

# China / Hong Kong Industry Focus

## China Property Weekly Digest

(Issue No. 398)

Refer to important disclosures at the end of this report

DBS Group Research. Equity

1 Jun 2022

### Secondary market recovering as lockdown restrictions lift

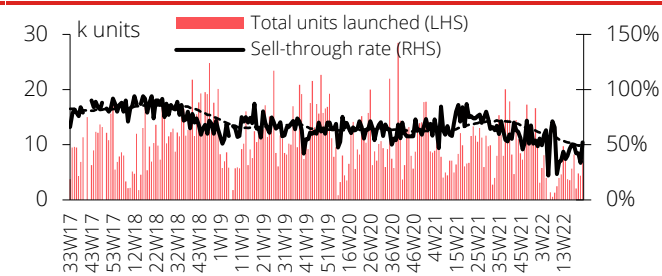
- Secondary market turnover in May in 50 key cities tracked by Beike fell c.40% y-o-y but grew 14% m-o-m, sales in Shenyang, Changchun, Harbin, Suzhou, Wuxi, Xuzhou rebounded >100% m-o-m after lifting lockdown measures
- MTD average weekly GFA sold in 27 cities we track fell 52.5% y-o-y but was up 10.8% w-o-w last week; average sell-through rate for new project launches in 10 key Tier 1 and 2 cities rebounded to 52%
- Average short-selling interest edged up 2bps to 17% last week. Average southbound trading rose 4bps to 7.77%
- Sector top picks: [COLI \(688 HK\)](#), [COGO \(81 HK\)](#), [Longfor \(960 HK\)](#), [Yuexiu Property \(123 HK\)](#) and [CR Land \(1109 HK\)](#)

#### Weekly sales performance (May 23 – May 29)

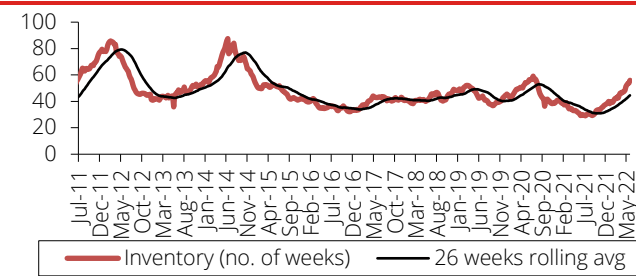
	w-o-w	MTD vs Avg of May-21	MTD vs same period May-21
Avg weekly GFA sold	↑ 10.8%	↓ 52.5%	↓ 52.2%
Inventory (no. of weeks)	↑ 0.3		

	YTD vs same period 2021	YTD vs 2021
YTD GFA sold	↓ 44.4%	↓ 40.1%

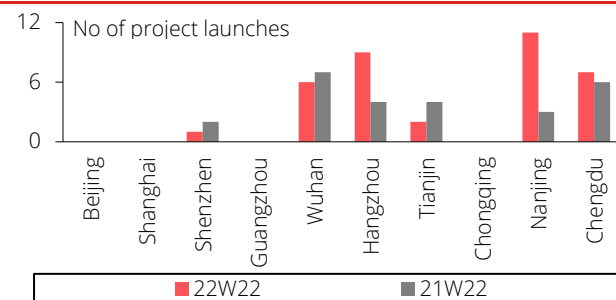
#### New launches in 10 major cities and sell-through rate



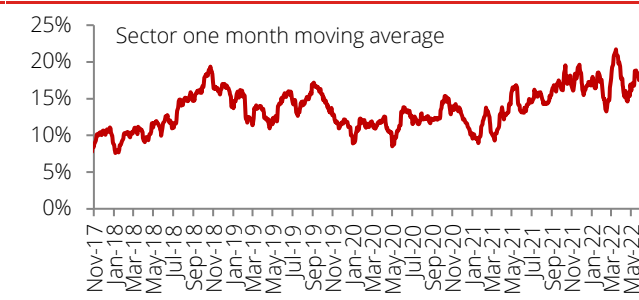
#### Inventory in key cities



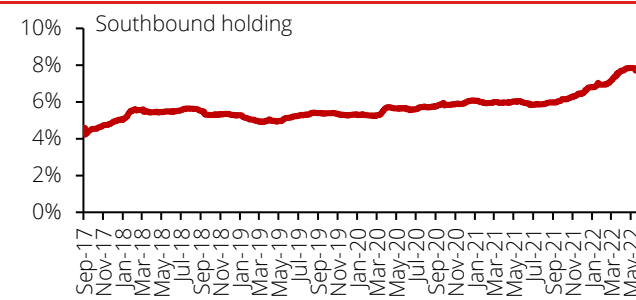
#### Project launches in key Tier 1/2 cities



