



This Week in China

Developers' financial status and financing environment outlook

Topic of the week:

How are the financial status of mainstream listed developers? What are the reasons for the liquidity and leverage differentiation? How will follow-up financing situation be?

The overall financial situation of mainstream developers is sound, with internal differentiations. We selected 3 indicators including asset-liability ratio after excluding advance receipts, net gearing, and cash to short-term debt ratio to sort out the financial status of 50 mainstream listed developers' financial status. 32 developers performed relatively well in all 3 indicators, and only 10 had a weaker performance on 1 indicator. The financial performance of most mainstream developers is relatively good, while the liquidity and leverage between developers shows great divergence.

The net increase and decrease of land bank and the scale demand have led to the differentiation of developers' demand for funds, which in turn led to the differentiation of liquidity and leverage. In terms of capital inflows, developers that can cover the appropriate areas at the right time and provide products that match the market demand will have a better performance in their sales and cash inflows. **In terms of capital outflow,** some developers has declined the intensity of land acquisition, thereby reducing the consumption of funds and the demand for funds; changes in interest payable and the cost of refinancing will also affect the company's cash outflow. Under the combined effect of capital inflow and outflow, in 2019, Kaisa, C&D INTL and Ronshine's net gearing dropped significantly, Logan, Sino-Ocean and Ronshine have increased their cash to short-term debt ratios. **The tightening of the industry's financing environment in recent years has further led to the differentiation of liquidity and leverage among developers,** the direction and magnitude of changes in financing costs of developers show differences, ZhenRo, Shimao and Ronshine have seen significant reductions in financing costs in 2019.

The financing rules are intended to stabilize expectations and promote the healthy development of the industry, developers with good sales and financial stability may be less affected. The relatively stable monetary policy, the unrelaxed industry tone and the coming debt repayment peak may jointly drive the liquidity and leverage performance among developers to continue to diverge. The key developers symposium held by the MOHURD and the Central Bank on Aug 20 affirmed the results of the relevant departments and local pre-regulation, pointing out that market-oriented, regular and transparent financing rules are intended to stabilize the financial policy expectations of real estate companies and promote the industry to develop steadily and healthily. In this environment, companies with good sales and sound financial conditions may be relatively less affected.

Data points:

As of Aug 21st, new house transaction area in 42 major cities this week decreased 3% WoW, and cumulative transaction area in 2020 fell by 7% YoY.

As of Aug 21st, saleable area (inventory) in 13 major cities this week increased 1% WoW; average inventory period was 11.2 months, average change was 0.1%.

As of Aug 21st, second-hand housing transactions in 15 major cities this week decreased 4% WoW, and cumulative transaction area in 2020 fell 5% YoY.

Suggestion:

This week, the large divergence of interim results was reflected in the stock performance of companies. In terms of policy, Nanjing changed to determine the bidder through lottery after the land reached the maximum price limit, Jiangsu will focus on strengthening the monitoring, evaluation and assessment of the supply of residential land in Nanjing, Wuxi and Suzhou, may guide the land market to be healthier from the supply side, and may guide the development of the real estate market more stable. Maintain "Overweight" rating.

Overweight

(Maintain)

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1. Developers' financial status and financing environment outlook

A few days ago, the Ministry of Housing and Urban-Rural Development and the People's Bank of China jointly convened a symposium on key developers to study the further implementation of the long-term real estate mechanism, and form key real estate companies' fund monitoring and financing management rules. We have sorted out the liquidity and leverage levels of 50 mainstream listed developers, analyzed the reasons that led to the improvement and differentiation of the financial situation of real estate companies, and looked forward to the subsequent financing of developers.

1.1 How are the financial performances of mainstream developers?

Taking into account the availability of data, we selected 50 developers that have been listed in the 2019 contracted sales list of CRIC and take real estate development as the major income source. Since the financial statements of Hong Kong-listed developers are not standardized, considering the accuracy of the data, **the data source is the company's 2019 annual reports, not directly derived from the database, and covers all actual interest-bearing liabilities of above developers.**

The sorting content covers 3 indicators, including: 1) Whether the asset-liability ratio after excluding advance receipts is greater than 70%; 2) Whether the net gearing is greater than 100%; 3) Whether the cash to short-term debt ratio is less than 1 time. The calculation method of each indicator is as follows:

Asset-liability ratio after excluding advance receipts = (total liabilities-advance receipts-contract liabilities) / total assets. Advance receipts mainly refer to the purchase payments received by developers under the pre-sale system of commercial housing. Due to differences in accounting standards, in the statements of Hong Kong stocks and A-shares with Hong Kong stocks listed platforms, the items corresponding to advance receipts are generally contract liabilities. In some companies' accounting treatment, contract liabilities are taken as part of other accounts payable; in the A-share developers' report that does not include the Hong Kong stock listing platform, the corresponding accounts are generally advance receipts.

Net gearing = (total interest-bearing liabilities-total cash) / owner's equity. The net gearing in our table is based on companies' announcements, and some companies that have not announced are calculated using the company's announcement caliber of interest-bearing liabilities and total cash. Interest-bearing liabilities include short-term and long-term interest-bearing debts. The total cash includes the company's monetary



funds, restricted cash, bank deposits, etc. The owner's equity is generally the total equity (the net gearing announced by COLI is calculated using parent equity, and the net gearing announced by Shimao is calculated after deducting perpetual capital instruments).

Cash to short-term debt ratio = total cash/total short-term debt. The total cash includes the company's monetary funds, restricted cash, bank deposits, etc., and the short-term debt includes the company's interest-bearing debt due within one year. The debt situation is subject to the company's announcement.

Most mainstream listed developers have relatively good financial performance.

Among the 50 mainstream listed developers, as of end-2019, there were 32 developers that performed relatively well in all 3 indicators, and only 10 had a weaker performance on 1 indicator. The financial performance of most mainstream developers is relatively good.



Table 1: Most mainstream listed developers have relatively good financial performance

