



建業地產股份有限公司
Central China Real Estate Limited

2019 Interim Results Announcement

August 2019

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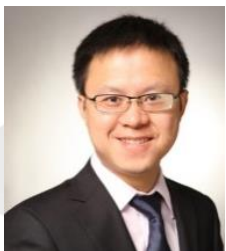
Chairman
Mr. Wu Po Sum



Mr. Yuan Xujun
Chief Executive Officer



Mr. Felix Wang
Executive Director



Mr. Hu Ping
Chief Financial Officer



Mr. Vinh Mai
**Head of Investor Relations
& Chief Investment Officer**

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Overview

2019 First Half Financial Results Summary

- Revenue increased by 90.1% to RMB9,068 mn, (excluding attributable revenue from JCEs of RMB1,894 mn, up 123.3%)
- Total recognized GFA delivery increased by 102.6% to 1,376,219 sq.m.
- Recognized ASP (excluding carpark) increased by 5.9% to RMB5,747 per sq.m.
- Gross profit increased by 43.8% to RMB2,474 million, achieved gross profit margin of 27.3%
- EBITDA was RMB2,459 million, up 70.4%
- Achieved net profit of RMB768 million, up 33.8%
- Net profit attributable to equity shareholders was RMB658 million, up 19.6%
- Declared interim dividend of HKD15.6 cents per share (equivalent to RMB14.0 cents per share)

Overview

2019 First Half Operational Achievements

- ▲ In 1H2019, contracted sales from heavy-asset increased by 9.2% to RMB27.7 bn., achieved 43.6% of full year target of RMB63.5 bn; the contracted sales from light-asset projects amounted to RMB11.9 bn. Achieving total contracted sales of RMB39.6 bn, up 24.1%.
- ▲ In 1H2019, contracted sales GFA from heavy-asset projects increased by 11.0% to 3.82 mn sq.m.; contracted sales GFA from light-asset projects amounted to 2.12 mn sq.m., achieving total contracted sales GFA of 5.95 mn sq.m., ranked No.13 in China*
- ▲ CCRE's market share in Henan has increased by 0.5 p.p. to 10.7% 1H2019
- ▲ 1H2019 contracted ASP was RMB 7,233/sq.m., decreased by 1.6% due to change in city mix
- ▲ Unrecognized contracted sales of RMB50.6 billion (up 82% y-oy), excluding RMB19.7 billion (up 110% y-o-y) attributable at JCEs
- ▲ As at 30 June 2019, successfully signed management contract with 131 third-party projects of approximately 19.91 million sq.m. of GFA, with an estimated based-fee revenue total of RMB4,085 million

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Financial Highlights

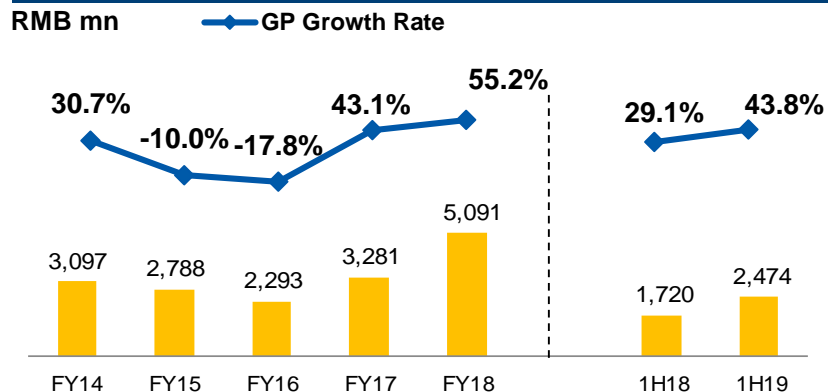
- Revenue increased by 90.1% to RMB9,068 mn, due to the increase in delivery GFA
- Gross profit increased by 43.8% and achieved gross profit margin of 27.3%, gross profit margin declined as a result of a change in product mix and less carpark sales (with higher margin) recognized
- EBITDA increased by 70.4% to RMB 2,459 mn on higher gross profit
- Net profit increased by 33.8% to RMB768 mn with net profit margin of 8.5%
- Basic EPS has increased by 8.1% to RMB24.08 cents on higher net profit

	1H2019	1H2018	Change
Revenue (RMB mn)	9,068	4,771	90.1%
Gross profit (RMB mn)	2,474	1,720	43.8%
Gross profit margin	27.3%	36.0%	-8.7p.p.
EBIT (RMB mn)	2,317	1,315	76.2%
EBIT margin	25.6%	27.6%	-2.0p.p.
EBITDA (RMB mn)	2,459	1,443	70.4%
EBITDA margin	27.1%	30.2%	-3.1p.p.
Income tax (RMB mn)	795	504	57.7%
Net profit (RMB mn)	768	574	33.8%
Net profit attributable to equity shareholders (RMB mn)	658	550	19.6%
Net profit margin	8.5%	12.0%	-3.5p.p.
Basic earnings per share (RMB cents)	24.08	22.28	8.1%
Diluted earnings per share (RMB cents)	23.64	21.84	8.2%

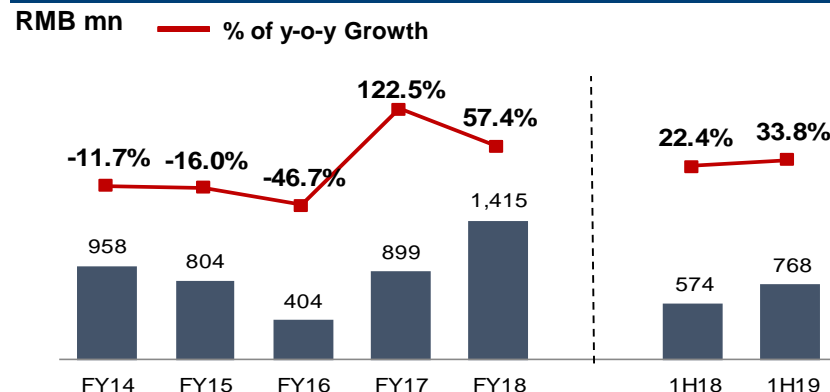
Financial Highlights (cont'd)

▲ Recovering profitability since 2016

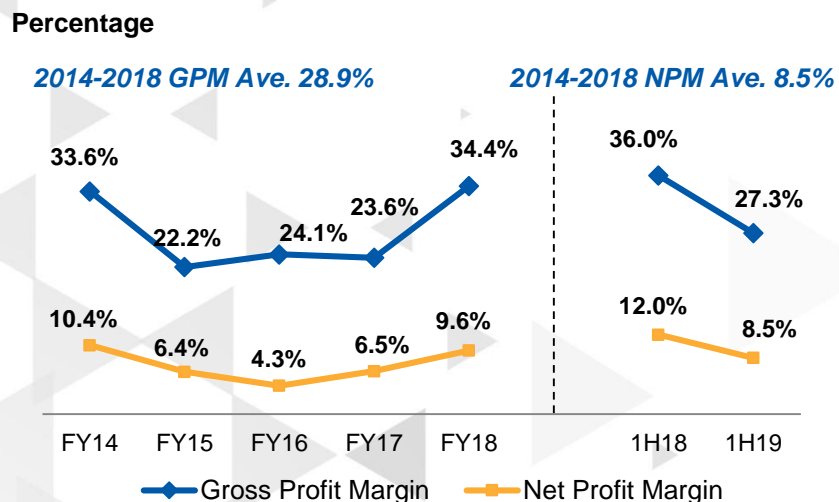
Gross Profit



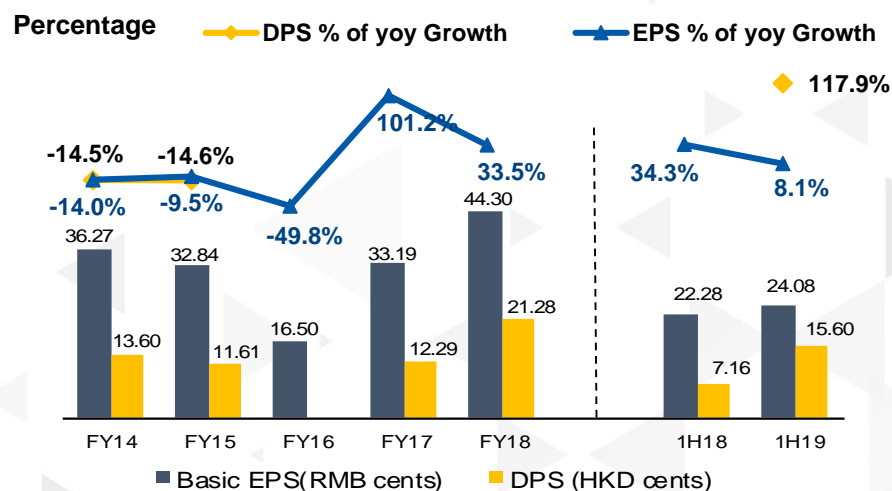
Net Profit



Gross Profit Margin & Net Profit Margin



Dividend per Share & Earnings per Share



Operating Results

- In 1H19, revenue and recognized property sales increased substantially as a result of the surge in recognized GFA and higher recognized ASP

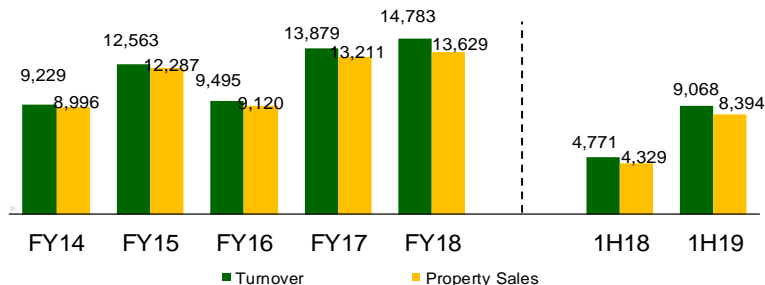
Revenue and Property Sales

RMB mn

Revenue 2014-2018 CAGR 12.5%

Property Sales 2014-2018 CAGR 10.9%

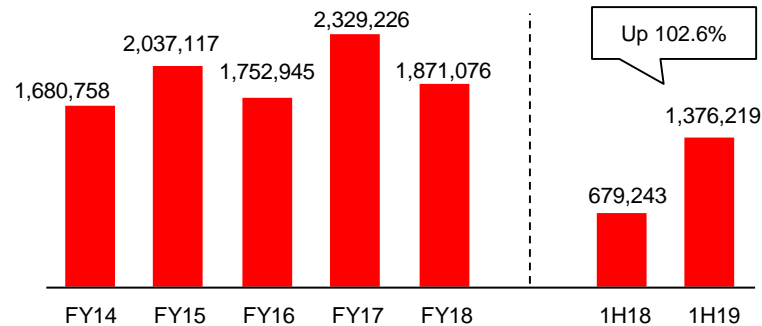
Revenue up 90.1%
Recognized property sales up 93.9%



Recognized GFA

sq.m.

