



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

香港上市十周年 2008-2018
10th Anniversary of Hong Kong Listing

2018 Interim Results Announcement

August 2018

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From the land of Henan, for the people of China

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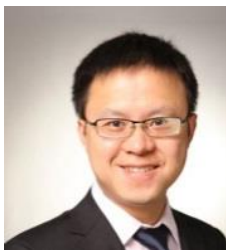
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Mr. Wu Po Sum



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

2018 First Half Financial Results Summary

- ▲ Revenue slightly decreased by 5.7% to RMB4,771 million (excluding attributable revenue from JCEs of RMB848 mn, up 231.3%)
- ▲ Total recognized GFA delivery decreased by 22.9% to 679,243 sq.m.
- ▲ Recognized ASP (excluding carpark) increased by 1.3% to RMB5,427 per sq.m.
- ▲ Gross profit increased by 29.1% to RMB1,720 million, achieved gross profit margin of 36.0%
- ▲ EBITDA was RMB1,443 million, up 24.6%
- ▲ Achieved net profit of RMB574 million, up 22.4%
- ▲ Net profit attributable to equity shareholders was RMB550 million, up 35.7%
- ▲ Declared interim dividend of HKD 7.16 cents per share (equivalent to RMB6.04 cents per share)



Overview

2018 First Half Operational Achievements

- ▲ In 1H2018, contracted sales increased by 82.4% to RMB25.3 billion, achieved 56.3% of full year target of RMB45.0 billion
- ▲ 1H2018 contracted sales GFA increased by 52.3% to 3.45 million sq.m., rank 17th in China *
- ▲ CCRE's market share in Henan has increased by 2.7 p.p. to 8.3% 1H2018
- ▲ 1H2018 contracted ASP was RMB 7,348/sq.m., increased 19.8% due to increase in Zhengzhou contribution and overall ASP appreciation
- ▲ Unrecognized contracted sales of RMB27.8 billion, excluding RMB9.4 billion at JCEs as at 30 June 2018
- ▲ As at 30 June 2018, successfully secured management contract with 93 third-party projects of approximately 14.25 million sq.m. of GFA, with an estimated based-fee revenue total of RMB3,044 million

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Financial Highlights

- Revenue slightly decreased by 5.7% to RMB4,771 mn, due to the decreased in recognized GFA
- Gross profit increased by 29.1% and achieved gross profit margin of 36.0%
- EBITDA increased by 24.6% to RMB1,443 mn on higher gross profit
- Net profit increased by 22.4% to RMB574 mn with net profit margin of 12.0%
- Basic EPS has increased by 34.3% to RMB22.28 cents on higher net profit

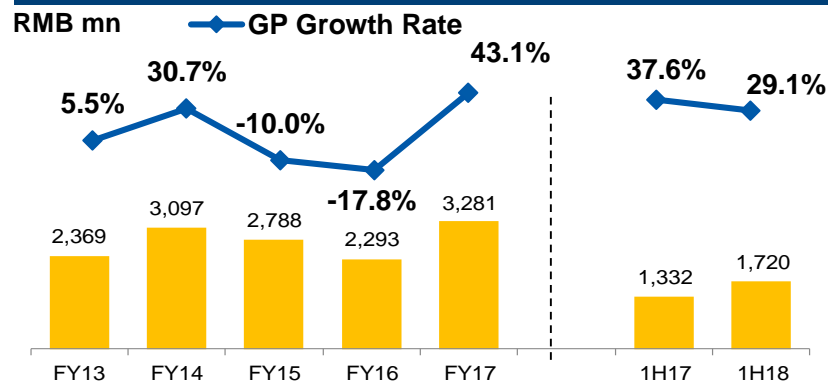
	20181H	20171H	Change
Revenue (RMB mn)	4,771	5,058	-5.7%
Gross profit (RMB mn)	1,720	1,332	+29.1%
Gross profit margin	36.0%	26.3%	+9.7 p.p.
EBIT (RMB mn)	1,315	1,032	+24.7%
EBIT margin	27.6%	20.4%	+7.2 p.p.
EBITDA (RMB mn)	1,443	1,158	+24.6%
EBITDA margin	30.2%	22.9%	+7.3 p.p.
Income tax (RMB mn)	504	404	+24.8%
Net profit (RMB mn)	574	469	+22.4%
Net profit attributable to equity shareholders (RMB mn)	550	405	+35.7%
Net profit margin	12.0%	9.3%	+2.7 p.p.
Basic earnings per share (RMB cents)	22.28	16.59	+34.3%
Diluted earnings per share (RMB cents)	21.84	16.59	+31.6%



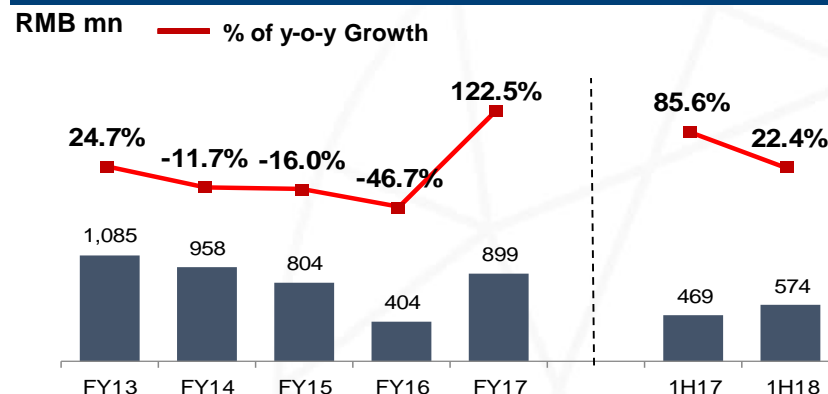
Financial Highlights (cont'd)

▲ Historical track record on profitability

Gross Profit



Net Profit

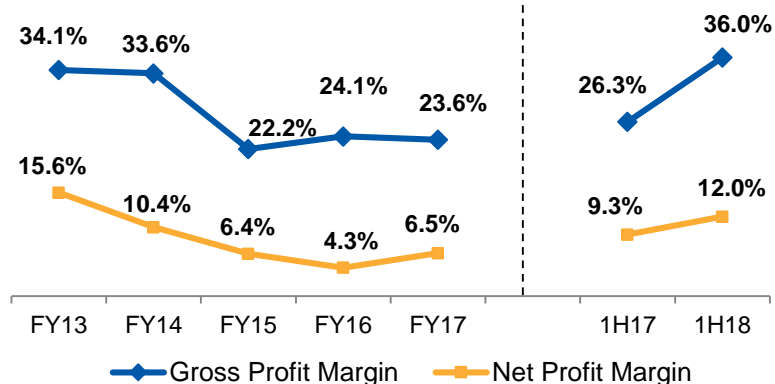


Gross Profit Margin & Net Profit Margin

Percentage

2013-2017 GPM Ave. 27.5%

2013-2017 NPM Ave. 8.6%

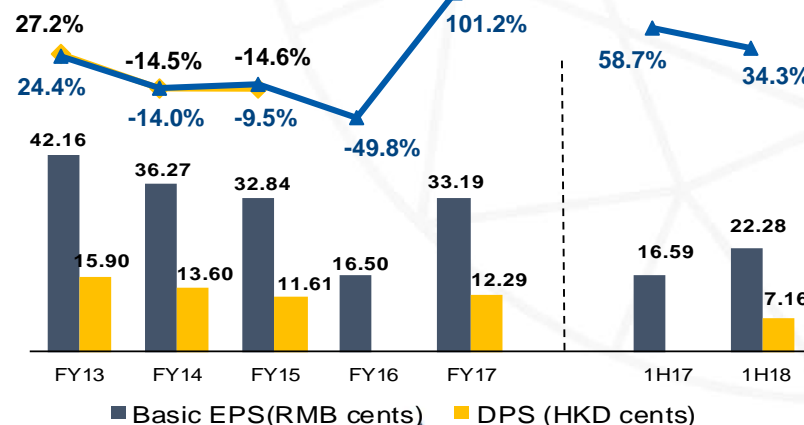


Dividend per Share & Earning per Share

Percentage

DPS % of yoy Growth

EPS % of yoy Growth



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Operating Results

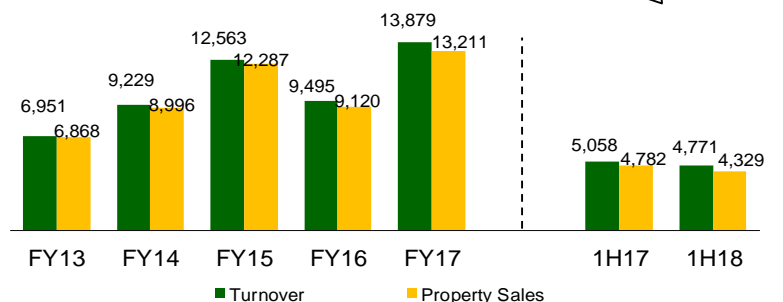
- ▲ In 1H18, due to the adoption of new accounting standards “HKFRS15”, this caused the decrease in delivery GFA, recognized property sales and revenue while recognized ASP was higher

Revenue and Property Sales

RMB mn

Revenue 2013-2017 CAGR 18.9%

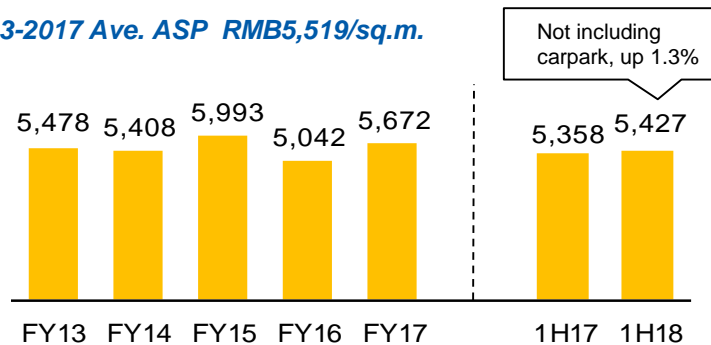
Property Sales 2013-2017 CAGR 17.8%



Recognized Average Selling Price

RMB per sq.m.

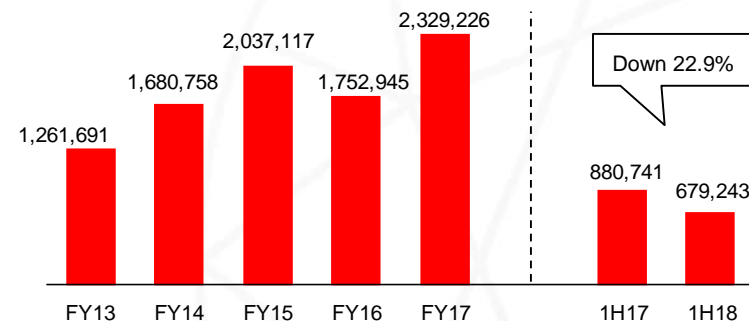
2013-2017 Ave. ASP RMB5,519/sq.m.



Recognized GFA

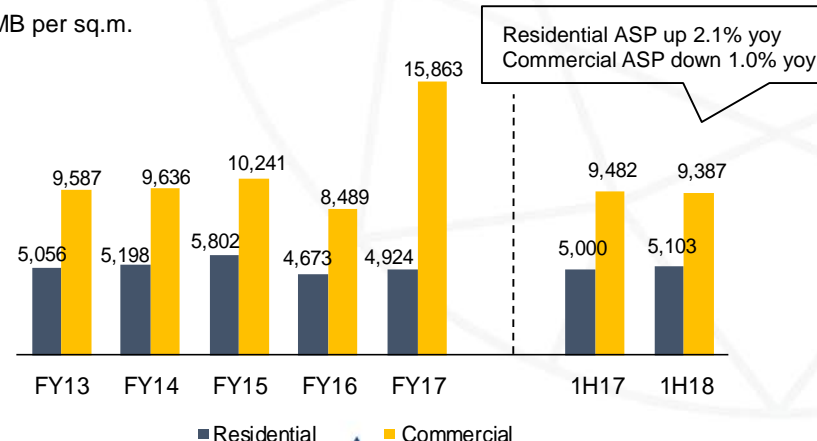
sq.m.

