

This Week in China

PM Industry Trend in Economic Transition

Topic of the week:

PM platform construction emphasizes "platform linking" and "grass-roots governance", and the industry will further add public utility attributes. This document encourages property management companies to connect with government affairs platforms and public utility service platforms, and help residents handle related affairs offline, which further adds public utility attributes to the property management industry in terms of business content. In the short term, the development of the above-mentioned new businesses can bring income growth to the property management companies; in the long term, property management companies may use this as an entry point to achieve potential city management business overlap, and the improvement of the convenience of government services may enhance the connection between property management companies and the owner, promoting the further development of value-added services.

The smart platform of large property management companies may accelerate the export to small and medium property management companies, and the digital construction of the industry is expected to accelerate further. In 2018 and 2019, property management companies with an intelligent construction cost of more than RMB 10 mn increased from more than 20 to more than 30, and the proportion of non-property management revenue with higher GPM increased by 1.94pct to 21.45%, but due to the limited level of intelligent improvement and rising labor costs, the GPM of the top 100 property management companies only increased by 0.46pct to 24.02%. The document "encourages large property management companies to open their own smart property management service platform functions", which may accelerate the overall digital construction of the industry and further reduce costs and achieve efficiency enhancement.

Promote the transformation and upgrading of property management companies from property management to residential services, and the business attributes are transformed from investment to consumption. From the perspective of contribution to the economy, services to people have stronger consumption attributes, and services to objects have stronger investment attributes. COVID-19 has strengthened the connection between property management companies and owners, and the recent policy orientation has also made the external competition of community group purchases and other life services more moderate. The consumption attributes of property management companies' value-added services are expected to increase steadily. Under this trend, differentiated services will further facilitate the brand building of property management companies, and feed back the improvement of their GFA under management and company results.

Data points:

As of Dec 18th, new house transaction area in 42 major cities this week decreased 9% WoW, and cumulative transaction area in 2020 increased 2% YoY.

As of Dec 18th, saleable area (inventory) in 13 major cities this week increased 2% WoW; average inventory period was 10.9 months, average change was 3%.

As of Dec 18th, second-hand housing transactions in 15 major cities this week decreased 1% WoW, and cumulative transaction area in 2020 fell 1% YoY.

Suggestion:

The Central Economic Work Conference once again mentioned "housing for living, not for speculation", real estate industry tone continued to maintain a strong consistency. At the regional level, the meeting proposed for the first time to "solve outstanding housing problems in big cities", combined with the recent statement by the State Council on accelerating the development of metropolitan (suburban) railways, the real estate market in key satellite cities still has certain growth potential. Maintain "Overweight" rating.

Overweight
(Maintain)

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1. PM Industry Trend in Economic Transition

A few days ago, MOHURD together with other five ministries jointly issued the "Opinions on Promoting Property Management Companies to Accelerate the Development of Online and Offline Life Services", giving directional guidance on the construction of online platforms and value-added services in the property management industry. What kind of statement does this document make on the functional positioning and business content of the property management industry? What development trends in the property management industry have been revealed?

1.1 Accelerate the smart platform construction of for property management, linking the "last mile" of grassroots governance

The construction of the property management platform emphasizes "platform linking" and "grassroots governance", and the basic property management function positioning may be more similar to public utilities. This document provides support for the property service platform construction, and encourages property management companies to collect and share the corresponding data of the community under management of property management companies through the linking of government platforms and public utility service platforms to provide support for grassroots governance. From the perspective of property management companies' linking of the above-mentioned platforms and grassroots governance, property management companies will further take the responsibility of "linking the "last mile" to serve the residents", and the functional positioning of the basic property management business may also be more similar to public utilities.

Table 1: Property management companies may further undertake the work of grassroots social governance

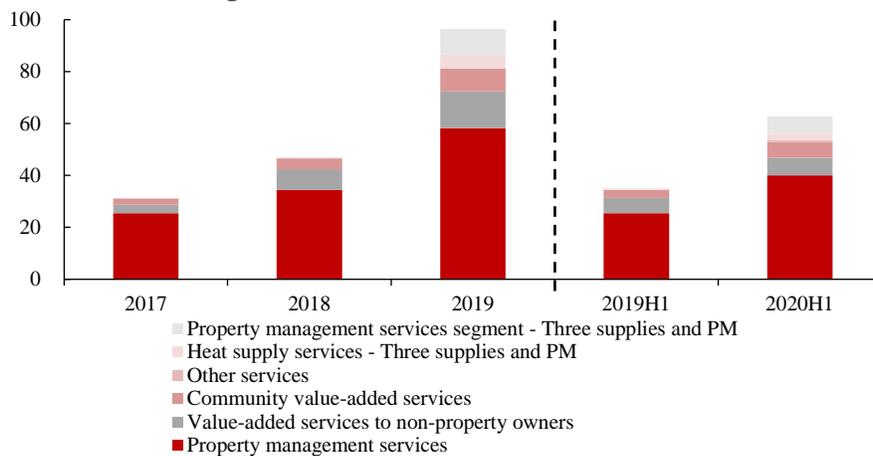
Category	Contents
Platform Linking	The smart property management service platform should connect the city information model and the city operation management service platform, various e-commerce platforms, various supply terminals, various commercial services, urban government service integration platforms, public utilities service platforms, medical and medical insurance service platforms, etc.
Grassroots Governance	Property management companies should provide dynamic demand information for application scenarios such as housing provident fund, housing security, medical treatment, schooling, elderly care, water, electricity and heat; encourage property service companies to help residents handle related affairs offline to help to realize online "one-screen office", "fingertip office", etc. on public service

Source: Government websites, CWSI Research

Participating in grassroots governance will broaden the income sources of property management companies and provide a foundation for building trust for the development of other value-added businesses. The basic property management

services of the current property management company mainly include security, cleaning, greening, maintenance and other services. The large number of vacancies between government services such as provident fund, medical insurance, administrative approval, and public security and community residents will bring horizontal expansion of business for property management companies. Reflected in property management companies' results, the utility-like nature of the above-mentioned business may make its profit margin low, but the service still has development value: **1) The large demand scale and potential expansion of business scope will bring increased revenue to property management companies.** Take CG Ser's Three supplies and PM business (water supply, electricity supply, heat supply and property management) as an example. In 2019, the heat supply services' revenue accounted for 10.3% of its total revenue, becoming an important growth driver for the company; on the other hand, after realizing the smooth takeover of the PetroChina's residential communities, CG Ser's business scope has gradually expanded to include auxiliary services for oil and gas production, auto and driver services, etc. **2) The development of services such as to help residents handle government and public utilities affairs offline may provide a trust basis for the development of other value-added services of property management companies.**

