

Central China Real Estate Limited is one of the leading Henan-based property developers, focusing on developing high-quality residential properties. With 30 years of development history, CCRE is the pioneer in adopting a “Provincial Strategy” and has achieved full coverage in Henan province with presence in 18 prefecture cities and 104 county-level cities in 2019. Known for its outstanding product quality, strong brand and experienced management team, CCRE ranked 1st among 2021 Top Chinese Real Estate Companies in Terms of Overall Strength in Henan and 2021 Top 100 Outstanding Real Estate Enterprises in China by Guandian Index Academy, and ranked 353th in the Fortune 500 China List in 2021.

LATEST NEWS

✓ **CCRE Achieved Contracted Sales of RMB1.74 billion in August 2022, Down 18.1% m-o-m**

In the month of August 2022, CCRE achieved property contracted sales of RMB1,735 million, representing a m-o-m decrease of 18.1%, with a contracted sales gross floor area GFA of 265,557 sq.m., representing a m-o-m decrease of 18.2%, and with the average selling price ASP amounted to RMB6,532 /sq.m. representing a m-o-m increase of 0.1%.

For the eight months ended 31 August 2022, CCRE achieved total property contracted sales of RMB17,893 million, representing a y-o-y decrease of 53.7%. The total contracted sales GFA achieved 2,505,041 sq.m., representing a y-o-y decrease of 50.8%. The ASP for the first eight months of 2022 was RMB7,143 /sq.m., representing a y-o-y decrease of 5.9%.

✓ **On 13 September 2022, Zhengzhou Government has Signed RMB300 billion Agreement with China Development Bank to Support Housing Market, of which RMB160 billion will be Used for Shantytown Reform Loans**

✓ **Zhengzhou Government to Release RMB5.3 billion Receivables to Support the “Guarantee Housing Delivery” Policy**

On 6 September 2022, Zhengzhou Government held a meeting of "guarantee housing delivery" policy, highlighting four key points. Firstly, speed up the release of the relief fund. Secondly, increase the repurchase of apartments for talents. Thirdly, issue the first batch of special loans of RMB5 billion. Most importantly, pay off the government's receivables. The government will ensure five leading real estate companies including CCRE (Jianye Group), Kangqiao, and Zhengshang receive the RMB5.3 billion government receivables by 9 September 2022.

Stock Data (as at 16 September 2022)

Price/share: HK\$ 0.36	Market Cap: Approximately HK\$1.098 bn	52-Week Range: HK\$0.35 – HK\$1.66	Shares Outstanding: 3,050 mn shares
----------------------------------	--	--	---

Newsletter

September 2022

Contracted Sales in August were Supported by:

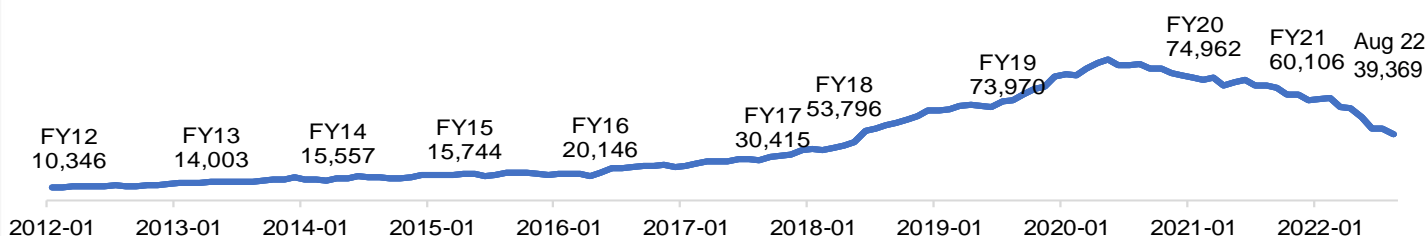
- Zhengzhou projects accounted for approximately 11% of the sales;
- Tier 3 & 4 cities projects in Henan accounted for 62% of the sales;
- County level cities projects in Henan contributed 27% of the sales;
- Contracted sales continue to be diversified, with sales contribution from 244 projects/phases located in the tier 2,3,4 cities and county level cities in Henan;
- In August, 90% of contracted sales came from projects unaffected by HPR (HPR only in Zhengzhou)

