



This Week in China

What policy guidance was revealed at the Politburo meeting?

Comments:

What changes have been made to the industry at this and recent Politburo meetings? What is the environment and background in the expression changes in recent years? What impact will the tone of this conference have on industry trends in the second half of the year?

The overall tone of the industry is consistent and the policy is expected to be stable. In July 2018, it first proposed to “resolutely curb housing price increases (坚决遏制房价上涨)” ; in July 2019, it first proposed “do not use real estate as a short-term means of stimulating the economy (不将房地产作为短期刺激经济的手段)”, both showed new industry expressions. The statement of the industry this time continues the formulation in the April Politburo meeting and the May Govt Work Report, “must adhere to the positioning that “housing for living, not for speculation”, and promote the steady and healthy development of the real estate market (要坚持房子是用来住的、不是用来炒的定位, 促进房地产市场平稳健康发展)”, not been more relaxed or more severe.

Consistent with 2018 and 2019, the industry remains hot in 20H1. In terms of policy expectations and liquidity, the same as in the past two years, policy expectations in 20H1 is quite good, the beginning of the year was also the peak of financing for developers. The scale of domestic real estate credit bond issuance in Jan 2018 and Jan 2019 increased by 314.6% and 195.0% YoY, respectively. Delayed by COVID-19, the cumulative issuance scale in 20H1 also increased by 15.3% YoY; in Jan 2018, Jan 2019, and Jan 2020, the YoY growth rate of domestic real estate overseas bond issuance reached 150.7%, 32.1%, and 73.7%, respectively. In terms of the industry, the same as in the past two years, the market is also very hot 20H1. The price index of newly built commercial housing in 70 large and medium-sized cities from Feb to Jun in 2018, 2019 and 2020 has increased from 0.2% to 1.1%, from 0.5% to 0.7%, and from 0% to 0.6%, the premium rate of real estate transactions in 100 cities in the first half of the year each reached a relatively high level.

The overall policy orientation remains stable, and urban differentiation is expected to increase. In the context of the steady recovery of the domestic economy and the normalization of monetary policy, the industry policy tone may continue to remain stable in the second half of the year. The meeting also mentioned the promotion of institutional innovations in the integrated development of urban agglomerations, putting forward requirements for the economic driving effect of key cities in each urban agglomeration to a certain extent. The policy attitudes of various cities may diverge in the balance between economic development and the steady development of the real estate market.

Data points:

As of Jul 31st, new house transaction area in 42 major cities this week decreased 4% WoW, and cumulative transaction area in 2020 fell by 10% YoY.

As of Jul 31st, saleable area (inventory) in 13 major cities this week increased 1% WoW; average inventory period was 11.5 months, average change was 25%.

As of Jul 31st, second-hand housing transactions in 15 major cities this week decreased 1% WoW, and cumulative transaction area in 2020 fell 8% YoY.

Suggestion:

Sales data in July continued to pick up with accumulated sales growth rate returned to positive and monthly sales growth rate reached a new high, the industry fundamentals performed well. In terms of policy, the Politburo meeting reiterated that “housing for living, not for speculation”, and the overall tone continued; Nanjing, Dongguan, etc. increased the introduction of talents after regulatory policies, which may provide support for local economic growth and rigid housing needs. Maintain “Overweight” rating.

Overweight
(Maintain)

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1. What policy guidance was revealed at the Politburo meeting?

1.1 What changes have been made in the expression of the industry at the Politburo meetings in recent years?

In July 2018, it first proposed to “resolutely curb housing price increases (坚决遏制房价上涨)”. On July 31, 2018, the Politburo meeting of the CPC Central Committee changed the statement on the real estate industry for the first time from “curb the rapid rise in housing prices in hot cities (遏制热点城市房价过快上涨)” since the 2017 government work report to “resolutely curb housing price increases (坚决遏制房价上涨)”. On the one hand, the change in expression has expanded the scope of housing price control by deleting "hot cities", and on the other hand, it has reflected the further tightening of control policies by deleting "too fast".

In July 2019, it first proposed “do not use real estate as a short-term means of stimulating the economy (不将房地产作为短期刺激经济的手段)”. In 2019, factors such as the slowdown of global economic growth, Sino-US trade frictions and Brexit have brought more complex risks and challenges to China's economic development. In this environment, the path dependence of economic growth on real estate in the past has been broken with the formulation of “do not use real estate as a short-term means of stimulating the economy (不将房地产作为短期刺激经济的手段)” in July 2019, industrial transformation and upgrading and the healthy development of the real estate market are the keynotes of economic growth.

In July 2020, continue and reiterate the positioning of “housing for living, not for speculation (要坚持房子是用来住的、不是用来炒的定位)”. The presentation of the industry at this Politburo meeting continues the formulation in the April Politburo meeting and the May Govt Work Report, “must adhere to the positioning that "housing for living, not for speculation", and promote the steady and healthy development of the real estate market (要坚持房子是用来住的、不是用来炒的定位，促进房地产市场平稳健康发展)”. It has not been more relaxed or more severe. Although the statement of this meeting did not include the phrase “do not use real estate as a short-term means of stimulating the economy (不将房地产作为短期刺激经济的手段)”, the real estate work conference organized by the Standing Committee of the Political Bureau of the CPC Central Committee and Vice Premier Han Zheng on July 24 did not delete this statement. On the whole, the presentation of this meeting did not see major changes as in July 2018 and July 2019, and the current industry policy environment is expected to remain stable.



The overall tone of the industry is consistent and the policy is expected to be stable. Unlike the previous 3-year small cycle, since Sep 2016, the central government's overall tone of the industry has not undergone significant directional changes, reflecting the continuity and consistency of the current top-level policies on the real estate industry; in 4Q18, when the real estate market and economic expectations were not stable, many cities also introduced targeted relaxation policies, reflecting that the current policy adjustments to the real estate market are smaller and more flexible. On the other hand, **even under the influence of the complex situation at home and abroad in 2019 and the 2020 COVID-19, the formulation of "do not use real estate as a short-term means of stimulating the economy (不将房地产作为短期刺激经济的手段)" has not changed, the policy is expected to be stable.**

Table 1: In recent years, the top-level attitude towards the real estate industry has maintained a high consistency

Date	Event	Real Estate Related Statements
2017-03-05	Govt Work Report	Strengthen the classification and control of the real estate market. Cities that are under pressure from rising housing prices should rationally increase residential land, regulate development, sales, and intermediary activities, and curb the rapid rise in housing prices in hot cities (遏制热点城市房价过快上涨) .
2018-04-23	Political Bureau meeting of the CPC Central Committee	It is necessary to promote the healthy development of credit, stock market, bond market, foreign exchange market, and property market, follow up supervision in time, and eliminate hidden dangers.
2018-07-31	Political Bureau meeting of the CPC Central Committee	Determined to solve the problem of the real estate market, adhere to city-specific policies, promote the balance of supply and demand, rationally guide expectations, rectify market order, and resolutely curb housing price increases (坚决遏制房价上涨) . Speed up the establishment of a long-term mechanism to promote the steady and healthy development of the real estate market.
2018-12-21	Central Economic Work Conference	It is necessary to build a long-term mechanism for the healthy development of the real estate market, adhere to the positioning of "housing for living, not for speculation", implement policies and categorized guidance for different cities, (坚持房子是用来住的、不是用来炒的定位, 因城施策、分类指导) consolidate the main responsibility of the city government, and improve the housing market system and housing guarantee system.
2019-04-19	Political Bureau meeting of the CPC Central Committee	Adhere to the positioning that "housing for living, not for speculation" , and implement a long-term regulatory mechanism of one city, one policy, city-specific policies (要坚持房子是用来住的、不是用来炒的定位, 落实好一城一策、因城施策) , and the main responsibility of the city government.
2019-07-30	Political Bureau meeting of the CPC Central Committee	Adhere to the positioning that "housing for living, not for speculation" (坚持房子是用来住的、不是用来炒的定位) , implement a long-term real estate management mechanism, and do not use real estate as a short-term means of stimulating the economy (不将房地产作为短期刺激经济的手段) .



