



Accumulated sales growth increased

Comments on Aug 20 sales data of leading developers

The cumulative sales growth rate continued to increase, and the monthly growth rate has slowed down. In the first 8 months of 2020, TOP100 developers realized a total contracted sales of RMB 7.36 tn (+3.2% YoY, vs +1.1% in Jan-Jul 2020), and contracted GFA of 531 mn sqm (+2.6% YoY, vs -1.8% in Jan-Jul 2020). In Aug 20, monthly sales growth rate of TOP100 developers has slowed down under the control of many cities, achieving a YoY increase of 17.2% (vs 28.1% in Jul 2020); but the market heat in Aug is still higher than the same period last year, and the cumulative sales growth rate continued to improve. In recent months, the gradual release of residents' housing demand and the active promotion of developers have jointly made the sales of commercial housing continue to pick up, which is expected to support the steady development of industry sales throughout the year.

Cumulative sales of medium-sized developers have grown faster, and the monthly sales of small and medium-sized developers have grown faster. From Jan to Aug 2020, developers ranked 11-50 in cumulative sales had the fastest cumulative sales growth, with a YoY increase of 6.3% (top 10 and 51-100 developers increased by 2.9% and down by 3.6% respectively). In terms of monthly sales performance in Aug, developers ranked 11-50 and 51-100 in cumulative sales grew faster, reaching 19.0% and 17.3% YoY respectively (top 10 developers in cumulative sales increased 15.2% YoY). Companies that grew the fastest in accumulated contracted sales in Jan-Aug 2020 were Yanlord (+76.1%), C&D INTL (+72.3% YoY), Yuzhou (+61.1% YoY), Jinmao (+34.7% YoY) and Logan (+33.0% YoY).

Industry tone remained stable, local policies continued to advance. In Aug, the overall tone of the industry continued to remain stable. The MOHURD and the central bank affirmed the results of the previous regulation and control of relevant departments and local governments at the seminar with key developers, and pointed out that market-oriented, regularized and transparent financing rules are intended to stabilize the financial policy expectations of developers and to promote the sustained, stable and healthy development of the industry. At the local level, various localities have issued corresponding policies based on their own conditions: Guangzhou will establish a cross-regional Hukou registration accumulative recognition system, which is expected to support local housing demand; Nanjing clearly pointed out that after the housing plot reaches the maximum price limit, the bidder will be determined through on-site lottery; Jiangsu will focus on strengthening the monitoring, evaluation and assessment of residential land supply in Nanjing, Wuxi and Suzhou, may help stabilize market expectations from land supply side and help the healthy development of the industry.

Suggestion:

In Aug 2020, the monthly sales growth rate of TOP100 developers slowed down compared with Jul, and the cumulative sales growth rate continued to increase. The fundamentals of the industry have steadily recovered under a more healthy market sentiment. The overall tone of the industry this month is still relatively stable, and local policies have provided support to rigid-need buyers in terms of land supply and talent introduction, and may be expected to guide the healthy development of the commercial housing market. Maintain "Overweight" rating for the industry.

Note: Uncertainties in the industry regulation and financing policies may affect the sales performance; macroeconomic fluctuations may have certain impact on business operations within the industry; uncertainties in the control of COVID-19 spread.

Overweight

(Maintain)

Public WeChat account



Sicong Shen

Analyst

+852 3958 4699

shensicong@cwghl.com

SFC CE Ref: BNF 348

Hongfei Cai

Analyst

+852 3958 4629

caihongfei@cwghl.com

SFC CE Ref: BPK 909

Lianxin Zhuge

Analyst

+852 3700 7094

zhugelianxin@cwghl.com

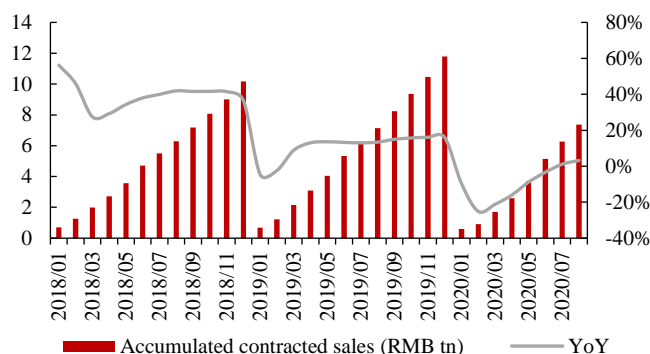
SFC CE Ref: BPK 789



EH Consulting released the sales data of developers for Aug 2020. Cumulative sales growth of TOP100 developers continued to increase with accumulated contracted sales increased by 3.2% YoY, single-month contracted sales increased by 17.2% YoY.

