

6 June 2018

Property | Real Estate

China South City Holdings

Buy (Maintained)

Catalysts To Drive Share Price

Maintain BUY with HKD2.20 TP, offering 30% upside and based on a 65% discount to end-FY19F ENAV of HKD6.30. Pre-FY18F results announcement at end-June, we review our assumptions and nudge our FY18-20F earnings. In the near-term, we expect two catalysts to drive CSC, including the new CFO addressing the market for the first time and a potential bullish sales target for FY19. The medium term sees three catalysts – asset redeployment from prioritising development of residential properties over trade centres, rebounding sentiment in the manufacturing sector, which should drive sales of trade centres and potentially, an opportunistic spinoff of outlet operations.

New CFO to address the market for the first time. On 3 Apr, Mr Hui Chun Yip took office as CFO of China South City (CSC) following the resignation of Mr Tsoi Yiu Ting. Mr. Hui was the former CFO and company secretary of Yuzhou Properties (1628 HK, NR) holding various senior financial management positions in CSC from 2007 to 2015, prior moving to Yuzhou Properties.

Likely 30-35% growth in contracted sales target for FY19 (Mar). Following a recovery of contracted sales revenue by 39% YoY to HKD12bn in FY18F, we expect CSC to target another 30-35% YoY growth in contracted sales to CNY150-170bn for FY19F. Significant contribution should continue from property sales in Zhengzhou, Hefei and Chongqing.

GPMs >40% with multiple years of visibility, despite rising funding cost. Investors may be concerned by CSC's rising average funding cost as gauged by the increasing coupon rates of recent new bonds issuances this year. However, we believe GPM will not deteriorate to 40% or below. This is given competitive weighted average land cost of less than CNY500/sqm and ample saleable resources of its existing land bank of not less than CNY110bn, which shall continue to support development and margins in the next 4-5 years.

Minor changes to estimates. We updated contracted sales estimates for FY18F-20F after factoring in new ASP and volume sold assumptions. Based on the same delivery schedule, we lift FY18F-20F revenue by 1%/6%/17%. Together with our new GPM assumptions and other changes, we raise FY18F-20F earnings by 0%/2%/7%.

Maintain BUY and HKD2.20 TP, based on the same 65% discount to end-FY19F ENAV of HKD6.30. CSC remains as our deep-value investment thesis with multiple medium-term catalysts to drive a re-rating, including asset redeployment from prioritising development of residential properties, rebounding sentiment in the manufacturing sector which should drive sales of trade centres and potentially, an opportunistic spinoff of outlet operations. Downside risk is an extension of policy curbs to areas where projects are situated.

Target Price:	HKD2.20
Price:	HKD1.69
Market Cap:	USD1,725m
Bloomberg Ticker:	1668 HK

Share Data

Avg Daily Turnover (HKD/USD)	28.2m/3.58m
52-wk Price low/high (HKD)	1.44 - 2.41
Free Float (%)	53
Shares outstanding (m)	8,008
Estimated Return	30%

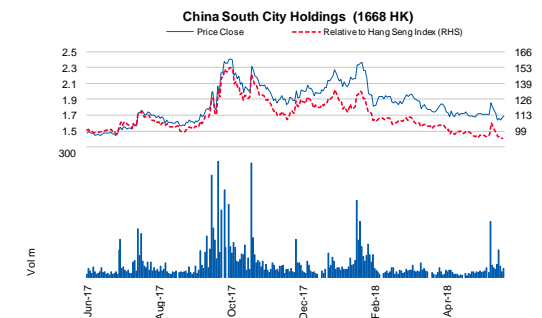
Shareholders (%)

Cheng Chung Hing	26.9
Tencent	11.6
Cheng Tai Po	7.4

Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(17.6)	0.0	(7.7)	(15.9)	14.2
Relative	(21.2)	(3.6)	(11.4)	(23.4)	(5.7)

Source: Bloomberg



Source: Bloomberg

Forecasts and Valuations	Mar-16	Mar-17	Mar-18F	Mar-19F	Mar-20F
Total turnover (HKDm)	6,136	7,838	10,108	12,609	16,092
Reported net profit (HKDm)	3,537	4,323	4,778	5,411	6,136
Recurring net profit (HKDm)	1,206	1,351	1,535	1,835	2,193
Recurring net profit growth (%)	(35.0)	12.1	13.6	19.6	19.5
Recurring EPS (HKD)	0.15	0.17	0.19	0.23	0.27
DPS (HKD)	0.05	0.05	0.06	0.07	0.08
Recurring P/E (x)	11.0	10.0	8.8	7.4	6.2
P/B (x)	0.52	0.48	0.42	0.36	0.31
Dividend Yield (%)	3.0	3.0	3.5	4.0	4.5
Return on average equity (%)	13.9	15.9	15.7	15.4	15.3
Return on average assets (%)	4.5	4.9	4.9	4.9	4.9
Net debt to equity (%)	83.9	78.2	77.8	67.4	58.8
Our vs consensus EPS (adjusted) (%)			(7.4)	(3.3)	(9.6)

