



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

25<sup>th</sup>  
1992-2017

香港上市十周年  
10th Anniversary of Hong Kong Listing

根植中原 造福百姓

From the land of Henan, for the people of China

# 2017 Annual Results Announcement

March 2018

胡海森



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## Agenda

Overview	5
Financial Highlights	8
Business Operations	15
Development & Sales Plans	26
Land Bank	33
Market Review & Outlook	36
Appendix	42

# Overview

## 2017 Financial Results Summary

- ▲ Revenue increased by 46.2% to RMB13,879 million, (excluding attributable revenue from JCEs of RMB4,483 mn, up 235.8%)
- ▲ Total recognized GFA delivery increased by 34.0% to 2,329,226 sq.m.
- ▲ Recognized ASP increased by 8.1% to RMB5,672 per sq.m., due to product mix changes
- ▲ Gross profit increased by 43.1% to RMB3,281 million, achieved gross profit margin of 23.6%
- ▲ EBITDA was RMB2,856 million, up 37.9%
- ▲ Achieved net profit of RMB899 million, up 122.5%
- ▲ Net profit attributable to equity shareholders was RMB811 million, up 101.3%
- ▲ Declared full year dividend of HK\$12.29 cents per share (equivalent to RMB9.93 cents per share) for 2017



# Overview

## 2017 Operational Achievements

- ▲ In 2017, contracted sales increased by 51.0% to RMB30.4 billion, achieved 113.5% of full year target of RMB26.8 billion
- ▲ 2017 contracted sales GFA increased by 65.8% to 4.58 million sq.m., rank 26<sup>th</sup> in China \*
- ▲ Achieved 4.3% market share in Henan in 2017 increased from 3.6% at the end of 2016
- ▲ 2017 contracted ASP was RMB 6,635/sq.m., down 9.0% due to change in product mix and increase sales from lower tier cities in Henan
- ▲ Unrecognized contracted sales of RMB15.5 billion, excluding RMB10.7 billion at JCEs as at 31 Dec 2017
- ▲ As at 31 December 2017, successfully secured management contract with 75 third-party projects of approximately 12.46 million sq.m. of GFA, with an estimated based-fee revenue total of RMB2,695 million





## Agenda

Overview	5
Financial Highlights	8
Business Operations	15
Development & Sales Plans	26
Land Bank	33
Market Review & Outlook	36
Appendix	42

# Financial Highlights

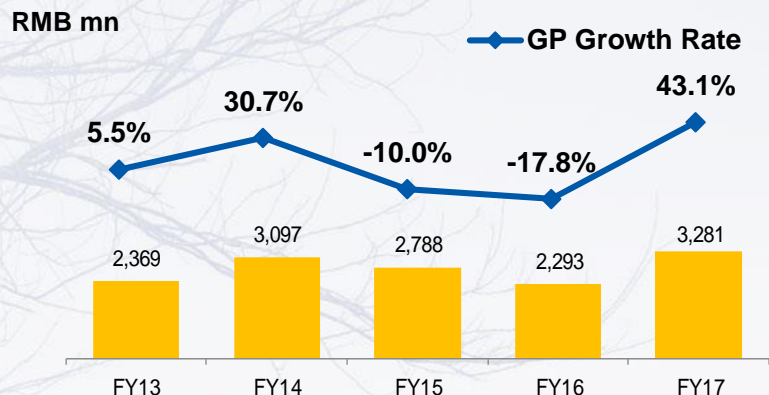
- Revenue increased by 46.2% to RMB13,879 mn, due to the increase in delivered GFA
- Gross profit increased by 43.1% and achieved gross profit margin of 23.6%
- EBITDA increased by 37.9% to RMB2,856 mn on higher gross profit
- Net profit increased by 122.5% to RMB899 mn with net profit margin of 6.5%
- Basic EPS has increased by 101.2% to RMB33.19 cents on higher net profit

	2017	2016	Change
Revenue (RMB mn)	<b>13,879</b>	9,495	+46.2%
Gross profit (RMB mn)	<b>3,281</b>	2,293	+43.1%
Gross profit margin	<b>23.6%</b>	24.1%	-0.5 p.p.
EBIT (RMB mn)	<b>2,601</b>	1,858	+40.0%
EBIT margin	<b>18.7%</b>	19.6%	-0.9 p.p.
EBITDA (RMB mn)	<b>2,856</b>	2,071	+37.9%
EBITDA margin	<b>20.6%</b>	21.8%	-1.2 p.p.
Income tax (RMB mn)	<b>1,041</b>	623	+67.0%
Net profit (RMB mn)	<b>899</b>	404	+122.5%
Net profit attributable to equity shareholders (RMB mn)	<b>811</b>	403	+101.3%
Net profit margin	<b>6.5%</b>	4.3%	+2.2 p.p.
Basic earnings per share (RMB cents)	<b>33.19</b>	16.50	+101.2%
Diluted earnings per share (RMB cents)	<b>32.95</b>	16.50	+99.7%

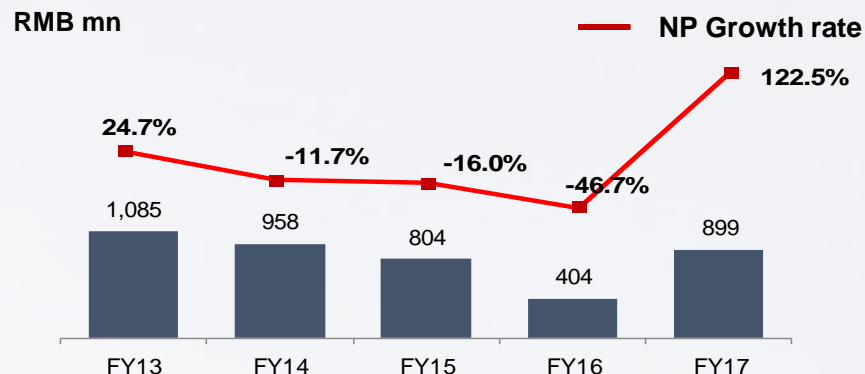
# Financial Highlights (cont'd)

▲ Historical track record on profitability

## Gross Profit



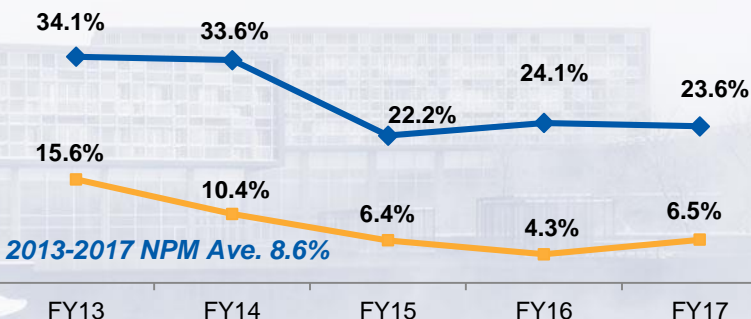
## Net Profit



## Gross Profit Margin & Net Profit Margin

Percentage

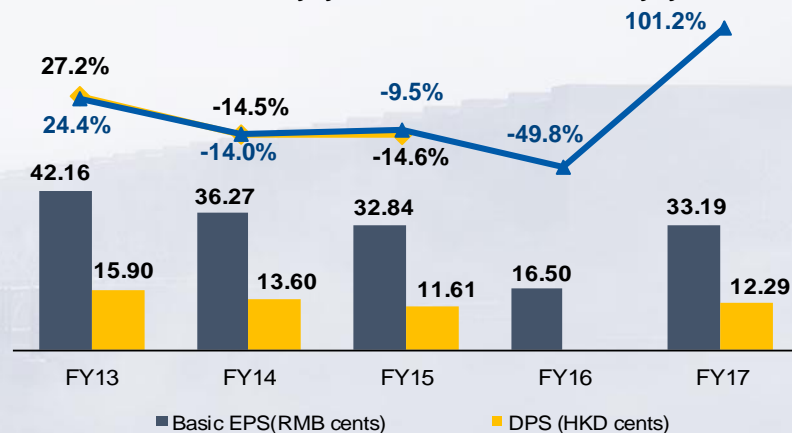
2013-2017 GPM Ave. 27.5%



◆ Gross Profit Margin ◆ Net Profit Margin

## Dividend per Share & Earning per Share

Percentage ◆ DPS % of yoy Growth ◆ EPS % of yoy Growth



■ Basic EPS(RMB cents) ■ DPS (HKD cents)



# Cash Flow Highlights

- Management adopted disciplined cash flow management, achieved positive net cash inflow of RMB2,228 mn
- Achieved high cash collection ratio of 93.5%, with total contracted sales receipts up 58.5% y-o-y at RMB28.4 bn
- Maintained high cash balance of RMB13.4 bn as at 31 December 2017, up 20.0% yoy
- Higher construction costs and higher land acquisition related cash flow due to expansion

(RMB mn)		2017 (Actual)	2017 (Budget)	2016 (Actual)	YoY Change
<b>Initial cash position</b>		<b>11,181</b>	<b>11,181</b>	<b>8,734</b>	
Inflow	Contract sales receipts	20,420	17,370	10,897	+87.4%
	Contract sales receipts obtained from JCEs	8,020	6,760	7,047	+13.8%
	Amount obtain/repaid to JCEs & Other working capital movement	(1,447)	(6,612)	(4,177)	-65.4%
	Onshore/Offshore Bond Issuance	1,330	-	4,332	-69.3%
	Bank & other loan, restricted cash, inflow/(outflow)	2,141	2,100	(352)	+708.2%
<b>Total Cash Inflow</b>		<b>30,464</b>	<b>19,618</b>	<b>17,747</b>	
Outflow	Land acquisition related cashflow	16,150	8,500	4,791	+237.1%
	Construction costs	6,940	6,500	6,207	+11.8%
	Redemption of SGD200 mn SN (2016: redemption of SGD175mm SN)	1,099	1,000	793	+38.6%
	Finance costs	1,228	1,153	949	+29.4%
	Selling and general administrative expenses	1,336	1,000	1,011	+32.1%
	Sales tax	196	717	493	-60.2%
	Income tax (LAT and CIT)	1,287	1,303	816	+57.7%
<b>Total Cash Outflow</b>		<b>28,236</b>	<b>20,173</b>	<b>15,300</b>	
<b>End cash position</b>		<b>13,409</b>	<b>10,626</b>	<b>11,181</b>	

## Balance Sheet Highlights

- ▲ Achieved high cash balance of RMB13.4 bn to cover 3.0 times short-term debt
- ▲ Total debt increased by 8.6% mainly due to the drawdown of syndication loan of USD150 mn
- ▲ Short term debt increased by 183.2% to RMB4.4 bn, due to USD600 mn of Senior Notes due in 2018
- ▲ Total shareholders' equity increased by 21.1% to RMB8.5 bn
- ▲ Book value per share increased by 20.9% to RMB3.47

(RMB mn)	31 Dec 2017	31 Dec 2016	Change
Cash	11,284	9,776	+15.4%
Cash plus restricted deposit	13,409	11,181	+19.9%
Total assets	62,527	44,326	+41.1%
Total debt	15,584	14,356	+8.6%
Short-term debt	4,431	1,564	+183.2%
Net current assets	4,413	9,582	-53.9%
Total capitalization	24,057	21,353	+12.7%
Total shareholders' equity	8,473	6,997	+21.1%
Book value per share (RMB)	3.47	2.87	+20.9%

## Key Financial Ratios

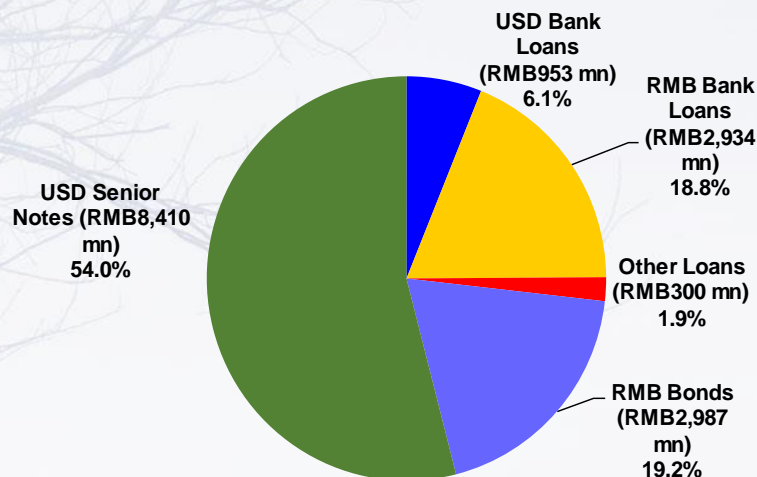
- Asset turnover has increased to 26.0% in 2017 from 22.6% in 2016
- Return on equity has increased to 10.5% on higher net profit versus 5.6% in 2016
- Improved gearing level with net debt to equity ratio (including restricted cash) at 25.7%
- EBITDA/interest cover ratio maintained at 2.9 times at the end of 2017

	2017	2016
Asset turnover	<b>26.0%</b>	22.6%
Return on equity	<b>10.5%</b>	5.6%
Return on assets	<b>1.7%</b>	1.0%
Net debt to total equity ratio (with restricted cash)	<b>25.7%</b>	45.4%
Net debt to total equity ratio (without restricted cash)	<b>50.8%</b>	65.4%
Total debt/total capitalization	<b>64.8%</b>	67.2%
Total liabilities/total assets	<b>86.4%</b>	84.2%
Current ratio (times)	<b>1.1x</b>	1.4x
Cash/short-term debt (with restricted cash)	<b>303%</b>	715%
EBITDA/interest (times)	<b>2.9x</b>	2.4x

