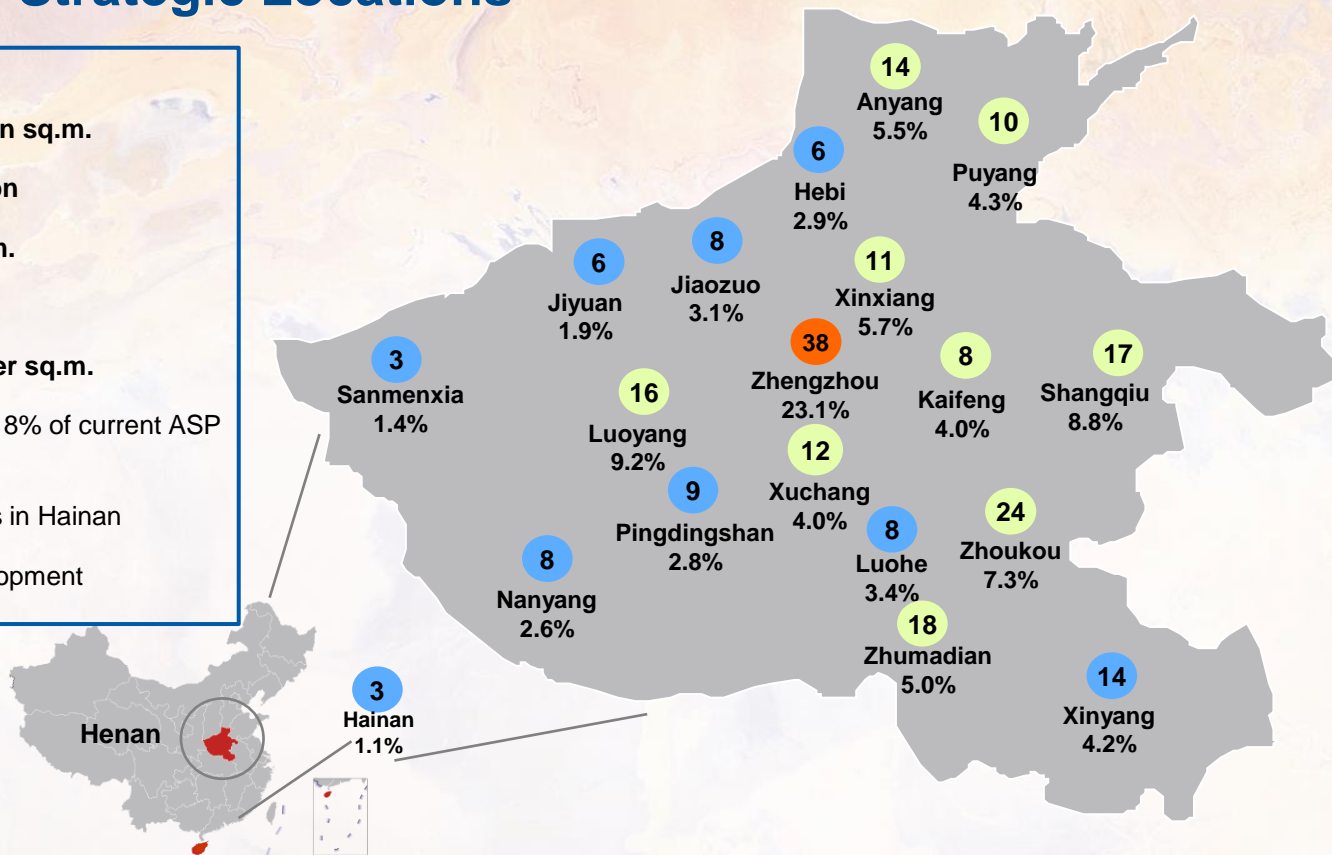
Land Acquisition by cities in 2021 (by RMB Mn)



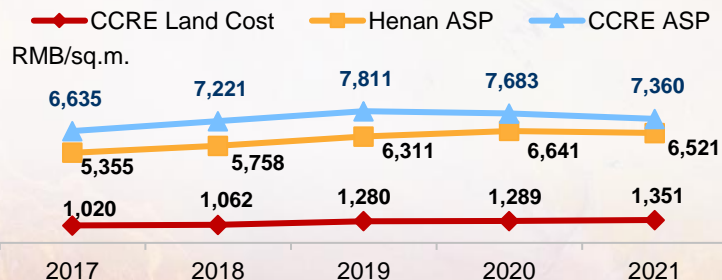
Land Reserves in Strategic Locations

As at 31 Dec 2021:

