



This Week in China

Land market heat: analysis and outlook

Comments:

The improvement in capital pressure and the relatively optimistic expectations of developers on the fundamentals of the industry have driven the recent warming of the land market. Recently, the premium rate of residential land in 100 large and medium-sized cities has increased, reaching 18.3% and 17.7% in Mar and Apr (12.0% and 15.0% in Jan and Feb, respectively, and single digits in 2019Q4). The improvement in liquidity has eased the pressure on developers' funds, and housing demand delayed by the epidemic may continue to support sales, which has driven the recent increase in land market heat.

Land prices in tier 3 cities have risen significantly, and the Yangtze River Delta and Pearl River Delta cities are even hotter. In terms of city tier, the premium rate and average listing price of tier 3 cities have increased most recently, with premium rates in Mar and Apr reaching 18.1% and 31.2% (10.9% and 12.9% in Jan and Feb, respectively), and average listing prices reaching RMB 3043 and 3954 / sqm, respectively (RMB 2815 and 2489 / sqm in Jan and Feb, respectively). Land prices in tier 3 cities are lower, so developers have relatively more room for premiums; at the same time, some tier 3 cities have undertaken the spillover population of the core cities of the metropolitan area, and the demand for housing is relatively sufficient, so the land price increase is most obvious. **In terms of region,** the land market in many cities in the Yangtze River Delta and the Greater Bay Area is hot, with premium rate in many places in Zhejiang more than 50%. The average land price of residential land sold in Apr in Wenzhou reached RMB 12,646 / sqm (RMB 4757 and 6027 / sqm in Feb and Mar), and the average land price of residential land sold in Foshan in reaching RMB 9863 and 9929 / sqm in March and April (RMB 9044 / sqm in February). The recovery of improving demand has lead to fierce competition in the land market of tier 2 and tier 3 cities in the Yangtze River Delta and the Greater Bay Area, which have relatively high economic development levels.

Most of the high-price plots have been won by large and medium-sized developers, and small and medium-sized developers have obtained high premium land in strong tier 3 cities. The plots with high land prices are concentrated in tier 1 and tier 2 core cities. In Apr, 3 plots in Nanjing reached a land price of more than RMB 40,000 / sqm. Some small and medium-sized developers in the expansion stage have focused on the coverage of strong tier 3 cities such as Foshan and Wuxi, and have acquired many plots at a premium rate of nearly 50%. In the current hot land market, developers may need to be more cautious about investment opportunities to maximize the balance between growth and profits.

Data points:

As of May 8th, new house transaction area in 42 major cities this week decreased 33% WoW, and cumulative transaction area in 2020 fell by 26% YoY.

As of May 8th, saleable area (inventory) in 13 major cities this week decreased 1%; average inventory period was 15.2 months, decreasing 0.1% WoW.

As of May 8th, second-hand housing transactions in 15 major cities this week decreased 47% WoW, and cumulative transaction area in 2020 fell 23% YoY.

Suggestion:

During the Labor Day holiday, commercial housing transactions continued the recovery trend in Apr, sales in the Yangtze River Delta were good. The cumulative decline in industry sales continued to narrow, and a further recovery is expected in May. Industry fundamentals are expected to continue to improve. In terms of policies, regional development strategies such as the Shenzhen metropolitan area and Jiaodong integration will be launched, and may provide support for the development of the corresponding regional economy and real estate market in mid-to-long term, guiding the healthy development of the industry. Maintain "Overweight" rating.

Overweight

(Maintain)

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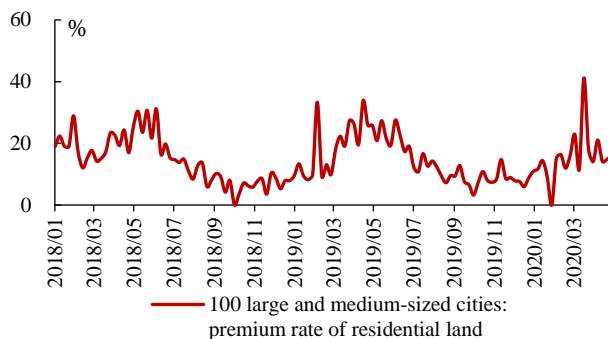
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1. Land market heat: analysis and outlook

1.1 Recent land transaction premium rate has risen and land prices have continued to rise

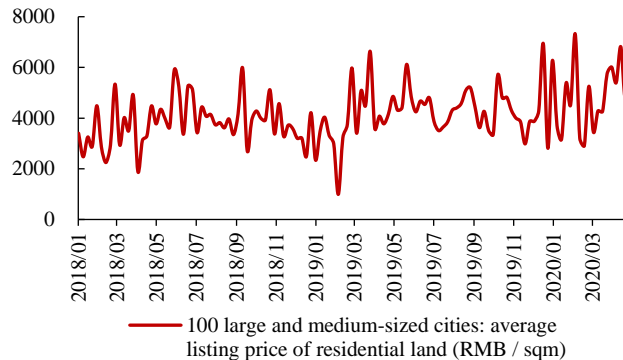
Recently, land market has become hotter, and premium rate has increased significantly. In 2018 and 2019, premium rate of residential land has experienced a trend of rising at the beginning of the year and slowly decreased in the middle of the year. The reason is that developers have relatively sufficient funds at the beginning of the year and are relatively more optimistic about market, while tightening policies of the real estate market showed up in both mid-2018 and mid-2019. At the beginning of 2020, developers were still intensively issuing debt financing in January, but the epidemic had a certain impact on the release of residents' demand for housing purchases and project progress. Major developers have adopted online marketing, discount promotion and other marketing methods, and have saved some buyers. After the epidemic is gradually controlled, the delayed demand has released to some extent. In Mar and Apr 2020, the sales situation of commercial housing has obviously picked up, and the **strong sales have brought a certain pressure to restock inventory for developers**. On the other hand, after the epidemic, the global liquidity environment is relatively loose, and the financing costs of developers are also expected to decline, and the pressure on funds is expected to be further eased. **Relatively abundant funds provide guarantees for developers to obtain land resources, and looser liquidity may provide support for residents' housing demand.** Under the influence of the above factors, premium rate of residential land in 100 cities has increased significantly after the epidemic situation was initially controlled. With regard to the sale of residential land, average listing price has also shown an upward trend recently. **Premium rate and average land listing price have both increased, leading to a recent increase in land prices.**

Chart 1: From Mar to Apr 2020, the transaction premium rate of residential land increased significantly