2019-12-12	Central Economic Work Conference	Adhere to the positioning that " housing for living, not for speculation " (要坚持房子是用来住的、不是用来炒的定位), and fully implement the long-term management and control mechanism of city-specific policies to stabilize land prices, house prices, and expectations (因城施策, 稳地价、稳房价、稳预期), and promote the stable and healthy development of the real estate market.
2020-04-17	Political Bureau meeting of the CPC Central Committee	Must adhere to the positioning that " housing for living, not for speculation " (要坚持房子是用来住的、不是用来炒的定位), and promote the steady and healthy development of the real estate market.
2020-05-22	Govt Work Report	Adhere to the positioning of " housing for living, not for speculation ", and implementing policies based on the city (要坚持房子是用来住的、不是用来炒的定位) to promote the steady and healthy development of the real estate market.
2020-07-24	Real Estate Work Conference	It is necessary to firmly adhere to the positioning that " housing for living, not for speculation ", insist on not using real estate as a short-term economic stimulus, insist on stabilizing land prices, stabilizing housing prices, and stabilizing expectations, implementing policies for each city (要牢牢坚持房子是用来住的、不是用来炒的定位, 坚持不将房地产作为短期刺激经济的手段, 坚持稳地价、稳房价、稳预期, 因城施策、一城一策), ensuring the stable and healthy development of the real estate market.
2020-07-30	Political Bureau meeting of the CPC Central Committee	We must adhere to the positioning that " housing for living, not for speculation " (要坚持房子是用来住的、不是用来炒的定位), and promote the steady and healthy development of the real estate market.

Source: Government website, CWSI Research

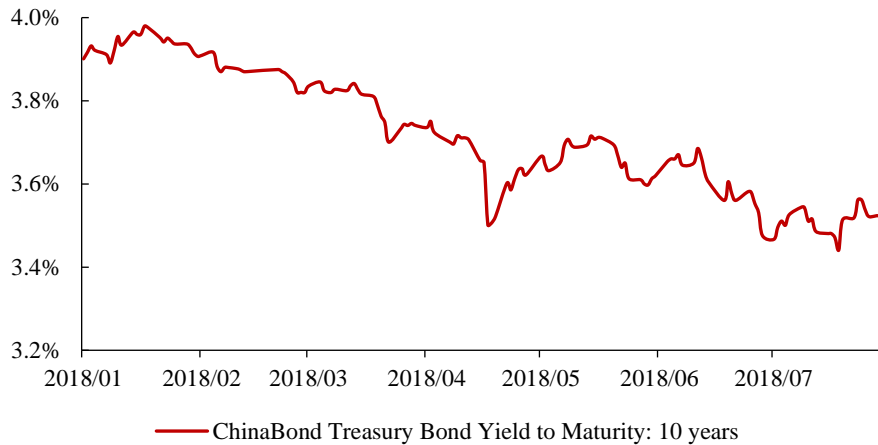
1.2 Environment and background of changes in 2018 and 2019

1.2.1 2018: Optimistic policy expectations, loose liquidity environment and hot real estate market

Policy expectations are relatively optimistic and the liquidity environment is relatively loose. At the beginning of 2018, after a longer period of policy tightening, the market's policy expectations for the industry were relatively optimistic. On the other hand, the liquidity environment is relatively loose, and the interest rate of 10-year government bonds continued to decline in 18H1. In Jan 2018, the scale of domestic real estate credit bond issuance increased sharply by 314.6% YoY, and the cumulative increase in the first half of the year was 80.2% YoY. The overseas bond issuance has not tightened until Apr and Jun 2018, In Jan 2018, the scale of overseas bond issuance by the mainland real estate increased by 150.7% YoY. In 18H1, the overall policy expectations are relatively optimistic and the liquidity environment is relatively loose.

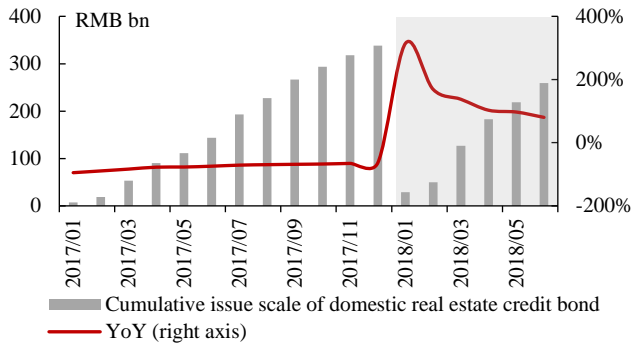


Chart 1: The 10-year Treasury bond interest rate continued to decline in the 18H1



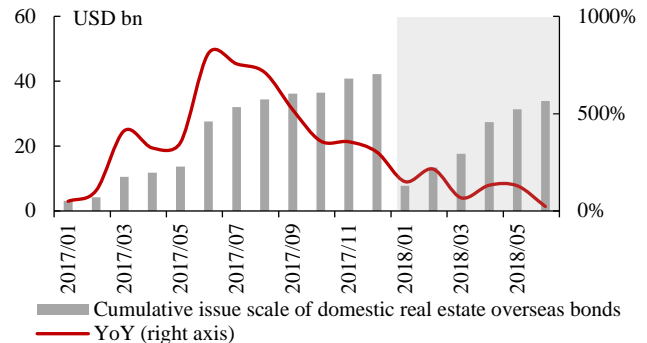
Source: Wind, CWSI Research

Chart 2: The scale of domestic real estate credit bond issuance increased rapidly in early 2018



Source: Wind, CWSI Research

Chart 3: In early 2018, the scale of overseas bond issuance of domestic real estate expanded



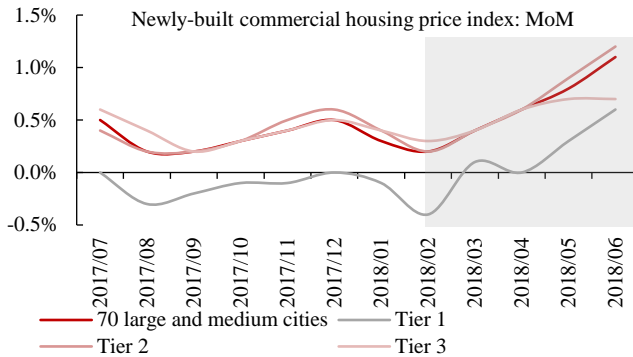
Source: Wind, CWSI Research

Monetary resettlement of shed reforms has boosted market enthusiasm in tier-3 cities, and the premium rate of residential land transactions remained high. After the Govt Work Report in March 2017 proposed to “curb the rapid rise in housing prices in hot cities (遏制热点城市房价过快上涨)”, the MoM growth rate of the price index of newly built commercial housing in tier-1 and tier-2 cities fell and remained stable; in 18H1, the MoM growth rate of housing prices in all tiers of cities increased significantly. The MoM growth rate of the price index of newly built commercial housing in 70 large and medium-sized cities rose rapidly from 0.2% in Feb 2018 to 1.1% in Jun 2018. In terms of premium rate, in 18H1, the premium rates of residential land transactions in tier-2 and tier-3 cities were still high. Under the combined effect of the monetization resettlement of shed reform and the expectation of loose policies, the land market premium rate in third-tier cities was the highest. In 18H1, the commercial



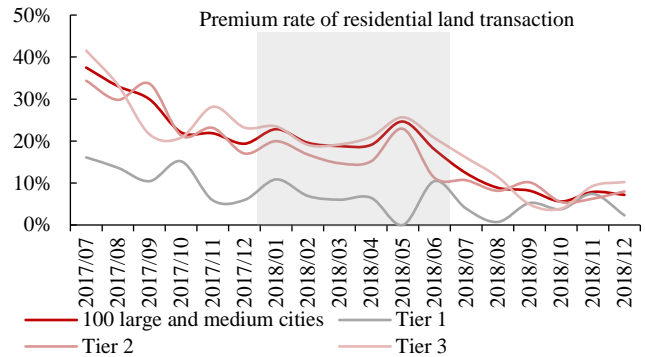
housing and land markets in all tier cities showed an overheating phenomenon. Therefore, **in the Politburo meeting in Jul 2018, the expressions of “hot cities” and “too fast” were deleted, and further tightening was made, further tightening regulation on a larger scale.**

Chart 4: The growth rate of house prices in 18H1 increased significantly



Source: Wind, NBS, CWSI Research

Chart 5: In 18H1, the premium rates of residential land transactions in tier-2 and tier-3 cities were high



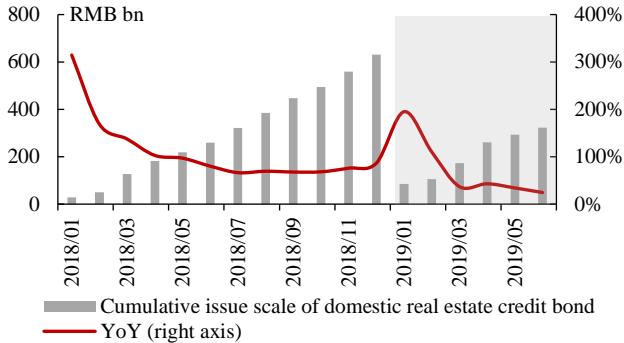
Source: Wind, CWSI Research

1.2.2 2019: Economic growth under pressure, land market remains hot

The liquidity environment is good, and bonds are issued intensively at the beginning of the year. Similar to 2018, at the beginning of 2019, policy expectations are also relatively optimistic, and the scale of domestic and overseas debt issuance by real estate companies has increased significantly YoY. In Jan 2019, the scale of domestic real estate credit bond issuance increased by 195.0% YoY, and the cumulative scale of domestic real estate overseas bond issuance in Jan and Feb 2019 increased by 32.1% and 54.4% YoY, respectively. Relatively optimistic policy expectations boosted the market enthusiasm in the first half of the year to a certain extent, while a more friendly liquidity environment made real estate companies more abundant in funds at the beginning of the year.

