

# Newsletter

October 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 314<sup>th</sup> in the Fortune 500 China List in 2020.

## LATEST NEWS

### **CCRE Achieved Contracted Sales of RMB 44,005mn for the first nine months of 2021, remaining flat y-o-y**

For the nine months ended 30 September 2021, CCRE achieved total contracted sales of RMB44,005 million, representing a lock-in ratio of 63% of CCRE’s annual sales target of RMB70 billion for 2021. The total contracted sales gross floor area (“GFA”) amounted to 5,820,658 sq.m., representing a y-o-y increase of 3.2%. The average selling price (“ASP”) for the first nine months of 2021 was RMB7,560 /sq.m., representing a y-o-y decrease of 5.5%, due to product mix.

	Jan – Sep 2021	Jan – Sep 2020	Y-o-Y change
<b>Contracted Sales (RMB mn)</b>	44,005	45,133	-2.5%
<b>Contracted Sales GFA (sq.m.)</b>	5,820,658	5,642,349	3.2%
<b>Average Selling Price per sq.m. (RMB)</b>	7,560	7,999	-5.5%

CCRE achieved contracted sales of RMB5.38 billion, while contracted sales GFA for the month reached 730,102 sq.m., a y-o-y decrease of 10.9%. The ASP for September 2021 was RMB7,362 /sq.m., representing a y-o-y decrease of 7.3%, due to product mix.

	September 2021	September 2020	Y-o-Y change
<b>Contracted Sales (RMB mn)</b>	5,375	6,511	-17.5%
<b>Contracted Sales GFA (sq.m.)</b>	730,102	819,418	-10.9%
<b>Average Selling Price per sq.m. (RMB)</b>	7,362	7,946	-7.3%

### **Stock Data (as at 11 October 2021)**

<b>Price/share:</b> HK\$ 1.37	<b>Market Cap:</b> Approximately HK\$4.065 bn	<b>52-Week Range:</b> HK\$1.35 – HK\$4.87	<b>Shares Outstanding:</b> 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 September were Supported by:

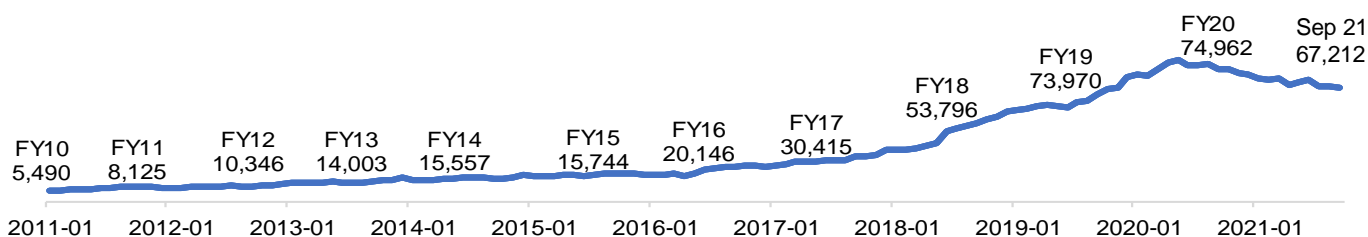
- Zhengzhou projects accounted for approximately 21% of the sales;
- Tier 3 & 4 cities projects in Henan accounted for 49% of the sales;
- County level cities projects in Henan contributed 30% of the sales;
- Contracted sales continue to be diversified, with sales contribution from 221 projects/phases located in the 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup> tier cities and county level cities in Henan;
- In September, 80% of contracted sales came from projects unaffected by HPR (HPR only in Zhengzhou)

