



This Week in China

How does financial support policy benefit the GBA?

Comments:

At this time, the financial support policy of the GBA is introduced to help economic growth. The "Opinions on Financial Support for the Construction of the Guangdong-Hong Kong-Macao Greater Bay Area" jointly issued by Central Bank, BCIRC, CSRC and SAFE recently further refined the institutional support for the construction of the GBA from the perspective of financial support, emphasizing the opening of the GBA financial market to a greater extent. In recent months, China has issued financial support policies for the key regions of economic growth including Yangtze River Delta and the Greater Bay, may help the current overall economic growth to a certain extent.

The development of the Greater Bay Area has unique advantages and is expected to leverage financial support to accelerate policy development. In terms of industry, the GBA has an excellent industrial structure, and the proportion of secondary and tertiary industries is higher than that of the whole country. Financial industry's contribution to Shenzhen's tax revenue in 2018 reached 22.37%, which is the city's first taxpaying industry. The publication of this document may further provide strong support for the development of Shenzhen's financial industry. **In terms of population,** Guangzhou and Shenzhen rank separately 1st and 2nd in the attractiveness index, Dongguan's ranking increased by 3 places to 5th place from 2018, second only to the 4 tier 1 cities. The excellent economic development level and relatively loose Hukou policy provide conditions for talent introduction. **In terms of transportation,** as of the end-2017, the highway mileage of the GBA has exceeded 4,000 km, and the construction of Humen Bridge, Shenzhen Bay Bridge, HZMB, high-speed railway, etc. has improved the convenience of internal communication in the GBA, and also laid the foundation for the expansion of financial opening emphasized in this document.

Developers covered the GBA may share development results. Due to the prominent contradiction between land supply and demand in Shenzhen and the rapid growth of land prices in hot satellite cities such as Foshan, developers already covered the GBA may continue to benefit from the release of existing land resources. Looking ahead, as the construction of the GBA continues to advance, developers that have not yet entered the GBA may adopt cooperation with developers in the GBA (such as CIFI cooperated with Fantasia to acquire the Shenzhen Pingshan project) or M&A (such as Shimao's acquisition of project from Yuetai and other companies in the GBA) etc. to enter the GBA market with relatively reasonable land costs, and share development results together with the region.

Data points:

As of May 15th, new house transaction area in 42 major cities this week increased 47% WoW, and cumulative transaction area in 2020 fell by 25% YoY.

As of May 15th, saleable area (inventory) in 13 major cities this week increased 0.4%; average inventory period was 14.9 months, decreasing 0.7% WoW.

As of May 15th, second-hand housing transactions in 15 major cities this week increased 121% WoW, and cumulative transaction area in 2020 fell 22% YoY.

Suggestion:

This week, Apr NBS data showed the repaired fundamentals of the industry, and the cumulative growth rate of land transaction prices has returned positive, reflecting the recent hot land market and the relatively optimistic expectations of developers. In terms of policy, central bank has again mentioned "housing not for speculation", Shandong has relaxed the Hukou barrier, and Beijing has optimized the policy for Hukou of points. The industry's tone remains stable. Under the continuous improvement of fundamentals and a relatively stable policy environment, the value of industry-related assets will be expected to usher in recovery. Maintain "Overweight" rating.

Overweight

(Maintain)

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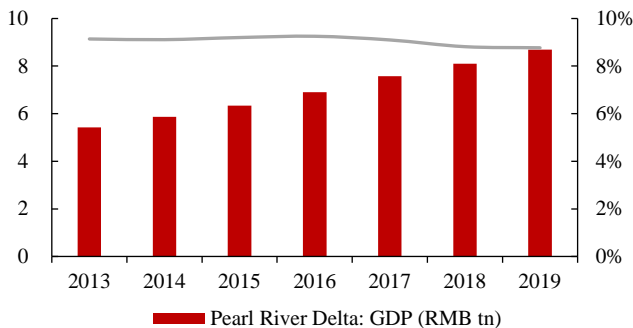
1. How does financial support policy benefit the GBA?

1.1 Refining financial support to boost economic growth

With the background of deepening reforms and expanding opening-up, the construction of the GBA quickly landed. On Jul 1, 2017, “Deepening the Guangdong-Hong Kong-Macao Cooperation Framework Agreement for the Promotion of the Construction of the Greater Bay Area” was signed in Hong Kong, and the construction of the GBA officially set sail. In Feb 2019, the State Council issued the "Outline of the Guangdong-Hong Kong-Macao Greater Bay Area Development Plan", which outlined the programmatic provisions for the construction of the Greater Bay Area in terms of development goals, city positioning, etc. The construction of the GBA is based on deepening reforms and expanding opening up, and has developed rapidly with the continued support of policies in recent years.

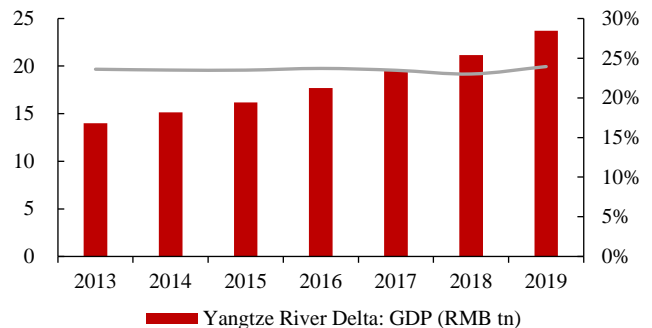
At this time, the financial support policy of the GBA is introduced to help economic growth. The "Opinions on Financial Support for the Construction of the Guangdong-Hong Kong-Macao Greater Bay Area" jointly issued by Central Bank, BCIRC, CSRC and SAFE recently further refined the institutional support for the construction of the GBA from the perspective of financial support. On the basis of the 2019 "Planning Outline", this document emphasizes the opening of the GBA financial market to a greater extent, and proposes more specific implementation plans in support of the flow of local and foreign currencies and the expansion of cross-border capital projects. In recent months, China has issued financial support policies for the key regions of economic growth including Yangtze River Delta and the Greater Bay, may help the current overall economic growth to a certain extent.

Chart 1: Pearl River Delta contributes about 9% of GDP



Source: Wind, Guangdong Statistics Bureau, CWSI Research;
Note: The Pearl River Delta refers to 9 cities in Guangdong Province in the GBA, the same below

Chart 2: Yangtze River Delta contributes about 23% - 24% of GDP



Source: Wind, CWSI Research

Table 1: The planning and construction of the GBA is advancing rapidly, with detailed support policies frequently issued

Stage	Date	Institution/Event	Summary
Planning and construction	2016-03	13th Five-Year Plan Outline	Support Hong Kong and Macao to play an important role in Pearl River Delta regional cooperation, and promote the construction of major cooperation platforms in the Guangdong-Hong Kong-Macao Greater Bay Area and inter-province.
	2016-03	State Council	Require Guangzhou and Shenzhen to join hands with Hong Kong and Macao to build the Guangdong-Hong Kong-Macao Greater Bay Area and build a world-class city cluster.
	2017-03	Government working report	To promote deeper cooperation between the mainland and Hong Kong and Macao, study and formulate development plans for the urban agglomeration of the Guangdong-Hong Kong-Macao Greater Bay Area, give full play to the unique advantages of Hong Kong and Macao, and enhance their position and function in national economic development and opening.
	2017-07	-	Witnessed by Xi Jinping, the Chief Executive of the Hong Kong Special Administrative Region, Carrie Lam Cheng Yuet-ngor, the Chief Executive of the Macao Special Administrative Region, Fernando Chui Sai On, the Chairman of NDRC, Li Feng, and the Governor of Guangdong Province, Ma Xingrui, signed the Framework Agreement on Deepening Guangdong-Hong Kong-Macao Cooperation and Promoting the Construction of the Greater Bay Area.
Detailed support	2017-12	Central Economic Work Conference	The construction of the Guangdong-Hong Kong-Macao Greater Bay Area requires scientific planning and speeding up the establishment of a coordination mechanism.
	2018-03	NDRC	The preparation of the Guangdong-Hong Kong-Macao Greater Bay Area Development Plan has been basically completed. The next step will be to speed up the preparation of special plans for industrial development, transportation, and ecological environment.
	2018-11	State Council	Take Hong Kong, Macao, Guangzhou and Shenzhen as the center to lead the construction of the Guangdong-Hong Kong-Macao Greater Bay Area and drive the innovation and green development of the Pearl River-Xijiang Economic Zone.
	2019-02	State Council	Made overall planning and qualitative aspects from the aspects of strategic positioning and spatial layout, and has made plans in many aspects such as technological innovation, infrastructure, and joint participation in the construction of the “Belt and Road”.
	2020-05	Central Bank, BCIRC, CSRC, SAFE	Proposed 26 measures in five aspects including facilitating cross-border trade, investment and financing, expanding the opening up of the financial industry, promoting the interconnection of financial markets and financial infrastructure, improving the innovation of financial service in Hong Kong and Macao, and preventing cross-border financial risks.

