

## At the Forefront of China Property

### A Solid Macro Economy Recovery

**Despite market's concerns with Evergrande's cash flow position, we believe the macro property data are suggesting that China is close to a full macro recovery. Aug National Residential Sales was up +29% YoY, Investment rose 11.8% YoY, and the industry is generating a healthy positive YTD Free Cash Flows. All points to a stable and steady outlook.**

#### Industry healthy despite market's concerns regarding Evergrande

We believe that the sector as a whole is financially healthy, despite market's concerns about Evergrande's (3333.HK, NR) cash flow position. Industry Free Cash Flows remain in positive territory (Figure 5), while list co.'s contracted sales run-rate has caught up with 2019 levels. As of end-Aug, Top30 listed developers' average YTD run rate stood at ~58.1%, having caught up to the level of the same period last year (8M19: ~59.3%). We believe major developers are on track to achieve their full-year target and some names (e.g. Redsun and Powerlong) with above 60% of run rate as of Aug might deliver positive surprises in contracted sales. The recent sell-off presents a buying opportunity into such quality names, in our view.

#### Solid National Sales and Investment Points to full Macro recovery

YTD commodity property sales value growth recorded positive (+1.6%) for the first time this year, implying a full macro recovery from the COVID-19 impact. Monthly real estate investment YoY growth kept expanding in the positive territory since March and stood at 11.8% in Aug. The industry has generated a healthy positive RMB849bn Free Cash Flows (Figure 5) during Jan-Aug 2020, pointing towards a healthy and stable outlook. We believe the sales volume growth (+13.7% YoY) and ASP growth (+11.8% YoY) suggests a solid property sales momentum and sound economic fundamentals.

#### Price remains steady growth on the back of easing monetary policy

70-city new residential property price MoM growth widened to 0.6% in Aug and has increased by 3.0% YTD. 70-city secondary property price MoM growth remains flat at 0.3% and has risen by 1.3% YTD, among which Tier-1 cities have already risen by 6.3% YTD. The favorable monetary environment (M2 +10.4%) would further support the steady growth in housing prices and underpin the solid national sales value, in our view.

#### Market's attention on Golden Week Sales

National Day Golden Week is a critical period for developers to realize their 2020 contracted sales target, in our view. 30-city 7-day GFA sold has slowed down to ~3.6mn sq.m. in the first two weeks of Sep, after peaking in end-Aug. There has been a rebound recently which reflects developers is saving strength for projects launch and sales around the Golden Week. For the next four months, we expect the YoY growth momentum would normalize amid the high base from 4Q19.

#### Valuations remaining attractive amid solid fundamentals

China developers sector is trading at an attractive valuation with 2020E P/E of 5.1x on simple average and 5.9x P/E on market-cap-weighted average. This is ~0.86 SD below the 3-year historical mean. We believe the valuations are attractive considering the resilient fundamentals shown across the industry. The sector is now offering an attractive average FY19 dividend yield of 7.4%, backed by healthy free cash flows.

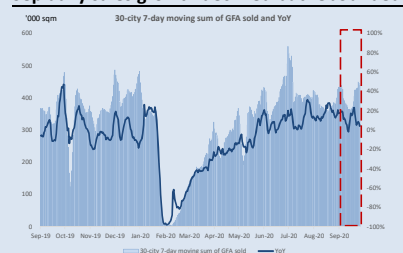
### China Property

#### Coverage Summary

Ticker	Name	Rating
0832.HK	Central China	Buy
3883.HK	China Aoyuan	Buy
1238.HK	Powerlong	Buy
3662.HK	Aoyuan Healthy Life	Buy
9983.HK	Central China New Life	Buy
0035.HK	Far East	Buy
0017.HK	New World Dev	Buy
1996.HK	Redsun	Buy
1628.HK	Yuzhou	Buy
0095.HK	LVGEM	Buy
6111.HK	Dafa	Hold
0230.HK	Minmetals	Hold

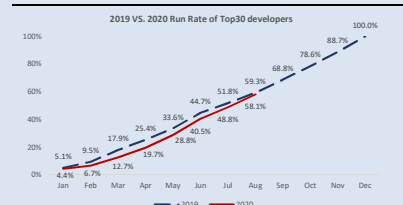
Source: Company data, AMTD Research

#### Sep daily sales growth declined but rebounded



Source: MOHURD, Wind, AMTD Research

#### Run-rate has been close to 2019 levels



Source: Bloomberg, Company Data, AMTD Research

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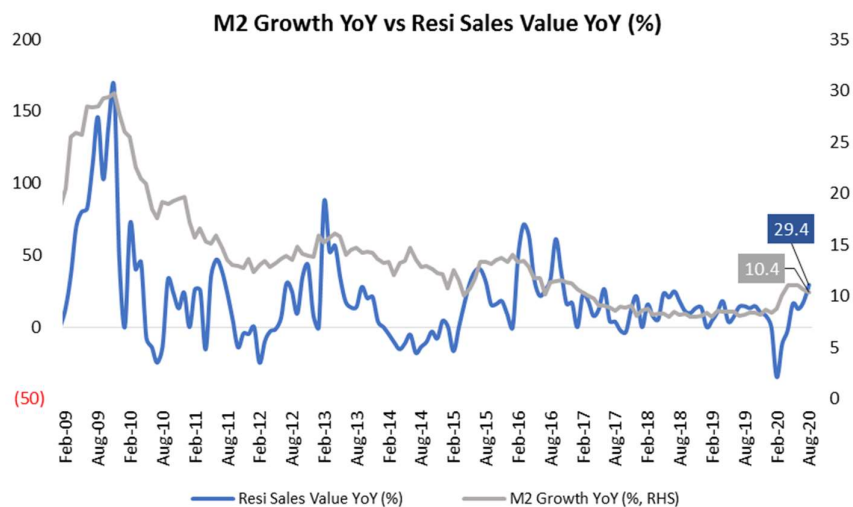
## Contents

National Sales Volume and Value.....	3
Property Prices .....	5
Contracted Sales of Listed Companies .....	7
Real Estate Investment .....	11
Policy and Macro Backdrop .....	13
Offshore Funds Raised and Bond Yield .....	15
Valuation .....	22

## National Sales Volume and Value

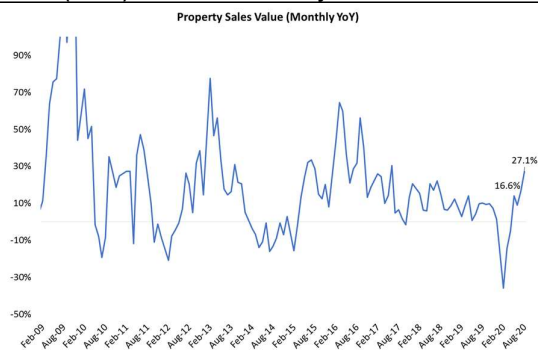
Residential property sales value remains on track to recovery in Aug to ~RMB1.4tn with a monthly YoY growth of 29.4% underpinned by the monetary easing environment (M2 10.4% YoY). 8M20 YTD total residential sales value recorded ~RMB8.7tn with YoY growth of 4.1%.

**Figure 1: In Aug, M2 YoY growth slightly decline to 10.4% (July: 10.7%) and residential property sales value increase by 29.4% YoY**



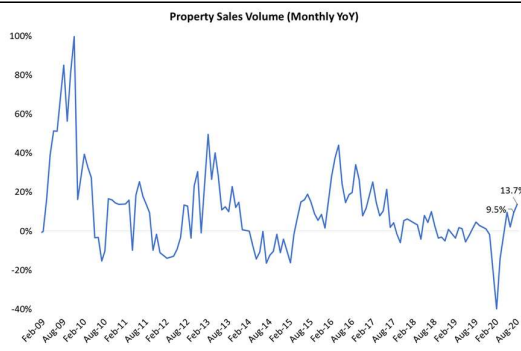
Source: PBoC, NBS, Wind, AMTD Research

**Figure 2: Commodity property sales value in Aug increased by 27.1% YoY and 8M20 value YoY growth returning to positive(+1.6%) for the first time this year**



Source: NBS, Wind, AMTD Research

**Figure 3: Commodity Property sales volume in Aug increased by 13.7% YoY and 8M20 volume YoY growth narrowed to -3.3%**



Source: NBS, Wind, AMTD Research

**Figure 4: Daily Data – 30-city GFA sold growth declined in the first two weeks in Sep from the high momentum in Aug**

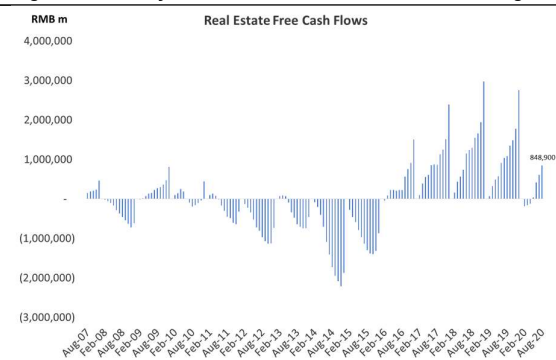


Source: MOHURD, Wind, AMTD Research

## Industry Free Cash Flow

Industry FCF has expanded to RMB849bn as of Aug, from ~RMB610bn as of July, thus cash flow has been improving following the pickup in contracted sales. It is still tighter than the same period last year, as 8M20 FCF still declined by 21% YoY.

