

# Newsletter

November 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 Redeemed Senior Notes due on 8 November 2021**
- ✓ **CCRE Achieved Contracted Sales of RMB 47,004 mn for the First Ten Months of 2021**
- ✓ **CCRE’s October Cash Collection Ratio Reached 146%**

For the ten months ended 31 October 2021, the Group achieved total property contracted sales of RMB47,004 million, a y-o-y decline of 9.6%. The total contracted sales gross floor area (“GFA”) achieved 6,306,936 sq.m., a y-o-y decrease of 4.1%. The average selling price (“ASP”) for the first ten months of 2021 was RMB7,453 /sq.m., representing a y-o-y decrease of 5.8%, due to product mix.

CCRE achieved property contracted sales of RMB2,998 million in October 2021. The total contracted sales GFA amounted to 486,278 sq.m., with the ASP of RMB6,166 /sq.m.. The 56% y-o-y decrease in October contracted sales was mainly due to 50% decline in new launches compared to last year; due to softer property market sentiment nationwide and to avoid unnecessary build-up of inventory. The strategy resulted in achieving a higher first day sell-through rate of 47% in October 2021 versus first day sell-through rate of 23% for new launches in October 2020.

In the month of October 2021, CCRE achieved strong cash collection of RMB6.0 billion in total. Of which, RMB4.3 billion was cash receipts from contracted sales, representing a high cash collection ratio of 146%.

## Stock Data (as at 19 November 2021)

|                                  |  |  |   |
|----------------------------------|--|--|---|
| <b>Price/share:</b><br>HK\$ 1.16 | <b>Market Cap:</b><br>Approximately HK\$3.442 bn | <b>52-Week Range:</b><br>HK\$0.97 – HK\$4.56 | <b>Shares Outstanding:</b><br>2,967 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

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## Contracted Sales in October were Supported by:

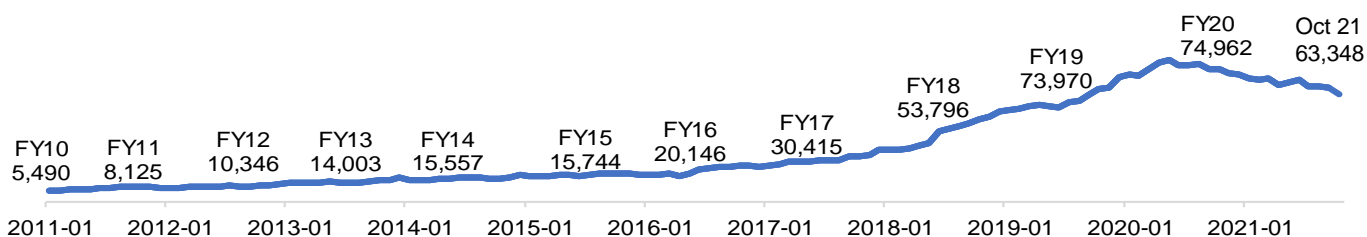
- i. Zhengzhou projects accounted for approximately 10% of the sales;
- ii. Tier 3 & 4 cities projects in Henan accounted for 52% of the sales;
- iii. County level cities projects in Henan contributed 38% of the sales;
- iv. Contracted sales continue to be diversified, with sales contribution from 238 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;
- v. In October, 89% of contracted sales came from projects unaffected by HPR (HPR only in Zhengzhou)

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

| City      | Project Name                    | Contracted Sales (RMB mn) | Contracted Area (sq. m.) | ASP (RMB/ sq. m.) |
|-----------|---------------------------------|---------------------------|--------------------------|-------------------|
| Shangqiu  | Chinoiserie Palace              | 70                        | 9,369                    | 7,485             |
| Kaifeng   | Lankao CCRE Mall                | 57                        | 10,824                   | 5,296             |
| Luoyang   | Jianye Zhonghong City           | 56                        | 3,288                    | 16,983            |
| Luohe     | Longhu Shuxiang Palace          | 52                        | 7,942                    | 6,499             |
| Jiaozuo   | Chinoiserie Palace              | 50                        | 3,294                    | 15,073            |
| Xinxiang  | Gongcheng Dongwang              | 48                        | 10,779                   | 4,488             |
| Zhengzhou | Metropolis                      | 48                        | 3,489                    | 13,833            |
| Puyang    | Puyang Sky Mansion              | 47                        | 4,829                    | 9,650             |
| Jiaozuo   | Jianye Palace                   | 46                        | 6,003                    | 7,611             |
| Shangqiu  | Art Mansion                     | 45                        | 6,696                    | 6,739             |
| Shangqiu  | Yuelong Palace                  | 44                        | 6,036                    | 7,328             |
| Nanyang   | Dengzhou Qingyunli              | 44                        | 7,242                    | 6,053             |
| Hebi      | Honour mansion                  | 44                        | 7,807                    | 5,590             |
| Hainan    | Danzhou Jianye Junlin Courtyard | 43                        | 2,463                    | 17,412            |
| Xuchang   | Yuzhou Dacheng Courtyard        | 36                        | 8,761                    | 4,132             |
| Xuchang   | Zhenyuehui                      | 35                        | 7,643                    | 4,589             |
| Puyang    | Jianrun Mansion                 | 34                        | 5,920                    | 5,757             |
| Luoyang   | Huayang Fengdu                  | 34                        | 3,355                    | 9,994             |
| Hebi      | Longmen Seven Courtyard         | 33                        | 5,174                    | 6,418             |
| Hainan    | Jianye Shiji Dongfang           | 32                        | 9,070                    | 3,534             |
|           | Others                          | 2,101                     | 356,296                  | 5,897             |
|           | <b>Total</b>                    | <b>2,998</b>              | <b>486,278</b>           | <b>6,166</b>      |

## 12-Month Rolling Heavy Assets Contracted Sales Trend

Unit: RMB mn



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## Major Project Launch

In the month of October, CCRE launched 8 new projects/phases. The aggregate saleable resources of the new launch is RMB523 mn. The first day of launch achieved an average sales/subscription rate of 47%, with sales subscription to be converted into contracted sales over the coming months.

