

# China Property Weekly Digest

(Issue No. 403)

Refer to important disclosures at the end of this report

DBS Group Research. Equity

6 Jul 2022

## Marking a decent start for July

- Sales recovery extended its momentum, with MTD average weekly GFA sold in 27 cities we track last week rose by another c.21% w-o-w and came in flat vs the same period in Jul-21
- Inventory level for the 7 cities we track dropped c.4 weeks to 52 weeks, with Beijing and Suzhou posted the largest improvements last week.
- Average short-selling interest fell 1pct to 9% last week; average southbound interest rose 2bps to 7.99%
- Sector top picks: [COLI \(688 HK\)](#), [COGO \(81 HK\)](#), [Longfor \(960 HK\)](#), [CR Land \(1109 HK\)](#), and [Yuexiu Property \(123 HK\)](#)

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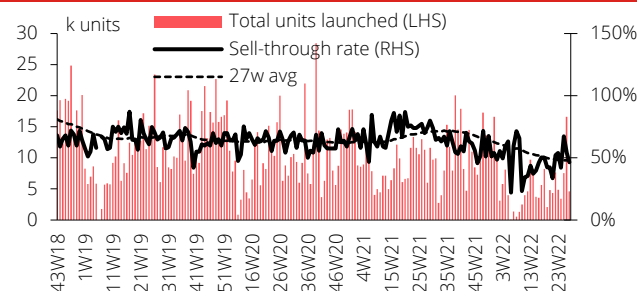
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### Weekly sales performance (Jun 27 – Jul 3)

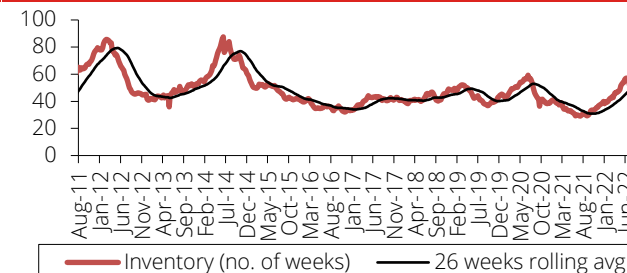
	w-o-w	MTD vs Avg of Jul-21	MTD vs same period Jul-21
Avg weekly GFA sold	↑ 20.6%	↑ 20.3%	↑ 0.3%
Inventory (no. of weeks)	↓ 4.0		

	YTD vs same period 2021	YTD vs 2021
YTD GFA sold	↓ 38.9%	↓ 32.8%

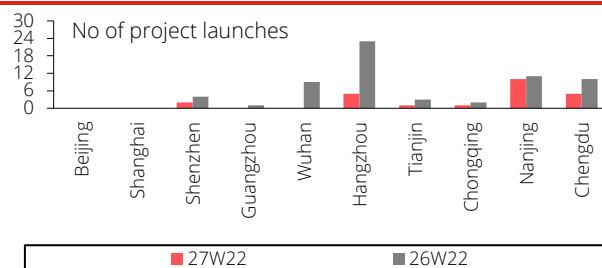
### New launches in 10 major cities and sell-through rate



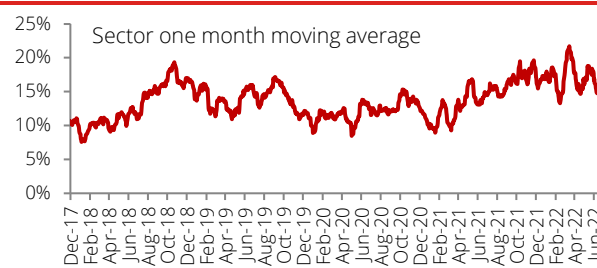
### Inventory in key cities



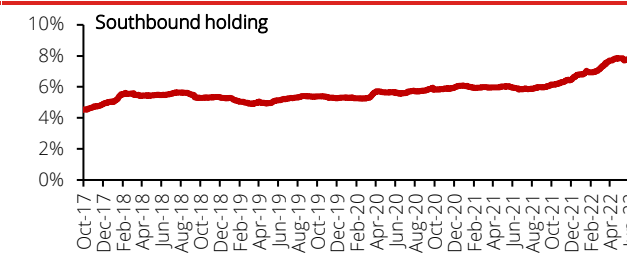
### Project launches in key Tier 1/2 cities