No.	Company	RIC	Asset-liability ratio after excluding advance receipts		Net gearing		Cash to short-term debt ratio		Number of indicators violated
				>70%		>100%		<1	
1	Country Garden	2007.HK	55%	×	46%	×	2.3	×	0
2	Vanke	000002.SZ	51%	×	34%	×	1.8	×	0
3	EverGrande	3333.HK	78%	✓	159%	✓	0.6	✓	3
4	Sunac	1918.HK	63%	×	172%	✓	0.9	✓	2
5	PRE	600048.SH	46%	×	57%	×	2.1	×	0
6	GreenLand	600606.SH	55%	×	157%	✓	0.8	✓	2
7	COLI	0688.HK	47%	×	34%	×	3.0	×	0
8	Future Land	601155.SH	44%	×	16%	×	2.1	×	0
9	Shimao	0813.HK	59%	×	60%	×	1.6	×	0
10	CR Land	1109.HK	40%	×	30%	×	3.0	×	0
11	Longfor	0960.HK	51%	×	51%	×	4.4	×	0
12	CMSK	001979.SZ	50%	×	30%	×	1.3	×	0
13	Yango	000671.SZ	57%	×	138%	✓	1.3	×	1
14	Gemdale	600383.SH	50%	×	60%	×	1.2	×	0
15	CIFI	0884.HK	62%	×	69%	×	2.7	×	0
16	Zhongnanconstruction	000961.SZ	48%	×	168%	✓	1.0	×	1
17	Jinke	000656.SZ	48%	×	120%	✓	1.1	×	1
18	Jinmao	0817.HK	54%	×	83%	×	0.9	✓	1
19	Zhongliang	2772.HK	39%	×	66%	×	1.2	×	0
20	CFLD	600340.SH	57%	×	183%	✓	0.7	✓	2
21	R&F	2777.HK	72%	✓	199%	✓	0.6	✓	3
22	Ronshine	3301.HK	53%	×	70%	×	1.8	×	0
23	ZhenRo	6158.HK	59%	×	75%	×	1.8	×	0
24	GreenTown	3900.HK	57%	×	63%	×	1.5	×	0
25	Sino-Ocean	3377.HK	63%	×	77%	×	3.6	×	0
26	Agile	3383.HK	64%	×	83%	×	1.0	×	0
27	Aoyuan	3883.HK	58%	×	75%	×	1.6	×	0
28	Kaisa	1638.HK	65%	×	144%	✓	1.2	×	1
29	Risesun	002146.SZ	47%	×	80%	×	0.9	✓	1
30	Binjiang	002244.SZ	40%	×	88%	×	1.1	×	0
31	BRC	600466.SH	47%	×	79%	×	1.3	×	0
32	Mideadc	3990.HK	54%	×	89%	×	2.9	×	0
33	Logan	3380.HK	66%	×	67%	×	1.4	×	0
34	Sinicdc	2103.HK	49%	×	67%	×	1.4	×	0
35	BJ Capital Development	600376.SH	58%	×	174%	✓	0.9	✓	2
36	Huafa Industrial Share	600325.SH	57%	×	177%	✓	0.6	✓	2
37	KWG	1813.HK	75%	✓	75%	×	2.4	×	1
38	Tahoe	000732.SZ	63%	×	248%	✓	0.2	✓	2
39	BJ Capital Land	2868.HK	67%	×	156%	✓	1.1	×	1
40	China SCE	1966.HK	56%	×	60%	×	1.9	×	0
41	OCT HOLDING	000069.SZ	59%	×	84%	×	1.1	×	0
42	Times	1233.HK	64%	×	67%	×	1.6	×	0
43	JIAYUAN INTL	2768.HK	49%	×	78%	×	1.6	×	0
44	Yuzhou	1628.HK	74%	✓	66%	×	2.3	×	1
45	C&D INTL	1908.HK	52%	×	176%	✓	1.4	×	1
46	Central China	0832.HK	54%	×	64%	×	1.9	×	0
47	YueXiu	0123.HK	59%	×	74%	×	4.2	×	0
48	RedSun	1996.HK	55%	×	70%	×	1.4	×	0
49	Grandjoy	000031.SZ	56%	×	98%	×	1.6	×	0
50	PowerLong	1238.HK	62%	×	81%	×	1.5	×	0

Source: Company Announcements, Wind, CWSI Research; Note: data as of end-2019

The financial performance of developers is differentiated. The liquidity and leverage between developers shows great divergence in the absolute value and changes in financial indicators. Some developers with a background of central enterprises and state-owned enterprises such as COLI and Yuexiu, and some financially prudent private enterprises such as Longfor, etc., show excellent performance in all 3 indicators; some companies such as Evergrande and R&F have weaker performance on all 3 indicators.

1.2 Why is the liquidity and leverage level of developers differentiated?

Liquidity and leverage level reflect the company's demand for funds. When the company has sufficient funds and does not need or only need to raise small-scale debt, it will be manifested as a higher cash to short-term debt ratio and a lower net gearing in the financial statement. Conversely, when the company needs a lot of capital, it will expand its debt scale, which will be reflected in a higher level of leverage in the statement; if short-term borrowing grows too fast, it will be reflected in a lower cash to short-term debt ratio. **The reason for the divergence of liquidity and leverage is the company's divergence in capital demand. The core of the divergence in capital demand is the net increase or decrease of land bank and the scale demands of developers.** We will analyze the main sources of capital inflow and outflow of developers respectively.

Sources 1 of capital inflows for developers: real estate sales. For developers, the most important and sustainable cash inflow is real estate sales. The factors that affect the real estate sales include the sales situation and cash collection. The sales situation depends on the supply value and the sales rate. The absolute value of the land reserves and sales arrangement of mainstream developers is usually relatively sufficient, and banks' lending to mainstream developers' projects is relatively smooth as a whole, and the sales rate is affected by many factors, including but not limited to: 1) Whether there is a housing demand corresponding to the sales value in the area and the launch period; 2) The sufficiency of the commercial housing supply relative to the demand in the area and the launch period; 3) Whether the product positioning matches the market demand. **Developers that can cover the appropriate areas at the right time and provide products that match the market demand will have a better performance in their sales and cash inflows.** The matching degree of Tahoe's products with the current regulatory guidance and housing demand is relatively weak, which has led to a decline in its financial status.

Sources 2 of capital inflows for developers: asset sales and rental income. The sale of some assets can bring considerable cash inflow to the company, but it is not a sustainable source of funds. For developers, the most important and sustainable cash inflows are sales collection and rental income. The rental income of mainstream

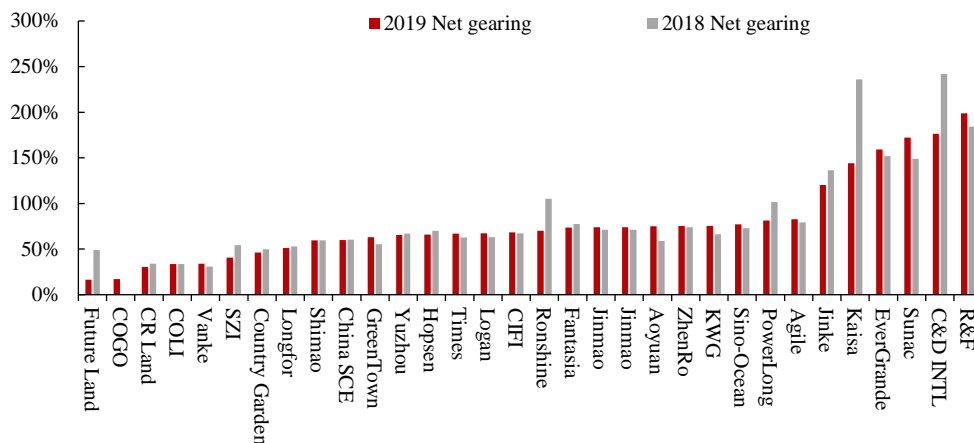
developers mostly comes from operating properties such as commercial, hotel and office buildings. However, the return on assets of the above-mentioned properties in China usually does not have obvious advantages and the fund recovery period is relatively long. **Relatively speaking, the efficiency of the use of funds for real estate development may be higher.** In recent years, R&F Properties has made more layouts in business writing and hotels, which has led to a decline in its liquidity and an increase in leverage to a certain extent.

