

# China / Hong Kong Industry Focus

# China Property Weekly Digest

(Issue No. 388)

Refer to important disclosures at the end of this report

DBS Group Research. Equity

16 Mar 2022

## AMC preparing to support the sector via M&A

- Subsequent to Orient AMC last month, Great Wall AMC has obtained approval for a Rmb10bn bond issue in the interbank market for acquisition of quality assets from distressed developers
- MTD Average weekly GFA sold in 26 cities we track fell 42.9% y-o-y in Mar-22
- Average short-selling interest in the sector reached 5-year high at 19% last week. Average southbound interest up 14bps to 7.38%
- Sector top picks: [COLI \(688 HK\)](#), [COGO \(81 HK\)](#), [Longfor \(960 HK\)](#), [Yuexiu Property \(123 HK\)](#) and [CR Land \(1109 HK\)](#)

HSI: 18,415

### ANALYST

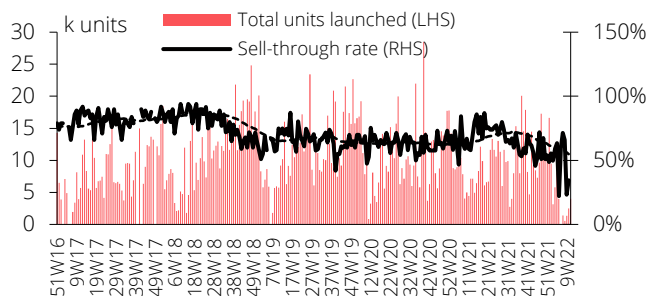
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### Weekly sales performance (Mar 7 - Mar 13)

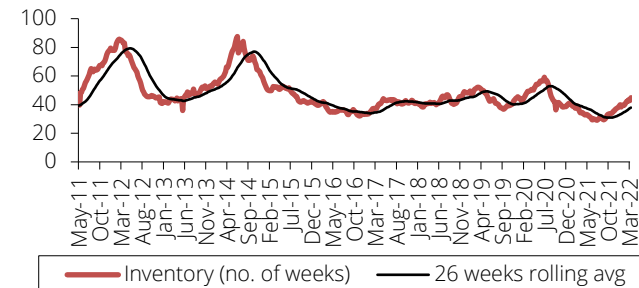
	w-o-w	MTD vs Avg of Mar-21	MTD vs same period Mar-21
Avg weekly GFA sold	↓ 14.6%	↓ 46.6%	↓ 42.9%
Inventory (no. of weeks)	↑ 2.1		

	YTD vs same period 2021	YTD vs 2021
YTD GFA sold	↓ 36.5%	↓ 36.5%

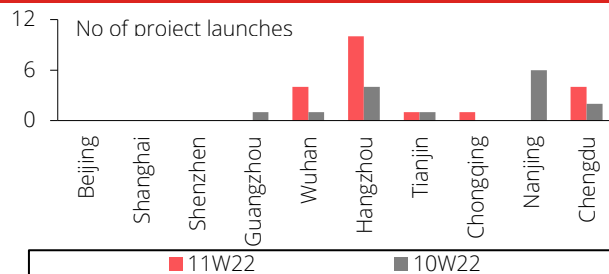
### New launches in 10 major cities and sell-through rate



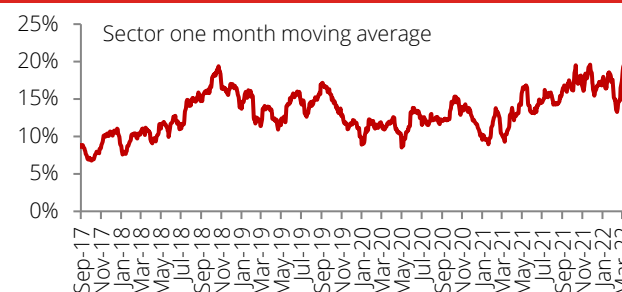
### Inventory in key cities



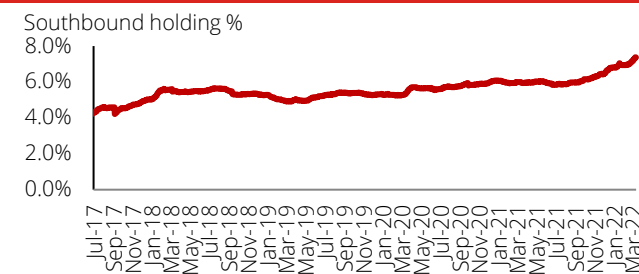
### Project launches in key Tier 1/2 cities



