

23 August 2018

Property | Real Estate

China Overseas Grand Oceans

Neutral (from Sell)

Upgrade to NEUTRAL on Margin Recovery

Target Price: HKD2.60
 Price: HKD2.72
 Market Cap: USD1,186m
 Bloomberg Ticker: 81 HK

Upgrade to NEUTRAL from Sell, with new HKD2.60 TP from HKD2.30, 4% downside – based on the same 65% discount to end-FY18F ENAV of HKD7.50, from HKD6.60. We like COGO's 1H18 results with recovering margins, strengthened balance sheet and strong contracted sales momentum, which are promising. Still, we are aware of its narrow diversification, compared to other major Tier-3 city-focused developers. This exposes it to uncertain policy risks in Tier-3&4 markets. As such, we remain uncertain on the sustainability of growth prospects.

Share Data

Avg Daily Turnover (HKD/USD) 19.3m/2.44m
 52-wk Price low/high (HKD) 2.50 - 5.96
 Free Float (%) 48
 Shares outstanding (m) 3,423
 Estimated Return -4%

Interim results beat. 1H18 core profit came in at CNY1bn, +42.1% YoY, exceeding our expectations by 14.3%. GPM was the major surprise at 24.7% (vs our initial FY18 forecast of 19.9%). Despite rapid growth in contracted sales, SG&A was 2.3% of total contracted sales (vs 3% in 1H17). Thanks to improvement on all fronts, core net profit margin was at a historical high of 9%. Interim dividend was announced at HKD0.03/share, up 200% YoY.

Shareholders (%)

China Overseas Land and Investment 38.3
 Yung Kwok Kee 13.5

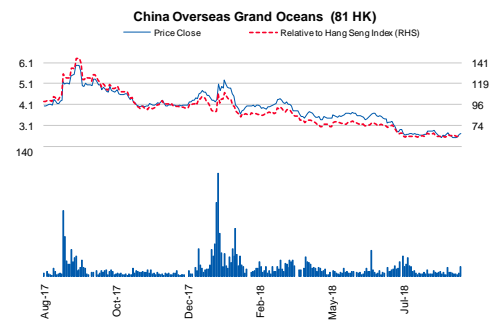
Margin recovering. GPM rebounded, thanks to the strong sales performance in Tier-3 markets since last year. As contracted ASP continues to grow YTD, we are reassured that GPM should significantly improve. We lift FY18F-19F GPMs by 3 ppts and 1.2 ppts to 22.9% and 22.6%.

Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(36.5)	2.6	(25.7)	(32.0)	(32.5)
Relative	(29.2)	4.3	(14.5)	(21.6)	(33.8)

Source: Bloomberg

Strengthened balance sheet following rights issue. Following the successful rights issue in Feb 2018, China Overseas Grand Oceans raised net proceed of HKD4.6bn, which has reduced net gearing to 0.3% and brought cash balance to HKD32.3bn. We anticipate net gearing may be higher at end-FY18, following more aggressive landbanking pace in 2H18.



Source: Bloomberg

Contracted sales picking up momentum again. As at 7M18, COGO delivered HKD32.5bn contracted sales, equivalent to 72% of our FY18F contracted sales of HKD44.8bn, +20.9% YoY. Given the strong momentum, we lift our contracted sales forecast and anticipate COGO might unleash a 40-50% YoY growth in contracted sales for FY18.

Early signs of recovery, but need more clarity on growth sustainability. We are aware of COGO's improving margin outlook and strong contracted sales momentum. However, we believe a NEUTRAL rating is justified, given the uncertain policy risk in Tier-3&4 markets, and considering its relatively narrow diversification compared to other major Tier-3 city-focused developers. We lift our FY18F-20F earnings by 10%, 8% and 14% after factoring in our new margin assumptions.

Our new HKD2.60 TP is based on the same 65% discount to end-FY18F ENAV of HKD7.50. Upside risks to our call are significantly stronger-than-expected property sales performance and greater-than-expected margin expansion.

Forecasts and Valuations	Dec-16	Dec-17	Dec-18F	Dec-19F	Dec-20F
Total turnover (HKDm)	17,093	20,278	24,979	29,299	36,864
Reported net profit (HKDm)	900	1,271	1,865	2,175	2,669
Recurring net profit (HKDm)	900	1,126	1,863	2,175	2,669
Recurring net profit growth (%)	5.8	25.1	65.4	16.7	22.7
Recurring EPS (HKD)	0.39	0.49	0.54	0.64	0.78
DPS (HKD)	0.02	0.04	0.08	0.10	0.12
Recurring P/E (x)	6.90	5.51	5.00	4.28	3.49
P/B (x)	0.60	0.45	0.32	0.32	0.31
Dividend Yield (%)	0.7	1.5	3.0	3.5	4.3
Return on average equity (%)	8.3	10.5	11.3	11.1	13.4
Return on average assets (%)	1.3	1.4	1.8	1.6	1.5
Net debt to equity (%)	20.6	25.4	19.7	28.5	35.7
Our vs consensus EPS (adjusted) (%)			(12.4)	(16.4)	(13.1)