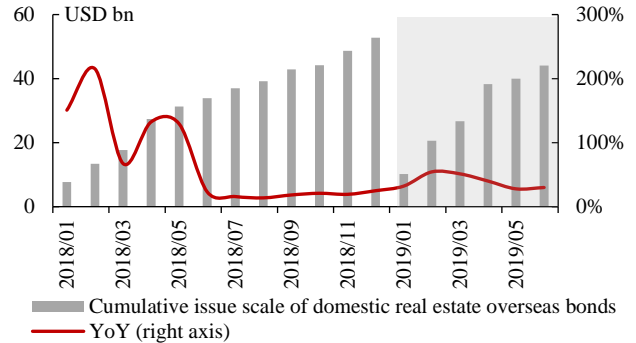


Chart 6: The scale of domestic real estate credit bond issuance increased rapidly in early 2019



Source: Wind, CWSI Research

Chart 7: In early 2019, the scale of overseas bond issuance of domestic real estate expanded

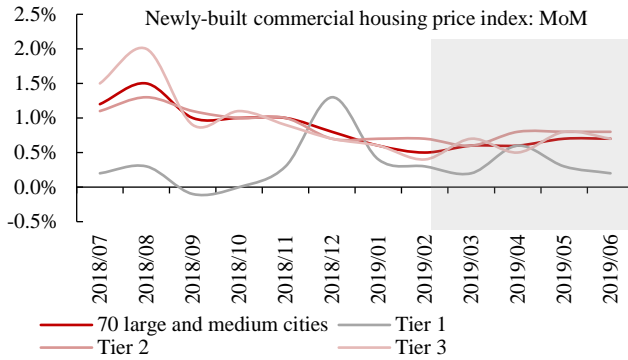


Source: Wind, CWSI Research

The downward pressure on the domestic economy has increased, but commercial housing market and land market are booming. In 19H1, housing prices in all tiers of cities increased slightly, and the MoM growth rate of the price index of newly built commercial housing in 70 large and medium-sized cities continued to rise from 0.5% in Feb 2019 to 0.7% in Jun 2019. In terms of premium rates, from Mar to Jun 2019, the premium rates of residential land transactions in all tiers of cities were higher. In the 19H1, although the MoM growth rate of newly-built commercial residential prices was relatively small compared to 2018, the premium rate of residential land transactions was similar to that in 18H1, and the high heat of the land market will also bring upward pressure on subsequent housing prices. The regulation has **cooled the land market** and stabilized property market expectations to a certain extent. In 2019, domestic and international risks and challenges have increased significantly, and the downward pressure on the domestic economy has increased. At the end of July 2019, the new proposal of the Politburo meeting of the CPC Central Committee “do not use real estate as a short-term means of stimulating the economy (不将房地产作为短期刺激经济的手段)” **also showed the top-level attitude towards the switch of economic growth paths, that is, the shift from highly dependent on real estate to the transformation and upgrading of manufacturing.**

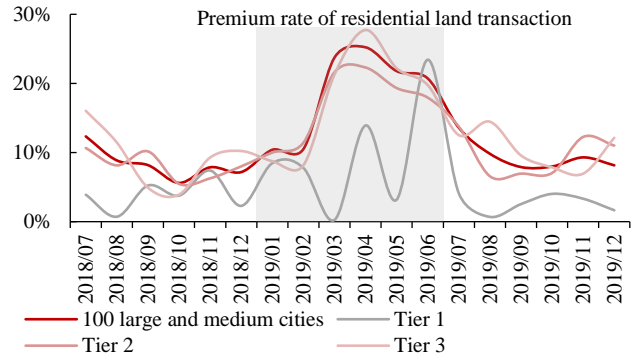


Chart 8: The growth rate of house prices in 19H1 slightly expanded



Source: Wind, NBS, CWSI Research

Chart 9: In 19H1, the premium rates of residential land transactions in all tiers of cities were high



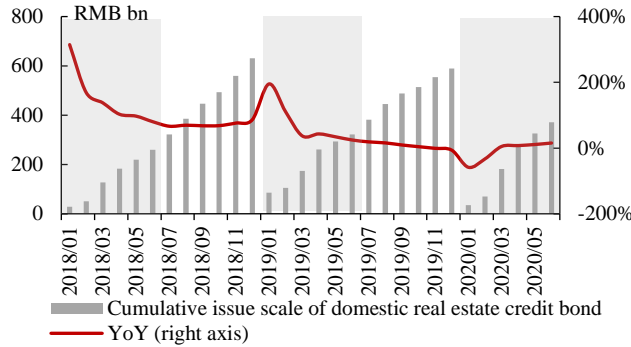
Source: Wind, CWSI Research

1.3 What impact will the statement of this conference have on industry trends in the second half of 2020?

1.3.1 Similar to 2018 and 2019, the market was hot in 20H1

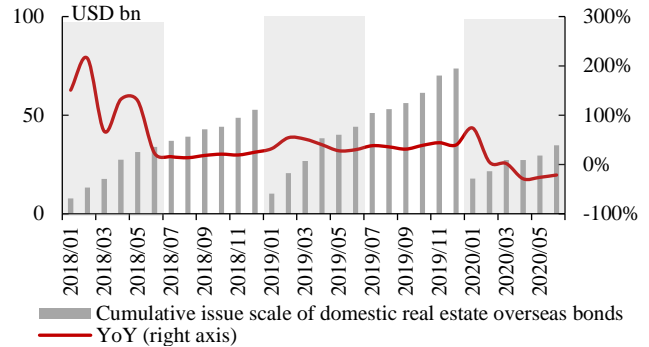
At the beginning of the year, the policy is expected to be positive and the liquidity environment is more relaxed. Similar to 2018 and 2019, at the beginning of 2020, especially after the outbreak of COVID-19, the market has formed certain expectations for policy relaxation. In terms of liquidity, January was still the peak of overseas bond issuance by real estate companies, and the scale of overseas bond issuance by domestic real estate companies increased by 73.7% YoY; the domestic sector was affected by the epidemic and declined. After the domestic epidemic has gradually eased, the domestic and overseas liquidity environment has shown a trend of relaxation. The cumulative issuance of domestic real estate credit bonds and the cumulative decline of the cumulative issuance of domestic real estate overseas bonds have continued to narrow.

Chart 10: The first half of 18-20 were the peak of domestic real estate credit bond issuance



Source: Wind, CWSI Research

Chart 11: The peak of overseas bond issuance of domestic real estate appears in early 2018-2020

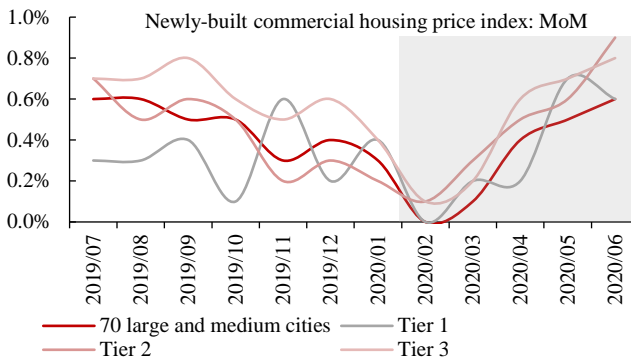


Source: Wind, CWSI Research

The impact of COVID-19 has weakened, and land heat has picked up rapidly.