Up 102.6%

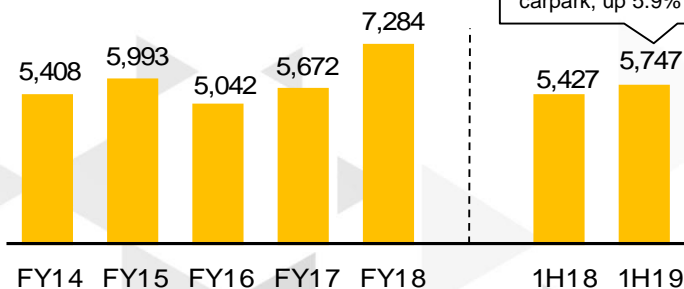


Recognized Average Selling Price

RMB per sq.m.

2014-2018 Ave. ASP RMB5,880/sq.m.

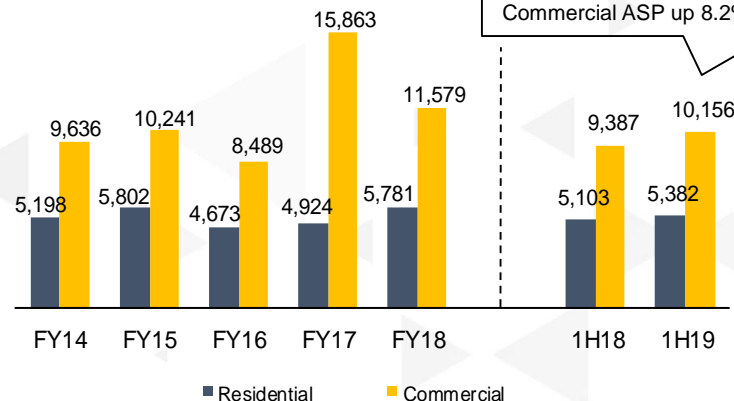
Not including carpark, up 5.9%



Recognized ASP by Property Type

RMB per sq.m.

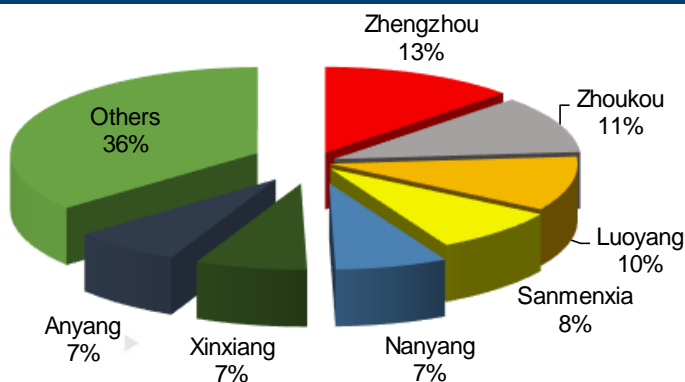
Residential ASP up 5.5% yoy
Commercial ASP up 8.2% yoy



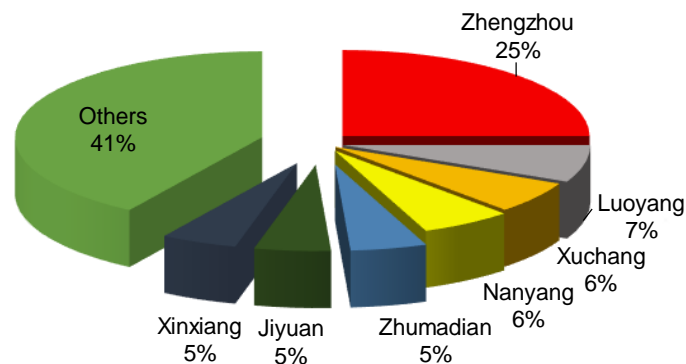
Recognized Sales and GFA sold (Breakdown by Cities)

- Recognized sales from Zhengzhou projects is RMB1,080 mn, contributing 12.8% of total with average GP margin of 33.4%
- Tier 3 & 4 cities contributed 79.5% of total recognized sales with an average GP margin of 22.4%
- County level cities accounted for 7.7% of total recognized sales with an average GP margin of 18.4%

Recognized Sales in 1H19



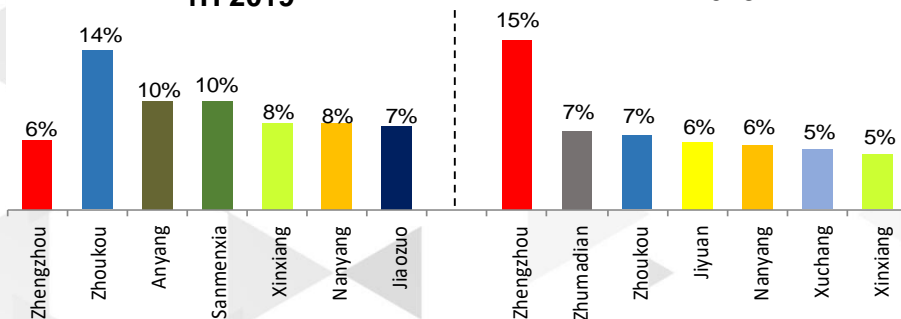
Recognized Sales in 1H18



Recognized GFA

1H 2019

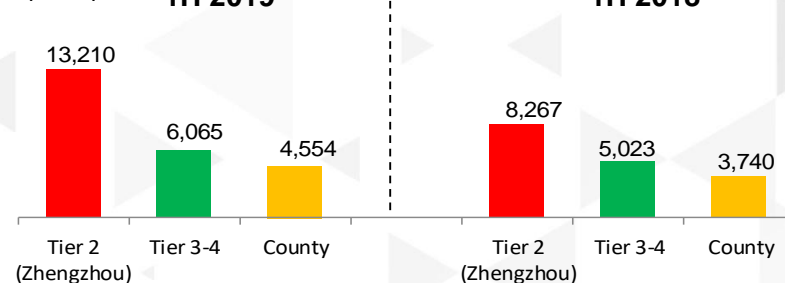
1H 2018



Recognized ASP (excluding carpark)

RMB per sq.m. 1H 2019

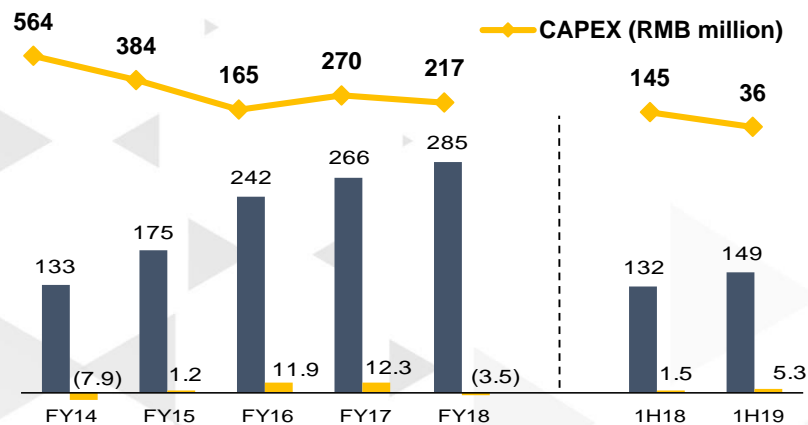
1H 2018



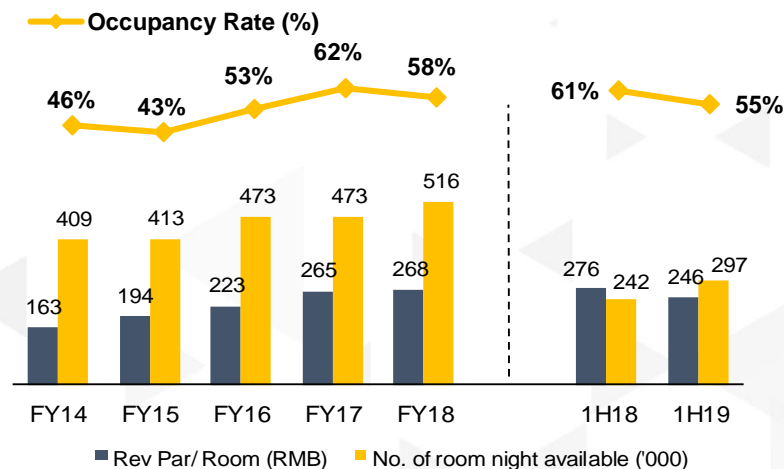
Hotel Operations

- ▲ 1H19 revenue from hotel operations increased by 12.9% y-o-y to RMB149 mn, with gross profit margin of 32%
- ▲ Room revenue grew by 10.3% y-o-y to RMB69.2 mn, while F&B revenue increased by 14.9% y-o-y to RMB80.3 mn
- ▲ Average occupancy rate declined to 55% in 1H19 from 61% in 1H18, due to the increase in number of rooms
- ▲ RevPar decreased by 10.9% y-o-y to RMB246 /room in 1H19 from RMB276 /room in 1H18
- ▲ Net operating profit was RMB5.3 mn in 1H19, with four out of seven hotels achieving positive operating profit
- ▲ Total CAPEX for hotel development in 1H19 was RMB36 mn
- ▲ In 1H19, net loss from hotel operation amounted to RMB95 mn, due to the depreciation of hotel assets

Hotel Revenue and Operating Profit/ Loss vs CAPEX



Occupancy Rate vs Rev Par/ Room and no. of room available



Hotel Operations



Hotel	No. of Guestrooms	Total GFA (sq.m.)	Occupancy Rate	y-o-y change	RevPar (RMB)	y-o-y change	Opening Time
Aloft Shangjie	173	19,457	73%	-16 p.p.	141	-18.1%	2011 Aug
Holiday Inn Nanyang	360	50,574	54%	+9 p.p.	188	+16.6%	2012 Aug
Four Points by Sheraton Luohe	245	37,398	65%	+4 p.p.	210	+6.9%	2012 Nov
Le Méridien Zhengzhou	350	64,721	76%	+3 p.p.	443	-0.3%	2013 Oct
Pullman Kaifeng Jianye	187	43,836	46%	-5 p.p.	356	-8.3%	2015 Oct
Yanling Jianye The MIST Hot Spring Hotel	51	19,951	15%	+3 p.p.	288	+6.4%	2018 Feb
Zhengzhou Jianye Sky Mansion Int'l Service Apartment	302	34,252	27%	—	107	—	2018 Oct
Total / Average	1,668	270,189	55%	-5 p.p.	246	-10.8%	

Light Asset Model Business

- As at 30 June 2019, the light asset business model has achieved scalability and sustainability by securing 131 third-party projects under CCRE's Management Entrustment Contracts, with a total planned GFA of approximately 19.91 mn sq.m. up 19.8% from 16.62 mn sq.m. as at 31 December 2018
- The estimated base fee from the 131 light asset projects during the first half of 2019 reached approximately RMB4,085 mn in total and to be recognized over the coming 3 to 4 years
- In 1H2019, revenue from the light asset model business was up 62.2% y-o-y to RMB404 mn with GPM of 97%
- Expect number of light asset projects to reach 150 by the end of 2019

Unlock Brand Value

Target Customer

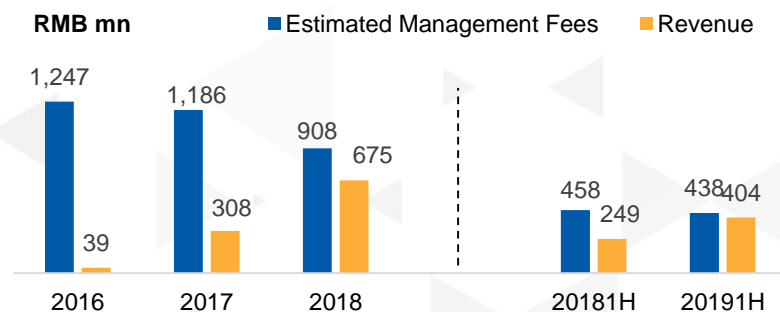
- High quality land owner
- Sufficient capital provided
- Highly recognized CCRE's culture
- Manageable market risk