Source: Company data, RHB

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Financial Exhibits

Financial model updated on : 2018-08-22

Asia	Financial summary	Dec-16	Dec-17	Dec-18F	Dec-19F	Dec-20F
Hong Kong	Recurring EPS (HKD)	0.39	0.49	0.54	0.64	0.78
Property	EPS (HKD)	0.39	0.56	0.54	0.64	0.78
China Overseas Grand Oceans	DPS (HKD)	0.02	0.04	0.08	0.10	0.12
Bloomberg 81 HK	BVPS (HKD)	4.57	5.99	8.53	8.60	8.81
Neutral	Weighted avg adjusted shares (m)	2,282	2,282	3,423	3,423	3,423
Valuation basis	Valuation metrics	Dec-16	Dec-17	Dec-18F	Dec-19F	Dec-20F
65% discount to end-FY18F ENAV of HKD7.50	Recurring P/E (x)	6.90	5.51	5.00	4.28	3.49
Key drivers	P/E (x)	6.90	4.88	4.99	4.28	3.49
Leadership status in low-tier cities	P/B (x)	0.60	0.45	0.32	0.32	0.31
Key risks	FCF Yield (%)	(14.7)	(118.9)	(32.5)	(0.1)	1.3
Weak GPM	Dividend Yield (%)	0.7	1.5	3.0	3.5	4.3
	EV/EBITDA (x)	3.80	3.26	3.70	4.32	4.16
	EV/EBIT (x)	3.83	3.27	3.72	4.33	4.17
Company Profile	Income statement (HKDm)	Dec-16	Dec-17	Dec-18F	Dec-19F	Dec-20F
China Overseas Grand Oceans Group, formerly known as Shell Electric Manufacturing (SMC), was established in 1955 and listed since 1984. In March 2010, China Overseas Land & Investment (COLI) acquired the controlling interest in SMC, and renamed SMC as COGO. COGO focuses on residential property development in emerging Tier-3 cities, diversifying COLI's concentration in Tier-1&2 cities.	Total turnover	17,093	20,278	24,979	29,299	36,864
	Gross profit	2,935	4,069	5,725	6,630	8,286
	EBITDA	1,979	2,799	4,262	4,523	5,627
	Depreciation and amortisation	(16)	(16)	(16)	(16)	(16)
	Operating profit	1,963	2,783	4,246	4,507	5,611
	Net interest	107	146	119	107	69
	Income from associates & JVs	(0)	47	224	322	405
	Exceptional income - net	44	206	55	57	62
	Pre-tax profit	2,115	3,182	4,644	4,992	6,148
	Taxation	(1,180)	(1,920)	(2,554)	(2,496)	(3,074)
	Minority interests	(34)	10	(224)	(322)	(405)
	Recurring net profit	900	1,126	1,863	2,175	2,669
	Cash flow (HKDm)	Dec-16	Dec-17	Dec-18F	Dec-19F	Dec-20F
	Change in working capital	6,000	929	13,298	27,343	30,208
	Cash flow from operations	6,262	1,651	14,940	28,966	32,572
	Capex	(7,177)	(9,030)	(17,962)	(28,973)	(32,450)
	Cash flow from investing activities	(7,177)	(8,870)	(17,792)	(28,779)	(32,255)
	Dividends paid	0	(55)	(141)	(213)	(266)
	Cash flow from financing activities	6,370	8,210	3,859	1,787	1,734
	Cash at beginning of period	9,703	15,158	16,149	17,157	19,131
	Net change in cash	5,455	991	1,008	1,974	2,051
	Ending balance cash	15,158	16,149	17,157	19,131	21,182
	Balance sheet (HKDm)	Dec-16	Dec-17	Dec-18F	Dec-19F	Dec-20F
	Total cash and equivalents	20,820	23,702	24,710	26,684	28,735
	Tangible fixed assets	928	1,187	1,187	1,187	1,187
	Total investments	2,937	3,420	3,564	3,715	3,873
	Total other assets	671	988	988	988	988
	Total assets	81,354	95,324	116,873	153,078	194,291
	Short-term debt	5,289	4,911	2,662	3,662	4,662
	Total long-term debt	17,833	22,460	26,151	29,151	32,151
	Other liabilities	3,821	3,876	7,753	7,753	7,753
	Total liabilities	70,168	80,861	96,056	131,593	171,668
	Shareholders' equity	10,422	13,677	19,470	19,623	20,112
	Minority interests	763	786	1,348	1,862	2,511
	Total equity	11,185	14,463	20,818	21,485	22,622
	Net debt	2,302	3,669	4,102	6,128	8,078
	Total liabilities & equity	81,354	95,324	116,873	153,078	194,291
	Key metrics	Dec-16	Dec-17	Dec-18F	Dec-19F	Dec-20F
	Revenue growth (%)	2.9	18.6	23.2	17.3	25.8
	Recurrent EPS growth (%)	5.8	25.1	10.3	16.7	22.7
	Gross margin (%)	17.2	20.1	22.9	22.6	22.5
	Operating EBITDA margin (%)	11.6	13.8	17.1	15.4	15.3
	Net profit margin (%)	5.3	6.3	7.5	7.4	7.2
	Dividend payout ratio (%)	5.1	9.9	10.0	10.0	10.0
	Capex/sales (%)	42.0	44.5	71.9	98.9	88.0
	Interest cover (x)	106	86	83	51	38

