

30 November 2018

Property | Real Estate

China South City Holdings

Buy (Maintained)

Steady Growth Ahead; Maintain BUY

Target Price: HKD2.10
 Price: HKD1.20
 Market Cap: USD1,245m
 Bloomberg Ticker: 1668 HK

Maintain BUY, with new HKD2.10 TP from HKD2.40, 75% upside based on the same 65% discount to end-FY19F ENAV of HKD6.10, (from HKD6.90). We believe there will be no changes to CSC's fundamentals in the short to medium term, as it continues to rest on residential property sales to maintain sufficient liquidity and gradually develop its wholesale park portfolio. As its wholesale parks continue to mature, the company should reap the benefits, and report strong recurring income growth.

Results in line. China South City announced results that largely met, with revenue and earnings coming in at HKD5.2bn and HKD420m, 8.5% and 2.9% ahead of our estimates. Revenue continued to be driven by residential property sales, which accounted for 80% of total (vs 71.4% in 1H18). Growth has remained broad-based, with all segments reporting steady growth with strong visibility, thanks to HKD12bn presale deposits on the balance sheet – equivalent to 1.6x of our 2HFY19F (Mar) revenue. Whilst net gearing remained at 76.3%, its interest servicing ability remained stronger than peers – recurring income accounted for 76.5% of total interest expenses in 1HFY19, vs 76.2% in 1HFY18.

Confident in achieving contracted sales target. Whilst the run-rate as at end-1H19 was c.43%, management remains confident to deliver the sales target of HKD16bn for FY19F, with sales stemmed from projects in Central and Western China, including Hefei, Zhengzhou, Chongqing and Xi'an in 2HFY19F. The property market in these cities remained resilient with strong volume and stable ASP growth, in our view. Management also indicated given that the target homebuyers are mainly end-users and tenants of its wholesale parks, it sees the sell-through rate as less culpable to deterioration should a general market correction happen.

Minimal land capital expenditure likely to report positive cash flow. Given the abundant land resources it owns – 24.71m sqm under development or pending future development – there is no imminent need for CSC to replenish landbank. Coupled with a strong cash collection, management expects cash inflow yield of several billion HKD in FY19, which should enable to further pare down its debt.

Adjusting our margin assumptions, as we see growing contribution from sales of residential properties over the next three years, which yield lower GPM and NPM. Accordingly, we lower our FY19F-21F earnings by 3%, 9%, and 5%, representing CAGR of 16.4% for FY19F-21F. We also lower end-FY19F ENAV to HKD6.10, from HKD6.90, mainly to reflect our new margin assumptions. Our new TP of HKD2.10, from HKD2.40, is based on the same 65% discount to end-FY19F ENAV.

Maintain BUY as we like CSC's undemanding valuation (80% discount to NAV) and growth visibility. Downside risk is a deterioration of sell-through rate.

RHB is one of four brokers covering this under-researched stock.

Forecasts and Valuations	Mar-17	Mar-18	Mar-19F	Mar-20F	Mar-21F
Total turnover (HKDm)	7,838	9,405	12,833	16,185	18,854
Reported net profit (HKDm)	4,323	4,512	5,588	6,274	7,037
Recurring net profit (HKDm)	1,351	1,609	1,887	2,194	2,540
Recurring net profit growth (%)	12.1	19.0	17.3	16.3	15.7
Recurring EPS (HKD)	0.17	0.20	0.24	0.27	0.32
DPS (HKD)	0.05	0.05	0.07	0.08	0.09
Recurring P/E (x)	7.11	5.97	5.09	4.38	3.78
P/B (x)	0.34	0.26	0.23	0.20	0.18
Dividend Yield (%)	4.2	4.2	5.8	6.5	7.3
Return on average equity (%)	5.0	5.0	4.9	5.0	5.1
Return on average assets (%)	1.6	1.6	1.6	1.6	1.6
Net debt to equity (%)	78.2	77.4	75.7	72.0	72.6
Our vs consensus EPS (adjusted) (%)					

Source: Company data, RHB

Share Data

Avg Daily Turnover (HKD/USD) 29.4m/3.68m
 52-wk Price low/high (HKD) 1.11 - 2.41
 Free Float (%) 53
 Shares outstanding (m) 8,010
 Estimated Return 75%

Shareholders (%)

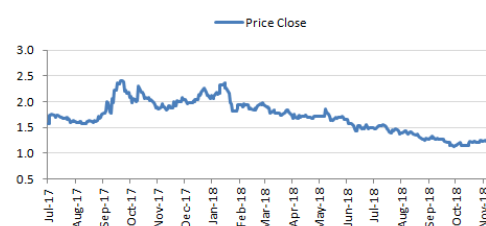
Cheng Chung Hing 28.4
 Tencent 11.4
 Cheng Tai Po 7.3

Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(41.5)	4.3	(14.3)	(30.2)	(37.5)
Relative	(29.9)	(2.3)	(7.4)	(17.0)	(26.8)