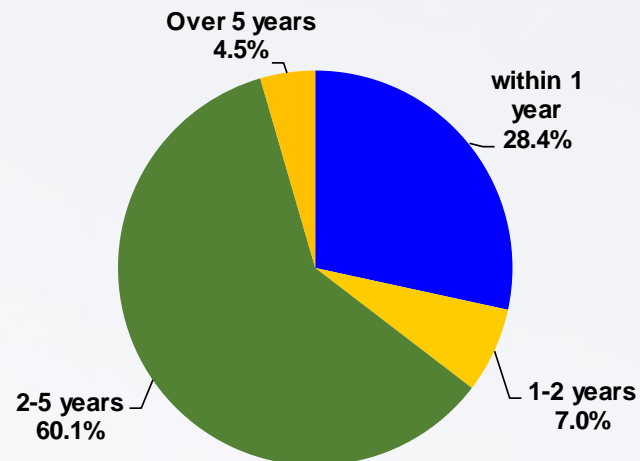


# Diversified Debt Profile

## Funding Source



## Debt Maturity



- ▲ Diversified and balanced funding sources with 40% onshore debt and 60% offshore debt
- ▲ A stagger debt maturity profile, maintained average debt maturity of 3.1 years
- ▲ Stable average funding cost at 6.8% at 31 December 2017 (31 Dec 2016: 6.9%)
- ▲ Redeemed SGD200 mn Senior Notes with 6.5% coupon rate in May 2017
- ▲ Undrawn facility line amounted to RMB64.3 bn



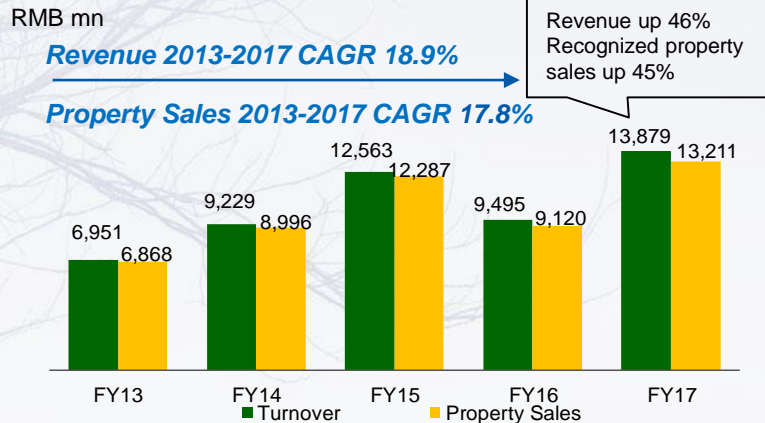
## Agenda

Overview	5
Financial Highlights	8
<b>Business Operations</b>	<b>15</b>
Development & Sales Plans	26
Land Bank	33
Market Review & Outlook	36
Appendix	42

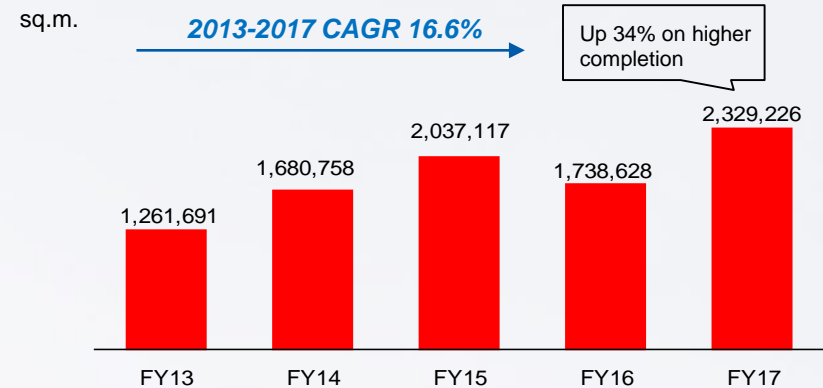
# Operating Results

- In 2017, revenue and recognized property sales increased due to increase in delivered GFA and higher recognised ASP

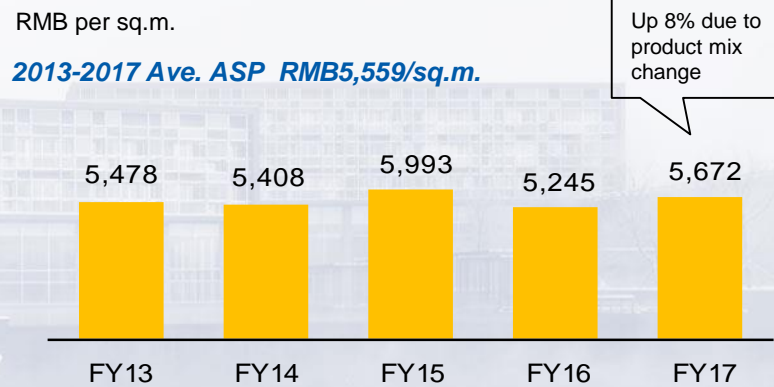
## Revenue and Property Sales



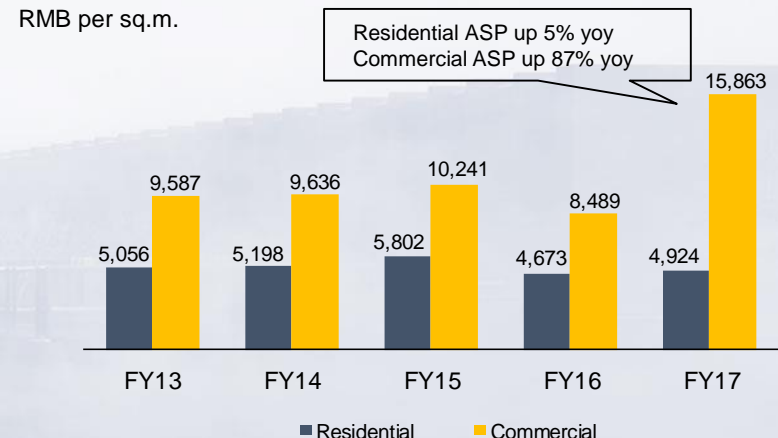
## Recognized GFA



## Recognized Average Selling Price



## Recognized ASP by Property Type

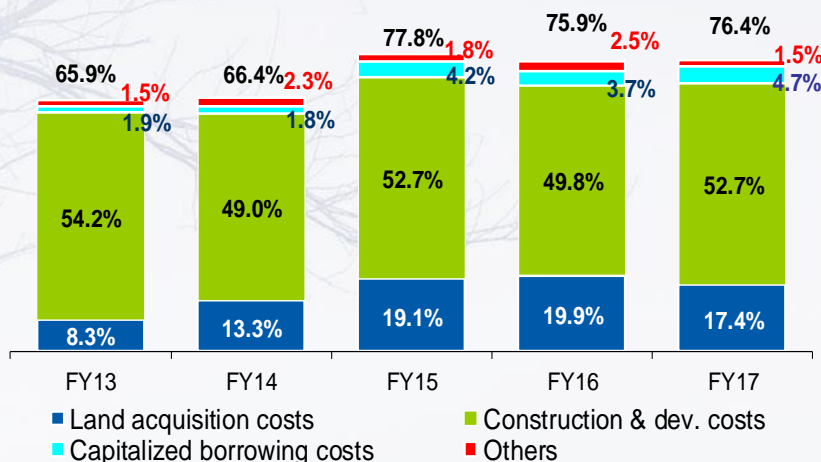




# Operating Results (cont'd)

## Cost of Sales (as % of revenue)

*Stable cost structure*

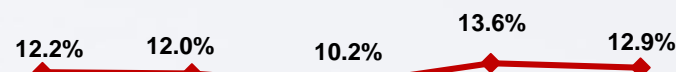


- ▲ In FY17, cost of sales as percentage of revenue increased by 0.5 p.p. to 76.4%, mainly due to higher construction and development cost associated with changes in product mix
- ▲ Land acquisition costs as percentage of revenue has decreased by 2.5 p.p. to 17.4% in FY17

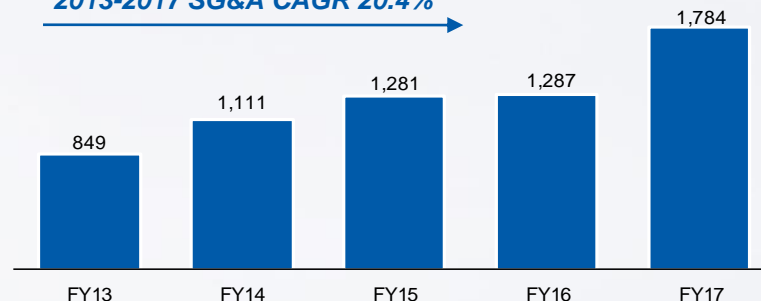
## SG&A (as % of revenue)

SG&A as % of revenue

RMB mn



*2013-2017 SG&A CAGR 20.4%*

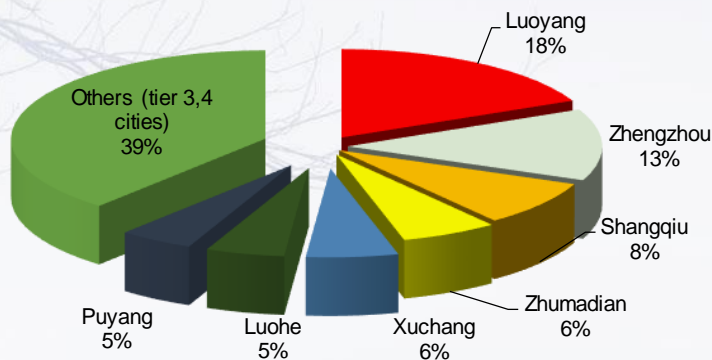


- ▲ In 2017, total SG&A as percentage of revenue was lower at 12.9% down from 13.6% in 2016
- ▲ Selling & marketing expenses increased by 45.5% to RMB697 mn due to 1) increase in brand advertising and property promotional expense; 2) engaging more sales person
- ▲ General and Administrative expenses increased by 34.5% to RMB1,087 mn due to business expansion and wage increase

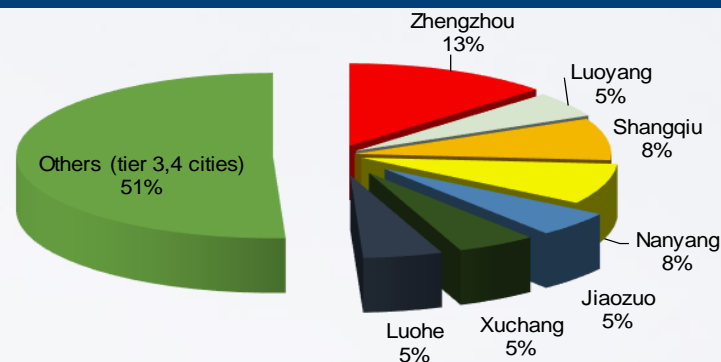
## Recognized Sales and GFA sold (Breakdown by Cities)

- Recognized sales from Zhengzhou projects is RMB1,754 mn, contributing 13% of total with average GP margin of 27.6%
- Tier 3 & 4 cities contributed 68% of total recognized sales with average GP margin of 21.8%
- County level cities accounted for 19% of total recognized sales with average GP margin of 19.2%

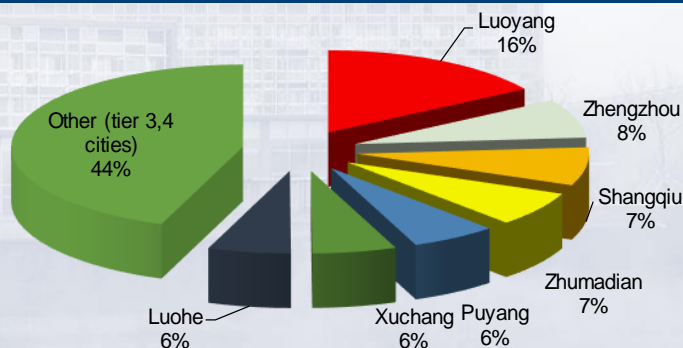
### Recognized Sales in 2017



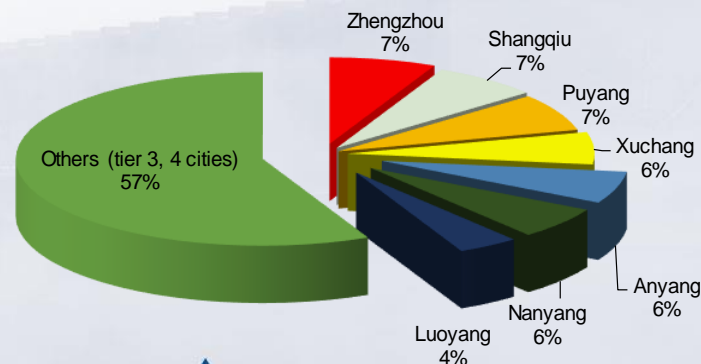
### Recognized Sales in 2016



### Recognized GFA in 2017



### Recognized GFA in 2016



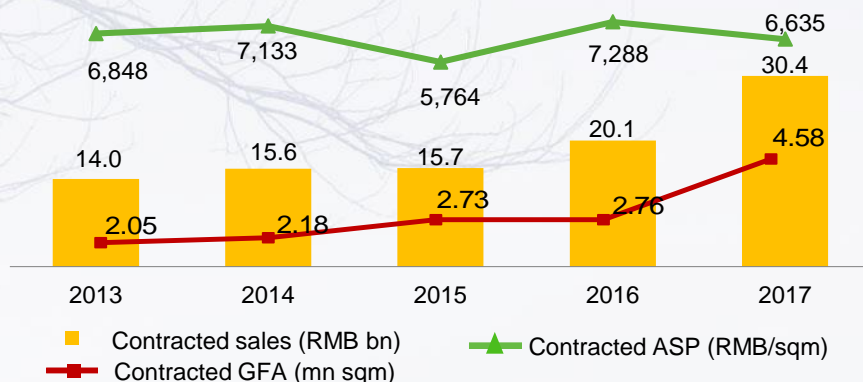
# Contracted Sales – Market Leader

- Increased market share in Henan to 4.3% in 2017 due to improved market share in lower tier cities
- Contracted sales up 51.0% to RMB30.4 bn, achieving 113.5% of 2017 sales target of RMB26.8 bn
- Achieved sell-through rate of approximately 79% in 2017 vs 62% in 2016, on RMB38.7 bn saleable resources
- Contracted sales GFA up 65.8% to 4.58 mn sq.m., with 84.3% attributable from lower tier cities
- ASP was lower at RMB6,635/sq.m., on higher contribution of sales from tier 3/4 cities