### Average short selling interest as % of trading volume



### Overall southbound shareholding in CCASS

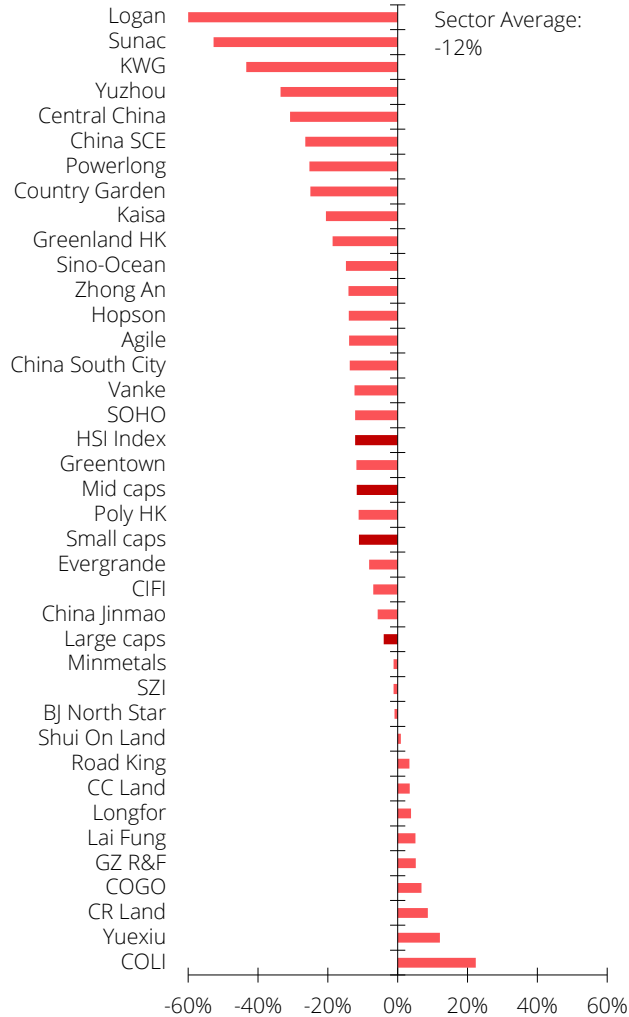


Source: CREIS, Fang.com, Bloomberg Finance L.P., Thomson Reuters, DBS Bank (Hong Kong) Limited ("DBS HK")