Source: Bloomberg

China South City (1668 HK)



Source: Bloomberg

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Results Review

Figure 1: Results review

FY end Mar 31 (HKD m)	Actual	Actual	Actual	1H19	RHB	1H19
	1H18	2H18	1H19	YoY	1H19	Diff (%)
Turnover	3,570	5,835	5,212	46.0%	4,804	8.5%
<i>Property development</i>	2,700	4,685	4,176	54.7%		
<i>Rental income</i>	361	370	378	4.5%		
<i>Property management</i>	197	179	205	4.2%		
<i>E-commerce</i>	85	160	97	14.1%		
<i>Others</i>	226	441	357	57.5%		
Cost of sales	(2,084)	(3,252)	(3,095)	48.5%		
Gross profit	1,486	2,584	2,117	42.5%		
Other income and expenses	129	399	175	36.0%		
Selling and distribution costs	(307)	(373)	(348)	13.2%		
Administrative expenses	(518)	(698)	(598)	15.5%		
Operating profit	788	1,911	1,345	70.6%		
Revaluation change	1,066	3,312	876	-17.9%		
Finance cost	(118)	(177)	(302)	155.7%		
Profit before taxation	1,737	5,047	1,919	10.5%		
Taxation	(752)	(1,529)	(1,070)	42.3%		
Profit after taxation	984	3,518	849	-13.7%		
MI	6	3	(1)	N/A		
Reported net profit	991	3,521	848	-14.4%		
Recurring net profit	332	1,277	420	26.6%	408	2.9%
Basic EPS (HKD)	0.124	0.440	0.106	-14.4%		
Core EPS (HKD)	0.041	0.159	0.052	26.5%		
DPS (HKD)	0.000	0.050	0.000	N/A		
BVPS (HKD)	3.768	4.546	4.088	8.5%		
Gross margin	41.6%	44.3%	40.6%			
Operating margin	22.1%	32.8%	25.8%			
Effective tax rate	-43.3%	-30.3%	-55.8%			
Net margin	27.7%	60.3%	16.3%			
Core net margin	9.3%	21.9%	8.1%			

Source: RHB

Figure 2: Revenue from property development (by city)

		Absolute Amount			Contribution (% of Total)			Absolute Amount			Contribution (% of Total)		
		1H19	1H18	1H17	1H19	1H18	1H17	FY18	FY17	FY16	FY18	FY17	FY16
Total Revenue from Properties Delivered	HKD m	4,140	2,688	2,097				7,230	5,794	4,164			
CSC Shenzhen	HKD m	-	-	8	-	-	0.4%	-	8	114	-	0.1%	2.7%
CSC Nanchang	HKD m	80	1,109	906	1.9%	41.3%	43.2%	3,462	1,919	200	47.9%	33.1%	4.8%
CSC Nanning	HKD m	301	712	94	7.3%	26.5%	4.5%	1,094	910	399	15.1%	15.7%	9.6%
CSC Xi'an	HKD m	97	152	87	2.3%	5.7%	4.1%	285	356	568	3.9%	6.1%	13.6%
CSC Harbin	HKD m	142	353	353	3.4%	13.1%	16.8%	626	816	49	8.7%	14.1%	1.2%
CSC Zhengzhou	HKD m	514	286	235	12.4%	10.6%	11.2%	864	663	1,168	12.0%	11.4%	28.1%
CSC Hefei	HKD m	2,498	16	329	60.3%	0.6%	15.7%	739	978	650	10.2%	16.9%	15.6%
CSC Chongqing	HKD m	507	60	86	12.3%	2.2%	4.1%	160	144	1,015	2.2%	2.5%	24.4%
Total GFA Delivered	m sqm	0.50	0.34	0.30				0.86	0.91	0.60			
CSC Shenzhen	m sqm	-	-	0.00	-	-	0.1%	-	0.00	0.00	-	0.0%	0.8%
CSC Nanchang	m sqm	0.01	0.13	0.10	1.3%	37.3%	35.0%	0.36	0.25	0.03	41.5%	28.0%	4.4%
CSC Nanning	m sqm	0.03	0.09	0.01	5.8%	27.5%	4.9%	0.14	0.14	0.06	15.8%	15.8%	9.8%
CSC Xi'an	m sqm	0.01	0.03	0.01	2.6%	8.1%	3.7%	0.05	0.07	0.09	5.9%	7.6%	15.8%
CSC Harbin	m sqm	0.02	0.05	0.08	4.4%	16.0%	26.0%	0.10	0.19	0.00	12.0%	20.8%	0.8%
CSC Zhengzhou	m sqm	0.07	0.03	0.02	13.2%	8.4%	7.7%	0.08	0.07	0.13	9.8%	7.2%	21.9%
CSC Hefei	m sqm	0.28	0.00	0.06	56.9%	0.4%	18.8%	0.11	0.17	0.12	12.5%	18.4%	20.2%
CSC Chongqing	m sqm	0.08	0.01	0.01	15.8%	2.2%	3.9%	0.02	0.02	0.16	2.4%	2.3%	26.2%
Blended ASP of GFA Delivered	HKD / sqm	8,279	7,907	7,097				8,398	6,383	6,947			
CSC Shenzhen	HKD / sqm	N/A	N/A	28,000				N/A	38,000	23,224			
CSC Nanchang	HKD / sqm	12,762	8,739	8,759				9,697	7,559	7,530			
CSC Nanning	HKD / sqm	10,305	7,604	6,521				8,035	6,364	6,768			
CSC Xi'an	HKD / sqm	7,477	5,484	8,019				5,606	5,164	6,007			
CSC Harbin	HKD / sqm	6,392	6,508	4,596				6,032	4,320	10,061			
CSC Zhengzhou	HKD / sqm	7,763	9,993	10,352				10,215	10,205	8,891			
CSC Hefei	HKD / sqm	8,786	11,643	5,923				6,864	5,868	5,379			
CSC Chongqing	HKD / sqm	6,439	8,040	7,397				7,629	6,820	6,458			