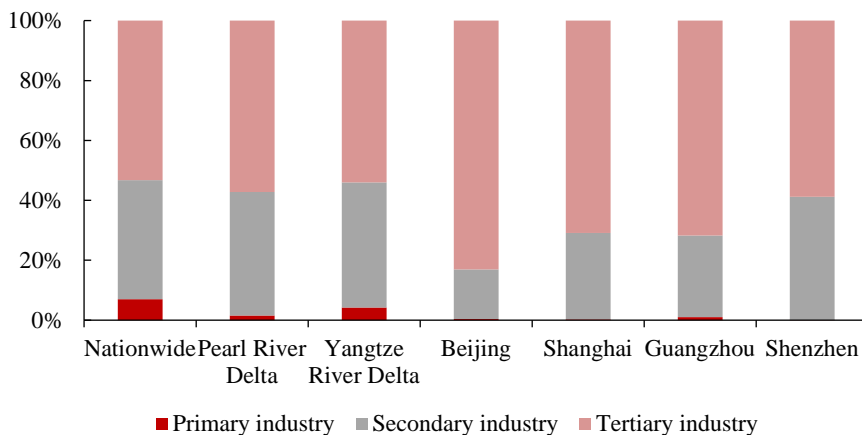
Source: Government websites, CWSI Research



In recent years, the construction and development of the GBA has been steadily advancing in many ways, enabling the GBA to successfully leverage financial support policies at this time to achieve further development.

In terms of industry, the GBA has an excellent industrial structure, and the proportion of secondary and tertiary industries is higher than that of the whole country. In addition to the relatively high proportion of GDP in the country, the overall industrial structure of the GBA is also excellent. With the improvement of economic development, the secondary and tertiary industries in the GBA account for a relatively high proportion, while the primary industry accounts for a relatively low proportion. The proportion of secondary and tertiary industries in the core cities of GBA, Shenzhen and Guangzhou, are significantly higher than that of the whole country, and the proportion of tertiary industries in Guangzhou is higher than that of Shenzhen. **In terms of advantageous industries,** Guangzhou has advantages in industries such as automobile manufacturing, electronic information, petrochemicals, and light industry manufacturing, representative enterprises include Guangzhou Automobile Group, Guangyao Group, Sinopec, etc. Shenzhen takes high-tech industry, financial industry, modern logistics industry and cultural and creative industry as its four pillar industries, representative enterprises include Huawei, ZTE, SF Express, China Merchants Bank, Ping An, etc. Among them, the financial industry's contribution to Shenzhen's tax revenue in 2018 reached 22.37%, which is the city's first taxpaying industry. **The publication of this document may further provide strong support for the development of Shenzhen's financial industry.**

Chart 3: The Pearl River Delta's secondary and tertiary industries account for a relatively high proportion

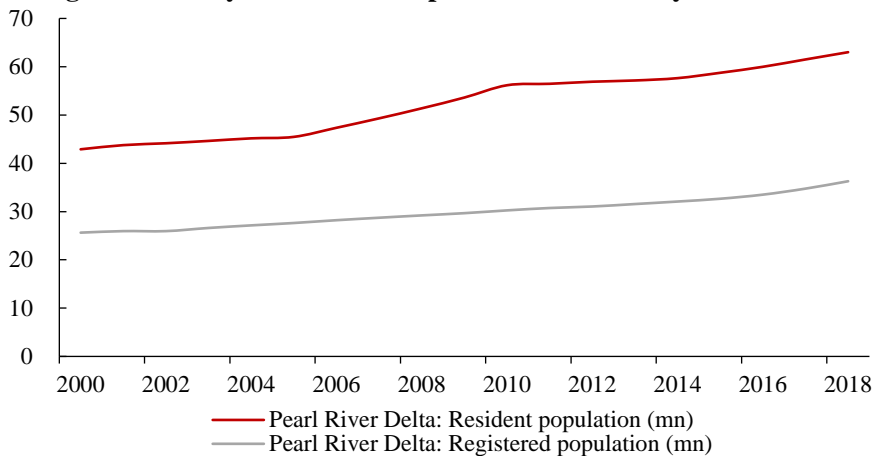


Source: Wind, NBS, CWSI Research; Note: 2018 data



In terms of population, the policies for talent introduction and Hukou in the GBA are more inclusive and the population attractive. The development of industry has brought about the flow of population. In recent years, with the development of industry in the GBA, the resident population in the region has continued to increase. Shenzhen and Guangzhou have lower Hukou barriers among tier 1 cities, more friendly talent introduction incentives, and a more inclusive population environment. According to Baidu Map's "2019 China City Vitality Research Report", Guangzhou and Shenzhen rank separately 1st and 2nd in the attractiveness index, Dongguan's ranking increased by 3 places to 5th place from 2018, second only to the 4 tier 1 cities. **The excellent economic development level and relatively loose Hukou policy provide conditions for talent introduction.**

Chart 4: The resident population and registered population of the Pearl River Delta have grown steadily with the development of the industry



Source: Wind, CWSI Research

Table 2: Guangzhou, Shenzhen and Dongguan rank top in population attractiveness in the country

2019 Q4 Ranking	City	YoY
1	Guangzhou	-
2	Shenzhen	↑ 1
3	Beijing	↓ 1
4	Shanghai	-
5	Dongguan	↑ 3
6	Chengdu	↓ 1
7	Suzhou	↑ 3
8	Zhengzhou	↓ 1
9	Hangzhou	↑ 3
10	Chongqing	↓ 4

Source: Baidu map "2019 China City Vitality Research Report", CWSI Research



In terms of transportation, the transportation network around the GBA is well developed, and 9 cities in the Pearl River Delta have frequent connections with Hong Kong and Macao. As of the end-2017, the highway mileage of the GBA has exceeded 4,000 km, and it is one of the areas with the highest density of expressways in the country. The road network density in the core area has exceeded the three bay areas of New York, Tokyo and London. In April 2018, the Guangdong Provincial Development and Reform Commission initiated the preparation of the “Guangdong-Hong Kong-Macao Greater Bay Area Intercity Railway Construction Plan (2020-2030)”, in the future, the GBA is expected to complete the “one-hour urban rail transit circle”. The construction of Humen Bridge, Shenzhen Bay Bridge, HZMB, high-speed railway, etc. has improved the convenience of internal communication in the GBA, and also **laid the foundation for the expansion of financial opening emphasized in this document.**

Table 3: The construction of internal infrastructure in the GBA is improving day by day, helping the GBA realize frequent internal communication

Transportation Facilities	Opening time	Summary
Humen Bridge	1997-06	<ul style="list-style-type: none"> ·Connect the Nansha District of Guangzhou City and Humen Town of Dongguan City, ending the history of no bridges connecting both sides of the Pearl River ·The traffic from Dongguan, Shenzhen and East Guangdong to Zhuhai and Zhongshan Jiangmen west of Guangdong does not need to be bypassed, and the highway mileage can be shortened by more than 120 km
Shenzhen Bay Bridge	2007-07	<ul style="list-style-type: none"> ·Opened the nearest bay channel from Pearl River Delta to Hong Kong, connecting Shenzhen Nanshan District with Hong Kong ·The distance between Guangzhou and Hong Kong was shortened to 100 km due to the completion of the bridge
Hong Kong Section of the XRL	2018-09	<ul style="list-style-type: none"> ·Departing from the West Kowloon Station, about 14 minutes to Futian, about 18 minutes to Shenzhen North, about 46 minutes to Guangzhou South ·As at June 2019, the average daily patronage of the Hong Kong Section of the XRL was over 54 000 during weekdays and 56 000 during weekends
HZMB	2018-10	<ul style="list-style-type: none"> ·Reduces the travelling time between the Kwai Tsing Container Terminals and Zhuhai from currently 3.5 hours or so to about 75 minutes ·Reduces the travelling time between the Hong Kong International Airport and Zhuhai from currently 4 hours or so to about 45 minutes ·Incorporates the western side of the Pearl River Delta into a reachable three-hour commuting radius of Hong Kong
Nansha Bridge	2019-04	<ul style="list-style-type: none"> ·An important expressway across the Pearl River ·Shortens the distance between Dongguan and Panyu District by at least 10 km
Shenzhen-Zhongshan Bridge	2024	<ul style="list-style-type: none"> ·The only direct expressway connecting Shenzhen, Dongguan and Huizhou with Zhuhai, Zhongshan and Jiangmen ·Reduces the travelling time between Shenzhen and Zhongshan from currently 2 hours to 20 minutes

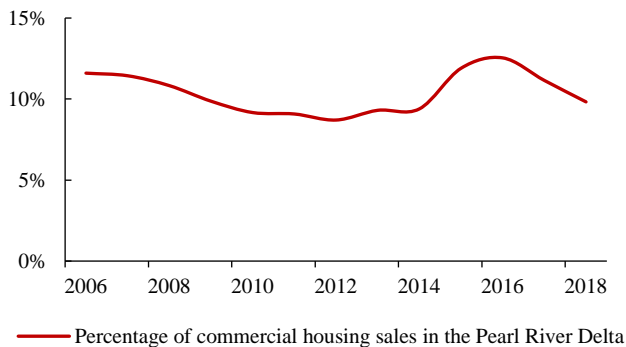
Source: Government websites, CWSI Research