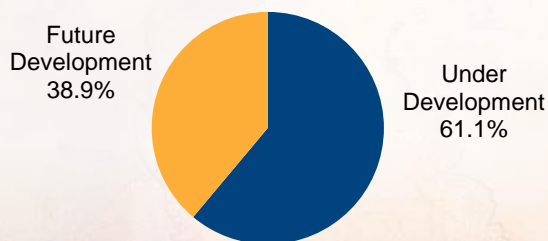
- ▲ Total GFA of land bank: **53.45 mn sq.m.**
- ▲ Est. saleable value: **RMB200.0 bn**
- ▲ Attributable GFA: **38.61 mn sq.m.**
- ▲ Attributable interest: **72.2%**
- ▲ Average land cost: **RMB1,351 per sq.m.**
- ▲ Low land per sq.m. land cost at 18% of current ASP to support future profit
- ▲ 230 projects in Henan, 3 projects in Hainan
- ▲ Land bank for 3-4 years of development



Higher ASP vs Lower Land Cost to Support Profit

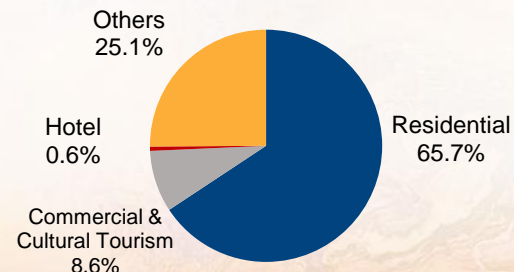


Development Stage



83% of land use rights obtained

Property Type

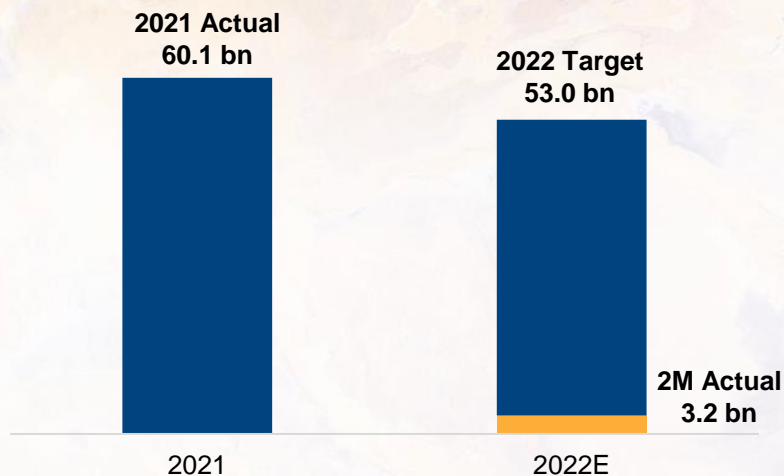


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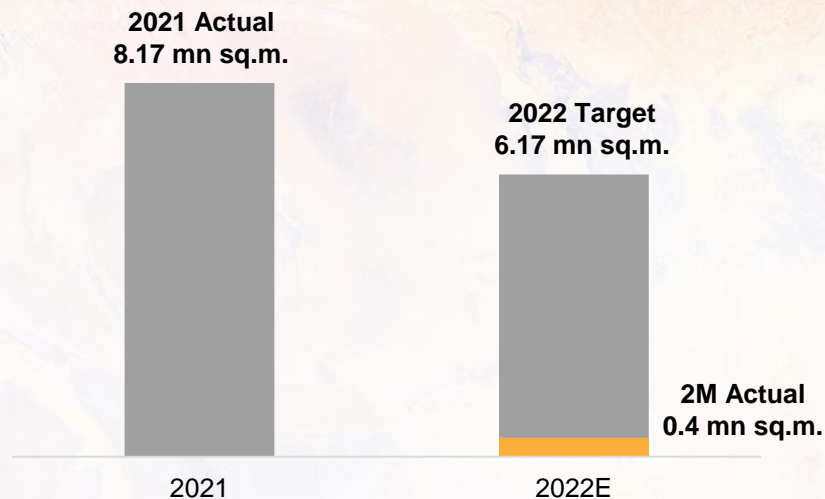
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2022 Contracted Sales Targets – “做少、做小、做好”

2022 Contracted Sales Target



2022 GFA Target

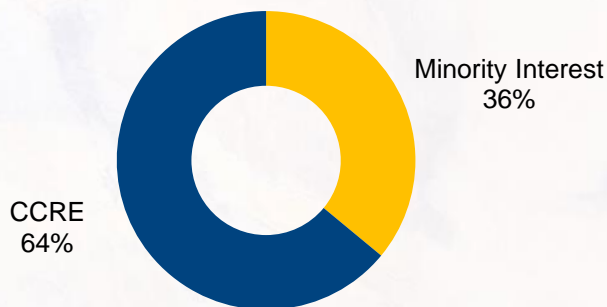


- ▲ 2022 contracted sales target of RMB53.0 bn
- ▲ 2022 contracted GFA target of 6.2 mn sq.m.
- ▲ Estimated ASP for 2022 to be RMB8,599 /sq.m.
- ▲ Estimated total saleable resources of approximately RMB76.6 bn in 2022, including new launches of RMB48.6 bn and existing inventory of RMB28.0 bn)
- ▲ In 2022, to achieve the contracted sales target, requires a sell-through rate of approximately 69%

