This Week in China

PM's FY20: high growth and stronger leading players

Topic of the week:

Overall revenue growth rate slowed down, and the leading players are still strong. In 2020, the overall revenue growth of 34 mainstream listed PM companies dropped by 4.6pct to 39.7%. The slowdown in revenue growth of basic PM services has led to a slowdown in the overall revenue: 1) COVID-19 affected the processes of construction and the outsourcing of PM companies; 2) A considerable number of PM companies actively expanded projects such as public properties with relatively low income per unit GFA during the year. Some large-scale PM companies have achieved higher revenue growth with better brand power, stronger financial strength, and more deterministic support from sponsors, the revenue growth of Shimao Services, A-Living and EverSunshine leads the way.

% of PM revenue declined, and the business structure has changed differently. Due to the development of VAS, the average % of PM services decreased by 0.3pct YoY to 62.9%, which is still the business that contributed the most to most PM companies. Non-community VAS still account for a relatively higher proportion; leading PM companies such as CG Ser and Poly PPT Dev have gradually formed a more mature service system, and the revenue of community VAS accounted for a relatively high proportion.

Intensive listings, social insurance exemptions, and changes in income structure led to accelerated profit growth. The growth rate of net profit attributable to the parent company of listed PM companies increased by 2.1pct to 67.1%, mainly due to the increase in the average GPM of 1.9pct YoY to 30.3%: 1) Internal deduction made the GPM of some PM companies lower prior to the spin-off and 16 out of the 34 PM companies were listed in 2020; 2) social insurance exemptions during the epidemic lowered the cost of PM companies; 3) VAS with stronger profitability has increased the % of revenue. Under the combined effect of increased profitability and revenue growth, EVERG Ser, Times Neighbor and Roisery led the growth of net profit attributable to parent in 2020.

Growth rate of revenue-bearing GFA increased, and the % from sponsor decreased. In 2020, the average growth rate of the revenue-bearing GFA of listed PM companies increased by 9.8pct to 51.2%, the revenue-bearing GFA of Aoyuan Healthy, Sunac Ser and Shimao Ser, all of which are more active in M&A, grew faster. M&A is still an important way for the rapid expansion of PM industry. Among the 24 PM companies that disclosed the source of revenue-bearing GFA in 2019 and 2020, 21 achieved a decline in % from sponsor, and the average % fell by 9.0pct to 51.1%. Large-scale PM enterprises with stronger resource integration capabilities and brand power may have more advantages.

Data points:

As of Apr 9th, new house transaction area in 42 major cities this week decreased 21% WoW, and cumulative transaction area in 2021 increased 101% YoY.

As of Apr 9th, saleable area (inventory) in 13 major cities this week decreased 2% WoW; average inventory period was 10.9 months, average WoW change was 3%.

As of Apr 9th, second-hand housing transactions in 15 major cities this week decreased 23% WoW, and cumulative transaction area in 2020 increased 79% YoY.

Suggestion:

This week, MOHURD interviewed the leaders of the five cities to emphasize that housing should not be speculated, Shenzhen is also investigating agencies suspected of illegal property speculation. The current industry policies are still tight, leading to rationalize housing prices. Under the inclination of policies, the housing buyers in rigid needs will still provide support for the fundamentals of the industry. Maintain "Overweight" rating.

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1. PM's FY20 : high growth and stronger leading players

The FY20 results of mainstream listed property management companies in 2020 has been disclosed. We have conducted research on the results of the sector with 34 property companies as the object, including the following companies:

Table 1: Companies included in the FY20 results review

| Companies included in the FY20 results review				
Colour Life	Poly PPT Dev	CG Ser	EVERG Ser	A-Living
Greentown Ser	China Ovs PPT	Jinke Ser	Mixc	Justbon
Shimao Ser	Zhong Ao Home	Eversunshine LS	S-Enjoy	CC New Life
Sunac Ser	Roisery	Kaisa Prosper	Times Neighbor	Jiayuan Ser
Yincheng LS	Excellence CM	Zhenro Ser	KWG Living	C&D PPT
Fin Street PPT	Powerlong CM	Aoyuan Healthy	Rsun Ser	Binjiang Ser
First Ser	E-Star	Xingye Wulian	Sino-Ocean Ser	

Source: CWSI Research

1.1 Slowed down overall revenue and declined % of PM revenue

PM business led to a slowdown in overall revenue growth. In 2020, the overall revenue growth rate of mainstream listed PM companies has declined, and the YoY growth rate has dropped from 44.3% in 2019 by 4.6 pct to 39.7%. The slowdown in revenue growth of PM services has led to a slowdown in the overall revenue: 1) COVID-19 affected the processes of construction and the outsourcing of PM companies; 2) A considerable number of PM companies actively expanded projects such as public properties with relatively low income per unit GFA during the year, which dragged down the growth of PM revenue to a certain extent. From the perspective of income structure, due to the development of VAS, the average % of PM revenue decreased by 0.3 pct YoY to 62.9%, and the decline has slowed down. Basic property management services are still the largest contributor to most PM companies' revenue.
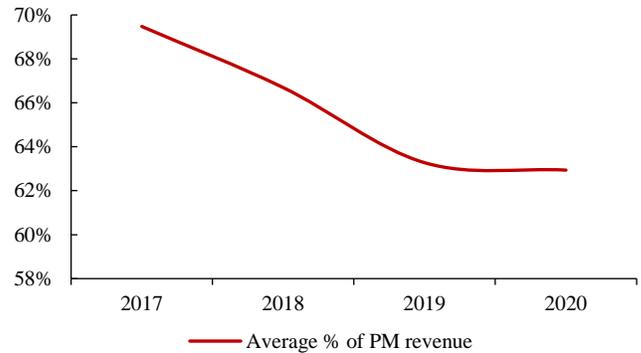
Chart 1: Overall revenue growth rate dropped by 4.6pct to 39.7%
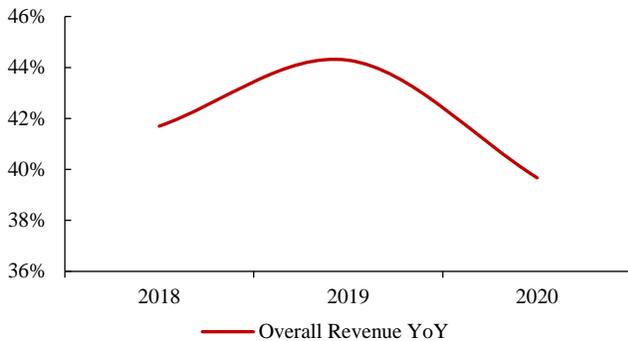
Source: Wind, CWSI Research; Note: Currency units are all converted to CNY, calculated by the overall method

**Chart 2: The average % of PM revenue decreased by 0.3pct to 62.9%**

Source: Company announcement, CWSI Research; Note: The sample does not include commercial management companies, and PM companies that include VAS in PM segment or changed segment

The growth rate of revenue among the PM companies is divergent, and the strong ones are still strong. Many large-scale PM companies have achieved higher revenue growth by virtue of better brand power, stronger financial strength, and more certain support from sponsors. In 2020, the revenue of Shimao Ser, A-Living, and EverSunshine grew the fastest, with YoY growth of 101.9%, 95.5% and 66.1% respectively. A number of large-scale PM companies have put forward high-speed growth targets in the next few years in the results presentations, and smaller PM companies that are relatively weak in market competition may face greater growth pressure, the differentiation in the growth rate of revenue among PM companies may further intensify.

Chart 3: Shimao Ser, A-Living and Eversunshine achieved higher revenue growth
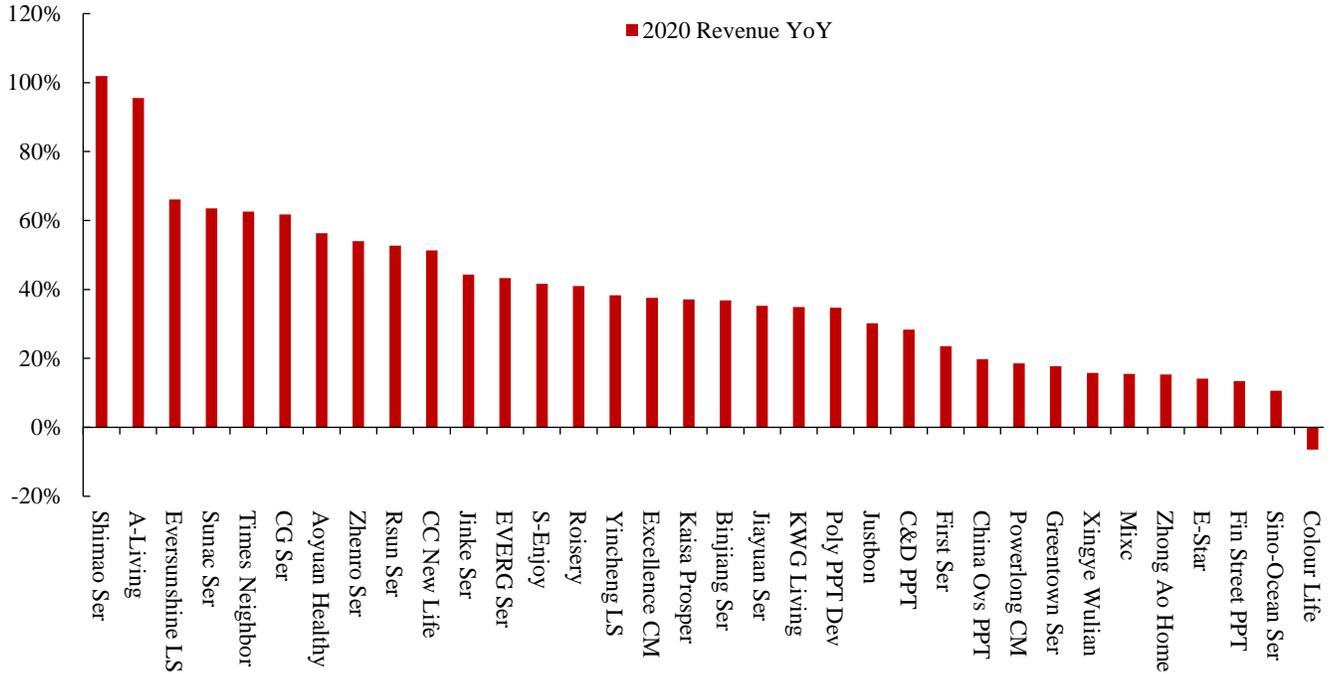
Source: Wind, Company announcements, CWSI Research

Table 2: Some large-scale PM companies put forward high-speed growth targets in FY 20 results presentations