Summary Breakdown of the Contracted Sales in August 2022:

City	Project Name	Contracted Sales (RMB mn)	Contracted Area (sq. m.)	ASP (RMB/ sq. m.)
Shangqiu	Shangqiu Jianye Binhe Shangjun	57	7,755	7,350
Xinxiang	Xinxiang Xinfei Jianye Palace	53	6,564	8,001
Zhoukou	Huaiyang Jianye Binhe Yuanzi	51	9,685	5,261
Zhumadian	Zhumadian Jianye Chinoiserie Palace	44	5,372	8,264
Hebi	Hebi Jianye Longmen Qihaoyuan	44	6,104	7,231
Anyang	Anyang Jianye City	43	6,635	6,413
Puyang	Puyang Jianye Sky Mansion	36	2,904	12,559
Anyang	Anyang Jianye Chinoiserie Donglu	34	4,505	7,618
Puyang	Taiqian Jianye Jianrun Palace	33	5,654	5,895
Zhengzhou	Zhengzhou Jianye Chengyuan	28	2,771	10,140
Shangqiu	Shangqiu Jianye Shenhua Jiangshan Mansion	28	4,323	6,497
Zhengzhou	Zhengzhou Jianye Taihong	27	2,345	11,439
Nanyang	Dengzhou Jianye Qingyunli	27	4,108	6,457
Kaifeng	Kaifeng Jianye Taihe Palace	27	1,922	13,787
Zhengzhou	Zhengzhou Jianye Art Mansion	25	1,028	24,356
Zhoukou	Zhoukou Jianye City	24	4,507	5,423
Xinyang	Jianye Xinyang Palace	23	3,610	6,387
Luoyang	Luoyang Jianye Dingding Palace	22	4,228	5,224
Jiaozuo	Jiaozuo Jianye Palace	22	2,514	8,728
Luoyang	Luoyang Jianye Zhonghong City	22	1,938	11,309
	Others	1,064	177,083	6,011
	Total	1,735	265,557	6,532

12-Month Rolling Heavy Assets Contracted Sales Trend

Unit: RMB mn



Newsletter

September 2022

Major Project Launch

In the month of August, CCRE launched 6 new projects/phases. The aggregate saleable resources of the new launch is RMB567 mn. The first day of launch achieved an average sales/subscription rate of 26%, with sales subscription to be converted into contracted sales over the coming months.

A Summary of the Major Projects Launched in August 2022 is Provided Below :

Project	Launch Date	Saleable Contracted Sum (RMB Mn)	Amount Sold in the First Day of Launch (RMB Mn)	Sales / Saleable (%)	Saleable GFA (sq.m.)	GFA Sold in the First Day (sq.m.)	GFA Sold / Saleable (%)
Jianye Zhongliang Art Mansion	01/08/2022	105	16	15%	12,282	2,413	20%
Puyang Sky Mansion Parking	03/08/2022	29	8	28%	377	105	28%
Binhe Art Mansion Shangjun	04/08/2022	256	88	34%	32,118	11,022	34%
Zhoukou Jianye City Phase IV	20/08/2022	69	22	31%	12,726	3,790	30%
Shangqiu Future City	22/08/2022	45	4	8%	8,017	705	9%
Puyang Sky Mansion	27/08/2022	63	11	18%	6,177	1,092	18%
Total		567	149	26%	71,697	19,127	27%

Henan Property Market Sales Down 17.9% y-o-y in 7M22, while CCRE Achieves Market Share 4.0%

In the first seven months of 2022, the Henan real estate market contracted sales was down 17.9% y-o-y to RMB400.90 bn (7M21: RMB488.05 bn), according to Henan Provincial Bureau of Statistics. CCRE's contracted sales (without light asset) for the first seven months of 2022 reached RMB15.93 bn, representing a market share of 4.0%¹ for the total Henan real estate market.

