This Week in China

Quantitative analysis of solvency changes during operation

Topic of the week:

We have quantitatively analyzed the impact of the main business activities of developers on debt solvency ratios. How can developers optimize debt solvency ratios? What changes may happen to the business strategy of developers in the future?

Main debt solvency ratios are affected by source of land acquisition funds, land acquisition intensity, sales rate and sales-to-land ratio. We quantified the changes in net gearing, asset-liability ratio after excluding advance receipts and cash to short-term debt ratio during operating activities of developers. **1)Land acquisition:** Debt solvency declines, and the degree of decline is affected by the source of land acquisition funds and the intensity of land acquisition. In terms of **funding sources,** introducing minority interest minimizes the increase in net gearing; cooperative development decreases asset-liability ratio after excluding advance receipts, and land acquisition through cash does not affect asset-liability ratio after excluding advance receipts; land acquisition through long-term debt allocation makes cash to short-term debt ratio decrease less. In terms of **land acquisition intensity**, the magnitude of changes in debt solvency ratios are positively correlated with the land acquisition intensity. **2) Sales:** Net gearing and cash to short-term debt ratio are optimized, and the degree of optimization is positively correlated with the sales rate. **3) Settlement:** Net gearing increases, cash to short-term debt ratio decreases, and asset-liability ratio after excluding advance receipts decreases. The higher the sales-to-land ratio of the settlement project, the smaller the increase in net gearing and the greater the decrease in asset-liability ratio after excluding advance receipts during settlement.

High turnover model, the introduction of strategic investment, the use of interest-free leverage, and the revaluation of investment properties can improve the solvency ratios. The **rapid settlement** of projects with appropriate scale and profit margins may reduce the leverage pressure on developers to a certain extent. Developers may need to flexibly adjust the **timing of the various processes in early, medium and late stage of the project** in order to maintain financial stability while expanding the scale. **The introduction of strategic investment** and cooperative development models can enable developers to achieve scale growth with relatively low financial pressure. Upstream and downstream funds become **interest-free levers** for developers and make good use of interest-free leverage can help developers increase their scale. **Increased value of IP** optimizes net gearing and asset-liabilities ratio after excluding advance receipts.

Development ability, investment ability and commercial operation ability will become the key to success under financing control. Developers with excellent **development capabilities** and brand power can more flexibly introduce partners and strategic investors to maintain financial stability while expanding their scale. Excellent **investment ability** enables developers to quickly collect cash after acquiring land and make the aforementioned solvency more quickly recovered from the decrease in the land acquisition. Increase in the value of IP and rental income will improve the financial status, the importance **commercial operation capabilities** may further increase.

Suggestion:

This week, Xuzhou has proposed one district, one policy, and the sales price cannot be adjusted within one year; Shaoxing stipulates that filing price of later phases shall not exceed the initial filing price. Since the beginning of this year, the commercial housing market in the above-mentioned cities has been hot, and the tightening of control policies may continue to guide healthy development of the market. Maintain "Overweight" rating.

Note: Due to the lack of data from multiple housing management bureaus during the National Day period, we suspend the update of the transaction data this week .

Overweight
(Maintain)

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1. Quantitative analysis of solvency changes during operation

Recently, the market has paid great attention to the financing supervision of developers. We have quantitatively analyzed the impact of the main business activities of developers on debt solvency ratios. How can developers optimize debt solvency ratios? What changes may happen to the business strategy of developers in the future?

Basic assumptions:

1) The sorting content covers 3 ratios, including asset-liability ratio, net gearing and short-term debt ratio. The calculation method of each indicator is as follows:

Net gearing = (total interest-bearing liabilities-total cash) / owner's equity, a relatively long-term leverage indicator

Asset-liability ratio after excluding advance receipts = (total liabilities-advance receipts-contract liabilities) / (total assets-contract liabilities), reflecting medium-term leverage level

Cash to short-term debt ratio = total cash/total short-term debt, reflecting short-term liquidity

2) XYZ is a developer with total assets of RMB 120 bn. It owns some development projects that have met the pre-sale conditions. The inventory includes properties under development and pending development. XYZ No. 1 project has been pre-sold, and currently XYZ has received RMB 20 bn in cash collection, with a net debt ratio of 100%, an asset-liability ratio after excluding advance receipts of 70%, and a cash short-term debt ratio of 1.0.

Table 1: XYZ Initial balance sheet

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	80	Short-term debt	40
Cash	40	Long-term debt	30
Total Assets	**120**	Contract liabilities	20
		Total Liabilities	**90**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	100.0%	Equity attributable to parent	30
Asset-Liabilities ratio after excluding advance receipts	70.0%	Minority interests	0
Cash to short-term debt	1.0	**Total Equity**	**30**

Source: CWSI Research

3) To facilitate discussion, we assume that XYZ does not need to pay construction and installation costs and expenses before settlement, these costs will be deducted directly from cash during settlement.

4) Case analysis only includes simplified report items, and the actual situation will be relatively complicated.

1.1 How do real estate business operations affect debt solvency ratios?

1.1.1 Land acquisition: source of funds and scale affect the direction and range of changes in ratios

The difference in the source of land acquisition funds leads to the difference in the direction and range of changes in the solvency ratios. XYZ plans to use RMB 20 bn for land investment. Optional funding sources include: 1) use of 20 bn of own cash; 2) use 10 bn own cash, and obtain RMB 10 bn of minority shareholders' funds by introducing partners, etc.; 3) use part of the cash and issue long-term bonds for financing; 4) use part of the cash and issue short-term bonds for financing.

Completely using cash for land investment makes cash to short-term debt ratio decrease more. In the case of completely using its own cash, XYZ's cash will decrease by RMB 20 bn and its inventory will increase by RMB 20 bn. The situation of liabilities and equity remains unchanged, and the decrease in cash will lead to an increase in net gearing and a decrease in cash to short-term debt ratio; as the total assets, total liabilities and contract liabilities remain unchanged, the asset-liabilities ratio after excluding advance receipts remains unchanged.

Table 2: Completely using cash for land acquisition makes cash to short-term debt ratio decrease more

1)Land acquisition with 100% cash

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	100	Short-term debt	40
Cash	20	Long-term debt	30
Total Assets	**120**	Contract liabilities	20
		Total Liabilities	**90**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	166.7%	Equity attributable to parent	30
Asset-Liabilities ratio after excluding advance receipts	70.0%	Minority interests	0
Cash to short-term debt	0.5	**Total Equity**	**30**

Source: CWSI Research; note: coloured red indicates that net gearing>100% / asset-liabilities ratio after excluding advance receipts>70% / cash to short-term debt<1; the arrow indicates the direction of change relative to the state before land acquisition

The introduction of minority shareholders' funds for land acquisition makes net gearing increase smaller, cash to short-term debt ratio declines smaller, and asset-liability ratio after excluding advance receipts optimized. Assuming that XYZ uses cooperative methods to obtain land during this land investment, the equity ratio is 75% / 50% respectively, and the project is consolidated by XYZ, then XYZ's inventory will increase by RMB 20 bn and cash will decrease by RMB 15 / 10 bn and minority interest will increase by RMB 5 / 10 bn respectively. XYZ's net gearing increased slightly due to the decline in cash and the increase in minority interest. The asset-liabilities ratio after excluding advance receipts will decline due to the difference in changes in total assets and total liabilities. The cash to short-term debt ratio will decline due to the decrease in cash.