Chart 1: Starting from 2019, Three supplies and PM business has further broadened CG Ser's growth sources

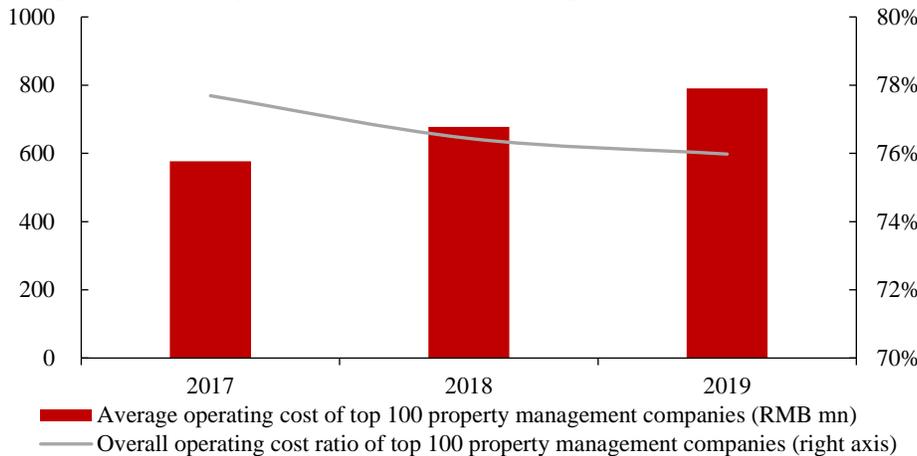


Source: Company announcement, CWSI Research

In terms of smart platform construction, in the short term, the continued increase in technology investment in the property management industry has not yet achieved a significant drop in costs for the industry. According to the data of CREIS, the investment in the intelligentization of the top 100 property management companies continued to expand. In 2018 and 2019, more than 20 and 30 top 100 companies spent more than RMB 10 mn in their intelligent construction costs, and in 2019, most of the top 100 companies invested between RMB 1 and 5 mn in intelligent construction. With the increase in the management scale of property management companies in recent

years, factors such as the scale effect, the development of value-added services and the intelligentization of some services have caused the operating cost rate of the top 100 property management companies to continue to decline; however, due to limited improvements in the level of intelligent management and rising labor costs, the decrease in operating costs was relatively small, dropping by only 0.46 pct from 76.44% in 2018 to 75.98% in 2019.

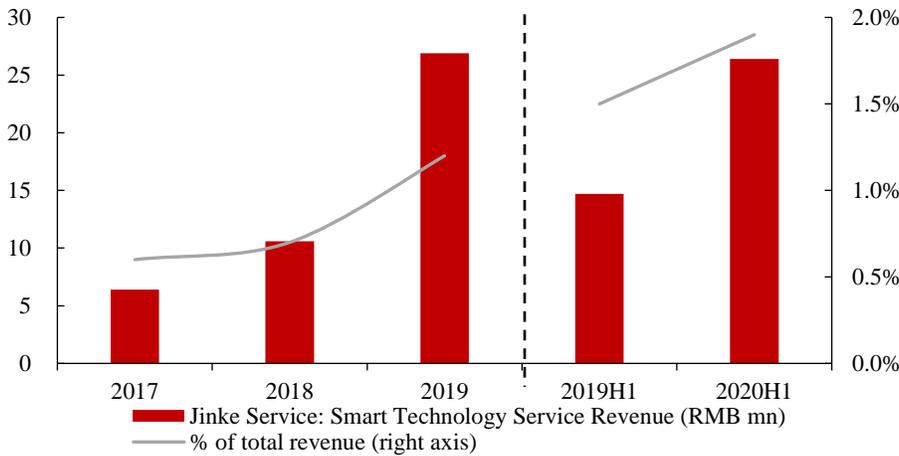
Chart 2: The continued increase in technology investment in the property management industry has not yet resulted in a significant cost reductions



Source: CREIS, CWSI Research

The smart platform of large property management companies may accelerate to export to small and medium property management companies, and the digital construction of the industry is expected to accelerate further. This document provides solutions to the aforementioned situation, “support property management companies to jointly build a universal and open smart property management service platform”, “encourage large property management companies to open their own smart property management service platform functions and expand the scope of services, provide platform support and technical support for small and medium property management companies.” In this context, the intelligent platforms of large property management companies may accelerate to export to small and medium-sized property management companies, which will enable the R&D funds of the property management industry to be more concentrated to companies with more mature intelligent platform construction, realizing the acceleration of the overall digital construction of the industry and the improvement of the effect of reducing costs and increasing efficiency. At present, some large property management companies have realized the output of smart platforms. For example, CG Ser has exported its intelligent upgrade plan to small and medium property management companies; smart technology services have also contributed part of the property management company’s revenue, in Jinke Ser’ revenue, the proportion of smart technology services increased from 0.6% in 2017 to 1.2% in 2019, and in mid-2020 it increased by 0.4 pct YoY to 1.9%.

Chart 3: Jinke Ser's smart technology service revenue has continued to increase in recent years



Source: Company announcement, CWSI Research

Table 2: Color Life, Country Garden Services, Jinke Services, etc. are prominent in terms of technology empowerment

2020 Leading Property Management Companies in Technology Empowerment
Color Life
Country Garden Services
Jinke Services
Longfor Services
Gemdale Services

Source: CREIS, CWSI Research

1.2 The attribute of value-added services are transformed from investment to consumption

Promote the transformation and upgrading of property management companies from property management to residential services, and the business attributes are transformed from investment to consumption. In addition to services related to government affairs and public utilities, this document also mentions other related content that broadens the field of property services, mainly focusing on the convenience needs of residents' living services, and the key services mentioned include housekeeping services, home care services, express delivery, smart retail and, etc. From the perspective of contribution to the economy, services to people have stronger consumption attributes, and services to objects have stronger investment attributes.