2013-2017 CAGR 16.6%



Recognized ASP by Property Type

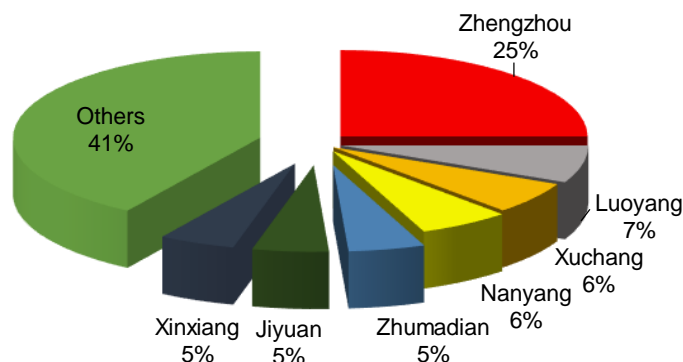
RMB per sq.m.



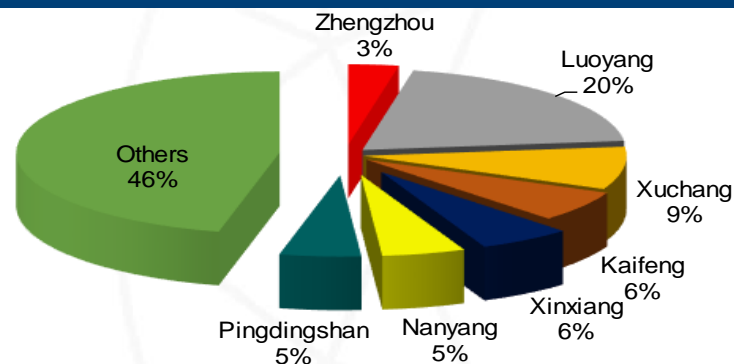
Recognized Sales and GFA sold (Breakdown by Cities)

- Recognized sales from Zhengzhou projects is RMB1,082 mn, contributing 25% of total with average GP margin of 38.4%
- Tier 3 & 4 cities contributed 58% of total recognized sales with an average GP margin of 29.9%
- County level cities accounted for 17% of total recognized sales with an average GP margin of 31.0%

Recognized Sales in 1H18



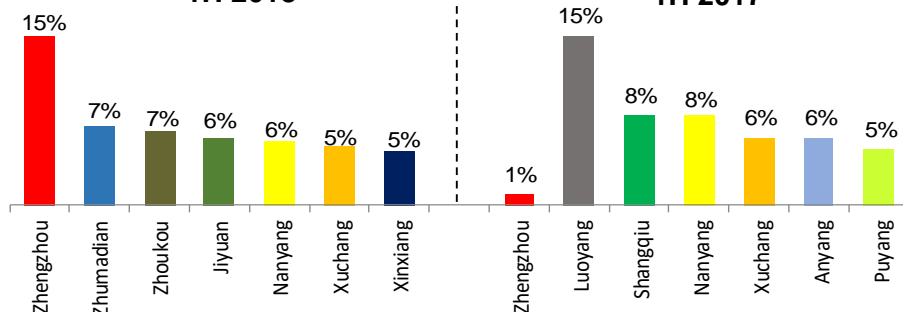
Recognized Sales in 1H17



Recognized GFA

1H 2018

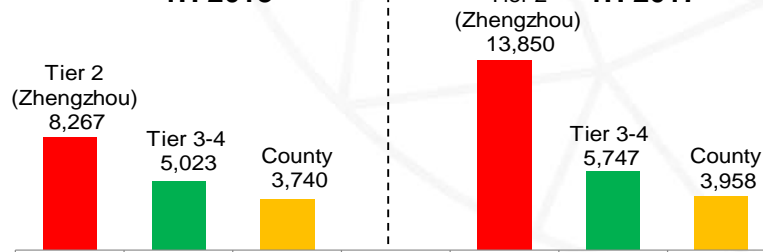
1H 2017



Recognized ASP (excluding carpark)

RMB per sq.m. 1H 2018

1H 2017

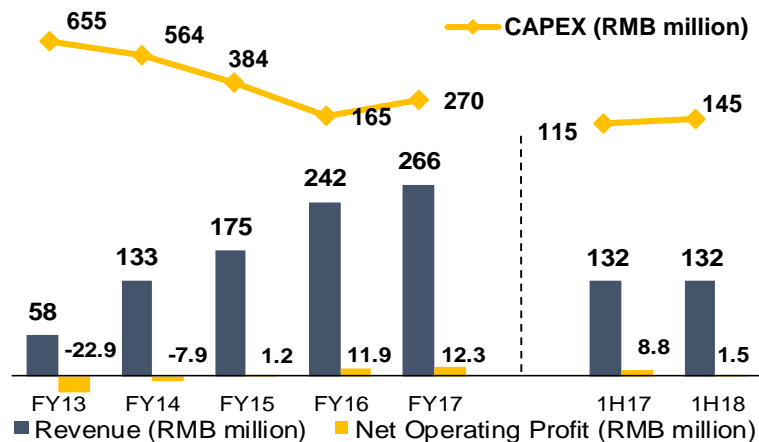


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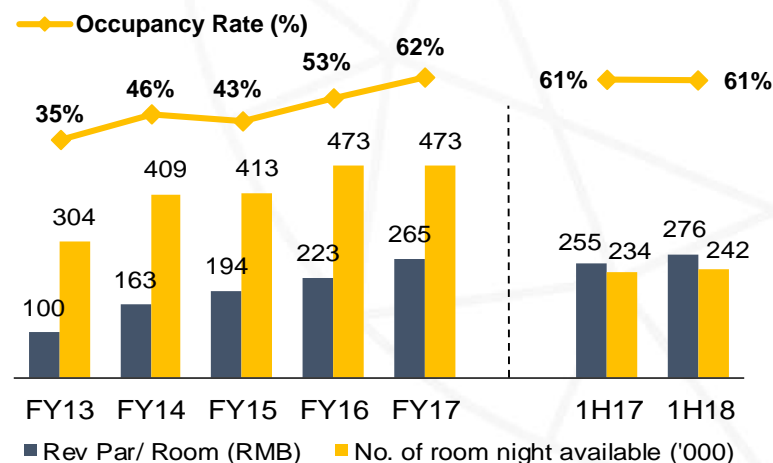
Hotel Operations

- 1H18 revenue from hotel operations is RMB132 mn, with gross profit margin of 42%
- Room revenue grew by 11.9% y-o-y to RMB66.6 mn, while F&B revenue increased by 5.0% y-o-y to RMB69.7 mn
- Average occupancy rate stabilized around 61% in 1H18
- RevPar increased by 8.2% y-o-y to RMB276 /room in 1H18 from RMB255/room in 1H17
- Net operating profit was RMB1.5 mn in 1H18, with five hotels achieving positive operating profit
- Total CAPEX for hotel development in 1H18 was up 26.3% y-o-y to RMB145 mn, due to the construction of Yanling Jianye The MIST Hot Spring Hotel and Zhengzhou Sky Mansion Service Apartment
- In 1H18, net loss from hotel operation amounted to RMB91 mn, due to the depreciation of hotel assets

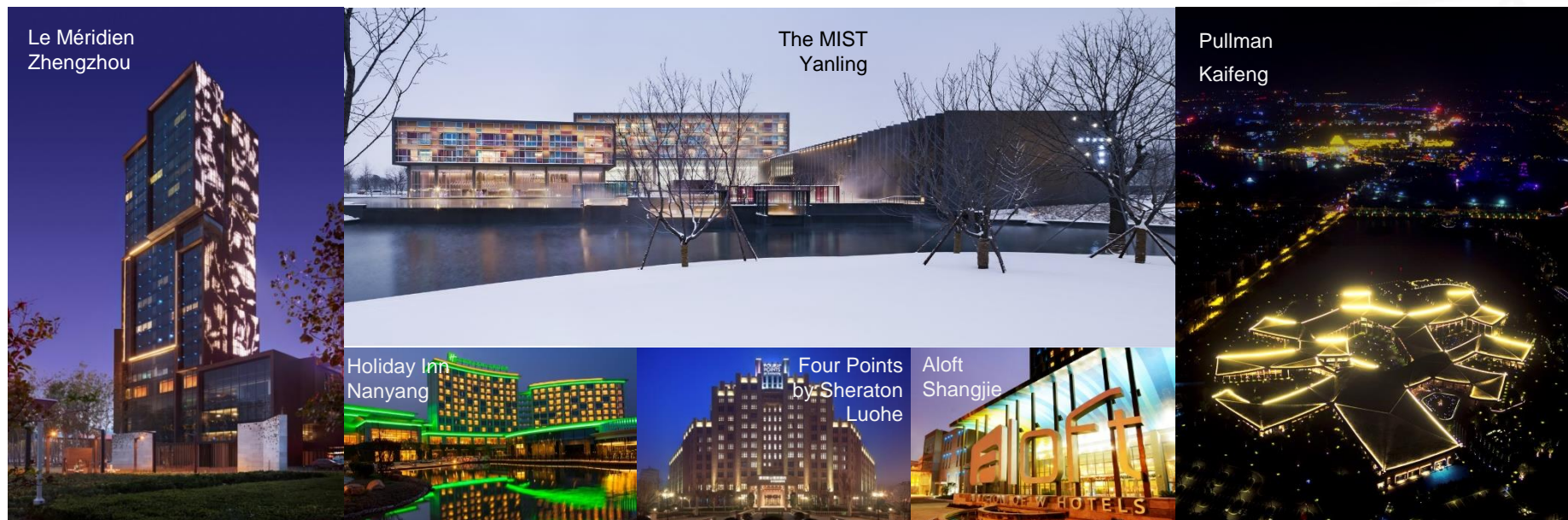
Hotel Revenue and Operating Profit/ Loss vs CAPEX



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	172	19,457	89%	+11 p.p.	172	+20.3%	2011 Aug
Holiday Inn Nanyang	360	50,574	45%	-2 p.p.	161	+5.9%	2012 Aug
Four Points by Sheraton Luohe	244	37,398	61%	+4 p.p.	196	+13.3%	2012 Nov
Le Méridien Zhengzhou	350	65,007	73%	-3 p.p.	444	+4.5%	2013 Oct
Pullman Kaifeng Jianye	186	43,836	51%	-3 p.p.	388	+ 10.9%	2015 Oct
Yanling Jianye The MIST Hot Spring Hotel	51	37,140	12%	-	271	-	2018 Mar
Zhengzhou Jianye Sky Mansion service apartment	302	33,015					2018 Aug
Total / Average	1,665	286,427	61%	-	276	+ 8.2%	



Light Asset Model Business

- As at June 30, 2018, the light asset business model has achieved scalability by securing 93 third-party projects under CCRE's Management Entrustment Contracts, with a total planned GFA of approximately 14.25 mn sq.m. up 14.4% from 12.46 mn sq.m. as at 31 December 2017
- The estimated base fee from the 93 light asset projects has increased 12.9% during the first half of 2018 to approximately RMB3,044 mn in total and to be recognized over the coming 3 to 4 years
- In 1H2018, revenue from the light asset model business was up 151.5% y-o-y to RMB249 mn with GPM of 99%
- Target to achieve over 100 light asset projects in 2018

Unlock Brand Value

Target Customer

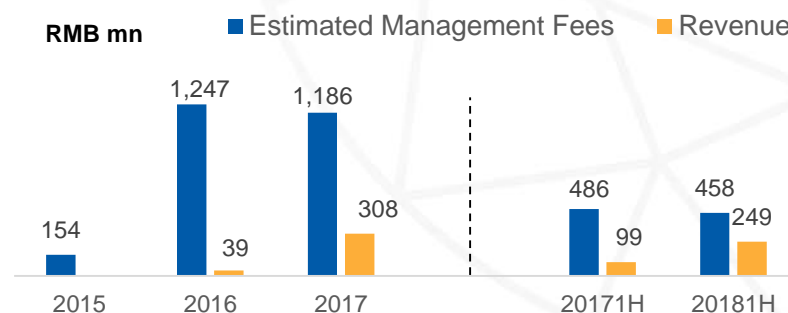
- High quality land owner
- Sufficient capital provided
- Highly recognized CCRE's culture
- Manageable market risk