Source: Company data, RHB

Results Review

Figure 1: COGO's 1H18 results review

FY end Dec 31 (HKD m)	Actual 1H17	Actual 2H17	Actual 1H18	1H18 YoY	RHB 1H18	Diff (%)	BBG Consensus	Diff (%)
Turnover	9,029	11,249	11,189	23.9%	13,020	-14.1%	N/A	N/A
Property sales	8,904	11,101	11,034	23.9%				
Property investment	99	108	126	27.4%				
Property mgmt and others	26	40	29	10.3%				
Cost of sales	(7,139)	(9,071)	(8,420)	18.0%				
Gross profit	1,891	2,178	2,768	46.4%				
Other income and expenses	64	127	160	148.9%				
Selling and distribution exp	(288)	(387)	(343)	19.1%				
Administrative expenses	(257)	(353)	(312)	21.7%				
Operating profit	1,410	1,564	2,272	61.2%				
Revaluation change	0	192	3	N/A				
Exceptionals	(0)	2	0	N/A				
Finance cost	(16)	(17)	(17)	10.8%				
Associates and JCEs	(14)	62	115	N/A				
Profit before taxation	1,380	1,803	2,374	72.1%				
Taxation	(673)	(1,247)	(1,293)	92.2%				
Profit after taxation	707	555	1,080	52.9%				
Minority interests	5	4	(66)	N/A				
Reported net profit	712	559	1,014	42.4%				
Recurring net profit	712	414	1,012	42.1%	885	14.3%	N/A	N/A
Basic EPS (HKD)	0.301	0.257	0.315	4.8%				
Core EPS (HKD)	0.300	0.194	0.314	4.8%				
DPS (HKD)	0.010	0.030	0.030	200.0%				
BVPS (HKD)	5.277	5.993	5.996	13.6%				
Gross margin	20.9%	19.4%	24.7%					
Operating margin	15.6%	13.9%	20.3%					
Effective tax rate	-48.8%	-69.2%	-54.5%					
Net margin	7.9%	5.0%	9.1%					
Core net margin	7.9%	3.7%	9.0%					

Source: RHB

Changes In Earnings Forecasts

Figure 2: Changes to our P&L forecasts

(HKD m)	FY18F			FY19F			FY20F		
	Original	New	chg (%)	Original	New	chg (%)	Original	New	chg (%)
Revenue	25,051	24,979	0%	28,052	29,299	4%	31,412	36,864	17%
Cost of goods sold	(20,067)	(19,254)	-4%	(22,048)	(22,669)	3%	(24,340)	(28,578)	17%
Gross profit	4,984	5,725	15%	6,004	6,630	10%	7,072	8,286	17%
Selling and distribution exp	(960)	(807)	-16%	(1,159)	(1,158)	0%	(1,392)	(1,459)	5%
Administrative expenses	(879)	(672)	-23%	(1,068)	(965)	-10%	(1,291)	(1,216)	-6%
Interest expense	(84)	(51)	-39%	(86)	(88)	2%	(86)	(148)	71%
Interest income	163	170	4%	165	195	18%	184	216	18%
JCE & Associate items	8	224	2617%	9	322	3380%	10	405	3816%
Others	52	55	7%	57	57	0%	62	62	0%
Profit before tax	3,284	4,644	41%	3,922	4,992	27%	4,559	6,148	35%
Taxation	(1,576)	(2,554)	62%	(1,882)	(2,496)	33%	(2,188)	(3,074)	40%
Minority interests	(17)	(224)	1258%	(18)	(322)	1640%	(21)	(405)	1858%
Reported net profit	1,691	1,865	10%	2,021	2,175	8%	2,350	2,669	14%
Recurring net profit	1,691	1,863	10%	2,021	2,175	8%	2,350	2,669	14%
Gross profit margin (%)	19.9%	22.9%	3.0%	21.4%	22.6%	1.2%	22.5%	22.5%	0.0%
Reported net profit margin (%)	6.8%	7.5%	0.7%	7.2%	7.4%	0.2%	7.5%	7.2%	-0.2%
Recurring net profit margin (%)	6.8%	7.5%	0.7%	7.2%	7.4%	0.2%	7.5%	7.2%	-0.2%

