

Equities

29 May 2012 | 15 pages

China Property

Twin Tailwinds; Sector Outperformance to Continue

■ Sector's strength sustained by improving fundamentals and policy clarity:

The China Property Sector has climbed an average 23.3% YTD, showing strong resilience, rebounding against the overall market weakness. Rather than a short-run rebound, we view this momentum as more a structural rally catalyzed by two key tailwinds. Strong sales numbers in May are likely to be unveiled by key developers, while more clarity and fine-tuning on policy further reinforces the positive outlook on policy perspective. We expect the sector's outperformance to persist amid a volatile stock market.

■ Fundamental side – Strong sales momentum, sustainability beyond expectation ...:

The continuous recovery in sales volumes is more evident in May, while most investors are still worrying about the rebound's sustainability. Property sales in the top 54 cities recorded more than 200,000 units in the first four weeks of May, up 14.3% MoM to a record-high since early 2011, with Tier 1 cities outperforming. Our channel checks indicate key developers should also report encouraging sales in May, especially leaders like Evergrande (Est. RMB10bn), CRL (Est. RMB4.5bn), Shimao (Est. RMB4.3bn), COLI (Est. HKD8-9bn) etc. We observed a certain level of investment demand has been coming back. Aside from the end-user products, some high-end/big lump-sum products have been selling well in cities such as Beijing, Shanghai and Hangzhou, etc. We believe quality developers are stepping into the "comfort zone" with well-progressed run-rates on sales targets, as well as more robust balance sheets and liquidity.

■ Policy side - More Policy Clarity:

As cited in our previous report, loosening policy has become unarguable given the rapid weakening of China's economy. GDP growth in 2Q12 could be surprisingly low and we may see REI sharply deteriorating to a level of only 5-10% YoY – urging the central gov't to react proactively. More substantial powerful supportive measures to restore market confidence, such as mortgage loosening, are imminent to avoid the sharp economic slowdown. Besides, land sales in the top 70 cities YTD are down by around 35% YoY, adding further pressure to local governments' financial positions, on top of the reducing local taxation revenues. Slight loosening, like a RRR cut, is definitely not effective now. Apart from the ever-more likely interest rate cut, we also see more fine-tuning on tightening policies at local government level as likely. Barring cases like Yangzhou's subsidy for qualified home purchases, our checks with local sources revealed a broadening of the qualified buyers for home purchase in Xiamen, even though the local government denied this.

■ Investment Strategy: Attractive valuation, even quality leaders:

Positive newsflow on developers' sales and attempts to loosen policy will continue to be powerful catalysts for sector's rally in our view. Current valuation of 40% NAV disc and FY12E PER 8.5x is well below hist. averages of 34% and 15.9x PER – appealing in our view. We prefer quality developers like COLI for solid execution and counter-cyclical capability, as well as Shimao, Evergrande and KWG with solid fundamentals and their higher beta nature to ride this rally.

See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

■ Industry Overview

Oscar Choi

+852-2501-2737
oscar.choi@citi.com

Marco Sze

+852-2501-2466
marco.sze@citi.com

Griffin Chan

griffin.chan@citi.com

Better Fundamentals; Better Policy Clarity

YTD 23.3% sector-average share price gain, outperforming the overall market

Although the overall stock market has continued to be feeble, worried by issues like the debt crisis in Europe, the share price performance of the China Property sector has remained intact and outperformed the market with 23.3% share-price growth YTD (against 3.4% for the Hang Seng Index). Across the board we see many names' prices have surged by over 30%. This strong resilience and rebound strength definitely caught the spotlight amid the overall market weakness.

Figure 1. China Prop – Share Performance (as of 29 May 2012)