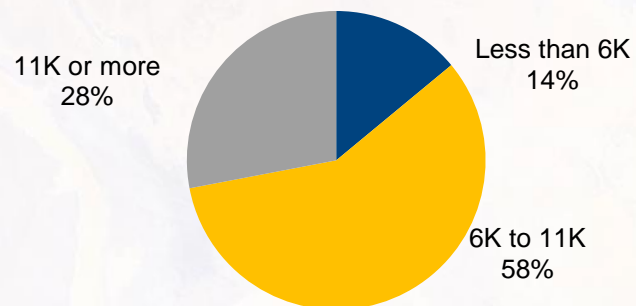
2022 Contracted Sales Plan

- ▲ 2022 contracted sales are well diversified across 204 projects in Henan with diverse price range
- ▲ Expect sales from Zhengzhou to account for 18% of total sales
- ▲ Contribution from tier 3/4 cities will be around 60%
- ▲ Expect sales from 69 county-level cities projects to remain at 22%
- ▲ Affordable ASP with 72% of contracted sales from projects with ASP less than RMB11,000/sq.m.

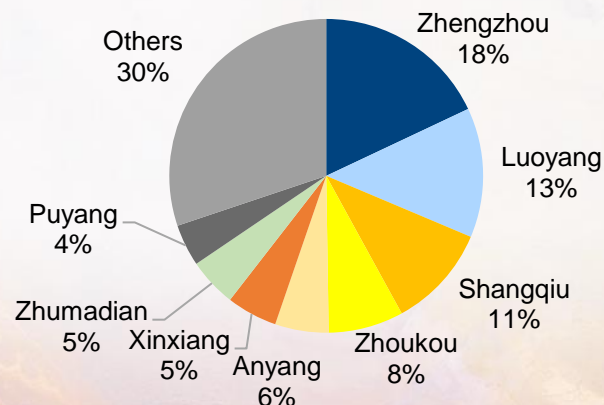
Attributable Interest



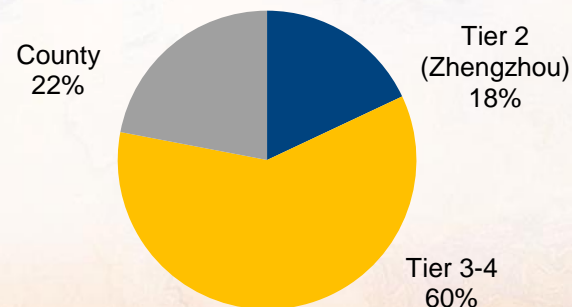
Contracted Sales by Selling Price



Contracted Sales by Cities



City Level Contribution



2022 Development Plan

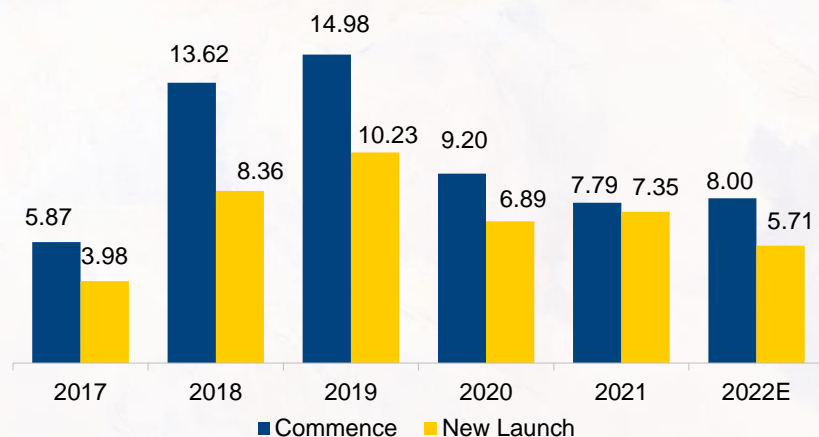
Commence & New Launch GFA

mn sq.m.

