

# Newsletter

August 2022

**Central China Real Estate Limited** is one of the leading Henan-based property developers, focusing on developing high-quality residential properties. With 30 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. Known for its outstanding product quality, strong brand and experienced management team, CCRE ranked 1st among 2021 Top Chinese Real Estate Companies in Terms of Overall Strength in Henan and 2021 Top 100 Outstanding Real Estate Enterprises in China by Guandian Index Academy, and ranked 353th in the Fortune 500 China List in 2021.

## LATEST NEWS

### ✓ **CCRE Achieved Contracted Sales of RMB2.12 billion in July 2022, down 8.8% y-o-y; Contracted Sales GFA up 5.4% y-o-y**

In the month of July 2022, CCRE achieved property contracted sales of RMB2,119 million, representing a y-o-y decrease of 8.8%, with a contracted sales gross floor area GFA of 324,592 sq.m., representing a y-o-y increase of 5.4%, and with the ASP amounted to RMB6,528 /sq.m. representing a y-o-y decrease of 13.5%.

For the first seven months ended 31 July 2022, CCRE achieved total property contracted sales of RMB16,158 million, representing a y-o-y decrease of 51.6%. The total contracted sales GFA achieved 2,239,484 sq.m., representing a y-o-y decrease of 48.6%. The ASP for the first seven months of 2022 was RMB7,215 /sq.m., representing a y-o-y decrease of 5.8%.

### ✓ **Full Repayment of US\$500,000,000 6.875% Senior Notes Due August 2022**

On 8 August 2022, CCRE has wired the full amount to the paying agent for the US\$500,000,000 6.875% senior notes due August 2022 (the “August 2022 Notes”) for the settlement of outstanding principal amount and accrued interest of the August 2022 Notes. All the August 2022 Notes will be cancelled and delisted from the official list of the Singapore Exchange Securities Trading Limited.

### ✓ **Two Non-Executive Directors From Henan Railway Construction & Investment Group Joined the Board of CCRE**

### ✓ **Jianye Group Cooperates with Zhengzhou Real Estate Group on Beilonghu Financial Island Office Building**

## Stock Data (as at 23 August 2022)

<b>Price/share:</b> HK\$ 0.52	<b>Market Cap:</b> Approximately HK\$1.586 bn	<b>52-Week Range:</b> HK\$0.50 – HK\$1.96	<b>Shares Outstanding:</b> 3,050 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:

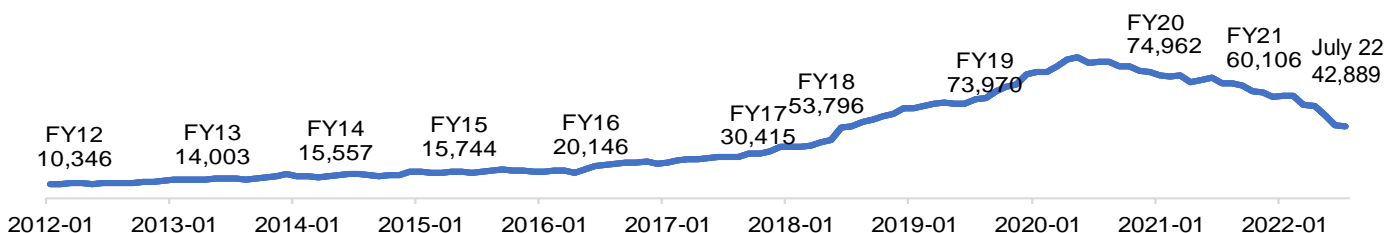
- Zhengzhou projects accounted for approximately 12% of the sales;
- Tier 3 & 4 cities projects in Henan accounted for 62% of the sales;
- County level cities projects in Henan contributed 26% of the sales;
- Contracted sales continue to be diversified, with sales contribution from 244 projects/phases located in the tier 2,3,4 cities and county level cities in Henan;
- In July, 87% of contracted sales came from projects unaffected by HPR (HPR only in Zhengzhou)