Table 3: The introduction of minority interest for land acquisition makes net gearing increase smaller, cash to short-term debt ratio declines smaller

2) Introduce partners to acquire land

Equity ratio 75%，Cash: Minority interests=3:1

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	100	Short-term debt	40
Cash	25	Long-term debt	30
Total Assets	**125**	Contract liabilities	20
		Total Liabilities	**90**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	128.6%	Equity attributable to parent	30
Asset-Liabilities ratio after excluding advance receipts	66.7%	Minority interests	5
Cash to short-term debt	0.6	**Total Equity**	**35**

Equity ratio 50%，Cash: Minority interests=1: 1

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	100	Short-term debt	40
Cash	30	Long-term debt	30
Total Assets	**130**	Contract liabilities	20
		Total Liabilities	**90**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	100.0%	Equity attributable to parent	30
Asset-Liabilities ratio after excluding advance receipts	63.6%	Minority interests	10
Cash to short-term debt	0.8	**Total Equity**	**40**

Source: CWSI Research; note: coloured red indicates that net gearing>100% / asset-liabilities ratio after excluding advance receipts>70% / cash to short-term debt<1; the arrow indicates the direction of change relative to the state before land acquisition

Long-term bond financing for land investment reduces the decrease in cash to short-term debt ratio and increases asset-liability ratio after excluding advance receipts. XYZ still plans to obtain 100% equity of the project, and plans to issue long-term bonds for financing, and use the entire amount of financing for this land investment. Under this circumstance, the increase in total assets and total liabilities are the same, and the contract liabilities remain unchanged, which increases the asset-liabilities ratio after excluding advance receipts; the increase in the total amount of interest-bearing liabilities leads to an increase in the net gearing; when part of the existing cash is used, short-term interest-bearing liabilities remains unchanged, the decrease in cash will reduce the cash to short-term debt ratio.

Table 4: Land acquisition through new long-term debt financing reduces the decrease in cash to short-term debt ratio and increases asset-liability ratio after excluding advance receipts

3) Issuing long-term bonds to obtain land
Cash: Long-term debt=1: 1

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	↑ 100	Short-term debt	40
Cash	↓ 30	Long-term debt	↑ 40
Total Assets	↑ **130**	Contract liabilities	20
		Total Liabilities	↑ **100**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	↑ 166.7%	Equity attributable to parent	30
Asset-Liabilities ratio after excluding advance receipts	↑ 72.7%	Minority interests	0
Cash to short-term debt	↓ 0.8	**Total Equity**	**30**

Land acquisition with 100% long-term debt

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	↑ 100	Short-term debt	40
Cash	40	Long-term debt	↑ 50
Total Assets	↑ **140**	Contract liabilities	20
		Total Liabilities	↑ **110**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	↑ 166.7%	Equity attributable to parent	30
Asset-Liabilities ratio after excluding advance receipts	↑ 75.0%	Minority interests	0
Cash to short-term debt	→ 1.0	**Total Equity**	**30**

Source: CWSI Research; note: coloured red indicates that net gearing>100% / asset-liabilities ratio after excluding advance receipts>70% / cash to short-term debt<1; the arrow indicates the direction of change relative to the state before land acquisition

Short-term debt financing enlarges the decrease in cash to short-term debt ratio and increases asset-liability ratio after excluding advance receipts. XYZ also considers financing through the issuance of short-term bonds and used the funds obtained from the financing to invest in this land. In this scenario, the changes in the net gearing and asset-liabilities ratio after excluding advance receipts are the same as when issuing long-term bonds; the increase in short-term interest-bearing liabilities makes cash to short-term debt ratio fall more than that in the issuance of long-term bonds, but fall less than that in fully use of cash.

Table 5: Land acquisition through new short-term debt financing enlarges the decrease in cash to short-term debt ratio and increases asset-liability ratio after excluding advance receipts

Cash: Short-term debt=1: 1

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	↑ 100	Short-term debt	↑ 50
Cash	↓ 30	Long-term debt	30
Total Assets	↑ **130**	Contract liabilities	20
		Total Liabilities	↑ **100**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	↑ 166.7%	Equity attributable to parent	30
Asset-Liabilities ratio after excluding advance receipts	↑ 72.7%	Minority interests	0
Cash to short-term debt	↓ 0.6	**Total Equity**	**30**

Land acquisition with 100% short-term debt

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	↑ 100	Short-term debt	↑ 60
Cash	40	Long-term debt	30
Total Assets	↑ **140**	Contract liabilities	20
		Total Liabilities	↑ **110**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	↑ 166.7%	Equity attributable to parent	30
Asset-Liabilities ratio after excluding advance receipts	↑ 75.0%	Minority interests	0
Cash to short-term debt	↓ 0.7	**Total Equity**	**30**

Source: CWSI Research; note: coloured red indicates that net gearing>100% / asset-liabilities ratio after excluding advance receipts>70% / cash to short-term debt<1; the arrow indicates the direction of change relative to the state before land acquisition

Summary: Land acquisition will worsen debt solvency capacity, and the magnitude of the change is related to the source of land acquisition funds. Under the above-mentioned fund source scenario, **net gearing** of XYZ after acquiring the land increases compared with before acquiring the land, and the increase is minimal when the minority shareholders are introduced. The direction of change in **asset-liabilities ratio after excluding advance receipts** is different, and the introduction of minority shareholders can make asset-liabilities ratio after excluding advance receipts decrease, obtaining land through debt financing will increase asset-liabilities ratio after excluding advance receipts. Except for using funds from long-term debt for land acquisition, other sources of funds will decrease **cash to short-term debt ratio**; among them, land acquisition through cash will cause the greatest decrease in the cash to short-term debt ratio.

Table 6: Under different sources of funds, land acquisition makes the direction and range of changes in the solvency ratios vary

Debt solvency ratios	Before land acquisition	Source of funds: 100%Cash	75%Cash+ 25%Minority interests	50%Cash+ 50%Minority interests	50%Cash+50%Long-term debt	100%Long-term debt	50%Cash +50%Short-term debt	100%Short-term debt
Net gearing	100.0%	↑ 166.7%	↑ 128.6%	→ 100.0%	↑ 166.7%	↑ 166.7%	↑ 166.7%	↑ 166.7%
Asset-Liabilities ratio after excluding advance receipts	70.0%	→ 70.0%	↓ 66.7%	↓ 63.6%	↑ 72.7%	↑ 75.0%	↑ 72.7%	↑ 75.0%
Cash to short-term debt	1.0	↓ 0.5	↓ 0.6	↓ 0.8	↓ 0.8	→ 1.0	↓ 0.6	↓ 0.7

Source: CWSI Research; note: coloured red indicates that net gearing>100% / asset-liabilities ratio after excluding advance receipts>70% / cash to short-term debt<1; the arrow indicates the direction of change relative to the state before land acquisition

The range of changes in the solvency ratios have a positive relationship with the land acquisition intensity. Based on the judgment on the land market and the subsequent property market, XYZ considered adjusting the total amount of land acquisition, and calculated the changes in the solvency ratios when acquiring land with RMB 10 bn, 20 bn and 40 bn, respectively. Under the aforementioned funding sources, the direction of change of the solvency ratios is consistent with the aforementioned analysis, and the magnitude of change is in a positive relationship with the intensity of land acquisition (amount used land acquired/cash collection of RMB 20 bn in sales received during the period).