Company	Target
CG Ser	Achieve RMB 100 bn revenue in 2025 (corresponding to a 5-year CAGR of 45.0%; 2020 revenue +61.7% YoY)
EVERG Ser	In 2021, the revenue-bearing GFA will exceed 600 mn sqm (2020: 254 mn sqm), and the net profit will exceed RMB 3.9 bn (2020: 2.6 bn)
Greentown Ser	Achieve 5 times revenue in 2025 (corresponding to a 5-year CAGR of 38.0%; 2020 revenue +17.8% YoY)
China Ovs PPT	The revenue-bearing GFA in the next 5 years will meet the growth rate of not less than 30% each year (the revenue-bearing GFA +20.4% YoY as of end-2020)
Jinke Ser	Achieve 10 times revenue in 2025 (corresponding to a 5-year CAGR of 58.5%; 2020 revenue +44.3% YoY)
Mixc	In 2025, the revenue-bearing GFA will exceed 400 mn sqm (end-2020: 120 mn sqm), and about 150 shopping centers will be opened (end-2020: 57)
Shimao Ser	Achieve 5 times revenue in 2023 (corresponding to a 3-year CAGR of 71.0%; 2020 revenue +101.9% YoY)
S-Enjoy Ser	Achieve 3 times the net profit attributable to parent in 2023 (corresponding to a 3-year CAGR of 44.2%; and 2020 net profit attributable to parent +60.4% YoY)

Source: Company results presentations, company websites, company announcements, CWSI Research; Note: revenue-bearing GFA as of end-2020 of Mixc includes commercial and office GFA


VAS of some companies have developed rapidly, and the proportion of property management revenue has declined. In 2020, First Ser, S-Enjoy, and ZhenRo Ser had relatively lower proportion of PM revenue, about 41.7%, 43.8%, and 44.1% respectively; the proportion of Rsun Service, Times Neighbor, and Roisery's proportion of property management income decreased the largest, of 5.9%, 5.3% and 5.2% respectively.

The proportion of non-community VAS of most PM companies is still relatively high. Some companies' VAS have developed relatively well. For example, First ser's Green Living Solutions business (energy operation services, Green technology consulting services, sales of AIRDINO systems, etc.) contributed 25% of 2020 revenue. Non-community/community VAS contributed 18%/15% of revenue in 2020. S-Enjoy's non-community/community VAS contributed 25%/17% of revenue, respectively. ZhenRo's non-community/community VAS respectively contributed 38%/18% of revenue. In addition, the decline in the proportion of Roisery's PM revenue by about 5 percentage points in 2020 is mainly due to the increase in the proportion of non-community VAS revenue by about 5 percentage points. It can be seen that among the companies with the highest proportion of VAS, the proportion of non-community VAS is still relatively high. Community VAS accounted for a higher proportion of only some companies' VAS, including Poly PPT Dev, CG Ser, Justbon, Shimao Serv, Roisery, etc. The community VAS of the above-mentioned companies each contributed about 22%, 11%, 23%, 32%, 25% of the revenue.

The changes in the income structure of some companies comes from the efforts of community VAS. In 2020, the proportion of Rsun Ser's PM revenue fell by about 6%, while the proportion of community VAS increased by 9%; Times Neighbor's PM revenue proportion fell by about 5%, while community VAS proportion increased by 3 percentage points. In addition, although S-Enjoy and other companies' property management revenue has not changed significantly, in its revenue structure, community VAS have increased by about 6 percentage points, and developer-related services have fallen by about 7 percentage points.

**Chart 4: Rsun Ser, Times Neighbor, Roisery decreased the most in % of revenue from PM services**
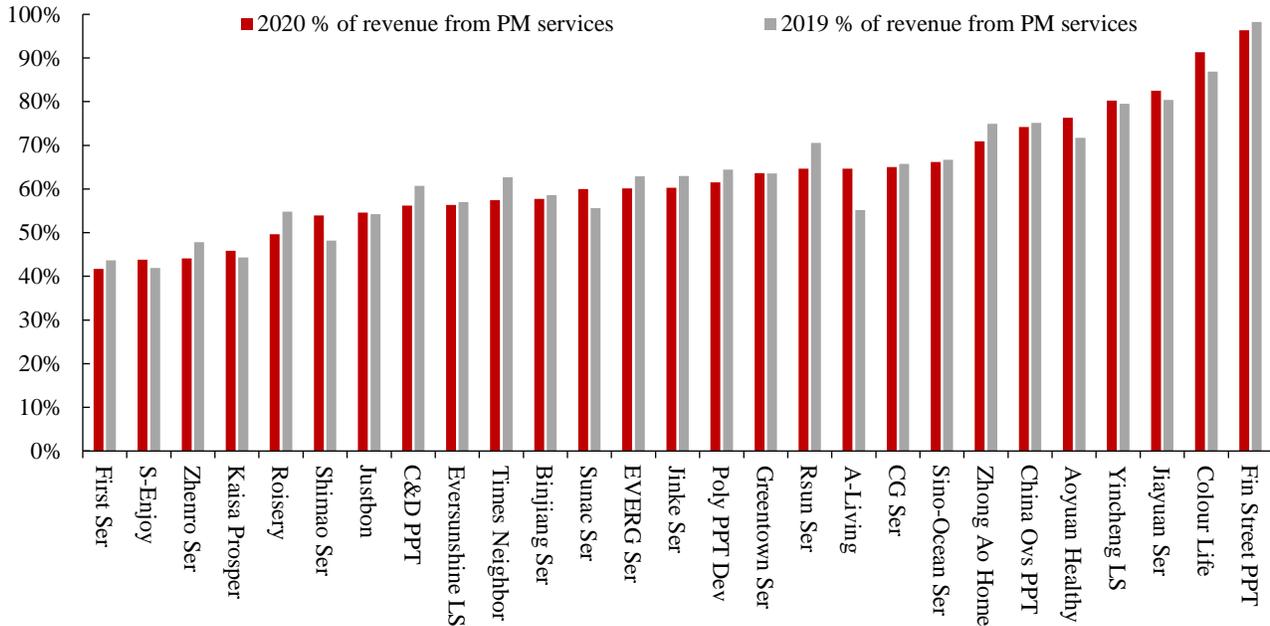
Source: Wind, Company announcements, CWSI Research; Note: The sample does not include commercial management companies, and PM companies that include VAS in PM segment or changed segment

1.2 Increased profitability and accelerated profit growth

Factors such as social insurance exemptions, centralized listing of PM companies, increased proportion of high-margin businesses revenue, and increased service standardization have jointly promoted the increase in profitability, and the overall profit growth of PM companies has accelerated. In 2020, the overall net profit attributable to parent of listed PM companies increased by 2.1 percentage points to 67.1% from 2019. The growth rate of net profit attributable to parent is faster than that of revenue. The main reason is that the gross profit margin has increased. The average GPM of listed PM companies in 2020 increased by 1.9 percentage points YoY to 30.3%: 1) The social insurance exemption policies under the epidemic have directly reduced the operating cost of property companies; 2) Internal deduction factors make the GPM of some PM companies before the spin-off and listing low, and many PM companies were listed in 2020 (16 out of the 34 PM companies were listed in 2020 and 2 were listed in 2021); 3) More profitable VAS businesses accounted for an increase in the proportion of revenue; 4) The improvement of the standardization of services of the PM companies and the acceleration of the development of technology platforms have jointly promoted the improvement of per capita efficiency and the overall SG&A expense ratio decreased by 0.4pct to 10.1%. In terms of ROE, the concentrated listing of PM companies in 2020 significantly reduced the equity multiplier, which in turn drove the industry's ROE to drop by 18.8 percentage points to 26.9%.
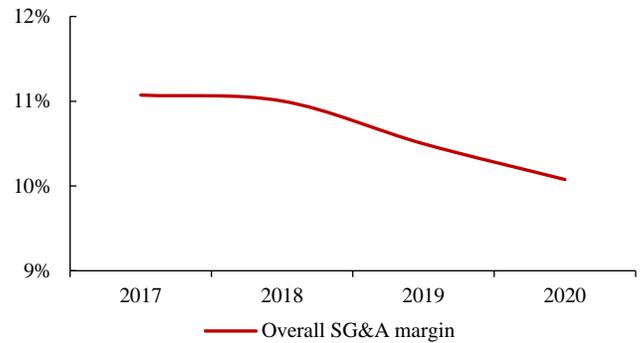

Chart 5: Growth rate of overall net profit attributable to parent increased by 2.1pct to 67.1%
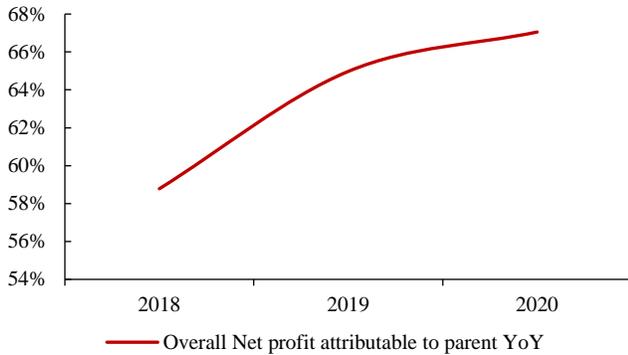
Overall Net profit attributable to parent YoY

Source: Wind, CWSI Research; Note: Currency units are all converted to CNY, calculated by the overall method

Chart 6: Overall SG&A margin fell 0.4pct to 10.1%
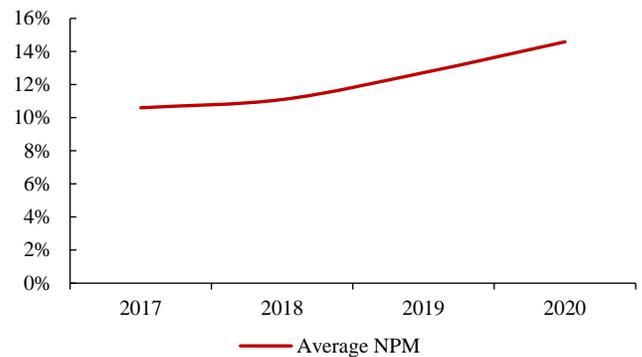

Overall SG&A margin

Source: Wind, CWSI Research; Note: Currency units are all converted to CNY, calculated by the overall method

