



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

2019 Annual Results Announcement

April 2020

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Company Representatives



Chairman
Mr. Wu Po Sum



Mr. Yuan Xujun
Chief Executive Officer
& Executive Director



Mr. Felix Wang
Executive Director



Mr. Hu Ping
Chief Financial Officer



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

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Overview

2019 Financial Results Summary

- ▲ Revenue increased by 108.1% to RMB30,767 mn, (excluding attributable revenue from JCEs of RMB3,799 mn)
- ▲ Total recognized GFA amounted to 4.51mn sq.m., up 140.8%
- ▲ Recognized ASP decreased by 11.1% to RMB6,472 per sq.m., due to product mix changes
- ▲ Gross profit increased by 57.2% to RMB8,005 mn, achieved gross profit margin of 26.0%
- ▲ EBITDA RMB6,936 mn on higher gross profit, up by 101.0%
- ▲ Achieved net profit of RMB2,416 mn, up 70.7%
- ▲ Net profit attributable to equity shareholders was RMB2,015 mn, up 74.6%
- ▲ Declared final dividend of HK\$31.00 cents per share (equivalent to RMB28.44 cents per share) for 2019, together with interim dividend of HK\$15.60 cents, with full year dividend of HK\$46.60 cents

Overview

2019 Operational Achievements

- ▲ In 2019, contracted sales increased by 33.8% to RMB71.8 bn, achieved 113% of full year target of RMB63.5 bn; contracted sales from light asset projects amounted to RMB29.3 bn, achieving total contracted sales of RMB101.1 bn, up 39.8%
- ▲ In 2019, contracted sales GFA increased by 23.7% to 9.19 mn sq.m and contracted sales GFA from light asset projects amounted to 5.15 mn sq.m., achieving total contracted sales GFA of 14.34 mn sq.m., ranked No.10 in China*
- ▲ Market share in Henan reached 11.2% in 2019, up 2.2 p.p.
- ▲ 2019 contracted ASP was RMB7,051/sq.m., up 7.4%
- ▲ As at 31 Dec 2019, unrecognized contracted sales amounted to RMB80.9 bn, including RMB 63.5 bn at the consolidated level (up 59.0%) and RMB17.4 bn at JCEs (up 58.5%)
- ▲ As at 31 Dec 2019, successfully secured management contract with 163 third-party projects of approximately 23.94 mn sq.m. of GFA, estimated unrecognized management fees from light-asset project management segment amounted to RMB2,953 mn

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Financial Highlights

- ▲ Revenue increased by 108.1% to RMB 30,767 bn, primarily due to the increase in the number of property projects delivered
- ▲ Gross profit increased by 57.2% and achieved gross profit margin of 26.0%; the decrease in gross profit margin was mainly due to the product mix and the proportion sales of carpark with high gross decreased
- ▲ EBITDA increased by 101.0% to RMB6,936 mn on higher gross profit
- ▲ Net profit increased by 70.7% to RMB2,416 mn, net profit margin at 7.9%
- ▲ Basic EPS increased by 66.5% to RMB73.75 cents

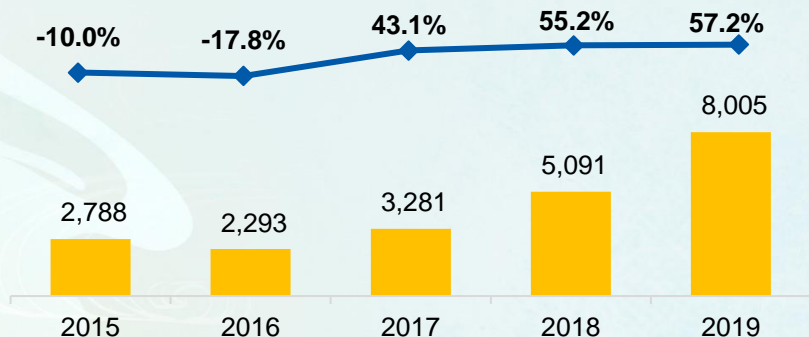
	2019	2018	Change
Revenue (RMB mn)	30,767	14,783	+108.1%
Gross profit (RMB mn)	8,005	5,091	+57.2%
Gross profit margin	26.0%	34.4%	- 8.4 p.p.
EBIT (RMB mn)	6,638	3,183	+108.5%
EBIT margin	21.6%	21.5%	+0.1 p.p.
EBITDA (RMB mn)	6,936	3,451	+101.0%
EBITDA margin	22.5%	23.3%	-0.8 p.p.
Income tax (RMB mn)	2,701	1,557	+73.5%
Net profit (RMB mn)	2,416	1,415	+70.7%
Net profit margin	7.9%	9.6%	-1.7 p.p.
Net profit attributable to equity shareholders (RMB mn)	2,015	1,154	+74.6%
Basic earnings per share (RMB cents)	73.75	44.30	+66.5%
Diluted earnings per share (RMB cents)	72.34	43.51	+66.3%

Financial Highlights (cont'd)

▲ Recovering on profitability

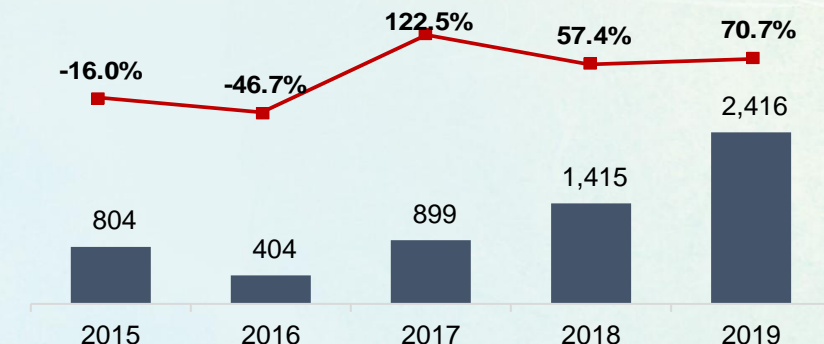
Gross Profit

RMB mn ◆ % Gross Profit Growth



Net Profit

RMB mn ■ % Net Profit Growth

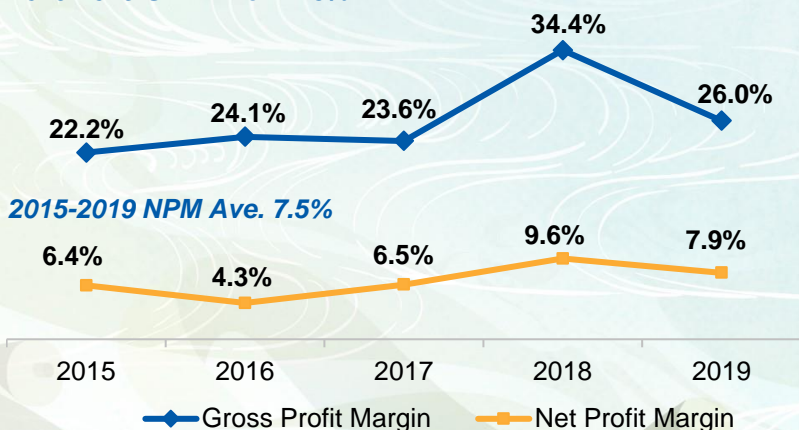


Gross Profit Margin & Net Profit Margin

Percentage

2015-2019 GPM Ave. 27.3%

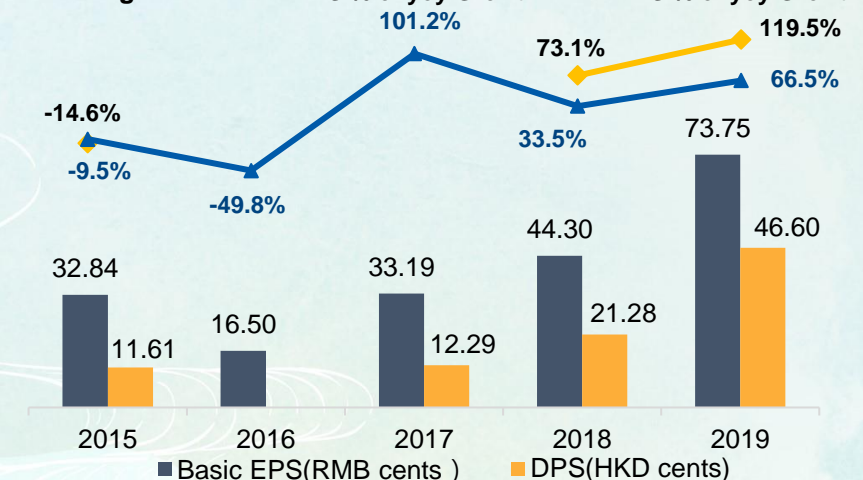
2015-2019 NPM Ave. 7.5%



Dividend per Share & Earnings per Share

Percentage

◆ DPS % of yoy Growth ▲ EPS % of yoy Growth



Recognized Sales and GFA sold

▲ In 2019, revenue and recognized property sales increased substantially as a result of the surge in recognized GFA

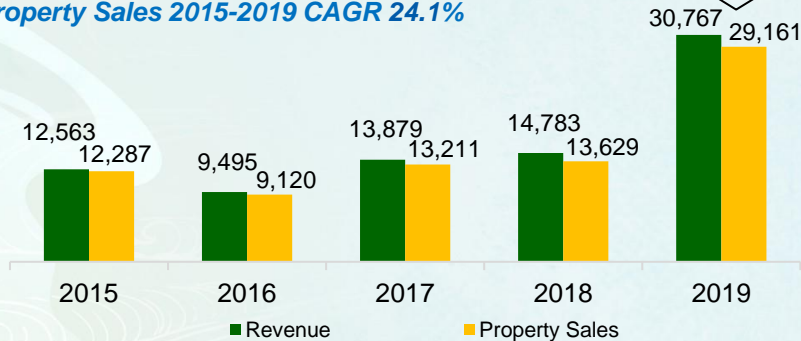
Revenue and Property Sales

RMB mn

Revenue 2015-2019 CAGR 25.1%

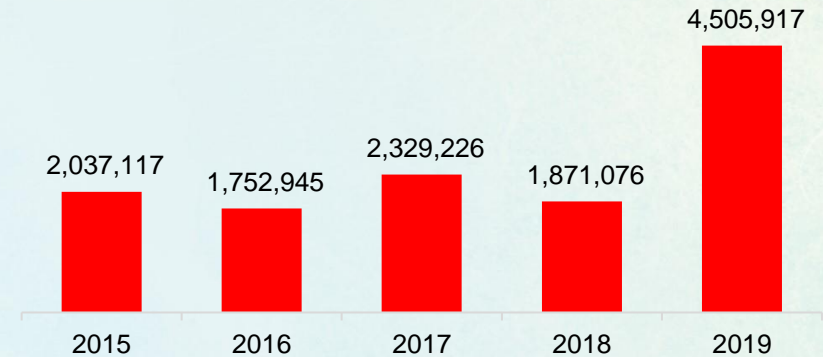
Property Sales 2015-2019 CAGR 24.1%

Revenue up 108.1%
Recognized property sales up 114.0%



Recognized GFA

sq.m.

