



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

2018 Annual Results Announcement

March 2019

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胡海森

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Company Representatives



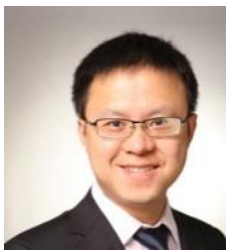
Chairman
Mr. Wu Po Sum



Mr. Yuan Xujun
Chief Executive Officer



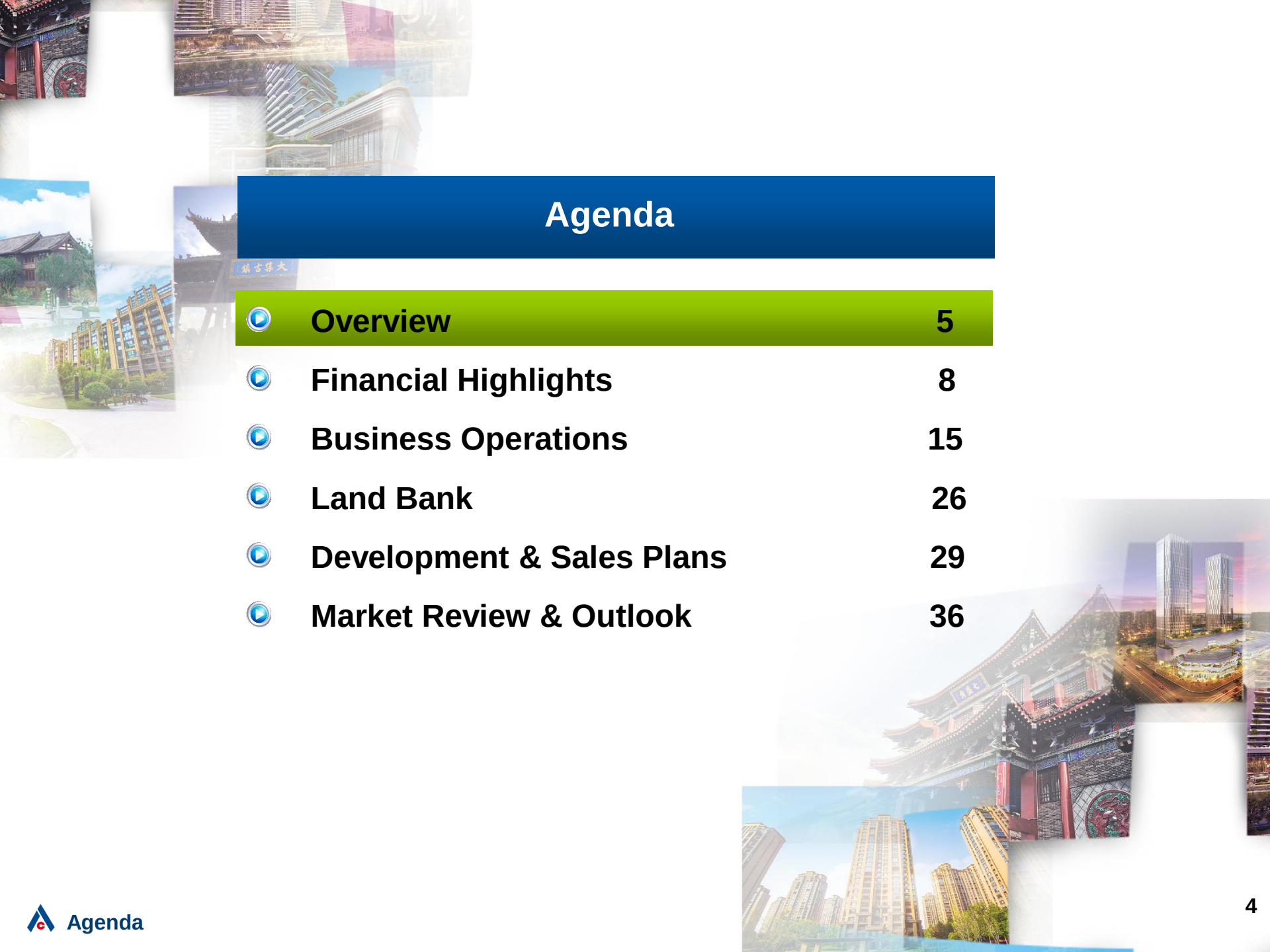
Mr. Felix Wang
Executive Director



Mr. Hu Ping
Chief Financial Officer



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



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Overview

2018 Financial Results Summary

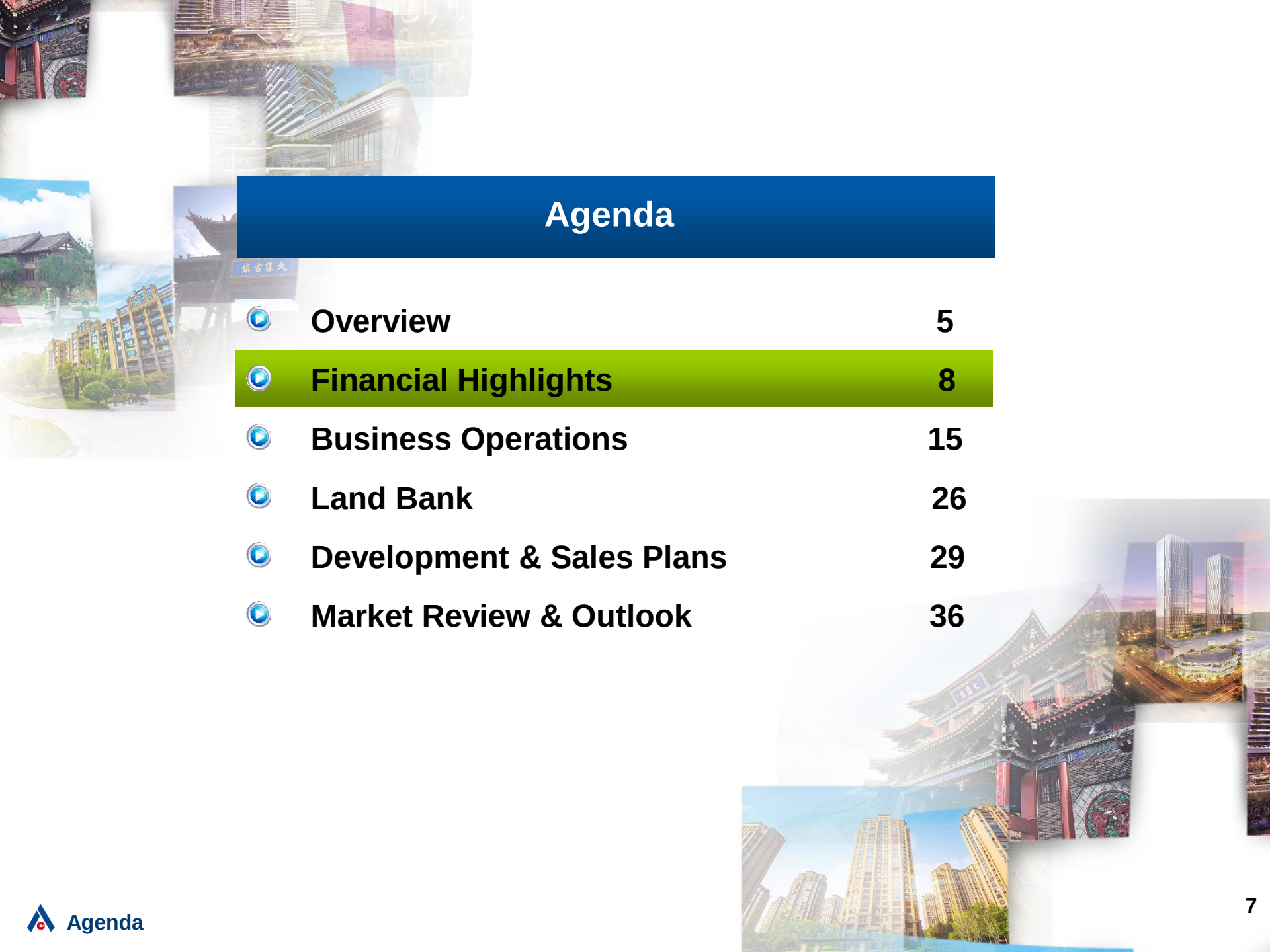
- Revenue increased by 6.5% to RMB14,783 mn, (excluding attributable revenue from JCEs of RMB2,447 mn)
- Total recognized GFA amounted to 1.87mn sq.m. for 2018, down 19.7%
- Recognized ASP increased by 28.4% to RMB7,284 per sq.m., due to product mix changes
- Gross profit increased by 55.2% to RMB5,091 mn, achieved gross profit margin of 34.4%
- EBITDA was RMB3,451 mn, up 20.8%
- Achieved net profit of RMB1,415 mn, up 57.4%
- Net profit attributable to equity shareholders was RMB1,154 mn, up 42.3%
- Increased dividend pay-out ratio from 30% to 35% in 2018
- Declared final dividend of HK\$14.12 cents per share (equivalent to RMB12.09 cents per share) for 2018, together with interim dividend of HK\$7.16 cents, with full year dividend of HK\$21.28 cents for 2018



Overview

2018 Operational Achievements

- ▲ In 2018, contracted sales increased by 76.5% to RMB53.7 bn, achieved 119% of full year target of RMB45.0 bn, and the contracted sales from light asset projects amounted to RMB18.7 bn. Achieving the total contracted sales of RMB72.4 bn, up 97.2%, with a 9% market share in Henan
- ▲ In 2018, contracted sales GFA increased by 62.2% to 7.43 mn sq.m and contracted sales GFA from light asset projects amounted to 3.59 mn sq.m., achieving total contracted sales GFA of 11.0 mn sq.m., ranked No.17 in China*
- ▲ 2018 contracted ASP was RMB7,221/sq.m., up 8.8% and 25% higher than Henan ASP
- ▲ Unrecognized contracted sales of RMB50.9 bn, including RMB11.0 bn at JCEs as at 31 Dec 2018
- ▲ As at 31 Dec 2018, successfully secured management contract with 110 third-party projects of approximately 16.62 mn sq.m. of GFA, with an estimated revenue from project management total of RMB3,495 mn



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Financial Highlights

- ▲ Gross profit increased by 55.2% and achieved gross profit margin of 34.4%
- ▲ EBITDA increased by 20.8% to RMB3,451 mn on higher gross profit
- ▲ EBITDA margin increased to 23.3%
- ▲ Net profit attributable to equity shareholders increased by 42.3% to RMB1,154 mn
- ▲ Basic EPS has increased by 33.5% to RMB44.30 cents on higher net profit

	2018	2017	Change
Revenue (RMB mn)	14,783	13,879	+6.5%
Gross profit (RMB mn)	5,091	3,281	+55.2%
Gross profit margin	34.4%	23.6%	+10.8 p.p.
EBIT (RMB mn)	3,183	2,601	+22.4%
EBIT margin	21.5%	18.7%	+2.8 p.p.
EBITDA (RMB mn)	3,451	2,856	+20.8%
EBITDA margin	23.3%	20.6%	+2.7 p.p.
Income tax (RMB mn)	1,557	1,041	+49.6%
Net profit (RMB mn)	1,415	899	+57.4%
Net profit attributable to equity shareholders (RMB mn)	1,154	811	+42.3%
Net profit margin	9.6%	6.5%	+3.1 p.p.
Basic earnings per share (RMB cents)	44.30	33.19	+33.5%
Diluted earnings per share (RMB cents)	43.51	32.95	+32.0%

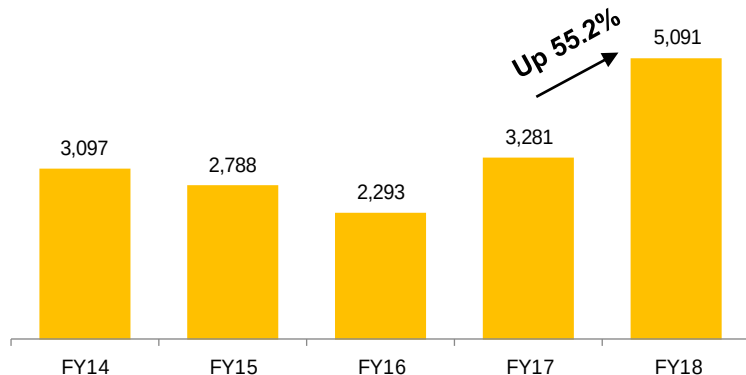


Financial Highlights (cont'd)

▲ Recovering on profitability

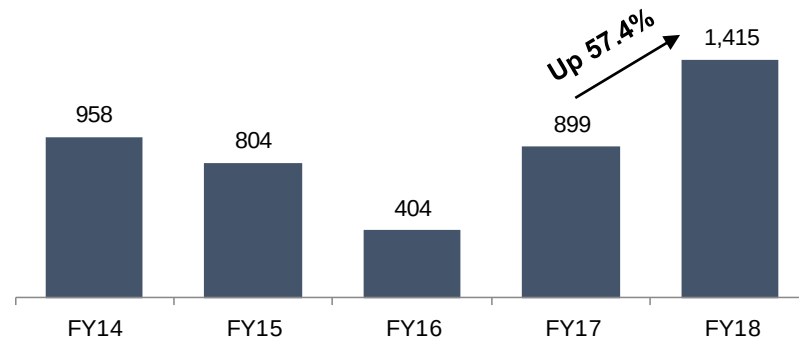
Gross Profit

RMB mn



Net Profit

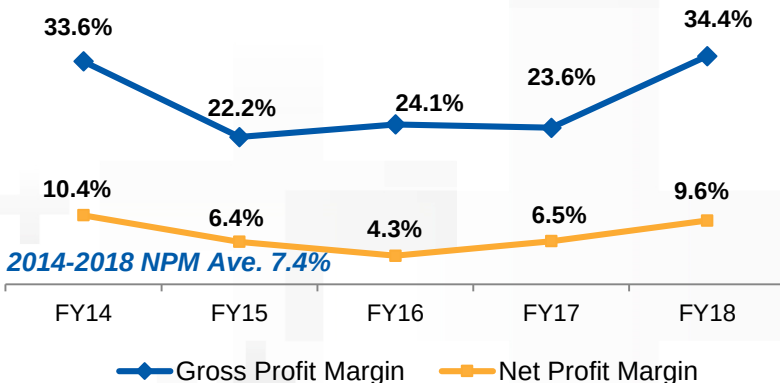
RMB mn



Gross Profit Margin & Net Profit Margin

Percentage

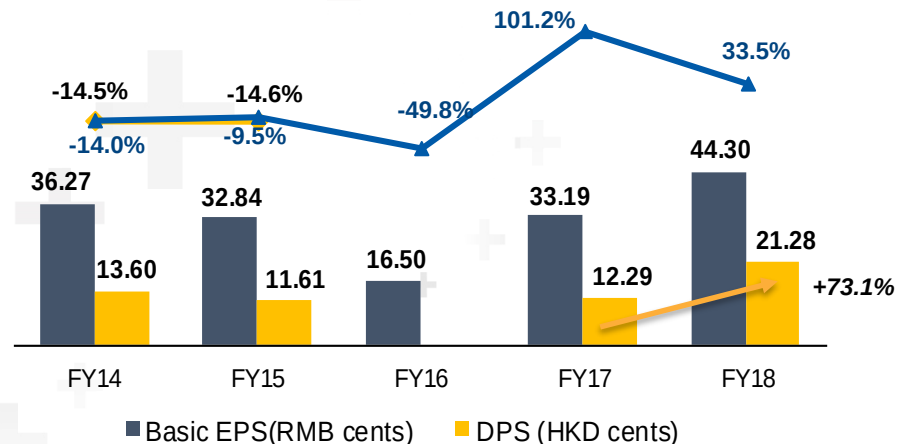
2014-2018 GPM Ave. 27.6%



Dividend per Share & Earning per Share

◆ DPS % of yoy Growth

◆ EPS % of yoy Growth



Cash Flow Highlights

- Achieved strong net cash inflow of RMB4,373 mn
- Achieved high cash collection ratio of 93.2%, with total contracted sales receipts up 75.8% y-o-y at RMB50.0 bn
- Maintained high cash balance of RMB17.8 bn as at 31 December 2018, up 32.6% yoy
- Higher construction costs due to increase in number of projects under construction