		1-Day	1-Week	1-Month	3-Month	YTD	1-Year
KWG Prop	1813.HK	3.8%	12.4%	-9.2%	-2.1%	76.3%	-16.9%
Guangzhou R&F	2777.HK	7.7%	10.3%	4.3%	4.3%	73.9%	-1.3%
Yuexiu Property	0123.HK	-2.2%	-2.2%	6.4%	16.7%	62.5%	11.7%
Shimao Property	0813.HK	5.2%	6.9%	3.3%	3.8%	58.4%	1.4%
Sunac China Hold	1918.HK	5.1%	3.8%	6.9%	-8.1%	54.0%	-17.9%
Greentown China	3900.HK	5.8%	-1.6%	-6.6%	-13.9%	50.7%	-37.3%
COGO	0081.HK	5.1%	8.1%	-2.1%	5.6%	47.9%	42.4%
Franshion Prop	0817.HK	2.3%	4.8%	0.5%	5.8%	46.0%	-7.2%
Longfor	0960.HK	4.2%	8.9%	-1.0%	9.1%	39.9%	-0.3%
Evergrande	3333.HK	9.2%	10.3%	-3.6%	-13.0%	33.2%	-21.7%
Agile Property	3383.HK	6.9%	9.1%	-8.6%	-13.0%	30.7%	-32.0%
BJ Capital Land	2868.HK	4.7%	8.1%	-16.3%	-14.9%	30.7%	-20.9%
COLI	0688.HK	3.3%	8.3%	1.9%	4.2%	30.5%	4.2%
Shui On Land	0272.HK	7.3%	8.5%	-3.8%	-8.3%	30.5%	-10.5%
Minmetals Land	0230.HK	3.2%	4.3%	-3.0%	-11.9%	28.0%	-28.4%
Shenzhen Investment	0604.HK	-0.6%	0.6%	-2.2%	-5.9%	25.9%	-28.3%
Vanke	000002.SZ	1.1%	2.9%	3.2%	12.0%	24.1%	18.2%
Central China	0832.HK	2.7%	0.0%	-4.0%	-3.0%	23.9%	-1.1%
Fantasia	1777.HK	6.3%	3.7%	-5.6%	-14.3%	23.5%	-31.1%
C C Land	1224.HK	4.1%	7.9%	10.6%	-14.9%	22.9%	-40.6%
SPG Land	0337.HK	3.3%	6.9%	-2.5%	-16.2%	20.2%	-50.3%
China Resources Land	1109.HK	5.1%	9.1%	-0.1%	0.1%	19.1%	6.3%
Powerlong	1238.HK	3.5%	-0.8%	-10.5%	-24.7%	14.4%	-48.3%
Kaisa Group	1638.HK	2.7%	2.0%	-5.0%	-13.2%	12.7%	-49.0%
CHINA SCE	1966.HK	-0.6%	-0.6%	2.9%	2.3%	12.6%	-14.4%
Poly HK Inv	0119.HK	6.8%	13.9%	-7.4%	-23.6%	12.2%	-31.1%
Yanlord	YNLG.SI	2.4%	-1.9%	-8.6%	-23.2%	11.0%	-20.9%
Aoyuan Prop	3883.HK	5.5%	3.2%	-11.9%	-14.3%	10.3%	-30.4%
Hopson	0754.HK	6.5%	6.5%	-3.9%	-29.9%	9.4%	-38.8%
Country Garden	2007.HK	7.5%	11.9%	-3.9%	-9.9%	8.7%	-8.0%
YUEXIU REIT	0405.HK	-7.1%	-7.1%	-7.5%	-8.7%	7.3%	-8.5%
SOHO China	0410.HK	2.1%	3.8%	-9.9%	-3.5%	5.6%	-18.5%
Top Spring	3688.HK	-6.6%	-4.3%	1.3%	-7.7%	-5.2%	-37.4%
Sino-Ocean Land	3377.HK	5.4%	6.1%	-8.6%	-26.6%	-8.1%	-19.7%
Yuzhou	1628.HK	0.6%	3.0%	0.0%	-8.0%	-12.2%	-29.7%
Glorious Property Holdings	0845.HK	4.7%	0.0%	-5.1%	-31.1%	-18.4%	-50.9%
Renhe Comm	1387.HK	4.8%	-13.0%	-3.3%	-53.2%	-51.1%	-68.7%
Average		3.6%	4.2%	-3.1%	-9.6%	23.3%	-19.9%
Hang Seng Index		1.4%	-0.1%	-8.1%	-12.1%	3.4%	-17.8%

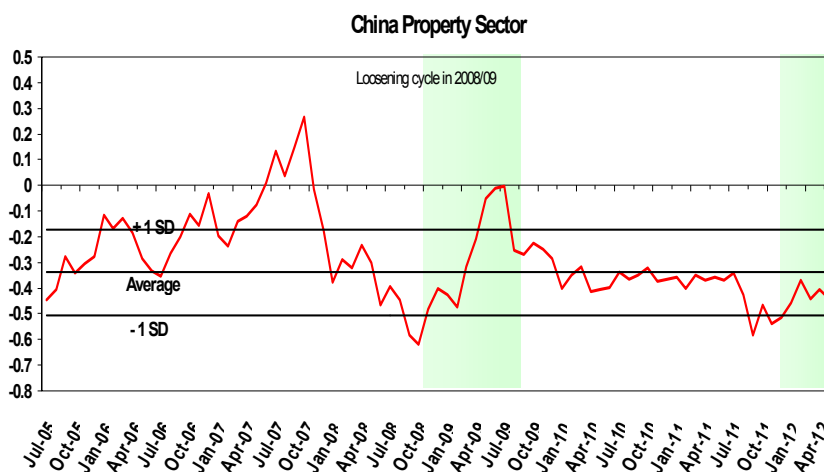
Source: dataCentral; Citi Investment Research and Analysis

The momentum of the rally should go on with the Twin Tailwinds

As cited in our previous sector report, we believe the sector is entering into a better operating scenario with two tailwinds, including improving sales (hence balance sheets), as well as the reducing policy uncertainty. Indeed, the loosening direction has become unarguable, given the rapidly deteriorating economy.

