

# China / Hong Kong Industry Focus

# China Property Weekly Digest

(Issue No. 452)

Refer to important disclosures at the end of this report

DBS Group Research. Equity

12 Jul 2023

## Starting July on a weak note

- Average weekly GFA sold in 27 cities we track dropped 50.3% w-o-w for the week ended 9 July, down 32.0% y-o-y vs. the same period in July-22
- No. of new units launched in 11 key Tier 1 and 2 cities declined 57% w-o-w, 16% lower than the average of June; average sell-through rate was flat at 56%
- Average short-selling interest rose 1ppt to 12% last week; average southbound interest rose 2bps to 10.98%

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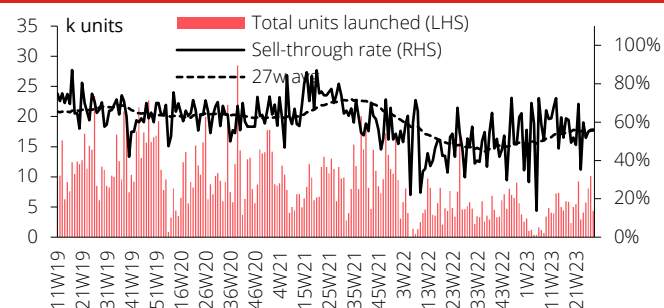
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### Weekly sales performance (Jul 3 - Jul 9)

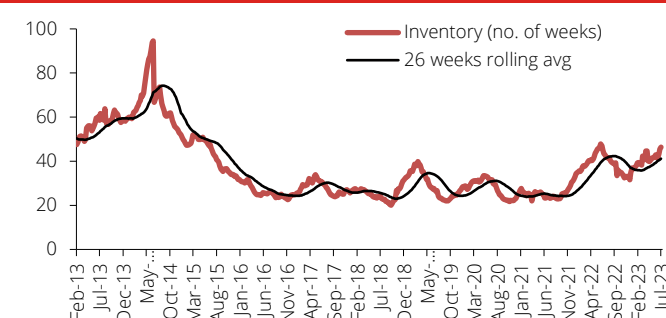
|                          | w-o-w   | MTD vs Avg of Jun-22 | MTD vs same period Jun-22 |
|--------------------------|---------|----------------------|---------------------------|
| Avg weekly GFA sold      | ↓ 50.3% | ↓ 14.2%              | ↓ 32.0%                   |
| Inventory (no. of weeks) | ↑ 1.0   |                      |                           |

|              | YTD vs same period 2022 | YTD vs 2022 |
|--------------|-------------------------|-------------|
| YTD GFA sold | ↑ 2.5%                  | ↑ 1.9%      |

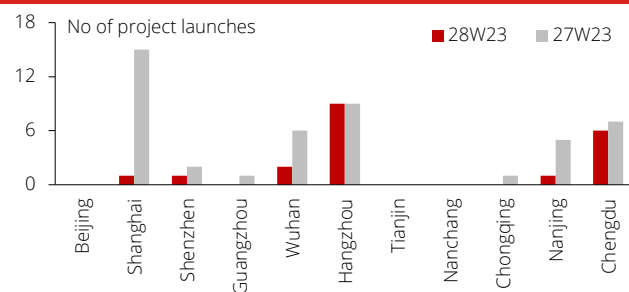
### New launches in 10 major cities and sell-through rate



