

This Week in China

Property management industry PE: What to see?

Topic of the week:

In the process of economic recovery, the market's preference for elasticity has put pressure on the property management industry's recent PE. According to the economic model, stock price is a discount of future dividends; when the discount rate of future dividends rises, the market prefers industries with stronger elasticity compared to industries with stronger sustainability and certainty. The basic property management business is less affected by economic fluctuations, and its elasticity in economic recovery is weaker than that of some procyclical industries. Therefore, in the process of economic recovery, the market's preference for flexibility has brought certain pressure to the continuous increase in the valuation of property management companies; relatively, the valuations of industries with greater elasticity, such as leisure services and transportation, have increased since the end of Apr: SHENWAN industry PE (TTM) has increased from 32.6x and 16.0x at the end of April to 128.8x and 23.7x in early Nov, respectively.

Traditional property management business is similar to public utilities in terms of content and characteristics, and the industry stage difference makes the property management industry more likely to obtain growth. Current income of property management companies is still based on basic property management services, which is closeto public utilities industry in terms of business model (providing users with daily necessities), income certainty (a stable increase in unit costs), and cash flow stability. However, there are differences in development stages of the two industries, and the property management industry is currently growing stronger: the 2016-2020 CAGR of total revenue of the SHENWAN water industry and major property management companies are 14.5% and 29.7%, respectively. According to economic theory, when the business is sustainable, valuation and growth have a positive relationship; the property management industry, which is currently growing faster, has more advantages in valuation.

The Internet+ attribute of value-added services is currently limited by the scale of offline management, but this limitation is not unbreakable. At the current stage, there is still plenty of room for imagination for value-added services of property management companies, but the online platform of property management companies has not yet fully realized the Internet + model. The development of traffic from offline to online has brought certain restrictions on the progress of property management companies towards Internet+. Looking to the future, the layout of leading property management companies in urban space and their investment in online platform construction may become an important breakthrough for the property management industry to move towards Internet+.

Data points:

As of Nov 6th, new house transaction area in 42 major cities this week decreased 12% WoW, and cumulative transaction area in 2020 remained unchanged YoY.

As of Nov 6th, saleable area (inventory) in 11 major cities this week decreased 1% WoW; average inventory period was 9.6 months, average change was -16%.

As of Nov 6th, second-hand housing transactions in 15 major cities this week decreased 13% WoW, and cumulative transaction area in 2020 fell 2% YoY.

Suggestion:

Rumors about relaxing the financing supervision of developers have given a certain boost to the sector's performance. Industry fundamentals are still recovering that the cumulative new house transaction area has been basically the same as the same period last year. In terms of policies, Taizhou, Lishui and Jiangxi introduced regulatory policies, may continue to guide the healthy development of the local market. Maintain "Overweight" rating.

Overweight
(Maintain)

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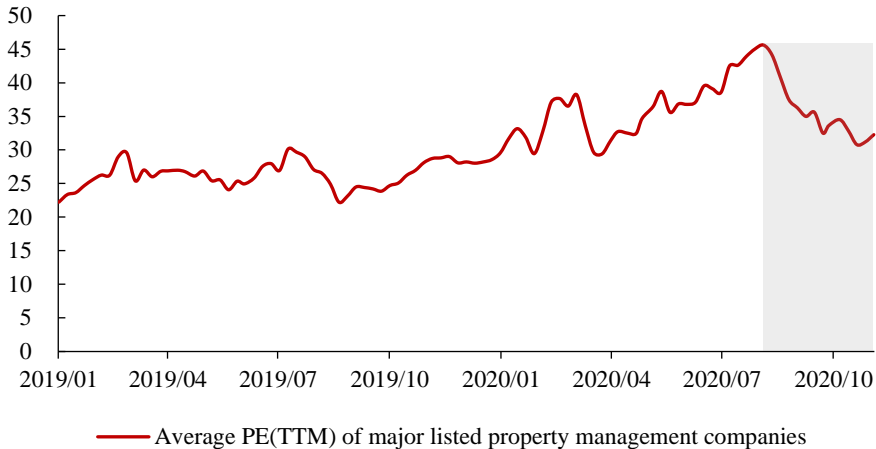
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1. Property management industry PE:

What to see?

After entering the second half of the year, the price growth of property management stocks has slowed down significantly, and the share prices of some property management companies have fallen sharply. Behind the fluctuations in stock prices are changes in the valuation logic of property management industry. Since August 2020, the valuation of major property management companies has seen a certain decline. What is the reason for the changes in the valuation of the property management industry? What is the valuation logic of the property management industry?

Chart 1: The valuation of listed property management companies has declined in recent months



Source: Wind, CWSI Research

1.1 What is the reason for the changes in the valuation of the property management industry?

The market's preference for certainty is an important reason for the increase in property management valuations in recent years. In recent years, in the context of the surge in uncertainty in the overall economic environment, countries have introduced economic stimulus policies, and YTM of 10-year government bonds has continued to decline. According to the economic model, the stock price is a discount of future dividends. Under the downward risk-free interest rate, the discount rate is reduced, and longer-term dividends can be more reflected in the present value of the stock price. Under this environment, the market prefers industries where performance is less affected by economic fluctuations and is more sustainable.

$$P_0 = \frac{D_0(1+g)}{1+r} + \frac{D_0(1+g)^2}{(1+r)^2} + \dots + \frac{D_0(1+g)^n}{(1+r)^n}$$

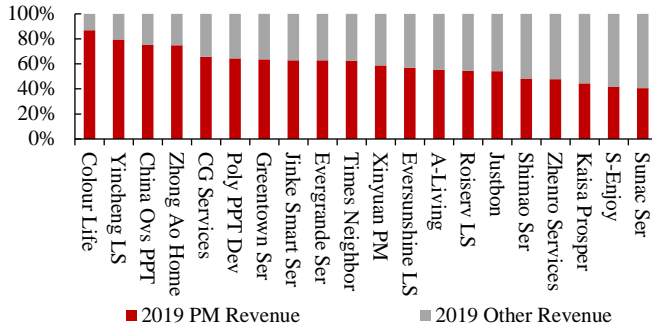
Chart 2: Before May 2020, YTM of the 10-year Treasury bond has fallen



Source: Wind, CWSI Research

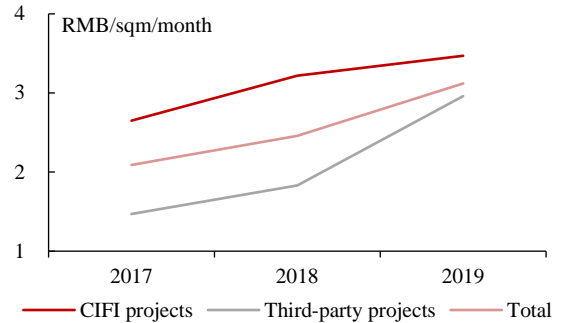
The characteristics of basic property management services can satisfy the above preferences. The income of property management companies is mainly based on basic property management services, and the collection of property fees is less affected by macroeconomic fluctuations. The income stability of basic property management services comes from the relative stability of property fees per sqm per month and the GFA under management: 1) The property management fee per sqm per month of the property management company has increased with the marketization trend of property fees and the optimization of the management structure of the property management companies. For example, the property fees of the CIFI projects and third-party projects managed by Eversunshine LS have increased in recent years, and the comprehensive average price per sqm per month has increased from 2.09 RMB/sqm/month in 2017 to 3.12 RMB/sqm/month in 2019. 2) At present, the newly added exit GFA of property management companies only accounts for a small proportion of the GFA under management, so the GFA under management continues to increase; the relatively stable sales of new houses each year, the huge stock market, and the ever-widening scope of the management business also provide certain guarantees for the growth of property management companies in GFA under management, and also provide a certain degree of certainty for the property management industry.