Source: Wind, CWSI Research

Chart 2: The average listing price of residential land has recently increased

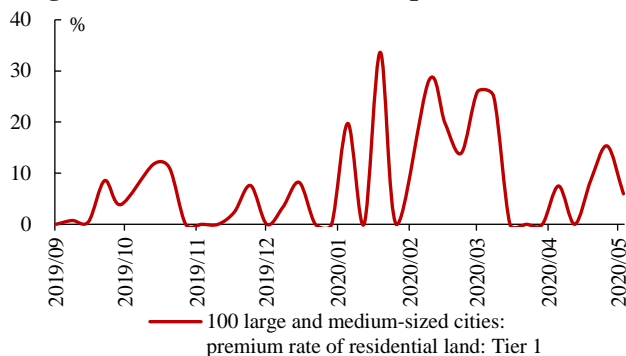


Source: Wind, CWSI Research

1.2 Which land prices are relatively higher recently?

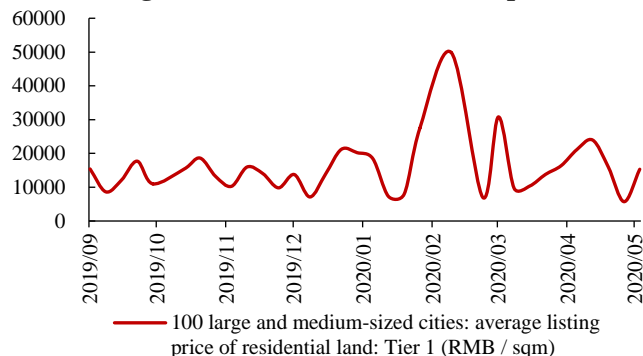
Average listing price in tier 2 and tier 3 cities increased significantly, and premium rate in tier 3 cities was the highest. In terms of city tier, there is no significant change in premium rate and listing price of residential land in tier 1 cities recently. Premium rate has increased in weeks with a lower average listing price, decreased in weeks with a higher average listing price, and the overall price of residential land transactions was relatively stable, **mainly because the land prices in tier 1 cities were already high, and the price limits were relatively strict.** The average listing price of residential land in tier 2 cities increased significantly after Mar, while premium rate remained stable after reaching a high point at the end of Mar, and the land price of transactions increased. The outstanding performance of key tier 2 cities in terms of economic development level and population introduction can support the local demand for housing purchases. Therefore, developers have a stronger willingness to acquire land in key tier 2 cities, resulting in more intense competition and a relatively stable premium rate. **High-quality land supply is an important reason for the rise in average listing price.** The premium rates and listing prices of residential land transactions in tier 3 cities have increased significantly after the epidemic. **Land prices in tier 3 cities are lower, so the premium space acceptable to developers is relatively larger. At the same time, some tier 3 cities have undertaken the overflowing population of the core cities of the metropolitan area, and the demand for housing is relatively sufficient.** Therefore, the premium rate of tier 3 cities has increased most significantly.

Chart 3: Premium rate of residential land in tier 1 cities changes little before and after the epidemic



Source: Wind, CWSI Research

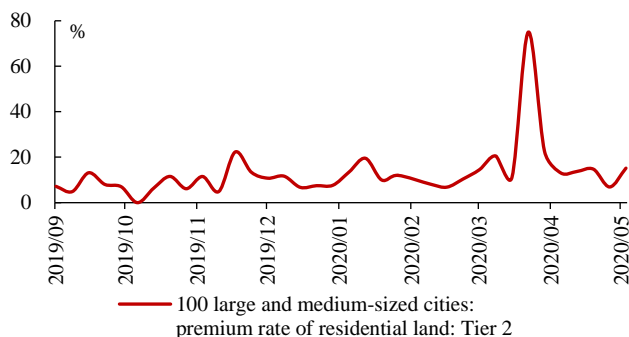
Chart 4: Average listing price of residential land in tier 1 cities changed little before and after the epidemic



Source: Wind, CWSI Research

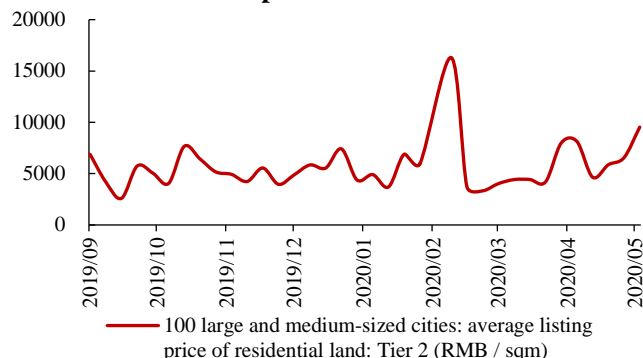


Chart 5: Premium rate of residential land in tier 2 cities is higher as of end- Mar and stable in Apr 2020



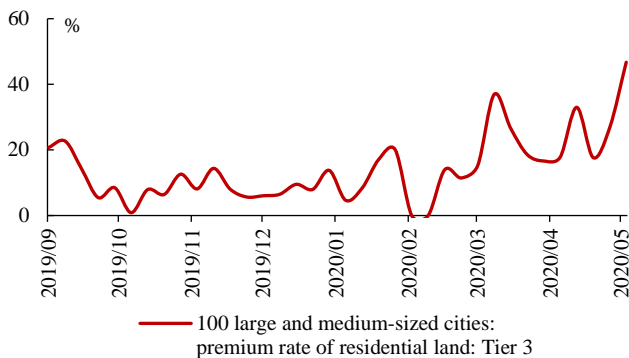
Source: Wind, CWSI Research

Chart 6: Average listing price of residential land in tier 2 cities rose after the epidemic



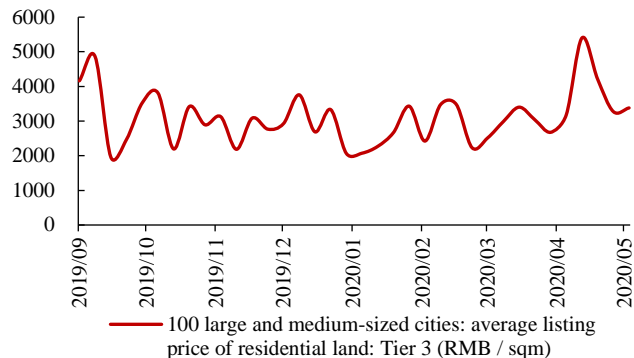
Source: Wind, CWSI Research

Chart 7: Premium rate of residential land in tier 3 cities has recently increased significantly



Source: Wind, CWSI Research

Chart 8: Average listing price of residential land in tier 3 cities increased in Apr 2020



Source: Wind, CWSI Research

Competition in tier 2 and tier 3 cities in the Yangtze River Delta and the Greater Bay Area is fierce. During the epidemic, the longer isolation time at home increased the residents' requirements for residential products, and the customers corresponding to improvement demand have relatively stable income expectations and relatively stronger purchasing power. Therefore, the recovery of improvement demand was more obvious, which in turn led to a fierce competition in regions with higher level of economic development. Recently, high-premium transaction plots have appeared in many places in the Yangtze River Delta and the Greater Bay Area, and land prices in cities such as Wenzhou and Foshan have continued to rise.

