

**Central China Real Estate** Limited is one of the leading Henan-based property developers which focuses on developing high-quality residential properties. With 28 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 2019, the Company had achieved full coverage with presence in 18 prefecture cities and 104 county-level cities and over 10% market share in Henan province. Known for its outstanding product quality, strong brand and experienced management team, the Company ranked 32nd 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 2019” 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 RMB29,375 mn in 5M2020, up 13.5% y-o-y

	Jan - May 2020	Jan - May 2019	Y-o-Y change
Heavy Assets Sales	21,932	16,010	37.0%
Light Assets Sales	7,443	9,877	-24.6%
<b>Contracted Sales Total (RMB mn)</b>	<b>29,375</b>	<b>25,887</b>	<b>13.5%</b>
Heavy Assets GFA	2,732,422	2,141,611	27.6%
Light Assets GFA	1,318,308	1,794,793	-26.5%
<b>Contracted Sales GFA Total (sq.m.)</b>	<b>4,050,730</b>	<b>3,936,404</b>	<b>2.9%</b>
Heavy Assets ASP	8,026	7,475	7.4%
Light Assets ASP	5,646	5,503	2.6%
<b>Average Selling Price per sq.m. Total (RMB)</b>	<b>7,252</b>	<b>6,576</b>	<b>10.3%</b>

For the first five months of 2020, the contracted sales of Group’s heavy asset segment was RMB 21,932 million, representing a y-o-y increase of 37.0%. The Group’s heavy asset contracted sales GFA amounted to 2,732,422 sq.m., representing a y-o-y increase of 27.6%. The heavy assets ASP is RMB 8,026/sq.m., representing a y-o-y increase of 7.4%.

In the month of May 2020, the contracted sales of Group’s heavy asset segment was RMB 5,855 mn, representing a y-o-y increase of 39.5%.

### Stock Data (as at 16 June 2020)

<b>Price/share:</b> HK\$ 3.64	<b>Market Cap:</b> Approximately HK\$10.101 bn	<b>52-Week Range:</b> HK\$2.98 – HK\$5.11	<b>Shares Outstanding:</b> 2,780 mn shares
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### The monthly heavy assets contracted sales in May were supported by:

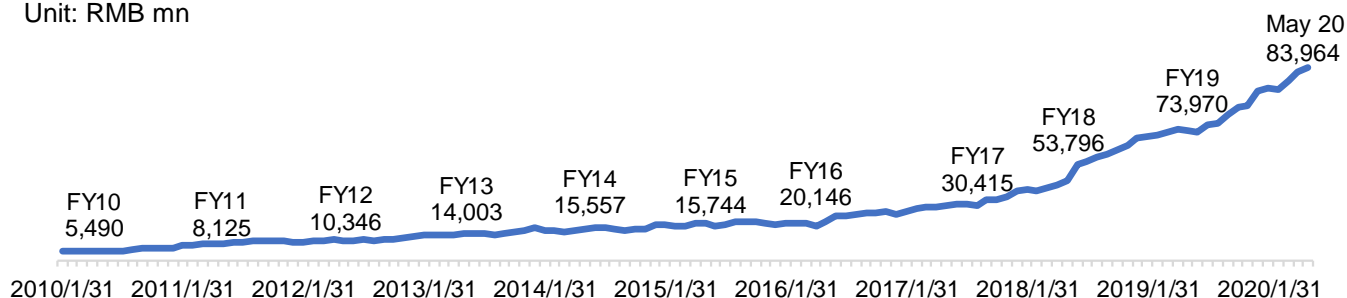
- i. Zhengzhou projects accounted for approximately 16% of the sales;
- ii. Tier 3 & 4 cities projects in Henan accounted for 69% of the sales;
- iii. County level cities projects in Henan contributed 15% of the sales;
- iv. Contracted sales continue to be diversified, with sales contribution from 274 projects/phases located in the 2nd, 3rd, 4th tier cities and county level cities in Henan;
- v. 85% of contracted sales came from projects unaffected by HPR (HPR only in Zhengzhou)

### Summary Breakdown of the Heavy Assets Contracted Sales in May 2020:

City	Project Name	Contracted Sales (RMB mn)	Contracted Area (sq. m.)	ASP (RMB/ sq. m.)
Zhengzhou	Jianye Taihong International City	387	29,407	13,166
Luoyang	Long Cheng Dong Wang	256	28,224	9,066
Luoyang	Jianye LongFu	214	33,789	6,334
Pingdingshan	Honour Mansion	206	23,038	8,949
Zhengzhou	Wulong City (Century New City)	173	11,573	14,906
Xinxiang	Chinoiserie Palace	139	17,543	7,951
Pingdingshan	Guangming Mansion	125	17,991	6,934
Puyang	Chinoiserie Palace	110	13,390	8,209
Danzhou	Junlin Courtyard	108	5,134	21,093
Zhumadian	Chinoiserie Palace	99	12,032	8,201
Shangqiu	Yuelong Palace	91	13,070	6,967
Nanyang	Long Yuecheng	89	10,997	8,091
Luoyang	Dingding Palace	86	7,233	11,838
Luoyang	Luanzhou Palace	84	14,313	5,857
Jiyuan	Jianye City Phase II	84	12,871	6,499
Zhengzhou	Metro Polis	80	4,630	17,316
Shangqiu	Eighteen Cities Phase VI	75	10,425	7,235
Zhengzhou	Dengfeng Chinoiserie Palace	73	10,714	6,843
Kaifeng	Country GardenThe Cullinan	68	22,130	3,091
Luoyang	Dacheng Xiao Yuan	62	10,158	6,081
	Others	3,246	352,556	9,207
<b>Total</b>		<b>5,855</b>	<b>661,219</b>	<b>8,855</b>