Chart 3: Property management services are the main source of revenue for many listed property management companies



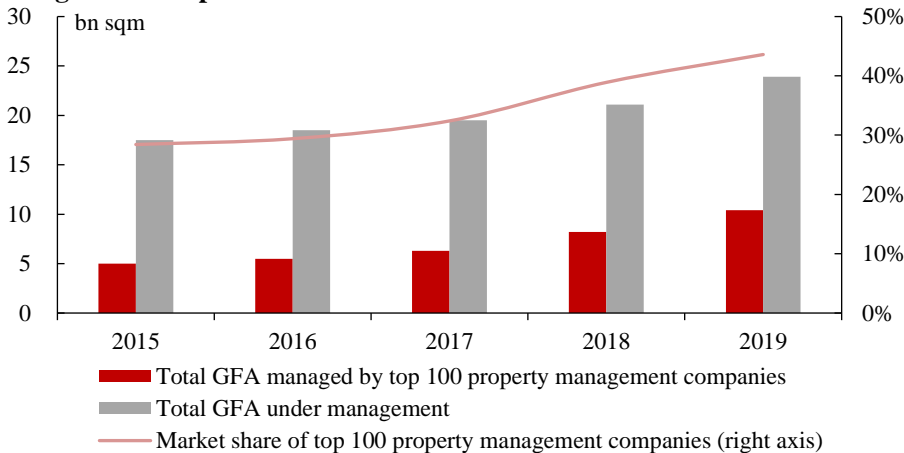
Source: Wind, Prospectus, CWSI Research

Chart 4: The unit prices of all sources of projects of Eversunshine LS have continued to increase



Source: Company announcement, CWSI Research

Chart 5: GFA under management and market share of top 100 property management companies continued to increase



Source: CREIS, CWSI Research

After the obvious economic recovery, the market's preference for elasticity has increased, causing the valuation of the property management industry to be under pressure. After the COVID-19 is gradually brought under control in China, starting from the end of May 2020, the YTM of 10-year Treasury bonds has continued to rise, and the liquidity environment has returned to normal. Under this environment, the discount rate of future dividends will increase, and therefore, relative to the sustainability and certainty of dividends, shorter-term results elasticity is more critical for stock prices. As mentioned above, the major business of property management companies is still based on basic property management services, which is less affected by economic fluctuations, reflecting less elasticity than some industries such as leisure services and transportation. The market's preference for elasticity has increased, which has brought certain pressures to the continuous increase in the valuation of property

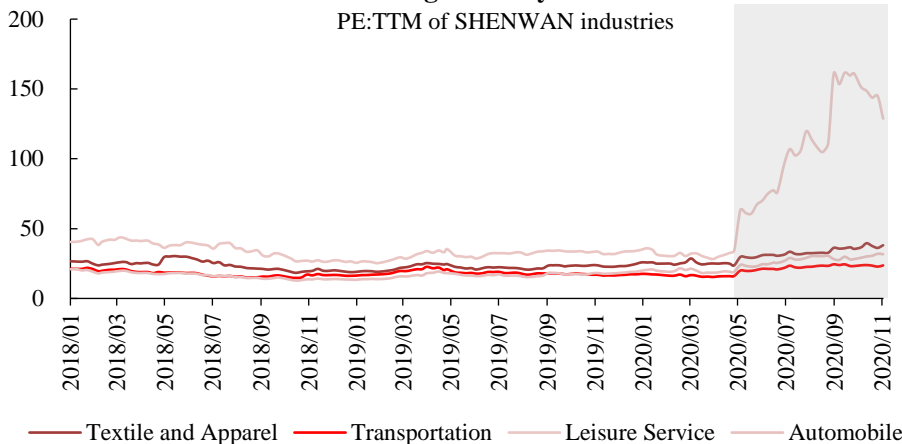
management companies. In contrast, the PE (TTM) of leisure services and transportation has increased significantly since the end of Apr, from 32.6x and 16.0x at the end of Apr to 128.8x and 23.7x at the beginning of Nov, respectively.

Chart 6: From the end of April 2020, the YTM of the 10-year Treasury bond has rebounded significantly



Source: Wind, CWSI Research

Chart 7: From the end of April 2020, the valuation of leisure services, transportation and other industries has increased significantly



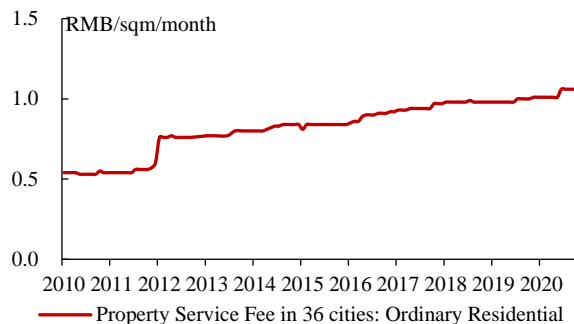
Source: Wind, CWSI Research

1.2 What is the current valuation logic of property management industry?

Traditional property management business is similar to public utilities in terms of business content and characteristics. From the perspective of business content, the current income of property management companies is still based on basic property

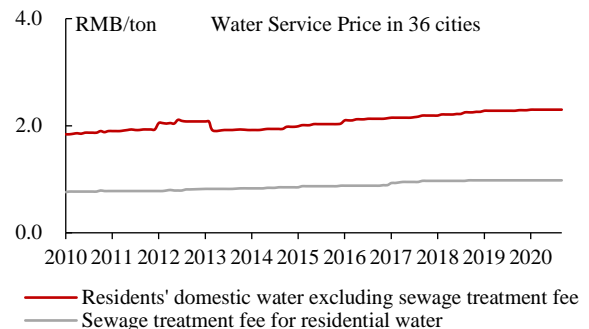
management services, and basic property management services are close to the water sector of public utilities in terms of business model, income certainty, and cash flow stability: 1) Basic property management, water supply and sewage treatment all provide users with essential services and charge certain fees, which are less affected by economic fluctuations. 2) The unit property fee and the unit fee for residential water and sewage treatment all have a relatively visible increase. The ordinary residential property service fee in 36 major cities increased from about RMB 0.54/sqm/month in Jan 2010 to RMB 1.06/sqm/month in Sep 2020, and the residential water cost rose from RMB 1.84/ton in Jan 2010 to RMB 2.30/ton in Sep 2020. 3) The property fees charged by property management companies and the water fees charged by water companies are relatively stable, so the corresponding companies have healthy cash flow performance.