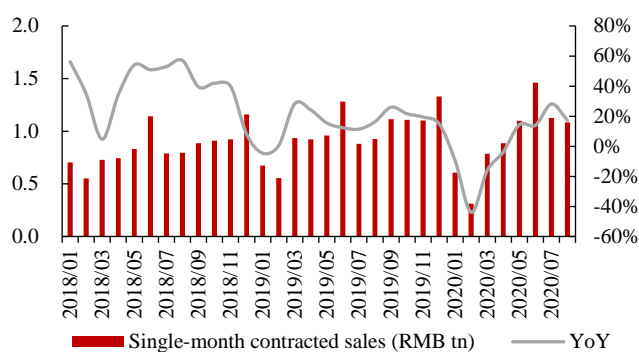
The cumulative sales growth rate continued to increase, and the monthly growth rate has slowed down. In the first 8 months of 2020, TOP100 developers realized a total contracted sales of RMB 7.36 tn (+3.2% YoY, vs +1.1% in Jan-Jul 2020), and contracted GFA of 531 mn sqm (+2.6% YoY, vs -1.8% in Jan-Jul 2020). In Aug 20, monthly sales growth rate of TOP100 developers has slowed down under the control of many cities, achieving a YoY increase of 17.2% (vs 28.1% in Jul 2020); but the market heat in Aug is still higher than the same period last year, and the cumulative sales growth rate continued to improve. In recent months, the gradual release of residents' housing demand and the active promotion of developers have jointly made the sales of commercial housing continue to pick up, which is expected to support the steady development of industry sales throughout the year.

Chart 1: Accumulated contracted sales from Jan to Aug 2020 of TOP100 developers increased 3.2% YoY



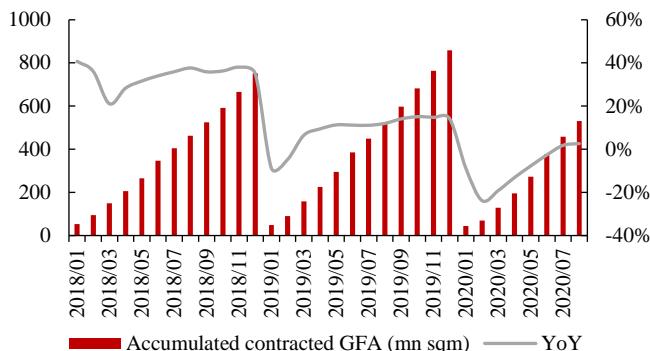
Source: EH Consulting, CWSI Research

Chart 2: Single-month contracted sales in Aug of TOP100 developers increased 17.2% YoY



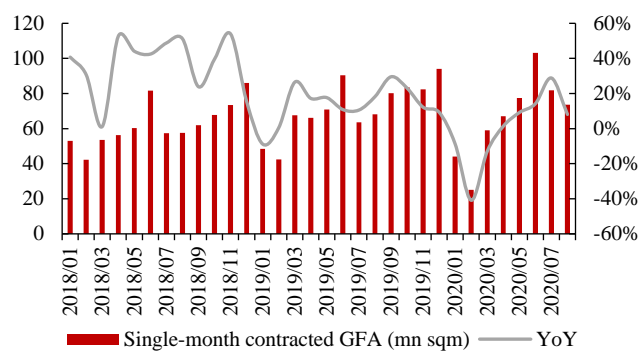
Source: EH Consulting, CWSI Research

Chart 3: Accumulated contracted GFA from Jan to Aug 2020 of TOP100 developers increased 2.6% YoY