Source: Company data, RHB

Analysts

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Financial Exhibits

Financial model updated on : 2018-06-05

Asia	Financial summary	Mar-16	Mar-17	Mar-18F	Mar-19F	Mar-20F
Hong Kong	Recurring EPS (HKD)	0.15	0.17	0.19	0.23	0.27
Property	EPS (HKD)	0.45	0.54	0.60	0.68	0.77
China South City Holdings	DPS (HKD)	0.05	0.05	0.06	0.07	0.08
Bloomberg 1668 HK	BVPS (HKD)	3.27	3.53	4.07	4.68	5.37
Buy	Weighted avg adjusted shares (m)	7,825	8,003	8,006	8,006	8,006
Valuation basis	Valuation metrics	Mar-16	Mar-17	Mar-18F	Mar-19F	Mar-20F
65% discount to end-FY19F ENAV of HKD6.30	Recurring P/E (x)	11.0	10.0	8.8	7.4	6.2
Key drivers	P/E (x)	3.74	3.13	2.83	2.50	2.21
i. Strong contracted sales;	P/B (x)	0.52	0.48	0.42	0.36	0.31
ii. Earnings growth recovery	FCF Yield (%)	27.8	22.9	(3.5)	12.1	11.9
Key risks	Dividend Yield (%)	3.0	3.0	3.5	4.0	4.5
Weak sales for wholesale trade centres	EV/EBITDA (x)	0.49	(2.63)	(3.05)	(4.04)	(4.63)
	EV/EBIT (x)	0.54	(2.79)	(3.22)	(4.24)	(4.83)
Company Profile	Income statement (HKDm)	Mar-16	Mar-17	Mar-18F	Mar-19F	Mar-20F
China South City (CSC) was founded in 2002. It is a leading developer and operator of integrated logistics and trade centers in China. The phase 1 of its flagship project, namely CSC Shenzhen, was acquired in 2003 and commenced operation in 2004. CSC replicated its business model across China, including Nanchang, Xian, Nanning, Harbin, Zhengzhou, Hefei and Chongqing. The company was listed on HKEx in September 2009.	Total turnover	6,136	7,838	10,108	12,609	16,092
	Gross profit	2,959	3,510	4,161	5,176	6,782
	EBITDA	1,896	2,384	2,433	3,056	3,812
	Depreciation and amortisation	(151)	(137)	(133)	(145)	(155)
	Operating profit	1,745	2,247	2,301	2,911	3,657
	Net interest	(73)	(204)	(117)	(120)	(110)
	Pre-tax profit	4,904	6,592	6,509	7,559	8,804
	Taxation	(1,370)	(2,269)	(1,756)	(2,180)	(2,709)
	Minority interests	3	(0)	25	32	40
	Recurring net profit	1,206	1,351	1,535	1,835	2,193
	Cash flow (HKDm)	Mar-16	Mar-17	Mar-18F	Mar-19F	Mar-20F
	Change in working capital	3,921	1,838	(2,928)	539	70
	Cash flow from operations	4,711	3,561	(1,191)	2,715	2,779
	Capex	(1,036)	(463)	716	(1,072)	(1,168)
	Cash flow from investing activities	(950)	(392)	780	(1,008)	(1,089)
	Dividends paid	(400)	(400)	(478)	(541)	(614)
	Cash flow from financing activities	(746)	(4,365)	435	742	1,131
	Cash at beginning of period	7,253	10,267	9,072	9,096	11,544
	Net change in cash	3,014	(1,196)	24	2,449	2,821
	Ending balance cash	10,267	9,072	9,096	11,544	14,365
	Balance sheet (HKDm)	Mar-16	Mar-17	Mar-18F	Mar-19F	Mar-20F
	Total cash and equivalents	11,687	10,491	10,515	12,963	15,785
	Tangible fixed assets	6,163	5,964	6,657	7,775	9,018
	Total investments	34,874	42,274	46,599	51,367	56,623
	Total other assets	3,356	3,652	3,993	4,063	4,136
	Total assets	83,385	92,179	102,940	117,580	133,990
	Short-term debt	10,182	8,396	8,748	9,118	9,506
	Total long-term debt	13,079	12,796	14,453	16,508	19,062
	Total liabilities	57,017	63,700	70,179	79,973	90,892
	Shareholders' equity	26,179	28,298	32,599	37,468	42,990
	Minority interests	190	181	162	139	108
	Total equity	26,368	28,479	32,761	37,607	43,099
	Net debt	22,122	22,282	25,491	25,339	25,333
	Total liabilities & equity	83,385	92,179	102,940	117,580	133,990
	Key metrics	Mar-16	Mar-17	Mar-18F	Mar-19F	Mar-20F
	Revenue growth (%)	(37.1)	27.7	28.9	24.8	27.6
	Recurrent EPS growth (%)	(42.1)	9.6	13.5	19.6	19.5
	Gross margin (%)	48.2	44.8	41.2	41.1	42.1
	Operating EBITDA margin (%)	30.9	30.4	24.1	24.2	23.7
	Net profit margin (%)	57.6	55.1	47.3	42.9	38.1
	Dividend payout ratio (%)	11.3	9.3	10.0	10.0	10.0
	Capex/sales (%)	16.9	5.9	(7.1)	8.5	7.3
	Interest cover (x)	10.9	8.2	12.7	15.8	19.3