Rather than a short-run rebound, we believe this momentum is more a structural rally, catalyzed by the strong sales numbers and continuous fine-tuning on policy. This reinforces our positive view on the policy outlook and we expect the sector's outperformance to persist amid the volatile stock market.

Figure 2. China Property Sector – Narrowing NAV discount in Favorable Policy Environment



Source: DataStream; Citi Investment Research and Analysis Estimates

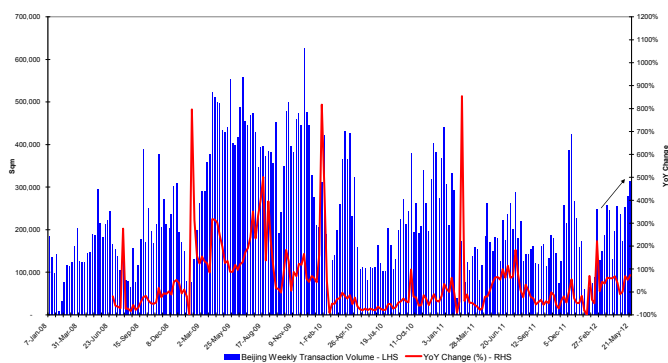
Fundamental side - Sales Strong Momentum

Robust Sales in Physical Market and Developers' Sales

- **Top 54 cities' property sales in first four weeks of May- record high since the introduction of HPR early 2011.** According to Centaline, property sales in the top 54 cities recorded more than 200,000 units in the first four weeks of May, up 14.3% MoM and also a record-high since early 2011. Tier 1 cities outperformed even more. For example, Beijing recorded 8,000 units transacted in 1-28 May, which was record high in the past 15 months. According to Soufun's weekly data, we also note continuous pick up in Sales, especially in key cities like Beijing, Hangzhou, Guangzhou, etc.

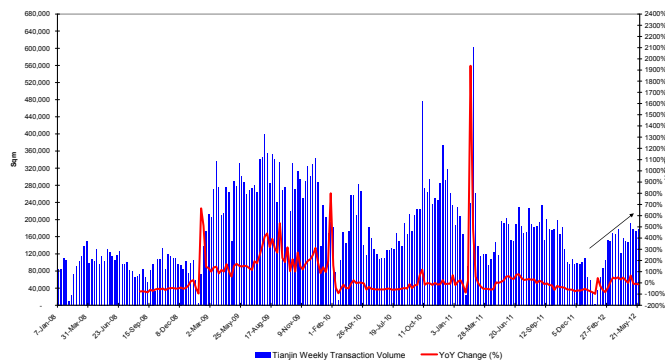
In the meantime, we also note strong sales reported on project level basis. For instance, CR Land's Park Land project (公元九里) launched its second phase on Sunday and generated RMB800mn sales within four hours. Seven six-storey blocks were launched consisting of units sized 177sqm and above at ASP of RMB28,000 psm.

Figure 3. Beijing - City Weekly Transaction Volume



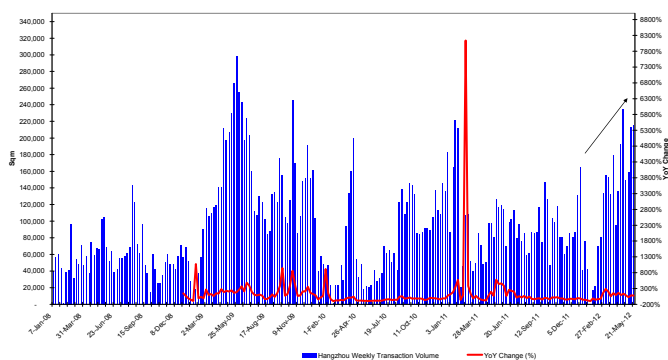
Source: Soufun; Citi Investment Research and Analysis

Figure 4. Tianjin - City Weekly Transaction Volume



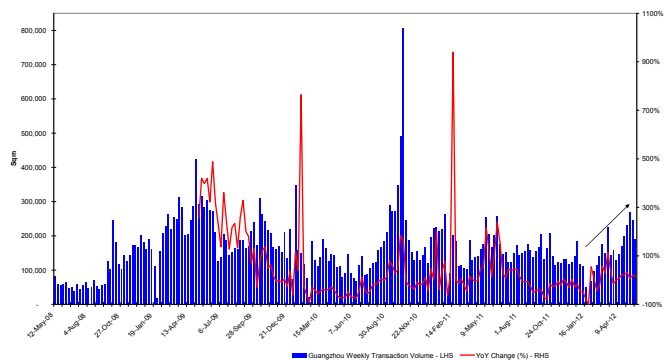
Source: Soufun; Citi Investment Research and Analysis