Table 3: The value-added services of property management companies will gradually transform to consumption attributes



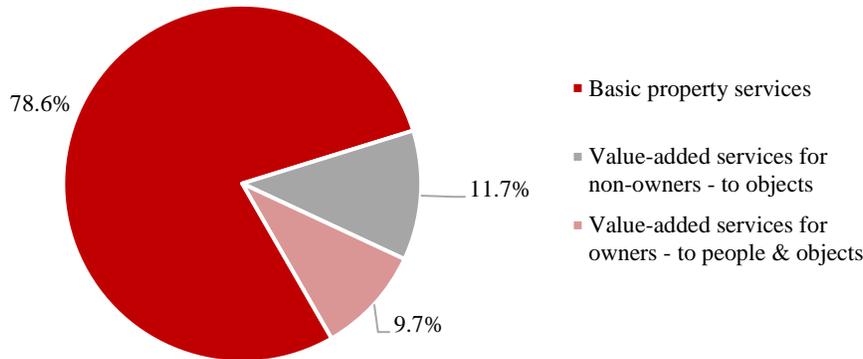
Category	Contents
Broaden service contents	<ul style="list-style-type: none"> ·Provide convenience for domestic services, e-commerce, home elderly care services, express delivery and other life services ·Link various suppliers, providing residents with high-quality goods and services through group purchasing and other methods
Link business services	<ul style="list-style-type: none"> ·Connect with various e-commerce platforms ·Deploy smart express cabinets, express boxes, unmanned vending machines and other terminals to develop smart retail
Develop home elderly care	<ul style="list-style-type: none"> ·Connect with medical and medical insurance service platforms to provide various medical and medical insurance services ·Strengthen dynamic monitoring and provide services such as safe guarding, regular visits, disease prevention, and mental comfort for the elderly at home to reduce the accident risk of the elderly

Source: Government websites, CWSI Research

At present, the non-property management income of mainstream listed property management companies is still dominated by services to objects. The non-property management income of property management companies is mainly based on value-added services: 1) Value-added services for non-property owners usually include services such as sales assistance services, pre-delivery cleaning, etc. Its service objects are mainly housing units for sale and community spaces, etc. instead of people. 2) The value-added services for property owners have a wider scope, including some services to people. According to data from the CREIS, in 2019, the non-property management income of the top 100 property management companies accounted for approximately 21.45% of the total income, of which value-added service income for non-property owners accounted for 54.68% of the non-property management income; considering that the value-added services for property owners still include a considerable proportion of services to objects, so services to objects account for a higher proportion of the total revenue of value-added services. Take CG Ser, the property management company with the largest market capitalization at present, as an example, assuming that housekeeping, turn-key furnishing and move-in, value-added innovations and real estate brokerage are all defined as services to people, the proportion of the service income of Country Garden's services to objects in 2019 will reach approximately 71.4% of the total income of value-added services. Take S-Enjoy, which is a major listed property management company with a relatively high proportion of income from non-PM services, as an example (community value-added services and developer value-added services contributed approximately 40.7% of revenue in 2019), assuming online sales, decoration services and public resource services such as community supermarkets and charging are defined as services to people, in 2019, S-Enjoy's service revenue from services to objects accounted for approximately 86.0% of the total value-added services revenue.

Chart 4: In 2019, value-added services for property owners contributed approximately 9.7% of the revenue of the top 100 property management companies

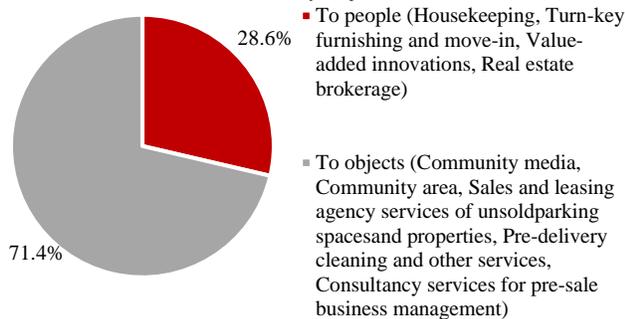
Revenue Breakdown of Top 100 Property Management Companies in 2019



Source: CREIS, CWSI Research

Chart 5: CG Ser's revenue from value-added services in 2019 is dominated by services to objects

CG Ser Value-Added Service Revenue Distribution in 2019 (By Object)



Source: Company announcement, CWSI Research

Chart 6: S-Enjoy's revenue from value-added services in 2019 is dominated by services to objects

S-Enjoy Value-Added Service Revenue Distribution in 2019 (By Object)



Source: Company announcement, CWSI Research

The current situation of value-added services is mainly due to the weak connection between property management companies and owners and the external competition of life services. The consumer connection between the property management company and property owners is weak, and the short service radius does not mean that the owner is willing to consume through the property management company; COVID-19 has strengthened the above connection to a certain extent that services including disinfection, grocery shopping, etc. have strengthened the owners' trust in the property management companies. On the other hand, residents' many living needs (shopping, finance, etc.) can be met through major Internet platforms and third-party service providers, and property management companies face fierce external competition.

Chart 7: Greentown ser can still meet needs of owners during the epidemic



Source: Greentown Ser WeChat account, CWSI Research

Chart 8: CCTV broadcasts "PM Heroes" series of COVID-19 related documentaries



Source: Leju Finance, CWSI Research

The external competitive environment of some life services may be optimized under the guidance of policies, and the importance of the supply chain of property management companies will further increase. Take community group purchasing as an example, a few days ago, the official media proposed to community group purchasing that “Internet giants should have more responsibility, more pursuit, and more action in technological innovation; don’t just worry about the flow of a few bundles of cabbage and a few catties of fruit.” This guidance is in line with the statement of “reliance of science and technology as a strategic support for national development” proposed in the Communiqué of the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China, and the proposal of “strengthening anti-monopoly and preventing capital unordered expansion” at the Politburo meeting in December 2020. At the same time, the document of the MOHURD proposed to the property management company to "connect various suppliers and provide residents with high-quality goods and services through group purchasing." The competitive environment of the life service track has been optimized to a certain extent, and the linking of various suppliers also puts forward higher requirements for the supply chain management of the property management companies.