## Contracted Sales & GFA

Sales 2013-2017 CAGR 21.4%

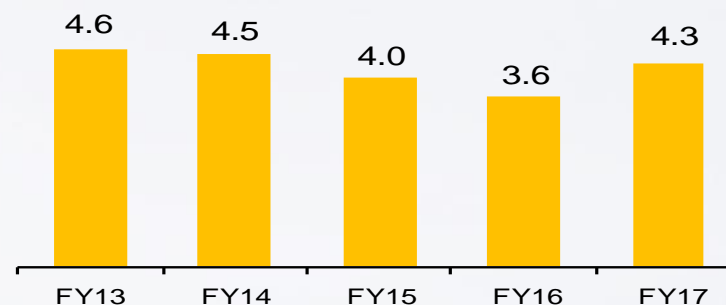
GFA 2013-2017 CAGR 22.3%



## Market Shares in Henan Province (a)

% Market Share

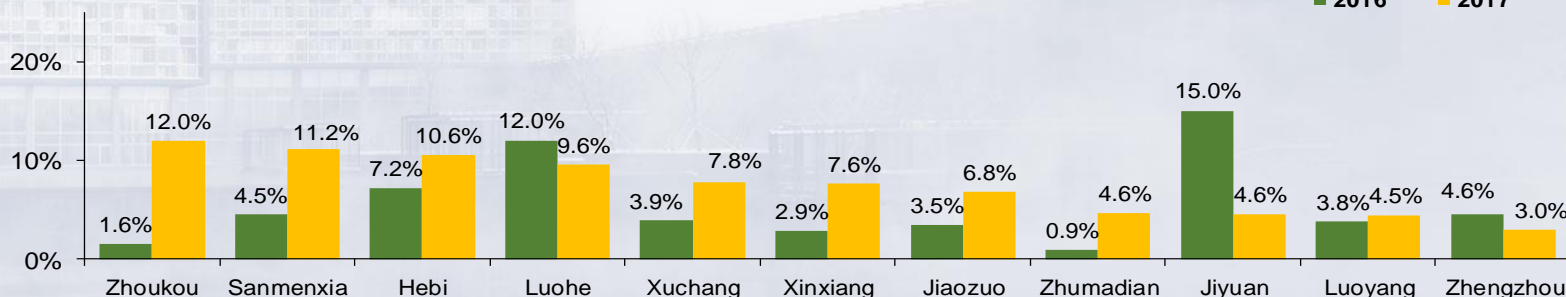
In 2017 Henan property sales grew by 27.0% while CCRE property sales increased by 51.0%



## Market Share in Selected Cities (b)

% Market Share

2016 2017

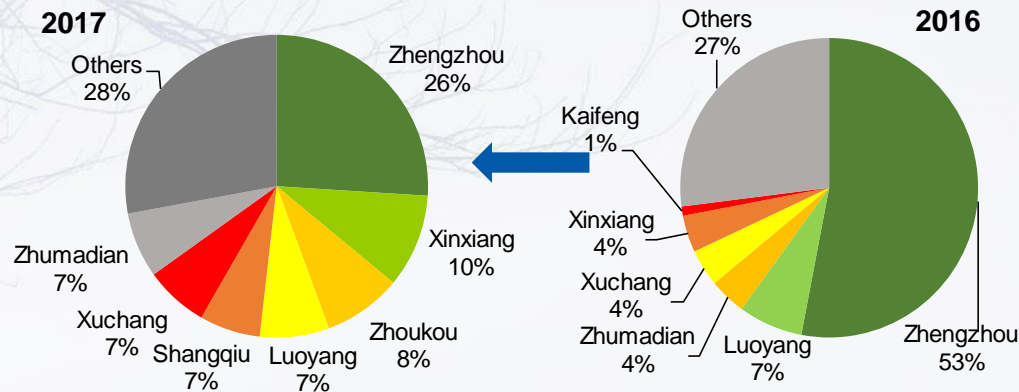




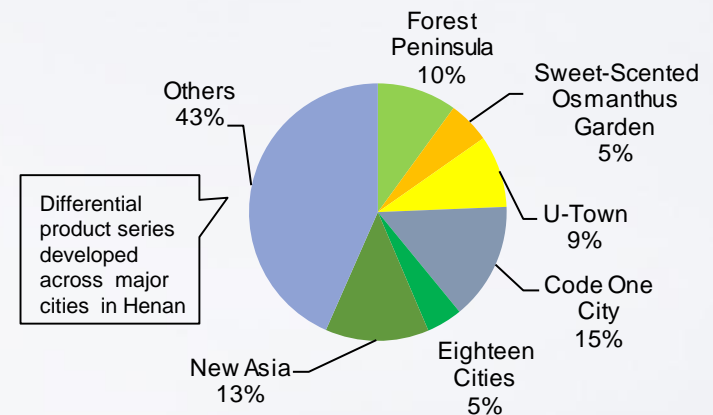
# Contracted Sales Drivers in 2017

- Contracted sales were highly diversified across 44 cities and 80 projects in differentiated price category
- Residential property contributed 85% of contracted sales and with 8% from commercial sales
- Contracted sales from Zhengzhou was RMB8.0 bn, accounted for 26% of total contracted sales in 2017
- Tier 3/4 accounted for 48% of sales (vs 33% in 2016), and county level accounted for 26% of sales (vs 14% in 2016)
- Sales from properties with ASP less than 11,000 was higher at 81% in 2017 reflecting strong demand from upgraders
- Properties size between 90 to 144 sq.m. accounted for 60% of contracted sales in 2017 reflecting market demand

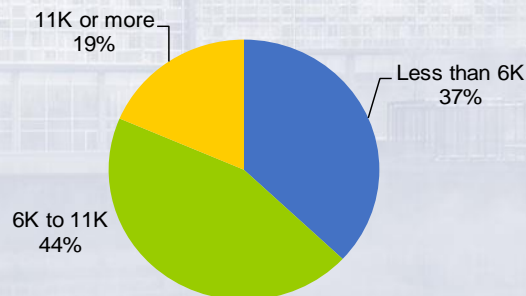
## Contracted Sales by Cities



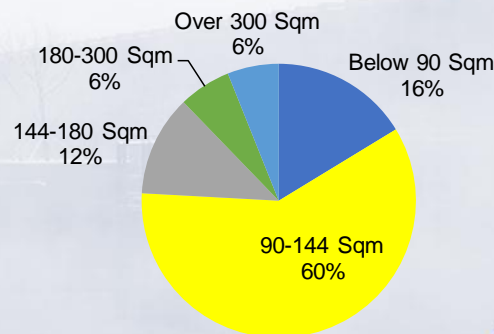
## Contracted Sales by Product Series



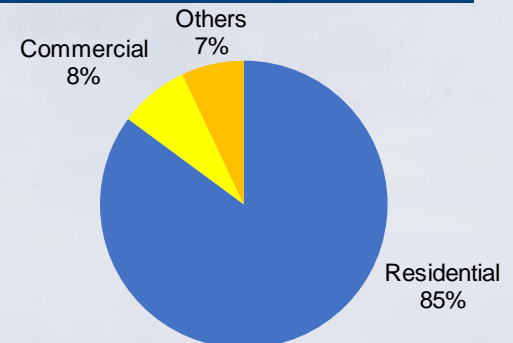
## Contracted Sales by ASP (RMB /sq.m.)



## Contracted Sales by Size



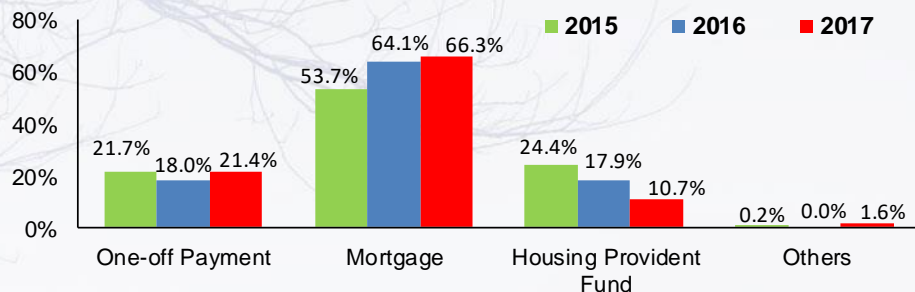
## Contracted Sales by Type



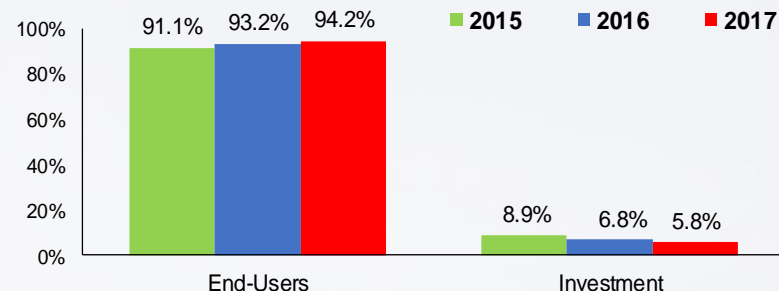
# Customer Distribution

- Customer base consists of 94.2% end-users, with 93.7% were local buyers from Henan
- Cash payment buyers at 21.4%, mortgage payment buyers is higher at 66.3%, and buyers using HPF at 10.7%
- Affordable pricing with 89.8% of property unit sold under RMB1 million reflecting end-user market demand
- The number of units sold above RMB1 million was stable at 10.2% in 2017

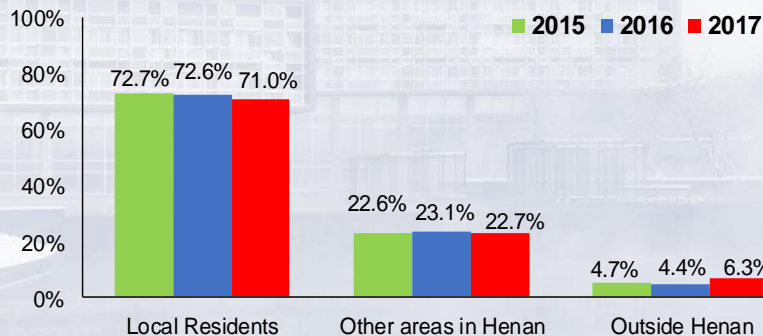
## Breakdown of Purchasers by Payment Method



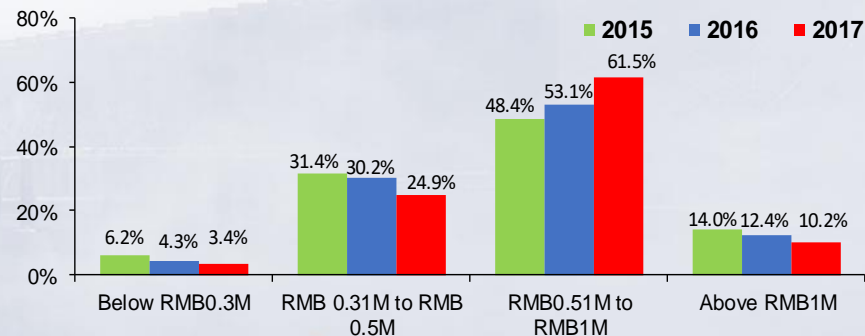
## Breakdown of Purchasers by Usage



## Breakdown of Purchasers by Region



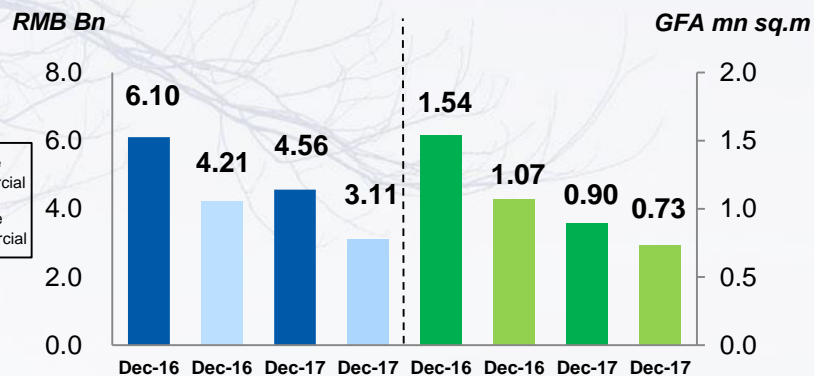
## Breakdown of Purchasers by Selling Price