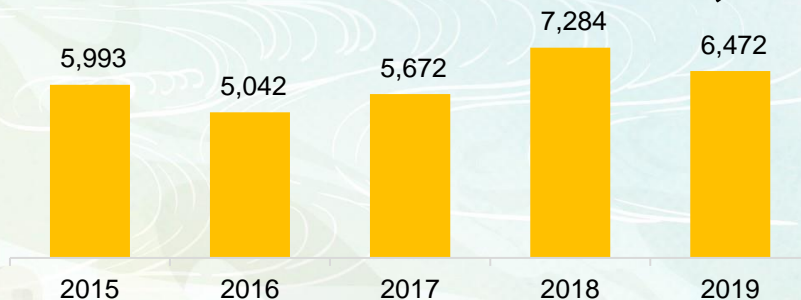


Recognized Average Selling Price

RMB per sq.m.

2015-2019 Ave. ASP RMB6,093/sq.m.

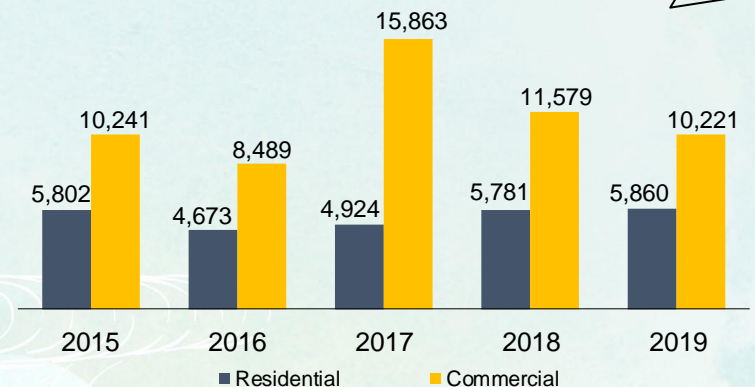
Down 11.1% due to product mix change



Recognized ASP by Property Type

RMB per sq.m.

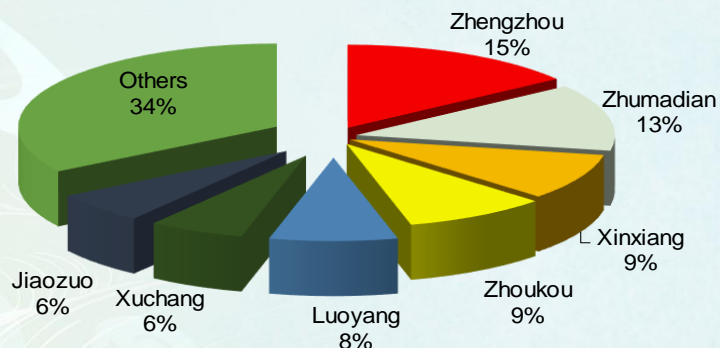
Residential ASP up 1.4% yoy



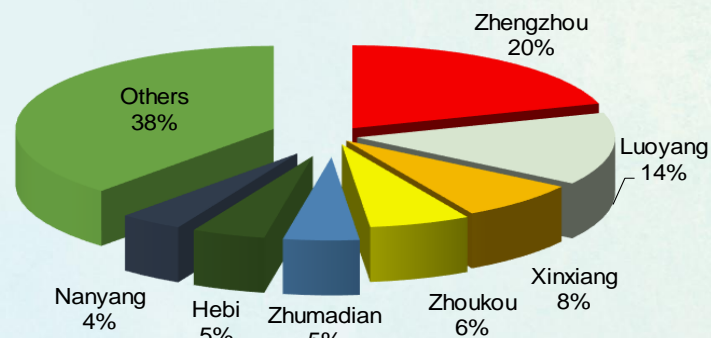
Recognized Sales and GFA sold (Breakdown by Cities)

- ▲ Zhengzhou projects accounted 15.4% of total recognized sales to RMB4,311mn, with average GP margin of 30.5%
- ▲ Tier 3 & 4 cities contributed 74.0% of total recognized sales with average GP margin of 29.6%
- ▲ County level cities accounted for 10.7% of total recognized sales with average GP margin of 25.2%

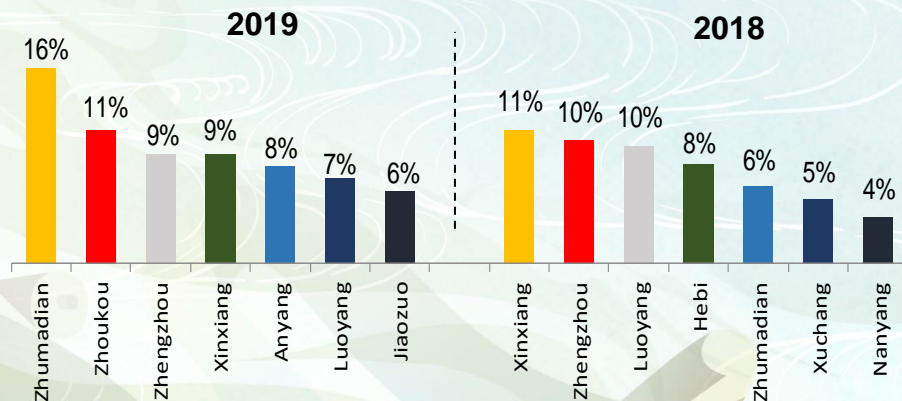
Recognized Sales in 2019



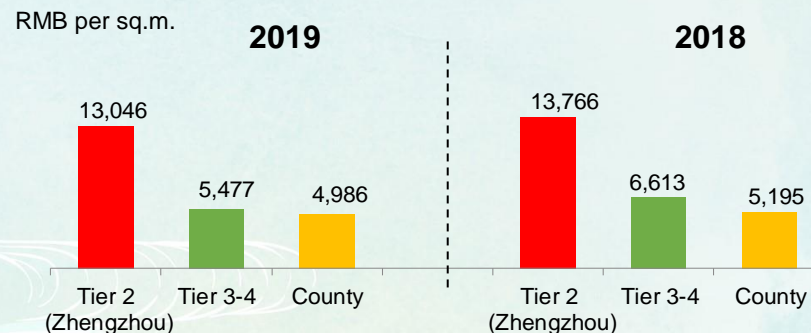
Recognized Sales in 2018



Recognized GFA



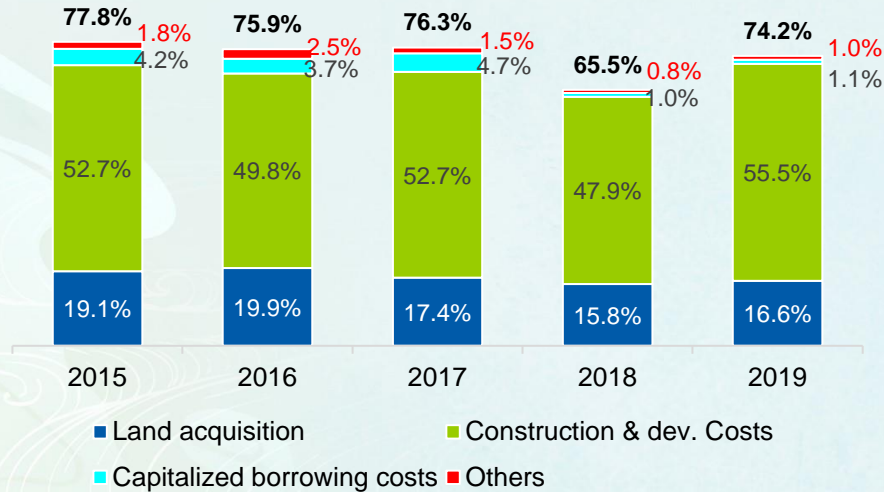
Recognized ASP (excluding carpark)



Cost Analysis

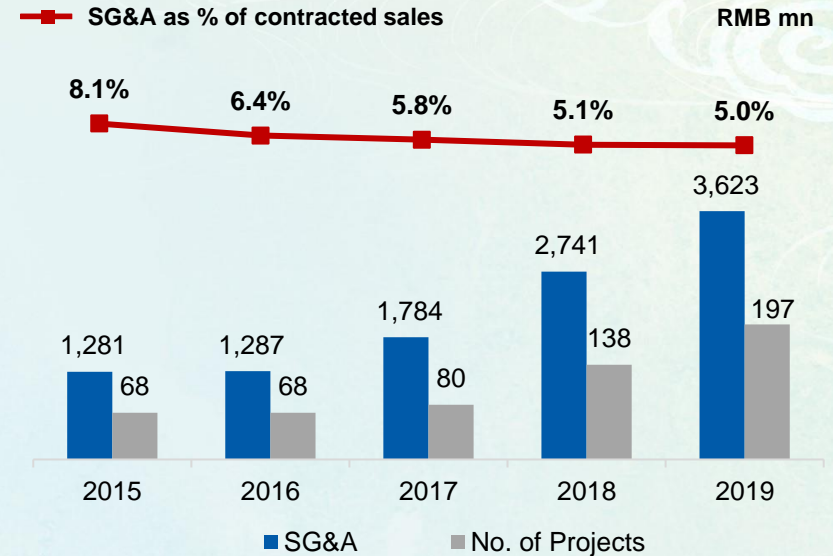
Cost of Sales (as % of revenue)

Stable cost structure →



- ▲ In 2019, cost of sales as percentage of revenue increased 8.7p.p. to 74.2%, mainly due to different product mix
- ▲ Land acquisition costs as percentage of revenue has increased by 0.8 p.p. to 16.6% in 2019

SG&A (as % of contracted sales)



- ▲ In 2019, the contracted sales achieved 33.8% yearly growth and the total SG&A as percentage of contracted sales maintained stable at 5.0%
- ▲ Selling & marketing expenses increased by 60.0% to RMB1,901mn due to increase in promotional and advertising activities
- ▲ General & administrative expenses increased by 10.9% to RMB1,722mn as the number of projects under development and related staff cost increased

Balance Sheet Highlights

- ▲ Achieved high cash balance of RMB30.78 bn to cover 2.5 times short-term debt
- ▲ Total debt increased by 58.6% to RMB31.49 bn mainly due to the net issuance of USD1.1bn senior notes and increase in on-shore bank loans
- ▲ Short-term debt increased by 134.2% to RMB12.52 bn, due to maturing USD, SGD bonds within the next 12 months
- ▲ Total shareholders' equity increased by 22.7% to RMB12.60 bn
- ▲ Book value per share increased by 22.3% to RMB 4.60

(RMB mn)	31 Dec 2019	31 Dec 2018	Change
Cash	22,708	14,202	+59.9%
Cash plus restricted deposit	30,785	17,782	+73.1%
Total assets	143,967	101,962	+41.2%
Total debt	31,491	19,851	+58.6%
Short-term debt	12,519	5,346	+134.2%
Net current assets	13,185	6,317	+108.7%
Total capitalization	44,093	30,121	+46.4%
Total shareholders' equity	12,602	10,270	+22.7%
Book value per share (RMB)	4.60	3.76	+22.3%