## Summary Breakdown of the Contracted Sales in September 2021:

City	Project Name	Contracted Sales (RMB mn)	Contracted Area (sq. m.)	ASP (RMB/ sq. m.)
Puyang	Puyang Sky Mansion	701	67,046	10,463
Luoyang	Luoyang Jianye Zhonghong City	165	13,628	12,120
Pingdingshan	Wugang Forest Peninsula	129	21,112	6,098
Zhengzhou	Metropolis Taihong	124	8,922	13,876
Shangqiu	Chinoiserie Palace	102	12,168	8,380
Zhengzhou	Chengyuan (Movie Town)	81	9,247	8,790
Luoyang	Huayang Fengdu	78	7,501	10,360
Zhoukou	Binhe Courtyard	75	12,850	5,854
Zhumadian	Chinoiserie Palace	65	8,170	8,006
Hainan	Danzhou Jianye Junlin Courtyard	63	3,087	20,304
Zhengzhou	Fuju Huayuankou	60	2,706	22,081
Zhengzhou	Dengfeng Songyue Mansion	57	7,305	7,831
Xinxiang	Gongcheng Dongwang	55	12,466	4,416
Xinyang	Jianye Mansion	54	9,862	5,430
Zhoukou	Jianye City	53	9,632	5,533
Luoyang	Jianye Long Mansion	52	8,914	5,779
Xuchang	Xiangcheng CCRE Mall	51	9,703	5,293
Luoyang	Dingding Palace	48	5,479	8,722
Zhoukou	Hill Water Lake City	41	7,196	5,752
Zhengzhou	Art Mansion	41	2,759	14,832
	Others	3,280	490,349	6,689
	<b>Total</b>	<b>5,375</b>	<b>730,102</b>	<b>7,362</b>

## 12-Month Rolling Heavy Assets Contracted Sales Trend

Unit: RMB mn



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## Major Project Launch

In the month of September, CCRE launched 4 new projects/phases. The aggregate saleable resource of the new launch is RMB996 mn. The first day of launch achieved an average sales/subscription rate of 82%, with sales subscription to be converted into contracted sales over the coming months.

### A Summary of the Major Projects Launched in September 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 (%)
Luoyang Jianye Zhonghong City Parking Space #6	04/09/2021	17	6	36%	135	49	36%
Luoyang Jianye Zhonghong City Parking Space #7	19/09/2021	18	3	18%	142	26	18%
Puyang Jianye Sky Mansion	25/09/2021	890	801	90%	84,595	75,834	90%
Zhengzhou Jianye Art Mansion	26/09/2021	72	7	9%	5,809	561	10%
<b>Total</b>		<b>996</b>	<b>817</b>	<b>82%</b>	<b>90,681</b>	<b>76,470</b>	<b>84%</b>

## Henan Property Market Sales Up 6.8% y-o-y in 8M2021, CCRE Achieves Market Share of 7.2% (without Light Asset)

In the first eight months of 2021, the Henan real estate market contracted sales was up 6.8% y-o-y to RMB538.08 bn (8M2020: RMB503.62 bn), according to Henan Provincial Bureau of Statistics. CCRE's contracted sales (without light asset) for the first eight months of 2021 reached RMB38.63 bn, representing a market share of 7.2%<sup>1</sup> for the total Henan real estate market.

Henan transaction volume in the first eight months of 2021 reached 80.52 mn sq.m., representing a y-o-y increase of 5.5% (8M2020: 76.30 mn sq.m.). In terms of contracted GFA (without light asset), as at the end of August 2021, CCRE accounted for 6.3%<sup>2</sup> of the overall Henan real estate market. The average transacted price for property sales in Henan for the first eight months of 2021 was RMB6,683 /sq.m., up 1.2% y-o-y (8M2020: ASP RMB6,601 /sq.m.).

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

Notes: <sup>1</sup>CCRE's contracted sales as at 31 August 2021/ Total contracted sales of Henan Province as at 31 August; 2021 from Henan Provincial Bureau of Statistics;

<sup>2</sup>CCRE's contracted GFA as at 31 August 2021/ Total contracted GFA of Henan Province as at 31 August; 2021 from Henan Provincial Bureau of Statistics.



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## Land Acquisition

In September 2021, the Company acquired 1 new land plot in Zhengzhou with a total land premium of RMB203 mn. The estimated total GFA was 44,435 sq.m.; land premium attributable to CCRE was RMB49 mn and estimated attributable GFA was 10,664 sq.m.. The average land cost was RMB4,562 /sq.m..