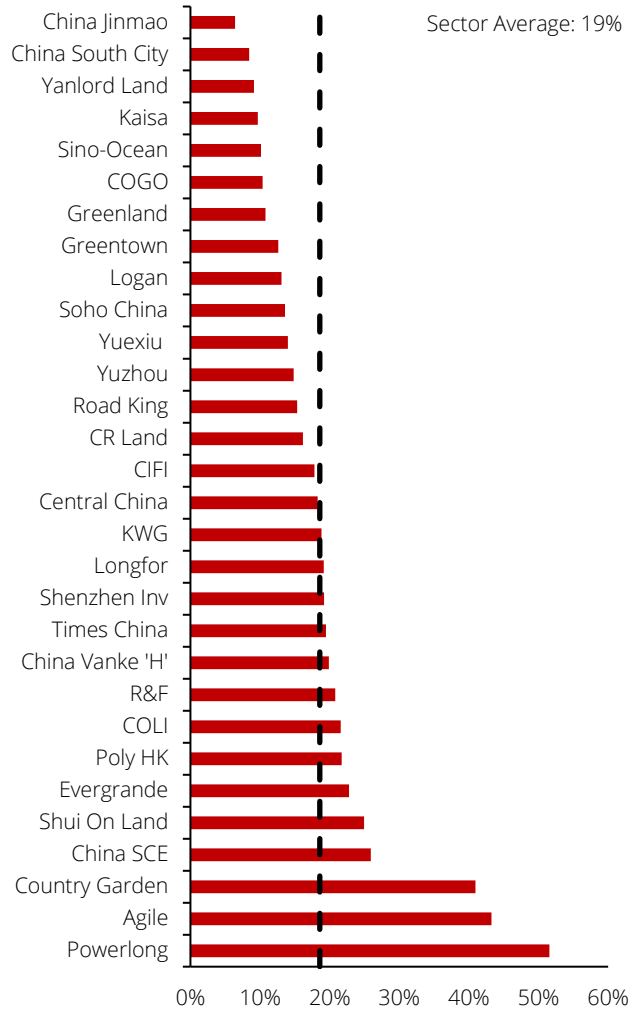


Live more, Bank less

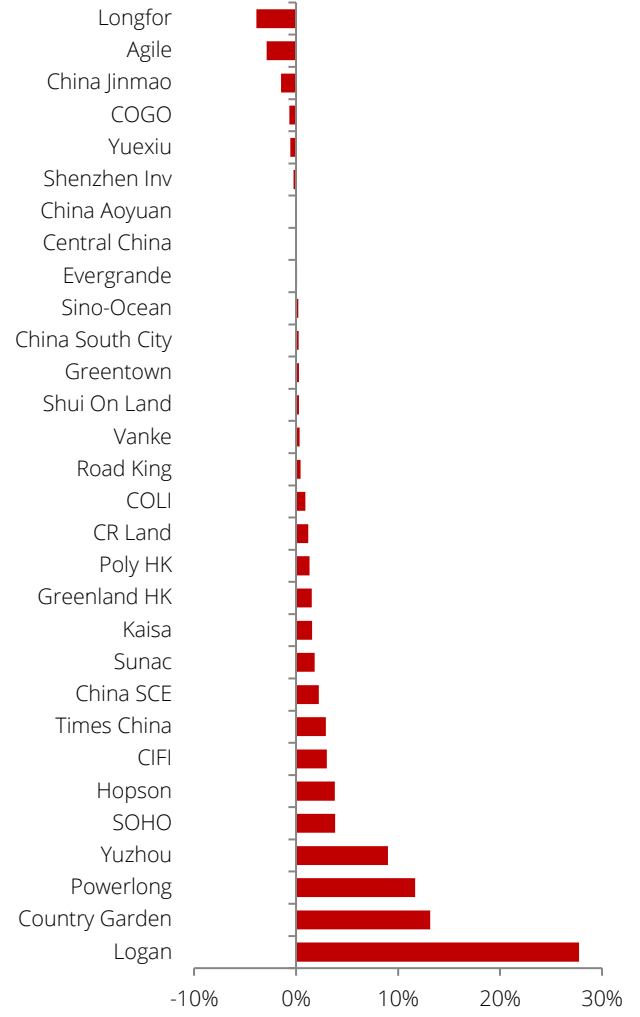
YTD share price performances



Average short-selling interests (Mar 7 - Mar 11)



w-o-w% change of southbound shareholding



Source: Bloomberg Finance L.P., Thomson Reuters, DBS Bank (Hong Kong) Limited ("DBS HK")