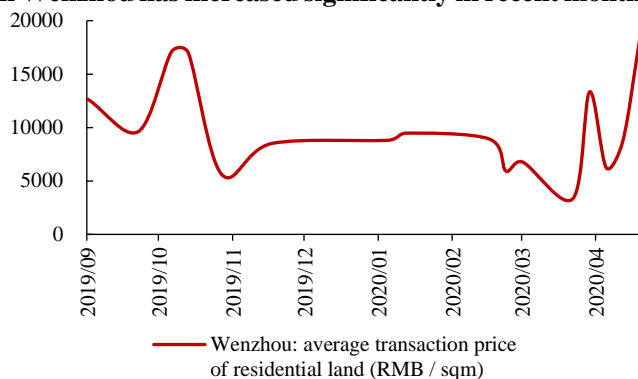


Table 1: Recently, many plots in the Yangtze River Delta and the Greater Bay Area have been trading at a high premium rate

Location	Premium rate	Average land cost (RMB / sqm)
Shaoxing	70.62%	12838
Ningbo	47.58%	9162
Changzhou	46%	16190
Quzhou	52.33%	10190
Ningbo	51.69%	24270
Foshan	48%	16713

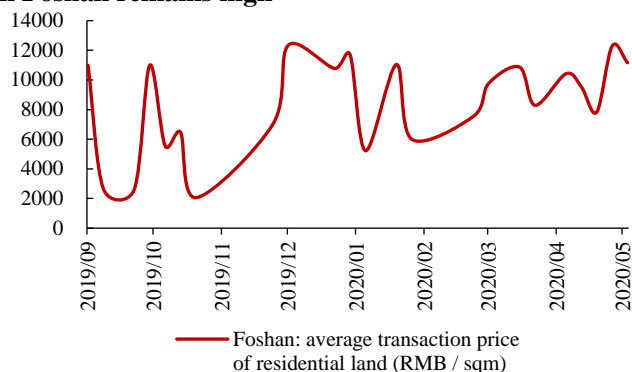
Source: Local Public Resources Trading Center, CWSI Research

Chart 9: Average transaction price of residential land in Wenzhou has increased significantly in recent months



Source: Wind, CWSI Research

Chart 10: Average transaction price of residential land in Foshan remains high



Source: Wind, CWSI Research

The heat of different plots within the city varies greatly. Many cities have achieved development through both the transformation of the original main urban area and the development and construction of new districts. Due to the differences in the construction progress and industrial development of the new districts, the real estate market in different areas in some cities has diverged, which has led to **different sell-through performance** and so different willingness for developers to take land in **different regions of the same city**. On the other hand, **as the overall GPM of the industry shows a downward trend, various developers are more cautious in the investment process**, which to some extent has led to more intense competition for high-quality land, and at the same time, some land within the same city have been out of auction or deal at the listing price.

Table 2: In April, some land transactions in Nanjing had different heat

District	Premium rate	Average land cost (RMB / sqm)	Additional requirements
Jianye	34.67%	40195.8	-
Jianye	36.39%	40260.5	-
Qinhuai	0%	9968.1	-
Qinhuai	0%	13659.2	-
Yuhuatai	44.92%	15253.0	Self-holding rental GFA of 21200 sqm

Source: Local Public Resources Trading Center, CWSI Research

The situation of plots transacted by means of self-holding and policy housing GFA further reflects the popularity of the land market. Some parcels have land price caps set during the auction, and after reaching the caps, the bid winners are determined by means of the proportion of self-holding and GFA of policy housing. Therefore, the premium rate is difficult to fully reflect the popularity of the parcels to some extent. Recently, many parcels in the Yangtze River Delta area have been sold by means of competing for self-holding or policy housing GFA after reaching the ceiling price, which further reflects the hotness of the land market in the region.

Table 3: Multiple plots in the Yangtze River Delta reach the ceiling price, and are sold through competitive of self-holding and supporting construction

Location	Premium rate corresponding to the ceiling price	Won the bid by
Wenzhou Longgang District	50%	13,200 sqm of policy housing
Hangzhou Yuhang District	29.66%	Self-holding 2%
Hangzhou Fuyang District	28.42%	Self-holding 6%
Hangzhou Linan District	29.91%	Self-holding 5%
Jiaxing Jiashan County	5.29%	12,200 sqm of security housing
Hangzhou Jianggan District	29.94%	Self-holding 11%

Source: Local Public Resources Trading Center, CWSI Research

1.3 Which developers are acquiring land at higher prices?

Among the tier 1 and tier 2 cities with higher land prices, large and medium-sized developers with more abundant capital and stronger operating capacity are the main competitors for the parcels with higher land prices. Recently, plots with higher land price have been concentrated in tier 1 and tier 2 core cities. Among them, three plots in Nanjing has a land price of more than RMB 40,000 / sqm, and a 10 bn plot has been sold in Xiamen. High land prices and stricter price limits have put forward higher requirements for developers' capital adequacy and the ability to control various costs. Therefore, most of the recent bids for high-priced land are large and medium-sized developers with more abundant funds and more capable abilities.

Table 4: Large and medium-sized developers with stronger land acquisition capacity are the main bid winners in the recent plots with higher prices

City	District	GFA (sqm 000)	Total land cost (RMB bn)	Average land cost (RMB / sqm)	Bid winner
Xiamen	Siming	210	10.4	49310	Shanghai Taiming Trading Co., Ltd.
Hangzhou	Jiangan	132	5.6	42607	Hangzhou Binjin Enterprise Management Co., Ltd.
Nanjing	Jianye	19	0.8	42398	Jiangsu Gaoli Real Estate Group Co., Ltd.
Beijing	Chaoyang	112	4.6	41056	Beijing COLI Real Estate Co., Ltd. and BCDC
Nanjing	Jianye	100	4.0	40260	Rongzheng (Shanghai) City Construction Development Co., Ltd.
Nanjing	Jianye	108	4.4	40196	Nanjing Jinyu Lanwan Real Estate Co., Ltd.
Beijing	Daxing	95	3.7	39505	Beijing Shangheng Longduan Commercial Operation Management Co., Ltd. and BCDC
Beijing	Daxing	76	2.9	38913	Beijing Xincheng Bandung Real Estate Development Co., Ltd.
Hangzhou	Xihu	53	2.0	38419	Xiamen Zhaoyulong Real Estate Development Co., Ltd.
Guangzhou	Tianhe	58	2.1	35782	Guangzhou Jinyu Real Estate Development Co., Ltd.

Source: CREIS, CWSI Research

Among the strong tier 3 cities, small and medium-sized developers in the scale expansion stage get more land at a high premium. For small and medium-sized developers, it is relatively difficult to enter and continue to acquire land in tier 1 and tier 2 core cities. Therefore, some small and medium-sized developers are more inclined to cover strong tier 3 cities that undertake industries and populations in the metropolitan area. Some small and medium-sized developers see scale expansion as their main strategic goal, and their profit margin requirements are lower than those of large-scale developers. Therefore, they are more willing to acquire land in strong tier 3 cities at a high premium in the land market.