Chart 8: Service fees for ordinary residential properties in major cities have continued to increase in recent years



Source: Wind, NDRC, CWSI Research

Chart 9: Water service prices continued to increase slightly



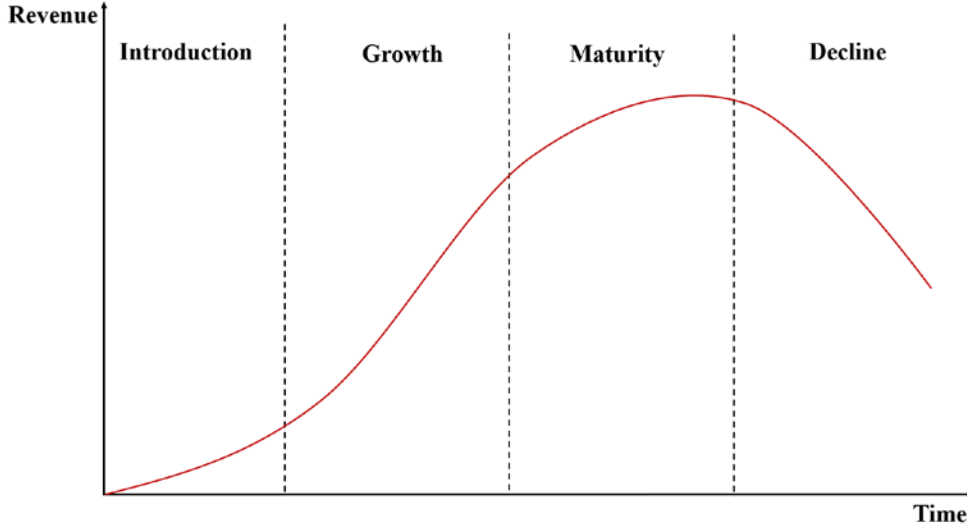
Source: Wind, NDRC, CWSI Research

The current stage of property management is different from that of the public utility industry. The property management industry, which is currently growing stronger, has an advantage in valuation. Although basic property management services and water services have many similarities in business characteristics, there are differences in the industry development stages of the two. Compared with the more mature water industry, the property management industry is currently entering a mature period and its revenue growth rate is faster: the total revenue of SHENWAN Water Services segment has a CAGR of 14.5% from 2016 to 2020, while the total revenue of major property management companies with earlier and more complete historical data has a CAGR of 29.7% from 2016 to 2020. According to economic theory, when the business is close to sustainability, valuation and growth have a positive relationship; **the property management industry, which is currently growing faster, has more advantages in valuation.**

$$P_0 = \frac{D_0(1+g)}{1+r} + \frac{D_0(1+g)^2}{(1+r)^2} + \dots + \frac{D_0(1+g)^n}{(1+r)^n} = \frac{D_1}{r-g}$$

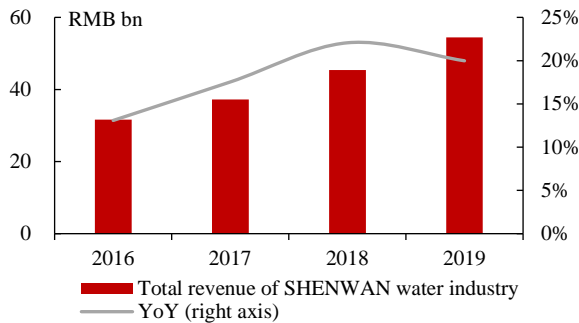
$$\frac{P_0}{E_1} = \frac{D_1}{E_1(r - g)} = \frac{1 - b}{r - g}$$

Chart 10: Each industry has its own life cycle



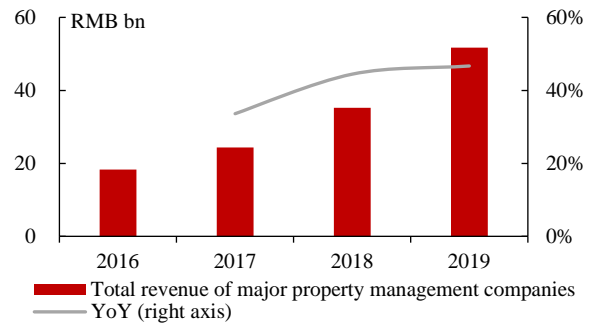
Source: CWSI Research

Chart 11: Revenue of water industry continued to grow



Source: Wind, CWSI Research

Chart 12: The current revenue growth of the property management industry is faster than that of the water industry

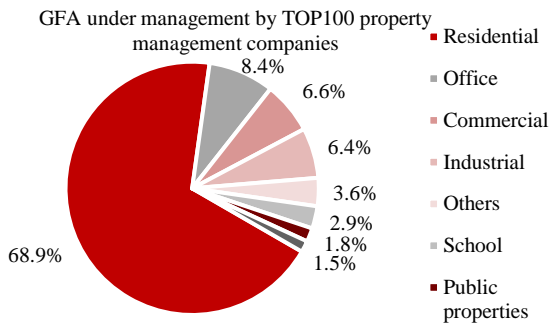


Source: Wind, CWSI Research

Existing residential and non-residential businesses has a vast space, and the property management industry has more room for growth. Water services currently almost cover most residents and corporates, but there are still many existing residential buildings that lack property management. On the other hand, in recent years, leading property management companies have also begun to enter the non-residential sector. According to the data of CREIS, in the GFA under management of the top 100 properties, the total proportion of traditional property management type (residential and commercial properties) has continued to decline in recent years: in 2017-2019, the proportion was 87.6%, 87.1% and 83.9%, respectively. Property management

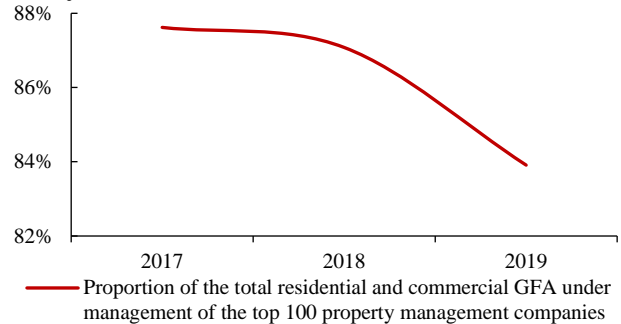
companies began to make efforts to enter public properties, industrial parks, schools, hospitals and other fields. The huge stock of existing residential and non-residential markets both provide sufficient room for growth in the property management industry and can also support its valuation to a certain extent.

Chart 13: GFA under management of the top 100 companies is mainly residential but diversified



Source: CREIS, CWSI Research

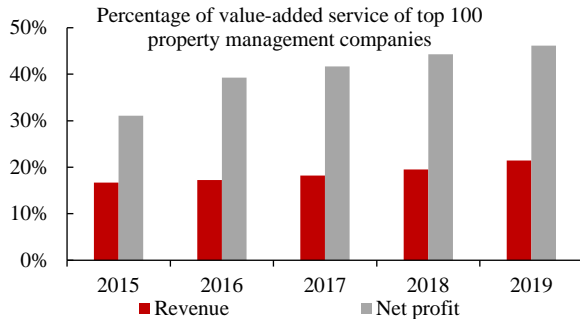
Chart 14: The proportion of residential, office and commercial GFA under management has declined in recent years



Source: CREIS, CWSI Research

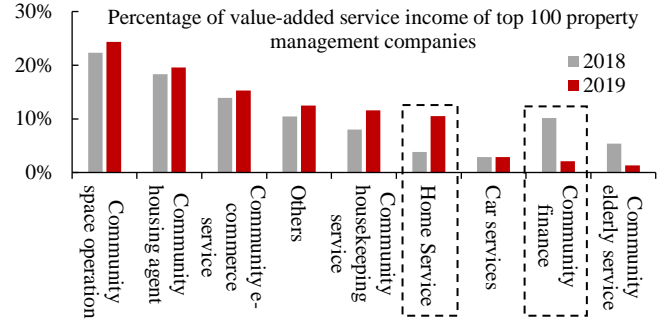
Value-added services have plenty of room for imagination, but the development of segmented businesses has differentiated. At present, some investors believe that the development of value-added services has enabled the business model of property management companies to enter the category of Internet +: property management companies' value-added service business scope continues to expand, and the proportion of revenue and profit contributed have continued to increase (the revenue and net profit contributed by value-added services of the top 100 property management companies increased from 16.7% and 31.1% in 2015 to 21.5% and 46.2% in 2019, respectively). However, it is worth noting that in the value-added services, the businesses that accounts for a larger proportion of revenue and profit and increases more in contribution are the business within the community space (community space operation, home service, etc.), rather than more Internet + like, more specialized and platform-based services (community finance, etc.).