(RMB mn)		2018 (Actual)	2018 (Budget)	2017 (Actual)	YoY Change
Initial cash position		13,409	13,409	11,181	
Inflow	Contract sales receipts	38,580	37,500	20,420	+89%
	Contract sales receipts obtained from JCEs	11,430	7,000	8,020	+43%
	Amount obtain/repaid to JCEs & Other working capital movement	(9,766)	(8,680)	(1,447)	+575%
	Onshore/Offshore Bond & Stock Issuance	5,800	5,822	1,330	+336%
	Bank & other loan, restricted cash, inflow/(outflow)	1,961	1,004	2,141	-8%
Total Cash Inflow		48,005	42,646	30,464	+58%
Outflow	Land acquisition related cashflow	17,040	14,000	16,150	+6%
	Construction costs	14,820	14,200	6,940	+114%
	Redemption of USD600mn SN (2017: redemption of SGD200mm SN)	4,111	3,972	1,099	+274%
	Finance costs	1,195	1,624	1,228	-3%
	Selling and general administrative expenses	3,832	1,846	1,336	+187%
	Sales tax			196	
	Income tax (LAT and CIT)	2,128	4,153	1,287	+65%
	Dividend	506	413	-	-
Total Cash Outflow		43,632	40,208	28,236	+55%
End cash position		17,782	15,847	13,409	+33%

Balance Sheet Highlights

- ▲ Achieved high cash balance of RMB17.8 bn to cover 3.3 times short-term debt
- ▲ Total debt increased by 27.4% mainly due to the net issuance of 200m Senior Notes and increase in on-shore bank loans
- ▲ Short term debt increased by 20.6% to RMB5,346 mn, due to RMB3.0bn of Corporate Bonds turned puttable in 1H2019
- ▲ Total shareholders' equity increased by 21.2% to RMB10.3 bn
- ▲ Book value per share increased by 8.4% to RMB3.76

(RMB mn)	31 Dec 2018	31 Dec 2017	Change
Cash	14,202	11,284	+25.9%
Cash plus restricted deposit	17,782	13,409	+32.6%
Total assets	101,962	62,527	+63.1%
Total debt	19,851	15,584	+27.4%
Short-term debt	5,346	4,431	+20.6%
Net current assets	6,317	4,413	+43.1%
Total capitalization	30,121	24,057	+25.2%
Total shareholders' equity	10,270	8,473	+21.2%
Book value per share (RMB)	3.76	3.47	+8.4%

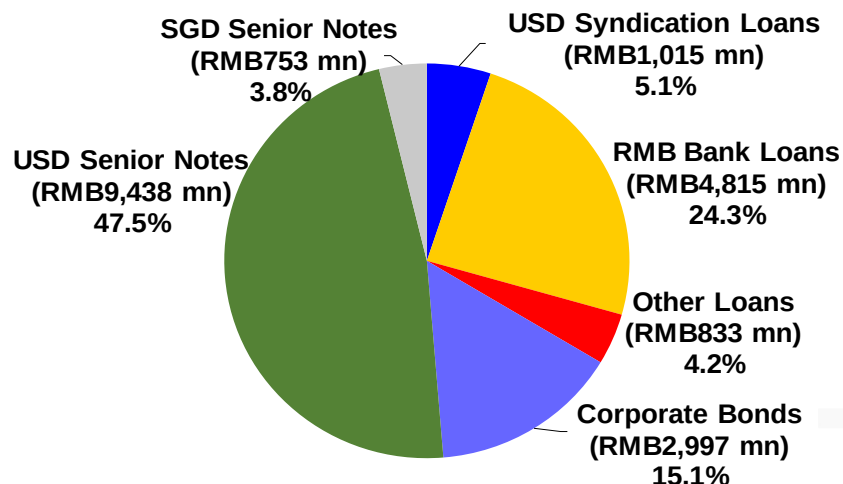
Key Financial Ratios

- Return on equity has increased to 15.1% on higher net profit
- Improved gearing level with net debt to equity ratio (including restricted cash) at 20.2%
- EBITDA/interest cover ratio increased to 3.2 times in 2018
- In 2018, Net debt / EBITDA has further decreased to 0.60 from 0.76 in 2017
- Asset turnover was lowered at 18.0% in 2018 due to increase in total assets at the end of 2018

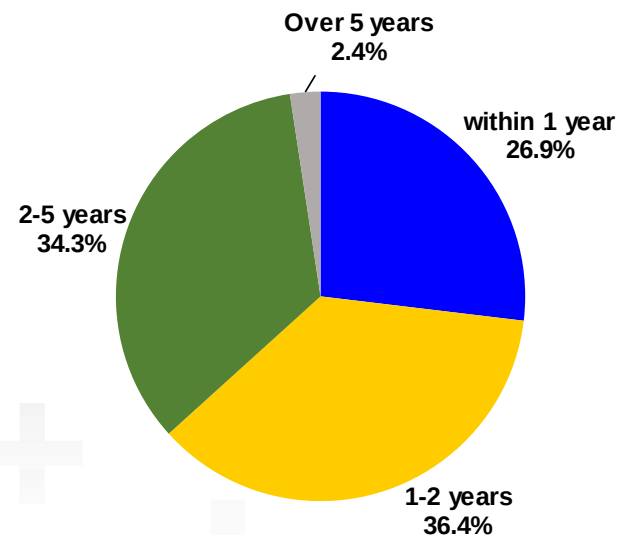
	2018	2017
Asset turnover	18.0%	26.0%
Return on equity	15.1%	11.6%
Return on assets	1.7%	1.7%
Net debt to total equity ratio (with restricted cash)	20.2%	25.7%
Net debt to total equity ratio (without restricted cash)	55.0%	50.8%
Total debt/total capitalization	65.9%	64.8%
Total liabilities/total assets	89.9%	86.4%
Current ratio (times)	1.1x	1.1x
Cash/short-term debt (with restricted cash)	333%	303%
EBITDA/interest (times)	3.2x	2.9x
Net Debt / EBITDA	0.60	0.76

Diversified Debt Profile

Funding Source

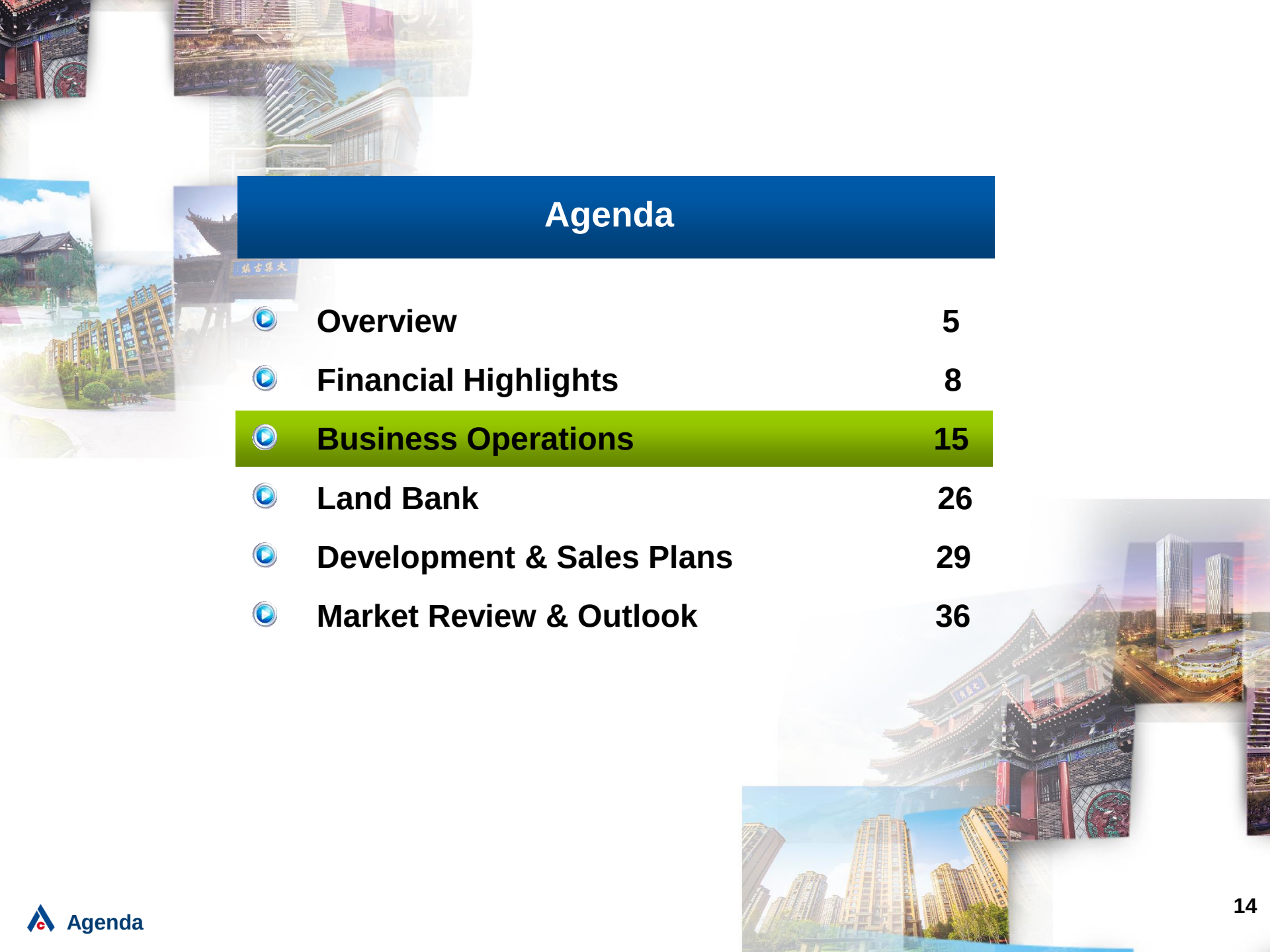


Debt Maturity



- ▲ Diversified and balanced funding sources with 44% onshore debt and 56% offshore debt
- ▲ Maintained average debt maturity of 2.3 years
- ▲ Stable average funding cost at 7.0% at 31 Dec 2018 (31 Dec 2017: 6.8%)
- ▲ Redeemed USD400 mn 6.5% Senior Notes in June 2018 and USD200 mn 6.0% Senior Notes in July 2018
- ▲ Undrawn on-shore banking facility line amounted to RMB55.6 bn





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Operating Results

▲ In 2018, revenue and recognized property sales showed improvement

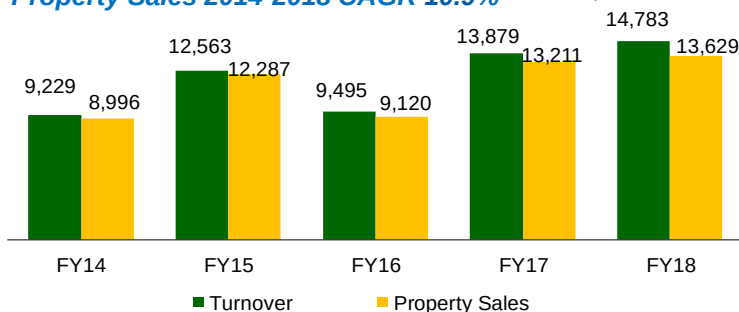
Revenue and Property Sales

RMB mn

Revenue 2014-2018 CAGR 12.5%

Property Sales 2014-2018 CAGR 10.9%

Revenue up 6.5%
Recognized property sales up 3.2%

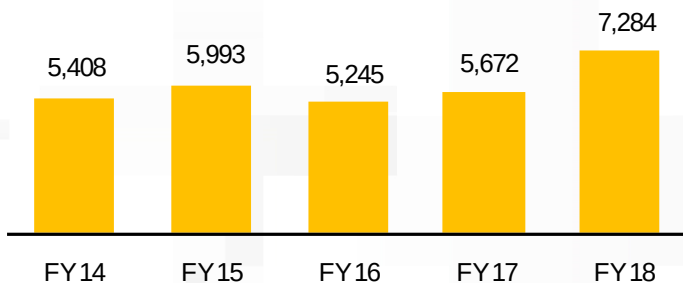


Recognized Average Selling Price

RMB per sq.m.

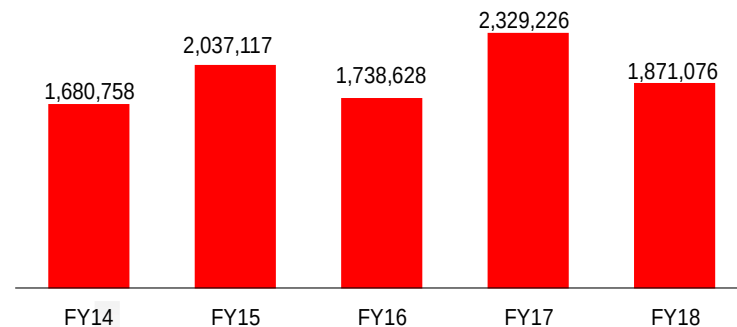
2014-2018 Ave. ASP RMB5,920/sq.m.