### A Summary of the Major Projects Launched in October 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 (%) |
|---------------------------------|-------------|----------------------------------|---|----------------------|----------------------|-----------------------------------|-------------------------|
| Gushi Jianye Palace             | 16/10/2021  | 113                              | 53  | 47%                  | 20,830               | 9,760                             | 47%                     |
| Huaiyang Jianye Binhe Yard      | 16/10/2021  | 46                               | 15  | 32%                  | 4,191                | 1,349                             | 32%                     |
| Yuzhou Jianye Dacheng Xiaoyuan  | 17/10/2021  | 45                               | 24  | 53%                  | 8,070                | 4,304                             | 53%                     |
| Jianye Art Mansion              | 23/10/2021  | 21                               | 2   | 8%                   | 1,746                | 137                               | 8%                      |
| Zhumadian Jianye Boshan Palace  | 23/10/2021  | 78                               | 43  | 56%                  | 10,088               | 5,638                             | 56%                     |
| Xiangcheng Jianye CCRE Mall     | 24/10/2021  | 58                               | 39  | 68%                  | 10,039               | 6,804                             | 68%                     |
| Zhumadian Suiping Jianye Palace | 31/10/2021  | 48                               | 33  | 70%                  | 7,704                | 5,355                             | 70%                     |
| Luoyang Dingding Palace         | 31/10/2021  | 114                              | 39  | 34%                  | 10,365               | 3,505                             | 34%                     |
| <b>Total</b>                    |             | <b>523</b>                       | <b>248</b>                                      | <b>47%</b>           | <b>73,033</b>        | <b>36,852</b>                     | <b>50%</b>              |

## Henan Property Market Sales Up 3.4% y-o-y in 9M2021, CCRE Achieves Market Share of 7.2%

In the first nine months of 2021, the Henan real estate market contracted sales was up 3.4% y-o-y to RMB615.30 bn (9M2020: RMB594.96 bn), according to Henan Provincial Bureau of Statistics. CCRE's contracted sales (without light asset) for the first nine months of 2021 reached RMB44.01 bn, representing a market share of 7.2%<sup>1</sup> for the total Henan real estate market.

Henan transaction volume in the first nine months of 2021 reached 92.21 mn sq.m., representing a y-o-y increase of 2.4% (9M2020: 90.08 mn sq.m.). In terms of contracted GFA (without light asset), as at the end of September 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 nine months of 2021 was RMB6,673 /sq.m., up 1.0% y-o-y (9M2020: ASP RMB6,605 /sq.m.).

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

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

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

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## Land Acquisition

In October 2021, the Company acquired 1 new land plot in Xinyang Huangchuan County with a total land premium of RMB150 mn. The estimated total GFA was 156,879 sq.m.; land premium attributable to CCRE was RMB53 mn and estimated attributable GFA was 54,908 sq.m.. The average land cost was RMB959 /sq.m..

By the end of October 2021, the Company acquired a total GFA of 8,090,056 sq.m. in 2021, with land premium of RMB11,512 mn. The land premium attributable to CCRE was RMB6,962 mn and estimated attributable GFA was 4,650,650 sq.m.. The average land cost was RMB1,423 /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  | 1,531                          | 85,744            | 53                          | 34,298                   | 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  | 4,634                          | 43,748            | 49                          | 10,500                   | 24%          |
| 27/10/2021   | Huangchuan Jingjiu Avenue                  | Xinyang Huangchuan County | Equity Acquisition      | R, C, K   | 959                            | 156,879           | 53                          | 54,908                   | 35%          |
| <b>Total</b> |  |                           |                         |   | <b>1,004</b>                   | <b>1,456,888</b>  | <b>625</b>                  | <b>566,375</b>           |              |

## Land Bank Summary as at 31 October 2021

As at 31 October 2021, the estimated total land reserve GFA for new development is approximately 55.41 mn sq.m., (with attributable GFA of 40.19 mn sq.m.) at an average cost of RMB1,339 /sq.m..

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

### Company News

#### CCRE Repurchased and Cancelled Part of the Senior Notes due on 8 November 2021

- ✓ In October, CCRE has repurchased on the open market approximately 9.20% of the original issue size of the senior notes due on 8 November 2021, which is in aggregate principal amount of US\$36,780,000.
- ✓ As at 28 October 2021, CCRE has cancelled the repurchased senior notes due on 8 November 2021. After cancellation, the outstanding in aggregate principal amount of the senior notes due on 8 November 2021 was US\$363,220,000.

#### CCRE Redeemed Senior Notes due on 8 November 2021

- ✓ On 2 November 2021, CCRE has early remitted funds to the Trustee for the outstanding senior notes due on 8 November 2021.
- ✓ On 8 November 2021, CCRE has redeemed all outstanding senior notes due on 8 November 2021 at the redemption price equal to US\$375,478,675. Of which, the outstanding principal amount was US\$363,220,000, together with interest in an amount to US\$12,258,675 accrued to the Maturity Date.

### Recent 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 |
| 29/10/2021    | Nomura Asia High Yield Corporate Day | Nomura          | Conference Call |
| 2/11/2021     | Citi China Investor Conference       | Citi Securities | Conference Call |
| 12/11/2021    | Online Reverse Roadshow              | CCRE            | Conference Call |

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