Table 7: The range of changes in the solvency ratios have a positive relationship with the total amount of land acquisition intensity

Amount used land acquired/ cash collection	Debt solvency ratios	Before land acquisition	Source of funds						
			100%Cash	75%Cash+ 25%Minority interests	50%Cash+ 50%Minority interests	50%Cash+50%Long-term debt	100%Long-term debt	50%Cash+50%Short-term debt	100%Short-term debt
50%	Net gearing	100.0%	133.3%	115.4%	100.0%	133.3%	133.3%	133.3%	133.3%
	lities ratio after excluding adva	70.0%	70.0%	68.3%	66.7%	71.4%	72.7%	71.4%	72.7%
	Cash to short-term debt	1.0	0.8	0.8	0.9	0.9	1.0	0.8	0.8
100%	Net gearing	100.0%	166.7%	128.6%	100.0%	166.7%	166.7%	166.7%	166.7%
	lities ratio after excluding adva	70.0%	70.0%	66.7%	63.6%	72.7%	75.0%	72.7%	75.0%
	Cash to short-term debt	1.0	0.5	0.6	0.8	0.8	1.0	0.6	0.7
200%	Net gearing	100.0%	233.3%	150.0%	100.0%	233.3%	233.3%	233.3%	233.3%
	lities ratio after excluding adva	70.0%	70.0%	63.6%	58.3%	75.0%	78.6%	75.0%	78.6%
	Cash to short-term debt	1.0	0.0	0.3	0.5	0.5	1.0	0.3	0.5

Source: CWSI Research; note: coloured red indicates that net gearing>100% / asset-liabilities ratio after excluding advance receipts>70% / cash to short-term debt<1; the arrow indicates the direction of change relative to the state before land acquisition

1.1.2 Sales: The optimization ranges of the solvency ratios are positively correlated with sales rate

Cash collection will optimize net gearing and cash to short-term debt ratio, and the degree of optimization is positively related to sales rate. XYZ finally decided to use 100% of its own cash to invest RMB 20 bn in land and obtain the project XYZ Mansion. The equity ratio is 100%, and the estimated total value is RMB 40 bn yuan. After 10 months, the XYZ Mansion project will begin pre-sale. Under different sales rates, assuming that the cash collection from the pre-sale of the XYZ Mansion project are RMB 10 bn, 20 bn, and 40 bn, respectively, asset-liabilities ratio after excluding advance receipts of XYZ remains unchanged due to the increase in total liabilities is equals the increase in total assets. Net gearing and cash to short-term debt ratio will be optimized, and the magnitude of change is positively related to the sales rate.

Table 8: Sales will optimize net gearing and cash to short-term debt ratio, and the degree of optimization is positively correlated with the sales rate

After obtaining RMB 20 bn land using cash

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	100	Short-term debt	40
Cash	20	Long-term debt	30
Total Assets	**120**	Contract liabilities	20
		Total Liabilities	**90**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	166.7%	Equity attributable to parent	30
Asset-Liabilities ratio after excluding advance receipts	70.0%	Minority interests	0
Cash to short-term debt	0.5	**Total Equity**	**30**

1) Low sales rate, RMB 10 bn cash collection

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	100	Short-term debt	40
Cash	↑ 30	Long-term debt	30
Total Assets	**↑ 130**	Contract liabilities	↑ 30
		Total Liabilities	**↑ 100**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	↓ 133.3%	Equity attributable to parent	30
Asset-Liabilities ratio after excluding advance receipts	→ 70.0%	Minority interests	0
Cash to short-term debt	↑ 0.8	**Total Equity**	**30**

2) Medium sales rate, RMB 20 bn cash collection

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	100	Short-term debt	40
Cash	↑ 40	Long-term debt	30
Total Assets	**↑ 140**	Contract liabilities	↑ 40
		Total Liabilities	**↑ 110**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	↓ 100.0%	Equity attributable to parent	30
Asset-Liabilities ratio after excluding advance receipts	→ 70.0%	Minority interests	0
Cash to short-term debt	↑ 1.0	**Total Equity**	**30**

2) High sales rate, RMB 40 bn cash collection

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	100	Short-term debt	40
Cash	↑ 60	Long-term debt	30
Total Assets	**↑ 160**	Contract liabilities	↑ 60
		Total Liabilities	**↑ 130**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	↓ 33.3%	Equity attributable to parent	30
Asset-Liabilities ratio after excluding advance receipts	→ 70.0%	Minority interests	0
Cash to short-term debt	↑ 1.5	**Total Equity**	**30**

Source: CWSI Research; note: coloured red indicates that net gearing>100% / asset-liabilities ratio after excluding advance receipts>70% / cash to short-term debt<1; the arrow indicates the direction of change relative to the state before sales

1.1.3 Settlement: Settlement scale and sales-to-land ratio lead to differences in the direction and magnitude of changes in debt solvency ratios

18 months after the pre-sale of XYZ Mansion, due to the project schedule, XYZ No.1 has not yet been delivered, and the initial sales of XYZ Mansion will enter the settlement period. Assuming that the average land cost of the XYZ Mansion accounts for 50% of the ASP, and other costs and expenses such as construction and installation account for 40% of the ASP, the sales of RMB 10 bn, 20 bn, and 40 bn respectively correspond to land costs of RMB 5 bn, 10 bn, and 20 bn (deducted from inventory), and other costs and expenses of RMB 4 bn, 8 bn, and 16 bn (deducted from cash as we assumed in the basic assumptions), respectively. The increase in the equity will be RMB 1 bn, 2 bn and 4 bn.

Project settlement will increase net gearing, decrease cash to short-term debt ratio, and decrease asset-liabilities ratio after excluding advance receipts. Since interest-bearing liabilities will not change before and after settlement and cash will decline, net gearing and cash short-term debt ratio will deteriorate. The magnitude of the change increased with the increase in cash collection and thus settlement scale. As contract liabilities fall after settlement, and total assets increase with settlement, the asset-liabilities ratio after excluding advance receipts will decrease. **Compared with the sales stage,** settlement increases net gearing, decreases cash to short-term debt ratio, and decreases asset-liabilities ratio after excluding advance receipts. **Compared with the initial state,** the direction and extent of changes in the main solvency ratios are different due to the difference in the settlement amount. When the sales rate is higher, the sales scale is larger, and the settlement scale is larger, the solvency ratios can be optimized.