Table 4: The recent policy orientation has to a certain extent optimized the external competitive environment for some life services of property management companies

Date	Event/Document	Original Expressions
2020/10/29	Communiqué of the Fifth Plenary Session of the 19th Central Committee	把科技自立自强作为国家发展的战略支撑
2020/12/11	People's Daily Comments	掌握着海量数据、先进算法的互联网巨头，理应在科技创新上有更多担当、有更多追求、有更多作为；别只惦记着几捆白菜、几斤水果的流量
2020/12/11	Political Bureau of the CPC Central Committee	强化反垄断和防止资本无序扩张
2020/12/15	"Opinions on Promoting Property Management Companies to Accelerate the Development of Online and Offline Life Services"(《关于推动物业服务企业加快发展线上线下生活服务的意见》)	对接各类供给端，通过集中采购等方式，为居民提供优质商品和服务

Source: Government websites, People's Daily Comments, CWSI Research

Under the trend of increasing consumption attributes of value-added services, characteristic value-added services will be more able to feed back the expansion. For example, Greentown Ser has its own characteristics in culture and education through the establishment of an early education system and the acquisition of an Australian early education company, which may attract relatively young housing buyers. Aoyuan Healthy has made many attempts in community home care, providing rehabilitation care, life care and other services, and form communities for the elders. Differentiated services will further help the property management company's brand building, and feed back the improvement of the GFA under management and the company's results.

Chart 9: Greentown Ser launches international early education services



Source: Greentown Ser WeChat account, CWSI Research

Chart 10: Aoyuan Healthy actively develops community elderly care services



Source: Aoyuan Healthy WeChat account, CWSI Research

1.3 Summary: Accelerating the digital development of the industry, improving the attributes of public utilities and consumption

The trend of industry transformation and upgrading will bring about changes in business attributes. The guidance of this document for property management companies is mainly: 1) Collecting and sharing dynamic information required by government and public utilities to optimize urban governance: This requires property management companies to improve the level of digital management, and current property management companies with better technology empowerment may accelerate the output of smart platforms. 2) Improving the efficiency of public services with the help of property management companies: The nature of services helping residents handle government affairs offline is more similar to public utilities. Property management companies may be able to use this as an entry point to achieve more potential business overlaps, the improvement of the convenience of government services is also expected to strengthen the connection between property management companies and owners, and promote the further development of value-added services. 3) Transforming and upgrading from services to objects to services to people: The development of human services will actually enhance the consumption attributes of the property management company's business.

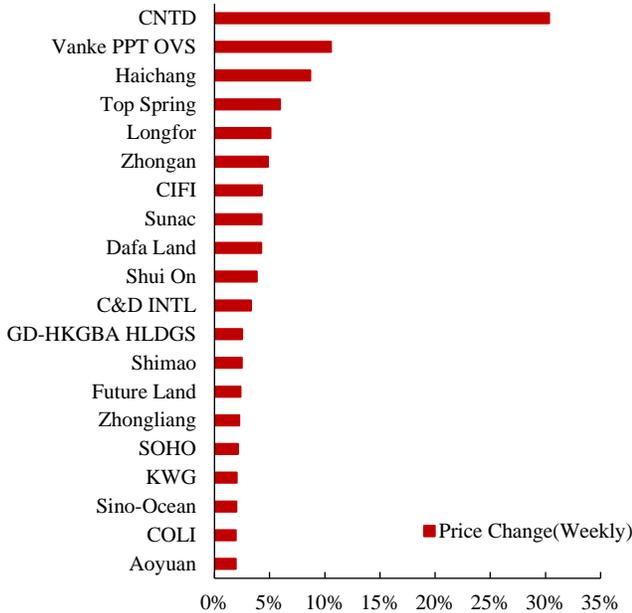
Changes in business attributes will have an impact on the valuation of the property management industry, and differentiated services may lead the industry's internal valuation differentiation. Changes in business economic attributes will make the performance flexibility of property management companies different in macroeconomic changes, which will affect their valuation levels. As we mentioned in our previous report "Property management industry PE: What to see", in the process of economic recovery, the market's preference for results flexibility will lead to the differentiation of valuations in various industries. For property management companies, the strengthening of connections with owners is also a further test of their service quality. Basic services with excellent quality and high reproducibility and differentiated value-added services will lead the industry's internal valuation differentiation.

2. Sector Performance

2.1 Performance of developer sector

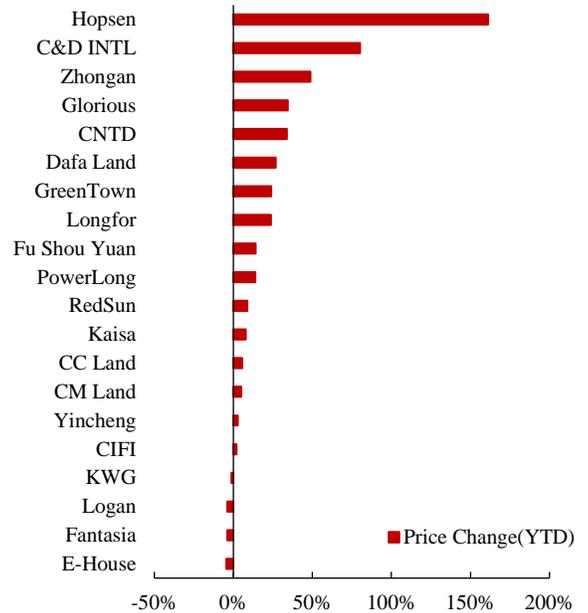
This week, CNTD, Vanke PPT OVS and Haichang had larger price increase than peers. Hopsen, C&D INTL and Zhongan had better share price performance, YTD.

