



This Week in China

Each with merits: comparison of PM to be listed

Topic of the week:

How are 8 property management companies to be listed operating? What caused the differences?

Related developers, brand positioning and diversified business development have led to significant differences in the income scale and income structure. Sunac Ser, Shimao Ser and Jinke Smart Ser had higher revenue in 2019, reaching RMB 2.83 bn, 2.49 bn and 2.33 bn respectively. In terms of property management services, relying on **large-scale related developers and excellent external expansion capabilities**, Jinke Smart Ser, Shimao Ser and Sunac Ser have the largest GFA under management, reaching 120 mn sqm, 68 mn sqm and 53 mn sqm respectively as of end-2019. **Types of properties under management and brand positioning have brought about differences in property fees:** In terms of types of management, the management type of KPM Living's commercial segment is mainly shopping malls, and 52.3% of GFA under management by Excellence CP&FM are high-end commercial properties, so their property management fees are higher, reaching RMB 19.9 and 14.5/month/sqm respectively in 2019; in terms of brand positioning, the top 4 residential property fees in 2019 are KWG Living, Sunac Ser, Excellence CP&FM and Shimao Ser, and ASP of their related developers in 2019 are also the top 4 among the 8 developers. **In terms of diversified businesses**, wide business range and different business segmentation standards have brought about differences in revenue composition of each company. In 2019, property management income of First Ser and Sunac Ser accounted for a relatively small proportion of 43.7% and 40.6%, respectively.

Property management capabilities, diversified business profitability and income contribution, expense control, etc. have led to differences in GPM and NPM. In 2019, KWG Living, First Ser, and Shimao Ser had higher overall GPM, reaching 37.3%, 34.8%, and 33.7% respectively; KWG Living, Jinke Smart Ser and Shimao Ser had outstanding NPM, reaching 16.4%, 16.1% and 15.4%. **In terms of property management services**, the GPM of Shimao Ser, First Ser and Jiayuan Ser are relatively high, reaching 29.0%, 26.8% and 22.9% respectively in 2019, which to a certain extent reflects strong management and profitability. **In terms of diversified businesses**, services cover a wide range of services, and there are differences in the profitability and revenue contribution ratio of each business, which together lead to differences in the overall profitability of each company. **In terms of expense ratios**, the performance in expense management and control has also diverged. In 2019, the three fees of Excellence CP&FM, Jiayuan Ser, and Jinke Smart Ser accounted for a relatively low proportion of about 6.8%, 8.1% and 10.1% respectively. Relatively low expense ratio provided support for NPM.

Data points:

As of Aug 14th, new house transaction area in 42 major cities this week decreased 11% WoW, and cumulative transaction area in 2020 fell by 8% YoY.

As of Aug 14th, saleable area (inventory) in 13 major cities this week decreased 1% WoW; average inventory period was 11.0 months, average change was -1%.

As of Aug 14th, second-hand housing transactions in 15 major cities this week increased 2% WoW, and cumulative transaction area in 2020 fell 6% YoY.

Suggestion:

This week, the cumulative YoY decline of new house and second-hand housing transactions in the key observation cities continued to pick up, the fundamentals of the industry maintained a steady recovery trend. In terms of policies, Guangzhou will establish a system for accumulating accumulative Hukou registration points in cities in the Yangtze River Delta and the Pearl River Delta, which may accelerate population flow and provide certain support for industry needs. Maintain "Overweight" rating.

Overweight

(Maintain)

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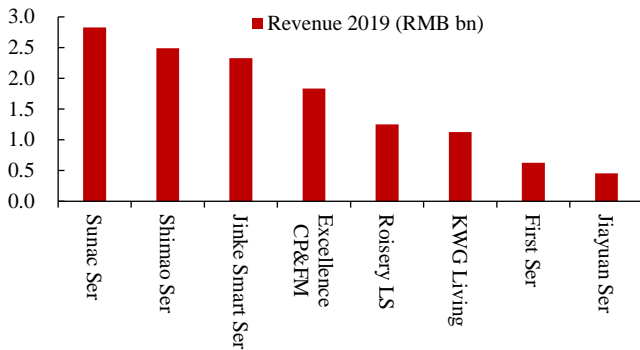
1. Each with merits: comparison of PM to be listed

Recently, many developers have spun off their property management business for listing. We will sort out and compare the operating conditions of multiple property management companies currently to be listed in terms of management scale, property management fee prices, business distribution, profitability, and expense control, etc. The objects include Sunac Ser, Shimao Ser, Jinke Smart Ser, Roisery LS, Jiayuan Ser, Excellence CP&FM, KWG Living and First Ser.

1.1 Revenue: Differences in scale and structure

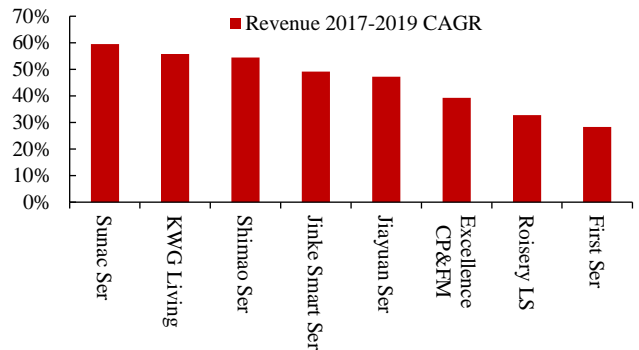
The income scale and structure of property management companies to be listed vary significantly. From 2017 to 2019, among property management companies to be listed, Sunac Ser, KWG Living and Shimao Ser had fastest compound growth in revenue, with 2017-2019 CAGR of 59.5%, 55.8% and 54.5%, respectively. In terms of revenue scale, among the property management companies to be listed, Sunac Ser, Shimao Ser and Jinke Smart Ser had the highest revenues in 2019, reaching RMB 2.83 bn, 2.49 bn and 2.33 bn respectively. Different from the development industry where property sales contribute most of the income, the income sources of the property management industry are relatively diversified, so the income structure of each company also shows certain differences. We will compare the companies in terms of basic property management services and diversified businesses.

Chart 1: Sunac Ser, Shimao Ser, and Jinke Smart Ser ranked top in revenue in 2019



Source: Application proofs, CWSI Research

Chart 2: Revenue of Sunac Ser, KWG Living, and Shimao Ser has a high CAGR from 2017 to 2019



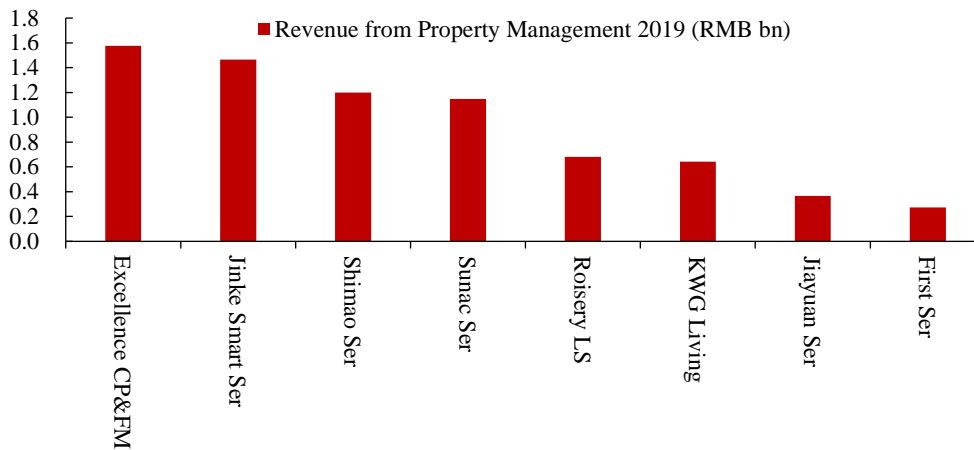
Source: Application proofs, CWSI Research



1.1.1 Basic property management services: GFA under management and property management fees together lead to differences

The income scale and growth rate of basic property management services show differences. In 2019, among the property management companies to be listed, the property management service income of Excellence CP&FM, Jinke Smart Ser and Shimao Ser is relatively large, reaching RMB 1.58 bn yuan, 1.47 bn yuan and 1.2 bn respectively. The income of basic property management services comes from the scale of GFA under management and property management fee, so we will compare GFA under management and property management fees of each company.

Chart 3: Excellence CP&FM, Jinke Smart Ser and Shimao Ser had relatively large property management service revenue in 2019



Source: Application proofs, CWSI Research

Currently, the scale of management of property management companies to be listed varies greatly. In terms of management scale, as of end-2019, among the property management companies currently to be listed, Jinke Smart Ser, Shimao Ser and Sunac Ser have the largest GFA under management, reaching 120 mn sqm, 68 mn sqm and 53 mn sqm respectively, which are also competitive among the listed property management companies. As of end-2019, the ratio of the contracted GFA to GFA under management of the 8 property management companies to be listed were all greater than 1.4, Sunac Ser, Jinke Smart Ser and First Ser reached 3.0, 2.1 and 1.9, respectively, providing certain support for the increase in the scale of management in recent years. On the whole, the 8 property management companies to be listed have large differences in the scale of management, and the growth rate of GFA under management and contract area also shows a certain difference.