Source: Company's Data, RHB

Figure 3: Contracted sales performance (by city)

		Absolute Amount			Contribution (% of Total)			Absolute Amount			Contribution (% of Total)		
		1H19	1H18	1H17	1H19	1H18	1H17	FY18	FY17	FY16	FY18	FY17	FY16
Total Contracted Sales Value	HKD m	6,803	5,450	4,316				12,026	8,636	6,628			
CSC Shenzhen	HKD m	12	-	632	0.2%	-	14.7%	2	646	696	0.0%	7.5%	10.5%
CSC Nanchang	HKD m	310	811	1,978	4.6%	14.9%	45.8%	2,124	2,949	905	17.7%	34.1%	13.7%
CSC Nanning	HKD m	375	426	475	5.5%	7.8%	11.0%	1,058	923	643	8.8%	10.7%	9.7%
CSC Xi'an	HKD m	735	328	162	10.8%	6.0%	3.8%	544	509	380	4.5%	5.9%	5.7%
CSC Harbin	HKD m	165	89	54	2.4%	1.6%	1.3%	301	603	366	2.5%	7.0%	5.5%
CSC Zhengzhou	HKD m	2,169	998	56	31.9%	18.3%	1.3%	2,748	121	2,172	22.9%	1.4%	32.8%
CSC Hefei	HKD m	1,688	2,039	859	24.8%	37.4%	19.9%	3,182	2,711	820	26.5%	31.4%	12.4%
CSC Chongqing	HKD m	1,349	760	99	19.8%	14.0%	2.3%	2,066	175	647	17.2%	2.0%	9.8%
Total Contracted GFA Sold	m sqm	0.73	0.65	0.53				1.32	1.08	0.78			
CSC Shenzhen	m sqm	0.00	-	0.05	0.1%	-	9.7%	0.00	0.05	0.05	0.0%	4.8%	6.9%
CSC Nanchang	m sqm	0.04	0.10	0.22	5.2%	14.6%	42.1%	0.20	0.34	0.11	15.5%	31.0%	13.9%
CSC Nanning	m sqm	0.04	0.05	0.07	4.9%	7.8%	13.2%	0.11	0.13	0.09	8.4%	12.1%	11.4%
CSC Xi'an	m sqm	0.09	0.05	0.03	12.7%	8.1%	4.9%	0.08	0.08	0.06	6.1%	7.3%	7.0%
CSC Harbin	m sqm	0.02	0.02	0.01	3.4%	2.9%	1.8%	0.05	0.11	0.06	4.1%	10.4%	8.1%
CSC Zhengzhou	m sqm	0.22	0.10	0.01	30.3%	15.6%	1.1%	0.29	0.01	0.20	21.8%	1.2%	25.4%
CSC Hefei	m sqm	0.15	0.22	0.13	20.3%	33.7%	24.9%	0.30	0.34	0.13	23.1%	31.1%	16.7%
CSC Chongqing	m sqm	0.17	0.11	0.01	23.2%	17.3%	2.3%	0.28	0.02	0.08	21.1%	2.0%	10.5%
Blended Contracted ASP	HKD / sqm	9,342	8,386	8,120				9,123	7,972	8,449			
CSC Shenzhen	HKD / sqm	15,375	N/A	12,327				19,000	12,303	12,769			
CSC Nanchang	HKD / sqm	8,198	8,534	8,849				10,411	8,778	8,321			
CSC Nanning	HKD / sqm	10,501	8,415	6,791				9,603	7,017	7,174			
CSC Xi'an	HKD / sqm	7,976	6,240	6,266				6,810	6,396	6,884			
CSC Harbin	HKD / sqm	6,637	4,780	5,520				5,528	5,344	5,768			
CSC Zhengzhou	HKD / sqm	9,840	9,830	9,213				9,559	9,520	10,892			
CSC Hefei	HKD / sqm	11,419	9,305	6,480				10,464	8,059	6,261			
CSC Chongqing	HKD / sqm	7,998	6,753	7,976				7,435	7,968	7,823			