Chart 15: The revenue and profit contribution of value-added services continued to increase



Source: CREIS, CWSI Research

Chart 16: The direction of changes in the revenue contribution of various value-added services shows differentiation



Source: CREIS, CWSI Research

At current stage, the online platform of the property management company has not yet fully realized the Internet + model. Like some Internet companies, property management companies also provide customers with an online platform that includes a number of convenient services. However, at the current stage, there are significant differences in the development paths of the two: 1) Internet companies are more inclined to develop from online to offline. Internet companies such as Alibaba and Tencent can acquire users and traffic online, and gradually deploy offline business after having traffic; the online platform of the property management company is developed from offline to online, with its users limited to the management contract signed offline. **At the current point in time, the development of the online platform of the property management company from offline to online can provide the property management company with a certain initial user scale, but it also makes the growth of platform traffic more dependent on the offline expansion and expansion of the property management company rather than achieving rapid online expansion like Internet companies.** 2) As the traffic scale is relatively small compared to Internet companies, there is also a certain gap in the level of completeness of online platform construction of property management companies and Internet companies.

The expansion of management scale and the improvement of the platform are important breakthroughs for property management companies to move towards Internet+. The offline-to-online development model has brought certain restrictions on the progress of property management companies towards Internet+, but the above restrictions are not insurmountable: 1) Restrictions on the scale of management: In addition to continuing to increase residential, commercial, office GFA under management, the current business of urban space by some leading property management companies has also broken the restrictions of the community to a certain extent, expanding the buildings, spaces, and people covered by its services to the entire city, becoming a possible channel for acquiring a large number of offline users. 2) Online platform construction: Some large-scale property management companies have actively invested in R&D and achieved certain results. For example, Vanke Service has



invested 1.5%-2% of its revenue in technology research and development every year, and Country Garden Services has established a digital platform and export it to small and medium-sized property management companies. **The scale expansion of property management companies and the construction of online platforms may bring property management companies closer to the scope of Internet + as well as provide strong support for the valuation of property management companies in the future.**

1.3 Summary: Valuation logic changes with market preferences and industry life cycle

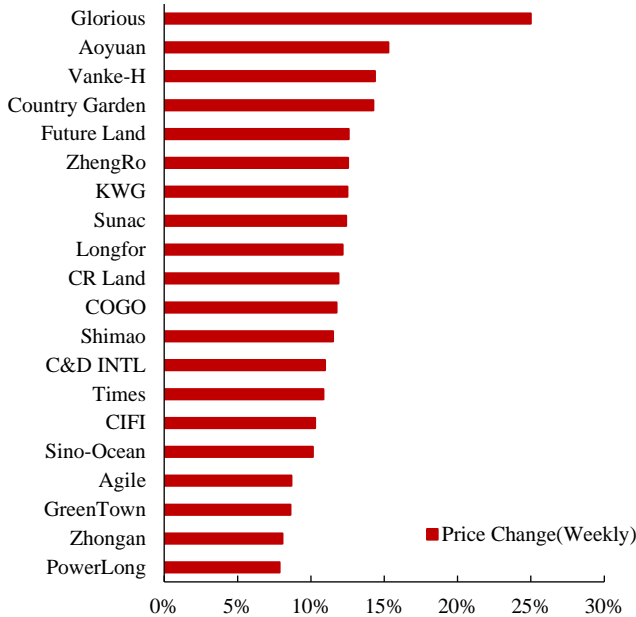
The changes in the valuation of the property management industry during the year reflect the different preferences of the market under different macroeconomic environments, and the traditional property management business at the current time is more similar to public utilities. As mentioned earlier, the macroeconomic environment has an impact on the discount rate of equity asset prices, leading to different investment preferences under different interest rate environments. The business content and characteristics of the basic property management business are similar to those of public utilities, but the industry development stage in which property management business is located has stronger growth than public utilities, and therefore the valuation level is relatively higher. There is still plenty of room for imagination of value-added services, and the actual implementation of Internet+ still has certain obstacles at present, which requires further exploration and breakthroughs by property management companies.

2. Sector Performance

2.1 Performance of developer sector

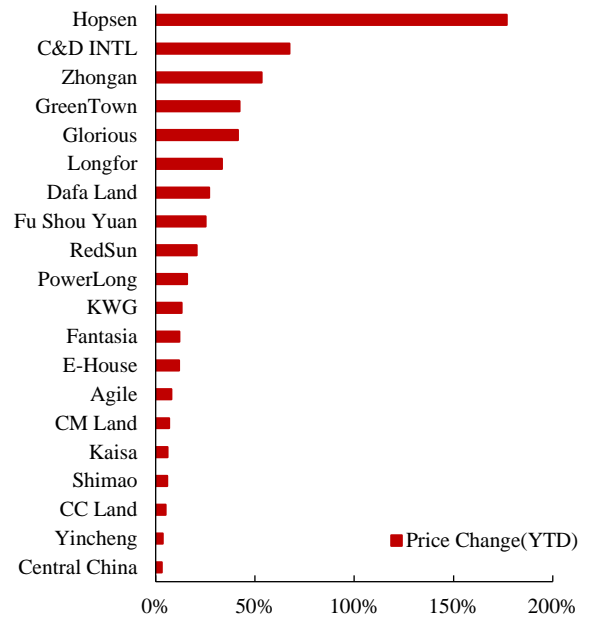
This week, Glorious, Aoyuan and Vanke-H had larger price increase than peers. Hopsen, C&D INTL and Zhongan had better share price performance, YTD.