#### 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")

HSI: 21,415

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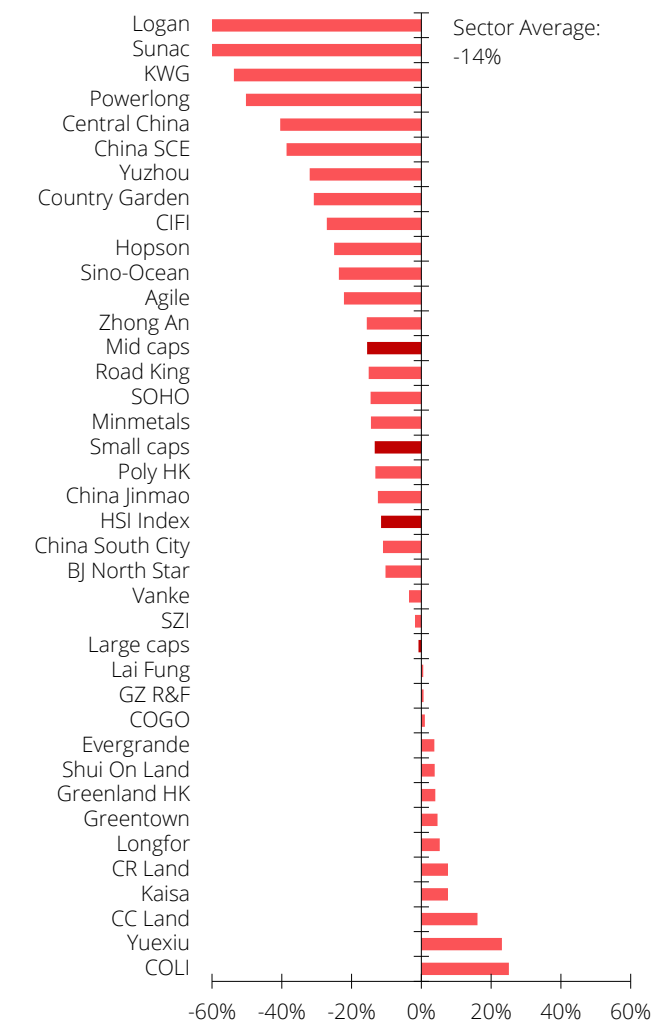
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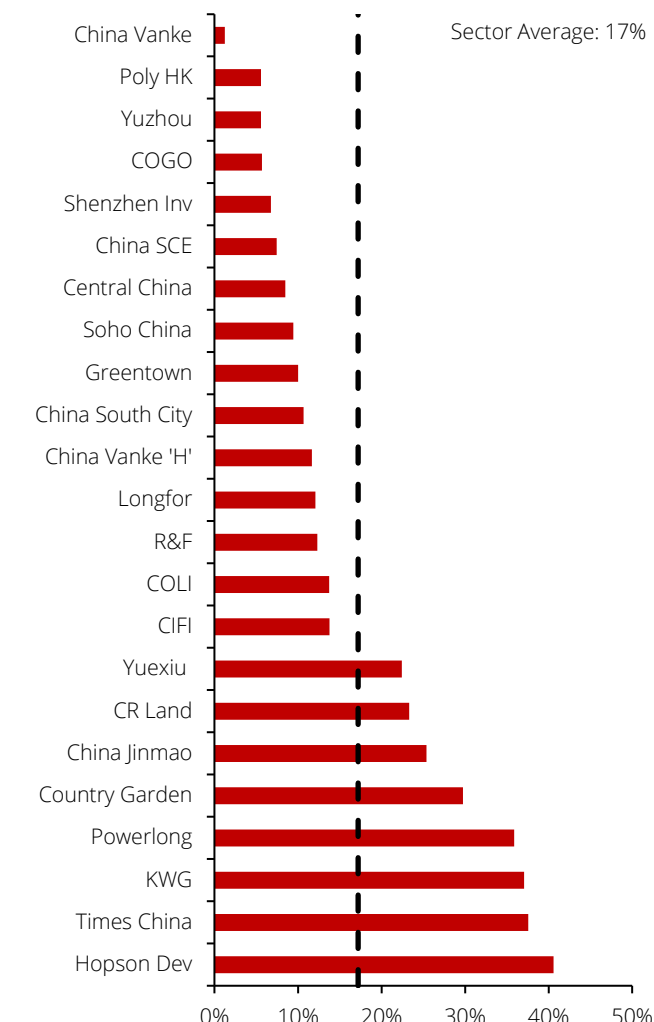