Table 5: Some small and medium-sized developers in the stage of scale expansion recently acquired land at high premiums in strong tier 3 cities

Location	Premium rate	Total land cost (RMB bn)	Average land cost (RMB / sqm)	Bid winner
Ningbo Yinzhou District	48.40%	1.62	18550	Ningbo Jiayue Enterprise Management Consulting Co., Ltd.
Wuxi Yixing City	50.37%	1.02	10663	Longxin Haijian Property (Haimen) Co., Ltd.
Foshan Nanhai District	48%	2.37	16713	Guangzhou NewHope Real Estate Co., Ltd.
Foshan Chancheng District	42.11%	0.54	14211	Guangzhou Nimble Real Estate Development Co., Ltd.

Source: Local Public Resources Trading Center, CWSI Research

1.4 Differences show up within land market, and developers need to grasp investment opportunities

The improvement in capital pressure and the relatively optimistic expectations of developers on the fundamentals of the industry have driven the recent increase in land market heat, with differentiated city tier and regional performance. As mentioned earlier, the improvement of overall liquidity and the recovery of sales after the epidemic have alleviated the financial pressure on developers, so currently developers have the ability to invest in land; at the same time, the rigid housing demand delayed by the epidemic and the improvement demand brought by the epidemic will gradually be released, supporting the sales performance of the industry. The above factors have driven the recent increase in land market heat to a certain extent. **In terms of city tier,** due to the relatively low land price and the advantages of some tier 3 cities in terms of industrial undertaking and population inflows, the premium rate and average listing price of tier 3 cities have recently increased most significantly. In terms of region, the competition of land market in cities in the Yangtze River Delta and the Greater Bay Area, where economic development is higher and residents have stronger purchasing power, is more fierce.



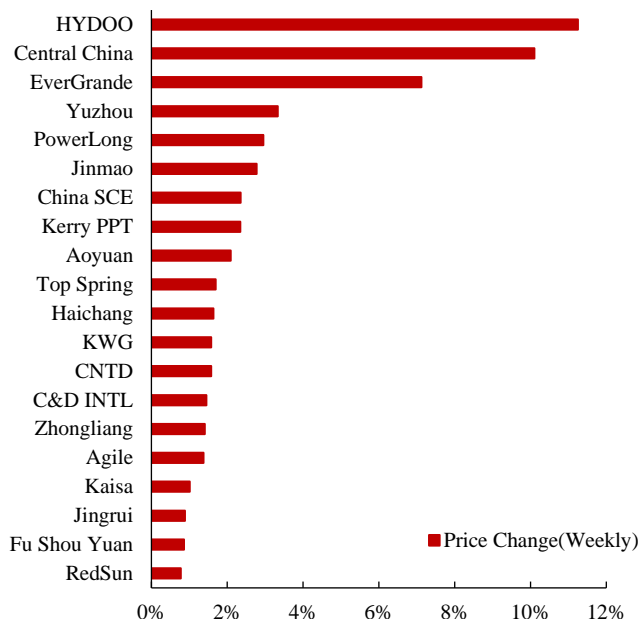
Differences in development stages lead to differences in investment performance of developers, developers need to grasp the investment opportunities. The high land prices and strict price limits in tier 1 and tier 2 cities make large and medium-sized developers with sufficient funds and strong operating capabilities more competitive in land competition in tier 1 and tier 2 cities. In strong tier 3 cities, some small and medium-sized developers in the expansion stage have acquired plots at a high premium, mainly because the above-mentioned developers have paid more attention to the company's scale expansion rather than project profits in the investment process. In the current hot land market, developers may need to be more cautious about investment opportunities to maximize the balance between growth and profits.

2. Sector Performance

2.1 Performance of developer sector

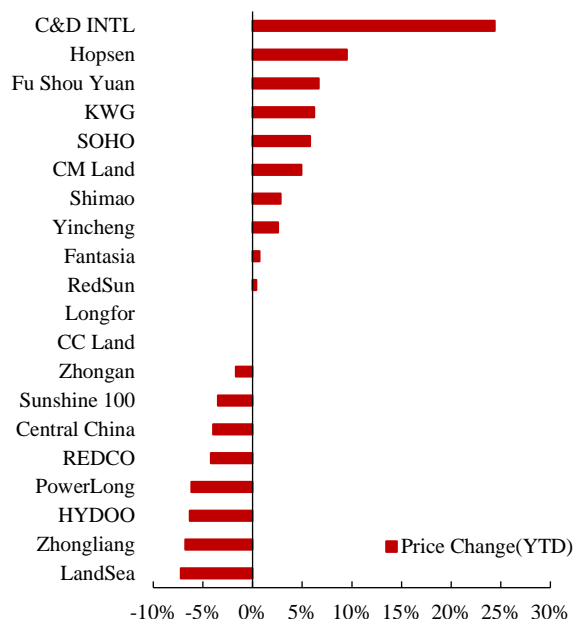
This week, HYDOO, Central China and EverGrande had larger price increase than peers. C&D INTL, Hopsen and Fu Shou Yuan had better share price performance, YTD.

Chart 11: This week, HYDOO, Central China and EverGrande had larger price increase than peers



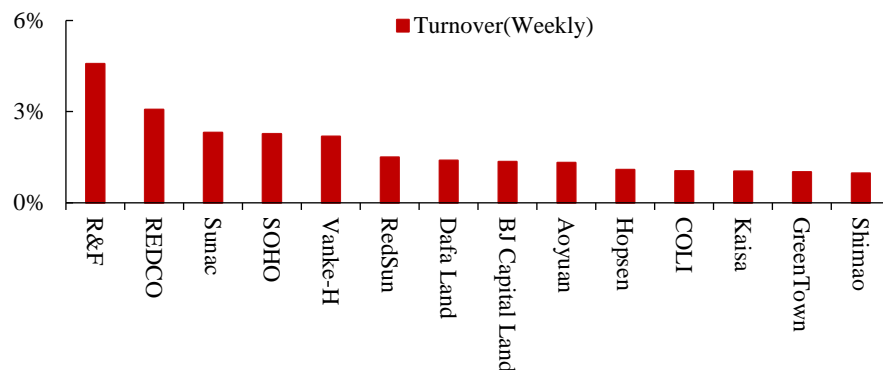
Source: Wind, CWSI Research

Chart 12: C&D INTL, Hopsen and Fu Shou Yuan had better share price performance, YTD