Source: Company data, RHB

Nudging Our Earnings Forecasts

Figure 1: Changes to our P&L forecasts

(HKD m)	FY18F			FY19F			FY20F		
	Original	New	chg (%)	Original	New	chg (%)	Original	New	chg (%)
Revenue	10,025	10,108	1%	11,918	12,609	6%	13,783	16,092	17%
Cost of goods sold	(5,861)	(5,946)	1%	(6,996)	(7,433)	6%	(8,014)	(9,311)	16%
Gross Profit	4,164	4,161	0%	4,922	5,176	5%	5,768	6,782	18%
Selling expenses	(769)	(772)	0%	(796)	(933)	17%	(881)	(1,157)	31%
General & admin expenses	(1,416)	(1,397)	-1%	(1,647)	(1,680)	2%	(1,795)	(2,144)	19%
Interest expenses	(181)	(181)	0%	(182)	(185)	2%	(182)	(189)	4%
Revaluation gains	4,325	4,325	0%	4,768	4,768	0%	5,257	5,257	0%
Other income and expenses	374	372	0%	380	413	8%	266	256	-4%
Pre-tax profit	6,496	6,509	0%	7,445	7,559	2%	8,432	8,804	4%
Taxation	(1,747)	(1,756)	0%	(2,106)	(2,180)	3%	(2,467)	(2,709)	10%
MI	25	25	1%	30	32	6%	34	40	17%
Reported net profit	4,774	4,778	0%	5,369	5,411	1%	5,999	6,136	2%
Recurring net profit	1,531	1,535	0%	1,793	1,835	2%	2,056	2,193	7%
Gross profit margin (%)	41.5%	41.2%	-0.4 ppts	41.3%	41.1%	-0.3 ppts	41.9%	42.1%	0.3 ppts
Reported net profit margin (%)	47.6%	47.3%	-0.3 ppts	45.0%	42.9%	-2.1 ppts	43.5%	38.1%	-5.4 ppts
Recurring net profit margin (%)	15.3%	15.2%	-0.1 ppts	15.0%	14.6%	-0.5 ppts	14.9%	13.6%	-1.3 ppts

Source: RHB

We update our contracted sales for FY18F-20F after factoring in new ASP and volume sold assumptions. Based on the same delivery schedule, we lift FY18F-20F revenue by 1%/6%/17%. Together with modifying our GPM assumptions and other changes, we raise FY18F-20F earnings by 0%/2%/7%.