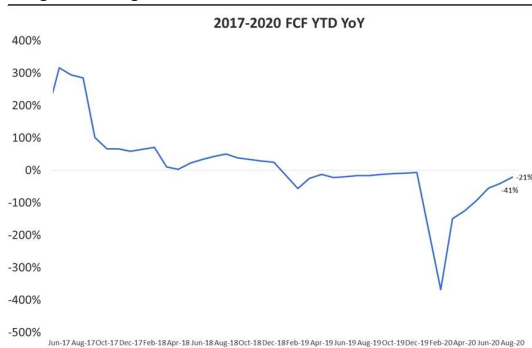
**Figure 5: Industry FCF has reached ~RMB849bn as of Aug**



Source: NBS, Wind, AMTD Research

Note: Real Estate FCF = National Commodity Property Sales Value – National Real Estate Investment

**Figure 6: Aug YTD FCF YoY stood at -21%**



Source: NBS, Wind, AMTD Research

## Property Prices

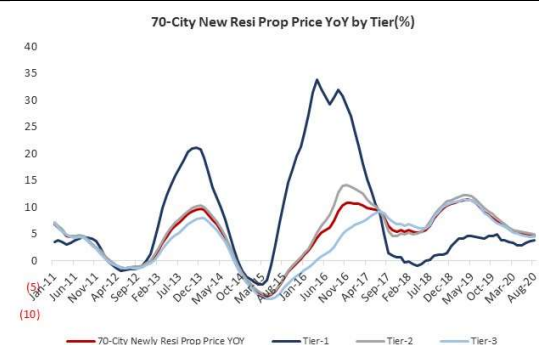
### New Residential Property Prices

In Aug, 70-city new residential property prices YoY growth was 4.7% among which Tier-2 cities had the strongest growth of 5.0%. YoY growth was declining in positive territory from Jan to Aug. New residential property price increased in 59 cities on a YoY basis. Yinchuan city has the highest YoY growth of 17.6% in Aug while Jinan city has the lowest YoY growth of -3.3%.

In Aug, 70-city new residential property price MoM growth was 0.6%, higher than 0.5% in July. On an MoM basis, new residential property price increased in 59 cities, the same as in July. Huizhou city has the highest MoM growth of 1.9% in Aug while Guilin city has the lowest MoM growth of -1.0%.

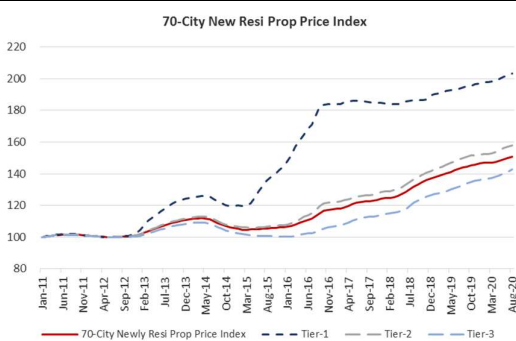
70-city new residential property price has increased by 3.0% compared with end-Dec 2019, among which Tier-3 cities had the strongest growth of 4.7%.

**Figure 7: In Aug, 70-city new residential property price YoY growth was 4.7% and Tier-2 cities had the strongest growth of 5.0%**



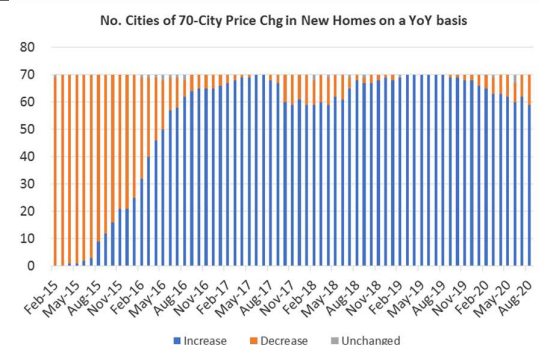
Source: NBS, Wind, AMTD Research

**Figure 8: In Aug, 70-city new residential property price MoM growth was 0.6%, higher than 0.5% in July**



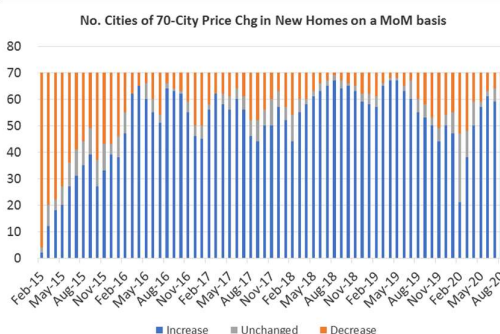
Source: NBS, Wind, AMTD Research

**Figure 9: In Aug, newly-built residential property price increased in 59 out of 70 cities on a YoY basis**



Source: NBS, Wind, AMTD Research

**Figure 10: In Aug, newly-built residential property price increased in 59 out of 70 cities on an MoM basis**



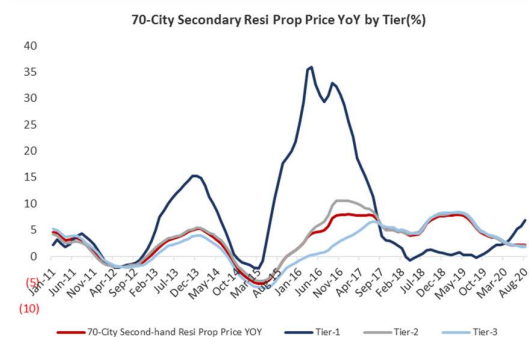
Source: NBS, Wind, AMTD Research

## Secondary Residential Property Prices

For secondary residential property, 70-city prices YoY growth was 2.2% in Aug, up from 2.1% in July, and Tier-1 cities had the strongest growth of 6.9%. Shenzhen city has the highest YoY growth of 15.9% in Aug while Mudanjiang city has the lowest YoY growth of -9.7%.

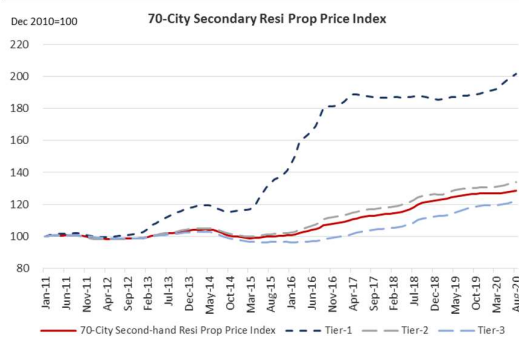
On an MoM basis, 70-city secondary residential property price MoM growth in Aug was 0.3%, stable from 0.3% in July, and Tier-1 cities had the strongest growth of 1.0%. Guangzhou city has the highest MoM growth of 1.7% in Aug while Tianjin city has the lowest MoM growth of -0.8%.

**Figure 11: In Aug, 70-city secondary residential property price YoY growth was 2.2% and Tier-1 cities had the strongest growth of 6.9%**



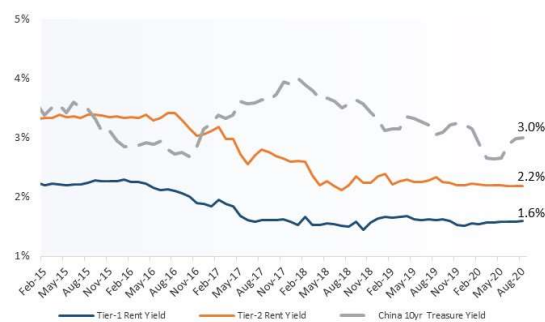
Source: NBS, Wind, AMTD Research

**Figure 12: In Aug, 70-city secondary residential property price MoM growth was 0.3%, stable from 0.3% in July**



Source: NBS, Wind, AMTD Research

**Figure 13: Tier-1 and Tier-2 City Secondary Resi Rent Yield**



Source: Wind, AMTD Research

## Contracted Sales of Listed Companies

As of Aug, the average run rate based on 2020 contracted sales target stood at ~58.1%, close to the level of the same period last year (8M19: ~59.3%).

In Aug, contracted sales of Top30 HK-listed developers rose by 28.5% YoY (July: 26.1%) and 29 names recorded positive YoY growth. 8M20 contracted sales YoY growth of Top30 HK-listed developers expanded to 7.2% from 4.2% in 7M20. 8M20 contracted GFA grew by 8.9% (7M20: 6.4%), implying ASP decreased by 1.5% to RMB13,649/sq.m.