Figure 5. Hangzhou - City Weekly Transaction Volume



Source: Soufun; Citi Investment Research and Analysis

Figure 6. Guangzhou - City Weekly Transaction Volume



Source: Soufun; Citi Investment Research and Analysis

- **We expect excellent sales in May from the big developers, such as Evergrande, CRL, Shimao etc.** While most investors still worry about the sustainability of the sales rebound since Feb, the rebound has continued into May. According to developers, most sales in May should be good, especially Evergrande (RMB10bn), CRL (RMB4.5bn), Shimao (RMB4.3bn), COLI (HKD8-9bn) etc. R&F, Longfor, Country Garden should also be not bad...

Figure 7. China Property – Citi's Estimated Sales in May

	in bn	Jan-12	Feb-12	Mar-12	Apr-12	Citi Est.sales in May	% Growth MoM (May12 vs Apr 12)
Agile	RMB	2.1	2.1	2.2	2.1	2.2-2.5	12%
COGO	HK\$	2.6	N/A	N/A	3.0	N/A	N/A
COLI	HK\$	3.9	13.1	9.1	11.9	8-9	-29%
Country Gdn	RMB	0.9	1.8	3.5	3.0	3.5-3.8	27%
CRL	RMB	1.5	2.4	4.3	3.1	4.5	45%
Evergrande	RMB	2.2	2.0	4.0	8.2	10.0	22%
Glorious	RMB	0.4	0.6	0.6	1.1	N/A	N/A
Greentown	RMB	1.4	1.2	2.6	2.8	N/A	N/A
GZ R&F	RMB	1.2	2.4	3.0	2.9	3.0	3%
KWG Property	RMB	0.4	0.6	1.0	1.0	1.0	0%
Longfor	RMB	1.2	2.1	3.2	3.0	3.5	15%
Poly HK	RMB	0.5	0.5	1.0	1.0	N/A	N/A
Poly Real Estate	RMB	1.5	3.6	9.7	9.1	N/A	N/A
Shimao	RMB	0.9	2.1	4.3	4.1	4.3	5%
Sino-Ocean	RMB	0.3	1.0	2.0	2.6	2.8	8%
Vanke	RMB	12.2	7.3	11.5	7.4	N/A	N/A
Yanlord	RMB	0.3	0.3	N/A	N/A	N/A	N/A
Yuexiu	RMB	0.1	0.9	2.1	1.6	1.5	-6%
Average							9%

Source: Company; Citi Investment Research and Analysis Estimates

- **Investment demand has been coming back with more price incentives; Quality developers are catching this well.....** The rebound is not limited to end-user products, as even high-end/big lump-sum products have been selling well. For example, COLI's Changfeng project in Shanghai, which is a Land King and has concerned investors on account of its low margin, was launched last Sunday, and recorded RMB1.2bn sales in one day, with ASP of RMB40bn and GP of around 25%, not too bad. In Beijing, Shanghai and Hangzhou, high-end projects are rebounding as well.

Definitely, while overall sales performance for key listed names are pretty encouraging, we note particularly names like COLI, Shimao, COGO, Poly China, etc are outperforming, thanks to their market share acumen, flexible pricing strategy and other unique competitive edges, like superior products.

Policy side - More Policy Clarity

More Local Govt fine-tuning expected; Creating a more favourable operating environment ...

When most people still focus on arguing whether the central government should loosen, when to loosen and how to loosen the property market and get confused as to the government's policy direction, in our view the policy direction is now mostly clear, namely the so-called "gradual loosening from the bottom to get to the balanced point" approach adopted by the central government. In contrast to the 2004/2005 and 2008/2009 downturns, we believe this time the central government should have more tolerance on the impact of property market downturn on the overall economy. It may not completely stop local governments' fine-tuning' on tightening while the central government has its relatively clear intentions for the property policy direction.