Source: RHB

Figure 3: COGO's interim income statement

FY end Dec 31 (HKD m)	(Restated)	(Restated)	(Restated)			
	Actual 1H16	Actual 2H16	Actual 1H17	Actual 2H17	Actual 1H18	Actual 2H18F
Turnover	10,287	6,806	9,029	11,249	11,189	13,790
Property sales	10,193	6,707	8,904	11,101	11,034	13,623
Property investment	95	99	99	108	126	124
Property mgmt and others	0	0	26	40	29	44
Cost of sales	(8,425)	(5,734)	(7,139)	(9,071)	(8,420)	(10,834)
Gross profit	1,862	1,073	1,891	2,178	2,768	2,957
Other income and expenses	55	115	64	320	160	62
Selling and distribution exp	(337)	(295)	(288)	(387)	(343)	(464)
Administrative expenses	(187)	(153)	(257)	(353)	(312)	(360)
Operating profit	1,394	739	1,410	1,758	2,272	2,195
Revaluation change	0	0	0	0	3	0
Exceptionals	0	0	(0)	0	0	0
Finance cost	(13)	(6)	(16)	(17)	(17)	(34)
Associates and JCEs	3	(3)	(14)	62	115	109
Profit before taxation	1,383	731	1,380	1,802	2,374	2,270
Taxation	(741)	(439)	(673)	(1,247)	(1,293)	(1,261)
Profit after taxation	642	292	707	555	1,080	1,009
Minority interests	(12)	(22)	5	4	(66)	(158)
Reported net profit	630	270	712	559	1,014	851
Recurring net profit	630	270	712	559	1,012	851
Basic EPS (HKD)	0.276	0.118	0.301	0.256	0.315	0.230
Core EPS (HKD)	0.276	0.118	0.300	0.194	0.314	0.230
DPS (HKD)	0.000	0.020	0.010	0.030	0.030	0.052
BVPS (HKD)	4.944	4.567	5.277	6.337	5.996	6.081
Gross margin	18.1%	15.8%	20.9%	19.4%	24.7%	21.4%
Operating margin	13.5%	10.9%	15.6%	15.6%	20.3%	15.9%
Effective tax rate	-53.6%	-60.0%	-48.8%	-69.2%	-54.5%	-55.5%
Net margin	6.1%	4.0%	7.9%	5.0%	9.1%	6.2%
Core net margin	6.1%	4.0%	7.9%	5.0%	9.0%	6.2%

Source: RHB

Figure 4: Summary of COGO's income statement

FY end Dec 31 (HKD m)	FY16	FY17	FY18F	FY19F	FY20F
Property sales	16,900	20,005	24,656	28,943	36,472
Property investment	193	207	249	275	303
Property mgmt and others	0	67	73	81	89
Total revenue	17,093	20,278	24,979	29,299	36,864
Cost of sales	(14,158)	(16,209)	(19,254)	(22,669)	(28,578)
Gross profit	2,935	4,069	5,725	6,630	8,286
Other income	44	207	52	57	62
Selling and marketing exp	(632)	(676)	(807)	(1,158)	(1,459)
Administrative expenses	(340)	(610)	(672)	(965)	(1,216)
Revaluation change	0	0	3	0	0
Exceptionals	0	(0)	0	0	0
Finance cost - net	107	146	119	107	69
Associates and JCEs	(0)	47	224	322	405
Profit before taxation	2,115	3,182	4,644	4,992	6,148
Taxation	(1,180)	(1,920)	(2,554)	(2,496)	(3,074)
Profit after taxation	935	1,261	2,090	2,496	3,074
Minority interests	(34)	10	(224)	(322)	(405)
Reported net profit	900	1,271	1,865	2,175	2,669
Recurring net profit	900	1,126	1,863	2,175	2,669
Reported EPS (HKD)	0.394	0.557	0.545	0.635	0.780
Recurring EPS (HKD)	0.394	0.494	0.544	0.635	0.780
DPS (HKD)	0.020	0.040	0.082	0.095	0.117
<u>Profit margin:</u>					
Gross margin	17.2%	20.1%	22.9%	22.6%	22.5%
Reported net margin	5.3%	6.3%	7.5%	7.4%	7.2%
Recurring net margin	5.3%	5.6%	7.5%	7.4%	7.2%
<u>YoY growth:</u>					
Turnover	2.9%	18.6%	23.2%	17.3%	25.8%
Booked property sales revenue	3.3%	18.4%	23.3%	17.4%	26.0%
Reported net profit	5.8%	41.2%	46.8%	16.6%	22.7%
Recurring net profit	5.8%	25.1%	65.4%	16.7%	22.7%
Reported EPS	5.8%	41.2%	-2.2%	16.6%	22.7%
Recurring EPS	5.8%	25.1%	10.3%	16.7%	22.7%