Chart 7: The average GPM of listed property companies increased by 1.9pct to 30.3%
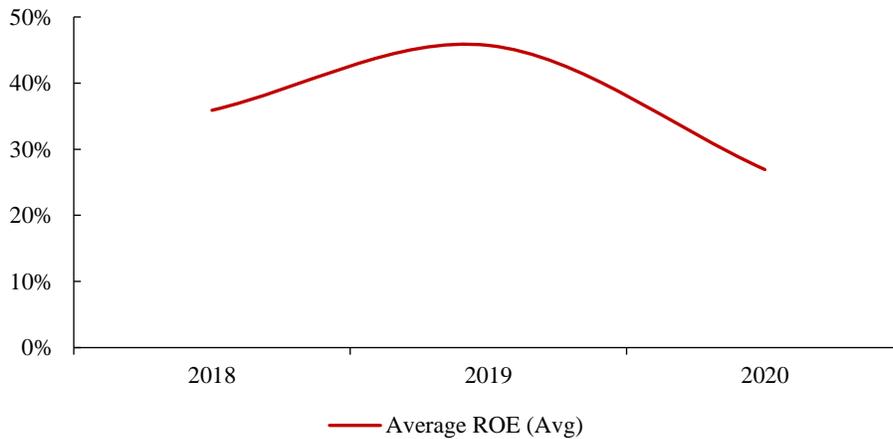

Average GPM
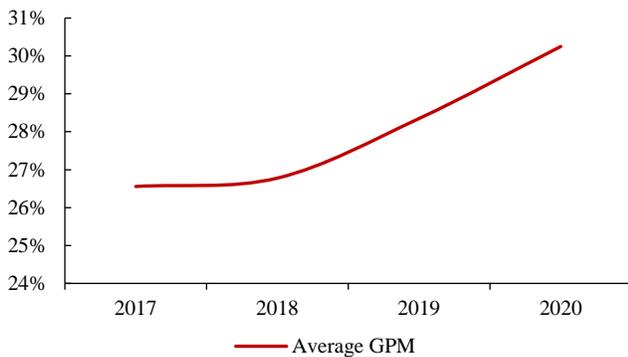
Source: Wind, CWSI Research

Chart 8: Average NPM increased by about 1.9pct to 14.6%


Average NPM

Source: Wind, CWSI Research

Chart 9: Intensive listings of PM companies have rapidly increased equity, and the average ROE fell by 18.8pct to 26.9%
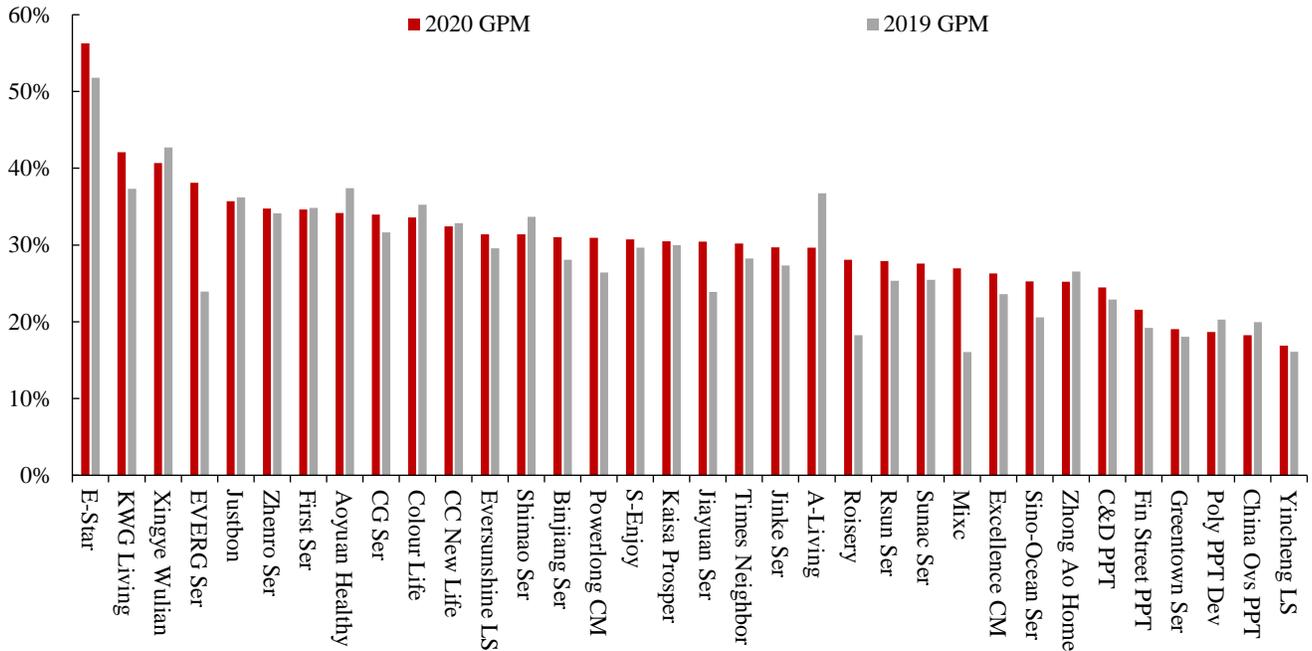

Source: Wind, CWSI Research

The internal deduction factors before the spin-off and listing affect the profitability, and the profitability of the newly-listed PM companies improved faster. In 2020, the growth rate of net profit among listed PM companies attributable were quite different, EVERG Ser, Times Neighbor, and Roisery grew faster, reaching 184.7%, 141.5%, and 132.9%, respectively. PM companies may present lower GPM due to internal deductions and other factors before the spin-off and listing, which is an important reason for the substantial increase in GPM of many PM companies when they first listed. EVERG Ser, Roisery, and Mixc who were listed in 2020 all have similar phenomena (in 2019 and 2020, the GPM of EVERG Ser were 23.9%/38.1%, respectively, and for Rongwanjia were 18.2%/ 28.1%, for Mixc were 16.1%/27.0% respectively). The rapid increase in GPM and the substantial increase in revenue scale have combined to enable the above companies to achieve the leading growth rate of net profit attributable to parent. Similarly, the rapid increase in the total equity of PM companies after listing has led to a rapid decline in the equity multiplier. As a result, some companies that have been listed in 2020 and have increased their equity (Sunac Serv, Jinke Ser, etc.) have the most obvious decline in ROE(Avg). The relatively high growth rate of net profit attributable to parent such as Times Neighbor is the result of a combination of factors such as the rapid increase in revenue, the increase in other income (bank interest income, etc.), and the decline in the actual tax rate.

Chart 10: EVERG Ser, Times Neighbor, Roisery achieved higher net profit growth
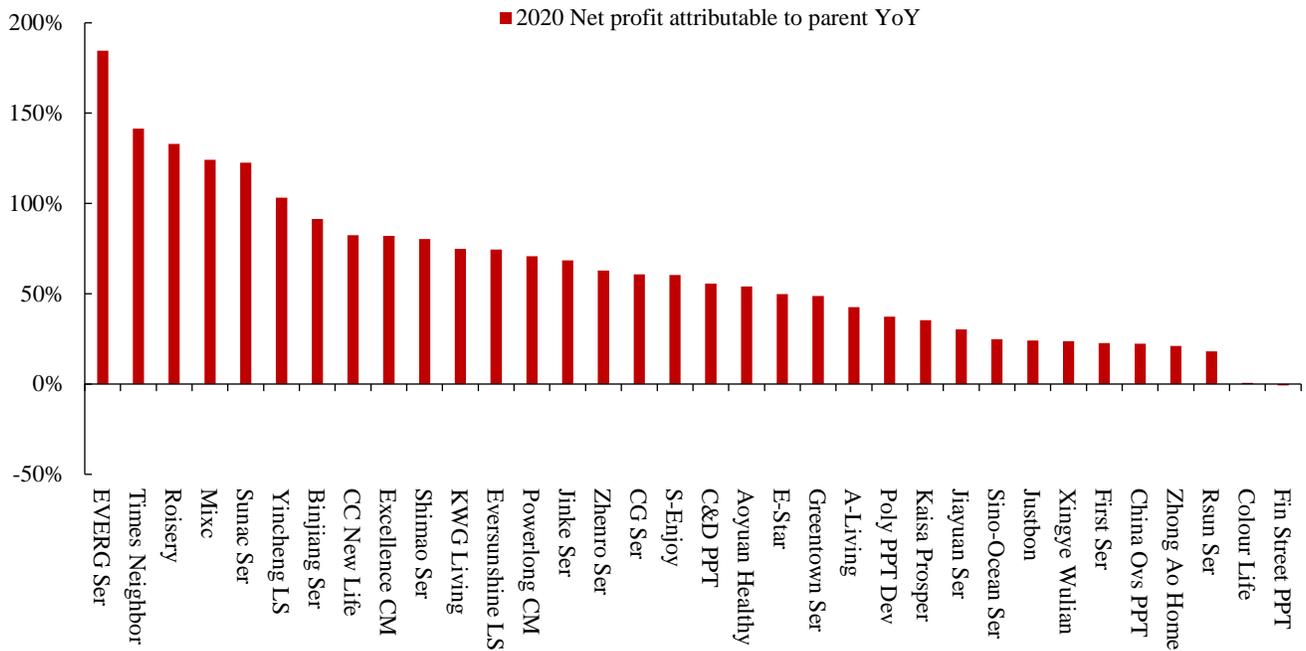
Source: Wind, Company announcements, CWSI Research
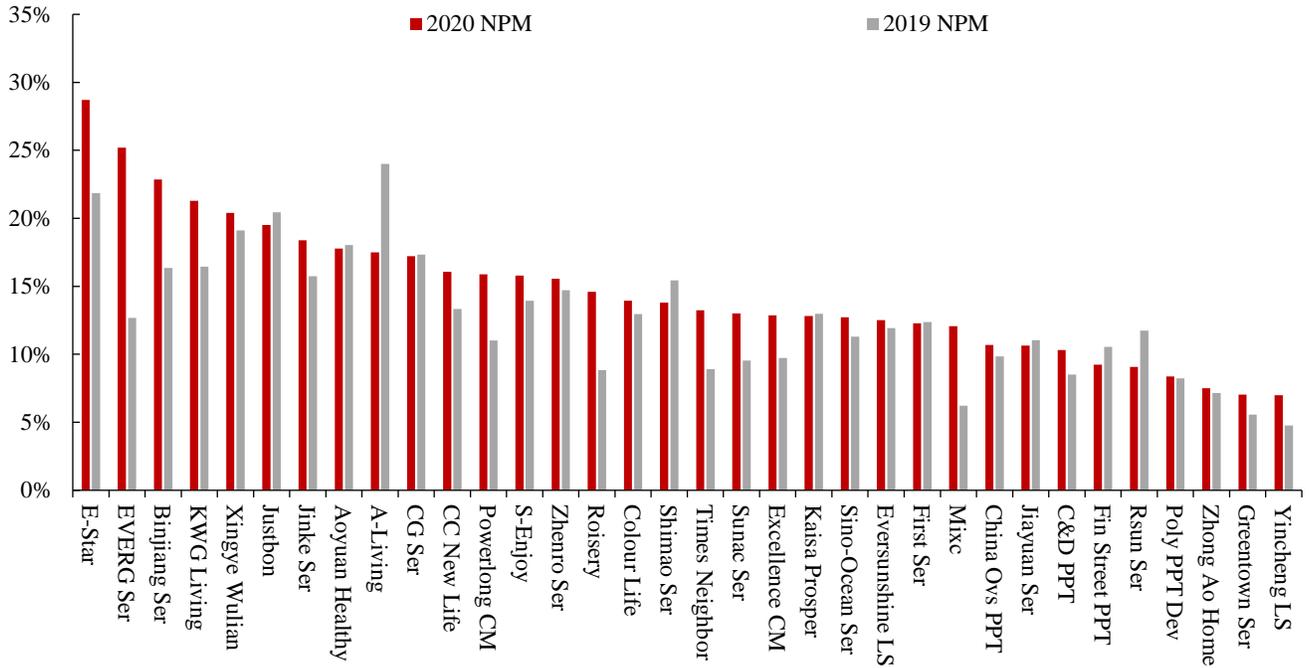
Chart 11: EVERG Ser, Mixc, Roisery increased faster in GPM