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



### Overall southbound shareholding in CCASS

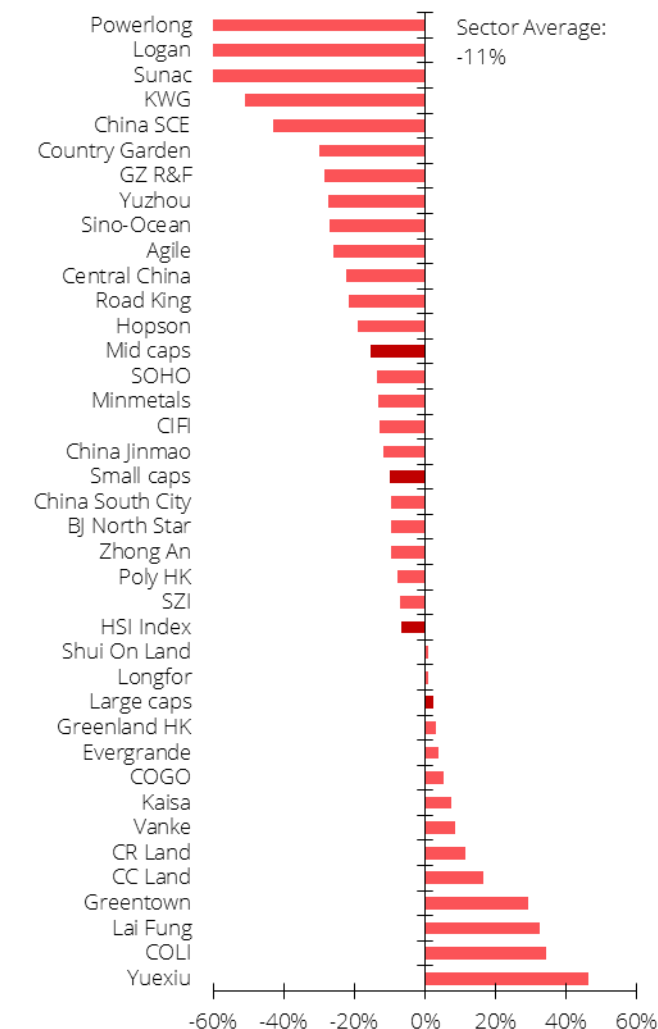


Source: CREIS, Fang.com, Bloomberg Finance L.P., Thomson Reuters, DBS Bank (Hong Kong) Limited ("DBS HK")