Figure 2: CSC's interim income statement

FY end Mar 31 (HKD m)	Actual	Actual	Actual	Actual	Actual	RHB
	1H16	2H16	1H17	2H17	1H18	2H18F
Turnover	2,153	3,983	2,893	4,946	3,620	6,487
<i>Property development</i>	1,550	3,166	2,156	4,084	2,700	5,271
<i>Rental income</i>	334	347	353	346	361	569
<i>Property management</i>	88	160	153	136	247	244
<i>E-commerce</i>	51	151	63	150	85	162
<i>Others</i>	130	159	166	229	226	241
Cost of sales	(1,049)	(2,129)	(1,650)	(2,678)	(2,135)	(3,811)
Gross profit	1,104	1,855	1,243	2,268	1,486	2,676
Other income and expenses	480	433	599	(20)	129	244
Selling and distribution costs	(418)	(447)	(396)	(229)	(307)	(464)
Administrative expenses	(605)	(573)	(563)	(583)	(518)	(879)
Operating profit	562	1,269	883	1,435	788	1,577
Revaluation change	797	2,435	963	3,586	1,066	3,258
Finance cost	(92)	(68)	(110)	(166)	(118)	(63)
Profit before taxation	1,268	3,636	1,736	4,856	1,737	4,772
Taxation	(519)	(852)	(882)	(1,387)	(752)	(1,004)
Profit after taxation	749	2,785	854	3,469	984	3,769
MI	7	(4)	3	(3)	6	19
Reported net profit	756	2,781	857	3,466	991	3,788
Recurring net profit	198	1,008	259	1,093	332	1,203
Basic EPS (HKD)	0.094	0.348	0.107	0.433	0.124	0.473
Core EPS (HKD)	0.025	0.126	0.032	0.136	0.041	0.150
DPS (HKD)	0.000	0.050	0.000	0.050	0.000	0.060
BVPS (HKD)	2.976	3.273	3.210	3.535	3.768	4.092
Gross margin	51.3%	46.6%	43.0%	45.8%	41.0%	41.2%
Operating margin	26.1%	31.9%	30.5%	29.0%	21.8%	24.3%
Effective tax rate	-40.9%	-23.4%	-50.8%	-28.6%	-43.3%	-21.0%
Net margin	35.1%	69.8%	29.6%	70.1%	27.4%	58.4%
Core net margin	9.2%	25.3%	8.9%	22.1%	9.2%	18.5%

Source: RHB

Figure 3: Income statement summary

Year ended 31 March (HKD m)	FY16	FY17F	FY18F	FY19F	FY20F
Property sales	4,716	6,241	7,971	10,121	13,166
Property investment	681	700	930	1,026	1,131
Property management	248	289	491	623	811
E-commerce	202	214	247	285	330
Others	289	396	468	553	654
Total turnover	6,136	7,838	10,108	12,609	16,092
Property sales	912	1,305	1,196	1,619	2,172
Property investment	494	485	674	744	820
Property management	-44	16	-49	-41	-24
E-commerce	202	213	222	257	297
Others	182	228	257	332	393
EBIT	1,745	2,247	2,301	2,911	3,657
Interest income	86	72	64	64	79
Interest expenses	-159	-275	-181	-185	-189
Revaluation gain	3,233	4,550	4,325	4,768	5,257
Taxation	-1,370	-2,269	-1,756	-2,180	-2,709
Minority interests	3	-0	25	32	40
Reported net profit	3,537	4,323	4,778	5,411	6,136
Recurring net profit	1,206	1,351	1,535	1,835	2,193
Reported EPS (HKD)	0.442	0.540	0.597	0.676	0.766
Recurring EPS (HKD)	0.151	0.169	0.192	0.229	0.274
DPS (HKD)	0.050	0.050	0.060	0.068	0.077
<u>Profit margin:</u>					
Gross margin	53.0%	48.2%	44.8%	41.2%	41.1%
EBIT margin	36.5%	28.4%	28.7%	22.8%	23.1%
Reported net margin	38.2%	57.6%	55.1%	47.3%	42.9%
Recurring net margin	19.0%	19.7%	17.2%	15.2%	14.6%
<u>YoY growth:</u>					
Turnover	-37.1%	27.7%	28.9%	24.8%	27.6%
Booked property sales revenue	-45.5%	32.3%	27.7%	27.0%	30.1%
EBIT	-51.0%	28.7%	2.4%	26.5%	25.6%
Reported net profit	-5.1%	22.2%	10.5%	13.2%	13.4%
Recurring net profit	-35.0%	12.1%	13.6%	19.6%	19.5%
Recurring EPS	-37.8%	12.0%	13.6%	19.6%	19.5%

