

## Golden Sep shows up Comments on Sep 20 sales data of leading developers

**Golden Sep shows up, cumulative sales growth rate continued to increase.** In the first 9 months of 2020, TOP100 developers realized a total contracted sales of RMB 8.71 tn (+5.7% YoY, vs +3.2% in Jan-Aug 2020), and contracted GFA of 625 mn sqm (+4.6% YoY, vs +2.6% in Jan-Aug 2020). September is a traditional peak season for sales, the monthly contracted sales of TOP100 developers still achieved a YoY growth of 21.2% from the high base of the same period last year. With the active promotion of major developers and the continuous release of residential housing demand, industry contracted sales is expected to achieve steady growth throughout the year.

**Cumulative sales of developers of all sizes increased YoY, monthly sales growth of small and medium-sized developers was outstanding.** As of end-Sep 2020, cumulative sales growth rate of developers of all sizes has returned positive, and developers ranked 11-50 in cumulative sales had the fastest cumulative sales growth, with a YoY increase of 7.7% (top 10 and top 51-100 developers increased by 5.2% and 1.5% respectively). In terms of monthly sales performance in Sep, developers ranked 51-100 in cumulative sales grew faster, reaching 36.9% YoY (top 10 and top 11-50 developers in cumulative sales increased 20.3% and 16.3% YoY, respectively). Companies that grew the fastest in accumulated contracted sales in Jan-Sep 2020 were Yanlord (+87.6%), Yuzhou (+57.8% YoY), C&D INTL (+57.5% YoY), Logan (+39.3% YoY) and Jinmao (+30.7% YoY).

**Regulation of popular cities has increased, core cities introduced talent policies.** In Sep, the overall industry tone remained stable, CBIRC once again raised the position of “housing for living, not for speculation”, and will standardize the real estate loan business to prevent excessive financialization of the real estate market. At the local level, some popular cities continued to increase the regulation policy from both ends of supply and demand: on the supply side, Chengdu proposes to increase residential land supply and optimize the supply structure; on the supply side, Dongguan, Changzhou, etc. have introduced sales restriction policies, and Shenyang and Tangshan have increased the down payment ratio for second homes. On the other hand, some core cities have stepped up talents introduction, Shanghai has relaxed Hukou policies for outstanding talents, and Tianjin has lowered Hukou declaration guidance points. Some overheated property markets are expected to become healthier under the regulation, and the talent introduction policies in core cities may boost the demand for home purchases in corresponding areas.

### Suggestion:

In Sep 2020, contracted sales of leading developers has achieved substantial growth under the active marketing of developers, industry sales performance in the traditional peak season is still outstanding. Current industry policies remain stable, and local regulatory policies will guide some overheated markets to become healthier. Under a stable policy tone and a healthier market environment, industry sales of the year is expected to achieve steady growth. 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



**Hongfei Cai**

Analyst

+852 3958 4629

caihongfei@cwghl.com

SFC CE Ref: BPK 909

**Lianxin Zhuge**

Analyst

+852 3700 7094

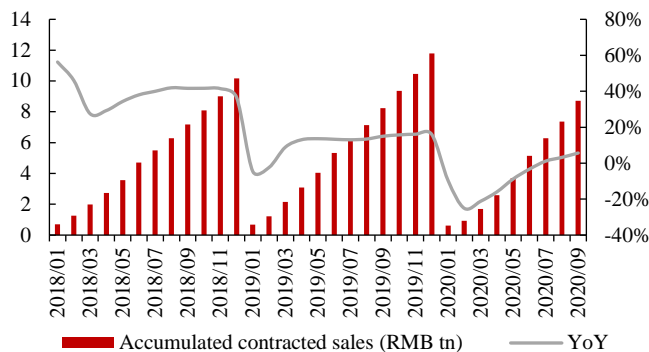
zhugelianxin@cwghl.com

SFC CE Ref: BPK 789

EH Consulting released the sales data of developers for Sep 2020. Cumulative sales growth of TOP100 developers continued to increase with accumulated contracted sales increased by 5.7% YoY, single-month contracted sales increased by 21.2% YoY.