Sources 1 of capital outflows for developers: construction funds and land expenditure. Construction costs and land expenditures are important components of the cost of developers. Some developers use leverage to increase the intensity of land acquisition during the growth stage, thereby achieving rapid scale expansion; on the other hand, considering their judgments on the land market, the willingness to acquire land of some developers has declined and the intensity of land acquisition has decreased, thereby reducing the consumption of funds and the demand for funds. In the second half of 2019, the land acquisition of Future Land has slowed down, and the net gearing has dropped from 49% in 2018 by about 33pct to 16% in 2019.

Sources 2 of capital outflows for developers: debt repayment and interest payment. Some developers have generated large-scale interest-bearing debts in the process of increasing leverage to obtain land resources. Although the principal part can be replaced through refinancing arrangements, changes in interest payable and the cost of refinancing will also affect the company's cash outflow.

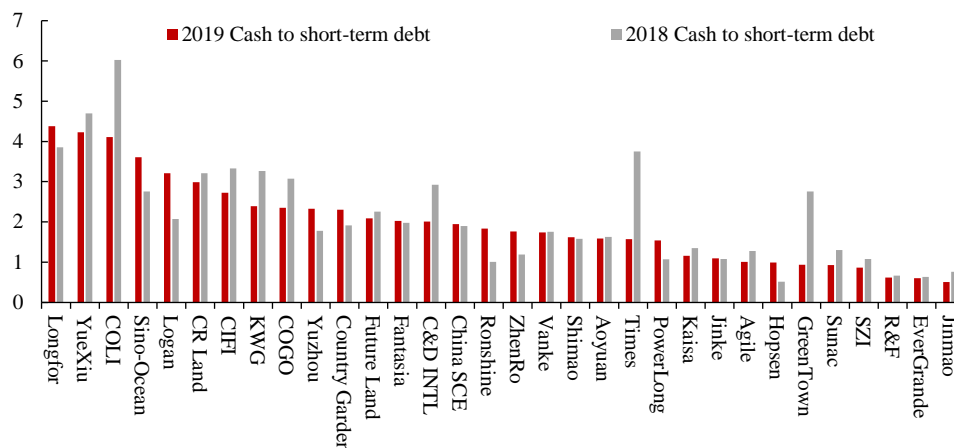
Under the combined effect of capital inflow and outflow, the financial situation of some developers has improved significantly in recent years. The improvement of developers' liquidity and leverage is the result of the above-mentioned factors. With good sales conditions and active financial capital management, Kaisa's cash and bank deposits as of end-2019 increased by c. 61% YoY, and its net gearing dropped significantly by 92 pct to 144%. Ronshine has maintained sales growth in recent years, with its land acquisition strategy more stable. In 2019, its cash and bank deposits increased by c. 37% YoY, while debt due within one year fell by 25% YoY; its cash to short-term debt ratio increased from 1.0 times in 2018 to 1.8 times in 2019, net gearing dropped by 35 pct to 70%.

Chart 1: Kaisa, C&D INTL and Ronshine's net gearing dropped significantly in 2019



Source: Company announcements, CWSI Research

Chart 2: Logan, Sino-Ocean and Ronshine have increased their cash to short-term debt ratios in 2019



Source: Wind, Company announcements, CWSI Research; Note: Cash includes restricted cash, etc.; short-term debt includes bank borrowings due within one year, bank overdrafts, financial assets sold under repurchase agreements, short-term bonds payable, long-term loans and capital leases, may be different from above companies' disclosure

The tightening of the industry's financing environment in recent years has further led to the differentiation of liquidity and leverage among developers. Under the extremely loose liquidity environment, developers can obtain funds smoothly according to their own needs; but when the financing environment is tightened, financial institutions such as banks and trusts that provide funds will put forward higher screening standards for the qualifications of developers. As a result, developers with more stable financial performance are able to raise funds more smoothly and at a lower cost, while developers with relatively weak financial performance need to obtain funds

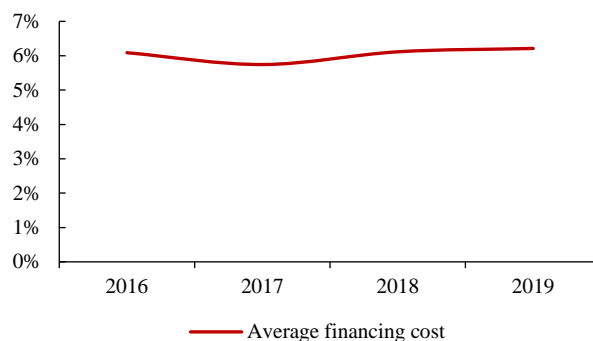
at higher costs, which has led to the differentiation. In recent years, in an environment where the overall interest rate has fallen, the overall financing costs of mainstream developers have been relatively stable; however, the top-level tightening policy on industry financing has led to differentiation among developers, and the direction and magnitude of changes in financing costs of developers show differences.

Chart 3: The 10-year Treasury bond interest rate has declined in recent years



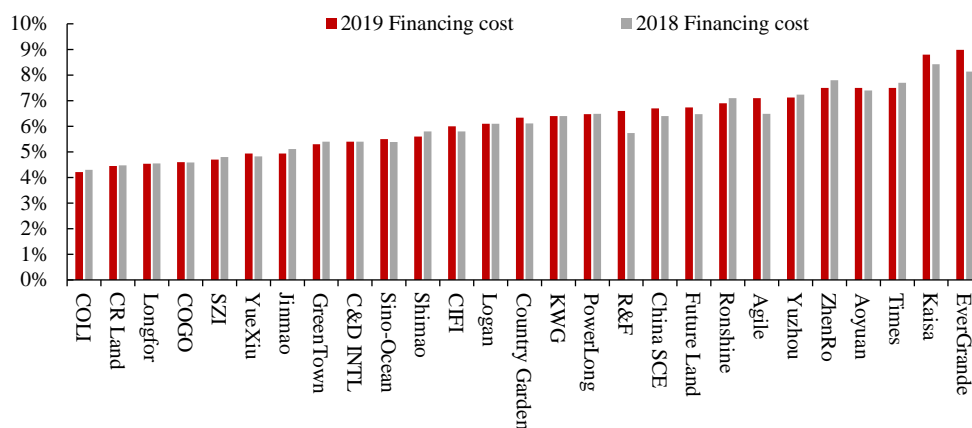
Source: Wind, CWSI Research

Chart 4: The average financing cost of mainstream developers has been relatively stable in recent years



Source: Company announcements, CWSI Research

Chart 5: ZhenRo, Shimao and Ronshine have seen significant reductions in financing costs in 2019



Source: Company announcements, CWSI Research

1.3 How is the follow-up financing situation of developers?

Liquidity environment: Monetary policy tends to be normalized, and the tone of “housing for living, not for speculation” continues. Judging from the resumption of work and production, economic recovery and recent top-level statements on monetary



policy in recent months, monetary policy will tend to be normalized. At the same time, the top-level statement on the overall tone of the real estate industry has not changed. Overall, the industry's liquidity environment may remain stable.