**Figure 14: Contracted sales of top 30 HK-listed China property developers rose by 28.5% in Aug and 8M20 contracted sales YoY growth expanded to 7.2% from 4.2% in 7M20 (RMB mn).**

Ticker	Name	08/2020	YoY	1-8M 2020	YoY	2020 Target	YoY	Run Rate
3333 HK	Evergrande	51,480	8%	450,620	22%	650,000	8%	69.3%
2202 HK	Vanke	58,720	33%	438,220	3%	630,840	0%	69.5%
2007 HK	COGARD*	60,930	30%	382,160	3%	607,422	10%	62.9%
1918 HK	Sunac	64,230	25%	311,750	2%	600,000	8%	52.0%
688 HK	China Overseas	28,791	11%	222,294	-4%	400,000	6%	55.6%
1030 HK	Future Land	20,605	-16%	139,081	-19%	250,000	-8%	55.6%
813 HK	Shimao	29,561	37%	169,000	19%	300,000	15%	56.3%
1109 HK	CR Land	27,220	24%	162,010	6%	262,000	8%	61.8%
960 HK	Longfor	24,220	10%	156,300	6%	260,000	7%	60.1%
884 HK	CIFI	25,600	86%	128,320	10%	230,690	15%	55.6%
817 HK	Jinmao	21,520	39%	145,820	35%	200,000	24%	72.9%
3301 HK	Ronshine	12,031	10%	84,533	5%	158,275	12%	53.4%
2777 HK	R&F*	10,860	3%	72,620	-11%	152,000	10%	47.8%
3377 HK	Sino-Ocean	9,120	21%	60,000	-20%	130,000	0%	46.2%
3900 HK	Greentown	16,200	49%	94,500	41%	155,710	15%	60.7%
3383 HK	Agile	11,960	18%	77,670	2%	117,970	0%	65.8%
3883 HK	Aoyuan	10,850	41%	71,280	5%	132,227	12%	53.9%
3380 HK	Logan*	13,020	62%	70,450	12%	115,406	20%	61.0%
1813 HK	KWG	9,612	56%	55,606	14%	103,300	20%	53.8%
1638 HK	Kaisa*	9,360	120%	54,927	24%	100,000	13%	54.9%
1966 HK	SCE	9,214	56%	57,015	18%	93,000	16%	61.3%
2868 HK	BCL	3,850	31%	40,860	-14%	80,000	-1%	51.1%
1233 HK	Times	8,920	41%	49,366	14%	82,300	5%	60.0%
1628 HK	Yuzhou	11,524	89%	65,406	61%	100,000	33%	65.4%
123 HK	Yuexiu	7,657	132%	51,657	17%	80,200	11%	64.4%
1996 HK	Redsun	7,203	48%	48,010	23%	75,000	15%	64.0%
832 HK	CCRE**	5,260	4%	38,621	8%	80,000	11%	48.3%
1238 HK	Powerlong	7,203	48%	46,220	16%	75,000	24%	61.6%
337 HK	Greenland	4,207	85%	19,512	-35%	55,000	14%	35.5%
1777 HK	Fantasia	5,102	71%	27,411	38%	45,000	24%	60.9%
<b>Total</b>		<b>586,030</b>	<b>28.5%</b>	<b>3,791,239</b>	<b>7.2%</b>	<b>6,363,340</b>	<b>8.7%</b>	<b>58.1%</b>

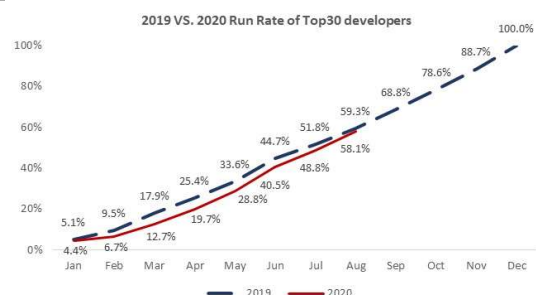
Source: Bloomberg, Company Data, AMTD Research

Note: Aug and 8M20 YoY average are weighted and run rate average is simple

\* denotes attributable contracted sales; \*\*denotes heavy-asset contracted sales; Blue font denotes AMTD coverage



**Figure 15: Run rate of Top30 developers on simple average was 58.1% in Aug**



Source: Bloomberg, Company Data, AMTD Research

**Figure 16: Top 30 HK-listed developers' market share stood at 39% in 8M20 by contracted sales**



Source: NBS, Bloomberg, Company Data, AMTD Research

## Monthly Contracted Sales of AMTD Coverage

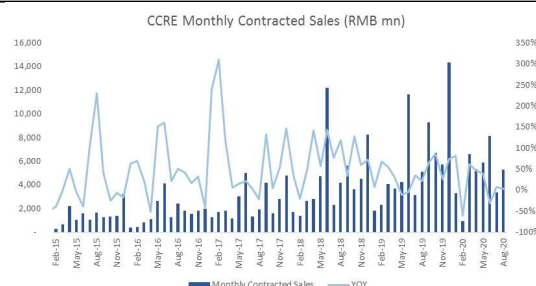
### Contracted sales in Aug

- CCRE achieved heavy-asset property contracted sales of RMB5,260 mn (YoY 4%);
- Aoyuan achieved property contracted sales of RMB10,850 mn (YoY 41%);
- Powerlong achieved property contracted sales of RMB7,203 mn (YoY 48%);
- Yuzhou achieved property contracted sales of RMB11,524 mn (YoY 89%);
- Redsun achieved property contracted sales of RMB7,203 mn (YoY 48%);
- Lvgem, Minmetals and Dafa do not disclose monthly contracted sales.

### 8M20 contracted sales

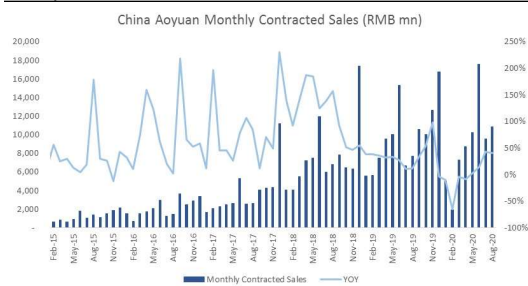
- CCRE achieved heavy-asset property contracted sales of RMB38,621 mn (YoY 8%) and the run rate was 48.3% (2019: 49.9%);
- Aoyuan achieved property contracted sales of RMB71,280 mn (YoY 5%) and the run rate was 53.9% (2019: 57.6%);
- Powerlong achieved property contracted sales of RMB46,220 mn (YoY 16%) and the run rate was 61.6% (2019: 66.2%);
- Yuzhou achieved property contracted sales of RMB65,406 mn (YoY 61%) and the run rate was 65.4% (2019: 54.1%);
- Redsun achieved property contracted sales of RMB48,010 mn (YoY 23%) and the run rate was 64.0% (2019: 60.0%).

**Figure 17: CCRE Monthly Contracted Sales (Value vs YoY)**



Source: Company Data, AMTD Research

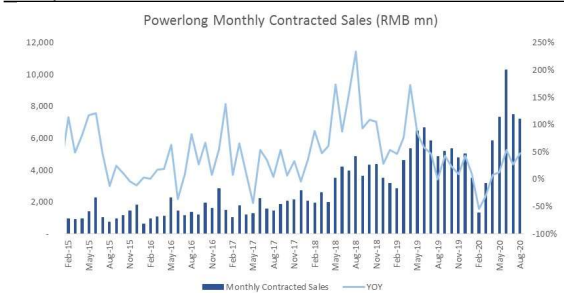
**Figure 18: Aoyuan Monthly Contracted Sales (Value vs YoY)**