Valuation comparison

Company Name	Code	15-Mar	3-mth daily		12-m	EPS gth		PE		Yield		ROE		Net	P/Bk	Disc/		
		Price	Mkt Cap	trading value		Recom	target	21F	22F	21F	22F	21F	22F	21F		22F	Gearing	NAV
		HK\$	US\$bn	US\$m	HK\$	%	%	x	x	%	%	%	%	%	x	HK\$	%	
<b>Large cap</b>																		
China Overseas*	688 HK	19.44	27.2	70.2	BUY	26.77	1	3	4.5	4.4	6.3	6.7	11.2	10.7	32.5	0.5	46.4	58.1
CR Land*	1109 HK	31.00	28.3	53.9	BUY	49.30	10	5	6.7	6.4	5.5	5.8	11.9	11.5	37.5	0.8	62.7	50.5
China Vanke 'H'*	2202 HK	13.18	26.0	22.0	BUY	34.45	9	4	2.9	2.8	11.9	12.4	17.8	16.6	20.2	0.5	41.1	67.9
Country Garden*	2007 HK	3.76	11.1	39.9	BUY	12.46	7	12	1.9	1.7	15.1	17.0	18.8	18.5	49.7	0.3	25.0	85.0
Longfor*	960 HK	28.30	22.0	38.5	BUY	54.63	11	13	6.4	5.6	7.1	8.0	19.0	19.3	46.0	1.2	72.1	60.8
Sunac China*	1918 HK	3.67	2.6	123.0	BUY	47.50	9	9	0.4	0.4	53.8	58.8	23.9	21.9	86.6	0.1	52.9	93.1
<b>Average</b>							<b>8.4</b>	<b>8.0</b>	<b>3.4</b>	<b>3.1</b>	<b>21.4</b>	<b>23.4</b>	<b>16.8</b>	<b>16.2</b>	<b>47.1</b>	<b>0.5</b>		<b>72.6</b>
<b>Mid cap</b>																		
Agile Property*	3383 HK	3.14	1.6	7.9	BUY	15.54	10	5	1.1	1.0	37.3	37.3	13.7	13.3	69.9	0.1	13.3	76.4
China Jinmao Hldgs*	817 HK	1.76	2.9	6.6	HOLD	3.00	41	16	3.2	2.7	13.4	15.1	11.5	12.5	47.2	0.3	9.0	80.4
CIFI Holdings*	884 HK	2.71	3.0	16.6	BUY	8.66	14	15	1.9	1.7	18.1	20.8	23.6	23.2	63.7	0.4	8.3	67.3
Seazen	1030 HK	2.46	2.0	6.7	NR	n.a.	(4)	(3)	1.3	1.3	21.9	21.4	20.8	18.5	65.2	0.3	n.a.	n.a.
Guangzhou R&F	2777 HK	2.69	1.3	6.3	NR	n.a.	(45)	(8)	1.6	1.7	12.0	15.8	5.0	4.9	123.5	0.1	n.a.	n.a.
KWG Property	1813 HK	2.35	1.0	7.0	NR	n.a.	3	5	0.9	0.8	33.3	34.2	14.5	13.7	54.1	0.1	n.a.	n.a.
Logan Property*	3380 HK	1.33	1.0	14.7	BUY	7.55	(6)	(5)	0.5	0.6	57.4	54.3	25.8	21.3	66.3	0.1	39.7	96.6
Shenzhen Inv	604 HK	1.52	1.7	1.1	NR	n.a.	18	10	3.1	2.8	12.4	13.2	8.5	8.4	22.9	0.2	n.a.	n.a.
Sino-Ocean Land	3377 HK	1.36	1.3	1.8	NR	n.a.	(21)	3	3.7	3.6	11.9	12.5	4.2	4.2	66.8	0.2	n.a.	n.a.
Times China*	1233 HK	1.74	0.5	4.1	BUY	13.47	2	11	0.5	0.5	58.8	65.1	24.6	23.0	68.7	0.1	27.7	93.7
Yuexiu Property*	123 HK	6.91	2.7	2.6	BUY	10.50	7	4	4.0	3.9	9.9	10.3	9.1	8.9	49.8	0.4	14.8	53.3
<b>Average</b>							<b>1.4</b>	<b>4.8</b>	<b>1.8</b>	<b>1.7</b>	<b>30.1</b>	<b>31.5</b>	<b>15.4</b>	<b>14.4</b>	<b>64.9</b>	<b>0.2</b>		<b>78.0</b>

^ Denominated in SGD for price; ~ Simple average discount to NAV; Market cap weighted average NAV = 65%; # Exclude outliers ~ Gross Gearing; ^^ FY21: FY22; FY22: FY23