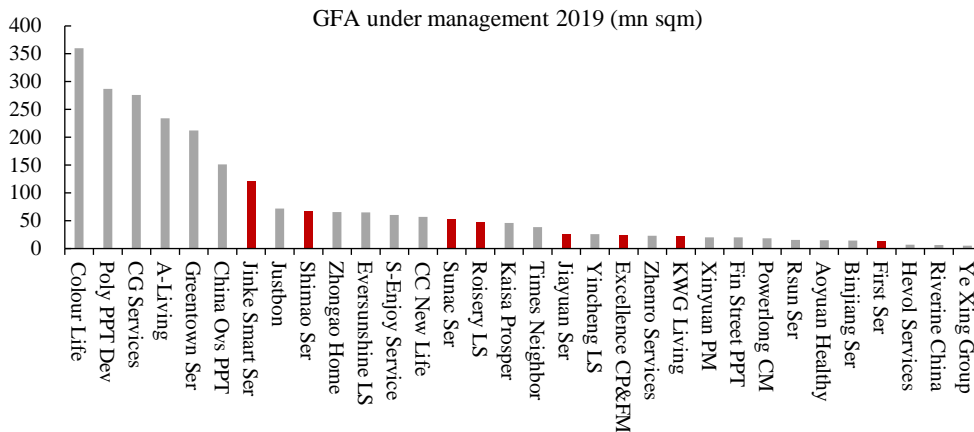


Table 1: Jinke Smart Ser, Shimao Ser, Sunac Ser have a larger GFA under management as of end-2019

Company	GFA under management (mn sqm)		Contracted GFA (mn sqm)		Contracted GFA / GFA under
	2019	YoY	2019	YoY	
Jinke Smart Ser	121	34.3%	249	31.0%	2.1
Shimao Ser	68	51.6%	101	67.0%	1.5
Sunac Ser	53	85.5%	158	62.8%	3.0
Roisery LS	48	22.0%	76	22.8%	1.6
Jiayuan Ser	26	36.1%	39	18.0%	1.5
Excellence CP&FM	24	61.7%	33	64.6%	1.4
KWG Living	22	56.6%	34	37.1%	1.6
First Ser	14	27.5%	26	44.2%	1.9

Source: Application proofs, CWSI Research; Note: KWG Living contains GFA under management in both commercial and residential business sectors

Chart 4: GFA under management of some property management companies to be listed in 2019 has certain advantages among mainstream listed property management companies



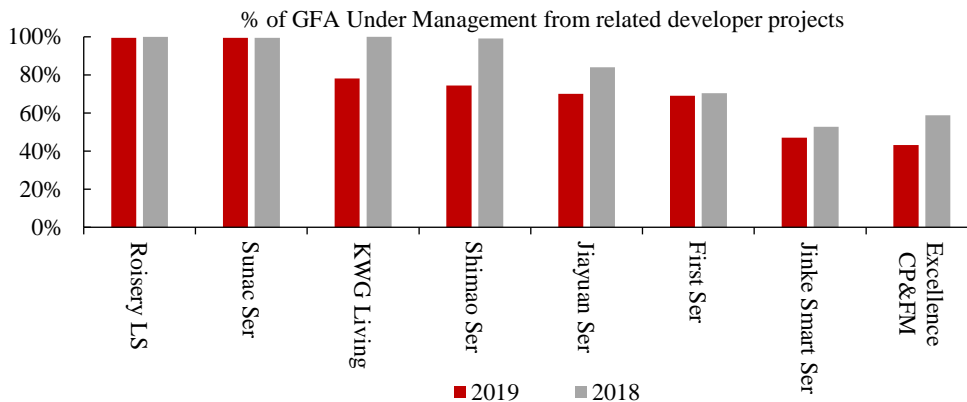
Source: Application proofs, company announcements, CWSI Research; Note: A-Living does not contain GFA of Zhongmin Property and New Zhongmin Property; KWG Living and Powerlong CM contain GFA under management in both commercial and residential business sectors

Source 1 of the difference in the scale of management: the difference in the scale of related developers. At present, in the GFA under management of property management companies to be listed, the proportion of projects from related developers has declined, but it is still an important part of the source of GFA under management. It is worth noting that when Roisery LS, Jiayuan Ser, First Ser, Jinke Smart Ser, and Excellence CP&FM disclose the source of GFA under management, they **did not include the joint venture projects of related developers as sourced from related developers.** Therefore, **the actual GFA under management of the above-mentioned**



companies related to related developers may be higher than the disclosed value. As of end-2019, among the property management companies to be listed, Roisery LS, Sunac Ser, KWG Living and Shimao Ser have a higher degree of dependence on related developers, with their GFA under management, projects derived from related developers amount to 99.5%, 99.4%, 78.0% and 74.5%, respectively. **On the whole, most property management companies to be listed have a relatively high percentage of GFA under management sourced from related developers.**

Chart 5: Most property management companies to be listed have a relatively high percentage of GFA under management sourced from related developers



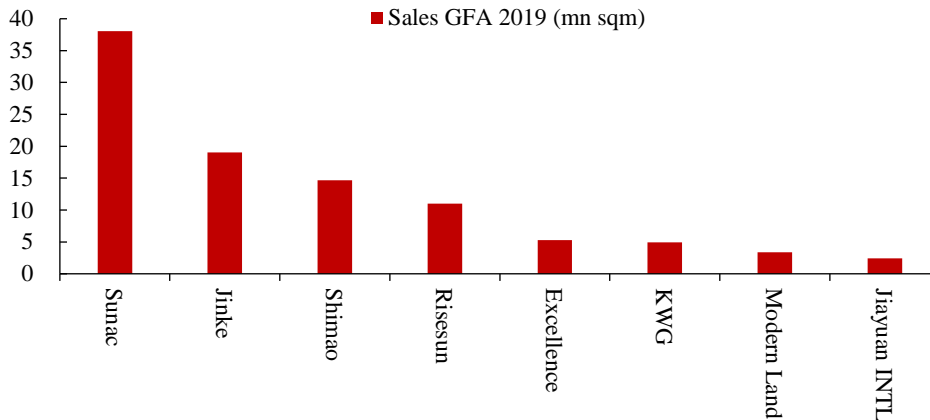
Source: Application proofs, CWSI Research

The support of related developers for the area under management of the property management company is reflected in the current scale of GFA under management and the future growth rate of GFA under management.

In terms of current management scale, among property management companies to be listed, the three largest in terms of GFA under management and contract GFA are Jinke Smart Ser, Shimao Ser and Sunac Ser. The above three companies are also the three companies with the largest related developers. As of end-2019, the sales GFA and land bank area of Sunac, Jinke and Shimao were among the top three related developers of property companies to be listed. **Related developers with larger sales GFA and land reserves can provide strong support to the scale of the property management company's GFA under management.**



Chart 6: Sunac, Jinke, Shimao ranked top among related developers in sales GFA in 2019



Source: Company announcements, CRIC, CWSI Research; Note: due to the availability of data, sales GFA of Sunac and Excellence are based on CRIC, and the rest are based on company announcements

Table 2: Sunac, Jinke, Shimao have larger land reserves as of end-2019

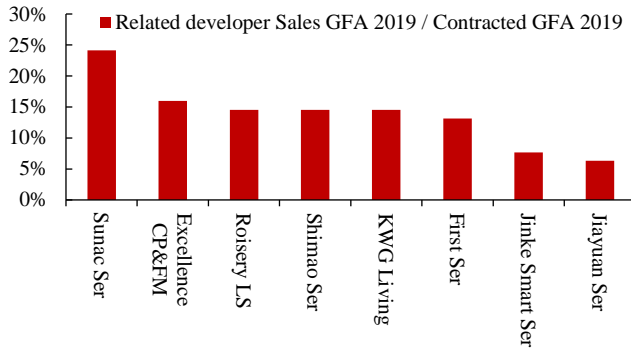
Company	Data Scale	Landbank as of end-2019 (mn sqm)
Sunac	Total GFA	234.00
Shimao	Total GFA	76.79
Jinke	Saleable GFA	67.00
Risesun	GFA	37.27
Jiayuan INTL	Total GFA	13.85
Modern Land	Unsold GFA	11.93

Source: Company announcements, CWSI Research

In terms of the future growth of GFA under management, the support of related developers can be divided into two situations: **1) The scale of property management companies under management is far smaller than the sales scale of related developers:** assume that all sales GFA of related developers can be converted after delivery to the property management company's GFA under management, the sales of Sunac in 2019 can increase the contract area of Sunac Ser by 24.1% from end-2019; the ratio of the contract area of Sunac Ser as of end-2019 to the GFA under management has reached about 3.0, which can guarantee the growth of GFA under management in the next few years. **2) High growth rate of sales GFA of related developers:** Take Excellence CP&FM as an example, although its scale of GFA under management is small, the sales GFA growth rate of its related developer, Excellence, is the highest among the related developers of companies to be listed, may provide certain support for the future growth of its GFA under management from related developers.