1.2 The overall market in the GBA is active, performance of different cities diverged

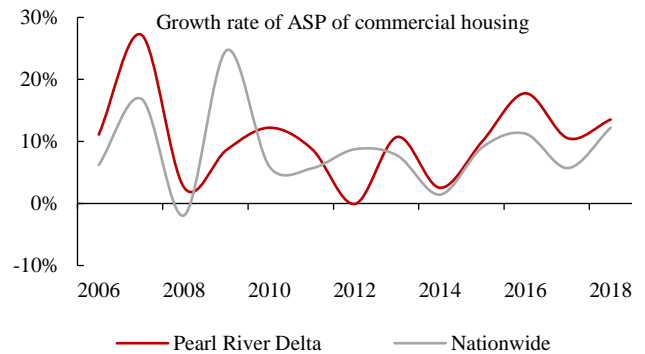
The real estate market in the GBA is relatively active, with 9 cities in the Pearl River Delta contributing an average of over 10% of national sales in recent years. The 9 cities located in the GBA contribute about 10% of the sales of commercial housing annually, and the commercial housing market is relatively active. The looser tone of the industry began in the middle and late 2014 led to the rapid growth of real estate sales across the country. Due to the high level of economic development in the Pearl River Delta, speculative demand is more robust, driving the rapid growth of ASP and sales area in Pearl River Delta in 2015-2016, resulting in the larger growth rate of sales amount than the national. After intensive regulation in 2017, the relatively strong purchasing power still provided some support for ASP, but speculative demand was suppressed, the sales area of commercial housing in the Pearl River Delta region fell rapidly, and the growth rate of sales was lower than the national. Overall, although the real estate market in the Pearl River Delta fluctuates, its share in the sales of commercial housing nationwide is still relatively high, and the market is relatively active.

Chart 5: The Pearl River Delta contributed about 10% of the nation's commercial housing sales



Source: Wind, NBS, CWSI Research

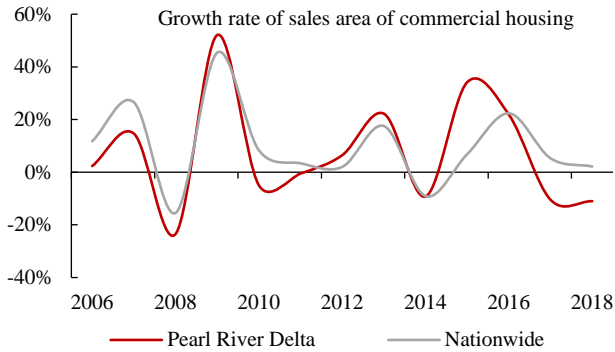
Chart 6: In recent years, ASP of commercial housing in the Pearl River Delta has grown faster than the country



Source: Wind, NBS, CWSI Research

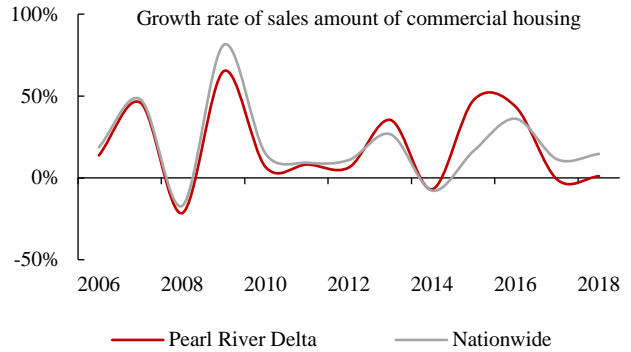


Chart 7: The sales area in the Pearl River Delta rose sharply in 2015, and then fell rapidly



Source: Wind, NBS, CWSI Research

Chart 8: The growth rate of sales in the Pearl River Delta was much higher than that of the whole country in 2015-2016, but fell back after 2017

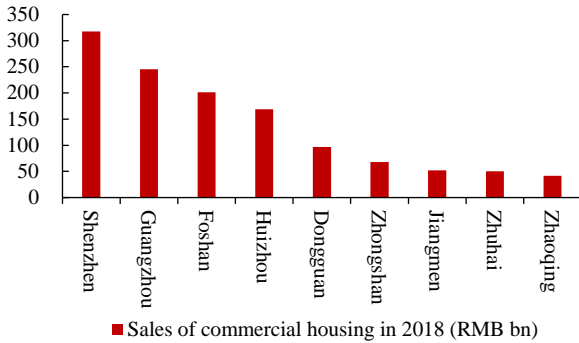


Source: Wind, NBS, CWSI Research

The real estate market in the GBA is not all good, industry introduction, population situation and economic development level bring differentiation. Among the 9 cities in the GBA in Guangdong Province, the transaction scale of commercial housing varies greatly among cities. As the core cities of the GBA, Shenzhen and Guangzhou have the largest commercial housing transactions, with sales of commercial housing reaching RMB 317.7 bn and 245.6 bn respectively in 2018. Among the satellite cities, Foshan, Huizhou and Dongguan have higher sales of commercial housing, while Zhongshan, Jiangmen and Zhaoqing have smaller sales. **The reason for the differentiation of the transaction scale of urban commercial housing within the GBA lies in the differences in the industrial development of various cities, which in turn leads to differences in population inflows and differences in residents' purchasing power.** It is worth noting that **Jiangmen and Zhaoqing have seen a good recovery in the transaction area of commercial housing YTD.** The reason is that Jiangmen and Zhaoqing have lagged behind other GBA cities in industrial development, the westward movement of the internal industries of the GBA and the relatively low ASP in the above cities have jointly driven the recent development of the commercial housing market in Jiangmen and Zhaoqing.

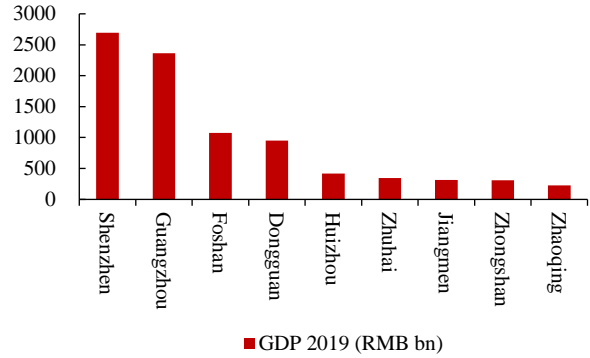


Chart 9: The sales volume of commercial housing in the GBA varies greatly



Source: Wind, NBS, CWSI Research

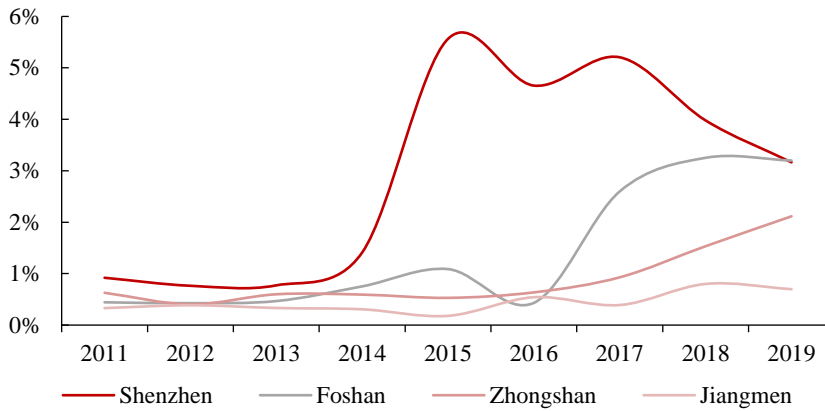
Chart 10: Differences in industrial development and economic levels have led to a differentiation in sales scale



Source: Wind, NBS, CWSI Research

Chart 11: Industrial development level leads to differences in population growth

Growth rate of resident population



Source: Wind, NBS, CWSI Research

Table 4: The sales area of commercial housing in Jiangmen and Zhaoqing has recovered well YTD

City	YTD sales area cumulative YoY
Jiangmen	20.6%
Zhaoqing	13.7%
Shenzhen	-1.5%
Dongguan	-14.0%
Guangzhou	-32.0%
Huizhou	-33.2%
Foshan	-34.9%