Source: Thomson Reuters, \*DBS HK

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		HK\$	US\$bn	US\$m	HK\$	%	%	x	x	%	%	%	%	1H21	x	HK\$	%	
<b>Small cap</b>																		
Central China*	832 HK	0.53	0.2	0.9	BUY	2.34	(27)	12	0.9	0.8	52.8	41.4	10.9	10.8	92.6	0.1	6.8	92.2
China Merchants Land	978 HK	0.67	0.4	0.1	NR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	9.1	n.a.	23.9	n.a.	n.a.
China SCE	1966 HK	1.07	0.6	1.6	NR	n.a.	1	11	0.9	0.8	28.1	30.8	16.3	16.3	77.9	0.2	n.a.	n.a.
COGO*	81 HK	3.50	1.5	3.1	BUY	6.52	14	8	2.0	1.8	12.1	13.1	18.6	17.4	48.0	0.3	12.3	71.6
Gemdale Props	535 HK	0.62	1.3	1.4	NR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	68.0	n.a.	n.a.	n.a.
Greenland	337 HK	1.03	0.4	0.2	NR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	57.5	0.4	n.a.	n.a.
Greentown	3900 HK	8.69	2.8	10.1	NR	n.a.	20	16	5.6	4.8	5.5	6.3	9.5	9.6	120.8	0.4	n.a.	n.a.
Hopson Dev	754 HK	11.68	3.5	5.0	NR	n.a.	(18)	3	2.5	2.5	9.5	9.8	9.4	8.7	75.3	0.5	n.a.	n.a.
Joy City	207 HK	0.29	0.5	0.2	NR	n.a.	16	(7)	3.0	3.2	13.5	n.a.	n.a.	n.a.	69.0	n.a.	n.a.	n.a.
Kaisa Group	1638 HK	0.52	0.5	2.5	NR	n.a.	(67)	14	1.5	1.3	49.4	63.1	6.5	7.5	96.6	0.1	n.a.	n.a.
LVGEM*	95 HK	0.63	0.4	2.4	BUY	2.74	n.a.	n.a.	n.a.	n.a.	0.0	0.0	(2.7)	(3.0)	77.6	0.1	10.3	93.9
Minmetals Land	230 HK	0.73	0.3	0.0	NR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	63.9	n.a.	n.a.	n.a.
Modern Land (China)	1107 HK	0.09	0.0	0.1	NR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	93.0	0.0	n.a.	n.a.
Poly (Hong Kong)	119 HK	1.50	0.7	1.1	NR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	124.4	n.a.	n.a.	n.a.
Powerlong	1238 HK	2.22	1.2	2.1	NR	n.a.	(28)	17	1.7	1.4	23.5	26.6	12.3	12.1	79.4	0.4	n.a.	n.a.
Road King	1098 HK	6.73	0.6	0.2	NR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	103.4	n.a.	n.a.	n.a.
Ronshine China	3301 HK	1.98	0.4	0.9	NR	n.a.	(37)	26	2.0	1.6	16.9	17.1	4.1	4.1	75.5	n.a.	n.a.	n.a.
Shui On Land	272 HK	0.94	1.0	0.7	NR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	43.5	n.a.	n.a.	n.a.
Soho China	410 HK	1.28	0.9	1.3	NR	n.a.	(51)	0	20.7	20.7	n.a.	n.a.	0.7	0.8	41.6	n.a.	n.a.	n.a.
Yanlord Land**	YLLG SP	1.13	1.6	1.0	BUY	1.43	54	6	4.1	3.9	6.3	6.3	8.1	7.4	49.9	0.3	4.0	71.7
Yuzhou Group*	1628 HK	0.37	0.3	0.7	SELL	1.31	99	8	1.3	1.2	84.4	84.4	6.3	6.4	89.5	0.1	7.8	95.2
Zhenro Properties	6158 HK	0.44	0.2	11.0	NR	n.a.	(10)	(46)	0.7	1.3	16.9	25.3	4.9	3.0	62.0	0.1	n.a.	n.a.
Zhong An	672 HK	0.280	0.2	0.0	NR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	83.9	n.a.	n.a.	n.a.
Zhongliang Holdings*	2772 HK	2.04	0.9	0.8	BUY	5.93	9	9	1.4	1.3	27.3	29.8	6.3	6.4	56.1	0.4	23.9	91.5
<b>Average#</b>							<b>(11.3)</b>	<b>7.7</b>	<b>2.0</b>	<b>1.9</b>	<b>23.5</b>	<b>25.6</b>	<b>9.2</b>	<b>9.0</b>	<b>82.3</b>	<b>0.2</b>		<b>84.9</b>
<b>Average (Overall)#</b>							<b>(1.6)</b>	<b>6.6</b>	<b>2.3</b>	<b>2.1</b>	<b>25.6</b>	<b>27.5</b>	<b>13.1</b>	<b>12.6</b>	<b>71.5</b>	<b>0.3</b>		<b>78.6~</b>

^ Denominated in SGD for price; ~ Simple average discount to NAV; Market cap weighted average NAV = 65%; # Exclude outliers ~ Gross Gearing; ^^ FY21: FY22; FY22: FY23

Source: Thomson Reuters, \*DBS HK

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**STRONG BUY** (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

**BUY** (>15% total return over the next 12 months for small caps, >10% for large caps)

**HOLD** (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

**FULLY VALUED** (negative total return, i.e., > -10% over the next 12 months)

**SELL** (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

\*Share price appreciation + dividends

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