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

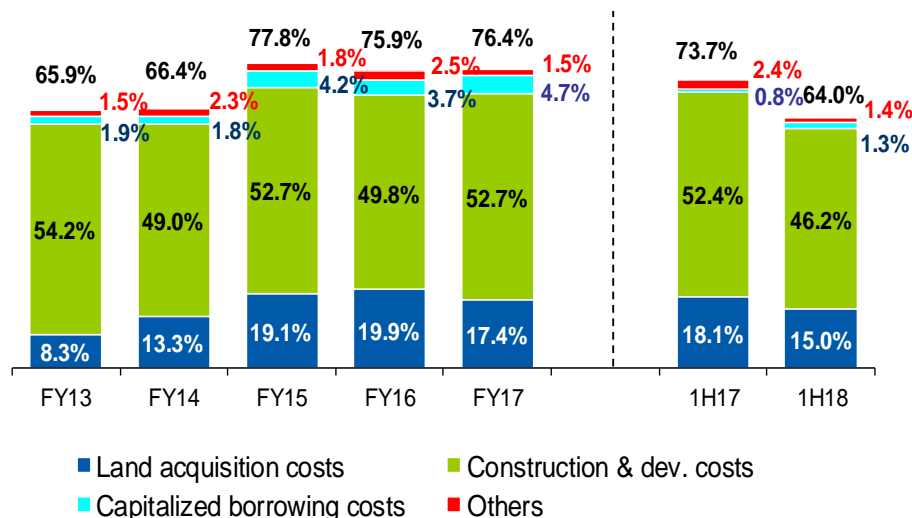
- Basic Management Fee: RMB200 /sq.m. for residential; RMB300 /sq.m. for commercial on GFA
- Extra management fee: 10% of selling price premium over per set ASP
- Profit sharing fee: base on selling price premium over pre-set ASP



Cost Analysis

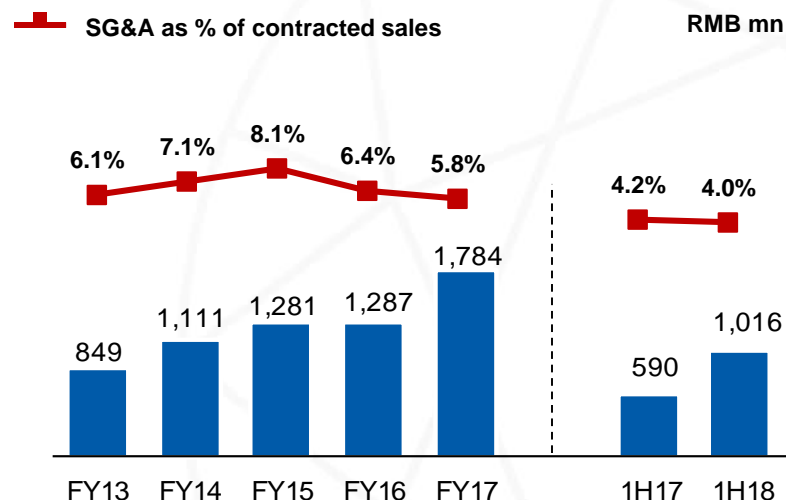
Cost of Sales (as % of revenue)

Stable cost structure



- ▲ In 1H18, cost of sales as percentage of revenue decreased by 9.7 p.p. to 64.0%, mainly due to different product mix
- ▲ Land acquisition costs as percentage of revenue has decreased by 3.1 p.p. to 15.0% in 1H18

SG&A (as % of Contracted Sales)



- ▲ In 1H18, the contracted sales achieved 82% yearly growth and the total SG&A as percentage of contracted sales was lower at 4.0%, down from 4.2% in 1H17
- ▲ Selling & marketing expenses increased by 146% to RMB433 mn due to increase in promotional and advertising activities associated with new projects
- ▲ General & administrative expenses increased by 41% due to Group expansion and depreciation of hotel assets



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Key Financial Ratios

- ▲ Asset turnover ratio was 6.8% in 1H2018, due to lower revenue
- ▲ Return on equity has decreased to 6.2%
- ▲ Improved gearing level with net debt to equity ratio (including restricted cash) at 47.3%
- ▲ EBITDA/interest cover ratio maintained at 1.8 times at 30 June 2018

	1H2018	1H2017
Asset turnover	6.8%	10.4%
Return on equity	6.2%	6.4%
Return on assets	0.8%	1.0%
Net debt to total equity ratio (with restricted cash)	47.3%	56.7%
Net debt to total equity ratio (without restricted cash)	71.3%	81.1%
Total debt/total capitalization	66.4%	66.6%
Total liabilities/total assets	87.0%	85.5%
Current ratio (times)	1.13x	1.21x
Cash/short-term debt (with restricted cash)	255%	247%
EBITDA/interest (times)	1.8x	2.5x

Balance Sheet Highlights

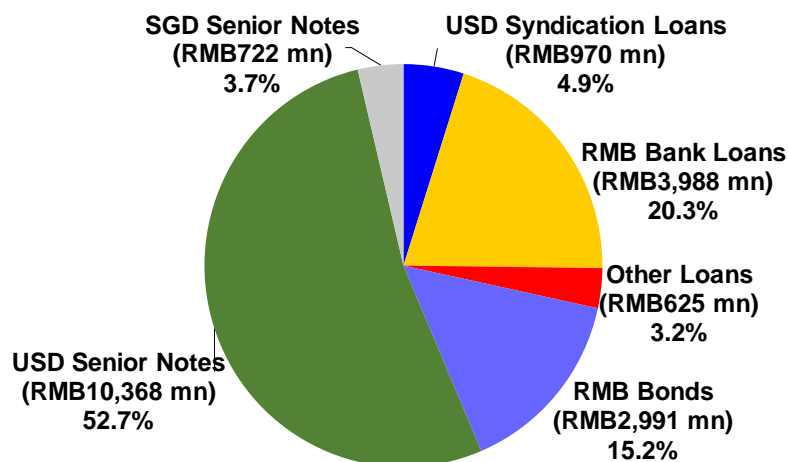
- ▲ Achieved high cash balance (with restricted cash) of RMB15.0 bn to cover 2.5 times short-term debt
- ▲ Total debt increased by 26.2% mainly due to the net issuance of USD400 mn Senior Notes
- ▲ Short term debt increased by 32.4% to RMB5.9 bn, due to RMB3.0 bn of RMB Corporate Bonds puttable in 1H2019
- ▲ Total shareholders' equity increased by 17.4% to RMB9.9 bn
- ▲ Book value per share increased by 16.1% to RMB4.03

(RMB mn)	30 Jun 2018	31 Dec 2017	Change
Cash	12,567	11,284	+11.4%
Cash plus restricted deposit	14,957	13,409	+11.5%
Total assets	76,813	62,527	+22.8%
Total debt	19,664	15,584	+26.2%
Short-term debt	5,866	4,431	+32.4%
Net current assets	6,945	4,413	+57.4%
Total capitalization	29,613	24,057	+23.1%
Total shareholders' equity	9,949	8,473	+17.4%
Book value per share (RMB)	4.03	3.47	+16.1%

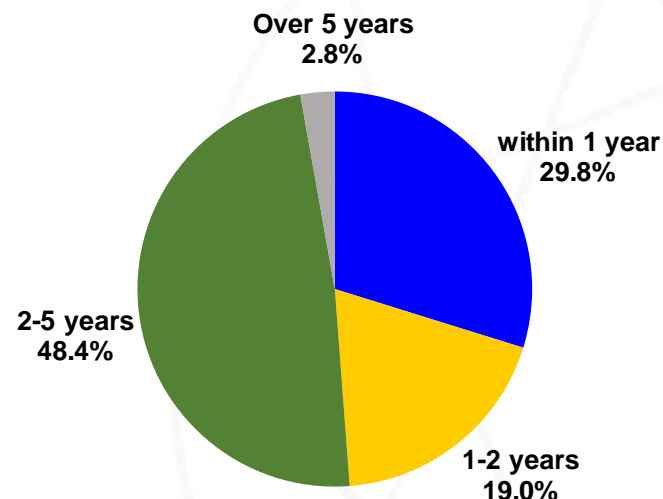


Diversified Debt Profile

Funding Source



Debt Maturity



- ▲ Diversified and balanced funding sources with 39% onshore debt and 61% offshore debt
- ▲ A stagger debt maturity profile, maintained average debt maturity of 2.5 years
- ▲ Stable average funding cost at 6.9% at 30 June 2018 (31 Dec 2017: 6.8%)
- ▲ Redeemed USD400 mn 6.5% Senior Notes in June 2018 and USD200 mn 6.0% Senior Notes in July 2018
- ▲ Undrawn facility line amounted to RMB66.6 bn



Cash Flow Highlights

- Management adopted disciplined cash flow management, achieved positive net cash inflow of RMB1,283 mn
- Achieved high cash collection ratio of 87%, with total contracted sales receipts up 54% y-o-y at RMB22.0 bn
- Maintained high cash balance of RMB12.6 bn (without restricted cash) as at 30 June 2018, up 39% yoy
- Higher construction costs and higher land acquisition related cash flow due to expansion

(RMB mn)		1H2018 (Actual)	1H2017 (Actual)	YoY Change	2018 (Budget)
Initial cash position (without restricted cash)		11,284	9,776		11,284
Inflow	Contract sales receipts	16,524	9,030	+83%	37,500
	Contract sales receipts obtained from JCEs	5,516	5,300	+4%	7,000
	Amount obtain/repaid to JCEs & Other working capital movement	(6,880)	(3,253)	+111%	(8,680)
	Issuance of share capital	854	-	-	854
	Bank & other loan: inflow/(outflow)	907	1,337	-32%	1,004
	Onshore/Offshore Bond Issuance	4,968	-	-	4,968
Total Cash Inflow		21,889	12,414		42,646
Outflow	Land acquisition related cashflow	(8,958)	(6,410)	+40%	(14,000)
	Construction costs	(5,479)	(3,260)	+68%	(14,200)
	Redemption of USD400 mn SNs (Redemption of SGD200 mn SNs in 2017)	(2,632)	(1,099)	+139%	(3,972)
	Capital expenditure	(83)	-	-	(124)
	Finance costs	(744)	(710)	+1%	(1,500)
	SG&A	(809)	(540)	+50%	(1,846)
	Tax	(1,653)	(1,120)	+48%	(4,153)
Dividend		(248)	-	-	(413)
Total Cash Outflow		(20,606)	(13,139)		(40,208)
End cash position (without restricted cash)		12,567	9,051	+39%	13,722

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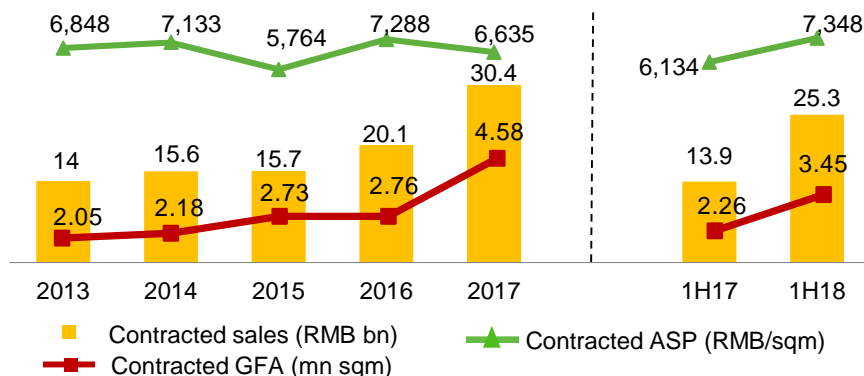
Contracted Sales – Market Leader

- ▲ Increased market share in Henan to 8.3% (10.2%, including light asset projects) in 1H18
- ▲ Contracted sales up 82.4% to RMB25.3 bn, achieving 56.2% of FY18 sales target of RMB45.0 bn
- ▲ Achieved sell-through rate of approximately 70% in 1H18 vs 60% in 1H17, on RMB36.1 bn saleable resources
- ▲ Contracted sales GFA up 52.3% to 3.45 mn sq.m., with 81% attributable from lower tier cities
- ▲ ASP has increased to RMB7,348/sq.m., on higher sales contribution from Zhengzhou and overall price appreciation