Funding needs: balance between operation and refinancing needs. In terms of **operations**, the current overall land price has steadily increased while housing prices have stabilized. Under this environment, mainstream developers have become more cautious in acquiring land. In 2019, mainstream developers of all sizes have also seen a slowdown in their land reserve growth rates. At the same time, the cumulative sales growth rate of the TOP100 developers in cumulative sales in the first 7 months has returned to positive, and the demand for funds for developers in terms of operation may be relatively stable. **In terms of refinancing**, the next few years will be the peak of the debt repayment of developers, the demand for funds will increase, and the financing environment that has not been relaxed may lead to further differentiation among developers.



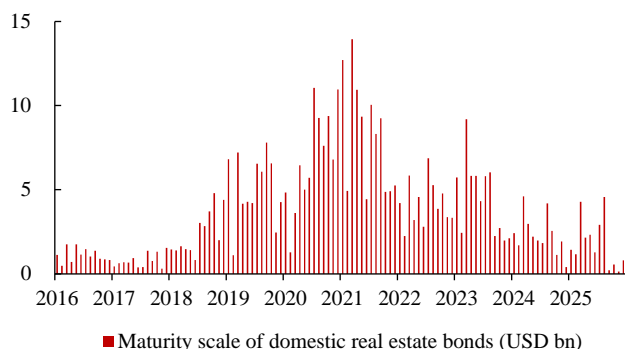
Table 2: The growth rate of landbank of developers of all sizes has slowed down in recent years

	Company	RIC	Data Scale	Landbank			
				2019(mn sqm)	2019YoY	2018YoY	2017YoY
Landbank > 100mn sqm	EverGrande	3333.HK	Total Planned GFA	293.0	-3.3%	-2.9%	36.2%
	Country Garden	2007.HK	Attributable GFA in Mainland China	258.6	7.4%	27.6%	50.7%
	Sunac	1918.HK	Secured landbank	234.0	41.0%	16.9%	94.8%
	Vanke	000002.SZ	Planned & Under Development GFA	156.5	4.7%	13.5%	22.7%
	Future Land	601155.SH	Total GFA	124.0	13.2%	62.5%	90.9%
Weighted Average Growth Rate					9.9%	14.7%	46.1%
Landbank 30-100mn sqm	CR Land	1109.HK	Total GFA	68.7	15.3%	21.6%	9.2%
	Longfor	0960.HK	Total GFA	68.1	2.7%	21.6%	31.6%
	COLI	0688.HK	Total GFA(exclude COGO)	65.2	-7.0%	10.0%	12.3%
	CIFI	0884.HK	Total GFA	50.7	23.1%	32.9%	77.1%
	Aoyuan	3883.HK	Total GFA	45.0	32.1%	37.1%	69.8%
	GreenTown	3900.HK	Total GFA	38.7	19.3%	7.1%	4.1%
	Sino-Ocean	3377.HK	Total GFA	37.2	-7.9%	18.6%	57.1%
	Logan	3380.HK	Total GFA	36.7	1.1%	32.2%	94.7%
	Risesun	002146.SZ	Total GFA	37.3	2.7%	3.9%	36.0%
	China SCE	1966.HK	Total Planned GFA	32.1	33.4%	54.5%	71.1%
	Hopsen	0754.HK	Saleable Area	31.1	6.5%	-0.4%	-2.7%
	Weighted Average Growth Rate				8.7%	19.0%	29.4%
Landbank <30mn sqm	PowerLong	1238.HK	Total GFA	29.7	40.2%	50.4%	6.8%
	Ronshine	3301.HK	Total GFA	27.0	6.1%	10.0%	117.9%
	Kaisa	1638.HK	Total GFA	26.8	11.7%	9.1%	3.3%
	COGO	0081.HK	Total GFA	24.0	12.5%	12.2%	7.2%
	YueXiu	0123.HK	Total GFA	23.9	23.0%	19.3%	11.3%
	Times	1233.HK	Total GFA	23.0	24.7%	9.5%	28.5%
	Yuzhou	1628.HK	Saleable GFA	20.1	15.8%	46.7%	24.2%
	Fantasia	1777.HK	Secured landbank	16.6	10.1%	14.8%	64.9%
	SZI	0604.HK	Total Planned GFA	4.4	-30.3%	-0.2%	-20.0%
Weighted Average Growth Rate					16.0%	18.2%	23.0%
Overall Weighted Average Growth Rate					10.1%	16.3%	38.4%

Source: Company announcements, CWSI Research; note: we divided developers into three echelons based on landbank as of end-2019, and the weighted average growth rate of the echelon is defined as the change in total landbank of each echelon

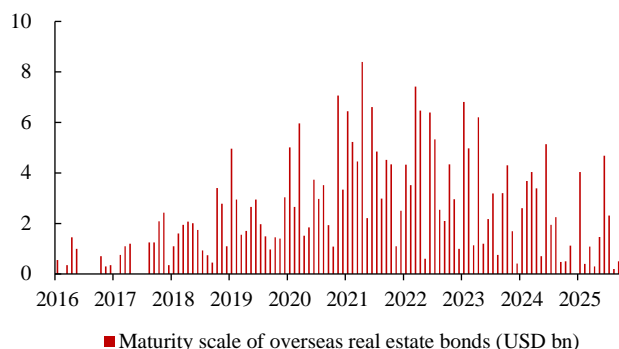


Chart 6: The peak of domestic real estate debt repayment is approaching



Source: Bloomberg, CWSI Research

Chart 7: Peak of overseas real estate debt repayment will come in 2021-2022



Source: Bloomberg, CWSI Research

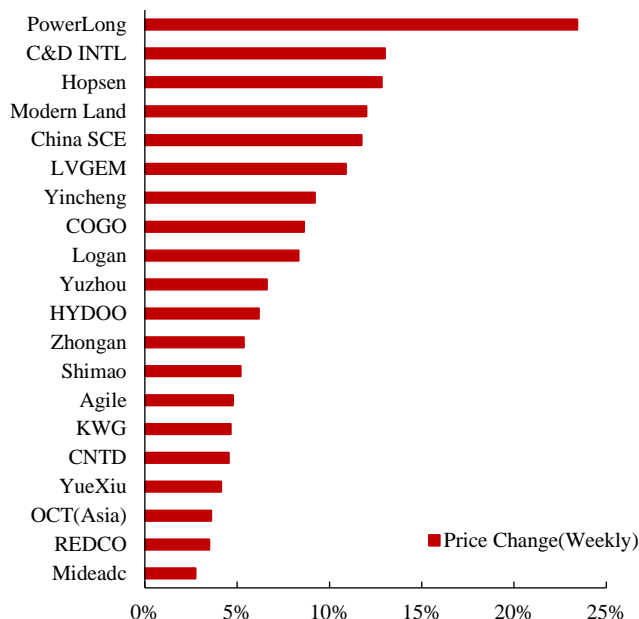
The financing rules are intended to stabilize expectations and promote the healthy development of the industry, developers with good sales and financial stability may be less affected. The relatively stable monetary policy, the unrelaxed industry tone and the coming debt repayment peak may jointly drive the liquidity and leverage performance among developers to continue to diverge. On August 20, the Ministry of Housing and Urban-Rural Development and the People's Bank of China held a symposium on key developers. The meeting affirmed the results of the previous regulation and control of relevant departments and localities, pointed out that "the real estate market has maintained a stable and healthy development", and stated that "the capital monitoring and financing management rules of key developers have been formed", and market-oriented, regularized and transparent financing rules are intended to stabilize the financial policy expectations of developers and promote the sustained, stable and healthy development of the real estate industry. In this environment, companies with good sales and sound financial conditions may be relatively less affected.