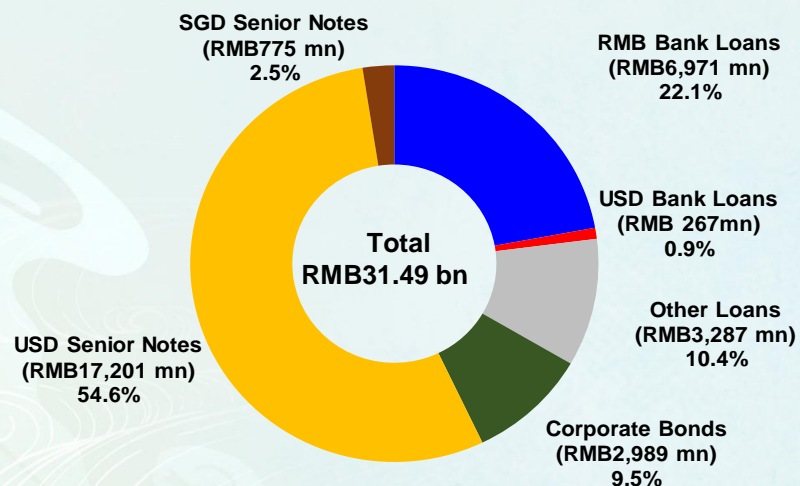
Key Financial Ratios

- Return on equity has increased to 21.1% on higher net profit in 2019
- Improved gearing level with net debt to equity ratio (including restricted cash) at 5.6%
- EBITDA/interest cover ratio increased to 3.44 times in 2019
- Net debt / EBITDA ratio reached 1.17 in 2019
- Asset turnover at 25.0% in 2019

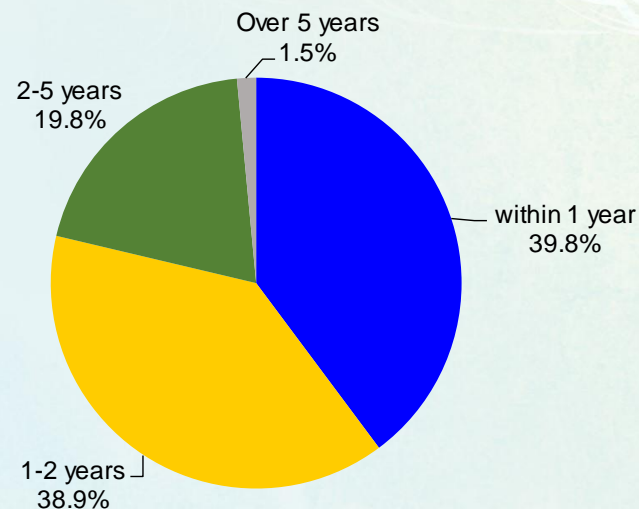
	2019	2018
Asset turnover	25.0%	18.0%
Return on equity	21.1%	15.1%
Return on assets	2.0%	1.7%
Net debt to total equity ratio (with restricted cash)	5.6%	20.2%
Net debt to total equity ratio (without restricted cash)	64.2%	55.0%
Total debt/total capitalization	71.4%	65.9%
Total liabilities/total assets	91.2%	89.9%
Current ratio (times)	1.12x	1.08x
Cash/short-term debt (with restricted cash)	246%	333%
EBITDA/interest (times)	3.44x	3.20x
Net Debt / EBITDA	1.17	0.60

Diversified Debt Profile

Funding Source



Debt Maturity



- ▲ Diversified and balanced funding sources with 42.9% onshore debt and 57.1% offshore debt
- ▲ Maintained average debt maturity of 2.02 years in the end of 2019
- ▲ Stable average funding cost at 7.3 % at 31 Dec 2019 (31 Dec 2018: 7.0%)
- ▲ Redeemed USD200 mn 8.0% Senior Notes in May 2019
- ▲ Undrawn on-shore banking facility line amounted to RMB30.2 bn at 31 Dec 2019

Cash Flow Highlights

- ▲ Achieved strong net cash inflow of RMB8,506 mn
- ▲ Total contracted sales receipts at RMB57.7 bn, achieved cash collection ratio of 80.3%
- ▲ Maintained high cash balance of RMB22.7 bn as at 31 December 2019, up 59.9% yoy

(RMB mn)		2019 (Actual)	2019 (Budget)	2018 (Actual)	YoY Change
Initial cash position		14,202	14,202	13,409	
Inflow	Contract sales receipts	42,910	48,000	38,580	+11.2%
	Contract sales receipts obtained from JCEs	14,740	12,000	11,430	+29.0%
	Amount obtain/repaid to JCEs & Other working capital movement	(9,298)	(16,028)	(9,766)	-4.8%
	Onshore/Offshore Bond & Stock Issuance	8,382	8,463	5,800	+44.5%
	Bank & other loan, restricted cash, inflow/(outflow)	8,529	3,986	1,961	+334.9%
Total Cash Inflow		65,263	56,421	48,005	+36.0%
Outflow	Land acquisition related cashflow	(23,600)	(18,000)	17,040	+38.5%
	Construction costs	(20,530)	(20,500)	14,820	+38.5%
	Redemption of USD200mn SN (2018: redemption of SGD600mm SN)	(1,397)	(1,371)	4,111	-66.0%
	Finance costs	(2,105)	(2,161)	1,195	+76.2%
	Selling and general administrative expenses	(5,264)	(5,435)	3,832	+37.4%
	Income tax (LAT and CIT)	(3,141)	(3,265)	2,128	+47.6%
	Dividend	(720)	(711)	506	+42.3%
Total Cash Outflow		(56,757)	(51,443)	17,782	+30.1%
End cash position		22,708	19,180	14,202	+59.9%

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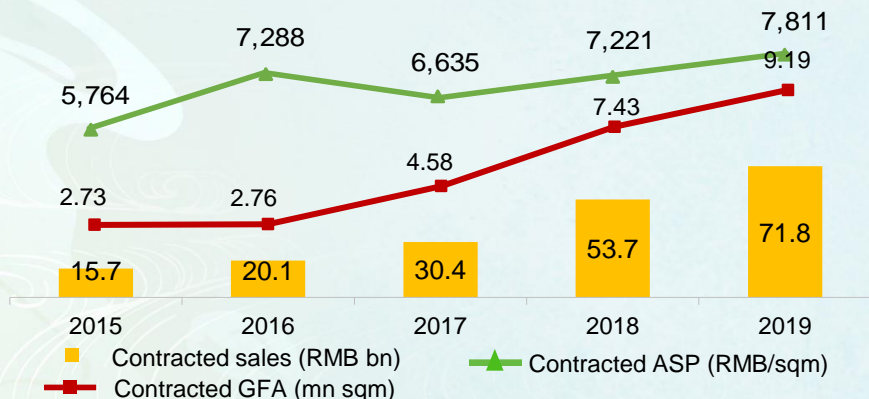
Contracted Sales – Market Leader

- ▲ Increased market share in Henan to 11.2% in 2019, including contracted sales from light asset projects
- ▲ Contracted sales up 33.8% to RMB71.8 bn, achieving 113% of 2019 sales target of RMB63.5 bn
- ▲ Achieved sell-through rate of approximately 72% in 2019 (vs 77% in 2018), on RMB99.6 bn saleable resources
- ▲ Contracted sales GFA up 23.7% to 9.19 mn sq.m., with 78% attributable from tier 3&4 and county level cities
- ▲ ASP was higher at RMB7,811/sq.m., on change of product mix

Contracted Sales & GFA & ASP

Sales 2015-2019 CAGR 46.2%

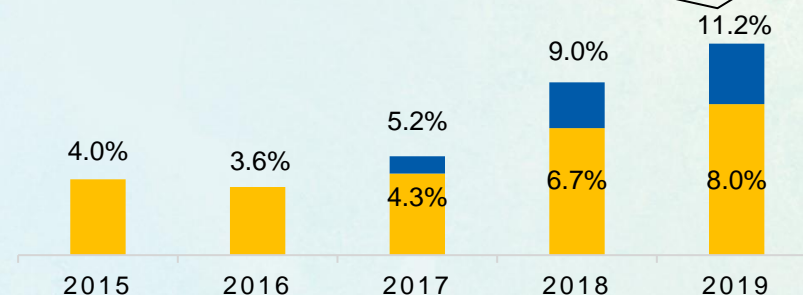
GFA 2015-2019 CAGR 35.5%



Market Shares in Henan Province (a)

■ Heavy Asset ■ Light Asset

In 2019 Henan property sales grew by 11.9% while CCRE property sales increased by 39.8%

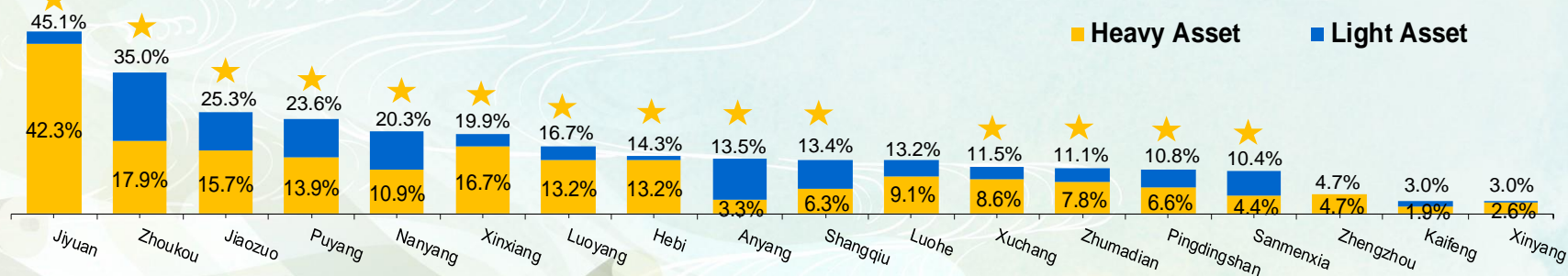


Market Share in Selected Cities (b)