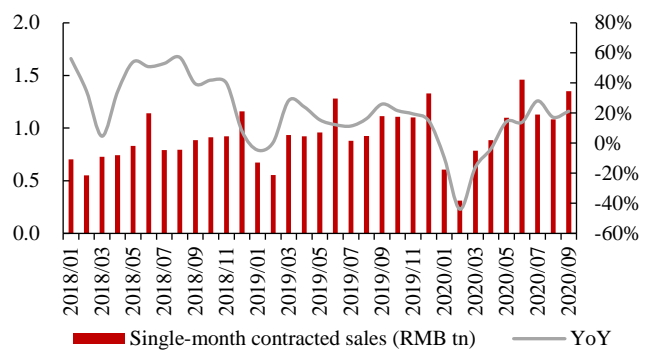
**Golden Sep shows up, cumulative sales growth rate continued to increase.** In the first 9 months of 2020, TOP100 developers realized a total contracted sales of RMB 8.71 tn (+5.7% YoY, vs +3.2% in Jan-Aug 2020), and contracted GFA of 625 mn sqm (+4.6% YoY, vs +2.6% in Jan-Aug 2020). September is a traditional peak season for sales, the monthly contracted sales of TOP100 developers still achieved a YoY growth of 21.2% from the high base of the same period last year. With the active promotion of major developers and the continuous release of residential housing demand, industry contracted sales is expected to achieve steady growth throughout the year.

**Chart 1: Accumulated contracted sales from Jan to Sep 2020 of TOP100 developers increased 5.7% YoY**



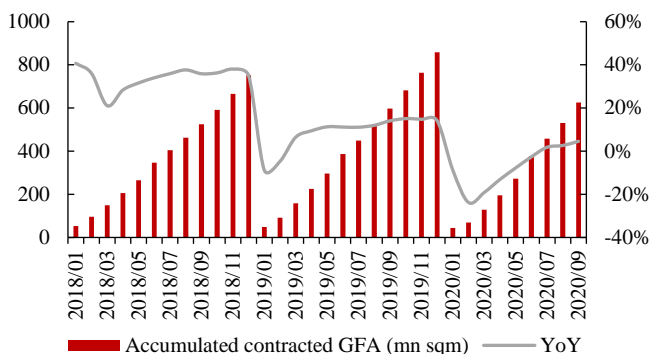
Source: EH Consulting, CWSI Research

**Chart 2: Single-month contracted sales in Sep of TOP100 developers increased 21.2% YoY**



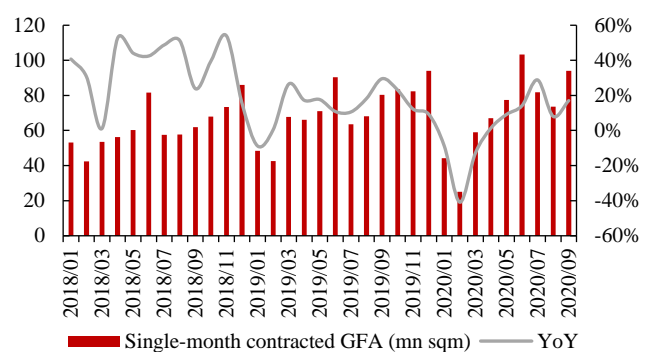
Source: EH Consulting, CWSI Research

**Chart 3: Accumulated contracted GFA from Jan to Sep 2020 of TOP100 developers increased 4.6% YoY**



Source: EH Consulting, CWSI Research

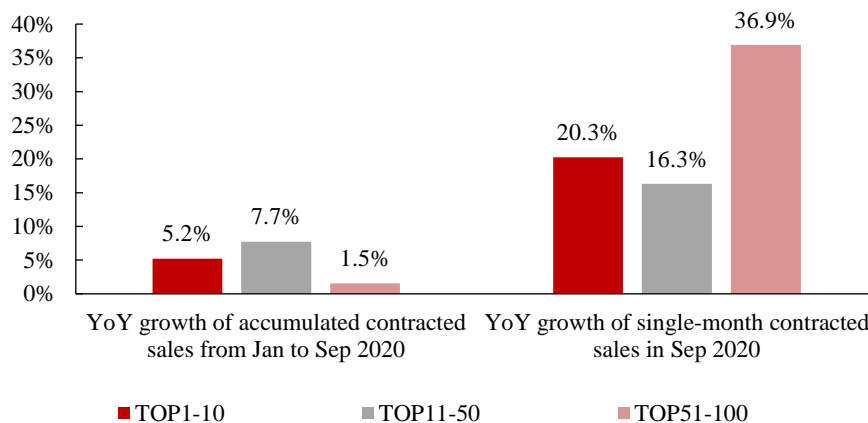
**Chart 4: Single-month contracted GFA in Sep of TOP100 developers increased 17.1% YoY**



Source: EH Consulting, CWSI Research

**Cumulative sales of developers of all sizes increased YoY, monthly sales growth of small and medium-sized developers was outstanding.** As of end-Sep 2020, cumulative sales growth rate of developers of all sizes has returned positive, and developers ranked 11-50 in cumulative sales had the fastest cumulative sales growth, with a YoY increase of 7.7% (top 10 and top 51-100 developers increased by 5.2% and 1.5% respectively). In terms of monthly sales performance in Sep, developers ranked 51-100 in cumulative sales grew faster, reaching 36.9% YoY (top 10 and top 11-50 developers in cumulative sales increased 20.3% and 16.3% YoY, respectively). Companies that grew the fastest in accumulated contracted sales in Jan-Sep 2020 were Yanlord (+87.6%), Yuzhou (+57.8% YoY), C&D INTL (+57.5% YoY), Logan (+39.3% YoY) and Jinmao (+30.7% YoY).