Source: Company Data, AMTD Research

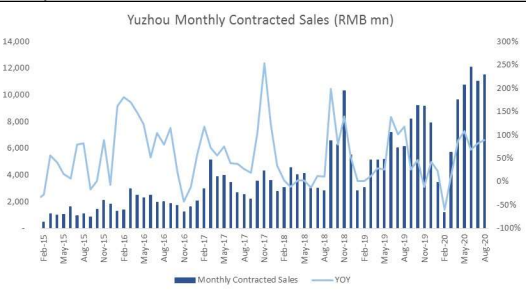


**Figure 19: Powerlong Monthly Contracted Sales (Value vs YoY)**



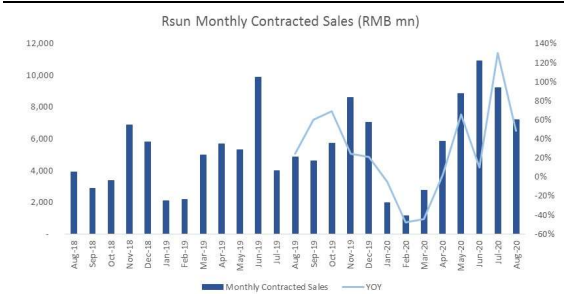
Source: Company Data, AMTD Research

**Figure 20: Yuzhou Monthly Contracted Sales (Value vs YoY)**



Source: Company Data, AMTD Research

**Figure 21: Redsun Monthly Contracted Sales (Value vs YoY)**



Source: Company Data, AMTD Research

## Contracted Sales of Major China Property Developers

Figure 22: As of Aug, our top picks all recorded positive YTD YoY growth

Company	Ticker	1-8M 2020	2020 Target	2019	2018	2017	2016	2015
Evergrande	3333 HK Equity	21.8%	8.1%	9.0%	10.1%	34.2%	85.4%	53.1%
Vanke	2202 HK Equity	2.8%	0.0%	3.9%	14.5%	45.3%	39.5%	21.5%
COGARD	2007 HK Equity	2.9%	10.0%	10.0%	-8.9%	78.3%	120.3%	8.8%
Sunac	1918 HK Equity	1.7%	7.9%	20.7%	27.3%	133.1%	127.7%	3.6%
Poly RE	600048 CH Equity	2.3%	N/A	14.1%	30.9%	47.2%	36.3%	12.8%
China Overseas	688 HK Equity	-3.6%	6.1%	42.2%	35.6%	4.1%	25.0%	33.7%
CSCEC	601668 CH Equity	N/A	N/A	26.8%	31.8%	17.1%	26.2%	21.7%
Future Land	1030 HK Equity	-18.9%	-7.7%	22.5%	74.8%	94.4%	103.8%	30.3%
Shimao	813 HK Equity	19.1%	15.4%	47.6%	74.8%	47.9%	1.6%	-4.5%
CR Land	1109 HK Equity	5.6%	8.0%	15.1%	64.3%	33.1%	36.0%	28.2%
Longfor	960 HK Equity	5.9%	7.2%	20.9%	28.5%	77.1%	61.6%	11.2%
CIFI	884 HK Equity	9.9%	15.0%	32.0%	46.2%	96.2%	75.4%	42.4%
Gemdale	600383 CH Equity	23.5%	N/A	29.7%	15.3%	113.9%	6.7%	25.8%
Jinmao	817 HK Equity	34.7%	24.4%	28.7%	115.4%	54.8%	34.7%	49.9%
Ronshine	3301 HK Equity	5.0%	12.0%	15.9%	142.6%	103.9%	106.8%	N/A
R&F	2777 HK Equity	-10.6%	10.0%	5.4%	60.1%	34.5%	11.9%	0.0%
Sino-Ocean	3377 HK Equity	-20.4%	0.0%	18.7%	55.2%	40.1%	24.3%	1.0%
Greentown	3900 HK Equity	40.6%	15.0%	33.8%	-2.0%	7.8%	33.2%	-9.4%
Agile	3383 HK Equity	2.5%	0.0%	14.9%	14.4%	69.8%	19.4%	0.2%
Aoyuan	3883 HK Equity	4.9%	12.0%	29.3%	100.2%	78.1%	68.8%	24.1%
Midea	3990 HK Equity	18.3%	N/A	28.1%	55.8%	146.1%	85.6%	N/A
Logan	3380 HK Equity	12.5%	20.2%	33.7%	65.4%	51.2%	40.0%	53.6%
KWG	1813 HK Equity	13.7%	20.0%	31.5%	128.3%	28.6%	10.4%	-1.5%
Kaisa	1638 HK Equity	24.0%	13.5%	25.8%	56.7%	49.8%	222.5%	-60.0%
SCE	1966 HK Equity	18.4%	15.5%	56.7%	54.5%	41.3%	62.1%	21.9%
BCL	2868 HK Equity	-14.0%	-1.0%	14.4%	26.5%	22.7%	40.0%	30.8%
Times	1233 HK Equity	14.4%	5.0%	29.3%	45.6%	41.9%	50.3%	28.3%
Yuzhou	1628 HK Equity	60.9%	33.1%	34.1%	38.9%	73.7%	65.5%	16.8%
Yuxiu	123 HK Equity	17.3%	11.2%	24.8%	41.4%	35.1%	21.7%	12.9%
Redsun	1996 HK Equity	22.7%	15.1%	37.7%	N/A	N/A	N/A	N/A
CCRE	832 HK Equity	7.8%	11.4%	33.8%	76.5%	51.0%	28.0%	1.2%
Powerlong	1238 HK Equity	15.7%	24.3%	47.1%	96.5%	18.4%	23.3%	36.7%
Greenland	337 HK Equity	-35.3%	13.5%	27.8%	26.0%	65.3%	4.8%	34.5%
Poly Prop	119 HK Equity	18.2%	N/A	20.2%	12.5%	2.6%	24.7%	29.7%
Modern	1107 HK Equity	0.0%	16.0%	14.2%	42.9%	33.9%	46.8%	57.2%
Fantasia	1777 HK Equity	38.4%	24.3%	20.0%	49.6%	65.2%	8.3%	10.3%
Jiayuan	2768 HK Equity	N/A	24.7%	43.1%	94.6%	N/A	N/A	N/A
Jingrui	1862 HK Equity	-2.2%	0.0%	-0.3%	37.4%	9.5%	93.0%	-4.5%
Hopson	754 HK Equity	39.6%	N/A	42.0%	62.3%	13.9%	-18.8%	86.6%
Sunshine 100	2608 HK Equity	-20.4%	N/A	-14.5%	14.0%	1.8%	39.0%	12.4%
SOL	272 HK Equity	N/A	12.0%	-14.0%	-32.0%	-7.0%	6.8%	120.6%
Yida China	3639 HK Equity	N/A	N/A	-15.2%	17.5%	N/A	N/A	N/A
Minmetals	230 HK Equity	N/A	N/A	44.0%	-11.5%	-35.0%	43.7%	21.2%
Dafa	6111 HK Equity	N/A	15.0%	67.8%	204.1%	N/A	N/A	N/A
Lvgem	95 HK Equity	N/A	N/A	48.1%	17.1%	337.8%	162.8%	N/A
Top 30 Developers YoY		7.2%	8.7%	20.1%	31.5%	52.9%	54.8%	18.3%

Source: Company Data, AMTD Research

Notes: 1) Company name highlighted in light yellow denotes AMTD coverage; 2) Top 30 developers are those names in Figure 14

## Real Estate Investment

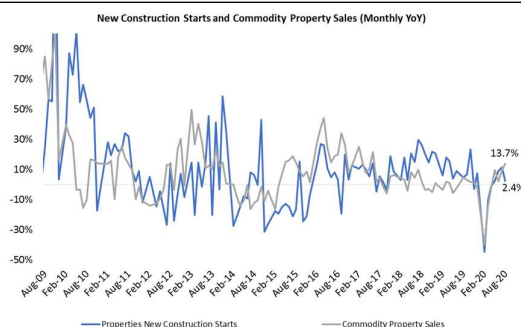
In Aug, real estate investment achieved ~RMB1.3tn with a YoY growth of 11.8% and the 8M20 YoY growth of property under construction stood at 3.3%. 8M20 real estate investment has reached RMB8.8tn, implying a YoY growth of positive 4.6%. The monthly real estate investment growth has recorded high since May 2019.

**Figure 23: In Aug, real estate investment and property under construction increased by 11.8% and 3.3% respectively. In 8M20, real estate investment increased by 4.6% to RMB8.8tn**



Source: NBS, Wind, AMTD Research

**Figure 24: New construction starts in Aug/YTD increased by 2.4% and -3.6%**



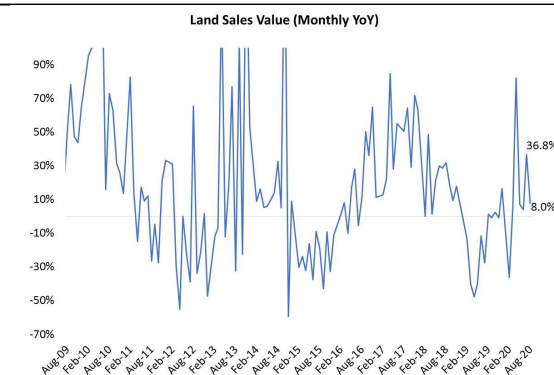
Source: NBS, Wind, AMTD Research

## Land Market

In Aug, national land sales value recorded ~RMB171bn, implying 8M20 value reached ~RMB709bn. Land market remained stable with a monthly YoY growth of 8.0% in land sales value and -7.6% in land sales volume. Land sales volume was close to the level last year with a 8M20 YoY growth of -2.4% and land sales value recorded a YTD YoY growth of +11.2% in 8M20.

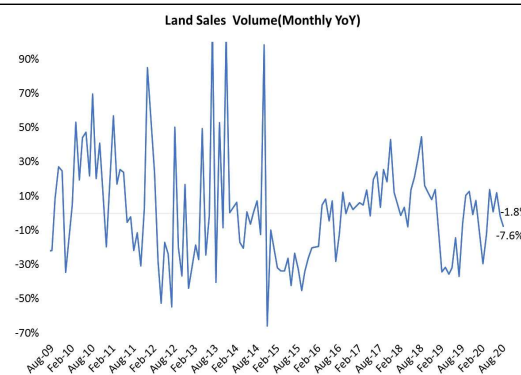
100-city residential land premium rate stood at 18% in Aug, stable from March. Tier-1 and Tier-3 cities' premium rate increased to 22%/26% in Aug from 18%/21% in July, while the land premium rate in Tier-2 cities decreased slightly to 12% in Aug from 14% in July.