% Market Share

★ No. 1 market share in 14 out of 18 prefectural cities

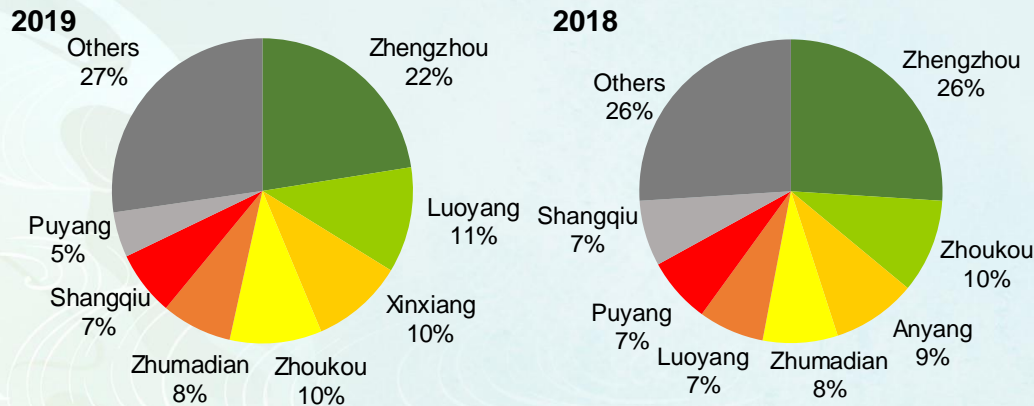
■ Heavy Asset ■ Light Asset



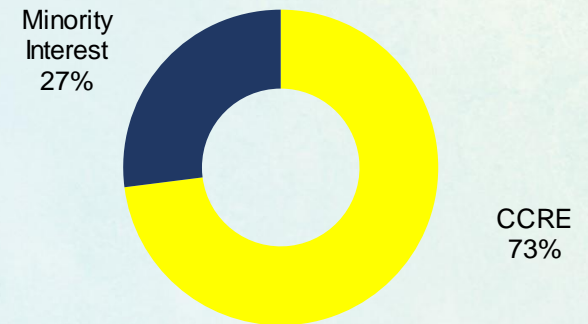
Contracted Sales Drivers in 2019

- Contracted sales were highly diversified across 71 cities and 197 diversified projects
- Contracted sales from Zhengzhou was RMB16.03 bn, accounted for 22% of total contracted sales in 2019
- Tier 3/4 accounted for 51% of sales (vs 44% in 2018), and county level accounted for 27% of sales (vs 30% in 2018)
- Sales from properties with ASP less than 11,000 was at 77% in 2019 reflecting high affordability
- Properties size between 90 to 144 sq.m. accounted for 71% of contracted sales in 2019

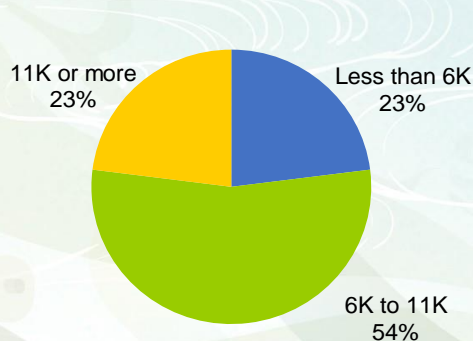
Contracted Sales by Cities



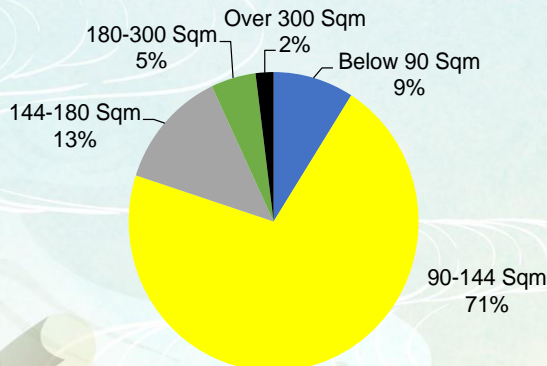
By Attributable Interest



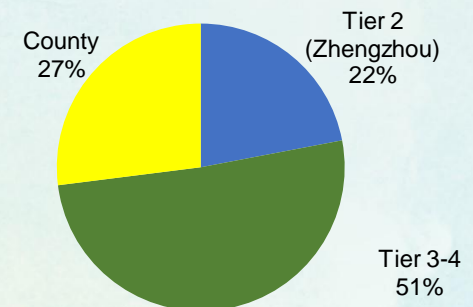
By ASP



By Unit Size



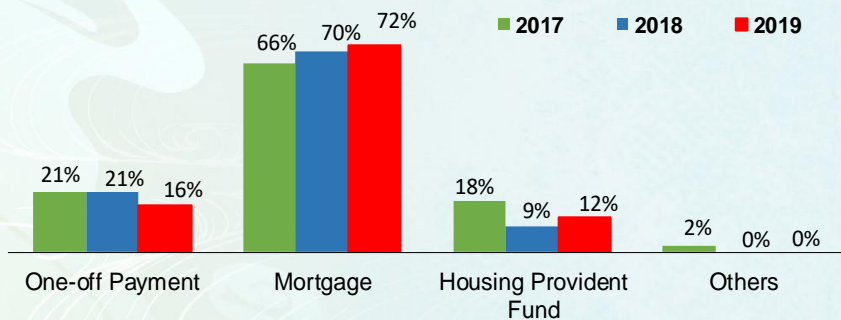
By City Level



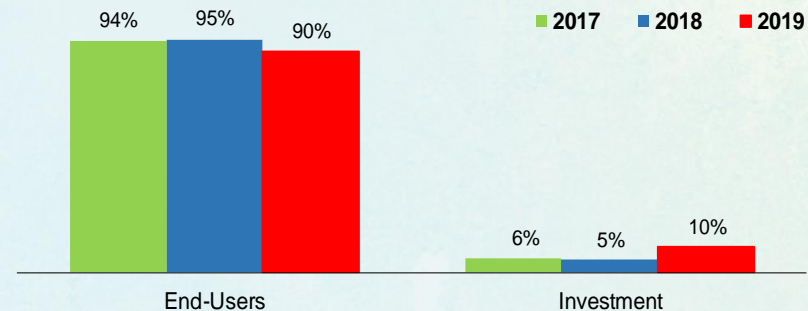
Customer Distribution

- Customer base consists of 90% end-users, with 96% were local buyers from Henan
- Cash payment buyers at 16%, mortgage payment buyers is higher at 72%, and buyers using HPF at 12%
- Affordable pricing with 76% of property unit sold under RMB1 million reflecting end-user market demand
- The number of units sold above RMB1 million was stable at 24% in 2019

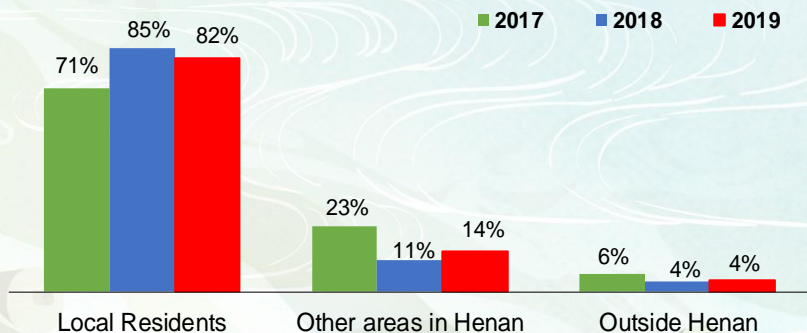
Breakdown of Purchasers by Payment Method



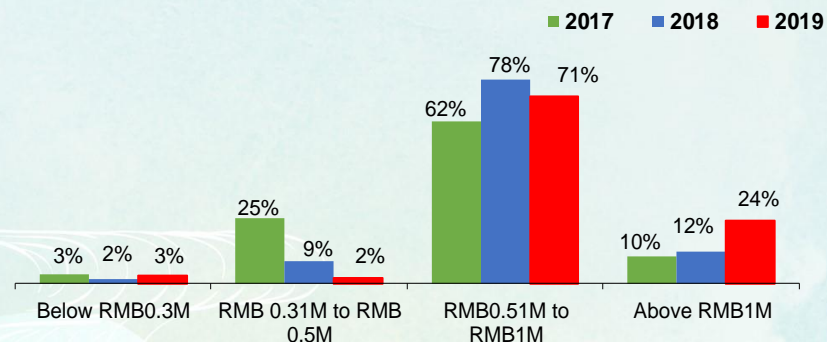
Breakdown of Purchasers by Usage



Breakdown of Purchasers by Region



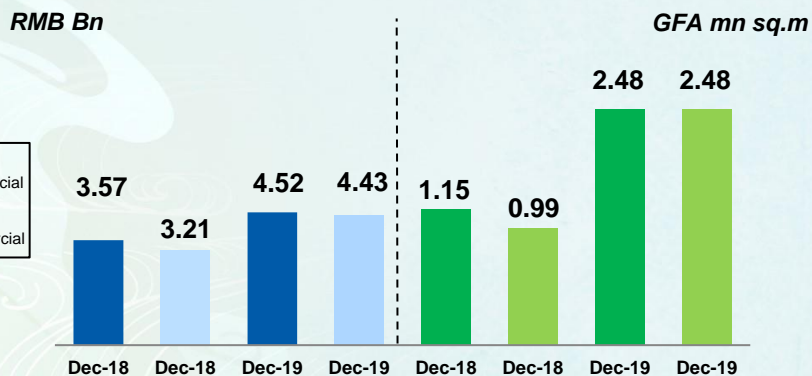
Breakdown of Purchasers by Selling Price



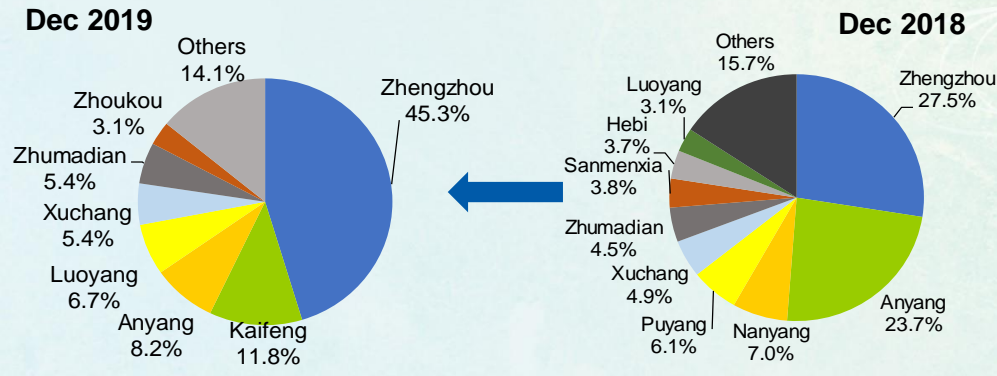
Inventory Analysis

- On 31 Dec 2019, completed properties held for sales increased by 26.7% y-o-y to RMB4.52 bn
- Total saleable inventory GFA increased to 4.12 mn sq.m., amounting to RMB34.3 bn on 31 Dec 2019
- Saleable inventory in Zhengzhou amounted to RMB10.3 bn, representing 30.1% of total saleable inventory
- 79.1% of saleable inventories are residential properties and 10.4% is commercial (By GFA)

