

Central China Real Estate Limited is one of the leading Henan-based property developers which focuses on developing high-quality residential properties. With 27 years of development history, CCRE has adopted the "Provincial Strategy" and gradually expanded into prefecture and county-level cities in Henan. As of 31 December 2018, the Company had presence in 18 prefecture cities and 77 county-level cities in Henan province. Known for its outstanding product quality, strong brand and experienced management team, the Company ranked 26th on the "China Real Estate Listed Company Ranking List", according to "Evaluation and Research Report on the Listed Real Estate Companies in the PRC in 2018" jointly published by China Real Estate Association and China Real Estate Appraisal. CCRE also ranked 4th among Hong Kong-listed mainland Chinese property companies in terms of performance and remains the top real estate developer in Henan province.

### LATEST NEWS

**CCRE Achieved Total Contracted Sales of RMB54,180 mn in the first eight months of 2019, up 30.8% y-o-y**

	Jan - Aug 2019	Jan - Aug 2018	Y-o-Y change
Heavy Assets	35,834	31,791	12.7%
Light Assets	18,346	9,622	90.7%
<b>Contracted Sales Total (RMB mn)</b>	<b>54,180</b>	<b>41,413</b>	<b>30.8%</b>
Heavy Assets	4,923,557	4,320,410	14.0%
Light Assets	3,238,975	1,913,891	69.2%
<b>Contracted Sales GFA Total</b>	<b>8,162,532</b>	<b>6,234,301</b>	<b>30.9%</b>
Heavy Assets	7,278	7,358	-1.1%
Light Assets	5,664	5,027	12.7%
<b>Average selling price per sq.m. (RMB) Total</b>	<b>6,638</b>	<b>6,643</b>	<b>-0.1%</b>

For the first eight months of 2019, the contracted sales of Group's heavy asset segment was RMB35,834 million, representing a lock-in ratio of 56.4% of the Group's annual sales target of RMB63,500 million for 2019.

In the month of August 2019, the Group achieved property contracted sales of RMB9,319 mn, representing a y-o-y increase of 62.9%. With a contracted sales gross floor area ("GFA") of 1,439,456 sq.m., representing a y-o-y increase of 64.3%. The ASP for August 2019 amounted to RMB6,474 /sq.m., representing a y-o-y decrease of 0.8%.



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### Stock Data (As at 12 Sep 2019)

**Price/share:**  
HK\$ 3.34

**Market Cap:**  
Approximately HK\$9.1 bn

**52-Week Range:**  
HK\$2.74 – HK\$4.15

**Shares Outstanding:**  
2,732 mn shares

Composition of Hang Seng Stock Connect Hong Kong Index; Hang Seng Stock Connect Hong Kong MidCap & SmallCap Index; Hang Seng Stock Connect Hong Kong SmallCap Index; Hang Seng SCHK Mainland China Companies Index and Hang Seng SCHK ex-AH Companies Index



**The monthly heavy assets contracted sales in August were supported by:**

- i. Zhengzhou projects accounted for approximately 18% of the sales;
- ii. Tier 3 & 4 cities projects in Henan accounted for 58% of the sales;
- iii. County level cities projects in Henan contributed 24% of the sales;
- iv. Contracted sales continues to be diversified, with sales contribution from 136 projects located in the 2nd, 3rd, 4th tier cities and county level cities in Henan;
- v. 99% of contracted sales came from projects unaffected by HPR (HPR only in Zhengzhou)