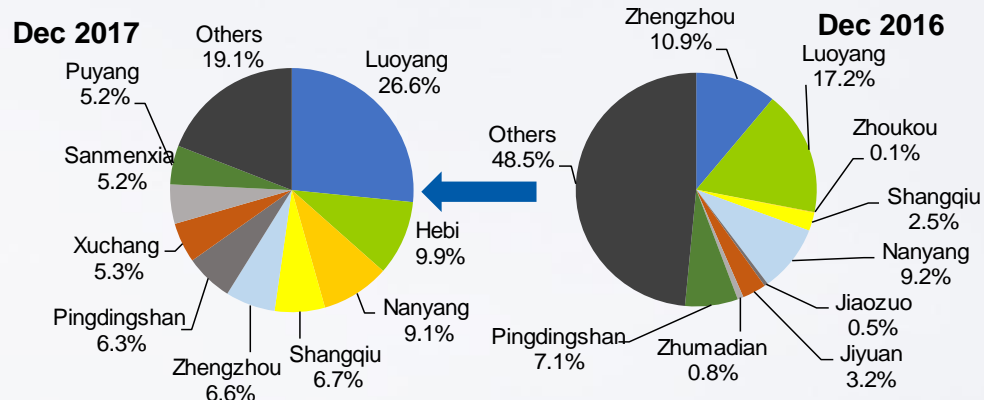
# Inventory Analysis

- At December 2017, completed properties held for sales decreased by 25% y-o-y to RMB4.56 bn
- Total saleable inventory GFA decreased by 12% to 1.5 mn sq.m., amounting to RMB14.6 bn at the end of 2017
- Saleable inventory in Zhengzhou increased by 66% to RMB7.3 bn, representing 50.3% of total saleable inventory
- 96% of saleable inventories are residential properties and 75% is below 144 sq.m. unit size (By GFA)

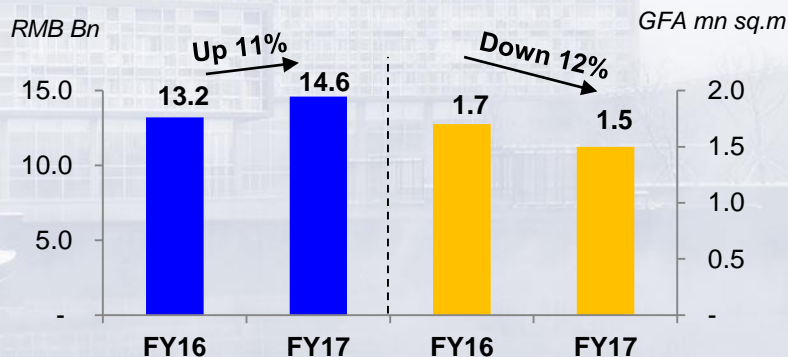
## Completed Properties Held for Sales



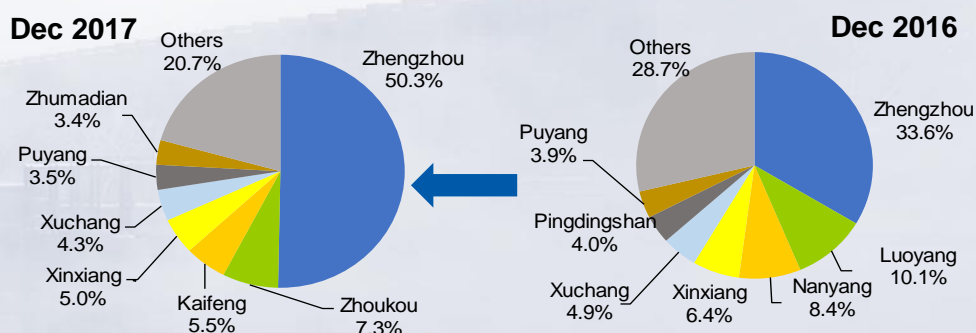
## Proportion of Completed Properties Held for Sales in RMB by City



## Total Saleable Inventory



## Proportion of Total Saleable Inventory in RMB by City

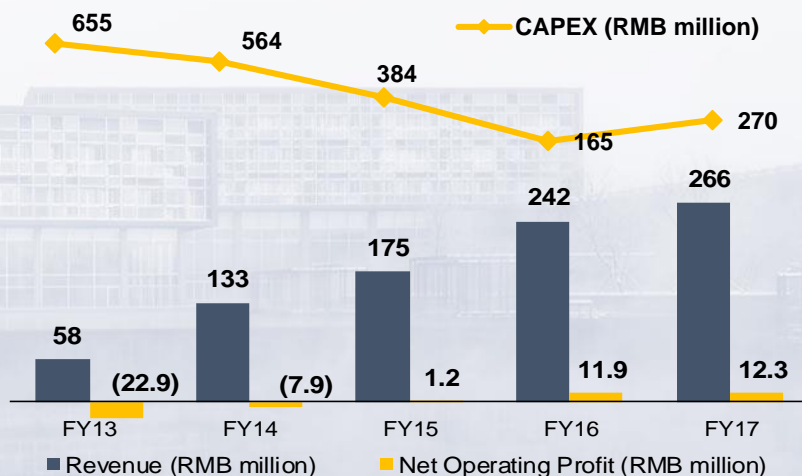




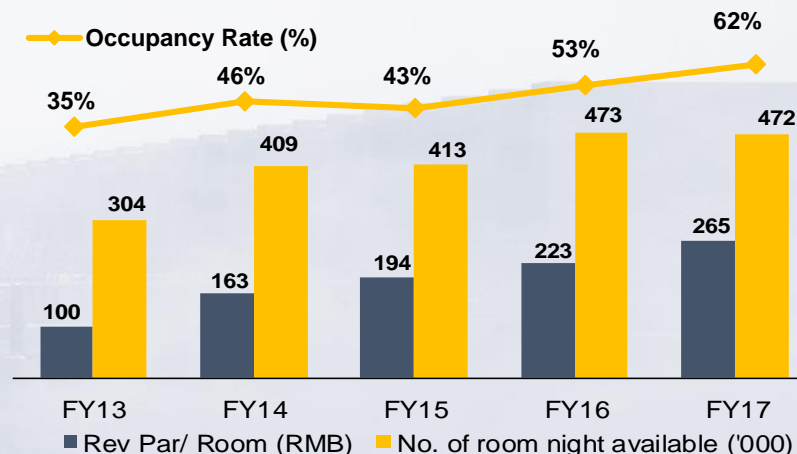
# Hotel Operations – Upward Trend

- 2017 revenue from hotel operations increased by 9.9% y-o-y to RMB266 mn, with GPM of 40%
- Room revenue grew by 18.4% y-o-y to RMB125 mn, while F&B revenue increased by 2.2% y-o-y to RMB139 mn
- Average occupancy rate increased to 62% in 2017 from 53% in 2016
- RevPar increased by 18.8% y-o-y to RMB265 /room in 2017 from RMB223/room in 2016
- Net operating profit increased by 3.4% to RMB12.3 mn in 2017 from RMB11.9 mn in 2016
- Total CAPEX for hotel development in 2017 was up 63.4% y-o-y to RMB270 mn, due to the construction of Yanling Jianye The Mist Hot Spring Hotel
- In 2017, net loss from hotel operation decreased by 37.2% y-o-y to RMB167 mn, due to the depreciation of hotel assets

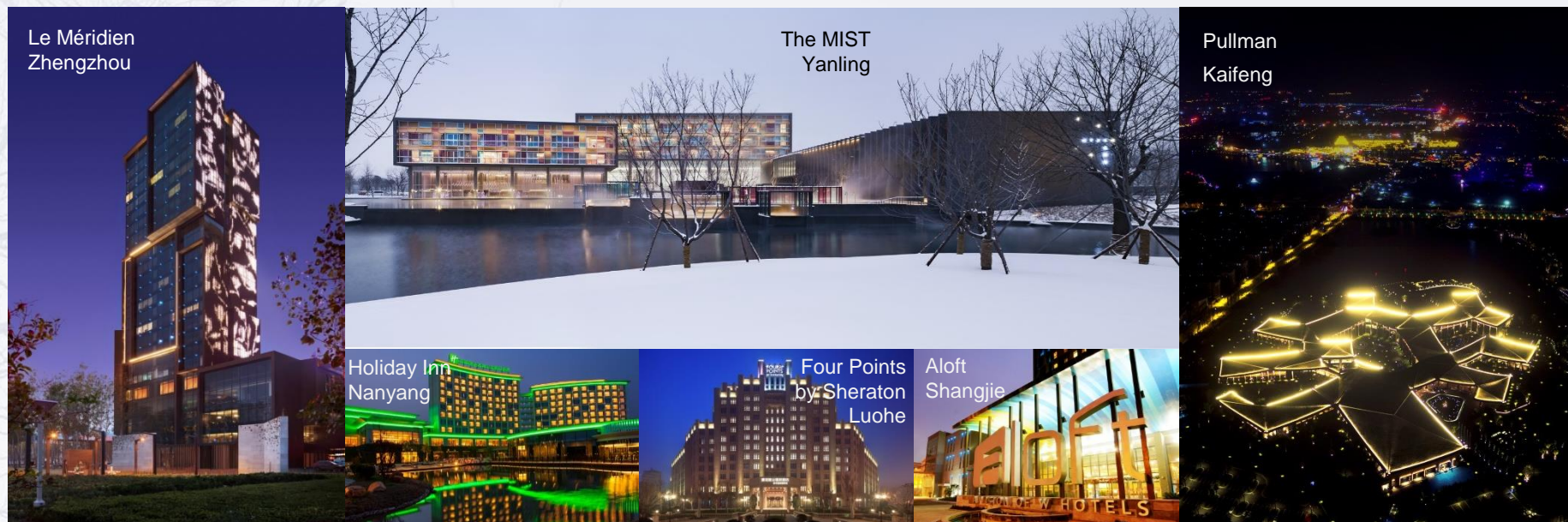
## Hotel Revenue and Operating Profit/ Loss vs CAPEX



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



# Hotel Operations – Upward Trend (cont'd)



Hotel	No. of Guestrooms	Total GFA (sq.m.)	Occupancy Rate	y-o-y change	RevPar (RMB)	y-o-y change	Opening Time
Aloft Shangjie	172	19,457	74%	+16 p.p.	132	+32.0%	2011 Aug
Holiday Inn Nanyang	360	50,574	48%	+9 p.p.	160	+24.0%	2012 Aug
Four Points by Sheraton Luohe	244	37,398	61%	+11 p.p.	182	+13.8%	2012 Nov
Le Méridien Zhengzhou	350	65,007	77%	+7 p.p.	447	+16.1%	2013 Oct
Pullman Kaifeng Jianye	186	43,836	55%	+ 5 p.p.	368	+ 19.9%	2015 Oct
Yanling Jianye The MIST Hot Spring Hotel	51	37,140					2018 Apr
Zhengzhou Jianye Sky Mansion (service apartment)	302	33,015					2018 Jun
<b>Total / Average</b>	<b>1,665</b>	<b>286,427</b>	<b>62%</b>	<b>+ 9 p.p</b>	<b>265</b>	<b>+ 18.8%</b>	



# Light Asset Model Business

- As at December 31, 2017, the light asset business model has achieved scalability by securing 75 third-party projects under CCRE's Management Entrustment Contracts, with a total planned GFA of approximately 12.46 mn sq.m. up 76.5% y-o-y from 7.06 mn sq.m. at the end of 2016
- The estimated base fee from the 75 light asset projects is up 76.4% y-o-y to approximately RMB2,695 mn in total and to be recognized over the coming 3 to 4 years
- In 2017, recognized revenue from the light asset model business was up 688.6% y-o-y to RMB308 mn with GPM of 83%
- Target to add 30 more light asset projects in 2018

## 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





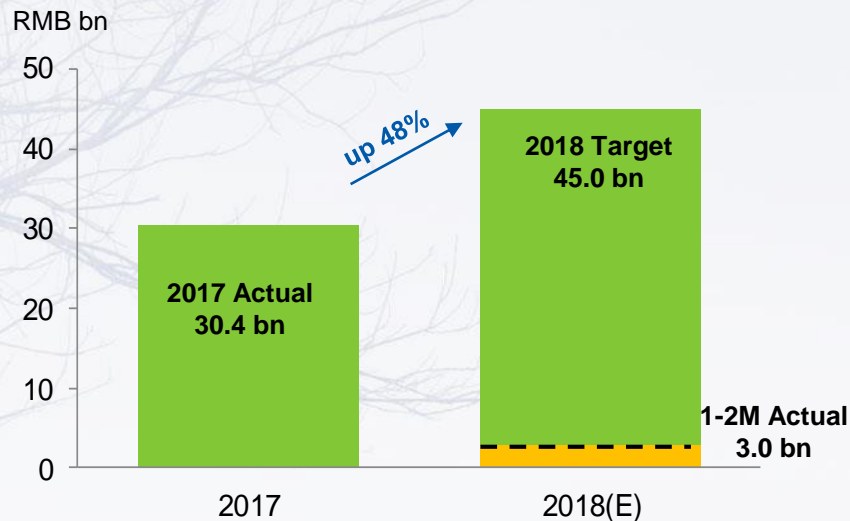


## Agenda

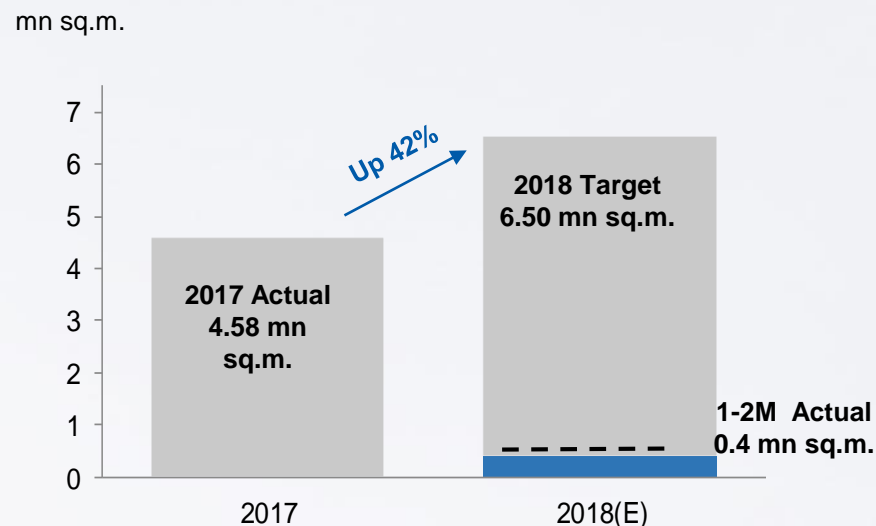
Overview	5
Financial Highlights	8
Business Operations	15
Development & Sales Plans	26
Land Bank	33
Market Review & Outlook	36
Appendix	42