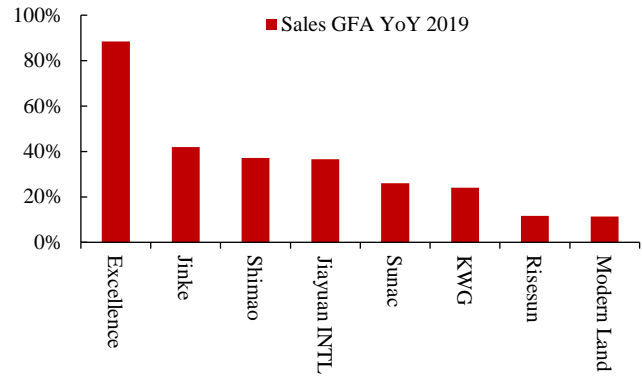


Chart 7: Sunac Ser's contracted area as of end-2019 is far smaller than Sunac's sales GFA in 2019



Source: Application proofs, company announcements, CRIC, CWSI Research; Note: due to the availability of data, sales GFA of Sunac and Excellence are based on CRIC, and the rest are based on company announcements

Chart 8: Excellence, Jinke, Shimao's sales GFA grew faster in 2019



Source: Application proofs, company announcements, CRIC, CWSI Research; Note: due to the availability of data, sales GFA of Sunac and Excellence are based on CRIC, and the rest are based on company announcements

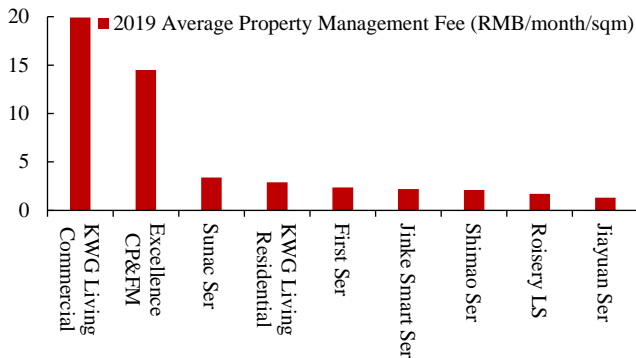
Source 2 of the difference in the scale of management: external expansion experience and ability differences. Jinke Smart Ser and Excellence CP&FM originated have less than 50% of GFA under management sourced from related developers. Excellent outreach experience and capabilities have brought them advantages in market competition. **Jinke Smart Ser has achieved strong expansion by virtue of its more standardized service system and better customer satisfaction than peers.** According to data from the CIA, the satisfaction of customers of Jinke Smart Ser from 2012 to 2019 was higher than 90%, and reached 91.05% in 2019, which has a comparative advantage over the industry average of 70%-76%. From 2017 to 2019, Jinke Smart Ser's GFA under management sourced from third party reached c. 20.9 mn sqm, 42.5 mn sqm, and 63.8 mn sqm, respectively, its proportion in total GFA under management continued to increase, reaching 33.4%, 47.3%, and 52.9%, respectively. **Relying on its professional capabilities in commercial property management, Excellence CP&FM have obtained numerous third-party engagement projects,** including high-tech companies, Internet companies, governments and public institutions. According to the Frost & Sullivan Report, in 2019, the revenue from property management services by Excellence CP&FM to high-end commercial properties ranked third among Chinese commercial property management service providers, and ranked first among commercial property management service providers in the Greater Bay Area. **The difference in outsourcing experience and ability also led to the difference in the scale of management to a certain extent.**

In terms of property management fees, property types and brand positioning brings differences in property management fees. In 2019, the average property fees of the property management companies to be listed in 2019 showed a big difference. The property management fees of KWG Living commercial, Excellence CP&FM and



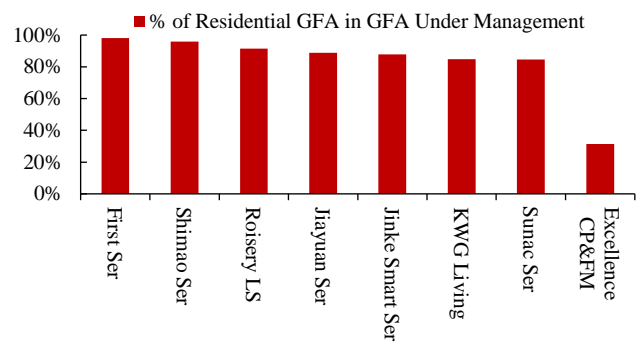
Sunac Ser were RMB 19.9/month/sqm, 14.5/month/sqm and 3.4/month/sqm, respectively. **The reason is the difference in the types of properties under management and the brand positioning of property management companies. In terms of property management types**, the commercial part of KWG Living is mainly shopping malls, and 52.3% of the properties managed by Excellence CP&FM are high-end commercial properties. The above types of properties have higher requirements for property management and can therefore charge higher property management fees. **In terms of brand positioning**, take residential properties as an example, the brand positioning of property management companies mostly matches the property quality of related developers. The owners of houses with higher ASP usually have higher requirements for property management service quality and are less price sensitive, so the property management fees can be relatively higher. In 2019, among the residential properties under the management of property management companies to be listed, the top 4 in property management fees were KWG Living, Sunac Ser, Excellence CP&FM and Shimao Ser, and the ASP of the above-mentioned property management company related developers in 2019 also ranked among the top 4 among the 8 related developers.

Chart 9: The average property management fees for KWG Living commercial, Excellence CP&FM and Sunac Ser are higher



Source: Application proofs, CWSI Research

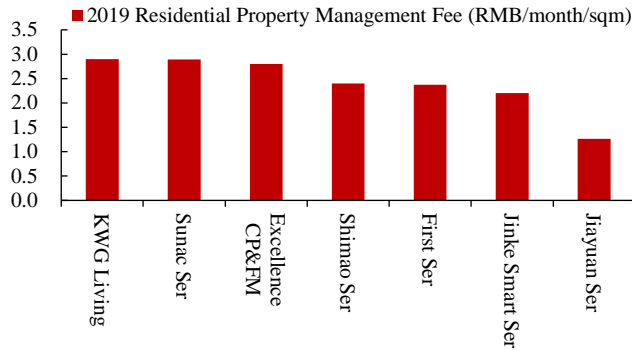
Chart 10: Among the GFA under management of Excellence CP&FM, non-residential GFA account for a relatively high proportion



Source: Application proofs, CWSI Research

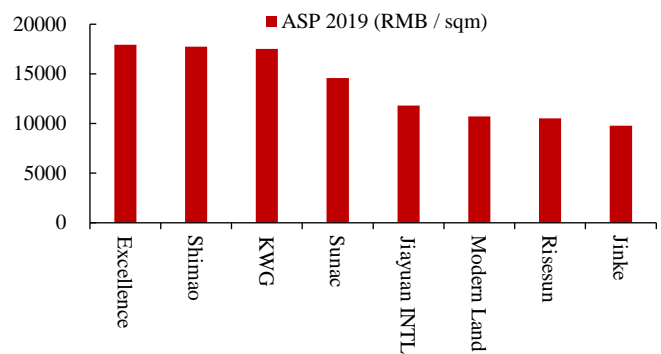


Chart 11: In 2019, the residential property management fees of KWG Living, Sunac Ser, Excellence CP&FM and Shimao Ser were relatively high



Source: Application proofs, CWSI Research; Note: Roisery LS only disclosed average property management fee, so it was not included in the comparison; the residential property management fee of Shimao Ser has excluded the impact of the acquisition of Hailiang Property Management and Quanzhou Sanyuan

Chart 12: In 2019, Excellence, Shimao, KWG and Sunac had higher ASP



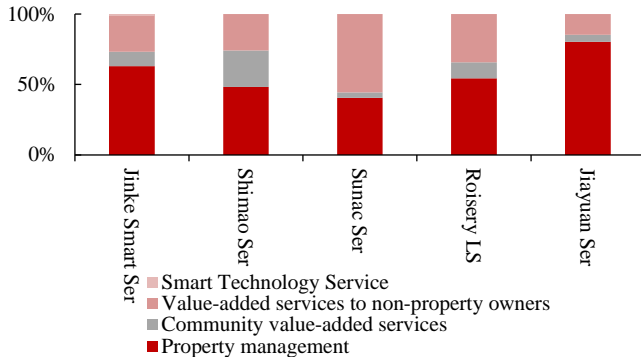
Source: Application proofs, company announcements, CRIC, CWSI Research; Note: due to the availability of data, sales GFA of Sunac and Excellence are based on CRIC, and the rest are based on company announcements

1.1.2 Diversified businesses: significant differences in income composition

Diversified service business content and division standards bring about differences in the income structure. The business scope of property management companies is relatively wide, and the division standards of business segments by companies are also different, which brings about large differences in revenue composition. For example, the three major business segments of First Ser have a more balanced contribution to revenue, while Jiayuan Ser’s revenue is mainly based on property management services; KWG Living divides its business segments into residential and commercial property management based on the types of properties under management, different from other companies to be listed which based on their business content.