## Summary Breakdown of the Contracted Sales in July 2022:

City	Project Name	Contracted Sales (RMB mn)	Contracted Area (sq. m.)	ASP (RMB/ sq. m.)
Zhengzhou	Zhengzhou Jianye Taihong Palace	68	6,282	10,830
Shangqiu	Shangqiu Jianye Chinoiserie Palace	64	9,572	6,679
Shangqiu	Shangqiu Jianye Shenhua Jiangshan Mansion	59	9,140	6,425
Zhumadian	Zhumadian Jianye Chinoiserie Palace	57	7,019	8,136
Puyang	Puyang Jianye Sky Mansion	56	5,956	9,337
Zhoukou	Huaiyang Jianye Binhe Courtyard	53	10,041	5,292
Luoyang	Luoyang Jianye Zhonghong City	47	4,301	10,969
Nanyang	Nanyang Jianye Longyue City	42	5,920	7,041
Shangqiu	Shangqiu Yuelong Palace	40	5,288	7,491
Anyang	Anyang Jianye City	39	5,986	6,571
Shangqiu	Shangqiu Jianye Shanghe Yuan	37	5,591	6,536
Puyang	Taiqian Jianye Jianrun Palace	36	6,308	5,678
Luoyang	Luoyang Jianye Dingding Palace	34	4,050	8,324
Shangqiu	Shangqiu Jianye Art Mansion	31	4,809	6,369
Zhoukou	Zhoukou Jianye Chinoiserie Palace Phase III	30	4,867	6,140
Luoyang	Luoyang Jianye Palace	29	3,429	8,500
Hainan	Hainan Jianye Shihi Dongfang	28	7,724	3,664
Shangqiu	Yucheng Jianye Songshan Mansion	28	5,142	5,455
Xinxiang	Xinxiang Xinfei Jianye Palace	28	3,468	8,054
Zhoukou	Zhoukou Jianye Yuanhe Guzhen	28	4,490	6,168
	Others	1,287	205,209	6,272
	<b>Total</b>	<b>2,119</b>	<b>324,592</b>	<b>6,528</b>

## 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 10 new projects/phases. The aggregate saleable resources of the new launch is RMB697 mn. The first day of launch achieved an average sales/subscription rate of 16%, with sales subscription to be converted into contracted sales over the coming months.

## A Summary of the Major Projects Launched in July 2022 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 (%)
Xinxiang Chinoiserie Palace	08/07/2022	16	1	7%	4,197	251	6%
Shangqiu Chinoiserie Palace	09/07/2022	118	10	8%	18,175	1,367	8%
Puayang Longcheng	09/07/2022	71	4	5%	15,345	802	5%
Zhoukou Jianye City Phase IV	12/07/2022	72	14	20%	13,007	2,526	19%
Chengyuan	23/07/2022	50	5	9%	9,220	720	8%
Mengzhou Jianye Palace	29/07/2022	44	9	21%	9,232	251	3%
Jianye Forest Peninsula Phase VII	29/07/2022	28	6	20%	4,872	946	19%
Zhumadian Chinoiserie Palace Phase III	30/07/2022	81	42	52%	7,961	4,083	51%
Shangqiu Shangheyuan	30/07/2022	127	9	7%	15,032	1,407	9%
Zhoukou Chinoiserie Palace Phase III	30/07/2022	90	9	10%	15,157	1,413	9%
<b>Total</b>		<b>697</b>	<b>108</b>	<b>16%</b>	<b>112,198</b>	<b>13,767</b>	<b>12%</b>

## Henan Property Market Sales Down 17.3% y-o-y in 6M22, while CCRE Achieves Market Share 4.0%

In the first six months of 2022, the Henan real estate market contracted sales was down 17.3% y-o-y to RMB348.47 bn (6M21: RMB421.50 bn), according to Henan Provincial Bureau of Statistics. CCRE's contracted sales (without light asset) for the first six months of 2022 reached RMB13.86 bn, representing a market share of 4.0%<sup>1</sup> for the total Henan real estate market.