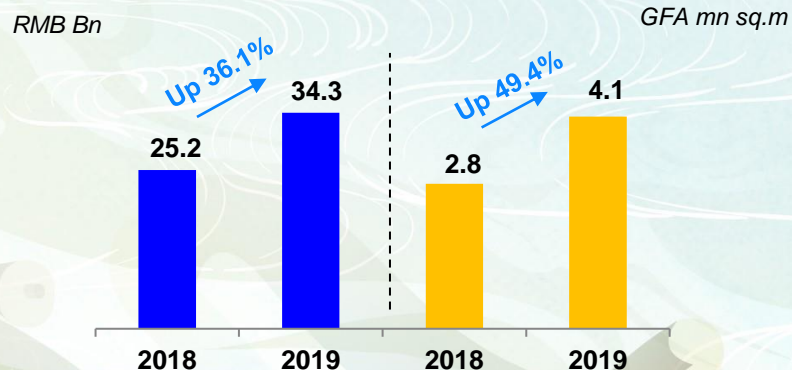
Completed Properties Held for Sales



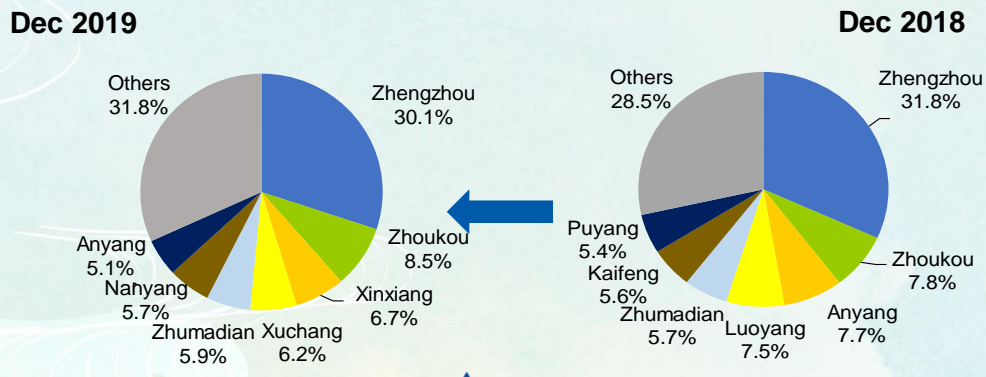
Proportion of Completed Properties Held for Sales



Total Saleable Inventory



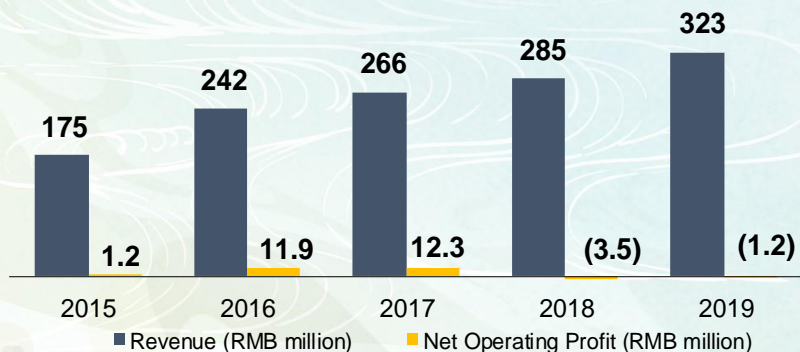
Proportion of Total Saleable Inventory in RMB by City



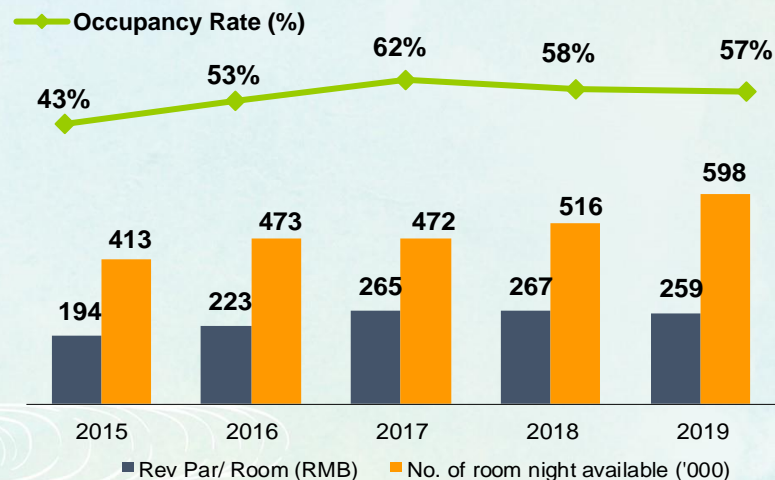
Hotel Operations

- ▲ In 2019 revenue from hotel operations increased by 13.3% y-o-y to RMB323 mn, with GPM of 35.7%
- ▲ Room revenue grew by 15.5% y-o-y to RMB153 mn, while F&B revenue increased by 11.4% y-o-y to RMB170 mn
- ▲ Average occupancy rate maintained stable at at 57% in 2019
- ▲ RevPar was RMB259 /room in 2019
- ▲ Net operating loss was RMB1.2 mn due to ramp-up of The MIST Hotspring Hotel and Sky Mansion International Service Apartment
- ▲ In 2019, net loss from hotel operation maintained stable at RMB1.99 mn

Hotel Revenue and Operating Profit/ Loss



Occupancy Rate vs Rev Par/ Room and no. of room 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	79%	-5 p.p.	154	-3.8%	2011 Aug
Holiday Inn Nanyang	353	50,574	52%	+5 p.p.	185	+12.1%	2012 Aug
Four Points by Sheraton Luohe	244	37,398	65%	+3 p.p.	207	+4.5%	2012 Nov
Le Méridien Zhengzhou	337	64,721	78%	+3 p.p.	472	+4.9%	2013 Oct
Pullman Kaifeng Jianye	186	43,836	47%	-4 p.p.	356	-9.4%	2015 Oct
Yanling Jianye The MIST Hot Spring Hotel	51	19,951	16%	—	315	—	2018 Feb
Zhengzhou Jianye Sky Mansion	302	34,252	35%	—	141	—	2018 Oct
Total / Average	1,645	270,189	57%	-4 p.p.	259	-3.0%	

Light Asset Model Business – Recurring Income

- As at 31 Dec 2019, the light asset business model has achieved sustainable scale by securing 163 third-party projects under CCRE's Management Entrustment Contracts, with a total planned GFA of approximately 23.94 mn sq.m. up 44.0% from 16.62 mn sq.m. as at 31 December 2018
- The estimated unrecognized management fees from the 163 light asset projects amounted to approximately RMB 2,953 mn and will be recognized over the coming 3 to 4 years
- In 2019, revenue from the light asset model business was up 51.5% y-o-y to RMB1,023 mn with GPM of 86.4%
- Target to reach 220 additional light asset projects by the end of 2020

Unlock Brand Value

Target Customer

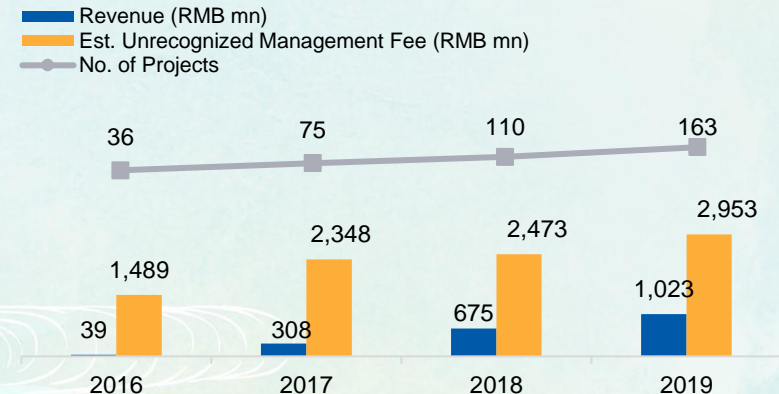
- High quality land owner
- Sufficient capital provided
- Highly recognized CCRE's culture
- Manageable market risk

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

- Basic Management Fee: RMB200 /sq.m. for residential; RMB300 /sq.m. for commercial on GFA
- Extra management fee: 10% of selling price premium over pre-set ASP
- Profit sharing fee: base on selling price premium over pre-set ASP



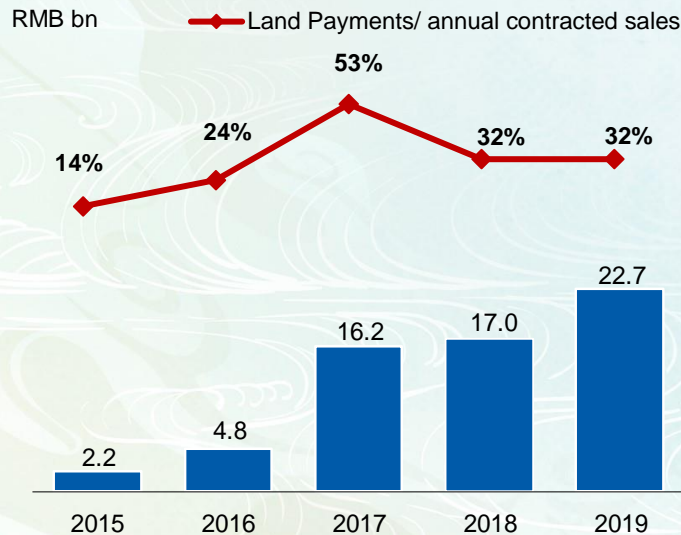
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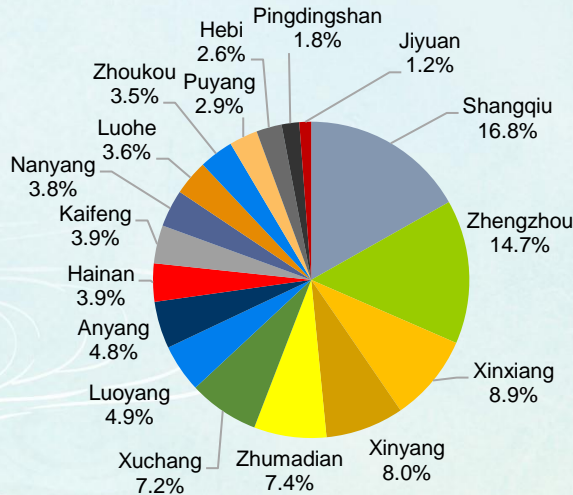
Land Acquisition Strategy in 2019

- ▲ In 2019, acquired 13.03 mn sq.m. of new land bank at an average cost of RMB1,744/sq.m.
- ▲ In 2019, total land premium was RMB22.7 bn, supported by strong contracted sales and cash collection, accounted for 32% of 2019 contracted sales of RMB71.8 bn
- ▲ Consistent with the Group's strategy of controlling land cost, 81% (by GFA) of the new land in 2019 was acquired through equity acquisition or cooperation
- ▲ In 2019, the attributable interest of the new land acquired was as high at 73%

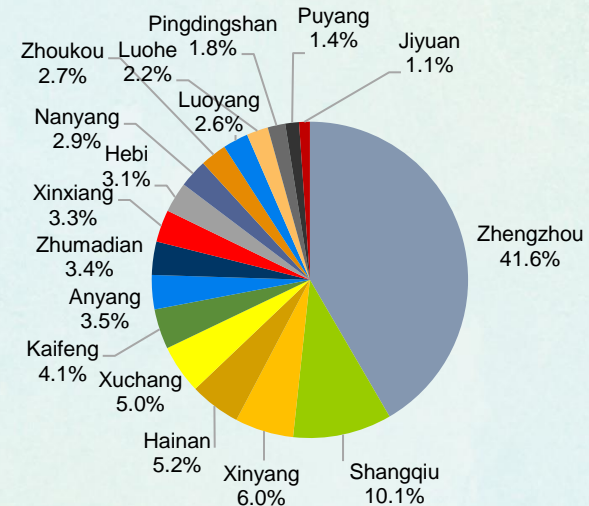
Total Land Premium and Total Land Premium as % of Contracted Sales