Source: RHB

Valuation And Recommendation

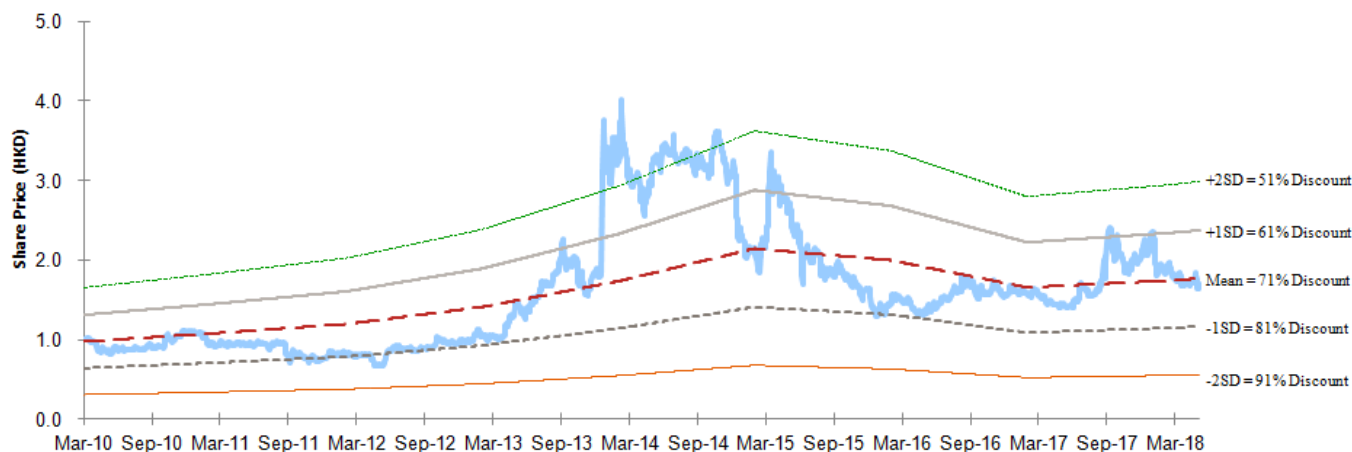
Figure 4: CSC's end-FY19F (Mar) NAV estimate

	Value (CNY m)	Value (CNY m)
Property development :		
- CSC Nanchang	4,270	
- CSC Nanning	841	
- CSC Xian	2,418	
- CSC Harbin	992	
- CSC Zhengzhou	7,946	
- CSC Hefei	5,000	
- CSC Chongqing	2,771	
		24,237
Investment properties		51,284
Gross asset value (GAV)		75,521
Gross asset value (GAV) (HKD m)		88,849
Net debt (HKD m)		(38,435)
Net asset value (NAV) (HKD m)		50,413
NAV per share (HKD)		6.30

Source: RHB

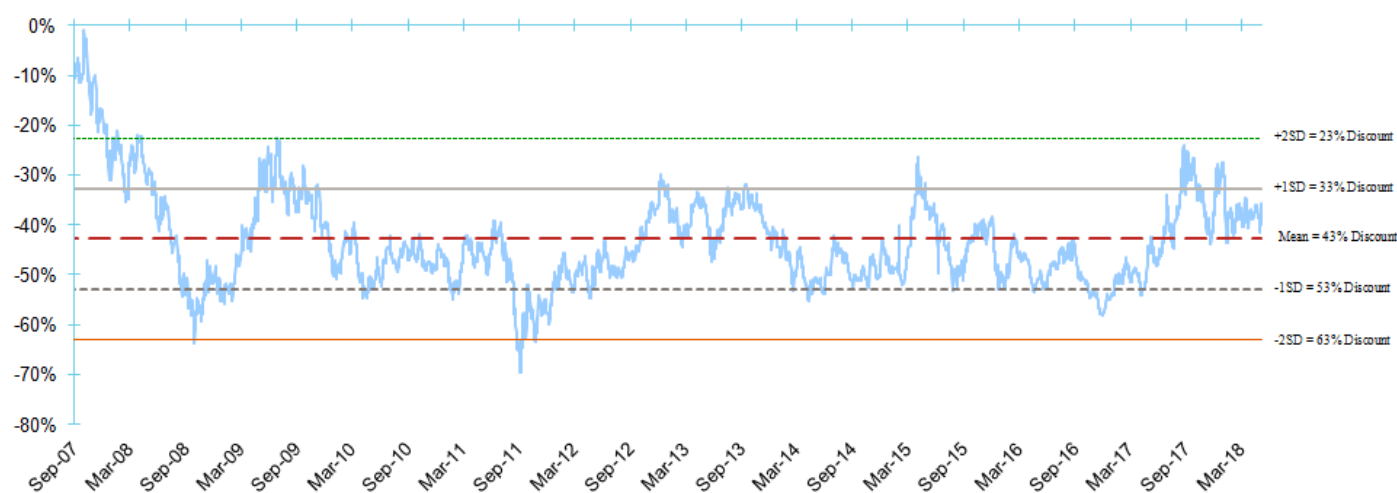
Maintain BUY and HKD2.20 TP, based on the same 65% discount to end-FY19F ENAV of HKD6.30. CSC remains as our deep-value investment thesis with multiple medium-term catalysts to drive a re-rating including – asset redeployment from prioritising development of residential properties, rebounding sentiment in the manufacturing sector, which should drive sales of trade centres, and potentially, an opportunistic spinoff of outlet operations. Downside risk is an extension of policy curbs to areas where projects are situated.