Competitive Strength

- CCRE is the renown regional developer in Henan with high recognition and brand value
- CCRE has thorough management system and diversified market oriented products

Fee Structure

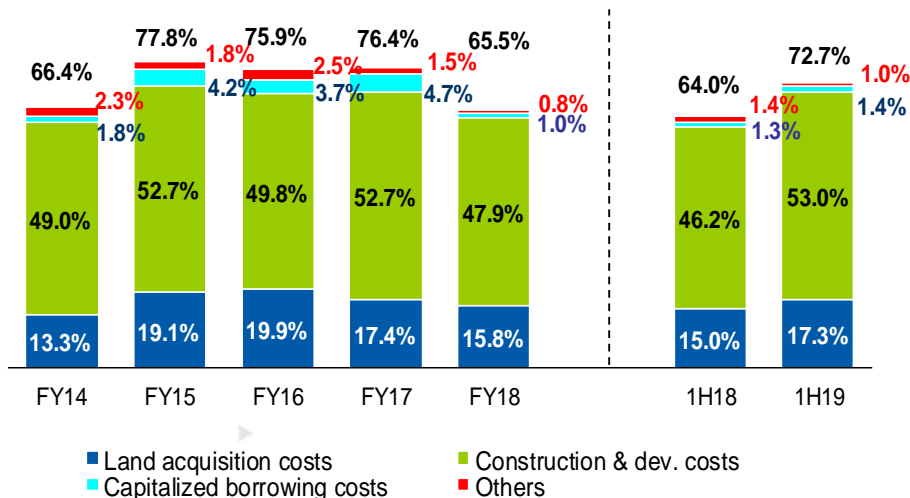
- Basic Management Fee: RMB200 /sq.m. for residential; RMB300 /sq.m. for commercial on GFA
- Extra management fee: 10% of selling price premium over per set ASP
- Profit sharing fee: base on selling price premium over pre-set ASP



Cost Analysis

Cost of Sales (as % of revenue)

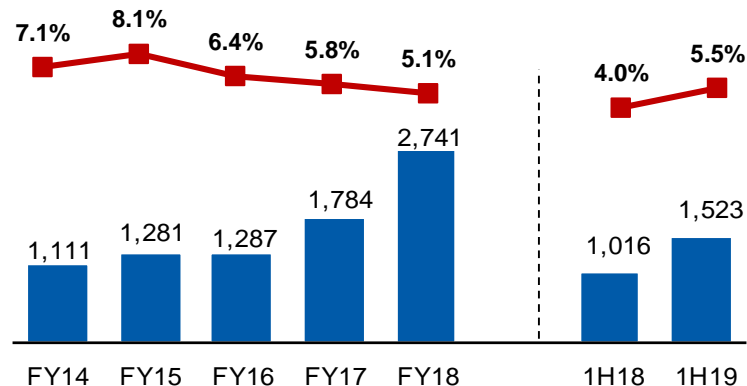
Stable cost structure



- ▲ In 1H19, cost of sales as percentage of revenue increased by 8.7 p.p. to 72.7%, mainly due to different product mix
- ▲ Land acquisition costs as percentage of revenue has increased by 2.3 p.p. to 17.3% in 1H19

SG&A (as % of Contracted Sales)

SG&A as % of contracted sales RMB mn



- ▲ In 1H19, the heavy asset contracted sales achieved 9.2% growth y-o-y and the total SG&A as percentage of contracted sales increased to 5.5%
- ▲ Selling & marketing expenses increased by 73.4% to RMB751 mn due to increase in promotional and advertising activities associated with new projects
- ▲ General & administrative expenses increased by 32.4% due to Group expansion

Balance Sheet Highlights

- ▲ Achieved high cash balance (with restricted cash) of RMB23.8 bn to cover 3.4 times short-term debt
- ▲ Total debt increased by 30.0% mainly due to the net issuance of USD400 mn Senior Notes in 1H19
- ▲ Short term debt increased by 31.0% to RMB7.0 bn
- ▲ Total shareholders' equity increased by 5.6% to RMB10.8 bn
- ▲ Book value per share increased by 5.5% to RMB3.97

(RMB mn)	30 Jun 2019	31 Dec 2018	Change
Cash	19,241	14,202	35.5%
Cash plus restricted deposit	23,817	17,782	33.9%
Total assets	120,927	101,962	18.6%
Total debt	25,798	19,851	30.0%
Short-term debt	7,005	5,346	31.0%
Net current assets	9,220	6,317	45.9%
Total capitalization	36,638	30,121	21.6%
Total shareholders' equity	10,840	10,270	5.6%
Book value per share (RMB)	3.97	3.76	5.5%

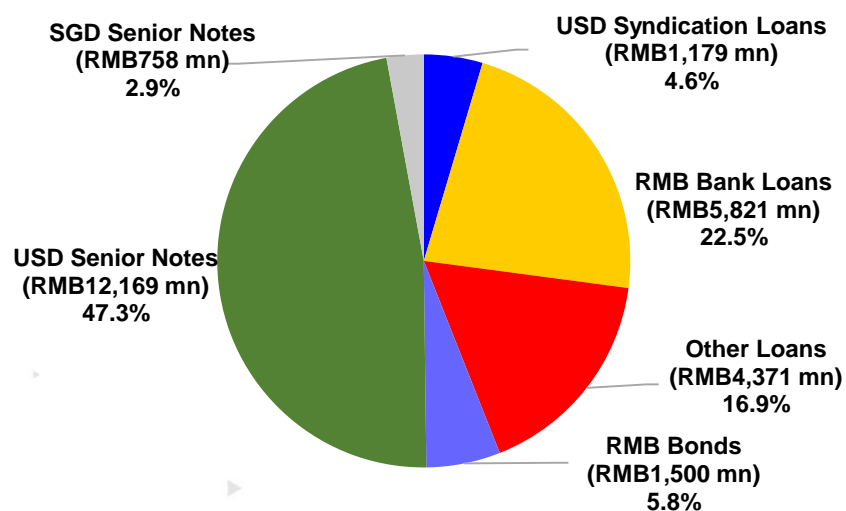
Key Financial Ratios

- Asset turnover ratio was higher at 8.1% in 1H2019
- Return on equity has increased to 7.3%
- Improved gearing level with net debt to equity ratio (including restricted cash) at 18.3%
- EBITDA/interest cover ratio improved to 2.8 times at 30 June 2019

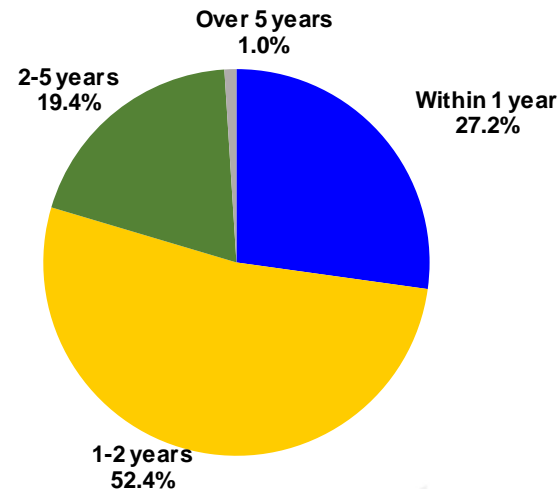
	1H2019	1H2018
Asset turnover	8.1%	6.8%
Return on equity	7.3%	6.2%
Return on assets	0.7%	0.8%
Net debt to total equity ratio (with restricted cash)	18.3%	47.3%
Net debt to total equity ratio (without restricted cash)	60.5%	71.3%
Total debt/total capitalization	70.4%	66.4%
Total liabilities/total assets	91.0%	87.0%
Current ratio (times)	1.10x	1.13x
Cash/short-term debt (with restricted cash)	340%	255%
EBITDA/interest (times)	2.8x	1.8x

Diversified Debt Profile

Funding Source



Debt Maturity



- ▲ Diversified and balanced funding sources with 45.3% onshore debt and 54.7% offshore debt
- ▲ Shorter debt maturity profile with average debt maturity of 2.1 years
- ▲ Stable average funding cost at 7.5% at 30 June 2019 (31 Dec 2018: 7.0%)
- ▲ Redeemed USD200 mn 8.0% Senior Notes in May 2019
- ▲ Undrawn facility line amounted to RMB24.1 bn

Cash Flow Highlights

- Management adopted disciplined cash flow management, achieved positive net cash inflow of RMB5,039 mn
- Achieved high cash collection ratio of 90.8%, with total contracted sales receipts up 14.0% y-o-y at RMB 25.1bn
- Maintained high cash balance of RMB19.2 bn (without restricted cash) as at 30 June 2019, up 35.5% yoy
- Higher construction costs and higher land acquisition related cash flow due to expansion

(RMB mn)		1H2019 (Actual)	1H2018 (Actual)	YoY Change	2019 (Budget)
Initial cash position (without restricted cash)		14,202	11,284		14,202
Inflow	Contract sales receipts	18,200	16,524	+10%	48,000
	Contract sales receipts obtained from JCEs	6,925	5,516	+26%	12,000
	Amount obtain/repaid to JCEs & Other working capital movement	(4,982)	(6,880)	-28%	(16,028)
	Bank & other loan: inflow/(outflow)	7,603	907	+738%	8,463
	Onshore/Offshore Bond Issuance	3,986	4,968	-20%	3,986
Total Cash Inflow		31,732	21,889	+45%	56,421
Outflow	Land acquisition related cashflow	(12,200)	(8,958)	+36%	(18,000)
	Construction costs	(8,430)	(5,479)	+54%	20,500
	Redemption of USD200 mn SNs (Redemption of USD400 mn SNs)	(1,371)	(2,632)	-48%	(1,371)
	Capital expenditure	-	(83)	-	-
	Finance costs	(841)	(744)	+13%	(2,161)
	SG&A	(2,282)	(809)	+182%	(5,435)
	Tax	(1,238)	(1,653)	-25%	(3,265)
	Dividend	(331)	(248)	+33%	(711)
Total Cash Outflow		(26,693)	(20,606)	+30%	(51,443)
End cash position (without restricted cash)		19,241	12,567	+53%	19,180

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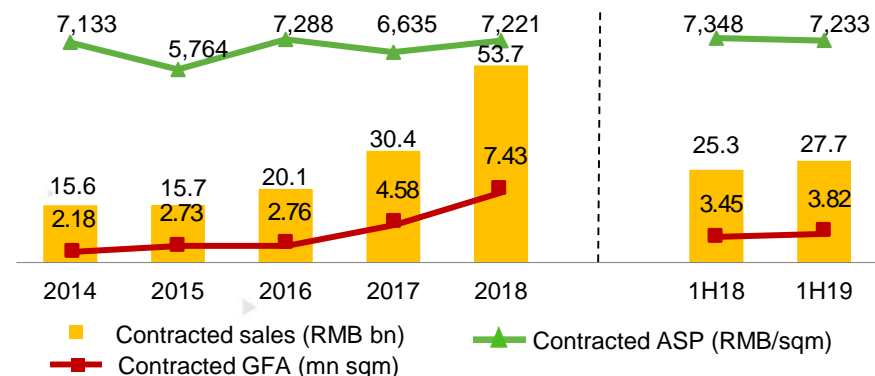
Contracted Sales – Market Leader