Source: Company's Data, RHB

Figure 4: Contracted sales performance (by product)

		Absolute Amount			Contribution (% of Total)			Absolute Amount			Contribution (% of Total)		
		1H19	1H18	1H17	1H19	1H18	1H17	FY18	FY17	FY16	FY18	FY17	FY16
Total Contracted Sales Value	HKD m	6,803	5,450	4,316				12,026	8,636	6,628			
Trade Center (Mall Style)	HKD m	104	97	44	1.5%	1.8%	1.0%	142	79	1,793	1.2%	0.9%	27.1%
Trade Center (Detached Style)	HKD m	778	452	431	11.4%	8.3%	10.0%	1,652	1,091	1,936	13.7%	12.6%	29.2%
Office Units	HKD m	38	7	627	0.6%	0.1%	14.6%	63	644	577	0.5%	7.4%	8.7%
Residential Ancillaries	HKD m	5,879	4,885	3,206	86.5%	89.8%	74.4%	10,170	6,857	2,322	84.6%	79.1%	35.0%
Total Contracted GFA Sold	m sqm	0.73	0.65	0.53				1.32	1.08	0.78			
Trade Center (Mall Style)	m sqm	0.01	0.01	0.00	1.2%	1.3%	0.5%	0.01	0.01	0.14	1.1%	0.5%	17.2%
Trade Center (Detached Style)	m sqm	0.11	0.07	0.06	14.7%	10.4%	10.9%	0.22	0.15	0.25	16.8%	13.6%	31.5%
Office Units	m sqm	0.00	0.00	0.05	0.5%	0.1%	9.7%	0.01	0.05	0.05	0.5%	4.9%	6.3%
Residential Ancillaries	m sqm	0.61	0.57	0.42	83.5%	88.2%	78.9%	1.08	0.88	0.35	81.7%	80.9%	45.0%
Blended Contracted ASP	HKD / sqm	9,342	8,386	8,120				9,123	7,972	8,449			
Trade Center (Mall Style)	HKD / sqm	11,546	11,675	15,228				10,079	13,624	13,272			
Trade Center (Detached Style)	HKD / sqm	7,254	6,699	7,437				7,463	7,390	7,840			
Office Units	HKD / sqm	10,880	9,700	12,178				10,100	12,155	11,580			
Residential Ancillaries	HKD / sqm	9,662	8,518	7,648				9,447	7,819	6,585			

Source: Company's Data, RHB

Change In Earnings Forecasts

Figure 5: Changes to our P&L forecasts

(HKD m)	FY19F			FY20F			FY21F		
	Original	New	chg (%)	Original	New	chg (%)	Original	New	chg (%)
Revenue	12,833	12,833	0%	16,185	16,185	0%	18,854	18,854	0%
Cost of goods sold	(7,355)	(7,457)	1%	(9,381)	(9,517)	1%	(10,984)	(11,146)	1%
Gross Profit	5,478	5,376	-2%	6,804	6,668	-2%	7,869	7,707	-2%
Selling expenses	(863)	(863)	0%	(919)	(919)	0%	(987)	(987)	0%
General & admin expenses	(1,595)	(1,595)	0%	(1,882)	(1,882)	0%	(2,193)	(2,193)	0%
Interest expenses	(188)	(188)	0%	(188)	(209)	11%	(189)	(233)	23%
Revaluation gains	4,934	4,934	0%	5,440	5,440	0%	5,997	5,997	0%
Other income and expenses	444	473	7%	236	207	-12%	164	115	-30%
Pre-tax profit	8,210	8,137	-1%	9,491	9,305	-2%	10,662	10,408	-2%
Taxation	(2,524)	(2,518)	0%	(2,971)	(2,991)	1%	(3,435)	(3,323)	-3%
MI	(32)	(32)	0%	(40)	(40)	0%	(47)	(47)	0%
Reported net profit	5,655	5,588	-1%	6,480	6,274	-3%	7,179	7,037	-2%
Recurring net profit	1,954	1,887	-3%	2,400	2,194	-9%	2,682	2,540	-5%
Gross profit margin (%)	42.7%	41.9%	-0.8 ppts	42.0%	41.2%	-0.8 ppts	41.7%	40.9%	-0.9 ppts
Reported net profit margin (%)	44.1%	43.5%	-0.5 ppts	40.0%	38.8%	-1.3 ppts	38.1%	37.3%	-0.8 ppts
Recurring net profit margin (%)	15.2%	14.7%	-0.5 ppts	14.8%	13.6%	-1.3 ppts	14.2%	13.5%	-0.8 ppts