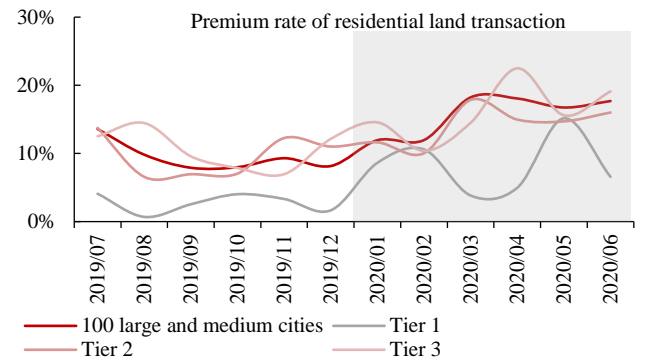
After the regulation in mid-2019, tier-2 and tier-3 cities led to the continuous decline in the MoM growth of the price index of newly built commercial housing in 70 large and medium-sized cities, and the overall performance of housing prices was relatively stable. In 20H1, although the real estate market was greatly affected by COVID-19 from Feb to Mar, the market has recovered quickly. From Jan to Jun 2020, national commercial housing accumulated contracted sales only dropped by 5.4% YoY; the MoM growth of the price index of newly built commercial housing in 70 large and medium-sized cities continued to expand from 0% in Feb 2020 to 0.6% in Jun 2020. In terms of the land market, the premium rate of residential land transactions in all tiers of cities from Apr to Jun 2020 has seen significant increases. The main reason is that prosperous sales have brought developers certain restocking demand, and the relatively loose liquidity environment has also made the market expectation more optimistic.

Chart 12: In 20H1, the MoM growth rate of new house prices continues to increase



Source: Wind, NBS, CWSI Research

Chart 13: In 20H1, the premium rate of residential land transactions has increased significantly

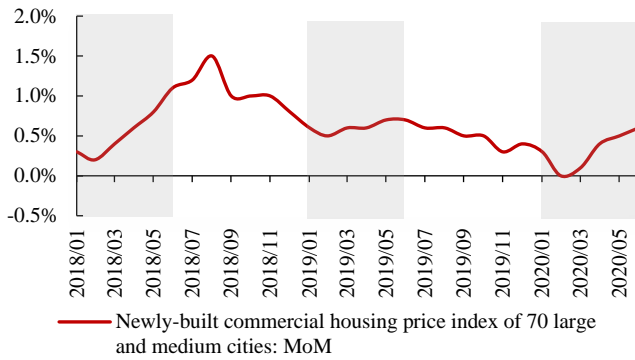


Source: Wind, CWSI Research



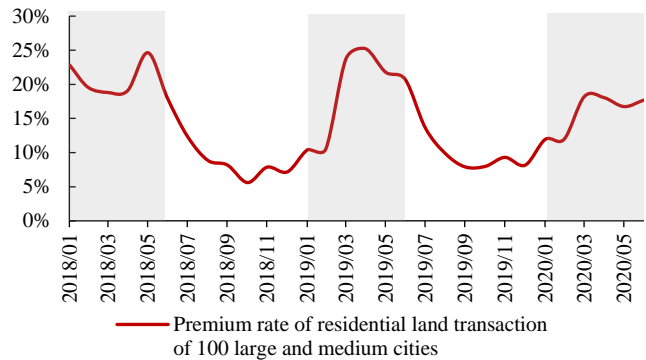
In the first half of the past three years, the price of newly-built commercial housing and the premium rate of residential land transactions showed similar trends. Similar to the first half of 2018 and 2019, in 20H1, the growth rate of the price index of newly built commercial housing in 70 large and medium-sized cities has gradually expanded, and the premium rate of residential land transactions in 100 cities has reached a relatively high level.

Chart 14: In the first half of 18-20, newly-built commercial housing prices increased gradually MoM



Source: Wind, NBS, CWSI Research

Chart 15: The premium rates of residential land transactions in the first half of 18-20 were high

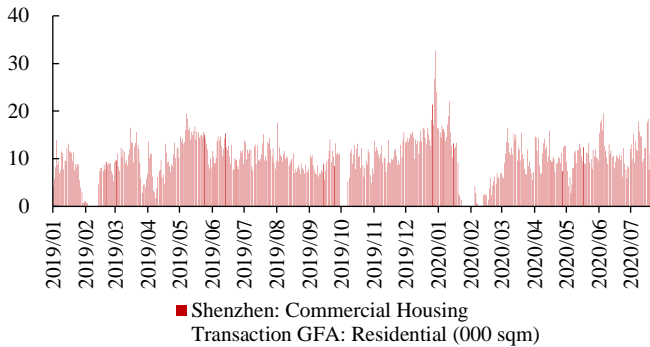


Source: Wind, CWSI Research

The housing market and land market in some cities are hot. In terms of cities, the housing boom in some cities remained high after the epidemic eased: Shenzhen reported phenomena such as operating loans, tea fees, and newly-built commercial housing transactions did not increase significantly due to limited supply, while the accumulated GFA of second-hand housing transactions in 20H1 has achieved a YoY increase of 46%; Hangzhou, Nanjing, etc. have repeatedly seen 10,000-person lottery and ultra-low success rate real estate projects, the average listing price and premium rate of residential land have increased, and there have been many high-priced land during the year.

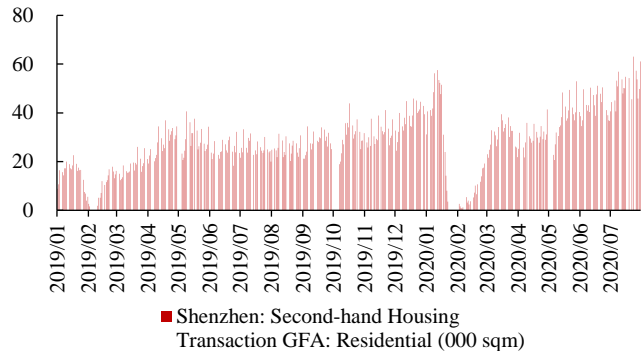


Chart 16: Shenzhen's new housing transaction GFA has been relatively stable this year



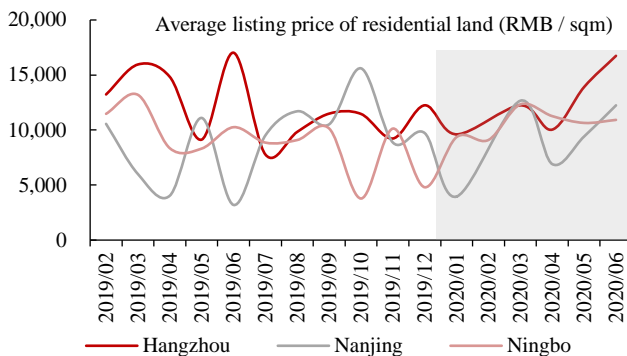
Source: Wind, CWSI Research

Chart 17: Second-hand housing transactions has increased in Shenzhen this year



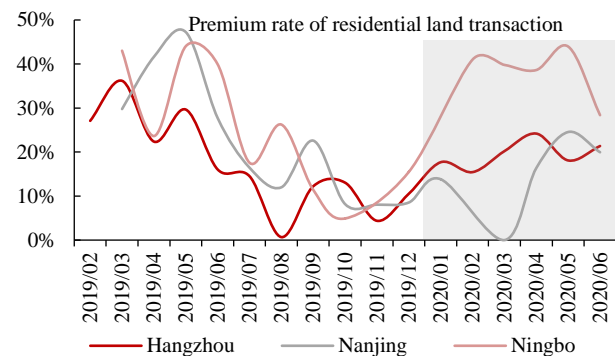
Source: Wind, CWSI Research

Chart 18: The average listing price of residential land in some popular cities in 2020 is rising



Source: Wind, CWSI Research

Chart 19: The premium rate of residential land transactions in some popular cities continued to increase in 2020



Source: Wind, CWSI Research

1.3.2 Outlook for the second half of the year: The policy tone remains stable and the urban differentiation is expected to increase

The overall policy orientation remained stable, and the tone of “housing for living, not for speculation” continued. At present, the pressure on domestic economic growth may be even greater than in 2019 due to the impact of the global epidemic. In this environment, the top-level policy statement on real estate did not significantly relax during the year, but maintained a strong determination. At the same time, in 20H1, the heat of the real estate market has increased rapidly due to factors such as expectations of policy easing, marginal easing of domestic liquidity, and panic about inflation. According to the previous comparison, there are certain commonalities between 20H1 and 18H1 and 19H1 in terms of the MoM growth rate of newly-built commercial residential prices and the premium rate of residential land transactions. In this



environment, the presentation of the industry at this conference is not much different from other presentations during the year, there is no obvious relaxation, and it is not as strict as in Jul 2018 and 2019. Overall, in the context of the steady recovery of the domestic economy and the normalization of monetary policy, the industry policy tone in the second half of the year is expected to remain stable.

Policies in popular cities are frequently released, and urban differentiation is expected to increase. In an environment where the overall tone remains stable, the policies of some cities may still be differentiated. Prior to this conference, the real estate work conferences attended by 10 cities including Beijing, Shanghai, Guangzhou, Shenzhen, Nanjing, Hangzhou, Shenyang, Chengdu, Ningbo, and Changsha also demonstrated the top-level attitude towards popular cities. Since July, many popular cities have introduced industry-related policies, which not only cool down the overheated market, but also demonstrate housing guaranteeing for families without houses. On the other hand, the Politburo meeting of the Central Committee also mentioned the promotion of the innovation of the system and mechanism for the integrated development of urban agglomerations and metropolitan areas, and to a certain extent put forward requirements for the economic driving effect of key cities in each urban agglomeration. The policy attitudes of various cities may diverge in the balance between economic development and the steady development of the real estate market.