Source: EH Consulting, CWSI Research

Chart 4: Single-month contracted GFA in Aug of TOP100 developers increased 8.1% YoY

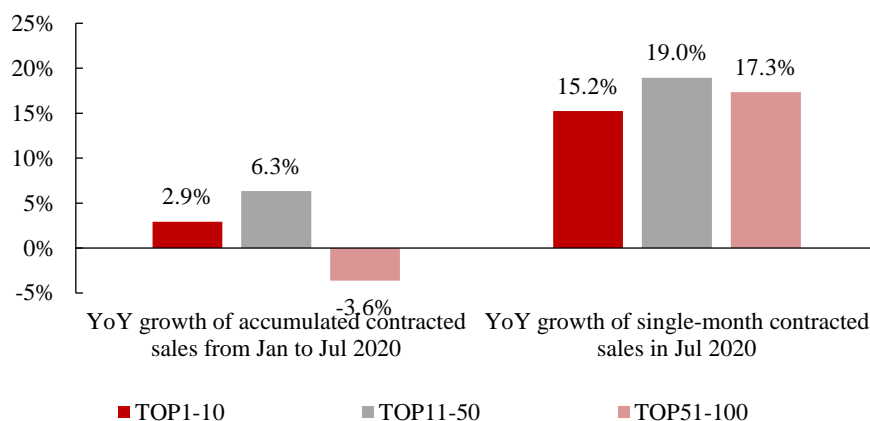


Source: EH Consulting, CWSI Research



Cumulative sales of medium-sized developers have grown faster, and the monthly sales of small and medium-sized developers have grown faster. From Jan to Aug 2020, developers ranked 11-50 in cumulative sales had the fastest cumulative sales growth, with a YoY increase of 6.3% (top 10 and 51-100 developers increased by 2.9% and down by 3.6% respectively). In terms of monthly sales performance in Aug, developers ranked 11-50 and 51-100 in cumulative sales grew faster, reaching 19.0% and 17.3% YoY respectively (top 10 developers in cumulative sales increased 15.2% YoY). Companies that grew the fastest in accumulated contracted sales in Jan-Aug 2020 were Yanlord (+76.1%), C&D INTL (+72.3% YoY), Yuzhou (+61.1% YoY), Jinmao (+34.7% YoY) and Logan (+33.0% YoY).

Chart 5: Cumulative sales of medium-sized developers have grown faster, and the monthly sales of small and medium-sized developers have grown faster



Source: EH Consulting, CWSI Research

Industry tone remained stable, local policies continued to advance. In Aug, the overall tone of the industry continued to remain stable. The MOHURD and the central bank affirmed the results of the previous regulation and control of relevant departments and local governments at the seminar with key developers, and pointed out that market-oriented, regularized and transparent financing rules are intended to stabilize the financial policy expectations of developers and to promote the sustained, stable and healthy development of the industry. At the local level, various localities have issued corresponding policies based on their own conditions: Guangzhou will establish a cross-regional Hukou registration accumulative recognition system, which is expected to support local housing demand; Nanjing clearly pointed out that after the housing plot reaches the maximum price limit, the bidder will be determined through on-site lottery; Jiangsu will focus on strengthening the monitoring, evaluation and assessment of residential land supply in Nanjing, Wuxi and Suzhou, may help stabilize market expectations from land supply side and help the healthy development of the industry.



Table 1: A Glance of Real Estate Policies in Aug, industry tone remained stable, local policies continued to advance