Source: RHB

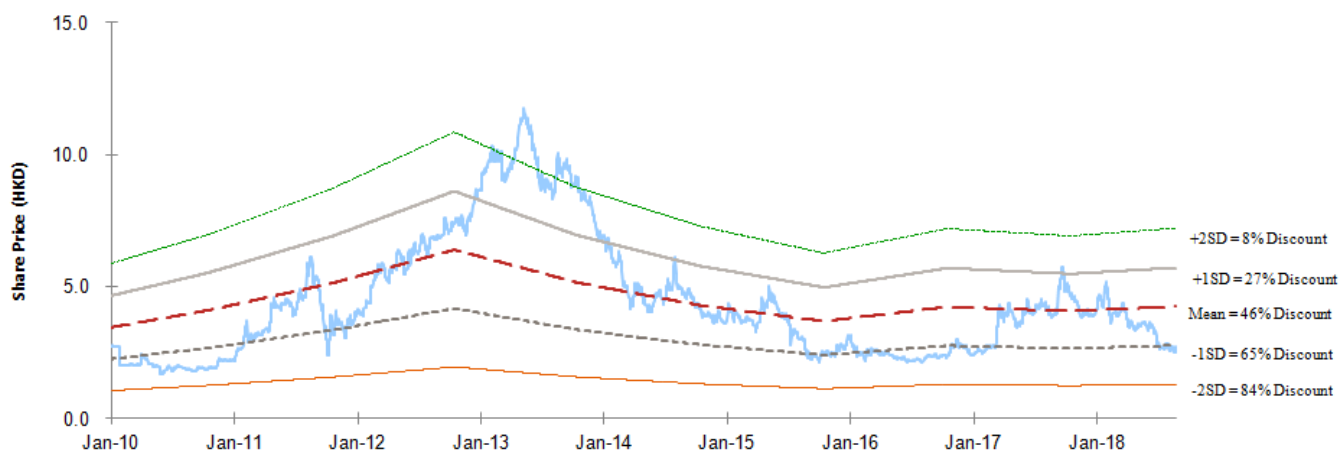
Valuation

Figure 5: COGO's end-FY18F ENAV

Details	Total HKD m	HKD/share	% of Total
Landbank and properties under development	26,749	7.8	104.4%
Investment properties	2,979	0.9	11.6%
Net debts as of end-FY18F	(4,102)	(1.2)	-16.0%
Total	25,625	7.5	100.0%