Chart 17: This week, Glorious, Aoyuan and Vanke-H had larger price increase than peers



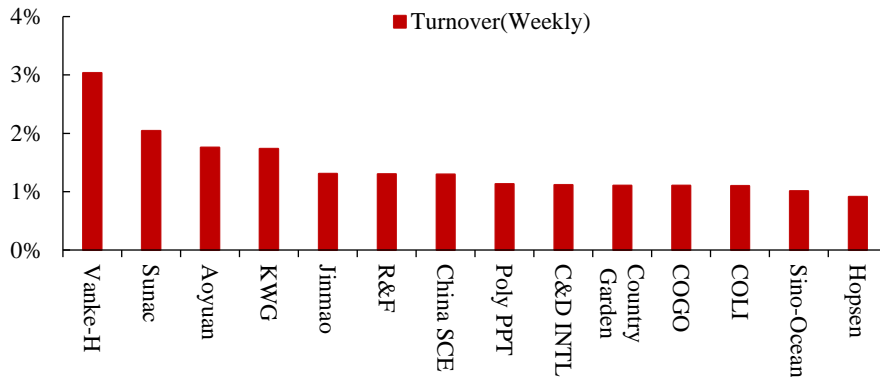
Source: Wind, CWSI Research

Chart 18: Hopsen, C&D INTL and Zhongan had better share price performance, YTD



Source: Wind, CWSI Research

Chart 19: Vanke-H, Sunac and Aoyuan were most actively traded this week

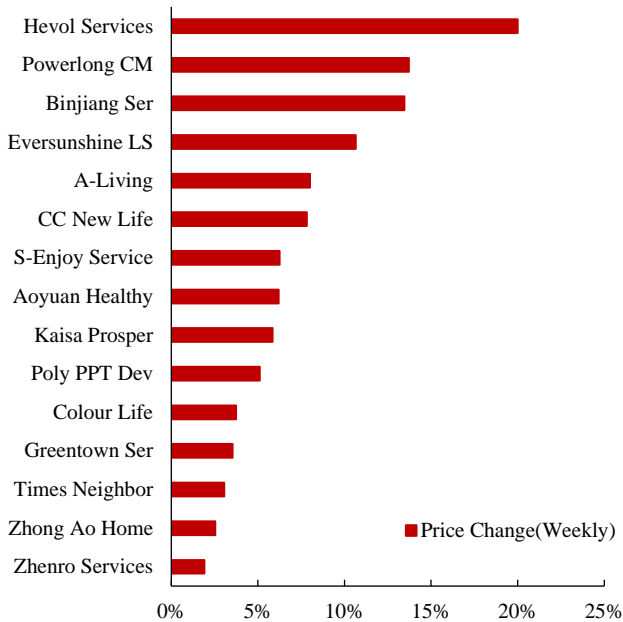


Source: Wind, CWSI Research

2.2 Performance of property management sector

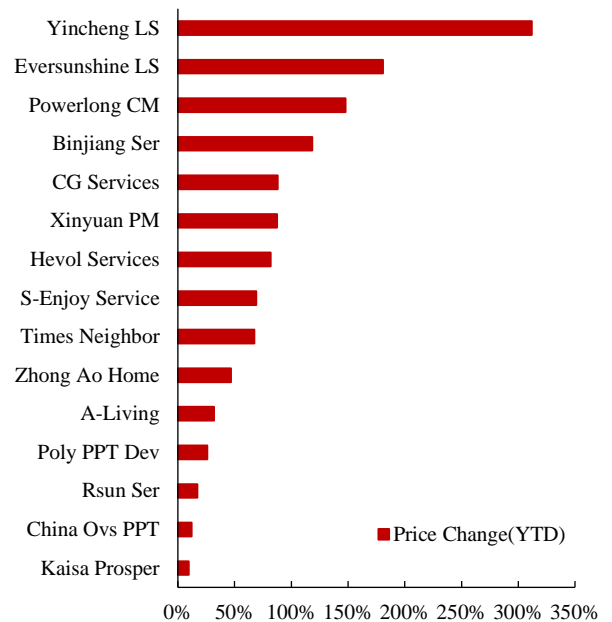
This week, Hevol Services, Powerlong CM and Binjiang Ser had larger price increase than peers. Yincheng LS, Eversunshine LS and Powerlong CM had better share price performance YTD.

Chart 20: This week, Hevol Services, Powerlong CM and Binjiang Ser had larger price increase than peers



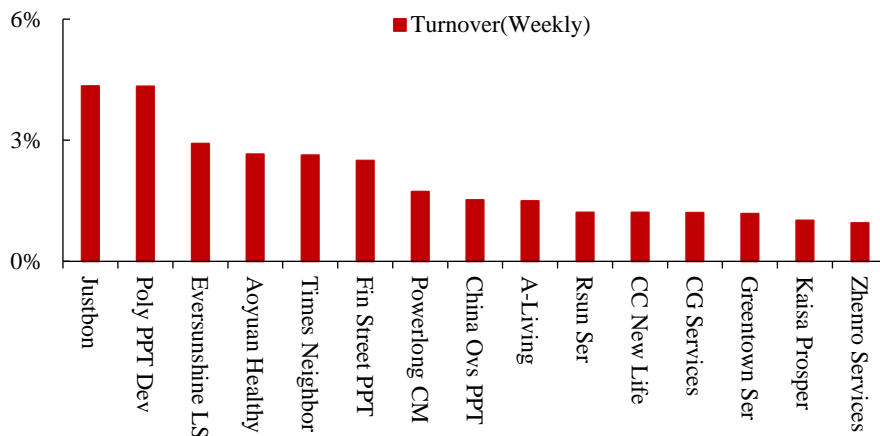
Source: Wind, CWSI Research

Chart 21: Yincheng LS, Eversunshine LS and Powerlong CM and had better share price performance YTD



Source: Wind, CWSI Research

Chart 22: Justbon, Poly PPT Dev and Eversunshine LS were most actively traded this week