Live more, Bank less

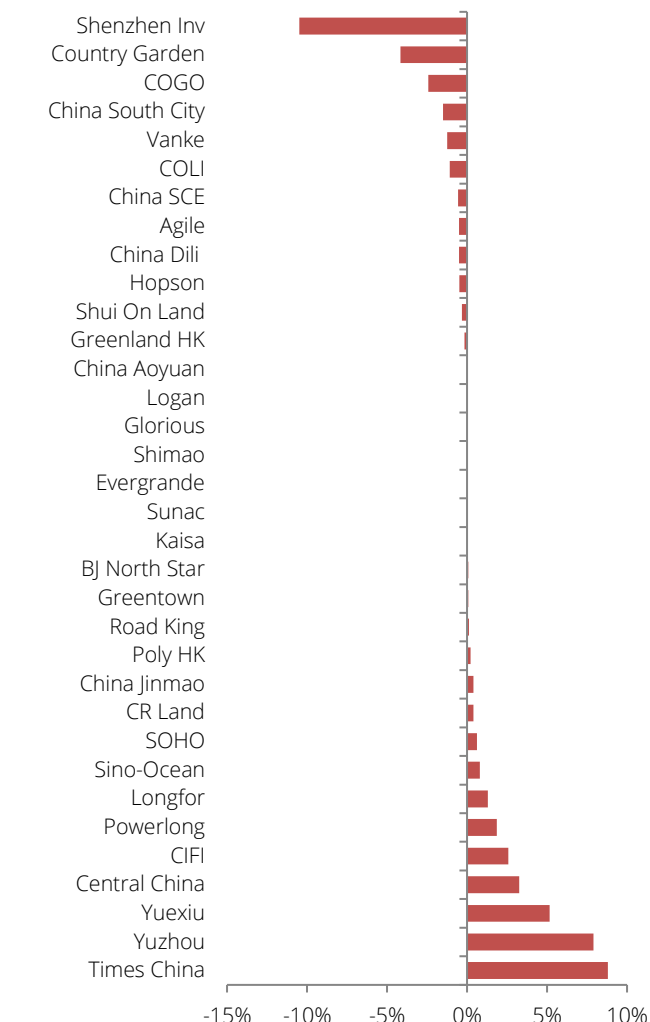
YTD share price performances



Average short-selling interests (May 23 – May 27)



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	31-May Price HK\$	Mkt Cap US\$bn	3-mth	12-m Recom target HK\$	EPS 22F %	gth 23F %	PE 22F x	PE 23F x	Yield 22F %	Yield 23F %	ROE 22F %	ROE 23F %	Net Gearing Dec-21 %	P/Bk 22F x	NAV HK\$	Disc/	
				daily													(Prem)	
				trading value US\$m													to NAV	
Large cap																		
China Overseas*	688 HK	22.80	31.8	90.5	BUY	31.89	(4)	(0)	6.1	6.1	4.9	4.9	9.5	8.9	24.5	0.6	50.7	55.0
CR Land*	1109 HK	35.00	31.8	56.9	BUY	50.93	10	9	7.3	6.7	5.1	5.6	11.8	11.8	24.4	0.9	66.9	47.7
China Vanke 'H'	2202 HK	17.36	30.2	25.7	BUY	34.45	23	6	6.2	5.9	6.0	9.6	10.6	10.2	30.1	0.7	41.1	57.7
Country Garden*	2007 HK	4.92	14.5	58.2	BUY	8.62	(5)	(5)	3.6	3.8	7.3	6.9	12.3	10.7	45.4	0.4	17.1	71.2
Longfor*	960 HK	39.15	30.3	40.7	BUY	55.56	11	10	8.1	7.4	5.6	6.1	18.9	18.7	46.7	1.5	81.4	51.9
Average						6.9	3.8	6.2	6.0	5.8	6.6	12.6	12.1	34.2	0.8	56.7		
Mid cap																		
China Jinmao Hldgs*	817 HK	2.12	3.4	9.3	HOLD	3.00	19	10	4.1	3.7	9.4	10.0	9.4	8.9	63.0	0.4	9.0	76.4
CIFI Holdings*	884 HK	3.41	3.8	31.0	BUY	5.09	(13)	3	3.8	3.7	4.8	5.0	15.5	14.2	67.2	0.6	6.2	45.0
Seazen	1030 HK	3.33	2.8	12.2	NR	n.a.	(15)	0	2.4	2.4	9.9	9.9	15.0	12.0	49.8	0.4	n.a.	n.a.
Guangzhou R&F	2777 HK	2.79	1.3	6.2	NR	n.a.	n.a.	12	3.0	2.7	3.8	0.6	3.4	1.7	123.3	0.1	n.a.	n.a.
Shenzhen Inv	604 HK	1.69	1.9	1.2	NR	n.a.	n.a.	9	3.6	3.3	8.8	9.7	8.5	8.4	28.2	0.3	n.a.	n.a.
Yuexiu Property*	123 HK	8.53	3.4	4.1	BUY	10.12	5	6	5.1	4.9	7.8	8.2	8.8	8.8	47.1	0.5	32.9	74.0
Average						-0.8	6.0	3.6	3.4	7.8	7.7	9.3	8.3	66.3	0.3	65.2		