Henan transaction volume in the first six months of 2022 reached 56.71 mn sq.m., representing a y-o-y decrease of 8.9% (6M21: 62.24 mn sq.m.). In terms of contracted GFA (without light asset), as at the end of June 2022, CCRE accounted for 3.3%<sup>2</sup> of the overall Henan real estate market. The average transacted price for property sales in Henan for the first six months of 2022 was RMB6,145 /sq.m., down 9.3% y-o-y (6M21: ASP RMB6,772 /sq.m.).

<sup>1</sup>CCMG completed its spin-off and separate listing on 31 May 2021.

Notes: <sup>1</sup>CCRE's contracted sales as at 30 June 2022/ Total contracted sales of Henan Province as at 30 June 2022 from Henan Provincial Bureau of Statistics;

<sup>2</sup>CCRE's contracted GFA as at 30 June, 2022/ Total contracted GFA of Henan Province as at 30 June 2022 from Henan Provincial Bureau of Statistics.

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## Land Acquisition

In July 2022, the Company did not acquire any new land.

As of the end of July 2022, the Company acquired a total GFA of 886,418 sq.m. in 2022, with land premium of RMB1,319 mn. The land premium attributable to CCRE was RMB691 mn and estimated attributable GFA was 443,633 sq.m.. The average land cost was RMB1,488 /sq.m..

### A Summary of the Land Acquisition in 2022 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 (%)
06/01/2022	Xiping Spring Time	Zhumadian Xiping County	Cooperation	R, K	1,047	9,165	5	5,041	55%
17/01/2022	Shangqiu Huasheng Road Project	Shangqiu	Cooperation	R, K	1,578	367,258	296	187,302	51%
10/02/2022	Zhumadian Chinoiserie Palace Phase III	Zhumadian	Cooperation	R, K	1,304	358,327	241	184,538	52%
06/04/2022	Lianmeng 7 Mu Land	Zhengzhou Shangqiu	Land Auction	R, K	7,296	10,142	74	10,142	100%
13/04/2022	Yongcheng Lianmeng Dongwang	Yongcheng County	Land Auction	R, K	1,332	141,526	75	56,610	40%
<b>Total</b>					<b>1,488</b>	<b>886,418</b>	<b>691</b>	<b>443,633</b>	

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## Equity Research Report

### BOCOM International

On 11 August 2022, BOCOM International issued an equity research report titled “First to access bailout funding”. The analyst highlighted three points in the report as follows:

- ✓ **First to access Zhengzhou Bailout Fund** - On 5 August, Zhengzhou City announced to set up a real estate bailout fund of up to RMB10 billion in scale. On 9 August, CCRE announced on its official social media that the Parent Fund will take the lead with Zhengzhou Real Estate Group (a local real estate SOE) to cooperate with CCRE on the office portion of the Zhengzhou Financial Island Project. The analyst estimated that the cooperation will allow CCRE to recoup ~RMB500 million, which includes the original land cost and some construction cost spent.
- ✓ **Full redemption of senior notes** - CCRE also announced on 8 August that the company had fully repaid the US\$500m/6.875% senior notes. Looking ahead, the company does not have any offshore liabilities due in 2022.
- ✓ **Cooperation shows further support from Henan government** - The analyst noted CCRE is the first China developer to gain access to the municipal bailout fund, and believed the cooperation testifies to government support for CCRE.

BOCOM maintained its “Buy” rating and TP of HK\$1.60, representing ~0.4x FY22E P/B.

## Upcoming IR Activities

Date	Event	Organizer	Location
01/09/2022	2022 Interim Results Investor Presentation	CCRE	Conference Call
02/09/2022	Post Interim Results Management NDR	JP Morgan	Conference Call
05/09/2022	Post Interim Results Management NDR	Bofa Securities	Conference Call
06/09/2022	Post Interim Results Management NDR	DBS	Conference Call

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