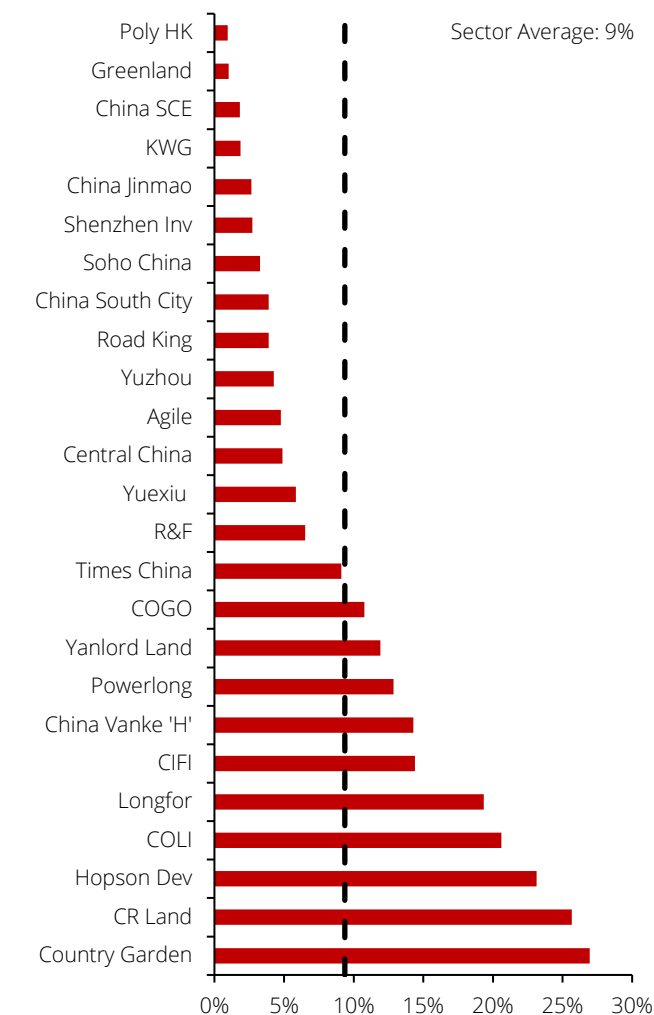


Live more, Bank less

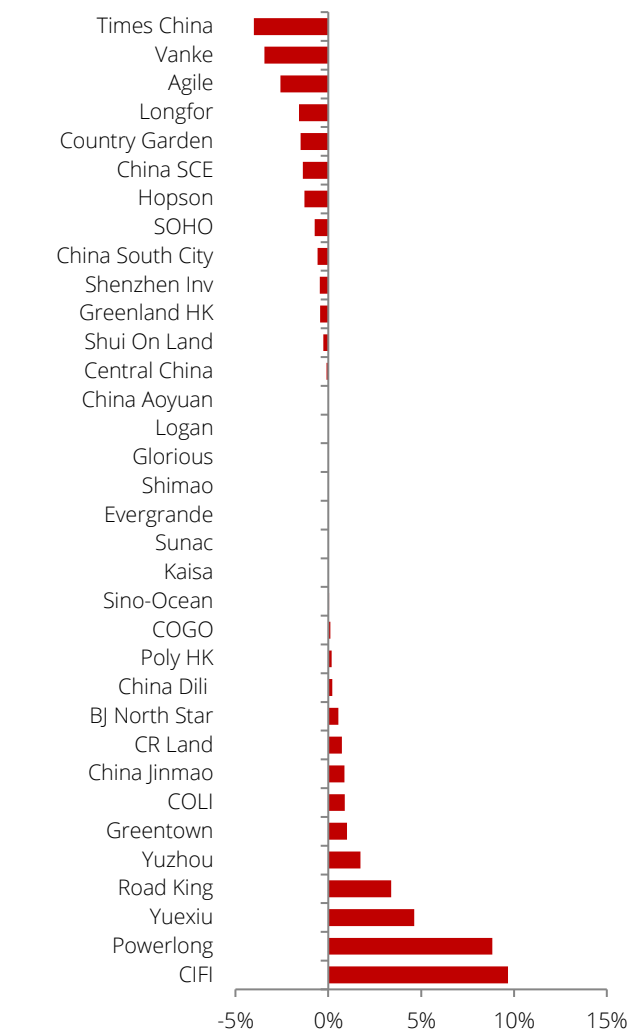
YTD share price performances



Average short-selling interests (Jun 27 - Jun 30)



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	5-Jul Price HK\$	Mkt Cap US\$bn	3-mth daily trading value US\$m	Recom	12-m 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/ (Prem) to NAV %
<b>Large cap</b>																		
China Overseas*	688 HK	24.60	34.3	83.4	BUY	31.89	(4)	(0)	6.6	6.6	4.5	4.5	9.5	8.9	24.5	0.6	50.7	51.5
CR Land*	1109 HK	36.70	33.3	48.2	BUY	50.93	10	9	7.7	7.0	4.8	5.3	11.8	11.8	24.4	0.9	66.9	45.1
China Vanke 'H'	2202 HK	19.36	33.8	20.1	BUY	34.45	15	5	7.4	7.0	4.9	8.6	10.1	10.1	30.1	0.8	41.1	52.8
Country Garden*	2007 HK	4.65	13.7	38.2	BUY	8.62	(5)	(5)	3.4	3.6	7.7	7.3	12.3	10.7	45.4	0.4	17.1	72.8
Longfor*	960 HK	36.20	28.0	32.9	BUY	55.56	11	10	7.5	6.9	6.0	6.6	18.9	18.7	46.7	1.4	81.4	55.5
<b>Average</b>							<b>5.4</b>	<b>3.7</b>	<b>6.5</b>	<b>6.2</b>	<b>5.6</b>	<b>6.4</b>	<b>12.5</b>	<b>12.0</b>	<b>34.2</b>	<b>0.8</b>		<b>55.6</b>
<b>Mid cap</b>																		
China Jinmao Hldgs*	817 HK	2.07	3.3	7.9	HOLD	3.00	20	9	4.0	3.7	9.4	10.1	9.4	8.9	63.0	0.4	9.0	77.0
CIFI Holdings*	884 HK	3.73	4.3	21.2	BUY	4.90	(13)	3	4.2	4.0	4.4	4.5	15.5	14.2	67.2	0.6	6.2	39.8
Seazen	1030 HK	3.54	2.9	7.7	NR	n.a.	(17)	(1)	2.6	2.7	9.8	9.7	14.4	11.4	49.8	0.4	n.a.	n.a.
Guangzhou R&F	2777 HK	1.91	0.9	5.3	NR	n.a.	n.a.	20	2.3	1.9	6.7	1.0	3.4	1.7	123.3	0.1	n.a.	n.a.
Shenzhen Inv	604 HK	1.54	1.7	0.9	NR	n.a.	n.a.	9	3.2	3.0	9.6	10.6	8.5	8.4	28.2	0.3	n.a.	n.a.
Yuexiu Property*	123 HK	10.00	3.9	5.9	BUY	10.12	5	6	6.1	5.7	6.6	7.0	8.8	8.8	47.1	0.5	32.9	69.6
<b>Average</b>							<b>-1.1</b>	<b>6.7</b>	<b>3.7</b>	<b>3.4</b>	<b>8.0</b>	<b>7.5</b>	<b>9.2</b>	<b>8.2</b>	<b>66.3</b>	<b>0.3</b>		<b>62.1</b>