Up 28.4% due to
product mix change



Recognized GFA

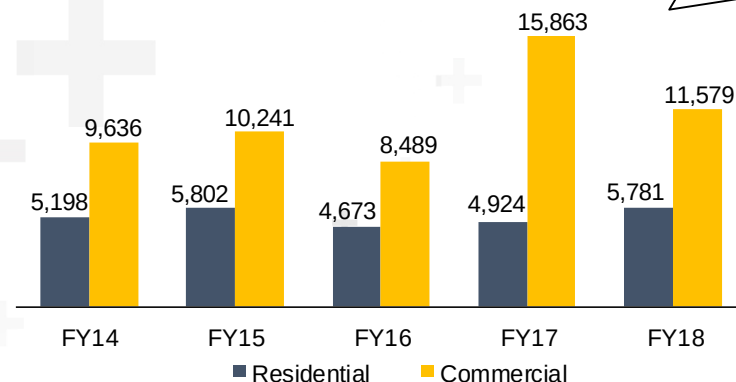
sq.m.



Recognized ASP by Property Type

RMB per sq.m.

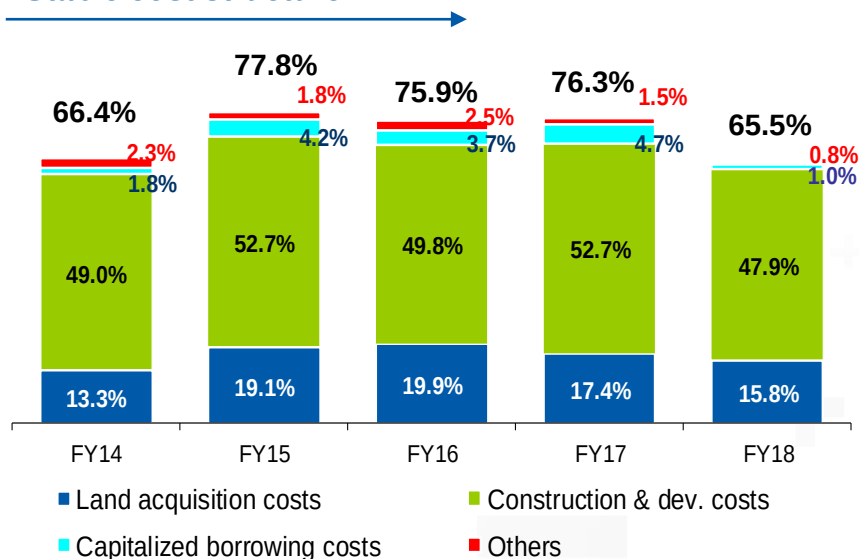
Residential ASP up 17% yoy



Operating Results (cont'd)

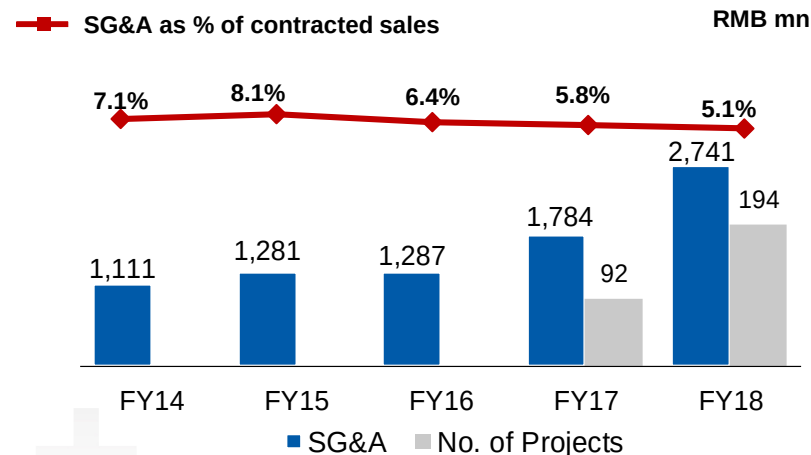
Cost of Sales (as % of revenue)

Stable cost structure



- ▲ In 2018, cost of sales as percentage of revenue decreased by 10.8 p.p. to 65.6%, mainly due to different product mix
- ▲ Land acquisition costs as percentage of revenue has decreased by 1.6 p.p. to 15.8% in 2018

SG&A (as % of contracted sales)

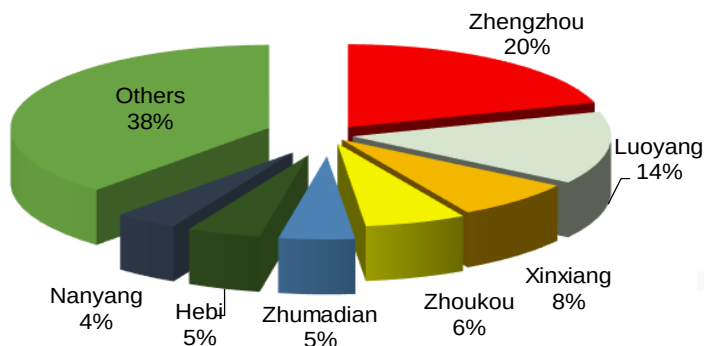


- ▲ In 2018, the contracted sales achieved 76.5% yearly growth and the total SG&A as percentage of contracted sales was lowered at 5.1%, down from 5.8% in 2017
- ▲ Selling & marketing expenses increased by 71% to RMB1,188mn due to increase in promotional and advertising activities
- ▲ General & administrative expenses increased by 43% due to the group expanded into 13 county-level cities in Henan province, while the number of projects under development of the Group increased from 92 by approximately 110.9% to 194

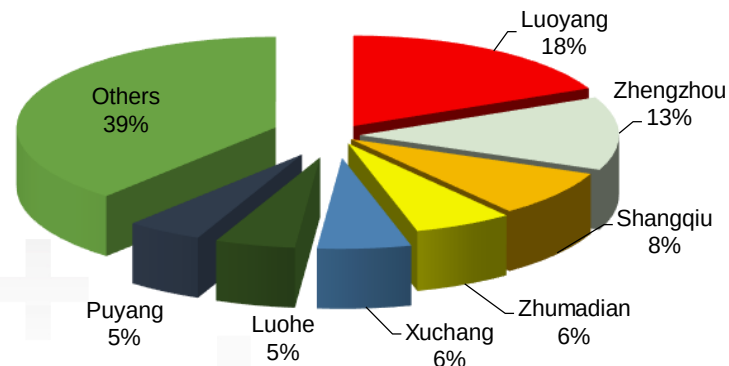
Recognized Sales and GFA sold (Breakdown by Cities)

- Recognized sales from Zhengzhou projects is RMB2,733 mn, contributing 20% of total with average GP margin of 37.6%
- Tier 3 & 4 cities contributed 63% of total recognized sales with average GP margin of 29.4%
- County level cities accounted for 17% of total recognized sales with average GP margin of 30.1%

Recognized Sales in 2018



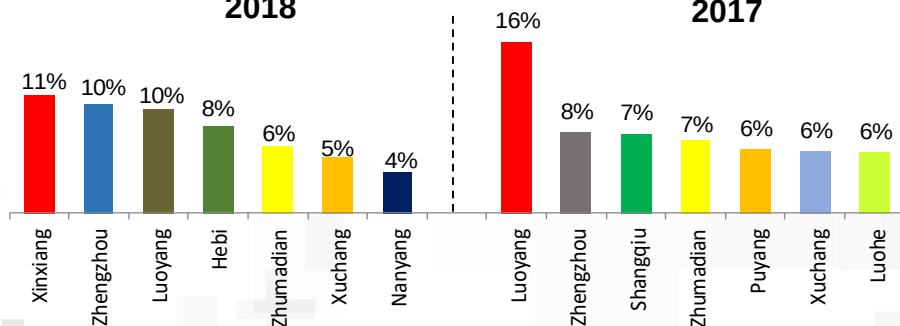
Recognized Sales in 2017



Recognized GFA

2018

2017

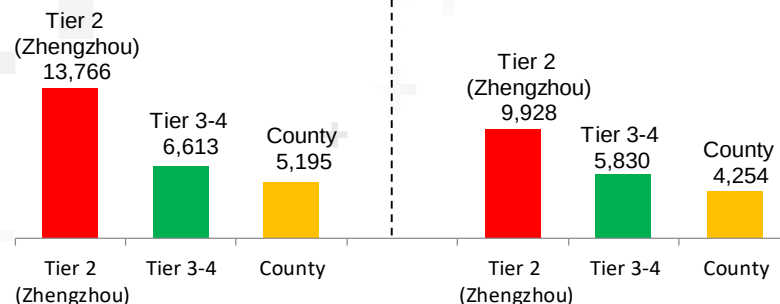


Recognized ASP (excluding carpark)

RMB per sq.m.

2018

2017



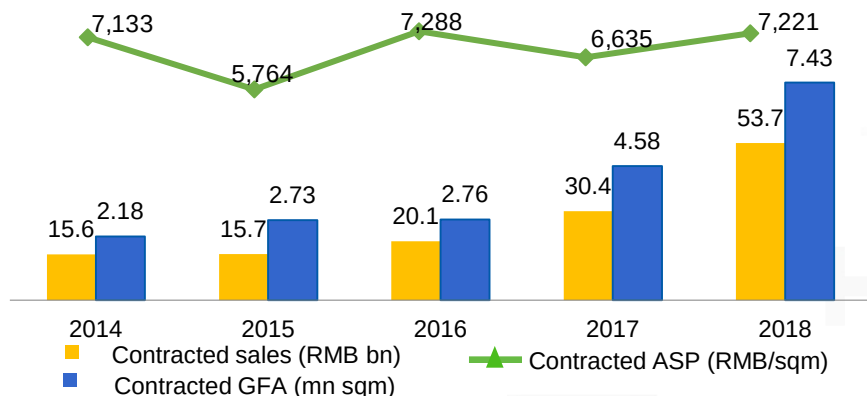
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Central China Real Estate Limited

Contracted Sales – Market Leader

- Increased market share in Henan to 9.0% in 2018, including contracted sales from light asset projects
- Contracted sales up 76.5% to RMB53.7 bn, achieving 119% of 2018 sales target of RMB45.0 bn
- Achieved sell-through rate of approximately 77% in 2018, on RMB70.0 bn saleable resources
- Contracted sales GFA up 62.2% to 7.43 mn sq.m., with 83% attributable from tier 3&4 and county level cities
- ASP was higher at RMB7,221/sq.m., on higher ASP from several tier 3/4 cities

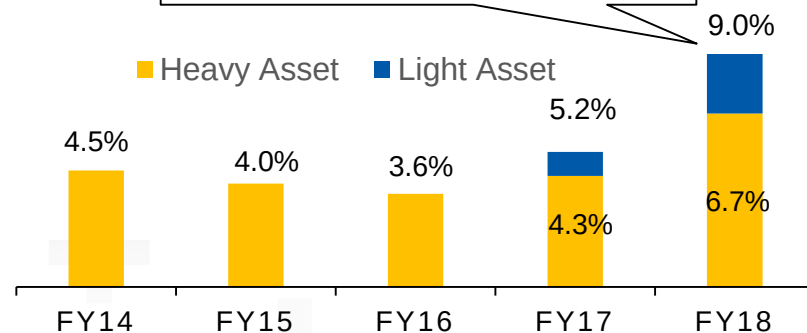
Contracted Sales & GFA & ASP

Sales 2013-2018 CAGR 30.8% GFA 2013-2018 CAGR 29.4%



Market Shares in Henan Province (a)

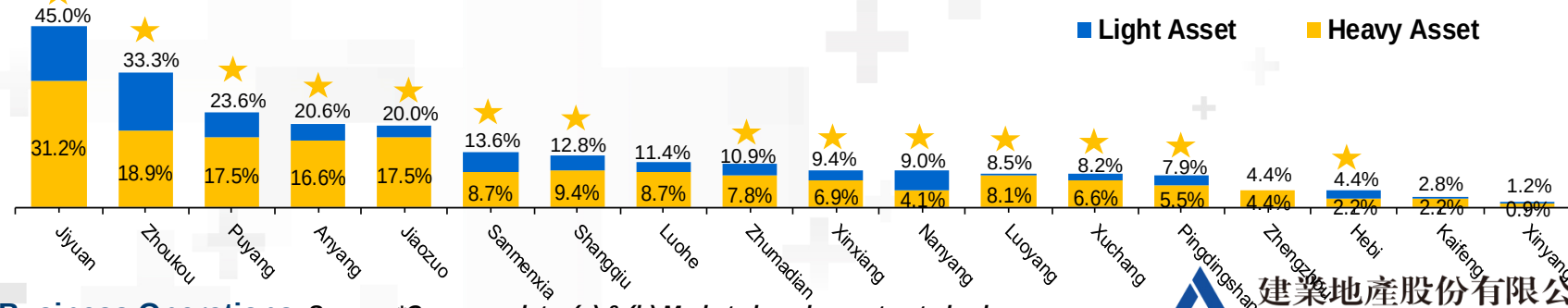
In 2018 Henan property sales grew by 13.0% while CCRE property sales increased by 76.5%



Market Share in Selected Cities (b)

% Market Share

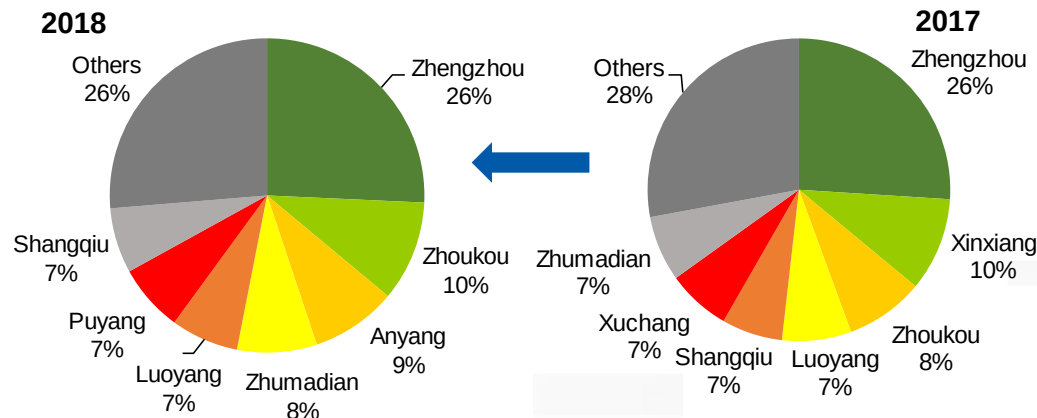
★ No. 1 market share in 14 out of 18 prefectural cities