Table 2: In July, a number of popular cities introduced real estate-related policies, cooling the market and guaranteeing the rigid need

Date	City	Policy Summary
2020-07-02	Hangzhou	Newly-built commercial housing purchased through high-level talent households in this city shall not be listed within 5 years from the date of housing online signing transaction.
2020-07-02	Dongguan	To accelerate the sale of commercial housing under construction to the market, strengthen the sales price guidance for commercial housing, and strengthen the sales supervision of commercial housing projects.
2020-07-15	Shenzhen	Adjust the purchase limit of commercial housing, improve differentiated housing credit measures, refine ordinary housing standards, give full play to the role of tax regulation, strengthen the management of hot real estate sales, implement online management of housing mortgage contracts, and increase the disclosure of information on second-hand housing transactions.
2020-07-22	Changchun	Starting from August 1, 2020, for the second time to apply for a housing provident fund personal housing loan, the loan interest rate will be 1.1 times that of the first housing provident fund personal housing loan in the same period.
2020-07-22	Ningbo	Eligible "family without house" can first subscribe for a commercial house in the sixth district of the city. The house is required not to be transferred after obtaining the real estate ownership certificate for 5 years.



2020-07-23	Nanjing	Priority will be given to guaranteeing the rigid housing needs of households with no housing registration in this city, and the commercial housing project provides households with no housing registration in this city with a proportion of not less than 30% of each batch. If the couple is divorced, if either party purchases commercial housing within 2 years from the date of divorce, the number of housing units owned by the couple shall be calculated based on the total number of units in the family before the divorce. Strictly implement the "limit house price, compete land price" transfer model, improve land market access conditions, and establish a qualification screening mechanism for registration units of residential land in popular regions.
2020-07-27	Dongguan	Increase the supply of residential land and housing, adjust the purchase restriction policy of commercial housing, and adjust the transfer period of commercial housing.
2020-07-28	Nanjing	In response to issues such as priority selection of houses for talents and support for priority purchases of houses for immediate needs, specific rules for lots drawing and house selection are issued.
2020-07-30	Dongguan	Focus on the settlement measures for seven types of talents, and increase settlement measures for top talents, innovative talents, high-skilled talents, R&D talents, and new entrants on the basis of existing featured talents and new employment talent settlement policies, covering high-level and basic talents at all levels.

Source: Government website, CWSI Research

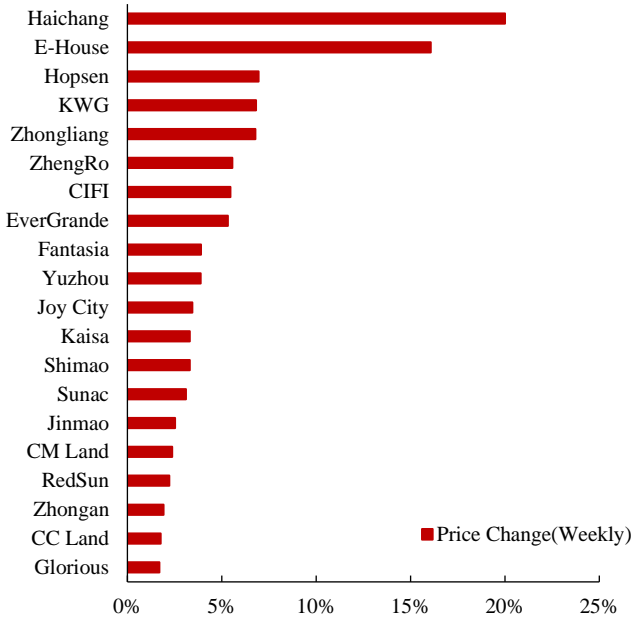


2. Sector Performance

2.1 Performance of developer sector

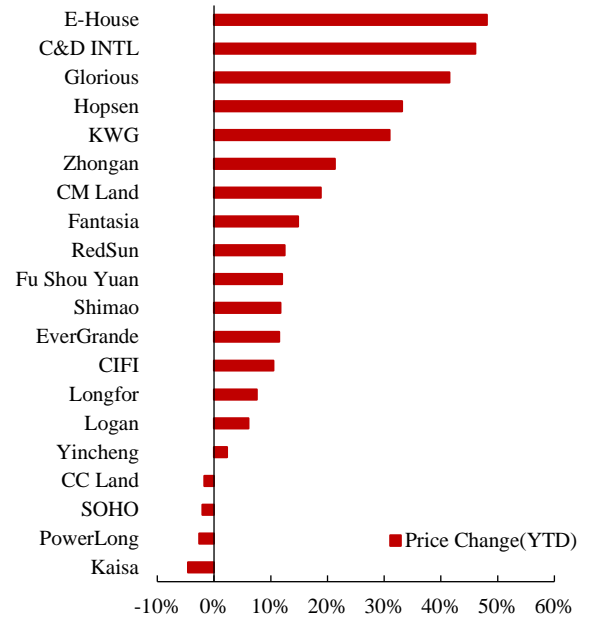
This week, Haichang, E-House and Hopsen had larger price increase than peers. E-House, C&D INTL and Glorious had better share price performance, YTD.

Chart 20: This week, Haichang, E-House and Hopsen had larger price increase than peers



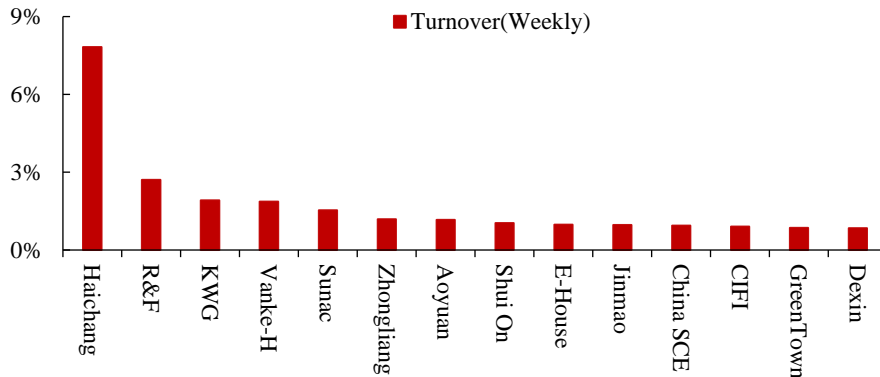
Source: Wind, CWSI Research

Chart 21: E-House, C&D INTL and Glorious had better share price performance, YTD



Source: Wind, CWSI Research

Chart 22: Haichang, R&F and KWG were most actively traded this week



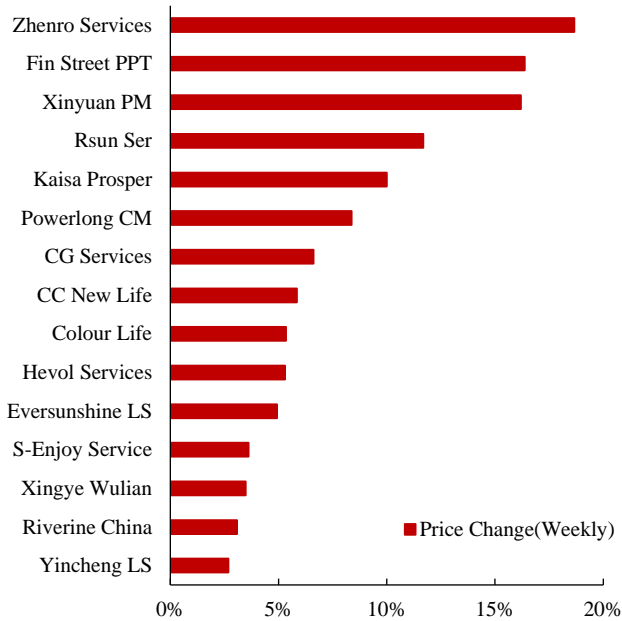
Source: Wind, CWSI Research



2.2 Performance of property service sector

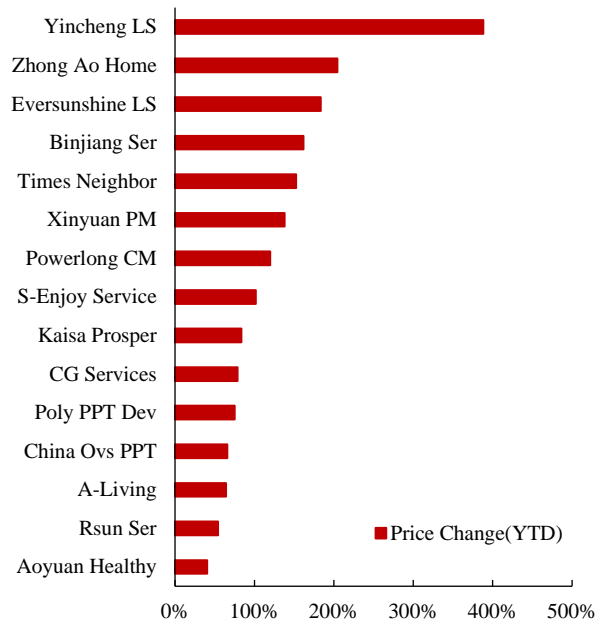
This week, Zhenro Services, Fin Street PPT and Xinyuan PM had larger price increase than peers. Yincheng LS, Zhong Ao Home and Eversunshine LS had better share price performance YTD.