- **Citi's View: More meaningful policy loosening to become imminent to avoid sharp economic slowdown:** Recent local policy fine-tuning is a good start, but more powerful measures are needed. We view these local governments' fine-tuning efforts as not being enough, as more substantial powerful supportive measures to restore market confidence such as mortgage loosening etc are required. China's economy is rapidly weakening now. GDP growth in 2Q12 may be surprisingly low and we may see REI sharply deteriorate to a level like 5-10% YoY. Central gov't is thus urged to react to this. Slight loosening measures, like an RRR cut, would definitely not be effective now.
- **Powerful measures are available, with really powerful option of second-home mortgage loosening.** As for property market, the central government can keep the HPR to control investment and speculation demands, but on the other hand it can loosen mortgage tightening on end-user purchases. It has loosened first-home mortgages already. As early as July, it may loosen second-home mortgages. In China, first-home purchases and first-time living upgrades can be classified as end-user demand and it makes sense to protect these.
- **Interest rate cut is also not impossible.** Now, most people believe an interest rate cut is impossible. In our view, it is not really impossible. Inflation is manageable, and the central government really needs to show its muscle to restore market confidence. RRR cutting is not really meaningful, as now the problem is loan demand. At the least, it can consider lowering borrowing costs. Thus, an interest rate cut or widening the lending rate range are options. If the central government really doesn't loosen property tightening, the possibility of an interest rate cut should climb accordingly. In our view, it only has three key ways to stimulate economy: 1. Pumping money into infrastructure projects; 2). Loosening property tightening and stimulating real estate investment; 3). Pumping money and lowering lending costs.

Apart from the ever-more likely interest rate cut, we also foresee more fine-tuning on tightening policies at local government level as likely. Barring a case like Yangzhou's subsidy for qualified home purchases, our check of local sources revealed the broadening of the qualified buyers for home purchase in Xiamen, even though the local government has denied this.

Figure 8. China Property – Recent Policy Relaxations by Local Governments

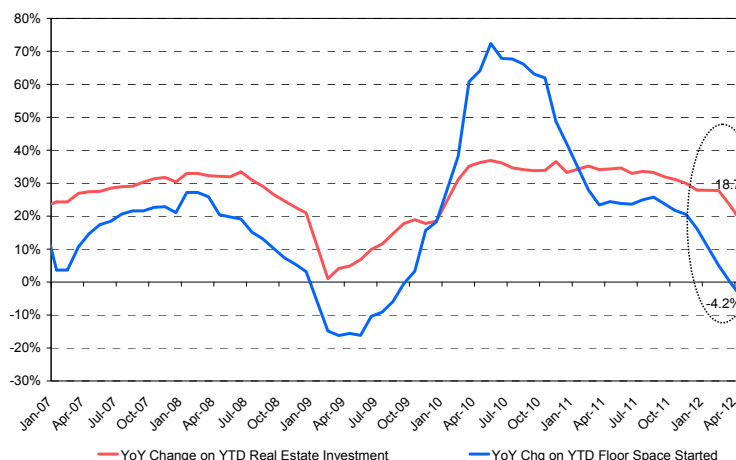
Date	Local Government	Measures
1-Apr	Hohhot	Hohhot raised mortgage loan cap from public housing fund from RMB300k to RMB400k for individuals and from RMB400k to RMB500k for couples effective from 1 April
1-Apr	Nanchang	Nanchang raised mortgage loan cap from public housing fund from RMB400k to RMB500k for individuals and from RMB500k to RMB600k for couples effective from 1 April
1-Apr	Bengbu	Bengbu raised mortgage loan cap from public housing fund to RMB350k for individuals
1-Apr	Karamay	Karamay raised mortgage loan cap from public housing fund from RMB 500k to RMB700k for individuals
10-Apr	Zhongshan	Zhongshan set new average transaction price criteria at RMB7,696 psm for new homes in urban area and RMB6,290 psm in town area. Ordinary housing has to fulfill three criteria for preferential treatments, including: 1) development plot ratio >1; 2) transmission size below 120 sqm or total GFA below 144 sqm; and 3) actual transaction price lower than 1.44*required average transaction price. Hence, the new price cap for luxury housing shall be RMB11,082 psm for new homes in urban Zhongshan with immediate effect
25-Apr	Wuhan	Wuhan allows some first-time home buyers to pay 20% downpayment with loans from the public housing fund, aiming to support first-time home purchases with the lowered downpayment requirement, and the new policy is limited to purchases of homes of no more than 90sqm and local residents who pay into the housing fund.
4-May	Shenyang	Shortened min. contributory period to the public housing fund from previously 12 months to 6 months in order to be eligible for obtaining loans from the fund
Early May	Local governments	A number of local governments raised mortgage loan cap from public housing fund including Shandong Binzhou, Liaoning Shenyang, Henan Zhengzhou and Xinyang.
6-May	Guangzhou	Guangzhou allows some first-time home buyers to pay 20% downpayment with loans from the public housing fund. Guangzhou aims to support first-time home purchases with the lowered downpayment requirement, and the new policy is limited to purchases of homes of no more than 90sqm and local residents who pay into the housing fund. The loan amount is capped at RMB500k for individuals or RMB800k per couple.
8-May	Yangzhou	Yangzhou government delivered an incentive package which states homebuyers shall be receiving 0.6% subsidy should they buy flats with deco sized 90sqm or below, 0.5% for flats sized 90 - 120 sqm, or 0.4% for homes sized 120 - 144 sqm.
21-May	Yingkou	City government of Yingkou in Liaoning province will spend >50m yuan this year to subsidize private home purchases by city officials as per China Business Journal reports. Subsidies are to produce ~400m yuan of housing sales in Yingkou City to be paid directly to developers. City's finance bureau declined to comment without superior's instructions.
24-May	Xiamen	Local press reported the broadening the qualified buyers for home purchase in Xiamen but the local government finally denied.