2017-2021 Commence GFA CAGR 7.3%

2017-2021 New Launch GFA CAGR 16.6%

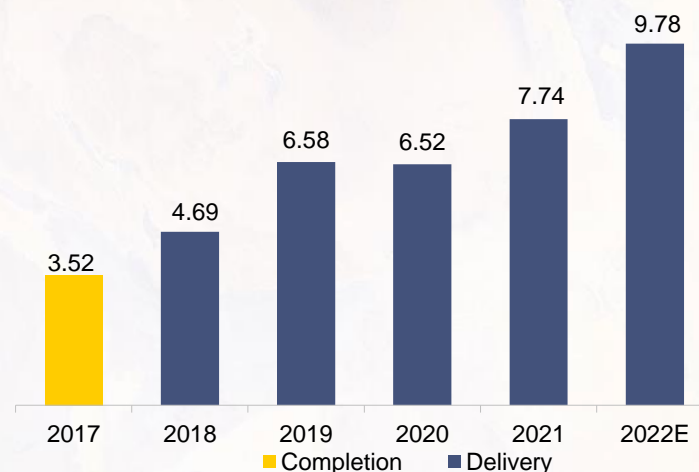
2022 Commence GFA +2.7% yoy
2022 New Launch GFA -22.4% yoy



Completion and Delivery

mn sq.m.

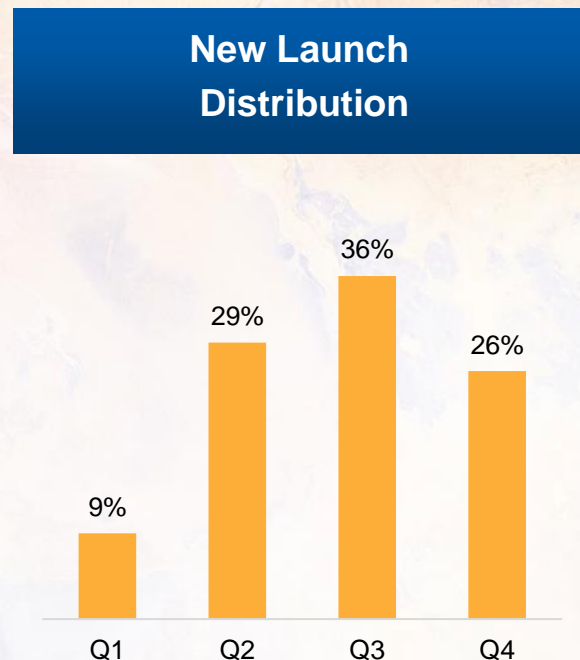
2022 Expected Delivery GFA +26.4% yoy



- 2022 plan to commence GFA construction of 94 projects with GFA of 8.00 mn sq.m., up 2.7%
- 2022 plan to launch 139 projects with GFA of 5.71 mn sq.m., down 22.4%
- 2022 plan to deliver 92 projects with GFA of 9.78 mn sq.m., up 26.4%
- The company expects the development plan will support the contracted sales plan in 2022

Major Project Launch in 2022

No.	City	Project	Estimated Launch Value (RMB mn)
1	Zhengzhou	Zhengzhou Junlin Grand Courtyard	2,268
2	Luoyang	Luoyang Luoshen Guangchang	1,887
3	Luoyang	Luoyang Dingding Palace	1,241
4	Zhengzhou	Riverside Mansion	1,041
5	Xinxiang	Xinfei Jianye Mansion	971
6	Jiyuan	Jiyuan Majestic Mansion	926
Total			8,333



- ▲ The estimated saleable resource from the new project launch will be approximately RMB48.6 bn
- ▲ In 2022, estimated 139 projects/phases to be launched, representing 92% of full year targeted contracted sales of RMB53.0 bn
- ▲ Top 6 major projects launch in 2022 will account for 16% of 2022 targeted contracted sales
- ▲ Zhengzhou projects will account for 15% of new launch in sales value and 8% of GFA new launch
- ▲ New projects to be launched in major cities includes Luoyang (16%), Zhengzhou (15%), Shangqiu (12%), Zhoukou (10%) and Xinxiang (6%) (as proportion of new launch sales value)

Major Project Launch in 2022

Shangqiu Binhe Courtyard 商丘建业·滨河上郡



- GFA: 346,914 sq.m.
- Location: 100 meters south of the intersection of Huashang Avenue and Tengfei Road in Shangqiu City
- Surrounding: Educational Resources, Riyue Lake Head Quarter Port, commercial districts, park, convenient transportation
- Product: High-rise, Townhouse (bare shell)
- Est. ASP:
High-rise RMB7,250/sq.m.;
Townhouse: RMB9,500/sq.m.
- Land cost: RMB2,069/sq.m.