Figure 5: CSC's 5-year rolling forward ENAV band



Source: RHB

Figure 6: China property – 10-year ENAV discount bands



Source: RHB

Peer Comparison

Figure 7: Peer comparison table I

Company	Stock code	*Price (HKD)	Mkt cap (USDm)	3-mth avg t/o (USDm)	RHB/Cons NAV (HKD)	Discount to NAV (%)	P/E		EPS YoY change		3-yr EPS CAGR (%)	P/BV		Div yield (%)	
							FY18F (x)	FY19F (x)	FY18F (%)	FY19F (%)		FY18F (x)	FY19F (x)	FY18F (%)	FY19F (%)
Large peer average						27.3	8.2	6.5	20.6	26.6	22.2	1.8	1.5	4.7	5.3
China Vanke	2202 HK	31.95	47,103	34.3	33.34	4.2	8.2	6.7	24.5	22.2	19.4	1.8	1.6	4.4	5.5
**Country Garden	2007 HK	17.00	47,101	107.3	25.80	34.1	8.8	6.5	35.4	34.9	30.4	2.4	1.9	3.9	5.0
**Evergrande	3333 HK	24.15	40,558	62.0	42.20	42.8	6.5	5.4	-0.5	21.2	12.6	1.9	1.6	8.9	8.2
**China Overseas	688 HK	28.20	39,375	51.3	43.00	34.4	7.6	6.5	18.3	18.0	17.4	1.0	0.9	3.3	3.9
**CR Land	1109 HK	31.60	27,912	43.8	42.00	24.8	9.0	7.6	27.3	17.8	20.4	1.4	1.2	3.8	4.5
**Sunac	1918 HK	32.60	18,290	75.2	41.30	21.1	8.9	5.5	7.6	61.2	38.7	2.3	1.7	2.4	3.6
**Longfor	960 HK	24.70	18,655	14.2	35.10	29.6	9.4	7.5	27.3	26.0	25.4	1.5	1.3	4.2	5.3
Mid-and-small peer average						34.4	8.5	7.0	30.7	21.2	20.0	0.9	0.7	4.9	6.0
**Shimao	813 HK	24.50	10,575	18.6	40.00	38.8	7.3	6.0	32.7	23.2	26.6	1.0	0.9	5.3	6.5
**Agile	3383 HK	16.36	8,167	19.0	34.00	51.9	7.1	5.7	21.3	24.0	22.6	1.2	1.1	6.5	8.0
Guangzhou R&F	2777 HK	19.26	7,909	16.3	20.86	7.7	5.0	4.0	34.6	24.9	27.4	0.7	0.7	8.0	9.8
China Jinmao	817 HK	4.63	6,831	16.8	5.23	11.5	8.6	6.7	19.7	29.5	29.7	1.1	1.0	4.7	6.0
**CIFI	884 HK	6.39	6,271	18.9	10.40	38.6	7.2	5.6	25.6	28.9	26.5	1.5	1.3	5.0	6.4
Sino-Ocean	3377 HK	5.42	5,259	7.5	6.80	20.3	6.8	5.6	22.3	19.7	23.0	0.6	0.6	6.4	7.7
**KWG	1813 HK	12.34	4,962	16.0	22.30	44.7	6.7	5.1	54.6	30.7	35.8	1.0	0.9	5.2	6.7
Shenzhen Inv	604 HK	3.23	3,317	6.4	8.50	62.0	8.6	7.3	-27.1	17.3	-6.1	0.6	0.5	5.7	6.3
Kaisa	1638 HK	4.41	3,408	8.0	5.60	21.3	2.6	1.9	214.5	N/A	N/A	1.1	N/A	N/A	N/A
**Greentown	3900 HK	12.64	3,492	9.0	20.30	37.7	10.5	9.4	27.3	11.4	15.8	0.8	0.7	1.9	2.1
Yuexiu Property	123 HK	1.78	2,813	10.3	1.86	4.3	7.2	5.8	7.1	22.7	16.2	0.5	0.5	5.5	6.8
SOHO China	410 HK	4.16	2,757	4.9	7.30	43.0	39.5	31.7	N/A	24.4	N/A	0.5	0.5	3.8	4.4
Hopson	754 HK	8.20	2,326	1.9	13.08	37.3	13.0	12.8	N/A	1.6	N/A	N/A	N/A	2.3	2.3
Shui On Land	272 HK	2.19	2,250	5.2	5.90	62.9	9.8	9.1	-23.4	7.7	0.2	0.3	0.3	2.7	2.6
**CSC	1668 HK	1.69	1,725	3.9	6.30	73.2	12.1	10.6	N/A	14.3	18.4	0.4	0.5	3.0	4.7
Poly HK	119 HK	3.95	1,843	4.4	7.00	43.6	7.3	7.5	49.5	-2.8	N/A	0.5	0.5	4.1	3.9
**COGO	81 HK	3.62	1,579	4.0	6.60	45.2	5.6	4.3	36.5	29.5	26.6	0.6	0.5	1.5	2.1
Fantasia	1777 HK	1.49	1,094	2.1	2.60	42.7	5.1	3.9	20.0	29.2	24.9	0.6	0.4	4.7	6.0
Sector average						29.0	8.3	6.6	23.1	25.3	21.6	1.6	1.3	4.7	5.5