**Figure 25: Land sales value in Aug/YTD rose by 8.0% and 11.2% YoY**



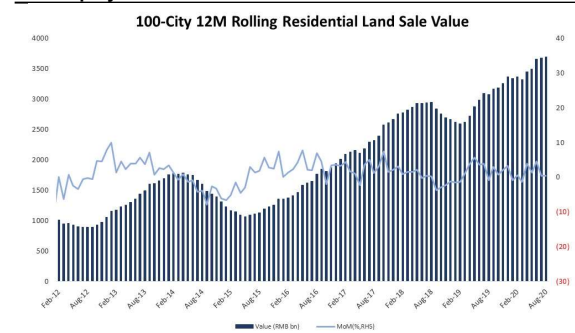
Source: NBS, Wind, AMTD Research

**Figure 26: Land sales volume in Aug/YTD decreased by 7.6% and 2.4% YoY**



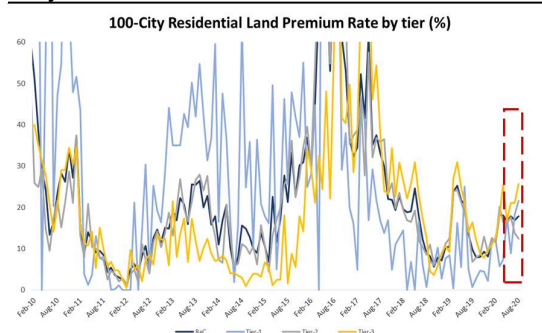
Source: NBS, Wind, AMTD Research

**Figure 27: In Aug, 12M rolling residential land sales value was down by 0.4% MoM; YTD, 100-city residential land sales value was up by 15.3%**



Source: Wind, AMTD Research  
Note: Residential land includes comprehensive commercial and residential land

**Figure 28: In Aug, land premium rate was 18% (July: 17%); Tier-1 cities land premium rate rose to 22% from 18% in July**



Source: Wind, AMTD Research  
Note: Residential land includes comprehensive commercial and residential land

## Policy and Macro Backdrop

Since July, post-Coivid-19 policy stance in the property industry has been clear as Hangzhou, Dongguan, Ningbo and Beijing took the lead to roll out city-specific policies to crack down on speculation, stabilize housing price and give the priority to rigid demand. In September, cities of Hangzhou, Shenyang, Nanjing, Changzhou, Suzhou, Chengdu Changchun and Dongguan announced new policies to regulate the housing market, including aspects of residential land supply, land bidding, down payment ratio, loan limitation for second housing, resale limitation and VAT exemption limitation, etc.

**Figure 29: Property-related policies have been tightened since July**

Date	Region/Institution	Details
23-Sep-20	Dongguan, GD	The maximum housing provident fund loans for the first housing have been adjusted from RMB1.2 million to RMB900,000, and the maximum loans for the second housing have been adjusted from RMB800,000 to RMB500,000
23-Sep-20	Changchun, Jilin	The minimum down payment for a first housing shall be no less than 30%, and the minimum down payment for a second housing shall be no less than 40%. No third or above commodity housing loans will be granted.
16-Sep-20	CBIRC	Strengthening supervision over small loan companies and prohibit their funds to be used for illegal financing in the real estate market
16-Sep-20	Zhengzhou, Henan	For eligible talented individuals, the highest subsidy for the first housing purchase reach RMB3mn
15-Sep-20	Fujian	Strengthening the supervision of pre-sale deposits. Pre-sale deposits within the limit of supervision is specifically used to pay the pre-sale project construction costs, shall not be used for loan repayment, land premium, fines, marketing costs and other expenses
14-Sep-20	Chengdu, Sichuan	1) Increasing the supply of residential land and optimize the supply structure: residential land shall account for no less than 60% of commercial land and no less than 70% of areas with tight supply and demand 2) In the notarization lottery, the proportion of families under shantytown redevelopment will be raised from 10% to 20%, and the proportion of families without housing will be raised from 50% to 60% of the remaining housing supply 3) The period of VAT exemption for individual housing resales shall be raised from 2 to 5 years
14-Sep-20	Suzhou, Jiangsu	If citizens buy their own housing in other areas of the Yangtze River Delta, they can use the housing provident fund paid in Suzhou by means of house purchase and housing loan repayment
11-Sep-20	Changzhou, Jiangsu	For households that already own housing and have not settled the corresponding mortgage loan, if they apply for commercial personal housing loan to buy another commercial housing, the minimum down payment ratio shall be adjusted to no less than 60%. Newly-purchased commodity housing in urban including newly-built and secondary housing shall not be resold within 4 years since the acquisition of real estate certificate
11-Sep-20	Nanjing, Jiangsu	The same bidder and the member enterprise of the same group shall not bid (including joint bidding) for two or more residential (commercial and residential) land in the same batch of land transferring announcement, and shall not apply for bidding for the same residential (commercial and residential) land at the same time (including joint bidding)
6-Sep-20	Shenyang, Liaoning	Strictly enforcing the minimum down payment requirement of 30% for individuals purchasing their first housing, and raising the minimum down payment requirement for individuals purchasing their second housing to 50%. The down payment must be paid in a lump sum, and installment payment and down payment loan are prohibited. The period of the VAT exemption for individual housing resales will be adjusted from 2 to 5 years
4-Sep-20	Hangzhou, Zhejiang	Parents who settle down in this municipality by living with their adult children as a dependent must wait for at least three years to buy commodity housing
30-Aug-20	Wuxi, Jiangsu	The number of housing within 2 years after the divorce is calculated by the total number of housing of the family before the divorce. The period of VAT exemption for individual housing resales in urban areas (excluding key areas for shanty town reconstruction) will be raised from 2 to 5 years
20-Aug-20	Changchun, Jilin	The period of delivery shall not exceed two years since the date of signing the contract for the sale of commodity housing
20-Aug-20	Hainan	The province will resolutely curb the illegal occupation of farmland for housing
19-Aug-20	Jiangsu	The Province will focus on monitoring the supply of residential land in Nanjing, Wuxi and Suzhou
18-Aug-20	Nanjing, Jiangsu	The proportion of deposits for bidding on residential land shall be raised from 20% of the starting price to 20%-80% and hot-spot areas are no less than 50%. The land premium shall be paid off within one month
18-Aug-20	Haikou, Hainan	Hainan province has increased the amount of housing provident fund loans, allowing families to borrow up to RMB1mn
10-Aug-20	Guangzhou, GD	Baiyun district has eased the house purchase policy, allowing eligible talents with a master's degree from a double first-class university can obtain housing purchase qualification after working there for more than six months
31-Jul-20	Shenzhen, GD	Shenzhen stops the approval of commercial apartments and encourages the approved apartments to transfer to talent housing
25-Jul-20	Dongguan, GD	Non-registered residents buy the first commodity housing shall provide the social security certificate for at least one consecutive year within two years; Those who buy the second commodity housing shall provide the social security certificate for more than two consecutive years within three years, and the sale of the third commodity housing to them shall be suspended. In addition, the resale restriction period has increased to 3 years
23-Jul-20	Nanjing, Jiangsu	The number of housing within 2 years after the divorce is calculated by the total number of housing of the family before the divorce
23-Jul-20	Ningbo, Zhejiang	Families without housing can have priority to purchase one commodity housing, and the housing cannot be resold within five years
16-Jul-20	Inner Mongolia	Housing provident funds loan shall not be allowed for families who purchase the third or above housing
15-Jul-20	Shenzhen, GD	Adjusting housing purchase qualification, down payment ratio and resale limitation
6-Jul-20	Beijing	To improve residential comfort, elevators must be installed in new residential buildings with four or above floors
6-Jul-20	Ningbo, Zhejiang	Expand the number of areas that are subject to purchase restrictions, strengthen the review of housing loans, and strictly implement the policy of granting pre-sale permits for commercial housing
2-Jul-20	Dongguan, GD	Speed up the launch of new housings and limit the increase of new housing prices in the same region to no more than 10% in three months
2-Jul-20	Hangzhou, Zhejiang	A family with eligible talents is allowed to register only one project at the same time and restricted sale period is five years starting from online sign

Source: Xinhua, People's Daily, Global Times, China Daily, AMTD Research

Authorities would formulate rules related to funds monitor and financing management for China developers. Specifically, authorities would set up three red lines including 1) cash to short-term loan ratio shall not be less than 1; 2) net gearing ratio shall not be greater than 100%; 3) liability to asset ratio after excluding the presale deposits shall not be greater than 70%.

In terms of the three financial ratios, developers would be classified as 1) Green (hitting 0 red lines); 2) Yellow (hitting 1 red line); 3) Orange (hitting 2 red lines); 4) Red (hitting 3 red lines). Based on 1H20 results, there are 5 classified as Green, 25 classified as Yellow, 2 classified as Orange, 4 classified as Red among 36 major HK-listed developers.

On 20 Aug, PBoC and Ministry of Housing and Urban-Rural Development held a meeting with 12 key developers to discuss the new rules on fund monitor and financing management. The 12 key developers includes Country Garden, Evergrande, Vanke, Sunac, Zhongliang, Poly, Seazen, COLI, OCT, Greenland, CR Land and Yango. According to report from Cailian Press on 26 Sep, regulators have required key developers to meet debt targets by June 30, 2023.