Xinxiang Xinfei Jianye Palace 新乡新飞建业府



- GFA: 295,904 sq.m.
- Location: 500 meters east of the intersection of Xinfei Avenue and Kelong Avenue in Xinxiang City
- Surrounding: Schools, park, hospital, convenient transportation
- Product: High-rise
- Est. ASP: RMB8,000/sq.m.
- Land cost: RMB1,739/sq.m.

Luoyang Jianye Zhonghong City 洛阳建业中弘城



- GFA: 239,004 sq.m.
- Location: Intersection of Jiudu Road and Qianjing South Road in Jianxi District, Luoyang City
- Surrounding : Convenient transportation, commercial districts, schools, hospitals and parks
- Product: High-rise
- Est. ASP: RMB12,000/sq.m.
- Land cost: RMB3,295/sq.m.

Luoyang Dingding Palace Phase 7 洛阳建业定鼎府七期



- GFA: 54,158 sq.m.
- Location: Northwest corner of the intersection of Dingding North Road and Zhuangyuanhong Road in Luoyang City
- Surrounding: Surrounded by five parks, schools, transportation network
- Product: High-rise, Townhouse (bare shell)
- Est. ASP:
High-rise RMB9,300/sq.m.;
Townhouse: RMB10,800/sq.m.
- Land cost: RMB1,095/sq.m.

Cash Flow Forecast for 2022

- ▲ Continue to be prudent with cash flow management, estimate positive net cash inflow of RMB3.4 bn
- ▲ Land acquisition expenditure budget of RMB4.0 bn, with total unpaid land premium of RMB594 mn as at 31 Dec 2021
- ▲ Construction expenditure budget for 2022 is RMB20.8 bn
- ▲ Estimate higher cash balance of RMB12.9 bn (incl. restricted cash) at the year end of 2022

(RMB mn)		FY2022 (Budget)
Cash position as at 31 December 2021 (excl. restricted cash)		5,902
Inflow	Contracted sales receipts	35,411
	Contracted sales receipts from JCE	7,589
	Amount obtain/repaid to JCEs & Other working capital movement	(5,684)
	Bank & other loan inflow/(outflow)	3,408
Total Cash Inflow		40,724
Outflow	Land acquisition	(4,000)
	Construction costs	(20,800)
	Redemption of Senior Notes	(3,160)
	Finance costs	(2,452)
	SG&A expenses	(3,368)
	Income tax (LAT & CIT)	(3,540)
	Dividend	(23)
Total Cash Outflow		(37,343)
Estimated cash position as at 31 December 2022 (excl. restricted cash)		9,283
Estimated cash position as at 31 December 2022 (incl. restricted cash)		12,883

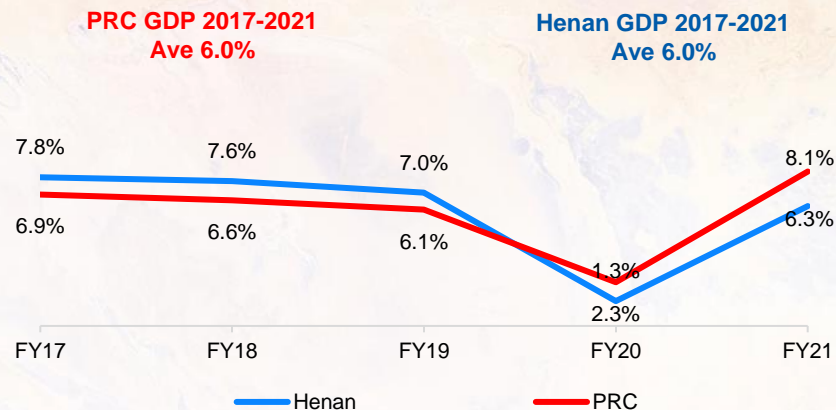
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Market Review