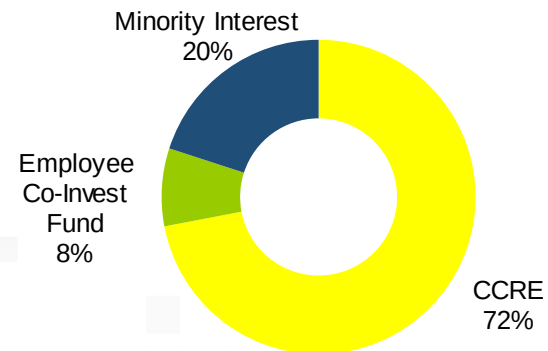
Contracted Sales Drivers in 2018

- Contracted sales were highly diversified across 91 city level projects and 47 county level projects
- Residential property contributed 98% of contracted sales with 2% from commercial sales
- Contracted sales from Zhengzhou was RMB13.8 bn, accounted for 26% of total contracted sales in 2018
- Tier 3/4 accounted for 44% of sales (vs 48% in 2017), and county level accounted for 30% of sales (vs 26% in 2017)
- Sales from properties with ASP less than 11,000 was higher at 83% in 2018 reflecting strong demand from upgraders
- Properties size between 90 to 144 sq.m. accounted for 77% of contracted sales in 2018 reflecting market demand

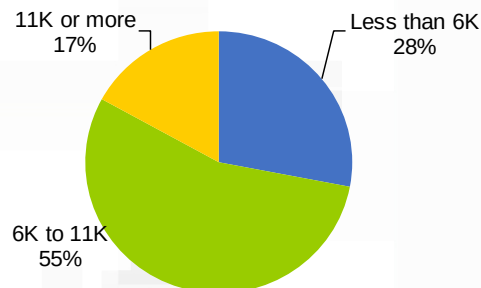
Contracted Sales by Cities



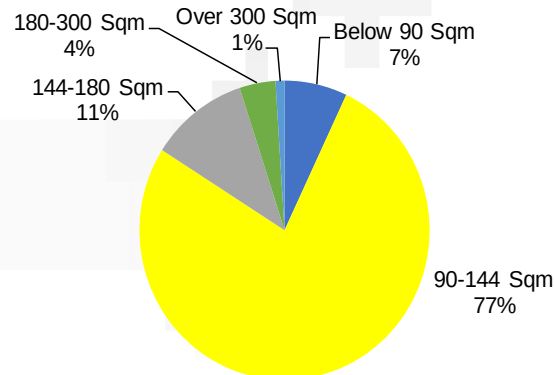
Contracted Sales by Attributable Interest



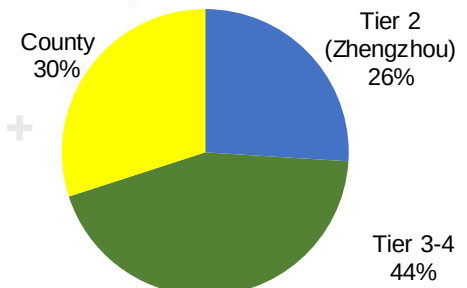
By ASP (RMB /sq.m.)



By Size



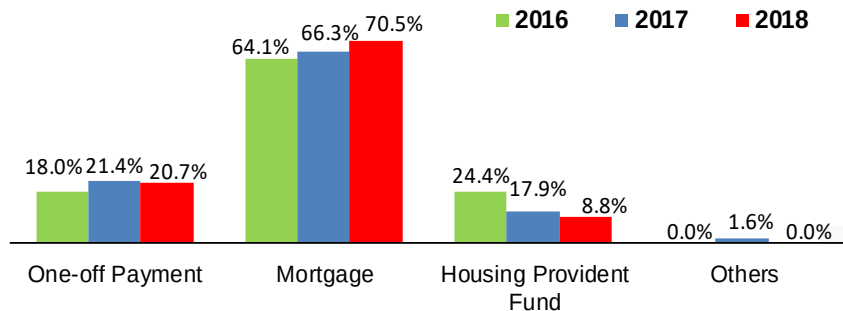
By City Level



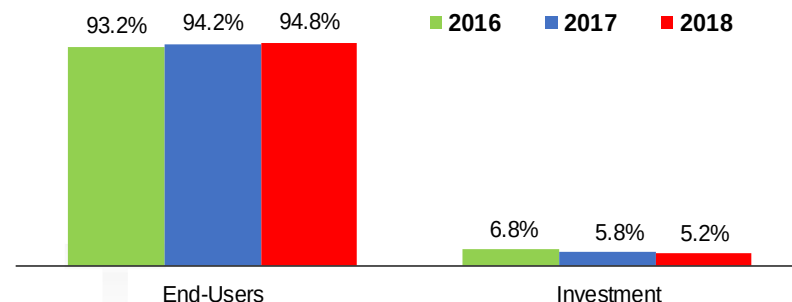
Customer Distribution

- Customer base consists of 94.8% end-users, with 96.4% were local buyers from Henan
- Cash payment buyers at 20.7%, mortgage payment buyers is higher at 70.5%, and buyers using HPF at 8.8%
- Affordable pricing with 87.7% of property unit sold under RMB1 million reflecting end-user market demand
- The number of units sold above RMB1 million was stable at 12.2% in 2018

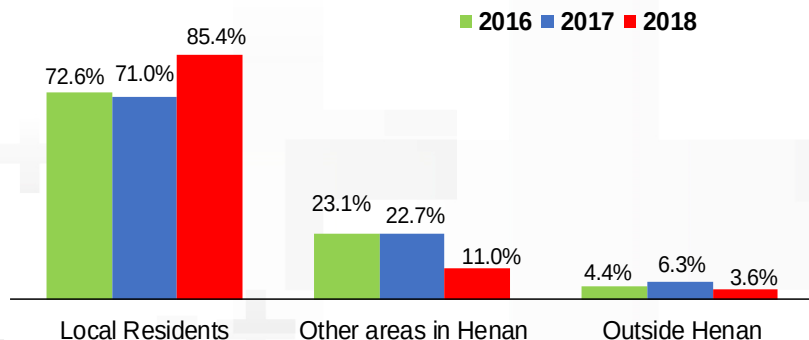
Breakdown of Purchasers by Payment Method



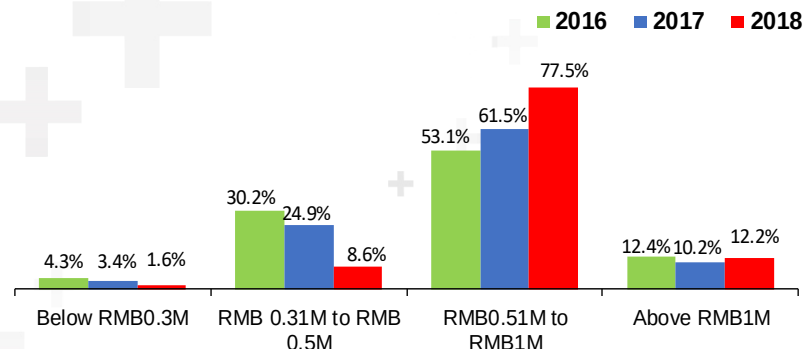
Breakdown of Purchasers by Usage



Breakdown of Purchasers by Region



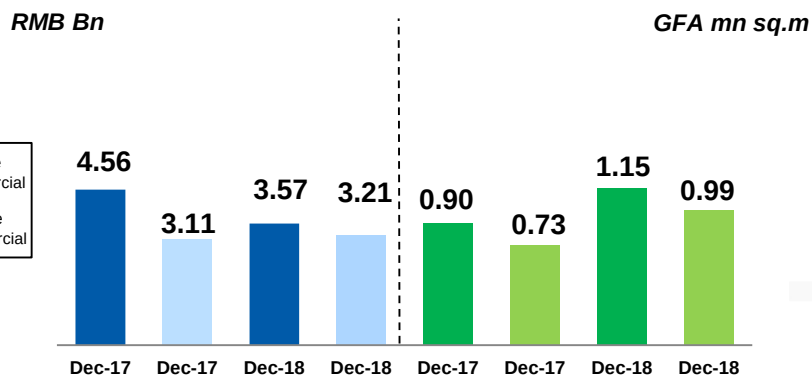
Breakdown of Purchasers by Selling Price



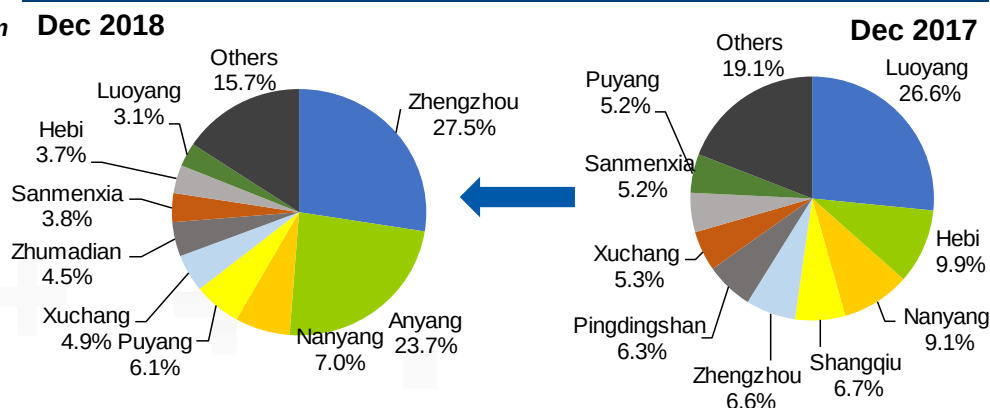
Inventory Analysis

- On 31 Dec 2018, completed properties held for sales decreased by 21.7% y-o-y to RMB3.57 bn
- Total saleable inventory GFA increased to 2.8 mn sq.m., amounting to RMB25.2 bn on 31 Dec 2018
- Saleable inventory in Zhengzhou amounted to RMB8.0 bn, representing 31.8% of total saleable inventory
- 82% of saleable inventories are residential properties and 11% is commercial (By GFA)

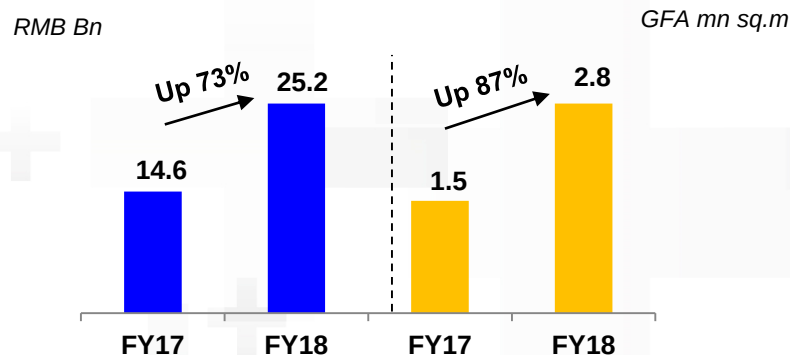
Completed Properties Held for Sales



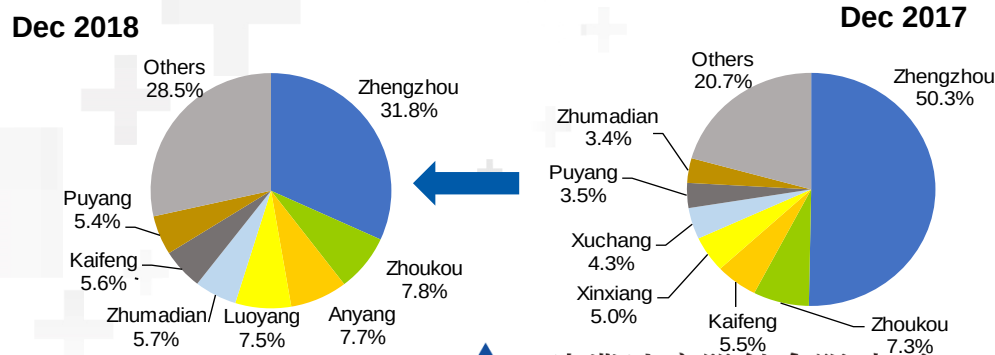
Proportion of Completed Properties Held for Sales in RMB by City



Total Saleable Inventory



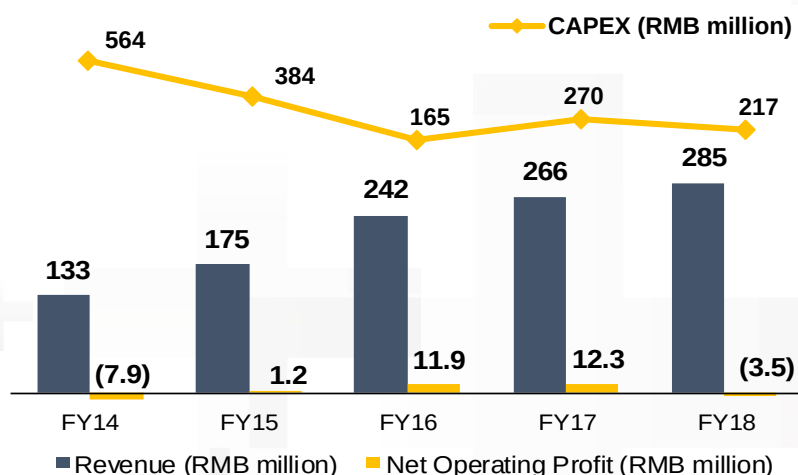
Proportion of Total Saleable Inventory in RMB by City