Source: Wind, CWSI Research

Chart 13: R&F, REDCO and Sunac were most actively traded this week

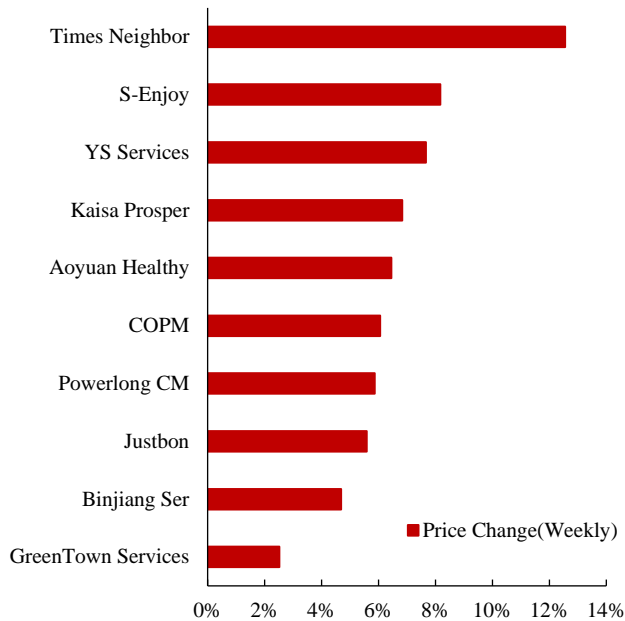


Source: Wind, CWSI Research

2.2 Performance of property service sector

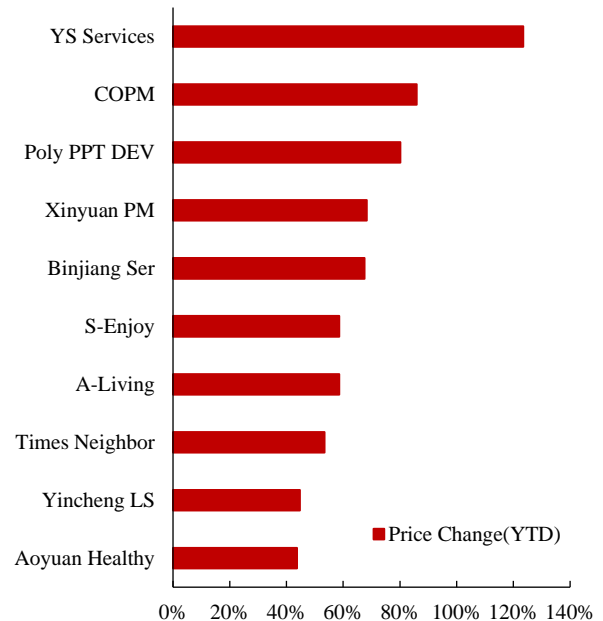
This week, Times Neighbor, S-Enjoy and YS Services had larger price increase than peers.
YS Services, COPM and Poly PPT DEV had better share price performance YTD.

Chart 14: This week, Times Neighbor, S-Enjoy and YS Services had larger price increase than peers



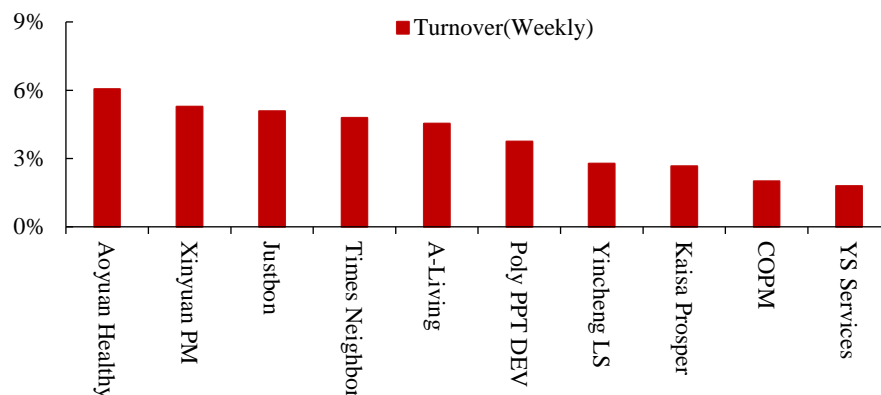
Source: Wind, CWSI Research

Chart 15: YS Services, COPM and Poly PPT DEV had better share price performance YTD



Source: Wind, CWSI Research

Chart 16: Aoyuan Healthy, Xinyuan PM and Justbon were most actively traded this week



Source: Wind, CWSI Research



3. Major cities transaction performance

3.1 New house transaction data

Table 6: 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	90,227	-17%	-23%	435	42%	-39%	131	25%	11%	1,514	-37%
Shanghai	236,300	-32%	-2%	1,068	38%	-15%	260	31%	4%	2,953	-36%
Guangzhou	104,929	-49%	-17%	668	9%	-15%	121	10%	-13%	1,882	-34%
Shenzhen	44,493	-41%	-60%	293	-7%	-12%	54	-39%	-57%	1,077	1%
Tier 1	475,949	-35%	-20%	2,464	23%	-20%	566	13%	-11%	7,426	-32%
Tier 2	1,671,341	-30%	-22%	9,107	30%	-9%	1,820	-2%	-18%	27,698	-21%
Tier 3	1,511,921	-34%	-37%	8,433	12%	-15%	1,662	-8%	-34%	25,073	-28%
Beijing	90,227	-17%	-23%	435	42%	-39%	131	25%	11%	1,514	-37%
Qingdao	177,324	-60%	-24%	1,423	19%	22%	197	-17%	-18%	3,704	-5%
Dongying	103	-100%	-100%	359	-35%	100%	0	-100%	-100%	1,055	109%
PBR	267,654	-61%	-36%	2,217	8%	7%	328	-31%	-23%	6,273	-8%
Shanghai	236,300	-32%	-2%	1,068	38%	-15%	260	31%	4%	2,953	-36%
Nanjing	331,379	279%	157%	841	7%	30%	364	21%	170%	2,630	17%
Hangzhou	111,747	-39%	-20%	791	44%	2%	112	-21%	-23%	2,300	0%
Suzhou	87,493	-52%	-64%	655	1%	-45%	98	-56%	-61%	2,478	-23%
Wuxi	96,000	-40%	79%	466	11%	11%	96	-4%	79%	1,437	-23%
Yangzhou	27,621	155%	-38%	150	-21%	-12%	34	-43%	-25%	588	-20%
Jiangyin	25,534	-46%	-59%	179	6%	-32%	26	-35%	-61%	638	-21%
Wenzhou	134,624	-50%	-57%	743	68%	-34%	150	30%	-54%	2,291	-42%
Jinhua	33,386	-48%	-6%	198	43%	-12%	38	-5%	-6%	472	-24%
Changzhou	22,202	-54%	-89%	199	-18%	-71%	25	-42%	-88%	818	-49%
Huaian	61,214	-24%	-31%	354	14%	3%	77	1%	-19%	1,203	-26%
Lianyungang	179,525	32%	45%	591	26%	27%	188	63%	48%	1,667	-15%
Shaoxing	36,257	-44%	1%	209	6%	4%	38	12%	2%	606	-18%
Taizhou	19,861	-21%	9%	106	0%	31%	20	-15%	9%	283	-1%
Zhenjiang	117,163	-31%	-18%	578	20%	-23%	125	13%	-18%	1,529	-41%
Huainan	32,800	-5%	-4%	163	5%	-11%	33	-31%	-2%	462	-29%
Wuhu	32,491	1%	-15%	168	6%	3%	34	-6%	-18%	481	-3%
Yancheng	72,028	-27%	0%	420	23%	31%	72	-42%	0%	1,109	-4%
Zhoushan	22,052	-55%	-12%	146	34%	15%	25	-10%	-13%	363	-3%
Chizhou	18,758	3%	-60%	85	24%	-50%	19	-30%	-69%	273	-42%
Ningbo	170,153	-6%	21%	628	32%	-22%	191	31%	25%	1,688	-24%
YRD	1,868,588	-18%	-16%	8,737	21%	-16%	2,023	0%	-14%	26,269	-24%
Guangzhou	104,929	-49%	-17%	668	9%	-15%	121	10%	-13%	1,882	-34%
Shenzhen	44,493	-41%	-60%	293	-7%	-12%	54	-39%	-57%	1,077	1%
Fuzhou	25,234	-22%	-55%	128	-29%	-27%	25	-17%	-55%	636	-28%
Dongguan	79,236	-45%	4%	449	30%	-3%	90	5%	10%	1,189	-17%
Quanzhou	55,819	23%	19%	192	42%	-14%	60	148%	15%	568	-54%
Putian	24,583	-53%	-58%	135	-1%	-14%	26	35%	-59%	453	-22%
Huizhou	23,473	-45%	-47%	183	32%	-22%	29	-7%	-41%	550	-34%
Shaoguan	33,269	-16%	-13%	144	-20%	-4%	36	67%	-12%	461	-5%
Foshan	145,982	-56%	-48%	1,088	18%	-26%	191	-12%	-37%	2,929	-37%
Jiangmen	27,055	-37%	40%	125	37%	47%	30	104%	53%	300	17%
Zhaoqing	56,857	7%	-24%	203	8%	-22%	62	26%	-19%	600	18%



