

Newsletter

August 2021

Central China Real Estate Limited is one of the leading Henan-based property developers which focuses on developing high-quality residential properties. With 29 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. In 2021, CCRE has embarked on a new development era by adopting the Great Central China Strategy and expanding outside of Henan to serve the Central China region. Known for its outstanding product quality, strong brand and experienced management team, the Company ranked first in terms of brand value among real estate companies in the Central China region by China Index Academy, and ranked 314th in the Fortune 500 China List in 2020.

LATEST NEWS

CCRE Achieved Contracted Sales of RMB33,376 mn for the first seven months of 2021, remaining flat y-o-y

For the seven months ended 31 July 2021, the Group achieved total property contracted sales of RMB33,376 million, which remained flat y-o-y, with a total contracted sales GFA of 4,359,479 sq.m., representing a y-o-y increase of 5.1%. The ASP per sq.m. for the seven months ended 31 July 2021 amounted to RMB7,656 representing a y-o-y decrease of 4.8%.

	Jan – Jul 2021	Jan – Jul 2020	Y-o-Y change
Contracted Sales (RMB mn)	33,376	33,361	0.0%
Contracted Sales GFA (sq.m.)	4,359,479	4,146,109	5.1%
Average Selling Price per sq.m. (RMB)	7,656	8,046	-4.8%

Due to the recent flood impact in Henan, the Group achieved property contracted sales of RMB2,323million in July 2021, a decrease of 30.5% y-o-y due to decrease in GFA sold. The Group’s contracted sales GFA for the month reached 307,955 sq.m., a y-o-y decline of 30.2% due to lack of new launches in July. The ASP for July 2021 was stable at RMB7,543/sq.m., representing a y-o-y decrease of 0.5%.

	July 2021	July 2020	Y-o-Y change
Contracted Sales (RMB mn)	2,323	3,345	-30.5%
Contracted Sales GFA (sq.m.)	307,955	441,049	-30.2%
Average Selling Price per sq.m. (RMB)	7,543	7,583	-0.5%

Stock Data (as at 16 August 2021)

Price/share: HK\$ 1.88	Market Cap: Approximately HK\$5.578 bn	52-Week Range: HK\$1.61 – HK\$4.87	Shares Outstanding: 2,967 mn shares
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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

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Contracted Sales in July were Supported by:

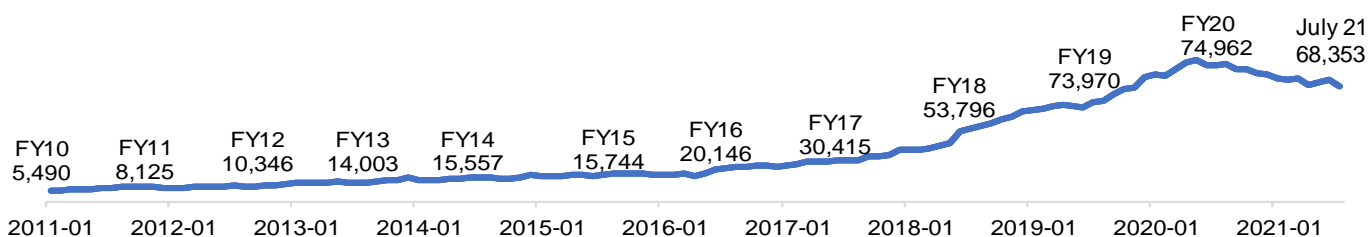
- Zhengzhou projects accounted for approximately 20% of the sales;
- Tier 3 & 4 cities projects in Henan accounted for 50% of the sales;
- County level cities projects in Henan contributed 30% of the sales;
- Contracted sales continue to be diversified, with sales contribution from 212 projects/phases located in the 2nd, 3rd, 4th tier cities and county level cities in Henan;
- In July, 83% of contracted sales came from projects unaffected by HPR (HPR only in Zhengzhou)

Summary Breakdown of the Contracted Sales in July 2021:

City	Project Name	Contracted Sales (RMB mn)	Contracted Area (sq. m.)	ASP (RMB/ sq. m.)
Luoyang	Dingding Palace	204	21,383	9,517
Zhengzhou	Zhengzhou Taihong International City	56	3,801	14,786
Jiaozuo	Jianye City	53	6,934	7,706
Zhumadian	Chinoiserie Palace	45	5,452	8,317
Shangqiu	Yuelong Mansion	45	6,079	7,334
Zhengzhou	Blossom Garden	42	2,340	18,077
Puyang	Jian Run Mansion	41	6,999	5,910
Zhengzhou	Wulong City (Century New City)	35	2,038	16,975
Luohe	The Ideal City Central Community	34	5,080	6,686
Jiaozuo	Jianye Cullinan	33	5,588	5,857
Zhengzhou	Dengfeng Songyue Mansion	32	4,165	7,659
Zhoukou	Fugou Jianye City	32	6,403	4,979
Xinyang	Central China Xinyang Mansion	31	3,974	7,909
Zhengzhou	Fuju Huayuankou	30	1,423	21,313
Nanyang	Country Garden Longyue City	30	3,845	7,863
Anyang	Chinoiserie Palace	29	3,549	8,131
Puyang	Long Cheng	28	5,862	4,858
Shangqiu	Chinoiserie Palace	27	3,709	7,329
Shangqiu	Longfu	23	4,120	5,631
Hebi	Dingding Palace	21	3,081	6,894
	Others	1,450	202,131	7,175
	Total	2,323	307,955	7,543

12-Month Rolling Heavy Assets Contracted Sales Trend

Unit: RMB mn



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Major Project Launch

In the month of July, CCRE launched 5 new projects/phases. The aggregate saleable resource of the new launch is RMB425 mn. Due to the recent flood impact in Henan, the first day of launch achieved an average sales/subscription rate of 25%, with sales subscription to be converted into contracted sales over the coming months.

A Summary of the Major Projects Launched in July 2021 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 (%)
Wulong New City	13/7/2021	60	39	65%	3,704	2,142	58%
Dengfeng Songyue Mansion	17/7/2021	44	11	25%	5,631	1,410	25%
Anyang Chinoiserie Palace	18/7/2021	203	29	14%	23,977	3,448	14%
Anyang Jianye Duolun Tianzhu	25/7/2021	69	6	9%	9,740	908	9%
Lankao Jianye CCRE Mall	31/7/2021	48	21	44%	8,497	3,746	44%
Total		425	107	25%	51,549	11,655	23%

Henan Property Market Sales Up 19.2% y-o-y in 6M2021, CCRE Achieves Market Share of 7.3% (without Light Asset)

In the first six months of 2021, the Henan real estate market contracted sales was up 19.2% y-o-y to RMB421.5 bn (6M2020: RMB353.56 bn), according to Henan Provincial Bureau of Statistics. CCRE's contracted sales (without light asset) for the first six months of 2021 reached RMB30.61 bn, representing a market share of 7.3%¹ for the total Henan real estate market.

Henan transaction volume in the first six months of 2021 reached 62.24 mn sq.m., representing a y-o-y increase of 14.3% (6M2020: 54.47 mn sq.m.). In terms of contracted GFA (without light asset), as at the end of June 2021, CCRE accounted for 6.5%² of the overall Henan real estate market. The average transacted price for property sales in Henan for the first six months of 2021 was RMB6,772 /sq.m., up 4.3% y-o-y (6M2020: ASP RMB6,491 /sq.m.).

*CCMGT completed its spin-off and separate listing on 31 May 2021.

Notes: ¹CCRE's contracted sales as at 30 June 2021/ Total contracted sales of Henan Province as at 30 June; 2021 from Henan Provincial Bureau of Statistics;

²CCRE's contracted GFA as at 30 June 2021/ Total contracted GFA of Henan Province as at 30 June; 2021 from Henan Provincial Bureau of Statistics.