Date	Region/ Institution	Policy Summary
2020-08-03	NDRC	Issued the "Notice on Doing a Good Job in the Application of Real Estate Investment Trust Funds (REITs) Pilot Projects in the Infrastructure Sector", focusing on key industries, giving priority to supporting infrastructure projects to make up for shortcomings, and encouraging pilot projects of new infrastructure projects. Mainly include: data center, artificial intelligence, intelligent computing center project; 5G, communication tower, Internet of things, industrial Internet, broadband network, cable TV network project, etc.
2020-08-04	Fuyang	Explicitly stop issuing provident fund loans to employees who purchase the third house. In addition, for the second time that a paid employee applies for a housing provident fund loan to purchase an ordinary owner-occupied house, the down payment ratio shall not be less than 50%, and the loan interest rate shall not be lower than 1.1 times the interest rate of the first housing provident fund personal housing loan in the same period.
2020-08-06	Central Bank	Released the China Monetary Policy Implementation Report for the 2Q2020, stating that it firmly adheres to the positioning of housing for living, not for speculation, insists on not using real estate as a short-term economic stimulus, and insists on stabilizing land prices, housing prices, and expectations, maintaining the continuity, consistency, and stability of the real estate financial policy, and implement the real estate financial prudential management system.
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.
2020-08-12	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.
2020-08-18	Nanjing	Issued the land transfer announcement No. 09 of 2020, clearly pointing out that after the housing plot reaches the maximum price limit, it will no longer compete for the area of talented housing. Instead, the bidder will be determined through on-site lottery, while strict development qualification requirements and higher bidding funding requirements, strictly review the bidding funds and limit the number of bidding land.
2020-08-19	Jiangsu	The Department of Natural Resources of Jiangsu Province has made arrangements for the classification and regulation of residential land supply in 2020, focusing on strengthening the monitoring, evaluation and assessment of residential land supply in Nanjing, Wuxi and Suzhou.



2020-08-20	Yangtze River Delta	Shanghai, Jiangsu, Zhejiang and Anhui jointly signed the "Yangtze River Delta Housing Provident Fund Integration Strategic Cooperation Framework Agreement" in Shanghai, and announced the first batch of integrated practical projects, including the Yangtze River Delta provident fund loan payment and use certification project , withdrawal of abnormal warning items for house purchase in the Yangtze River Delta, etc.
2020-08-20	MOHURD	In order to further implement the real estate long-term mechanism, implement the real estate financial prudential management system, and enhance the marketization, regularization and transparency of the financing of real estate enterprises, Central Bank, MOHURD, together with relevant departments, have formed a fund monitoring and financing management rules for key developers based on extensive consultations.
2020-08-28	MOHURD	Cities where the contradiction between housing supply and demand is prominent should increase the supply of housing and land, support reasonable demand for self-occupation, and resolutely curb speculation in housing.
2020-08-28	Guangzhou	Bachelor degree or above from a double first-class university, fresh graduates from Panyu University Town, can buy houses in Panyu without social security requirement; college degree or above with full one year of social security in Panyu District, and a senior management position in a "four-up" enterprise in Panyu District , can enjoy the housing security project.

Source: Government websites, CWSI Research



Table 2: Sales of developers in Aug 2020, Yuzhou and Jinmao increased the fastest