Figure 30: "Three Red Lines" test for HK-listed developers as of 1H20

Ticker	Company	Cash / ST Loans	Net Gearing	Total Liabilities/Total Assets (excluding contract liabilities)*	No. of red line hits
<b>China Property</b>					
2202 HK	Vanke	1.9x	27%	76%	1
3333 HK	Evergrande	0.5x	199%	85%	3
1918 HK	Sunac	0.8x	149%	82%	3
2007 HK	Country Garden	1.8x	58%	82%	1
688 HK	COLI	3.3x	33%	54%	0
1030 HK	Seazen	1.3x	55%	78%	1
813 HK	Shimao	1.6x	58%	71%	1
1109 HK	CR Land	1.5x	46%	60%	0
960 HK	Longfor	4.3x	51%	67%	0
884 HK	CIFI	2.3x	63%	74%	1
2772 HK	Zhongliang	1.9x	70%	81%	1
3301 HK	Ronshine	1.7x	91%	74%	1
2777 HK	R&F	0.5x	177%	78%	3
3900 HK	Greentown	1.6x	66%	74%	1
6158 HK	Zhenro	1.8x	71%	77%	1
3883 HK	Aoyuan#	1.1x	80%	81%	1
3383 HK	Agile	1.1x	73%	73%	1
3990 HK	Midea RE	1.7x	87%	79%	1
3380 HK	Logan	1.3x	68%	75%	1
1638 HK	Kaisa	1.2x	135%	75%	2
1813 HK	KWG	1.4x	59%	78%	1
1966 HK	China SCE	1.0x	68%	76%	1
1233 HK	Times China	1.2x	75%	78%	1
1628 HK	Yuzhou#	1.6x	64%	80%	1
123 HK	Yuxiu Property	2.0x	71%	71%	1
832 HK	CCRE#	1.3x	35%	86%	1
1996 HK	Redsun#	1.5x	69%	74%	1
1238 HK	Powerlong#	1.2x	80%	73%	1
2103 HK	Sinic	1.4x	66%	76%	1
2019 HK	Dexin China	2.0x	76%	75%	1
119 HK	Poly Prop	1.8x	115%	74%	2
1098 HK	Roadking	1.2x	67%	65%	0
6111 HK	Dafa#	1.2x	71%	71%	1
272 HK	Shui On Land	0.8x	58%	56%	1
230 HK	Minmetals#	1.3x	92%	62%	0
95 HK	Lvgem#	0.8x	148%	74%	3
<b>Average</b>		1.5x	80%	74%	
<b>Median</b>		1.4x	69%	75%	

Source: Bloomberg, Company Data, AMTD Research

Notes: 1) \* contracted liabilities are both excluded from total liabilities and total assets; 2) #denotes the companies in AMTD coverage universe

## Recent Announcements of AMTD Coverage

### Central China (832 HK)

**(6 Aug)** Issuance of US\$300 million 7.25% senior notes due 2024.

**(25 Aug)** Mr. Liu Weixing ("Mr. Liu") has resigned as an executive Director for the reason of personal career development, with effect from 25 August 2020. Ms. Chen Ying (陳瑛) has been appointed as a non-executive Director of the Company with effect from 25 August 2020. Ms. Chen joined the Group in November 1996.

### China Aoyuan (3883 HK)

**(5 Aug)** Completion of the acquisition of target interest of Kinghand Industrial Investment Group Co., Ltd. Exempted connected transaction: proposed acquisition of interest in easy life smart community services group co., ltd\* by a subsidiary of aoyuan healthy life group company limited.

**(6 Aug)** China Securities Regulatory Commission (中國證券監督管理委員會) has issued the relevant approval documents, whereby CSRC approved the application of 奧園集團有限公司 (Aoyuan Corporation (Group) Limited), a wholly-owned subsidiary of the Company incorporated in the People's Republic of China, for the issue to the public of domestic corporate bonds of up to an aggregate principal amount of RMB3.0 billion.

**(17 Sep)** Issuance of USD350,000,000 6.20% senior notes due 2026.

### Aoyuan Healthy Life (3662 HK)

**(18 Sep)** Aoyuan Healthy Life announced to acquire an additional 55% stake in Liantianmei Corporate Management, a Medical Aesthetic Services Group, for a consideration of RMB374-691m (depending on financial performance of the target company).

### Powerlong (1238 HK)

**(3 Aug)** Issuance of US\$200 million 6.25% senior notes due 2024.

**(28 Aug)** Ms. Xiao Ying Lin has tendered her resignation as the company secretary of the Company and Ms. Chan Pung Fei will be appointed as the Company Secretary.

**(23 Sep)** Issuance of additional US\$150,000,000 6.25% senior notes due 2024 (to be consolidated and form a single series with the US\$200,000,000 6.25% senior notes due 2024)

### Yuzhou (1628 HK)

**(5 Aug)** US\$300 million 7.85% green senior notes due 2026

**(14 Aug)** The Company had completed the repurchase of an aggregate principal amount of US\$54,853,000 of the 2021 Notes, representing 14.63% of the outstanding principal amount of US\$375 million prior to the Tender Offer.



**(26 Aug)** The Company is contemplating a possible spin-off and separate listing of the property management services business and commercial operational services business of the Group on The Stock Exchange of Hong Kong Limited.

**(26 Aug-27 Aug)** 25-27 August 2020, Mr.Lam Lung On, controlling shareholder of the Company, has acquired 3,000,000 shares of the Company on the market for an aggregate consideration of approximately HK\$10.87mn (representing an average price of approximately HK\$3.6234 per Share).

#### **LVGEM (95 HK)**

**(25 Aug)** Mr. Wong Hong King, controlling shareholder of LVGEM, would sold 70% stakes of Baishizhou Project to the Company with a consideration of RMB4.07mn and the Company and Mr. Wong Hong King would indirectly owned 80% and 20% stakes of Baishizhou Project respectively upon completion.

#### **Minmetals (230 HK)**

**(2 Sep)** The company has completed the Acquisition: 1) 49% equity interests in tianjin yijiahe and 2) capital injection in Minmetals Land Hunan.

## Offshore Fund Raising

In Aug, there were 20 offshore bond issuances announced by major listed China developers and funded total USD5,548mn with a simple average coupon of 7.490%.

As of 25 Sep 2020, 9 bond issuances have already been announced by major listed China developers in Sep and funded total USD2,247mn with a simple average coupon of 8.689%.

**Figure 31: Equity and Bond Financing of China developers over the last two months**

Announcement Date	Ticker	Developer	Type	Due Date	Coupon (%)	Currency	Amount (m)
3-Aug-20	1238.HK	Pow erlong	Bond	2024	6.250%	USD	200
3-Aug-20	9968.HK	Huijing	Bond	2021	12.500%	USD	110
4-Aug-20	1813.HK	KWG	Bond	2025	5.950%	USD	200
5-Aug-20	832.HK	CCRE	Bond	2024	7.250%	USD	300
5-Aug-20	1030.HK	Seazen	Bond	2024	6.000%	USD	250
6-Aug-20	1628.HK	Yuzhou	Bond	2026	7.850%	USD	300
6-Aug-20	1668.HK	China South City	Bond	2021	11.500%	USD	200
11-Aug-20	1622.HK	Redco	Bond	2021	8.500%	USD	300
11-Aug-20	2868.HK	BJ Capital Land	Bond	2021	4.500%	USD	200
12-Aug-20	1622.HK	Redco	Bond	2021	8.500%	USD	300
13-Aug-20	884.HK	CIFI	Bond	2023	5.850%	CNY	1,200
13-Aug-20	1777.HK	Fantasia	Bond	2022	7.950%	USD	200
14-Aug-20	6158.HK	Zhenro	Bond	2021	7.400%	USD	1,000
17-Aug-20	272.HK	Shui On	Bond	2024	6.150%	USD	500
25-Aug-20	14.HK	Hysan	Bond	2079	4.850%	USD	300
26-Aug-20	1098.HK	RoadKing	Bond	2025	6.000%	USD	416
26-Aug-20	000069.SZ	OCT	Bond	2079	4.500%	USD	300
28-Aug-20	14.HK	Hysan	Bond	2079	4.850%	USD	200
31-Aug-20	1107.HK	Morden Land	Bond	2022	11.500%	USD	50
31-Aug-20	1107.HK	Morden Land	Bond	2024	11.950%	USD	50
1-Sep-20	9968.HK	Huijing	Bond	2021	12.500%	USD	25
2-Sep-20	1638.HK	Kaisa	Bond	2025	11.250%	USD	400
3-Sep-20	1668.HK	China South City	Bond	2023	10.750%	USD	250
11-Sep-20	6158.HK	Zhenro	Bond	2025	7.350%	USD	350
14-Sep-20	Xin.NYSE	Xinyuan RE	Bond	2023	14.500%	USD	300
15-Sep-20	1997.HK	Wharf REIC	Bond	2023	3.200%	CNY	500
16-Sep-20	1233.HK	Times China	Bond	2026	6.200%	USD	350
17-Sep-20	3883.HK	Aoyuan	Bond	2026	6.200%	USD	350
23-Sep-20	1238.HK	Pow erlong	Bond	2024	6.250%	USD	150

Source: Wind, HKEx, AMTD Research

## Equity Fund Raising

In August and YTD Sep, there has been no equity placement announced so far among China developers and Property Management Companies.