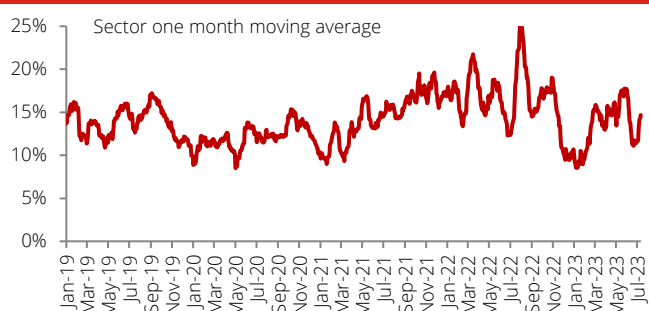
### Inventory in key cities



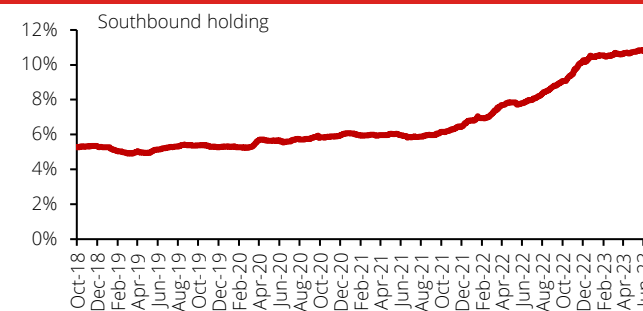
### Project launches in key Tier 1/2 cities



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



### Overall southbound shareholding in CCASS

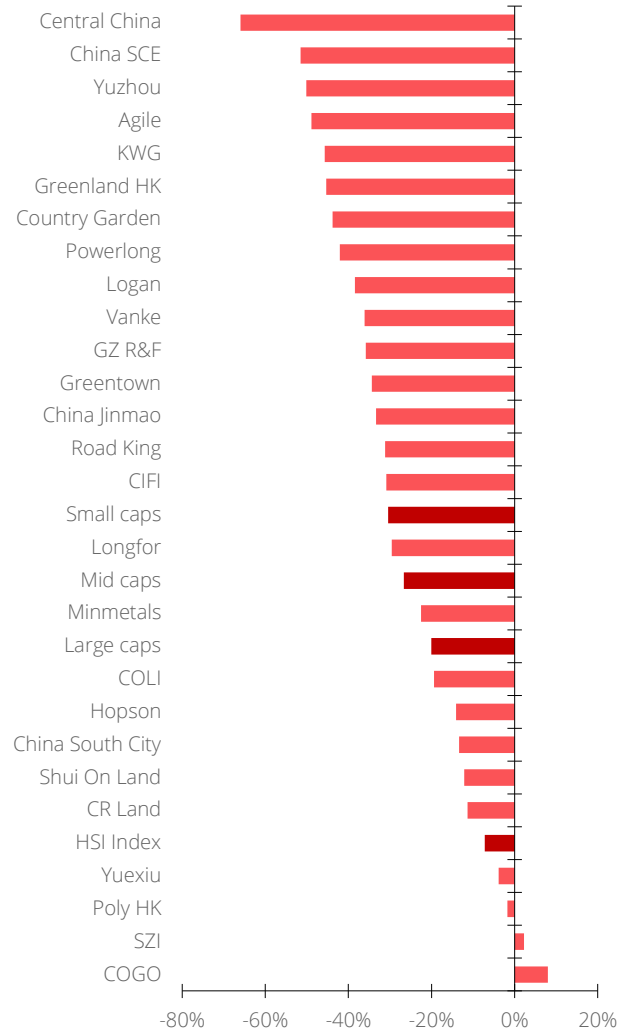


Source: CREIS, Fang.com, Bloomberg Finance L.P., Thomson Reuters, DBS Bank (Hong Kong) Limited ("DBS HK")