Chart 11: This week, CNTD, Vanke PPT OVS and Haichang had larger price increase than peers



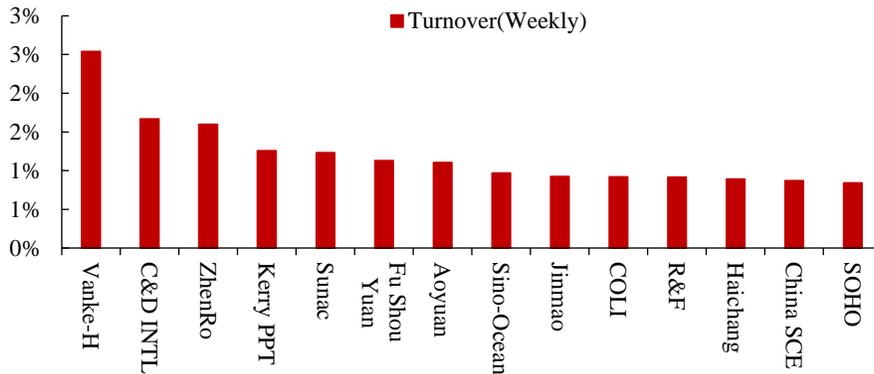
Source: Wind, CWSI Research

Chart 12: Hopsen, C&D INTL and Zhongan had better share price performance, YTD



Source: Wind, CWSI Research

Chart 13: Vanke-H, C&D INTL and ZhenRo were most actively traded this week

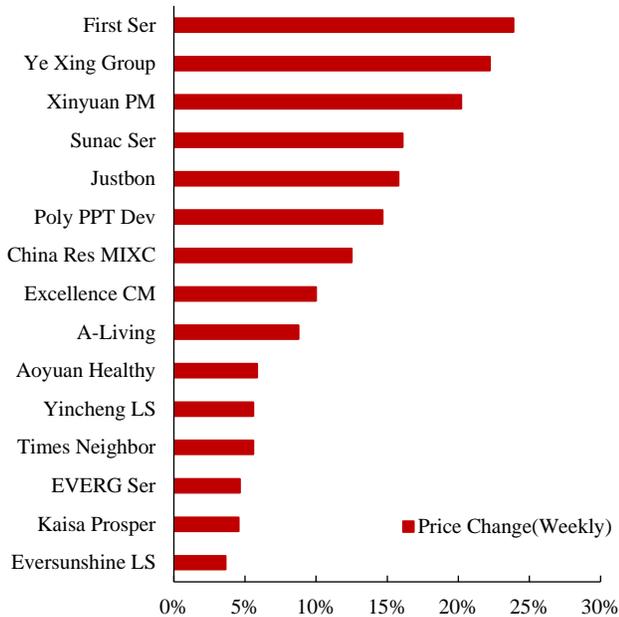


Source: Wind, CWSI Research

2.2 Performance of property management sector

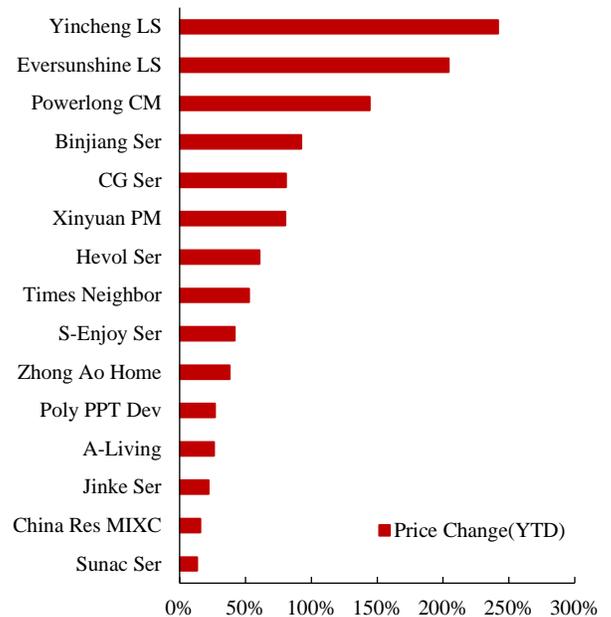
This week, First Ser, Ye Xing Group and Xinyuan PM had larger price increase than peers. Yincheng LS, Eversunshine LS and Powerlong CM had better share price performance YTD.

Chart 14: This week, First Ser, Ye Xing Group and Xinyuan PM had larger price increase than peers



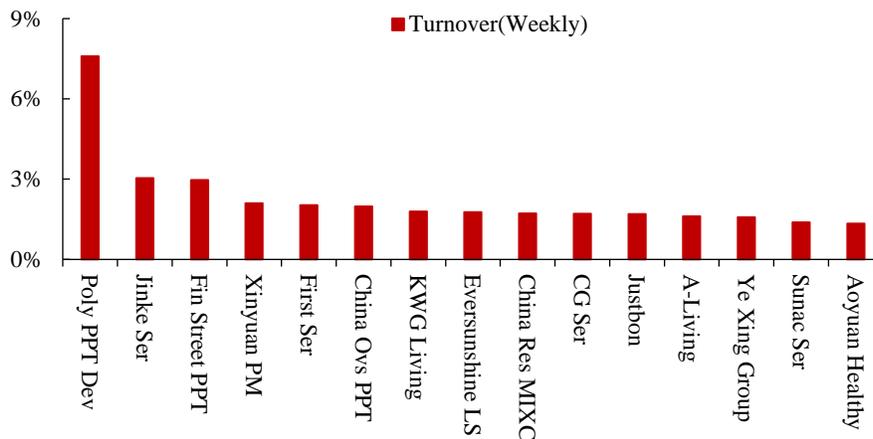
Source: Wind, CWSI Research

Chart 15: Yincheng LS, Eversunshine LS and Powerlong CM had better share price performance YTD



Source: Wind, CWSI Research

Chart 16: Poly PPT Dev, Jinke Ser and Fin Street PPT were most actively traded this week