**Figure 32: Equity Placements of major HK-listed China developers and property management since 2019**

Ticker	Company	Announcement Date	Fund Raised (HK\$ mn)	Price (HK\$)	Discount*	No. of Placing Shares(mn)	As a % of enlarged shares
<b>China Developers</b>							
817 HK	China Jinmao	3-Jul-20	3,433	5.70	6.56%	602	4.9%
884 HK	CIFI	7-Jun-20	1,162	6.28	1.26%	185	2.3%
2202 HK	Vanke	4-Jun-20	7,890	25.00	4.76%	316	2.7%
185 HK	Zensun	8-May-20	408	0.33	1.49%	1,235	10.7%
3900 HK	Greentown	26-Apr-20	3,069	9.50	Premium 36%	323	13.0%
813 HK	Shimao	23-Apr-20	2,325	29.73	2.20%	78	2.2%
813 HK	Shimao	17-Jan-20	4,674	29.58	7.85%	158	4.6%
1030 HK	Seazen	14-Jan-20	2,731	8.78	2.98%	311	5.0%
1918 HK	Sunac	10-Jan-20	8,000	42.80	8.25%	187	4.0%
2777 HK	R&F	19-Dec-19	3,735	13.68	7.19%	273	7.8%
3990 HK	Midea RE	11-Dec-19	764	19.10	6.83%	40	2.5%
1109 HK	CR Land	22-Oct-19	6,730	33.65	6.90%	200	2.8%
1238 HK	Powerlong	15-Oct-19	792	5.40	8.63%	147	3.5%
817 HK	China Jinmao	26-Jul-19	815	4.81	0.61%	169	1.4%
6158 HK	Zhenro	21-Jul-19	1,212	4.95	1.98%	245	5.6%
1233 HK	Times China	18-Apr-19	1,570	14.54	9.00%	108	5.6%
1908 HK	C&D Intl	18-Apr-19	495	9.00	11.59%	55	7.0%
3301 HK	Ronshine	4-Apr-19	1,183	10.95	7.05%	108	6.3%
2202 HK	Vanke	28-Mar-19	7,806	29.68	5.02%	263	2.3%
123 HK	Yuexiu	27-Feb-19	6,162	2.00	Premium 22%	3,081	19.9%
<b>Property Management</b>							
9928 HK	Times Neighborhood	7-Jul-20	787	10.22	6.92%	77	7.8%
1895 HK	Xinyuan PM	3-Jul-20	130	2.60	9.09%	50	9.1%
6093 HK	Hevol Service	15-Jun-20	102	1.28	3.76%	80	16.7%
1538 HK	Zhong Ao Home	14-Jun-20	36	0.98	16.24%	37	4.3%
2168 HK	Kaisa Prosper	9-Jun-20	456	32.55	9.96%	14	9.1%
1995 HK	Eversunshine	4-Jun-20	1,579	11.78	6.95%	134	8.0%
2869 HK	Greentown Service	3-Jun-20	2,714	10.18	7.12%	267	8.3%
6098 HK	CG Services	11-Jan-19	1,959	11.61	10.00%	169	6.3%

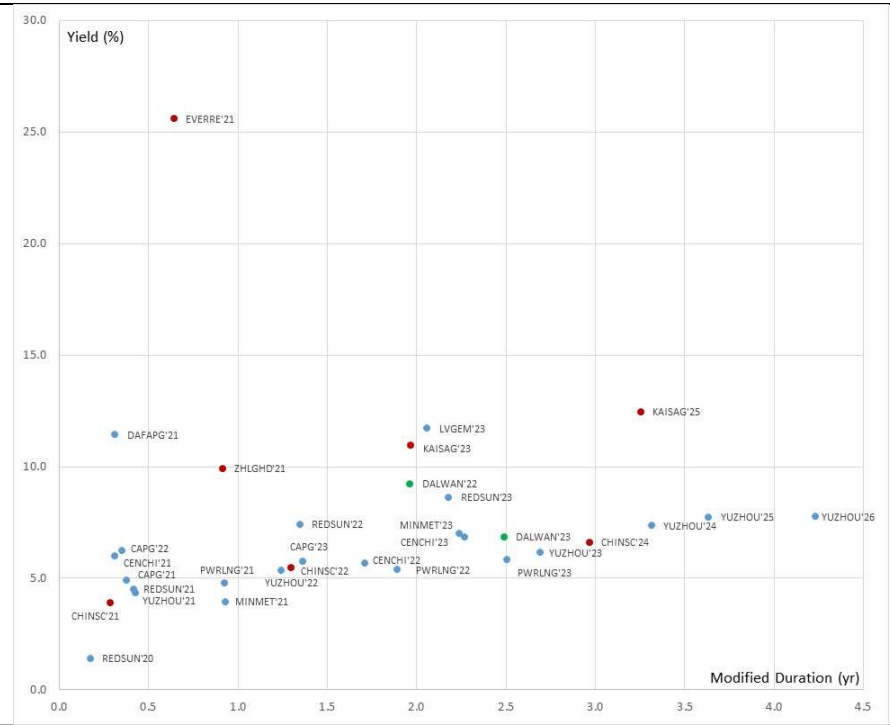
Source: HKEx, AMTD Research

Note: \*Discount based on the closing price of the last trading day as of the announcement date

Relative Value of Offshore Bonds

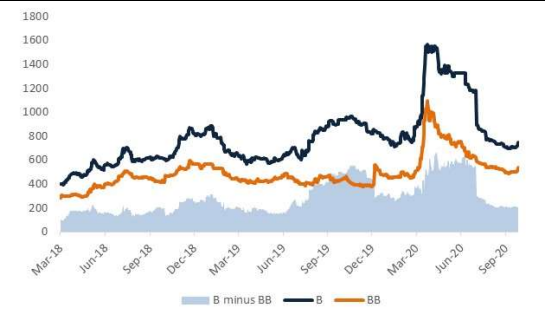
Offshore bonds market has normalized since April amid the US dollar easing monetary environment. Average yield to maturity of 10-year US Treasury and 12-Month US Treasury was 0.64% and 0.12% in Aug, compared with 0.62% and 0.14% in July. For offshore HY bonds in China Property sector, the z-spread difference between B and BB rating has narrowed to ~214bps in Aug from ~264bps in July, implying the risk tolerance has been restoring.

Figure 33: Relative Value of Bonds issued by AMTD coverage companies as at 25 Sep 2020



Source: Bloomberg, AMTD Research  
Blue denotes bonds issued by AMTD Coverage; Green denotes BB rating bonds; Red denotes B rating bonds

Figure 34: Average Z-Spread of HY Offshore Bonds in China Property (bps)



Source: Bloomberg, AMTD Research

Figure 35: UST 12M/10yr Yield and Federal Funds Target Rate



Source: Bloomberg, AMTD Research

## Bond Performance of AMTD Coverage

Figure 36: Aoyuan Property Bond time series (Price vs YTM)



Source: Bloomberg, AMTD Research

Figure 37: CCRE Property Bond Time Series (Price vs YTM)



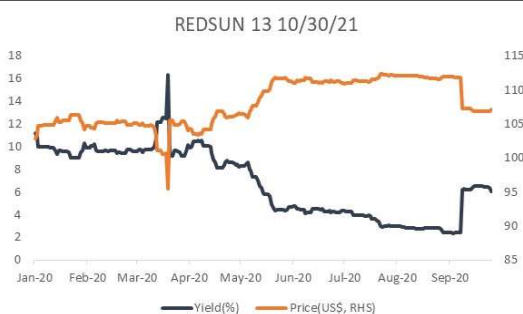
Source: Bloomberg, AMTD Research

Figure 38: Powerlong Property Bond Time Series (Price vs YTM)



Source: Bloomberg, AMTD Research

Figure 39: Redsun Property Bond Time Series (Price vs YTM)



Source: Bloomberg, AMTD Research

Figure 40: Dafa Property Bond time series (Price vs YTM)

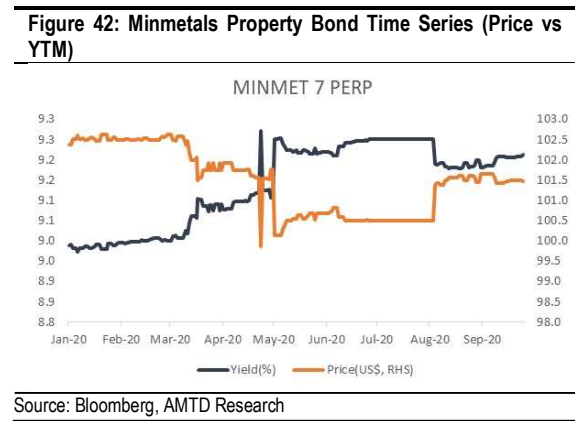


Source: Bloomberg, AMTD Research

Figure 41: Yuzhou Property Bond Time Series (Price vs YTM)



Source: Bloomberg, AMTD Research



## Valuation

### China Property Developers

China Property Developers are trading at 5.1x 2020E P/E and 0.8x 2020E P/B on simple average. For market cap weighted average forward 12 months P/E and P/B, the sector is now trading at 5.9x P/E, ~0.86 SD below 3-year historical mean, and 1.2x P/B, ~1.49 SD below 3-year historical mean.

Our top picks CCRE (832 HK), Aoyuan (3883 HK), Powerlong (1238 HK) are at valuation of 3.6x/2.9x/5.5x 20E P/E respectively and CCRE also offered 12.8% FY19 dividend yield, far exceeding the industry average of 7.4%.