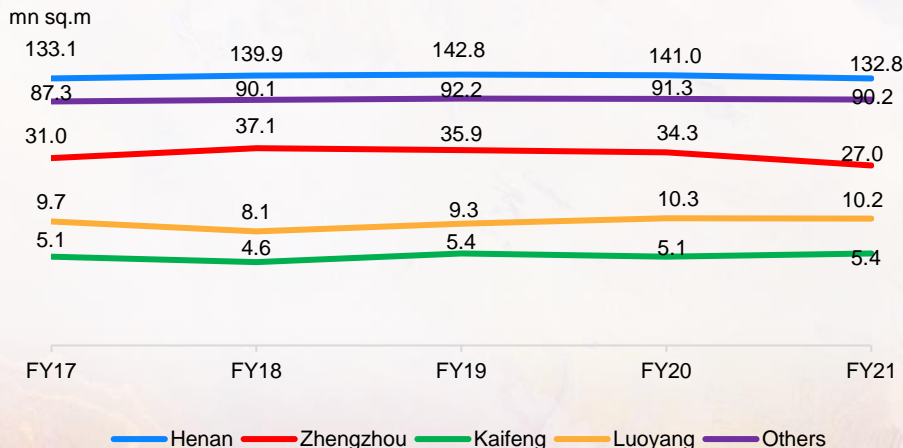
- In 2021, Henan's GDP reached RMB5.89 trillion (5.1% of China's total GDP), achieving real GDP growth of 6.3%; the national real GDP growth was 8.1%
- In 2021, in terms of GFA sold, Henan property market down 1.2% y-o-y at 132.8 mn sq.m. vs the national property GFA growth by 1.9% y-o-y
- Contracted sales volume in lower tier 3 & 4 cities in Henan are displaying positive long-term trend with strong volume growth in Nanyang +19.1%, Jiaozuo +13.5%, Xinyang +12.1% and Luohe +9.7%
- Physical market in Zhengzhou (tier 2) was weaker with GFA sold declining by 21.2%

Above Average Real GDP Growth

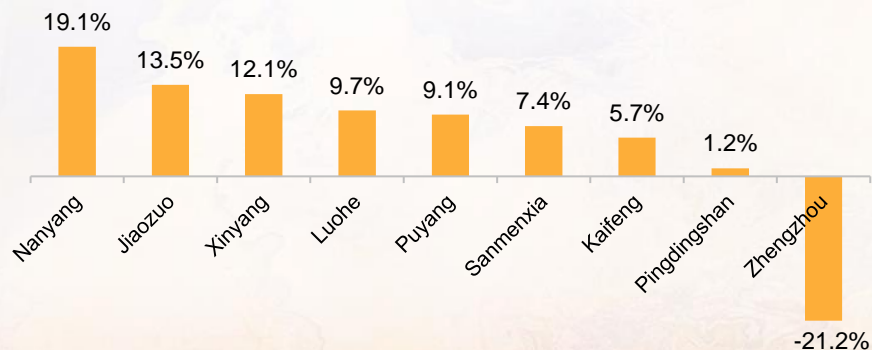


Contracted Sale GFA

Henan 2017-2021 **ZZ 2017-2021** **KF 2017-2021** **LY 2017-2021** **Others 2017-2021**
 -0.1% CAGR -3.4% CAGR 1.4% CAGR 1.3% CAGR 0.8% CAGR



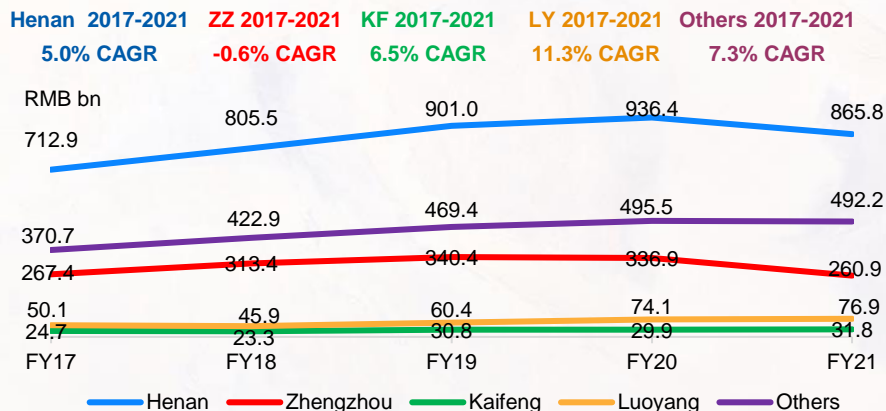
2021 Contracted GFA Sold Growth by Cities



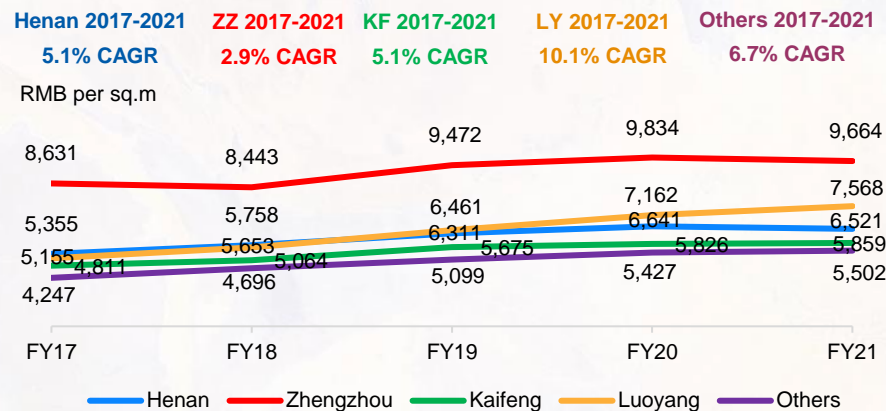
Market Review (cont'd)