- ▲ Increased market share in Henan to 10.7% (including light asset projects) in 1H19
- ▲ Heavy-asset contracted sales up 9.2% to RMB27.7 bn, achieving 43.6% of FY19 sales target of RMB63.5 bn
- ▲ Achieved sell-through rate of approximately 50% in 1H19 vs 70% in 1H18, on RMB54.7 bn saleable resources
- ▲ Contracted sales GFA up 11.0% to 3.82 mn sq.m., with 82% attributable from lower tier cities
- ▲ ASP has decreased slightly to RMB7,233/sq.m., due to change in product mix

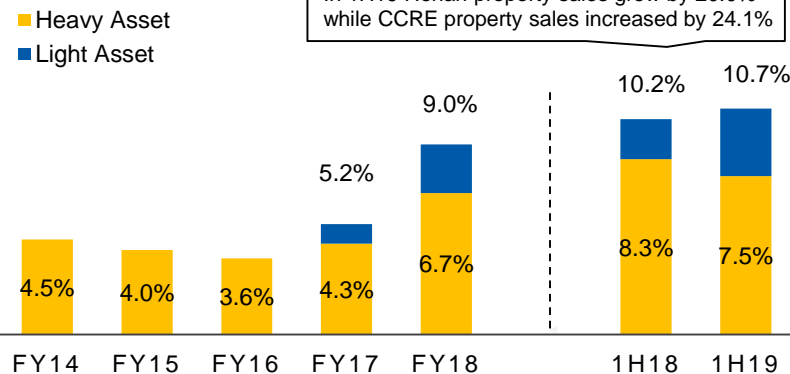
Contracted Sales & GFA

Sales 2014-2018 CAGR 36.2%

GFA 2014-2018 CAGR 35.9%



Market Shares in Henan Province (a)

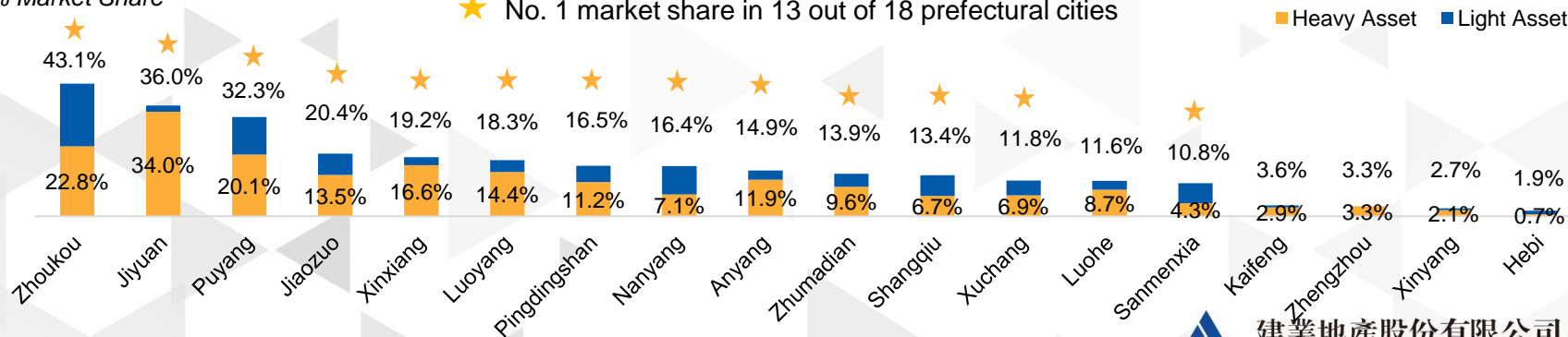


In 1H19 Henan property sales grew by 20.0% while CCRE property sales increased by 24.1%

Market share over 10% in 14 Prefectural Cities(b)

% Market Share

★ No. 1 market share in 13 out of 18 prefectural cities

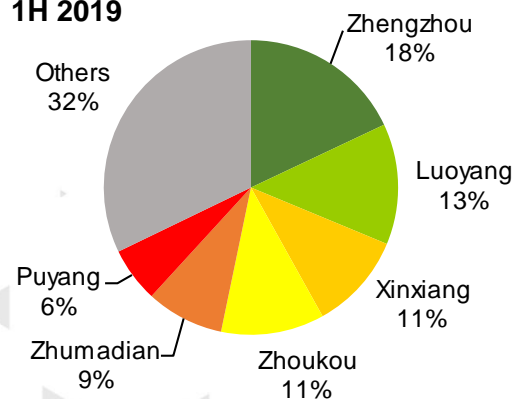


Contracted Sales Drivers in 1H19

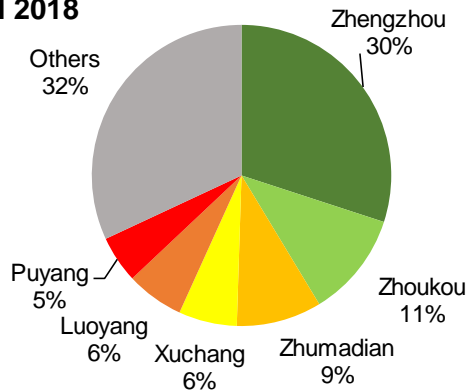
- Contracted sales were highly diversified across 64 cities and 154 projects in differentiated price category
- Contracted sales from Zhengzhou was RMB 5 bn, accounted for 18% of total contracted sales in 1H19
- Tier 3/4 accounted for 50% of sales (vs 40% in 1H18), and county level accounted for 32% of sales (vs 30% in 1H18)
- Sales from properties with ASP less than 11,000 was at 82% in 1H19 reflecting strong demand from upgraders
- Properties size between 90 to 144 sq.m. accounted for 47% of contracted sales in 1H19

Contracted Sales by Cities

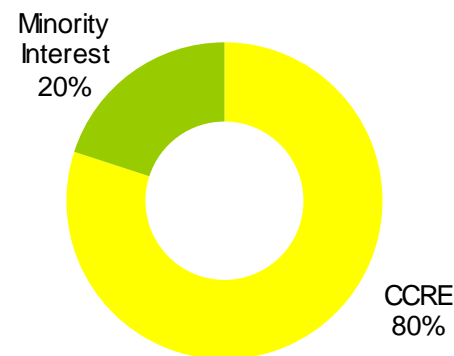
1H 2019



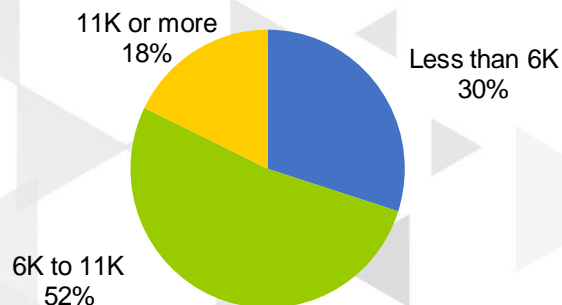
1H 2018



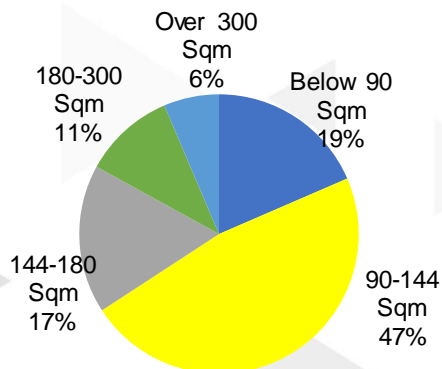
Contracted Sales by Attributable Interest



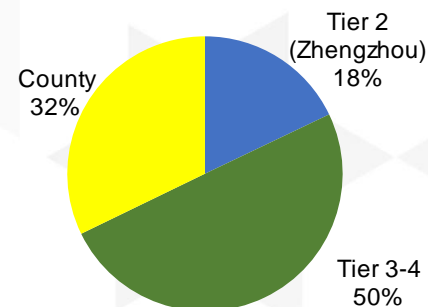
By ASP (RMB /sq.m.)



By Size



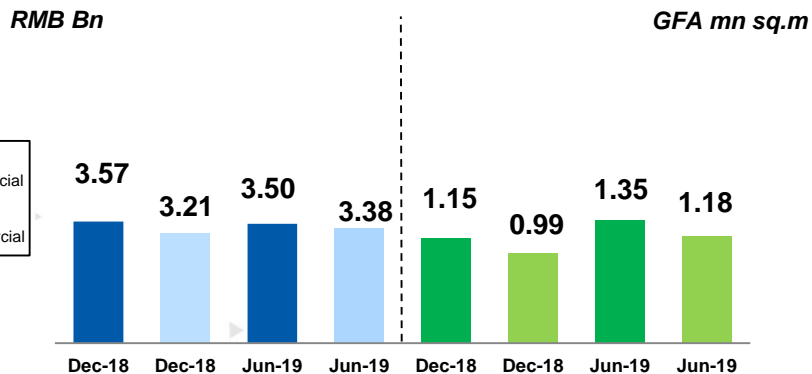
By City Level (RMB)



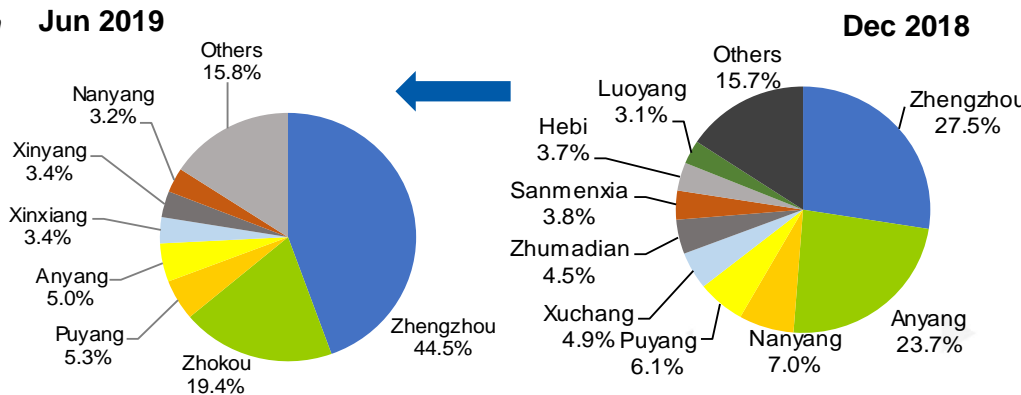
Inventory Analysis

- On 30 June 2019, completed properties held for sales decreased by 2.0% y-o-y to RMB3.50 bn
- Total saleable inventory GFA increased to 3.4 mn sq.m., amounting to RMB27.7 bn on 30 June 2019
- Saleable inventory in Zhengzhou decreased by 12% to RMB7.7 bn, representing 27.7% of total saleable inventory
- 79% of saleable inventories are residential properties and 4% is carpark (By GFA)
- 41% of inventory aged within 1 year and 69% of inventory aged within 3 years