# 2018 Contracted Sales Targets

## Contracted Sales Target



## GFA Target

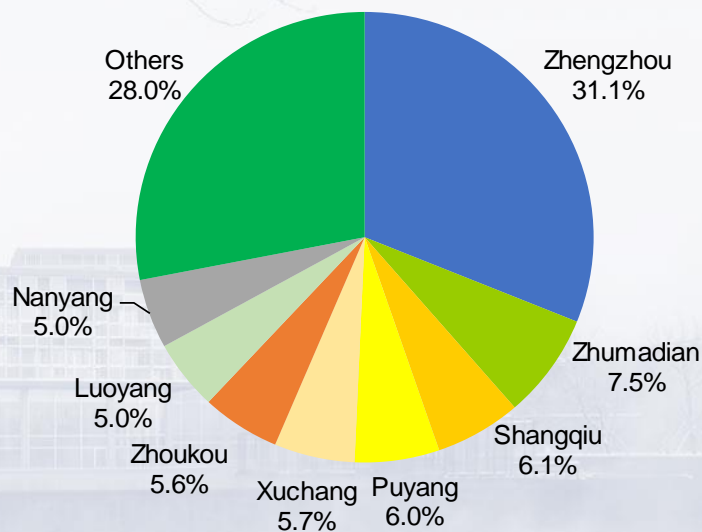


- ▲ 2018 contracted sales target of RMB45.0 bn
- ▲ Achieved contracted sales of RMB3.0 bn as at 28 Feb 2018
- ▲ Contracted sales GFA reached 0.4 mn sq.m. as at 28 Feb 2018
- ▲ Estimate ASP for 2018 to be RMB6,923/sq.m.
- ▲ Estimate total saleable resources of approximately RMB61.3 bn in 2018, including existing inventory (RMB14.6 bn) & new launches in 2018 (RMB46.7 bn)
- ▲ In 2018, to achieve the contracted sales target, requires a sell-through rate of approximately 74%

## 2018 Sales Plan

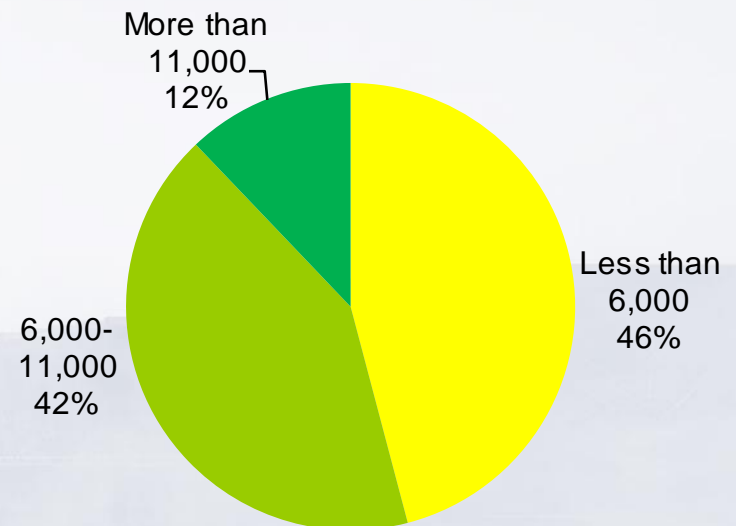
- 2018 contracted sales well diversified across 113 projects in 52 cities in Henan with diverse price range
- Expect sales from Zhengzhou to account for 31% of total sales
- Contribution from tier 3/4 cities (outside Zhengzhou) will be around 41%
- Expect sales from 34 county-level cities projects to remain 28% in 2018
- Affordable ASP, expect 88% of contracted sales from projects with ASP less than RMB11,000/sq.m.

### Contracted Sales by Cities



2018 (E)

### Contracted Sales by Selling Price



2018 (E)



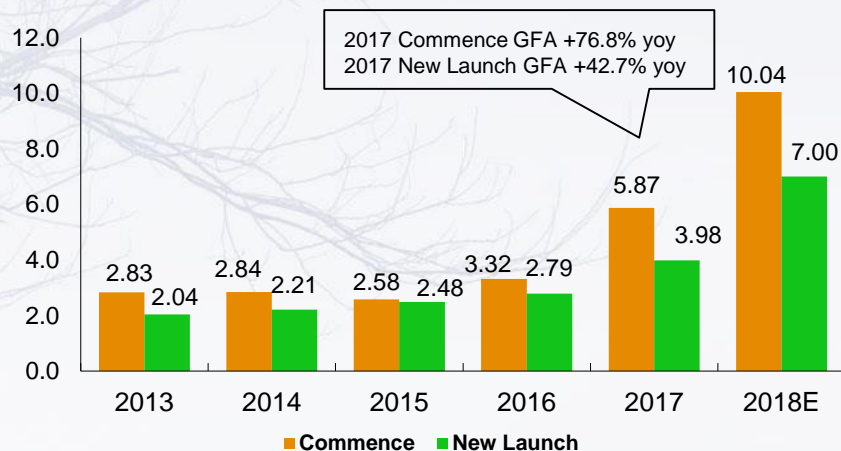
# 2018 Development Plan

## Commence & New Launch GFA

mn sq.m.

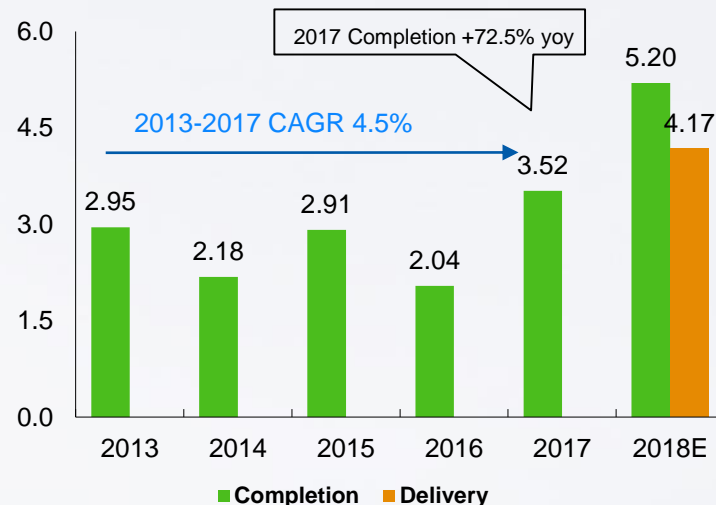
2013-2017 Commence GFA CAGR 20.0%

2013-2017 New Launch GFA CAGR 18.2%



## Completion and Delivery

mn sq.m.



- 2018 plan to commence GFA construction of 63 projects with GFA of 10.04 mn sq.m., up 71% y-o-y
- 2018 plan to launch 79 projects with GFA of 7.00 mn sq.m., up 76% y-o-y
- 2018 estimate to complete 47 projects with GFA of 5.20 mn sq.m., up 48% y-o-y
- 2018 estimate to deliver 39 projects with GFA of 4.17mn sq.m.
- The company expects the development plan will support the contracted sales plan in 2018

## Major Projects Launch in 2018

Item	City	Project	Estimated Launch Date	Estimated ASP (RMB/sq.m.)	Estimated Launch (RMB mn)
1	Zhengzhou	Intelligent Palace	Apr 2018	16,000	1,384
2	Puyang	Chinoiserie Palace Phase I	May 2018	8,629	1,092
3	Zhengzhou	Zhengxi U-Town Phase V	Jun 2018	6,976	1,391
4	Zhengzhou	Wulong Century New City	Jul 2018	12,087	2,075
5	Zhengzhou	Dengfeng Zhongyue Phase I	Aug 2018	7,066	1,374
6	Xinxiang	Beverly Manor Phase II	Sep 2018	7,115	1,329
7	Shangqiu	Sky Mansion Phase I	Sep 2018	8,713	1,088
8	Xinxiang	Eighteen Cities Phase I	Nov 2018	6,002	1,191
<b>Total</b>					<b>10,924</b>

- ▲ The estimated saleable resource from the new project launch will be approximately RMB46.7 bn
- ▲ In 2018, 79 new projects launch, to account for 77% of the 2018 targeted contracted sales of RMB45.0 bn
- ▲ Top 8 major projects launch in 2018 will account for 18% of 2018 targeted contracted sales
- ▲ Zhengzhou projects will account for 27% of new launch in sales value and 19% of GFA new launch
- ▲ New projects to be launched in major cities includes Zhengzhou (27%), Shangqiu (9%), Xinxiang (7%), Anyang (7%) and Zhumadian (6%) (as proportion of 2018 new launch sales value)

# Major Projects Launch in 2018

## Zhengzhou Spring Time 郑州春天里



- ◆ GFA: 206,800 sq.m.
- ◆ Location: Zhengdong New District
- ◆ Transportation: 15km to Zhengzhou high speed train station
- ◆ Multiple educational resource and parks
- ◆ Product: High rise, commercial, hotel
- ◆ Estimate ASP: RMB14,000/sq.m.
- ◆ Land cost: RMB495/sq.m.

## Xuchang Chinoiserie Palace 许昌世和府



- ◆ GFA: 242,700 sq.m.
- ◆ Location: CBD area, new developing district
- ◆ Developed surrounding facilities including schools, hospital
- ◆ Convenient transportation
- ◆ Product: High-rise
- ◆ Estimate ASP: RMB8,700/sq.m.
- ◆ Land cost: RMB1,518/sq.m.

## Puyang Chinoiserie Palace 濮阳世和府



- ◆ GFA: 584,064 sq.m.
- ◆ Location: new developing area, convenient transportation, good living environment
- ◆ Product: Low-rise residential, commercial, hotel
- ◆ Estimate ASP: RMB8,600/sq.m.
- ◆ Land cost: RMB980/sq.m.

## Huaiyang Jianye City 淮阳建业城



- ◆ GFA: 211,205 sq.m.
- ◆ Location: subordinated county in Zhoukou
- ◆ Product: Low-rise and high-rise residential, commercial
- ◆ Estimate ASP: RMB4,300/sq.m.
- ◆ Land cost: RMB554/sq.m.



# Cash Flow Forecast for 2018

- Continue to be prudent with cash flow management, estimate net positive operating cashflow of RMB501 mn
- Land acquisition cash flow expenditure of RMB12.5 bn, with total committed land premium of RMB845 mn as at 31 Dec 2017
- Construction expenditure budget for 2018 is RMB14 bn, due to higher commencement
- Estimate cash balance of RMB15.7 bn at the year end of 2018

(RMB mn)		FY2018 (Budget)
Inflow	Cash position as at 31 December 2017	13,409
	Contracted sales receipts	36,000
	Contracted sales receipts obtained from JCEs	4,050
	Amount obtain/repaid to JCEs & Other working capital movement	(5,749)
	Bank & other loan, restricted cash inflow/(outflow)	2,000
Total Cash Inflow		36,301
Outflow	Land acquisition cashflow	12,500
	Construction expenditure budget	14,000
	Finance costs	1,500
	Operational expenses & taxes	5,800
	Dividend	243
Total Cash Outflow		34,043
Cash position as at 31 December 2018 (E)		15,667



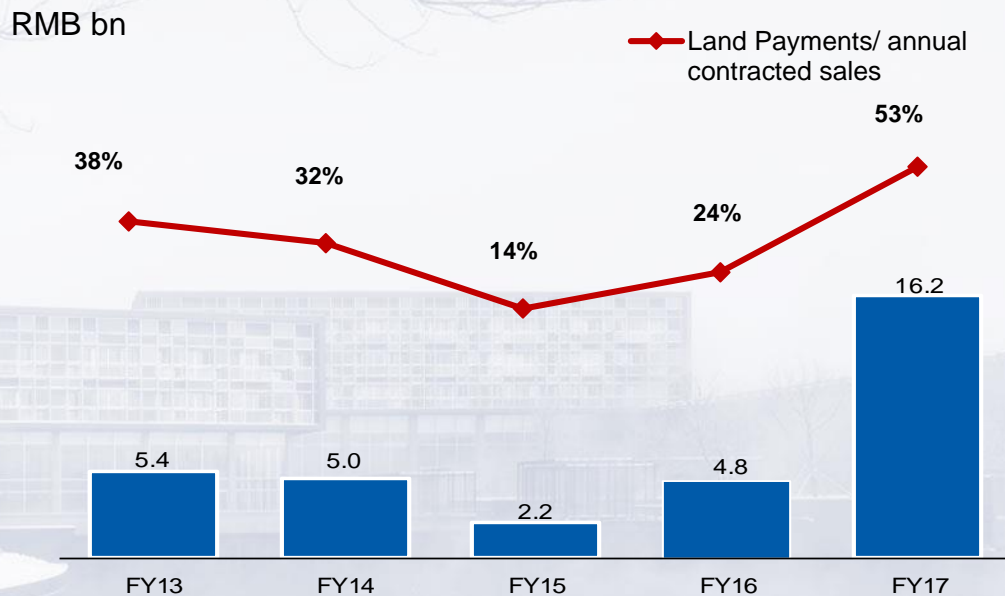
## Agenda

Overview	5
Financial Highlights	8
Business Operations	15
Development & Sales Plans	26
Land Bank	33
Market Review & Outlook	36
Appendix	42