- ▲ In 2021, Henan total contracted sales decreased by 7.5% y-o-y to RMB865.8 bn (4.8% of China's total contracted sales)
- ▲ Henan's ASP down 1.8% y-o-y to RMB6,521/ sq.m. vs nationwide ASP growth of 2.8% at RMB10,139 /sq.m.
- ▲ Contracted sales was strong in some cities in Henan, such as Nanyang +26.7% y-o-y, Jiaozuo +16.9% y-o-y
- ▲ Zhengzhou contracted sales decreased by 22.6% y-o-y, representing 30.1% of the Henan property market, with Zhengzhou ASP decreasing by 1.7% y-o-y to RMB9,664 /sq.m.

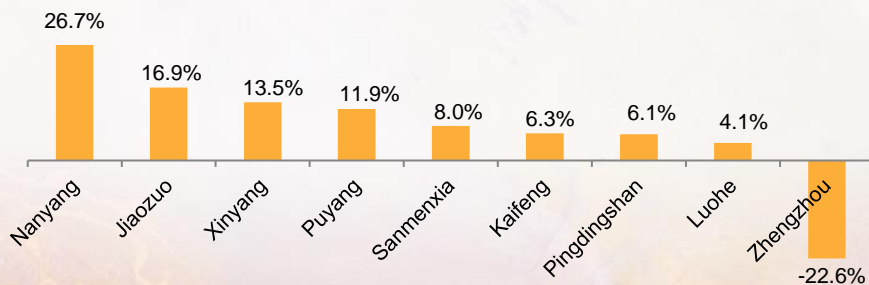
Contracted Sales



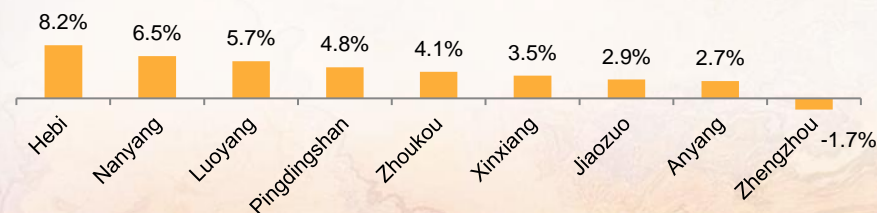
ASP



2021 Contracted Sales Growth by Cities



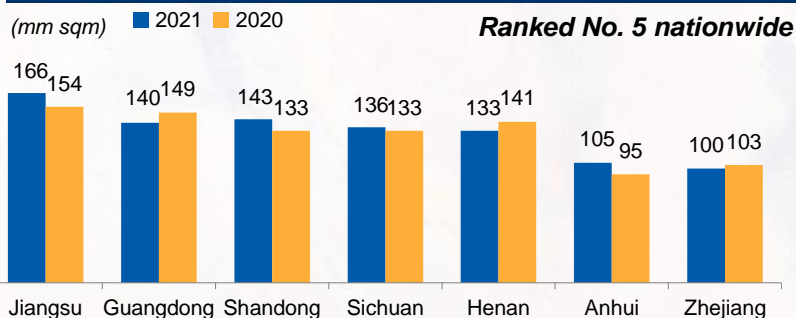
2021 ASP Growth by Cities



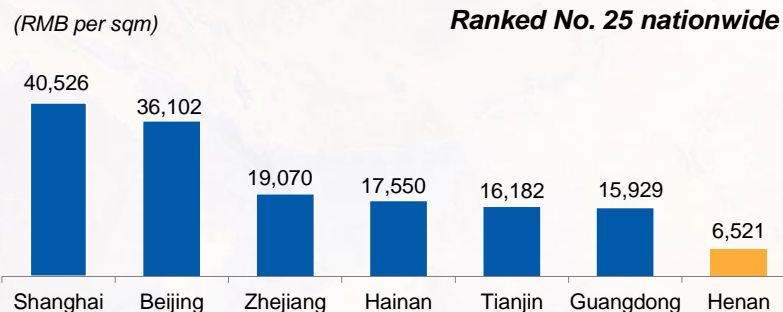
A Market with Strong Growth Potential

- ▲ Henan property market ranked 5th largest by GFA sold, representing 7.4% of China's total property GFA sold for 2021
- ▲ Henan has a large population approx. 100 mn with rising urban disposable income per capita at RMB37,095 in 2021, up 6.7%
- ▲ Rising urbanization rate of Henan at 56.5% in 2021 (up 1.1 p.p.) vs nationwide average urbanization rate of 64.7% (up 0.8 p.p.)
- ▲ Currently ranked 5th largest economy in China with GDP approximately USD925.9 billion, representing 5.1% of China's total GDP for 2021
- ▲ End-user market with rising affordability, with average housing price at 8.1 times annual household disposal income vs 8.9 times in 2020