Source: RHB

Figure 6: Half-yearly income statement summary

FY end Mar 31 (HKD m)	Actual		Actual		Actual		RHB
	1H17	2H17	1H18	2H18	1H19	2H19F	
Turnover	2,893	4,946	3,570	5,835	5,212	7,621	
Property development	2,156	4,084	2,700	4,685	4,176	6,087	
Rental income	353	346	361	370	378	578	
Property management	153	136	197	179	205	317	
E-commerce	63	150	85	160	97	189	
Others	166	229	226	441	357	451	
Cost of sales	(1,650)	(2,678)	(2,084)	(3,252)	(3,095)	(4,361)	
Gross profit	1,243	2,268	1,486	2,584	2,117	3,259	
Other income and expenses	599	(20)	129	399	175	299	
Selling and distribution costs	(396)	(229)	(307)	(373)	(348)	(515)	
Administrative expenses	(563)	(583)	(518)	(698)	(598)	(997)	
Operating profit	883	1,435	788	1,911	1,345	2,046	
Revaluation change	963	3,586	1,066	3,312	876	4,058	
Finance cost	(110)	(166)	(118)	(177)	(302)	114	
Profit before taxation	1,736	4,856	1,737	5,047	1,919	6,218	
Taxation	(882)	(1,387)	(752)	(1,529)	(1,070)	(1,447)	
Profit after taxation	854	3,469	984	3,518	849	4,771	
MI	3	(3)	6	3	(1)	(31)	
Reported net profit	857	3,466	991	3,521	848	4,739	
Recurring net profit	259	1,093	332	1,277	420	1,467	
Basic EPS (HKD)	0.107	0.433	0.124	0.440	0.106	0.592	
Core EPS (HKD)	0.032	0.136	0.041	0.159	0.052	0.183	
DPS (HKD)	0.000	0.050	0.000	0.050	0.000	0.070	
BVPS (HKD)	3.210	3.535	3.768	4.546	4.088	5.177	
Gross margin	43.0%	45.8%	41.6%	44.3%	40.6%	42.8%	
Operating margin	30.5%	29.0%	22.1%	32.8%	25.8%	26.9%	
Effective tax rate	-50.8%	-28.6%	-43.3%	-30.3%	-55.8%	-23.3%	
Net margin	29.6%	70.1%	27.7%	60.3%	16.3%	62.2%	
Core net margin	8.9%	22.1%	9.3%	21.9%	8.1%	19.3%	

Source: RHB

Figure 7: Income statement summary

Year ended 31 March (HKD m)	FY17	FY18	FY19F	FY20F	FY21F
Property sales	6,241	7,385	10,262	13,152	15,341
Property investment	700	732	955	1,053	1,161
Property management	289	376	522	669	780
E-commerce	214	245	286	334	389
Others	396	667	808	977	1,183
Total turnover	7,838	9,405	12,833	16,185	18,854
Property sales	1,305	1,395	1,887	2,353	2,668
Property investment	485	533	695	766	845
Property management	16	145	202	258	301
E-commerce	213	243	257	300	350
Others	228	306	323	391	473
EBIT	2,247	2,622	3,365	4,069	4,638
Interest income	72	78	27	5	5
Interest expenses	-275	-295	-188	-209	-233
Revaluation gain	4,550	4,378	4,934	5,440	5,997
Taxation	-2,269	-2,281	-2,518	-2,991	-3,323
Minority interests	-0	9	-32	-40	-47
Reported net profit	4,323	4,512	5,588	6,274	7,037
Recurring net profit	1,351	1,609	1,887	2,194	2,540
Reported EPS (HKD)	0.540	0.563	0.698	0.784	0.879
Recurring EPS (HKD)	0.169	0.201	0.236	0.274	0.317
DPS (HKD)	0.050	0.050	0.070	0.078	0.088
Profit margin:					
Gross margin	44.8%	43.3%	41.9%	41.2%	40.9%
EBIT margin	28.7%	27.9%	26.2%	25.1%	24.6%
Reported net margin	55.1%	48.0%	43.5%	38.8%	37.3%
Recurring net margin	17.2%	17.1%	14.7%	13.6%	13.5%
YoY growth:					
Turnover	27.7%	20.0%	36.4%	26.1%	16.5%
Booked property sales revenue	32.3%	18.3%	39.0%	28.2%	16.6%
EBIT	28.7%	16.7%	28.3%	20.9%	14.0%
Reported net profit	22.2%	4.4%	23.8%	12.3%	12.2%
Recurring net profit	12.1%	19.0%	17.3%	16.3%	15.7%
Recurring EPS	12.0%	19.0%	17.3%	16.3%	15.7%