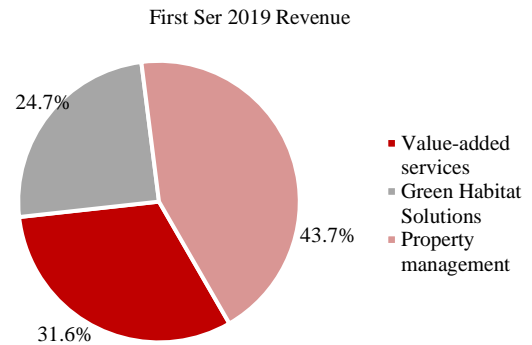


Chart 13: Income structure of property management companies to be listed show significant differences



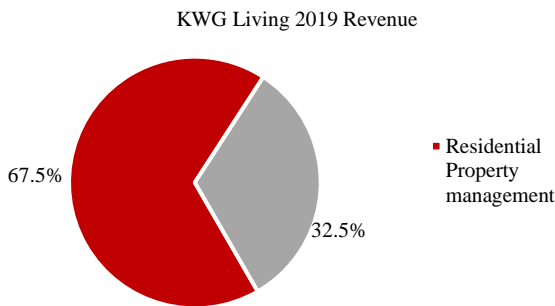
Source: Application proofs, CWSI Research

Chart 14: First Ser's income source is more balanced



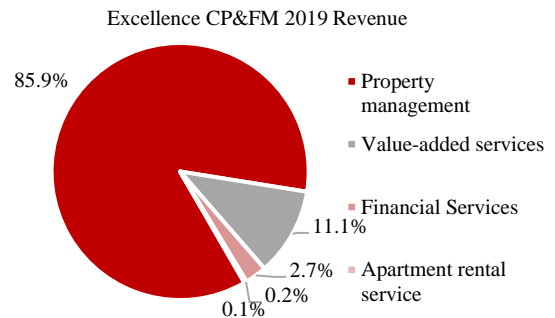
Source: Application proofs, CWSI Research

Chart 15: KWG Living's commercial management segment contributed more than 30% of revenue



Source: Application proofs, CWSI Research

Chart 16: The revenue of Excellence CP&FM is mainly based on property management business



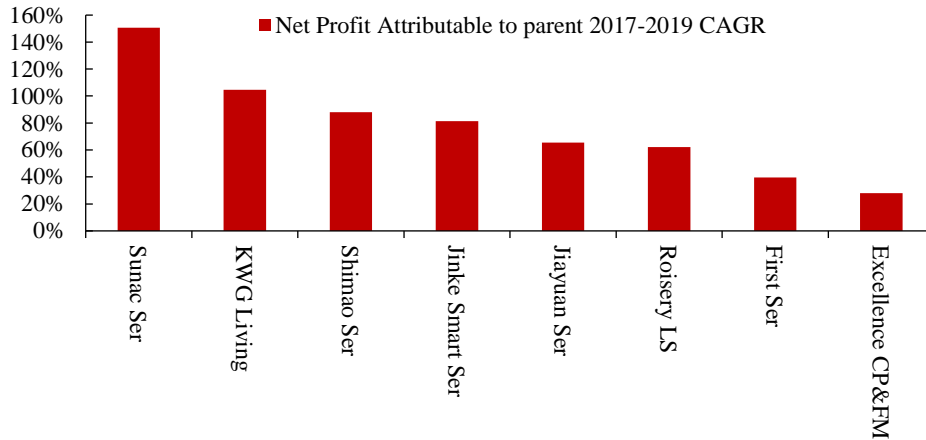
Source: Application proofs, CWSI Research

1.2 Profitability: The profitability and contribution of each business lead to differences

There are differences in GPM and NPM of property management companies to be listed. From 2017 to 2019, Sunac Service Holdings, KWG Youhuo and Shimao Services had the fastest compound growth rate of net profit attributable to parent among property management companies to be listed, with 2017-2019 CAGR of 150.7%, 104.6% and 88.0%, respectively. In terms of profitability, in 2019, among the property management companies to be listed, KWG Living, First Ser and Shimao Ser have higher overall GPM, reaching 37.3%, 34.8% and 33.7% respectively; KWG Living, Jinke Smart Ser and Shimao Ser's net profit margin performed better, reaching 16.4%, 16.1% and 15.4% respectively. There are certain differences in GPM and NPM of each company, and we will do comparison based on each business segment.

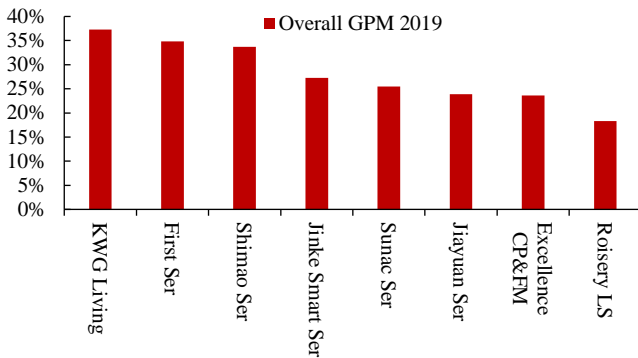


Chart 17: Sunac Ser, KWG Living, and Shimao Ser have higher CAGR from 2017 to 2019



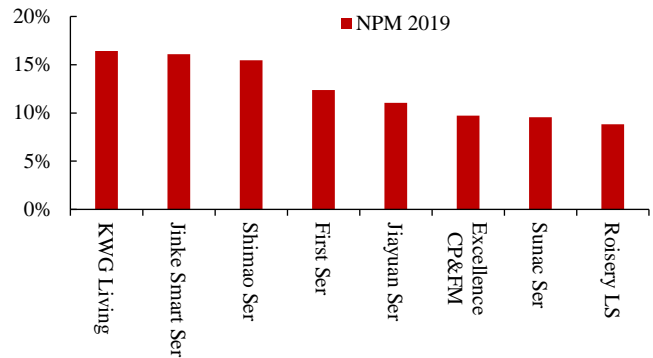
Source: Application proofs, CWSI Research

Chart 18: KWG Living, First Ser, and Shimao Ser have higher GPM in 2019



Source: Application proofs, CWSI Research

Chart 19: KWG Living, Jinke Smart Ser, Shimao Ser have higher NPM in 2019



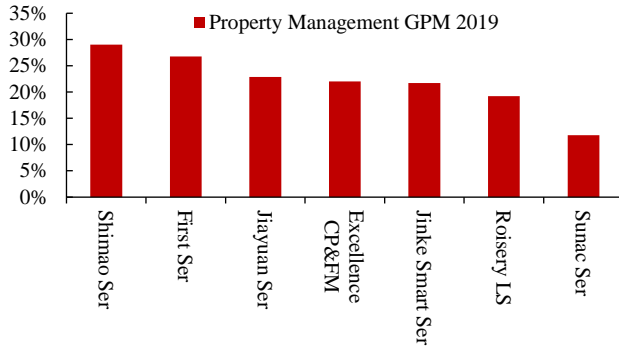
Source: Application proofs, CWSI Research

In terms of property management services, GPM of property management companies to be listed vary greatly. As far as property management services are concerned, the current 8 property management companies to be listed all use a lump sum bases as the main income model, but it is difficult to unify the clarity of the cost division with the developer before the spin-off and listing, so a horizontal comparison of GPM may exist certain one-sidedness. On this basis, among the property management companies to be listed, the GPM of Shimao Ser, First Ser and Jiayuan Ser are relatively high, reaching 29.0%, 26.8% and 22.9% respectively in 2019, which reflects a certain degree of strong management and profitability. On the other hand, the GPM of all companies to be listed on the basic property management have increased in



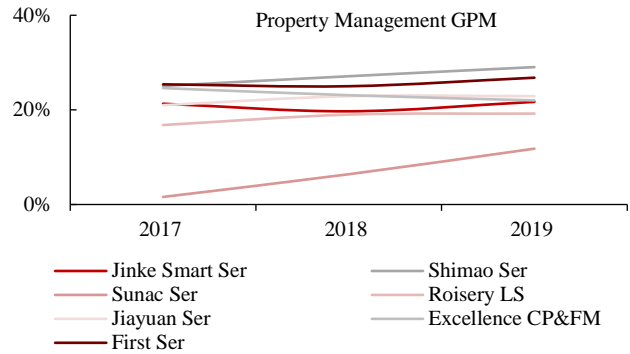
recent years. The reasons include the economies of scale and the development and application of technology platforms, etc.

Chart 20: Property management services GPM of property management companies to be listed varies



Source: Application proofs, CWSI Research; Note: KWG Living divides its business content according to residential property management and commercial property operation management, the above comparison is not applicable

Chart 21: GPM of property management services of property management companies to be listed has increased in recent years

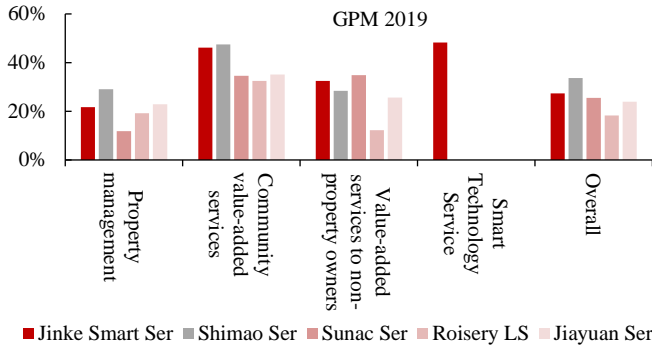


Source: Application proofs, CWSI Research; Note: KWG Living divides its business content according to residential property management and commercial property operation management, the above comparison is not applicable

Diversified businesses have led to an increase in overall gross profit margin, with differences in business content and profitability. Property management companies to be listed are actively developing various value-added services with GPM usually higher than that of property management services, which can improve the overall GPM performance. At the same time, other services cover a wider range and the profitability of each business is also different. Take Jinke Smart Ser as an example. In 2019, its property management service GPM was 21.7%, while the GPM of community value-added services, value-added services to non-property owners and smart technology services reached 46.1%, 32.5%, and 48.3%, respectively, and its overall GPM reached 27.3%. On the other hand, the income structure of property management companies to be listed is quite different, which has further led to differences in the overall GPM of each company.