Note: *Prices as at 05 Jun 2018

Note 2: **Under RHB coverage

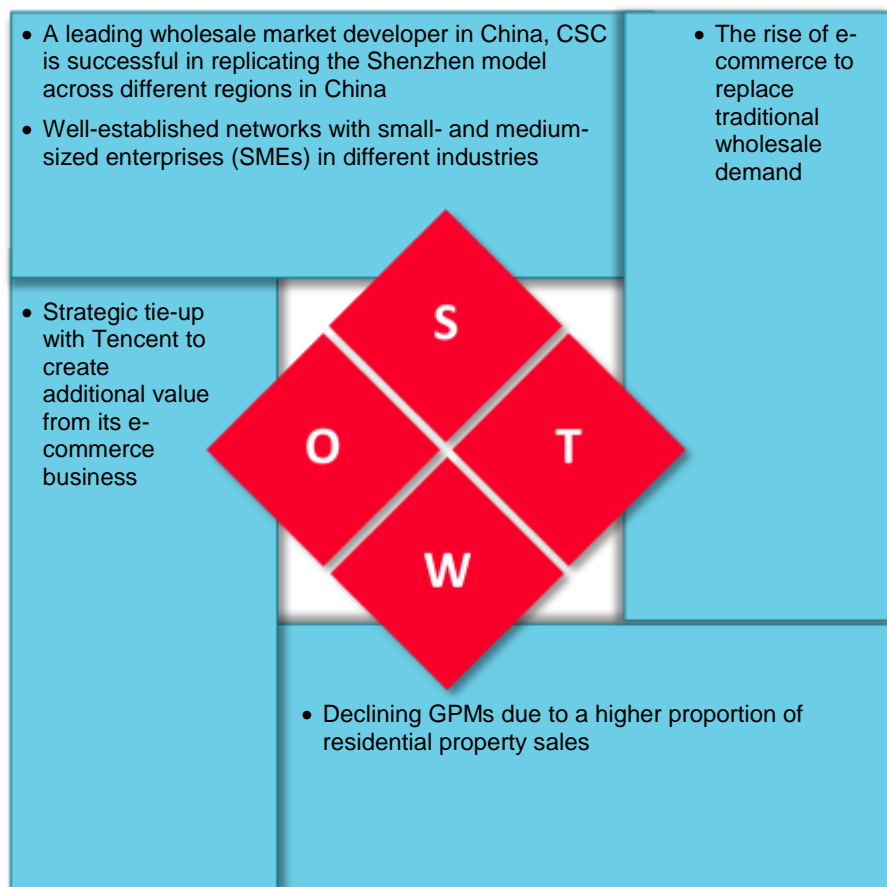
Source: RHB, Bloomberg

Figure 8: Peer comparison table II

Company	Stock	Mkt cap	Revenue		Net profit		Gross margin	Net margin		Net gearing		ROE		Share price change	
	code		FY17	FY18F	FY17	FY18F	FY17	FY17	FY18F	FY17	FY18F	FY17	FY18F	1-mth	YTD
		(USDm)	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Large peer average							31.8	15.8	12.5	96.3	14.6	24.5	22.6	5.2	11.8
China Vanke	2202 HK	47,103	37,068	49,256	4,381	5,463	32.3	11.8	11.1	14.1	N/A	22.8	22.9	7.6	2.4
Country Garden	2007 HK	47,101	35,436	54,787	4,071	5,305	25.9	11.5	9.7	55.0	0.0	31.8	29.3	7.7	14.1
Evergrande	3333 HK	40,558	48,574	69,153	3,806	6,198	36.1	7.8	9.0	237.8	N/A	30.7	33.7	-3.8	-10.4
China Overseas	688 HK	39,375	20,897	27,261	5,195	5,172	33.4	24.9	19.0	27.1	12.8	16.7	14.5	7.8	12.1
CR Land	1109 HK	27,912	15,113	19,010	2,933	3,104	40.3	19.4	16.3	43.1	23.7	17.7	16.3	12.3	37.4
Sunac	1918 HK	18,290	10,288	21,743	1,825	2,028	20.7	17.7	9.3	249.1	N/A	32.8	24.0	-2.4	0.8
Longfor	960 HK	18,655	11,256	15,022	1,968	1,975	33.9	17.5	13.1	47.8	21.9	19.0	17.4	6.9	26.1
Mid-and-small peer average							33.3	32.2	12.7	88.1	42.2	14.3	12.4	5.5	13.9
Shimao	813 HK	10,575	10,999	13,319	1,225	1,447	30.4	11.1	10.9	61.1	53.7	14.2	14.7	15.3	44.1
Agile	3383 HK	8,167	8,060	9,944	1,015	1,142	40.1	12.6	11.5	93.8	10.6	16.8	17.5	5.3	37.9
Guangzhou R&F	2777 HK	7,909	9,258	12,297	3,331	1,596	35.4	36.0	13.0	188.8	84.0	40.2	15.7	5.8	9.3
China Jinmao	817 HK	6,831	4,853	6,526	621	752	32.3	12.8	11.5	69.1	53.9	12.9	13.1	6.7	34.6
CIFI	884 HK	6,271	4,970	6,327	754	865	27.1	15.2	13.7	49.4	N/A	26.9	22.3	5.6	35.7