By the end of September 2021, the Company acquired a total GFA of 7,937,794 sq.m. in 2021, with land premium of RMB11,361 mn. The land premium attributable to CCRE was RMB6,968 mn and estimated attributable GFA was 4,643,898 sq.m.. The average land cost was RMB1,431 /sq.m..

### A Summary of the Land Acquisition in 2H2021 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	816	398,635	111	135,536	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%
06/08/2021	Yucheng Songshan Avenue (Songshan Mansion)	Shangqiu Yucheng County	Equity Acquisition	R, C, K	817	199,317	55	67,768	34%
10/08/2021	Shangqiu Xingguang Road Project	Shangqiu	Equity Acquisition	R, K	1,464	89,674	53	35,870	40%
18/08/2021	Guandi Temple Residential Land	Zhoukou	Resources	R, C, K	893	264,025	120	134,653	51%
18/08/2021	Guandi Temple Commercial Land	Zhoukou	Resources	C, K	3,128	40,237	64	20,521	51%
30/08/2021	Luohe Blossom Garden	Luohe	Cooperation	R, C, K	1,341	23,146	19	13,888	60%
24/09/2021	Baisha Seven Parcels	Zhengzhou	Cooperation	R, K	4,562	44,435	49	10,664	24%
<b>Total</b>					<b>1,144</b>	<b>1,304,627</b>	<b>572</b>	<b>513,204</b>	

## Land Bank Summary as at 30 September 2021

As at 30 September 2021, the estimated total land reserve GFA for new development is approximately 55.71 mn sq.m., (with attributable GFA of 40.44 mn sq.m.) at an average cost of RMB1,335 /sq.m..

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

## Company News

### Controlling shareholder continued to increase stake in CCRE

Since 15 September 2021, Mr. Wu Po Sum ("Mr. Wu"), the Chairman, executive Director and controlling shareholder of CCRE, acquired in aggregate 4,100,000 additional shares at the average price of approximately HK\$1.56 per share on the open market through Joy Bright Investment, a company wholly owned by Mr. Wu. The aggregate number of shares acquired represented approximately 0.14% of the total issued shares and with the amount was approximately HK\$6,380,000. Following this shareholding increase, Joy Bright's holding represents approximately 69.78% of CCRE's total issued shares.

### CCRE continued bond buyback program

During the period from 1 September to 30 September 2021, CCRE has repurchased part of the senior notes on the open market, including:

- (i) part of the November 2023 notes;
- (ii) part of the May 2024 notes;
- (iii) part of the August 2024 notes, respectively.

The repurchase of November 2023 Notes amounted to US\$2,700,000 in an aggregate principal, representing approximately 1.35% of the initial aggregate principal amount of the November 2023 Notes, as well as part of the May 2024 Notes amounted to US\$2,451,000, representing approximately 0.82% of the initial aggregate principal amount of the May 2024 Notes. In addition, the repurchase of August 2024 Notes amounted to US\$8,770,000, representing approximately 2.92% of the initial aggregate principal amount of the August 2024 Notes.

On 6 October, the outstanding principal amount of the November 2023 Notes, the May 2024 Notes and the August 2024 Notes is US\$200,000,000, US\$300,000,000 and US\$300,000,000, respectively. The Board expects to cancel the senior notes which have been repurchased, which will thereafter cease to be outstanding. The Company will continue to monitor the market conditions and its financial structure and may further repurchase its senior notes as and when appropriate.

### Recent IR Activities

Date	Event	Organizer	Location
23/09/2021	JPM Emerging Market Credit Conference	JP Morgan	Conference call

### Upcoming IR Activities

Date	Event	Organizer	Location
13/10/2021	Online Reverse Roadshow	CCRE	Conference call
18-19/10/2021	Bofa Asia Credit Conference	Bofa Securities	Conference call
20-21/10/2021	JP Morgan Asia Credit Conference	JP Morgan	Conference call
28-29/10/2021	Nomura Asia High Yield Corporate Day	Nomura	Conference call

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