Contracted Sales & GFA

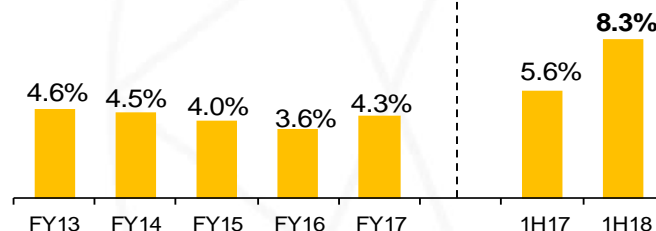
Sales 2013-2017 CAGR 21.4%

GFA 2013-2017 CAGR 22.3%



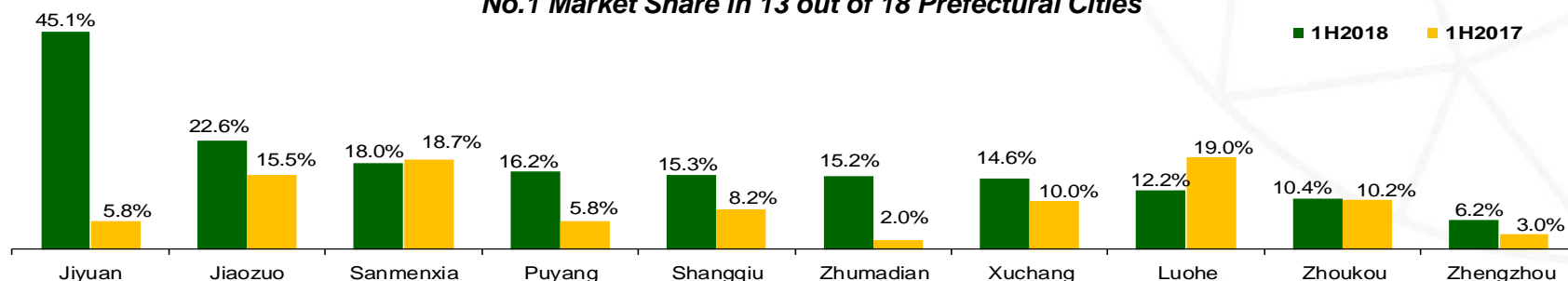
Market Shares in Henan Province (a)

In 1H18 Henan property sales grew by 24.8% while CCRE property sales increased by 82.4%



Market share over 10% in 9 Prefectural Cities(b)

No.1 Market Share in 13 out of 18 Prefectural Cities



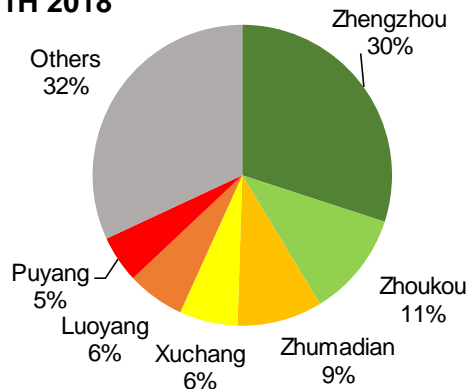
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Contracted Sales Drivers in 1H18

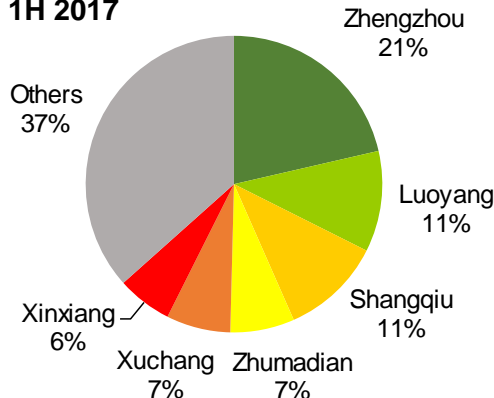
- Contracted sales were highly diversified across 50 cities and 96 projects in differentiated price category
- Contracted sales from Zhengzhou was RMB7.6 bn, accounted for 30% of total contracted sales in 1H18
- Tier 3/4 accounted for 40% of sales (vs 58% in 1H17), and county level accounted for 30% of sales (vs 21% in 1H17)
- Sales from properties with ASP less than 11,000 was at 79% in 1H18 reflecting strong demand from upgraders
- Properties size between 90 to 144 sq.m. accounted for 64% of contracted sales in 1H18

Contracted Sales by Cities

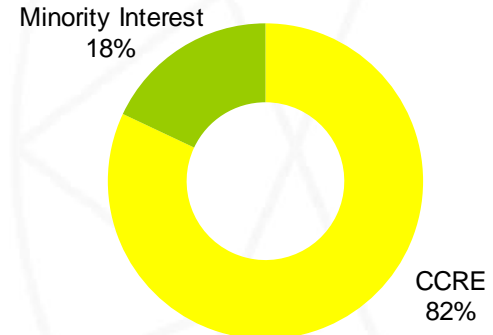
1H 2018



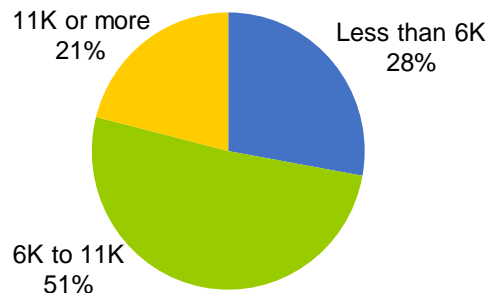
1H 2017



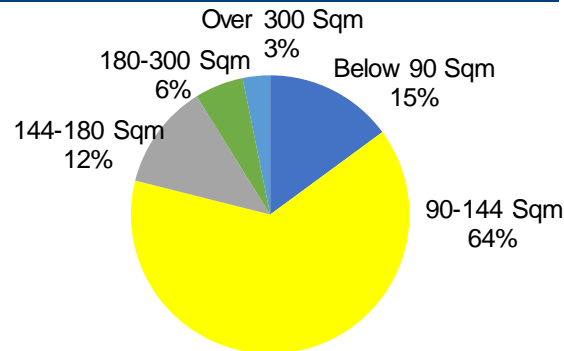
Contracted Sales by Attributable Interest



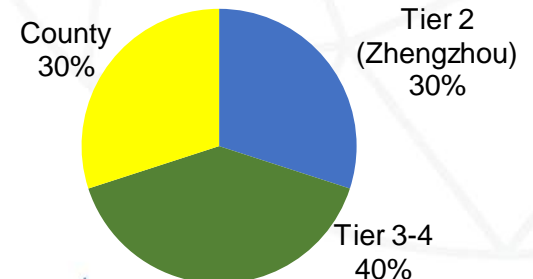
By ASP (RMB /sq.m.)



By Size



By City Level (RMB)

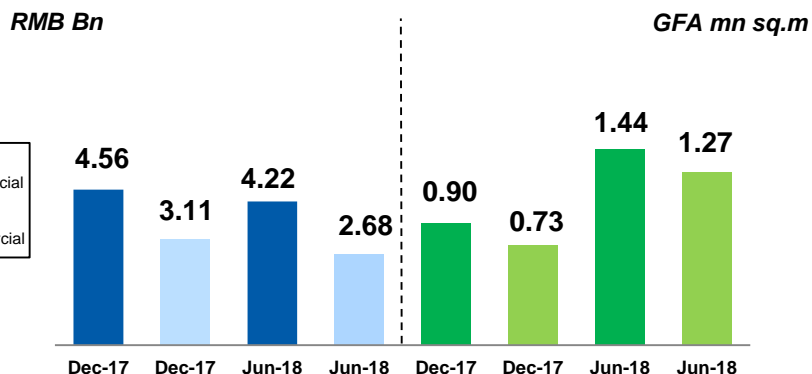


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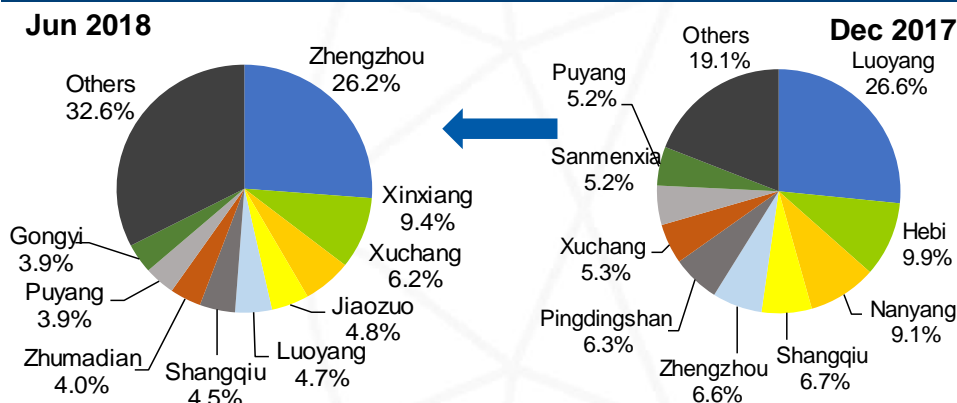
Inventory Analysis

- On 30 June 2018, completed properties held for sales decreased by 7.3% y-o-y to RMB4.22 bn
- Total saleable inventory GFA stabilized at 1.5 mn sq.m., amounting to RMB17.0 bn on 30 June 2018
- Saleable inventory in Zhengzhou increased by 19% to RMB8.7 bn, representing 51.3% of total saleable inventory
- 58% of saleable inventories are residential properties and 20% is carpark (By GFA)
- 27% of inventory aged within 1 year and 72% of inventory aged within 3 years

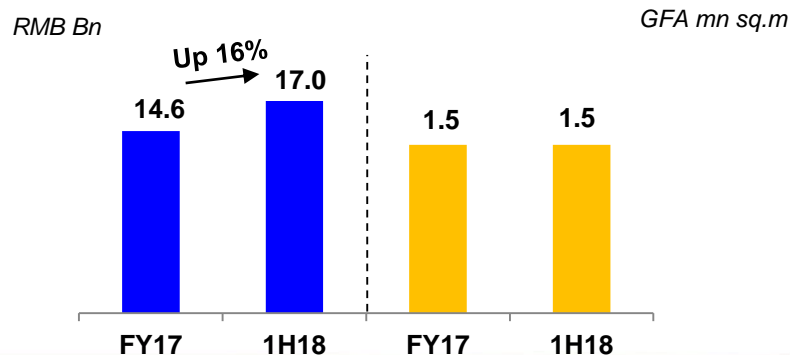
Completed Properties Held for Sales



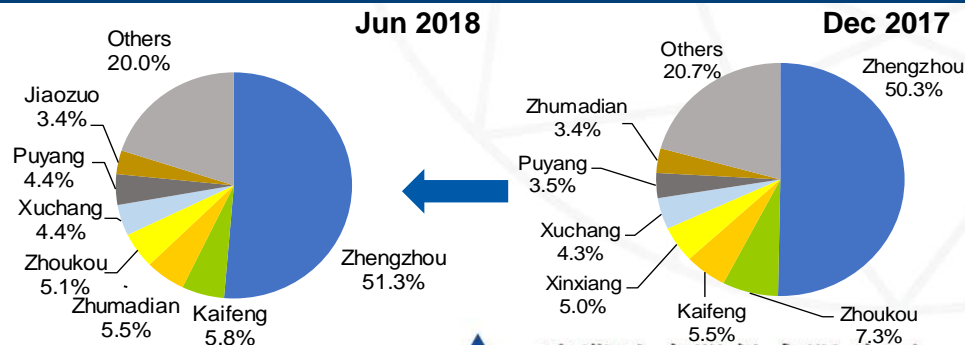
Proportion of Completed Properties Held for Sales in RMB by City



Total Saleable Inventory



Proportion of Total Saleable Inventory in RMB by City

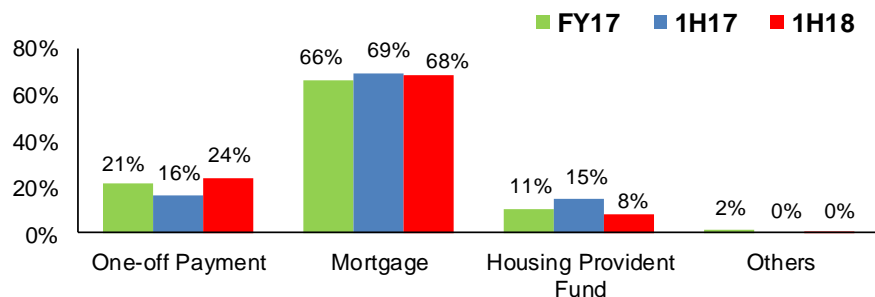


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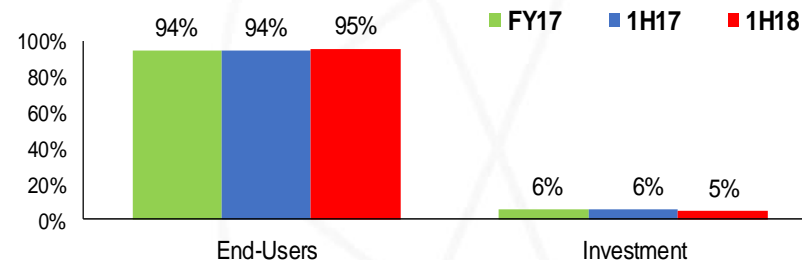
Customer Distribution