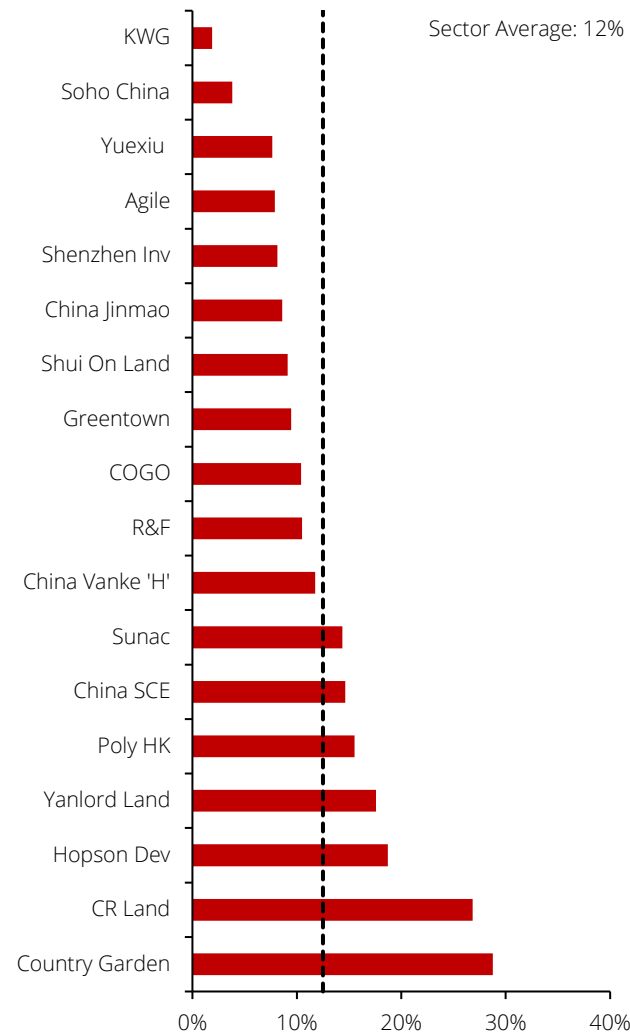


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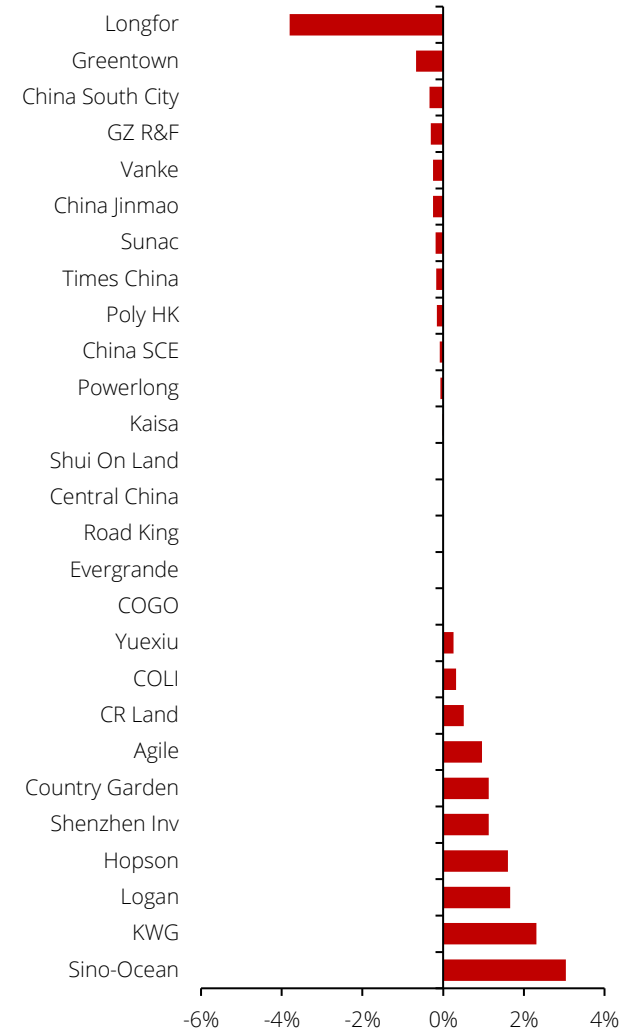
YTD share price performances



Average short-selling interests (Jul 3 - Jul 7)