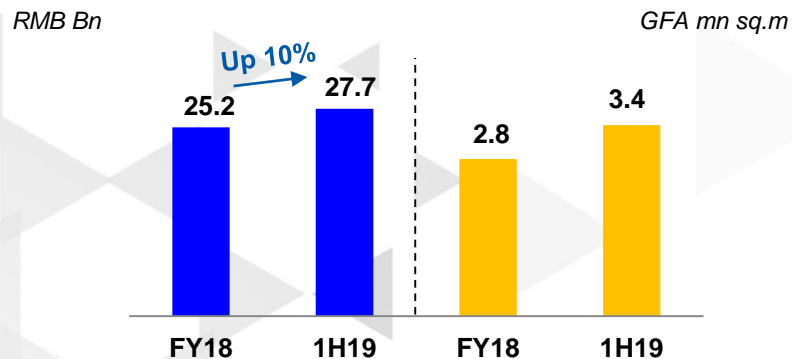
Completed Properties Held for Sales



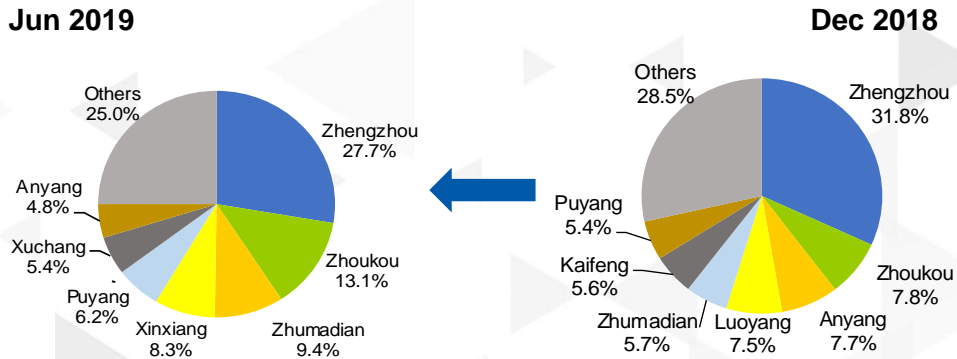
Proportion of Completed Properties Held for Sales in RMB by City



Total Saleable Inventory



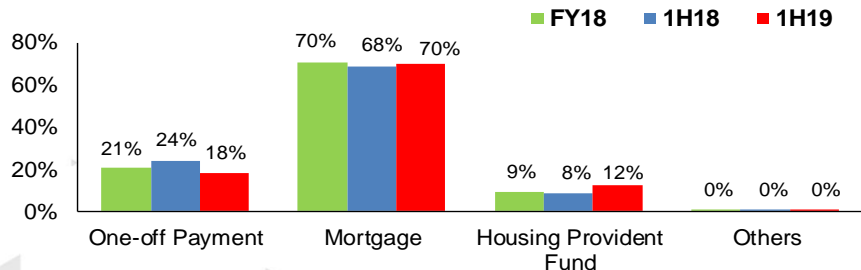
Proportion of Total Saleable Inventory in RMB by City



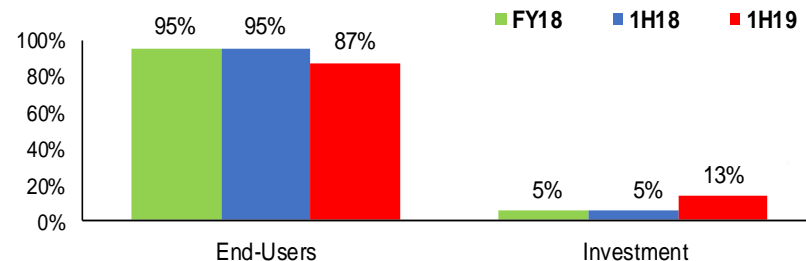
Customer Distribution

- Customer base consists of 87% end-users, with 96% were local buyers from Henan
- Cash payment buyers at 18%, mortgage payment buyers is at 70%, and buyers using HPF at 12%
- Affordable pricing with 76% of property unit sold under RMB1 million reflecting end-user market demand
- The number of units sold above RMB1 million was stable at 24% in 1H19

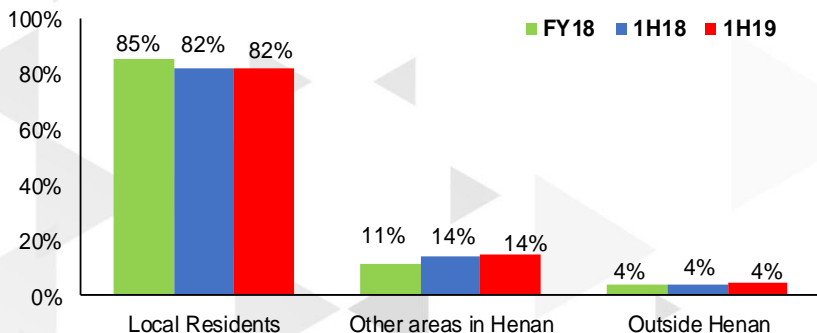
Breakdown of Purchasers by Payment Method



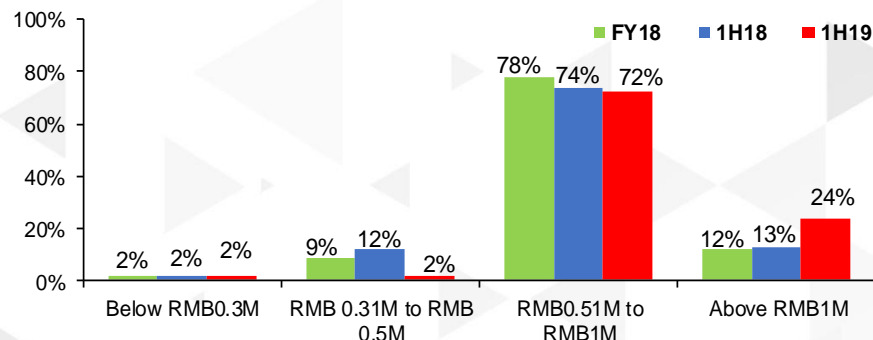
Breakdown of Purchasers by Usage



Breakdown of Purchasers by Region



Breakdown of Purchasers by Selling Price



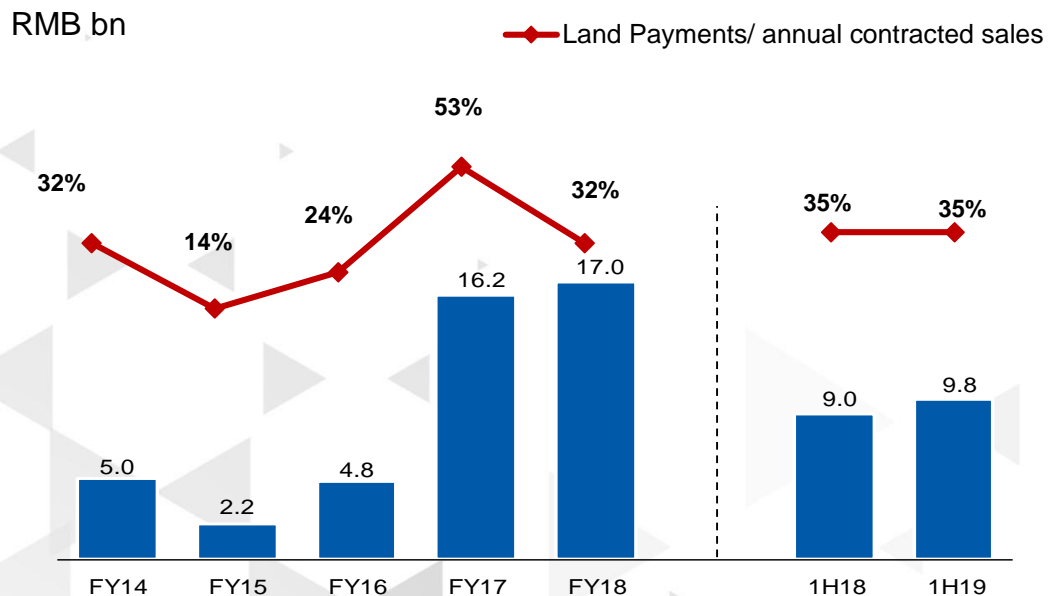
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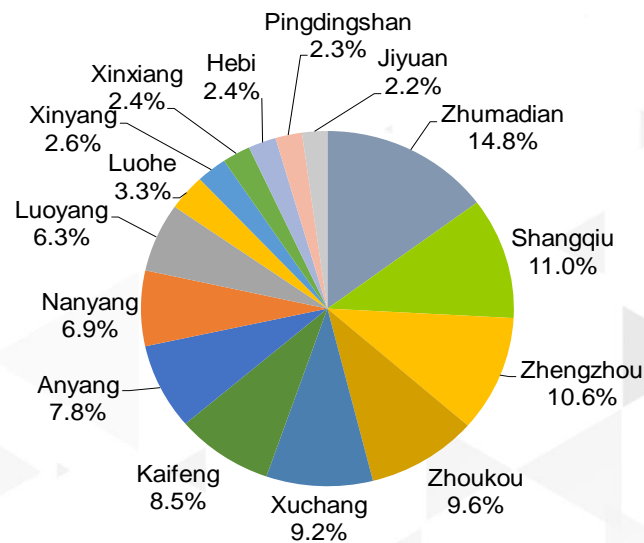
Land Acquisition Strategy in 1H2019

- ▲ In 1H2019, acquired 4.5 mn sq.m. of new land bank at an average cost of RMB2,176/sq.m.
- ▲ As at 30 June 2019, the total land bank GFA is 47.69 mn sq.m., and with a low average land cost of RMB1,180/sq.m.
- ▲ In 1H2019, Land acquisition expenditure is RMB9.8 bn, supported by strong contracted sales and cash collection, accounted for 35% of 1H2019 contracted sales of RMB27.7 bn
- ▲ Consistent with the Group's strategy of controlling the cost of land, 38% of the new land in 1H2019 was acquired through equity cooperation, and 62% through land auction