### 12-Month Rolling Heavy Assets Contracted Sales Trend

Unit: RMB mn





### Major Project Launch

In the month of May, CCRE launched 13 new projects/phases. The aggregate saleable resource of the new launch is RMB 1,757 mn. The first day of launch achieved an average sales/subscription rate of 53%, with sales subscription to be converted into contracted sales over the coming months.

### A Summary of the Major Projects Launched in May 2020 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 (%)
Kaifeng Jianye Country Garden Majestic Mansion	23/05/20	106	31	30%	11,089	3,260	29%
Zhumadian Jianye Honour Mansion	23/05/20	60	36	60%	7,895	4,800	61%
Shangqiu Yuelong Mansion	24/05/20	74	17	24%	7,938	1,744	22%
Shangqiu Yuelong Mansion	24/05/20	247	49	20%	36,439	7,295	20%
Shangqiu Yuelong Mansion Carpark	24/05/20	13	2	15%	201	20	10%
Luoyang Jianye Longcheng Dongwang Phase II	24/05/20	317	203	64%	35,515	22,565	64%
Pingdingshan Jianye Guangming Mansion	24/05/20	79	32	40%	9,142	3,242	35%
Pingdingshan Jianye Guangming Mansion	24/05/20	149	83	55%	23,041	11,705	51%
Pingdingshan Jianye Pingxi Honour Mansion	24/05/20	227	122	54%	22,695	10,830	48%
Pingdingshan Jianye Pingxi Honour Mansion	24/05/20	106	88	83%	16,441	12,312	75%
Shangqiu Future City	30/05/20	114	68	60%	20,343	12,409	61%
Luoyang Yichuan Jianye Dragon Mansion	30/05/20	239	192	80%	39,747	31,714	80%
Luoyang Yichuan Jianye Dragon Mansion Carpark	30/05/20	28	6	20%	278	58	21%
<b>Total</b>		<b>1,757</b>	<b>928</b>	<b>53%</b>	<b>230,764</b>	<b>121,955</b>	<b>53%</b>

### Henan Property Market Sales Down 15.3% yoy in the 4M2020, CCRE Achieves Market Share of 12.4%

In the first four months of 2020, the Henan real estate market contracted sales was down 15.3% y-o-y to RMB168.55 bn (4M2019: RMB199.02 bn), according to Henan Provincial Bureau of Statistics. CCRE's contracted sales (including heavy asset and light asset) for the first four months of 2020 reached RMB20.97 bn, representing a market share of 12.4%<sup>1</sup> for the total Henan real estate market.

Henan transaction volume in the first four months of 2020 reached 26.35 mn sq.m., representing a y-o-y decrease of 14.2% (4M2019: 30.71 mn sq.m.). In terms of contracted GFA, as at the end of April 2020, CCRE accounted for 11.2%<sup>2</sup> of the overall Henan real estate market. The average transacted price for property sales in Henan for the first four months of 2020 was RMB6,395 /sq.m., down 1.3% y-o-y (4M2019: ASP RMB6,481 /sq.m.).

Notes: <sup>1</sup>CCRE's contracted sales as at 30 April 2020 / Total contracted sales of Henan Province as at 30 April 2020 from Henan Provincial Bureau of Statistics;

<sup>2</sup>CCRE's contracted GFA as at 30 April 2020 / Total contracted GFA of Henan Province as at 30 April 2020 from Henan Provincial Bureau of Statistics.



### Land Acquisition

In accordance with our development strategy, in May 2020, the Company acquired a total of 3 new land plot in Hebi with a land premium attributable to CCRE of RMB586 mn and an estimated attributable GFA of 505,948 sq.m. with average land cost of RMB1,159/sq.m..