PRD & Southern China	620,928	-41%	-33%	3,609	11%	-17%	724	5%	-28%	10,645	-28%
Changchun	92,818	-39%	-33%	628	-6%	-23%	103	-34%	-29%	2,014	-41%
Taian	39,001	-7%	-44%	179	31%	-25%	42	-3%	-40%	482	-38%
Northern China	131,819	-32%	-37%	807	0%	-23%	145	-27%	-33%	2,496	-41%
Wuhan	148,055	-50%	-60%	876	1236%	-49%	190	232%	-52%	2,290	-60%
Yueyang	45,183	-12%	29%	197	26%	26%	49	10%	32%	539	-11%
Ganzhou	132,263	-28%	-45%	710	6%	-3%	132	-6%	-45%	2,339	-20%
Central China	325,501	-38%	-50%	1,782	100%	-31%	371	53%	-45%	5,168	-44%
Chengdu	285,244	-29%	-14%	1,895	35%	27%	288	-10%	-14%	6,061	-8%
Nanning	159,476	-42%	-56%	957	3%	-19%	169	-18%	-55%	3,285	-33%
Western China	444,720	-34%	-36%	2,852	22%	7%	457	-13%	-36%	9,345	-19%
Total	3,659,210	-33%	-29%	20,004	21%	-13%	4,048	-3%	-25%	60,197	-26%
Num. of cities Up		7	11		33	15		18	13		6
Num. of cities Down		35	31		9	27		24	29		36

Source: Local governments, CWSI Research; Note: Till 2020/5/8

Table 7: Major cities inventory period increased YoY dramatically

City	Inventory (sqm 000)	wow	yoy	Inventory period	wow	yoy
Beijing	11,145	-2%	18%	25.6	-3%	95%
Shanghai	7,703	0%	2%	7.2	-6%	20%
Guangzhou	8,049	-1%	-3%	12.0	-2%	14%
Shenzhen	2,242	-2%	-33%	7.7	8%	-23%
Tier 1 Average		-1%	-4%	13.1	-1%	27%
Hangzhou	3,231	0%	42%	4.1	1%	39%
Nanjing	5,665	-4%	68%	6.7	-15%	29%
Suzhou	6,101	2%	11%	9.3	16%	101%
Fuzhou	5,380	4%	73%	42.1	6%	137%
Jiangyin	4,131	0%	-6%	23.1	5%	39%
Wenzhou	10,754	0%	12%	14.5	-5%	69%
Quanzhou	7,034	-1%	8%	36.7	-19%	26%
Ningbo	2,689	-5%	-12%	4.3	-12%	13%
Dongying	1,743	0%	17%	4.9	26%	-41%
Overall Average		-1%	15%	15.2	-0.1%	40%

Source: Local governments, CWSI Research; Note: Till 2020/5/8

3.2 Second-hand house transaction and price data

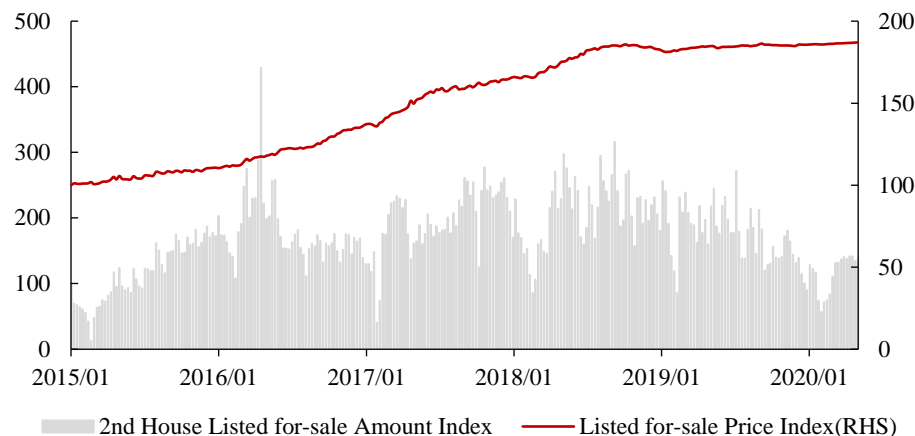
Table 8: Major cities Second-hand house transaction volume, Shenzhen rose significantly YTD