2. Sector Performance

2.1 Performance of developer sector

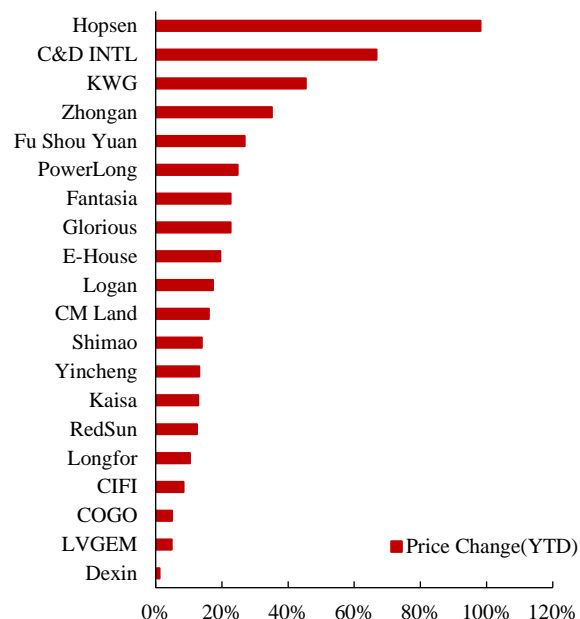
This week, PowerLong, C&D INTL and Hopsen had larger price increase than peers.
Hopsen, C&D INTL and KWG had better share price performance, YTD.

Chart 8: This week, PowerLong, C&D INTL and Hopsen had larger price increase than peers



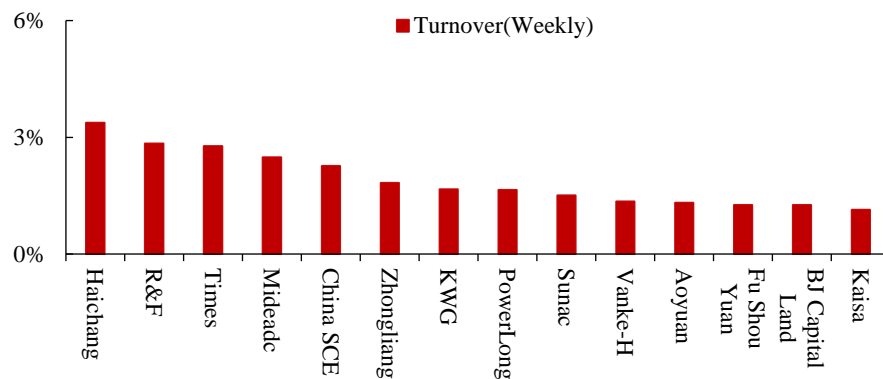
Source: Wind, CWSI Research

Chart 9: Hopsen, C&D INTL and KWG had better share price performance, YTD



Source: Wind, CWSI Research

Chart 10: Haichang, R&F and Times were most actively traded this week

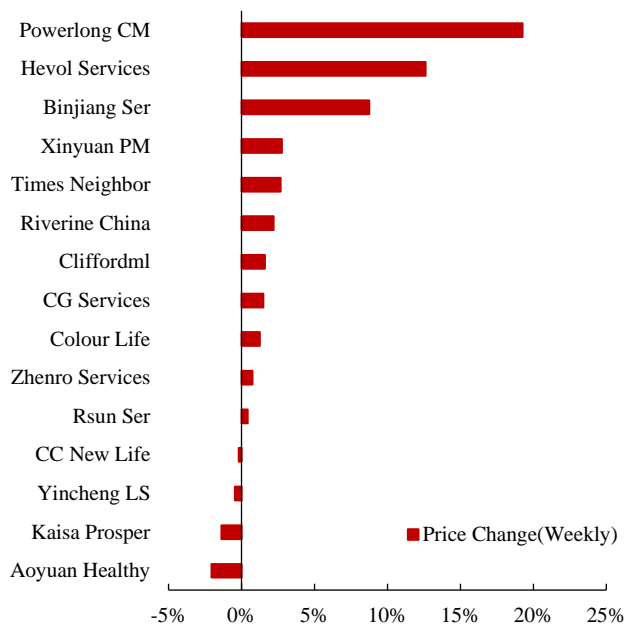


Source: Wind, CWSI Research

2.2 Performance of property service sector

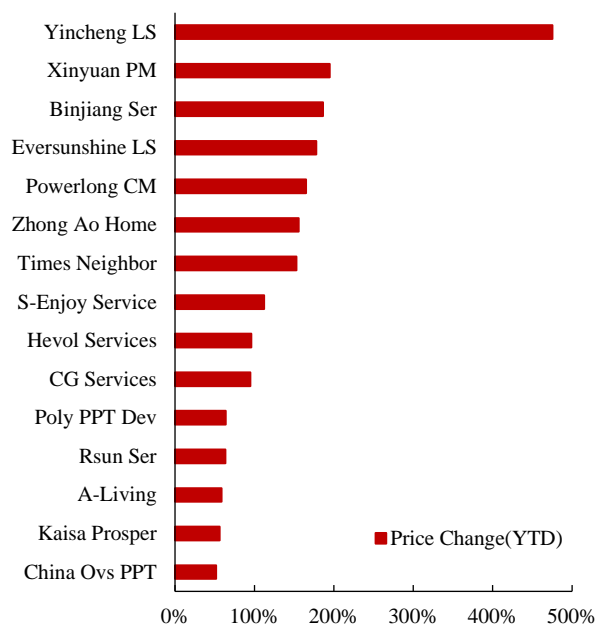
This week, Powerlong CM, Hevol Services, and Binjiang Ser had larger price increase than peers. Yincheng LS, Xinyuan PM and Binjiang Ser had better share price performance YTD.