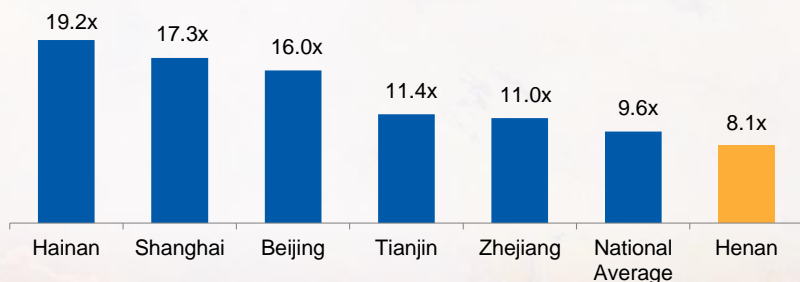
2021 Contracted Sales GFA – Sizeable Market



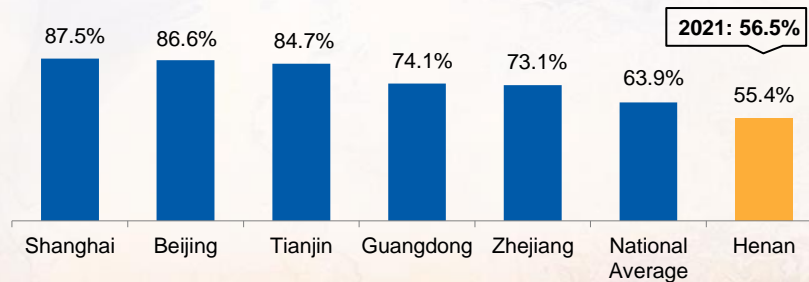
2021 ASP³ – Significant Room for Growth (RMB psm)



2021 Affordability Ratio² – Highly Affordable Properties



2020 Urbanization Rate – Strong Underlying Potential



Source: Provincial Statistics 2020 & 2021;

Note: ¹ National average based on average of provinces in China; ² Affordability ratio = average price of a 100 sqm apartment / average annual household disposal income, assuming an average household size of 3; calculations are based on information as at 31 December 2021; lower number indicates better affordability; ³ Based on commodity properties;

Market Outlook

The Macro-Economy Environment

- ▲ In 2021, China's national economy generally maintained within a reasonable range. The main development objectives for the year have been completed, achieving a good start to the 14th Five-Year Plan. In 2021, China achieved a GDP of RMB114.4 trillion, representing an increase of 8.1% y-o-y. The economy showed the momentum of sustained recovery and the strong resilience of China's economic development.
- ▲ In 2021, despite the tremendous difficulties and challenges on the province's economic development brought by the mega-flood disaster and the COVID-19 Epidemic in Henan, the province's two-year average growth rate of major economic indicators has been maintained and the gap between the year-on-year growth rate and that of the whole country has been narrowed. In 2021, the province achieved a GDP of RMB5,888.741 billion, representing an increase of 6.3% y-o-y.

The Property Market

- ▲ The central government insisted on the general tone of “housing is for accommodation, not for speculation” in 2021. China's real estate market has undergone a transition from a high heat in the first half of the year to a deep adjustment in the second half of the year. Local governments earnestly implemented differentiated policies in light of different situations in different places, initiated a “two-way” adjustment mode. Overall market scale remained at a high level throughout the year, while the growth rate of real estate development investment decelerated. The GFA of properties sold in China amounted to 1,794.33 million sq.m, representing an increase of 1.9% y-o-y; the commercial house sales amounted to RMB18,193 billion, representing an increase of 4.8% y-o-y.
- ▲ Henan Province adhered to the positioning of “housing is for accommodation, not for speculation”, and ensured the stable and healthy development of the real estate market. All localities implemented policies based on cities, implemented the goals of stabilizing land prices, housing prices and expectations.
- ▲ In 2022, the real estate policy is aligning to the requirements of “stable expectations” and “stable growth”, with a focus on better satisfying the reasonable housing needs of home buyers and keeping the real estate market running smoothly and healthily. Henan Province will formulate and implement “one city, one policy”, strengthen the coordination of policies such as finance, land, and market supervision. It is expected that real estate enterprises will return to the strategic layout of Greater Zhengzhou, select key cities to enter, and maintain scale and seek new profit points.



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