Chart 23: This week, Zhenro Services, Fin Street PPT and Xinyuan PM had larger price increase than peers



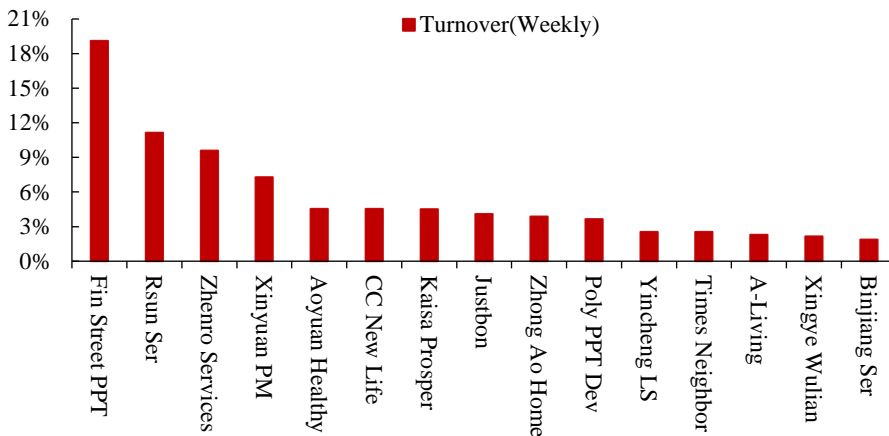
Source: Wind, CWSI Research

Chart 24: Yincheng LS, Zhong Ao Home and Eversunshine LS had better share price performance YTD



Source: Wind, CWSI Research

Chart 25: Fin Street PPT, Rsun Ser and Zhenro Services 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	184,400	33%	9%	651	4%	0%	669	4%	-2%	3,302	-23%
Shanghai	323,900	-10%	29%	1,247	-2%	13%	1,278	-2%	12%	6,483	-20%
Guangzhou	291,531	27%	26%	949	-10%	29%	984	-8%	31%	4,553	-14%
Shenzhen	65,683	47%	-17%	325	-3%	-4%	338	-3%	-4%	1,998	-3%
Tier 1	865,514	12%	18%	3,171	-3%	12%	3,268	-3%	12%	16,336	-17%
Tier 2	2,530,898	-9%	4%	12,754	-3%	15%	13,169	-3%	14%	63,304	-5%
Tier 3	2,277,231	-4%	-12%	10,163	-22%	-2%	10,592	-21%	-2%	58,850	-13%
Beijing	184,400	33%	9%	651	4%	0%	669	4%	-2%	3,302	-23%
Qingdao	403,759	3%	39%	1,607	-5%	28%	1,664	-3%	28%	8,138	7%
Dongying	158,983	35%	349%	490	-24%	230%	505	-25%	225%	2,269	127%
PBR	747,142	15%	51%	2,748	-7%	34%	2,838	-6%	33%	13,709	6%
Shanghai	323,900	-10%	29%	1,247	-2%	13%	1,278	-2%	12%	6,483	-20%
Nanjing	155,312	-21%	16%	1,016	38%	13%	1,075	22%	15%	5,183	24%
Hangzhou	82,386	-22%	-42%	841	-29%	19%	864	-32%	17%	5,063	17%
Suzhou	178,157	22%	19%	764	-64%	-8%	799	-63%	-8%	6,603	11%
Wuxi	175,500	5%	-33%	630	22%	-3%	630	22%	-3%	3,125	-23%
Yangzhou	12,624	-85%	44%	282	19%	66%	290	19%	66%	1,238	-12%
Jiangyin	0	-100%	-100%	172	-55%	-43%	180	-54%	-41%	1,505	-14%
Wenzhou	226,726	42%	-16%	861	-61%	-26%	902	-60%	-25%	6,667	-9%
Jinhua	50,849	-7%	17%	376	41%	116%	395	41%	119%	1,318	16%
Changzhou	71,620	-13%	-31%	308	-20%	-25%	324	-17%	-29%	1,732	-49%
Huaian	86,072	4%	-16%	398	-22%	-2%	416	-20%	-3%	2,461	-15%
Lianyungang	129,153	-12%	-6%	690	13%	22%	718	13%	20%	3,447	-1%
Shaoxing	14,605	-45%	-80%	250	-16%	28%	260	-16%	28%	1,395	-2%
Zhenjiang	38,430	-37%	-80%	441	-29%	-28%	472	-25%	-25%	3,153	-29%
Jiaxing	54,504	-24%	-27%	359	-32%	-3%	378	-31%	-3%	1,658	-1%
Wuhu	60,455	23%	-19%	216	2%	-19%	231	6%	-17%	1,065	-3%
Yancheng	73,150	6%	-8%	155	-21%	-57%	155	-29%	-57%	1,801	-15%
Zhoushan	23,502	-36%	-18%	117	-22%	23%	121	-23%	22%	763	9%
Chizhou	20,462	9%	-51%	76	-1%	-36%	82	0%	-36%	494	-37%
Ningbo	118,160	-19%	-37%	976	7%	54%	1,034	9%	58%	4,204	-6%
YRD	1,895,566	-10%	-22%	10,175	-24%	1%	10,605	-24%	2%	59,358	-8%
Guangzhou	291,531	27%	26%	949	-10%	29%	984	-8%	31%	4,553	-14%
Shenzhen	65,683	47%	-17%	325	-3%	-4%	338	-3%	-4%	1,998	-3%
Fuzhou	64,125	38%	23%	246	114%	17%	247	103%	12%	1,140	-25%
Dongguan	255,849	26%	105%	796	-5%	62%	814	-4%	62%	3,294	15%
Quanzhou	58,176	-46%	-18%	311	2%	-11%	316	-1%	-13%	1,375	-34%
Putian	21,958	-20%	-59%	112	-40%	-56%	117	-40%	-58%	878	-30%
Huizhou	70,686	12%	14%	275	-33%	8%	283	-32%	6%	1,421	-7%
Shaoguan	35,106	14%	29%	158	-2%	32%	161	-2%	30%	965	10%
Foshan	318,886	29%	7%	1,079	-24%	-9%	1,156	-19%	-6%	6,465	-22%
Jiangmen	32,564	-35%	-29%	133	-5%	-21%	136	-5%	-21%	713	16%
Zhaoqing	51,186	-9%	-4%	238	-1%	26%	245	-2%	25%	1,278	7%
PRD & Southern China	1,265,750	14%	15%	4,623	-11%	8%	4,797	-10%	8%	24,078	-13%
Changchun	228,728	15%	7%	866	-2%	-7%	893	-2%	-7%	4,362	-26%



Taian	44,581	-18%	-27%	256	11%	0%	265	10%	-3%	1,187	-18%
Northern China	273,309	8%	-1%	1,122	1%	-5%	1,157	1%	-6%	5,549	-25%
Wuhan	530,885	-6%	-8%	2,393	49%	-4%	2,482	54%	-3%	7,464	-38%
Yueyang	60,304	-49%	62%	360	75%	106%	366	73%	106%	1,292	19%
Ganzhou	190,276	-10%	-3%	764	8%	9%	792	9%	7%	4,471	-12%
Central China	781,465	-13%	-3%	3,517	40%	4%	3,640	43%	5%	13,227	-27%
Chengdu	308,587	-25%	3%	2,029	-4%	16%	2,075	-5%	11%	11,997	6%
Liuzhou	143,646	32%	13%	418	-51%	-5%	431	-50%	-4%	3,479	1%
Nanning	258,179	-34%	23%	1,456	15%	23%	1,486	14%	22%	7,094	-13%
Western China	710,412	-22%	11%	3,902	-8%	16%	3,992	-8%	13%	22,570	-1%
Total	5,673,644	-4%	-1%	26,088	-11%	7%	27,029	-11%	7%	138,491	-10%
Num. of cities Up		19	19		15	23		15	21		14
Num. of cities Down		22	22		27	19		27	21		28