Chart 11: This week, Powerlong CM, Hevol Services, and Binjiang Ser had larger price increase than peers



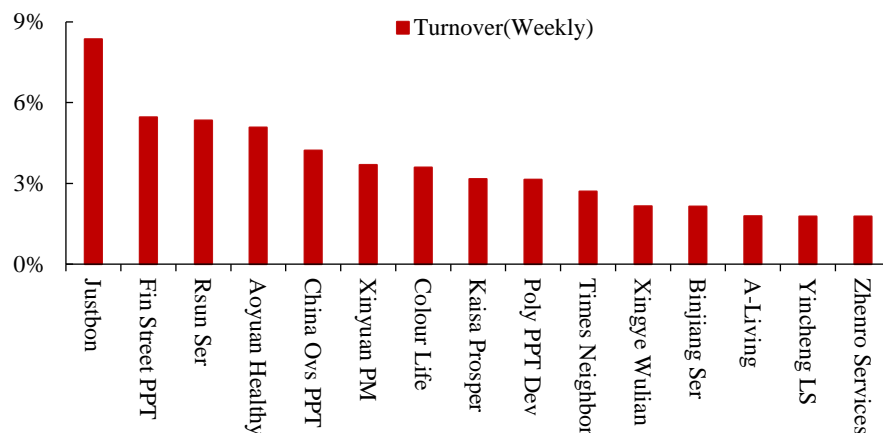
Source: Wind, CWSI Research

Chart 12: Yincheng LS, Xinyuan PM and Binjiang Ser had better share price performance YTD



Source: Wind, CWSI Research

Chart 13: Justbon, Fin Street PPT, Rsun Ser were most actively traded this week



Source: Wind, CWSI Research



3. Major cities transaction performance

3.1 New house transaction data

Table 3: Major cities new house transactions volume decreased WoW 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	221,160	31%	94%	780	28%	39%		550	31%	60%		3,852	-17%	
Shanghai	382,500	40%	48%	1,381	16%	38%		905	17%	33%		7,388	-16%	
Guangzhou	265,498	24%	66%	1,049	7%	41%		687	17%	50%		5,240	-8%	
Shenzhen	92,593	-2%	60%	383	18%	25%		299	24%	49%		2,297	1%	
Tier 1	961,751	28%	63%	3,593	16%	37%		2,441	21%	45%		18,778	-12%	
Tier 2	2,724,091	-6%	29%	12,107	-14%	19%		8,654	-8%	24%		72,055	-2%	
Tier 3	2,165,767	-11%	3%	10,669	-12%	12%		7,270	1%	18%		66,540	-10%	
Beijing	221,160	31%	94%	780	28%	39%		550	31%	60%		3,852	-17%	
Qingdao	346,263	11%	28%	1,472	-13%	29%		956	-12%	25%		9,093	9%	
Dongying	193,691	-16%	838%	811	104%	627%		579	111%	807%		2,864	167%	
PBR	761,114	7%	88%	3,063	14%	69%		2,084	17%	78%		15,810	13%	
Shanghai	382,500	40%	48%	1,381	16%	38%		905	17%	33%		7,388	-16%	
Nanjing	211,230	25%	46%	939	-3%	66%		715	-10%	74%		5,899	28%	
Hangzhou	68,727	-75%	-56%	632	-45%	-3%		524	-29%	23%		5,587	17%	
Suzhou	172,741	-3%	4%	806	-54%	13%		542	-1%	0%		7,193	11%	
Wuxi	176,200	121%	51%	640	9%	-13%		464	2%	-1%		3,589	-21%	
Yangzhou	63,507	-4%	68%	260	-8%	61%		219	-9%	54%		1,457	-6%	
Jiangyin	45,014	-14%	19%	190	-46%	-20%		129	-28%	-7%		1,703	-10%	
Wenzhou	209,726	4%	-8%	919	-51%	-12%		592	1%	-10%		7,308	-8%	
Jinhua	37,213	-23%	31%	225	-45%	64%		141	-54%	76%		1,473	21%	
Changzhou	49,876	-17%	-39%	285	-22%	7%		176	-18%	24%		1,921	-46%	
Huaian	72,350	-39%	-17%	431	-2%	-1%		307	6%	3%		2,783	-13%	
Lianyungang	129,570	5%	-9%	611	-16%	3%		413	-20%	1%		3,885	0%	
Shaoxing	44,019	-58%	-4%	235	-18%	26%		203	-11%	102%		1,606	5%	
Zhenjiang	145,139	3%	-14%	503	-14%	-25%		400	10%	-8%		3,579	-26%	
Jiaxing	30,209	-64%	-19%	391	-25%	86%		299	6%	185%		1,971	10%	
Wuhu	59,163	34%	27%	243	13%	5%		158	13%	9%		1,231	-2%	
Yancheng	122,602	36%	141%	409	329%	35%		336	309%	76%		2,137	-7%	
Zhoushan	20,125	29%	-17%	92	-34%	1%		51	-41%	-8%		825	9%	
Chizhou	18,804	-10%	-10%	85	8%	-22%		52	0%	-16%		556	-35%	
Ningbo	285,631	58%	90%	876	-24%	12%		719	-12%	28%		4,923	-3%	
YRD	2,344,347	1%	15%	10,150	-23%	11%		7,346	-4%	21%		67,015	-5%	
Guangzhou	265,498	24%	66%	1,049	7%	41%		687	17%	50%		5,240	-8%	
Shenzhen	92,593	-2%	60%	383	18%	25%		299	24%	49%		2,297	1%	
Fuzhou	71,526	33%	53%	251	38%	10%		169	3%	7%		1,309	-22%	
Dongguan	176,105	-13%	39%	863	1%	79%		526	15%	64%		3,820	20%	
Quanzhou	35,756	-37%	-32%	283	-6%	4%		187	-20%	7%		1,580	-30%	
Putian	49,722	67%	57%	135	-17%	-16%		97	20%	12%		980	-26%	
Huizhou	74,365	-3%	41%	462	16%	83%		372	101%	119%		1,793	6%	
Shaoguan	20,475	-33%	-41%	132	-19%	-11%		80	-30%	-27%		1,053	7%	
Foshan	279,150	20%	16%	1,129	-9%	10%		739	7%	14%		7,204	-19%	
Jiangmen	20,732	-28%	-11%	127	-11%	-9%		75	-15%	-11%		794	14%	
Zhaoqing	43,901	-7%	-34%	249	2%	14%		165	-1%	7%		1,454	8%	
PRD & Southern China	1,129,823	6%	26%	5,061	1%	27%		3,395	13%	33%		27,525	-9%	
Changchun	0	-100%	-100%	697	-20%	-19%		340	-39%	-42%		4,752	-27%	



Taian	69,007	48%	54%	233	-11%	-4%	166	-15%	2%	1,359	-16%
Northern China	69,007	-61%	-71%	930	-18%	-16%	507	-33%	-32%	6,111	-25%
Wuhan	476,174	-1%	8%	2,113	-7%	-4%	1,398	-17%	-4%	8,862	-34%
Yueyang	45,340	0%	0%	249	-29%	58%	147	-45%	32%	1,450	22%
Ganzhou	168,812	-22%	1%	807	19%	2%	574	8%	11%	5,045	-9%
Central China	690,326	-7%	5%	3,169	-4%	0%	2,120	-14%	2%	15,357	-24%
Chengdu	501,977	-27%	52%	2,259	14%	43%	1,816	15%	67%	13,813	12%
Liuzhou	117,499	52%	17%	479	-11%	0%	274	17%	-13%	3,776	0%
Nanning	237,517	-10%	45%	1,257	-13%	19%	824	-23%	6%	7,968	-11%
Western China	856,993	-16%	44%	3,995	1%	28%	2,914	1%	34%	25,557	2%
Total	5,851,609	-3%	22%	26,369	-10%	18%	18,366	-1%	24%	157,373	-7%
Num. of cities Up		18	26		15	29		21	31		19
Num. of cities Down		23	15		27	13		21	11		23