Land Acquisition payment and Land Acquisition payment as % of Contracted Sales



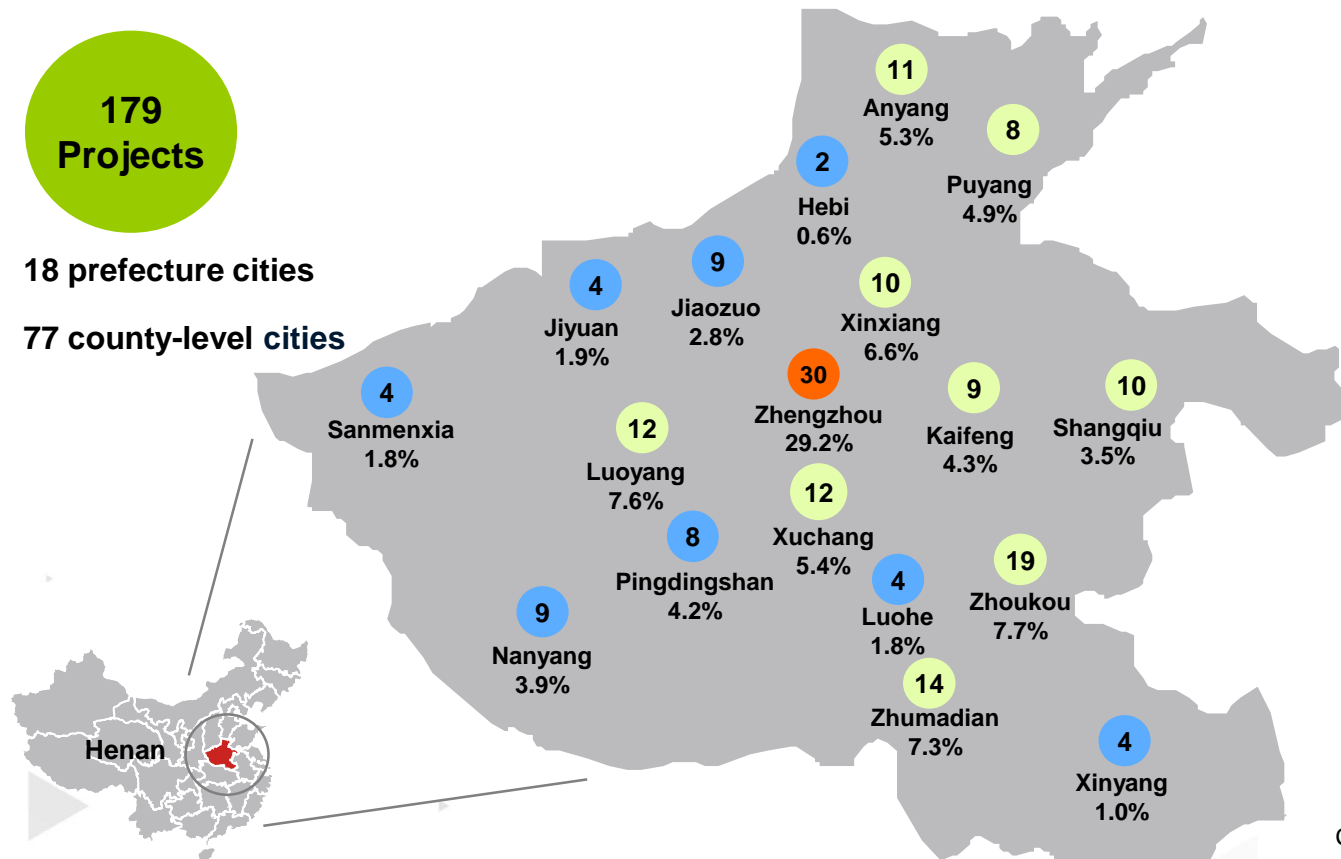
Land Acquisition by cities in 1H2019 (by GFA)



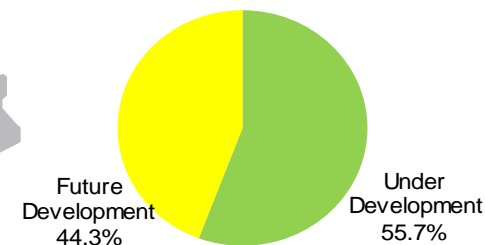
Land Reserves in Strategic Locations

179 Projects

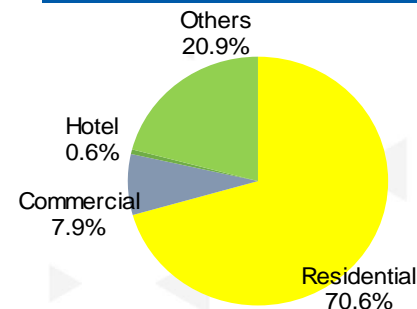
- 18 prefecture cities
- 77 county-level cities



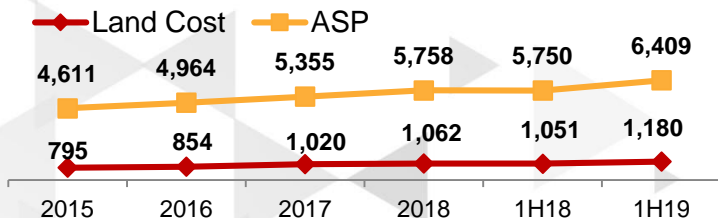
Development Stage



Property Type



Henan ASP VS. Average Land Cost (RMB/sq.m.)



As at 30 Jun 2019:

- Total GFA of land bank: 47,685,580 sq.m.
- Attributable GFA: 37,190,918 sq.m.
- Average land cost: RMB1,180 per sq.m.

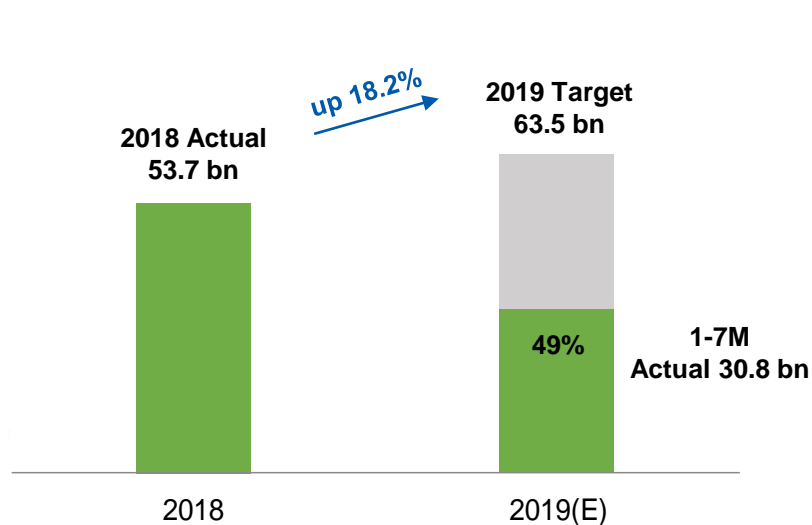
79% of land use rights obtained

Agenda

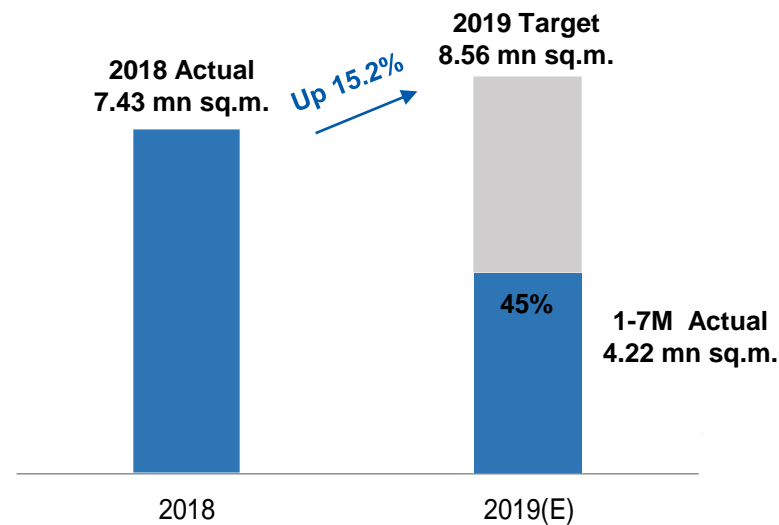
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2019 Contracted Sales Targets

Contracted Sales Target



GFA Target

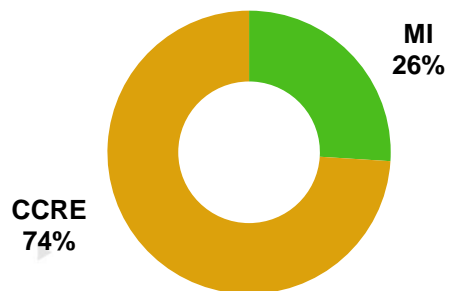


- ▲ 2019 contracted sales target of RMB63.5 bn
- ▲ Achieved contracted sales of RMB30.8 bn as at 31 July 2019, up 11.4% yoy, achieved 49% of annual sales target
- ▲ Contracted sales GFA reached 4.22 mn sq.m., up 13% yoy, as at 31 July 2019
- ▲ Achieved ASP of RMB7,295/sq.m., down 1.6% yoy
- ▲ Estimate total saleable resources of approximately RMB72.9 bn in 2H2019, including existing inventory (RMB27.7 bn) & new launches (RMB45.2 bn) in 2H2019
- ▲ In 2H2019, to achieve the contracted sales target, requires a sell-through rate of approximately 49%

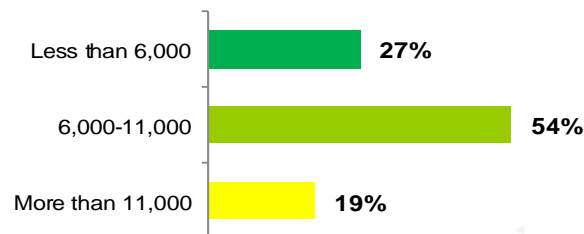
2H2019 Sales Plan

- 2H2019 contracted sales well diversified across 126 projects in 57 cities in Henan with diverse price range
- Expect sales from Zhengzhou to account for 30% of total sales
- Contribution from tier 3/4 cities (outside Zhengzhou) will be around 35%
- Expect sales from 54 county-level cities projects to remain 35% in 2H2019
- Affordable ASP, expect 81% of contracted sales from projects with ASP less than RMB11,000/sq.m.

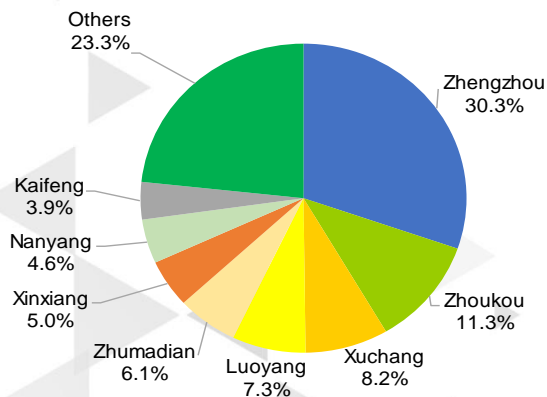
Attributable Interest



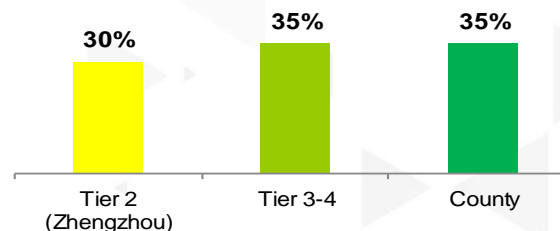
Contracted Sales by Selling Price



Contracted Sales by Cities



City Level Contribution



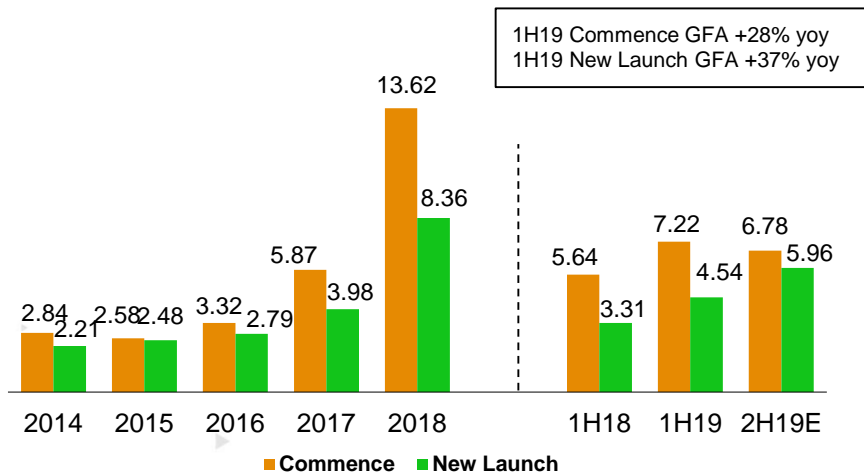
2019 Development Plan

Commence & New Launch GFA

mn sq.m.