Source: Wind, CWSI Research

3. Major cities transaction performance

3.1 New house transaction data

Table 1: Major cities new house transactions volume decreased WoW this week

City & Region	Last 7 days			Last 30 days			Year to date	
	sqm	wow	yoy	sqm 000	mom	yoy	sqm 000	yoy
Beijing	193,931	-26%	56%	740	-16%	16%	6,072	1%
Shanghai	387,500	-2%	89%	1,564	-1%	34%	11,455	-1%
Guangzhou	80,953	-	-43%	118	-92%	-84%	7,573	-1%
Shenzhen	142,039	10%	74%	530	23%	75%	3,466	18%
Tier 1	804,423	3%	46%	2,952	-34%	4%	28,566	1%
Tier 2	2,677,045	-10%	17%	11,706	13%	-1%	101,030	0%
Tier 3	2,385,570	-19%	18%	13,223	34%	24%	98,958	0%
Beijing	193,931	↓ -26%	↑ 56%	740	↓ -16%	↑ 16%	6,072	↑ 1%
Qingdao	243,358	↓ -44%	↑ 8%	1,497	↑ 10%	↑ 11%	12,748	↑ 7%
Jinan	227,726	↓ -12%	↑ 30%	1,154	↑ 39%	↑ 27%	9,280	↑ 10%
Dongying	106,534	↓ -30%	↑ 114%	538	↑ 94%	↑ 214%	3,882	↑ 162%
PBR	771,550	↓ -30%	↑ 34%	3,929	↑ 17%	↑ 28%	31,981	↑ 15%
Shanghai	387,500	↓ -2%	↑ 89%	1,564	↓ -1%	↑ 34%	11,455	↓ -1%
Nanjing	390,560	↑ 68%	↑ 217%	1,201	↑ 102%	↑ 38%	8,171	↑ 20%
Hangzhou	194,103	↑ 278%	↑ 25%	773	↑ 104%	↑ 18%	7,136	↑ 11%
Suzhou	60,216	↓ -65%	↓ -67%	696	↓ -21%	↓ -23%	9,238	↑ 7%
Wuxi	119,200	↓ -40%	↑ 30%	445	↓ -12%	↓ -19%	5,022	↓ -21%
Yangzhou	44,358	↑ 51%	↓ -32%	286	↑ 23%	↑ 51%	2,126	↑ 12%
Jiangyin	12,879	↓ -14%	↓ -89%	65	↓ -80%	↓ -84%	2,349	↓ -12%
Wenzhou	225,018	↑ 2%	↑ 50%	1,116	↑ 2%	↑ 12%	10,156	↓ -4%
Jinhua	54,923	↓ -1%	↑ 111%	248	↑ 76%	↑ 27%	1,993	↑ 24%
Changzhou	38,959	↓ -8%	↓ -19%	139	↓ -8%	↓ -55%	2,432	↓ -42%
Huaian	90,510	↓ -44%	↓ -3%	580	↑ 71%	↑ 22%	3,910	↓ -8%
Lianyungang	130,306	↓ -5%	↑ 4%	704	↑ 32%	↑ 4%	5,510	↓ -4%
Shaoxing	52,056	↑ 32%	↑ 25%	201	↓ -10%	↓ 0%	2,148	↑ 9%
Zhenjiang	97,646	↓ -37%	↓ -7%	632	↑ 1%	↓ -11%	5,300	↓ -20%
Jiaxing	76,911	↑ 96%	↑ 111%	378	↑ 81%	↑ 24%	2,804	↑ 19%
Wuhu	87,986	↑ 37%	↑ 222%	413	↑ 67%	↑ 127%	2,066	↑ 21%
Yancheng	78,332	↓ -24%	↑ 35%	399	↑ 26%	↑ 16%	3,193	↑ 3%
Zhoushan	23,465	↓ -39%	↑ 76%	189	↑ 123%	↑ 109%	1,179	↑ 18%
Chizhou	15,497	↓ -36%	↓ -43%	91	↑ 136%	↓ -39%	720	↓ -36%
Ningbo	146,947	↑ 2%	↑ 20%	748	↑ 1%	↑ 13%	6,890	↑ 6%
YRD	2,327,373	↑ 0%	↑ 29%	10,866	↑ 17%	↑ 8%	93,795	↓ -1%
Guangzhou	80,953	-	↓ -43%	118	↓ -92%	↓ -84%	7,573	↓ -1%
Shenzhen	142,039	↑ 10%	↑ 74%	530	↑ 23%	↑ 75%	3,466	↑ 18%
Fuzhou	73,915	↑ 8%	↑ 62%	261	↓ -45%	↑ 6%	2,283	↓ -2%
Dongguan	169,424	↓ -30%	↑ 79%	822	↑ 18%	↑ 64%	5,807	↑ 30%
Quanzhou	57,059	↓ -9%	↑ 6%	452	↑ 30%	↑ 67%	2,496	↓ -16%
Putian	38,373	↑ 0%	↑ 54%	229	↑ 119%	↑ 35%	1,421	↓ -21%
Huizhou	126,826	↑ 9%	↑ 82%	504	↑ 68%	↑ 80%	2,619	↑ 13%
Shaoguan	19,752	↓ -49%	↓ -45%	188	↑ 28%	↑ 14%	1,494	↑ 9%
Foshan	293,048	↓ -23%	↑ 111%	1,494	↑ 30%	↑ 76%	10,502	↓ -7%
Jiangmen	20,971	↓ -62%	↓ -15%	177	↑ 35%	↑ 50%	1,180	↑ 22%
PRD & Southern China	1,022,360	↓ -10%	↑ 44%	4,777	↓ -11%	↑ 31%	38,841	↑ 2%
Taian	67,200	↓ -31%	↑ 7%	392	↑ 23%	↑ 49%	2,305	↑ 3%
Northern China	67,200	↓ -31%	↑ 7%	392	↑ 23%	↑ 49%	2,305	↑ 3%
Wuhan	670,531	↓ -5%	↑ 46%	2,861	↑ 55%	↑ 9%	14,699	↓ -23%
Yueyang	45,172	↓ -17%	↑ 57%	252	↑ 38%	↑ 2%	1,992	↑ 12%
Baoji	68,940	↓ -11%	↓ -36%	396	↑ 64%	↑ 1%	2,903	↑ 9%
Ganzhou	183,831	↓ -26%	↓ -8%	1,058	↑ 71%	↓ 0%	7,169	↓ -8%
Central China	968,474	↓ -11%	↑ 22%	4,568	↑ 58%	↑ 5%	26,764	↓ -15%
Chengdu	373,908	↓ -20%	↑ 6%	1,558	↓ -18%	↓ -11%	18,373	↑ 13%
Liuzhou	101,290	↓ -59%	↓ -9%	949	↑ 38%	↑ 65%	5,831	↑ 10%
Nanning	234,882	↓ -1%	↓ -45%	843	↓ -11%	↓ -51%	10,664	↓ -13%
Western China	710,081	↓ -25%	↓ -20%	3,350	↓ -5%	↓ -17%	34,868	↑ 3%
Total	5,867,038	-12%	21%	27,882	13%	10%	228,554	0%
Num. of cities Up		12	28		31	31		25
Num. of cities Down		29	14		11	11		17

Source: Local governments, CWSI Research; Note: Till 2020/11/6

Table 2: Major cities inventory period was 9.6 months this week

City	Inventory (sqm 000)	wow	yoy	Inventory period	Last week	wow	yoy
Beijing	12,000	-1%	22%	16.2	21.6	-25%	5%
Shanghai	7,061	-2%	-9%	4.5	5.5	-18%	-32%
Shenzhen	2,346	-4%	9%	4.4	5.7	-23%	-38%
Tier 1 Average		-2%	7%	8.4	11.0	-22%	-22%
Hangzhou	4,199	0%	24%	5.4	7.3	-25%	6%
Nanjing	6,804	-2%	25%	5.7	7.5	-24%	-9%
Suzhou	7,835	-1%	50%	11.3	11.5	-3%	93%
Fuzhou	6,479	0%	94%	24.9	31.0	-20%	83%
Wenzhou	11,798	1%	24%	10.6	11.4	-7%	11%
Quanzhou	7,081	-1%	10%	15.6	16.1	-3%	-34%
Ningbo	2,521	0%	-13%	3.4	3.7	-8%	-23%
Dongying	1,724	-1%	8%	3.2	4.0	-19%	-66%
Overall Average		-1%	22%	9.6	11.4	-16%	0%

Source: Local governments, CWSI Research; Note: Till 2020/11/6; Average WoW and average YoY are defined as average change of each city

3.2 Second-hand house transaction and price data

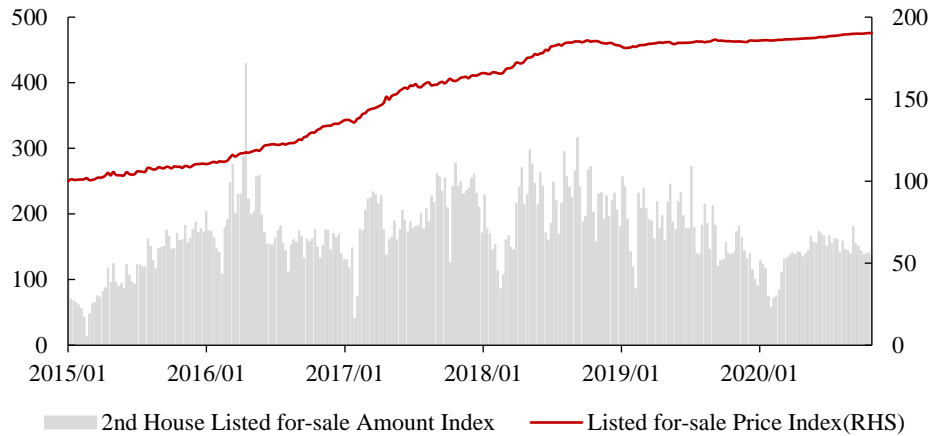
Table 3: Major cities Second-hand house transaction volume, Jinhua and Shenzhen rose significantly YTD