Source: Local governments, CWSI Research; Note: Till 2020/7/31



Table 4: Major cities inventory period was 11.5 months this week

City	Inventory (sqm 000)	wow	yoy	Inventory period	Last week	wow	yoy
Beijing	12,237	0%	37%	18.8	20.0	-6%	37%
Shanghai	6,899	-2%	-11%	5.5	5.6	-1%	-22%
Guangzhou	8,316	4%	6%	8.8	8.2	7%	-18%
Shenzhen	2,001	-3%	-17%	6.2	6.4	-4%	-14%
Tier 1 Average		0%	4%	9.8	10.0	-1%	-4%
Hangzhou	3,554	4%	57%	4.2	3.2	31%	32%
Nanjing	5,773	3%	56%	5.7	5.5	3%	38%
Suzhou	6,674	-1%	38%	8.7	4.1	114%	50%
Fuzhou	6,395	-1%	83%	26.0	32.5	-20%	56%
Jiangyin	4,076	0%	1%	23.7	13.4	77%	77%
Wenzhou	11,057	3%	21%	12.8	6.1	111%	63%
Quanzhou	7,215	1%	11%	23.2	23.3	-1%	24%
Ningbo	2,908	5%	8%	3.0	2.4	24%	-30%
Dongying	1,248	-1%	-17%	2.5	3.1	-17%	-75%
Overall Average		1%	21%	11.5	10.3	25%	17%

Source: Local governments, CWSI Research; Note: Till 2020/7/31; Average WoW and average YoY are defined as average change of each city



3.2 Second-hand house transaction and price data

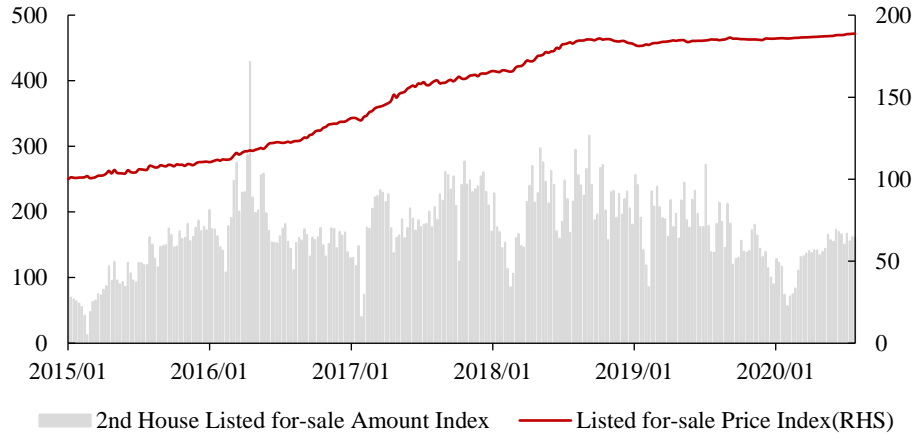
Table 5: Major cities Second-hand house transaction volume, Jinhua rose significantly YTD

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	369,034	4%	32%	1,443	-6%	29%	1,489	-6%	29%	7,389	1%
Shenzhen	267,953	64%	117%	1,019	13%	88%	1,056	12%	87%	4,795	53%
Hangzhou	161,838	21%	31%	616	-4%	25%	643	-3%	28%	3,141	5%
Nanjing	275,857	-1%	45%	1,208	31%	77%	1,255	30%	78%	5,328	43%
Chengdu	76,740	-34%	-59%	472	-9%	-43%	494	-9%	-43%	2,960	-55%
Qingdao	130,528	-4%	39%	595	0%	37%	615	-1%	36%	2,917	13%
Wuxi	127,105	-22%	-18%	668	4%	1%	703	4%	2%	3,530	4%
Suzhou	140,848	-3%	-28%	627	9%	-38%	647	8%	-39%	3,249	-49%
Xiamen	87,334	-5%	14%	396	7%	22%	410	7%	23%	1,862	-24%
Yangzhou	21,207	-15%	-14%	104	-7%	-7%	108	-7%	-8%	583	-9%
Yueyang	16,789	-16%	-8%	76	-1%	-3%	80	0%	-2%	358	-17%
Nanning	54,344	-22%	-49%	276	-17%	-48%	287	-21%	-49%	1,430	-12%
Foshan	152,987	-9%	44%	704	17%	40%	731	18%	39%	3,037	-16%
Jinhua	46,825	-36%	57%	309	61%	111%	322	12%	110%	1,496	75%
Jiangmen	17,000	-28%	-36%	96	14%	-2%	100	15%	-3%	440	-23%
Total	1,946,389	-1%	12%	8,611	6%	14%	8,942	5%	14%	42,516	-8%
Num. of cities Up		3	8		8	9		8	9		7
Num. of cities Down		12	7		7	6		7	6		8

Source: Local governments, CWSI Research; Note: Till 2020/7/31

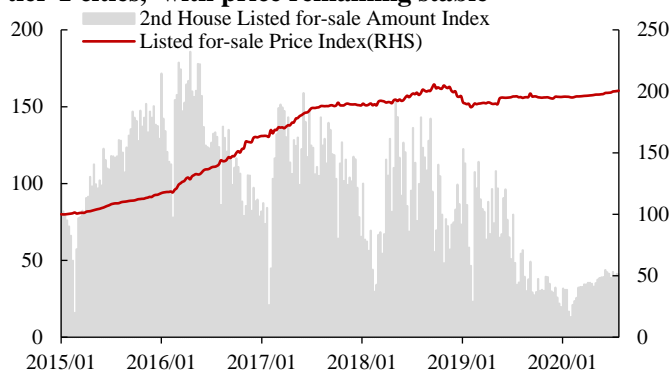


Chart 26: 2nd house listed for-sale price index rose slightly recently



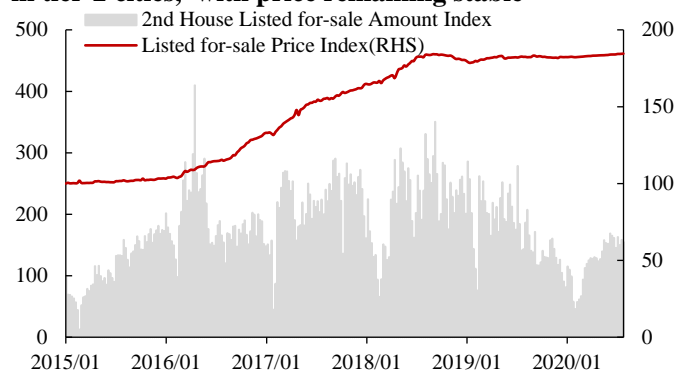
Source: Local Government, CWSI Research; Note: Till 2020/7/26

Chart 27: 2nd house listed for-sale amount index rose in tier-1 cities, with price remaining stable



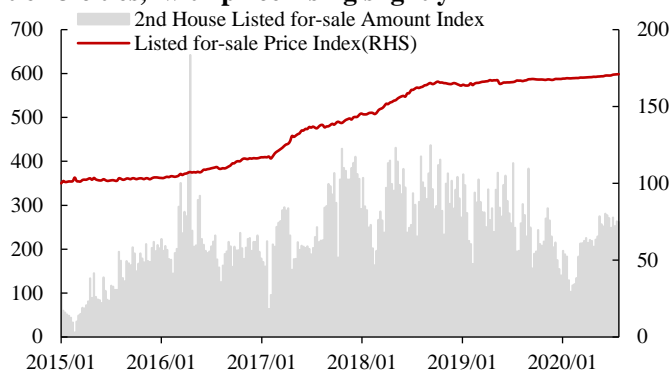
Source: Local Government, CWSI Research; Note: Till 2020/7/26

Chart 28: 2nd house listed for sale amount index rose in tier-2 cities, with price remaining stable



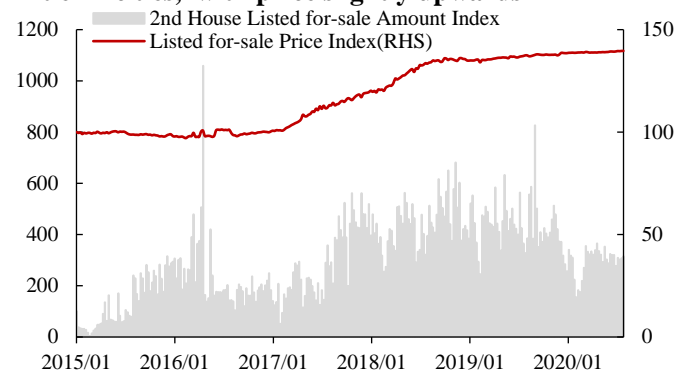
Source: Local Government, CWSI Research; Note: Till 2020/7/26