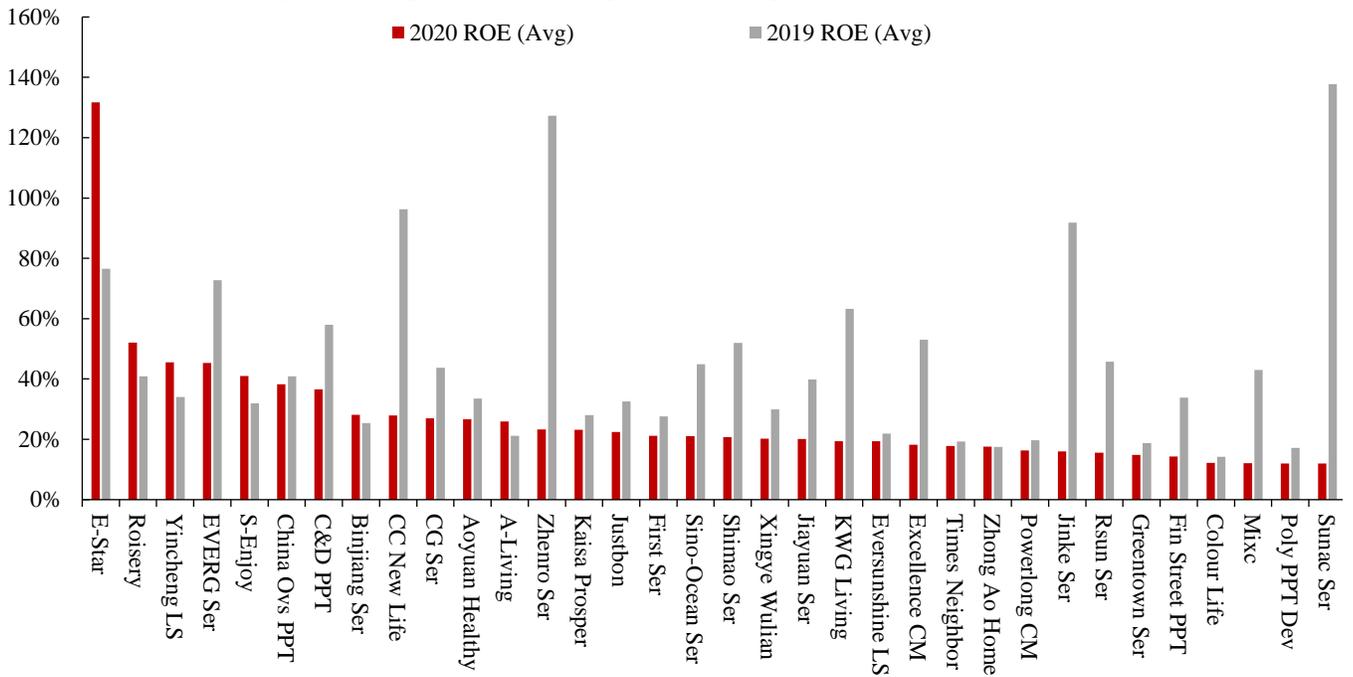
Source: Wind, Company announcements, CWSI Research

Chart 12: EVERG Ser, E-Star, Binjiang Ser increased faster in NPM

Source: Wind, Company announcements, CWSI Research

Chart 13: E-Star, Roisery, Yincheng LS achieved higher ROE(Avg) in 2020

Source: Wind, Company announcements, CWSI Research

1.3 Faster growth in revenue-bearing GFA and lower % from sponsor

The average growth rate of the revenue-bearing GFA of leading PM companies has increased, and the expansion of projects such as M&A and public services has made the growth rate of the revenue-bearing GFA faster than contracted GFA. In 2020, the average growth rate of the revenue-bearing GFA of mainstream PM companies increased by 9.8 percentage points from 2019 to 51.2%, and the average growth rate of contracted area fell 0.4 percentage points from 2019 to 40.3%. The difference in the growth rate and change direction of the revenue-bearing and contracted GFA mainly comes from: 1) The increase in M&A and third-party expansion into existing residential or commercial project contracts obtained through the above channels may have relatively lower contracted to revenue-bearing GFA. 2) Many mainstream PM companies have entered the field of public services, and most of these projects have been completed, so they can quickly counted as revenue-bearing GFA.

Table 3: The average growth rate of the revenue-bearing GFA of leading PM companies increased by 9.8pct to 51.2%

Company	Ticker	Revenue-bearing GFA			Contracted GFA		
		end-2020 (mn sqm)	2020 YoY	2019 YoY	end-2020 (mn sqm)	2020 YoY	2019 YoY
Aoyuan Healthy	3662.HK	42	166.2%	52.0%	-	-	-
Sunac Ser	1516.HK	135	155.1%	85.5%	264	67.2%	62.8%
Shimao Ser	0873.HK	146	114.3%	51.6%	201	99.4%	67.0%
A-Living	3319.HK	375	112.3%	27.9%	523	74.9%	30.0%
KWG Living	3913.HK	42	92.3%	56.6%	53	56.7%	37.9%
Binjiang Ser	3316.HK	27	86.5%	23.5%	35	32.4%	29.0%
Justbon	2606.HK	130	81.1%	18.3%	214	82.8%	58.9%
Zhenro Ser	6958.HK	41	80.0%	82.1%	87	136.2%	48.6%
Times Neighbor	9928.HK	69	79.1%	104.7%	82	65.7%	77.9%
CC New Life	9983.HK	100	75.5%	121.8%	187	62.7%	63.0%
Rsun Ser	1971.HK	27	71.4%	59.1%	40	44.6%	74.6%
S-Enjoy	1755.HK	101	68.6%	40.3%	203	33.0%	36.2%
Eversunshine LS	1995.HK	102	56.0%	61.9%	181	63.8%	68.6%
Yincheng LS	1922.HK	39	50.1%	68.6%	43	39.0%	38.0%
First Ser	2107.HK	19	39.4%	29.6%	37	44.8%	44.2%
CG Ser	6098.HK	377	36.7%	52.1%	821	19.8%	35.6%
Excellence CM	6989.HK	32	36.1%	61.7%	45	34.8%	64.6%
Poly PPT Dev	6049.HK	380	32.5%	50.6%	567	13.9%	37.8%
Jinke Ser	9666.HK	156	29.6%	34.3%	277	11.5%	31.0%
Xingye Wulian	9916.HK	3	29.2%	50.0%	5	17.1%	-
EVERG Ser	6666.HK	300	26.1%	28.3%	565	11.9%	19.5%
Fin Street PPT	1502.HK	25	24.5%	21.0%	28	31.5%	22.3%
Kaisa Prosper	2168.HK	57	24.4%	72.0%	77	43.7%	67.1%
Powerlong CM	9909.HK	23	24.2%	11.5%	35	21.7%	30.8%
C&D PPT	2156.HK	26	24.0%	10.2%	47	36.2%	22.2%
Jiayuan Ser	1153.HK	32	20.5%	36.1%	50	28.1%	18.0%
China Ovs PPT	2669.HK	182	20.4%	7.5%	-	-	-
E-Star	6668.HK	2	20.4%	1.6%	3	10.6%	43.3%
Roisery	2146.HK	60	18.7%	21.0%	90	16.5%	22.1%
Greentown Ser	2869.HK	251	17.9%	24.6%	535	20.0%	22.9%
Mixc	1209.HK	118	15.2%	19.5%	160	25.4%	24.9%
Sino-Ocean Ser	6677.HK	45	12.1%	8.7%	71	19.7%	59.3%
Zhong Ao Home	1538.HK	66	0.4%	14.9%	72	0.0%	2.1%
Colour Life	1778.HK	361	0.4%	-1.0%	563	0.2%	1.5%
Average			**51.2%**	**41.4%**		**40.3%**	**40.7%**

Source: Company announcements, CWSI Research; Note: As some companies announced the revenue-bearing GFA in mn or 100mn sqm, the YoY growth rate calculation may be slightly deviated; PowerLong CM, Mixc, KWG Living, Aoyuan Healthy includes commercial property management GFA; The missing samples of 2019 YoY data have been eliminated when calculating the average growth rate of contracted GFA

The growth of the revenue-bearing GFA among PM companies is highly differentiated, and M&A is still an important way for the rapid expansion of scale. In terms of companies, in 2020, the revenue-bearing GFA of Aoyuan Healthy, Sunac Ser, and Shimao Ser will grew rapidly, reaching 166%, 155%, and 114% respectively; the above-mentioned companies have actively carried out M&As during the year, such as Aoyuan Healthy's acquisition of Ningbo Hongjian, Easy Life, Beijing Boan (total revenue-bearing GFA of approximately 27.8 mn sqm), Sunac Ser acquired New Century PM (contracted GFA of 50.35 mn sqm on the delivery date), Shimao Ser has acquired 12 PM companies since July 2019 (total increase of contracted GFA of 89.6 mn sqm). At the current stage, M&A is still an important way for the rapid expansion of the scale of PM companies.

There are also differences in the certainty of the short-term scale among PM companies. In terms of the certainty of the short-term growth of revenue-bearing GFA, the contracted GFA of CG Ser, Greentown Ser, and Zhenro Ser are relatively high compared with the revenue-bearing GFA, reaching approximately 2.2 times, 2.1 times, and 2.1 times, respectively. The short-term revenue-bearing GFA growth has more adequate guarantee.