Table 9: The main solvency ratios change in direction and magnitude with the scale of sales and settlement

1) Cash collection of RMB 10 bn

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	100	Short-term debt	40
Cash	30	Long-term debt	30
Total Assets	**130**	Contract liabilities	30
		Total Liabilities	**100**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	133.3%	Equity attributable to parent	30
Asset-Liabilities ratio after excluding advance receipts	70.0%	Minority interests	0
Cash to short-term debt	0.8	**Total Equity**	**30**

Settlement of RMB 10 bn sales

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	↓ 95	Short-term debt	40
Cash	↓ 26	Long-term debt	30
Total Assets	**↓ 121**	Contract liabilities	↓ 20
		Total Liabilities	**90**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	↑ 141.9%	Equity attributable to parent	↑ 31
Asset-Liabilities ratio after excluding advance receipts	↓ 69.3%	Minority interests	0
Cash to short-term debt	↓ 0.7	**Total Equity**	**↑ 31**

2) Cash collection of RMB 20 bn

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	100	Short-term debt	40
Cash	40	Long-term debt	30
Total Assets	**140**	Contract liabilities	40
		Total Liabilities	**110**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	100.0%	Equity attributable to parent	30
Asset-Liabilities ratio after excluding advance receipts	70.0%	Minority interests	0
Cash to short-term debt	1.0	**Total Equity**	**30**

Settlement of RMB 20 bn sales

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	↓ 90	Short-term debt	40
Cash	↓ 32	Long-term debt	30
Total Assets	**↓ 122**	Contract liabilities	↓ 20
		Total Liabilities	**90**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	↑ 118.8%	Equity attributable to parent	↑ 32
Asset-Liabilities ratio after excluding advance receipts	↓ 68.6%	Minority interests	0
Cash to short-term debt	↓ 0.8	**Total Equity**	**↑ 32**

3) Cash collection of RMB 40 bn

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	100	Short-term debt	40
Cash	60	Long-term debt	30
Total Assets	**160**	Contract liabilities	60
		Total Liabilities	**130**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	33.3%	Equity attributable to parent	30
Asset-Liabilities ratio after excluding advance receipts	70.0%	Minority interests	0
Cash to short-term debt	1.5	**Total Equity**	**30**

Settlement of RMB 40 bn sales

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	↓ 80	Short-term debt	40
Cash	↓ 44	Long-term debt	30
Total Assets	**↓ 124**	Contract liabilities	↓ 20
		Total Liabilities	**90**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	↑ 76.5%	Equity attributable to parent	↑ 34
Asset-Liabilities ratio after excluding advance receipts	↓ 67.3%	Minority interests	0
Cash to short-term debt	↓ 1.1	**Total Equity**	**↑ 34**

Source: CWSI Research; note: coloured red indicates that net gearing>100% / asset-liabilities ratio after excluding advance receipts>70% / cash to short-term debt<1; the arrow indicates the direction of change relative to the state before settlement; assume that XYZ does not need to pay construction and installation costs and expenses before settlement, these costs will be deducted directly from cash during settlement

The higher the sales-to-land ratio of the settlement project, the smaller the increase in net gearing and the greater the decrease in asset-liabilities ratio after excluding advance receipts. Assuming that other conditions remain unchanged, the sales-to-land ratio of the project is high, medium, and low, and the land cost accounts for 30%, 50%, and 60% of the sales amount, then when the sales of RMB 20 bn are settled, the inventory will fall by RMB 6 bn, 10 bn and 14 bn, the project profit will increase the equity attributable to parent by RMB 6 bn, 2 bn and 0. When the sales-to-land ratio of the settlement project is higher, the equity will increase more at the time of settlement, so the increase in the net gearing will be smaller; the decline in total assets will be smaller, so the deduction of asset-liabilities ratio after excluding advance receipts will be more optimized.

Table 10: The higher the sales-to-land ratio of the settlement project, the smaller the increase in net gearing and the greater the decrease in asset-liabilities ratio after excluding advance receipts

Cash collection of RMB 20 bn

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	100	Short-term debt	40
Cash	40	Long-term debt	30
Total Assets	**140**	Contract liabilities	40
		Total Liabilities	**110**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	100.0%	Equity attributable to parent	30
Asset-Liabilities ratio after excluding advance receipts	70.0%	Minority interests	0
Cash to short-term debt	1.0	**Total Equity**	**30**

1) High sales-to-land ratio, settlement of RMB 20 bn sales

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	↓ 94	Short-term debt	40
Cash	↓ 32	Long-term debt	30
Total Assets	↓ **126**	Contract liabilities	↓ 20
		Total Liabilities	**90**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	↑ 105.6%	Equity attributable to parent	↑ 36
Asset-Liabilities ratio after excluding advance receipts	↓ 66.0%	Minority interests	0
Cash to short-term debt	↓ 0.8	**Total Equity**	↑ **36**

2) Medium sales-to-land ratio, settlement of RMB 20 bn sales

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	↓ 90	Short-term debt	40
Cash	↓ 32	Long-term debt	30
Total Assets	↓ **122**	Contract liabilities	↓ 20
		Total Liabilities	**90**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	↑ 118.8%	Equity attributable to parent	↑ 32
Asset-Liabilities ratio after excluding advance receipts	↓ 68.6%	Minority interests	0
Cash to short-term debt	↓ 0.8	**Total Equity**	↑ **32**

3) Low sales-to-land ratio, settlement of RMB 20 bn sales

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	↓ 88	Short-term debt	40
Cash	↓ 32	Long-term debt	30
Total Assets	↓ **120**	Contract liabilities	↓ 20
		Total Liabilities	**90**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	↑ 126.7%	Equity attributable to parent	30
Asset-Liabilities ratio after excluding advance receipts	→ 70.0%	Minority interests	0
Cash to short-term debt	↓ 0.8	**Total Equity**	**30**

Source: CWSI Research; note: coloured red indicates that net gearing>100% / asset-liabilities ratio after excluding advance receipts>70% / cash to short-term debt<1; the arrow indicates the direction of change relative to the state before settlement; assume that XYZ does not need to pay construction and installation costs and expenses before settlement, these costs will be deducted directly from cash during settlement

1.2 How can developerss optimize their main debt solvency ratios?

On the basis of the aforementioned analysis, developers are still involved in other business operations that affect the solvency ratios.

1.2.1 High turnover: improve operational efficiency and speed up project settlement

Speeding up project settlement has a positive effect on improving debt solvency. The current high turnover of developers mainly focuses on acquiring land, starting construction, and cash collection in the early stages of development, aiming at improving the efficiency of capital use to ensure the speed of scale expansion. However, if the pace of the early stage of development is significantly faster than the pace of settlement or the project's profit is too low, the insufficient thickness of the owner's equity will rapidly increase the leverage of developers. **The rapid settlement of projects with appropriate scale and profit margins may reduce the leverage pressure on developers to a certain extent.** Developers may need to flexibly adjust the timing of the various processes in early, medium and late stage of the project in order to maintain financial stability while expanding the scale.

1.2.2 Introduce other partners such as strategic investment: increase equity and capital, and optimize debt solvency

The introduction of strategic investment and other partners can optimize the solvency ratios of developers. Assuming that XYZ has introduced a RMB 1 bn strategic investment during the reporting period of XYZ Mansion’s settlement, the tXYZe solvency ratios will all be optimized. The introduction of strategic investment and cooperative development models can enable developers to achieve scale growth with relatively low financial pressure.