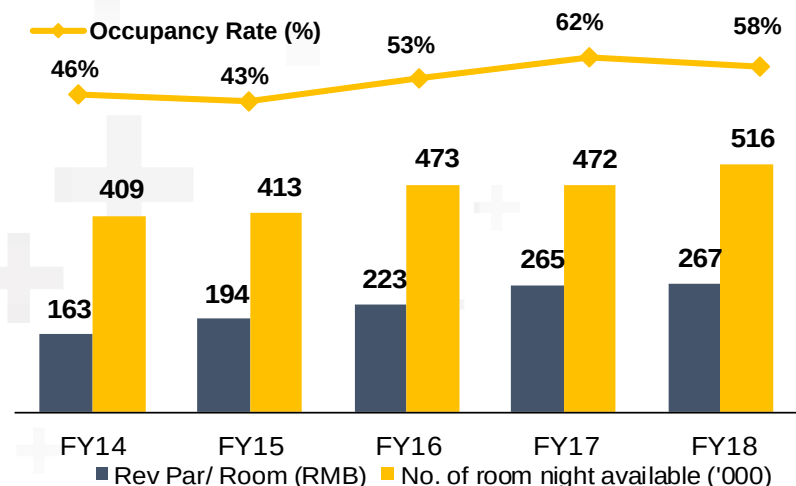
Hotel Operations – Stable Income

- ▲ In 2018 revenue from hotel operations increased by 7.2% y-o-y to RMB285 mn, with GPM of 39%
- ▲ Room revenue grew by 10.4% y-o-y to RMB138 mn, while F&B revenue increased by 8.4% y-o-y to RMB150 mn
- ▲ Average occupancy rate was slightly lowered at 58% in 2018, due to the opening of The MIST Hotspring Hotel and Sky Mansion International Service Apartment
- ▲ RevPar increased to RMB267 /room in 2018
- ▲ Net operating loss was RMB3.5mn due to new launch of The MIST Hotspring Hotel and Sky Mansion International Service Apartment
- ▲ Total CAPEX for hotel development in 2018 was down 19.6% y-o-y to RMB217 mn
- ▲ In 2018, net loss from hotel operation decreased by 15% y-o-y to RMB192 mn

Hotel Revenue and Operating Profit/ Loss vs CAPEX



Occupancy Rate vs Rev Par/ Room and no. of room available



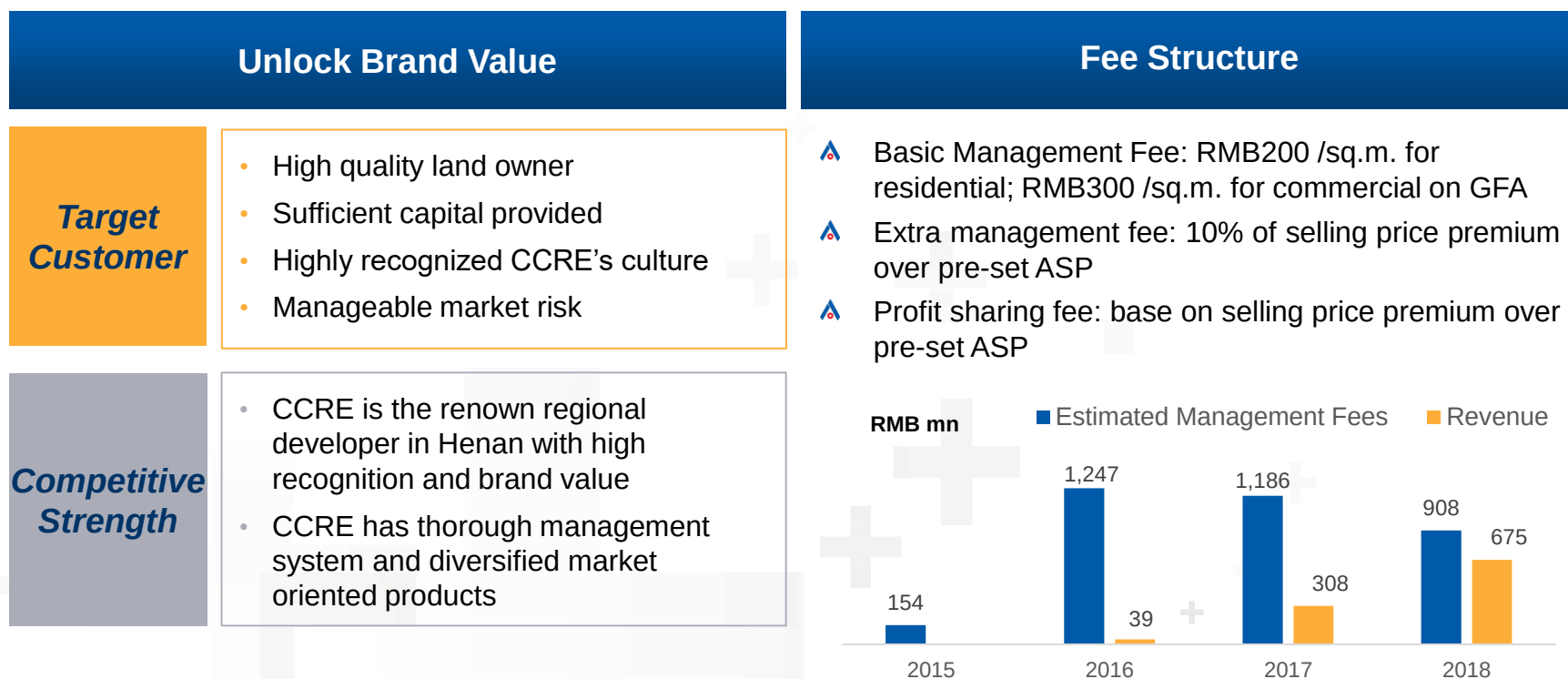
Hotel Operations

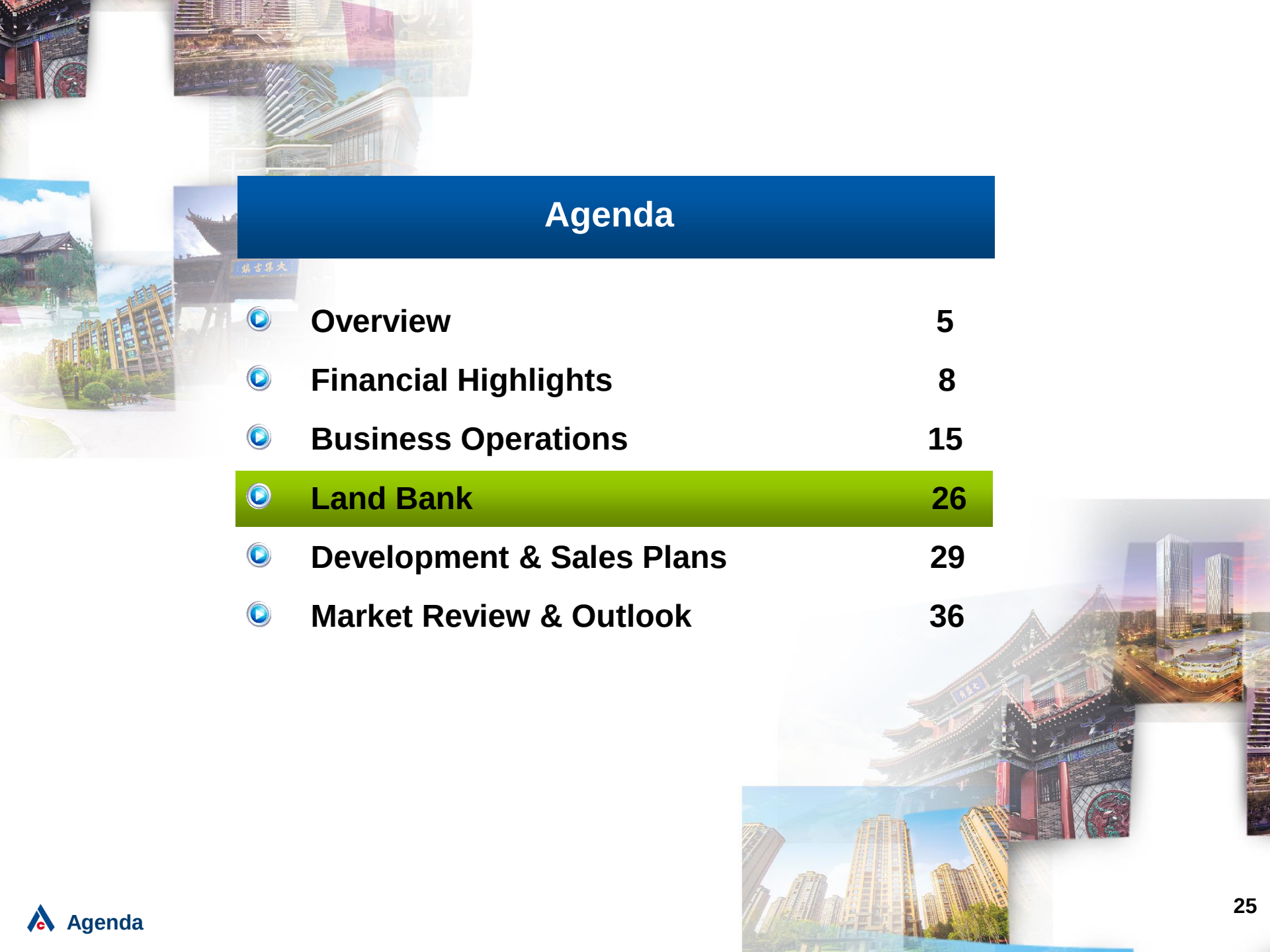


Hotel	No. of Guestrooms	Total GFA (sq.m.)	Occupancy Rate	y-o-y change	RevPar (RMB)	y-o-y change	Opening Time
Aloft Shangjie	172	19,457	84%	+10 p.p.	160	+21.2%	2011 Aug
Holiday Inn Nanyang	360	50,574	47%	-1 p.p.	165	+3.1%	2012 Aug
Four Points by Sheraton Luohe	244	37,398	62%	+1 p.p.	198	+8.8%	2012 Nov
Le Méridien Zhengzhou	350	65,007	75%	+2 p.p.	450	+0.7%	2013 Oct
Pullman Kaifeng Jianye	186	43,836	51%	-4 p.p.	393	+ 6.8%	2015 Oct
Yanling Jianye The MIST Hot Spring Hotel	51	37,140	17%	—	339	—	2018 Feb
Zhengzhou Jianye Sky Mansion Int'l Service Apartment	302	33,015	12%	—	35	—	2018 Oct
Total / Average	1,665	286,427	61%	-1 p.p.	267	+0.8%	

Light Asset Model Business

- As at 31 Dec, 2018, the light asset business model has achieved sustainable scale by securing 110 third-party projects under CCRE's Management Entrustment Contracts, with a total planned GFA of approximately 16.62 mn sq.m. up 33.4% from 12.46 mn sq.m. as at 31 December 2017
- The estimated base fee from the 110 light asset projects has increased 14.8% during 2018 to approximately RMB3,495 mn in total and to be recognized over the coming 3 to 4 years
- In 2018, revenue from the light asset model business was up 119.2% y-o-y to RMB675 mn with GPM of 91%
- Target to add 30 additional light asset projects in 2019





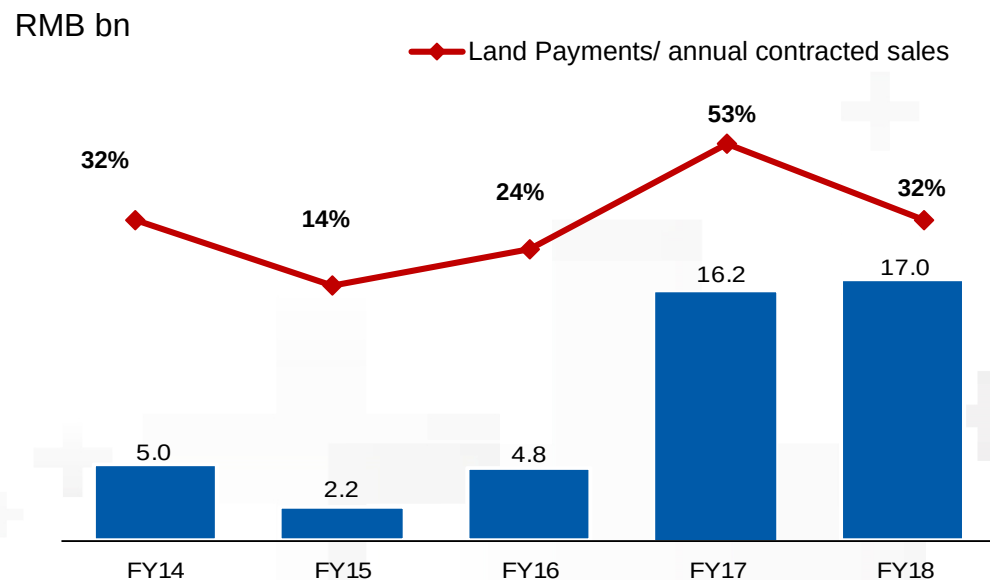
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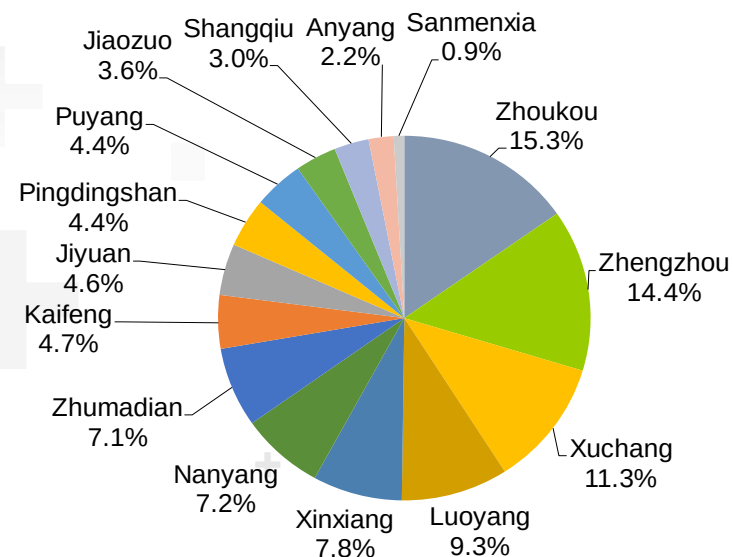
Land Acquisition Strategy in 2018

- ▲ In 2018, acquired 13.5 mn sq.m. of new land bank at an average cost of RMB1,184/sq.m.
- ▲ In 2018, Land acquisition expenditure is RMB17.0 bn, supported by strong contracted sales and cash collection, accounted for 32% of 2018 contracted sales of RMB53.7 bn
- ▲ Consistent with the Group's strategy of controlling land cost, 72% of the new land in 2018 was acquired through equity acquisition or cooperation
- ▲ In 2018, the attributable interest of the new land acquired was as high at 74%