### A Summary of the Land Acquisition in 2020 (as at 31 May 2020) 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 (%)
02/01/2020	Shijiawan Xi Project	Luoyang	Land Auction	R, C, K	2,274	244,487	284	124,688	51%
02/01/2020	Er Bang Land	Luoyang	Equity Cooperation + Land Auction	R, C, K	2,281	241,704	336	147,439	61%
02/01/2020	Fengqiu No.15	Xinxiang Fengqiu County	Land Auction	R, C, K	766	91,380	70	91,380	100%
02/01/2020	Taiqing Road Project	Zhoukou	Equity Cooperation	R, C, K	1,109	644,427	708	637,983	99%
03/01/2020	Pijiu Chang Project	Zhumadian	Equity Cooperation + Land Auction	R, K	1,008	222,489	114	113,469	51%
06/01/2020	Qi County Weier Road	Hebi Qi County	Land Auction	R, C, K	646	144,497	93	144,497	100%
20/01/2020	Xiayi Tianlonghu Project	Shangqiu Xiayi County	Equity Cooperation + Land Auction	R, C, K	599	415,000	127	211,650	51%
20/01/2020	Kaifeng High Speed North Land	Kaifeng	Equity Cooperation	C	3,066	23,970	47	15,286	64%
01/02/2020	Anyang Junlin Grand Courtyard	Anyang	Equity Cooperation	R, K	2,357	82,651	59	25,002	30%
17/03/2020	Yi ma Yi mian Express Road Project	Sanmenxia	Equity Cooperation + Land Auction	R, C, K	373	213,631	28	74,771	35%
20/05/2020	Hebi green base	Hebi	Resource Collaboration	R, C, K	1,159	505,948	586	505,948	100%
<b>Total</b>					<b>1,199</b>	<b>2,830,184</b>	<b>2,452</b>	<b>2,092,113</b>	

### Land Bank Summary as at 31 May 2020

As at 31 May 2020, the estimated total land reserve GFA for new development is approximately 53.08 mn sq.m., (with attributable GFA of 40.45 mn sq.m.) at an average cost of RMB1,232/sq.m..

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



### Light-Asset Model Project

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

As at the end of March 2020, 15 light-asset projects were added under CCRE's Management Entrustment Contracts, with a total expected GFA of approximately 15.74 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.

### A Summary of the Light-Asset Projects Added in 3M2020 is Provided Below:

	Signing Date	Project	Expected GFA (Sq.m)
1	10/01/2020	Xinye Zhongxing Road Project	170,741
2	10/01/2020	Zhenping Pingan Avenue Project	87,860
3	10/01/2020	Qixian Yinhe Road Project	55,840
4	10/01/2020	Shenqiu Jingyi Road Project	134,452
5	16/01/2020	Zhecheng Xueyuan Road Project	61,920
6	16/01/2020	Shangshui County Shangning Road Project	74,837
7	18/03/2020	Luyi County Xiyi Road Project	132,778
8	18/03/2020	Fangcheng Jianghuai Avenue Project	86,381
9	18/03/2020	Boai County Yueshan Road Project	77,405
10	18/03/2020	Xin'an County Binhe Road Project	87,527
11	27/03/2020	Yucheng County North Songshan Road Project	239,736
12	27/03/2020	Qingfeng County Cultural Road Project	93,832
13	27/03/2020	Anyang County Haixing Road Project	107,288
14	27/03/2020	Sui County Gongzhou Road Project	119,248
15	27/03/2020	Xiayi Changshou Avenue Project	43,765
<b>Total</b>			<b>1,573,611</b>



### Broker Research Update

#### Haitong International Securities

On 17 May 2020, Haitong initiated an equity research report titled “Leading Regional Developer in Populous Province: Initiation”. The analyst highlighted CCRE is a well-known regional property developer, mainly focusing in the Central China area and having taken root in Henan province for 28 years. According to company’s track record, 2017-2019 sales CAGR reached 53%, higher than the sector average, and have entered the threshold of 100 billion annual sales camp. Meanwhile the company’s net gearing ratio is 64% at the end of 2019, lower than peers’ average, proving that CCRE has done well in terms of sales growth while remaining financially healthy. The analyst believed that CCRE’s heavy asset contract sales in 2020 will increase by approximately 10% y-on-y, achieving its 80 billion sales target, and expected 38 billion sales to be booked with gross margin stabilized above 25%. Haitong initiated a “Buy” rating with a target price of HK\$7.54.

### Company News in June 2020

#### CCRE Successfully Issues USD400M 7.65% Senior Notes Due 2023

On 8 June 2020, CCRE successfully issued US\$400 million 7.65% 3.2-year senior notes due 2023. The deal achieved 11 times over-subscription, and was driven by institutional investors with 275 accounts, and the final allocation comprising of 82% Fund Managers, 18% Banks, Financial Institutions and Private Banks with 93% of Investors from Asia and 7% from Europe.

### Recent IR Activities

Date	Event	Organizer	Location
02-04/06/2020	Emerging Markets Debt and Equity Conference 2020	BofA Securities	Conference Call
12/06/2020	Morgan Stanley PWM Asia Conference	Morgan Stanley	Conference Call
12/06/2020	Industrial Securities Mid-term Strategy Meeting	Industrial Securities	Conference Call

### Upcoming IR Activities

Date	Event	Organizer	Location
23/06/2020	Asia Pacific Property Conference 2020	Citi	Conference Call
09/07/2020	China Property High Yield Corporate Day	Deutsche Bank	Conference Call

### Contact Us

Ms. Hazel Chan Investor Relations Manager

Tel 852 2992 7905

Fax 852 2620 5221

Email [hazelchan@centralchina.com](mailto:hazelchan@centralchina.com)

Ms. Christine Yang Investor Relations Analyst

Tel 852 2992 7911

Fax 852 2620 5221

Email [christine@centralchina.com](mailto:christine@centralchina.com)

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