Chart 14: Aoyuan Healthy, Sunac Ser, Shimao Ser have higher growth rates in revenue-bearing GFA
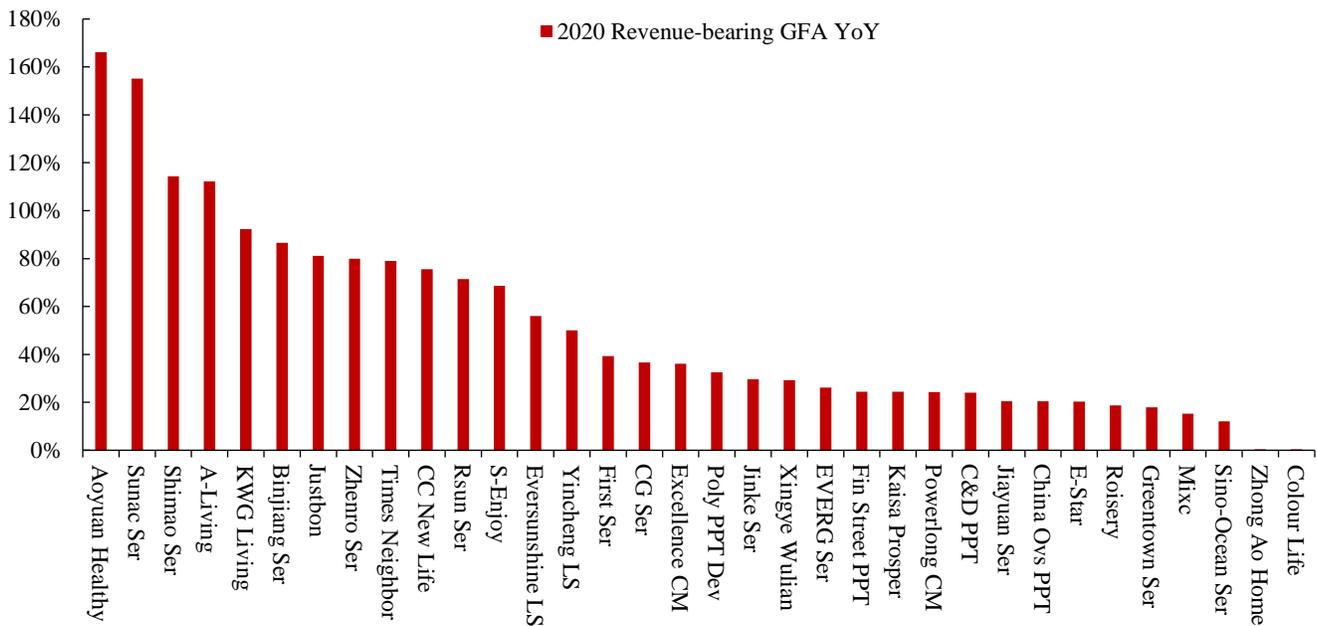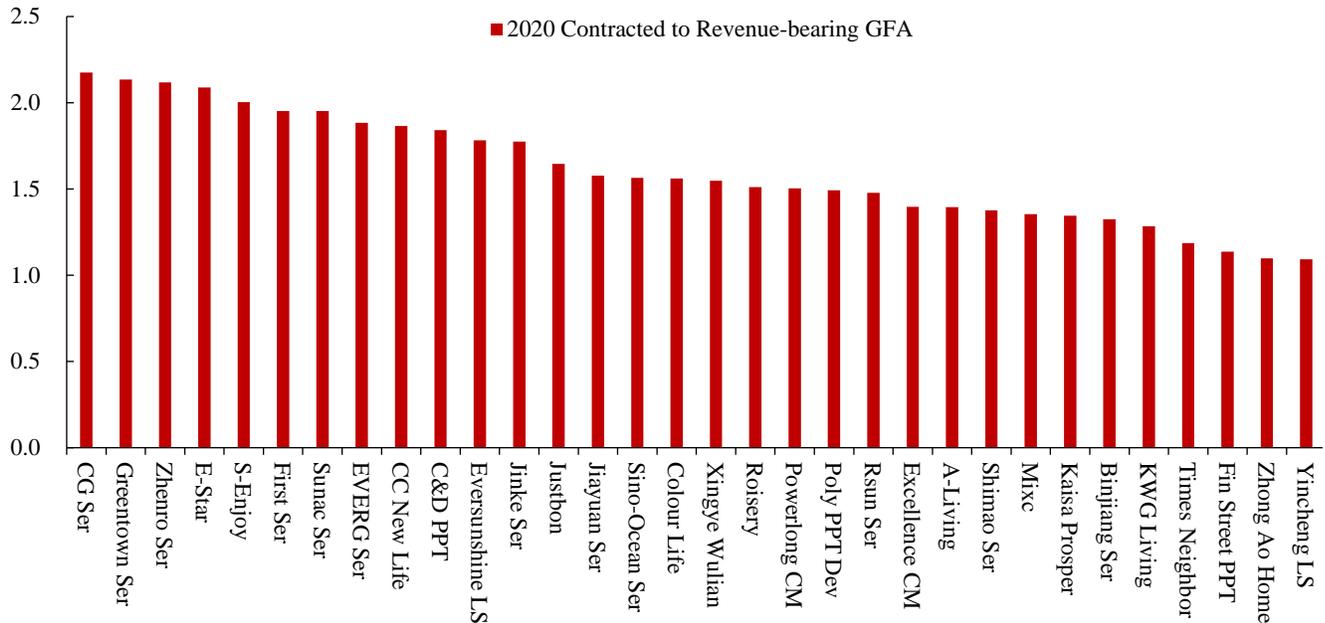

Source: Company announcements, CWSI Research

Chart 15: Zhenro Ser, Shimao Ser, Justbon have higher growth rates in contracted GFA
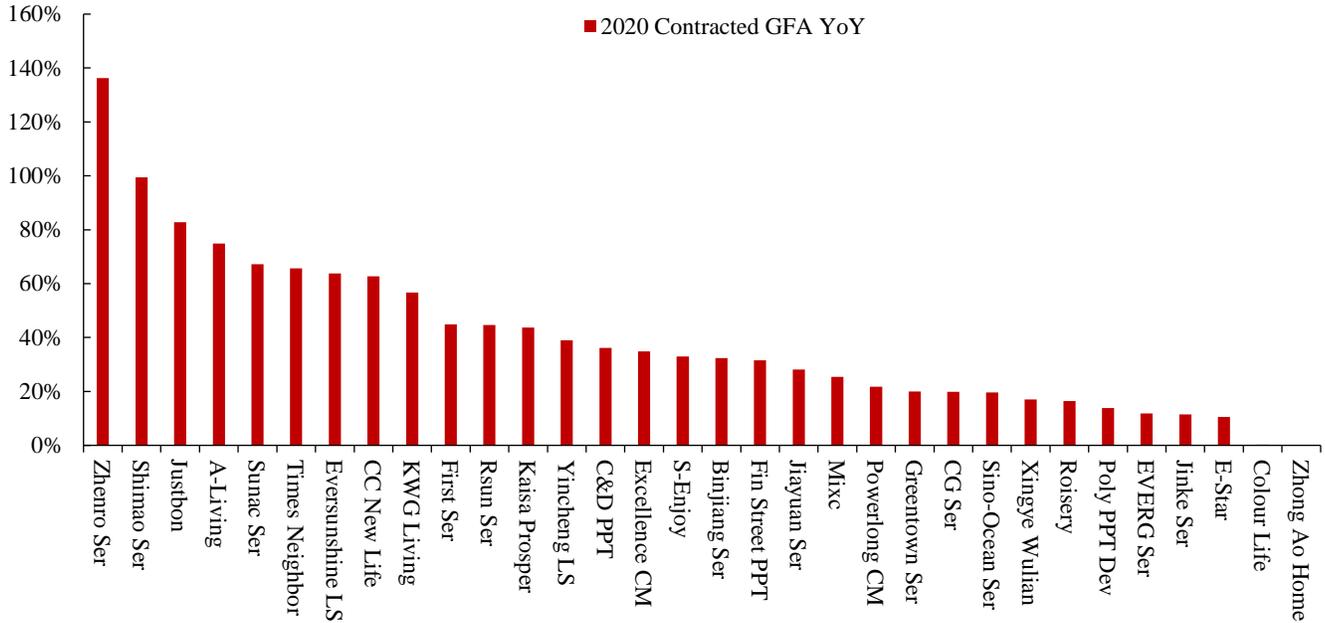
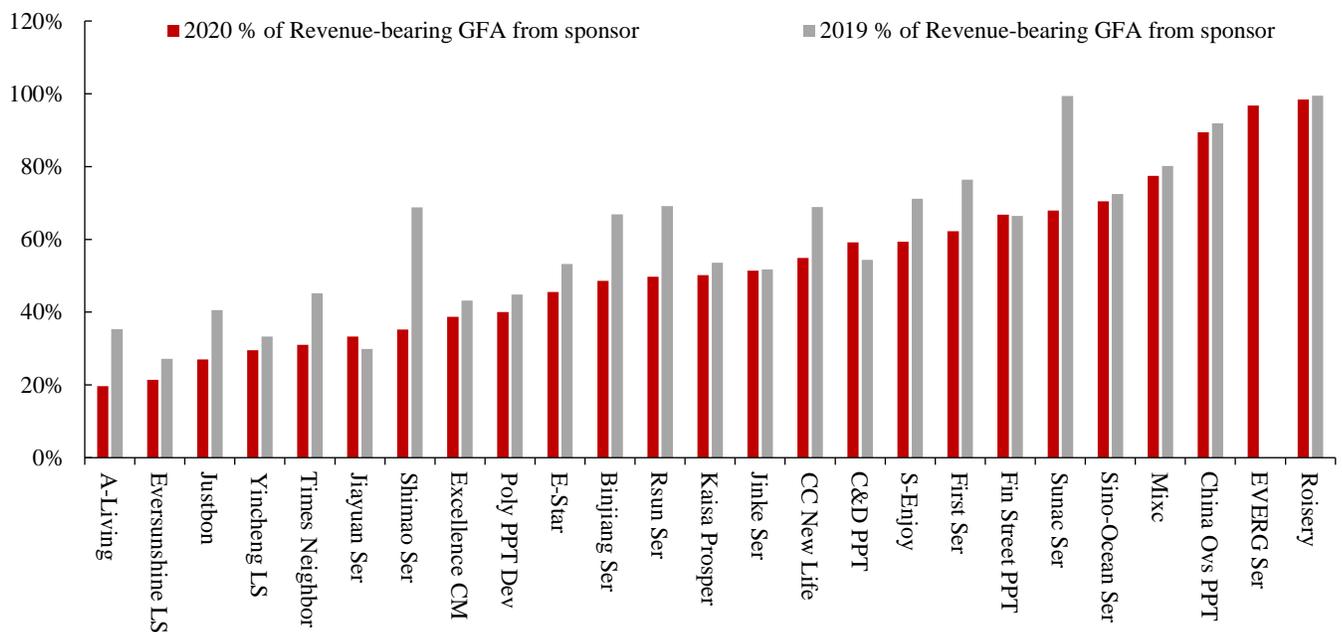Source: Company announcements, CWSI Research

Chart 16: CG Ser, Greentown Ser, Zhenro Ser have higher coverage of contracted to revenue-bearing GFA

Source: Company announcements, CWSI Research

M&A and third-party outsourcing continued to develop, and the proportion of revenue-bearing GFA from sponsors decreased. Among the 24 PM companies that disclosed the revenue-bearing GFA sources in 2019 and 2020, 21 companies' % of revenue-bearing GFA from sponsors decreased, and the average % of revenue-bearing GFA from sponsors fell by 9.0 percentage points to 51.1 %. The M&A of other PM companies, the expansion within the original management types, and the exploration of public services have jointly led to a decline in the proportion from sponsors in revenue-bearing GFA. It is worth noting that the definition of related parties is different for each PM companies. The related parties of property companies such as Poly PPT Dev and CG Ser include JVs, while Shimao Ser, Justbon, etc. do not include JVs.