Land Acquisition payment and
Land Acquisition payment as % of Contracted Sales



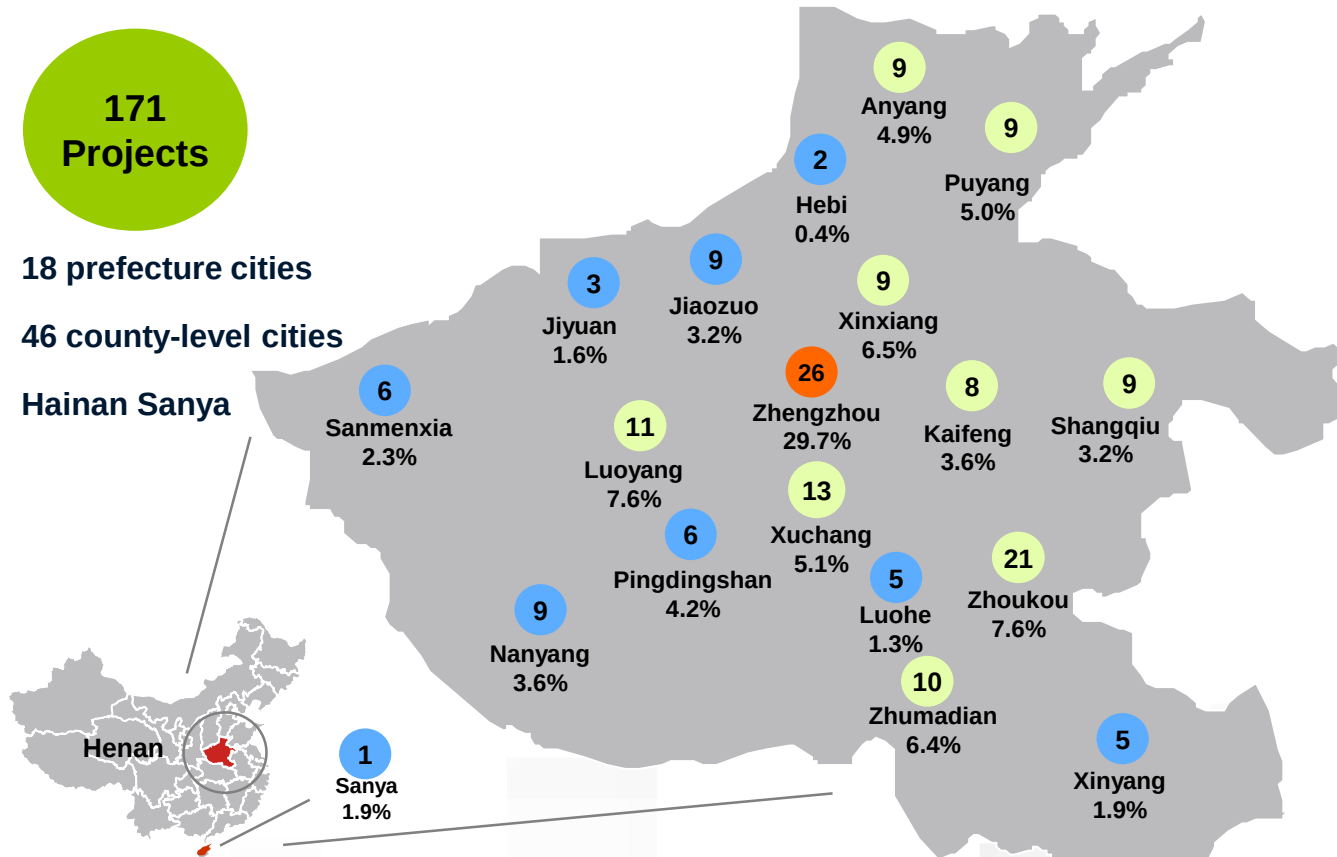
Land Acquisition by cities in 2018
(by GFA)



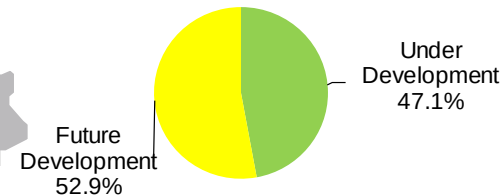
Land Reserves in Strategic Locations

171 Projects

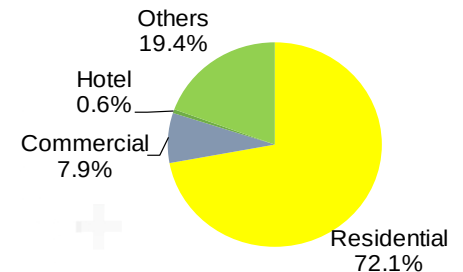
- 18 prefecture cities
- 46 county-level cities
- Hainan Sanya



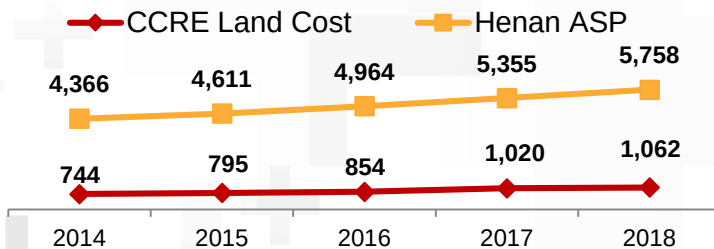
Development Stage



Property Type



Henan ASP VS. CCRE Land Cost (RMB/sq.m.)



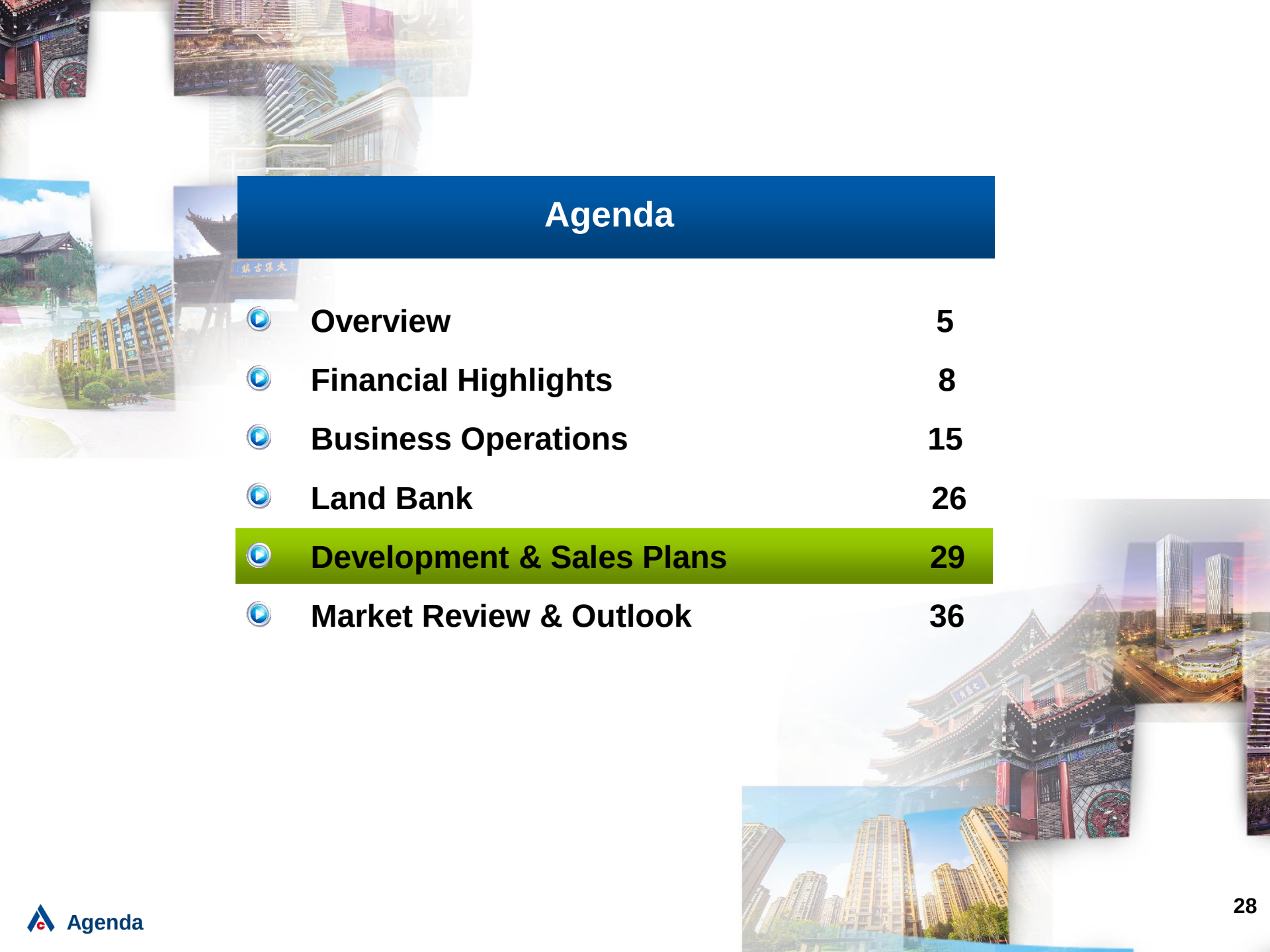
As at 31 Dec 2018:

- Total GFA of land bank: **46,076,609 sq.m.**
- Attributable GFA: **34,658,468 sq.m.**
- Average land cost: **RMB1,062 per sq.m.**

77% of land use rights obtained



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

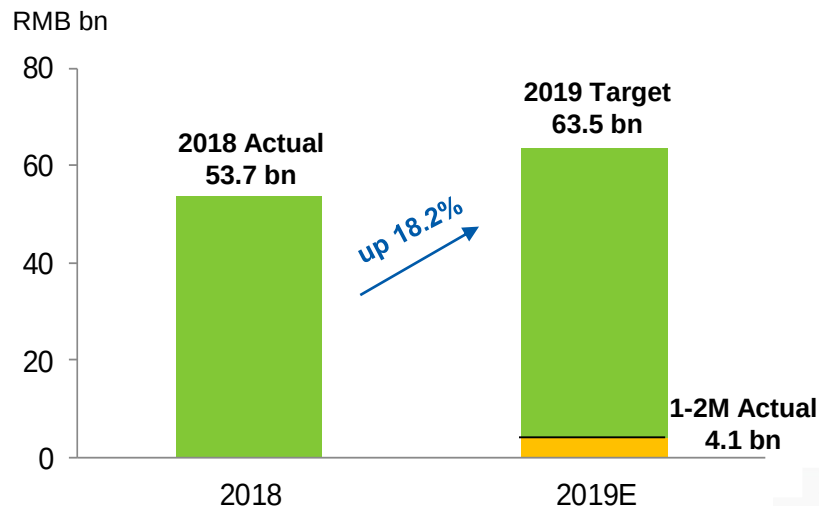


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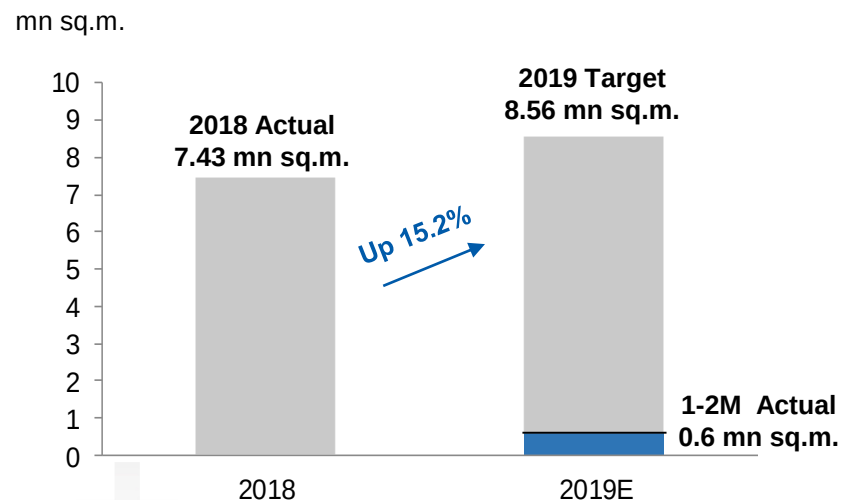
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2019 Contracted Sales Targets

Contracted Sales Target



GFA Target

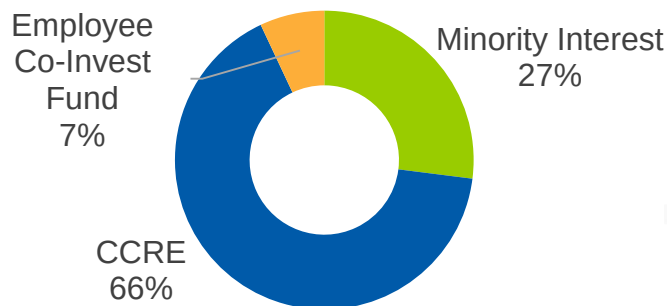


- ▲ 2019 contracted sales target of RMB63.5 bn
- ▲ Achieved contracted sales of RMB4.1 bn as at 28 Feb 2019
- ▲ Contracted sales GFA reached 0.6 mn sq.m. as at 28 Feb 2019
- ▲ Estimate ASP for 2019 to be RMB7,432/sq.m.
- ▲ Estimate total saleable resources of approximately RMB100 bn in 2019, including existing inventory (RMB25 bn) & new launches in 2019 (RMB75 bn)
- ▲ In 2019, to achieve the contracted sales target, requires a sell-through rate of approximately 63%

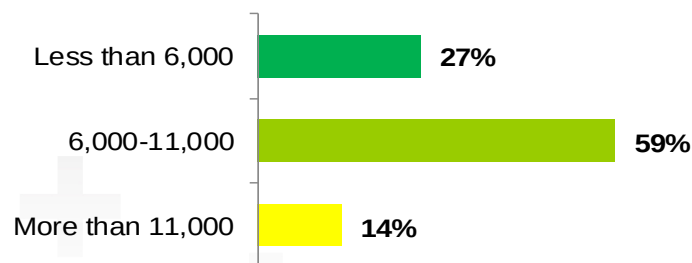
2019 Sales Plan

- 2019 contracted sales are well diversified across 176 projects in Henan with diverse price range
- Expect sales from Zhengzhou to account for 24% of total sales
- Contribution from tier 3/4 cities (outside Zhengzhou) will be around 40%
- Expect sales from 78 county-level cities projects to remain 36% in 2019
- Affordable ASP, expect 86% of contracted sales from projects with ASP less than RMB11,000/sq.m.