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    | 11-Jul Price HK\$ | Mkt trading Cap US\$bn | 3-mth daily value |       | 12-m target HK\$ | EPS gth      |            | PE         |            | Yield      |            | ROE        |            | Net Gearing FY22 % | P/Bk       |            | NAV HK\$ | Disc/ (Prem) to NAV % |
|---------------------------|---------|-------------------|------------------------|-------------------|-------|------------------|--------------|------------|------------|------------|------------|------------|------------|------------|--------------------|------------|------------|----------|-----------------------|
|                           |         |                   |                        | US\$m             | Recom |                  | 23F %        | 24F %      | 23F x      | 24F x      | 23F %      | 24F %      | 23F %      | 24F %      |                    | 23F x      | 24F x      |          |                       |
| <b>Large cap</b>          |         |                   |                        |                   |       |                  |              |            |            |            |            |            |            |            |                    |            |            |          |                       |
| China Overseas*           | 688 HK  | 16.24             | 22.7                   | 41.8              | BUY   | 25.47            | 3            | 8          | 6.5        | 6.0        | 4.6        | 5.0        | 6.8        | 7.0        | 42.9               | 0.4        | 0.4        | 51.5     | 68.4                  |
| CR Land*                  | 1109 HK | 31.50             | 28.7                   | 45.3              | BUY   | 44.80            | 3            | 7          | 7.4        | 6.9        | 5.0        | 5.4        | 10.6       | 10.5       | 39.5               | 0.8        | 0.7        | 58.9     | 46.6                  |
| China Vanke 'H'*          | 2202 HK | 10.20             | 21.6                   | 19.6              | BUY   | 22.32            | (5)          | (0)        | 5.1        | 5.1        | 6.8        | 6.8        | 8.3        | 7.8        | 44.1               | 0.4        | 0.4        | 22.1     | 53.8                  |
| Country Garden*           | 2007 HK | 1.47              | 5.2                    | 37.7              | HOLD  | 2.07             | 39           | (1)        | 8.8        | 9.0        | 0.0        | 0.0        | 1.8        | 1.7        | 53.3               | 0.2        | 0.2        | 13.2     | 88.8                  |
| Longfor*                  | 960 HK  | 16.92             | 13.7                   | 36.2              | BUY   | 29.51            | (2)          | 3          | 4.3        | 4.2        | 7.0        | 7.2        | 14.7       | 13.7       | 65.9               | 0.6        | 0.5        | 57.5     | 70.6                  |
| <b>Average</b>            |         |                   |                        |                   |       |                  | <b>7.5</b>   | <b>3.4</b> | <b>6.4</b> | <b>6.2</b> | <b>4.7</b> | <b>4.9</b> | <b>8.4</b> | <b>8.2</b> | <b>49.1</b>        | <b>0.5</b> | <b>0.4</b> |          | <b>65.7</b>           |
| <b>Mid cap</b>            |         |                   |                        |                   |       |                  |              |            |            |            |            |            |            |            |                    |            |            |          |                       |
| China jinmao Hldgs*       | 817 HK  | 1.14              | 1.9                    | 6.2               | HOLD  | 3.00             | 66           | 3          | 4.1        | 3.9        | 9.4        | 8.5        | 4.7        | 5.0        | 69.2               | 0.2        | 0.2        | 9.0      | 87.3                  |
| Seazen                    | 1030 HK | 1.50              | 1.4                    | 5.9               | NR    | n.a.             | 935          | (2)        | 3.1        | 3.2        | 0.0        | 0.0        | 5.7        | 5.6        | 59.1               | 0.2        | 0.2        | n.a.     | n.a.                  |
| Shenzhen Inv              | 604 HK  | 1.40              | 1.6                    | 0.7               | NR    | n.a.             | 63           | 13         | 3.7        | 3.2        | 10.8       | 11.6       | 8.0        | 8.6        | 77.8               | 0.3        | 0.3        | n.a.     | n.a.                  |
| Yuexiu Property*          | 123 HK  | 8.51              | 4.4                    | 16.2              | BUY   | 11.63            | (19)         | 8          | 7.1        | 6.6        | 5.6        | 6.0        | 7.6        | 7.8        | 62.7               | 0.5        | 0.5        | 32.9     | 74.1                  |
| <b>Average</b>            |         |                   |                        |                   |       |                  | <b>207.9</b> | <b>5.0</b> | <b>3.9</b> | <b>3.7</b> | <b>5.2</b> | <b>5.2</b> | <b>7.0</b> | <b>7.1</b> | <b>70.1</b>        | <b>0.3</b> | <b>0.3</b> |          | <b>80.8</b>           |