Chart 17: A-Living, Eversunshine, Justbon's % of revenue-bearing GFA from sponsor are relatively low

Source: Company announcements, CWSI Research; Note: EVERG Ser is subject to the criteria of the 2020 results announcement and is not included in the average calculation

1.4 Summary: The leading players are still strong

Overall revenue growth rate slowed down, and the leading players are still strong. In 2020, the overall revenue growth of 34 mainstream listed PM companies dropped by 4.6pct to 39.7%. The slowdown in revenue growth of basic PM services has led to a slowdown in the overall revenue: 1) COVID-19 affected the processes of construction and the outsourcing of PM companies; 2) A considerable number of PM companies actively expanded projects such as public properties with relatively low income per unit GFA during the year. Some large-scale PM companies have achieved higher revenue growth with better brand power, stronger financial strength, and more deterministic

support from sponsors, the revenue growth of Shimao Services, A-Living and EverSunshine leads the way.

% of PM revenue declined, and the business structure has changed differently. Due to the development of VAS, the average % of PM services decreased by 0.3pct YoY to 62.9%, which is still the business that contributed the most to most PM companies. Non-community VAS still account for a relatively higher proportion; leading PM companies such as CG Ser and Poly PPT Dev have gradually formed a more mature service system, and the revenue of community VAS accounted for a relatively high proportion.

Intensive listings, social insurance exemptions, and changes in income structure led to accelerated profit growth. The growth rate of net profit attributable to the parent company of listed PM companies increased by 2.1pct to 67.1%, mainly due to the increase in the average GPM of 1.9pct YoY to 30.3%: 1) Internal deduction made the GPM of some PM companies lower prior to the spin-off and 16 out of the 34 PM companies were listed in 2020; 2) social insurance exemptions during the epidemic lowered the cost of PM companies; 3) VAS with stronger profitability has increased the % of revenue. Under the combined effect of increased profitability and revenue growth, EVERG Ser, Times Neighbor and Roisery led the growth of net profit attributable to parent in 2020.

**Growth rate of revenue-bearing GFA increased, and the % from sponsor decreased.** In 2020, the average growth rate of the revenue-bearing GFA of listed PM companies increased by 9.8pct to 51.2%, the revenue-bearing GFA of Aoyuan Healthy, Sunac Ser and Shimao Ser, all of which are more active in M&A, grew faster. M&A is still an important way for the rapid expansion of PM industry. Among the 24 PM companies that disclosed the source of revenue-bearing GFA in 2019 and 2020, 21 achieved a decline in % from sponsor, and the average % fell by 9.0pct to 51.1%. Large-scale PM enterprises with stronger resource integration capabilities and brand power may have more advantages.

2. Sector Performance

2.1 Performance of developer sector

This week, Haichang, Carnival and REDCO had larger price increase than peers. Seazen, PowerLong and Hopsen had better share price performance, YTD.

Chart 18: This week, Haichang, Carnival and REDCO had larger price increase than peers
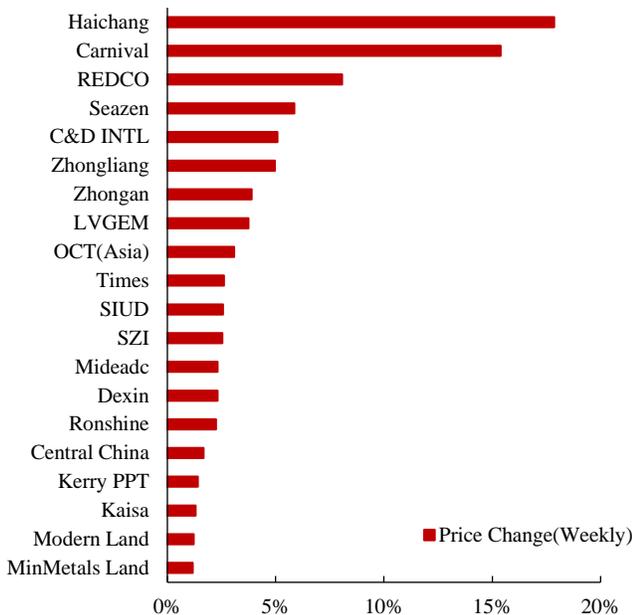
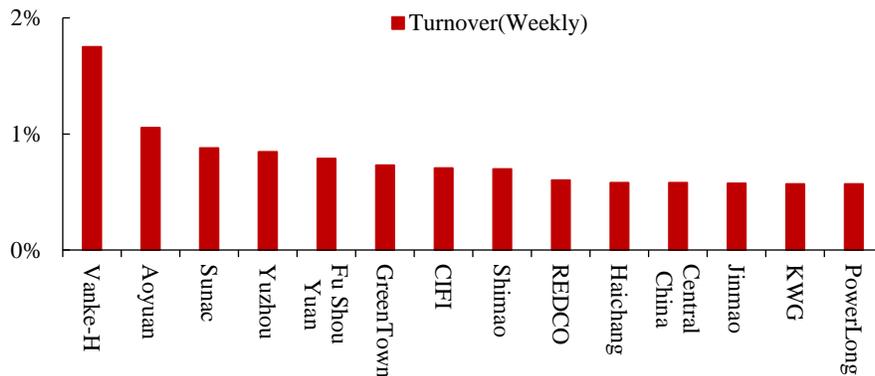**Chart 19: Seazen, PowerLong and Hopsen had better share price performance, YTD**

Source: Wind, CWSI Research
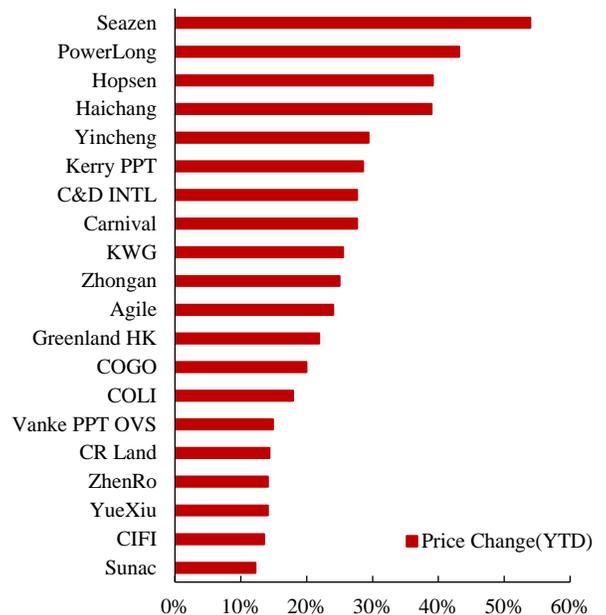
Source: Wind, CWSI Research

Chart 20: Vanke-H, Aoyuan and Sunac were most actively traded this week
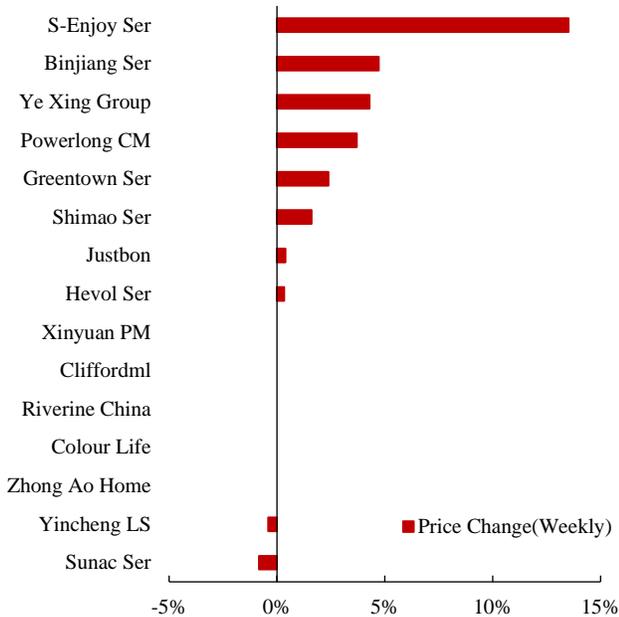

Source: Wind, CWSI Research

2.2 Performance of property management sector

This week, S-Enjoy Ser, Binjiang Ser and Ye Xing Group had larger price increase than peers. China Ovs PPT, EVERG Ser and Binjiang Ser had better share price performance YTD.

Chart 21: This week, S-Enjoy Ser, Binjiang Ser and Ye Xing Group had larger price increase than peers

Source: Wind, CWSI Research

Chart 22: China Ovs PPT, EVERG Ser and Binjiang Ser had better share price performance YTD
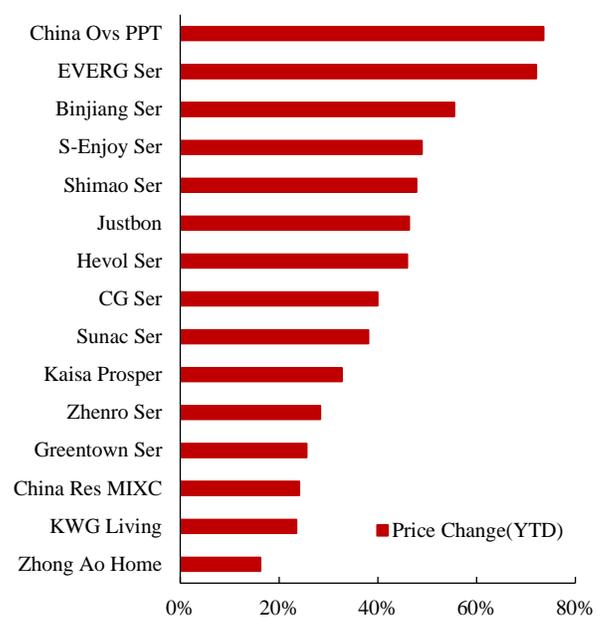
Source: Wind, CWSI Research

Chart 23: Justbon, Poly PPT Dev and Ye Xing Group were most actively traded this week

Source: Wind, CWSI Research

Please read carefully the important disclosures at the end of this report.