Source: Local governments, CWSI Research; Note: Till 2020/8/21



Table 4: Major cities inventory period was 11.2 months this week

City	Inventory (sqm 000)	wow	yoy	Inventory period	Last week	wow	yoy
Beijing	12,044	-2%	38%	15.4	17.5	-12%	0%
Shanghai	7,440	5%	-5%	5.4	5.5	-3%	-31%
Guangzhou	8,213	0%	6%	7.8	8.2	-4%	-25%
Shenzhen	1,953	11%	-8%	5.1	5.0	2%	-27%
Tier 1 Average		4%	8%	8.4	9.0	-4%	-21%
Hangzhou	3,434	-1%	45%	5.4	4.9	10%	49%
Nanjing	6,094	8%	31%	6.5	6.1	6%	-21%
Suzhou	6,713	1%	40%	8.3	8.4	-1%	25%
Fuzhou	6,306	0%	84%	25.2	28.7	-12%	67%
Jiangyin	4,434	2%	12%	23.3	19.1	22%	41%
Wenzhou	11,215	0%	24%	12.2	12.7	-4%	41%
Quanzhou	7,038	0%	7%	24.9	19.3	29%	2%
Ningbo	2,783	-8%	10%	3.2	4.0	-20%	-2%
Dongying	1,759	0%	11%	2.2	2.5	-13%	-85%
Overall Average		1%	23%	11.2	10.9	0.1%	3%

Source: Local governments, CWSI Research; Note: Till 2020/8/21; Average WoW and average YoY are defined as average change of each city

3.2 Second-hand house transaction and price data

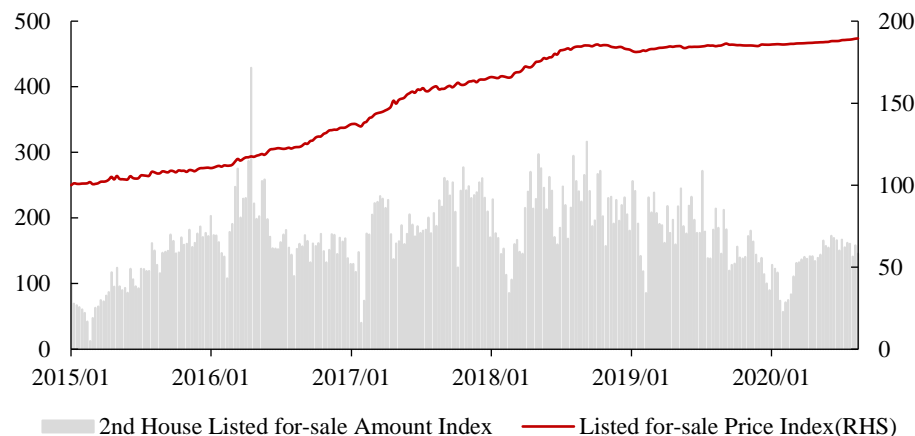
Table 5: Major cities Second-hand house transaction volume, Jinhua rose significantly YTD

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	344,403	8%	45%	1,483	8%	36%	972	4%	39%	8,361	4%
Shenzhen	235,681	-10%	84%	1,110	24%	102%	733	14%	93%	5,528	58%
Hangzhou	85,908	-41%	-6%	581	-3%	31%	369	-9%	29%	3,510	7%
Nanjing	266,612	6%	35%	1,150	6%	42%	764	-7%	40%	6,092	43%
Chengdu	93,148	-11%	-49%	424	-13%	-48%	302	-14%	-46%	3,262	-54%
Qingdao	141,095	6%	49%	581	-1%	39%	397	-3%	38%	3,315	16%
Wuxi	161,814	0%	4%	643	-1%	2%	456	-5%	8%	3,986	5%
Suzhou	136,113	-4%	-35%	608	3%	-31%	407	-5%	-37%	3,656	-48%
Xiamen	94,113	6%	61%	386	3%	42%	262	-4%	54%	2,124	-19%
Yangzhou	19,419	-27%	-16%	108	2%	10%	72	-2%	15%	661	-6%
Yueyang	15,705	-7%	-15%	79	8%	8%	51	-3%	2%	414	-13%
Nanning	58,080	-18%	-34%	295	6%	-29%	198	3%	-23%	1,641	-13%
Foshan	180,574	2%	77%	740	12%	62%	530	7%	71%	3,568	-9%
Jinhua	35,385	-24%	14%	226	-22%	67%	143	-40%	57%	1,652	75%
Jiangmen	16,267	-24%	26%	89	-3%	-15%	59	-15%	-11%	503	-22%
Total	1,884,318	-4%	16%	8,501	5%	18%	5,715	-3%	18%	48,270	-5%
Num. of cities Up		5	9		9	11		4	11		7
Num. of cities Down		10	6		6	4		11	4		8

Source: Local governments, CWSI Research; Note: Till 2020/8/21

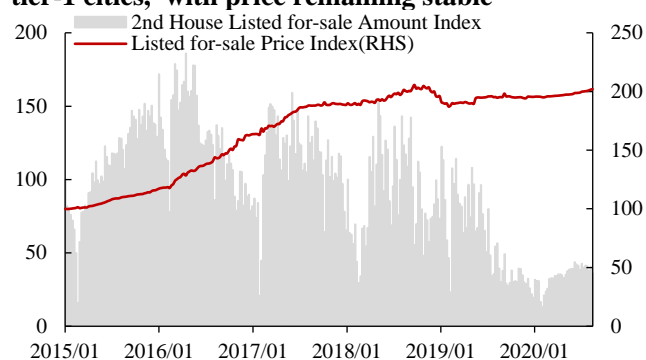


Chart 14: 2nd house listed for-sale price index rose slightly recently



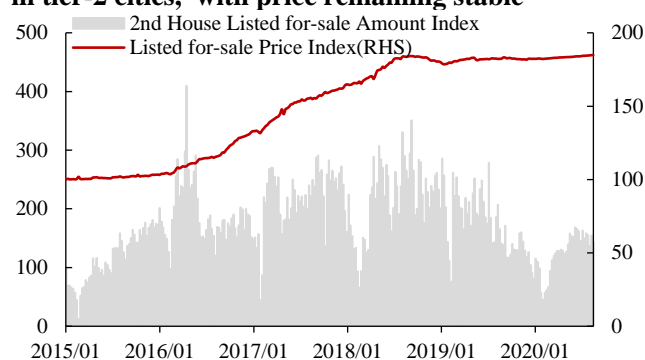
Source: Local Government, CWSI Research; Note: Till 2020/8/16

Chart 15: 2nd house listed for-sale amount index rose in tier-1 cities, with price remaining stable



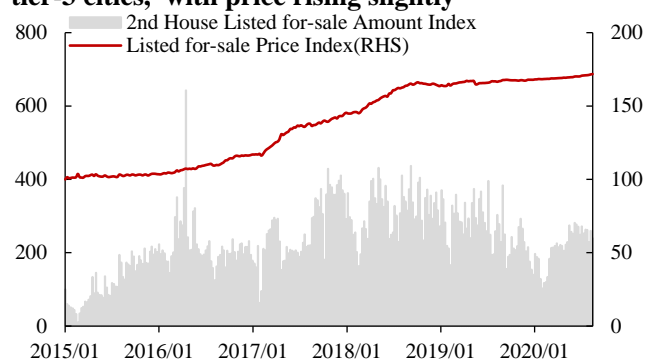
Source: Local Government, CWSI Research; Note: Till 2020/8/16