No.	Company	Sales Amount (RMB '00 mn)				Sales Area (10 thousand sqm)			
		Jan-Aug	Jan-Aug YoY	Aug	Aug YoY	Jan-Aug	Jan-Aug YoY	Aug	Aug YoY
1	Country Garden	5293	5%	810	47%	6281	12%	949	54%
2	EverGrande	4501	22%	510	7%	4928	43%	526	17%
3	Vanke	4385	3%	590	34%	2855	4%	384	39%
4	PRE	3145	1%	413	36%	2089	3%	275	39%
5	Sunac	3115	2%	640	25%	2235	6%	459	31%
6	COLI	2230	-4%	295	-11%	1240	2%	164	9%
7	Greenland	1692	-24%	200	-33%	1331	-32%	150	-40%
8	Shimao	1690	19%	296	37%	963	22%	170	41%
9	CR Land	1620	6%	272	24%	879	6%	134	4%
10	CMSK	1603	16%	268	48%	735	1%	134	44%
11	Longfor	1563	6%	242	10%	921	2%	143	8%
12	Jinmao	1458	35%	215	39%	769	57%	101	40%
13	Gemdale	1440	23%	214	30%	695	21%	104	34%
14	Future Land	1390	-19%	206	-16%	1269	-15%	193	-16%
15	GreenTown	1345	31%	244	59%	664	20%	140	85%
16	Sunshine City	1284	4%	204	20%	995	1%	158	9%
17	CIFI	1283	10%	256	86%	806	17%	163	69%
18	Jinke	1218	11%	190	13%	1225	7%	186	36%
19	Zhongnanconstruction	1201	8%	209	38%	891	2%	159	39%
20	Zhongliang	965	12%	169	54%	769	-8%	135	20%
21	ZhenRo	901	14%	205	95%	605	18%	149	114%
22	Ronshine	845	5%	120	10%	379	-1%	61	26%
23	Logan	833	33%	129	61%	556	20%	77	27%
24	Binjiang	791	12%	105	12%	238	-3%	33	-12%
25	R&F	785	-10%	119	7%	657	-17%	104	-6%
26	Agile	776	2%	119	16%	565	5%	83	5%
27	Kaisa	731	17%	89	28%	610	29%	76	44%
28	Mideadc	718	18%	130	95%	638	9%	105	57%
29	Aoyuan	713	5%	109	41%	711	5%	107	43%
30	Shinsun	701	-5%	99	12%	582	-14%	87	5%
31	Yuzhou	655	61%	116	90%	402	49%	73	78%
32	Risesun	650	6%	90	16%	585	3%	81	5%
33	Sinicdc	615	-7%	93	41%	379	-13%	31	-16%
34	Huafa Industrial Share	603	11%	80	36%	254	9%	39	16%
35	Newhope	600	26%	90	-18%	325	42%	52	6%
36	Sino-Ocean	600	-20%	91	21%	300	-18%	33	-20%
37	BJ Capital Development	592	1%	70	-8%	205	-3%	24	-23%
38	China SCE	581	21%	103	74%	400	3%	64	31%
39	CFLD	576	-31%	56	-41%	344	-54%	42	-66%
40	Excellence	562	-10%	55	-21%	296	-19%	39	-13%
TOP1-10 Total		29275	3%	4099	15%	23537	5%	3092	11%
TOP1-50 Total		61483	5%	8899	17%	44794	5%	5656	3%
TOP1-100 Total		73595	3%	10841	17%	53130	3%	7362	8%

Source: EH Consulting, CWSI Research

**Suggestion:**

In Aug 2020, the monthly sales growth rate of TOP100 developers slowed down compared with Jul, and the cumulative sales growth rate continued to increase. The fundamentals of the industry have steadily recovered under a more healthy market sentiment. The overall tone of the industry this month is still relatively stable, and local policies have provided support to rigid-need buyers in terms of land supply and talent introduction, and may be expected to guide the healthy development of the commercial housing market. Maintain “Overweight” rating for the industry.

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%.

Disclaimer

Central Wealth Securities Investment Limited (CWSI) does and seeks to do business with the company or companies covered in this report. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Any information provided in this research report is for information purpose only and have no regards to the investment objectives, financial situation or risk tolerance level of any specific recipient and does not constitute any solicitation or any offer to buy or sell any securities or any other financial instruments. This report has not been reviewed by the Hong Kong Securities and Futures Commission. Investment is risky, before enter into any investment contract, individual should exercise judgment or seek for professional advice when necessary.

Although the information in this report is obtained or compiled from sources that Central Wealth Securities Investment Limited (CWSI) believes to be reliable, no representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the materials contained in this report. All price related information is indicative only, and value of the investment(s) referred to in this report and the income from them may fluctuate. Information contained in this report may change at any time and Central Wealth Securities Investment Limited (CWSI) gives no undertaking to provide notice of any such change.

Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Central Wealth Securities Investment Limited (CWSI) and its affiliates, officers, directors, and



employees may from time to time have long or short positions in securities, warrants, futures, options, derivatives or other financial instruments referred to in this report.

In no event will the information or the opinions expressed in this report constitute investment advice for any person. In no event will Central Wealth Securities Investment Limited (CWSI) or any other member of Central Wealth Securities Investment Limited (CWSI) be liable or responsible for loss of any kind, whether direct, indirect, consequential or incidental, resulting from the act or omission of any third party occurring in reliance upon the contents of this report.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to any law, regulation, rule or other registration or licensing requirement.

This report is distributed in Hong Kong only to professional investors (as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any regulations promulgated in Hong Kong) without breach of the Hong Kong Securities Law.

This report may not be reproduced, distributed or published by any person for any purpose without the prior written consent of Central Wealth Securities Investment Limited (CWSI). All rights are reserved.