- Customer base consists of 95% end-users, with 96% were local buyers from Henan
- Cash payment buyers at 24%, mortgage payment buyers is at 68%, and buyers using HPF at 8%
- Affordable pricing with 88% of property unit sold under RMB1 million reflecting end-user market demand
- The number of units sold above RMB1 million was stable at 12% in 1H18

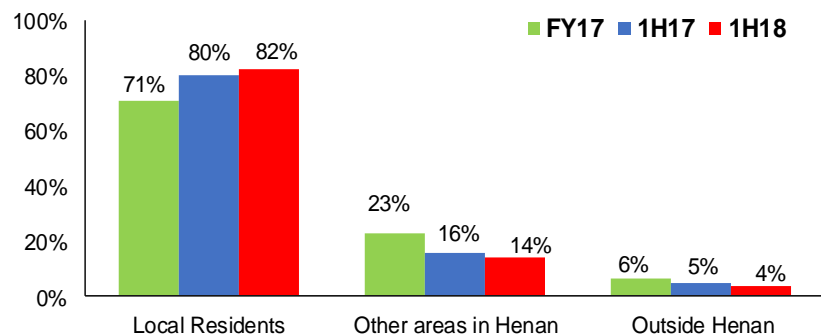
Breakdown of Purchasers by Payment Method



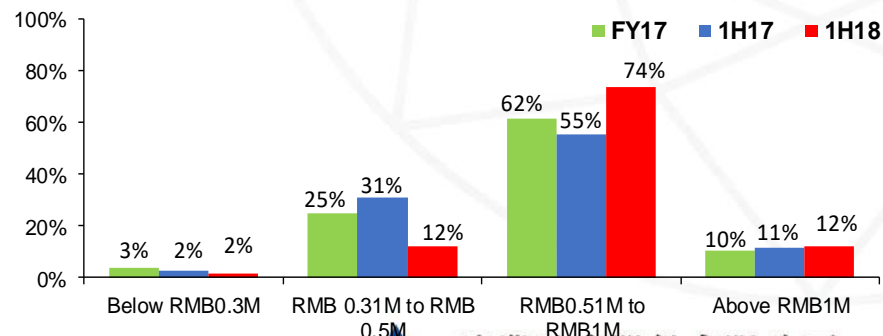
Breakdown of Purchasers by Usage



Breakdown of Purchasers by Region



Breakdown of Purchasers by Selling Price



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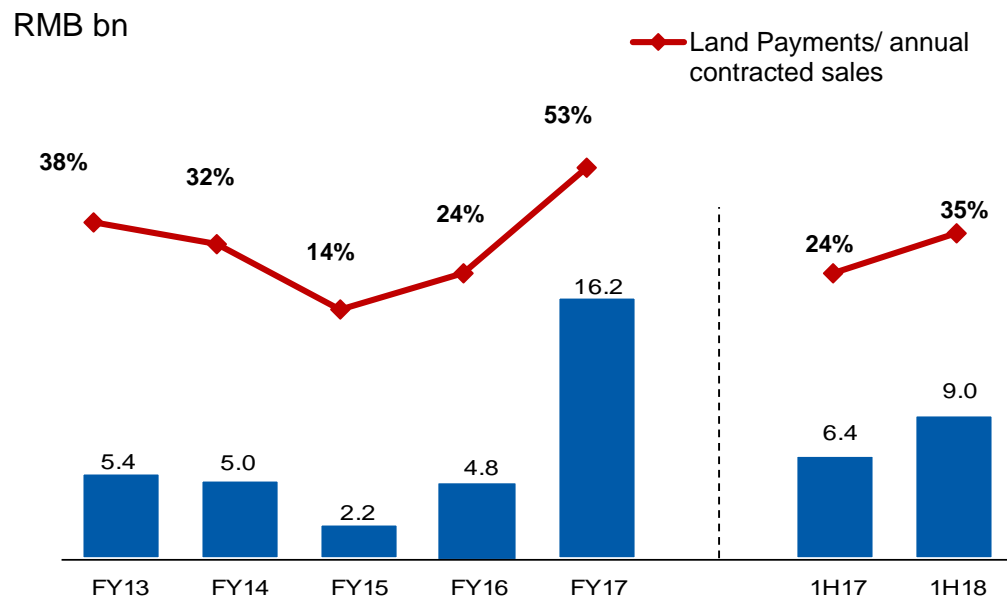
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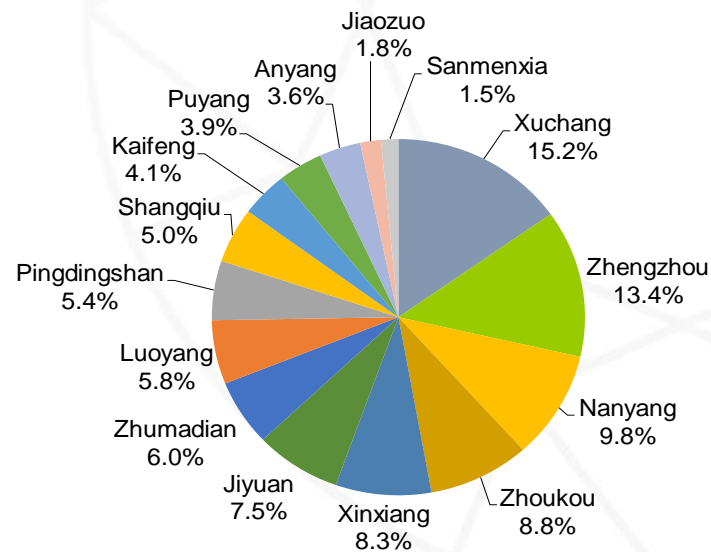
Land Acquisition Strategy in 1H2018

- ▲ In 1H2018, acquired 8.2 mn sq.m. of new land bank at an average cost of RMB1,090/sq.m.
- ▲ As at 30 June 2018, the total land bank GFA for new development is 39.63 mn sq.m., and with a low average land cost of RMB1,051/sq.m.
- ▲ In 1H2018, Land acquisition expenditure is RMB9.0 bn, supported by strong contracted sales and cash collection, accounted for 35% of 1H2018 contracted sales of RMB25.3 bn
- ▲ Consistent with the Group's strategy of controlling the cost of land, 71% of the new land in 1H2018 was acquired through equity cooperation

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



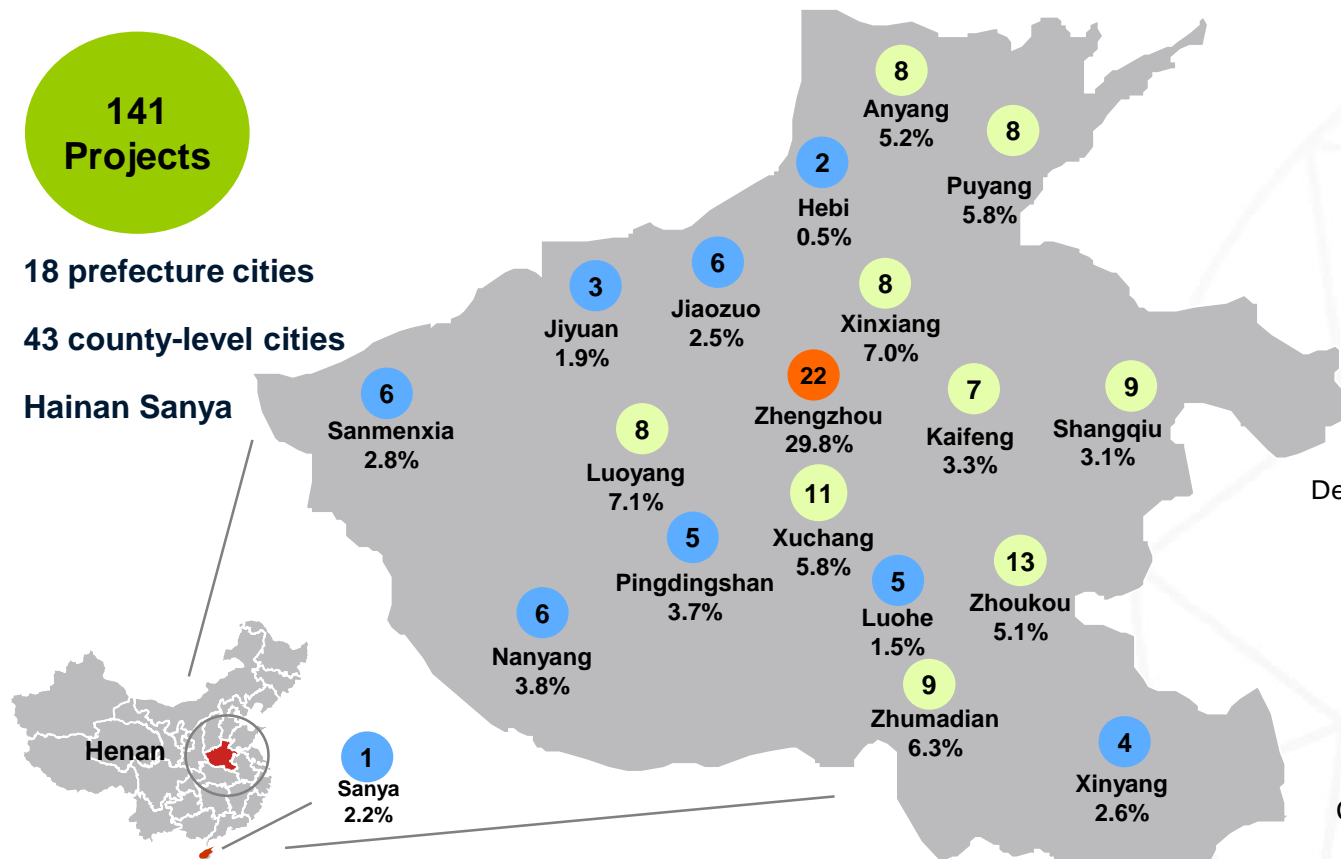
**Land Acquisition by cities in 1H2018
(by GFA)**



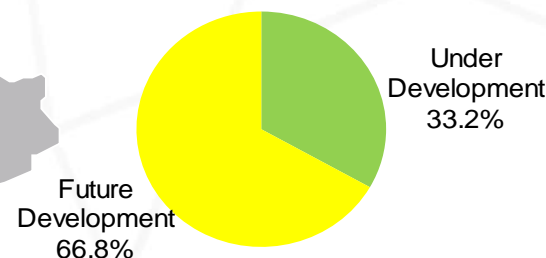
Land Reserves in Strategic Locations

141 Projects

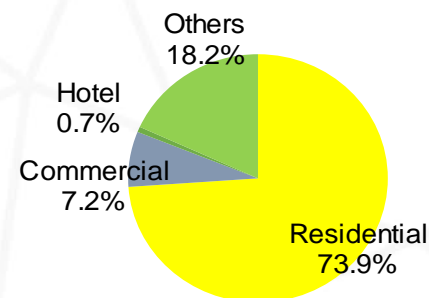
- 18 prefecture cities
- 43 county-level cities
- Hainan Sanya



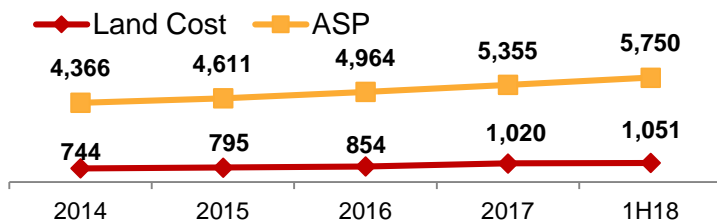
Development Stage



Property Type



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



As at 30 Jun 2018:

- Total GFA of land bank: 39,632,932 sq.m.
- Attributable GFA: 29,914,713 sq.m.
- Average land cost: RMB1,051 per sq.m.