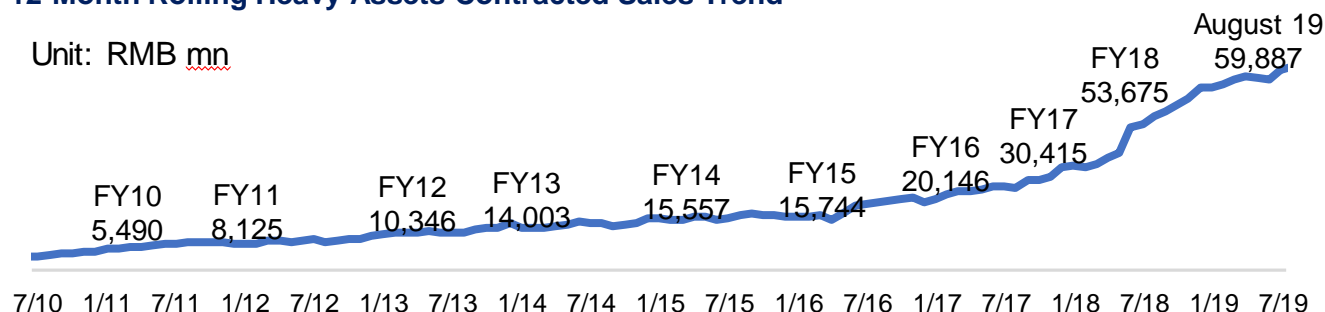
**Summary Breakdown of the Heavy Assets Contracted Sales in August 2019:**

City	Project Name	Contracted Sales (RMB mn)	Contracted Area (sq. m.)	ASP (RMB/ sq. m.)
Luoyang	Dingding Palace	546	65,761	8,309
Zhoukou	Taikang Happy Place (East Area)	239	43,315	5,515
Xinxiang	Chinoiserie Palace	238	28,043	8,479
Zhengzhou	Metro Polis	221	21,418	10,331
Xinxiang	Wuzhi Star World	215	39,194	5,479
Zhengzhou	Gongyi Spring Time(The Fifth Phase)	177	21,843	8,138
Xinxiang	Changyuan Forest Peninsula	166	23,033	7,217
Jiyuan	Blossom Garden	142	22,044	6,436
Zhoukou	Jianye City	136	23,858	5,688
Luohe	Xicheng Forest Peninsula	129	17,457	7,369
Anyang	Art of Architecture	121	18,465	6,562
Puyang	Zhen Yue Hui	120	18,542	6,506
Zhengzhou	Zhengxi U-Town	102	14,722	6,955
Zhengzhou	Jian Ye Sky Mansion	91	1,532	59,627
Xinxiang	Jianye Beverly Manor	86	12,432	6,955
Xuchang	Chinoiserie Palace	85	9,511	8,946
Shangqiu	Park Lane (Central Garden)	80	12,303	6,512
Zhengzhou	Art Mansion	80	5,429	14,665
Luoyang	Science City	77	8,524	9,047
Luoyang	Long Cheng Dong Wang	75	8,814	8,475
	Others	1,947	290,895	6,693
<b>Total</b>		<b>5,074</b>	<b>707,135</b>	<b>7,177</b>



## 12-Month Rolling Heavy Assets Contracted Sales Trend

Unit: RMB mn



## Major Project Launch

In the month of August, CCRE launched 8 new projects/phases. The aggregate saleable resource of the new launch is RMB 1,616 mn. The first day of launch achieved an average sales/subscription rate of 78%, with sales subscription to be converted into contracted sales over the coming months.

### A Summary of the Major Projects Launched in August 2019 is Provided Below :

Project	Launch Date	Saleable Contracted Sum (RMB Mn)	Amount Sold in the First Day of Sales Launch (RMB Mn)	Sales / Saleable (%)	Saleable GFA (sq.m.)	GFA Sold in the First Day (sq.m.)	GFA Sold / Saleable (%)
Dingding Palace Phase III Batch I	10/8/2019	823	747	91%	104,165	94,262	90%
Dingding Palace Phase III Batch I Carpark	10/8/2019	70	44	63%	623	396	64%
Taikang Happy Place	17/8/2019	336	240	71%	61,972	43,754	71%
Changchun Forest Peninsula Phase I Carpark	23/8/2019	97	36	37%	947	452	48%
Jianye LuanZhou House Phase I Batch I	24/8/2019	332	316	95%	58,410	55,510	95%
Yongcheng Jianye U- Town Phase IV Carpark	24/8/2019	24	13	54%	317	171	54%
Anyang Tonghe House Phase I	25/8/2019	276	170	62%	41,989	22,439	53%
Tangyin Jianye Central Garden	31/8/2019	117	50	43%	24,101	10,009	42%
<b>Total</b>		<b>2,075</b>	<b>1,616</b>	<b>78%</b>	<b>292,524</b>	<b>226,992</b>	<b>78%</b>