Source: Local governments, CWSI Research; Note: Till 2020/5/15

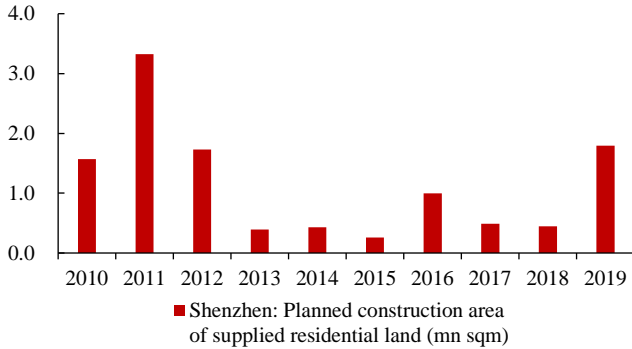


1.3 Developers covered GBA may continue to benefit with landbank as an obvious advantage

The contradiction between land supply and demand in Shenzhen is quite prominent, and the advantages of existing land resources are highlighted. Shenzhen, as a core city in the GBA, has the largest sales of commercial housing in the region, and there is a certain contradiction in Shenzhen's land supply and demand. Taking the actual situation in 2019 as an example, the actual construction area supply of residential land in Shenzhen in 2019 is 1.794 mn sqm. According to the "Shenzhen City Planning Standards and Guidelines", the plot ratio of most residential land in the future will be controlled between 3.5-4.5. Based on the plot ratio of 4, and the residential GFA of 90 sqm per set, a total of c.80,000 houses can be provided. In 2019, Shenzhen's registered population increased by c.400,000. Assuming that 3 people live in each set, the increased registered population needs c.133,000 houses to meet, showing prominent contradiction between land supply and demand. **In the medium and long term, on the supply side,** according to the "Shenzhen 2020 Annual Construction Land Supply Plan" released recently, Shenzhen plans to supply 1,200 hectares of construction land in 2020, of which 293.2 hectares of residential land is planned, which has nearly doubled from the 150 hectares planned last year; however, limited by the geographical environment of Shenzhen surrounded by the sea on three sides and directly bordering Dongguan and Huizhou in the north, the medium and long-term land supply may still be under pressure. **On the demand side,** Shenzhen's resident population and registered population continue to increase, and the registered population accounts for a relatively low proportion of the resident population, and the Hukou barrier is also low. Therefore, the resident population that has not yet settled may continue to be converted into registered population, thereby supporting the demand for commercial housing; at the same time, as a city in the GBA with a relatively developed financial industry, more financial-related talents will be introduced after the issuance of this document, and the mid-to-long term demand will continue to increase. **Overall, the contradiction between land supply and demand in Shenzhen is still prominent, so developers with more land resources in Shenzhen have obvious advantages.**

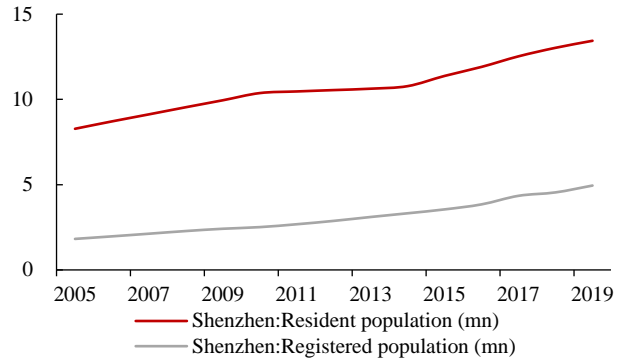


Chart 12: The supply of residential land in Shenzhen is scarce in recent years



Source: Wind, Shenzhen Planning and Natural Resources Bureau, CWSI Research

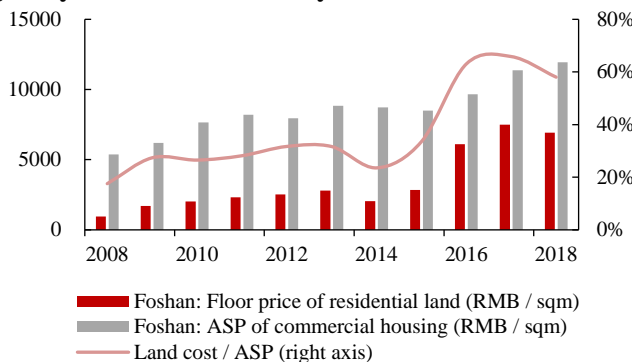
Chart 13: Shenzhen's resident population and registered population continued to increase, with a relatively low proportion of registered population



Source: Wind, Shenzhen Statistics Bureau, CWSI Research

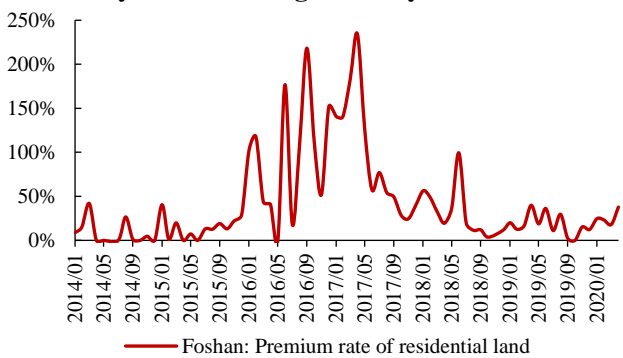
Land prices in hot satellite cities have continued to rise, and the profit margins of developers covered earlier are more abundant. The fierce situation in the real estate market in the GBA has been transmitted to the land market, which has caused the rapid rise in land transaction prices in hot satellite cities, and the proportion of land costs in ASP has also increased, which has compressed the profit margin of the project to a certain extent. Take Foshan as an example, since end-2015, the premium rate of residential land in Foshan has risen sharply, which has led to a rapid increase in the land price. The increase in land prices were greater than the increase in ASP, and the land-to-sales ratio has increased from 23.6% in 2014 to 63.1% in 2016. Recently, the land market in Foshan is still highly competitive, with a premium rate of 37.8% in Apr. **The issuance of this document may further accelerate the industrial construction and transfer of the GBA, developers with more foothold in key satellite cities are also expected to benefit.**

Chart 14: Residential land price to ASP ratio increased greatly in Foshan in recent years



Source: Wind, CWSI Research

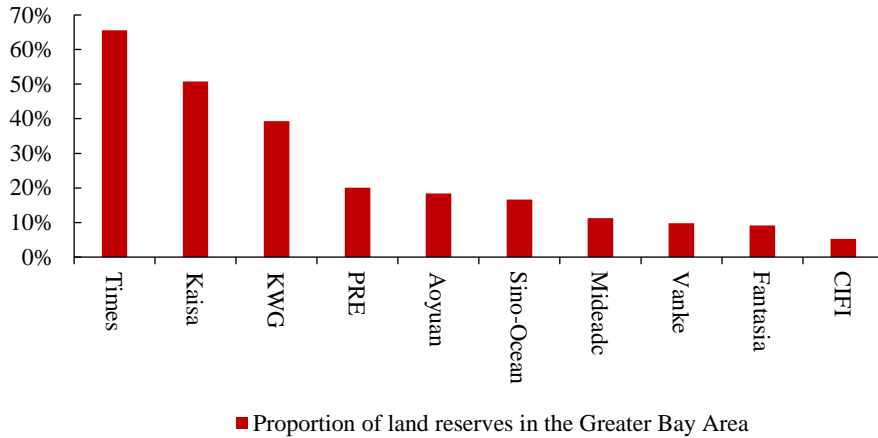
Chart 15: The premium rate of Foshan's residential land has recently rebounded significantly



Source: Wind, CWSI Research



Chart 16: Times, Kaisa and KWG has more landbank GFA in the GBA

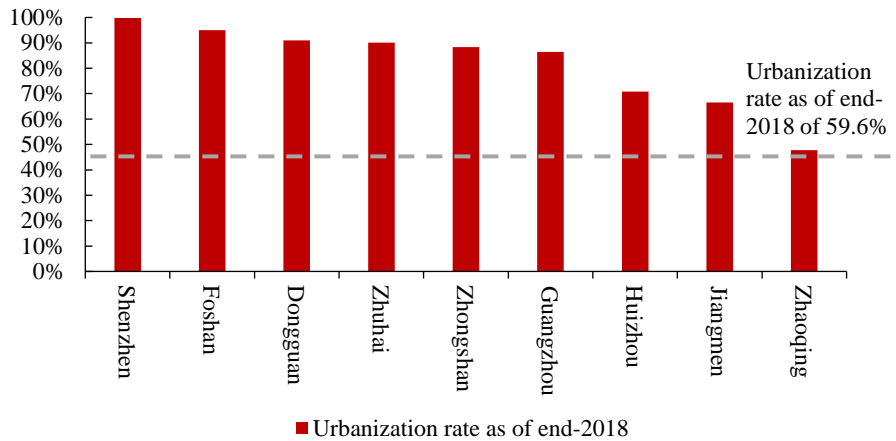


Source: Company announcements, CWSI Research; Note: The Greater Bay Area includes Hong Kong, Macau and 9 cities in the Pearl River Delta, KWG in attributable scale

Old reform projects that have not yet been incorporated into the land bank are also an important part of the land resources of the developers in the GBA. The urbanization rate of cities in the GBA is higher overall. As of end-2018, the urbanization rate of Pearl River Delta reached 85.9%. As a result, the demand for urban renewal is stronger than in other areas, which has led to more old reform projects in the GBA. Most of the developers deeply cultivated in the GBA have get involved in the old reform, and the old reform projects that have not been included in the land bank can also bring a lot of value to the company. On the other hand, the old reform projects are more time consuming and have more complicated processes than general development projects, so they has more requirements for team capabilities, old reform experience and developer brand; extensive old reform experience and a brand with high local recognition make the above developers have an advantage in the continuous acquisition of old reform projects. As of end-2019, Kaisa's old reform projects are expected to have a value of RMB 2.5 tn, and the GFA of old reform projects located in the GBA accounts for 99%; Logan's urban renewal storage value reaches RMB 400.6 bn, of which about 95% are located in the GBA; Aoyuan's urban renewal project located in the GBA is expected to bring c.RMB 201.0 bn in sales. Abundant old reform reserve projects in the GBA are expected to further support the sales growth and results release.