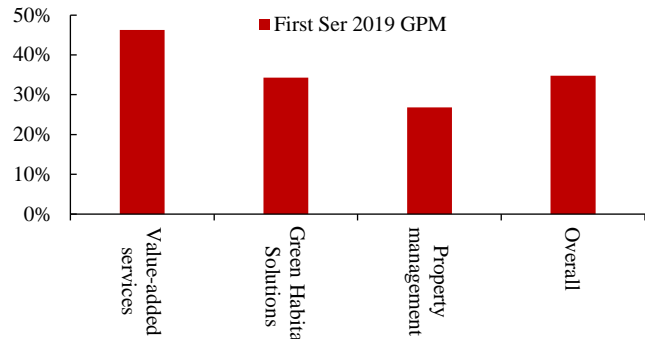


Chart 22: There are differences in the level of GPM of each business segment



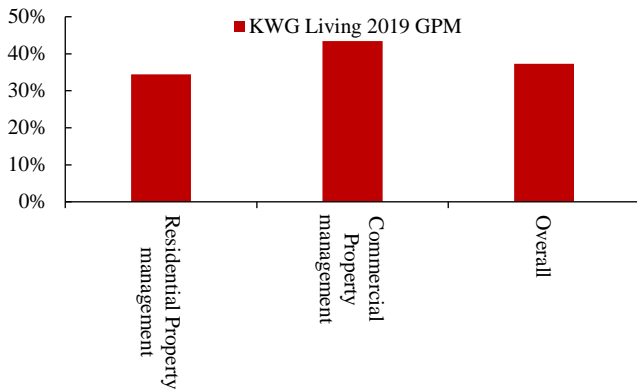
Source: Application proofs, CWSI Research

Chart 23: First Ser non-property management business drives GPM increase



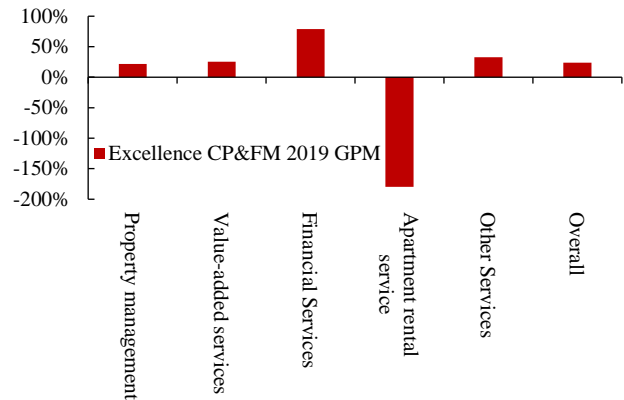
Source: Application proofs, CWSI Research

Chart 24: KWG Living's commercial management business has a higher GPM



Source: Application proofs, CWSI Research

Chart 25: The GPM of each business of Excellence CP&FM is quite different

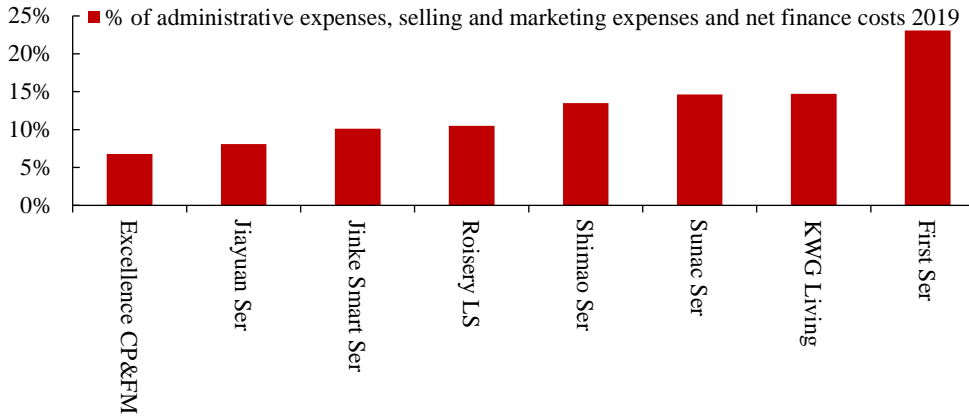


Source: Application proofs, CWSI Research

The efficiency of management and control differs, and the proportion of the three fees is different. The performance of various property management companies in terms of cost control has also diverged, resulting in large differences in sales expenses, marketing expenses and financial expense ratios. In 2019, the three fees of Excellence CP&FM, Jiayuan Ser, and Jinke Smart Ser accounted for a relatively low proportion of about 6.8%, 8.1% and 10.1% respectively. The relatively low expense ratio provided support for NPM.



Chart 26: Excellence CP&FM, Jiayuan Ser, and Jinke Smart Ser had relatively lower three fees proportions in 2019



Source: Application proofs, CWSI Research

1.3 Summary: Significant differences in scale and differentiation in profitability

The income scale and growth rate of property management companies to be listed vary significantly, and their profitability is also different. Some property management companies with large-scale related developers, such as Sunac Ser, Shimao Ser, etc., and some property management companies with rich experience and outstanding capabilities in external expansion, such as Jinke Smart Ser, can drive the results growth through the rapid increase in GFA under management. On the other hand, the development of diversified businesses has increased the overall income scale and profitability of property management companies, and has further brought about differences in the income and profitability of each company.

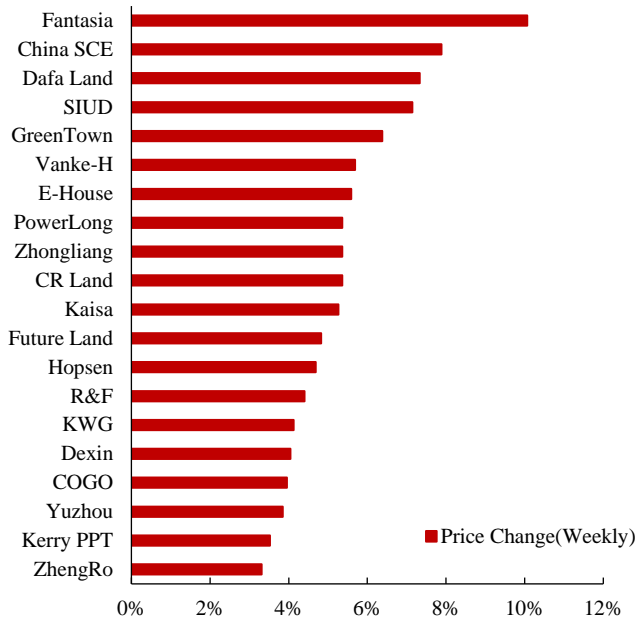


2. Sector Performance

2.1 Performance of developer sector

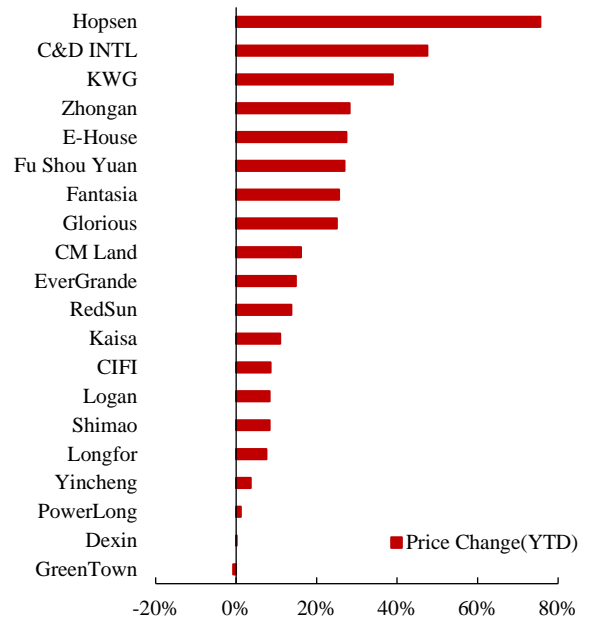
This week, Fantasia, China SCE and Dafa Land had larger price increase than peers. Hopsen, C&D INTL and KWG had better share price performance, YTD.