Chart 29: 2nd house listed for-sale amount index rose in tier-3 cities, with price rising slightly



Source: Local Government, CWSI Research; Note: Till 2020/7/26

Chart 30: 2nd house listed for-sale amount index rose in tier-4 cities, with price slightly upwards



Source: Local Government, CWSI Research; Note: Till 2020/7/26



4. Important Policies and News

4.1 Important Industry Policies News This Week

Table 6: Important Industry Policies News This Week: The Politburo meeting of the CPC Central Committee reaffirmed the positioning of "housing for living, not for speculation"; Shenzhen stopped planning and approval of land transfer plans of new commercial apartment projects

Date	Region / Institution	Summary
2020-07-27	Haikou	The allotment of affordable commercial housing implements the policy of "one family purchase limit and one purchase limit". Eligible households in Haikou of 3 types and 7 types of introduced talents can apply for one set. The housing type for allocatable commercial housing is mainly under 100 sqm, and the largest is no more than 120 sqm.
2020-07-27	Dongguan	Increase the supply of residential land and housing, adjust the purchase restriction policy of commercial housing, and adjust the transfer period of commercial housing.
2020-07-28	Central Bank	Banks are required to collect statistics on consumer joint loan business and figure out the inflow of online consumer loans into the property market.
2020-07-28	NDRC	Accelerate the implementation of new urbanization construction to make up for the shortcomings of the strengths and weaknesses, and orderly promote the intelligent transformation of county towns.
2020-07-28	MOHURD	Require to vigorously develop prefabricated buildings and promote the establishment of a specialized, large-scale, and information-based production system based on standard parts.
2020-07-28	Changsha	Will do a good job in housing insurance, establish a sound diversified supply system, provide low-income people with affordable housing, and provide policy-based rental housing for "new citizens" to better meet rigid needs for housing purchases, and appropriately guide the demand for improved housing.
2020-07-28	Nanjing	In response to issues such as priority selection of houses for talents and support for priority purchases of houses for immediate needs, specific rules for lots drawing and house selection are issued.
2020-07-28	Shiyan	Adjust the pre-sale progress standard of urban commercial housing, adjust the proportion of pre-sale supervision funds and allocation nodes, adjust the proportion of land bidding deposits, and pay land transfer fees in installments.
2020-07-29	MOHURD	As of end-Jun, the country's newly started old community renovation accounted for 40.4% of the annual target task, an increase of 21 pct from end-May; the residents involved accounted for 47.1% of the annual target task, an increase of nearly 22 pct from end-May.
2020-07-29	MOHURD	Signed a cooperation framework with the Shanghai Municipal Government, focusing on 14 specific tasks including urban governance system, housing system, and urban construction systems and mechanisms.
2020-07-29	Ministry of Finance	Local government special bonds insist on not arranging land reserve projects, no industrial projects, or real estate-related projects.



2020-07-29	Guangdong	Clarified that the government and the purchaser shall jointly fund the common property housing, and the purchaser's share of property rights shall not be less than 50% in principle, and the GFA of common property housing shall not exceed 120 sqm; all localities shall provide stable employment for qualified talents and urban residents. The number of migrant workers and Hong Kong and Macao residents working and living in Guangdong are included in the supply of shared property housing, and each family can only purchase one set.
2020-07-30	Political Bureau meeting of the CPC Central Committee	New types of urbanization should drive investment and consumer demand, and promote the innovation of the integrated development system of urban agglomerations and metropolitan areas; adhere to the positioning of housing for living, not for speculation, and promote the steady and healthy development of the real estate market.
2020-07-30	Dongguan	All companies and individuals shall suspend any new construction, reconstruction and expansion of any building (structure) within the Binhai Bay New Area, including projects that have obtained relevant approval documents and filings in Humen Town and Chang'an Town.
2020-07-30	Dongguan	Focus on the settlement measures for seven types of talents, and increase settlement measures for top talents, innovative talents, high-skilled talents, R&D talents, and new entrants on the basis of existing featured talents and new employment talent settlement policies, covering high-level and basic talents at all levels.
2020-07-31	Hunan	In the four regions of Changsha, Zhuzhou, Xiangtan and Chenzhou, the pilot reform of "delivery of certificates immediately after delivery housing" will be carried out first. Hunan Province will select another 1-2 counties and cities where conditions permit according to actual conditions to carry out pilot projects.
2020-07-31	Shenzhen	In the city (including the Shenzhen-Shantou Special Cooperation Zone), the planning and the approval of land transfer plans of new commercial apartment projects will be suspended. For commercial apartment projects that have been approved for planning and have not yet signed a contract (excluding bids, auctions, and listings), on the basis of meeting public supporting requirements such as schools and the voluntary development of enterprises, the conversion into saleable talent housing is encouraged.

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		Net profit attributable to parent	
		(RMB bn)	YoY	(RMB bn)	YoY
Property Development					
LJZ	600663.SH	6.63	-19.1%	1.68	-18.0%
Property Management					
Zhenro Services	6958.HK	-	-	-	90.0%
Powerlong CM	9909.HK	-	-	-	50.0%
Kaisa Prosper	2168.HK	-	-	-	30.0%

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-Jun contracted sales		Jan-Jun contracted GFA	
		(RMB bn)	YoY	(000 sqm)	YoY
BRC	600466.SH	38.1	-18.2%	4177	-18.9%
Joy City	0207.HK	6.8	302.6%	202	107.4%
LJZ	600663.SH	0.3	-49.7%	12	0.0%

Source: Wind, company announcements, CWSI Research



4.4 Company news and announcements

Table 9: Company news and announcements: Tahoe Group intended to sell 19.9% of its shares to Vanke; EverGrande Proposed to spin-off property management services and related value-added services businesses and listed separately on HKEX

Date	Company	Summary
2020-07-27	GreenLand	The company's shareholders, Shanghai Real Estate (Group) Co., Ltd. and Shanghai City Investment (Group) Co., Ltd., intended to transfer their shares of the company through public solicitation of transferees, and the total proportion of shares transferred shall not exceed 17.5% of the company's total share capital.
2020-07-27	Rsun Ser	Fully exercised the over-allotment option, involving total of 15 mn additional new shares at an offer price of HKD 4.15 / share.
2020-07-27	SLHC	Issued RMB 1 bn 90-day 1.78% super short-term financing bonds.
2020-07-28	LJZ	Achieved cumulative lease income of RMB 1.76 bn (-9.0%). In June 2020, the company obtained 1 real estate project in Shanghai.
2020-07-28	Modern Land	Purchased outstanding 7.95% senior notes due 2021.
2020-07-28	BRC	1) From Jan to Jun 2020, the company has obtained 36 real estate projects. 2) Planned to transfer 100% of the shares of Chengdu Dikang Pharmaceutical Co., Ltd..
2020-07-29	Country Garden	Issued USD 500 mn 4.2% senior notes due 2026 and USD 500 mn 4.8% senior notes due 2030.
2020-07-29	CIFI	Issued additional USD 200 mn 5.95% green senior notes due 2025.
2020-07-29	LJZ	Obtained a land parcel in the Qiantan area, Pudong New District, Shanghai at RMB 4.91 bn , with a land area of c. 26,000 sqm.
2020-07-30	Ronshine	Issued USD 200 mn 6.75% senior notes due 2024.
2020-07-30	Sunac	Issued USD 500 mn 6.65% senior notes due 2024.
2020-07-30	Dafa Land	Issued USD 150 mn 12.375% senior notes due 2022.
2020-07-30	BRC	Issued 365-day RMB 700 mn 6.5% short-term financing bill.
2020-07-30	Zhongnanconstruction	Planned to participate in the bidding for 66% equity of Chengdu Longquanyi District Administrative South Rail City Development Co., Ltd., which is publicly transferred by Chengdu Rail City Development Group Co., Ltd., with a total starting price of c. RMB 2.22 bn.
2020-07-31	REDCO	Issued USD 220 mn 11.0% senior notes due 2022.
2020-07-31	Binjiang	Obtained a land parcel in Xiacheng District, Hangzhou City at RMB 10.74 bn, with a land area of c. 107,000 sqm.
2020-07-31	Tahoe	Tahoe Investment intended to transfer its 19.9% of the company's shares to Hainan Wanyi at RMB 4.9 / share.
2020-07-31	EverGrande	Proposed to spin-off property management services and related value-added services businesses and listed separately on HKEX.

Source: Company announcements, CWSI Research



Note:

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



Analyst Certification

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

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

Meanings of Central Wealth Securities Ratings

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

1) Stock Ratings:

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

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

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

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

2) Sector Ratings:

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

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

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

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