Table 11: The introduction of strategic investment optimizes debt solvency ratios

Settlement of RMB 20 bn sales

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	90	Short-term debt	40
Cash	32	Long-term debt	30
Total Assets	**122**	Contract liabilities	20
		Total Liabilities	**90**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	118.8%	Equity attributable to parent	32
Asset-Liabilities ratio after excluding advance receipts	68.6%	Minority interests	0
Cash to short-term debt	0.8	**Total Equity**	**32**

Settlement of RMB 20 bn sales with RMB 10 bn strategic investment

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	90	Short-term debt	40
Cash	↑ 42	Long-term debt	30
Total Assets	↑ **132**	Contract liabilities	20
		Total Liabilities	90
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	↓ 66.7%	Equity attributable to parent	32
Asset-Liabilities ratio after excluding advance receipts	↓ 62.5%	Minority interests	↑ 10
Cash to short-term debt	↑ 1.1	**Total Equity**	↑ **42**

Source: CWSI Research; note: coloured red indicates that net gearing>100% / asset-liabilities ratio after excluding advance receipts>70% / cash to short-term debt<1; the arrow indicates the direction of change relative to the state before the introduction of the strategic investment

Some developers increased their equity by introducing investors and other methods. Compared with A-share developers, developers listed on HKEX can issue new shares more smoothly, thereby increase total equity. For example, when China Jinmao introduced Ping An as a shareholder in 2019, it placed 170 mn shares, enlarged its shareholder capital and raised c. HKD 820 mn as working capital. Similar to the previous analysis, increasing equity and capital can optimize the main debt solvency ratios of developers.

Excellent development capabilities will help developers to carry out cooperative development. The project cooperation of some developers is not simply reducing the proportion of equity in exchange for scale, but by cooperating with well-known developers to expand scale as well as influence and reduce operational risks to achieve complementary advantages and resource sharing. For example, after C&D INTL cooperated with Wuhan Real Estate in Xiamen to develop Wudi&Jianfa·Yangzhu, it also cooperated with Wuhan Real Estate in Wudi&Jianfa·Xiyuan. With C&D INTL's strong development capabilities and brand effect, most of its cooperation projects are developed by C&D INTL.

1.2.3 Interest-free leverage: occupy upstream and downstream funds, leveraging scale growth

The free occupation of upstream and downstream funds by developers can help leverage scale growth. In the aforementioned discussion, XYZ can use its free-occupied upstream and downstream funds for land investment in new projects within the time before XYZ Mansion's settlement. **Upstream and downstream funds become interest-free levers for developers and make good use of interest-free leverage can help developers increase their scale.** Take Vanke as an example. Vanke's net gearing in 2019 was only 34%, and in mid-2020 it was only 27%. The clever use of interest-free leverage is a key to maintaining financial stability while growing in scale.

1.2.4 Investment properties: revaluation of investment properties affect solvency ratios

Increased value of investment properties optimizes net gearing and asset-liabilities ratio after excluding advance receipts. Increase in the value of investment properties will increase the company's profits, increase the equity attributable to parent, and optimize net gearing; at the same time, the increase in the value of investment properties will increase the total assets, which can optimize the asset-liabilities ratio after excluding advance receipts.

Table 12: The revaluation of IP affects the net gearing and asset-liabilities ratio after excluding advance receipts

Settlement of RMB 20 bn sales with IP value unchanged

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	70	Short-term debt	40
Cash	32	Long-term debt	30
Investment properties	20	Contract liabilities	20
Total Assets	**122**	**Total Liabilities**	**90**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	118.8%	Equity attributable to parent	32
Asset-Liabilities ratio after excluding advance receipts	68.6%	Minority interests	0
Cash to short-term debt	0.80	**Total Equity**	**32**

Settlement of RMB 20 bn sales with IP value increased by RMB 1 bn

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	70	Short-term debt	40
Cash	32	Long-term debt	30
Investment properties	↑ 21	Contract liabilities	20
Total Assets	↑ **123**	**Total Liabilities**	90
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	↓ 115.2%	Equity attributable to parent	↑ 33
Asset-Liabilities ratio after excluding advance receipts	↓ 68.0%	Minority interests	0
Cash to short-term debt	→ 0.80	**Total Equity**	↑ **33**

Settlement of RMB 20 bn sales with IP value decreased by RMB 1 bn

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	70	Short-term debt	40
Cash	32	Long-term debt	30
Investment properties	↓ 19	Contract liabilities	20
Total Assets	↓ **121**	**Total Liabilities**	90
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	↑ 122.6%	Equity attributable to parent	↓ 31
Asset-Liabilities ratio after excluding advance receipts	↑ 69.3%	Minority interests	0
Cash to short-term debt	→ 0.80	**Total Equity**	↓ **31**

Source: CWSI Research; note: coloured red indicates that net gearing>100% / asset-liabilities ratio after excluding advance receipts>70% / cash to short-term debt<1; the arrow indicates the direction of change relative to the state of IP value unchanged

Investment properties with constant value have no impact on the main solvency ratios. Assuming that XYZ Plaza has not yet opened and no rental income has been generated, if the value of the investment property does not change during the aforementioned period from land acquisition to settlement, the existence of investment property has no impact on the main solvency ratios.

Table 13: When the total amount of investment properties remains unchanged, it has no impact on the changes in the main solvency ratios during the operation process

No IP

1) Initial state

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	80	Short-term debt	40
Cash	40	Long-term debt	30
Total Assets	**120**	Contract liabilities	20
		Total Liabilities	**90**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	100.0%	Equity attributable to parent	30
Asset-Liabilities ratio after excluding advance receipts	70.0%	Minority interests	0
Cash to short-term debt	1.0	**Total Equity**	**30**

2) RMB 20 bn land investment through 100% self-owned Cash

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	↑ 100	Short-term debt	40
Cash	↓ 20	Long-term debt	30
Total Assets	**120**	Contract liabilities	20
		Total Liabilities	**90**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	↑ 166.7%	Equity attributable to parent	30
Asset-Liabilities ratio after excluding advance receipts	→ 70.0%	Minority interests	0
Cash to short-term debt	↓ 0.5	**Total Equity**	**30**

3) Obtain RMB 20 billion yuan of pre-sale funds

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	100	Short-term debt	40
Cash	↑ 40	Long-term debt	30
Total Assets	↑ **140**	Contract liabilities	↑ 40
		Total Liabilities	↑ **110**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	↓ 100.0%	Equity attributable to parent	30
Asset-Liabilities ratio after excluding advance receipts	→ 70.0%	Minority interests	0
Cash to short-term debt	↑ 1.0	**Total Equity**	**30**

4) Settlement of RMB 20 bn sales

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	↓ 90	Short-term debt	40
Cash	↓ 32	Long-term debt	30
Total Assets	↓ **122**	Contract liabilities	↓ 20
		Total Liabilities	↓ 90
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	↑ 118.8%	Equity attributable to parent	↑ 32
Asset-Liabilities ratio after excluding advance receipts	↓ 68.6%	Minority interests	0
Cash to short-term debt	↓ 0.8	**Total Equity**	↑ **32**