Source: Hexun; Soufun; Citi Investment Research and Analysis

■ **Sharp decline in REI growth and housing starts affirm clear loosening path:**

Our view on the positive policy outlook is substantially strengthened by NBS's latest Apr statistics & RRR cut just announced on 12 May. Faster-than-expected slowdown in REI growth (18.7% in Jan-Apr, Citi: 20%E & Mar: 23.5%) and negative growth on housing GFA starts (-4.2% YoY in Jan-Apr vs. +0.3% in 1Q12) in combination indicated a rapid economic slowdown, coincident with other macro indicators such as Industrial production, FAI, etc. Unless the government wants to punish itself, loosening in the sector becomes inevitable in our view. Past cycles like 08/09 indicate policy turnaround was always triggered by a rapid sharp brake on REI growth and GFA starts.

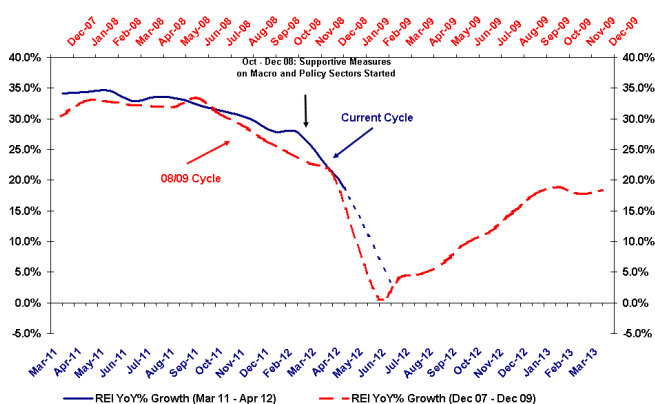
Figure 9. YoY Change in REI vs. Floor Space Started (by Apr-12)



Source: NBS, Citi Investment Research and Analysis

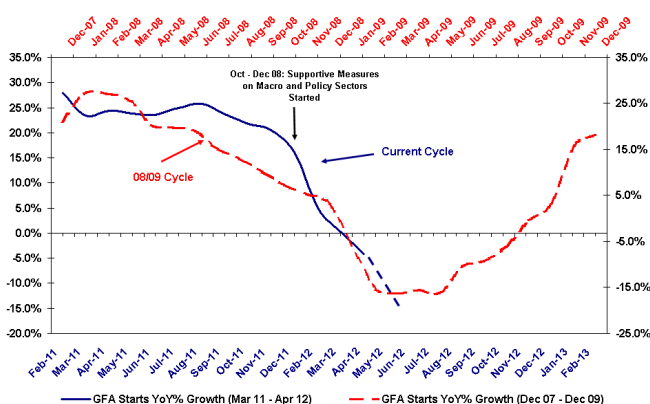
- Reference to the 08/09 cycle for timing when loosening was triggered:** As we highlighted, policy on property market in China is pendulum-like: when things come to one extreme, it will swing back. History may repeat itself, and we foresee the loosening ahead may look similar to the past 04/05 and 08/09 downturns. Policy turnaround can always be triggered when we see a rapid slowdown in REI growth for a few consecutive months. For instance, in the 08/09 cycle, after the turning point in March/April 08, REI growth first had a consecutive 6-7 month slight decrease (each month around 1%) and then sharply declined since Nov. Within four months (Nov 08- Feb 09), REI growth sharply collapsed from 22.7% to 1%. The central gov't finally stepped in and launched the aggressive RMB4tr stimulus package on Oct 08. Apart from the overall interest rate cut and RMB4tr overall stimulus package, more property-specific measures like preferential policies on Business Tax on property transactions, and lowering the minimal capital requirement ratio for fixed asset investment projects, were then gradually rolled out in Dec-08. Following these macro and property-specific supportive measures, the previous round of property prosperity was unveiled from early 2009.