Chart 17: The urbanization rate of most cities in the GBA is higher than the national average



Source: Wind, CWSI Research

1.4 Developers covered the GBA may share development results

Developers covered the GBA may continue to benefit from regional development.

In summary, the overall real estate market in the GBA is relatively active, and the internal cities are still differentiated on the scale of commercial housing transactions, Jiangmen and Zhaoqing, which had weaker performance in the early stage, have recently strengthened as the industry moved westward. For developers, due to the prominent contradiction between land supply and demand in Shenzhen and the rapid growth of land prices in hot satellite cities such as Foshan, developers already covered the GBA may continue to benefit from the release of existing land resources. Looking ahead, as the construction of the GBA continues to advance, developers that have not yet entered the GBA may adopt cooperation with developers in the GBA (such as CIFI cooperated with Fantasia to acquire the Shenzhen Pingshan project) or M&A (such as Shimao's acquisition of project from Yuetai and other companies in the GBA) etc. to enter the GBA market with relatively reasonable land costs, and share development results together with the region.

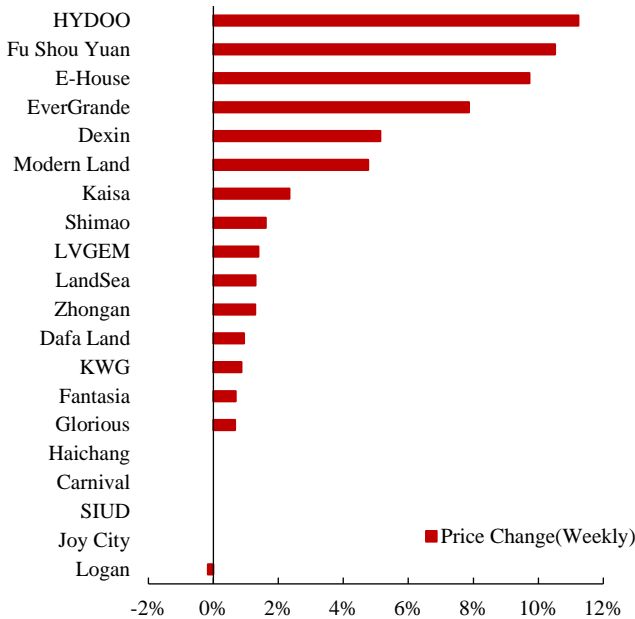


2. Sector Performance

2.1 Performance of developer sector

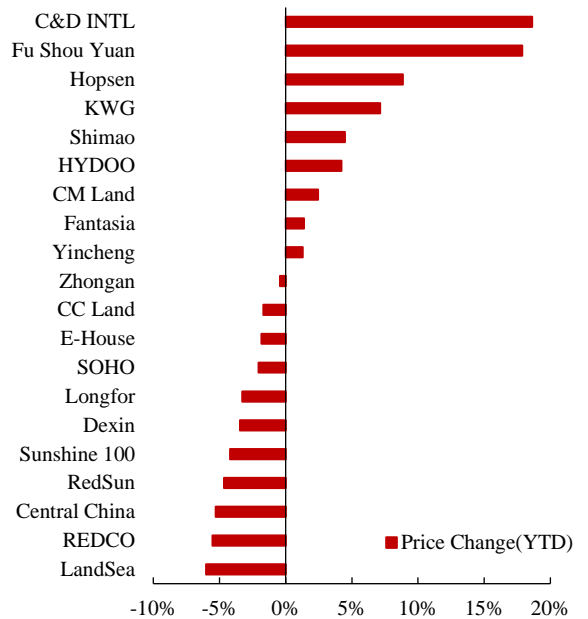
This week, HYDOO, Fu Shou Yuan and E-House had larger price increase than peers. C&D INTL, Fu Shou Yuan and Hopsen had better share price performance, YTD.

Chart 18: This week, HYDOO, Fu Shou Yuan and E-House had larger price increase than peers



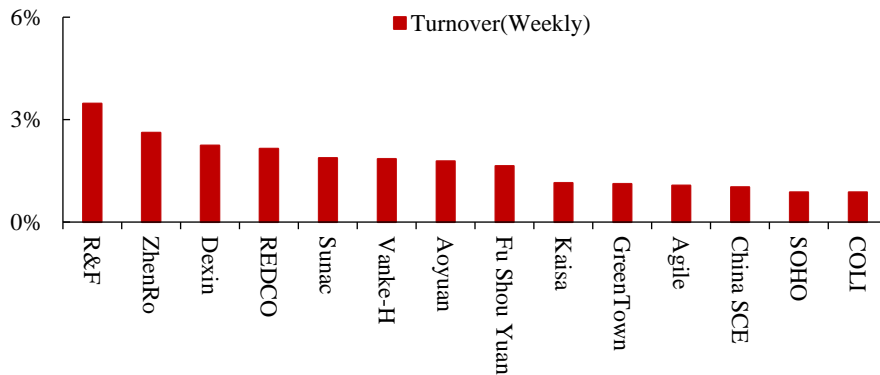
Source: Wind, CWSI Research

Chart 19: C&D INTL, Fu Shou Yuan and Hopsen had better share price performance, YTD



Source: Wind, CWSI Research

Chart 20: R&F, ZhenRo and Dexin were most actively traded this week



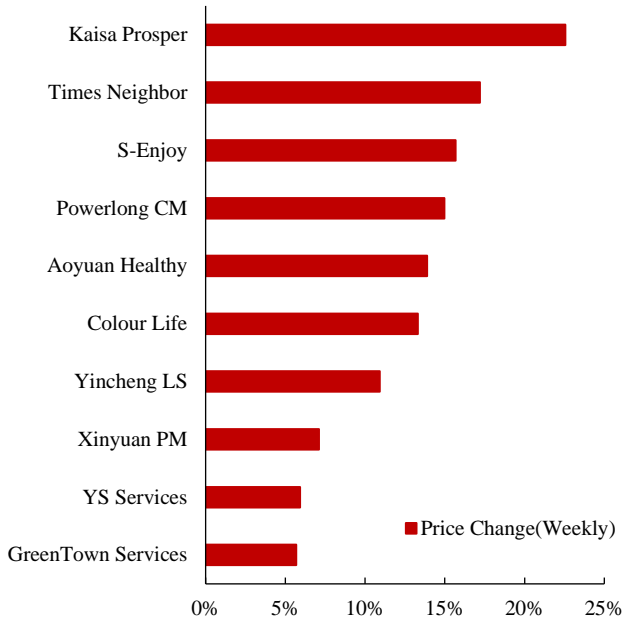
Source: Wind, CWSI Research



2.2 Performance of property service sector

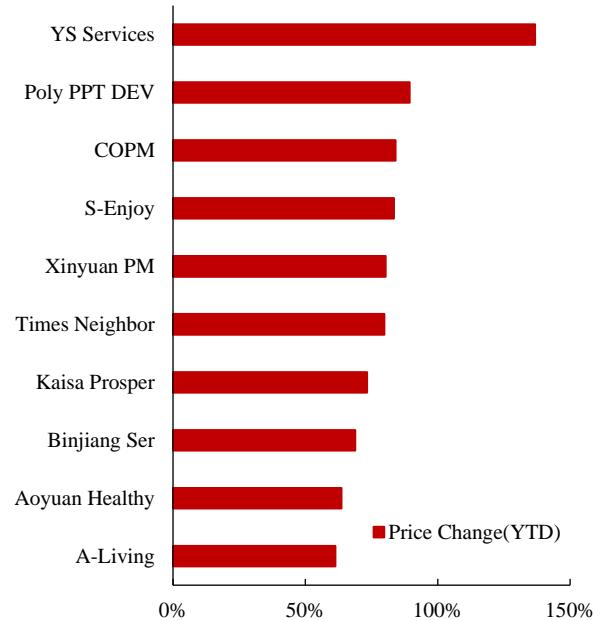
This week, Kaisa Prosper, Times Neighbor and S-Enjoy had larger price increase than peers. YS Services, Poly PPT DEV and COPM had better share price performance YTD.