## Land Acquisition

In accordance with our development strategy, in August 2019, the Company acquired a total of 7 new land plots in Pingdingshan, Yuzhou, Xinmi, Zhumadian, Xinyang, Luyi County in Zhoukou and Luohe, with a land premium attributable to CCRE of RMB750 mn and an estimated attributable GFA of 586,045 sq.m. with average land cost of RMB1,118/sq.m..



A Summary of the Land Acquisition in 2019 (as at 31 August) 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.)	Attributable Total Land Premium (RMB Mn)	Attributable GFA (sq.m.)	CCRE Int (%)
16/1/2019	Luanchuan Project First Land	Luoyang Luanchuan	Land Auction	R, C, K	495	283,318	112	226,654	80%
21/1/2019	North Longhu No.24 Land	Zhengzhou	Land Auction	R, K	15,612	84,550	1,320	84,550	100%
24/1/2019	Xincal Sweet-Scented Osmanthus Garden	Zhumadian	Land Auction	R, C, K	632	146,673	47	74,803	51%
25/1/2019	Xiangcheng CCRE Mall	Xuchang Xiangcheng	Land Auction	R, C, K	974	327,136	319	327,136	100%
29/1/2019	Nanzhao Binhe Road Project	Nanyang Nanzhao	Land Auction	R, C, K	365	310,354	58	158,281	51%
31/1/2019	Blossom Garden	Zhengzhou	Land Auction	R, C, K	1,722	57,431	99	57,431	100%
26/2/2019	North Longhu No.27 Land	Zhengzhou	Land Auction	R, C, K	15,057	111,580	1,680	111,580	100%
8/3/2019	North Longhu No.25 Land	Zhengzhou	Land Auction	R, K	15,302	164,683	2,520	164,683	100%
11/3/2019	Xingye Avenue Project	Anyang	Equity Cooperation	R, C, K	1,344	211,378	145	107,803	51%
19/3/2019	Yuzhou Wuwan District BH11# Land	Xuchang Yuzhou	Land Auction	R, C, K	825	90,479	75	90,479	100%
25/3/2019	Luyi Jianye City Phase 9&10	Zhoukou Luyi	Land Auction	R, C, K	1,209	150,186	154	127,658	85%
3/4/2019	Shangqiu Luxin Project	Shangqiu	Equity Cooperation	R, C, K	403	194,910	15	54,750	28%
12/4/2019	Qishuiguan Road Project	Hebi	Land Auction	R, K	2,034	109,121	113	55,652	51%
12/4/2019	Linying Huanglong Road Project	Luohe Linying	Land Auction	R, K	900	147,948	133	147,948	100%
23/4/2019	Quyuan Avenue Project	Zhumadian Suiping	Land Auction	R, C, K	976	141,424	138	141,424	100%
30/4/2019	Xiadu Avenue Project	Anyang Tangying	Equity Cooperation	R, C, K	633	142,156	49	78,186	55%
10/5/2019	Xinyuan Lijiao Project	Xinxiang	Land Auction	R, C, K	769	110,602	85	110,602	100%
21/5/2019	Qinnianjie Project	Xinyang Huaibin	Land Auction	R, C, K	1,360	119,793	163	119,793	100%
24/5/2019	Kaifeng New District 7th Street Project	Kaifeng	Land Auction	R, C, K	3,023	187,192	566	187,192	100%
30/5/2019	Wine Factory Project	Shangqiu Minquan	Equity Cooperation	R, C, K	632	189,062	71	112,870	60%
11/6/2019	Jidu Road Project	Jiyuan	Equity Cooperation + Land Auction	R, C, K	1,442	98,946	73	50,463	51%
12/6/2019	Chinoiserie House Phase II	Zhoukou	Equity Cooperation + Land Auction	R, C, K	1,192	285,233	173	145,469	51%
14/6/2019	Tuanjie Road Project	Zhumadian	Equity Cooperation + Land Auction	R, C, K	1,042	273,083	154	147,465	54%
18/6/2019	Zhongyang Street Project	Shangqiu Sui	Equity Cooperation + Land Auction	R, C, K	885	114,751	102	114,751	100%
20/6/2019	Zhongshan North Street Project (C)	Kaifeng Lankao	Land Auction	C, K	1,246	20,190	25	20,190	100%