Chart 27: This week, Fantasia, China SCE and Dafa Land had larger price increase than peers



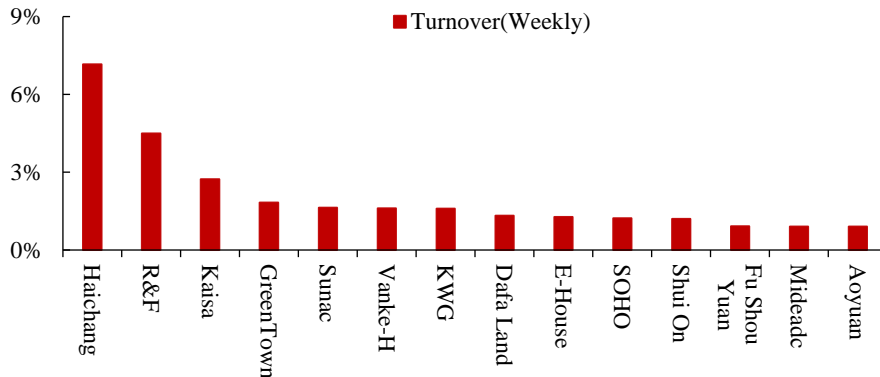
Source: Wind, CWSI Research

Chart 28: Hopsen, C&D INTL and KWG had better share price performance, YTD



Source: Wind, CWSI Research

Chart 29: Haichang, R&F and Kaisa were most actively traded this week



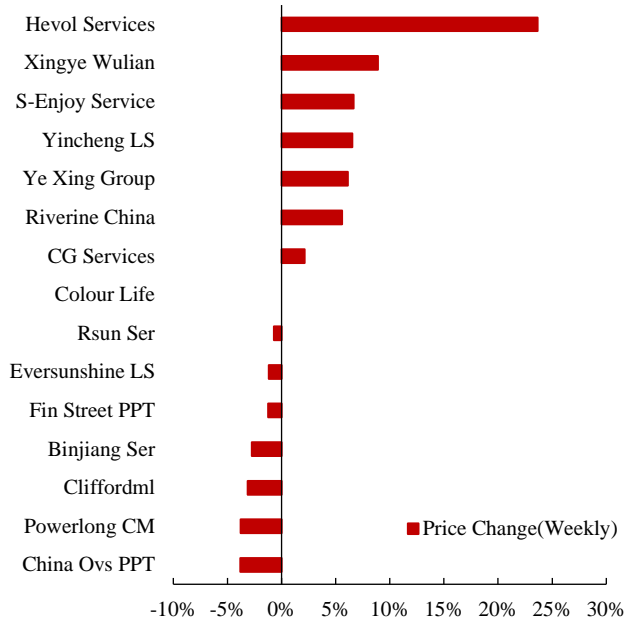
Source: Wind, CWSI Research



2.2 Performance of property service sector

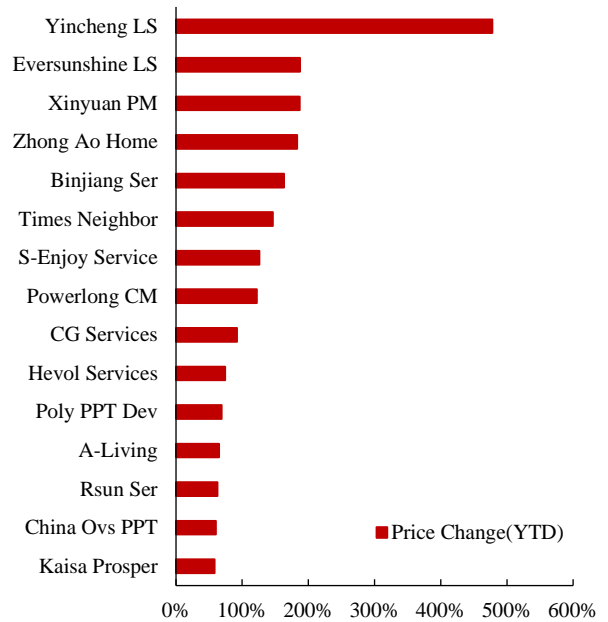
This week, Hevol Services, Xingye Wulian and S-Enjoy Service had larger price increase than peers. Yincheng LS, Eversunshine LS and Xinyuan PM had better share price performance YTD.

Chart 30: This week, Hevol Services, Xingye Wulian and S-Enjoy Service had larger price increase than peers



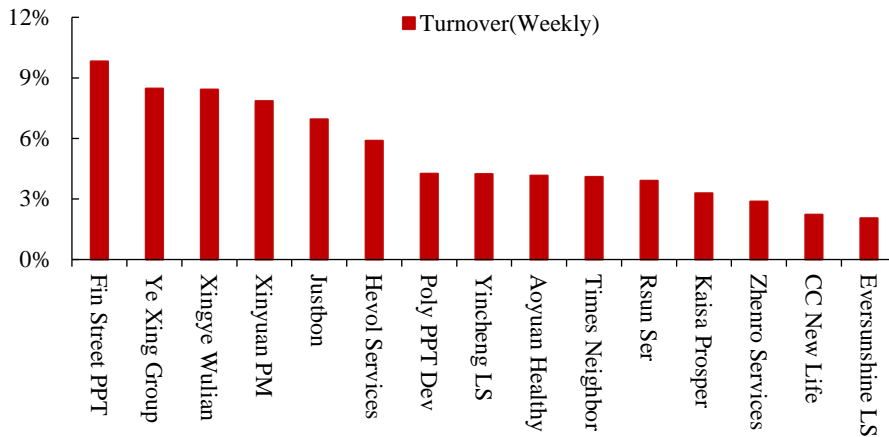
Source: Wind, CWSI Research

Chart 31: Yincheng LS, Eversunshine LS and Xinyuan PM had better share price performance YTD



Source: Wind, CWSI Research

Chart 32: Fin Street PPT, Ye Xing Group and Xingye Wulian 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	169,118	6%	65%	706	12%	24%	329	20%	43%	3,631	-19%
Shanghai	272,500	9%	34%	1,276	6%	27%	523	6%	24%	7,006	-18%
Guangzhou	213,794	3%	48%	1,002	-3%	35%	422	15%	41%	4,974	-10%
Shenzhen	94,580	-16%	40%	353	6%	6%	207	16%	45%	2,205	-1%
Tier 1	749,991	3%	45%	3,336	4%	26%	1,480	13%	35%	17,816	-14%
Tier 2	2,844,768	-7%	28%	12,213	-14%	19%	5,898	-10%	21%	69,300	-3%
Tier 3	2,162,653	-19%	15%	10,657	-16%	10%	4,843	2%	20%	64,113	-10%
Beijing	169,118	6%	65%	706	12%	24%	329	20%	43%	3,631	-19%
Qingdao	312,838	5%	22%	1,526	-11%	30%	610	-12%	24%	8,748	8%
Dongying	206,602	34%	899%	682	53%	468%	361	95%	737%	2,646	152%
PBR	688,558	13%	82%	2,914	4%	56%	1,299	13%	70%	15,025	10%
Shanghai	272,500	9%	34%	1,276	6%	27%	523	6%	24%	7,006	-18%
Nanjing	168,597	-50%	34%	923	-6%	73%	504	-16%	90%	5,688	27%
Hangzhou	276,073	54%	149%	705	-41%	35%	455	-23%	69%	5,518	20%
Suzhou	188,168	-4%	12%	808	-60%	15%	385	-1%	3%	7,035	11%
Wuxi	79,800	-62%	-52%	631	13%	-13%	288	0%	-18%	3,413	-23%
Yangzhou	53,522	-40%	74%	259	-9%	53%	143	-14%	37%	1,381	-9%
Jiangyin	46,465	47%	-24%	222	-32%	-20%	78	-20%	-22%	1,652	-10%
Wenzhou	176,678	-2%	-9%	854	-58%	-22%	357	-14%	-17%	7,073	-8%
Jinhua	39,542	-29%	12%	237	-41%	57%	95	-61%	84%	1,427	21%
Changzhou	51,366	-22%	39%	306	-12%	29%	117	-13%	98%	1,863	-46%
Huaian	99,574	-14%	13%	431	-11%	0%	215	9%	2%	2,692	-14%
Lianyungang	107,410	-33%	-15%	628	-8%	9%	267	-25%	0%	3,739	0%
Shaoxing	94,476	74%	266%	210	-34%	24%	149	-25%	172%	1,552	5%
Zhenjiang	115,670	2%	-12%	409	-38%	-35%	229	-20%	-15%	3,408	-27%
Jiaxing	52,516	-72%	60%	398	-28%	50%	237	12%	251%	1,909	9%
Wuhu	40,926	-25%	4%	226	3%	-2%	95	1%	-3%	1,169	-3%
Yancheng	90,258	-27%	72%	355	152%	-4%	214	1498%	52%	2,015	-10%
Zhoushan	13,495	-11%	-18%	111	-17%	26%	29	-38%	-8%	802	10%
Chizhou	18,451	45%	2%	80	-2%	-29%	31	-14%	-25%	534	-36%
Ningbo	181,332	-28%	-1%	759	-31%	-4%	434	-33%	5%	4,638	-5%
YRD	2,166,820	-19%	17%	9,828	-28%	8%	4,845	-12%	20%	64,513	-6%
Guangzhou	213,794	3%	48%	1,002	-3%	35%	422	15%	41%	4,974	-10%
Shenzhen	94,580	-16%	40%	353	6%	6%	207	16%	45%	2,205	-1%
Fuzhou	53,827	23%	5%	221	32%	-3%	98	-21%	-12%	1,237	-24%
Dongguan	202,902	38%	112%	855	-2%	83%	350	20%	81%	3,644	19%
Quanzhou	48,081	-49%	-15%	357	39%	15%	142	24%	17%	1,536	-30%
Putian	22,867	32%	9%	103	-39%	-40%	40	-27%	-27%	924	-29%
Huizhou	76,353	-65%	19%	456	12%	88%	298	156%	154%	1,718	4%
Shaoguan	26,128	-10%	-21%	141	-19%	-1%	55	-31%	-27%	1,028	8%
Foshan	232,961	3%	26%	1,105	-16%	8%	460	6%	13%	6,925	-20%
Jiangmen	24,593	-2%	5%	149	18%	2%	50	20%	-18%	770	14%
Zhaoqing	36,485	-50%	1%	250	-2%	25%	110	0%	27%	1,400	10%
PRD & Southern China	1,032,572	-14%	33%	4,992	-3%	25%	2,231	17%	34%	26,360	-10%
Changchun	131,792	-37%	-32%	885	1%	2%	340	-8%	-14%	4,752	-25%