Source: Wind, CWSI Research



3. Major cities transaction performance

3.1 New house transaction data

Table 5: 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	208,383	32%	10%	983	11%	58%	499	7%	15%	7,369	8%
Shanghai	398,900	53%	57%	1,283	-16%	14%	800	-1%	30%	13,248	1%
Guangzhou	326,670	-4%	71%	1,605	15%	118%	849	34%	120%	10,919	24%
Shenzhen	130,114	-9%	28%	604	2%	52%	360	-1%	41%	4,314	25%
Tier 1	1,064,068	18%	45%	4,475	2%	55%	2,508	11%	48%	35,850	11%
Tier 2	2,488,013	-13%	-21%	11,786	1%	-10%	7,295	8%	-7%	117,100	-1%
Tier 3	2,096,518	-15%	-6%	10,787	-12%	11%	5,929	-11%	4%	114,659	2%
Beijing	208,383	32%	10%	983	11%	58%	499	7%	15%	7,369	8%
Qingdao	314,321	-13%	-10%	1,585	11%	-13%	871	19%	-5%	14,822	5%
Jinan	150,540	151%	-45%	735	-34%	-17%	213	-65%	-61%	10,430	8%
Dongying	67,326	-40%	114%	717	13%	354%	233	-38%	166%	4,871	180%
PBR	740,570	7%	-12%	4,019	-1%	15%	1,817	-17%	-9%	37,492	16%
Shanghai	398,900	53%	57%	1,283	-16%	14%	800	-1%	30%	13,248	1%
Nanjing	230,659	-26%	-31%	1,172	10%	0%	802	22%	5%	9,619	19%
Hangzhou	116,875	-54%	-54%	665	1%	-41%	536	10%	-16%	8,097	1%
Suzhou	314,931	46%	36%	1,005	66%	9%	690	145%	11%	10,481	6%
Wuxi	107,800	13%	-13%	496	-11%	-10%	204	-43%	-4%	5,757	-19%
Yangzhou	80,068	10%	7%	250	-15%	-5%	194	0%	-13%	2,525	12%
Jiangyin	58,226	-19%	-10%	251	-6%	-22%	149	31%	-15%	2,944	-4%
Wenzhou	193,506	-12%	-8%	1,077	16%	15%	554	4%	-1%	11,575	-3%
Jinhua	58,253	73%	59%	197	-25%	22%	117	-26%	19%	2,297	25%
Changzhou	16,238	-67%	-85%	159	-18%	-71%	90	-18%	-70%	2,666	-45%
Huainan	101,196	-8%	1%	423	-25%	-6%	255	-11%	-8%	4,545	-6%
Lianyungang	229,079	-23%	96%	869	49%	57%	643	86%	75%	6,605	2%
Shaoxing	20,469	-35%	-67%	145	-5%	-32%	105	21%	-12%	2,332	3%
Zhenjiang	119,886	0%	-11%	568	-8%	0%	307	-11%	-7%	6,136	-17%
Jiaxing	6,818	-68%	-81%	164	-51%	0%	102	-57%	31%	3,128	22%
Wuhu	40,545	-46%	15%	319	-9%	115%	158	-29%	71%	2,529	23%
Yancheng	110,198	-34%	71%	484	23%	65%	276	30%	61%	3,889	11%
Zhoushan	15,821	-18%	-15%	99	-18%	16%	48	-13%	7%	1,316	18%
Chizhou	9,214	-32%	-67%	62	-34%	-16%	40	-7%	-37%	811	-34%
Ningbo	103,738	-28%	-31%	625	4%	4%	354	8%	8%	7,719	6%
YRD	2,332,422	-10%	-4%	10,313	1%	0%	6,422	10%	6%	108,216	0%
Guangzhou	326,670	-4%	71%	1,605	15%	118%	849	34%	120%	10,919	24%
Shenzhen	130,114	-9%	28%	604	2%	52%	360	-1%	41%	4,314	25%
Fuzhou	46,631	-39%	16%	257	-14%	125%	146	-23%	98%	2,667	7%
Dongguan	190,089	0%	31%	913	14%	66%	515	36%	61%	6,979	34%
Quanzhou	64,279	5%	221%	275	-35%	85%	155	-5%	175%	2,884	-9%
Putian	35,265	-32%	-	196	12%	198%	109	24%	643%	1,678	-12%
Huizhou	79,424	-37%	-5%	421	-17%	25%	327	4%	54%	3,229	15%
Shaoguan	26,942	15%	-22%	122	3%	-2%	63	14%	-7%	1,656	8%
Foshan	313,472	18%	18%	1,293	-7%	25%	728	-1%	24%	12,315	-2%
Jiangmen	32,167	-6%	-26%	156	-5%	15%	83	16%	-14%	1,395	22%
PRD & Southern China	1,245,054	-5%	35%	5,843	-1%	61%	3,336	12%	61%	48,036	12%
Taian	50,464	-14%	35%	273	-21%	40%	149	-18%	21%	2,699	8%
Northern China	50,464	-14%	35%	273	-21%	40%	149	-18%	21%	2,699	8%
Wuhan	552,275	-18%	6%	2,631	-2%	1%	1,584	8%	10%	18,227	-19%
Yueyang	42,830	22%	-17%	165	-19%	-6%	99	-11%	-6%	2,231	11%
Baoji	62,655	-38%	-	326	-21%	-9%	228	-6%	60%	3,410	7%
Ganzhou	0	-100%	-100%	459	-47%	-36%	193	-59%	-58%	7,912	-10%
Central China	657,760	-30%	-11%	3,580	-14%	-7%	2,104	-8%	-2%	31,779	-13%
Chengdu	346,393	-3%	-45%	1,657	-20%	-19%	1,135	-10%	-25%	20,928	10%
Liuzhou	111,634	10%	-16%	583	-24%	4%	311	-2%	-2%	6,653	10%
Nanning	164,302	-8%	-55%	779	-15%	-51%	459	-23%	-53%	11,806	-21%
Western China	622,328	-2%	-45%	3,019	-19%	-28%	1,904	-13%	-32%	39,386	-2%
Total	5,648,598	-9%	-8%	27,048	-5%	5%	15,732	0%	3%	267,609	2%
Num. of cities Up		13	18		15	25		18	23		29
Num. of cities Down		28	21		27	17		24	19		13