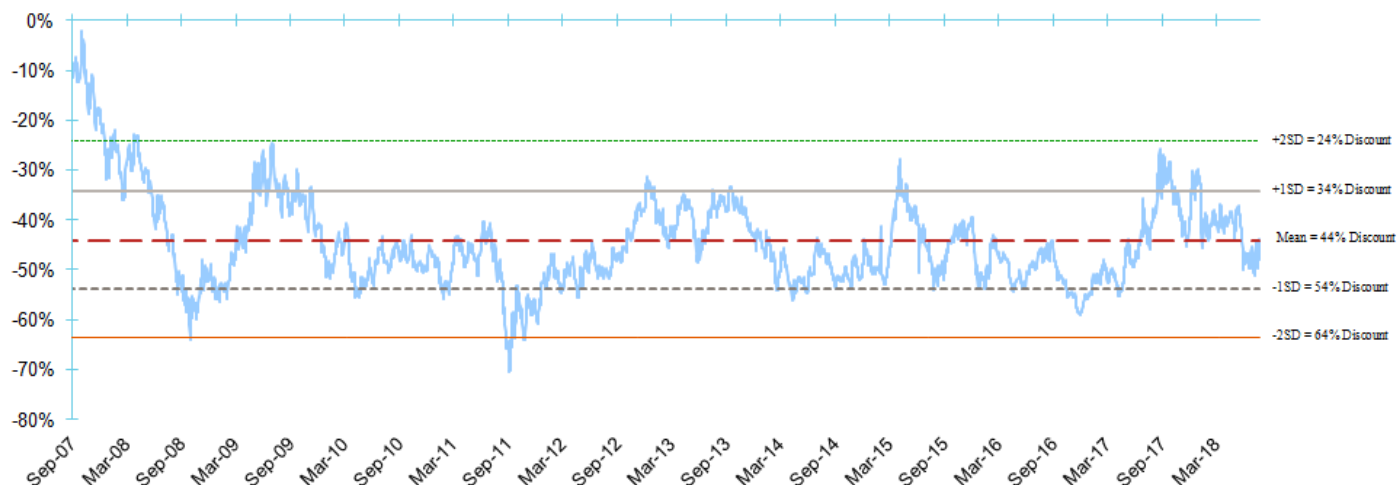
Source: RHB

Figure 6: COGO's 5-year rolling forward ENAV band



Source: RHB

Figure 7: China property – 10-year ENAV discount band



Source: RHB

Peer Comparison

Figure 8: 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		EPS YoY change		3-yr EPS	P/BV		Div yield		
							FY18F (x)	FY19F (x)	FY18F (%)	FY19F (%)	CAGR (%)	FY18F (x)	FY19F (x)	FY18F (%)	FY19F (%)	
Large peer average							37.0	7.5	6.0	19.3	25.3	20.3	1.7	1.4	5.1	5.9
China Vanke	2202 HK	26.25	38,374	32.6	33.34	21.3	7.2	5.9	24.7	22.5	20.0	1.6	1.4	4.9	6.1	
**Country Garden	2007 HK	12.24	33,817	110.3	26.70	54.2	6.6	5.0	38.3	32.6	30.3	1.9	1.5	5.1	6.6	
**Evergrande	3333 HK	28.25	46,917	99.2	42.20	33.1	8.2	6.8	-1.0	19.8	9.9	2.3	1.9	7.7	7.2	
**China Overseas	688 HK	24.15	33,706	59.0	43.00	43.8	6.6	5.5	17.4	18.8	17.5	0.9	0.8	3.9	4.6	
**CR Land	1109 HK	28.75	25,384	43.4	44.00	34.7	8.1	6.8	28.6	18.1	20.9	1.2	1.1	4.3	5.1	
**Sunac	1918 HK	25.20	14,134	90.9	41.30	39.0	7.5	4.7	4.4	61.2	31.3	1.9	1.4	2.9	4.5	
**Longfor	960 HK	22.40	16,922	16.1	35.60	37.1	9.1	7.2	27.4	26.5	25.1	1.4	1.3	4.4	5.5	
Mid-and-small peer average							48.8	7.1	5.9	30.8	21.3	19.6	0.7	0.6	6.1	7.3
**Shimao	813 HK	22.80	9,673	21.7	40.00	43.0	7.4	5.8	31.3	26.5	27.2	1.0	0.9	5.3	6.7	
**Agile	3383 HK	11.82	5,898	15.7	34.00	65.2	5.5	4.4	21.4	23.6	22.2	0.9	0.8	8.3	10.3	
Guangzhou R&F	2777 HK	15.04	6,174	15.7	20.86	27.9	4.2	3.3	33.8	24.7	26.3	0.6	0.6	9.5	11.4	
China Jinmao	817 HK	3.51	5,164	15.1	5.23	32.9	6.9	5.4	20.5	29.3	27.6	0.9	0.8	5.9	7.4	
**CIFI	884 HK	4.60	4,551	16.7	10.50	56.2	5.5	4.3	25.9	29.3	27.0	1.2	1.0	6.5	8.4	
Sino-Ocean	3377 HK	4.20	4,074	4.8	6.80	38.2	5.5	4.6	23.4	20.0	22.5	0.5	0.5	7.7	9.3	
**KWG	1813 HK	8.87	3,585	15.0	22.30	60.2	5.4	4.0	49.0	32.7	35.5	0.8	0.7	6.6	8.6	
Shenzhen Inv	604 HK	2.60	2,726	5.6	8.50	69.4	6.7	5.9	-24.7	13.7	-6.1	0.5	0.4	7.0	7.9	
Kaisa	1638 HK	3.13	2,420	6.2	5.60	44.1	1.9	1.5	214.5	N/A	N/A	0.9	N/A	3.8	N/A	
**Greentown	3900 HK	8.43	2,328	6.8	20.30	58.5	7.5	6.7	27.7	11.5	15.2	0.6	0.5	2.6	2.8	
Yuexiu Property	123 HK	1.43	2,259	7.1	1.86	23.1	5.8	5.0	13.5	16.3	14.4	0.4	0.4	6.7	8.2	
SOHO China	410 HK	3.15	2,086	3.3	7.30	56.8	35.7	30.2	N/A	18.2	N/A	0.4	0.4	3.7	3.2	
Hopson	754 HK	7.00	1,985	1.2	13.08	46.5	11.1	10.9	N/A	1.6	N/A	N/A	N/A	2.7	2.7	
Shui On Land	272 HK	1.83	1,879	4.2	5.90	69.0	8.7	8.1	-23.4	7.7	0.2	0.3	0.3	4.0	4.2	
**CSC	1668 HK	1.44	1,469	4.0	6.90	79.1	5.9	4.8	N/A	22.4	18.0	0.3	0.3	3.5	5.1	
Poly HK	119 HK	3.07	1,432	3.2	7.00	56.1	4.1	4.1	104.5	0.5	N/A	0.4	0.4	6.9	6.8	
**COGO	81 HK	2.72	1,186	2.6	7.50	63.7	4.4	3.6	31.0	22.4	23.7	0.4	0.4	2.1	2.6	
Fantasia	1777 HK	1.17	859	1.2	2.60	55.0	4.3	3.3	20.0	29.2	24.9	0.5	0.3	6.0	7.2	
Sector average							39.6	7.4	6.0	21.8	24.4	20.1	1.4	1.2	5.4	6.2