Taian	38,586	-24%	-28%	211	-20%	-18%	89	-37%	-24%	1,282	-19%
Northern China	170,378	-34%	-31%	1,095	-4%	-3%	430	-16%	-16%	6,034	-23%
Wuhan	481,464	9%	12%	2,213	2%	-6%	922	-16%	-9%	8,386	-36%
Yueyang	38,686	-32%	5%	318	18%	113%	95	-36%	43%	1,398	22%
Ganzhou	217,182	15%	40%	837	18%	10%	405	22%	17%	4,877	-10%
Central China	737,332	8%	18%	3,367	7%	3%	1,423	-10%	-1%	14,660	-25%
Chengdu	684,514	9%	94%	2,250	14%	33%	1,314	20%	74%	13,311	10%
Liuzhou	61,986	-21%	-40%	439	-43%	-11%	141	-1%	-35%	3,643	-1%
Nanning	215,253	-33%	-23%	1,321	-7%	23%	539	-25%	-12%	7,682	-12%
Western China	961,753	-7%	31%	4,011	-4%	23%	1,994	2%	26%	24,636	1%
Total	5,757,413	-11%	25%	26,207	-13%	16%	12,221	-3%	22%	151,229	-8%
Num. of cities Up		17	29		16	28		17	25		17
Num. of cities Down		25	13		26	14		25	17		25

Source: Local governments, CWSI Research; Note: Till 2020/8/14



Table 4: Major cities inventory period was 11.0 months this week

City	Inventory (sqm 000)	wow	yoy	Inventory period	Last week	wow	yoy
Beijing	12,321	2%	42%	17.5	17.5	0%	15%
Shanghai	7,078	1%	-8%	5.5	5.5	1%	-28%
Guangzhou	8,198	-2%	5%	8.2	8.5	-4%	-22%
Shenzhen	1,757	-5%	-20%	5.0	5.3	-7%	-25%
Tier 1 Average		-1%	5%	9.0	9.2	-2%	-15%
Hangzhou	3,474	-2%	53%	4.9	5.1	-4%	14%
Nanjing	5,661	-1%	19%	6.1	5.8	6%	-31%
Suzhou	6,657	0%	37%	8.2	8.2	0%	19%
Fuzhou	6,331	0%	85%	28.7	28.3	1%	91%
Jiangyin	4,358	1%	10%	19.6	18.6	6%	37%
Wenzhou	11,209	1%	25%	13.1	13.0	1%	61%
Quanzhou	7,050	-1%	7%	19.7	19.2	3%	-6%
Ningbo	3,020	-3%	21%	4.0	4.0	-1%	26%
Dongying	1,760	-1%	12%	2.6	3.1	-16%	-80%
Overall Average		-1%	22%	11.0	10.9	-1%	5%

Source: Local governments, CWSI Research; Note: Till 2020/8/14; Average WoW and average YoY are defined as average change of each city



3.2 Second-hand house transaction and price data

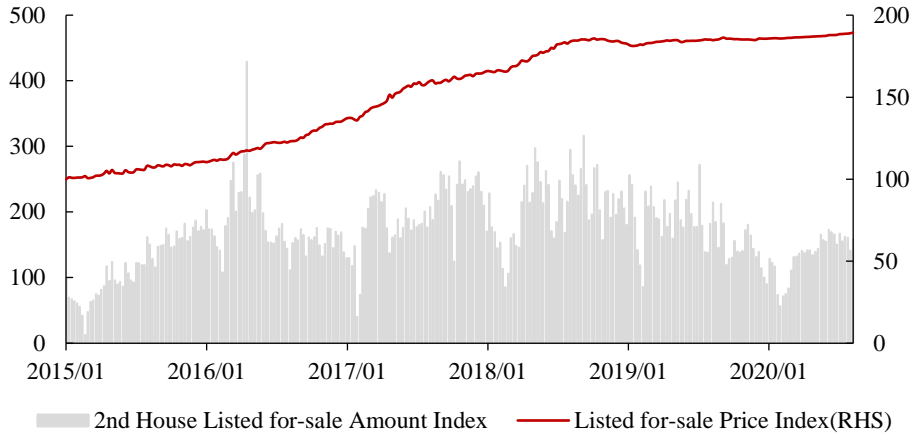
Table 5: Major cities Second-hand house transaction volume, Jinhua rose significantly YTD

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	318,192	3%	40%	1,487	6%	35%	627	8%	36%	8,016	3%
Shenzhen	262,166	11%	104%	1,033	8%	88%	497	3%	98%	5,292	57%
Hangzhou	146,586	7%	49%	630	3%	37%	283	5%	46%	3,424	8%
Nanjing	250,948	2%	46%	1,165	9%	53%	497	-8%	42%	5,825	43%
Chengdu	104,466	0%	-43%	446	-10%	-46%	209	-11%	-44%	3,169	-54%
Qingdao	133,407	9%	35%	580	-2%	36%	256	-6%	33%	3,173	15%
Wuxi	125,593	-5%	-9%	616	-4%	-2%	257	-17%	-4%	3,787	3%
Suzhou	141,444	9%	-36%	615	5%	-30%	271	-5%	-38%	3,520	-48%
Xiamen	89,082	13%	60%	382	1%	31%	168	-8%	49%	2,030	-21%
Yangzhou	21,319	-20%	14%	110	3%	8%	48	0%	20%	636	-6%
Yueyang	14,188	-23%	-3%	80	5%	11%	33	-3%	3%	395	-14%
Nanning	55,850	-19%	-35%	293	6%	-30%	125	3%	-27%	1,567	-14%
Foshan	177,559	3%	80%	729	13%	56%	350	8%	68%	3,387	-12%
Jinhua	37,038	-40%	29%	249	-8%	85%	99	-42%	64%	1,607	76%
Jiangmen	16,211	-24%	-37%	92	3%	-22%	38	-16%	-29%	481	-23%
Total	1,894,049	2%	19%	8,507	4%	18%	3,756	-4%	17%	46,311	-6%
Num. of cities Up		9	9		11	10		6	10		7
Num. of cities Down		6	6		4	5		9	5		8

Source: Local governments, CWSI Research; Note: Till 2020/8/14

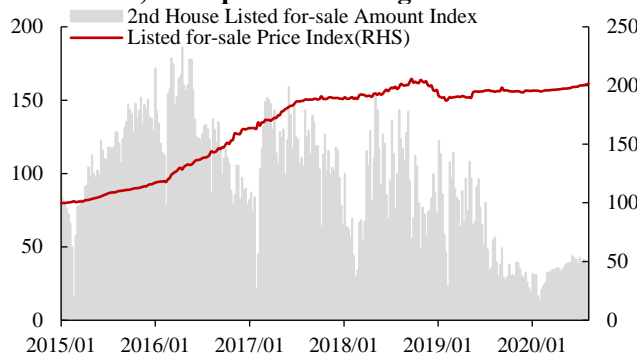


Chart 33: 2nd house listed for-sale price index rose slightly recently



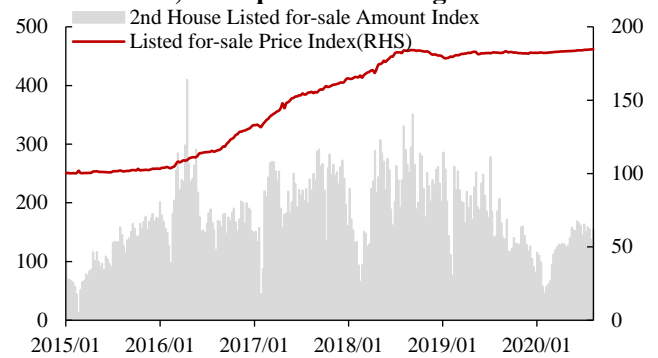
Source: Local Government, CWSI Research; Note: Till 2020/8/9

Chart 34: 2nd house listed for-sale amount index rose in tier-1 cities, with price remaining stable