City	Last 7 days			Last 30 days			Year to date	
	sqm	wow	yoy	sqm 000	mom	yoy	sqm 000	yoy
Beijing	332,691	↓ -20%	↑ 82%	1,452	↑ 13%	↑ 59%	11,894	↑ 14%
Shenzhen	109,976	↓ -18%	↓ -22%	558	↓ -9%	↓ -20%	7,109	↑ 43%
Hangzhou	108,738	↓ -21%	↑ 63%	583	↑ 42%	↑ 68%	4,795	↑ 17%
Nanjing	267,477	↑ 9%	↑ 99%	1,016	↑ 22%	↑ 36%	8,513	↑ 39%
Chengdu	52,881	↓ -39%	↓ -75%	298	↓ -6%	↓ -66%	4,092	↓ -55%
Qingdao	116,458	↓ -6%	↑ 34%	511	↑ 17%	↑ 21%	4,538	↑ 18%
Wuxi	103,327	↓ -30%	↓ 0%	521	↑ 22%	↓ -24%	5,353	↑ 1%
Suzhou	115,755	↓ -13%	↓ -11%	538	↑ 20%	↓ -28%	4,919	↓ -44%
Xiamen	76,182	↓ -5%	↑ 51%	331	↑ 35%	↑ 37%	2,855	↓ -10%
Yangzhou	20,364	↓ -21%	↑ 21%	111	↑ 23%	↑ 11%	921	↓ -2%
Yueyang	10,924	↓ -38%	↓ -36%	67	↑ 16%	↓ -10%	581	↓ -11%
Nanning	38,949	↓ -16%	↓ -54%	183	↓ -24%	↓ -56%	2,232	↓ -18%
Foshan	181,210	↑ 9%	↑ 98%	737	↑ 13%	↑ 71%	5,336	↑ 7%
Jinhua	54,549	↑ 5%	↑ 102%	246	↑ 36%	↑ 55%	2,192	↑ 70%
Jiangmen	11,226	↓ -44%	↑ 122%	77	↑ 6%	↑ 190%	700	↓ -11%
Total	1,600,707	-13%	18%	7,229	15%	5%	66,027	-2%
Num. of cities Up		3	9		12	9		8
Num. of cities Down		12	6		3	6		7

Source: Local governments, CWSI Research; Note: Till 2020/11/6

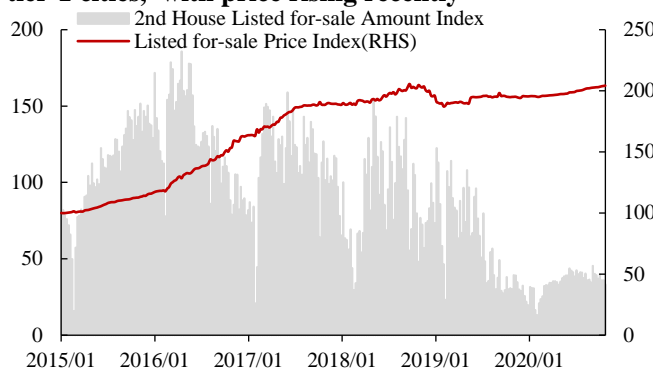


Chart 23: 2nd house listed for-sale price index rose slightly recently



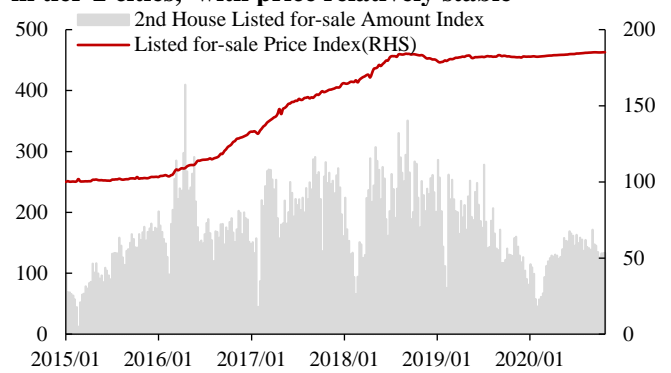
Source: Local Government, CWSI Research; Note: Till 2020/11/1

Chart 24: 2nd house listed for-sale amount index rose in tier-1 cities, with price rising recently



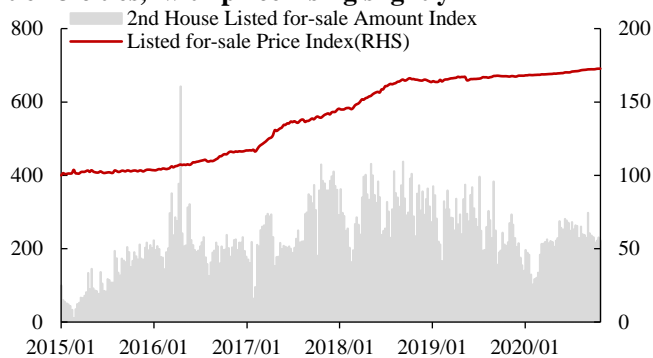
Source: Local Government, CWSI Research; Note: Till 2020/11/1

Chart 25: 2nd house listed for sale amount index rose in tier-2 cities, with price relatively stable



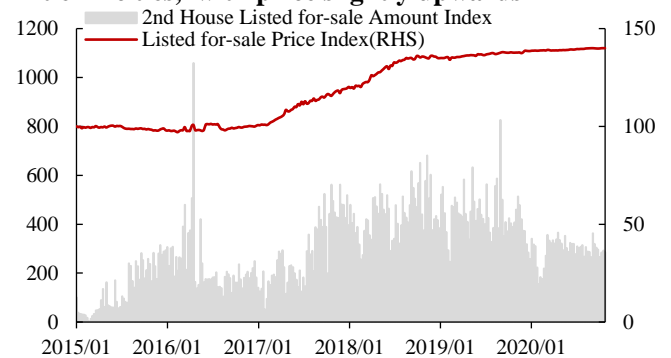
Source: Local Government, CWSI Research; Note: Till 2020/11/1

Chart 26: 2nd house listed for-sale amount index rose in tier-3 cities, with price rising slightly



Source: Local Government, CWSI Research; Note: Till 2020/11/1

Chart 27: 2nd house listed for-sale amount index rose in tier-4 cities, with price slightly upwards



Source: Local Government, CWSI Research; Note: Till 2020/11/1

4. Important Policies and News

4.1 Important Industry Policies News This Week

Table 4: Important Industry Policies News This Week: CBIRC will continue to strictly control the scale of real estate trusts