61% of land use rights obtained



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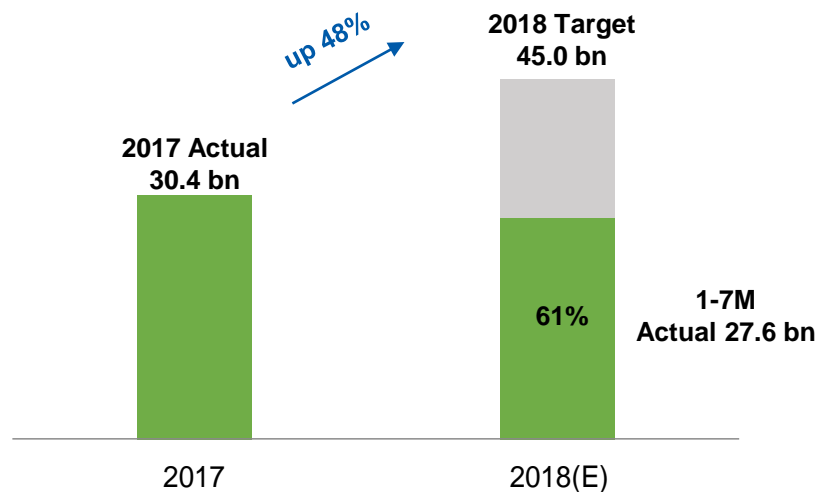
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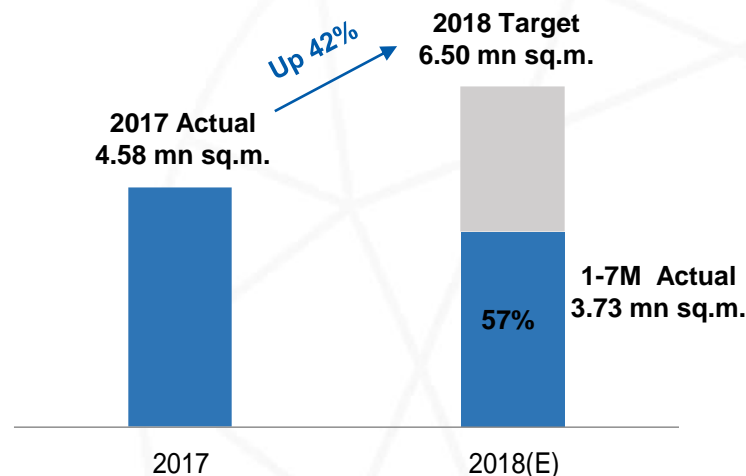


2018 Contracted Sales Targets

Contracted Sales Target



GFA Target



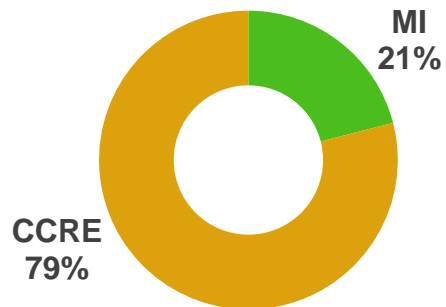
- ▲ 2018 contracted sales target of RMB45.0 bn
- ▲ Achieved contracted sales of RMB27.6 bn as at 31 July 2018, up 82% yoy, achieved 61% of annual sales target
- ▲ Contracted sales GFA reached 3.73 mn sq.m., up 52% yoy, as at 31 July 2018
- ▲ Achieved ASP of RMB7,413/sq.m., up 19% yoy
- ▲ Estimate total saleable resources of approximately RMB44.5 bn in 2H2018, including existing inventory (RMB17.0 bn) & new launches (RMB27.5 bn) in 2H2018
- ▲ In 2H2018, to achieve the contracted sales target, requires a sell-through rate of approximately 46%



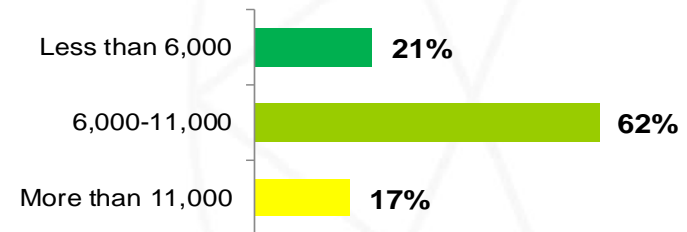
2H2018 Sales Plan

- 2H2018 contracted sales well diversified across 98 projects in 47 cities in Henan with diverse price range
- Expect sales from Zhengzhou to account for 27% of total sales
- Contribution from tier 3/4 cities (outside Zhengzhou) will be around 57%
- Expect sales from 29 county-level cities projects to remain 16% in 2H2018
- Affordable ASP, expect 83% of contracted sales from projects with ASP less than RMB11,000/sq.m.

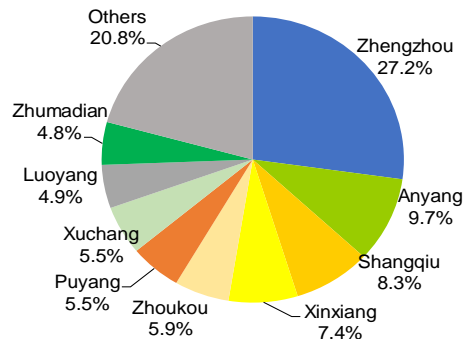
Attributable Interest



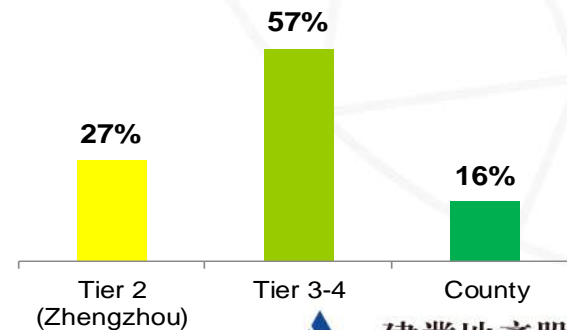
Contracted Sales by Selling Price



Contracted Sales by Cities



City Level Contribution



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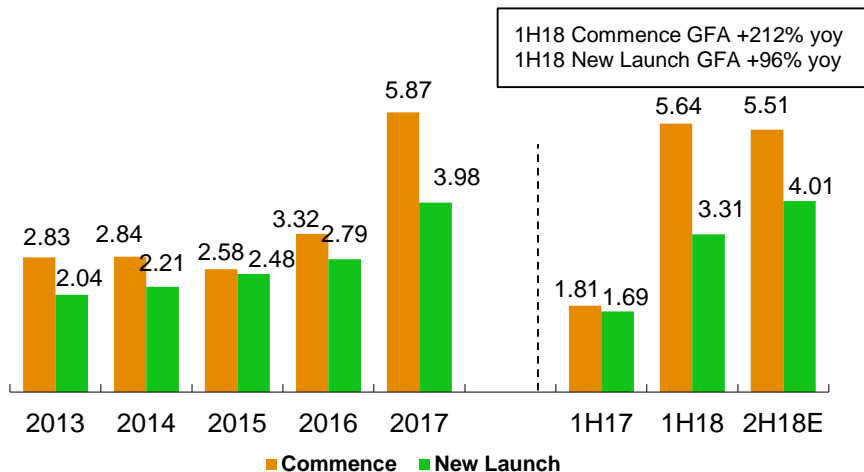
2018 Development Plan

Commence & New Launch GFA

mn sq.m.

2013-2017 Commence GFA CAGR 20.0%

2013-2017 New Launch GFA CAGR 18.2%

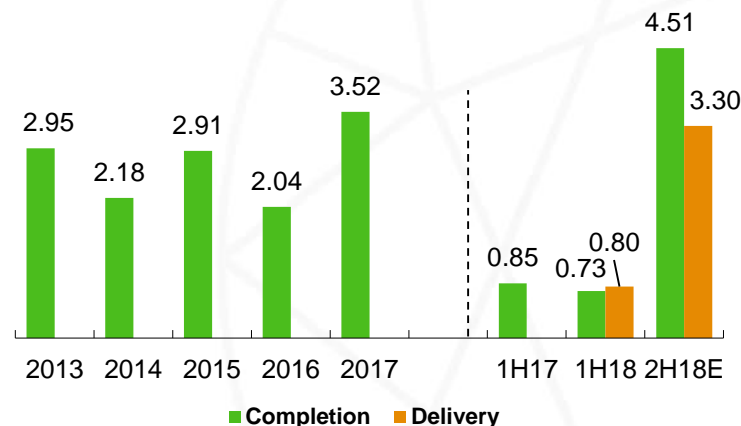


Completion and Delivery

mn sq.m.

1H18 Completion -14% yoy

2013-2017 CAGR 4.5%



- 2H18 plan to commence GFA construction of 39 projects with GFA of 5.51 mn sq.m., up 36% y-o-y
- 2H18 plan to launch 58 projects with GFA of 4.01 mn sq.m., up 75% y-o-y
- 2H18 estimate to complete 42 projects with GFA of 4.51 mn sq.m., up 69% y-o-y
- 2H18 estimate to deliver 33 projects with GFA of 3.30 mn sq.m.
- The company expects the development plan will support the contracted sales plan in 2H2018

Major Projects Launch in 2H2018

Item	City	Project	Estimated Launch Date	Estimated Launch Value (RMB Mn)	Estimated Launch (ASP)
1	Shangqiu	Headquarter Port	Aug-18	1,015	7,031
2	Zhengzhou	Wulong Century New City	Sep-18	1,818	15,273
3	Shangqiu	Sky Mansion	Sep-18	1,088	8,713
4	Zhengzhou	Movie Town - Residential	Oct-18	954	11,766
5	Zhengzhou	Zhengxi U-Town	Nov-18	1,041	6,579
6	Xinxiang	Eighteen Cities	Nov-18	1,191	6,002
Total				7,107	8,604

- ▲ The estimated saleable resource from the new project launch will be approximately RMB27.5 bn
- ▲ Total launch value of the 58 new projects fully covers the RMB19.7 bn contracted sales target in 2H
- ▲ Top 6 major projects launch in 2H18 will account for 26% of total saleable resources in 2H18
- ▲ Zhengzhou projects will account for 29% of new launch in sales value and 20% of GFA new launch
- ▲ New projects to be launched in major cities includes Zhengzhou (29%), Shangqiu(13%), Zhoukou (13%), Anyang (11%) and Xinxiang (11%) (as proportion of 2H new launch sales value)

Major Projects Launch in 2H2018

Shangqiu Sky Mansion

商丘建业·天筑



- ◆ GFA: 126,100sq.m.
- ◆ Location: Demonstration district in Shangqiu, next to the 4A National Scenary Park – Riyue Lake
- ◆ Healthcare facilities in greenery community
- ◆ Product: High rise
- ◆ Estimate ASP: RMB8,000/sq.m.
- ◆ Land cost: RMB2,684/sq.m.

Ruzhou Sweet-Scented Osmanthus Garden

汝州桂园



- ◆ GFA: 282,500 sq.m.
- ◆ Location: new developing district
- ◆ Next to No. Hospital and City Green Park
- ◆ Product: Low-rise and high rise
- ◆ Estimate ASP: RMB4,975/sq.m.
- ◆ Land cost: RMB864/sq.m.

Jianye Movie Town

建业电影小镇·橙园



- ◆ GFA: 219,500 sq.m.
- ◆ Location: next to Jianye Huayi Movie Town, at the Lv Bo Garden in Zhengdong New District
- ◆ Product: 17F high-rise
- ◆ Estimate ASP: RMB13,700/sq.m
- ◆ Land cost: RMB1,788/sq.m.

Jianye Art Mansion

建业新筑



- ◆ GFA: 229,600 sq.m.
- ◆ Location: Zhengdong New district
- ◆ Zhengbian Central Park, Jianye Huayi Movie Town, Zhiyou Henan Theme Park, Haichang Ocean Park
- ◆ Product: Villa and Low-rise
- ◆ Estimate ASP: RMB12,300/sq.m.
- ◆ Land cost: RMB2,777/sq.m.