Sino-Ocean	3377 HK	5,259	7,159	8,092	799	770	24.5	11.2	9.5	66.5	33.0	11.1	9.9	-1.3	0.6
KWG	1813 HK	4,962	1,803	2,541	565	710	34.8	31.4	28.0	72.4	38.5	14.0	15.6	14.7	35.2
Shenzhen Inv	604 HK	3,317	1,307	2,384	631	381	34.6	48.3	16.0	22.0	N/A	13.3	7.1	2.2	-0.3
Kaisa	1638 HK	3,408	5,119	10,751	513	1,339	27.3	10.0	12.5	326.2	N/A	20.5	38.5	6.0	0.0
Greentown	3900 HK	3,492	6,552	6,879	342	317	19.2	5.2	4.6	59.1	48.4	6.5	6.6	18.8	25.6
Yuexiu Property	123 HK	2,813	3,716	4,214	353	386	25.7	9.5	9.2	84.1	45.0	7.2	7.4	2.9	21.9
SOHO China	410 HK	2,757	307	307	739	77	74.0	241.2	25.2	51.4	N/A	14.1	1.5	5.3	-9.0
Hopson	754 HK	2,326	1,762	N/A	739	N/A	36.8	41.9	N/A	71.9	N/A	9.8	N/A	-1.4	7.0
Shui On Land	272 HK	2,250	2,882	2,619	350	233	42.6	12.2	8.9	55.1	N/A	4.4	4.1	4.3	1.4
CSC	1668 HK	1,725	999	1,195	551	212	44.8	55.1	17.7	78.2	N/A	16.0	10.5	0.0	-17.6
Poly HK	119 HK	1,843	4,040	4,865	314	285	20.6	7.8	5.9	72.1	N/A	9.3	6.4	8.5	-2.9
COGO	81 HK	1,579	2,584	3,305	162	242	20.1	6.3	7.3	77.6	12.3	10.6	12.8	3.1	-13.1
Fantasia	1777 HK	1,094	1,528	2,133	180	214	29.6	11.8	10.0	87.1	N/A	9.8	7.5	-2.6	39.3
Average							32.9	27.6	12.6	90.4	33.7	17.2	15.4	5.4	13.3

Source: RHB, Bloomberg

SWOT Analysis



Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2017-12-03	Buy	2.20	1.88
2017-07-03	Buy	2.00	1.52
2017-02-12	Buy	2.13	1.67
2016-11-28	Buy	2.13	1.71
2016-10-16	Neutral	1.50	1.63
2016-07-14	Neutral	1.50	1.63
2016-06-28	Neutral	1.50	1.47
2015-12-01	Neutral	1.77	1.78
2015-10-23	Neutral	2.00	1.96
2015-07-15	Neutral	2.90	2.32

Source: RHB, Bloomberg

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