| <b>Small cap</b>          |         |                   |                        |                   |       |                  |              |            |            |            |            |            |            |            |                    |            |            |          |                       |
| China Merchants Land      | 978 HK  | 0.40              | 0.3                    | 0.0               | NR    | n.a.             | n.a.         | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | 7.6        | n.a.       | 70.0               | n.a.       | n.a.       | n.a.     | n.a.                  |
| COGO*                     | 81 HK   | 3.52              | 1.6                    | 5.0               | BUY   | 4.26             | 10           | 2          | 3.4        | 3.4        | 6.5        | 6.6        | 10.7       | 10.0       | 72.0               | 0.4        | 0.3        | 16.8     | 79.1                  |
| Greenland                 | 337 HK  | 0.41              | 0.1                    | 0.1               | NR    | n.a.             | n.a.         | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | 55.4               | 0.1        | n.a.       | n.a.     | n.a.                  |
| Greentown                 | 3900 HK | 7.50              | 2.4                    | 7.6               | NR    | n.a.             | 134          | 7          | 2.9        | 2.7        | 8.3        | 9.1        | 12.6       | 12.4       | 83.5               | 0.4        | 0.4        | n.a.     | n.a.                  |
| Hopson Dev                | 754 HK  | 5.42              | 2.4                    | 0.8               | NR    | n.a.             | (62)         | (15)       | 5.6        | 6.6        | 0.0        | 0.0        | 3.4        | 3.4        | 79.4               | 0.2        | n.a.       | n.a.     | n.a.                  |
| Joy City                  | 207 HK  | 0.27              | 0.5                    | 0.1               | NR    | n.a.             | 116          | 13         | 3.1        | 2.7        | 8.2        | n.a.       | n.a.       | n.a.       | 82.6               | n.a.       | n.a.       | n.a.     | n.a.                  |
| LVGEM*                    | 95 HK   | 1.52              | 1.0                    | 1.0               | BUY   | 1.89             | n.a.         | n.a.       | n.a.       | n.a.       | 0.0        | 0.0        | n.a.       | (0.1)      | 99.3               | 0.3        | n.a.       | 10.2     | 85.1                  |
| Minmetals Land            | 230 HK  | 0.39              | 0.2                    | 0.0               | NR    | n.a.             | n.a.         | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | 94.5               | n.a.       | n.a.       | n.a.     | n.a.                  |
| Poly (Hong Kong)          | 119 HK  | 1.76              | 0.9                    | 2.3               | NR    | n.a.             | n.a.         | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | 135.0              | n.a.       | n.a.       | n.a.     | n.a.                  |
| Road King                 | 1098 HK | 2.80              | 0.3                    | 0.1               | NR    | n.a.             | n.a.         | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | 163.1              | n.a.       | n.a.       | n.a.     | n.a.                  |
| Shui On Land              | 272 HK  | 0.87              | 0.9                    | 0.7               | NR    | n.a.             | n.a.         | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | 61.7               | n.a.       | n.a.       | n.a.     | n.a.                  |
| Yanlord Land**            | YLLG SP | 0.76              | 1.1                    | 0.9               | BUY   | 1.06             | 19           | 0          | 3.2        | 3.2        | 0.0        | n.a.       | 6.9        | 6.5        | 73.2               | 0.2        | 0.2        | 3.3      | 77.0                  |
| <b>Average#</b>           |         |                   |                        |                   |       |                  | <b>43.5</b>  | <b>1.3</b> | <b>3.6</b> | <b>3.7</b> | <b>3.8</b> | <b>3.9</b> | <b>8.2</b> | <b>6.4</b> | <b>89.1</b>        | <b>0.3</b> | <b>0.3</b> |          | <b>80.4</b>           |
| <b>Average (Overall)#</b> |         |                   |                        |                   |       |                  | <b>86.3</b>  | <b>3.2</b> | <b>4.6</b> | <b>4.5</b> | <b>4.5</b> | <b>4.7</b> | <b>7.9</b> | <b>7.2</b> | <b>75.7</b>        | <b>0.3</b> | <b>0.3</b> |          | <b>73.8</b>           |

^ Denominated in SGD for price; ~ Simple average discount to NAV; Market cap weighted average NAV = 62%; # Exclude outliers ~ Gross Gearing; ^^ FY23: FY24; FY24: FY25

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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Sources for all charts and tables are DBS HK unless otherwise specified.

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