Land Acquisition by cities in 2019 (by GFA)



Land Acquisition by cities in 2019 (by RMB Mn)

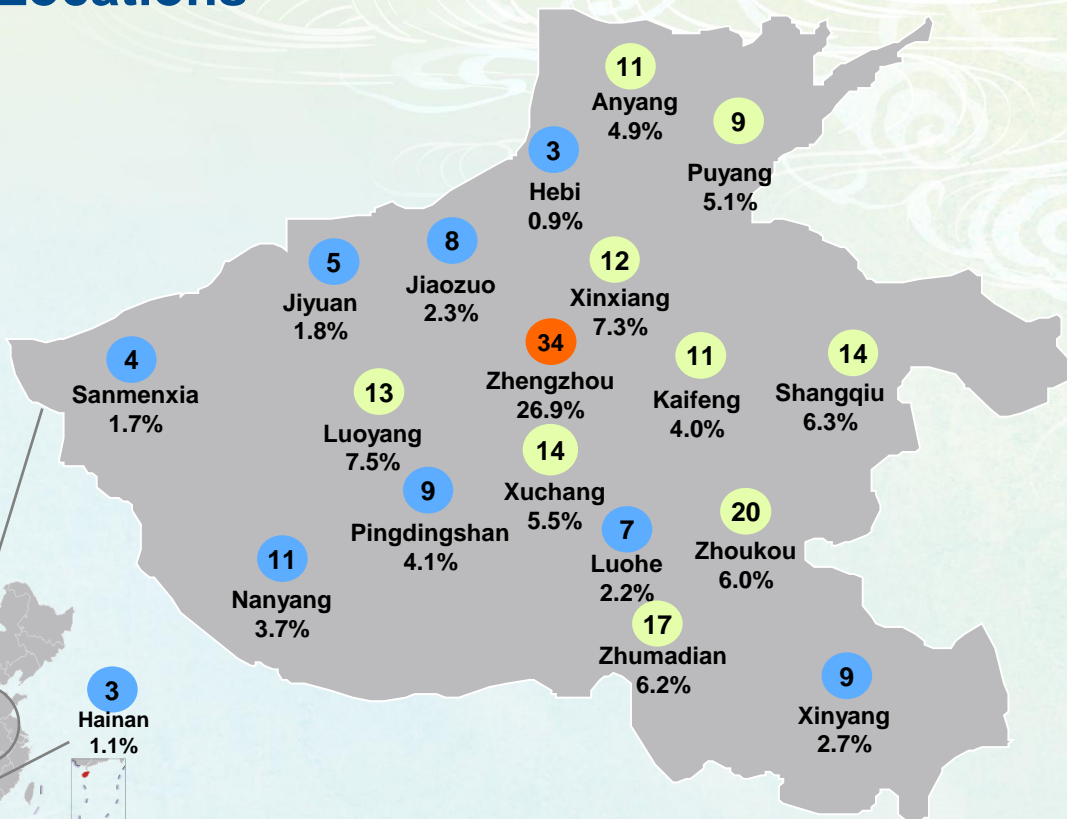


Land Reserves in Strategic Locations

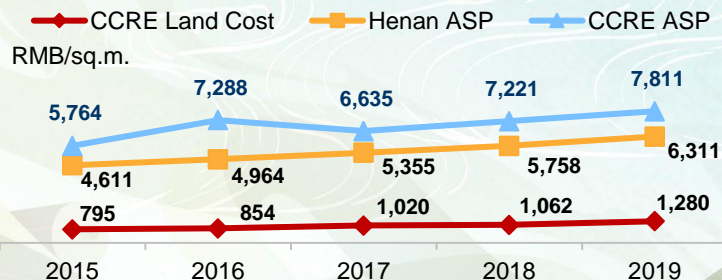
As at 31 Dec 2019:

CCRE has 214 projects spread out in :

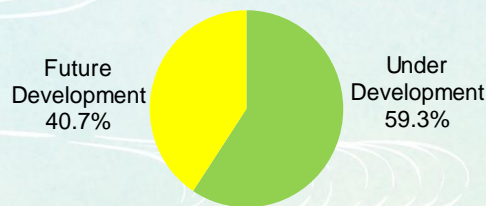
- ▲ 211 projects in 18 prefecture cities, 54 county-level cities in Henan
- ▲ 3 projects in Hainan
- ▲ Total GFA of land bank: **50,930,459 sq.m.**
- ▲ Attributable GFA: **38,577,617 sq.m.**
- ▲ Average land cost: **RMB1,280 per sq.m.**



Higher ASP vs Lower Land Cost to Secure Profit

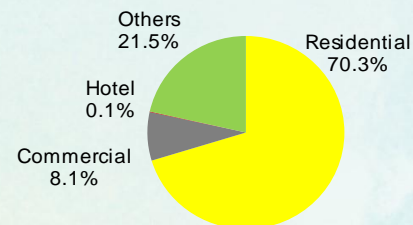


Development Stage



80% of land use rights obtained

Property Type



Agenda

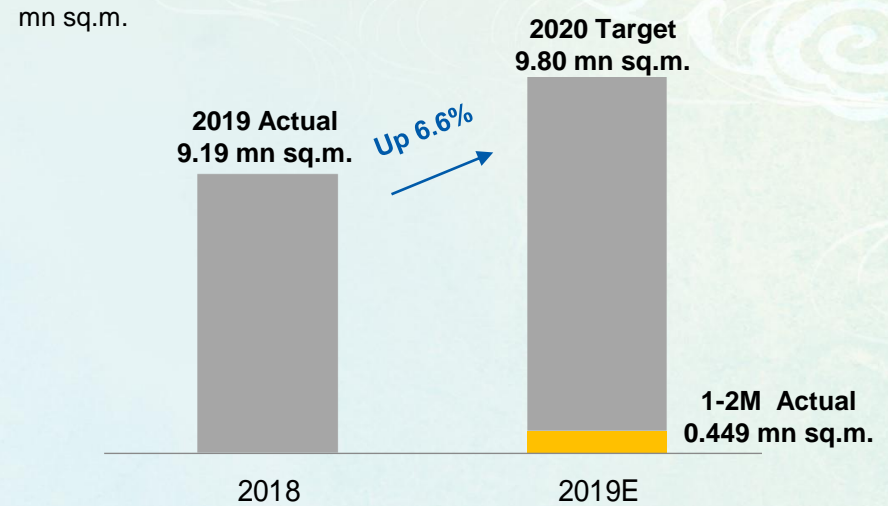
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2020 Contracted Sales Targets

2020 Contracted Sales Target



2020 GFA Target

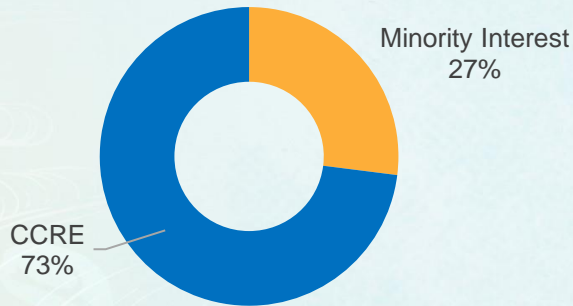


- ▲ 2020 contracted sales target of RMB80.0 bn
- ▲ Achieved contracted sales of RMB4.18 bn as at 29 Feb 2020
- ▲ Contracted sales GFA reached 0.449 mn sq.m. as at 29 Feb 2020
- ▲ Estimate ASP for 2020 to be RMB8,113/sq.m.
- ▲ Estimate total saleable resources of approximately RMB121.2 bn in 2020, including existing inventory (RMB34.3 bn) & new launches in 2020 (RMB86.9 bn)
- ▲ In 2020, to achieve the contracted sales target, requires a sell-through rate of approximately 66%

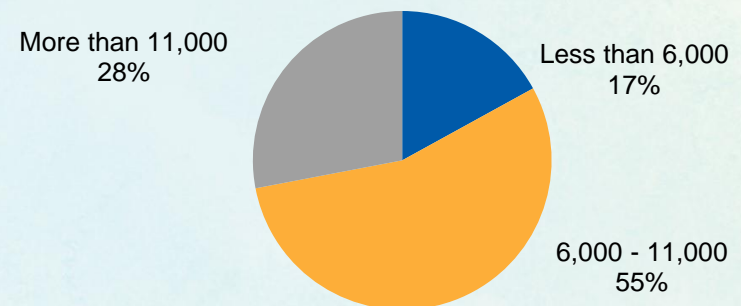
2020 Contracted Sales Plan

- 2020 contracted sales are well diversified across 209 projects in Henan with diverse price range
- Expect sales from Zhengzhou to account for 25% of total sales
- Contribution from tier 3/4 cities will be around 43%
- Expect sales from 89 county-level cities projects to remain 32% in 2019
- Affordable ASP, expect 72% of contracted sales from projects with ASP less than RMB11,000/sq.m.

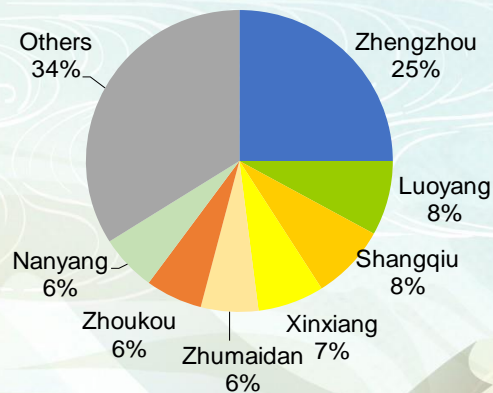
Attributable Interest



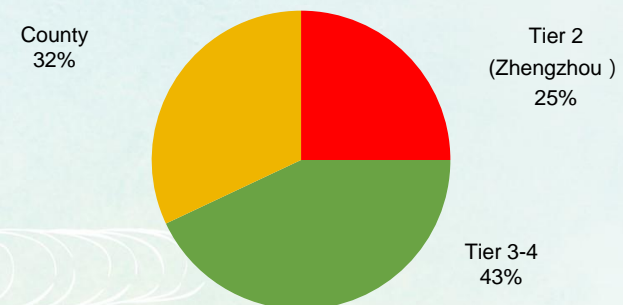
Contracted Sales by Selling Price



Contracted Sales by Cities



City Level Contribution



2020 Development Plan

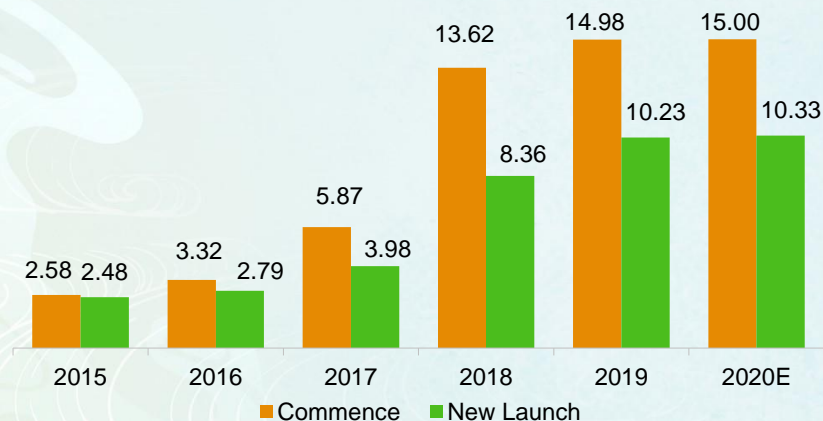
Commence & New Launch GFA

mn sq.m.