Figure 10. REI Growth YoY% Growth in 2008/09 and 2011/12



Source: NBS; Citi Investment Research and Analysis

Figure 11. GFA Starts YoY% Growth in 2008/09 and 2011/12



Source: NBS; Citi Investment Research and Analysis

- **Now, the timing (April end) is similar to late Dec 08 or early Jan 09 in terms of physical market, as judged by REI growth, housing starts.** By end Dec 08, REI growth dropped to around 21% (housing starts of 3.2% growth yoy), even higher than April end 12's 18.7% for Real Estate Investment growth (housing starts of negative 4.2% growth). Don't forget, in the 08/09 downturn, even though the RMB4trillion stimulus package was introduced on Oct 08, the REI growth acceleration dropped to 1% by end Feb 09 from 2008 year-end's 21%. Thus, this time, even if the central government introduces many supportive measures for the property market, REI growth will unavoidably continue on the declining trend and drop to a much lower level. If the central government continues the tightening, in our view, it is actually punishing itself and the overall China economy; obviously, it has no other powerful weapons on hand to alleviate the pain. Though we are not expecting to see an absolute reversal on policy direction from tightening to being supportive, which might trigger a crazy rebound and be negative for the property market's long-term sustainable growth, at the least, the central government needs to do more on loosening on first-home purchases and first-time living upgrade purchases, which are actually end-user demands.

Investment Strategy: Sector Outperformance to continue...

Favorable risk-reward with Clarity on Policy Loosening

- **Catalyst #1: Gradual fine-tuning created a safer policy environment; Loosening to trigger share-price outperformance:** We are not supporters of any instant sharp policy turnaround like abolishing HPR. It may just lead to another round of rebounds and then tightening again. Instead, we believe current physical market scenario is in fact the best one. From the government's point of view, it is glad to see the ASP decline while certain bubbles in selective cities are gradually squeezed out.

Even though we do not expect a significant policy turnaround like loosening on HPR, we expect gradual loosening on a piecemeal basis after hitting the bottom of the tightening cycles. Looking ahead, we expect to see policy relaxation rather than tightening, which would definitely be a positive catalyst.

- **Catalyst #2: Strengthening conviction on sales target this year as sales momentum continues to roll over into 2Q12**

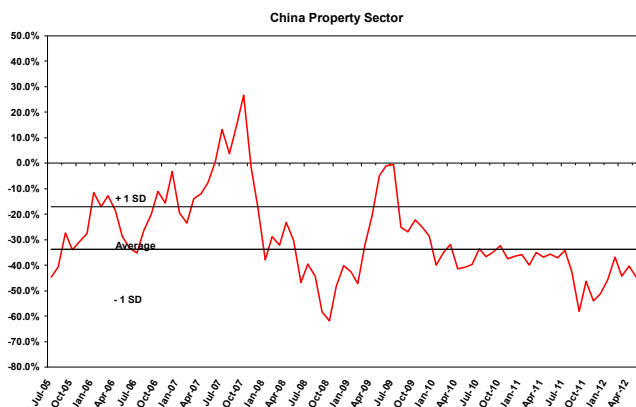
We believe if sales in May/June maintain well, it will give investors confidence to consider physical market growth as sustainable – end-user demand is really so strong, especially when expectations are changing as buyers feel the policy bottom has been reached. We believe strong Mar/Apr sales numbers are respectable and reveal that the underlying end-user demand in the market is actually stronger than expected. Some again worry of a slowdown in later months like Jun-Aug. Certainly, we should expect volume recovery may ultimately fade at some point, but the overall sales progress from an annual perspective should continue to be satisfactory, and when the pent-up demand is suppressed for a while, it may trigger a sales rebound in later months (i.e. Sep-Oct) again.

In particular for the leading developers, their satisfactory sales progress together with comfortable balance sheets should enable them to enjoy the flexibility both on operational and financial perspectives. This results in further alleviating policy risk while further differentiating the leading developers.

Compelling valuations; Top Picks – COLI, Shimao, Evergrande and KWG

In our view, the current valuation for the sector amid the improving fundamentals and receding policy overhang is appealing. The sector is now trading at 40% NAV disc and 8.5x FY12E PER, well below the respective historical means of 34% and 15.9x. Even on dividends, the sector is showing a consistent dividend payout trend with est. average yield of 3.2% in FY12. Similar to the period like early 2009, we believe this valuation should rapidly reach a more favourable level when the policy conditions are gradually improving. On stock picks, we favour more high-quality leaders like COLI as well as Shimao, Evergrande and KWG with their higher-beta to ride the rally.