With IP

1) Initial state

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	60	Short-term debt	40
Cash	40	Long-term debt	30
Investment properties	20	Contract liabilities	20
Total Assets	**120**	**Total Liabilities**	**90**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	100.0%	Equity attributable to parent	30
Asset-Liabilities ratio after excluding advance receipts	70.0%	Minority interests	0
Cash to short-term debt	1.0	**Total Equity**	**30**

2) RMB 20 bn land investment through 100% self-owned Cash

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	↑ 80	Short-term debt	40
Cash	↓ 20	Long-term debt	30
Investment properties	20	Contract liabilities	20
Total Assets	**120**	**Total Liabilities**	**90**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	↑ 166.7%	Equity attributable to parent	30
Asset-Liabilities ratio after excluding advance receipts	→ 70.0%	Minority interests	0
Cash to short-term debt	↓ 0.5	**Total Equity**	**30**

3) Obtain RMB 20 billion yuan of pre-sale funds

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	80	Short-term debt	40
Cash	↑ 40	Long-term debt	30
Investment properties	20	Contract liabilities	↑ 40
Total Assets	↑ **140**	**Total Liabilities**	↑ **110**
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	↓ 100.0%	Equity attributable to parent	30
Asset-Liabilities ratio after excluding advance receipts	→ 70.0%	Minority interests	0
Cash to short-term debt	↑ 1.0	**Total Equity**	**30**

4) Settlement of RMB 20 bn sales

Assets (RMB bn)		Liabilities (RMB bn)	
Inventory	↓ 70	Short-term debt	40
Cash	↓ 32	Long-term debt	30
Investment properties	20	Contract liabilities	↓ 20
Total Assets	↓ **122**	**Total Liabilities**	↓ 90
Debt solvency ratios		**Equity (RMB bn)**	
Net gearing	↑ 118.8%	Equity attributable to parent	↑ 32
Asset-Liabilities ratio after excluding advance receipts	↓ 68.6%	Minority interests	0
Cash to short-term debt	↓ 0.8	**Total Equity**	↑ **32**

Source: CWSI Research; note: coloured red indicates that net gearing>100% / asset-liabilities ratio after excluding advance receipts>70% / cash to short-term debt<1; the arrow indicates the direction of change relative to the state of the previous development stage; assume that XYZ does not need to pay construction and installation costs and expenses before settlement, these costs will be deducted directly from cash during settlement

Existing investment properties may improve the company's solvency ratios, while new investment properties will bring certain pressure on the company's financial status in the short term. As mentioned above, the investment properties already owned by developers can affect the solvency ratios through value changes, and the stable cash flow brought by investment properties can also bring certain improvements to the financial status of developers. However, unlike the "develop and sale" model, new investment properties have a longer payback period. Therefore, **new investment properties will deteriorate the financial situation of developers in the short term.**

1.3 How will the business strategy of developers change?

Project cooperation development, introduction of medium and long-term strategic investment and other cooperation models may become more frequent. In the analysis of the source of funds for land acquisition by XYZ, the project-level cooperative development model has relatively the smallest negative impact on debt solvency ratios. In recent years, factors such as the increase in land prices and the remote expansion of developers have made the cooperative development model between developers more common, and some developers have also actively introduced other partners. CIFI introduced the Government of Singapore Investment Corporation (GIC) in Sep to establish an investment platform with a total scale of RMB 7 bn to jointly develop residential projects in major cities in the Yangtze River Delta, with CIFI and GIC invested 51% and 49% respectively. Such cooperation may continue to appear in the future, and **developers with excellent development capabilities and brand power can more flexibly introduce partners and strategic investors to maintain financial stability while expanding their scale.**

Land investment capacity will be more critical. Investment ability includes land-to-sales ratio and sales situation. In addition to the impact on the company's profit, excellent investment ability enables developers to quickly collect cash after acquiring land and make the aforementioned solvency more quickly recovered from the decrease in the land acquisition.

High turnover may continue and extend to the construction and delivery stage. As mentioned earlier, the rapid settlement of projects with appropriate scale and profit margins may reduce the leverage pressure on developers to a certain extent, and developers may need to flexibly adjust the timing of each process in the early, medium and late stage of the project.

The importance of business operation capabilities may become more prominent. As mentioned earlier, the increase in the value of investment properties and rental income will improve the financial status of developers. Developers can increase rental income and property value by actively operating existing commercial real estate, so the importance commercial operation capabilities may further increase.

Table 14: Overview of the impact of developers' operations on major debt solvency ratios

Operation			Net gearing	Asset-Liabilities ratio after excluding advance receipts	Cash to short-term debt	Note
Land acquisition	Source of funds	Cash	increase	unchanged	decrease	**The net gearing deteriorates the least when introducing minority interest; The cash to short-term debt ratio deteriorates the least when the land is acquired through long-term debt financing**
		Introduce minority interest	increase	decrease	decrease	
		Issue long-term debt	increase	increase	decrease	
		Issue short-term debt	increase	increase	decrease	
	Land acquisition intensity	Low Medium High	The higher the land acquisition intensity, the greater the range of change			
Sales	Sales rate	Low	decrease	unchanged	increase	**The higher the sale rate, the greater the net gearing and cash to short-term ratio are optimized**
		Medium	decrease	unchanged	increase	
		High	decrease	unchanged	increase	
Settlement	Sales-to-land ratio	Low	increase	decrease	decrease	**The higher the sales-to-land ratio, the less the deterioration of the net gearing and the greater the**
		Medium	increase	decrease	decrease	
		High	increase	decrease	decrease	
High turnover			decrease	decrease	increase	Including **sales and settlement** efficiency improvements
Introduce partners such as strategic investment			decrease	decrease	increase	
Interest-free leverage			decrease	decrease	increase	
Investment properties	Rent income		decrease	decrease	increase	
	Revaluation	Increase	decrease	decrease	increase	
		Decrease	increase	increase	decrease	

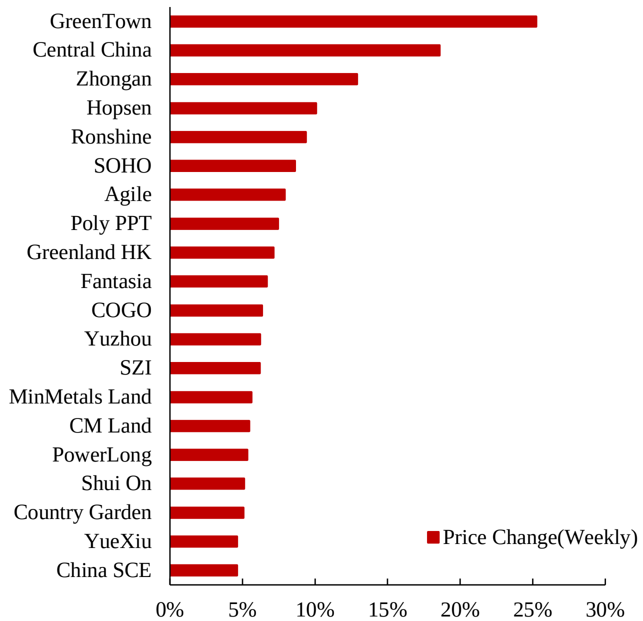
Source: CWSI Research; note: coloured red indicates a decline in solvency, coloured blue indicates an improvement in solvency