3. Major cities transaction performance
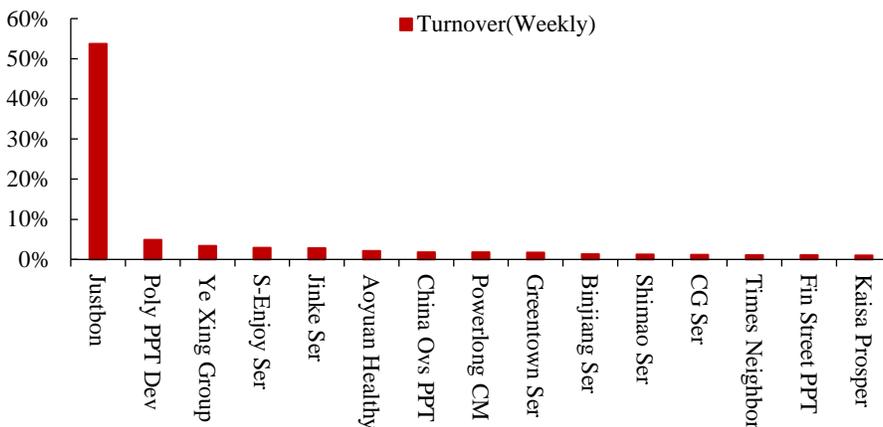
3.1 New house transaction data

Table 4: 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	123,629	-44%	39%	775	32%	149%	173	-31%	52%	2,389	120%
Shanghai	221,100	16%	26%	1,212	10%	54%	299	-46%	28%	4,404	129%
Guangzhou	176,687	-42%	67%	1,209	56%	94%	243	-27%	80%	3,773	193%
Shenzhen	96,991	6%	34%	397	7%	26%	128	-28%	26%	1,704	114%
Tier 1	618,407	-23%	39%	3,593	26%	76%	843	-36%	44%	12,271	141%
Tier 2	3,032,290	-10%	99%	13,273	68%	91%	4,158	8%	99%	36,206	92%
Tier 3	1,963,029	-33%	25%	10,787	26%	43%	2,698	-14%	24%	33,050	99%
Beijing	123,629	-44%	39%	775	32%	149%	173	-31%	52%	2,389	120%
Qingdao	297,773	-30%	33%	1,548	87%	29%	386	-1%	35%	3,864	66%
Jinan	215,192	-37%	18%	829	121%	-1%	316	909%	30%	2,331	36%
Dongying	24,680	-19%	-68%	174	16%	-69%	29	-66%	-80%	767	8%
PBR	661,274	-35%	16%	3,326	71%	14%	906	19%	15%	9,350	60%
Shanghai	221,100	16%	26%	1,212	10%	54%	299	-46%	28%	4,404	129%
Nanjing	365,817	-8%	74%	1,707	67%	115%	496	-5%	39%	4,044	119%
Hangzhou	282,664	60%	188%	925	-9%	76%	355	-35%	150%	3,267	116%
Suzhou	174,436	-27%	-3%	963	50%	46%	260	-17%	0%	2,780	49%
Wuxi	134,700	-8%	35%	571	104%	36%	135	36%	35%	1,577	63%
Yangzhou	60,837	125%	13%	325	16%	71%	88	-50%	25%	986	120%
Jiangyin	41,190	-68%	1%	299	44%	71%	59	1%	16%	889	89%
Wenzhou	226,692	-30%	140%	1,081	16%	140%	298	19%	124%	3,289	110%
Jinhua	28,458	-56%	-29%	270	59%	87%	46	-42%	-6%	939	232%
Changzhou	49,876	23%	51%	280	67%	19%	63	-30%	20%	728	16%
Huaian	72,524	-20%	31%	398	-32%	28%	103	-47%	13%	1,946	125%
Lianyungang	149,134	-13%	52%	781	-22%	67%	207	-36%	57%	3,039	178%
Shaoxing	48,132	-7%	49%	194	0%	-2%	69	-19%	83%	606	51%
Zhenjiang	112,736	-49%	13%	736	57%	52%	155	-21%	18%	1,853	90%
Jiaxing	15,653	-62%	-57%	149	21%	-14%	28	-17%	-40%	467	41%
Wuhu	116,229	-51%	489%	803	11%	419%	169	-20%	304%	2,153	576%
Yancheng	84,004	55%	-24%	360	-15%	4%	84	-55%	-43%	1,375	93%
Zhoushan	24,197	-48%	22%	146	77%	33%	34	-7%	10%	340	54%
Chizhou	23,339	11%	28%	89	-24%	32%	34	-29%	9%	320	67%
Ningbo	253,667	69%	131%	778	35%	65%	294	-2%	90%	2,490	133%
YRD	2,485,383	-12%	53%	12,068	19%	68%	3,275	-24%	43%	37,492	112%
Guangzhou	176,687	-42%	67%	1,209	56%	94%	243	-27%	80%	3,773	193%
Shenzhen	96,991	6%	34%	397	7%	26%	128	-28%	26%	1,704	114%
Fuzhou	121,124	-30%	362%	545	85%	202%	166	35%	396%	1,169	128%
Dongguan	44,019	-58%	-44%	265	38%	-25%	63	-13%	-38%	1,488	97%
Quanzhou	58,355	132%	176%	151	38%	13%	62	21%	122%	503	32%
Putian	37,120	-30%	208%	206	-11%	56%	54	-43%	140%	616	92%
Huizhou	45,657	-37%	83%	245	63%	77%	62	7%	79%	842	127%
Shaoguan	17,043	-67%	-15%	131	13%	-28%	23	-37%	-16%	395	22%
Foshan	223,321	-41%	26%	1,371	95%	46%	320	7%	27%	3,476	85%
Zhaoqing	32,893	-51%	-21%	254	43%	33%	46	-36%	-20%	749	85%
Jiangmen	41,193	18%	226%	152	33%	68%	57	23%	238%	489	176%
PRD & Southern China	894,403	-34%	51%	4,927	52%	50%	1,223	-10%	51%	15,202	111%
Taian	34,949	-33%	5%	261	18%	93%	49	-54%	4%	769	151%
Northern China	34,949	-33%	5%	261	18%	93%	49	-54%	4%	769	151%
Wuhan	489,288	-8%	775%	2,196	94%	2889%	664	16%	918%	5,846	311%
Yueyang	34,932	-27%	-14%	186	24%	16%	45	18%	-14%	520	48%
Baoji	76,347	-16%	-29%	404	105%	275%	101	-2%	-6%	1,162	980%
Central China	600,567	-11%	194%	2,786	88%	714%	810	13%	259%	7,527	300%
Chengdu	611,491	-23%	112%	2,763	106%	99%	987	44%	164%	6,718	59%
Liuzhou	68,348	-58%	-3%	511	20%	18%	95	-35%	-1%	1,505	46%
Nanning	257,312	9%	70%	1,011	83%	13%	353	50%	60%	2,963	27%
Western China	937,151	-22%	84%	4,285	85%	58%	1,436	35%	108%	11,187	47%
Total	5,613,727	-21%	59%	27,654	43%	67%	7,699	-7%	59%	81,527	101%
Num. of cities Up		11	31		36	36		13	31		42
Num. of cities Down		31	11		6	6		29	11		0

Source: Local governments, CWSI Research; Note: Till 2021/4/9

Please read carefully the important disclosures at the end of this report.

Table 5: Major cities inventory period was 10.9 months this week

City	Inventory (sqm 000)	wow	yoy	Inventory period	Last week	wow	yoy
Beijing	12,072	-1%	14%	15.6	14.1	10%	-54%
Shanghai	5,479	1%	-27%	4.5	3.8	19%	-52%
Guangzhou	8,491	1%	11%	7.0	6.4	9%	-43%
Shenzhen	2,067	-5%	-18%	5.2	5.0	4%	-35%
Tier 1 Average		**-1%**	**-5%**	**8.1**	**7.3**	**11%**	**-46%**
Hangzhou	4,657	-4%	50%	5.0	4.7	7%	-14%
Nanjing	6,766	-3%	19%	4.0	4.0	-1%	-44%
Suzhou	8,424	-1%	53%	8.7	8.4	4%	5%
Fuzhou	7,001	-1%	43%	12.8	13.6	-6%	-53%
Nanning	8,761	0%	12%	8.7	9.5	-9%	-1%
Wenzhou	11,035	-1%	7%	10.2	10.7	-5%	-55%
Quanzhou	6,807	0%	-3%	45.2	48.0	-6%	-14%
Ningbo	3,306	-6%	26%	4.3	4.5	-6%	-24%
Dongying	1,887	0%	14%	10.8	8.9	22%	266%
Overall Average		**-2%**	**16%**	**10.9**	**10.9**	**3%**	**-9%**

Source: Local governments, CWSI Research; Note: Till 2021/4/9; Average WoW and average YoY are defined as average change of each city

3.2 Second-hand house transaction and price data

Table 6: Major cities Second-hand house transaction volume, Jinhua and Hangzhou rose significantly YTD

City	Last 7 days sqm	wow	yoy	Last 30 days sqm 000	mom	yoy	Month to date sqm 000	mom	yoy	Year to date sqm 000	yoy
Beijing	297,360	-38%	73%	1,813	57%	133%	422	-19%	75%	5,043	147%
Shenzhen	88,084	-14%	-18%	473	41%	-26%	127	-30%	-18%	1,581	-2%
Hangzhou	98,784	-49%	15%	706	118%	77%	146	-24%	21%	1,804	136%
Nanjing	209,634	-2%	39%	936	34%	26%	319	9%	51%	2,916	82%
Chengdu	77,822	-14%	-15%	400	37%	18%	111	-12%	-13%	1,076	1%
Qingdao	158,680	-4%	99%	663	94%	92%	217	29%	96%	1,663	101%
Wuxi	106,895	2%	0%	516	78%	7%	128	-13%	-16%	1,296	41%
Suzhou	152,964	0%	83%	699	55%	53%	213	-4%	72%	2,051	73%
Xiamen	87,230	-30%	81%	495	99%	133%	128	-1%	93%	1,310	121%
Yangzhou	24,707	-12%	19%	137	88%	51%	35	-8%	8%	315	90%
Dongguan	24,347	-23%	-42%	149	70%	-30%	35	-8%	-46%	493	-2%
Nanning	26,369	-39%	242%	145	43%	-27%	40	-11%	141%	455	11%
Foshan	127,807	-19%	111%	648	62%	122%	187	-2%	123%	1,931	135%
Jinhua	44,188	-44%	95%	239	32%	96%	73	-26%	95%	948	222%
Jiangmen	11,414	-38%	-11%	63	40%	2%	20	12%	10%	222	94%
Total	**1,536,284**	**-23%**	**41%**	**8,083**	**61%**	**50%**	**2,203**	**-9%**	**41%**	**23,103**	**79%**
Num. of cities Up		**2**	**10**		**15**	**12**		**3**	**11**		**13**
Num. of cities Down		**13**	**5**		**0**	**3**		**12**	**4**		**2**