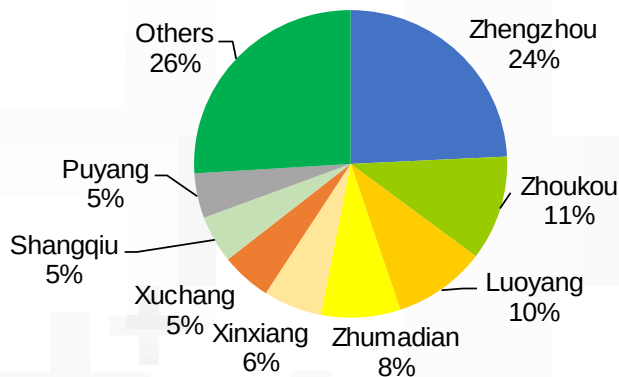
Attributable Interest



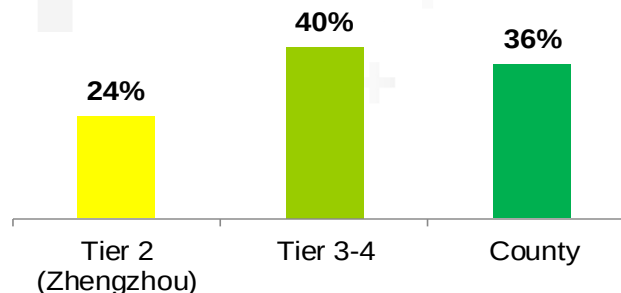
Contracted Sales by Selling Price



Contracted Sales by Cities



City Level Contribution



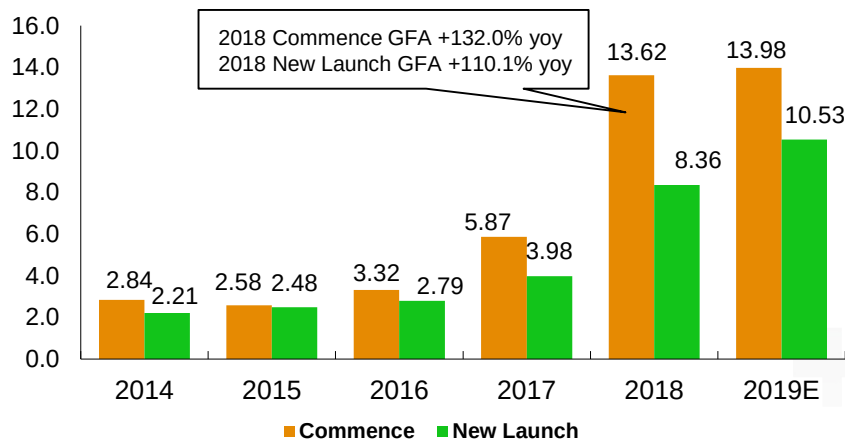
2019 Development Plan

Commence & New Launch GFA

mn sq.m.

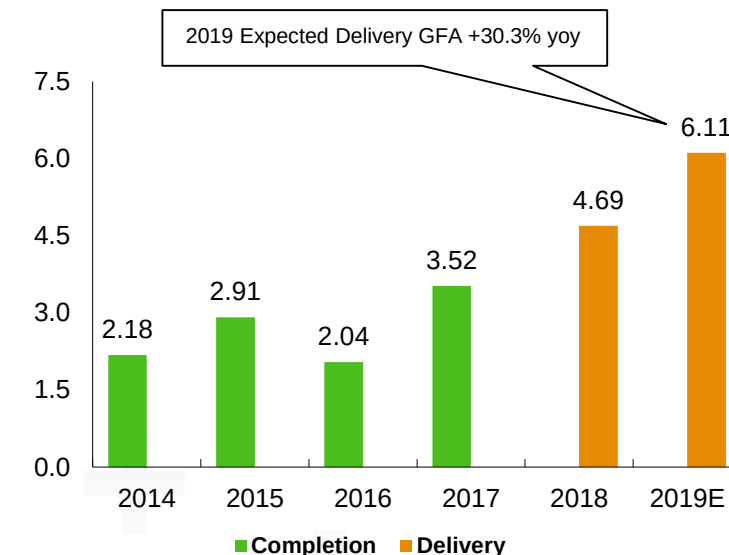
2014-2018 Commence GFA CAGR 36.9%

2014-2018 New Launch GFA CAGR 32.6%



Completion and Delivery

mn sq.m.

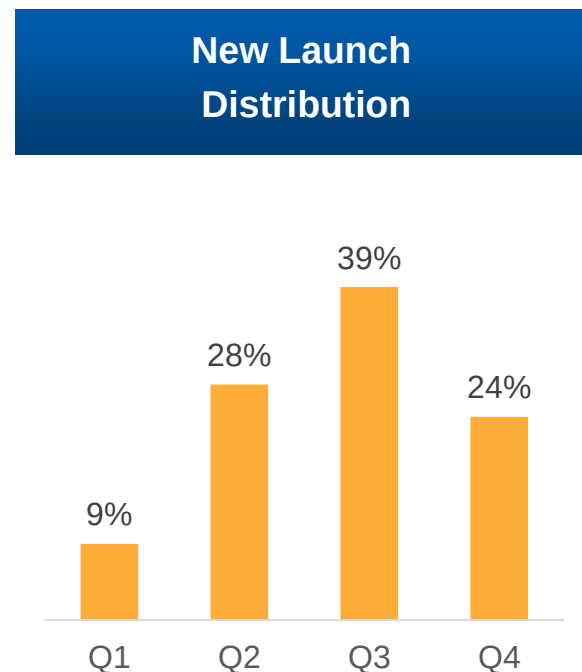


- 2019 plan to commence GFA construction of 94 projects with GFA of 13.98 mn sq.m., up 2.6% y-o-y
- 2019 plan to launch 131 projects with GFA of 10.53 mn sq.m., up 26.0% y-o-y
- 2019 estimate to deliver 53 projects with GFA of 6.11 mn sq.m., up 30.3% y-o-y
- The company expects the development plan will support the contracted sales plan in 2019



Major Projects Launch in 2019

Item	City	Project	Estimated ASP (RMB/sq.m.)	Estimated Launch (RMB mn)
1	Zhengzhou	Art of Architecture	16,000	2,686
2	Zhengzhou	Wulong Century New City	14,000	2,672
3	Zhengzhou	Shangyue Plaza	12,000-15,000	2,041
4	Zhengzhou	Tihome International City	8,400-12,000	2,038
5	Zhengzhou	Orange Garden	8,000-17,000	1,966
6	Zhumadian	Spring Time	7,000-9,000	1,951
7	Xinxiang	Chironise Palace	8,500	1,932
8	Puyang	Zhen Yue Hui	12,000	1,757
9	Xinxiang	Beverly Manor	8,000	1,685
Total				18,728



- ▲ The estimated saleable resource from the new project launch will be approximately RMB75 bn
- ▲ In 2019, the new launches to account for 118% of the 2019 targeted contracted sales of RMB63.5 bn
- ▲ Top 9 major projects launch in 2019 will account for 25% of 2019 targeted contracted sales
- ▲ Zhengzhou projects will account for 25% of new launch in sales value and 16% of GFA new launch
- ▲ New projects to be launched in major cities includes Zhengzhou (25%), Zhumadian (9%), Luoyang (8%), Xinxiang (8%) and Zhoukou (8%) (as proportion of 2019 new launch sales value)

Major Projects Launch in 2019

Zhengzhou Bei Long Hu No.24 郑州北龙湖24号地



- ◆ GFA: 50,000 sq.m.
- ◆ Location: Zhengdong New District, Bei Long Hu CBD
- ◆ Facilities: Metro, Long Hu Financial Centre, Universities, Parks
- ◆ Product: Open view low-rise
- ◆ Estimate ASP: RMB50,000/sq.m
- ◆ Land cost: RMB23,495/sq.m.

Zhengzhou Gangqu 123 郑州港区123



- ◆ GFA: 135,000 sq.m.
- ◆ Location: South of Zhengzhou Airport Experimental District
- ◆ Transportation: Planned multiple transportation and facilities
- ◆ Product: creative high-rise small units
- ◆ Estimate ASP: RMB11,000/sq.m.
- ◆ Land cost: RMB4,600/sq.m.

Luoyang Binhe Longfu 洛阳滨河珑府



- ◆ GFA: 240,000 sq.m.
- ◆ Location: Center of Chanhe District
- ◆ Developed surrounding facilities including schools, parks
- ◆ Convenient transportation
- ◆ Product: High-rise with views
- ◆ Estimate ASP: RMB10,000/sq.m.
- ◆ Land cost: RMB2,600/sq.m.

Zhumadian Spring Time 驻马店春天里

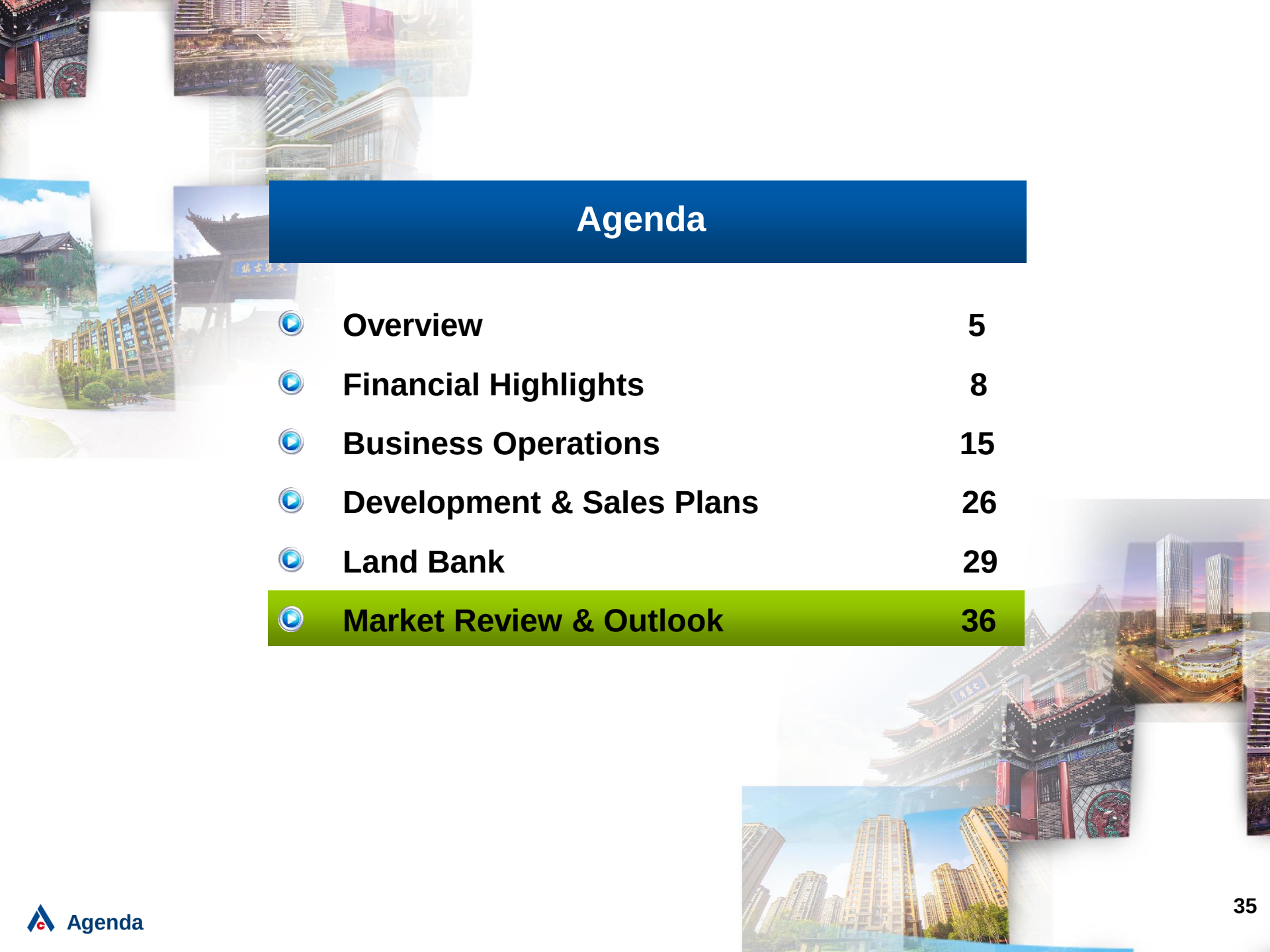


- ◆ GFA: 464,000 sq.m.
- ◆ Location: Yicheng District
- ◆ Surrounded by high end shopping malls and facilities include schools and hospital
- ◆ Product: high-rise with views
- ◆ Estimate ASP: RMB6,200/sq.m.
- ◆ Land cost: RMB1,400/sq.m.