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Land Acquisition

In July 2021, the Company acquired a total of 6 new land plots in Yucheng County in Shangqiu, Hebi, Pingyu County in Zhumadian, Jiyuan with a total land premium of RMB603 mn. The estimated total GFA was 627,973 sq.m.; land premium attributable to CCRE was RMB212 mn and estimated attributable GFA was 224,463 sq.m.. The average land cost was RMB960 /sq.m..

By the end of July 2021, the Company acquired a total GFA of 7,261,141 sq.m., with land premium of RMB10,472 mn. The land premium attributable to CCRE was RMB6,609 mn and estimated attributable GFA was 4,355,156 sq.m.. The average land cost was RMB1,442 /sq.m..

A Summary of the Land Acquisition in July 2021 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 (%)
02/07/2021	Yucheng Songshan Avenue (Songshan Mansion)	Shangqiu Yucheng County	Equity Acquisition	R, C, K	850	382,816	111	130,157	34%
02/07/2021	Hebi Taishan Road Project	Hebi	Equity Acquisition	R, K	1,627	116,599	66	40,810	35%
03/07/2021	Pingyu Yong Wang Road Project	Zhumadian Pingyu County	Cooperation	R, C, K	579	91,803	24	41,311	45%
30/07/2021	Jiyuan Blossom Garden	Jiyuan	Cooperation	R, C, K	946	36,755	12	12,184	33%
Total					960	627,973	603	224,463	

Land Bank Summary as at 31 July 2021

As at 31 July 2021, the estimated total land reserve GFA for new development is approximately 56.80 mn sq.m., (with attributable GFA of 40.79 mn sq.m.) at an average cost of RMB1,334/sq.m..

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

Rating Agency Report Update

S&P

On 12 July 2021, S&P issued a report to confirm CCRE's B+ rating with stable outlook. The stable outlook reflects S&P's view that CCRE's financial leverage on their adjusted and proportionally consolidated basis will stabilize in the coming 12 months while the company grows its operating scale. S&P estimated CCRE's cash spending on land will only moderately pick up to 30%-35% of total contracted sales in 2021-2022. In their view, CCRE will likely align its debt expansion to the slower sales growth to maintain stable leverage, given increasing regulatory restrictions on borrowings for property developers. Nevertheless, S&P considered that CCRE's liquidity adequate owing to its cash balance on hand of more than RMB29.3 billion, which covers 1.9x of its short-term debt. S&P expected that CCRE to maintain its leading position in Henan as well as its stable sales execution and profitability in the next 12 months.

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Company News

- On 23 July 2021, the board of directors of Central China Real Estate announced that a meeting of the Board will be held on 18 August 2021, for the purposes of approving the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2021.
- 2021 Interim Results Investor Briefing will be held on 19 August 2021, 10:00 AM.

Upcoming IR Activities

Date	Event	Organizer	Location
19/08/2021	Post Interim Results Management NDR-Covering Analysts	CCRE	ICC
20/08/2021	Post Interim Results Management NDR (HK)	DBS	Conference Call
20/08/2021	Post Interim Results Management NDR (HK)	BOCOM	Conference Call
20/08/2021	Post Interim Results Management NDR (HK)	AMTD	Conference Call
23/08/2021	Post Interim Results Management NDR (SG)	DBS	Conference Call
23/08/2021	Post Interim Results Management NDR (SG)	Deutsche Bank	Conference Call
23/08/2021	Post Interim Results Management NDR (HK)	Guotai Junan International	Conference Call
23/08/2021	Post Interim Results Management NDR (EU)	BofA Securities	Conference Call
24/08/2021	Post Interim Results Management NDR (HK)	Guotai Junan International	Conference Call
24/08/2021	Post Interim Results Management NDR (EU)	Deutsche Bank	Conference Call
24/08/2021	Post Interim Results Management NDR (EU)	BNP Paribas	Conference Call
24/08/2021	Post Interim Results Management NDR (HK, SG, EU)	Barclays	Conference Call
25/08/2021	Post Interim Results Management NDR (HK, SG, EU)	Nomura	Conference Call
26/08/2021	Post Interim Results Management NDR (JP)	Mizuho Securities	Conference Call
26/08/2021	Post Interim Results Management NDR (TW)	President 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

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