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	161,403	-50%	-27%	1,122	48%	0%	167	-16%	-25%	3,118	-24%
Shenzhen	70,481	-57%	-41%	604	-6%	1%	70	-44%	-41%	2,196	40%
Hangzhou	80,008	-50%	-16%	566	39%	7%	80	-34%	-22%	1,329	-13%
Nanjing	118,686	-14%	3%	791	8%	22%	119	-31%	3%	2,353	22%
Chengdu	69,705	-40%	-70%	488	49%	-57%	70	-33%	-70%	1,532	-58%
Qingdao	65,515	-39%	-32%	454	33%	-3%	67	-26%	-30%	1,261	-6%
Wuxi	103,715	-57%	-20%	748	60%	27%	186	49%	44%	1,638	5%
Suzhou	62,129	-45%	-74%	446	-3%	-59%	62	-41%	-74%	1,611	-50%
Xiamen	36,922	-46%	-58%	264	26%	-41%	37	-30%	-58%	841	-41%
Yangzhou	17,172	-32%	-25%	109	25%	8%	17	-33%	-25%	269	-20%
Yueyang	8,997	-38%	-40%	54	47%	-21%	9	-32%	-40%	147	-35%
Nanning	31,851	-43%	-39%	203	-4%	6%	32	91%	-39%	612	-24%
Foshan	80,246	-43%	-47%	428	49%	-36%	101	46%	-35%	1,233	-43%
Jinhua	37,638	-65%	-3%	306	144%	60%	38	0%	-3%	600	37%
Jiangmen	9,573	-48%	-26%	72	21%	28%	10	-37%	-26%	184	-36%
Total	954,039	-47%	-41%	6,654	29%	-16%	1,064	-16%	-35%	18,924	-23%
Num. of cities Up		0	1		12	8		4	2		4
Num. of cities Down		15	14		3	7		11	13		11

Source: Local governments, CWSI Research; Note: Till 2020/5/8

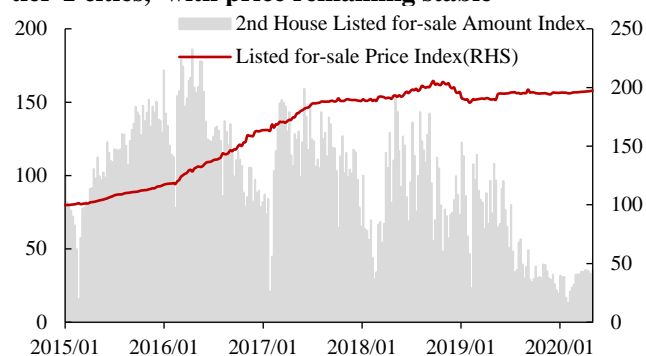


Chart 17: 2nd house listed for-sale price index rose slightly recently



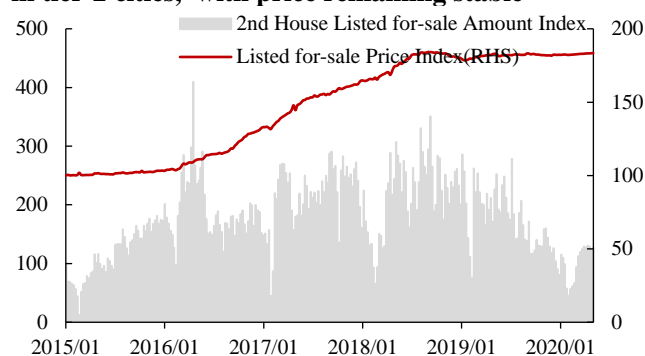
Source: Local Government, CWSI Research; Note: Till 2020/5/3

Chart 18: 2nd house listed for-sale amount index rose in tier-1 cities, with price remaining stable



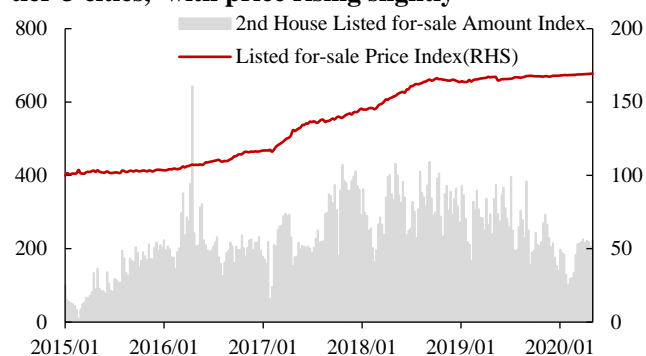
Source: Local Government, CWSI Research; Note: Till 2020/5/3

Chart 19: 2nd house listed for sale amount index rose in tier-2 cities, with price remaining stable



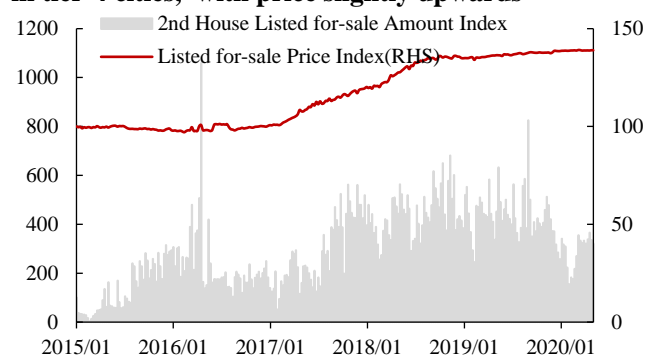
Source: Local Government, CWSI Research; Note: Till 2020/5/3

Chart 20: 2nd house listed for-sale amount index rose in tier-3 cities, with price rising slightly



Source: Local Government, CWSI Research; Note: Till 2020/5/3

Chart 21: 2nd house listed for-sale amount index rose in tier-4 cities, with price slightly upwards



Source: Local Government, CWSI Research; Note: Till 2020/5/3

4. Important Policies and News

4.1 Important Industry Policies News This Week

Table 9: Important Industry Policies News This Week: Central bank further facilitated the participation of overseas investors in China's financial market; Shanghai supported the pilot program of REITs in qualified national economic development zones

Date	Region / Institution	Summary
2020-05-04	Heilongjiang	Required all the regions to conduct the special campaign in the field of real estate, including the special campaign against developers, brokers, unfinished buildings in the industry, and property services management of urban residential community.
2020-05-04	Harbin	Specified regulations on relieving financial pressure of developers, relaxing restrictions on pre-sale permit standard of commodity houses, delaying the repayment of housing loans, and policy support for housing provident funds.
2020-05-04	Kunming	From May 6th, employees who own an account more than 6 months and deposit full amount of housing provident funds for more than 6 consecutive months could apply for personal housing provident funds loans. The target of housing provident funds loans is employees who deposit housing provident funds and purchase their first residential house or second residential house. It is not allowed to provide housing provident funds loans to employees' household who purchase the third or above residential house.
2020-05-04	Langfang	Required to implement the regional differential policy of household relocation. Legal and stable residence and occupations, and participation in urban social insurance are the basic residence registration requirements in the towns around the capital. Fully open the conditions for talent settlement.
2020-05-05	Beijing	As for entering primary school, apart from the entrance requirements excluding aisle house, garage house, and anchored housing registration specified in the recent years, six districts in Beijing specified limit academic degree would be offered at the same housing address within 6 years from the year of enrolment and implemented measures such as school partition to cool down the enthusiasm for school district houses.
2020-05-05	Chenzhou	Proposed to reward the homebuyers at 50% of the deed tax deposited who buy commodity house and stock house in downtown areas, sign online contract and deposit deed tax, purchase commodity house, shop façade, office space but not pay deed tax before the document releases and pay off the deed tax in 6 months after the document releases. Those who purchase underground parking space of new commodity house project for the first time and pay deed tax would be rewarded at RMB 1,000 per parking space.
2020-05-06	Jilin	National Development and Reform Commission and Ministry of Natural Resources jointly replied to support the construction of the demonstration zone for marine economic development in Hunchun City, Jilin Province, whose main task is to deepen the docking with the development of Ningbo's marine industry and carry out the demonstration of marine economic cooperation and development.
2020-05-06	Shanghai	Supported the pilot program of REITs in qualified national economic development zones.
2020-05-07	Central Bank	Clarified and simplified the management requirements for domestic securities and futures investment funds of overseas institutional investors, further facilitated the participation of overseas investors in China's financial market, and proposed to implement the requirements for canceling the management of domestic securities investment quota of qualified overseas institutional investors and RMB qualified overseas institutional investors.