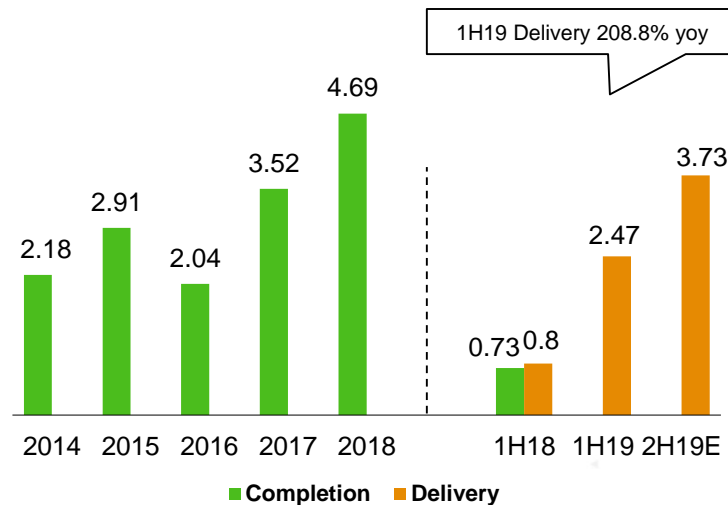
2014-2018 Commence GFA CAGR 48.0%

2014-2018 New Launch GFA CAGR 39.4%



Completion and Delivery

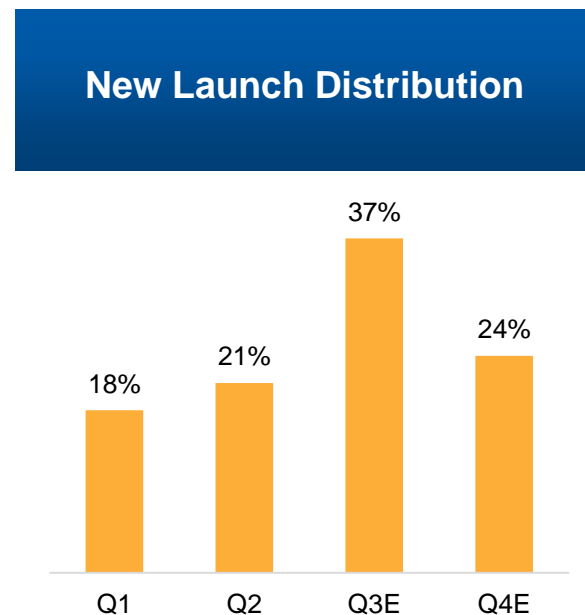
mn sq.m.



- 2H19 plan to commence GFA construction of 68 projects with GFA of 6.78 mn sq.m.
- 2H19 plan to launch 107 projects with GFA of 5.96 mn sq.m.
- 2H19 estimate to deliver 41 projects with GFA of 3.73 mn sq.m.
- The company expects the development plan will support the contracted sales plan in 2H2019

Major Projects Launch in 2H2019

Item	City	Project	Estimated Launch Value (RMB Mn)	Estimated Launch (ASP)
1	Zhengzhou	Jianye Art Mansion (Unique in Henan)	1,691	17,753
2	Zhengzhou	Zhengzhou Intelligent Palace	1,555	15,820
3	Puyang	Puyang Zhenyuehui	1,534	12,078
4	Zhengzhou	Zhengzhou Bei Long Hu No.24	1,439	53,000
5	Zhengzhou	Zhengzhou J18 Project	1,306	13,500
6	Zhumadian	Zhumadian Spring Time	1,160	9,087
Total			8,686	15,182



- ▲ The estimated saleable resource from the new project launch will be approximately RMB45.2 bn
- ▲ Total launch value of the 107 new projects fully covers the RMB35.8 bn contracted sales target in 2H19
- ▲ Top 6 major projects launch in 2H19 will account for 19% of total saleable resources in 2H19
- ▲ Zhengzhou projects will account for 32% of new launch in sales value and 20% of GFA new launch
- ▲ New projects to be launched in major cities includes Zhengzhou (32%), Zhumadian (8%), Xuchang (8%), Zhoukou (7%) and Luoyang (6%) (as proportion of 2H new launch sales value)

Major Projects Launch in 2H2019

Luoyang Binhe Longfu 洛阳滨河珑府



- ◆ GFA: 240,000 sq.m.
- ◆ Location: Center of Chanhe District
- ◆ Developed surrounding facilities including schools, parks
- ◆ Convenient transportation
- ◆ Product: High-rise with views
- ◆ Estimate ASP: RMB10,000/sq.m.
- ◆ Land cost: RMB2,600/sq.m.

Zhengzhou Wonderland 郑州云境



- ◆ GFA: 135,000 sq.m.
- ◆ Location: South of Zhengzhou Airport Experimental District
- ◆ Transportation: Planned multiple transportation and facilities
- ◆ Product: creative high-rise small units
- ◆ Estimate ASP: RMB11,000/sq.m.
- ◆ Land cost: RMB4,600/sq.m.

Zhengzhou Bei Long Hu No.24 郑州君邻大院（北龙湖24号地）



- ◆ GFA: 132,000 sq.m.
- ◆ Location: Zhengdong New District, Bei Long Hu CBD
- ◆ Facilities: Metro, Long Hu Financial Centre, Universities, Parks
- ◆ Product: low-rise
- ◆ Estimate ASP: RMB44,000/sq.m.
- ◆ Land cost: RMB25.91mn/mu

Puyang Puyuan 濮阳璞园



- ◆ GFA: 135,000 sq.m.
- ◆ Location: High-speed railway New District
- ◆ Surrounded by metro, with schools and municipal park under planning
- ◆ Product: high-rise, house
- ◆ Estimate ASP: RMB5,200/sq.m. (high-rise)
RMB10,000/sq.m. (house)
- ◆ Land cost: RMB115,000/mu

Cash Flow Forecast for 2H2019

- ▲ Continue to be prudent with cash flow management, estimate net positive cash inflow of RMB4,978 mn for FY2019
- ▲ 2H19 land acquisition cash flow expenditure is estimated of RMB5.8 bn, with total unpaid land premium of RMB853 mn
- ▲ Construction expenditure budget for 2H2019 is RMB12.07 bn, due to higher commencement
- ▲ Estimate cash balance of RMB19.18 bn (without restricted cash) at the year end of 2019

(RMB mn)		2H2019 (Budget)
Cash position as at 30 June 2019 (without restricted cash)		19,241
Inflow	Contracted sales receipts	29,800
	Contracted sales receipts obtained from JCEs	5,075
	Amount obtain/repaid to JCEs & Other working capital movement	(11,046)
	Bank & other loan, restricted cash inflow/(outflow)	860
	Total Cash Inflow	24,689
Outflow	Land acquisition cashflow	(5,800)
	Construction expenditure budget	(12,070)
	Finance costs	(1,320)
	SG&A	(3,153)
	Tax	(2,027)
	Dividend	(380)
Total Cash Outflow		(24,750)
Cash position as at 31 December 2019 (E) (without restricted cash)		19,180

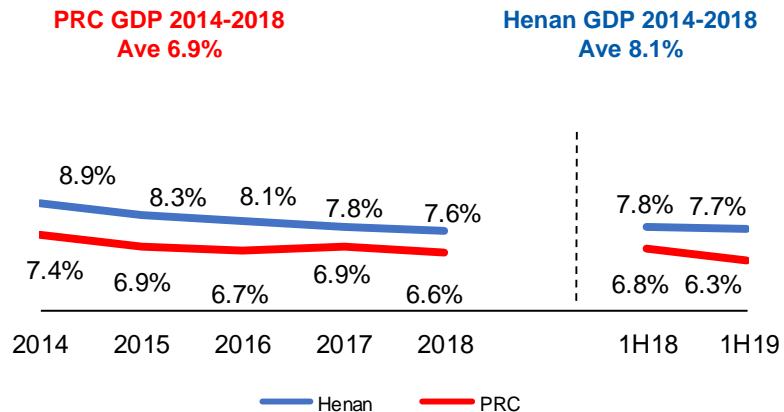
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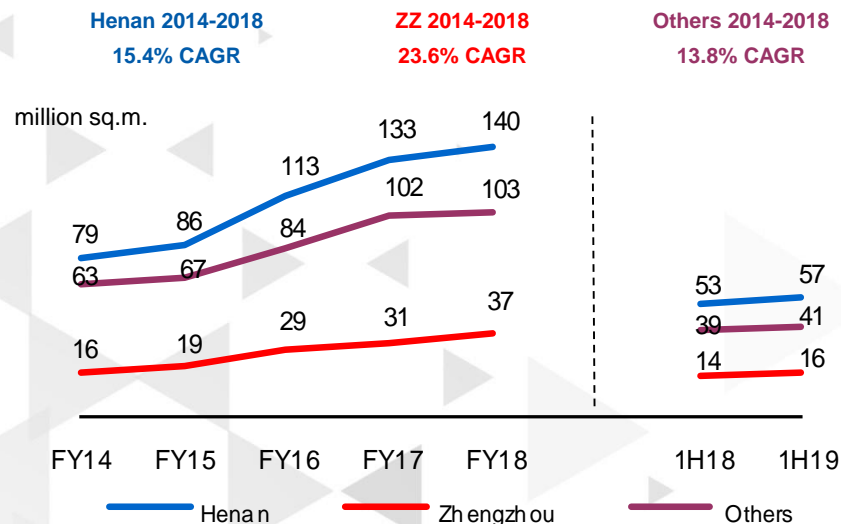
Market Review

- ▲ In 1H19, Henan's GDP reached RMB2.4 trillion (5.4% of China's total GDP), achieving real GDP growth of 7.7%, which was 1.4 p.p. higher than the national growth rate
- ▲ In 1H19, in terms of GFA sold, Henan property market reached 57mn sq.m., up 7.7% y-o-y, above the national property GFA sold growth of -1.8%
- ▲ Contracted sales volume was strong across major cities in Henan lead by Jiyuan with sales volume growth of 38.9% y-o-y and Zhengzhou sales volume growth of 10.0% y-o-y
- ▲ Lower tier 3 & 4 cities in Henan are displaying continuous positive long-term trend with strong volume growth in Luohe +25.7%, Zhoukou +23.6%, Pingdingshan +21.5% and Kaifeng +18.7%