**Figure 43: China Property Developers: Peers Valuation comparison**

Date	25/9/2020	Share Price	Mkt cap	P/E			P/B			Div. yield
Ticker	Name(EN)	(HK\$)	(USD mn)	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19
<b>China Property Developers</b>										
2202 HK	Vanke	23.00	44,979	6.1x	5.4x	4.8x	1.2x	1.1x	0.9x	5.2%
960 HK	Longfor	43.80	33,917	14.9x	12.3x	10.4x	2.5x	2.2x	1.9x	3.1%
1109 HK	CR Land	33.90	31,192	7.4x	8.8x	7.5x	1.3x	1.1x	1.0x	3.6%
688 HK	COLI	19.28	27,255	4.6x	5.0x	4.4x	0.7x	0.6x	0.6x	5.5%
2007 HK	Country Garden	9.20	26,158	4.5x	4.2x	3.6x	1.2x	1.0x	0.8x	7.0%
3333 HK	Evergrande	13.78	23,227	9.5x	5.9x	5.1x	1.1x	1.0x	0.9x	5.4%
1918 HK	Sunac	28.95	17,412	5.5x	4.0x	3.4x	1.4x	1.1x	0.9x	4.8%
813 HK	Shimao	30.55	13,945	8.3x	7.4x	6.1x	1.4x	1.2x	1.1x	5.4%
3380 HK	Logan	12.00	8,546	5.9x	4.7x	4.0x	1.9x	1.4x	1.2x	7.8%
884 HK	CIFI	5.60	5,938	7.1x	4.9x	4.0x	1.3x	1.0x	0.9x	6.3%
1813 HK	KWG	12.92	5,298	4.1x	5.7x	4.6x	1.0x	0.9x	0.8x	6.5%
1030 HK	Seazen	6.40	5,128	5.0x	4.1x	3.5x	1.4x	1.0x	0.8x	5.5%
3383 HK	Agile	9.93	5,019	5.1x	4.2x	3.9x	0.8x	0.7x	0.6x	10.5%
2777 HK	R&F	9.18	4,140	2.8x	2.9x	2.6x	0.4x	0.3x	0.3x	15.8%
3900 HK	Greentown	11.04	3,553	9.3x	8.6x	7.8x	0.8x	0.8x	0.7x	3.1%
1238 HK	Powerlong*	5.94	3,175	8.0x	5.5x	4.4x	0.7x	0.6x	0.6x	6.9%
1638 HK	Kaisa	3.85	3,042	8.2x	4.0x	3.1x	0.8x	0.7x	0.6x	2.9%
123 HK	Yuexiu	1.44	2,877	5.3x	4.8x	4.1x	0.5x	0.5x	0.4x	7.2%
3990 HK	Midea RE	18.00	2,858	4.9x	3.8x	3.1x	1.0x	0.8x	0.7x	10.1%
1233 HK	Times	11.04	2,766	3.5x	3.2x	2.7x	1.0x	0.8x	0.7x	8.7%
3883 HK	Aoyuan*	7.58	2,644	4.4x	2.9x	2.6x	1.2x	1.0x	0.8x	8.1%
6158 HK	Zhenro	4.69	2,643	7.2x	6.1x	4.9x	1.1x	1.0x	0.9x	2.4%
2772 HK	Zhongliang	4.96	2,292	3.8x	3.4x	2.8x	1.8x	1.3x	0.9x	19.9%
1628 HK	Yuzhou*	3.04	2,177	3.9x	3.8x	2.7x	0.6x	0.6x	0.5x	13.5%
1966 HK	China SCE	3.44	1,865	4.2x	3.7x	3.0x	0.7x	0.6x	0.5x	7.0%
95 HK	Lvgem*	2.61	1,716	9.5x	7.1x	6.8x	0.9x	0.8x	0.8x	2.4%
832 HK	CCRE*	3.68	1,343	4.6x	3.6x	2.6x	0.9x	0.8x	0.7x	12.8%
3301 HK	Ronshine	5.55	1,219	2.7x	2.9x	2.1x	0.5x	0.5x	0.4x	6.6%
1996 HK	Redsun*	2.62	1,123	6.3x	4.5x	3.8x	0.6x	0.5x	0.5x	4.7%
119 HK	Poly Prop	2.19	1,035	2.4x	2.7x	2.3x	0.2x	0.2x	0.2x	9.5%
2019 HK	Dexin China	2.90	1,011	4.4x	4.0x	3.3x	1.4x	NA	NA	3.1%
272 HK	Shui On Land	0.97	1,009	4.3x	NA	NA	0.2x	0.2x	NA	12.8%
1098 HK	Roadking	9.45	914	2.4x	NA	NA	0.4x	NA	NA	12.5%
6111 HK	Dafa*	6.50	694	10.1x	9.6x	9.0x	1.4x	1.3x	1.2x	2.5%
230 HK	Minmetals*	0.89	384	3.6x	4.5x	3.3x	0.3x	0.3x	0.3x	9.0%
<b>Total/Average</b>			<b>292,494</b>	<b>5.8x</b>	<b>5.1x</b>	<b>4.3x</b>	<b>1.0x</b>	<b>0.8x</b>	<b>0.7x</b>	<b>7.4%</b>

Source: Bloomberg Estimates, \*AMTD Research Estimates for AMTD Coverage Stocks

Note: As of 25 Sep 2020



Figure 44: HK SAR Developers: Peers Valuation comparison

Date	25/9/2020	Share Price	Mkt cap	P/E			P/B			Div. yield
Ticker	Name (EN)	(HK\$)	(USD mn)	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20
<b>HK SAR Property Developers</b>										
16 HK	SHK Properties	98.05	36,662	9.68x	8.80x	8.23x	0.50x	0.46x	0.46x	5.1%
1113 HK	CK Asset	38.20	18,205	7.31x	6.42x	6.08x	0.39x	0.38x	0.36x	4.2%
12 HK	Henderson Land	28.75	17,960	9.54x	10.17x	8.93x	0.42x	0.41x	0.40x	6.3%
17 HK	NWD*	37.20	12,236	11.65x	11.30x	9.43x	0.42x	0.41x	0.40x	5.6%
83 HK	Sino Land	9.07	8,245	13.95x	7.77x	7.10x	0.44x	0.39x	0.37x	6.6%
683 HK	Kerry Properties	19.74	3,710	7.43x	6.69x	5.89x	0.28x	0.27x	0.27x	6.9%
35 HK	Far East*	2.12	643	5.94x	4.53x	3.46x	0.45x	0.44x	0.43x	9.0%
<b>Total/Average</b>			<b>97,660</b>	<b>9.36x</b>	<b>7.95x</b>	<b>7.02x</b>	<b>0.41x</b>	<b>0.40x</b>	<b>0.38x</b>	<b>6.2%</b>

Source: Bloomberg Estimates, \*AMTD Research Estimates for AMTD Coverage Stocks

Note: Apart from SHK/Sino/FEC, all other comparable companies' FY20E P/E, P/B and dividend yield are estimates

Figure 45: China developers sector is now trading at 5.9x P/E, ~0.86 SD below 3-year historical mean



Source: Bloomberg, AMTD Research

Figure 46: China developers is now trading at 1.2x P/B, ~1.49 SD below 3-year historical mean



Source: Bloomberg, AMTD Research

## China Property Management

China Property Management sector is now trading at 28.9x FY20E P/E on simple average and at 30.0x forward 12 months P/E on market-cap-weighted average, ~0.88 SD above 3-year historical mean.

Figure 47: China Property Management Companies: Peers Valuation comparison

Date	25/9/2020	Share Price	Mkt cap	P/E			P/B			Div. yield
Ticker	Name (EN)	(HK\$)	(USD mn)	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19
<b>China Property Management</b>										
6098 HK	Country Garden Services	49.35	17,571	70.8x	49.4x	35.0x	22.4x	16.2x	11.9x	0.3%
3319 HK	A-Living Services	37.90	6,520	37.1x	26.2x	19.9x	7.3x	6.2x	5.3x	1.3%
6049 HK	Poly PPT Dev	60.05	4,287	44.4x	41.4x	30.6x	5.7x	5.2x	4.6x	0.6%
2869 HK	Greentown Service	9.25	3,840	49.1x	38.2x	29.6x	8.4x	5.3x	4.7x	0.9%
1995 HK	Eversunshine	14.42	3,108	89.0x	54.3x	35.3x	17.4x	10.4x	8.6x	0.4%
2669 HK	China Overseas PH	6.20	2,629	38.7x	31.2x	24.3x	13.6x	10.4x	7.8x	0.8%
1755 HK	S-Enjoy Services	20.05	2,119	53.1x	34.2x	23.0x	16.0x	11.8x	8.8x	1.0%
9909 HK	Powerlong CM	25.55	2,049	52.2x	48.2x	33.2x	8.7x	7.7x	6.7x	0.0%
9983 HK	CC New Life*	8.18	1,314	NA	20.6x	18.8x	NA	3.4x	3.0x	NA
9928 HK	Times Neighbor	8.91	1,133	49.0x	33.0x	19.2x	8.1x	5.4x	4.4x	0.4%
2606 HK	Languang Justbon	42.65	980	12.4x	11.5x	8.7x	3.1x	2.6x	2.2x	3.2%
6958 HK	Zhenro Services	4.94	661	NA	21.7x	15.3x	NA	NA	NA	0.0%
1778 HK	Colour Life	3.52	661	8.7x	8.2x	7.6x	1.2x	1.0x	0.9x	2.9%
3662 HK	Aoyuan Healthy Life*	6.07	569	20.9x	15.6x	10.4x	4.4x	3.8x	3.2x	1.6%
3316 HK	Binjiang Services	15.66	559	29.0x	20.4x	16.8x	5.4x	NA	NA	1.7%
2168 HK	Kaisha Prosperity	23.00	457	17.5x	13.6x	9.9x	4.4x	2.6x	2.3x	2.3%
1971 HK	Redsun Services	5.48	293	NA	22.9x	13.8x	NA	3.1x	2.8x	0.0%
<b>Total/Average</b>			<b>48,752</b>	<b>40.8x</b>	<b>28.9x</b>	<b>20.7x</b>	<b>9.0x</b>	<b>6.3x</b>	<b>5.2x</b>	<b>1.1%</b>

Source: Bloomberg Estimates, \*AMTD Research Estimates for AMTD Coverage Stocks

Note: As of 25 Sep 2020



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