Source: RHB

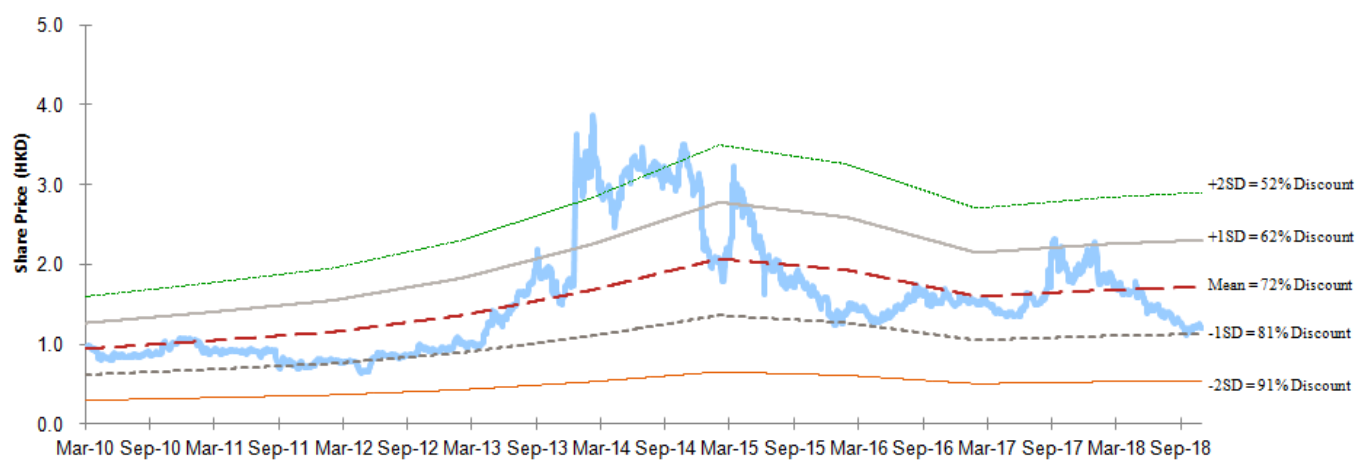
Valuation And Recommendation

Figure 8: CSC's end-FY19 (Mar) NAV estimate

	Value (CNY m)	Value (CNY m)
Property development :		
- CSC Shenzhen	436	
- CSC Nanchang	2,608	
- CSC Nanning	1,535	
- CSC Xian	3,164	
- CSC Harbin	2,695	
- CSC Zhengzhou	7,871	
- CSC Hefei	5,881	
- CSC Chongqing	4,520	
		28,710
Investment properties		48,643
Gross asset value (GAV)		77,353
Gross asset value (GAV) (HKD m)		91,004
Net debt (HKD m)		(42,336)
Net asset value (NAV) (HKD m)		48,667
NAV per share (HKD)		6.10