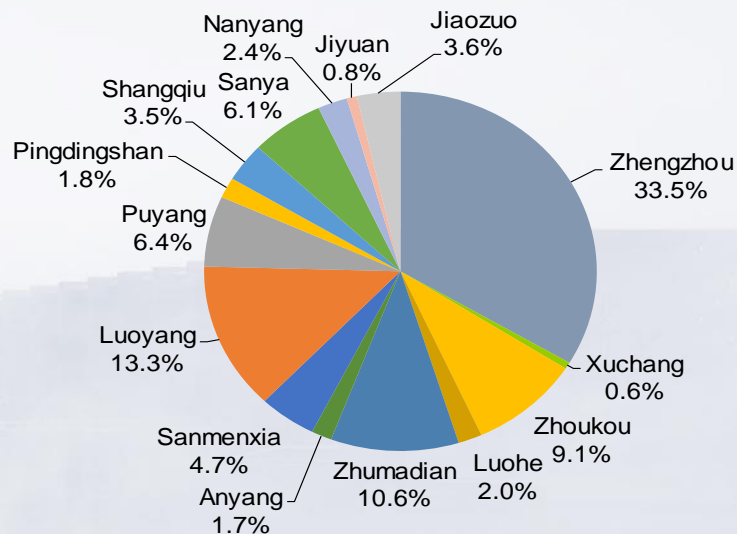
# Land Acquisition Strategy in 2017

- ▲ In 2017, acquired 14.7 mn sq.m. of new land bank at an average cost of RMB1,101/sq.m., with total land bank GFA for new development of 31.9 mn sq.m. at an average cost of RMB1,020/sq.m., as at 31 December 2017
- ▲ In 2017, Land acquisition expenditure is RMB16.2 bn, supported by strong contracted sales and cash collection, accounted for 53% of 2017 contracted sales of RMB30.4 bn
- ▲ Consistent with the Group's strategy of increasing market share in Zhengzhou, 33.5% of the newly-acquired land bank GFA were located in Zhengzhou
- ▲ In 2017, acquired first project outside Henan in Hongtang Bay, Sanya Hainan, with an average land cost of RMB2,958/sq.m., with total GFA of 887,920 sq.m. through a 50% joint venture

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



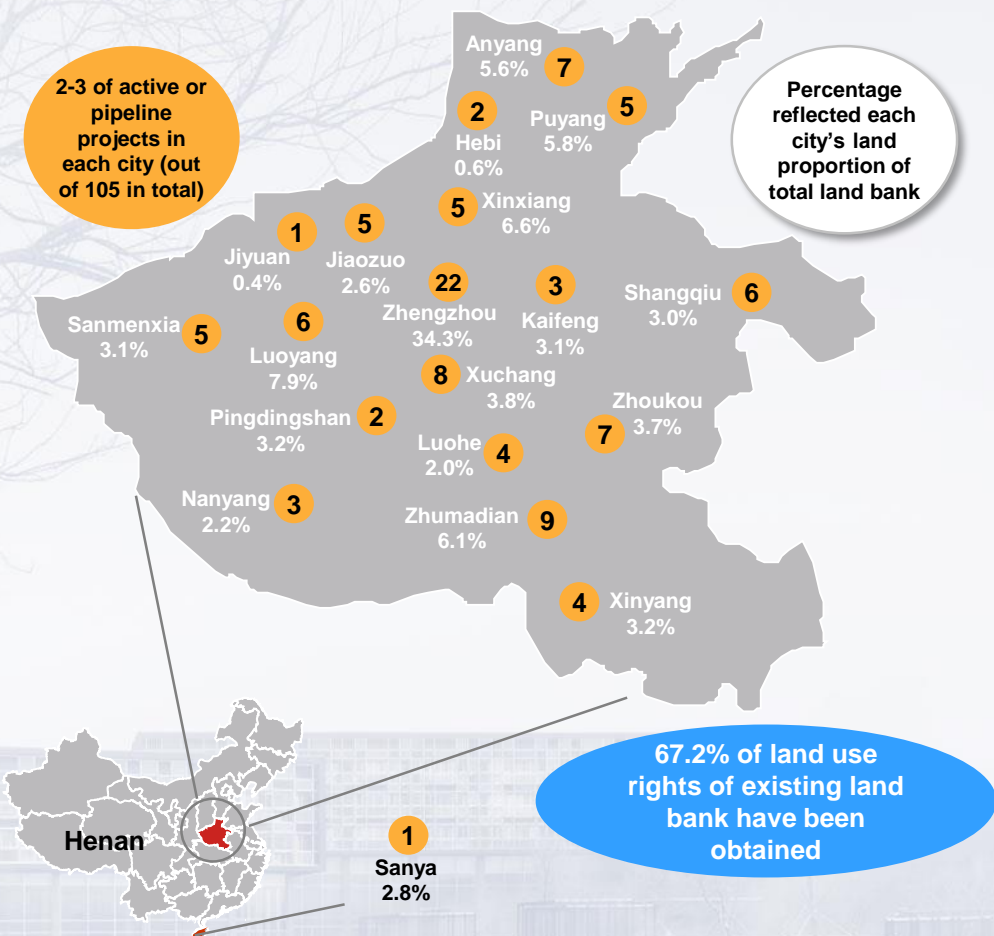
**Land Acquisition by cities in 2017  
(by GFA)**





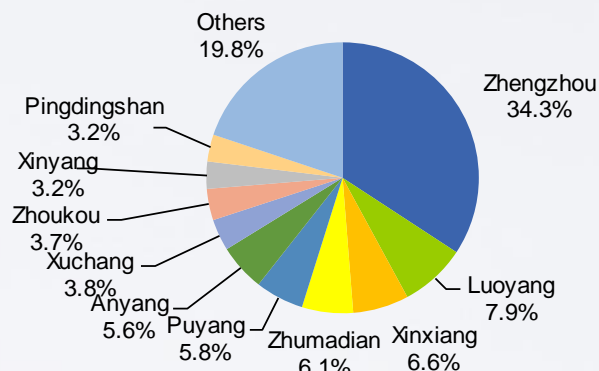
# Land Reserves in Strategic Locations

- Land bank is strategically located in city centres across 18 prefecture cities and 30 county-level cities in Henan province and Hainan Sanya

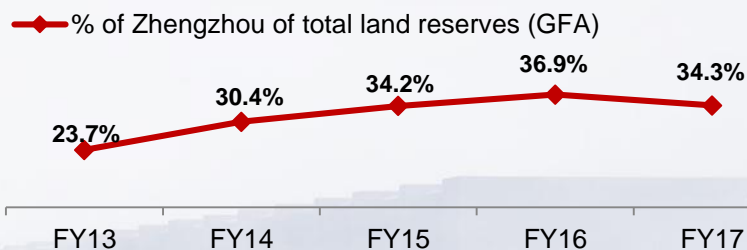


- Total GFA of land bank for new development as at 31 Dec 2017: 31,884,209 sq.m. (attributable GFA: 24,247,460 sq.m.)
- Average land cost (GFA): RMB1,020 per sq.m.
- Land bank sufficient for the development over the next 3-5 years

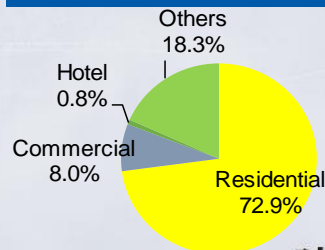
## Land reserves by cities



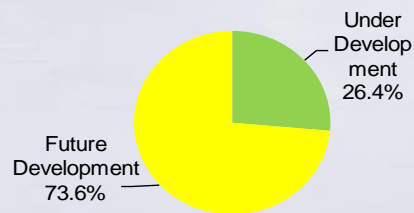
## % of Zhengzhou of total land reserves (GFA)



## Property Type



## Development Stage





## Agenda

Overview	5
Financial Highlights	8
Business Operations	15
Development & Sales Plans	26
Land Bank	33
Market Review & Outlook	36
Appendix	42

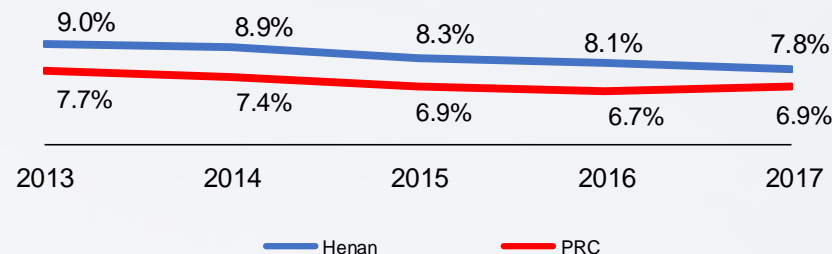
# Market Review

- ▲ In 2017, Henan's GDP reached RMB4.5 trillion (5.4% of China's total GDP), achieving real GDP growth of 7.8%, which was 0.9 p.p. higher than the national growth rate
- ▲ In 2017, in terms of GFA sold, Henan property market up 17.8% y-o-y, above the national property GFA sold growth of 7.7%
- ▲ Contracted sales volume was strong across all the 18 major cities in Henan lead by Luohe with sales volume growth of 49.9% y-o-y and Zhengzhou sales volume grew by of 8.3% y-o-y
- ▲ Lower tier 3 & 4 cities in Henan are displaying strong recovery and positive long-term trend with strong volume growth in Luohe +49.9%, Pingdingshan +44.2%, Xinxiang +28.5%, Zhoukou +27.3% and Luoyang +26.1%

## Above Average Real GDP Growth

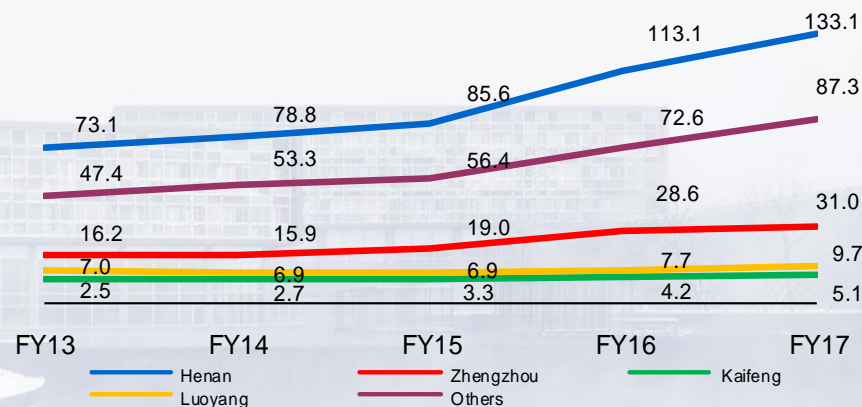
PRC GDP 2013-2017  
Ave 7.1%

Henan GDP 2013-2017  
Ave 8.4%



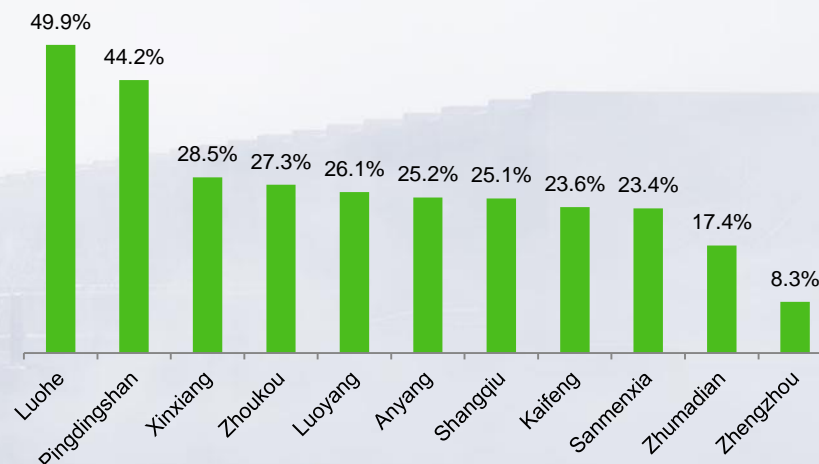
## Contracted Sale GFA

Henan 2013-2017 16.2% CAGR   ZZ 2013-2017 17.6% CAGR   KF 2013-2017 19.5% CAGR   LY 2013-2017 8.5% CAGR   Others 2013-2017 16.5% CAGR



Source: China Statistical Yearbook 2017; Figures are of 2017, Henan Statistical Yearbook