^ Denominated in SGD for price; ~ Simple average discount to NAV; Market cap weighted average NAV = 59%; # Exclude outliers ~ Gross Gearing; ^^ FY22: FY23; FY23: FY24

Source: Thomson Reuters, \*DBS HK

## Valuation comparison

Company Name	Code	31-May Price HK\$	Mkt Cap US\$bn	3-mth daily trading value US\$m	Recom	12-m target HK\$	EPS gth 22F %	23F %	PE 22F x	PE 23F x	Yield 22F %	Yield 23F %	ROE 22F %	ROE 23F %	Net Gearing Dec-21 %	P/Bk 22F x	NAV HK\$	Disc/ (Prem) to NAV %
<b>Small cap</b>																		
China Merchants Land	978 HK	0.68	0.4	0.2	NR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	8.8	n.a.	65.3	n.a.	n.a.	n.a.
China SCE	1966 HK	1.16	0.6	1.4	NR	n.a.	2	1	1.3	1.3	17.4	17.1	11.8	11.1	70.7	0.2	n.a.	n.a.
COGO*	81 HK	4.00	1.7	3.4	BUY	7.03	7	3	2.2	2.2	9.0	9.3	17.1	15.3	35.6	0.4	16.8	76.2
Gemdale Props	535 HK	0.76	1.6	2.3	NR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	54.2	n.a.	n.a.	n.a.
Greenland	337 HK	1.51	0.5	0.9	NR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	59.6	0.5	n.a.	n.a.
Greentown	3900 HK	13.60	4.4	15.7	NR	n.a.	44	18	6.1	5.2	5.0	6.0	12.6	12.7	52.0	0.7	n.a.	n.a.
Hopson Dev	754 HK	12.78	3.9	4.7	NR	n.a.	(48)	(3)	6.6	6.8	6.2	6.4	4.8	4.6	69.8	0.5	n.a.	n.a.
Joy City	207 HK	0.30	0.5	0.2	NR	n.a.	54	31	4.2	3.2	5.1	n.a.	n.a.	n.a.	89.3	n.a.	n.a.	n.a.
LVGEM*	95 HK	0.86	0.6	2.4	BUY	2.74	n.a.	n.a.	n.a.	12.4	0.0	0.0	n.a.	1.2	72.8	0.2	10.3	91.6
Minmetals Land	230 HK	0.72	0.3	0.0	NR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	68.6	n.a.	n.a.	n.a.
Poly (Hong Kong)	119 HK	1.88	0.9	1.5	NR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	102.7	n.a.	n.a.	n.a.
Powerlong	1238 HK	2.11	1.1	5.3	NR	n.a.	(29)	4	1.8	1.7	18.1	16.9	8.5	7.2	88.1	0.3	n.a.	n.a.
Road King	1098 HK	6.05	0.6	0.2	NR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	149.3	n.a.	n.a.	n.a.
Ronshine China	3301 HK	2.09	0.4	0.8	NR	n.a.	(43)	2	3.9	3.9	8.3	8.6	4.1	n.a.	66.4	n.a.	n.a.	n.a.
Shui On Land	272 HK	1.11	1.1	1.1	NR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	45.3	n.a.	n.a.	n.a.
Yanlord Land*^	YLLG SP	1.12	1.6	1.4	BUY	1.43	6	5	4.1	3.9	6.1	6.1	7.4	7.3	48.4	0.3	3.3	66.2
Zhenro Properties	6158 HK	0.57	0.3	6.7	NR	n.a.	202	(60)	0.8	2.1	18.6	n.a.	4.4	3.6	159.4	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.	77.5	n.a.	n.a.	n.a.
<b>Average#</b>							<b>20.4</b>	<b>0.8</b>	<b>3.2</b>	<b>4.0</b>	<b>11.1</b>	<b>11.2</b>	<b>8.6</b>	<b>7.7</b>	<b>74.2</b>	<b>0.4</b>	<b>81.4</b>	
<b>Average (Overall)#</b>							<b>11.9</b>	<b>3.0</b>	<b>4.2</b>	<b>4.4</b>	<b>8.1</b>	<b>7.9</b>	<b>9.9</b>	<b>9.1</b>	<b>67.0</b>	<b>0.5</b>	<b>64.8~</b>	

^ Denominated in SGD for price; ~ Simple average discount to NAV; Market cap weighted average NAV = 59%; # Exclude outliers ~~Gross Gearing; ^^ FY22: FY23; FY23: FY24

Source: Thomson Reuters, \*DBS HK

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**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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