**Chart 5: Cumulative sales of developers of all sizes increased YoY, monthly sales growth of small and medium-sized developers was outstanding**



Source: EH Consulting, CWSI Research

**Regulation of popular cities has increased, core cities introduced talent policies.**

In Sep, the overall industry tone remained stable, CBIRC once again raised the position of “housing for living, not for speculation”, and will standardize the real estate loan business to prevent excessive financialization of the real estate market. At the local level, some popular cities continued to increase the regulation policy from both ends of supply and demand: on the supply side, Chengdu proposes to increase residential land supply and optimize the supply structure; on the supply side, Dongguan, Changzhou, etc. have introduced sales restriction policies, and Shenyang and Tangshan have increased the down payment ratio for second homes. On the other hand, some core cities have stepped up talents introduction, Shanghai has relaxed Hukou policies for outstanding talents, and Tianjin has lowered Hukou declaration guidance points. Some overheated property markets are expected to become healthier under the regulation, and the talent introduction policies in core cities may boost the demand for home purchases in corresponding areas.

**Table 1: A Glance of Real Estate Policies in Sep, popular cities issued regulatory policies, and core cities relaxed Hukou policies**

Date	Region/ Institution	Policy Summary
2020-09-03	Chongqing	During the Liangjiang New District Real Estate Trade Fair (August 28th to October 31st), those who purchased the newly-built commercial houses of the participating projects and signed the Chongqing commercial house purchase and sale contract online, can enjoy a 20% discount on the down payment of bank mortgage loans provided that they are in compliance with the bank's credit policy and are the first mortgage.
2020-09-03	Dongguan	For commercial housing that has been signed online from 0:00 on April 11, 2017 to 24:00 on July 24, 2020, it is necessary to obtain a real estate certificate for 2 years before it can be traded and transferred (including gifted).
2020-09-04	Hangzhou	It takes three years for settlements through parents relying on adult children before the family can be treated as an independent house-buying family to purchase newly-built commercial housing and second-hand housing within the scope of the city's purchase restrictions.
2020-09-07	Shenyang	Strictly implement the requirement that the down payment ratio for the first set of commercial housing purchased by individuals is not less than 30%, and the down payment ratio for the second set of commercial housing is increased to 50%; the down payment must be paid in one lump sum, and installment payments and "down payment loans" are prohibited; the tax exemption period has been increased from 2 years to 5 years.
2020-09-11	Changzhou	Houses can only be listed and traded at least 4 years after obtaining the real estate certificate; for resident families who already own a house and the corresponding house purchase loan has not been settled, when applying for commercial personal housing loan again, the minimum down payment ratio shall be adjusted to not below 60%.
2020-09-14	Chengdu	Increase the supply of residential land, optimize the supply structure that, residential land accounts for no less than 60% of operating land, and regions with tight supply and demand are no less than 70%, and priority is given to ensuring the supply of affordable housing land; establish a housing price and land price linkage mechanism to effectively control land prices, guide market entities to acquire land rationally; comprehensively clean up the situation of undeveloped land and announce it to the public, increase the promotion of undeveloped land, strictly implement the regulations on the disposal of idle land, and resolutely crack down on land holding.
2020-09-15	Dalian	Cancelled the original "children can apply for a provident fund loan for retired parents in their own name without occupying the child's provident fund loan quota" policy.
2020-09-17	Zhengzhou	A and B high-level talents will be given a subsidy of up to RMB 3 mn and 1.5 mn for the first housing purchase or be provided rent-free housing of no more than 200 sqm and 150 sqm.
2020-09-23	Shanghai	Proposed that fresh graduates of Shanghai Jiao Tong University, Fudan University, Tongji University, East China Normal University, and college graduates world-class university construction who meet the basic application requirements can obtain Hukou.