Cash Flow Forecast for 2019

- Continue to be prudent with cash flow management, estimate net positive operating cashflow of RMB3,418 mn
- Land acquisition expenditure budget of RMB17.0 bn, with total committed land premium of RMB881 mn as at 31 Dec 2018
- Construction expenditure budget for 2019 is RMB20.5 bn, due to higher commencement and planned delivery
- Estimate cash balance of RMB21.2 bn at the year end of 2019

(RMB mn)		FY2019 (Budget)
Inflow	Cash position as at 31 December 2018	17,782
	Contracted sales receipts	48,000
	Contracted sales receipts obtained from JCEs	12,000
	Amount obtain/repaid to JCEs & Other working capital movement	(12,902)
	Bank & other loan, restricted cash inflow/(outflow)	3,000
Total Cash Inflow		50,098
Outflow	Land acquisition cashflow	17,000
	Construction expenditure budget	20,500
	Finance costs	1,750
	SG&A	4,543
	Tax (LAT & CIT)	2,557
Dividend		330
Total Cash Outflow		46,680
Cash position as at 31 December 2019 (E)		21,200



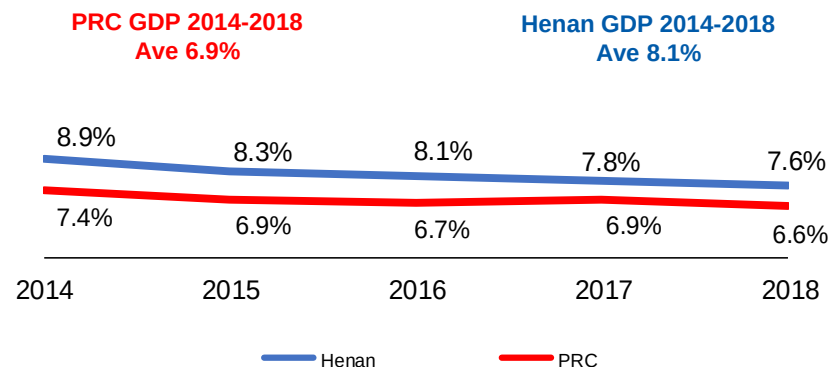
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Market Review

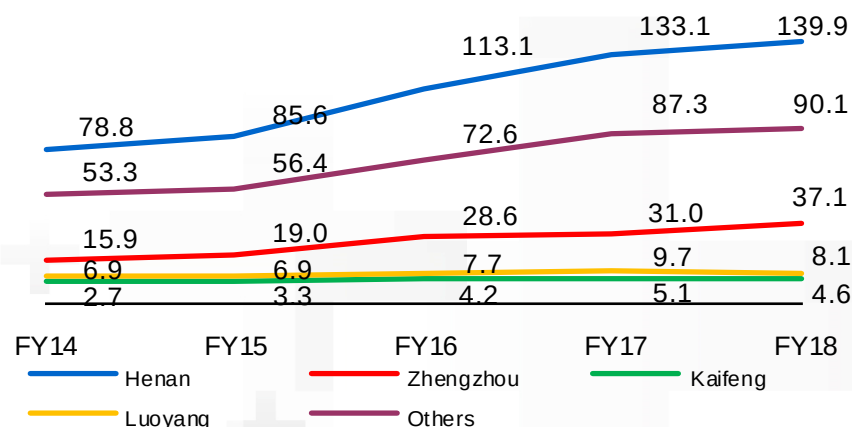
- ▲ In 2018, Henan's GDP reached RMB4.8 trillion (5.3% of China's total GDP), achieving real GDP growth of 7.6%, which was 1.0 p.p. higher than the national growth rate of 6.6%
- ▲ In 2018, in terms of GFA sold, Henan property market up 5.1% y-o-y, above the national property GFA sold growth of 1.3%
- ▲ Contracted sales volume was strong across all the 18 major cities in Henan lead by Jiyuan with sales volume growth of 30.2% y-o-y and Zhengzhou sales volume grew by of 19.8% y-o-y
- ▲ Lower tier 3 & 4 cities in Henan are displaying strong recovery and positive long-term trend with strong volume growth in Luohe +29.3%, Xuchang +20.8%, Zhumadian +19.9%, Zhoukou +18.3% and Pingdingshan +16.1%

Above Average Real GDP Growth

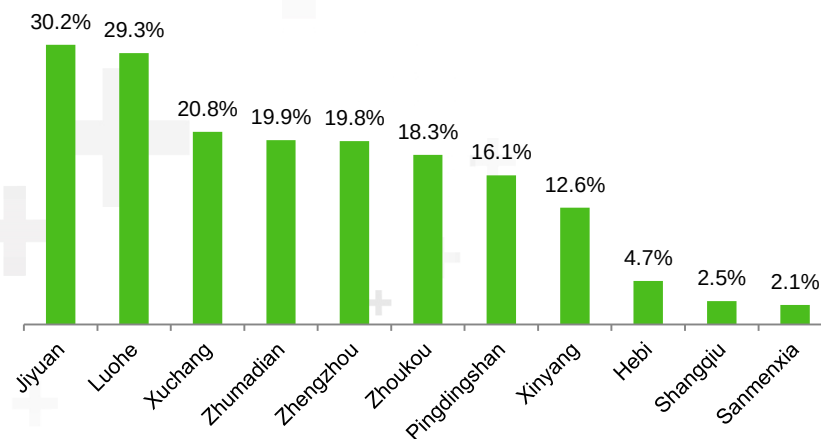


Contracted Sale GFA

Henan 2014-2018 15.4% CAGR ZZ 2014-2018 23.6% CAGR KF 2014-2018 14.2% CAGR LY 2014-2018 4.1% CAGR Others 2014-2018 14.0% CAGR



2018 Contracted GFA Sold Growth by Cities

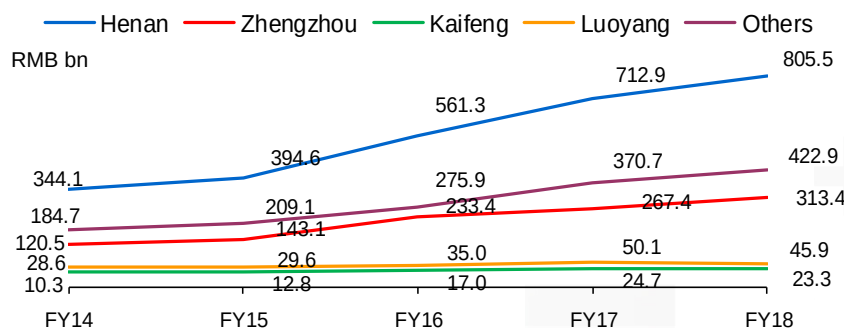


Market Review (cont'd)

- ▲ In 2018, Henan total contracted sales grew by 13.0% y-o-y to RMB805.5 bn (5.4% of China's total contracted sales) vs nationwide growth rate of 12.2% y-o-y
- ▲ Henan's ASP grew by 7.5% y-o-y to RMB5,758/ sq.m. vs nationwide ASP growth of 10.7% at RMB8,737 /sq.m.
- ▲ Contracted sales was strong across all major cities in Henan lead by Jiyuan which grew by 66% y-o-y
- ▲ Zhengzhou contracted sales grew by 17.2% y-o-y, representing 38.9% of the Henan property market, with Zhengzhou ASP decreasing by 2.2% y-o-y to RMB8,443/sq.m.

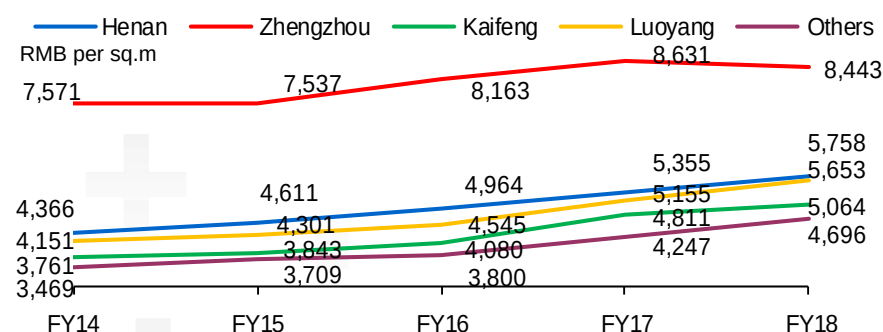
Contracted Sales

Henan 2014-2018 23.7% CAGR ZZ 2014-2018 27.0% CAGR KF 2014-2018 22.6% CAGR LY 2014-2018 12.6% CAGR Others 2014-2018 23.0% CAGR

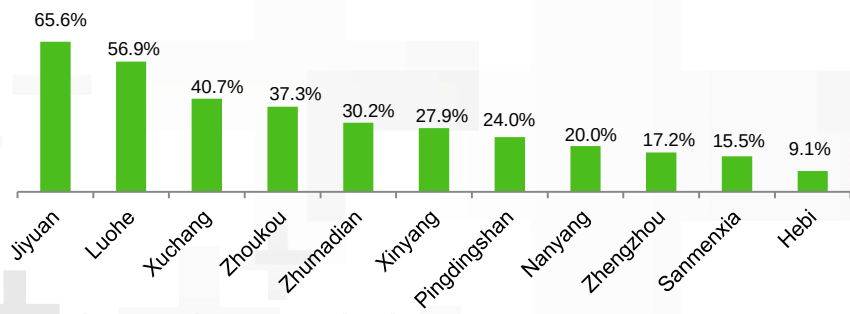


ASP

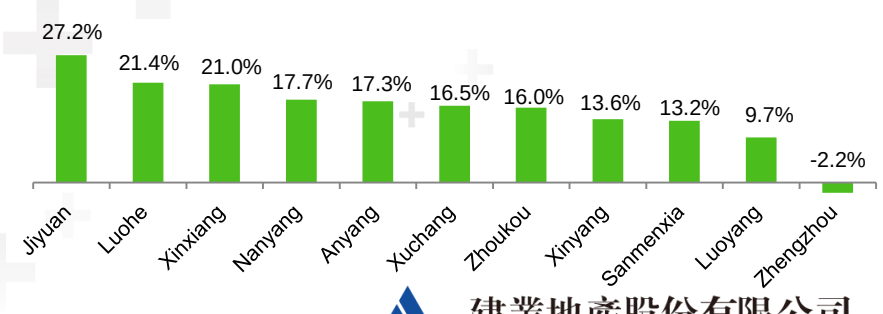
Henan 2014-2018 7.2% CAGR ZZ 2014-2018 2.8% CAGR KF 2014-2018 7.7% CAGR LY 2014-2018 8.0% CAGR Others 2014-2018 7.9% CAGR



2018 Contracted Sales Growth by Cities



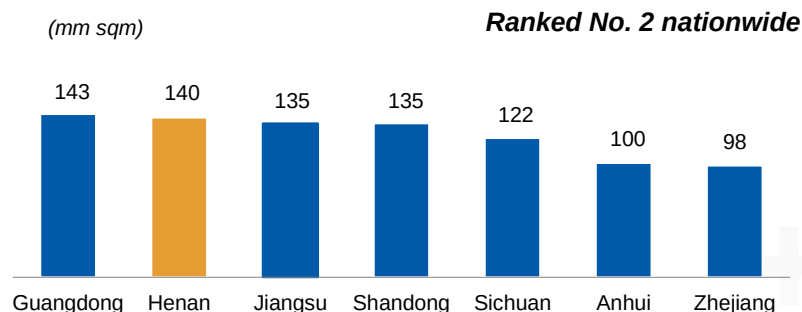
2018 ASP Growth by Cities



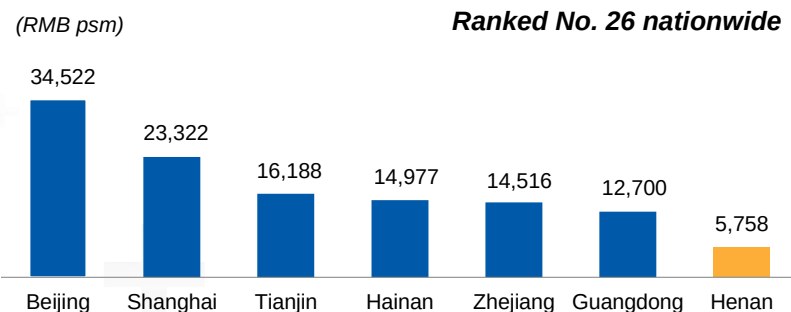
A Market with Strong Growth Potential

- ▲ Henan has a large population of 108 mn with rising disposable income per capita at RMB31,874 in 2018, up 7.8% y-o-y
- ▲ Rising urbanization rate of Henan at 51.7% in 2018 (up 1.5 p.p.) vs nationwide average urbanization rate of 59.6% (up 1.1 p.p.)
- ▲ Currently ranked 5th largest economy in China with GDP approximately USD716 billion, representing 5.3% of China's total GDP for 2018
- ▲ Property market ranked 2nd largest by GFA sold, represent 7.9% of China's total property GFA sales for 2018
- ▲ End-user market with high affordability, with average housing price at 6.0 times annual household disposal income

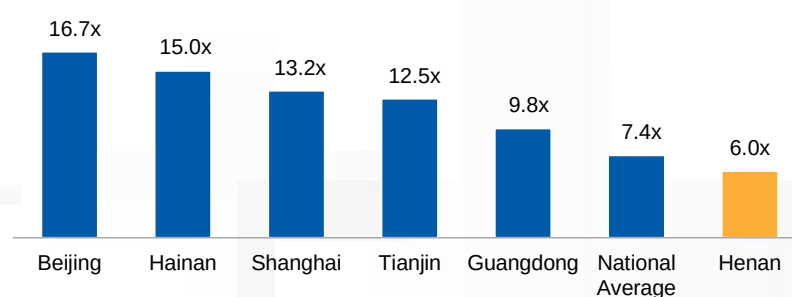
2018 Contracted Sales GFA – Sizeable Market



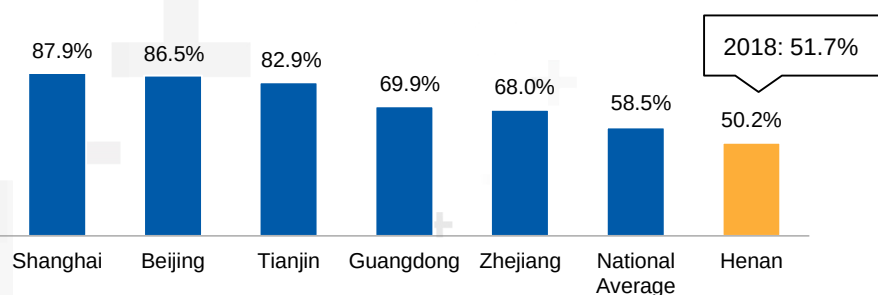
2018 ASP³ – Significant Room for Growth (RMB psm)



2018 Affordability Ratio² – Highly Affordable Properties



2017 Urbanization Rate – Strong Underlying Potential



Source: Provincial Statistics 2017 & 2018;

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

- ▲ In 2018, China achieved a GDP of approximately RMB90.03 trillion, representing a year-on-year increase of 6.6%, slightly above the pre-set target of around 6.5%. The company expects China's economy to maintain stable growth while continuing with supply-side structural reform of the economy to achieve sustainable growth.
- ▲ During the year, Henan province continued to thoroughly implement strategies formulated by the government by pressing ahead with supply-side structural reform to achieve considerable progress in transformation and upgrades, successively shift from old to new growth drivers, improve quality and effectiveness of economic development. In 2018, Henan Province achieved a GDP of approximately RMB4.81 trillion, representing a year-on-year increase of 7.6%, which is 1.0 percentage point higher than the national average. The company expects the Henan economy continue to expand and benefit from national economic strategies like the 'One Belt and One Road Initiative' and the development of 'Central Metropolitan'.

The Property Market

- ▲ In 2018, central government has further emphasized on the general principle of the "houses are built to be inhabited, not for speculation" policy with differentiated regulations implemented for different market conditions in different cities. On the demand side, the local governments have increased their efforts in market supervision and curbing speculation on real estate, aiming to protect people's reasonable demands for housing; on the supply side, they focused on adjustment to the housing supply structure, while vigorously developing the residential leasing market and increasing supply of affordable housing such as houses with joint property rights.
- ▲ During the year, Zhengzhou has maintained its strict control over the real estate market. The destocking of property inventory process has achieved a satisfactory results.



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

Q&A

Thank you!

根植中原 造福百姓

胡海森