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Cash Flow Forecast for 2H2018

- Continue to be prudent with cash flow management, estimate net positive cash inflow of RMB1,155 mn
- 2H18 Land acquisition cash flow expenditure is estimated of RMB5.0 bn, with total unpaid land premium of RMB882 mn
- Construction expenditure budget for 2H2018 is RMB8.7 bn, due to higher commencement
- Estimate cash balance of RMB13.7 bn (without restricted cash) at the year end of 2018

(RMB mn)		2H2018 (Budget)
Inflow	Cash position as at 30 June 2018 (without restricted cash)	12,567
	Contracted sales receipts	20,976
	Contracted sales receipts obtained from JCEs	1,484
	Amount obtain/repaid to JCEs & Other working capital movement	(1,800)
	Bank & other loan, restricted cash inflow/(outflow)	97
Total Cash Inflow		20,757
Outflow	Land acquisition cashflow	(5,042)
	Construction expenditure budget	(8,721)
	Redemption of USD200 Senior Notes	(1,340)
	Capital expenditure	(41)
	Finance costs	(756)
	SG&A	(1,037)
	Tax	(2,500)
	Dividend	(165)
Total Cash Outflow		(19,602)
Cash position as at 31 December 2018 (E) (without restricted cash)		13,722



Agenda

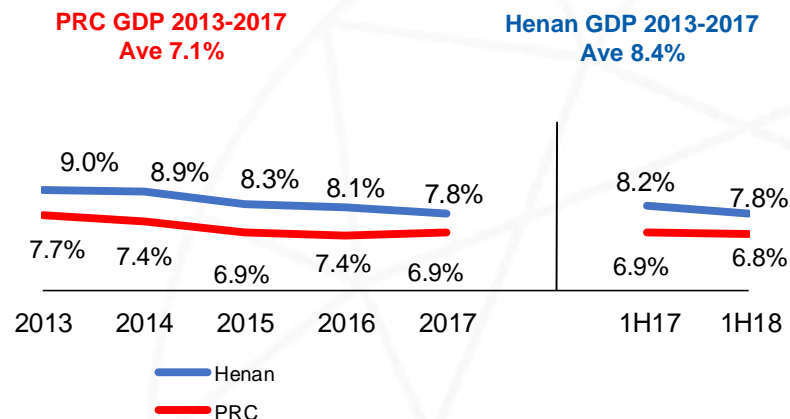
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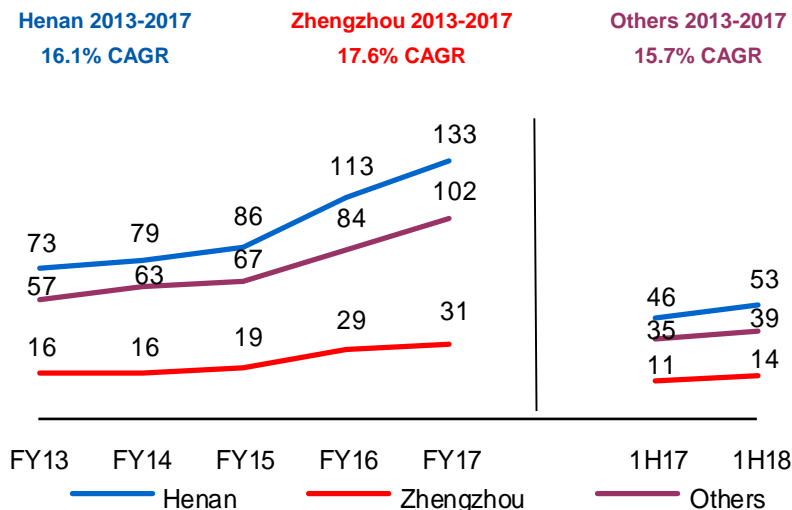
Market Review

- ▲ In 1H18, Henan's GDP reached RMB2.2 trillion (5.3% of China's total GDP), achieving real GDP growth of 7.8%, which was 1.0 p.p. higher than the national growth rate
- ▲ In 1H18, in terms of GFA sold, Henan property market up 15.8% y-o-y, above the national property GFA sold growth of 3.3%
- ▲ Contracted sales volume was strong across major cities in Henan lead by Jiyuan with sales volume growth of 55.1% y-o-y and Zhengzhou sales volume growth of 27.3% y-o-y
- ▲ Lower tier 3 & 4 cities in Henan are displaying continuous positive long-term trend with strong volume growth in Luohe +52.7%, Pingdingshan +30.9%, Zhumadian +28.9% and Zhoukou +22.4%

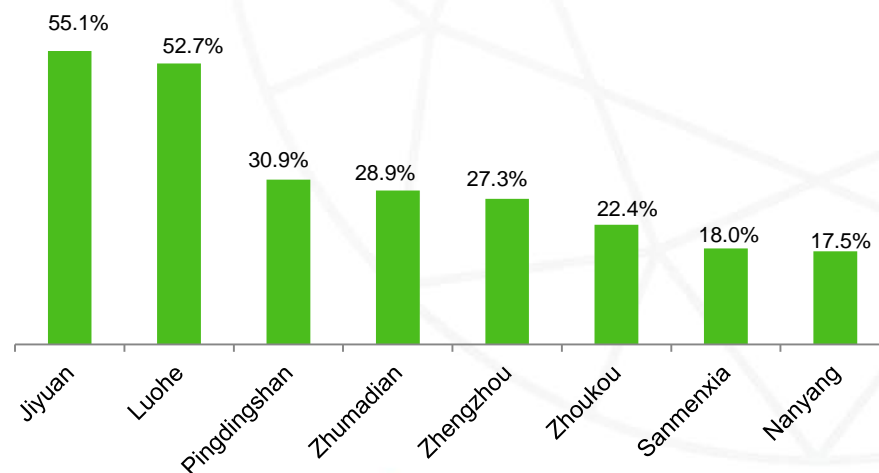
Above Average Real GDP Growth



Contracted Sale GFA



1H18 Contracted Sale GFA Growth by Cities

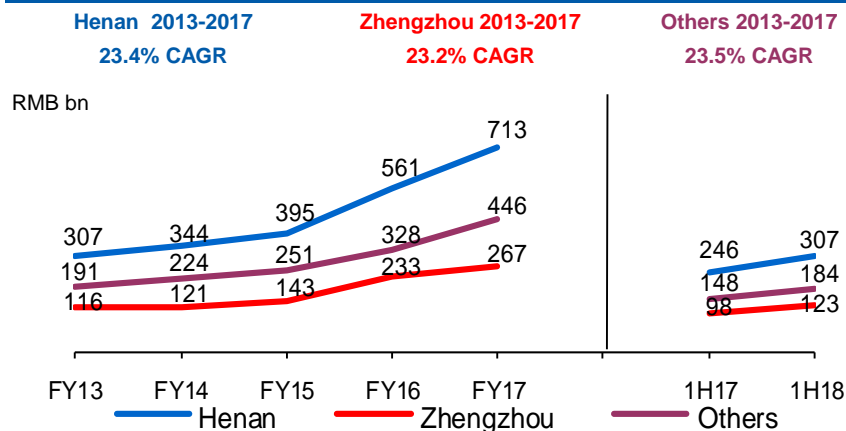


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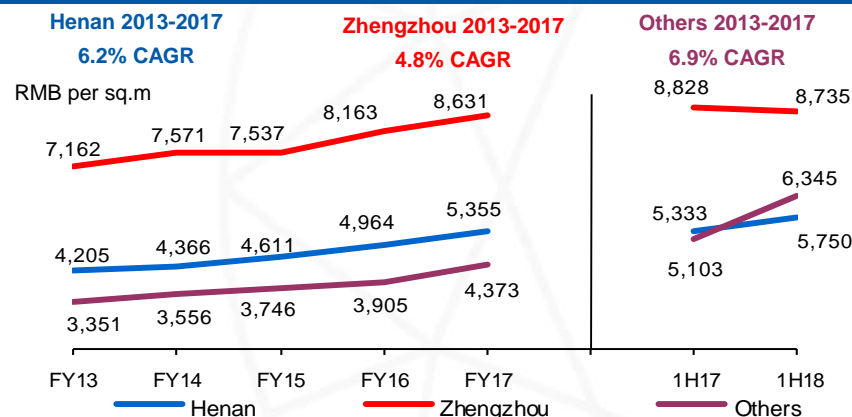
Market Review (cont'd)

- ▲ In 1H18, Henan total contracted sales grew by 24.8% y-o-y to RMB307 bn (4.6% of China's total contracted sales) vs nationwide growth rate of 13.2% y-o-y
- ▲ Henan's ASP grew by 7.8% y-o-y to RMB5,750/ sq.m. vs nationwide ASP growth of 9.5% at RMB8,678 /sq.m.
- ▲ Contracted sales was strong across major cities in Henan lead by Jiyuan which grew by 114% y-o-y
- ▲ Zhengzhou contracted sales grew by 26% y-o-y, representing 40% of the Henan property market, with Zhengzhou ASP stabilized at RMB8,735/sq.m.

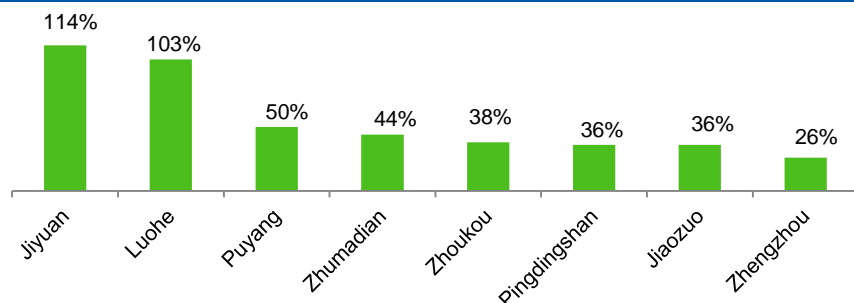
Contracted Sales



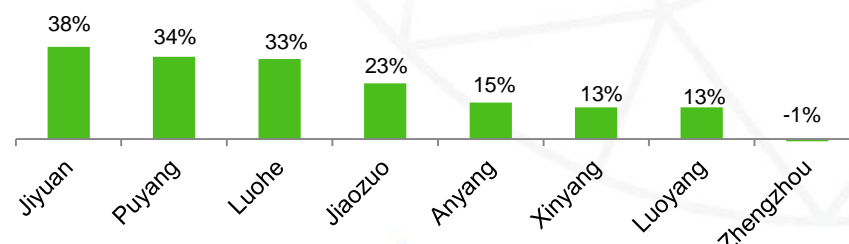
ASP



1H18 Contracted Sales Growth by Cities



1H18 ASP Growth by Cities

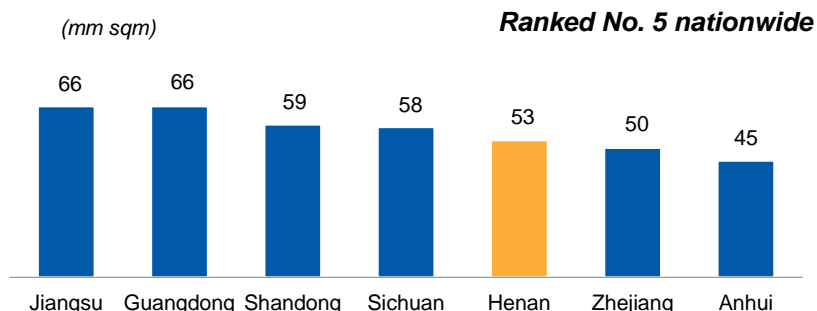


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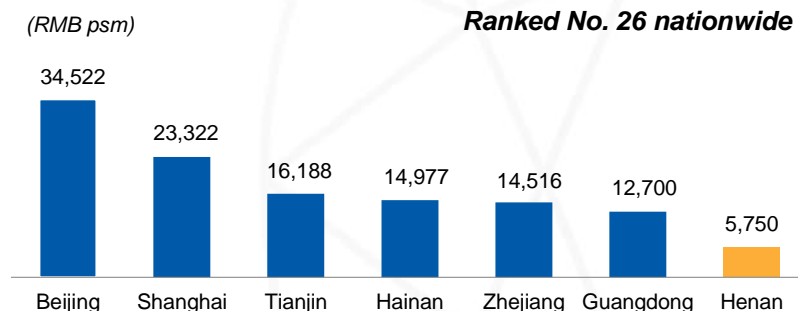
A Market with Strong Growth Potential