---

2020-09-23	Changchun	The minimum down payment ratio for the purchase of the first set of commercial housing loans shall not be less than 30%, the minimum down payment ratio for the purchase of the second set of commercial housing shall not be less than 40%, and the third and above commercial housing loans will not be granted.
2020-09-24	Dongguan	The maximum loan amount for the first house was adjusted from RMB 1.2 mn to RMB 900,000, and the maximum loan amount for the second house was adjusted from RMB 800,000 to RMB 500,000; the requirements for the purchase of second-hand houses in other cities to apply for withdrawing the provident fund were increased that, to purchase second-hand houses in other cities, residents should obtain a real estate certificate for 6 months before applying for withdrawal. In addition, the provident fund will stop accepting the withdrawal for property management fees.
2020-09-24	Tianjin	Adjusted the points required for Hukou declaration from 140 points to 110 points, and further clarified the terms and conditions of residence permit application, management, points, etc.
2020-09-27	Tangshan	The second house down payment ratio shall not be less than 50% for resident families who already own a house in the downtown area and apply for a commercial personal housing loan for the purchase of a second house in order to improve their living conditions; suspend the issuance of commercial personal housing loans for resident families who purchase a third or above house.

---

Source: Government websites, CWSI Research

**Table 2: Sales of developers in Sep 2020, Yuzhou and C&D INTL increased the fastest**

No.	Company	Sales Amount (RMB '00 mn)				Sales Area (10 thousand sqm)			
		Jan-Sep	Jan-Sep YoY	Sep	Sep YoY	Jan-Sep	Jan-Sep YoY	Sep	Sep YoY
1	Country Garden	6153	7%	860	21%	7284	14%	1003	28%
2	EverGrande	5332	18%	826	-1%	5839	36%	904	9%
3	Vanke	4927	4%	545	11%	3254	6%	360	12%
4	Sunac	3808	3%	691	10%	2729	8%	495	15%
5	PRE	3673	6%	502	36%	2429	6%	332	22%
6	COLI	2593	-2%	370	21%	1415	3%	202	28%
7	GreenLand	2177	-7%	485	344%	1731	-18%	400	167%
8	Shimao	2012	16%	322	0%	1148	18%	185	2%
9	CR Land	1910	9%	290	32%	988	3%	117	-9%
10	CMSK	1902	17%	299	27%	848	2%	136	31%
11	Longfor	1863	7%	300	11%	1099	6%	177	29%
12	Gemdale	1695	19%	252	1%	822	16%	122	-10%
13	Future Land	1642	-17%	251	-4%	1502	-13%	222	-1%
14	Jinmao	1618	31%	160	2%	854	52%	85	17%
15	GreenTown	1607	30%	262	25%	772	16%	119	9%
16	CIFI	1544	13%	260	30%	1036	29%	212	90%
17	Jinke	1472	17%	254	62%	1426	14%	201	91%
18	Sunshine City	1472	-2%	188	-31%	1103	-9%	141	-37%
19	Zoina	1438	11%	243	28%	1068	4%	179	16%
20	Zhongliang	1147	14%	182	25%	945	-2%	174	29%
21	ZhenRo	1039	15%	220	104%	673	16%	140	100%
22	Ronshine	1001	7%	156	16%	455	2%	76	20%
23	Logan	998	39%	165	83%	605	15%	49	-22%
24	R&F	938	-6%	154	19%	761	-16%	104	-8%
25	Binjiang	930	16%	139	43%	279	3%	41	49%
26	Agile	898	2%	121	2%	666	6%	99	9%
27	Kaisa	859	16%	128	9%	699	29%	89	27%
28	Mideadc	838	18%	120	19%	737	6%	97	-13%
29	Aoyuan	834	6%	121	14%	831	7%	120	15%
30	Shinsun	828	3%	126	75%	680	-9%	98	43%
31	Yuzhou	771	58%	117	43%	477	46%	78	38%
32	Risesun	762	12%	100	50%	687	8%	90	32%
33	Sino-Ocean	760	-15%	160	18%	380	-13%	64	-10%
34	Huafa Industrial Share	731	20%	128	97%	304	15%	49	61%
35	Sinicdc	713	-8%	99	-10%	438	-12%	6	-90%
36	Newhope	711	28%	110	37%	374	38%	50	15%
37	C&D INTL	709	57%	149	19%	372	57%	59	-9%
38	China SCE	700	28%	130	100%	470	7%	65	28%
39	BJ Capital Development	684	-1%	90	-14%	239	-1%	31	2%
40	BRC	662	-7%	101	25%	775	-1%	56	-41%
TOP1-10 Total		34488	5%	5213	20%	27664	8%	4127	24%
TOP1-50 Total		72487	7%	11004	18%	52553	6%	7759	13%
TOP1-100 Total		87115	6%	13520	21%	62523	5%	9393	17%

Source: EH Consulting, CWSI Research

**Suggestion:**

In Sep 2020, contracted sales of leading developers has achieved substantial growth under the active marketing of developers, industry sales performance in the traditional peak season is still outstanding. Current industry policies remain stable, and local regulatory policies will guide some overheated markets to become healthier. Under a stable policy tone and a healthier market environment, industry sales of the year is expected to achieve steady growth. 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**

Analyst 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.