2015-2019 Commence GFA CAGR 54.9%

2015-2019 New Launch GFA CAGR 42.5%

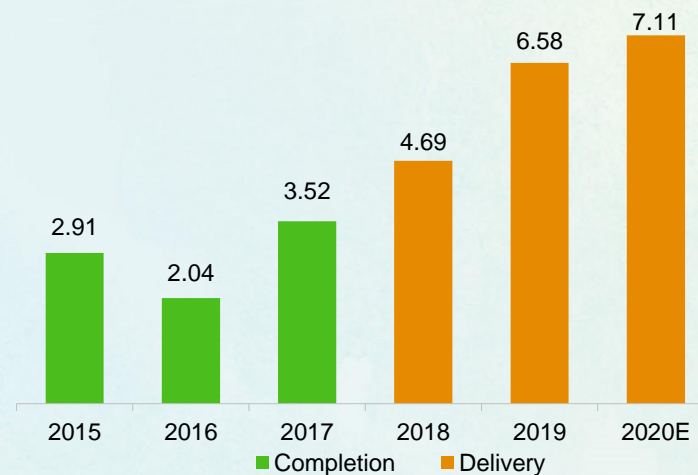
2019 Commence GFA +10.0% yoy
2019 New Launch GFA +22.4% yoy



Completion and Delivery

mn sq.m.

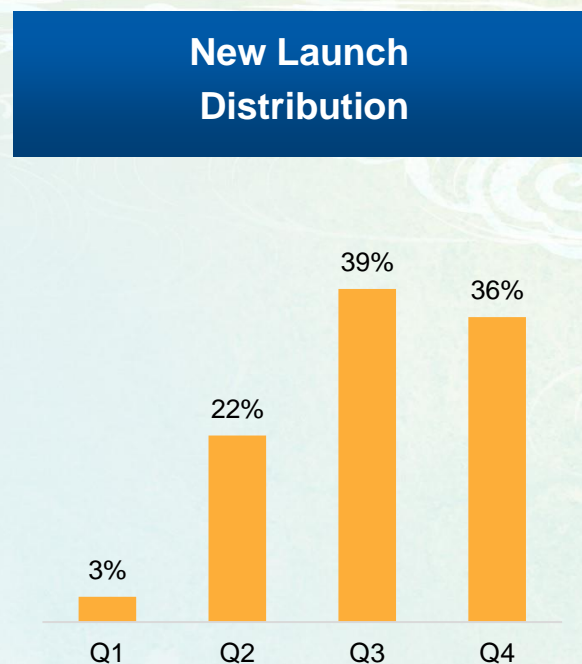
2020 Expected Delivery GFA +8.0% yoy



- ▲ 2020 plan to commence GFA construction of 106 projects with GFA of 15.00 mn sq.m.
- ▲ 2020 plan to launch 173 projects/phases with GFA of 10.33 mn sq.m., up 8.0% y-o-y
- ▲ 2020 estimate to deliver 73 projects with GFA of 7.11 mn sq.m.
- ▲ The company expects the development plan will support the contracted sales plan in 2020

Major Project Launch in 2020

Item	City	Project	Estimated ASP (RMB/sq.m.)	Estimated Launch (RMB mn)
1	Zhengzhou	Junlin Grand Courtyard Meiyuan	44,600	2,427
2	Zhengzhou	Huayuankou Project	20,008	2,300
3	Zhengzhou	Zhongyi Technology City	19,000	1,438
4	Zhengzhou	Xinzheng Project	8,665	1,404
5	Nanyang	Zhongzhou West Road Project	9,735	1,321
6	Shangqiu	Art Mansion	7,867	1,195
7	Xinxiang	Code Two City	10,048	1,110
8	Zhengzhou	Junlin Grand Courtyard Songyuan	55,000	1,100
9	Zhengzhou	Jianye J18	17,709	1,092
Total				13,387



- ▲ The estimated saleable resource from the new project launch will be approximately RMB86.9 bn
- ▲ In 2020, estimated 173 projects/phases to be launched, representing 109% of full year targeted contracted sales of RMB80 bn
- ▲ Top 9 major projects launch in 2020 will account for 15% of 2020 targeted contracted sales
- ▲ Zhengzhou projects will account for 25% of new launch in sales value and 15% of GFA new launch
- ▲ New projects to be launched in major cities includes Zhengzhou (25%), Luoyang (14%), Shangqiu (8%), Xinxiang (6%) and Zhoukou (6%) (as proportion of 2020 new launch sales value)

Major Project Launch in 2020

Zhengzhou Junlin Grant Courtyard 郑州君邻大院



- ◆ GFA: 50,000 sq.m.
- ◆ Location: Zhengdong New District Beilong Lake Business Center
- ◆ Facilities: Metro, Long Hu Financial Centre, Universities, Parks
- ◆ Product: Open view Yangfeng
- ◆ Estimate ASP: RMB50,000/sq.m
- ◆ Land cost: RMB23,495/sq.m.

Xinzheng Tianhui City 新郑天汇城



- ◆ GFA: 125,000 sq.m.
- ◆ Location: Huiyuan Road, Guodian Town, Xinzheng City, Zhengzhou City
- ◆ Transportation: Planned multiple transportation and facilities
- ◆ Product: creative high-rise small units
- ◆ Estimate ASP: RMB9,666/sq.m.
- ◆ Land cost: RMB3,750/sq.m.

Zhengzhou Huayuankou 郑州花园口



- ◆ GFA: 180,000 sq.m.
- ◆ Location: Zhengbei Yangjin Area Developed
- ◆ Surrounding :Jialu River, Zhongzhou Avenue
- ◆ Convenient transportation
- ◆ Product: Yangfeng
- ◆ Estimate ASP: RMB25,000/sq.m.
- ◆ Land cost: RMB10,918/sq.m.

Shangqiu Art Mansion 商丘新筑



- ◆ GFA: 302,600 sq.m.
- ◆ Location: West of Fushang Avenue, East of Xinglin Road, South of Songcheng Road, Xingguang Road (Planning Road)
- ◆ Surrounded by schools and Sun Moon Lake Park
- ◆ Product: high-rise with views
- ◆ Estimate ASP: RMB7,250/sq.m.
- ◆ Land cost: RMB 498mn

Cash Flow Forecast for 2020

- ▲ Continue to be prudent with cash flow management, estimate net positive operating cashflow of RMB1,752 mn
- ▲ Land acquisition expenditure budget of RMB20.0 bn, with total unpaid land premium of RMB1.5 bn as at 31 Dec 2019
- ▲ Construction expenditure budget for 2020 is RMB26.0 bn
- ▲ Estimate cash balance of RMB24.5 bn at the year end of 2020

(RMB mn)		FY2020 (Budget)
Cash position as at 31 December 2019		22,708
Inflow	Contracted sales receipts	60,000
	Amount obtain/repaid to JCEs & Other working capital movement	5,091
	Bank & other loan, restricted cash inflow/(outflow)	(1,580)
	Issuance of Senior Notes	3,550
	Total Cash Inflow	67,061
Outflow	Land acquisition	(20,000)
	Construction costs	(26,000)
	Redemption of Senior Notes	(4,970)
	Finance costs	(2,860)
	SG&A	(6,800)
	Income tax (LAT & CIT)	(3,900)
	Dividend	(779)
Total Cash Outflow	(65,309)	
Cash position as at 31 December 2020 (E)		24,460

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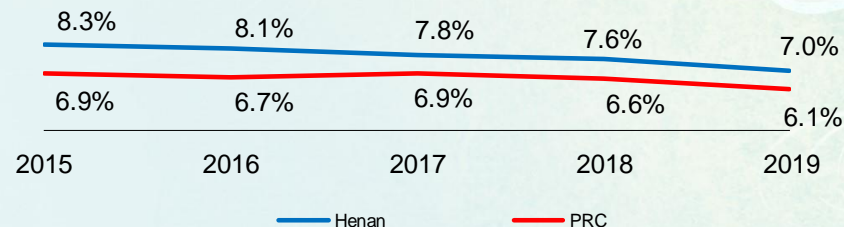
Market Review

- In 2019, Henan's GDP reached RMB5.43 trillion (5.5% of China's total GDP), achieving real GDP growth of 7.0%, which was 0.9 p.p. higher than the national growth rate of 6.1%
- In 2019, in terms of GFA sold, Henan property market up 2.1% y-o-y, above the national property GFA sold growth of -0.1%
- Contracted sales volume was strong across all the 17 major cities in Henan, lower tier 3 & 4 cities in Henan are displaying positive long-term trend with strong volume growth in Jiyuan +29.1%, Luohe +20.6%, Zhoukou +18.8%, Kaifeng +18.2% and Luoyang +15.1%