Source: Local governments, CWSI Research; Note: Till 2020/12/18

Table 6: Major cities inventory period was 10.9 months this week

City	Inventory (sqm 000)	wow	yoy	Inventory period	Last week	wow	yoy
Beijing	12,714	1%	15%	12.9	13.1	-1%	-27%
Shanghai	7,462	0%	-7%	5.8	6.3	-8%	-18%
Guangzhou	9,341	0%	24%	5.8	5.7	2%	-43%
Shenzhen	3,159	0%	9%	5.2	5.0	4%	-28%
Tier 1 Average		0%	10%	7.5	7.5	-1%	-29%
Hangzhou	5,152	11%	35%	7.7	6.5	18%	129%
Nanjing	7,180	3%	33%	6.1	6.2	-2%	33%
Suzhou	8,798	2%	47%	8.8	9.9	-12%	36%
Fuzhou	6,674	1%	69%	25.9	22.1	17%	-25%
Jiangyin	4,605	0%	15%	18.4	18.1	2%	48%
Wenzhou	12,627	3%	22%	11.7	11.4	3%	7%
Quanzhou	7,029	2%	-1%	25.6	26.6	-4%	-47%
Ningbo	3,033	9%	-12%	4.9	4.3	13%	-15%
Dongying	1,674	-1%	3%	2.3	2.1	13%	-77%
Overall Average		2%	19%	10.9	10.6	3%	-2%

Source: Local governments, CWSI Research; Note: Till 2020/12/18; Average WoW and average YoY are defined as average change of each city

3.2 Second-hand house transaction and price data

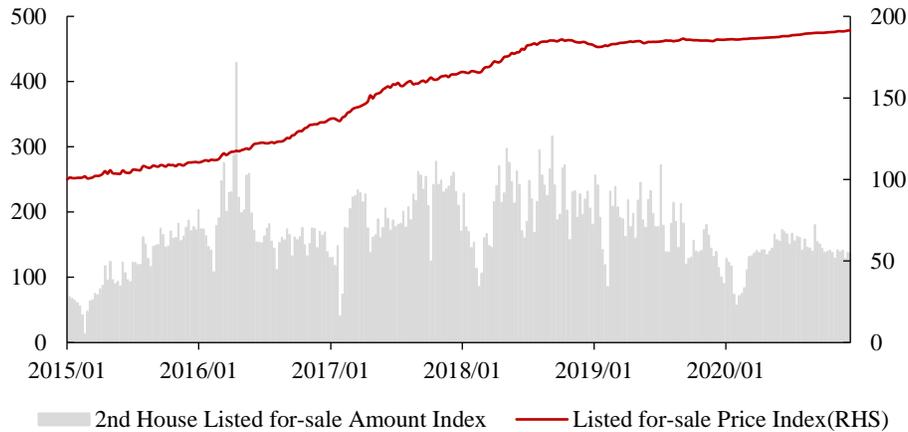
Table 7: Major cities Second-hand house transaction volume, Jinhua and Nanjing rose significantly YTD

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	405,975	↑ 4%	↑ 42%	1,698	↑ 5%	↑ 49%	1,036	↑ 16%	↑ 43%	14,183	↑ 19%
Shenzhen	132,747	↑ 7%	↓ -31%	545	↑ 2%	↓ -28%	345	↑ 23%	↓ -30%	7,823	↑ 31%
Hangzhou	143,075	↑ 3%	↑ 18%	625	↑ 12%	↑ 52%	361	↑ 17%	↑ 45%	5,628	↑ 22%
Nanjing	239,171	↑ 12%	↑ 16%	955	↓ -4%	↑ 10%	617	↑ 19%	↑ 15%	9,775	↑ 34%
Chengdu	84,926	↑ 3%	↓ -61%	327	↓ -11%	↓ -63%	210	↑ 2%	↓ -65%	4,574	↓ -56%
Qingdao	120,805	↑ 1%	↑ 18%	532	↑ 2%	↑ 28%	328	↑ 8%	↑ 21%	5,258	↑ 19%
Wuxi	117,433	↑ 11%	↓ -17%	505	↓ -2%	↓ -5%	305	↑ 8%	↓ -8%	6,038	↓ -1%
Suzhou	122,966	↓ -16%	↓ -9%	544	↓ -5%	↓ -4%	350	↑ 6%	↓ -5%	5,679	↓ -41%
Xiamen	94,670	↑ 6%	↑ 24%	390	↑ 10%	↑ 41%	244	↑ 19%	↑ 31%	3,379	↓ -4%
Yangzhou	19,001	↓ -24%	↑ 13%	98	↓ -11%	↑ 20%	63	↑ 1%	↑ 24%	1,062	↑ 1%
Dongguan	54,168	↑ 24%	↓ -31%	207	↓ -4%	↓ -31%	134	↑ 8%	↓ -31%	2,700	↓ -13%
Nanning	40,707	↓ 0%	↓ -51%	200	↓ -3%	↓ -48%	124	↓ -8%	↓ -50%	2,528	↓ -22%
Foshan	169,549	↓ -17%	↑ 41%	768	↑ 2%	↑ 51%	511	↑ 15%	↑ 61%	6,389	↑ 13%
Jinhua	44,526	↓ -39%	↑ 22%	273	↑ 7%	↑ 30%	168	↑ 12%	↑ 30%	2,561	↑ 61%
Jiangmen	14,929	↓ -31%	↑ 171%	86	↓ -4%	↑ 153%	51	↓ -3%	↑ 98%	827	↓ 0%
Total	1,804,648	-1%	-1%	7,752	1%	5%	4,847	13%	3%	78,403	-1%
Num. of cities Up		9	9		7	9		13	9		8
Num. of cities Down		6	6		8	6		2	6		7