Henan transaction volume in the first seven months of 2022 reached 65.36 mn sq.m., representing a y-o-y decrease of 9.8% (7M21: 72.47 mn sq.m.). In terms of contracted GFA (without light asset), as at the end of July 2022, CCRE accounted for 3.4%² of the overall Henan real estate market. The average transacted price for property sales in Henan for the first seven months of 2022 was RMB6,134 /sq.m., down 8.9% y-o-y (7M21: ASP RMB6,735 /sq.m.).

^{*}CCMG T completed its spin-off and separate listing on 31 May 2021.

¹Notes: ¹CCRE's contracted sales as at 31 July 2022/ Total contracted sales of Henan Province as at 31 July 2022 from Henan Provincial Bureau of Statistics;

²CCRE's contracted GFA as at 31 July; 2022/ Total contracted GFA of Henan Province as at 31 July 2022 from Henan Provincial Bureau of Statistics.

Newsletter

September 2022

Land Acquisition

In August 2022, the Company did not acquire any new land.

As of the end of August 2022, the Company acquired a total GFA of 886,418 sq.m. in 2022, with land premium of RMB1,319 mn. The land premium attributable to CCRE was RMB691 mn and estimated attributable GFA was 443,633 sq.m.. The average land cost was RMB1,488 /sq.m..

A Summary of the Land Acquisition in 2022 is Provided Below:

Date	Project Name	City	Land Acquisition Method	Project Type (Residential=R, Commercial=C, Carpark=K)	Ave. GFA Land Cost (RMB/sq.m.)	Total GFA (sq.m.)	Attr. Land Premium (RMB Mn)	Attributable GFA (sq.m.)	CCRE Int (%)
06/01/2022	Xiping Spring Time	Zhumadian Xiping County	Cooperation	R, K	1,047	9,165	5	5,041	55%
17/01/2022	Shangqiu Huasheng Road Project	Shangqiu	Cooperation	R, K	1,578	367,258	296	187,302	51%
10/02/2022	Zhumadian Chinoiserie Palace Phase III	Zhumadian	Cooperation	R, K	1,304	358,327	241	184,538	52%
06/04/2022	Lianmeng 7 Mu Land	Zhengzhou Shangqiu	Land Auction	R, K	7,296	10,142	74	10,142	100%
13/04/2022	Yongcheng Lianmeng Dongwang	Yongcheng County	Land Auction	R, K	1,332	141,526	75	56,610	40%
Total					1,488	886,418	691	443,633	

Equity Research Report

DBS

On 1 September 2022, DBS issued an equity research report titled "Becoming a Regional SOE Developer". The analyst believed that with the strong backing from the provincial government the company's new quasi-SOE status will help CCRE to regain access to refinancing channels. The analyst also believed that CCRE's sales may see better than peers' recovery given its strong local reputation and escalated tone of support from the provincial government. DBS maintained "Buy" rating on the company with the target price of HK\$1.29 as the analyst believes that CCRE will likely be one of the handful survivors from the sector's turbulence.

Morningstar

On 1 September 2022, Morningstar issued an equity research report titled "Henan-Focused PRC Developer With Plans for Geographical Expansion". The analyst believed that the weak market conditions continue to weigh on CCRE, which is showing up in the subdued first-half 2022 performance. The entry of the SOE major shareholder is shifting CCRE's status to being a quasi-SOE. The company has thus far still been timely with offshore debt repayments, with USD500 million in August 2022 repaid on time. The SOE major shareholder's credit rating is likely aiding the company's funding efforts, and cooperation with state funds and SOEs for asset deals may also help to free up liquidity. Morningstar based on a cost of equity of 12% and weighted average cost of capital of 10.2% and gave a fair value estimate of HK\$0.47 per share.