- ▲ Henan has a large population of 108 mn with rising disposable income per capita at RMB10,264 in 1H18, up 9.1% 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 5th largest economy in China with GDP approximately USD440 billion, representing 5.3% of China's total GDP for 1H2018
- ▲ Property market ranked 5th largest by GFA sold, represent 6.9% of China's total property GFA sales for 1H2018
- ▲ End-user market with high affordability, with average housing price at 5.7 times annual household disposal income

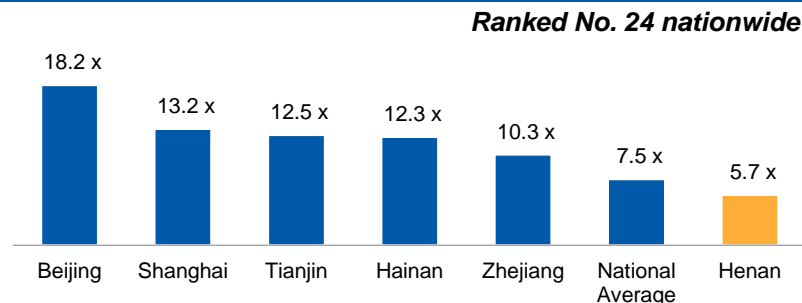
1H2018 Contracted Sales GFA – Sizeable Market



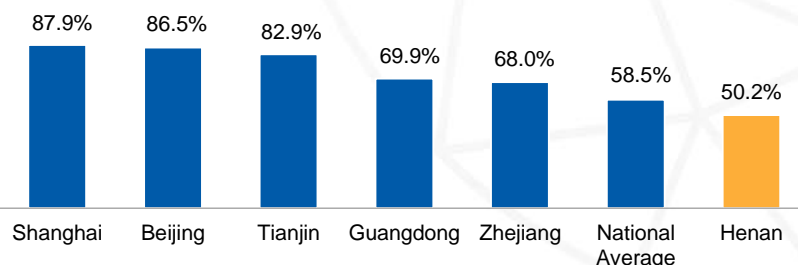
1H2018 ASP³ – Significant Room for Growth (RMB psm)



2017 Affordability Ratio² – Highly Affordable Properties



2017 Urbanization Rate – Strong Underlying Potential



Source: Provincial Statistics 2017 & 1H2018;

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;



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Market Outlook

The Macro-Economy Environment

- ▲ In the first half of 2018, amid the complicated international political environment and potential trade war, China's GDP maintained stable growth of 6.8% to RMB41.9 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 the first half of 2018, Henan province continued to thoroughly implement strategies formulated by the government to achieve considerable progress. The Henan economy grew by 7.8% to RMB2.2 trillion or approximately US\$440 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 the first half of 2018, policies on the property market kept abreast with the general principle of the "houses are built to be inhabited, not for speculation" policy. The central government focused on the reform of the fundamental regimes and strengthened the financial regulation and risk control. Local governments switched its strategies from traditional demand-side adjustments to supply-side reforms.
- ▲ Henan property market maintained stable growth in the first half of 2018. The Company expects the controlling policies in the hot Zhengzhou market will still be strictly implemented and lower tier cities will continuously demonstrate decent growth benefiting from improved infrastructure and progressing urbanization.





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香港上市十周年 2008-2018
10th Anniversary of Hong Kong Listing

Q&A

Thank you!

根植中原 造福百姓 胡葆森

From the land of Henan, for the people of China



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-  **Land Acquisition in 1H2018** **43**
-  **List of New Light Asset Project** **46**



Summary of Land Acquisition in 1H2018

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
11/1/2018	Anyang Chinoiserie Palace	Anyang	-	R, C, K	2,108	183,107	212	May-18	Jun-20	55%
22/1/2018	Zhengzhou Blossom Garden Social Housing Land	Zhengzhou	-	R, C, K	2,414	29,238	71	May-18	Jun-20	100%
31/1/2018	Xincai CCRE Mall Phase II	Zhumadian	Xincai County	R, C, K	478	177,135	85	May-18	Jun-20	100%
1/2/2018	Sanmenxia Liangjiaqu Project	Sanmenxia	-	R, C, K	926	123,060	114	Jul-18	Sep-20	100%
3/2/2018	Puyang Triumph Plaza	Puyang	-	R, C, K	693	134,323	93	Mar-18	Sep-21	100%
7/2/2018	Luoyang Zunfu	Luoyang	-	R, C, K	1,795	173,730	312	May-18	Aug-18	100%
12/2/2018	Zhoukou Chinoiserie Palace	Zhoukou	-	R, C, K	1,009	190,556	192	Mar-18	Mar-20	100%
18/2/2018	Pingdingshan Spring Time	Pingdingshan	-	R, C, K	759	357,515	271	Apr-18	Oct-21	100%
6/3/2018	Ru'nian Jianye City	Zhumadian	Ru'nian County	R, C, K	800	125,731	55	May-18	Oct-19	55%
8/3/2018	Luoyang α City	Luoyang	-	R, C, K	1,055	272,747	147	Mar-18	May-20	51%
12/3/2018	Shangqiu Blossom Garden	Shangqiu	-	R, C, K	807	223,641	126	Jul-18	May-20	70%
16/3/2018	Hui County Spring Time	Xinxiang	Hui County	R, C, K	1,170	180,835	212	Aug-18	Nov-19	100%
20/3/2018	Gongyi Spring Time	Zhengzhou	Gongyi	R, C, K	2,096	191,388	401	Jul-18	Dec-19	100%
20/3/2018	Gongyi Spring Time	Zhengzhou	Gongyi	R, C, K	1,763	148,779	262	Jul-18	Dec-19	100%
11/4/2018	Baisha Project (No.4 Parcel)	Zhengzhou	Zhongmu	R, C, K	4,567	26,616	122			100%
12/4/2018	Changge Senzhiyuan Eco-City	Xuchang	Changge	R, C, K	743	295,486	78	Mar-18	Mar-21	36%
16/4/2018	Luoyang Yanshi Forest Peninsula Second Phase Land	Luoyang	Yanshi	R, C, K	607	25,473	15	May-18	Apr-20	100%
24/4/2018	Shangqiu Central Garden	Shangqiu	-	R, C, K	783	108,117	85	Jun-19	Jun-19	100%
27/4/2018	Zhengzhou Wulong Century New City	Zhengzhou	-	R, C, K	1,865	223,306	187	Apr-18	Dec-18	45%
28/4/2018	Xinxiang Spring Time	Xinxiang	-	R, C, K	1,509	122,560	185	Jun-18	Jul-20	100%
29/4/2018	Puyang Industrial Park Project	Puyang	-	R, C, K	875	181,080	159	Jun-18	Feb-20	100%
2/5/2018	Yongcheng U-Town	Shangqiu	Yongcheng	R, C, K	862	74,413	64	Jun-18	Sep-20	100%
3/5/2018	Dengcao Project	Zhengzhou	Dengfeng	R, C, K	522	472,802	148	Aug-18	Aug-22	60%
4/5/2018	Fugou Jianye New City	Zhoukou	Fugou	R, C, K	1,176	136,481	161	May-18	Oct-18	100%
4/5/2018	Fugou Jianye New City	Zhoukou	Fugou	R, C, K	736	116,240	86	May-18	Oct-18	100%

Summary of Land Acquisition in 1H2018 (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
7/5/2018	Yanling Eco-City Second Phase Land	Xuchang	Yanling	R, C, K	479	416,384	160	Jun-18	Mar-23	80%
7/5/2018	Yanling Greenbase Residential	Xuchang	Yanling	R, C, K	862	225,058	155	Oct-18	Jun-23	80%
11/5/2018	Jiyuan Blossom Garden	Jiyuan	-	R, C, K	505	208,225	54	Jun-18	May-20	51%
12/5/2018	Tongxu Jianye City	Kaifeng	Tongxu	R, C, K	661	151,262	51	Jul-18	Jan-20	51%
17/5/2018	Zhengyang Jianye City Phase II	Zhumadian	Zhengyang	R, C, K	446	94,000	21	Sep-18	Dec-20	51%
22/5/2018	Xihua County Lixiang City East Project	Zhoukou	Xihua	R, C, K	836	87,557	40	May-18	May-20	54%
25/5/2018	Xuchang Zhenyuehui	Xuchang	-	R, C, K	1,709	303,323	518	Jul-18	Jul-21	100%
28/5/2018	Kaifeng Blossom Garden	Kaifeng	-	R, C, K	1,565	76,800	120	Jul-18	Nov-19	100%
1/6/2018	Qi County Blossom Garden	Kaifeng	Qi County	R, C, K	602	89,862	28	Jul-18	Dec-19	51%
1/6/2018	Wugang Gov Building West Project	Pingdingshan	Wugang	R, C, K	597	81,075	31	Jul-18	Jun-20	65%
6/6/2018	Wen County Spring Time	Jiaozuo	Wen County	R, C, K	1,154	150,211	173	Sep-18	Sep-20	100%
6/6/2018	Fangcheng County Longcheng Road Project	Nanyang	Fangcheng County	R, C, K	1,171	124,372	74	Sep-18	May-20	51%
8/6/2018	Shiyue House	Zhoukou	-	R, C, K	2,719	185,007	257	Jun-18	Apr-20	51%
20/6/2018	Jianye Country Garden Longyue City	Nanyang	-	R, C, K	1,147	622,994	286	Jul-18	Mar-22	40%
20/6/2018	Lankao Red World	Kaifeng	Lankao County	R, C, K	2,216	15,908	35	Sep-18	Dec-20	100%
20/6/2018	Nanyang Central Garden	Nanyang	-	R, C, K	1,362	51,378	39	Aug-18	May-20	55%
26/6/2018	Beverly Manor Phase III (No. 013)	Xinxiang	-	R, C, K	1,586	171,591	191	Mar-19	Feb-21	70%
26/6/2018	Beverly Manor Phase III (No.17)	Xinxiang	-	R, C, K	1,020	200,251	143	Sep-18	Aug-20	70%
28/6/2018	Jiyuan Jianye City	Jiyuan	-	R, C, K	944	407,649	196	Jun-18	Apr-20	51%
29/6/2018	Zhengyang Jianye City Phase II (ZYCR-2018-016)	Zhumadian	Zhengyang	R, C, K	459	94,000	22	Sep-18	Dec-20	51%
29/6/2018	Anyang Jianye City Phase II	Anyang	-	R, C, K	1,521	110,700	93	Sep-18	Dec-20	55%
Total					1,090	8,161,967	6,529			72%



Appendix

Land Acquisition in 1H2018 43

List of New Light Asset Project 46

List of New Light Asset Projects

	Signing Date	City	Project	Expected GFA (Sq.m.)	Expected Duration (Month)
76	30/1/2018	Zhumadian – Xincai	Xincai Caizhou Road Project	179,600	36
77	30/1/2018	Nanyang – Zhenping	Nanyang Hangtian Road Project	125,700	25
78	8/2/2018	Anyang – Nanle	Nanle Yixing Road Project	138,600	40
79	9/2/2018	Shangqiu – Yucheng	Yucheng Road Project	218,000	50
80	26/3/2018	Kaifeng – Tongxu	Tongxu County Kangli Road Project	70,490	36
81	26/3/2018	Zhumadian – Shangcai	Shangcai County Jiankang Road Project	136,440	36
82	18/4/2018	Luoyang – Yichuan	Yichuan County Qicai Longdu Project	81,100	48
83	18/4/2018	Zhoukou – Fugou	Fugou County Huayuan Road Resettlement Housing Project	23,4000	30
84	18/4/2018	Sanmenxia	Sanmenxia Zhongzhou Road Project	65,800	30
85	8/5/2018	Shangqiu	Shangqiu Spring Time	43,040	36
86	11/5/2018	Kaifeng – Tongxu	Tongxu Xihuan Road Project	131,000	36
87	22/5/2018	Pingdingshan – Ruzhou	Ruzhou Park Line	102,920	48
88	22/5/2018	Zhumadian	Zhumadian Wenming Road Project	104,650	36
89	4/6/2018	Xuchang – Xiangcheng	Xiangcheng Baining Avenue Project	92,100	36
90	4/6/2018	Lingbao	Lingbao Wulong Road Project	66,800	36
91	4/6/2018	Xinxiang – Yanjin	Yanjin Jianye Code One City	77,400	36
92	20/6/2018	Zhoukou – Dancheng	Dancheng Yingbin Avenue Project	118,200	30
93	25/6/2018	Xinyang – Huaibin	Yingbin Xiaoxihu Project	105,500	32
Total				2,043,340	