Date	Region / Institution	Summary
2020-11-02	CBIRC	Continue to strictly control the scale of real estate trusts, strengthen the penetrating supervision of real estate trusts in accordance with the principle of "substance is more important than form", and strictly prohibit breaking through regulatory requirements through various forms, and strictly forbid channels for illegal flow of funds into the real estate market.
2020-11-02	Yinchuan	When a new residential area is built, it is necessary to build community elderly care service facilities with a standard of no less than 30 sqm per 100 households.
2020-11-02	Hunan	The "Outline of Changsha-Zhuzhou-Xiangtan Regional Integrated Development Plan" was released, proposing that by 2035, the integrated development pattern of Changsha, Zhuzhou and Xiangtan will be fully formed and become a modern city cluster with leading and international influence in the central region.
2020-11-04	Taizhou	Taizhou will establish a linkage mechanism for housing and land prices, optimize the scale, layout and pace of residential land supply, and implement differentiated land supply. From November 4, newly purchased houses in the urban area can only be transferred after 3 years of obtaining the real property certificate.
2020-11-04	Shenzhen	Planned to restart the declaration demolition and reconstruction of urban renewal unit plans for "small plots" in Futian, Luohu, Nanshan, and Yantian, actively support the city's industrial space expansion, industrial transformation and upgrading, and high-quality urban renewal work.
2020-11-05	Lishui	For commercial houses that apply for pre-sale, the pre-sale GFA in each phase is not less than 50,000 sqm; if the total GFA or remaining GFA is more than 50,000 sqm and less than 100,000 sqm, the project can apply for pre-sale in two times, each pre-sale GFA can be less than 50,000 sqm, but not less than 20,000 sqm, etc.
2020-11-06	Nanchang	The cooperation on the off-site loan of housing provident fund in the Greater Nanchang Metropolitan Area was officially launched.

Source: Wind, Government website, CWSI Research

4.2 Key sales data announced this week

Table 5: Key sales data announced this week

Company	RIC	Jan-Oct contracted sales		Jan-Oct contracted GFA		Oct contracted sales		Oct contracted GFA	
		(RMB bn)	YoY	(000 sqm)	YoY	(RMB bn)	YoY	(000 sqm)	YoY
Vanke	000002.SZ	545.1	5.0%	36309	8.9%	52.3	20.6%	3660	34.9%
Sunac	1918.HK	451.1	4.0%	32340	8.9%	70.4	9.3%	5095	16.1%
PRE	600048.SH	422.8	9.2%	28564	10.9%	55.4	36.9%	4123	45.7%
COLI	0688.HK	286.1	5.7%	15417	1.0%	28.9	20.7%	1711	13.9%
Shimao	0813.HK	231.3	17.3%	13190	20.0%	30.1	29.4%	1713	32.5%
GreenTown	3900.HK	196.1	30.5%	9740	24.1%	-	-	-	-
Future Land	601155.SH	190.9	14.2%	17770	9.3%	27.8	12.6%	2688	13.6%
Gemdale	600383.SH	190.1	20.6%	9262	16.2%	20.0	26.8%	1027	18.3%
Jinmao	0817.HK	180.3	32.6%	9405	52.5%	18.5	52.3%	869	57.6%
Jinke	000656.SZ	172.9	-	16800	-	25.6	-	2590	-
Zoina	000961.SZ	168.3	14.2%	12684	9.3%	25.2	44.9%	1979	45.8%
Zhongliang	2772.HK	130.7	14.1%	10424	4.8%	16.0	14.3%	1256	-2.8%
Ronshine	3301.HK	114.8	5.4%	5280	1.5%	14.7	-2.0%	728	-2.3%
ZhenRo	6158.HK	109.8	6.5%	6992	4.7%	13.6	4.6%	854	-0.5%
Agile	3383.HK	104.8	4.4%	7781	4.4%	15.0	18.1%	1116	-3.0%
R&F	2777.HK	102.7	3.7%	8711	12.3%	16.1	14.0%	1321	-5.4%
Aoyuan	3883.HK	98.5	11.2%	-	-	15.2	51.1%	-	-
Mideadc	3990.HK	97.5	19.4%	8618	7.2%	-	-	-	-
Logan	3380.HK	97.0	30.3%	6032	4.0%	13.5	93.2%	800	53.0%
Risesun	002146.SZ	84.9	10.2%	7742	6.7%	11.2	21.9%	1027	11.6%
Kaisa	1638.HK	77.7	23.1%	4503	29.6%	11.8	47.9%	-	46.3%
Central China	0832.HK	77.4	5.0%	10847	4.6%	10.2	18.6%	663	41.0%
YueXiu	0123.HK	73.3	39.7%	2936	20.4%	14.7	231.7%	513	153.4%
Times	1233.HK	70.7	19.0%	4975	24.6%	11.0	25.8%	764	23.8%
Gemdale PPT	0535.HK	60.6	26.4%	2598	10.9%	7.9	86.6%	314	50.7%
BJ Capital Land	2868.HK	54.6	9.2%	2044	16.6%	6.1	-32.6%	283	41.4%
Dexin	2019.HK	47.4	31.2%	2148	5.4%	3.3	-16.6%	142	17.4%
Fantasia	1777.HK	38.2	44.6%	2702	12.6%	5.5	35.3%	328	17.4%
Modern Land	1107.HK	32.0	13.1%	3117	15.8%	5.0	60.9%	502	62.9%
Dafa Land	6111.HK	23.1	-	1571	-	-	-	-	-
Jingrui	1862.HK	18.9	7.7%	862	3.8%	3.2	49.1%	160	58.5%
Yincheng	1902.HK	14.2	0.2%	797	3.4%	2.2	216.4%	119	210.3%
Sunshine 100	2608.HK	7.3	6.4%	617	16.7%	1.6	148.2%	136	200.7%
KWG	1813.HK	-	-	-	-	12.5	23.8%	670	1.8%
Country Garden	2007.HK	-	-	-	-	53.9	-5.0%	6330	-5.2%

Source: Wind, company announcements, CWSI Research; note: Country Garden, R&F, Logan and Kaisa by attributable scale



4.3 Company news and announcements

Table 6: Company news and announcements: Jiayuan INTL redeemed part of USD senior notes; CG Services acquired 60% equity of an environment company

Date	Company	Summary
2020-11-02	JIAYUAN INTL	Redemted USD 60 mn 13.75% senior notes due 2022, the total amount of remaining outstanding notes is approximately USD 260 mn. Redemted USD 135 mn 11.375% senior secured notes due 2022, and the total amount of remaining outstanding notes is approximately USD 120 mn.
2020-11-02	CG Services	Acquired 60% of Fujian Dongfei Environment Group Co., Ltd.
2020-11-03	Zoina	In October 2020, the company obtained 9 real estate projects in Suzhou, Huzhou, Xi'an, Changde and Quanzhou.
2020-11-04	Vanke	In October 2020, the company obtained 13 real estate projects in 9 cities including Sanya, Nanjing and Hangzhou.
2020-11-05	COLI	In October 2020, the company obtained 9 real estate projects in 7 cities including Qingdao, Taiyuan and Chongqing.
2020-11-05	PRE	In October 2020, the company obtained 12 real estate projects in 11 cities including Guangzhou, Maoming and Yantai.
2020-11-05	Future Land	In October 2020, the company won 11 real estate projects in 9 cities including Tianjin, Qingdao and Zhengzhou.
2020-11-05	YueXiu	In October 2020, the company won 3 real estate projects in Guangzhou.
2020-11-06	GreenLand	In October 2020, the company won 7 real estate projects in 7 cities including Jinan, Qingdao and Xi'an.
2020-11-06	Gemdale	In October 2020, the company obtained 6 real estate projects in 5 cities including Dongguan, Foshan and Weihai.

Source: Company announcements, CWSI Research

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2. Macroeconomic fluctuations may have certain impact on business operations within the industry;
3. Uncertainties in the control of COVID-19 spread.

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