## 2017 Contracted GFA Sold Growth by Cities

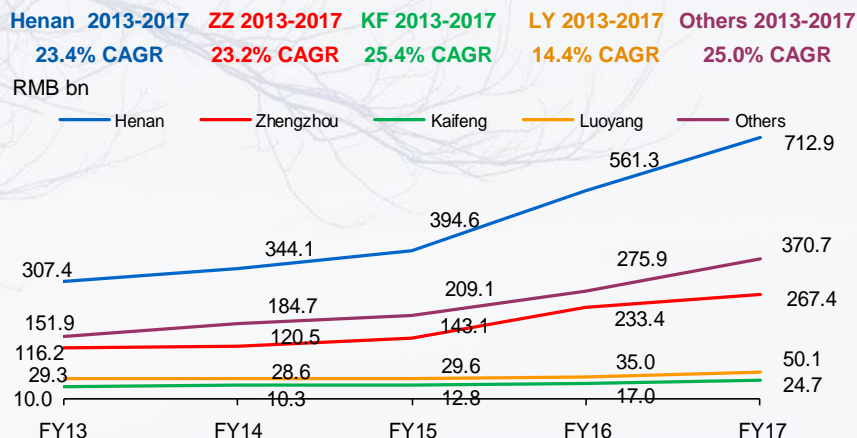




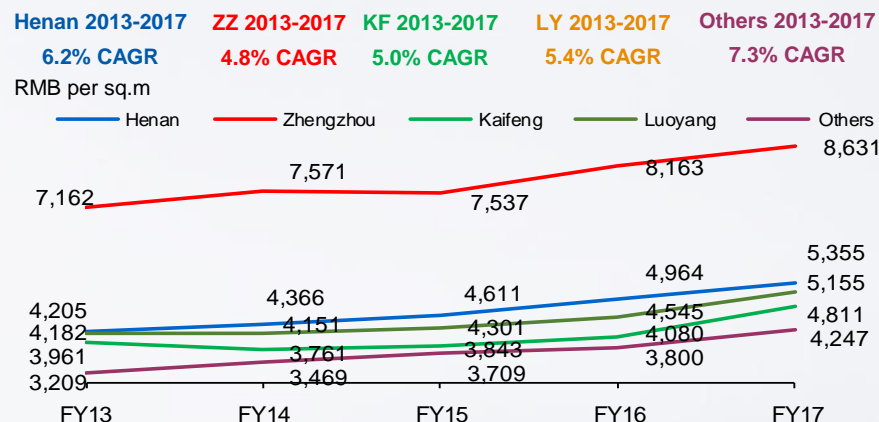
# Market Review (cont'd)

- ▲ In 2017, Henan total contracted sales grew by 27.0% y-o-y to RMB712.9 bn (5.3% of China's total contracted sales) vs nationwide growth rate of 13.7% y-o-y
- ▲ Henan's ASP grew by 7.9% y-o-y to RMB5,355/ sq.m. vs nationwide ASP growth of 5.6% at RMB7,892 /sq.m.
- ▲ Contracted sales was strong across all major cities in Henan lead by Luohe which grew by 62% y-o-y
- ▲ Zhengzhou contracted sales grew by 14.6% y-o-y, representing 37.5% of the Henan property market, with Zhengzhou ASP increasing by 5.7% y-o-y to RMB8,631/sq.m.
- ▲ Lower tier cities in Henan are displaying strong recovery in both contracted sales and ASP growth in 2017

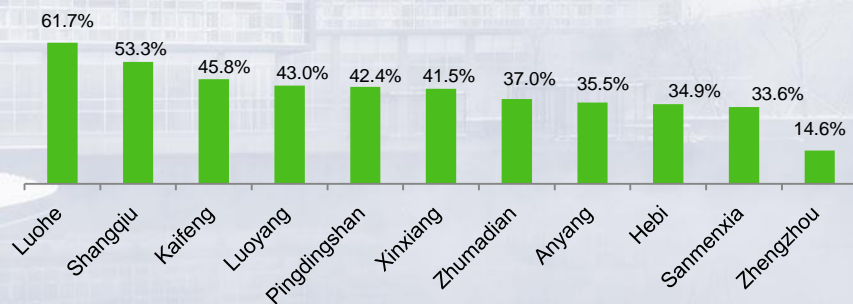
## Contracted Sales



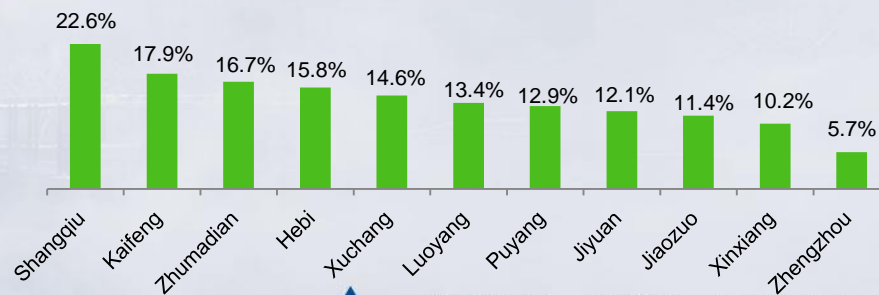
## ASP



## 2017 Contracted Sales Growth by Cities



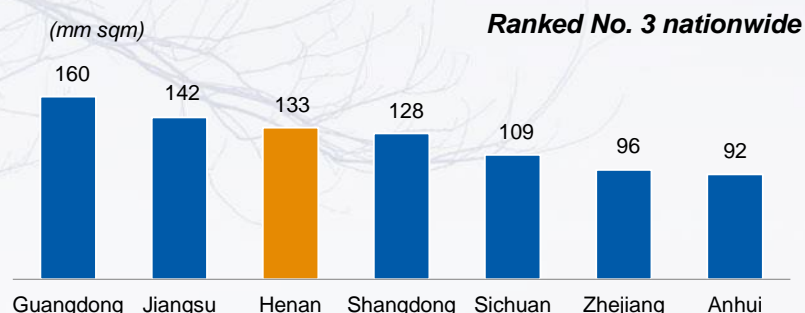
## 2017 ASP Growth by Cities



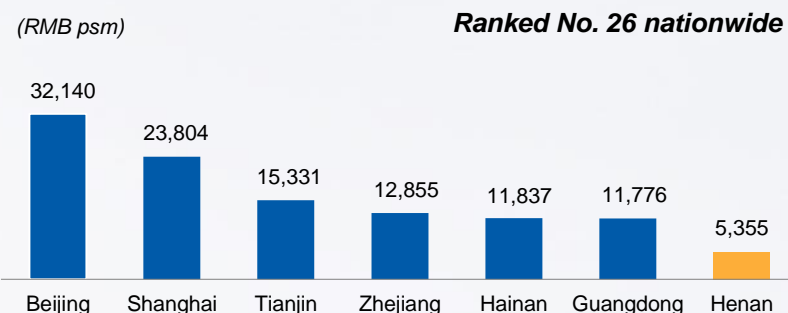
# A Market with Strong Growth Potential

- ▲ Henan has a large population of 108 mn with rising disposable income per capita at RMB30,996 in 2017, up 13.8% y-o-y
- ▲ Rising urbanization rate of Henan at 50.2% in 2017 (up 1.7 p.p.) vs nationwide average urbanization rate of 58.5% (up 1.1 p.p.)
- ▲ Currently ranked 5<sup>th</sup> largest economy in China with GDP approximately USD690 billion, representing 5.4% of China's total GDP for 2017
- ▲ Property market ranked 3<sup>rd</sup> largest by GFA sold, represent 7.9% of China's total property GFA sales for 2017
- ▲ End-user market with high affordability, with average housing price at 5.7 times annual household disposal income

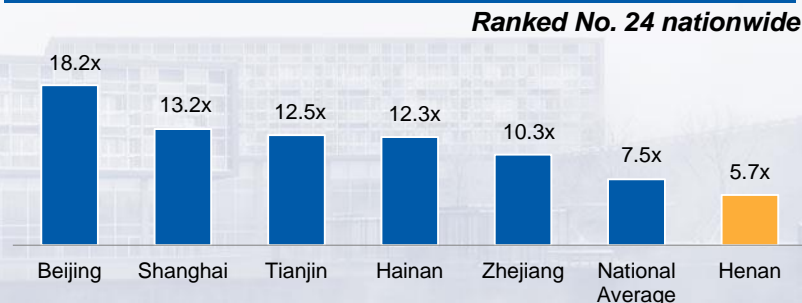
## 2017 Contracted Sales GFA – Sizeable Market



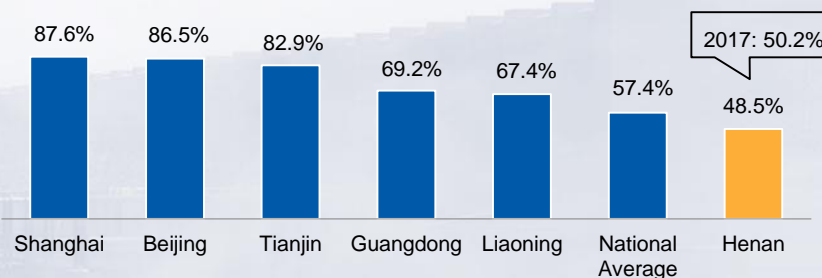
## 2017 ASP<sup>3</sup> – Significant Room for Growth (RMB psm)



## 2017 Affordability Ratio<sup>2</sup> – Highly Affordable Properties



## 2016 Urbanization Rate – Strong Underlying Potential



Source: Provincial Statistics 2016 & 2017;

Note: <sup>1</sup> National average based on average of provinces in China; <sup>2</sup> 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 31 December 2017; lower number indicates better affordability; <sup>3</sup> Based on commodity properties;

# Market Outlook

## The Macro-Economy Environment

- ▲ In 2017, China's economy grew higher than expected at 6.9% to reach a GDP of RMB82.7 trillion. The Chinese government has set a GDP growth target of 6.5% for 2018. The company expects China's economy to maintain stable growth while continuing with supply-side structural reform of the economy to achieve sustainable growth.
- ▲ In 2017, Henan province continued to thoroughly implement strategies formulated by the government by pressing ahead with supply-side structural reform to achieve considerable progress in transformation and upgrades, successively shift from old to new growth drivers, improve quality and effectiveness of economic development. In 2017, Henan's economy grew by 7.8% to RMB4.5 trillion or approximately US\$690 billion. The company expects the Henan economy continue to expand and benefit from national economic strategies like the 'One Belt and One Road Initiative' and with a rising urbanization rate surpassing 50% in 2018.

## The Property Market

- ▲ In 2017, policies on the property market kept abreast with the general principle of the "houses are built to be inhabited, not for speculation" policy. Local governments switched its strategies from traditional demand-side adjustments to supply-side reforms. In addition, the short-term regulation was more aligned with the long-term mechanism, which significantly facilitated the development of residential leasing market and joint ownership housing provisional scheme.
- ▲ With the introduction of policies according to cities' circumstances, provision of guidance based on different categories and tightened regulations over the property market in Zhengzhou, demand for housing in Henan province, especially cities around Zhengzhou, has been released due to short term favourable factors to the property market.





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

25<sup>th</sup>  
1992-2017

香港上市十周年  
10th Anniversary of Hong Kong Listing

根植中原 造福百姓

From the land of Henan, for the people of China

Q&A

Thank you!

胡海森





## Agenda

Overview	5
Financial Highlights	8
Business Operations	15
Development & Sales Plans	26
Land Bank	33
Market Review & Outlook	36
Appendix	42





## Appendix

	<b>Land Acquisition in 2017</b>	<b>43</b>
	<b>List of Light Asset Project</b>	<b>59</b>





# Summary of Land Acquisition in 2017

Acquisition Date	Project Name	City	County	Project Type (Residential=R, Commercial=C and Carpark=K)	Average Land Cost (RMB/Sq.m.)	Total GFA (sq. m.)	Attributable Land Premium (RMB Mn)	Expected Date of construction	Expected Date of completion	CCRE Interest
4/1/2017	Gongyi Nanguan Zhuang Project	Zhengzhou	Gongyi County	R,C,K	955	229,430	219	Jun-17	Dec-21	100%
17/3/2017	Luyi Jianye City	Zhoukou	Luyi County	R,C,K	724	117,939	38	Apr-17	Dec-17	45%
29/3/2017	Xiangcheng Sweet-Scented Osmanthus Garden	Xuchang	Xiangcheng County	R,C,K	827	86,879	72	Jun-17	Dec-19	100%
30/3/2017	Huxindao Project	Puyang		R,C,K	1,360	584,064	794	Apr-17	Dec-20	100%
10/5/2017	Sanya Hong Tang Bay Project	Sanya			2,958	887,920	1,313	Jan-18	Jan-26	50%
19/5/2017	Shenqiu Shiji Road Project	Zhoukou	Shenqiu County	R,C,K	741	121,450	90	Jun-17	Dec-18	100%
19/5/2017	Shenqiu Shiji Road Project	Zhoukou	Shenqiu County	R,C,K	768	71,609	14	Jun-17	Dec-18	26%
1/6/2017	Nanyang Qilin Lake Project	Nanyang		R,C,K	316	358,115	58	Jul-17	Aug-22	51%
10/6/2017	Baisha Seven Land Plots Project	Zhengzhou		R,C,K	4,509	117,111	502	Dec-17	Jun-20	95%
16/6/2017	Wulongkou Project	Zhengzhou		R,C,K	1,479	247,917	165	Jul-17	Jul-19	45%
20/6/2017	CIFI Zhongyue Project	Zhengzhou		R,C,K	4,276	231,261	504	Jul-17	Aug-22	51%
23/6/2017	Code One City North Land Project	Jiyuan		R,C,K	1,373	123,396	169	Jul-17	Sep-18	100%
26/6/2017	Yangguang Road Project	Zhengzhou		R,C,K	875	306,866	215	Aug-17	Feb-20	80%
28/6/2017	Xihua Ankang Avenue Project	Zhoukou	Xinhua County	R,C,K	565	137,996	20	Jun-17	Dec-18	26%
28/6/2017	Forest Peninsula Second Phase Land Project	Sanmenxia		R,C,K	557	192,591	64	Sep-17	Sep-19	60%
29/6/2017	Zhumadian Gushi Project	Zhumadian	Gushi County	R,C,K	455	269,320	63	Jul-17	May-21	51%
4/7/2017	Movie Town Project	Zhengzhou	Zhongmu County	R,C,K	1,248	846,520	721	Aug-17	Aug-20	65%
5/7/2017	Xincai Baichengtiandi Project	Zhumadian	Xincai County	R,C,K	533	129,977	69	Aug-17	Feb-19	100%
11/7/2017	Qinyang Spring Time	Jiaozuo	Qinyang County	R,C,K	1,111	88,502	98	Aug-17	Feb-19	100%
13/7/2017	West Lake Manor Project	Zhumadian		R,C,K	570	149,538	26	Aug-17	Feb-19	31%
19/7/2017	Jiaozuo Shihe House	Jiaozuo		R,C,K	1,949	219,162	427	Aug-17	Feb-19	100%
19/7/2017	Jiaozuo Spring Time	Jiaozuo		R,C,K	583	215,831	126	Aug-17	Feb-19	100%