Note: *Prices as at 22 Aug 2018

Note 2: **Under RHB coverage

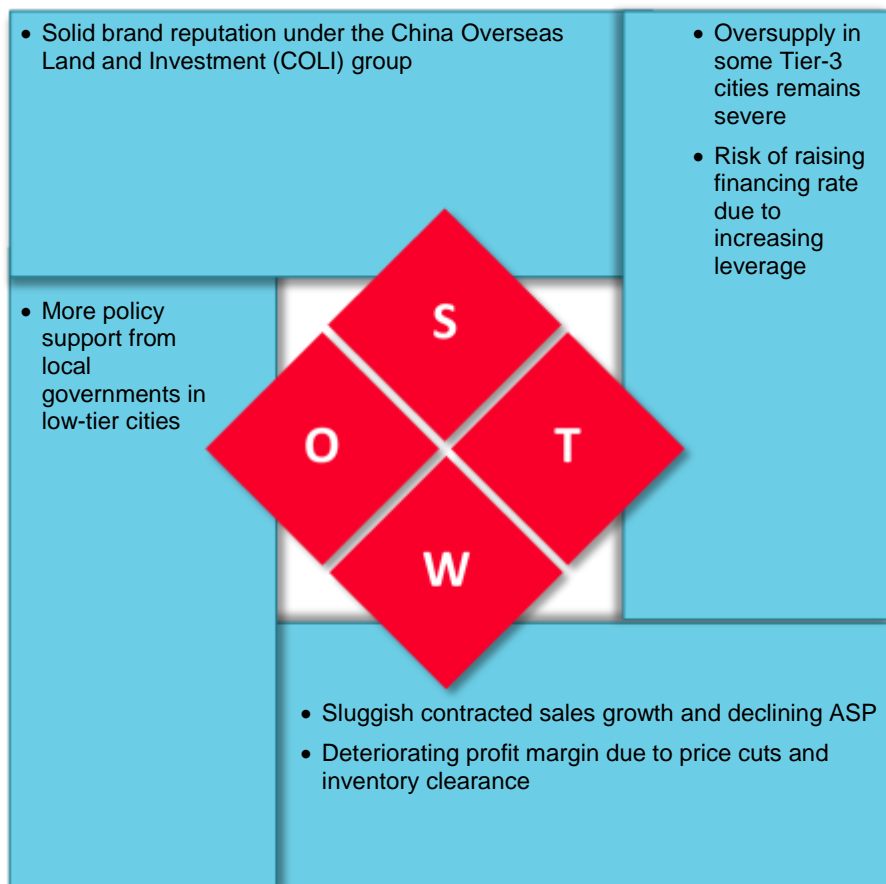
Source: RHB, Bloomberg

Figure 9: Peer valuation comparison table II

Company	Stock code	Mkt cap (USDm)	Revenue (USDm)		Net profit (USDm)		Gross margin (%)		Net margin (%)		Net gearing (%)		ROE (%)		Share price change (%)	
			FY17	FY18F	FY17	FY18F	FY17	FY18F	FY17	FY18F	FY17	FY18F	FY17	FY18F	1-mth	YTD
Large peer average							31.8	15.8	12.5	94.9	19.9	25.7	22.6	9.8	-1.6	
China Vanke	2202 HK	38,374	34,670	45,705	4,098	5,120	32.3	11.8	11.2	14.1	N/A	24.1	23.4	4.8	-15.9	
Country Garden	2007 HK	33,817	33,144	51,588	3,807	5,118	25.9	11.5	9.9	45.3	26.7	34.4	30.5	-3.3	-13.6	
Evergrande	3333 HK	46,917	45,432	68,354	3,560	5,906	36.1	7.8	8.6	237.8	N/A	30.7	33.2	42.7	4.8	
China Overseas	688 HK	33,706	20,888	26,978	5,193	5,129	33.4	24.9	19.0	27.1	13.6	16.7	14.5	3.2	-4.0	
CR Land	1109 HK	25,384	15,107	18,959	2,932	3,170	40.3	19.4	16.7	43.1	17.4	21.2	16.6	7.9	25.0	
Sunac	1918 HK	14,134	9,622	20,489	1,707	1,816	20.7	17.7	8.9	249.1	N/A	32.8	22.7	4.1	-22.1	
Longfor	960 HK	16,922	10,528	14,266	1,840	1,845	33.9	17.5	12.9	47.8	21.9	20.0	17.4	9.0	14.5	
Mid-and-small peer average							33.2	31.8	12.6	88.0	44.6	13.9	12.6	0.8	-11.5	
Shimao	813 HK	9,673	10,287	12,503	1,145	1,339	30.4	11.1	10.7	61.1	55.9	14.2	14.6	9.6	34.1	
Agile	3383 HK	5,898	7,538	9,262	949	1,067	40.1	12.6	11.5	93.8	13.2	16.8	17.3	1.0	-0.3	
Guangzhou R&F	2777 HK	6,174	8,659	11,394	3,116	1,468	35.4	36.0	12.9	188.8	104.5	40.2	15.4	8.8	-14.6	
China Jinmao	817 HK	5,164	4,539	6,148	581	725	32.3	12.8	11.8	69.1	54.6	12.9	13.2	-5.9	2.0	