2020-05-07	Shanghai	Planned to promote the commercial development of New Lingang Area through 19 measures, involving eight aspects such as supporting the construction of business regarding people's wellbeing, commercial supporting facilities and regional-level commercial centers, the settlement of new business type merchants, the construction of business environment, and encouraging the settlement of high-end business talents.
2020-05-07	Beijing	Haidian District planned to launch 800 sets of public rental housing, specially allocating rental houses for families with special difficulties such as minimal security and low income who are eligible for affordable housing in the district. The public rental houses specially allocated this time are distributed among 14 public rental housing projects that are available for living.
2020-05-07	Shenzhen	Stipulated to complete the disposal of the temporary land for unrecovered land before November 30, 2020. As of May 15, 2019, Shenzhen had 552 cases of unrecovered temporary land uses, with a land area of 4.44 square kilometers.
2020-05-07	Wuhan	From May 10th, Wuhan opened a self-dealing transaction network signing system, citizens who personally trade second-hand housing can log in to the official website of the Municipal Housing Management Bureau to apply for online signing. Stock house transactions through brokerage agency could still be applied for online signing by the intermediaries through the real estate brokerage service platform.
2020-05-07	Yueyang	Families with low- and middle-income and housing difficulties in the main urban area of the city could apply for monetary subsidies of economically affordable houses. Low-income households without houses would be provided with one-off subsidies of RMB 60,000 per household. Low-income households with housing difficulties would be provided by one-off subsidies RMB 50,000 per household.
2020-05-07	Dongguan	Proposed that newly built commodity houses and second-hand houses that were signed online after midnight on April 11, 2017 could be only traded through online signing 2 years after the Real Estate Certificate was obtained.

Source: Wind, Government website, CWSI Research

4.2 Contracted sales in Apr 20 announced this week

Table 10: Contracted sales in Apr 20 announced this week: Sunac realized accumulated contracted sales from Jan to Apr 2020 of RMB 95.5bn (-19.7%); COLI realized accumulated contracted sales from Jan to Apr 2020 of RMB 87.7bn (-6.0%)

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
Sunac	1918.HK	95.5	-19.7%	7023	-14.3%	33.8	-13.7%	2489	-10.2%
COLI	0688.HK	87.7	-6.0%	4791	-5.6%	28.0	8.9%	1485	8.0%
Shimao	0813.HK	58.3	4.3%	3322	6.0%	21.2	40.7%	1213	44.7%
ZhenRo	6158.HK	28.4	-19.5%	1860	-19.6%	10.5	2.6%	699	8.4%
Ronshine	3301.HK	27.9	-2.4%	1217	-24.6%	9.7	-5.7%	452	3.2%
Zhongliang	2772.HK	27.9	-	2427	-	9.2	-	843	-
Agile	3383.HK	26.4	-23.1%	1747	-23.0%	10.7	16.1%	694	24.4%
R&F	2777.HK	25.9	-23.1%	2219	-22.6%	-	3.5%	-	14.2%
Mideadc	3990.HK	24.1	-15.4%	2309	-16.6%	-	-	-	-
Aoyuan	3883.HK	23.0	-18.7%	-	-	8.7	-8.8%	-	-
Central China	0832.HK	21.0	11.8%	2937	2.7%	7.5	26.7%	1021	17.9%
Yuzhou	1628.HK	20.0	23.9%	1267	19.1%	9.6	87.4%	602	86.8%
Times	1233.HK	17.1	-10.8%	-	-1.4%	4.7	-10.0%	-	6.0%
Dexin	2019.HK	11.3	-	625	-	6.0	-	349	-
Fantasia	1777.HK	7.7	13.8%	712	19.0%	3.2	73.9%	315	91.9%
Modern Land	1107.HK	7.1	-7.6%	685	-7.8%	1.8	-22.3%	194	-21.6%
Jingrui	1862.HK	3.7	-33.9%	146	-46.3%	1.1	-31.9%	50	-42.2%
Yincheng	1902.HK	2.4	-37.8%	123	-53.7%	1.0	-43.4%	54	-58.0%
Sunshine 100	2608.HK	1.1	-53.4%	107	-49.2%	0.4	-61.1%	41	-54.1%

Source: Company announcement, CWSI Research; Note: R&F by attributable scale

4.3 Company news and announcements

Table 11: Company news and announcements: COLI obtained 3 real estate projects in Beijing, Changsha and Shenyang in Apr 20; Sunac sold c.850 mn shares of Jinke, accounting for c.16.0% of Jinke's total share capital, and after the sale, the company held c.710 mn shares of Jinke, accounting for c.13.4% of its total share capital

Date	Company	Summary
2020-05-06	Vantone Real Estate	As of April 30, 2020, the company had repurchased a total of 16.997 mn shares, accounting for 0.8% of the company's total share capital, and had paid a total amount of RMB 86.576 mn (excluding transaction fees such as stamp duty and commission).
2020-05-07	COLI	The company obtained 3 real estate projects in Beijing, Changsha and Shenyang in Apr 20.
2020-05-07	Huafa Industrial Share	The company won a plot of c.93,000 sqm in Qinhuai District of Nanjing City for c.RMB 6.91 bn with a premium rate of 5.8%.
2020-05-07	Binjiang	The company won a plot of c.26,000 sqm in Gongshu District, Hangzhou City for c.RMB 1.71 bn, with a 100% equity interest.
2020-05-07	Sunac	The company sold c.270 mn shares of Jinke for c. RMB 2.14 bn, accounting for c.5.0% of Jinke's total share capital. As of the announcement date, the company has sold c.850 mn shares of Jinke, accounting for c.16.0% of Jinke's total share capital. After the sale, the company held c.710 mn shares of Jinke, accounting for c.13.4% of its total share capital.

Source: Company announcements, CWSI Research

Note:

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2. Macroeconomic fluctuations may have certain impact on business operations within the industry;
3. Uncertainties in the control of COVID-19 spread.

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