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20/6/2019	Zhongshan North Street Project (R)	Kaifeng Lankao	Land Auction	R, C, K	832	175,602	146	175,602	100%
20/6/2019	Fengming Road Project	Pingdingshan	Equity Cooperation	R, C, K	1,984	104,157	105	53,120	51%
28/6/2019	Xiping Honghe Park Project	Xiping Zhumadian	Equity Cooperation	R, C, K	810	108,661	48	59,764	55%
29/6/2019	Dengfeng Songyue Mansion	Dengfeng	Land Auction	R, C, K	1,489	60,473	90	60,473	100%
2/7/2019	Pingyi County Checheng Avenue Project	Zhumadian	Land Auction	R, C, K	769	133,556	103	133,556	100%
2/7/2019	Fuyang Zhongke Yilin Project	Xingyang	Equity Cooperation	R, C, K	1,671	193,062	106	63,710	33%
5/7/2019	Spring Time	Shangqiu Sui	Land Auction	R, C, K	1,459	233,517	341	233,517	100%
5/7/2019	Daobei Project	Shangqiu Sui	Land Auction	R, C, K	1,035	267,442	277	267,442	100%
5/7/2019	Fushang Avenue Project	Shangqiu Sui	Land Auction	R, C, K	1,506	321,278	484	321,278	100%
5/7/2019	Yichuan Green House	Luoyang Yichuan	Land Auction	R, C, K	790	231,641	183	231,641	100%
9/7/2019	Chengmai Old Town Project	Hainan	Equity Cooperation	R, C, K	2,167	75,591	156	71,811	95%
9/7/2019	Yucheng People's Park Project	Zhumadian	Land Auction	R, C, K	662	388,141	257	388,141	100%
12/7/2019	Xuchang Demonstration Zone FD09-2 Project	Fuyang	Equity Cooperation	R, C, K	1,734	214,919	261	150,443	70%
18/7/2019	Hemei Avenue Project	Shangqiu Sui	Land Auction	R, C, K	2,089	234,038	249	119,360	51%
18/7/2019	Luohe Danjiang Road Project	Shangqiu Sui	Land Auction	R, C, K	1,857	84,044	156	84,044	100%
25/7/2019	Huixian South-to-North Water Transfer Project	Shangqiu Sui	Land Auction	R, C, K	484	844,015	408	844,015	100%
30/7/2019	Nanyang Bamboo Market Project	Nanyang	Land Auction	C, K	3,019	138,700	419	138,700	100%
30/7/2019	Xixian Longhu Area Project	Xinyang Xixian	Land Auction	R, C, K	806	168,455	136	168,455	100%
5/8/2019	Pingdingshan Guangming Road Project	Pingdingshan	Land Auction	R, C, K	1,488	136,228	203	51,775	100%
5/8/2019	Yuzhou Spring Time Project	Yuzhou	Equity Cooperation	R, C, K	1,026	232,892	143	69,194	60%
7/8/2019	Xinmi Town Northeast block	Xinmi	Equity Cooperation + Land Auction	R	1,814	78,260	128	32,250	90%
9/8/2019	Zhumadian Ertang Auto Trade Project	Zhumadian	Equity Cooperation	R, K	487	156,068	29	36,197	38%