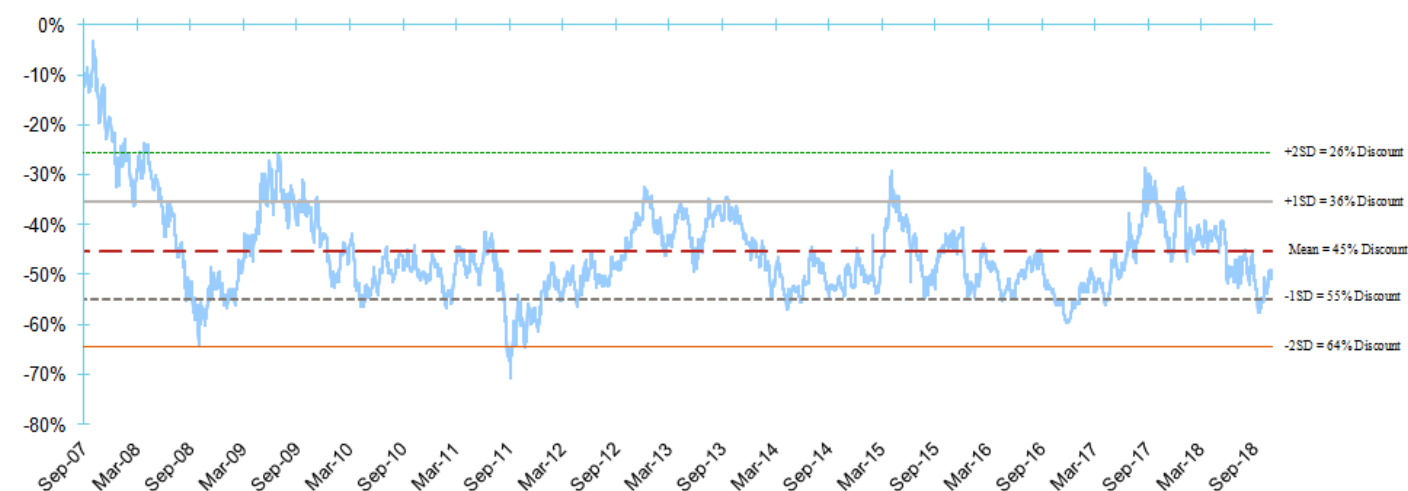
Source: RHB

Figure 9: CSC's 5-year rolling forward ENAV band



Source: RHB

Figure 10: China Property – 10-year ENAV discount band



Source: RHB

Peer Comparison

Figure 11: Peer valuation 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 FY18F	P/E FY19F	EPS YoY change FY18F (%)	EPS YoY change FY19F (%)	3-yr EPS CAGR (%)	P/BV FY18F	P/BV FY19F	Div yield FY18F (%)	Div yield FY19F (%)
Large peer average						39.7	7.0	5.7	23.0	23.1	19.7	1.5	1.3	5.8	6.4
China Vanke	2202 HK	27.30	39,992	27.9	33.34	18.1	7.7	6.4	24.4	19.6	18.3	1.7	1.5	4.6	5.7
**China Overseas	688 HK	26.60	37,256	52.3	43.20	38.4	7.1	6.1	20.0	16.9	17.3	1.0	0.9	3.6	4.3
**Evergrande	3333 HK	22.70	37,986	71.1	44.20	48.6	6.0	5.1	9.4	19.3	11.4	1.9	1.6	11.1	9.7
**CR Land	1109 HK	28.25	25,031	40.2	44.00	35.8	7.9	6.8	32.5	16.8	20.8	1.3	1.1	4.3	5.0
**Country Garden	2007 HK	9.47	26,204	60.5	26.80	64.7	5.2	4.1	38.1	28.2	25.7	1.5	1.2	6.5	8.4
**Longfor	960 HK	22.00	16,680	14.5	35.60	38.2	8.9	7.1	29.7	25.8	25.5	1.5	1.3	4.5	5.7
**Sunac	1918 HK	24.90	14,022	70.6	42.90	42.0	7.1	4.5	11.6	57.4	31.5	1.8	1.4	3.3	4.8
Mid-and-small peer average						55.3	6.5	5.5	25.5	18.0	18.1	0.6	0.6	7.2	8.4
**Shimao	813 HK	19.00	8,024	15.7	41.10	53.8	6.2	4.9	32.7	26.4	26.9	0.9	0.8	6.3	8.0
China Jinmao	817 HK	3.65	5,390	11.4	5.23	30.2	7.1	5.6	24.1	28.6	25.1	1.0	0.9	5.5	7.1
Guangzhou R&F	2777 HK	11.90	4,902	10.8	20.86	43.0	3.3	2.8	34.1	20.3	22.8	0.5	0.5	12.0	14.3
**Agile	3383 HK	10.24	5,128	10.7	34.70	70.5	4.7	4.0	25.4	18.5	20.1	0.8	0.7	10.2	11.9
**CIFI	884 HK	3.86	3,834	9.3	10.50	63.2	4.7	3.8	25.8	23.5	25.8	1.0	0.8	7.6	9.7
Sino-Ocean	3377 HK	3.46	3,369	4.4	6.80	49.1	4.6	3.9	24.0	18.6	23.0	0.4	0.4	9.0	10.8
Shenzhen Inv	604 HK	2.53	2,717	2.6	8.50	70.2	7.7	6.7	-36.4	15.9	-8.9	0.5	0.4	6.3	7.1
**KWG	1813 HK	6.79	2,754	8.3	21.80	68.9	4.1	3.2	53.1	26.5	32.7	0.6	0.5	8.9	11.3
Yuexiu Property	123 HK	1.44	2,283	2.8	1.86	22.6	6.0	5.4	12.9	9.8	10.0	0.5	0.4	6.3	7.4
SOHO China	410 HK	2.98	1,981	1.4	7.30	59.2	36.2	31.1	N/A	16.4	N/A	0.4	0.4	3.9	3.2
Hopson	754 HK	6.25	1,778	0.8	13.08	52.2	6.9	6.7	N/A	3.3	12.7	N/A	N/A	4.3	4.5
Shui On Land	272 HK	1.82	1,876	1.7	5.90	69.2	5.5	7.2	23.5	-23.7	3.8	0.3	0.3	6.6	5.6
Kaisa	1638 HK	2.28	1,769	3.0	5.60	59.3	2.9	2.6	53.9	N/A	N/A	0.6	0.4	5.2	N/A
**Greentown	3900 HK	6.23	1,726	7.8	20.80	70.0	4.8	4.5	48.6	8.2	16.8	0.4	0.4	4.0	4.3
**CSC	1668 HK	1.20	1,245	1.3	6.10	80.3	4.9	4.0	N/A	22.4	18.0	0.3	0.3	4.2	6.2
**COGO	81 HK	2.73	1,195	1.5	7.50	63.6	4.7	3.7	21.7	26.7	23.6	0.4	0.4	2.6	3.3
Poly HK	119 HK	2.64	1,236	1.9	7.00	62.3	3.8	3.4	92.1	11.0	N/A	0.3	0.3	7.9	8.1
Fantasia	1777 HK	0.94	693	0.6	2.60	63.8	3.5	N/A	20.0	N/A	N/A	0.4	N/A	7.4	7.3
Sector average						42.9	6.9	5.7	23.6	22.0	19.3	1.3	1.1	6.1	6.8