2. Sector Performance

2.1 Performance of developer sector

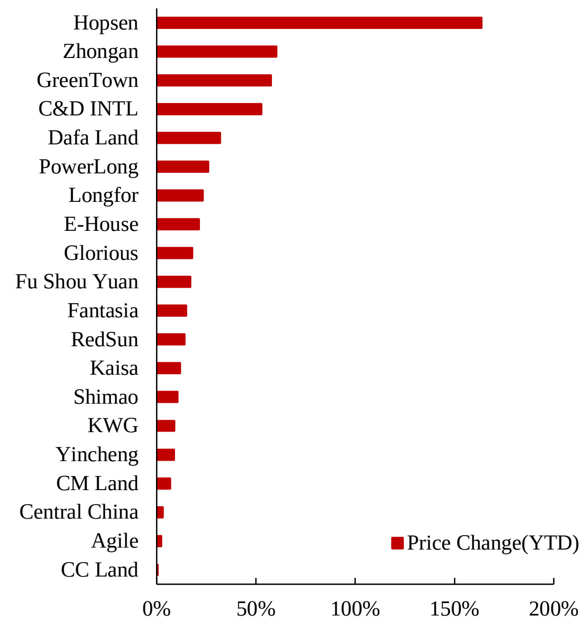
This week, GreenTown, Central China and Zhongan had larger price increase than peers.
Hopsen, Zhongan and GreenTown had better share price performance, YTD.

Chart 1: This week, GreenTown, Central China and Zhongan had larger price increase than peers



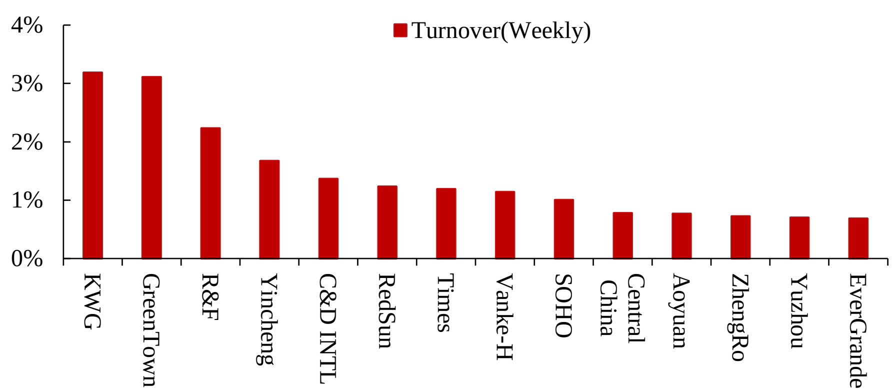
Source: Wind, CWSI Research

Chart 2: Hopsen, Zhongan and GreenTown had better share price performance, YTD



Source: Wind, CWSI Research

Chart 3: KWG, GreenTown and R&F were most actively traded this week

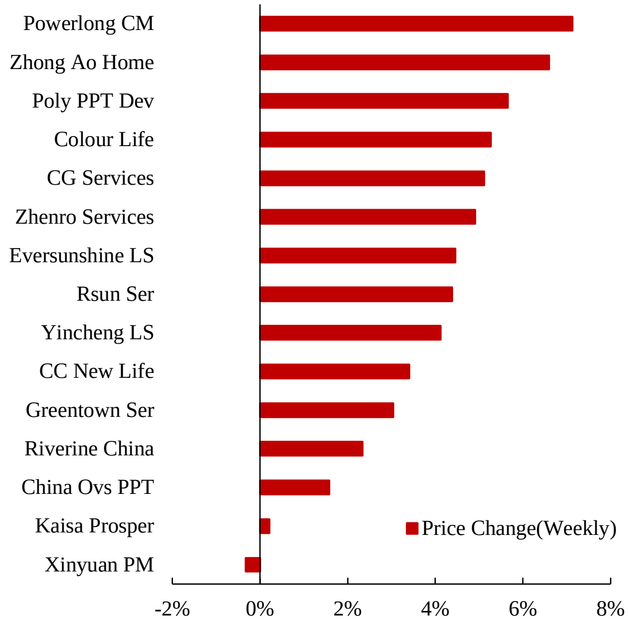


Source: Wind, CWSI Research

2.2 Performance of property service sector

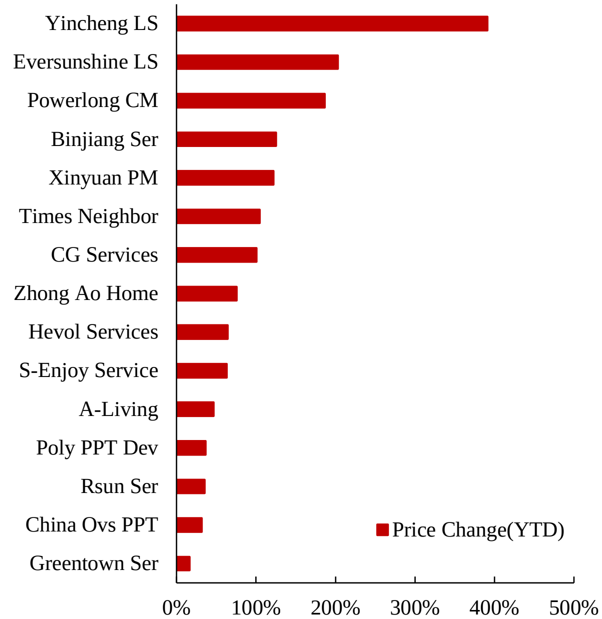
This week, PowerlongCM, Zhong Ao Home and Poly PPT Dev had larger price increase than peers. Yincheng LS, Eversunshine LS and Powerlong CM had better share price performance YTD.