Chart 16: 2nd house listed for sale amount index rose in tier-2 cities, with price remaining stable



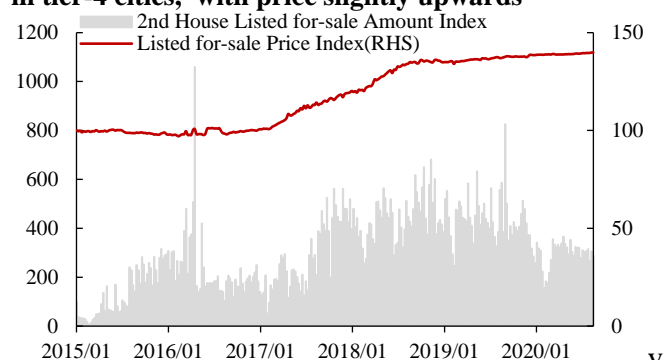
Source: Local Government, CWSI Research; Note: Till 2020/8/16

Chart 17: 2nd house listed for-sale amount index rose in tier-3 cities, with price rising slightly



Source: Local Government, CWSI Research; Note: Till 2020/8/16

Chart 18: 2nd house listed for-sale amount index rose in tier-4 cities, with price slightly upwards



Source: Local Government, CWSI Research; Note: Till 2020/8/16

4. Important Policies and News

4.1 Important Industry Policies News This Week

Table 6: Important Industry Policies News This Week: Jiangsu has made arrangements for the classification and regulation of residential land supply in 2020, focusing on strengthening the monitoring, evaluation and assessment of residential land supply in Nanjing, Wuxi and Suzhou

Date	Region / Institution	Summary
2020-08-18	Jinan	Optimize the speed-up business process, and realize the “certificate is issued upon delivery” of newly-built commercial housing through the “full chain” of one network, and improve the efficiency of newly-built commercial housing.
2020-08-18	Hefei	Commercial (office), industrial (factory, warehousing), scientific research and education and other non-residential houses that have been built and have no expropriation plan within 2 years can be converted into rental housing.
2020-08-18	Nanjing	Issued the land transfer announcement No. 09 of 2020, clearly pointing out that after the housing plot reaches the maximum price limit, it will no longer compete for the area of talented housing. Instead, the bidder will be determined through on-site lottery, while strict development qualification requirements and higher bidding funding requirements, strictly review the bidding funds and limit the number of bidding land.
2020-08-18	Hainan	To purchase a new owner-occupied house, the maximum loan amount is RMB 1 mn for families where both the borrower and his wife have paid the housing provident fund in Hainan Province; the maximum loan amount is RMB 700,000 for the borrower who only unilaterally pays in Hainan Province. To purchase second-hand owner-occupied houses, the borrower's husband and wife both pay the housing provident fund in Hainan Province, the maximum loan amount is RMB 700,000; the borrower only unilaterally pays in Hainan Province, the maximum loan amount is RMB 400,000. For borrowers who purchase second-hand owner-occupied houses and apply for housing provident fund loans, the minimum down payment ratio is 40%.
2020-08-19	Jiangsu	The Department of Natural Resources of Jiangsu Province has made arrangements for the classification and regulation of residential land supply in 2020, focusing on strengthening the monitoring, evaluation and assessment of residential land supply in Nanjing, Wuxi and Suzhou.
2020-08-20	Central Bank	On August 20, 2020, the loan market quoted interest rate (LPR) is: 1-year LPR is 3.85%, and LPR over 5-year is 4.65%, both of which are the same as the previous time.
2020-08-20	Yangtze River Delta	Shanghai, Jiangsu, Zhejiang and Anhui jointly signed the "Yangtze River Delta Housing Provident Fund Integration Strategic Cooperation Framework Agreement" in Shanghai, and announced the first batch of integrated practical projects, including the Yangtze River Delta provident fund loan payment and use certification project, withdrawal of abnormal warning items for house purchase in the Yangtze River Delta, etc.

Source: Wind, Government website, CWSI Research

4.2 Key 2020H1 results announced this week

Table 7: Key 2020H1 results announced this week

Company	RIC	Revenue		Core Profit	
		(RMB bn)	YoY	(RMB bn)	YoY
Property Development					
Tahoe	000732.SZ	2.5	-83%	-1.0	-191%
Aoyuan	3883.HK	28.2	19%	2.5	21%
Huafa Industrial Share	600325.SH	22.9	61%	1.4	10%
Sino-Ocean	3377.HK	19.4	18%	1.1	6%
Times	1233.HK	14.9	-6%	1.6	1%
PowerLong	1238.HK	17.2	40%	1.8	44%
SMC	600823.SH	9.2	-29%	1.0	-25%
China SCE	1966.HK	15.1	45%	1.8	19%
OCT HOLDING	000069.SZ	17.1	-3%	2.0	-21%
Yango	000671.SZ	24.1	7%	1.8	38%
Logan	3380.HK	31.0	15%	5.3	18%
Hopsen	0754.HK	10.7	49%	4.3	179%
Agile	3383.HK	33.5	24%	5.3	33%
Future Land	601155.SH	37.7	121%	2.7	34%
Property Management				Net profit attributable to parent	
Aoyuan Healthy	3662.HK	0.5	40%	0.1	23%
Justbon	2606.HK	1.2	25%	0.2	31%
Powerlong CM	9909.HK	0.9	16%	0.1	66%
Colour Life	1778.HK	1.8	-2%	0.2	10%
A-Living	3319.HK	4.0	79%	0.8	40%
COPM	2669.HK	2.9	18%	0.3	12%
Yincheng LS	1922.HK	0.4	39%	0.0	182%
Kaisa Prosper	2168.HK	0.7	33%	0.1	31%

Source: Wind, company announcements, CWSI Research; Hopsen and COPM by HKD

4.3 Company news and announcements

Table 8: Company news and announcements: Eversunshine LS was selected by several Indexes

Date	Company	Summary
2020-08-17	Eversunshine LS	The company was selected by the Hang Seng Index Co., Ltd. as a constituent stock of the Hang Seng Composite Index, Hang Seng Southbound Stock Connect Index, Hang Seng Southbound Stock Connect Small and Medium Cap Index, Hang Seng Southbound Stock Connect Small Cap Index, Hang Seng Southbound Stock Connect Mainland China Company Index, and Hang Seng Southbound Stock Connect Non-AH Share Company Index.
2020-08-18	Shui On	A wholly-owned subsidiary issued USD 500 mn 6.15% senior notes due 2024.
2020-08-19	Binjiang	Issued no more than RMB 600 mn 3.20%~4.70% 3-years corporate bonds.
2020-08-19	CIFI	Issued of RMB 1.2 bn 5.85% senior notes due 2023.
2020-08-21	China Ovs PPT	A wholly-owned subsidiary acquired a property located in Jiangbei District, Chongqing for RMB 12.45 mn, with a total GFA of c. 1537 sqm.

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.



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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:

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