^ Denominated in SGD for price; ~ Simple average discount to NAV; Market cap weighted average NAV = 58%; # Exclude outliers ~~Gross Gearing; ^^ FY22: FY23; FY23: FY24

Source: Thomson Reuters, \*DBS HK

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<b>Small cap</b>																		
Central China*	832 HK	0.68	0.3	0.6	BUY	1.29	25	23	8.7	7.1	0.0	0.0	1.9	2.1	94.9	0.2	6.8	90.0
China Merchants Land	978 HK	0.69	0.4	0.1	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	0.92	0.5	1.4	NR	n.a.	2	1	1.1	1.0	21.9	21.5	11.8	11.1	70.7	0.1	n.a.	n.a.
COGO*	81 HK	4.03	1.8	2.5	BUY	7.03	7	3	2.3	2.2	8.9	9.2	17.1	15.3	35.6	0.4	16.8	76.0
Gemdale Props	535 HK	0.70	1.5	1.7	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	1.43	0.5	0.7	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	17.04	5.4	14.5	NR	n.a.	48	18	7.5	6.4	3.9	4.7	12.3	11.9	52.0	0.9	n.a.	n.a.
Hopson Dev	754 HK	11.56	3.8	2.9	NR	n.a.	(48)	(3)	6.6	6.8	6.3	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.	51	33	4.3	3.2	0.0	n.a.	n.a.	n.a.	89.3	n.a.	n.a.	n.a.
LVGEM*	95 HK	1.13	0.7	2.4	BUY	1.89	n.a.	n.a.	n.a.	n.a.	0.0	0.0	n.a.	(3.3)	72.8	0.2	10.3	89.0
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	1.84	0.9	1.1	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	1.31	0.7	4.6	NR	n.a.	(35)	2	1.2	1.2	29.1	25.7	7.8	7.5	88.1	0.2	n.a.	n.a.
Road King	1098 HK	5.38	0.5	0.1	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	1.65	0.4	0.8	NR	n.a.	80	26	1.0	0.8	29.7	37.3	13.8	n.a.	66.4	n.a.	n.a.	n.a.
Shui On Land	272 HK	1.04	1.1	0.7	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	1.07	1.5	1.0	BUY	1.43	6	5	3.8	3.6	6.5	6.5	7.4	7.3	48.4	0.3	3.3	67.7
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>42.2</b>	<b>5.7</b>	<b>4.0</b>	<b>3.7</b>	<b>12.4</b>	<b>14.8</b>	<b>8.5</b>	<b>6.0</b>	<b>74.8</b>	<b>0.4</b>	<b>83.6</b>	
<b>Average (Overall)#</b>							<b>21.8</b>	<b>5.5</b>	<b>4.7</b>	<b>4.4</b>	<b>7.5</b>	<b>7.8</b>	<b>9.9</b>	<b>8.4</b>	<b>67.1</b>	<b>0.5</b>	<b>65.6</b>	

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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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