Source: Local governments, CWSI Research; Note: Till 2020/12/18

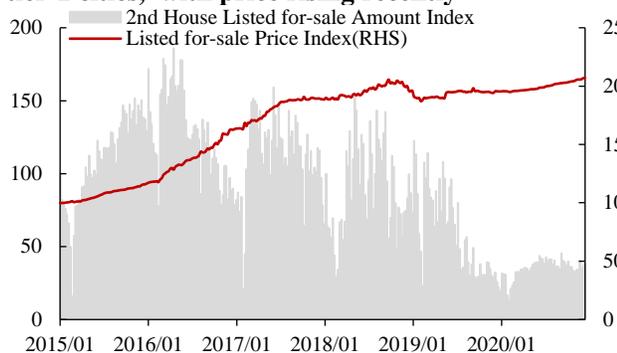


Chart 17: 2nd house listed for-sale price index rose slightly recently



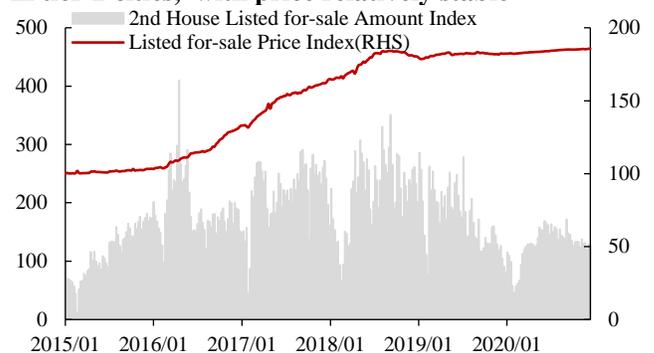
Source: Local Government, CWSI Research; Note: Till 2020/12/13

Chart 18: 2nd house listed for-sale amount index rose in tier-1 cities, with price rising recently



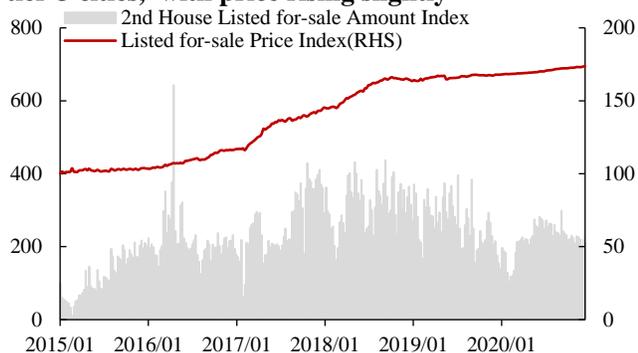
Source: Local Government, CWSI Research; Note: Till 2020/12/13

Chart 19: 2nd house listed for sale amount index rose in tier-2 cities, with price relatively stable



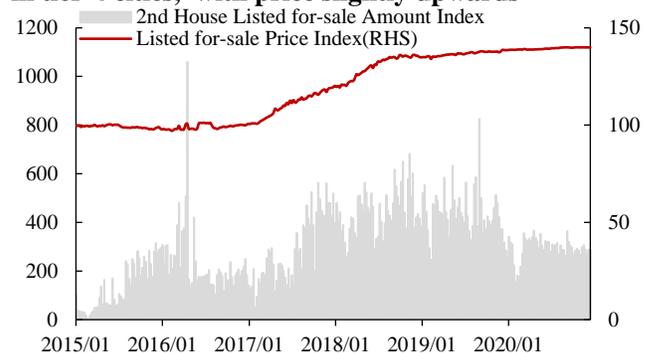
Source: Local Government, CWSI Research; Note: Till 2020/12/13

Chart 20: 2nd house listed for-sale amount index rose in tier-3 cities, with price rising slightly



Source: Local Government, CWSI Research; Note: Till 2020/12/13

Chart 21: 2nd house listed for-sale amount index rose in tier-4 cities, with price slightly upwards



Source: Local Government, CWSI Research; Note: Till 2020/12/13



4. Important Policies and News

4.1 Important Industry Policies News This Week

Table 8: Important Industry Policies News This Week: The Central Economic Work Conference again mentions "housing for living, not for speculation"; multiple places relax the Hukou policies

Date	Region / Institution	Summary
2020-12-15	Wuxi	The Hukou restrictions of eligible people in the Jiangyin and Yixing administrative regions will be completely removed.
2020-12-15	Fuzhou	Restrictions on Hukou will be fully removed.
2020-12-16	State Council	Issued the "Opinions on Promoting the Accelerated Development of Metropolitan (Suburban) Railways", focusing on supporting the planning and construction of metropolitan (suburban) railways in Beijing-Tianjin-Hebei, Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta, Chengdu-Chongqing, and the middle reaches of the Yangtze. In the metropolitan area, the urban area of the central city and the surrounding towns are grouped for convenient commuting.
2020-12-16	Qingdao	Continue to relax the Hukou policy in central urban area, greatly relax the Hukou policy in urban area, and fully liberalize the Hukou policy in the county.
2020-12-17	Central Economic Work Conference	Must adhere to the positioning that housing for living, not for speculation, and adopt measures based on local conditions and multiple strategies to promote the stable and healthy development of the real estate market. It is necessary to attach great importance to the construction of affordable rental housing, accelerate the improvement of long-term rental policies, gradually make rent-and-purchase housing have equal rights in enjoying public services, and standardize the development of the long-term rental housing market.

Source: Wind, Government website, CWSI Research

4.2 Company news and announcements

Table 9: Company news and announcements: Minmetals land sells subsidiary construction company; many developers carry out debt financing

Date	Company	Summary
2020-12-14	MinMetals Land	The indirect wholly-owned subsidiary sold 100% equity of Minmetals Ruihe (Shanghai) Construction Co., Ltd., the indirect wholly-owned subsidiary of the company, to the indirect non-wholly-owned subsidiary of China Minmetals Corporation, the ultimate controlling shareholder of the company, for approximately RMB 4.289 mn.
2020-12-16	Future Land	The company's overseas subsidiaries issued 4-year USD 450 mn 4.8% unsecured fixed-rate bonds.
2020-12-16	Kaisa	Issued additional USD 150 mn 6.5% senior notes due 2021, which will be combined with the USD 250 mn 6.5% senior notes due 2021 into a single series.
2020-12-17	EverGrande	The 4.25% convertible bonds with a principal amount of HKD 1.799 bn due 2023 were repurchased and cancelled at an average price of approximately 99.0%.
2020-12-18	PowerLong	The USD 200 mn 9.125% senior notes due 2021 were repurchased at US\$1003.5 for every USD 1,000 principal amount.
2020-12-18	PowerLong	Issued additional USD 100 mn 5.95% senior notes due 2025 of and combined them with USD 200 mn 5.95% senior notes due 2025 into a single series.
2020-12-18	CFLD	An indirect wholly-owned subsidiary issued USD 340 mn 10.875% 364-day senior unsecured fixed-rate bonds.

Source: Company announcements, CWSI Research

Note:

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

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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%.

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