# Summary of Land Acquisition in 2017 (cont'd)

Acquisition Date	Project Name	City	County	Project Type (Residential=R, Commercial=C and Carpark=K)	Average Land Cost (RMB/Sq.m.)	Total GFA (sq. m.)	Attributable Land Premium (RMB Mn)	Expected Date of construction	Expected Date of completion	CCRE Interest
26/7/2017	Luohe Sweet-Scented Osmanthus Garden East	Luohe		R,C,K	477	162,375	77	Aug-17	Aug-20	100%
26/7/2017	Luohe Sweet-Scented Osmanthus Garden East	Luohe		R,C,K	480	125,697	24	Aug-17	Feb-19	40%
5/8/2017	Zhoukou Landmark	Zhoukou		R,C,K	682	322,807	121	Aug-17	Jan-20	55%
23/8/2017	Luoyang Dingding House	Luoyang		R,C,K	155	1,570,417	43	Oct-17	Oct-21	40%
24/8/2017	Zhiyou Henan Project	Zhengzhou	Zhongmu County	R,C,K	1,471	1,057,791	1,556	Mar-18	Sep-19	100%
25/8/2017	Zhengyang Jianye City	Zhumadian	Zhengyang County	R,C,K	418	215,971	32	Oct-17	Oct-19	35%
29/8/2017	Xinmi Code One City	Zhengzhou	Xinmi County	R,C,K	561	89,816	40	Sep-17	Jun-19	80%
4/9/2017	Pingyu Jianye City	Zhumadian	Pingyu County	R,C,K	385	393,058	153	Oct-17	Jun-20	100%
4/9/2017	Xiangcheng Spring Time Project	Zhoukou	Xiangcheng County	R,C,K	892	78,777	34	Sep-17	May-19	51%
6/9/2017	Shangqiu Head Quarter Port Project	Shangqiu		R,C,K	537	155,377	83	Feb-18	Aug-20	100%
15/9/2017	Shangqiu Sky Mansion	Shangqiu		R,C,K	1,847	175,873	325	Jan-18	Apr-20	100%
18/9/2017	Shangqiu Xingfuli	Shangqiu		R,C,K	792	179,217	72	Dec-17	Nov-19	51%
20/9/2017	Luyi Jianye City	Zhoukou	Luyi County	R,C,K	815	150,124	55	Sep-17	Sep-19	45%
22/9/2017	Dengfeng Project	Zhengzhou	Dengfeng County	R,C,K	1,193	285,003	340	Sep-17	Oct-18	100%
29/9/2017	Sanmenxia Canglong Land Project	Sanmenxia		R,C,K	738	501,715	370	Dec-17	Jun-23	100%
30/9/2017	Puyang High Speed Train Project	Puyang		R,C,K	804	348,553	280	Nov-17	May-20	100%
18/10/2017	Suiping Forest Peninsula Project	Zhumadian	Suiping County	R,C,K	498	216,350	108	Dec-17	Apr-20	100%
20/10/2017	Luoyang Code Two City Project	Luoyang		R,C,K	708	375,107	90	Feb-17	Feb-23	34%
25/10/2017	Xinzheng Tianhui City Project	Zhengzhou	Xinzheng County	R,C,K	516	315,825	114	Nov-19	Nov-21	70%
27/10/2017	Small Xi Lake Project	Zhumadian	Ru'nian County	R,C,K	755	174,201	72	Nov-17	Dec-19	55%
31/10/2017	Ruzhou Longshan Avenue Project	Pingdingshan	Ruzhou	R,C,K	623	270,358	168	Mar-18	Apr-20	100%
2/11/2017	Anyang Xinwa Road Project	Anyang		R,C,K	1,475	246,586	98	Nov-17	Aug-19	27%
14/12/2017	Huaiyang Wucai Road Project	Zhoukou	Huaiyang County	R,C,K	554	211,205	117	Dec-17	Nov-19	100%
20/12/2017	Luyi Jianye City	Zhoukou	Luyi County	R,C,K	932	130,083	55	Dec-17	May-19	45%
27/12/2017	Zhengzhou Financial Island Project	Zhengzhou		Office, Hotel and Apartment	1,745	1,188,250	415	Mar-18	Mar-20	20%
<b>Total</b>					<b>1,101</b>	<b>14,673,928</b>	<b>10,612</b>			



## Appendix

Land Acquisition in 2017	43
List of Light Asset Project	46





# List of Light Asset Projects

	Signing Date	City	Project	Expected GFA (Sqm)	Expected Duration (Month)	Launch Date
1	25/11/2015	Luohe	Code Two City (Xiangjiang Road Project)	186,900	66	Dec 16
2	22/12/2015	Zhumadian	New City Peninsula (Tianshun Road Project)	112,800	48	
3	23/12/2015	Nanyang - Dengzhou	Dengzhou Forest Peninsula	452,900	64	Sep 17
4	23/2/2016	Shangqiu	Code One City	292,000	60	Jan 17
5	1/3/2016	Xuchang	Beihai Forest Peninsula	150,600	48	Sep 17
6	16/3/2016	Luoyang	Code Two City	530,000	60	
7	24/3/2016	Sanmenxia	New District Forest Peninsula	227,200	N/A	Jun 17
8	29/3/2016	Anyang - Linzhou	Baichengtiandi	187,000	48	Jun 17
9	30/3/2016	Zhumadian - Xincui	Xincui Sweet-Scented Osmanthus Garden	25,300	24	Nov 16
10	6/5/2016	Xinxiang - Changyuan	Changyuan CBD	240,000	48	Oct 17
11	22/6/2016	Nanyang	Code Two City	200,500	36	
12	28/6/2016	Zhoukou - Fugou	Fugou Jianye City	108,400	36	Dec 16
13	30/6/2016	Hainan - Chengmai	The France Vichy Town Project	57,300	42	
14	30/6/2016	Nanyang - Xinye	Xinye Forest Peninsula	92,000	36	Jun 17
15	19/9/2016	Shangqiu - Yucheng	Yucheng Jianye City	274,700	96	Sep 17
16	19/9/2016	Pingdingshan - Baofeng	Baofeng Jianye City	165,400	42	Jun 17
17	21/9/2016	Jiaozuo- Wuzhi	Wuzhi Forest Peninsula	166,000	52	Jul 17
18	23/9/2016	Anyang	Anyang Spring Time	465,200	72	Jul 17
19	26/10/2016	Luoyang - Yiyang	Yiyang Forest Peninsula	552,300	48	Aug 17
20	4/11/2016	Puyang - Puyang	Puyang Spring Time	284,000	60	Aug 17
21	18/11/2016	Luohe	Jianye New City	266,000	68	
22	18/11/2016	Luohe	Wisdom Port (Moershidai Project)	54,600	12	Mar 17
23	19/11/2016	Zhengzhou	Ai Dong Ju	16,500	48	
24	2/12/2016	Zhoukou - Shangshui	Shangshui Forest Peninsula	333,400	48	
25	7/12/2016	Xinyang	South Lake Villa	78,000	36	

# List of Light Asset Projects

	Signing Date	City	Project	Expected GFA (Sqm)	Expected Duration (Month)	Launch Date
26	7/12/2016	Zhumadian	Shangcai Jianye City	142,000	48	
27	7/12/2016	Zhumadian	Xincai Forest Peninsula	139,700	48	Sep 17
28	8/12/2016	Jiyuan	Code Two City	123,600	40	Oct 17
29	8/12/2016	Zhoukou – Luyi	Luyi Code One City	56,400	36	
30	14/12/2016	Zhoukou – Xihua	Xihua Jianye City	209,000	36	Nov 17
31	14/12/2016	Zhoukou - Shenqiu	Shenqiu Jianye City	67,200	36	Sep 17
32	14/12/2016	Zhoukou	Spring Time	79,700	36	
33	19/12/2016	Xinxiang - Yuanyang	Yuanyang Forest Peninsula	0	-	
34	19/12/2016	Puyang	Forest Peninsula	112,000	36	
35	29/12/2016	Sanya - Haitangwan	Sanya Nantian Hot Spring Club 8 Project	80,000	48	
36	30/12/2016	Shangqiu - Sui	Sui County Spring Time	90,000	36	Sep 17
37	6/3/2017	Shangqiu	Spring Time	124,400	36	Dec 17
38	31/3/2017	Kaifeng - Tongxu	Tongxu Spring Time	101,300	36	
39	5/4/2017	Puyang - Taiqian	Taiqian Forest Peninsula	103,000	30	Dec 17
40	20/4/2017	Shangqiu	Poly Champagne	201,000	48	Oct 17
41	18/4/2017	Anyang - Neihuang	Neihuang Jianye City	234,100	72	
42	18/4/2017	Hebi	Hebi Triumph Plaza	407,000	48	
43	21/4/2017	ZhouKou - Fugou	Fugou Spring Time	39,100	20	Dec 17
44	9/5/2017	Xinyang	Xinyang Spring Time	119,200	48	
45	9/5/2017	Xinyang - Xi	Xi county Project	260,000	60	
46	22/5/2017	Xuchang - Xiangcheng	Xiangcheng county Sweet-Scented Osmanthus Garden	167,200	36	Sep 17
47	22/5/2017	Xuchang	Beihai Sweet-Scented Osmanthus Garden	162,400	39	
48	26/6/2017	Luoyang - Song	Song county Tiancheng Road Project	305,900	48	
49	29/6/2017	Anyang - Tangyin	Tangyin Spring Time	105,700	36	
50	29/6/2017	Hebi - Xun	Xun CountyJianye City	115,900	48	
51	29/6/2017	Anyang - Puyang	Puyang Tieqiu Road Project	73,000	36	
52	29/6/2017	Xinxiang - Jiaozuo	Jiaozuo Yingbin Road Project	60,800	24	
53	2/8/2017	Shangqiu	South Lake Villa	88,410	48	
54	29/8/2017	Pingdingshan – Lushan	Lushan Sweet-Scented Osmanthus Garden	192,300	33	

# List of Light Asset Projects

	Signing Date	City	Project	Expected GFA (Sqm)	Expected Duration (Month)	Launch Date
53	2/8/2017	Shangqiu	South Lake Villa	88,410	48	
54	29/8/2017	Pingdingshan – Lushan	Lushan Sweet-Scented Osmanthus Garden	192,300	33	
55	26/9/2017	Nanyang – Neixiang	Neixiang Forest Peninsula	270,200	48	
56	26/9/2017	Nanyang – Tanghe	Tanghe County Feifeng Road Project	93,200	24	
57	26/9/2017	Sanmenxia	Sanmenxia Shanzhou District Project	135,900	24	
58	29/9/2017	Zhoukou – Shenqiu	Shenqiu Jianye City Phase II	108,800	24	
59	29/9/2017	Zhoukou – Shangshui	Shangshui Jianye City	92,400	24	
60	16/10/2017	Nanyang – Dengzhou	Dengzhou Dengxiang Road Project	422,800	48	
61	26/10/2017	Shangqiu	Shangqiu Yingtian Road Project	48,000	30	
62	30/10/2017	Zhoukou	Zhoukou Kaiyuan Avenue Project	218,200	30	
63	6/11/2017	Nanyang – Fangcheng	Fangcheng Qifeng Road Project	171,100	42	
64	6/11/2017	Shangqiu – Minquan	Minquan Minzhu Road Project	86,400	36	
65	9/11/2017	Xinxiang – Yuanyang	Yuanyang Spring Time	56,600	24	
66	9/11/2017	Xinxiang – Yanjin	Yanjin Spring Time	65,000	24	
67	10/11/2017	Zhoukou	Zhoukou Jianan Road Project	71,800	30	
68	6/12/2017	Shangqiu – Suixian	Suixian Honghe Road Project	102,400	36	
69	20/12/2017	Sanmenxia - Lushi	Lushi Jinghua West Road Project	95,500	18	
70	20/12/2017	Zhumadian – Queshan	Queshan Yida Road Project	171,300	36	
71	20/12/2017	Zhoukou – Xihua	Xihua Xiaoyao Road Project	48,800	30	
72	26/12/2017	Zhoukou – Taikang	Taikang Jianshe Road Project	191,400	30	
73	29/12/2017	Shangqiu	Shangqiu Huaihe Road Project	96,400	36	
74	29/12/2017	Anyang – Qingfeng	Qingfeng Renmin Road Project	225,700	40	
75	29/12/2017	Xinxiang - Yanjin	Yanjin Yongan Road Project	210,500	24	
<b>Total</b>				<b>12,461,700</b>		

\* Note: The light-asset project in Gongyi City dated 28 March 2016 and the light-asset project in Yanling County dated 5 July 2016 have been cancelled for certain reasons

Source: Company data as at 31 Dec 2017; Estimated GFA for light-asset project development may vary depending on the projects' final design)