Chart 21: This week, Kaisa Prosper, Times Neighbor and S-Enjoy had larger price increase than peers



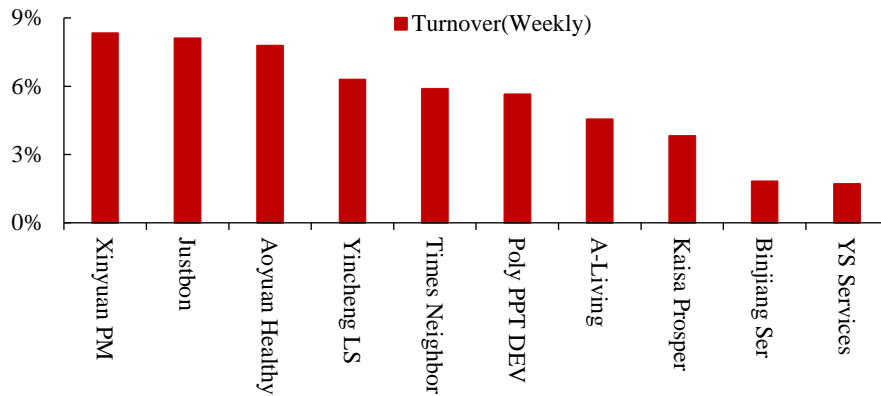
Source: Wind, CWSI Research

Chart 22: YS Services, Poly PPT DEV and COPM had better share price performance YTD



Source: Wind, CWSI Research

Chart 23: Xinyuan PM, Justbon and Aoyuan Healthy were most actively traded this week



Source: Wind, CWSI Research

3. Major cities transaction performance

3.1 New house transaction data

Table 5: Major cities new house transactions volume decreased YoY this week

City & Region	Last 7 days			Last 30 days			Month to date			Year to date	
	sqm	wow	yoy	sqm 000	mom	yoy	sqm 000	mom	yoy	sqm 000	yoy
Beijing	224,018	148%	-18%	584	74%	-31%	355	97%	-9%	1,738	-34%
Shanghai	277,500	17%	-10%	1,157	40%	-8%	537	39%	-4%	3,231	-35%
Guangzhou	169,950	62%	-7%	692	2%	-12%	291	13%	-9%	2,052	-32%
Shenzhen	80,431	81%	-25%	285	-9%	-27%	134	-24%	-42%	1,157	-2%
Tier 1	751,898	58%	-14%	2,718	26%	-17%	1,317	32%	-12%	8,178	-31%
Tier 2	2,616,534	57%	-6%	9,622	26%	-7%	4,437	12%	-11%	30,314	-20%
Tier 3	2,023,655	34%	-16%	8,546	8%	-16%	3,685	-1%	-25%	27,097	-28%
Beijing	224,018	148%	-18%	584	74%	-31%	355	97%	-9%	1,738	-34%
Qingdao	307,903	74%	8%	1,435	13%	28%	504	-5%	-4%	4,012	-4%
Dongying	0	-100%	-100%	261	-57%	43%	0	-100%	-100%	1,055	89%
PBR	531,921	99%	-12%	2,280	3%	6%	859	-9%	-17%	6,805	-8%
Shanghai	277,500	17%	-10%	1,157	40%	-8%	537	39%	-4%	3,231	-35%
Nanjing	286,439	-14%	128%	879	0%	45%	651	18%	150%	2,917	22%
Hangzhou	231,922	108%	19%	835	29%	8%	344	4%	1%	2,532	2%
Suzhou	185,966	113%	-30%	668	-2%	-43%	284	-28%	-45%	2,664	-24%
Wuxi	91,200	-5%	-35%	483	32%	10%	187	8%	-4%	1,528	-24%
Yangzhou	37,925	37%	-63%	139	-26%	-36%	72	-34%	-52%	626	-24%
Jiangyin	14,536	-43%	-71%	142	-22%	-46%	40	-56%	-66%	653	-24%
Wenzhou	144,781	8%	-58%	777	66%	-38%	295	30%	-56%	2,435	-44%
Jinhua	48,725	46%	20%	200	27%	-5%	86	1%	7%	520	-22%
Changzhou	59,721	169%	-53%	203	-6%	-71%	84	-14%	-75%	878	-49%
Huaian	105,242	72%	-1%	367	9%	-2%	182	8%	-10%	1,308	-25%
Lianyungang	136,426	-24%	29%	612	29%	35%	324	41%	39%	1,804	-13%
Shaoxing	52,067	44%	2%	214	3%	1%	90	10%	2%	658	-16%
Taizhou	0	-100%	-100%	83	-19%	14%	20	-57%	-40%	283	-5%
Zhenjiang	177,831	52%	11%	633	26%	-17%	302	30%	-3%	1,706	-38%
Huainan	39,334	20%	57%	158	-4%	-11%	73	-21%	23%	501	-27%
Wuhu	39,163	21%	-6%	166	5%	-6%	73	-5%	-12%	520	-3%
Yancheng	96,244	34%	21%	394	0%	23%	168	-32%	11%	1,206	-3%
Zhoushan	34,283	55%	69%	147	17%	21%	59	-3%	21%	398	0%
Chizhou	18,745	0%	-33%	79	-2%	-48%	38	-28%	-57%	292	-41%
Ningbo	198,185	16%	26%	737	58%	-2%	389	66%	26%	1,886	-21%
YRD	2,276,235	22%	-9%	9,073	19%	-14%	4,299	8%	-11%	28,545	-23%
Guangzhou	169,950	62%	-7%	692	2%	-12%	291	13%	-9%	2,052	-32%
Shenzhen	80,431	81%	-25%	285	-9%	-27%	134	-24%	-42%	1,157	-2%
Fuzhou	51,709	105%	-19%	145	-19%	-27%	77	18%	-36%	688	-27%
Dongguan	132,133	67%	17%	489	27%	4%	223	25%	14%	1,321	-14%
Quanzhou	24,326	-56%	-58%	190	61%	-14%	84	67%	-23%	593	-54%
Putian	21,878	-11%	-5%	135	3%	-15%	47	14%	-45%	475	-21%
Huizhou	58,647	150%	-26%	210	57%	-15%	87	40%	-32%	609	-33%
Shaoguan	47,006	41%	30%	165	-4%	3%	83	75%	8%	508	-4%
Foshan	321,857	120%	6%	1,156	12%	-20%	513	9%	-15%	3,251	-35%
Jiangmen	36,450	35%	42%	140	56%	51%	66	84%	47%	336	21%
Zhaoqing	59,329	4%	-10%	225	18%	-17%	122	40%	-15%	659	14%
PRD & Southern China	1,003,716	62%	-5%	3,831	12%	-14%	1,728	17%	-16%	11,648	-27%



Changchun	163,444	76%	5%	636	-7%	-14%	266	-14%	-12%	2,178	-39%
Taian	51,543	32%	-9%	189	24%	-21%	93	10%	-27%	533	-37%
Northern China	214,987	63%	1%	825	-2%	-16%	360	-9%	-16%	2,711	-39%
Wuhan	344,552	133%	-20%	1,096	477%	-38%	535	194%	-35%	2,635	-57%
Yueyang	47,773	6%	4%	203	20%	26%	96	12%	16%	587	-10%
Ganzhou	186,379	41%	-9%	721	13%	-4%	319	1%	-28%	2,526	-21%
Central China	578,703	78%	-15%	2,020	103%	-25%	950	63%	-30%	5,747	-42%
Chengdu	535,405	88%	58%	1,871	21%	29%	823	-6%	22%	6,596	-5%
Nanning	251,120	57%	-62%	985	-4%	-37%	421	-2%	-59%	3,536	-35%
Western China	786,525	77%	-21%	2,855	11%	-6%	1,244	-5%	-27%	10,132	-18%
Total	5,392,088	47%	-11%	20,885	18%	-12%	9,440	9%	-17%	65,589	-25%
Num. of cities Up		33	18		28	15		26	14		6
Num. of cities Down		7	22		14	27		16	28		36

Source: Local governments, CWSI Research; Note: Till 2020/5/15



Table 6: Major cities inventory period increased YoY dramatically

City	Inventory (sqm 000)	wow	yoy	Inventory period	wow	yoy
Beijing	11,276	1%	23%	19.3	-25%	78%
Shanghai	7,560	-2%	2%	6.5	-9%	11%
Guangzhou	7,869	-2%	-4%	11.4	-6%	9%
Shenzhen	2,150	-4%	-35%	7.5	-2%	-11%
Tier 1 Average		-2%	-3%	11.2	-10%	22%
Hangzhou	3,304	2%	43%	4.0	-3%	33%
Nanjing	5,650	0%	68%	6.4	-5%	16%
Suzhou	6,391	5%	19%	9.6	3%	110%
Fuzhou	5,654	5%	81%	39.0	-7%	146%
Jiangyin	3,962	-4%	-9%	27.9	21%	68%
Wenzhou	10,877	1%	17%	14.0	-3%	89%
Quanzhou	7,122	1%	10%	37.5	2%	29%
Ningbo	2,727	1%	-8%	3.7	-14%	-6%
Dongying	1,743	0%	18%	6.7	38%	-18%
Overall Average		0.4%	17%	14.9	-0.7%	43%

Source: Local governments, CWSI Research; Note: Till 2020/5/15



3.2 Second-hand house transaction and price data

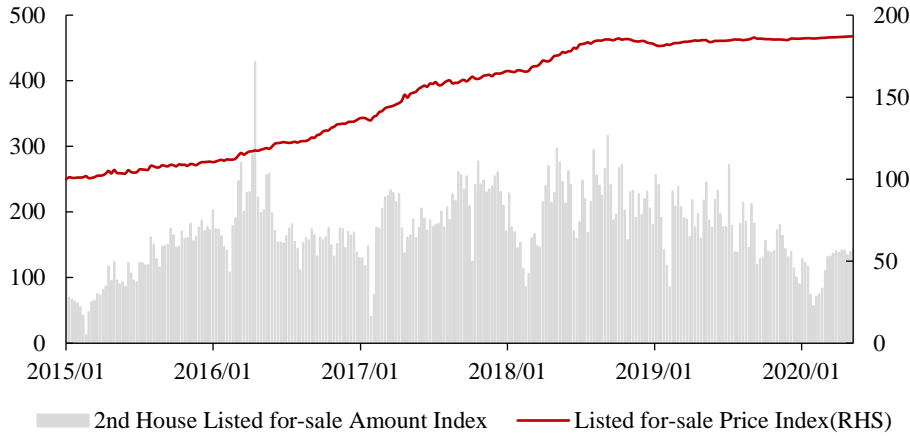
Table 7: Major cities Second-hand house transaction volume, Jinhua rose significantly YTD