Note: *Prices as at 29 Nov 2018

Note 2: **Under RHB coverage

Source: RHB, Bloomberg

Figure 12: Peer valuation 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	FY17	FY18F	1-mth	YTD
		(USDm)	(USDm)	(USDm)	(USDm)	(USDm)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Large peer average							31.8	15.8	12.6	94.9	44.8	27.0	23.1	15.7	-6.2		
China Vanke	2202 HK	39,992	34,167	46,237	4,038	5,031	32.3	11.8	10.9	14.1	N/A	24.1	23.4	14.5	-12.5		
China Overseas	688 HK	37,256	20,962	26,250	5,212	5,138	33.4	24.9	19.6	27.1	18.4	16.3	14.6	8.8	5.8		
Evergrande	3333 HK	37,986	44,773	69,885	3,508	6,264	36.1	7.8	9.0	237.8	123.0	29.4	33.5	22.3	-15.8		
CR Land	1109 HK	25,031	14,794	18,309	2,871	3,137	40.3	19.4	17.1	43.1	14.6	19.8	16.9	7.0	22.8		
Country Garden	2007 HK	26,204	32,663	51,581	3,752	5,057	25.9	11.5	9.8	45.3	12.5	34.4	31.3	13.4	-33.2		
Longfor	960 HK	16,680	10,376	14,361	1,814	1,860	33.9	17.5	13.0	47.8	29.9	20.0	18.0	22.5	12.4		
Sunac	1918 HK	14,022	9,483	20,676	1,682	1,891	20.7	17.7	9.1	249.1	70.1	45.2	24.0	21.2	-23.0		
Mid-and-small peer average							33.2	31.8	12.6	88.4	58.2	14.0	11.1	15.3	-22.4		
Shimao	813 HK	8,024	10,138	12,489	1,129	1,326	30.4	11.1	10.6	61.1	N/A	14.6	14.5	18.9	11.8		
China Jinmao	817 HK	5,390	4,473	6,214	573	743	32.3	12.8	12.0	69.1	48.3	14.0	13.4	9.9	6.1		
Guangzhou R&F	2777 HK	4,902	8,533	11,464	3,071	1,451	35.4	36.0	12.7	188.8	132.4	41.9	15.6	-1.2	-32.5		
Agile	3383 HK	5,128	7,429	8,914	935	1,099	40.1	12.6	12.3	93.8	33.6	21.1	17.9	17.2	-13.7		
CIFI	884 HK	3,834	4,581	6,013	695	806	27.1	15.2	13.4	49.4	35.0	30.5	22.7	25.7	-18.0		
Sino-Ocean	3377 HK	3,369	6,599	7,475	736	698	24.5	11.2	9.3	66.5	N/A	10.1	9.8	16.9	-35.8		
Shenzhen Inv	604 HK	2,717	1,311	2,415	633	337	34.6	48.3	13.9	22.0	N/A	4.0	6.1	17.1	-21.9		
KWG	1813 HK	2,754	1,662	2,347	521	650	34.8	31.4	27.7	72.4	48.4	15.9	15.4	18.3	-20.3		
Yuexiu Property	123 HK	2,283	3,425	3,913	325	350	25.7	9.5	8.9	84.1	N/A	7.7	7.2	18.0	-1.4		
SOHO China	410 HK	1,981	283	258	681	59	74.0	241.2	23.1	51.4	N/A	5.2	1.2	11.2	-34.8		
Hopson	754 HK	1,778	1,767	N/A	741	N/A	36.8	41.9	N/A	71.9	N/A	11.4	N/A	6.1	-18.4		
Shui On Land	272 HK	1,876	2,656	3,164	323	337	42.6	12.2	10.7	55.1	N/A	4.8	3.2	16.7	-15.7		
Kaisa	1638 HK	1,769	4,719	6,065	473	600	27.3	10.0	9.9	326.2	N/A	17.5	12.7	21.3	-46.8		
Greentown	3900 HK	1,726	6,039	7,195	315	343	19.2	5.2	4.8	59.1	51.4	9.9	7.4	19.8	-38.1		
CSC	1668 HK	1,245	1,202	1,582	577	251	43.3	48.0	15.8	83.6	N/A	13.9	10.4	4.3	-41.5		
COGO	81 HK	1,195	2,592	3,314	163	251	20.1	6.3	7.6	77.6	N/A	10.0	11.0	16.7	-34.5		
Poly HK	119 HK	1,236	4,053	4,121	315	341	20.6	7.8	8.3	72.1	N/A	9.0	8.9	14.8	-35.1		
Fantasia	1777 HK	693	1,408	N/A	166	N/A	29.6	11.8	N/A	87.1	N/A	10.2	N/A	23.7	-12.1		
Average							32.8	27.3	12.6	90.2	51.5	17.6	14.7	15.4	-17.8		

Source: RHB, Bloomberg

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