Source: Local governments, CWSI Research; Note: Till 2021/4/9

Chart 24: 2nd house listed for-sale price index rose slightly recently

2nd House Listed for-sale Amount Index   Listed for-sale Price Index(RHS)
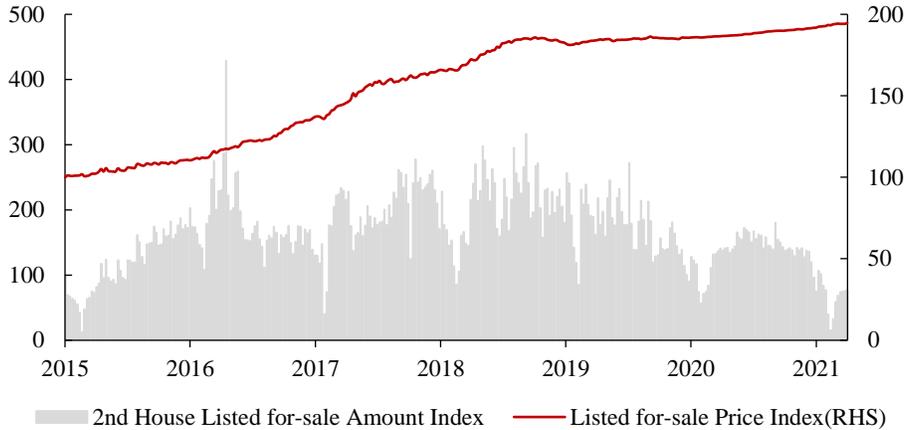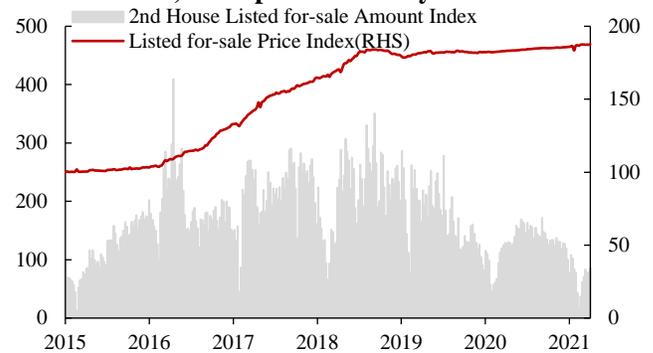
Source: Local Government, CWSI Research; Note: Till 2021/4/4

Chart 25: 2nd house listed for-sale amount index rose in tier-1 cities, with price rising recently
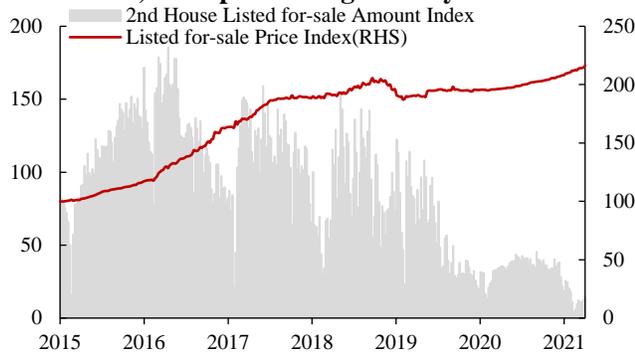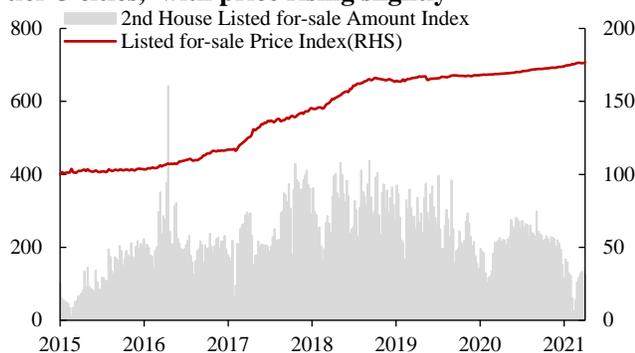

Source: Local Government, CWSI Research; Note: Till 2021/4/4

**Chart 26: 2nd house listed for sale amount index rose in tier-2 cities, with price relatively stable**

Source: Local Government, CWSI Research; Note: Till 2021/4/4

Chart 27: 2nd house listed for-sale amount index rose in tier-3 cities, with price rising slightly

Source: Local Government, CWSI Research; Note: Till 2021/4/4

Chart 28: 2nd house listed for-sale amount index rose in tier-4 cities, with price slightly upwards
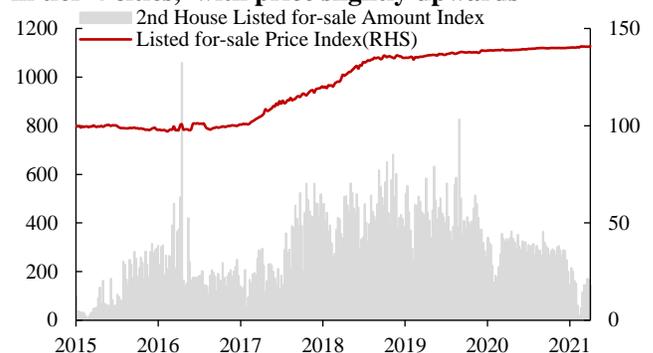
Source: Local Government, CWSI Research; Note: Till 2021/4/4

4. Important Policies and News

4.1 Important Industry Policies News This Week

Table 7: Important Industry Policies News This Week: MOHURD interviewed five city government officials including Guangzhou, Hefei, Ningbo, Dongguan, and Nantong; the central bank and other four departments supported Hainan's development of REITs in the housing leasing sector

Date	Region / Institution	Summary
2021-04-07	Ministry of Finance	It is necessary to further improve the personal income tax system that combines integration and classification, and actively and steadily advance the legislation and reform of real estate tax.
2021-04-08	MOHURD	Interviewed the government officials in five cities including Guangzhou, Hefei, Ningbo, Dongguan, and Nantong. They demanded that political positions should be effectively improved, the importance of the stable and healthy development of the real estate market should be fully understood, as well as the direction of "housing for living, not for speculation", does not use real estate as a short-term means of stimulating the economy, and earnestly shoulder the main responsibility of the city to ensure the realization of the goal of stabilizing land prices, housing prices, and expectations.
2021-04-09	Hainan	Support Hainan in the development of REITs in the housing leasing sector, encourage banking financial institutions to innovate financial products and services, and support the standardized development of the housing leasing market.
2021-04-09	Shenzhen	A joint investigation has been carried out on clues of suspected violations of laws and regulations by "Shen Fang Li".

Source：Wind, Government website, CWSI Research

4.2 Company news and announcements

Table 8: Company news and announcements: Yango and Taikang clarified the direction of strategic cooperation; ZhenRo issued USD senior notes

Date	Company	Summary
2021-04-06	Yango	The major shareholder Yango holdings and the associated shareholder Taikang Insurance Group formally signed a strategic cooperation framework agreement involving project acquisition, financing, and property management.
2021-04-09	ZhenRo	Issued USD 220 mn 5.98% senior notes due 2022.

Source：Company announcements, CWSI Research

4.3 Key 2020 Mar sales perfomance

Table 9: Jingrui, PowerLong, Yuexiu, etc. increased the fastest in accumulated contracted sales

Company	RIC	2020 Jan-Mar contracted sales		2020 Jan-Mar contracted GFA		Mar contracted sales		Mar contracted GFA	
		(RMB bn)	YoY	(000 sqm)	YoY	(RMB bn)	YoY	(000 sqm)	YoY
Vanke	000002.SZ	179.5	30.2%	11043	24.8%	62.8	14.4%	4295	13.6%
EverGrande	3333.HK	153.2	3.9%	17880	7.8%	64.8	4.4%	7850	13.0%
Sunac	1918.HK	116.3	88.3%	7696	69.7%	47.9	54.8%	3276	43.2%
Jinmao	0817.HK	62.8	141.0%	3729	138.1%	22.5	72.5%	1156	47.0%
CIFI	0884.HK	56.7	153.1%	3401	144.9%	26.0	157.4%	1492	138.8%
Zoina	000961.SZ	48.4	124.3%	3515	114.9%	23.7	122.3%	1697	112.9%
ZhenRo	6158.HK	40.0	123.5%	2386	105.6%	15.4	99.9%	937	85.9%
Ronshine	3301.HK	39.7	117.9%	1301	69.9%	15.5	98.1%	77	-74.1%
Mideadc	3990.HK	39.2	155.2%	3421	132.2%	16.0	111.8%	1317	75.4%
R&F	2777.HK	30.5	82.9%	2312	65.0%	10.1	26.3%	759	15.2%
YueXiu	0123.HK	25.0	174.0%	873	151.4%	11.4	135.7%	395	115.4%
PowerLong	1238.HK	24.6	207.0%	1583	203.9%	9.5	197.7%	605	181.5%
Risesun	002146.SZ	23.7	71.0%	2315	71.0%	11.3	45.5%	1302	78.1%
KWG	1813.HK	21.6	66.0%	1075	37.1%	10.3	67.1%	517	31.6%
Times	1233.HK	20.3	63.2%	1031	14.4%	8.4	79.4%	424	10.1%
BJ Capital Land	2868.HK	17.7	133.6%	780	196.6%	8.6	257.9%	376	370.0%
Central China	0832.HK	16.5	22.6%	2392	24.8%	10.5	38.3%	1460	24.9%
BJ Capital Development	600376.SH	13.6	8.3%	401	-6.3%	13.6	84.2%	401	83.0%
Fantasia	1777.HK	10.3	129.7%	584	47.1%	4.5	114.4%	261	35.5%
Modern Land	1107.HK	9.2	74.5%	916	86.8%	3.6	49.5%	366	62.8%
Jingrui	1862.HK	8.4	229.5%	451	367.9%	4.5	168.5%	242	305.6%
Sunshine 100	2608.HK	0.5	-33.3%	45	-31.6%	0.2	61.6%	17	16.1%

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

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

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

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

2) Sector Ratings:

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

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

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

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