City	Last 7 days			Last 30 days			Month to date			Year to date	
	sqm	wow	yoy	sqm 000	mom	yoy	sqm 000	mom	yoy	sqm 000	yoy
Beijing	424,615	163%	31%	1,297	51%	15%	591	32%	8%	3,543	-20%
Shenzhen	217,897	209%	31%	670	5%	7%	288	4%	1%	2,414	39%
Hangzhou	175,811	120%	27%	621	29%	15%	256	6%	6%	1,505	-10%
Nanjing	258,595	118%	60%	837	8%	31%	377	-2%	36%	2,612	25%
Chengdu	141,228	103%	-68%	512	35%	-61%	211	-5%	-69%	1,673	-59%
Qingdao	151,911	132%	28%	493	27%	6%	219	7%	2%	1,413	-3%
Wuxi	178,120	72%	15%	775	46%	28%	364	32%	28%	1,816	6%
Suzhou	137,629	122%	-54%	479	7%	-58%	200	-4%	-63%	1,749	-50%
Xiamen	93,172	152%	-12%	288	26%	-32%	130	7%	-32%	935	-39%
Yangzhou	28,730	67%	-2%	110	9%	6%	46	-15%	-12%	297	-18%
Yueyang	18,316	104%	13%	59	47%	-12%	27	6%	-13%	165	-32%
Nanning	29,552	-7%	-30%	195	5%	9%	61	11%	-35%	642	-25%
Foshan	152,021	89%	-18%	506	69%	-29%	253	76%	-25%	1,385	-41%
Jinhua	78,165	108%	95%	340	130%	102%	116	42%	47%	678	41%
Jiangmen	23,531	146%	20%	79	24%	50%	33	2%	2%	207	-33%
Total	2,109,292	121%	-6%	7,260	30%	-11%	3,173	14%	-18%	21,034	-22%
Num. of cities Up		14	9		15	10		11	8		4
Num. of cities Down		1	6		0	5		4	7		11

Source: Local governments, CWSI Research; Note: Till 2020/5/15

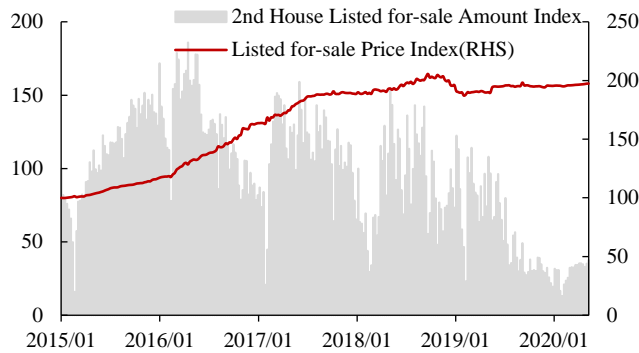


Chart 24: 2nd house listed for-sale price index rose slightly recently



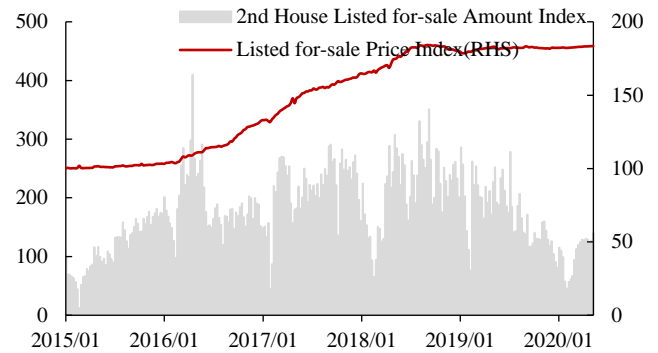
Source: Local Government, CWSI Research; Note: Till 2020/5/10

Chart 25: 2nd house listed for-sale amount index rose in tier-1 cities, with price remaining stable



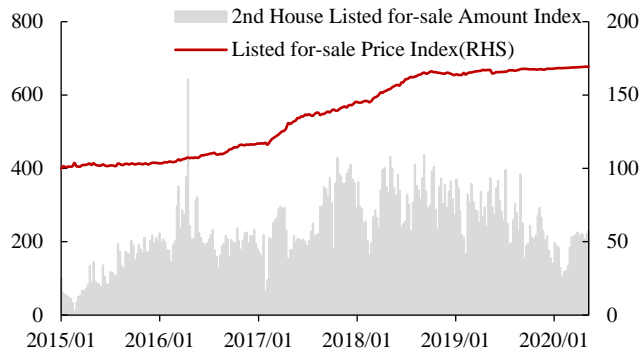
Source: Local Government, CWSI Research; Note: Till 2020/5/10

Chart 26: 2nd house listed for sale amount index rose in tier-2 cities, with price remaining stable



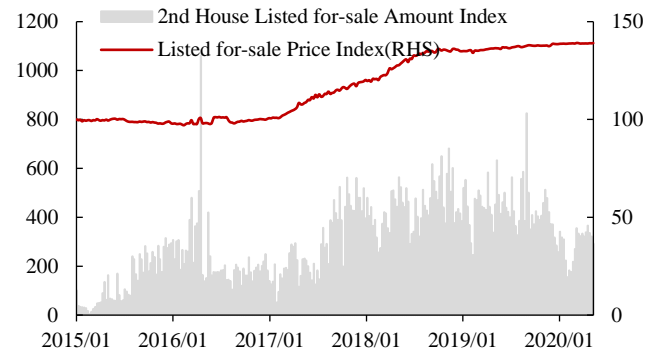
Source: Local Government, CWSI Research; Note: Till 2020/5/10

Chart 27: 2nd house listed for-sale amount index rose in tier-3 cities, with price rising slightly



Source: Local Government, CWSI Research; Note: Till 2020/5/10

Chart 28: 2nd house listed for-sale amount index rose in tier-4 cities, with price slightly upwards



Source: Local Government, CWSI Research; Note: Till 2020/5/10

4. Important Policies and News

4.1 Important Industry Policies News This Week

Table 8: Important Industry Policies News This Week: Central bank insist on the position that houses are for living in, not for speculating with and the requirement that real estate should not be used as a short-term stimulus for the economy, and maintain the continuity, consistency, and stability of real estate financial policies, etc.; 4 departments issued opinions on Financial Support for the Construction of Guangdong-Hong Kong-Macao Bay area

Date	Region / Institution	Summary
2020-05-11	Central Bank	Released China Monetary Policy Report Quarter One, 2020, and proposed that stable monetary policy should be more flexible and appropriate. It would strengthen counter-cyclical adjustments, fully exert the leading role of the reloan and rediscount policy, the role of monetary and credit policy in promoting the adjustment of economic structure, insist on the position that houses are for living in, not for speculating with and the requirement that real estate should not be used as a short-term stimulus for the economy, and maintain the continuity, consistency, and stability of real estate financial policies, etc.
2020-05-11	China Construction Bank Corporation	Expected to provide loans of no less than RMB 190bn to support six cities including Guangzhou, Hangzhou, Jinan, Zhengzhou, Fuzhou and Suzhou to raise about 800,000 sets (rooms) of policy rental houses in the next three years through the market-oriented operation.
2020-05-11	Shanghai	Added terms of land transaction principle, types of land public transaction information and the market transaction rules of various construction land use rights, and included the transfer and lease of collective operating construction land into the scope of market transaction.
2020-05-11	Shandong	The province has fully liberalized the restrictions on the settlement of college students and graduates. All 16 cities in the province allow housing registration before employment.
2020-05-11	Dongguan	Put forward several measures including cultivating market supply subjects, encouraging housing rental consumption, improving public rental housing, strengthening housing rental supervision, and steadily promoting the pilot work of REITs, etc and emphasized that first activate stock housing resources, adjust land use of rental housing rebuilt from commercial and office houses to residential use, and reconstructed houses are not allowed for sale, etc.
2020-05-12	BCIRC	The credit line of individual credit loan for consumption per household shall not exceed RMB 200,000, and the loan funds shall not be used for the purchase of houses and repayment of housing mortgage loans, stocks, bonds, futures, financial derivatives, asset management products and other investments.
2020-05-13	Central Bank	Allowed the macro leverage rate to rise in stages and expand the credit support to the real economy. This is mainly to effectively promote the resumption of production, which in fact creates conditions for better maintaining a reasonable level of macro leverage in the future.
2020-05-14	Guangdong-Hong Kong-Macao Greater Bay Area	The people's Bank of China, the Insurance Regulatory Commission of the Bank of China, the Securities Regulatory Commission of China and the State Administration of foreign exchange issued the Opinions on Financial Support for the Construction of Guangdong-Hong Kong-Macao Bay area, which proposed 26 measures in five aspects including facilitating cross-border trade, investment and financing, expanding the opening up of the financial industry, promoting the interconnection of financial markets and financial infrastructure, improving the innovation of financial service in Hong Kong and Macao, and preventing cross-border financial risks.