Figure 12. China Prop – Discount to NAV (29 May 2012)



Source: Citi Investment Research and Analysis Estimates

Figure 13. China Prop – PB Ratio (29 May 2012)



Source: Citi Investment Research and Analysis

Figure 14. China Prop — Valuation (29 May 2012)

Stock	RIC	29-May-12 Price	Market Cap (USDm)	CIR Rating	Est. NAV	NAV Disc	Target Price	P/E FY12E	P/E FY13E	P/E FY14E	P/B FY12E	P/B FY13E	P/B FY14E	Yield FY12E	Yield FY13E	Yield FY14E
Agile Property	3383.HK	9.10	4,043.64	1	17.75	-49%	10.65	6.8	7.0	6.5	1.1	0.9	0.9	3.7%	3.6%	3.8%
COGO	0081.HK	10.06	1,971.74	1	18.12	-44%	12.68	7.8	5.9	4.4	2.2	1.6	1.2	1.3%	1.7%	2.3%
COLI	0688.HK	16.94	17,834.09	1	24.32	-30%	19.46	9.2	8.0	6.7	1.6	1.4	1.2	2.7%	3.1%	3.7%
CR Land	1109.HK	14.86	11,154.32	1	22.08	-33%	17.66	12.8	10.8	8.6	1.3	1.2	1.1	2.1%	2.5%	3.1%
Country Garden	2007.HK	3.02	7,080.55	3	4.59	-34%	2.7496	7.6	7.9	7.3	1.4	1.2	1.1	4.6%	4.4%	4.8%
Evergrande	3333.HK	4.29	8,263.82	1H	10.38	-59%	6.23	5.3	4.3	3.3	1.3	1.1	0.9	5.6%	5.8%	6.1%
Franshion Prop	0817.HK	2.19	2,584.59	1	4.26	-49%	2.98	8.6	7.3	6.6	0.8	0.8	0.8	2.3%	2.7%	3.0%
Glorious Prop	0845.HK	1.11	1,114.27	1	4.04	-73%	2.02	3.9	3.9	3.6	0.4	0.3	0.3	0.0%	0.0%	0.0%
Greentown China	3900.HK	5.08	1,073.43	3H	7.99	-36%	3.2	2.0	2.0	1.9	0.4	0.4	0.3	0.0%	0.0%	0.0%
Guangzhou R&F	2777.HK	10.68	4,433.31	3H	14.37	-26%	7.18	7.2	8.0	7.1	1.1	1.0	1.0	6.3%	5.6%	6.3%
Hopson	0754.HK	4.41	986.21	1	19.56	-77%	9.78	3.9	3.5	3.5	0.2	0.2	0.1	0.0%	0.0%	0.0%
KWG Property	1813.HK	4.62	1,721.85	1	10.31	-55%	6.19	5.8	5.6	5.2	0.7	0.7	0.6	5.8%	5.8%	5.8%
Longfor	0960.HK	12.28	8,154.79	1	18.32	-33%	14.65	9.5	7.9	6.5	2.0	1.6	1.3	2.1%	2.5%	3.1%
New World China	0917.HK	2.85	3,174.51	1	5.01	-43%	2.51	12.3	12.3	10.8	0.5	0.5	0.5	2.4%	2.4%	2.8%
Poly HK Inv	0119.HK	3.78	1,757.08	1H	9.38	-60%	5.63	7.7	7.4	5.9	0.5	0.5	0.5	0.0%	0.0%	0.0%
Powerlong	1238.HK	1.19	620.54	1	4.20	-72%	2.1	3.7	4.1	2.4	0.3	0.3	0.3	5.3%	4.8%	8.2%
Renhe Comm	1387.HK	0.44	1,185.07	2H	2.31	-81%	0.92	3.4	3.2	3.1	0.3	0.3	0.3	0.0%	0.0%	0.0%
Shimao Property	0813.HK	10.50	4,694.39	1	21.46	-51%	12.88	6.4	6.1	5.6	0.9	0.8	0.7	3.9%	4.1%	4.5%
Sino-Ocean Land	3377.HK	3.31	2,414.23	2	8.76	-62%	4.38	6.6	6.1	5.9	0.5	0.5	0.4	5.3%	5.7%	5.9%
SOHO China	0410.HK	5.46	3,649.46	2	8.22	-34%	5.75	5.4	5.1	4.3	1.0	0.9	0.8	5.6%	5.8%	7.0%
SPG Land	0337.HK	1.55	209.88	1	6.49	-76%	2.59	4.4	4.4	NA	0.3	0.2	NA	1.8%	1.8%	NA
Vanke	000002.SZ	9.27	15,798.99	1	13.55	-32%	9.48	10.0	9.6	9.0	1.6	1.4	1.2	1.5%	1.6%	1.7%
Yanlord	YNLG.SI	1.06	1,617.65	1	2.74	-61%	1.64	9.5	7.8	7.4	0.6	0.6	0.6	0.0%	0.0%	0.0%
Yuexiu Prop	0123.HK	1.82	2,176.94	1	4.50	-60%	2.7	7.5	6.5	5.4	0.6	0.6	0.5	4.8%	5.0%	5.6%
Average						-40%		8.5	7.7	6.7	1.3	1.1	1.0	3.0%	3.2%	3.6%

Source: DataCentral; Citi Investment Research and Analysis Estimates

Appendix A-1

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