Above Average Real GDP Growth

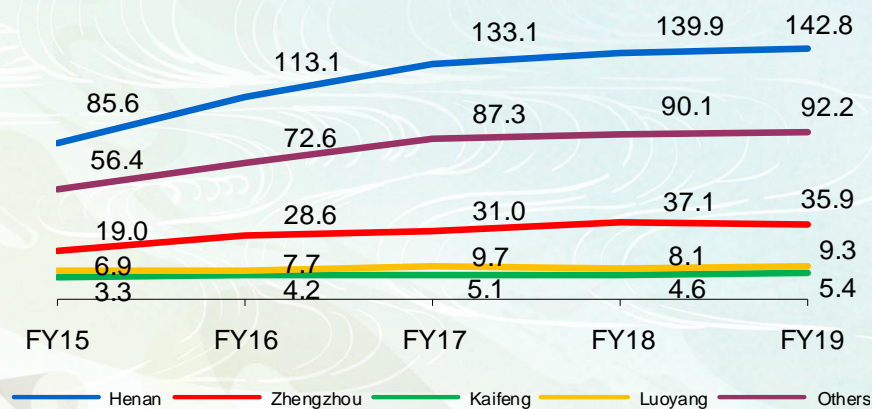
PRC GDP 2015-2019
Ave 6.6%

Henan GDP 2015-2019
Ave 7.8%

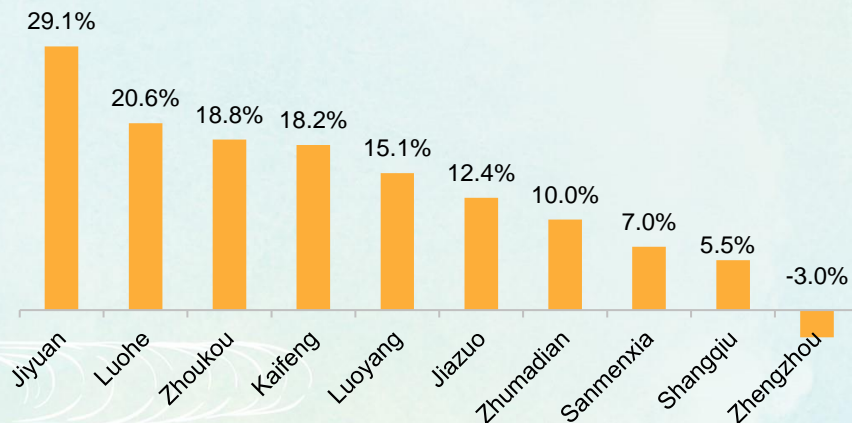


Contracted Sale GFA

Henan 2015-2019 13.7% CAGR ZZ 2015-2019 17.2% CAGR KF 2015-2019 13.1% CAGR LY 2015-2019 7.8% CAGR Others 2015-2019 13.1% CAGR



2019 Contracted GFA Sold Growth by Cities

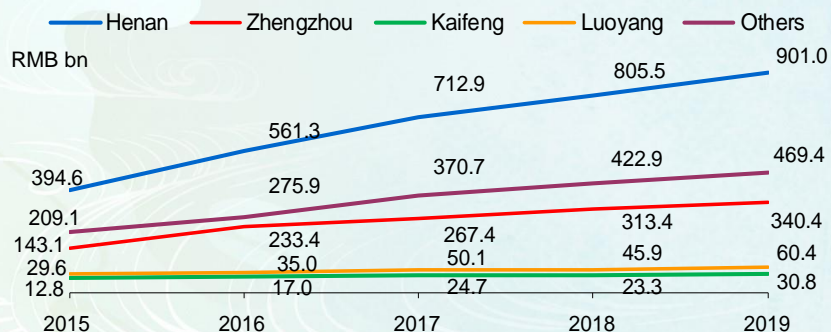


Market Review (cont'd)

- ▲ In 2019, Henan total contracted sales grew by 11.9% y-o-y to RMB901.0 bn (5.6% of China's total contracted sales) vs nationwide growth rate of 6.5% y-o-y
- ▲ Henan's ASP grew by 9.6% y-o-y to RMB6,311/ sq.m. vs nationwide ASP growth of 6.6% at RMB9,310 /sq.m.
- ▲ Contracted sales was strong across all major cities in Henan lead by Jiyuan which grew by 44% y-o-y
- ▲ Zhengzhou contracted sales grew by 8.6% y-o-y, representing 37.8% of the Henan property market, with Zhengzhou ASP increasing by 12.2% y-o-y to RMB9,472/sq.m.

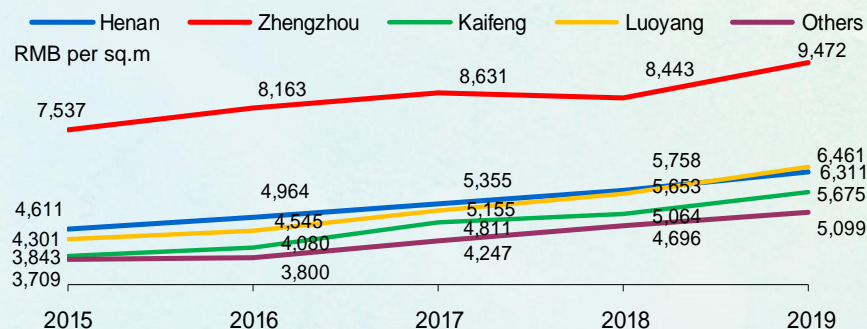
Contracted Sales

Henan 2015-2019 **22.9% CAGR** ZZ 2015-2019 **24.2% CAGR** KF 2015-2019 **24.6% CAGR** LY 2015-2019 **19.5% CAGR** Others 2015-2019 **22.4% CAGR**

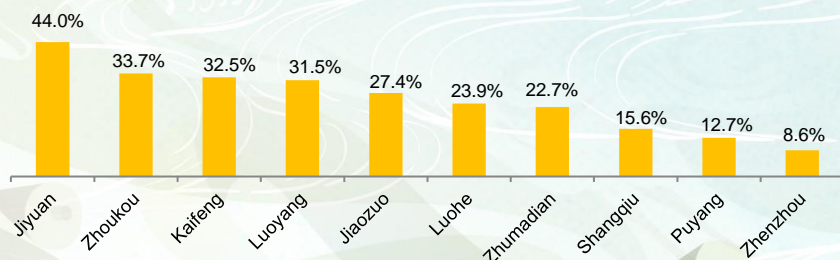


ASP

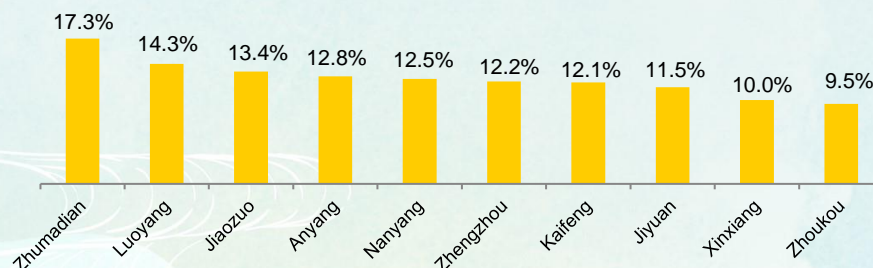
Henan 2015-2019 **8.2% CAGR** ZZ 2015-2019 **5.9% CAGR** KF 2015-2019 **10.2% CAGR** LY 2018-2019 **10.7% CAGR** Others 2015-2019 **8.3% CAGR**



2019 Contracted Sales Growth by Cities



2019 ASP Growth by Cities



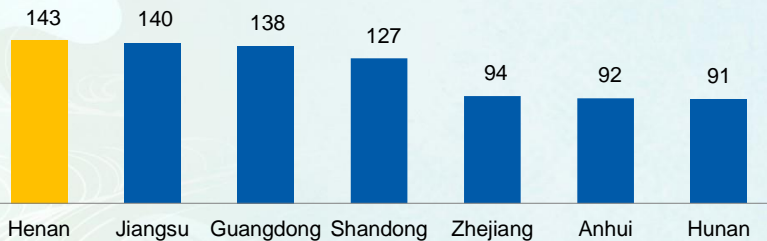
A Market with Strong Growth Potential

- ▲ Property market ranked No.1 largest by GFA sold, representing 8.3% of China's total property GFA sales for 2019
- ▲ Henan has a large population of 109 mn with rising urban disposable income per capita at RMB34,201 in 2019, up 7.3% y-o-y
- ▲ Rising urbanization rate of Henan at 53.2% in 2019 (up 1.5 p.p.) vs nationwide average urbanization rate of 60.6% (up 1 p.p.)
- ▲ Currently ranked 5th largest economy in China with GDP approximately USD775.1 billion, representing 5.5% of China's total GDP for 2019
- ▲ End-user market with high affordability, with average housing price at 8.8 times annual household disposal income

2019 Contracted Sales GFA – Sizeable Market

(mm sqm)

Ranked No. 1 nationwide



2019 ASP³ – Significant Room for Growth (RMB psm)

(RMB psm)

Ranked No. 21 nationwide



2019 Affordability Ratio² – Highly Affordable Properties

17.7x

14.7x

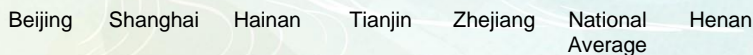
14.2x

12.6x

10.2x

10.1x

8.8x



2018 Urbanization Rate – Strong Underlying Potential

88.1%

86.5%

83.2%

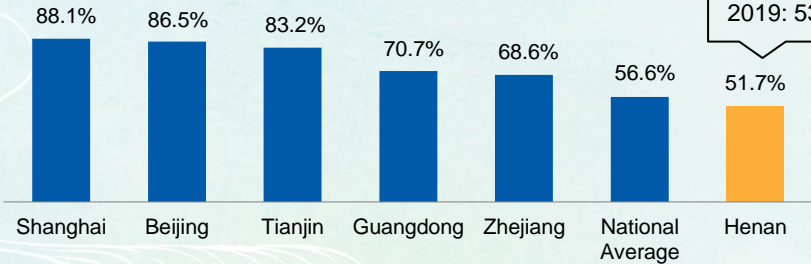
70.7%

68.6%

56.6%

2019: 53.2%

51.7%



Source: Provincial Statistics 2018 & 2019;

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 2018; lower number indicates better affordability; ³ Based on commodity properties;

Market Outlook

The Macro-Economy Environment

- ▲ Facing the complicated situation of increasing risks and challenges at home and abroad in 2019, the growth rate of global economy and trade declined. In spite of that, China's economic development stayed within a reasonable range, and maintained stable progress with steadily advancing momentum. China's GDP reached RMB99.09 trillion, representing a year-on-year growth of 6.1%, while per capita GDP hit USD10,000
- ▲ In 2019, Henan's GDP reached RMB5.43 trillion, achieving an increase of 7.0% y-o-y, and continued to outperform the national growth rate. As Henan sections of Zhengzhou-Wanzhou High-speed Railway, Zhengzhou-Fuyang High-speed Railway, and Shangqiu-Hefei-Hangzhou High-speed Railway were put into service, Henan gained increasing geographical advantages in transportation. In addition, 30 measures that support real economy in cost reduction provided a fillip to the development of real economy enterprises

The Property Market

- ▲ As for the real estate market, under influence of the national regulation objectives of “keeping land prices, property prices, and expectations stable” and the guideline of “housing is for living in, not for speculating”, the real estate market in China maintained steady and healthy development. The investment in real estate in China amounted to RMB13.22 trillion in 2019, representing an increase of 9.9% y-o-y, and the area of commercial housing sold amounted to 1.71558 billion sq.m., representing a decrease of 0.1% y-o-y
- ▲ The property market in Henan Province showed strong resistance with performance beyond expectation in 2019; sales further increased with a rate higher than the national average. While the overall performance remained stable, there was clear differentiation in performance in different cities and areas as the redevelopment housing was about to come to an end
- ▲ In 2020, it is expected that the government will uphold its basic objective of “housing is for living in, not for speculation”, and keep consistency in its regulatory measures. It is expected that all local governments will further implement differentiated policies in light of different situations in various cities, so the number of cities with temporary loose control will increase significantly so as to mitigate the negative impact brought by the COVID-19 epidemic and ensure stability in regional property markets



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Q&A

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