2020-05-14	Hangzhou	This year, Hangzhou plans to renovate 300 old residential communities, covering an area of more than 12 mn sqm and benefiting more than 150,000 households.
2020-05-14	Beijing	This year, Beijing started comprehensive renovation projects of 80 old communities and completed comprehensive renovation projects of 50 old communities. The investment in fixed assets exceeded RMB 1.28bn.
2020-05-14	Zhengzhou	Accelerated the renovation of 1,833 old communities and ensured to complete 60% of renovation within the year. Made solid efforts to improve the unsupervised buildings and spent 2 years completely renovating old communities and unsupervised buildings.

Source: Wind, Government website, CWSI Research

4.2 Contracted sales in Apr 20 announced this week

Table 9: Contracted sales in Apr 20 announced this week: CR Land realized accumulated contracted sales from Jan to Apr 2020 of RMB 60.2bn (-6.0%); Gemdale realized accumulated contracted sales from Jan to Apr 2020 of RMB 57.8bn (-16.2%)

Company	RIC	Jan-Apr contracted sales		Jan-Apr contracted GFA		Apr contracted sales		Apr contracted GFA	
		(RMB bn)	YoY	(000 sqm)	YoY	(RMB bn)	YoY	(000 sqm)	YoY
CR Land	1109.HK	60.2	-6.0%	3560	-11.7%	22.1	12.5%	1312	9.8%
Gemdale	600383.SH	57.8	-16.2%	3269	-12.5%	18.9	6.2%	1114	8.2%
BJ Capital Development	600376.SH	45.0	-10.2%	4012	4.3%	-	-	-	-
Longfor	0960.HK	45.0	-10.2%	2107	-13.8%	16.8	2.9%	832	0.4%
Logan	3380.HK	25.7	9.8%	1713	-	9.8	42.0%	655	-
Sino-Ocean	3377.HK	23.6	-29.0%	1208	-19.0%	8.0	-28.0%	440	-15.0%
Sinicdc	2103.HK	23.4	-	-	-	9.0	-	-	-
Yango	000671.SZ	21.5	-6.1%	768	-7.7%	9.0	-29.3%	339	-18.2%
JIAYUAN INTL	2768.HK	4.7	-22.0%	448	-25.0%	1.6	30.0%	168	45.0%
Hopsen	0754.HK	4.5	-22.2%	409	-2.0%	1.5	-14.0%	-	-

Source: Company announcement, CWSI Research; Note: Logan by attributable scale



4.3 Company news and announcements

Table 10: Company news and announcements: Risesun planned to spin off Rongwanjia Life Service Co., Ltd. (the company holds 91.20% of its equity) on the main board of the Hong Kong Stock Exchange; the controlling shareholder of Tahoe, Tahoe Investment Group Co., Ltd., is planning to introduce strategic investors into the company, and related transactions may involve changes in the company's control

Date	Company	Summary
2020-05-11	Times Neighborhood	The company acquired 100% equity of Guangzhou Yaocheng Property Management Co., Ltd. for c.RMB 14.868mn.
2020-05-11	Risesun	The company planned to spin off Rongwanjia Life Service Co., Ltd. (the company holds 91.20% of its equity) on the main board of the Hong Kong Stock Exchange.
2020-05-11	CR Land	In April 2020, the company obtained 5 real estate projects in Qingdao, Changzhou, Shenyang, Chengdu and Hangzhou.
2020-05-11	Gemdale	In April 2020, the company obtained 10 real estate projects in Guangzhou, Dongguan, Suzhou, Zhengzhou, Shenyang, Hangzhou and Xiaoshan.
2020-05-11	Aoyuan Healthy	The company acquired 65% equity of Ningbo Hongjian Property Service Co., Ltd. for c.RMB 37mn.
2020-05-11	Binjiang	The company acquired a plot of land of c.106,000 sqm for c.RMB 4.97bn in Xiaoshan District, Hangzhou City with a 100% equity ratio.
2020-05-11	GreenLand	In April 2020, the company obtained 9 real estate projects in Dazhou, Yancheng, Hangzhou, Langfang, Zhumadian, Xixian New District of Shaanxi, Suzhou, Shanghai and Nanchang.
2020-05-11	Hopsen	The company acquired a plot of c.36,000 sqm of construction land located in Fengtai District of Beijing through bidding, auction, listing and auction.
2020-05-12	SMC	According to the plan of shareholding increase, Shanghai Shimao Investment Management Co., Ltd., the third largest shareholder of the company, accumulatively increased its holding of c.150 mn shares within six months from December 25, 2019, accounting for 4% of the company's total share capital. After the increase, it held c.360 mn shares, accounting for 9.64% of the company's total share capital.
2020-05-12	BUCID	The company planned to terminate the cooperation with the controlling shareholder Beijing Urban Construction Group Co., Ltd. to develop the shantytown reconstruction project on the east side of zhangyicun Road, Fengtai District, Beijing. The accumulated project investment of the company is c.RMB 37mn, which will be repaid by the controlling shareholder in a lump sum.
2020-05-12	Yango	In April 2020, the company obtained 11 real estate projects in Wenzhou, Ji'an, Jingdezhen, Hangzhou, Fuyang, Dongguan, Tianjin, Dalian, Changsha and Taiyuan.
2020-05-13	Logan	The company adopts the share award plan to attract and motivate outstanding talents, and promote the company's performance and shareholder value growth. The total number of shares awarded shall not exceed 3% of the company's issued shares, and the plan is valid for 15 years.
2020-05-13	Powerlong CM	The company became a constituent stock of the MSCI China Small Cap Index and it will take effect after the market closes on May 29, 2020.
2020-05-13	A-Living	Qingdao Huaren Property Co., Ltd., which was acquired by the company in January 2019, has reached the operation target in 2019, and the fifth payment of the consideration has not been deducted.
2020-05-13	Vanke	The company planned to issue corporate bonds (phase II) to qualified investors in 2020, with an issuing scale of no more than RMB 2.5 bn. Among them, type I has a five-year term and the interest rate range is 2.2% - 3.3%. Type II has a 7-year term, and the interest rate range is 2.7% - 3.7% .



2020-05-14	ZhenRo	The company makes an offer to purchase notes of the year 2020 at the purchase price of USD 1,003.5 per USD 1000 principal amount and pay in cash no more than highest acceptance amount (the lower of the outstanding principal amount and the newly issued amount) of the outstanding notes of the year 2020.
2020-05-14	Kaisa Prosper	The company became a constituent stock of the MSCI China Small Cap Index and it will take effect after the market closes on May 29, 2020.
2020-05-14	Shimao	Sequoia Capital China fund and Tencent respectively invested USD 130 mn and USD 114 mn in Shimao services. They will enable Shimao services to develop by using ecological system and scientific and technological forces.
2020-05-14	BUCID	The company acquired a plot of 244,000 sqm of land in Huangshan District, Huangshan City for c.RMB 410mn.
2020-05-14	Tahoe	The controlling shareholder, Tahoe Investment Group Co., Ltd., is planning to introduce strategic investors into the company, and related transactions may involve changes in the company's control.
2020-05-14	EverGrande	The Company spent HKD 233mn to repurchase 15.064 mn shares at a share price of HKD 15.08 to HKD 15.66 per share.

Source: Company announcements, CWSI Research

Note:

1. Certain uncertainties in the industry regulation and financing policies may affect the sales performance of listed companies;
2. Macroeconomic fluctuations may have certain impact on business operations within the industry;
3. Uncertainties in the control of COVID-19 spread.



Analyst Certification

I, Sicong Shen (申思聰), being the person primarily responsible for the content of this research report, in whole or in part, hereby certify that:

- (1) all of the views expressed in this report accurately reflect my personal view about the subject company(ies) and its (or their) securities;
- (2) no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report, or our Investment Banking Department;
- (3) I am not, directly or indirectly, supervised by or reporting to our Investment Banking Department;
- (4) the subject company (ies) do(es) not fall into the restriction of the quiet period as defined in paragraph 16.5(g) of SFC Code of Conduct;
- (5) I do not serve as officer(s) of the listed company (ies) covered in this report; and
- (6) I and/or my associates have no financial interests in relation to the listed company (ies) covered in this report.

Meanings of Central Wealth Securities Ratings

The ratings in the report are based on the market performance within 12 months after the report is released. The A-share market is based on the CSI 300 Index and the Hong Kong stock market is based on the Hang Seng Index.

1) Stock Ratings:

Buy – Describes stocks that we expect to provide a relative return of >20%.

Accumulate – Describes stocks that we expect to provide a relative return of between 5% and 20%.

Hold – Describes stocks that we expect to provide a relative return of between -10% and +5%.

Sell – Describes stocks that we expect to provide a relative return of <-10%.

2) Sector Ratings:

Overweight – Describes sectors that we expect to provide a relative return of >10%.

Neutral – Describes sectors that we expect to provide a relative return of between -10% and +10%.

Underweight – Describes sectors that we expect to provide a relative return of <-10%.

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