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14/8/2019	Jigongshan commercial plot (self-sustaining)	Xinyang	Equity Cooperation + Land Auction	C	1,148	41,157	28	40,950	60%
21/8/2019	Luyi Mingdao City Phase II Project	Luyi County, Zhoukou City	Equity Cooperation + Land Auction	C, K	4,907	17,656	74	20,627	85%
23/8/2019	Luohe Jinjiang Road Project	Luohe	Equity Cooperation	R, C, K	891	234,400	125	58,361	60%
<b>Total</b>					<b>1,672</b>	<b>8,946,131</b>	<b>14,957</b>	<b>6,892,236</b>	

## Land Bank Summary as at 31 August 2019

As at 31 August 2019, the estimated total land reserve GFA for new development is approximately 52.07 mn sq.m., (with attributable GFA of 40.81 mn sq.m.) at an average cost of RMB1,128 /sq.m..

(Note: estimated total land reserved GFA for new development may vary depending on the projects' final design)

## Henan Property Market sales up 21.6% yoy in 7M2019, CCRE Achieves Market Share of 10.3%

In the first seven months of 2019, the Henan real estate market achieved strong growth with contracted sales of RMB435.32 bn, up 21.6% y-o-y (7M2018: RMB357.99 bn), according to Henan Provincial Bureau of Statistics. CCRE's contracted sales (included heavy asset and light asset) for the first seven months of 2019 reached RMB44.86 bn, representing a market share of 10.3%<sup>1</sup> for the total Henan real estate market.

Henan transaction volume in the first seven months of 2019 reached 67.59 mn sq.m., representing a y-o-y increase of 8.3% (7M2018: 62.39 mn sq.m.). In terms of contracted GFA, as at the end of July 2019, CCRE accounted for 9.95%<sup>2</sup> of the overall Henan real estate market. The average transacted price for property sales in Henan for the first seven months of 2019 was RMB6,441 /sq.m., up 12.2% y-o-y (7M2018: ASP RMB5,738 /sq.m.).

Notes: <sup>1</sup>CCRE's contracted sales as at 31 July 2019 / Total contracted sales of Henan Province as at 31 July 2019 from Henan Provincial Bureau of Statistics; <sup>2</sup>CCRE's contracted GFA as at 31 July 2019 / Total contracted GFA of Henan Province as at 31 July 2019 from Henan Provincial Bureau of Statistics.

## Light-Asset Model Project

In accordance with our "Blue Ocean Strategy" and to further promote our company's transformation into light-asset operating model.

As at the end of June 2019, there are a total of 131 light-asset projects under CCRE's Management Entrustment Contracts, with a total expected GFA of approximately 19.91 mn sq.m.. Under the management contracts agreement, CCRE will be entitled to a guaranteed base royalty/branding fee and a performance fee subject to the success of the projects.



## Broker Research Update

### CCB International Securities

On 21 August 2019, CCB International issued an equity research report titled “Full recovery in 2019F”. The report highlighted management upgrade backdated to 2017 underpinned the re-rating in 2019+. The strong sales momentum backs earnings recovery; strong financial position sustain dividends. The analyst believes CCRE is entering into a virtuous cycle and expects CCRE’s core profit to recover from a low base in 2018 and to grow at 40-50% CAGR in 2019-21F in 2019F. The analyst has reiterated the “Outperform” recommendation on CCRE with the target price HKD \$5.00 based on a 60% discount to NAV.

### DBS Securities

On 22 August 2019, DBS Group Research issued an equity research report titled “Time to reward shareholders”. The report highlighted CCRE’s revenue recognition to continue to accelerate for rest of the year and 2020. The analyst expects CCRE to deliver strong 48%/38% CAGR in revenue/earnings for the coming three years. With strong commitment to adhere to a higher than peers’ dividend payout ratio, the analyst believe share price should be well supported by both improving fundamentals and as attractive dividend yield. Thus, the analyst has reiterated “BUY” recommendation on CCRE with a higher price HKD \$5.16 based on a slightly lower 5x FY20F EPS to factor in uncertainties on RMB depreciation.





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