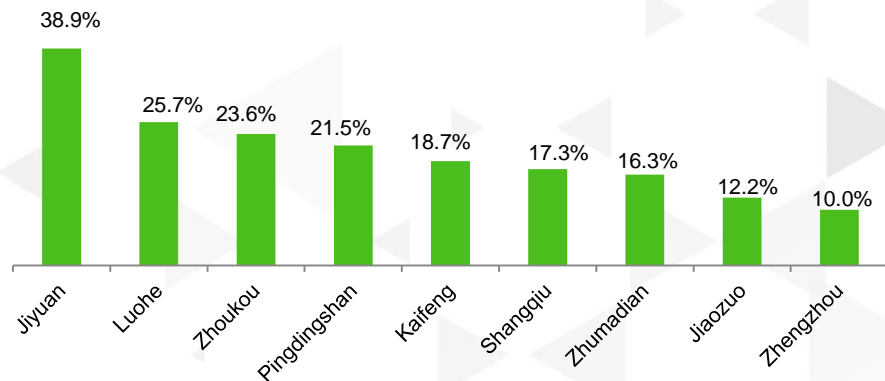
Above Average Real GDP Growth



Contracted Sale GFA



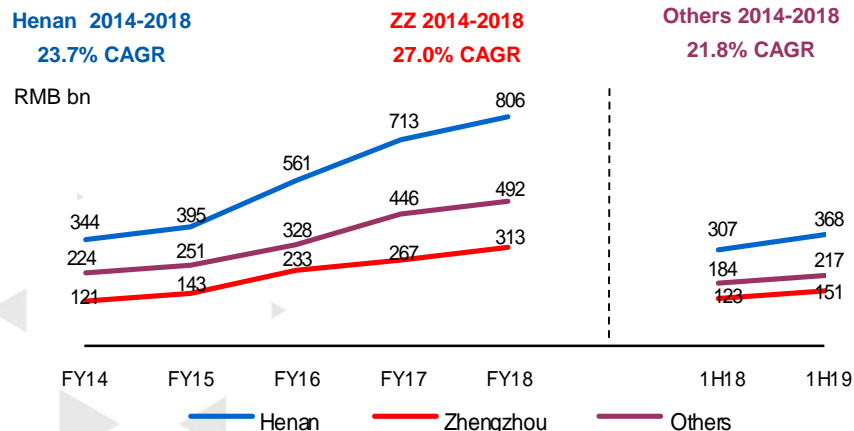
1H19 Contracted Sales GFA Growth by Cities



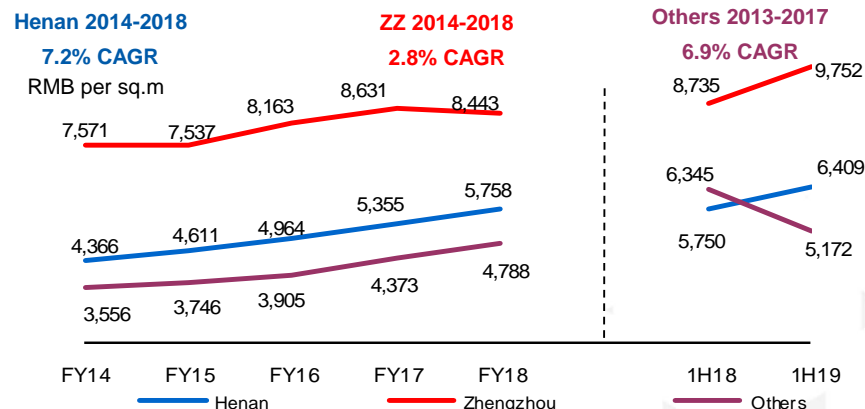
Market Review (cont'd)

- ▲ In 1H19, Henan total contracted sales grew by 20.0% y-o-y to RMB368 bn (5.2% of China's total contracted sales) vs nationwide growth rate of 5.6% y-o-y
- ▲ Henan's ASP grew by 11.5% y-o-y to RMB6,409/ sq.m. vs nationwide ASP growth of 7.5% at RMB9,329 /sq.m.
- ▲ Contracted sales was strong across major cities in Henan lead by Jiyuan which grew by 46.6% y-o-y
- ▲ Zhengzhou contracted sales grew by 22.8% y-o-y, representing 41.1% of the Henan property market, with Zhengzhou ASP growing 11.6% to RMB9,752/sq.m.

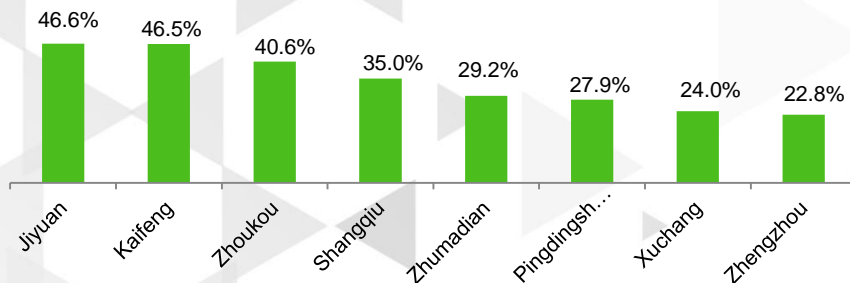
Contracted Sales



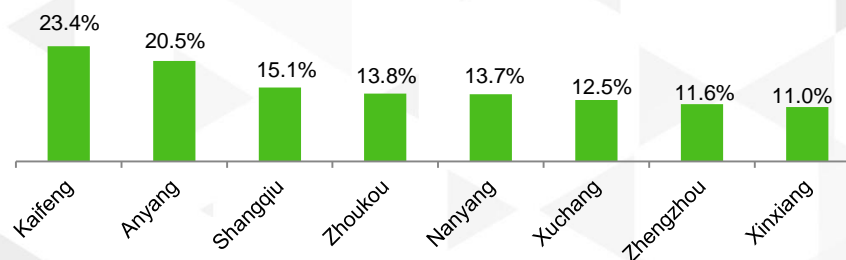
ASP



1H19 Contracted Sales Growth by Cities



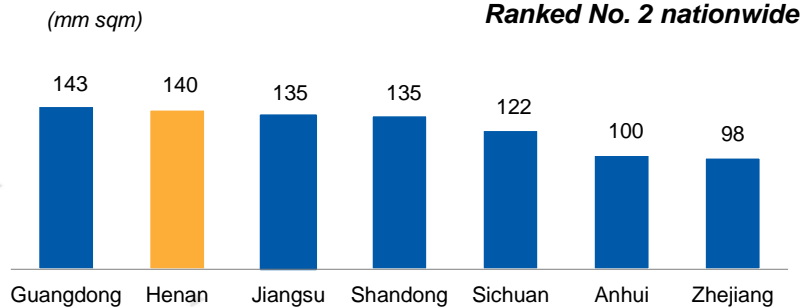
1H19 ASP Growth by Cities



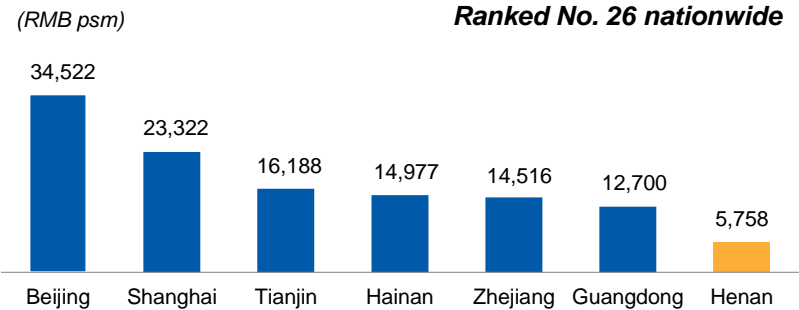
A Market with Strong Growth Potential

- ▲ Henan has a large population of 109 mn with rising disposable income per capita at RMB16,797 in 1H19, up 7.2% y-o-y
- ▲ Rising urbanization rate of Henan at 51.7% in 2018 (up 1.5 p.p.) vs nationwide average urbanization rate of 59.6% (up 1.1 p.p.)
- ▲ Currently ranked 5th largest economy in China with GDP approximately USD349 billion, representing 5.4% of China's total GDP for 1H2019
- ▲ Property market ranked 2th largest by GFA sold, representing 7.9% of China's total property GFA sales for 2018
- ▲ End-user market with high affordability, with average housing price at 6.0 times annual household disposal income

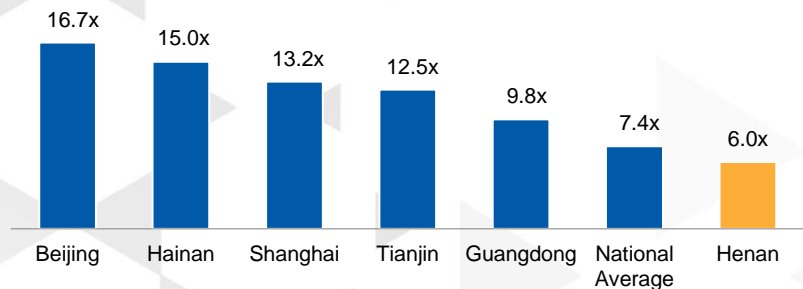
2018 Contracted Sales GFA – Sizeable Market



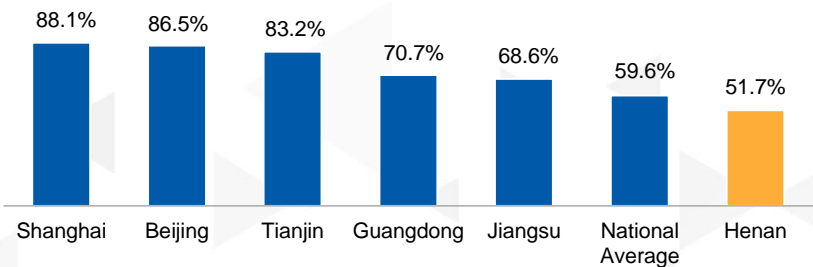
2018 ASP³ – Significant Room for Growth (RMB psm)



2018 Affordability Ratio² – Highly Affordable Properties



2018 Urbanization Rate – Strong Underlying Potential



Source: Provincial Statistics 2018 & 1H2019;

Note: ¹ National average based on average of provinces in China; ² Affordability ratio = average price of a 100 sqm apartment / average annual household disposal income, assuming an average household size of 3; calculations are based on information as at 30 June 2018; lower number indicates better affordability; ³ Based on commodity properties

Market Outlook

The Macro-Economy Environment

- ▲ In the first half of 2019, amid the complicated international political environment and trade war, China's GDP maintained stable growth of 6.3% to RMB45.1 trillion. It is expected that the economic growth will slow down in the second half of 2019 as compared with that of 2018, while maintaining overall steady growth.
- ▲ In the first half of 2019, the economic development of Henan Province maintained stable and progressive growth. The Henan economy grew by 7.7% to RMB2.4 trillion or approximately US\$344 billion. It is expected that Henan Province will release economic potential to ensure steady and healthy development in the second half of 2019 on the back of favourable demographic dividend, policy and rising urbanization rate.

The Property Market

- ▲ In the first half of 2019, overall regulation on the real estate market stayed tightened and the strategy of “One Policy for One City” is adopted, local governments adjusted policies in a timely manner in light of changes in the market so as to ensure stable market performance. In the second half of 2019, as the financing environment for real estate developers tightens, it is expected that the land markets in various cities will gradually become more rational, and the industry will be characterised by “market size falling from the peak with stable price and low-speed growth in investment and new construction”.
- ▲ In the first half of 2019, Henan Province continued to accelerate new urbanization construction, resulting in increasingly enlarged urban space. Driven by the huge population in Henan and the support from high speed urbanization, it is expected that the overall demand and supply is relatively balanced in the second half of 2019.



建業地產股份有限公司
Central China Real Estate Limited

Q&A

Thank you!

根植中原 造福百姓

胡海春