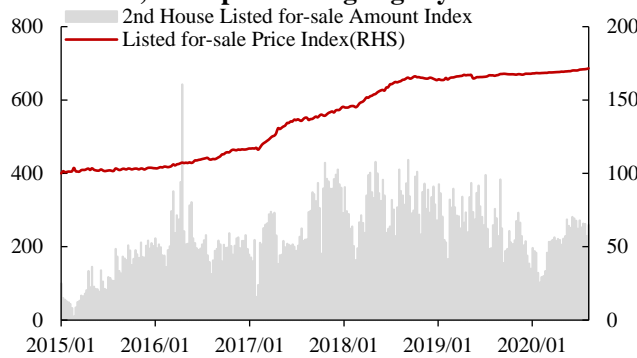
Source: Local Government, CWSI Research; Note: Till 2020/8/9

Chart 35: 2nd house listed for sale amount index rose in tier-2 cities, with price remaining stable



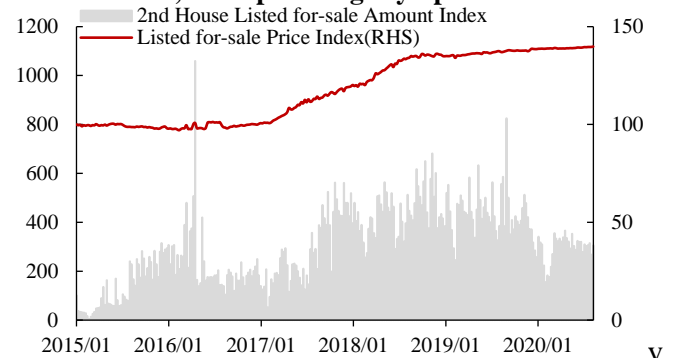
Source: Local Government, CWSI Research; Note: Till 2020/8/9

Chart 36: 2nd house listed for-sale amount index rose in tier-3 cities, with price rising slightly



Source: Local Government, CWSI Research; Note: Till 2020/8/9

Chart 37: 2nd house listed for-sale amount index rose in tier-4 cities, with price slightly upwards



Source: Local Government, CWSI Research; Note: Till 2020/8/9



4. Important Policies and News

4.1 Important Industry Policies News This Week

Table 6: Important Industry Policies News This Week: A cross-regional accumulative accreditation system for Hukou registration points will be established in Guangzhou

Date	Region / Institution	Summary
2020-08-10	Beijing	Proposed to clarify that if the owners of the community rent their residences for short-term operation, they shall comply with the management regulations of the community or the decisions of the owners' meeting; if there is no management protocol or the decisions of the owners' meeting, they shall obtain the written consent of other owners in the building.
2020-08-10	Guangzhou	Domestic residents, residents of Hong Kong SAR, Macau SAR, residents of Taiwan area, and foreigners who have started a business or worked in Baiyun District of Guangzhou for more than 6 months each year and are not registered in Guangzhou, and overseas students and other personnel who hold a Chinese passport and have a permanent (long-term) residence abroad and have the right and do not have household registration in the country, can apply for a talent green card if have a legal residence in Guangzhou and meet the relevant requirements.
2020-08-11	Beijing	Must strictly prevent all kinds of illegal construction, strictly prohibit social capital from using homesteads to build villa compounds and private clubs, and strictly prohibit illegally occupying, buying, selling or disguised buying and selling homesteads in the name of leasing or revitalization.
2020-08-11	Ningbo	Carry out a three-month special rectification of the real estate market within the city, further standardize the operation of real estate development enterprises and intermediary agencies, safeguard the legitimate rights and interests of the people, and promote the stable and healthy development of the real estate market.
2020-08-11	Shiyan	A three-month special rectification of the order of the real estate development market will be carried out to further rectify and standardize the order of the real estate market. The targets of the rectification include real estate development enterprises in urban areas under construction and sale. The rectification content includes malicious speculation, through fabricating or disseminating price increase information, etc. Drive up house prices, deliver uncompleted or unqualified commercial houses for use without authorization, etc.
2020-08-12	Deed tax	The 21st meeting of the Standing Committee of the 13th National People's Congress passed the "Deed Tax Law of the PRC", which will come into effect on September 1, 2021. The law stipulates that the deed tax rate is 3% to 5% and the specific applicable tax rates shall be proposed by the people's governments of provinces, autonomous regions and municipalities directly under the Central Government within the tax rate range specified in the preceding paragraph, reported to the Standing Committee of the People's Congress at the same level for decision, and reported to the Standing Committee of the National People's Congress and the State Council for the record.



2020-08-12	Leshan	Starting from August 15th, a three-month special rectification of outstanding problems in the Leshan real estate market will be jointly launched. The objectives include promoting the honest operation of the real estate market and investigating a number of violations of laws and regulations in the real estate market.
2020-08-12	Guangzhou	Talents who meet the needs of the economic and social development of Liwan District, start a business in this district or work for more than 6 months each year, and have a legal residence in this city, can apply for the Guangzhou Talent Green Card.
2020-08-13	Guangzhou	A cross-regional accumulative accreditation system for Hukou registration points will be established, that is, the accumulative accreditation of talent registration points in cities such as the Yangtze River Delta and the Pearl River Delta will be accumulatively recognized in Guangzhou, and Hukou registration restrictions will be relaxed for specific regions to reduce the time for professional talents to register.

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					
JIAYUAN INTL	2768.HK	8.6	27%	1.85	43%
Risesun	002146.SZ	25.2	7%	3.03	3%
Property Management				Net profit attributable to parent	
Times Neighbor	9928.HK	0.7	54%	0.08	99%
S-Enjoy	1755.HK	1.2	43%	0.19	61%

Source: Wind, company announcements, CWSI Research

4.3 Key 2020H1 sales performance announced this week

Table 8: Key 2020H1 sales performance announced this week

Company	RIC	Jan-Jul		Jan-Jul		Jul		Jul	
		contracted sales		contracted GFA		contracted sales		contracted GFA	
		(RMB bn)	YoY	(000 sqm)	YoY	(RMB bn)	YoY	(000 sqm)	YoY
CR Land	1109.HK	134.8	2.5%	7454	6.8%	24.0	89.5%	1134	57.4%
CMSK	001979.SZ	133.6	10.8%	6014	-5.5%	22.9	18.2%	1041	-14.1%
Logan	3380.HK	57.4	13.5%	3734	-	11.1	20.2%	690	-
Sinicdc	2103.HK	52.1	-	-	-	8.6	-	-	-
Kaisa	1638.HK	45.6	13.8%	2680	14.8%	9.5	78.3%	561	50.3%
RedSun	1996.HK	40.8	19.1%	2845	10.2%	9.2	130.1%	689	138.6%
Hopsen	0754.HK	15.5	20.7%	908	3.8%	2.5	86.3%	-	-
Greenland HK	0337.HK	15.3	-45.1%	1266	-10.2%	-	-	-	-
JIAYUAN INTL	2768.HK	13.8	6.0%	1281	12.0%	2.2	25.2%	202	86.8%

Source: Wind, company announcements, CWSI Research; Note: Logan by attributable scale

4.4 Company news and announcements

Table 9: Company news and announcements: Discussions with overseas financial investors for SOHO strategic cooperation have ended

Date	Company	Summary
2020-08-10	E-House	Issued additional USD 100 mn 7.625% senior notes due 2022 (to be consolidated and form a single series with the USD 200 mn 7.625% senior notes due 2022 issued on 18 october 2019).
2020-08-10	FINANCIAL STREET	The final interest rate of the 5-year corporate bonds no more than RMB 2 bn issued by the company is determined to be 3.60%.
2020-08-10	CMSK	In July 2020, the company obtained 4 real estate projects in Huizhou, Hefei, Xuzhou and Dongguan.
2020-08-10	GreenLand	In July 2020, the company obtained 8 real estate projects in Guiyang, Suzhou, Qingdao, Langfang, Wuhan, Wuxi, Taiyuan and Changsha.
2020-08-10	Longfor	Issued RMB 2 bn 5-year 3.78% and RMB 1 bn 7-year 4.3% corporate bonds.
2020-08-11	CFLD	Obtained 7 real estate projects in Langfang and Xiangtan for c.RMB 1.29 bn, with a total land area of c.141,000 sqm.
2020-08-12	REDCO	Issued USD 300 mn 8.5% senior notes due 2021.
2020-08-12	Yuzhou	Issued USD 300 mn 7.85% green senior notes due 2026.
2020-08-12	Yango	Lower the coupon rate of the bond "16 Yangcheng 01" to 6.50%.
2020-08-13	CIFI	Issued RMB 1.2 bn of 5.85% senior notes due 2023.
2020-08-13	SOHO	Discussions with overseas financial investors for strategic cooperation have ended.
2020-08-13	Zensun Enterprises Limited	Obtained 3 real estate projects in Dengfeng and Zhengzhou with a total of c. RMB 820 mn, with a total land area of c. 138,000 sqm.
2020-08-13	SLHC	Obtained 3 real estate projects in the Lingang New Area of Shanghai Free Trade Zone, with a total area of c. 215,000 sqm.
2020-08-13	CR Land	In July 2020, the company obtained 7 real estate projects in Hohhot, Xi'an, Shenyang, Jining, Wuxi and Nanning.
2020-08-14	ZhenRo	Issued RMB 1 bn 7.40% senior notes due 2021.

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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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
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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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