CIFI	884 HK	4,551	4,649	6,091	705	813	27.1	15.2	13.4	49.4	27.6	30.5	22.8	0.7	-2.3	
Sino-Ocean	3377 HK	4,074	6,696	7,678	747	724	24.5	11.2	9.4	66.5	33.2	11.1	9.9	-3.0	-22.1	
KWG	1813 HK	3,585	1,686	2,407	529	640	34.8	31.4	26.6	72.4	44.7	14.0	15.3	7.8	-2.8	
Shenzhen Inv	604 HK	2,726	1,306	2,383	631	381	34.6	48.3	16.0	22.0	N/A	13.3	7.1	-5.8	-19.8	
Kaisa	1638 HK	2,420	4,788	10,055	480	1,253	27.3	10.0	12.5	326.2	N/A	20.5	38.5	12.6	-29.0	
Greentown	3900 HK	2,328	6,128	6,436	320	300	19.2	5.2	4.7	59.1	51.8	6.5	6.8	-11.6	-16.2	
Yuexiu Property	123 HK	2,259	3,476	4,007	330	378	25.7	9.5	9.4	84.1	45.4	7.7	7.5	0.7	-2.1	
SOHO China	410 HK	2,086	287	262	691	68	74.0	241.2	25.8	51.4	N/A	5.2	1.3	-8.7	-31.1	
Hopson	754 HK	1,985	1,761	N/A	738	N/A	36.8	41.9	N/A	71.9	N/A	9.8	N/A	5.9	-8.6	
Shui On Land	272 HK	1,879	2,695	2,308	327	218	42.6	12.2	9.4	55.1	N/A	4.4	3.0	5.2	-15.3	
CSC	1668 HK	1,469	1,198	1,577	575	250	43.3	48.0	15.8	76.8	N/A	14.0	10.4	-3.4	-29.8	
Poly HK	119 HK	1,432	4,039	4,863	314	364	20.6	7.8	7.5	72.1	N/A	9.3	9.4	-1.6	-24.6	
COGO	81 HK	1,186	2,583	3,460	162	252	20.1	6.3	7.3	77.6	15.4	10.6	13.7	2.6	-34.7	
Fantasia	1777 HK	859	1,429	1,995	169	200	29.6	11.8	10.0	87.1	N/A	9.8	7.5	-0.8	9.3	
Average							32.8	27.3	12.6	89.9	37.6	17.2	15.5	3.3	-8.8	

Source: RHB, Bloomberg

SWOT Analysis



Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2018-03-28	Sell	2.3	3.8
2017-11-08	Sell	2.5	4.2
2017-08-11	Sell	2.8	4.1
2017-03-24	Sell	2.5	4.3
2016-10-14	Sell	2.2	2.5
2016-08-19	Sell	2.2	2.5
2016-03-18	Sell	2.2	2.6
2015-08-20	Neutral	2.8	2.7
2015-07-31	Sell	2.9	3.1
2015-03-24	Sell	2.9	3.6

Source: RHB, Bloomberg

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