Chart 4: This week, PowerlongCM, Zhong Ao Home and Poly PPT Dev had larger price increase than peers



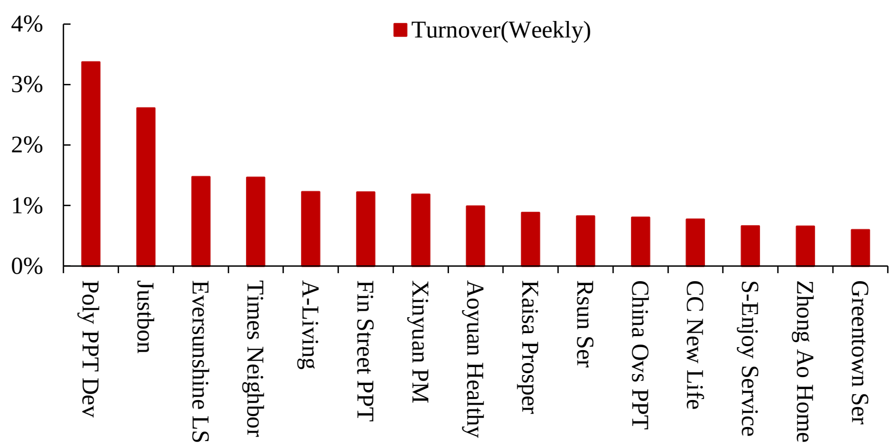
Source: Wind, CWSI Research

Chart 5: Yincheng LS, Eversunshine LS and Powerlong CM and had better share price performance YTD



Source: Wind, CWSI Research

Chart 6: Poly PPT Dev, Justbon and Eversunshine LS were most actively traded this week



Source: Wind, CWSI Research

3. Important Policies and News

3.1 Important Industry Policies News This Week

Table 15: Important Industry Policies News This Week: Guangzhou planned to relax the Hukou requirements for young talents with a bachelor degree or above in the "double first-class" construction colleges and universities

Date	Region / Institution	Summary
2020-10-06	Guangzhou	Planned to relax the Hukou requirements for young talents with a bachelor degree or above in the "double first-class" construction colleges and universities, so as to further optimize the employment environment for college graduates.
2020-10-07	Dujiangyan	The pilot project for the reform of new commercial housing delivery with certificates was launched.
2020-10-08	MPS	The Hukou settlement of 100 mn people was completed ahead of schedule, with more than 100 mn agricultural migrants realized being citizens.
2020-10-09	Heilongjiang	Require all localities to combine local talent housing security regulations to explore the inclusion of college students who have graduated less than 5 years and are employed locally in the scope of public rental housing protection, appropriately relax entry tXYZsholds.

Source：Wind, Government website, CWSI Research

3.2 Key sales data announced this week

Table 16: Key sales data announced this week

Company	RIC	Jan-Sep contracted sales (RMB bn)	YoY	Jan-Sep contracted GFA (000 sqm)	YoY	Sep contracted sales (RMB bn)	YoY	Sep contracted GFA (000 sqm)	YoY
EverGrande	3333.HK	592.3	-	-	-	141.6	-	16417	-
Sunac	1918.HK	380.7	3.0%	27245	7.6%	68.9	9.6%	4906	14.0%
COLI	0688.HK	257.2	4.3%	13707	-0.4%	34.9	20.5%	1575	0.0%
Shimao	0813.HK	201.2	15.7%	11476	18.3%	32.2	0.4%	1846	2.0%
Gemdale	600383.SH	170.1	19.9%	8235	15.9%	25.8	3.2%	1240	-8.3%
Jinmao	0817.HK	161.8	30.7%	8536	52.0%	16.0	2.4%	846	17.2%
Zhongliang	2772.HK	114.7	14.1%	9168	-5.1%	18.2	24.7%	1451	8.0%
GreenTown	3900.HK	113.9	43.3%	4530	44.7%	20.1	68.9%	730	65.9%
Ronshine	3301.HK	100.1	6.5%	4552	2.1%	15.6	15.6%	761	19.6%
ZhenRo	6158.HK	96.2	6.8%	6138	5.4%	14.3	32.0%	815	16.4%
R&F	2777.HK	86.6	-6.4%	7391	-13.4%	14.0	23.9%	1151	11.0%
Mideadc	3990.HK	83.8	18.4%	7405	6.6%	-	-	-	-
Aoyuan	3883.HK	83.4	6.1%	-	-	12.1	13.7%	-	-
Yuzhou	1628.HK	77.1	57.7%	4712	44.5%	11.7	41.8%	726	28.0%
Sino-Ocean	3377.HK	76.0	-14.5%	3854	-12.0%	16.0	18.6%	692	-2.0%
Risesun	002146.SZ	73.7	8.7%	6714	5.9%	7.5	12.5%	746	9.5%
China SCE	1966.HK	69.0	26.3%	4708	7.2%	12.0	84.6%	658	29.5%
Times	1233.HK	59.7	17.9%	4211	24.8%	10.4	37.5%	682	40.9%
RedSun	1996.HK	56.8	29.8%	3970	20.1%	8.8	89.5%	582	66.1%
C&D INTL	1908.HK	56.6	80.9%	3007	75.6%	-	-	-	-
PowerLong	1238.HK	54.3	20.4%	3541	27.2%	8.1	56.1%	-	52.7%
Gemdale PPT	0535.HK	52.7	20.6%	2284	7.0%	9.5	24.2%	526	-7.9%
Dexin	2019.HK	44.2	37.0%	2006	7.6%	6.1	89.8%	301	39.4%
Poly PPT	0119.HK	34.1	18.4%	1906	18.8%	-	-	-	-
Fantasia	1777.HK	32.7	46.4%	2374	18.6%	5.3	109.6%	358	23.1%
Modern Land	1107.HK	26.9	7.2%	2615	9.7%	4.6	46.4%	460	55.2%
REDCO	1622.HK	22.5	34.1%	2826	80.2%	-	-	-	-
Dafa Land	6111.HK	20.1	59.0%	1359	30.2%	-	-	-	-
Jingrui	1862.HK	15.6	1.8%	702	-3.8%	2.5	31.1%	114	16.9%
Yincheng	1902.HK	12.0	-10.8%	678	-13.9%	3.4	-17.7%	211	5.9%
Sunshine 100	2608.HK	5.6	-8.5%	482	-0.4%	1.4	63.2%	127	90.2%
Country Garden	2007.HK	-	-	-	-	64.6	25.3%	7590	31.7%

Source: Wind, company announcements, CWSI Research; note: Country Garden, R&F by attributable scale; The corresponding time interval of Evergrande’s cumulative sales data is this year as of October 8, 2020, and the corresponding time interval of September sales data is from September 1, 2020 to October 8, 2020.

3.3 Company news and announcements

Table 17: Company news and announcements: Agile issued USD 300 mn 6.05% senior notes due 2025

Date	Company	Summary
2020-10-05	Justbon	The company acquired 90% of each of Shanghai Yizhen Property Management Co., Ltd. and Shanghai Huaxin Property Management Co., Ltd. for RMB 210 mn.
2020-10-06	Kaisa	The wholly-owned subsidiary subscribed for 16.051 mn shares of Nam Tai Property Inc for US$150 million. After the subscription is completed, the company owns approximately 43.9% of its equity.
2020-10-08	Agile	Issued USD 300 mn 6.05% senior notes due 2025.
2020-10-08	Sunac	Repurchase USD 30 mn 8.375% senior notes due in Jan 2021.
2020-10-08	COLI	In September 2020, the company obtained 7 real estate projects in Beijing, Wuxi, Jinan, Dongguan and Xiamen.
2020-10-09	Gemdale	In September 2020, the company obtained 6 real estate projects in Dongguan, Tianjin, Yangzhou, Yinchuan, Chengdu and Yancheng.
2020-10-09	Risesun	In September 2020, the company obtained 1 real estate project in Shijiazhuang.
2020-10-09	BRC	In September 2020, the company obtained 3 real estate projects in Nanchong, Xi'an and Dongyang.

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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