Newsletter

September 2022

Equity Research Report

Guotai Junan Securities

On 1 September 2022, Guotai Junan issued an equity research report titled “Staying Creditworthy Amid Sector Turbulence”. Given the Company’s still weak operations, the analyst thought that CCRE needed more time to recover. The analyst believed that CCRE would be one of the handfuls of survivors (for private enterprises) in the sector. Backed by the provincial government, the analyst expected CCRE to have partial relief from the liquidity crisis and should regain access to refinancing channels from the onshore front. Guotai Junan gave a “Neutral” rating on CCRE and target price of HK\$0.52, implying 2.8x 2023F PER.

CCBI International

On 5 September 2022, CCBI issued an equity research report titled “Reborn from its Ashes”. CCRE reported 1H22 results with a loss position and deterioration in its financial position from the triple hit of the Covid-19 outbreak, the economy slowing down, and the property market downturn. CCBI believed CCRE is likely to continue to pursue an equity injection from the government in order to unlock onshore financing resources. Finally, CCBI expects an earnings recovery in 2H22F assuming solid delivery after government assistance with construction CAPEX and a limited impact from one-off items like impairment losses and fair value losses. After reshuffling its model, CCBI gave a “Neutral” rating on CCRE with a target price of HK\$0.50.

Recent IR Activities

Date	Event	Organizer	Location
01/09/2022	2022 Interim Results Investor Presentation	CCRE	Conference Call
02/09/2022	Post Interim Results Management NDR	JP Morgan	Conference Call
05/09/2022	Post Interim Results Management NDR	Bofa Securities	Conference Call
06/09/2022	Post Interim Results Management NDR	CCRE	Conference Call

Upcoming IR Activities

Date	Event	Organizer	Location
12-13/10/2022	2022 Asian Credit Conference	Bofa Securities	Conference Call

Contact Us

Ms. Hazel Chan Investor Relations Manager

Tel 852 2992 7905

Fax 852 2620 5221

Email hazelchan@centralchina.com

Ms. Christine Yang Senior Investor Relations Analyst

Tel 852 2992 7911

Fax 852 2620 5221

Email christine@centralchina.com

Follow us on WeChat:



Newsletter

September 2022

DISCLAIMER

This document has been prepared by Central China Real Estate Limited (the "Company") and is subject to change without notice. The information contained in this newsletter has not been independently verified. No representation or warranty, express or implied, is made and no reliance should be placed on the accuracy, fairness or completeness of the information presented. The Company, its affiliates, or any of their directors, officers, employees, advisers and representatives accept no liability whatsoever for any losses arising from any information contained in this presentation or otherwise arising in connection with this document.

This newsletter does not constitute or form part of, and should not be construed as, an offer to sell or a solicitation of an offer to buy any securities in the United States or any other jurisdictions in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction, and no part of this presentation shall form the basis of or be relied upon in connection with any contract or commitment. No securities may be offered or sold in the United States absent registration or an applicable exemption from registration requirements. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the Company making the offer and its management and financial statements. No public offering of any securities is to be made by the Company in the United States. Specifically, this presentation does not constitute a "prospectus" within the meaning of the U.S. Securities Act of 1933, as amended.

This newsletter contains statements relating to the Company's financial condition, results of operations and business, the Company's strategies and future prospects and information about the real estate industry and Chinese economy and global economy which are forward-looking. Such forward-looking statements are only predictions and are not guarantees of future performance. You are cautioned that any such forward-looking statements are and will be, as the case may be, subject to both known and unknown risks, uncertainties and factors relating to the operations and business environments of the Company and the real estate industry and market and economic conditions that may cause the actual results of the Company to be materially different from any future results expressed or implied in such forward-looking statements. All forward-looking statements that are made in this newsletter speak only as of the date of such statements. The Company expressly disclaim a duty to update any of the forward-looking statements.

The information herein is given to you solely for your own use and information, and no part of this document may be copied or reproduced, or redistributed or passed on, directly or indirectly, to any other person (whether within or outside your organization/firm) in any manner or published, in whole or in part, for any purpose. The distribution of this document may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.